Weekly Practice 10

Instructions

Like last week, you are responsible for making your own RMarkdown template. Follow the same aesthetic requirements as WP9. Assignments that do not follow these requirements will not be graded.

Requirements

1. Read Card (1995). There are three parts to this requirement.

- What is the question that Card is interested in asking?

- Why is the treatment variable that Card would like to use biased?

- What is the instrument that Card proposes to solve the problem?

2. Load the `card` dataset

3. Subset the data frame to include the following variables: lwage, educ, exper, black, south, married, smsa, nearc4

4. Run an OLS regression of lwage on educ and all controls other than nearc4. Report the estimate and explain whether we should trust it.

5. Run an instrumental variables analysis. Use nearc4 as the instrument for treatment. Report your results and analyze what this result means and who it applies to.