

Problem Set 3

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ECON: 880 Q2

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1 Question 1

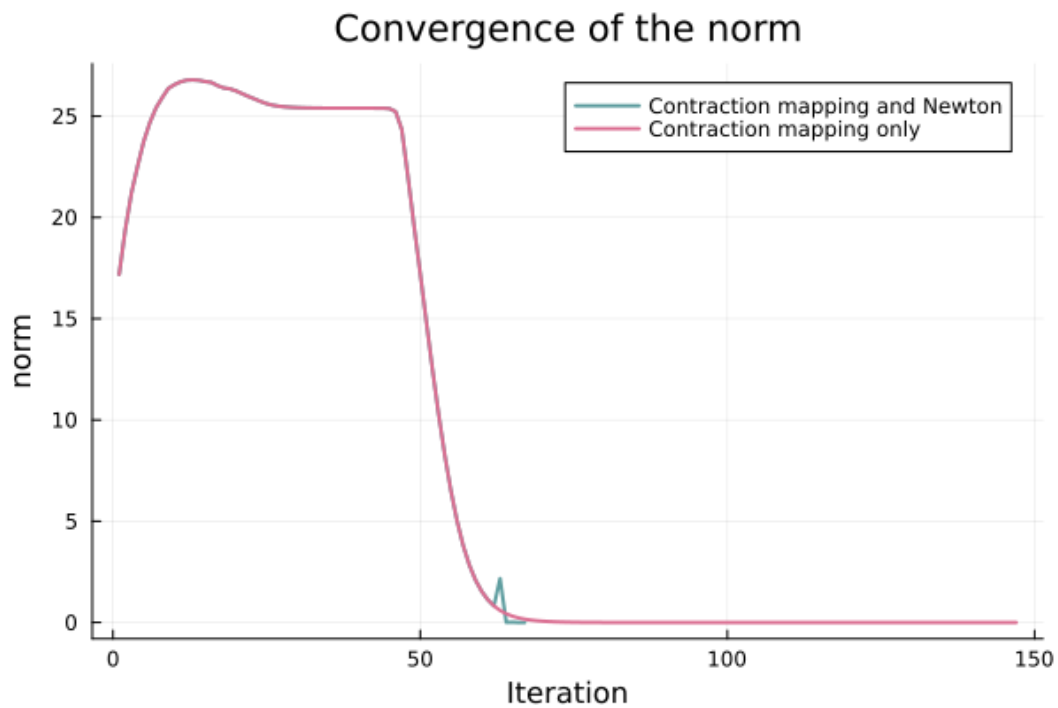


Figure 1: Evolution of the norm

2 Question 2

Figure 2 shows the GMM objective function using the 2SLS weighting matrix $W = (Z^T Z)^{-1}$

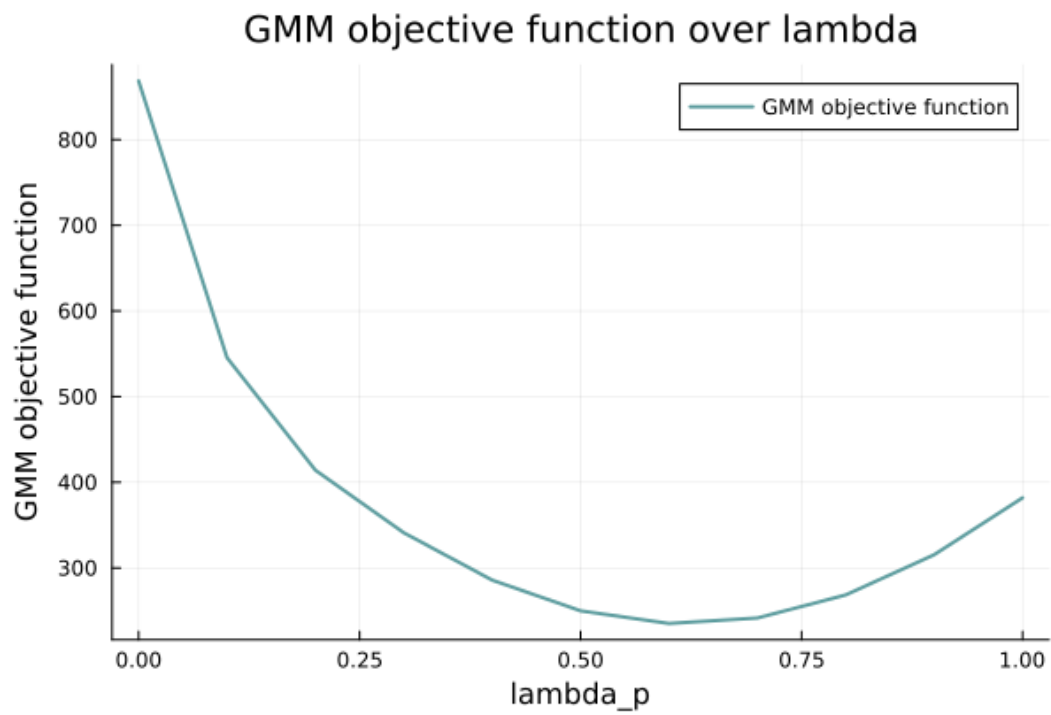


Figure 2: GMM Objective Function

3 Question 3

Figure 3 shows the 1st and 2nd stage objective functions over λ . The dots indicate the minimums.

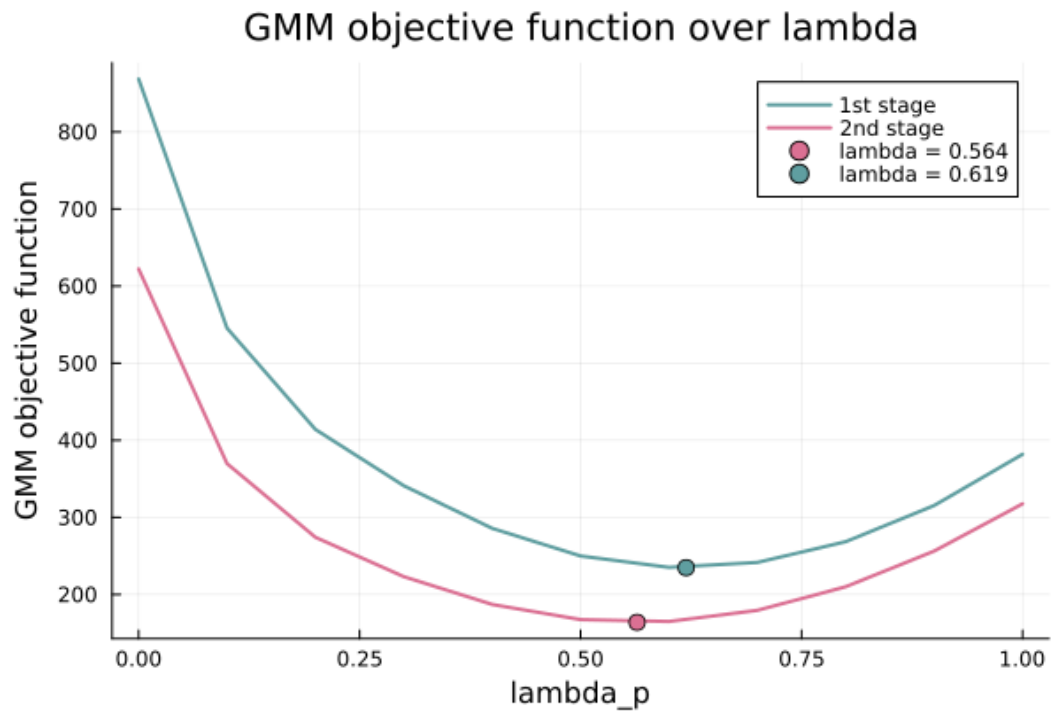


Figure 3: 2-step GMM