

Econ 3040 - Assignment 5: Instrumental Variables

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Due date: December 12th, 2022. Worth 3% of your final grade.

Instructions: Submit your assignment in the “Assignment 5” drop box on UM Learn. Include your name and student number. Do not copy and paste output from R. Format your results nicely. Submit the R code that you used for each question in your assignment.

Use the Fulton fish market dataset from class.

```
fish <- read.csv("https://rtgodwin.com/data/fish.csv")
```

See the table in the notes for a description of the variables.

1. In class, we used the `ivreg()` function in order to perform instrumental variables regression to estimate the elasticity of the demand curve in the Fulton fish market. We used measures of wave heights as the instruments. Reproduce the results of the `ivreg()` function from class, using *only* the two-stage least squares method.