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MITx: 14.310x Data Analysis for Social Scientists

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More on Evidence from Indonesia - Quiz

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Question 1

1/1 point (graded)

Why does Prof. Duflo include year-of-birth fixed effects in her fixed effects specification?

- ○ a. To look at the impact of year-of-birth on education levels.

- ○ b. To account for differences in the age distribution across regions.

- ◉ c. To control for inherent differences in education levels across time. ✔

- ○ d. None of the above

Explanation

As Prof. Duflo explained in class, year of birth fixed effects are a set of dummy variables indicating the year-of-birth (one dummy for each year-of-birth (yob)). The coefficient on a given yob dummy is just the mean education (in years) for children born in that year. She includes these yob dummies to separate the effect of school building from the effect of being young. Since the young are more educated

anyway, if she compared the old to the young without controlling for their yob, her estimator would conflate the actual effect of school building on education with the trend of increasing education levels across time.

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✔ Correct (1/1 point)

Question 2
0.0/1.0 point (graded)
Continuing with the INPRES example Prof. Duflo discussed in lecture. Recall, she ran the following model:

$$S_{ijk} = c_1 + \alpha_{1j} + \beta_{1k} + (P_j * T_i)\gamma + \epsilon_{ijk}$$

What is the interpretation of the coefficient γ in this model?

- ◉ a. γ denotes the impact of one more school built in the region on the difference in years of education between the young and the old. ✔

- ○ b. γ denotes the difference in means between regions with a lot of schools and regions with fewer schools.

Regressions, and Omitted Variable Bias

Practical Issues in Running Regressions
due Dec 5, 2016 05:00 IST

Omitted Variable Bias
due Dec 5, 2016 05:00 IST

Module 10: Homework
due Nov 28, 2016 05:00 IST

○ c. γ denotes the difference in means between regions with a higher density of young people relative to old people.

○ d. γ denotes the impact of year of birth on the effect of each additional school built.

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Discussion
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