

Economics 312
Daily Problem #21

Spring 2014
March 12

Read the 2007 *Wall Street Journal* article about Michael Waldman's instrumental variables study of autism and other IV applications.

1. Is Waldman's econometric methodology sound? What are its strengths and weaknesses? How seriously should the results of Waldman's research be taken?
2. Choose two of the nine papers sketched in the table on the third and fourth pages of the article. For each, explain the author's IV estimation strategy: What is the dependent variable, what regressor is likely to be endogenous (and why), and what instrumental variable is chosen? Assess whether the three requirements of a valid instrument are likely to be satisfied for the study.