

Independent Exercise 3

Week 10
April 6, 2020

Your work on this exercise does not need to be submitted and will not be graded. I can provide feedback and help as needed. You may work on this exercise with others (practicing appropriate social distancing).

Use *mini79cs.dct* and *indie3.do* to get started. The *.do* file will load the data from your working directory and describe the variables. Note that the variables are not yet cleaned (although you may have an old *.do* from a previous exercise that you can reuse).

1. Estimate a model in which the dependent variable is an indicator for completing high school and independent variables include age, race, sex, number of children, and number of siblings. Estimate this model using a linear probability model and a logit. Compare the marginal effects from both specifications.
2. Estimate a model in which the dependent variable is an indicator variable for having been out of the labor force for at least two-thirds of the year. Estimate this model using both a logit and a probit. Control for the same factors as Question 1. Compare the marginal effects from both specifications.
3. Change the threshold for being out of the labor force to 27 weeks annually. Reestimate the logit specification from Question 2. Compare the estimated marginal effects with those of the Question 2 logit specification.