ECONOMETRICS II, FALL 2017

Homework 5. Due Wednesday October 18.

1. Use the Matlab `Econ8331_SS_Main.m` program that I have posted. The simulation part is set up to generate a model with "general selectivity" as covered in the 9/27 class. Change this to a standard model of censoring and show that the ML estimation of the standard linear model is biased in the face of selection. (This means that OLS is biased as well.) This code is posted.

2. Merging some of the code from the previous homework into the likelihood procedure, program up the correct ML estimator and show that the estimates from the linear part are not longer biased.

3. Davidson and MacKinnon 11.31.

4. Use the Matlab program `Econ8331_Dur_Main.m` to simulate and estimate an exponential duration model. Truncate the outcomes at T=50 and estimate the exponential duration model with incomplete spells.