

Additional Empirical Exercise 9.2

Use the data set **CollegeDistance** described in Empirical Exercise AEE4.3 to answer the following questions.

- a. Discuss the internal validity of the regressions that you used to answer Empirical Exercise 8.3(i). Include a discussion of possible omitted variable bias, misspecification of the functional form of the regression, errors in variables, sample selection, simultaneous causality, and inconsistency of the OLS standard errors.

- b. The data set **CollegeDistance** excluded students from western states; data for these students are included in the data set **CollegeDistanceWest**. Use these data to investigate the (geographic) external validity of the conclusions that you reached in Empirical Exercise AEE8.2 (i).