

## Empirical Exercises for Chapter 7

In this exercise you will investigate the relationship distance from college and education.

1. Discuss the internal validity of the regressions that you used to answer question 9 of the empirical exercise for Chapter 6. Your answer should 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.
2. On the Web site you will find the data file **CollegeDistanceWest** (in Excel and Stata formats). This data file contains the same data as **CollegeDistance**, but for 943 students in the western states. (**CollegeDistance** contained data on students who did not live in the West.)

Use the data from students in the West to investigate the (geographic) external validity of the results.