Econ 302: Introduction to Econometrics II

Limited Dependent Variables

Consider a data set regarding work status of 2000 women. Here work (1= if a woman works; 0= otherwise), age, marital status (1= if married; 0=otherwise), number of children, and education (number of years schooling). Out of a total of 2000 women, 657 were recorded as not being wage earners.

1. Estimate A(??) linear probability model,
   1. Any problems?
   2. Any solutions?
2. Get the logit estimates,
   1. What do you see?
3. Get the probit estimates.
4. What do you conclude?