

Paper Discussion No. 3

Card, D. (1993) Using Geographic Variation in College Proximity to Estimate the Return to Schooling, NBER Working Paper No. 4483.

Published in: L.N. Christofides, E.K. Grant, R. Swidinsky (Editors) *Aspects of Labor Market Behaviour: Essays in Honour of John Vanderkamp*. Toronto: University of Toronto Press, 1995.

General Overview

- 1.) What is the paper about?
- 2.) What is the most important finding?

Detailed Questions

- 3.) What is the main problem the paper deals with? Give reasons for why is OLS biased.
- 4.) How does the author solve the problem? Briefly explain the instrumental variables (IV) method.
- 5.) How convincing is the instrument Card uses? What could be counter-arguments?
- 6.) Explain the main results shown in tables 4 and 5.
- 7.) Illustrate the relevance of the distance to college in a diagram for optimal schooling.
- 8.) What may be the reasons for the finding that the IV estimates are much higher than the OLS estimates?