Assignment #3 comments:

1. 3SLS will always produce great R^2's, but this may not be a good a good measure of its superiority over a SUR model.

2. Note some very high t-stats on endogenous variables in the MO65 equation.

3. 3SLS can produce weird signs.

4. INST variable list has to be well specified (a decent number of exogenous variables)

5. Why consider Durbin-Watson test? This is really not appropriate.

6. Coding of the fastest speed should not be left as a 1 through 9 value. It should be broken up into 0/1 indicators.

7. Tables should look like Table 5.4 (exactly). Some people still have messed up tables.

8. The system R^2 is NOT the averge of equation R^2's.

9. MO55, MO65, MO75 must be used in 3SLS. Otherwise the problem reduces to a SURE model with just Generalized least squares (GLS) done (there will be slight differences in the output due to covergnece criteria.