

Problem Set 6

Due December 9, noon in N413 or hand in at the beginning of tutorial to Ju

Read the article “Legal determinants of World Cup Success” (by Mark West) and formulate a critique related to the econometric strategy used in the paper. Think about which of the Gauss-Markov assumptions might be violated in the regressions and what that tells you about the interpretation of the results. Explain for each assumption why you think it might be violated, or why not.¹

If you prefer, you may also critique the empirical strategy in the article “Legal Determinants of External Finance” to which the first article refers (by Rafael La Porta, Florencio Lopez-De-Silanes, Andrei Shleifer, and Robert W. Vishny, 1997, *Journal of Finance*, 52(3): 1131-1150). This article is longer however.

Limit your critique to one page.

Links to both articles can be found in the class website.

¹ The footnote in table 1 indicates it reports White-corrected standard errors. This is the same as robust standard errors.