fedu c

$$\log(\text{wage}) = \beta_0 + \beta_1 \text{educ} + u$$

$\hat{\beta}_1$ (OLS) = 0.109

$\hat{\beta}_1$ (IV) = 0.059

② regress y (lwage) on $\hat{x}$ ($\widehat{\text{educ}}$)

$\hat{\beta}_1$ (IV) using two-stage LS = 0.059

Two-stage LS

① regress x (educ) on z (feduc)

→ predicted value $\widehat{\text{educ}}$