

Will it always be necessary taking into account sample selection?

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Abstract

Core topics in labour economics are "self-selection" and "sample selection" in the linear model. During the last three decades, there has been a very significant work in this area of econometrics. New methods estimation and inference have been developed, both parametric and semi-parametric. However, Ordinary Least Squares (OLS) can be a viable alternative under certain conditions. In this work, we compare OLS with Maximum Likelihood Estimation (MLE), in the linear model with some types of sample selection. We propose two new measures to quantify the lack of information of OLS.

Keywords

Sample selection, Conditional expected values, Tobit models, OLS.