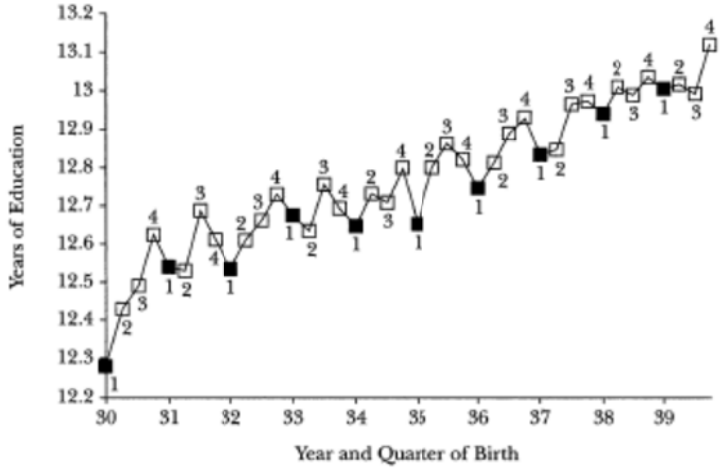
Figure 1

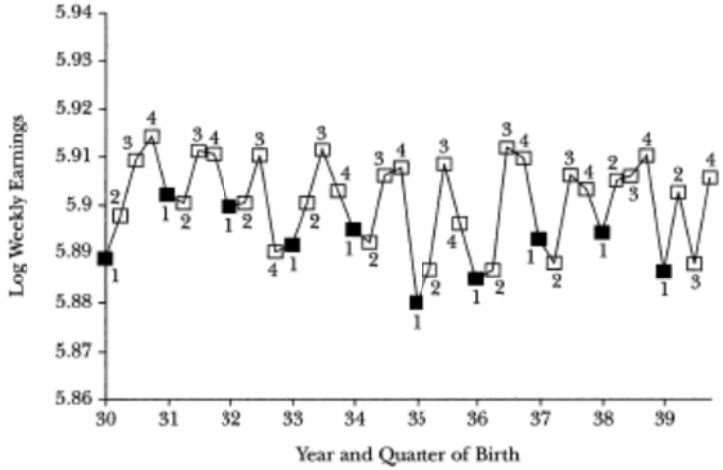
Mean Years of Completed Education, by Quarter of Birth



Source: Authors' calculations from the 1980 Census.

Figure 2

Mean Log Weekly Earnings, by Quarter of Birth



Source: Authors' calculations from the 1980 Census.

```
clear
set seed 1001
set obs 1000
local rho=-.5
gen u=.5*invnorm(uniform())
gen v=`rho'*u+.5*invnorm(uniform())
gen z=uniform()
gen x=z+v
gen y=.1*x+u
reg y x
ivreg y (x=z)
corr y x z, cov
dis .01078/.081107
dis -.077117/.37466
```

```
. clear

. set seed 1001

. set obs 1000
obs was 0, now 1000

. local rho=-.5

. gen u=.5*invnorm(uniform())

. gen v=`rho'*u+.5*invnorm(uniform())

. gen z=uniform()

. gen x=z+v

. gen y=.1*x+u

. reg y x

      Source |       SS       df       MS              Number of obs =    1000
-------------+------------------------------           F(  1,   998) =   74.37
       Model |  15.8570487     1  15.8570487           Prob > F      =  0.0000
    Residual |  212.791643   998  .213218079           R-squared     =  0.0694
-------------+------------------------------           Adj R-squared =  0.0684
       Total |  228.648692   999  .228877569           Root MSE      =  .46176

------------------------------------------------------------------------------
           y |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
           x |  -.2058289   .0238675    -8.62   0.000    -.2526652   -.1589926
       _cons |   .1780359   .0187813     9.48   0.000     .1411804    .2148913
------------------------------------------------------------------------------
```

```
. ivreg y (x=z)


Instrumental variables (2SLS) regression

      Source |       SS       df       MS              Number of obs =    1000
-------------+------------------------------           F(  1,   998) =    5.48
       Model | -27.1067501     1 -27.1067501           Prob > F      =  0.0195
    Residual |  255.755442   998  .256267978           R-squared     =       .
-------------+------------------------------           Adj R-squared =       .
       Total |  228.648692   999  .228877569           Root MSE      =  .50623

------------------------------------------------------------------------------
           y |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
           x |   .1329735   .0568201     2.34   0.019     .0214729    .2444741
       _cons |   .0103644   .0323574     0.32   0.749    -.0531319    .0738607
------------------------------------------------------------------------------
Instrumented:  x
Instruments:   z
------------------------------------------------------------------------------

. corr y x z, cov
(obs=1000)

             |        y        x        z
-------------+---------------------------
           y |  .228878
           x | -.077117  .374666
           z |  .010785  .081107  .082792


. dis .01078/.081107
.13291085

. dis -.077117/.37466
-.20583195
```