1. Reverse Causality
   a. Regress your personal income on Apple product ownership. Does Apple products make you wealthy?
   b. Regress crime rate on police spending, and finds that higher the police spending, the higher the crime.
   c. Medical research shows that your health condition worsens if you sleep more than 9 hours
   d. The regression analysis only gives you statistical relationship, it DOES NOT prove causality.
2. Endogeneity
   a. Endogenous vs. exogenous variables
   b. Ideal situation: dependent variable endogenous and independent variable exogenous
   c. Example: regressing graduation rate on voluntary participation of new student orientation
   d. Solution: find an “instrumental variable” that explains the independent variable but that has little impact on dependent variable
3. Writing Abstract & Title page
   a. Abstract
      i. About 100 words
      ii. Should focus on: research question, data, methodology, main results, and potential policy implication (if any).
   b. Title page
   c.
Banks, Credit Markets and Early American Development—
A Case Study of Entry and Competition

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Abstract

New England experienced a significant economic transformation after the Revolutionary War. Despite an extensive literature on American development, little is known about the precise role of banks in this process. This paper exploits a detailed dataset from records of Plymouth County, Massachusetts to show that the first bank during its early stage was far more selective in lending than the pre-existing personal credit market. Thus the mere introduction of a single bank did not broaden access to credit. Following the liberalization of chartering policy in the 1820s, however, freer entry and competition drove banks to extend credit to farmers and artisans.

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