

14.31 – Problem Set Four

Fall 2000

Due: Tuesday, November 7

1. Pindyck and Rubinfeld, Exercise 6.2
2. Pindyck and Rubinfeld, Exercise 6.3
3. Suppose that you want to estimate a regression model for the grade point average of economics majors (Y) as a function of the number of undergraduates attending college (NU), the fraction of undergraduates who are economics majors (FUE), the average number of courses taken by economics majors (NCE), and the average class size of economics courses (ACE). However you suspect that heteroskedasticity would be a problem. If you were given a cross-section of data on average GPAs for economics majors and the average value of other variables across a collection of universities, what would be a good way to estimate regression parameters. Be explicit about the regressions you would run.
4. Berndt, Chapter 5, Exercise 1, parts a-c only.
5. Berndt, Chapter 5, Exercise 7 (parts a-f). Use only CPS78 data.
6. Berndt, Chapter 2, Exercise 10, parts a, b
7. Berndt, Chapter 3, Exercise 7 (use polyethylene data).