

Problem Set #2

ECONOMICS 240A, SECOND HALF
FALL 2009

Due November 18

Turn in (correct) answers to the following exercises from Goldberger's text:

“Theoretical” questions:

Chapter 18: Exercise 18.1

Chapter 19: Exercise 19.3

Chapter 20: Exercises 20.1 and 20.2

Chapter 21: Exercises 21.3 and 21.4

Chapter 22: Exercises 22.2 and 22.3

“Empirical” questions:

Chapter 17: Exercise 17.4, 17.5, and 17.6

Chapter 21: Exercise 21.6

Chapter 22: Exercise 22.5

Note on “empirical” questions: Goldberger suggests use of the GAUSS programming language to analyze this data set. The Econometrics Microcomputer Laboratory has a very limited number of site licenses for GAUSS; however, the EML has an unlimited site license for MATLAB, which is a matrix-based programming language and is quite similar to GAUSS. You may use either GAUSS (if you know the language and can get access) or MATLAB to do the empirical exercises; you may not use a high-level statistical package like TSP or STATA to compute your results. The point of the empirical exercises is to connect the theoretical (matrix) constructs to a concrete application, and not just to “run regressions”.

The data set for the empirical questions is in a file called "Earnings.txt", which is available through the course website, with URL

http://emlab.berkeley.edu/users/powell/e240a_f09/e240a.html

Also on the website is a link to a primer on the MATLAB package.