

Problem Set #2

Objective

The problems in chapter 3 intend to further your understanding of the effects of correlations between the explanatory variables for the coefficient estimates, both in the case of omitted variables and almost perfect multi-collinearity. In chapter 4 you will need to test a variety of simple and joint linear hypotheses.

Exercises

You are expected to prepare exercises 3.6, 3.8, 3.10, 4.6 and 4.10 from Wooldridge's introductory textbook for the first part of the class. For the second part of the class you have to use Stata (available on any computer in the library) and work through exercises C3.6, C3.8, C4.3, C4.5 and C4.8.

Hand-In Time & Place

As in all our classes, you will have to hand in the problem set before class. Please leave it in my pigeon hole (Konrad Burchardi) in S600 before 12:00 on Wednesday.