

Problem set 2
DUE: Mon. September 8, 2014

Exercise 1

Solution

Exercise 2

You have collected data for 104 countries to address the difficult questions of the determinants for differences in the standard of living among the countries of the world. An extension of the neoclassical growth model in economics suggests that output per worker (per capita income) levels are determined by, among others, the saving rate, population growth rate and human capital. To test the predictions of this theory you estimate the regressions in Table 2 with the variables defined in Table 1.

Solution

Exercise 3

Solution

Exercise 4

Solution

Exercise 5

Solution