

# FINM3123 Introduction to Econometrics

## Chapter 1 Exercises

1. The data in MEAP01.RData (or MEAP01.xls) are for the state of Michigan in the year 2001. Use these data to answer the following questions.
  - i) Find the largest and smallest values of *math4*. Does the range make sense? Explain.
  - ii) How many schools have a perfect pass rate on the math test? What percentage is this of the total sample?
  - iii) How many schools have math pass rates of exactly 50%?
  - iv) Compare the average pass rates for the math and reading scores. Which test is harder to pass?
  - v) Find the correlation between *math4* and *read4*. What do you conclude?
  - vi) The variable *exppp* is expenditure per pupil. Find the average of *exppp* along with its standard deviation. Would you say there is wide variation in per pupil spending?
  - vii) Suppose School A spends \$6,000 per student and School B spends \$5,500 per students. By what percentage does School A's spending exceed School B's? Compare this to  $100[\log(6,000) - \log(5,500)]$ , which is the approximation percentage difference based on the difference in the natural logs.