Exercise 6:

A)

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| --- | --- | --- |
| Y=log(wage) |  |  |
| Variables | Beta OLS | Beta MLE |
| Const | 0.9288 | 0.9289 |
| Education | 0.1175 | 0.1175 |
| Female | -0.2483 | -0.2483 |
| Black | -0.2021 | -0.2021 |
| Ex | 0.0387 | 0.0387 |
| Ex2 | -0.0005 | -0.0005 |

The coefficients of both regressions are the same since, when the errors are distributed normally MLE and OLS give the same results.

B)

One unit change in education results in 11.75% increase in wages. Female employees earn or gender (gender of employee=female) causes 24.83% decrease in wages. (Female employees earn 24.83% less than male employees). Being Black also affects the wages negatively by 20.21%. one unit change in EX causes the wages to increase by 3.87%.