Econ 272

Homework 7

Name: <u>Gianluca Crescenzo</u>

Question 1.

(a) The unconditional DiD coefficient is .02640415.

(b) β_0 is the baseline mean of lnCapital for control districts before the policy. β_1 is the baseline gap between treated (Underbanked = 1) and control (Underbanked = 0) districts before the policy. The treatment effect is β_3.

(c) Two factors could be baseline economic development and type of industry.

Question 2.

(a)