CSUN Econ 433 Week 5 Problem Set

Name:

Consider the wage model:

is a boolean variable indicating whether or not the person has a college education.

is the number of years of work experience the person has.

is the number of hours the person works in a year.

1. If , then this implies that having a college education increases average annual earnings by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent. (5 pts)
2. If , then this implies that each additional year of work experience average annual earnings by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent. (5 pts)
3. If , then this implies that working 10% more hours in the year increases annual earnings by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent. (5 pts)
4. Use a diagram to illustrate why introducing a public school option can actually reduce the amount of education that a household chooses to consume. (5 pts)

The following questions pertain to Lab 5.

1. You are interested in using ACS data to show average income by race. What type of chart would be most appropriate for this? The choices are line plot, bar chart, or scatter plot. Draw an example of what this chart might look like. (The numbers don’t have to be accurate; 5 pts)
2. You are interested in using ACS data to show how the homeownership rate and average income in different California counties may be related. What type of chart would be most appropriate for this? The choices are line plot, bar chart, or scatter plot. Draw an example of what this chart might look like. (The numbers don’t have to be accurate; 5 pts)