

# Assignment 1

Students

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## 1 Question 1

### 1.1 i)

Table 1: OLS regression for log-earnings on schooling, age, and age squared.

	<i>Dependent variable:</i>
	logwage
schooling	0.216*** (0.032)
age	-0.342 (0.521)
I(age <sup>2</sup> )	-0.011 (0.008)
Constant	26.409*** (8.057)
Observations	416
R <sup>2</sup>	0.815
Adjusted R <sup>2</sup>	0.813
Residual Std. Error	1.499 (df = 412)
F Statistic	604.261*** (df = 3; 412)
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

From Table 1 can be observed that only the intercept and **schooling** are significant. Both are significant at the 1%-significance level. For a given worker, an additional year of schooling is associated with a  $(e^{0.216} - 1) \cdot 100 \approx 24.11$  increase in wage. The intercept and explanatory variables explain 81.5% of the variation in **logwage**.

1.2 ii)

1.3 iii)

1.4 iv)

1.5 v)

## 2 Question 2

2.1 i)

2.2 ii)

2.3 iii)