Finger Exercises due Sep 18, 2024 07:30 CST Completed

11.1

1/1 point (graded)

Fill in the blank. In practice, we can say that a point estimate is statistically significant at the 5% level if the t-statistic (absolute value) is greater than ____.

- 0.05
- 0.95
- 1.0
- 2.0 ✔

Explanation

In a t-test, the t-statistic is used to determine whether to support or reject the null hypothesis. In a two-tailed test, when the t-statistic (absolute value) is greater than or equal to 1.96, we reject the null hypothesis and say that the point estimate is statistically significant at the 5% level. In practice, when neither the t-statistic nor the p-value is readily available, we calculate the t-statistic by roughly dividing the point estimate by the standard error, and then compare it to 2.0 to have a quick idea of significance.

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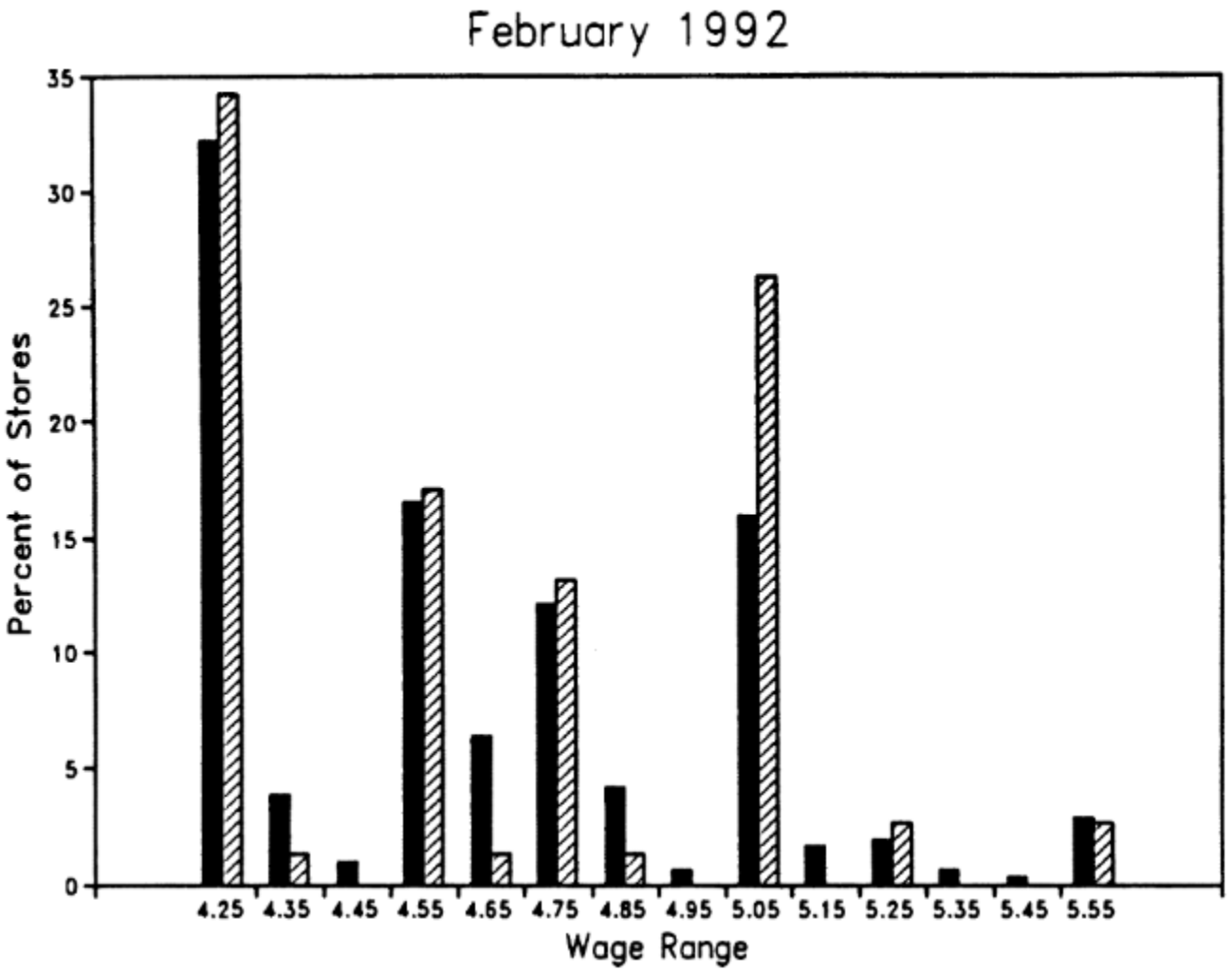
Answers are displayed within the problem



11.2

1/1 point (graded)

The chart above shows the distribution of wage rates for fast food restaurants in New Jersey and Pennsylvania prior to the rise in New Jersey's minimum wage. What information in this chart best supports the idea of using New Jersey and Pennsylvania as treatment and comparison groups in the Card and Krueger (1994) study?

- ○ It shows that in both states, more than 30% of stores paid minimum wage.
- ◉ It shows that the wage rate structures are similar in both states.
- ○ It shows that the wage rate structures are very different in both states.
- ○ There is no relevant information in this chart.

✔

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	Before	After	Δ
NJ	20.44	21.03	$\Delta Y_n = +0.59$
PA	23.33	21.17	$\Delta Y_p = -2.16$

11.3

1/1 point (graded)

The table above shows employment in fast food restaurants in New Jersey (NJ) and Pennsylvania (PA) before and after the rise in New Jersey's minimum wage. Use Difference-in-Difference estimation to calculate the treatment effect. Please calculate to the second decimal place and do not round up.

2.75 ✔ Answer: 2.75

Explanation

$$\hat{T} = \Delta Y_n - \Delta Y_p = 0.59 - (-2.16) = 2.75$$

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