

Homework 2

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1 Learning about Heterogeneity in Returns to Schooling

Koop and Tobias [1] studied schooling in the German education system in order to (provide summary)

1.1 A Regression of log wages on individual characteristics

1.2 A Regression of log wages on individual + household characteristics

1.3 A manual calculation of R^2

1.4 The importance of the Constant term

1.5 Violation of Classical Assumptions

MR1, MR2, MR5, M6

2 The U.S. Gasoline Market

2.1 A multiple regression of per capita consumption

2.2 Do consumers differentiate between changes in prices of new/used cars?

2.3 Estimation of Elasticity

2.3.1 Price Elasticity

2.3.2 Income Elasticity

2.3.3 Cross-price Elasticity

2.4 Using logarithms for regression

2.5 Computing correlations of price variables

2.6 Renormalization of Indices

3 Appendix

References

- [1] Gary Koop and Justin L Tobias. Learning about heterogeneity in returns to schooling. *Journal of Applied Econometrics*, 19(7):827–849, 2004.