ECON 709B - Problem Set 4

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1. 7.29 Use the subsample of the CPS that you used for problems 3.24 and 3.25 (instead of the subsample requested in the problem)

```r
library(tidyverse)
```

```r
cps09mar <- read_delim("cps09mar.txt",
                       delim = "\t",
                       col_names = c("age", "female", "hisp", "education", "earnings",
                                     "hours", "week", "union", "uncov", "region", "race",
                                     "maritial"),
                       col_types = "dddddddddddd") %>%
  mutate(experience = age - education - 6,
         experience_2 = (experience^2)/100,
         wage = earnings / (hours*week),
         l_wage = log(wage),
         constant = 1) %>%
  filter(race == 4,
         maritial == 7,
         female == 0,
         experience < 45)

y <- cps09mar$l_wage

x <- cps09mar %>%
  select(education, experience, experience_2, constant) %>%
  as.matrix() %>%
  unname()

n <- dim(x)[1]
i <- diag(nrow = n, ncol = n)
```