

Homework

Econ 5243

September 26, 2005

Problems

Consider the following model of wages:

$$\ln(\text{wage}_i) = \beta_1 + \beta_2 \text{exper}_i + \beta_3 \text{expersq}_i + \beta_5 \text{school}_i + u_i \quad (1)$$

where

`wage_i` = wages of the `i`th individual
`school_i` = years of schooling for individual `i`
`exper_i` = years of experience for individual `i`
`expersq_i` = years of experience squared for individual `i`

1. Using the `wages1` data (Wages in the USA) from Verbeek's website

<http://eu.wiley.com/legacy/wileychi/verbeek2ed/datasets.html>

estimate the model using least squares using IML and Proc Reg in SAS. Also, compute the least squares estimates of standard errors using both procedures.