Economics 3950
Spring 2008
Dr. Richard Mueller

Assignment #2

Instructions: These questions should be answered using a text editor or a word processor where you can cut and paste output from your statistical program (where necessary). Please mark question numbers clearly. This assignment is **due on Friday, February 29, 2008 by 12:00 in D-552.**

1.   (40 points total) Exercise 3.38, pp. 132. If the model with POP and YEAR are similar in explaining the variation of GDP, explain why? Now regress GDP on both POP and YEAR. Comment on the standard errors on their respective estimated coefficients and explain why this has happened.

2.   (30 points total) Exercise 4.9, p. 190.

3.   (30 points total) Exercise 4.24, p. 204.

Grand Total: 100 points