Section Week 6

The CPS data sample contains three variables incwage, region, and sex. Incwage is the average yearly income of an individual. Sex is equal to 1 for male and 2 for female. Region is equal to 1 for Northeast, 2 for Midwest, 3 for South, and 4 for West.

1. Generate a new variable equal to 1 if in South Region and 0 for everybody else.

2. Run a regression of an outcome on a constant and a non constant variable, where the standard errors computed by Eviews are robust standard errors.

3. Interpret the coefficient of the non-constant variable.

Dependent Variable: INCWAGE
Method: Least Squares
Date: 05/03/18 Time: 21:16
Sample: 1 143626
Included observations: 143626
White heteroskedasticity-consistent standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	29152.24	160.5539	181.5729	0.0000
SOUTH	3859.010	432.2316	8.928107	0.0000

R-squared	0.000621	Mean dependent var	29766.05
Adjusted R-squared	0.000614	S.D. dependent var	56616.11
S.E. of regression	56598.72	Akaike info criterion	24.72537
Sum squared resid	$4.60E + 14$	Schwarz criterion	24.72551
Log likelihood	$-1775601.$	Hannan-Quinn criter.	24.72542
F-statistic	89.30903	Durbin-Watson stat	2.003789
Prob(F-statistic)	0.000000	Wald F-statistic	79.71109
Prob(Wald F-statistic)	0.000000		

4. Determine whether they can reject the null that the coefficient of the non-constant variable is =0 in the full population.