

## **Practice 5 – Introduction to Econometrics (deadline: before next tutorial)**

1) Explain, as much as you can, from the following estimation output from Eviews (in terms of goodness, degrees of freedom, global and individual significance, etc):

Dependent Variable: CHILDREN  
Method: Least Squares  
Date: 11/08/11 Time: 16:36  
Sample: 1 4365  
Included observations: 4360

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.996208	0.093991	-21.23833	0.0000
EDUC	-0.089941	0.005983	-15.03232	0.0000
AGE	0.174816	0.002706	64.61087	0.0000
R-squared	0.559412	Mean dependent var		2.268349
Adjusted R-squared	0.559210	S.D. dependent var		2.222021
S.E. of regression	1.475245	Akaike info criterion		3.616214
Sum squared resid	9482.353	Schwarz criterion		3.620604
Log likelihood	-7880.346	F-statistic		2766.027
Durbin-Watson stat	1.885390	Prob(F-statistic)		0.000000

2) What can you tell about the next model? In particular, what do you have to say in comparison to the previous one?

Dependent Variable: CHILDREN  
Method: Least Squares  
Date: 01/28/08 Time: 19:36  
Sample: 1 4365  
Included observations: 4360

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.137307	0.240654	-17.19190	0.0000
EDUC	-0.090576	0.005921	-15.29662	0.0000
AGE	0.332392	0.016553	20.08065	0.0000
AGE^2	-0.002630	0.000273	-9.646640	0.0000
R-squared	0.568627	Mean dependent var		2.268349
Adjusted R-squared	0.568330	S.D. dependent var		2.222021
S.E. of regression	1.459903	Akaike info criterion		3.595534
Sum squared resid	9284.018	Schwarz criterion		3.601388
Log likelihood	-7834.265	F-statistic		1913.999
Durbin-Watson stat	1.869716	Prob(F-statistic)		0.000000