Economics 312 **Spring 2013**
Daily Problem #41 **May 1**

1. Consider a model in which we are estimating a regression with dependent variable y being the quantity of asparagus a consumer buys and regressor x equal to consumer income. Suppose that γ is the coefficient on the variable x in the 0.9 quantile (90^{th} percentile) regression of y on x. What exactly does γ measure and how is it different from the coefficient β from the corresponding OLS regression? Why might both of these pieces of information be useful?

2. In Koenker and Hallock's Figure 4, consider the "college" panel (third down on the left). What does this figure tell us about the effect of college on the distribution of birth weight? Do you get the same information from the OLS regression?