

EE325 Section 1: Quiz 3 due Nov 3,2022

In order to receive HW points from the following questions, students must submit your answer with STATA log file.

3. **Table 8.8** The Cobb-Douglas Production Function for the Mexican Economy, 1955 – 1974

$$\ln GDP_t = \beta_1 + \beta_2 \ln Labor_t + \beta_3 \ln Capital_t \quad (1)$$

$$\ln \frac{GDP_t}{Labor_t} = \gamma_1 + \gamma_2 \ln \left(\frac{Capital_t}{Labor_t} \right) \quad (2)$$

Is the Mexican economy characterized by constant returns to scale over the sample period?