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Econ 812

**HW #9 (answer question #1 and any FOUR other questions)**

1. Use a spreadsheet program to analyze your *private* rate of return to completing your Ph.D. Compare your expected lifetime earnings if you worked through retirement and your expected lifetime earnings from completing graduate school. Make sensible adjustments for tuition, opportunity cost of time, your personal ability, and current age. Write a paragraph summarizing your findings, and be sure to include your spreadsheet calculations. (*Hint*: Trying using the Goal Seek function in Excel; you'll find it under "Tools.")
2. Once you have these baseline results, adjust them for your willingness to pay for job satisfaction. That is, if you would be indifferent between earning \$50,000 in industry and \$35,000 as a professor, include a \$15,000 non-cash benefit in your calculations. How do tax rates affect your final estimates? Write a paragraph summarizing your findings, and be sure to include your spreadsheet calculations.
3. Imagine you are studying the "return to exercise" in a primitive agricultural economy. How could you improve upon a naive estimate of earnings as a simple function of "hours spent exercising"? (1 page)
4. From an **efficiency standpoint**, in what ways does intelligence research undermine existing government programs? In what ways does intelligence research strengthen the **efficiency** case for existing and/or new government programs? (1 page)
5. Based on your own observation, what percentage of your undergraduate education do you estimate was productivity-enhancing as opposed to pure signalling? Use your transcripts to refine your estimates. (1 page)
6. What matters more in real labor markets: nominal rigidities or efficiency wages? (1 page)
7. What are your two largest violations of the PIH? Why do you commit them? (1 page)
8. Discuss two alleged violations of the EMH from financial news in the past five years. Are they real or merely apparent? (1 page)
9. Has studying behavioral economics convinced you to change your own behavior in any way? Why or why not? (1 page)