

## ECON 5350 Problem Set #4

1. Greene 5th edition, Exercise 15.3.
2. Greene 5th edition, Exercise 15.9.
3. This problem refers to John Campbell and Gregory Mankiw's article "Consumption, Income and Interest Rates: Reinterpreting the Time Series Evidence" in the *1989 NBER Macroeconomic Annual*. A good summary of their econometric analysis can be found on pages 340-342 of David Romer's 2nd edition *Advanced Macroeconomics* text. Replicate the results discussed in Romer (both the estimates of  $\lambda$  and the tests of overidentifying restrictions).