**Exercise 2: Wages**

The average hourly wage rates of males are higher than those of females for almost all industrialized countries. We analyze this phenomenon for Belgium. In particular, we want to find out whether factors such as education level and experience can explain the wage differential.

For this purpose we use a data set consisting of 1472 individuals, randomly sampled from the working population in Belgium for the year 1994. The data set, taken from the Belgian part of the European Community Household Panel, contains 893 males and 579 females.

The analysis is based on the following four variables:

* wage before tax hourly wage rate, in euro per hour
* male: 1 if male, 0 if female
* educ: education level, 1 = primary school, 2 = lower vocational training, 3 = intermediate level, 4 = higher vocational training, 5 = university level
* exper: experience in years