TABLE **5.1** **Simulated data**

Observation	*Simulated education, x_i*	*Simulated expected value of earnings, $E(y_i) = \alpha + \beta x_i$*	*Simulated disturbance, ε_i*	*Simulated earnings, y_i*
1	8	12,000	−11,604	395.88
2	9	16,000	3,381	19,381
3	9	16,000	21,952	37,952
4	10	20,000	−13,212	6,787.6
5	10	20,000	−11,097	8,902.9
6	11	24,000	−4,041	19,959
7	11	24,000	20,765	44,765
8	12	28,000	18,108	46,108
9	12	28,000	−30,297	−2,297.2
10	13	32,000	35,206	67,206
11	13	32,000	21,102	53,102
12	14	36,000	4,217	40,217
13	14	36,000	−3,048	32,952
14	15	40,000	−18,598	21,402
15	15	40,000	−16,347	23,653
16	16	44,000	29,436	73,436
17	16	44,000	612	44,612
18	17	48,000	12,134	60,134
19	17	48,000	−4,354	43,646
20	18	52,000	6,132	58,132