

Multiply each  $x_i, i = 1, 2, \dots, n$  by the same constant  $c$ . The results for the OLS coefficients is the following:

$$\begin{aligned}
 \tilde{\beta} &= \frac{\sum (cx_i - c\bar{x})(y_i - \bar{y})}{\sum (cx_i - c\bar{x})^2} \\
 &= \frac{c \sum (x_i - \bar{x})(y_i - \bar{y})}{c^2 \sum (x_i - \bar{x})^2} \\
 &= \frac{1}{c} \hat{\beta} \\
 \tilde{\alpha} &= \bar{y} - \tilde{\beta} c \bar{x} \\
 &= \bar{y} - \frac{1}{c} \hat{\beta} c \bar{x} \\
 &= \bar{y} - \hat{\beta} \bar{x} \\
 &= \hat{\alpha}
 \end{aligned}$$

The slope coefficient is divided by  $c$ , but the intercept does not change.

Multiply each  $y_i, i = 1, 2, \dots, n$  by the same constant  $c$ . The results for the OLS coefficients is the following:

$$\begin{aligned}
 \tilde{\beta} &= \frac{\sum (x_i - \bar{x})(cy_i - c\bar{y})}{\sum (x_i - \bar{x})^2} \\
 &= \frac{c \sum (x_i - \bar{x})(y_i - \bar{y})}{\sum (x_i - \bar{x})^2} \\
 &= c \hat{\beta} \\
 \tilde{\alpha} &= c \bar{y} - \tilde{\beta} \bar{x} \\
 &= c \bar{y} - c \hat{\beta} \bar{x} \\
 &= c (\bar{y} - \hat{\beta} \bar{x}) \\
 &= c \hat{\alpha}
 \end{aligned}$$

Both the slope and the intercept coefficient are multiplied by  $c$ .

Handout #3 -- The Effects of Changing Units of Measurement on OLS Statistics (Wooldridge -- Section 2.4)

y	x	$(y_i - y_b)(x_i - x_b)$	$(x_i - x_b)^2$	y	x	$(y_i - y_b)(x_i - x_b)$	$(x_i - x_b)^2$	y	x	$(y_i - y_b)(x_i - x_b)$	$(x_i - x_b)^2$
5	1	1.23	4.2025	5	10	12.3	420.25	50	1	12.3	4.2025
4	6	-4.72	8.7025	4	60	-47.2	870.25	40	6	-47.2	8.7025
7	2	-1.47	1.1025	7	20	-14.7	110.25	70	2	-14.7	1.1025
4	4	-1.52	0.9025	4	40	-15.2	90.25	40	4	-15.2	0.9025
6	5	0.78	3.8025	6	50	7.8	380.25	60	5	7.8	3.8025
5	4	-0.57	0.9025	5	40	-5.7	90.25	50	4	-5.7	0.9025
7	1	-2.87	4.2025	7	10	-28.7	420.25	70	1	-28.7	4.2025
4	3	0.08	0.0025	4	30	0.8	0.25	40	3	0.8	0.0025
8	2	-2.52	1.1025	8	20	-25.2	110.25	80	2	-25.2	1.1025
6	5	0.78	3.8025	6	50	7.8	380.25	60	5	7.8	3.8025
9	4	3.23	0.9025	9	40	32.3	90.25	90	4	32.3	0.9025
5	1	1.23	4.2025	5	10	12.3	420.25	50	1	12.3	4.2025
4	2	1.68	1.1025	4	20	16.8	110.25	40	2	16.8	1.1025
5	4	-0.57	0.9025	5	40	-5.7	90.25	50	4	-5.7	0.9025
7	2	-1.47	1.1025	7	20	-14.7	110.25	70	2	-14.7	1.1025
8	3	-0.12	0.0025	8	30	-1.2	0.25	80	3	-1.2	0.0025
4	4	-1.52	0.9025	4	40	-15.2	90.25	40	4	-15.2	0.9025
2	2	3.78	1.1025	2	20	37.8	110.25	20	2	37.8	1.1025
5	1	1.23	4.2025	5	10	12.3	420.25	50	1	12.3	4.2025
7	5	2.73	3.8025	7	50	27.3	380.25	70	5	27.3	3.8025
Mean	Mean	Sum	Sum	Mean	Mean	Sum	Sum	Mean	Mean	Sum	Sum
5.6	3.05	-0.6	46.95	5.6	30.5	-6	4695	56	3.05	-6	46.95

alpha = 5.638978  
beta = -0.01278

alpha = 5.638978  
beta = -0.001278

alpha = 56.38978  
beta = -0.127796

Multiplying  $x_i, i=1,2,\dots,n$  by the same constant  $c$  will not change the intercept, but will give a new slope coefficient equal to the former divided by  $c$   
 Multiplying  $y_i, i=1,2,\dots,n$  by the same constant  $c$  will give both new intercept and slope coefficients, specifically each will be equal to the former multiplied by  $c$