

# 1 Introduction

We use the following data-generating process

$$y = x_1\beta_1 + x_2\beta_2\sqrt{\frac{df-2}{df}}\varepsilon, \quad \varepsilon \sim t_{df}$$

The reason that the error term looks the way it does is that we want to be able to specify data-generating processes with differently shaped error term distributions (varying thiccnnes) while keeping the error term variance fixed.

We compare two models on the form