## Quiz 2

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Consider the following regression equation: . What does imply?

* ☐ It measures the ceteris paribus effect of on .
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1. In econometrics, the general partialling out result is usually called the \_\_\_\_\_.

* ☐ Gauss-Markov assumption
* ☐ Best linear unbiased estimator
* ☐ Frisch-Waugh-Lovell theorem
* ☐ Gauss-Markov theorem

1. If an independent variable in a multiple linear regression model is an exact linear combination of other independent variables, the model suffers from the problem of \_\_\_\_\_.

* ☐ perfect collinearity
* ☐ homoskedasticity
* ☐ heteroskedasticty
* ☐ omitted variable bias

1. The term “linear” in a multiple linear regression model means that the equation is linear in parameters, not in terms of variables.

* ☐ True
* ☐ False

1. The coefficient of determination (R2) decreases when an independent variable is added to a multiple regression model.

* ☐ True
* ☐ False