## 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