POLS 6481, Spring 2021

Professor Scott Basinger

Reading Assignment Week 6

Distributed Sunday, February 28

Due Thursday, March 4

Required reading: Wooldridge 8.1 + 8.2 + 8.3 + 8.4 + 9.3

1. What form of bias is generated by heteroskedasticity? Can we anticipate the direction of the bias?

2. In your own words, state what steps are required to carry out the Breusch-Pagan test. Use an example if necessary (i.e., replace *y* and *x*’s with constructs).

3. Name at least two similarities between the Breusch-Pagan and White tests:

4. Name at least one difference between the Breusch-Pagan and White tests:

5. What is the key difference between *Weighted Least Squares* and *Feasible Generalized Least Squares*?

6. Wooldridge defines one particular version of FGLS on pages 286 – 288 (in the 5th edition). Write/type the two key equations that distinguish this version of FGLS from the weighted least squares approach described a few pages earlier in chapter 8.

What purpose do these modifications in Wooldridge’s particular version of FGLS serve?