POLS 6481, Spring 2021

Professor Scott Basinger

Reading Assignment Week 7

Distributed Wednesday, March 10

~~Due Thursday, March 11~~

Wooldridge 1.3 + 10.1 + 10.3 + 10.4 + 11.1 + 11.2 + 11.3 + 12.1 + 12.2 + 12.3 + 12.4 + 18.2

1. Compare assumptions TS.1 – TS.6 in chapter 10 with assumptions MLR.1 – MLR.6 in chapters 3 and 4; what are two important differences between the assumptions for time series and for cross sectional regression models?

2. What is the difference between a stationary and a nonstationary time series?

2½. What does *rho* (ρ) represent in the context of discussing stationarity?

3. What is a unit root? How / when does it occur?

4. What is the difference between *autoregression* and *serial autocorrelation*?

4½. What does *rho* (ρ) represent in the context of discussing autocorrelation?

5. What is the Dickey-Fuller test, and for what purpose is it used?

6. What is the Durbin-Watson test, and for what purpose is it used?

7. What is *differencing*, and when / why does it lead to more reliable estimates?

8. What is *quasi-differencing*?