

Elements of Econometrics, 2023-2024

Class teacher: Ksenia Kasianova.

Class 23: Panel data

Problem 1

- i) What are panel data? What are the advantages?
- ii) What is balanced panel?

Problem 2

- i) Explain what is unobserved heterogeneity in panel data model. What is pooled regression?
- ii) How to choose between pooled regression and individual regressions?

Problem 3

- i) What is fixed effect model?
- ii) Explain how LSDV method can be used for estimating FE models
- iii) How to choose between pooled regression and fixed effect panel model?
- iv) How other techniques to estimate FE model – FD model and between-regression – work?

Problem 4

- i) What is random effect model? How is it estimated?
- ii) How to choose between FE and RE model?
- iii) What are comparative advantages and disadvantages of using different method for panel data under different assumptions on the unobserved heterogeneity.