EC220-PS6
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Office hour: on Monday in S684
from 16:30 to 17:30
We will soon start to question the assumptions of chapter 2:

- Fixed regressors,
- Linear model,
- Omitted variables,
- Homoskedasticity,
- Independence of the disturbance (ui).

At this stage, you need a good knowledge of the basic topics to be able to focus on the new ideas.
Comments on PS6

* When more than 2 groups with dummy variables state your reference category.

  Not “The fact to be black increase your number of years of schooling by 0.8 **everything else being constant**”.

But “The fact to be black **rather than white** increase your number of years of schooling by 0.8 **everything else being constant**”.
Comments on PS6

• **Holding the other variables constant.** This sentence is not only useful when interpreting the estimates. You should use this *ceteris-paribus* interpretation also for your t-tests.

• Eg. Ho: delta(black)=0 vs H1:…

If you can not reject H0 at the 5% sign. Level. What does it mean?

**Controlling for the other factors** (SM,SF,GENDER, ASVABC), it seems that there is a systematic difference in educational attainment between the black and white individuals.