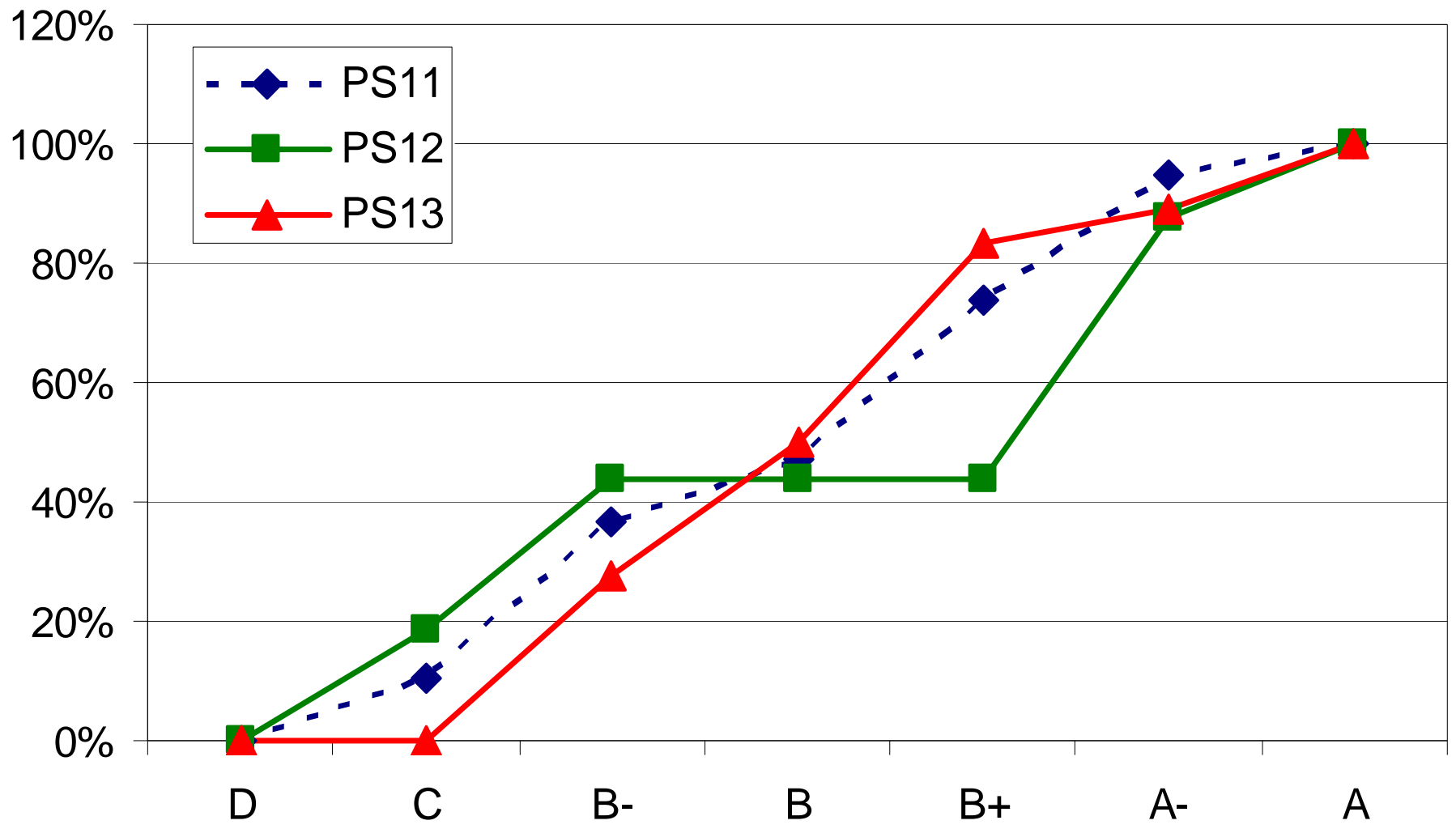


EC220-PS13

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**Office hour: on Monday in S684
from 16:30 to 17:30**



Comments on PS13

Problem 1 and Problem 2

- Marginal effects in the logit and probit: effects of a change in the explanatory variable at the sample average (holding the other variables constant).
- The disturbance term in the Linear Probability Model (LPM/OLS) is *heteroscedastic and not normally distributed.* This implies that se and usual tests are invalid.

Comments on PS13

Problem 3

- Heckman 2 steps procedure and sample selection bias.
- Need to know how to assess if there is or not selection bias:
 - Asymptotic “z-test” for $H_0: \text{arctanh}(\rho)=0$
 - Likelihood ratio test $2\log(L_u/L_r)$ with a $\chi^2(k)$ distribution under $H_0: \rho=0$
- New tests but you need as always:
 - To state the significance level and the conclusion (what does it imply to reject H_0 ?)