2. Suppose you run an experiment in two different points in time. You want to run a model which treats the unobserved heterogeneity as constant in time. What is the model that does the job?

   (a) Fixed Eects model.

   (b) Linear regression.

   (c) Pooled Panel data regression.

   (d) None of the others.

3. In a Fixed effects model, α_i and X_{it}...

   (a) are uncorrelated.

   (b) can be correlated.

   (c) None of the others.

   (d) must be uncorrelated.

18. What is the biggest drawback of the linear probability model?

   (a) Probabilities cannot be correctly regressed.

   (b) Having a dummy as dependent variable can generate the dummy variable trap.

   (c) It is always heteroskedastic.

   (d) Predicted probabilities can be lower than 0 or higher than 1.

19. When we run Panel data models, which kind of specification is more likely to give us the correct standard errors?

   (a) Homoskedastic standard errors.

   (b) Heteroskedastic standard errors.

   (c) None of the others.

   (d) Clustered standard errors.