

**Quiz # 7**  
**Dummy Variables**  
**Suggested Answers**  
**Econometrics 06216**

Name \_\_\_\_\_

- Choose the **MOST CORRECT** answer
  - You have 5 minutes to solve out this quiz
1. We use dummy variables to:
    - a. Include categorical variables in the regression.
    - b. Determine if there are differences between groups in the regression.
    - c. Make inference about discrimination.
    - d. **All of the above**
    - e. None of the above
  2. Which of the following regressions have dummy variables that demonstrate differences in the **Y** value ceteris paribus.
    - a.  $Y_i = \alpha_0 + D\alpha_1 X_1 + \varepsilon_i$
    - b.  $Y_i = \alpha_0 + D\alpha_1 X_1 + \alpha_2 X_1 + \varepsilon_i$
    - c.  $Y_i = \alpha_0 + \alpha_1 D X_1 + \alpha_2 X_2 + \varepsilon_i$
    - d. All of the above.
    - e. **None of the above.**
  3. We have a dummy variable  $D_i$  that takes the value of 1 when the food is hot and 0 when it is not. And our estimated model is:  $\hat{Y}_i = D_i$ , if we calculate the media for the regressor, we'll have:
    - a. The media is equal to 1
    - b. The media is equal to 0
    - c. **The proportion of hot food inside the restaurant.**
    - d. The proportion of non-hot food inside the restaurant.
    - e. None of the above.
  4. In a model where the dependent variable is the wage, and the independent variable is the number of years of education, and we want to know if there are any kind of differences between sexes we use dummies in:
    - a. The intercept.
    - b. The slope.
    - c. **The intercept and slope.**
    - d. We don't use dummies, we change our model.
    - e. None of the above.
  5. Include dummy variables in an OLS model, causes:
    - a. Parameter estimators that are no longer BLUE.
    - b. Parameter estimators that are no longer consistent.
    - c. Parameter estimators that are no longer efficient.
    - d. Parameter estimators that are no longer unbiased.
    - e. **None of the above.**

**Quiz # 7**  
**Dummy Variables**  
**Suggested Answers**  
**Econometrics 06216**

Name \_\_\_\_\_

- Choose the **MOST CORRECT** answer
  - You have 5 minutes to solve out this quiz
1. We use dummy variables to:
    - a. Include categorical variables in the regression.
    - b. Determine if there are differences between groups in the regression.
    - c. Make inference about discrimination.
    - d. **All of the above**
    - e. None of the above
  2. Which of the following regressions have dummy variables that demonstrate differences in the **Y** value ceteris paribus.
    - a.  $Y_i = \alpha_0 + D\alpha_1 X_1 + \varepsilon_i$
    - b.  $Y_i = \alpha_0 + D\alpha_1 X_1 + \alpha_2 X_1 + \varepsilon_i$
    - c.  $Y_i = \alpha_0 + \alpha_1 D X_1 + \alpha_2 X_2 + \varepsilon_i$
    - d. All of the above.
    - e. **None of the above.**
  3. We have a dummy variable  $D_i$  that takes the value of 1 when the food is hot and 0 when it is not. And our estimated model is:  $\hat{Y}_i = D_i$ , if we calculate the media for the regressor, we'll have:
    - a. The media is equal to 1
    - b. The media is equal to 0
    - c. **The proportion of hot food inside the restaurant.**
    - d. The proportion of non-hot food inside the restaurant.
    - e. None of the above.
  4. In a model where the dependent variable is the wage, and the independent variable is the number of years of education, and we want to know if there are any kind of differences between sexes we use dummies in:
    - a. The intercept.
    - b. The slope.
    - c. **The intercept and slope.**
    - d. We don't use dummies, we change our model.
    - e. None of the above.
  5. Include dummy variables in an OLS model, causes:
    - a. Parameter estimators that are no longer BLUE.
    - b. Parameter estimators that are no longer consistent.
    - c. Parameter estimators that are no longer efficient.
    - d. Parameter estimators that are no longer unbiased.
    - e. **None of the above.**