Quiz # 7
Chapter 10
Suggested Answers

Name:_____

- Choose the **MOST CORRECT** answer
- You have 5 minutes to solve out this quiz

1. Which of the following are possible causes of heteroskedasticity?:
   a. omitted variables.
   b. functional form errors.
   c. data grouped into unequal size groups.
   d. All of the above.
   e. None of the above

2. State which of the following are true: A WLS/GLS adjustment for heteroscedasticity will have the following properties.
   a. there will be no intercept in the estimating equation.
   b. the R squared will go up.
   c. the F for the equation will go up.
   d. in general the 't' ratios and coefficients will be different from OLS.
   e. All of the above

3. If your dataset has heteroskedasticity, but you completely ignore the problem and use a plain OLS command, you will.
   a. get biased parameter estimates.
   b. get parameter standard error estimates that could be either too large or too small .
   c. get t-test statistics that make you overly optimistic about your parameters being statistically different from zero.
   d. get t-test statistics that make it look like your parameters are not different from zero when in fact they are.
   e. None of the above

4. Which of the next test for Heteroskedasticity is the most general?
   a. Breusch-Pagan test
   b. Goldfeld-Quandt test.
   c. Barro test
   d. White test.
   e. None of the above.

5. The Goldfeld-Quandt Test is strictly valid if:
   a. The underlying disturbances are normally distributed.
   b. The OLS estimators are unbiased.
   c. The Gauss-Markov Assumptions are satisfied.
   d. All of the above.
   e. None of the above.