

Not so Harmless After All: The Fixed-Effects Model

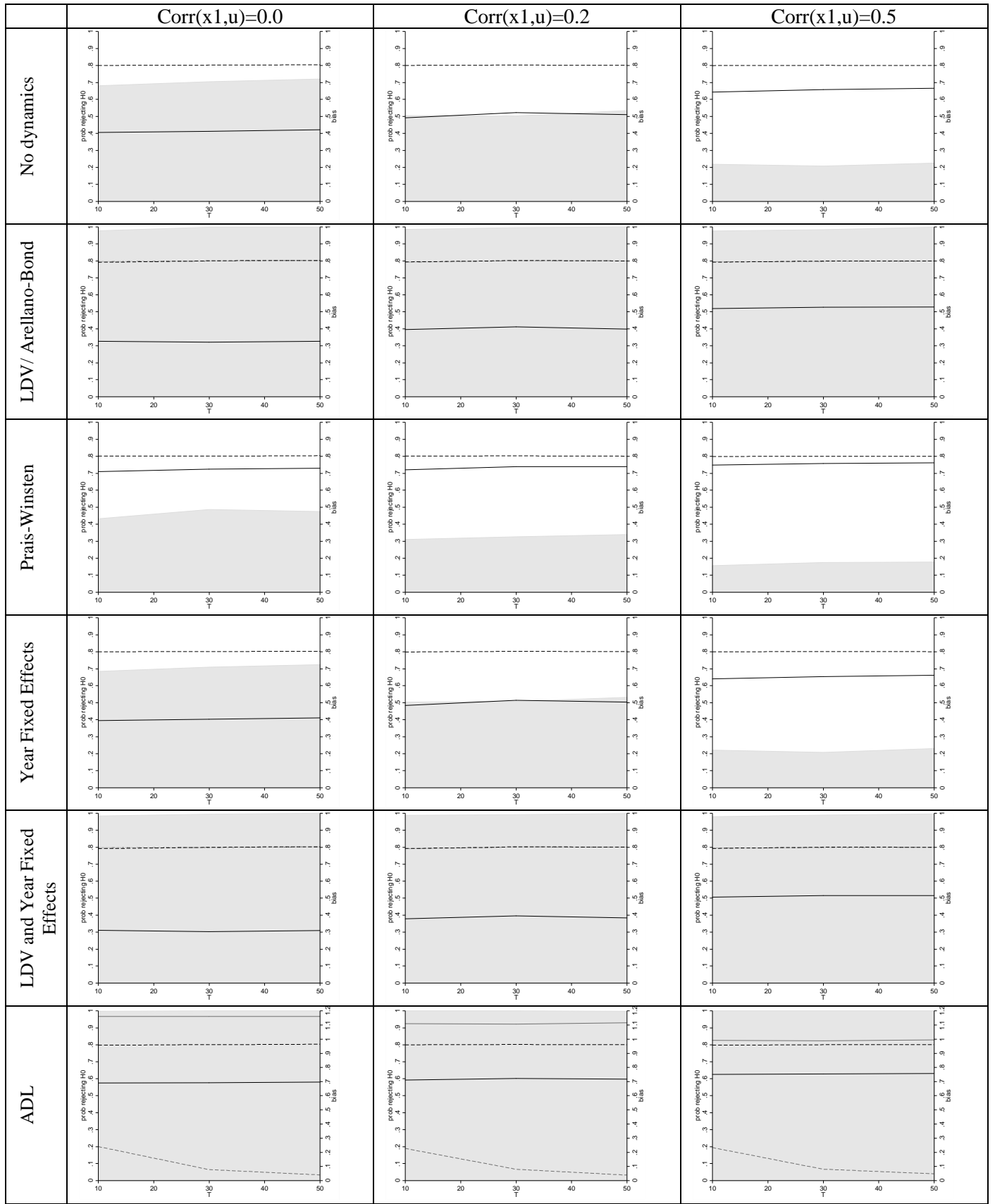
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Online Appendix:

Table A1: Omitted Within Variance $corr(\ddot{x}_{it}^1, \ddot{x}_{it}^2) = 0.8$: Bias for Estimate of x_{it}^1 and x_{it-1}^1



Right Axis – Absolute Bias: — OLS, - - - FE, ···· A-B;

Left Axis - Probability of rejecting the H0 on the 5% level and thus suggesting FE: grey shaded area = Hausman Test

Table A2: Omitted Within Variance $corr(\ddot{x}_{it}^1, \ddot{x}_{it}^2) = 0.2$: Bias for Estimate of x_{it}^1 and x_{it-1}^1

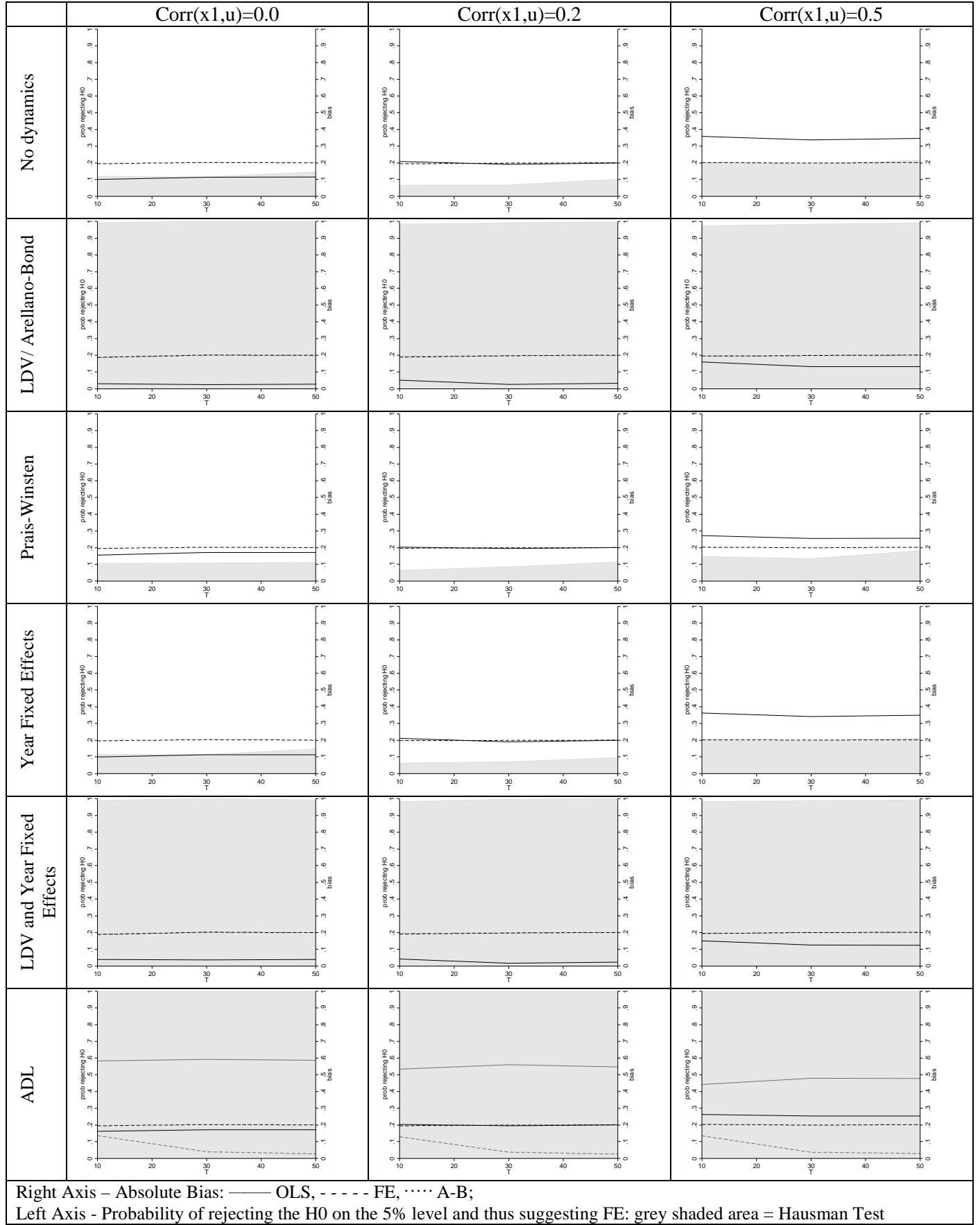


Table A3: Experiment 1a: Omitted Within Variance $corr(\ddot{x}_{it}^1, \ddot{x}_{it}^2) = 0.2$: Bias for Estimate of LDV (y_{it-1})

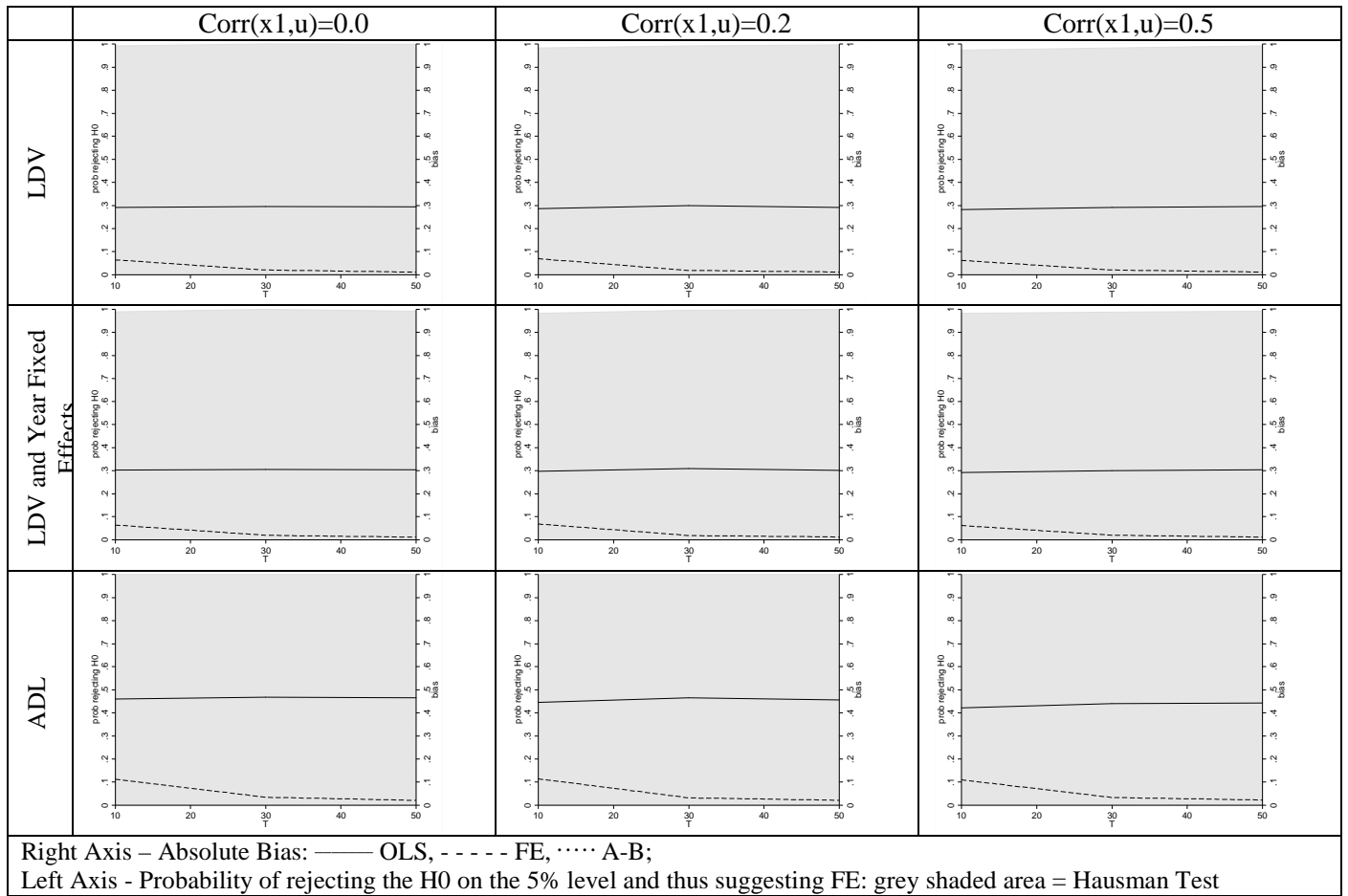
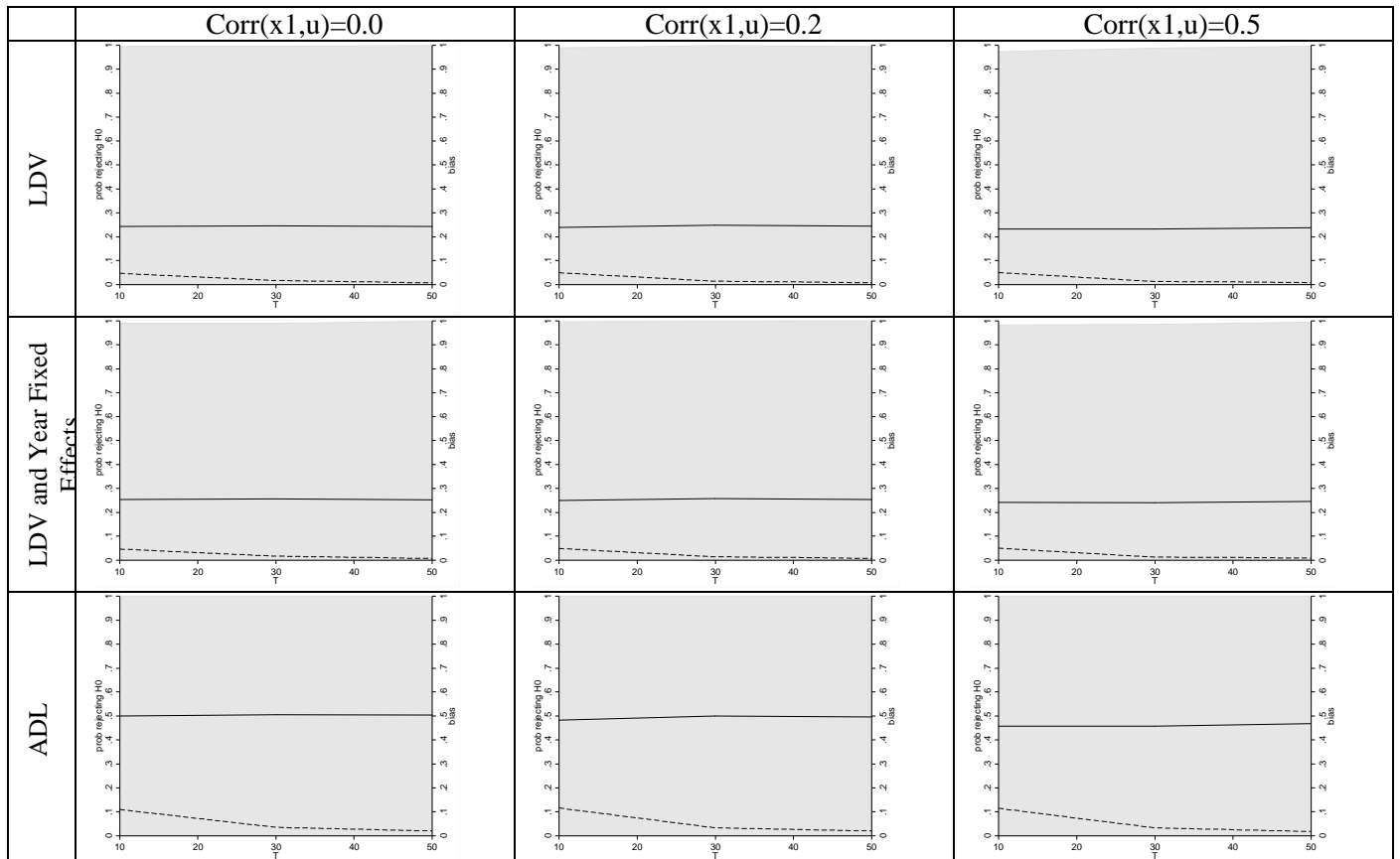


Table A4: Experiment 1b: Omitted Within Variance $corr(\ddot{x}_{it}^1, \ddot{x}_{it}^2) = 0.5$: Bias for Estimate of LDV (y_{it-1})



Right Axis – Absolute Bias: — OLS, - - - - FE, ···· A-B;

Left Axis - Probability of rejecting the H0 on the 5% level and thus suggesting FE: grey shaded area = Hausman Test

Table A5: Experiment 1c: Omitted Within Variance $corr(\ddot{x}_{it}^1, \ddot{x}_{it}^2) = 0.8$: Bias for Estimate of LDV (y_{it-1})

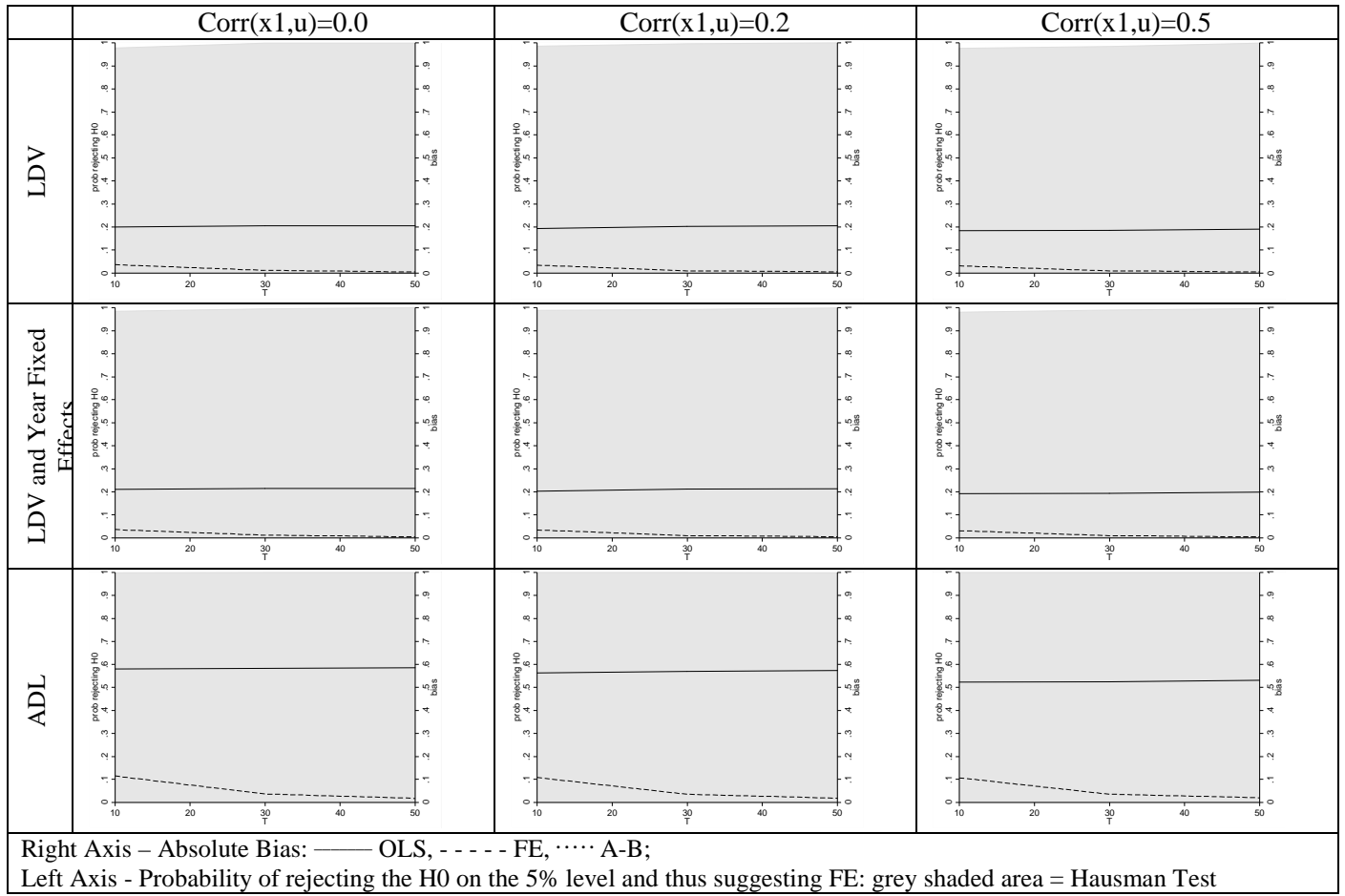
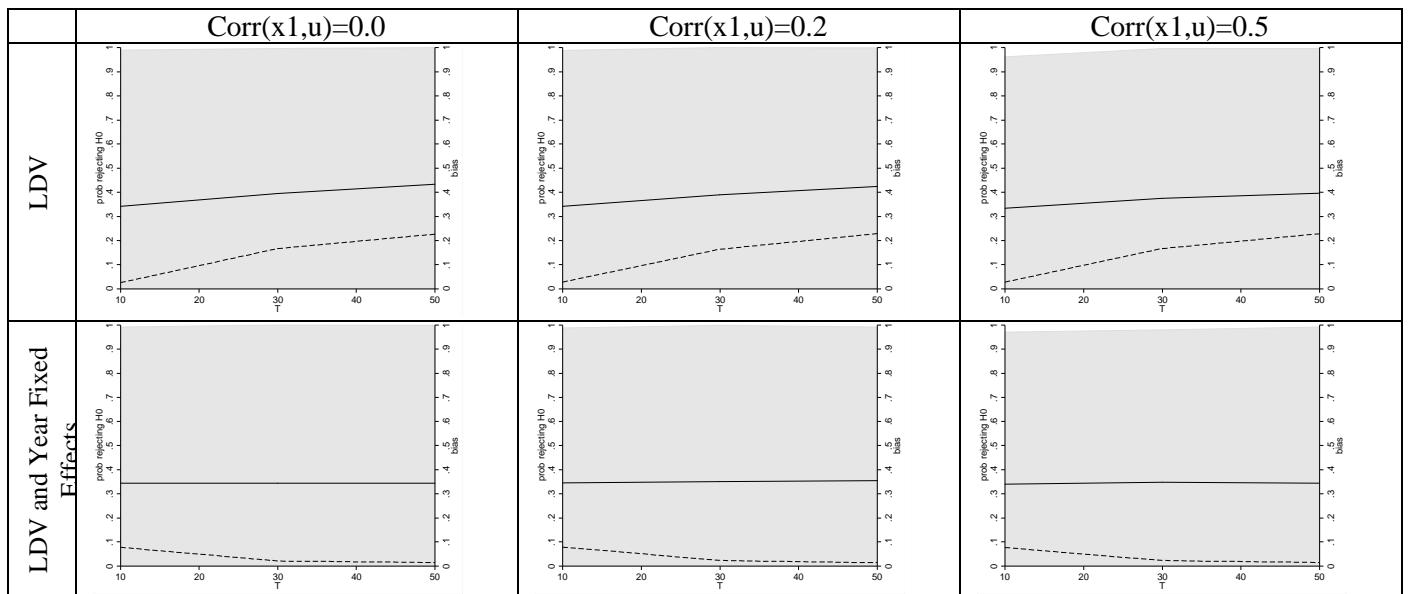


Table A6: Experiment 2a: Omitted Common Trend: Bias for Estimate of LDV (y_{it-1})



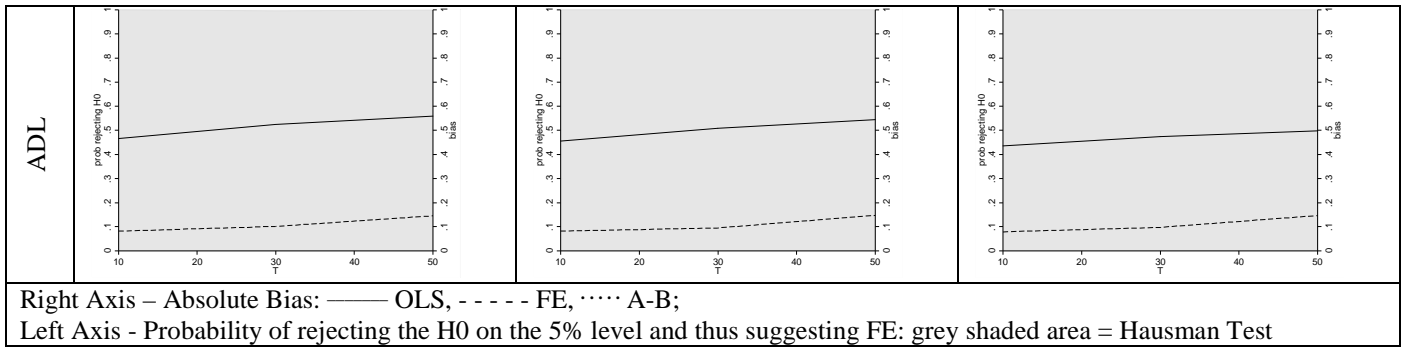


Table A7: Experiment 2b: Omitted Unit Specific Trend: Bias for Estimate of LDV (y_{it-1})

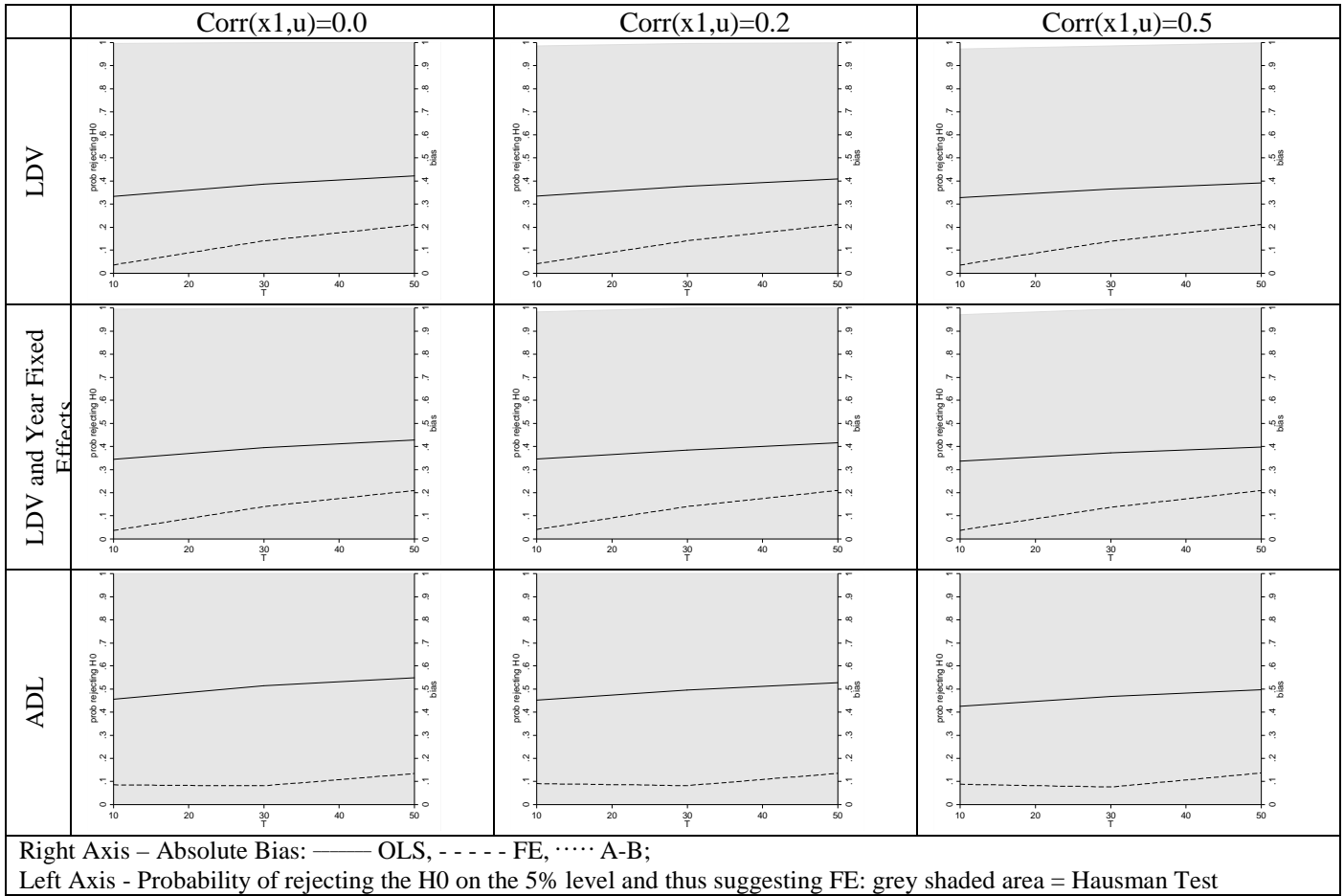
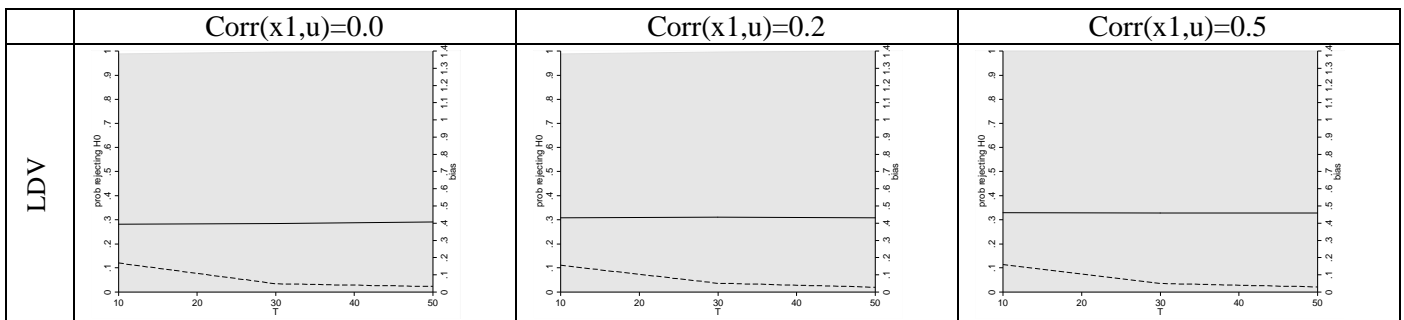


Table A8: Experiment 3a: One Period Lagged X: bias for estimate of LDV (y_{it-1})



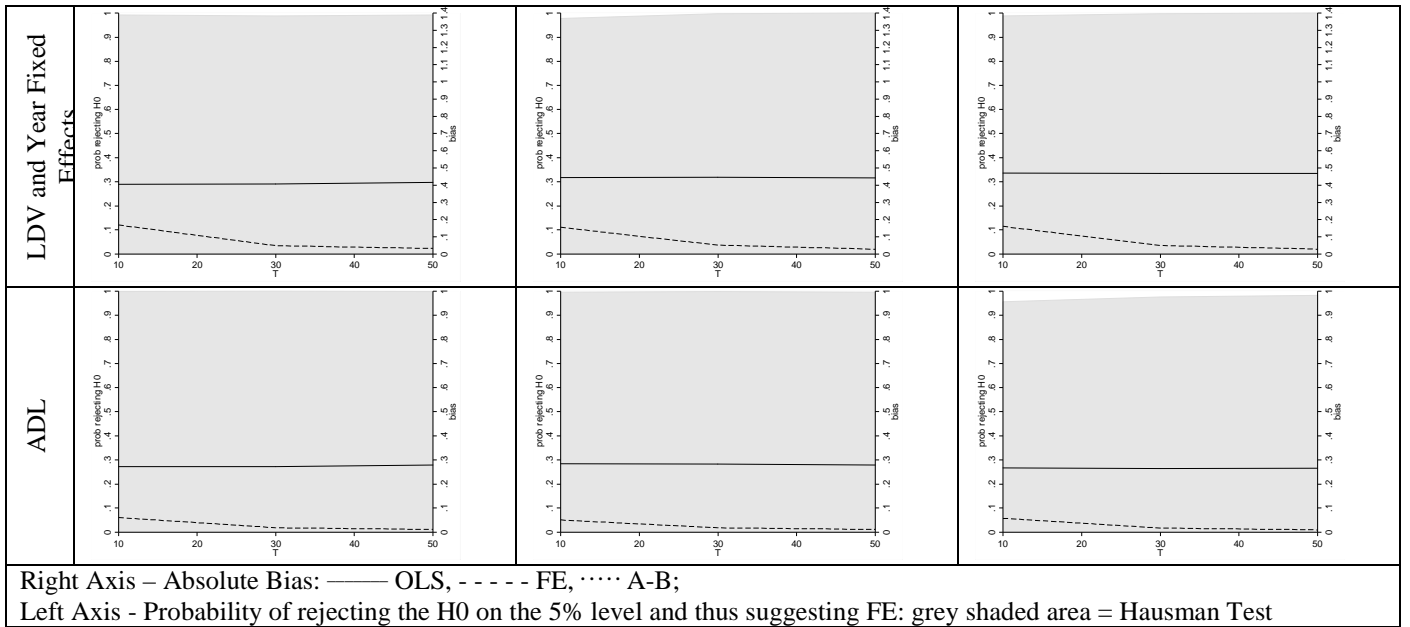


Table A9: Experiment 3b: Unit-specific Lagged X: Bias for Estimate of LDV (y_{it-1})

