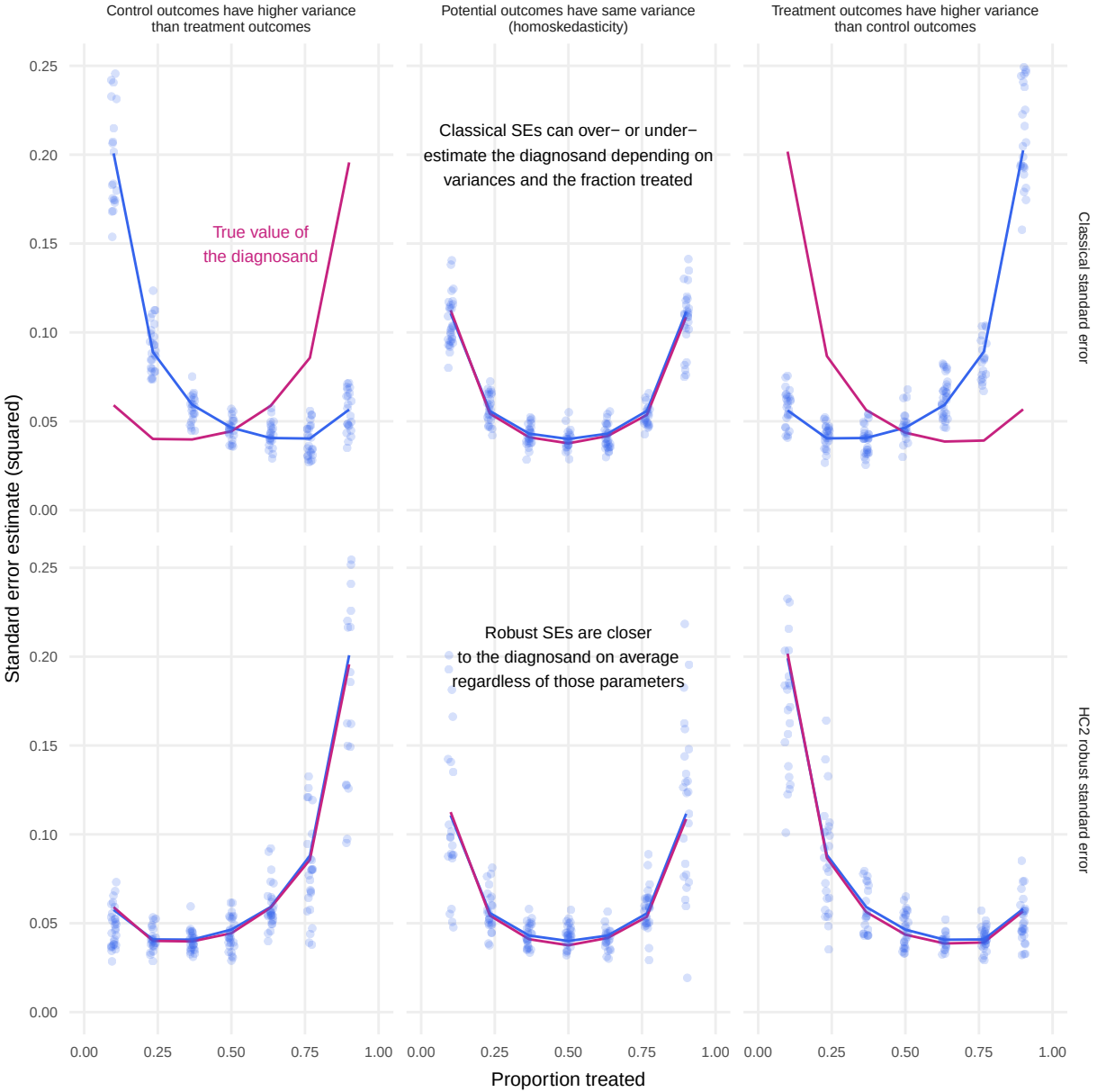
Control outcomes have higher variance than treatment outcomes
Potential outcomes have same variance (homoskedasticity)
Treatment outcomes have higher variance than control outcomes
Classical standard error
HC2 robust standard error
Standard error estimate (squared)
Proportion treated
True value of the diagnosand
Classical SEs can over− or under−estimate the diagnosand depending on variances and the fraction treated
Robust SEs are closer to the diagnosand on average regardless of those parameters
0.00
0.05
0.10
0.15
0.20
0.25
0.00
0.25
0.50
0.75
1.00