

Tutorial 1

Introduction to STATA*

Empirical Banking and Finance
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We start with a small example in order to provide a first look at the Stata environment and the way it works. In order to follow the example, you first need to download the dataset `caschool.dta` from eCampus. The ending `.dta` shows that we are dealing with a Stata dataset.

Data description The California Standardized Testing and Reporting (STAR) dataset contains data on test performance, school characteristics and student demographic backgrounds. The data used here are from all 420 K-6 and K-8 districts in California with data available for 1998 and 1999.

Test scores are the average of the reading and math scores on the Stanford 9 standardized test administered to 5th grade students. School characteristics (averaged across the district) include enrollment, number of teachers (measured as fulltime- equivalents"), number of computers per classroom, and expenditures per student. The student-teacher ratio used here is the number of full-time equivalent teachers in the district, divided by the number of students. Demographic variables for the students also are averaged across the district. The demographic variables include the percentage of students in the public assistance program CalWorks (formerly AFDC), the percentage of students that qualify for a reduced price lunch, and the percentage of students that are English Learners (that is, students for whom English is a second language). All of these data were obtained from the California Department of Education (www.cde.ca.gov).

*Thanks to Ulrich Schüwer for providing the Tutorial

Series in Data Set:

DIST_CODE: DISTRICT CODE;
READ_SCR: AVG READING SCORE;
MATH_SCR: AVG MATH SCORE;
COUNTY : COUNTY;
DISTRICT: DISTRICT;
GR_SPAN: GRADE SPAN OF DISTRICT;
ENRL_TOT : TOTAL ENROLLMENT;
TEACHERS: NUMBER OF TEACHERS;
COMPUTER: NUMBER OF COMPUTERS;
TESTSCR: AVG TEST SCORE (= (READ_SCR+MATH_SCR)/2);
COMP_STU: COMPUTERS PER STUDENT (= COMPUTER/ENRL_TOT);
EXPN_STU: EXPENTITURES PER STUDENT (\$'S);
STR: STUDENT TEACHER RATIO (ENRL_TOT/TEACHERS);
EL_PCT: PERCENT OF ENGLISH LEARNERS;
MEAL_PCT: PERCENT QUALIFYING FOR REDUCED-PRICE LUNCH;
CALW_PCT: PERCENT QUALIFYING FOR CALWORKS;
AVGINC: DISTRICT AVERAGE INCOME (IN \$1000'S);

Getting started

After opening Stata, we obtain the following window:



The Stata screen has four major parts:

1. **Command Window:** window to write the commands that are to be executed (commands can be quickly repeated with the buttons “page up” or “page down”)
2. **Results Window:** shows the results of the executed commands
3. **Review Window:** lists the commands used in the current session
4. **Variables Window:** lists the variables in the currently open data file

In order to open `caschool.dta`, use the menu `File→Open...` or type the following command in the command window and press Enter (assuming that you saved the file “caschool.dta” in the folder “U:\empBF”):

use U:\empBF\caschool.dta

Alternatively, you can change your working directory using

cd U:\empBF

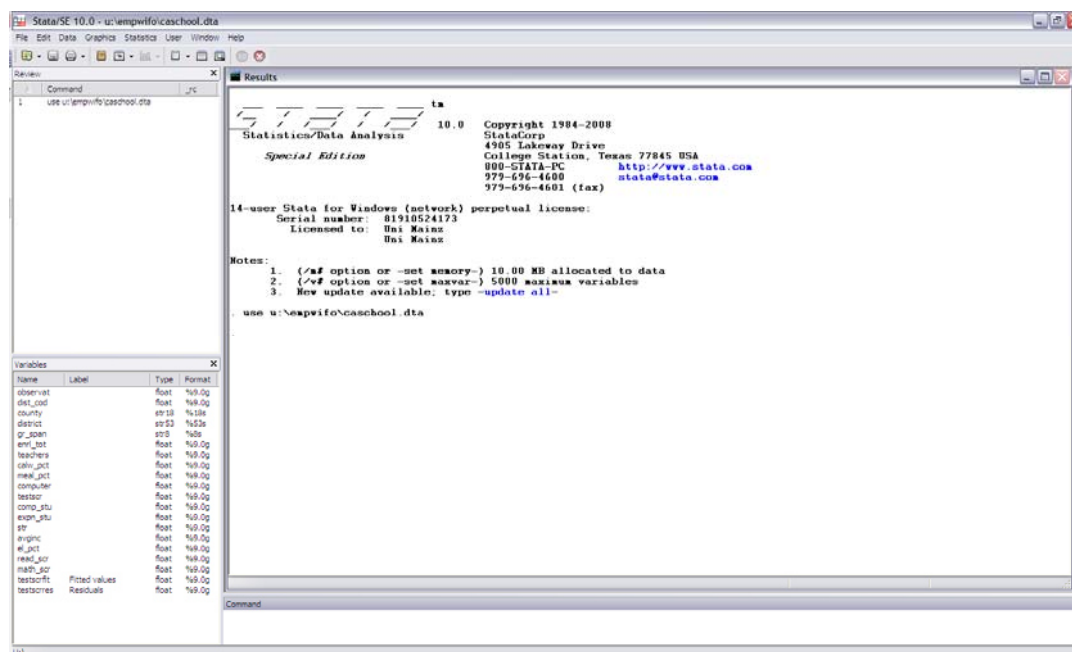
and then just type

use caschool.dta.

Generally, if the path to the file contains empty spaces, one should use quotation marks:

use "U:\empwif\caschool.dta"

After executing the command, your Stata environment looks approximately like this:



In this case, the Results window shows only the use command, however we can now see the list of loaded variables in the Variables window.

Data Editor

In order to have a look at the loaded data itself, you can type the following command:

edit

It opens the data editor:

Data Editor													
Preview	Filter	Sort	Filter	Hide	Custom								
observed	district	county	district	gpa	enr	teachers	calgpa	realgpa	computer	testscore	compsta	enrsta	
1	1	71519	Kern	Sancti Oleifrid	88-00	195	10.9	5.102	2.0408	67	690.8	5453588	6394
2	2	61499	Butte	Monalisa Elementary	88-00	240	13.3	33.4167	47.9167	101	661.2	4209313	5589
3	3	61449	Butte	Thermalito Union Elementary	88-00	1150	82	35.0222	76.3226	169	643.6	4190923	5235
4	4	61417	Butte	Johns Feather Union Elementary	88-00	243	14	36.4574	77.0485	85	647.7	3449742	7001
5	5	61212	Butte	Paloma Union Elementary	88-00	8238	71.3	31.0368	78.477	141	616.8	3168341	5447
6	6	62042	Kern	Burrell Union Elementary	88-00	137	6.4	12.3188	86.9165	25	609.55	1324218	5580
7	7	68536	San Joaquin	Mt Union Elementary	88-00	195	10	12.9012	84.4237	28	606.75	3435897	5323
8	8	63834	Kern	Vineyard Elementary	88-00	888	42.5	18.8063	30.0	66	609	6714213	4565
9	9	62123	Kern	Orange Center Elementary	88-00	578	19	32.12	85.1198	35	612.5	4092465	5348
10	10	62706	Sacramento	Del Paso Heights Elementary	88-00	2247	106	10.0047	87.477	102	612.06	3168341	5447
11	11	65722	Hered	Le Grand Union Elementary	88-00	446	21	18.4099	83.8744	86	611.75	3192351	5447
12	12	62674	Fresno	West Fresno Elementary	88-00	987	47	71.7318	88.6056	16	616.3	4067676	5677
13	13	72786	Kern	Altamont Elementary	88-00	103	5	32.4299	98.1300	25	616.3	2427134	5681
14	14	72128	Tulare	Sunrise Union Elementary	88-00	487	24.24	24.0094	87.0	0	616.3	0	0
15	15	72370	Tulare	Soadale Elementary	88-00	649	16	14.6379	76.2732	31	616.45	4047618	5617
16	16	72041	Tulare	Pisley Union Elementary	88-00	652	42.07	24.242	84.2957	80	617.35	4093967	6021
17	17	63394	Kern	Lost Hills Union Elementary	88-00	491	28.92	11.2016	87.7597	100	618.05	203666	6273
18	18	63170	Kern	Buttwin/Twin Union Elementary	88-00	421	25.1	8.9151	77.9087	90	618.3	1387498	5439
19	19	64709	Los Angeles	Lenox Elementary	88-00	6880	305.3	11.3284	84.9712	940	618.8	1395549	5064
20	20	63300	Kern	Leont Elementary	88-00	2088	133	23.4275	93.2292	119	620.5	4017113	5435
21	21	63230	Imperial	Westwood Union Elementary	88-00	440	24	34.7727	90.0	69	620.5	1561821	4742
22	22	72016	Tulare	Pleasant View Elementary	88-00	475	21	31.6495	91.1464	33	621.4	1313789	4928
23	23	63662	Kern	Sacco Union Elementary	88-00	2138	110.5	15.9121	70.8267	189	621.75	4066579	5791
24	24	72811	Kern	Alta Vista Elementary	88-00	478	19	43.4555	100	0	622.05	0	4659
25	25	65748	Hered	Livington Union Elementary	88-00	2357	114	16.801	90.6237	216	622.7	4091643	5391
26	26	72272	Tulare	Soadale Union Elementary	88-00	1188	89	22.4027	85.1472	188	623.1	1246881	5431
27	27	63961	Hoodriver	Alisal Union Elementary	88-00	7006	319.8	17.0015	88.0488	742	623.2	1046034	4987
28	28	63170	Los Angeles	Arvin Union Elementary	88-00	2862	119	13.0711	82.9472	346	623.3	1395549	5064
29	29	72199	Tulare	Terra Bella Union Elementary	88-00	947	44	16.2928	90.2007	67	623.6	4071027	5119
30	30	72235	Tulare	Pipton Elementary	88-00	412	22	14.4989	81.0235	55	624.5	3216814	4634
31	31	68379	San Diego	San Valero Elementary	88-00	4242	203.8	12.5139	81.5083	199	624.95	1377733	5342
32	32	72440	Hoodriver	Delwood Unified	88-00	2102	99.75	15.2199	86.0989	228	624.95	1406581	5291
33	33	64448	Los Angeles	Mountain View Elementary	88-00	10012	444.9	29.7438	91.9408	534	625.1	2729316	5345
34	34	66050	Hoodriver	King City Union Elementary	88-00	2488	123	12.692	55.093	202	625.85	4011887	5117
35	35	67819	San Bernardino	Ontario-Romolair Elementary	88-00	25153	1186.7	17.4426	80.1896	1713	626.1	4081006	5121
36	36	64710	Los Angeles	Los Vietos Elementary	88-00	2267	103.68	19.3157	84.4338	177	626.8	4700766	5272
37	37	68470	Hoodriver	Arvin Elementary	88-00	1857	90.4	18.9479	74.8479	229	626.9	1321641	4928
38	38	62358	Fresno	Raisin City Elementary	88-00	2247	105.5	14.1527	84.9324	138	627.0	4013903	5166
39	39	68999	San Mateo	Redwood City Elementary	88-00	1570	280	18.5717	81.1173	162	627.25	1404855	4559
40	40	61674	Kern	Birkhead/Arvin Union Elementary	88-00	1471	173.84	15.7166	87.7163	174	627.5	111781	4971

The first column (in gray) contains the number of observations, 420 in our case. The dataset contains information for a set of US school districts (their names are in column 4).

Sorting your data

Sometimes it is useful (or required) to sort your data by a certain criterion. The simplest sorting command for both numerical and string variables, is `sort`:

sort testscr

The above command sorts the observations in ascending order of average district test score. Since `sort` supports only ascending order, a more flexible command is `gsort`, as it provides both ascending and descending ordering. The equivalent of the previous command is then

gsort testscr

If we want to sort *testscr* from the highest to the lowest value, we use the following syntax:

gsort -testscr

We can sort by several different criteria, as well. The following command sorts alphabetically the counties (*county*) in ascending order, while within counties, the observations are ordered in descending order of average district tests cores:

gsort county -testscr

In addition to sorting, Stata allows a reordering of the variables in the dataset. For example,

order str

puts the student-to-teacher ratio (*str*) on the top of the variable list in the variables window, while

order _all, alphabetic

arranges all our variables in ascending alphabetic order, depending on their names.

Summary Statistics

Close the data editor and type the following command:

su

su stands for “**Summary Statistics**,” that is, the most important descriptive statistics for the **numerical** variables in the dataset: number of observations (Obs), mean, standard deviation (Std. Dev.), as well as the smallest (Min) and largest (Max) values. No descriptive statistics can be calculated for non-numerical variables.

The screenshot shows the Stata/SE 10.0 interface. The Command window contains the following commands:

```

1. use u:\empwif0\caschool.dta
2. edit
3. su

```

The Results window displays the following information:

14-user Stata for Windows (network) perpetual license:
 Serial number: 81918524173
 Licensed to: Uni Mainz
 Uni Mainz

Notes:

1. (/w/ option or -net memory-) 18.88 MB allocated to data
2. (/v/ option or -net server-) 5000 maximum variables
3. New update available: type `-update all-`

Summary statistics for the dataset `u:\empwif0\caschool.dta`:

Variable	Obs	Mean	Std. Dev.	Min	Max
observat	420	210.5	121.3878	1	420
dist_cod	420	67472.81	3466.995	61382	75440
countp	0				
district	0				
qf_numb	0				
enrl_tot	420	2628.793	3913.105	81	27176
teachers	420	129.0674	187.9127	4.85	1429
enrl_pct	420	13.24684	11.45402	0	78.9942
enrl_pct	420	44.70524	27.12338	0	180
computer	420	383.3833	441.3413	0	3324
testscr	420	654.1565	19.05335	605.55	704.75
comp_sta	420	1353266	8649558	0	4208333
expa_sta	420	5312.488	633.9371	3926.07	7711.587
str	420	19.64843	1.091812	14	25.8
avginc	420	15.31659	7.22589	5.335	55.328
testscr	420	15.76816	18.28593	0	85.53972
read_scr	420	654.9785	20.10798	604.5	704
math_scr	420	653.3426	18.7542	605.4	709.5
testscrfit	420	654.1565	4.312967	640.1139	667.0156
testscres	420	1.38e-08	18.55878	-47.72669	48.54841

Do-files

What you did so far can be referred to as *interactive* work: typing a command in the command window and directly executing it. Alternatively, one could write a *program* (a *do-file*), which runs several commands at once. The current course makes extensive use of such programs, since this is the usual practice in scientific research. Such an approach has two major advantages: first, it allows you to keep a complete record of your work in Stata, and second, it allows you to reproduce your results as often as you like. The latter is helpful, e.g., if you detect errors in your commands.

The do-files are text files that have the extension `.do` and contain multiple Stata commands. When you run the do-file, all commands that are included will be automatically executed. An important feature of a well-written program is not only the correctness and quality of the codes it contains, but also how understandable and well-documented it is. Therefore, one should try to include spaces and tabs to make the program easily readable, as well as comments to facilitate the understandability of the code itself. The comments are parts of the program that are not interpreted as commands, and they are simply ignored by Stata. They start with a star.

Example:

```
*This is a comment
```

If you want to include a comment on multiple lines, the notation is as follows:

```
/*This is a  
comment */
```

Alternatively, you can start both lines with a star. However, one has to use the second notation when one wants to designate only part of the content of a line as a comment.

Creation of a do-file: A do-file can be created in a simple text editor and later saved with the extension `.do`. An easier way is to use the do-file editor included in Stata: *Window* → *Do-file Editor* → *New Do-file*. You can then save the program with a name of your choice.

Example: Let us go back to the commands from our introduction example. Open the do-file editor and write:

```
*** Program caschool.do (introduction example)***
clear /*deletes the current dataset from the memory*/

** Loading the dataset
use U:\tempBF\caschool.dta

** Descriptive statistics
su
```

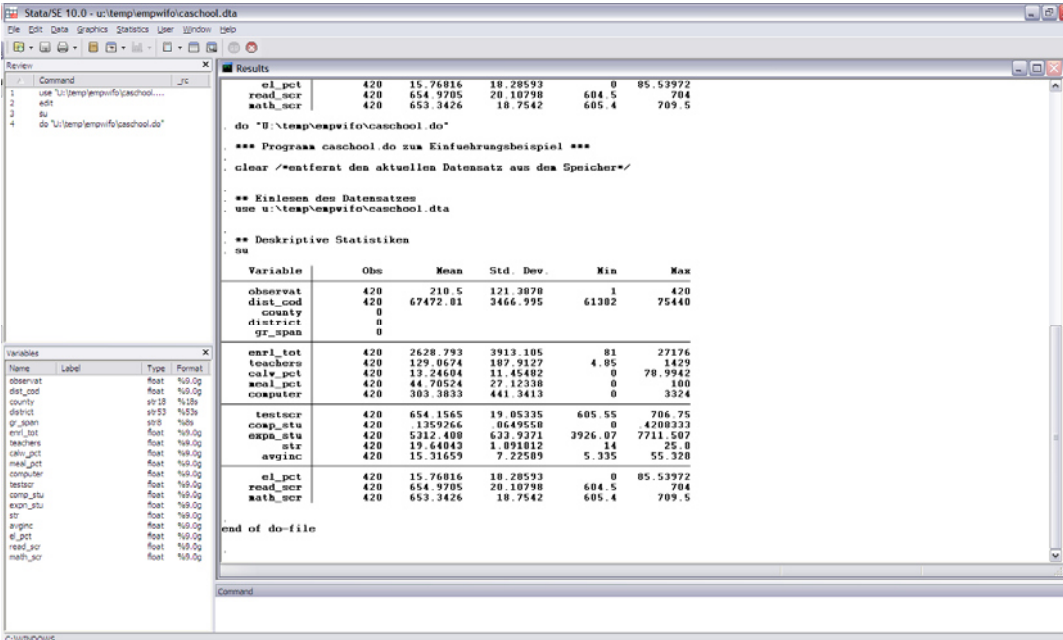
Save the document as caschool.do. Your first do-file is ready.

We use the command `clear` to delete the currently opened dataset. This is only relevant when we have previously loaded a dataset in Stata's memory. Stata can work only with one dataset at a time.

Running a program: There are various ways to run a do-file. For example, you can type in the command window:

```
do U:\tempBF\caschool.do
```

Another possibility is to choose the do-file from the menu *File* → *Do...*. When we start the do-file, we get:



The screenshot shows the Stata 10.0 SE interface. The Command window on the left displays the commands entered in the do-file: `use "U:\tempBF\caschool.dta"`, `clear`, `use "U:\tempBF\caschool.dta"`, and `su`. The Results window on the right shows the output of these commands. It includes a table of summary statistics for the variables `enrl_pct`, `read_scr`, and `math_scr`. Below this, it shows the command `do "U:\tempBF\caschool.do"` and the execution of the program `caschool.do`. The program contains comments in German and the same commands as the do-file. The Results window also displays the output of the `su` command, showing summary statistics for all variables in the dataset.

Variable	Obs	Mean	Std. Dev.	Min	Max
enrl_pct	420	15.76816	18.28593	0	85.53972
read_scr	420	654.9705	20.10798	604.5	704
math_scr	420	653.3426	18.7542	605.4	709.5

Variable	Obs	Mean	Std. Dev.	Min	Max
enrl_tot	420	2628.793	3913.105	81	27176
enrl_pct	420	129.8674	187.9127	4.85	1429
enrl_scr	420	13.24604	11.45482	0	78.9942
enrl_pct	420	44.76524	27.12338	0	180
enrl_pct	420	303.3833	441.3413	0	3324
enrl_tot	420	654.1565	19.05335	605.55	706.75
enrl_pct	420	1359266	8649558	0	4208333
enrl_pct	420	5312.488	633.9371	3926.07	7711.507
enrl_pct	420	19.64043	1.891012	14	25.0
enrl_pct	420	15.31659	7.22589	5.335	55.328
enrl_pct	420	15.76816	18.28593	0	85.53972
enrl_pct	420	654.9705	20.10798	604.5	704
enrl_pct	420	653.3426	18.7542	605.4	709.5

Log files

We would often like to get access to the results of a program without running the program again. For this purpose, one typically uses a *log-file*. The log-file depicts as text document all results that show up in the results window. If you copy the output in a Microsoft Word document, use *Courier New* to get aligned results.

Example: Open the do-file editor using the menu *Window → Do-file Editor → New Do-file*. Then, open the do-file caschool.do using *File → Open*.

Now you can extend it with the commands that will generate the log-file:

```
*** Program caschool.do (introduction example)***
clear /*deletes the current dataset from the memory*/

** Creating a Log-File
log using U:\empBF\caschool, replace

** Loading the dataset
use U:\empBF\caschool.dta
** Descriptive statistics
su

** Closing the log-file
log close
```

We save the file again under caschool.do. Running the do-file creates the file caschool.smcl (.smcl is the extension of Stata's log-files) in the directory U:\empBF\. Now, you can view the file using *File → Log → View...* and entering the path to caschool.smcl, hence U:\empBF\caschool.smcl.

Replace is the command used to replace the log-file after rerunning the do-file. Without it, you will receive a warning message.

General Syntax

Stata differentiates between small and capital letters. For example, `district`, `District` and `DISTRICT` are three different variables in Stata. The variables can contain up to 32 signs. Commands are always written with small caps.

Stata accepts shortcuts for commands as long as they are unambiguous, e.g.

- *su* for *summarize*
- *ge* for *generate*
- *reg* for *regress*

The same holds for variables. You can also use `*` to call several variables. E.g. The command

*su comp**

calls the descriptive statistics of all variables that start with *comp*, that is *computer* and *comp_stu*.

Creating new variables

You can create new variables using the command generate:

ge newvariable = function(variable)

The variable *newvariable* must not exist in the dataset already, otherwise you will receive an error message.

Example (taking the natural logarithm of the variable *testscr*):

ge logtestscr = log(testscr)

Other functions and operators, implemented in Stata are, for example:

<i>exp(variable)</i>	exponential function
<i>abs(variable)</i>	absolute value
<i>sqrt(variable)</i>	square root
<i>variable^c</i>	power of c
<i>variable*c</i>	multiplication with c
<i>variable/c</i>	division by c
<i>var1*var2</i>	interaction term of two variables

If you want to substitute an already generated variable, you use the command replace instead of generate: e.g.

replace newvariable = log(variable).

To rename variables, one uses

rename variable,

and to delete variables

drop variable.

In many econometric applications, we use binary (dummy) variables – variables that take the value 1 if a certain condition is fulfilled, and zero otherwise. For example:

ge testscr_dummy = (testscr > 650)

Here, the new variable *testscr_dummy* has a value of one if the test score in the district is above 650 point, and zero in the opposite case. For most purposes, this command

suffices to correctly generate the required dummy variable. However, if our dataset is incomplete and *testscr* has missing values, the command above will erroneously attribute 1 to *testscr_dummy* for the missing data, while it should have attributed a missing value for the dummy variable as well. The reason is that Stata codes missing values as the largest possible number. The problem is circumvented by the following command (make sure that you have deleted *testscr_dummy*, using the *drop variable* command before you apply this alternative command):

ge testscr_dummy = (testscr > 650) if testscr !.

where “if” introduces the condition (“!=” or “~=” is equivalent to the logical operation “not equal to”)¹, and “.” is the usual syntax in Stata to designate missing values. In our case, there are no missing test score values.

¹ Note that “equal to” has to be written with two equality signs: ==, larger (smaller) or equal is written as >= (<=).

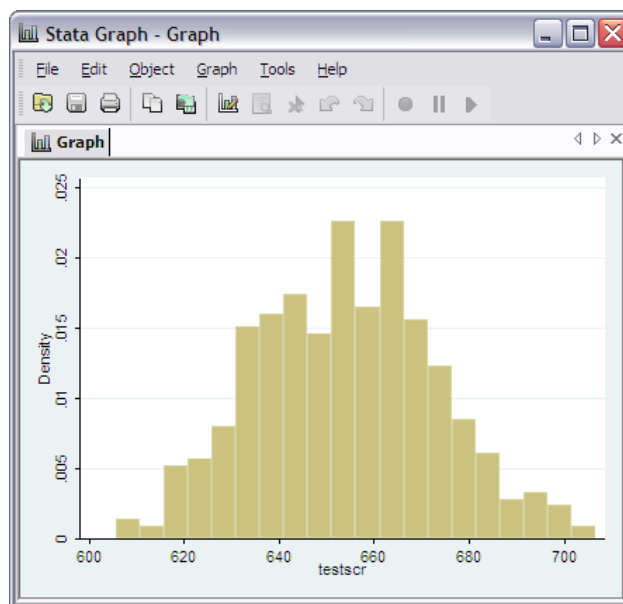
Data analysis with Stata

Assume that we are interested in the relationship between school class size and the students' results in standardized tests. The dataset `caschool.dta` contains the needed data on a school district level for California in 1998: *testscr* (*test score*) is the average performance on the *Stanford 9 Achievement Test* of the fifth-graders in a district, while *str* (*student-teacher ratio*) is the average ratio of students to teachers in a district. Given the descriptive statistics (see above), we can see that the average test score across all districts is 654.16 and that the average student-teacher-ratio is 19.64. It is useful to illustrate the data graphically.

Graphs

At first, we can have a look at the distribution of the variables of interest in a histogram. E.g., for the test score, we have:

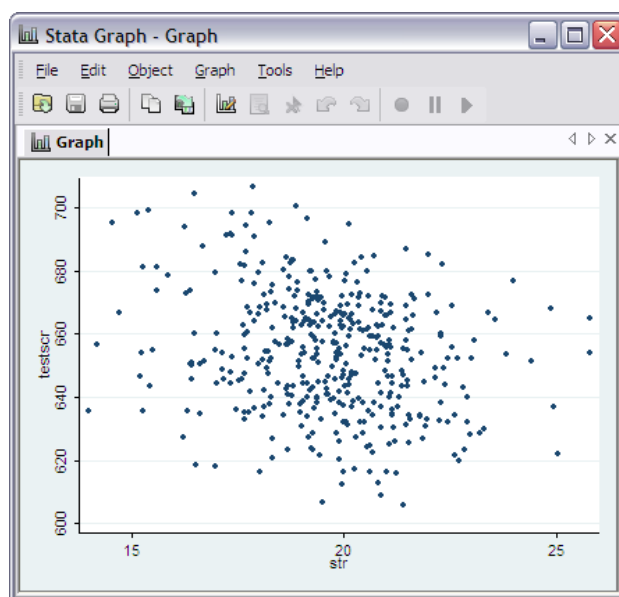
`hist testscr`



The graphical output appears in a separate window („Stata Graph“) and not in the results window as with the previous commands. Graphs are also not saved in log-files, so when needed they should be saved or printed separately.

Stata can easily create two-dimensional graphs. For example, to create a scatter plot, type:

`twoway scatter testscr str`

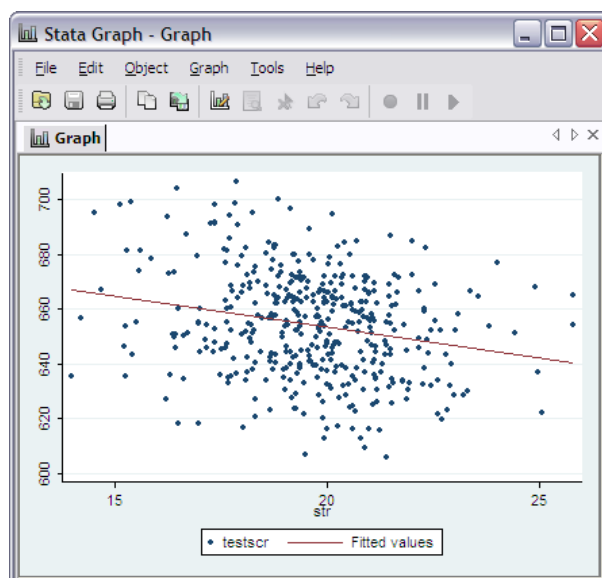


The command to create a twoway plot is

twoway plotype y x

The plot type could be, e.g.: scatter, line, connected (points connected with a line), or lfit (fit of a simple linear regression with a constant). You can also combine two plots of different types:

twoway (scatter testscr str) (lfit testscr str)



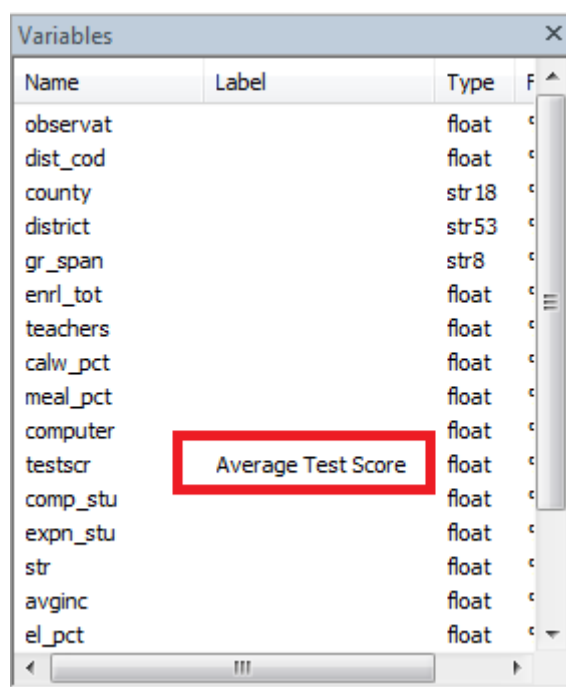
This graph shows that there appears to be a negative relationship between both variables.

Documenting the dataset

In order to make the dataset understandable to others, it is advisable to provide brief descriptions of your variables. The command `label` is an easy way to do so. For example, let us label the variable `testscr`:

```
label var testscr "Average Test Score"
```

If we carefully examine our variables window, we will notice that our new description shows up in the column `Label`:



The screenshot shows the 'Variables' window in Stata. It contains a table with three columns: 'Name', 'Label', and 'Type'. The variable 'testscr' is highlighted, and its label 'Average Test Score' is shown in the 'Label' column, enclosed in a red rectangular box.

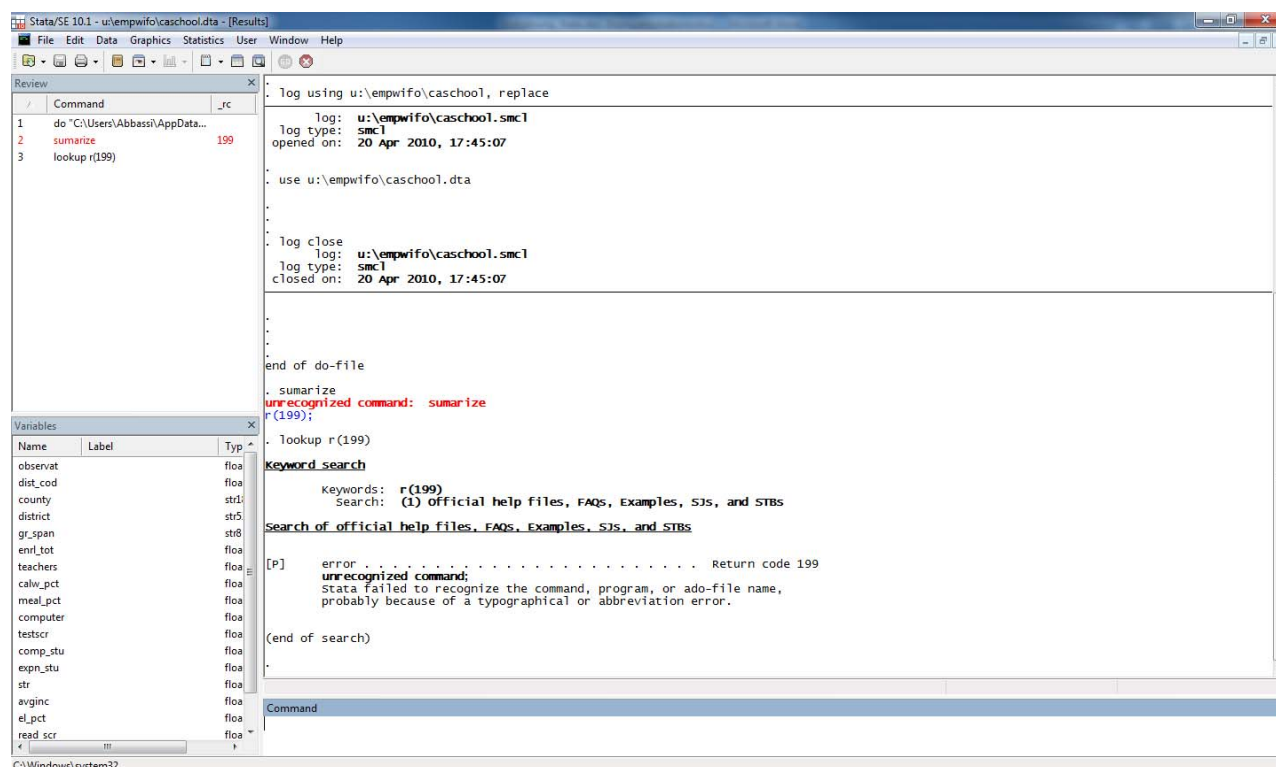
Name	Label	Type
observat		float
dist_cod		float
county		str18
district		str53
gr_span		str8
enrl_tot		float
teachers		float
calw_pct		float
meal_pct		float
computer		float
testscr	Average Test Score	float
comp_stu		float
expn_stu		float
str		float
avginc		float
el_pct		float

You can undo the labeling by repeating the previous command without the label string itself:

```
label var testscr
```


Stata Help

In the menu *Help*, you can find extensive explanations for the different functions in Stata. One can search by key words (*Search...*) or directly for a particular Stata command (*Stata command...*). The latter helps you only if you already know the name of the command that you need help for. When you receive an error message, you will see an error code:



Here, we have misspelled the command `summarize`. The command `lookup r(199)` (here we should write the specific error code) provides an additional suggestions for the possible causes of the error.

Basic Command Structure

To use Stata commands efficiently, you have to know their structure and additional functionality. Type the help command to analyze a command's syntax and available options. The basic command structure looks like this:

[prefix:] command [varlist] [=exp] [if] [in] [, options],

where

prefix: is a Stata command, referring to command

command: is the main Stata command

varlist: is a list of variables

exp: is a mathematical expression

if: is an algebraic expression

in: is an observation range

options: a list of options for command

The information that appears in square brackets is optional. Note that only the command options appear after the comma.

Example:

quietly: reg testscr str, robust

Here, apart from the option *robust*, we use the prefix *quietly* for our previous regression. This prefix suppresses the output of a command (in the case *reg*). This prefix is useful when we do not need to view the results of a command (e.g., if it is being repeated in a long loop), but we do want to use them for further analysis. For example, let us calculate the fit of the regression above:

predict testscrfit1

We can now compare the predictions of both regressions using the *browse* command to open the Data Editor (Browse)²:

browse testscrfit testscrfit1

² The *browse* command is an alternative to *edit* and displays the results using the browse mode of the data editor. The difference between the Data Editor (Browse) and the Data Editor (Edit) is that in the former you can only view the data and not edit it. This mode has certain advantages, e.g. you can avoid accidentally changing a data point of a variable.

We see that, as expected, the values are the same.

Let us now exemplify the if-expression:

```
list if testscrfit1 >= 650
```

This command displays in the results window all observations, for which the fit is equal to or above 650 points. To have an idea how many observations fulfill this criterion, we could type

```
su testscrfit1 if testscrfit1 >= 650
```

We find that our regression results fit average test scores above 650 points for 358 out of the total of 420 school districts.

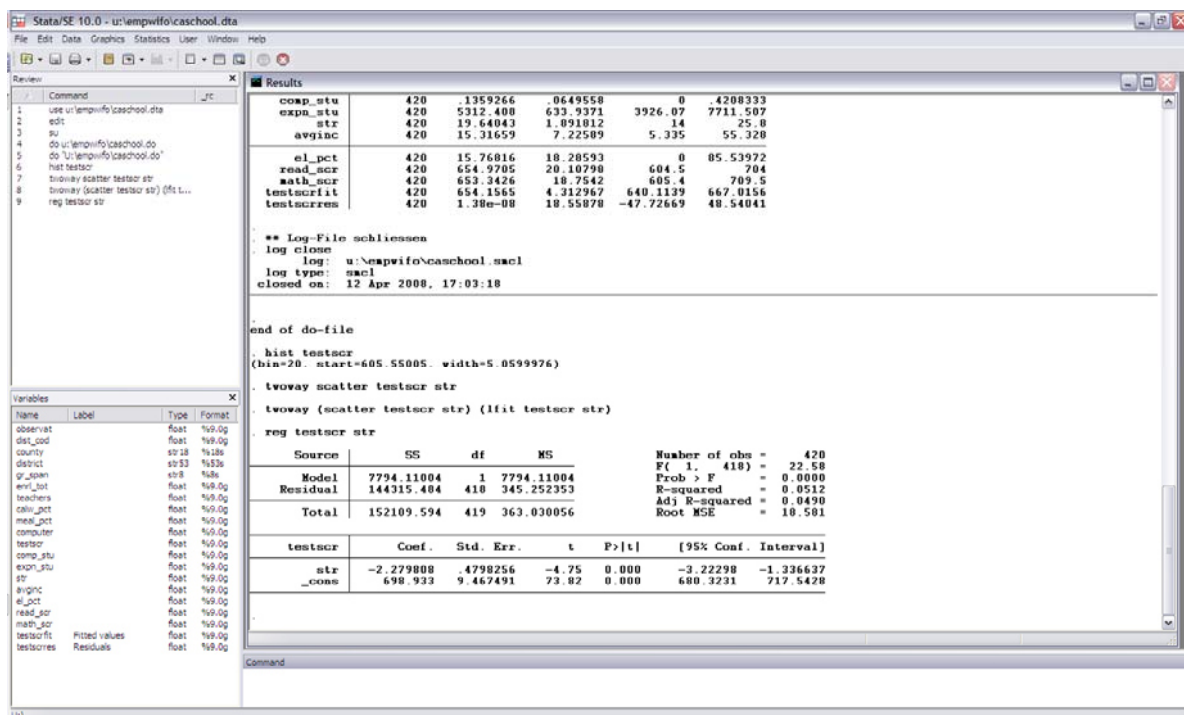
Linear regression

The line above is a regression line. It is the result of an Ordinary Least Squares (OLS) estimation, implemented by using the command `regress`.

Example:

reg testscr str

With this command, we estimate a linear relationship between *testscr* as dependent (or endogenous) variable and *str* as independent (exogenous, explanatory) variable using the OLS method. You can add further exogenous variables, but the first variable in the list is always the dependent variable. Below is the output from our regression.



Stata automatically includes a constant in the estimation. If we want to run a regression without a constant, we use:

reg testscr str, noconstant

This is used only in rare cases, though. To calculate heteroscedasticity-robust standard errors (which we normally do), we extend the command in the following way:

reg testscr str, robust

To generate the fit of a regression (that is, the predicted values of the dependent variable), we use:

```
predict testscrfit
```

Stata creates a new variable for the predicted values with the name (defined by the user) *testscrfit*. To extract the residuals of the previous regression, use the command:

```
predict testscrres, resid
```

Please note that the command *predict* can be used only in combination with a regression, namely with the regression preceding the command *predict*.

We now complete our program *caschool.do* with the additional commands that we just learned. Open *caschool.do* in the do-file editor and write:

```
*** Program caschool.do (introduction example)***
clear /*deletes the current dataset from the memory*/

** Creating a log-file
log using U:\empBF\caschool, replace

** Loading the dataset
use U:\empBF\caschool.dta

** Descriptive statistics
su

** Creating a scatterplot with a regression line
twoway (scatter testscr str) (lfit testscr str)

** Regression with robust standard errors
reg testscr str, robust

** Deriving the fit and the residuals
predict testscrfit
predict testscrres, resid

**Saving the extended file
save U:\empBF\caschool2.dta, replace

** Closing the Log-File
log close
```

The command `replace` in the `save-command` means that the existing dataset will be overwritten when we run the code again. It is important, therefore, to save the changed dataset with a new name (in our case `caschool2.dta`). We must always keep the original data file unchanged. Ideally, you should have a separate folder with a copy of the original dataset. We save the program under `caschool.do` again, and we can now run it.

If there is a typo in the `do-file`, Stata will issue an error message, and the program will not run until the end. Please note that in case of an error, you have to close the log file manually with `log close` before you run the file again. Otherwise, you will get the error message `log file already open`.