**Answers for PS3**

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1. Validity test of DID:

Provincial population (population)

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Government revenue (revenue)

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Government expenditure (expenditure)

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Number of high school students (highschool)

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Rural per capita income (rural\_inc)

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Urban disposable income (urban\_inc)

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All revealed outcomes are significant, which means that determinants of population, government revenue & expenditure, number of high school student, and per capita income for rural and urban area can predict the timing of the reform.

1. Use DID estimation to check the impacts of judicial reforms on citizen’s evaluation of local government (governwork)

* General DID specification

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* DID specification controlling for significant determinants of reform表格

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* DID specification controlling for significant determinants of reform with time trend

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* DID specification controlling for linear province time trend.

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Compare the results from different DID specifications.

In the general DID regression coefficient is 0.0057, the reform of judicial reform have a positive effect of increasing 0.0057 unit of citizens’ evaluation of local government. The outcome is neither statistically nor economically significant.

Coefficient of DID specification controlling for significant determinants of reform is 0.00615 while the coefficient with time trend is -0.00237, both coefficients are statistically insignificant. In this case, including the time trend derives a negative coefficient of judicial reform on citizens’ evaluation.

Coefficient of DID specification controlling for linear province time trend is -0.00953 with insignificant statistical power. Similarly, including the linear province time trend derives a negative coefficient of judicial reform on citizens’ evaluation.

1. Check the common trends assumption and interpret your findings.

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Reject : Outcome trends between treatment and control group are the same

Therefore, the post-treatment coefficients are significantly different from pre-treatment coefficients.