INSTRUCTIONS FOR COMPUTER PROJECT #2

Data are available on ELMS. When you click on the file, it should open in Stata.

PLEASE REMEMBER TO OPEN A LOG FILE (*.LOG) WHERE YOUR WORK WILL BE SAVED.

```
/*Browse your dataset to see what a panel dataset looks like.*/

browse

/*Let's start by plotting the data:*/

gen FatPop = fatalities/(population/10000)

scatter FatPop gdppercap

/*Begin Computer Project #1*/

/*creating logs of variables*/

gen lnFatPop = ln(FatPop)

label variable lnFatPop "= ln(fatalities/10,000persons)"

gen lngdp = ln(gdppercap)

label variable lngdp "= ln(gdppercap)"

gen lngdp2 = lngdp*lngdp

label variable lngdp2 "= ln(gdppercap) squared"

egen t = group(year)
/*creates a time trend, t = 1,2,3...*/

/*plain OLS:*/
reg  lnFatPop  lngdp lngdp2  t

/*OLS, with robust clustered std errors:*/
reg  lnFatPop  lngdp  lngdp2  t, robust cluster(wbcode)


/* To run fixed effects you can use areg, or use xtreg:*/
```

areg lnFatPop lngdp lngdp2 t, absorb(wbcode) robust cluster(wbcode)

/*To run xtreg, the cross sectional units need a numerical id*/
egen countrynum = group(wbcode)

xtset countrynum t

/* running the Fixed Effects model without and with the clustered std. errors*/

xtreg lnFatPop lngdp lngdp2 t, fe

xtreg lnFatPop lngdp lngdp2 t, fe robust cluster(countrynum)

/* to allow the time trend to vary by country group*/

gen thd1 = hd1 * t

gen thd2 = (1-hd1) * t

xtreg lnFatPop lngdp lngdp2 thd1 thd2, fe robust cluster(countrynum)

/* to run the Random Effects model*/

xtreg lnFatPop lngdp lngdp2 thd1 thd2, re robust cluster(countrynum)

NOTE:

If you wanted to display the intercepts in the FE regression you could use:

xi: reg lnFatPop lngdp lngdp2 thd1 thd2 i.name, robust cluster(wbcode)