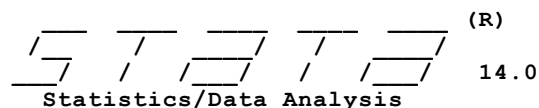


User: Andong_Yan_HW1

**MP - Parallel Edition****14.0**

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Notes:

1. Unicode is supported; see [help unicode advice](#).
2. More than 2 billion observations are allowed; see [help obs advice](#).
3. Maximum number of variables is set to 5000; see [help set maxvar](#).

```
1 . doedit "C:\Users\yadto\Dropbox\USC\ECON513\HW2\hw2.do"
2 . use "C:\Users\yadto\Dropbox\USC\ECON513\HW2\hw2.dta", clear
3 . reg iq educyears
```

Source	SS	df	MS	Number of obs	=	935
Model	56280.9277	1	56280.9277	F(1, 933)	=	338.02
Residual	155346.531	933	166.502177	Prob > F	=	0.0000
				R-squared	=	0.2659
				Adj R-squared	=	0.2652
Total	211627.459	934	226.581862	Root MSE	=	12.904

iq	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
educyears	3.533829	.1922095	18.39	0.000	3.156616	3.911042
_cons	53.68715	2.622933	20.47	0.000	48.53962	58.83469

```
4 .
5 . reg iq educyears kww
```

Source	SS	df	MS	Number of obs	=	935
Model	67623.0292	2	33811.5146	F(2, 932)	=	218.83
Residual	144004.43	932	154.511191	Prob > F	=	0.0000
				R-squared	=	0.3195
				Adj R-squared	=	0.3181
Total	211627.459	934	226.581862	Root MSE	=	12.43

iq	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
educyears	2.865716	.2009098	14.26	0.000	2.471428	3.260004
kww	.4949999	.0577748	8.57	0.000	.3816161	.6083836
_cons	44.99213	2.722911	16.52	0.000	39.64839	50.33588

```
6 . * Kx is the coefficient of x in regression of z on x, LamdaX is the coefficient of x in regress
> of z on x and w *

7 . * we can see LamdaX is smaller than Kx, so the proxy's bias is smaller than the ommited variabl
> ias*

8 . * we should use proxy KWW for IQ*

9 .
```