Figure 7-2

September 11, 2020

```
[]: # install the following package and library
install.packages("ggplot2")
library("ggplot2")
                -----Block 1-----
#### Figure 7-2 ####
hatpi <-function(x, sr = 1){</pre>
 k < (1-x)^2/(1-x^2)
  (x-1) * k / (sr^2 + k)
}
xs \leftarrow seq(0, 1, 0.01)
dd \leftarrow data.frame(x = rep(xs, 2), y = c(hatpi(xs), xs-1),
                 var = rep(c("bm1", "pi"), each = length(xs)))
ggplot(dd, aes(x, y)) + geom_line(aes(lty = var)) +
    scale_y_continuous(limits = c(-1, 0)) +
    xlab(expression(rho)) + ylab("") +
    scale_linetype_manual(values = 1:2, breaks = c("bm1", "pi"),
                        labels = list(expression(pi),
                                      expression(rho-1)))+
        theme(legend.text = element_text(size = 6),
          legend.title= element_blank(),
          axis.title = element_text(size = 8),
          axis.text = element_text(size = 6))
```

