

ARE 213 Problem Set 2B

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Question 1

We first estimate an event study specification.

- (a) First determine the minimum and maximum event time values that you can estimate in this data set. Code up a separate event time indicator for each possible value of event time in the data set. Estimate an event study regression using all the event time indicators. What happens?

Question 2

We now apply the synthetic control methods from Abadie et al (2010).

- (a)
 - i.

Compare the average pre-period log traffic fatalities per capita of the TU site to that of the average of all the “control” states. Next, graph the pre-period log traffic fatalities by year for the pre-period for both the TU and the average of the control group. Interpret.