**Assignment #2**

**Differences-in-differences**

You do a survey of taxicab firms to augment the data in Assignment 1, which you use to create taxi\_phd2.dta

1. Take first differences in size (total taxis), adoption of computerized dispatching and driver ownership rate and regress changes in driver ownership rate on changes in computerized dispatching and changes in size. Interpret the result. How do these results compare with the cross-sectional results from Assignment #1

2. Try the instruments from Assignment #1 on change in adoption of computerized dispatching. Evaluate the first stage. Interpret the second stage results.

3. Now reshape the data into long form and run a traditional differences-in-differences regression with firm and year fixed effects. Compare the coefficient estimates to the first differenced coefficient estimates above. What do you notice?