Practice Exercise 13

Use the data in JTRAIN.DTA to reproduce with Stata the result of the example 14.1 and 14.3 in your book. Interpret the results.

Stata help: A quick way to generate dummy variables is to include *i.catvar* in the regression command. This will tell Stata that you want to include dummy variables for the values of the categorical variable:

```
reg y x1 x2 i.catvar
```

When using panel data in which you have multiple observations over time for each cross sectional unit (individual, firm, etc.), if you want to include a fixed effect like the a_i from lecture:

```
xtreg y x1 x2, fe i(idvar)
```

where *idvar* is the variable whose values identify the cross sectional units (person 1 has *idvar* = 1, person 2 has *idvar* = 2, etc.)