Important Thoughts Concerning Serious Things*

Term Paper

Adam Smith†

March 10, 2020

Abstract

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List of Abbreviation

MLE   Maximum likelihood estimator

OLS   Ordinary Least Squares

PML   Pseudo Maximum Likelihood

PPML   Poisson pseudo maximum likelihood

1   Introduction

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2   The Model

Lorem ipsum dolor sit amet, consectetuer adipiscing elit. Ut purus elit, vestibulum ut, placerat ac, adipiscing vitae, felis. Curabitur dictum gravida mauris. Nam arcu libero, nonummy eget, consectetuer id, vulputate a, magna. Donec vehicula augue eu neque. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Mauris ut leo. Cras viverra metus rhoncus sem. Nulla et lectus vestibulum urna fringilla ultrices. Phasellus eu tellus sit amet tortor gravida placerat. Integer sapien est, iaculis in, pretium quis, viverra ac, nunc. Praesent eget sem vel leo ultrices bibendum. Aenean faucibus. Morbi dolor nulla, malesuada eu, pulvinar at, mollis ac, nulla. Curabitur auctor semper nulla. Donec varius orci eget risus. Duis nibh mi, congue eu, accumsan eleifend, sagittis quis, diam. Duis eget orci sit amet orci dignissim rutrum. The model is given by:

$$Y = F(K, L) \tag{1}$$

$$\Rightarrow dY = F_K dK + F_L dL. \tag{2}$$

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3   Estimation Strategy

I estimate variants of the following model:

$$DEM_{it} = \alpha DEM_{i,t-1} + \gamma \log(GDP_{i,t-1}) + \mathbf{x}'_{i,t-1}\boldsymbol{\beta} + \mu_t + \delta_i + u_{i,t}. \tag{3}$$

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4   Data

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5   Results

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Figure 1 depicts the association between the Freedom House measure of democracy

Table 1: Results of fixed-effects-regressions, base sample, 1960–2000

Dependent Variable	Democracy (1) Pooled OLS	Democracy (2) FE OLS	ΔDemocracy (3) Anderson-Hsiao IV
Democracy$_{t-1}$	0.706 (0.036)	0.379 (0.051)	
Log GDP p.c.$_{t-1}$	0.072 (0.010)	0.010 (0.035)	
ΔDemocracy$_{t-1}$			0.469 (0.010)
ΔLog GDP p.c.$_{t-1}$			-0.104 (0.107)
N	945	945	838
Countries	150	150	127
R^2	0.725	0.796	

Notes: Base sample is an unbalanced panel, spanning from 1960–2000, with data at five-year intervals, where the start date of the panel refers to the dependent variable. The dependent variable is the Augmented Freedom House Political Rights Index. Standard errors are in round brackets. All regressions use robust standard errors and include time dummies. Column (1) contains results from a Pooled OLS regression, column (2) contains the results from Fixed-Effects OLS with country dummies. In column (3), the Anderson-Hsiao IV estimator is used.

and log income per capita in the 1990s.

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6 Conclusion

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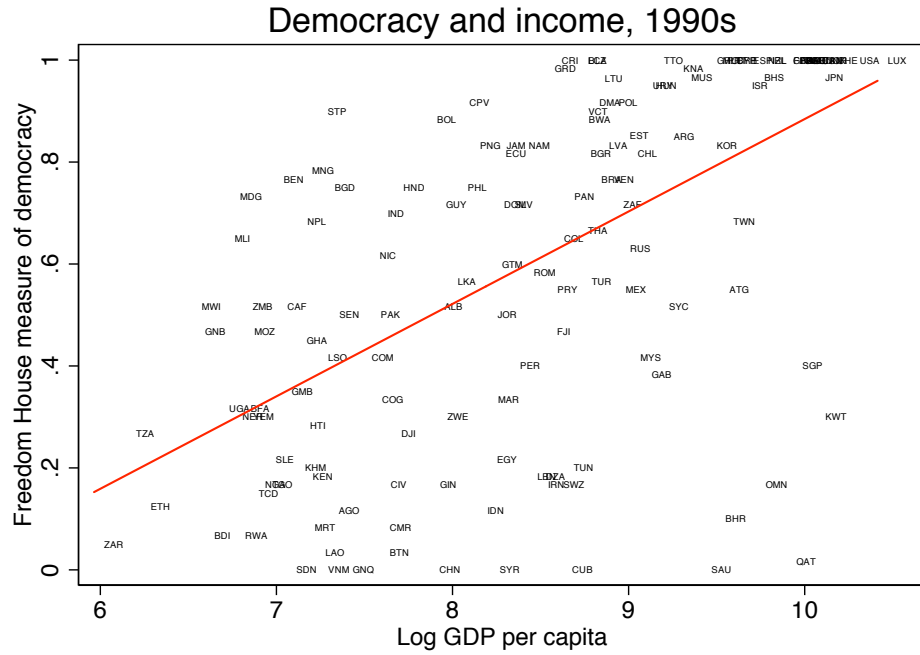
Figure 1: Democracy and income, 1990s.

nonummy eget, consectetuer id, vulputate a, magna. Donec vehicula augue eu neque. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Mauris ut leo. Cras viverra metus rhoncus sem. Nulla et lectus vestibulum urna fringilla ultrices. Phasellus eu tellus sit amet tortor gravida placerat. Integer sapien est, iaculis in, pretium quis, viverra ac, nunc. Praesent eget sem vel leo ultrices bibendum. Aenean faucibus. Morbi dolor nulla, malesuada eu, pulvinar at, mollis ac, nulla. Curabitur auctor semper nulla. Donec varius orci eget risus. Duis nibh mi, congue eu, accumsan eleifend, sagittis quis, diam. Duis eget orci sit amet orci dignissim rutrum. Finally, some references for the bibliography: Whereas Kennedy (2005) is a nice paper, Leamer (1975) and Leamer (1983) are even nicer. A nice example of regression analysis in a growth context is given by Sala-I-Martin (1997), and a really nice textbook is Wooldridge (2008).

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Eidesstattliche Versicherung

Hiermit versichere ich, Adam Smith, geboren am 5. Juni 1723, wohnhaft in der Joseph-Schumpeter-Allee 42 in 95444 Bayreuth, gegenüber der Rechts- und Wirtschaftswissenschaftlichen Fakultät der Universität Bayreuth an Eides statt, dass ich meine Abschlussarbeit

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