The Stata Journal (2007)
7, Number 2, pp. 197–208

Estimation of nonstationary heterogeneous panels

Edward F. Blackburne III
Sam Houston State University
Huntsville, TX
blackburne@shsu.edu

Mark W. Frank
Sam Houston State University
Huntsville, TX
markfrank@shsu.edu

Abstract. We introduce a new Stata command, `xtpmg`, for estimating nonstationary heterogeneous panels in which the number of groups and number of time-series observations are both large. Based on recent advances in the nonstationary panel literature, `xtpmg` provides three alternative estimators: a traditional fixed-effects estimator, the mean-group estimator of Pesaran and Smith (Estimating long-run relationships from dynamic heterogeneous panels, *Journal of Econometrics* 68: 79–113), and the pooled mean-group estimator of Pesaran, Shin, and Smith (Estimating long-run relationships in dynamic heterogeneous panels, DAE Working Papers Amalgamated Series 9721; Pooled mean group estimation of dynamic heterogeneous panels, *Journal of the American Statistical Association* 94: 621–634).

Keywords: st0125, xtpmg, nonstationary panels, heterogeneous dynamic panels, pooled mean-group estimator, mean-group estimator, panel cointegration

