

CDSIMEQ: A program to implement two-stage probit least squares

Omar M. G. Keshk, Ph. D.
The Ohio State University
keshk.1@osu.edu

Abstract. The `cdsimeq` command implements the two-stage probit least squares estimation method described in Maddala (1983) for simultaneous equations models in which one of the endogenous variables is continuous and the other endogenous variable is dichotomous.¹ The `cdsimeq` command implements all the necessary procedures for obtaining consistent estimates for the coefficients, as well as their corrected standard errors.

Keywords: st0038, simultaneous equations, Amemiya, Maddala, continuous endogenous, dichotomous endogenous, 2SPLS, 2SLS, instruments, standard errors

1. To the best of my knowledge, the term 2SPLS was given to the procedure by Alvarez and Glasgow (2000). Other terms for this procedure include generalized two-stage probit (Amemiya 1978); two-step probit estimator (Guilkey et al. 1992). I prefer 2SPLS because it provides a more complete description of steps and estimations used.