

Maximum simulated likelihood estimation of random-effects dynamic probit models with autocorrelated errors

Mark Stewart
Economics Department
University of Warwick
Coventry, UK
mark.stewart@warwick.ac.uk

Abstract. This paper investigates using maximum simulated likelihood (MSL) estimation for random-effects dynamic probit models with autocorrelated errors. It presents and illustrates a new Stata command, `redpace`, for this estimator. The paper also compares using pseudorandom numbers and Halton sequences of quasirandom numbers for MSL estimation of these models.

Keywords: st0106, redpace, simulation estimation, maximum simulated likelihood, Halton sequences, autocorrelated errors