```
. gen t=_n

. tsset t
        time variable:  t, 1 to 81
                delta:  1 unit

. gen lm=log(m/(def/100))

. gen lgdp=log(gdp)

. ivregress gmm lm (lgdp=r l.lm l.lgdp) r   <--- GMM

Instrumental variables (GMM) regression         Number of obs   =         80
                                                Wald chi2(2)    =     855.47
                                                Prob > chi2     =     0.0000
                                                R-squared       =     0.8790
GMM weight matrix: Robust                       Root MSE        =     .11438

------------------------------------------------------------------------------
             |               Robust
          lm |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        lgdp |    4.247905   .3637757    11.68   0.000     3.534918    4.960893
           r |   -.1858168   .0298597    -6.22   0.000    -.2443406   -.1272929
       _cons |   -42.01811   4.812659    -8.73   0.000    -51.45075   -32.58547
------------------------------------------------------------------------------
```

```
Instrumented:  lgdp
Instruments:   r L.lm L.lgdp

. reg lm lgdp r   <--- OLS

      Source |       SS           df       MS      Number of obs   =        81
-------------+----------------------------------   F(2, 78)        =    302.91
       Model |  8.05449909         2  4.02724954   Prob > F        =    0.0000
    Residual |  1.03700995        78  .013294999   R-squared       =    0.8859
-------------+----------------------------------   Adj R-squared   =    0.8830
       Total |  9.09150904        80  .113643863   Root MSE        =     .1153

------------------------------------------------------------------------------
          lm |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        lgdp |    4.22023   .4153587    10.16   0.000     3.393314    5.047146
           r |   -.205336    .034988    -5.87   0.000    -.2749916   -.1356803
       _cons |  -41.63114    5.48831    -7.59   0.000    -52.55752   -30.70475
------------------------------------------------------------------------------

.
```