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Subject: Re: Clustered Standard Errors

Posted by [analyst\\_till](#) on Tue, 09 Feb 2021 17:24:50 GMT

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Thanks for the tips concerning the Strata.

With respect to the districts: Although my unit of analysis is the individual, my identification strategy relies on changes at the district-level. Therefore, I include district fixed effects in my regression framework and as far as I know, these are reflected by "i.district".

Please correct me if I am wrong, but I guess this term is crucial to guarantee that I compare only observations of the same districts over time?

As far as I know, STATA breaks the arising collinearity between i.district and i.treatment by dropping one of the district fixed effects.

Also, I am still a bit confused about the clustered standard errors. According to Duflo et al. 2004, one can tackle the issue of serial correlation in a diff-in-diff by clustering standard errors at group-level, allowing for autocorrelation within the groups.

Since the group/cohort in my panel is district, shouldn't I cluster standard errors at district level? If standard errors are clustered at PSU-level through "svyset", I would not cluster SE at the level of my cohort.

Is it possible that I have to code?:

```
svyset districts [pweight=v005], strata(stratum_ID) singleunit(centered)
```

Sorry if it was not clear, I hope you understand what I mean!

Best,

Till

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