This shows how to locate TSLS from Stata’s pulldown menu. Simply select Statistics>Endogenous covariates>Instrumental variables & two-stage least squares.

This brings up a dialog for the ivreg command. Put the dependent variable (y) and independent variables (W) into the blanks on the first line of the dialog box. On the next line, where it asks for Endogenous variables, include the variables that are correlated with your errors (X). Then, on the following line list the instruments (Z). Stata includes all of
the exogenous variables (W) in the computation of the ‘first stage’ regression.

The results appear below:

```
Instrumental variables (2SLS) regression
                source    ss      df    ms   Number of obs = 526
                Model    -1.68300645  4    1.45700161
                Residual  154.197768 521  .2959653066
                Total     145.329762 525  .28233288

lweight       Coef.   Std. Err.     t    P>|t|  [95% Conf. Interval]
                married    .8890784  .4214295  2.11   0.035   .0212858   1.776868
                educ       .0653396  .0152548  4.28   0.000   .0353902   .095327
                exper     -.0021336  .0037174 -0.57   0.571  -.0134707   .0092096
                female   -.2243367  .0739417  3.04   0.003  -.3697929  -.0792762
                _cons       .4051825  .1378401  2.94   0.003   .1341954   .6761697

Instrumented: married
Instruments: educ exper female profocc clerocc servocc
```

The treatment of constant:
- Suppress constant term
- Has user-supplied constant
Notice that right hand side endogenous variable (married) is listed as “Instrumented” and the list of instruments include both W (educ, experience, female) and Z (profocc, clerocc, servocc).

The script for this exercise is:

```stata
use http://fmwww.bc.edu/ec-p/data/wooldridge/WAGE1.dta
ivreg lwage educ exper female (married = profocc clerocc servocc)
```

The syntax is

```stata
ivreg y w2 w3 w4 (x2 = z2 z3 z4)
```