# Package ‘spsur’

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**Description** A collection of functions to test and estimate Seemingly Unrelated Regression (usually called SUR) models, with spatial structure, by maximum likelihood and three-stage least squares. The package estimates the most common spatial specifications, that is, SUR with Spatial Lag of X regressors (called SUR-SLX), SUR with Spatial Lag Model (called SUR-SLM), SUR with Spatial Error Model (called SUR-SEM), SUR with Spatial Durbin Model (called SUR-SDM), SUR with Spatial Durbin Error Model (called SUR-SDEM), SUR with Spatial Autoregressive terms and Spatial Autoregressive Disturbances (called SUR-SARAR) and SUR with Spatially Independent Model (called SUR-SIM).

The methodology of these models can be found in next references

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**spsur-package**


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**spsur-package**

*Spatial Seemingly Unrelated Regression Models.*

**Description**

`spsur` offers the user a collection of functions to estimate Spatial Seemingly Unrelated Regression (SUR) models by maximum likelihood or three-stage least squares, using spatial instrumental variables. Moreover, `spsur` obtains a collection of misspecification tests for omitted or wrongly specified spatial structure. The user will find spatial models more popular in applied research such as the SUR-SLX, SUR-SLM, SUR-SEM, SUR-SDM, SUR-SDEM and SUR-SARAR, plus the spatially independent SUR, or SUR-SIM.

**Details**

Some functionalities that have been included in `spsur` package are:
1. Testing for spatial effects

The function `lmtestspsur` provides a collection of Lagrange Multipliers, LM, for testing different forms of spatial dependence in SUR models. They are extended versions of the well-known LM tests for omitted lags of the explained variable in the right hand side of the equation, LM-SLM, the LM tests for omitted spatial errors, LM-SEM, the join test of omitted spatial lags and spatial errors, LM-SARAR, and the robust version of the first two Lagrange Multipliers, LM*-SLM and LM*-SEM.

These tests can be applied to models always with a SUR nature. Roughly, we may distinguish two situations:

- Datasets with a single equation \( G=1 \), for different time periods \( Tm>1 \) and a certain number of spatial units in the cross-sectional dimension, \( N \). This is what we call spatial panel datasets. In this case, the SUR structure appears in form of (intra) serial dependence in the errors of each spatial unit.
- Datasets with a several equations \( G>1 \), different time periods \( Tm>1 \) and a certain number of spatial units, \( N \). The SUR structure appears, as usual, because the errors of the spatial units for different equations are contemporaneously correlated.

2. Estimation of the Spatial SUR models

As indicated above, `spsur` package may work with a list of different spatial specifications. They are the following:

- **SUR-SIM**: SUR model without spatial effects
  \[ y_{tg} = X_{tg}\beta_g + \epsilon_{tg} \]

- **SUR-SLX**: SUR model with spatial lags of the regresors
  \[ y_{tg} = X_{tg}\beta_g + WX_{tg}\theta_g + \epsilon_{tg} \]

- **SUR-SLM**: SUR model with spatial lags of the endogenous
  \[ y_{tg} = \lambda_gWy_{tg} + X_{tg}\beta_g + \epsilon_{tg} \]

- **SUR-SEM**: SUR model with spatial errors
  \[ y_{tg} = \lambda_gWy_{tg} + X_{tg}\beta_g + u_{tg} \]
  \[ u_{tg} = \rho_gWu_{tg} + \epsilon_{tg} \]

- **SUR-SDM**: SUR model with spatial lags of the endogenous variable and of the regressors or Spatial Durbin model
  \[ y_{tg} = \lambda_gWy_{tg} + X_{tg}\beta_g + WX_{tg}\theta_g + \epsilon_{tg} \]

- **SUR-SDEM**: SUR model with spatial errors and spatial lags of the endogenous variable and of the regressors
  \[ y_{tg} = X_{tg}\beta_g + WX_{tg}\theta_g + u_{tg} \]
  \[ u_{tg} = \rho_gWu_{tg} + \epsilon_{tg} \]
- **SUR-SARAR**: Spatial lag model with spatial errors

\[ y_{tg} = \lambda_g W y_{tg} + X_{tg} \beta_g + u_{tg} \]

\[ u_{tg} = \rho_g W u_{tg} + \epsilon_{tg} \]

where \( y_{tg}, u_{tg} \) and \( \epsilon_{tg} \) are \((N \times 1)\) vectors; \( X_{tg} \) is a matrix of regressors of order \((N \times P)\); \( \lambda_g \) and \( \rho_g \) are parameters of spatial dependence and \( W \) is the \((N \times N)\) spatial weighting matrix.

These specifications can be estimated by maximum-likelihood methods, using the function `spsurml`. Moreover, the models that include spatial lags of the explained variables in the right hand side of the equations, and the errors are assumed to be spatially incorrelated (namely, the SUR-SLM and the SUR-SDM), can also be estimated using three-stage least-squares, `spsur3sls`, using spatial instrumental variable to correct for the problem of endogeneity present in these cases.

### 3. Diagnostic tests

Testing for inconsistencies or misspecifications in the results of an estimated (SUR) model should be a primary task for the user. `spsur` focuses, specifically, on two main question such as omitted or wrongly specified spatial structure and the existence of structural breaks or relevant restrictions in the parameters of the model. In this sense, the user will find:

1. **Marginal tests**
   - The Marginal Multipliers test for omitted or wrongly specified spatial structure in the equations. They are routinely part of the output of the maximum-likelihood estimation, shown by `spsurml`. In particular, the \( \text{LM}(\lambda|\rho) \) tests for omitted spatial lags in a model specified with spatial errors (SUR-SEM; SUR-SDEM). The \( \text{LM}(\rho|\lambda) \) tests for omitted spatial error in a model specified with spatial lags of the explained variable (SUR-SLM; SUR-SDM).

2. **Coefficients stability tests**
   - `spsur` includes two functions designed to test for linear restrictions on the \( \beta \) coefficients of the models and on the spatial coefficients (\( \lambda_s \) and \( \rho_s \) terms). The function for the first case is `wald_betas` and `wald_deltas` that of the second case. The user has ample flexibility to define different forms of linear restrictions, so that it is possible, for example, to test for their time constancy to identify structural breaks.

### 4. Marginal effects

In recent years, since the publication of LeSage and Pace (2009), it has become popular in spatial econometrics to evaluate the multiplier effects that a change in the value of a regressor, in a point in the space, has on the explained variable. `spsur` includes a function, `impacts`, that computes these effects. Specifically, `impacts` obtains the average, over the \( N \) spatial units and \( Tm \) time periods, of such a change on the contemporaneous value of the explained variable located in the same point as the modified variable. This is the so-called Average Direct effect. The Average Indirect effect measure the proportion of the impact that spills-over to other locations. The sum of the two effects is the Average Total effect.

These estimates are complemented with a measure of statistical significance, following the randomization approach suggested by LeSage and Pace (2009).
5. Additional functionalities

A particular feature of spsur is that the package allows to obtain simulated datasets with a SUR nature and the spatial structure decided by the user. This is the purpose of the function dgp_spsur. The function can be inserted into a more general code to solve, for example, Monte Carlo studies related to these type of models or, simply, to show some of the stylized characteristics of a SUR model with certain spatial structure.

Datasets

spsur includes four different datasets: spc, NCOVR, Italian unemployment and simulated dataset. The four sets are used to illustrate the capabilities of different functions. Briefly, their main characteristics are the following

• The spc dataset (Spatial Phillips-Curve) is a classical dataset taken from Anselin (1988, p. 203), of small dimensions.
• The NCOVR dataset comprises Homicides and a list of selected socio-economic variables for continental U.S. counties in four decennial census years: 1960, 1970, 1980 and 1990. It is freely available from https://geodacenter.github.io/data-and-lab/ncovr/. NCOVR is a typical spatial panel dataset (G=1).
• Italian unemployment which includes a panel data of unemployment in Italian provinces for the period 1996-2014. Once again, it is a spatial panel dataset (G=1)
• A data set Slm, obtained using the function dgp_spsur, to show how to input data using matrices, as an alternative to the use of Formula and a data.frame.

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References

dgp_spsur

Description

The purpose of the function `dgp_spsur` is to generate a random dataset with the dimensions and spatial structure decided by the user. This function may be useful in pure simulation experiments or with the aim of showing specific properties and characteristics of a spatial SUR dataset and inferential procedures related to them.

The user of `dgp_spsur` should think in terms of a Monte Carlo experiment. The arguments of the function specify the dimensions of the dataset to be generated, the spatial mechanism underlying the data, the intensity of the SUR structure among the equations and the values of the parameters to be used to obtain the simulated data, which includes the error terms, the regressors and the explained variables.

```r
dgp_spsur <- function(Sigma, Tm = 1, G, N, Betas, Thetas = NULL, rho = NULL, lambda = NULL, p = NULL, W = NULL, X = NULL, pdfU = "nvrnorm", pdfX = "nvrnorm")
```

Usage

```r
dgp_spsur(
  Sigma,
  Tm = 1,
  G,
  N,
  Betas,
  Thetas = NULL,
  rho = NULL,
  lambda = NULL,
  p = NULL,
  W = NULL,
  X = NULL,
  pdfU = "nvrnorm",
  pdfX = "nvrnorm"
)
```

Arguments

- **Sigma**: Covariance matrix between the `G` equations of the SUR model. This matrix should be definite positive and the user must check for that.
- **Tm**: Number of time periods. Default = 1
- **G**: Number of equations.
- **N**: Number of cross-section or spatial units.
**Betas**
A row vector of order $(1 \times P)$ showing the values for the beta coefficients. The first $P_1$ terms correspond to the first equation (where the first element is the intercept), the second $P_2$ terms to the coefficients of the second equation and so on.

**Thetas**
Values for the $\theta$ coefficients in the $G$ equations of the model, when the type of spatial SUR model to be simulated is a "slx", "sdm" or "sdem". Thetas is a row vector of order $1 \times P_{\text{Theta}}$, where $P_{\text{Theta}} = p - G$; let us note that the intercept cannot appear among the spatial lags of the regressors. The first $1 \times K_{\text{Theta}_1}$ terms correspond to the first equation, the second $1 \times P_{\text{Theta}_2}$ terms correspond to the second equation, and so on. Default = NULL.

**rho**
Values of the coefficients $\rho_g; g = 1, 2, ..., G$ related to the spatial lag of the errors in the $G$ equations. If rho is an scalar and there are $G$ equations in the model, the same value will be used for all the equations. If rho is a row vector, of order $(1 \times G)$, the function dgp_spsur will use these values, one for each equation of the spatial errors. Default = NULL.

**lambda**
Values of the coefficients $\lambda_g; g = 1, 2, ..., G$ related to the spatial lag of the explained variable of the g-th equation. If lambda is an scalar and there are $G$ equations in the model, the same value will be used for all the equations. If lambda is a row vector, of order $(1 \times G)$, the function dgp_spsur will use these values, one for each equation. Default = NULL.

**p**
Number of regressors by equation, including the intercept. $p$ can be a row vector of order $(1 \times G)$, if the number of regressors is not the same for all the equations, or a scalar, if the $G$ equations have the same number of regressors.

**W**
A spatial weighting matrix of order $(N \times N)$, assumed to be the same for all equations and time periods.

**X**
This argument tells the function dgp_spsur which $X$ matrix should be used to generate the SUR dataset. If $X$ is different from NULL, \{dgp_spsur\} will upload the $X$ matrix selected in this argument. Note that the $X$ must be consistent with the dimensions of the model. If $X$ is NULL, dgp_spsur will generate the desired matrix of regressors from a multivariate Normal distribution with mean value zero and identity $(P \times P)$ covariance matrix. As an alternative, the user may change this probability distribution function to the uniform case, $U(0, 1)$, through the argument pdfX. Default = NULL.

**pdfU**
Multivariate probability distribution function, mdf, from which the values of the error terms will be drawn. The covariance matrix is the $\Sigma$ matrix specified by the user in the argument Sigma. The funtion dgp_spsur provides two mdf, the multivariate Normal, which is the default, and the log-Normal distribution function which means just exponenciate the sampling drawn form a $N(0, \Sigma)$ distribution. Default = "nvrnorm".

**pdfX**
Multivariate probability distribution function, mdf, from which the values of the regressors will be drawn. The regressors are assumed to be independent. dgp_spsur provides two mdf, the multivariate Normal, which is the default, and the uniform in the interval $U[0, 1]$, using the dunif function, dunif, from the stats package. Default = "nvrnorm".
**Details**

The purpose of the function `dgp_spsur` is to generate random datasets, of a SUR nature, with the spatial structure decided by the user. The function requires certain information to be supplied externally because, in fact, `dgp_spsur` constitutes a Data Generation Process, DGP. The following aspects should be addressed:

- The user must define the dimensions of the dataset, that is, number of equations, $G$, number of time periods, $Tm$, and number of cross-sectional units, $N$.

- Then, the user must choose the type of spatial structure desired for the model from among the list of candidates of "sim", "slx", "slm", "sem", "sdm", "sdem" or "sarar"; the default is the "sim" specification which does not have spatial structure. The decision is made implicitly, just omitting the specification of the spatial parameters which are not involved in the model (i.e., in a "slm" there are no $\rho$ parameters but appear $\lambda$ parameters; in a "sdem" model there are $\rho$ and $\theta$ parameters but no $\lambda$ coefficients). Of course, if the user needs a model with spatial structure, a $(nxN)$ weighting matrix, $W$, should be chosen.

- The next step builds the equations of the SUR model. In this case, the user must specify the number of regressors that intervene in each equation and the coefficients, $\beta$ parameters, associated with each regressor. The first question is solved through the argument $p$ which, if a scalar, indicates that the same number of regressors should appear in all the equations of the model; if the user seeks for a model with different number of regressors in the $G$ equations, the argument $p$ must be a $(1xG)$ row vector with the required information. It must be remembered that `dgp_spsur` assumes that an intercept appears in all equations of the model.

- The second part of the problem posited above is solved through the argument `Betas`, which is a row vector of order $(1xp)$ with the information required for this set of coefficients.

- The user must specify, also, the values of the spatial parameters corresponding to the chosen specification; we are referring to the $\lambda_g$, $\rho_g$ and $\theta_g$, for $g = 1, \ldots, G$ and $k = 1, \ldots, K_g$ parameters. This is done through the arguments `lambda`, `rho` and `theta`. The first two, `lambda` and `rho`, work as $K$: if they are scalar, the same value will be used in the $G$ equations of the SUR model; if they are $(1xG)$ row vectors, a different value will be assigned for each equation. Moreover, `theta` works like the argument `beta`. The user must define a row vector of order $1xPTheta$ showing these values. It is worth to remember that in no case the intercept will appear among the lagged regressors.

- Finally, the user must decide which values of the regressors and of the error terms are to be used in the simulation. The regressors can be uploaded from an external matrix generated previously by the user. This is the argument $X$. It is the responsibility of the user to check that the dimensions of the external matrix are consistent with the dataset required for the SUR model. A second possibility implies the regressors to be generated randomly by the function `dgp_spsur`. In this case, the user must select the probability distribution function from which the corresponding data (of the regressors and the error terms) are to be drawn.

`dgp_spsur` provides two multivariate distribution functions, namely, the Normal and the log-Normal for the errors (the second should be taken as a clear departure from the standard assumption of normality). In both cases, random matrices of order $(TmNxG)$ are obtained from a multivariate normal distribution, with a mean value of zero and the covariance matrix specified in the argument `Sigma`; then, this matrix is exponentiated for the log-Normal case. Roughly, the same procedure applies for drawing the values of the regressor.
two distribution functions available, the normal and the uniform in the interval $U[0, 1]$; the regressors are always independent.

**Value**

A list with a vector $Y$ of order $(TmNGx1)$ with the values generated for the explained variable in the G equations of the SUR and a matrix $XX$ of order $(TmNGxsum(p))$, with the values generated for the regressors of the SUR, including an intercept for each equation.

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**See Also**

`spsurml`, `spsur3sls`, `spsurtime`

**Examples**

```r
### Example 1: DGP SLM model
rm(list = ls()) # Clean memory
tm <- 1 # Number of time periods
g <- 3 # Number of equations
n <- 50 # Number of spatial elements
p <- 3 # Number of independent variables
sigma <- matrix(0.3, ncol = g, nrow = g)
diag(sigma) <- 1
betas <- c(1,2,3,1,-1,0.5,1,-0.5,2)
lamb <- 0.5 # level of spatial dependence
rho <- 0.0 # spatial autocorrelation error term = 0
# random coordinates
c <- cbind(runif(n,0,1),runif(n,0,1))
w <- spdep::nb2mat(spdep::knn2nb(spdep::knearneigh(co, k = 5,
longlat = FALSE)))
dgp <- dgp_spsur(sigma = sigma, betas = betas,
rho = rho, lambda = lamb, tm = tm,
g = g, n = n, p = p, w = w)
slm <- spsur3sls(w = w, x = dgp$x, y = dgp$y, tm = tm, n = n, g = g,
p = c(3,3,3), type = "slm")
summary(slm)
```
### Example 2: DGP SEM model with Tm>1; G=1 and different p for each equation

## It usually requires 1-2 minutes maximum
```r
rm(list = ls()) # Clean memory
Tm <- 3 # Number of time periods
G <- 1 # Number of equations
N <- 500 # Number of spatial elements
p <- c(2,3,4) # Number of independent variables
Sigma <- matrix(0.8, ncol = Tm, nrow = Tm)
diag(Sigma) <- 1
Betas <- c(1,2,1,2,3,1,2,3,4)
lambda <- 0 # level of spatial dependence = 0
rho <- c(0.2,0.5,0.8) # spatial autocorrelation error terms for each equation
# random coordinates
co <- cbind(runif(N, 0, 1), runif(N, 0, 1))
W <- spdep::nb2mat(spdep::knearneigh(spdep::knn2nb(spdep::knearneigh(co, k = 5, longlat = FALSE))))
DGP2 <- dgp_spsur(Sigma = Sigma, Betas = Betas, rho = rho, lambda = lambda, Tm = Tm, G = G, N = N, p = p, W = W)
SLM2 <- spsurml(W = W, X = DGP2$X, Y = DGP2$Y, Tm = Tm, N = N, G = G, p = c(2,3,4), type = "slm")
summary(SLM2)
SEM2 <- spsurml(W = W, X = DGP2$X, Y = DGP2$Y, Tm = Tm, N = N, G = G, p = c(2,3,4), type = "sem")
summary(SEM2)
```

### Example with G>1 and Tm>>1

## It usually requires 1-2 minutes maximum
```r
rm(list = ls()) # Clean memory
Tm <- 10 # Number of time periods
G <- 3 # Number of equations
N <- 100 # Number of spatial elements
p <- 3 # Number of independent variables
Sigma <- matrix(0.5, ncol = G, nrow = G)
diag(Sigma) <- 1
Betas <- rep(1:3, G)
lambda <- c(0.5, 0.1, 0.8)
rho <- 0.0 # spatial autocorrelation error term = 0
# random coordinates
co <- cbind(runif(N, 0, 1), runif(N, 0, 1))
W <- spdep::nb2mat(spdep::knearneigh(co, k = 5, longlat = FALSE))
DGP3 <- dgp_spsur(Sigma = Sigma, Betas = Betas, rho = rho, lambda = lambda, Tm = Tm, G = G, N = N, p = p, W = W)
SLM3 <- spsurml(Y = DGP3$Y, X = DGP3$X, G = G, N = N, Tm = Tm, p = p, W = W, type = "slm")
summary(SLM3)
```
impacts

## slm with demeaning

SLM3_dem <- spsurml(Y = DGP3$Y, X = DGP3$X, G = G, N = N, Tm = Tm, p = p, W = W, type = “slm”, demean = TRUE)

summary(SLM3_dem)

impacts

Direct, indirect and total effects estimated for a spatial SUR model

Description

This function obtains the multiplier effects, on the explained variable, of a change in a regressor for the model that has been estimated. For reasons given below, this function only applies to models with an autoregressive structure ("slm", "sdm" and "sarar") or with spatial lags of the regressors ("slx", "sdem").

The measurement of the multiplier effects is a bit more complicated than in a pure time series context because, due to the spatial structure of the model, part of the impacts spills over non uniformly over the space. Using the notation introduced by LeSage and Pace (2009) we distinguish between:

- **Average Direct effects**: The average over the $N$ spatial units and $Tm$ time periods of the effect of a unitary change in the value of a explanatory variable on the contemporaneous value of the corresponding explained variable, located in the same point of the intervened regressor. This calculus is solved for all the regressors that appear in the $G$ equations of the model.

- **Average Indirect effects**: The average over the $N$ spatial units and $Tm$ time periods of the effects of a unitary change in the value of a explanatory variable on the contemporaneous value of the corresponding explained variable, located in a different spatial unit that that of the intervened regressor. This calculus is solved for all the regressors that appear in the $G$ equations of the model.

- **Average total effects**: The sum of Direct and Indirect effects.

The information on the three estimated effects is supplement with an indirect measure of statistical significance obtained from the randomization approach introduced in LeSage and Pace (2009).

Usage

impacts(spsurfit, nsim = 1000)

Arguments

- **spsurfit**: A fitted object of class spsur.
- **nsim**: Number of simulations for the randomization procedure. Default = 1000.
Details

LeSage and Pace (2009) adapt the classical notion of 'economic multiplier' to the problem of measuring the impact that a unitary change in the value of a regressor, produced in a certain point in space, has on the explained variable. The question is interesting because, due to the spatial structure of the model, the impacts of such change spill non uniformly over the space. In fact, the reaction of the explained variable depends on its relative location in relation to the point of intervention.

To simplify matters, LeSage and Pace (2009) propose to obtain aggregated multipliers for each regressor, just averaging the $N^2$ impacts that results from intervening the value of each regressor on each of the N points in Space, on the explained variable, measured also in each of the N points in space. This aggregated average is the so-called Total effect.

Part of this impact will be absorbed by the explained variable located in the same point of the regressor whose value has been changed (for example, the k-th regressor in the g-th equation, in the n-th spatial unit) or, in other words, we expect that $\frac{dy_{tgn}}{dx_{ktgm}} \neq 0$. The aggregated average for the N points in space (n=1,2,...,N) and Tm time periods is the so-called Direct effect. The difference between the Total effect and the Direct effect measures the portion of the impact on the explained variable that leaks to other points in space, $\frac{dy_{tgn}}{dx_{ktgm}} \equiv rnm$; this is the Indirect effect.

impacts obtains the three multipliers together with an indirect measure of statistical significance, according to the randomization approach described in Lesage and Pace (2009). Briefly, they suggest to obtain a sequence of $nsim$ random matrices of order $(NTmxG)$ from a multivariate normal distribution $N(0; \Sigma)$, being $\Sigma$ the estimated covariance matrix of the G equations in the SUR model. These random matrices, combined with the observed values of the regressors and the estimated values of the parameters of the corresponding spatial SUR model, are used to obtain simulated values of the explained variables. Then, for each one of the $nsim$ experiments, the SUR model is estimated, and the effects are evaluated. The function impacts obtains the standard deviations of the $nsim$ estimated effects in the randomization procedure, which are used to test the significance of the estimated effects for the original data.

Finally, let us note that this is a SUR model where the G equations are connected only through the error terms. This means that if we intervene a regressor in equation g, in any point is space, only the explained variable of the same equation g should react. The impacts do not spill over equations. Moreover, the impact of a regressor, intervened in the spatial unit n, will cross the borders of this spatial unit only if in the right hand side of the equation there are spatial lags of the explained variables or of the regressors. In other words, the Indirect effect is zero for the "sim" and "sem" models. impacts produces no output for these two models. Lastly, it is clear that all the impacts are contemporaneous because the equations in the SUR model have no time dynamics.

Value

Returns the Direct, Indirect and Total effects of the estimated spatial SUR model and simultaneous significance measures.

- table_dir_eff Table of average direct effects.
- table_ind_eff Table of average indirect effects.
- table_tot_eff Table of average total effects.
Author(s)

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References


See Also

`spsurml`, `spsur3sls`

Examples

```r
# PURE CROSS SECTIONAL DATA (G>1; Tm=1) ######

rm(list = ls()) # Clean memory
data(spc)
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA
## A SUR-SLM model.
spcsur.slm <- spsur3sls(Formula = Tformula, data = spc, type = "slm", W = Wspc)
spsur.slm <- impacts(spcsur.slm, nsim = 30)
```

`lmtestspsur`  
*Testing for the presence of spatial effects in Seemingly Unrelated Regressions*
Description

The function `spsurml` reports a collection of Lagrange Multipliers designed to test for the presence of different forms of spatial dependence in a SUR model of the "sim" type. That is, the approach of this function is from 'specific to general'. As said, the model of the null hypothesis is the "sim" model whereas the model of the alternative depends on the effect whose omission we want to test.

The collection of Lagrange Multipliers obtained by `lmtestspsur` are standard in the literature and take into account the multivariate nature of the SUR model. As a limitation, note that each Multiplier tests for the omission of the same spatial effects in all the cross-sections of the G equations.

Usage

```r
lmtestspsur(
  Form = NULL,
  data = NULL,
  W = NULL,
  X = NULL,
  Y = NULL,
  time = NULL,
  G = NULL,
  N = NULL,
  Tm = NULL,
  print_table = TRUE
)
```

Arguments

- **Form**: An object created with the package `Formula` that describes the model to be estimated. This model may contain several responses (explained variables) and a varying number of regressors in each equation.
- **data**: An object of class data.frame or a matrix.
- **W**: A spatial weighting matrix of order \((N \times N)\), assumed to be the same for all equations and time periods.
- **X**: A data matrix of order \((NTmGxP)\) with the observations of the regressors. The number of covariates in the SUR model is \(P = \sum(p_g)\) where \(p_g\) is the number of regressors (including the intercept) in the \(g\)-th equation, \(g = 1, ..., G\). The specification of \(X\) is only necessary if not available a `Formula` and a data frame. Default = NULL.
- **Y**: A column vector of order \((NTmGx1)\), with the observations of the explained variables. The ordering of the data must be (first) equation, (second) time dimension and (third) Cross-sectional/spatial units. The specification of \(Y\) is only necessary if not available a `Formula` and a data frame. Default = NULL.
- **time**: Time variable.
- **G**: Number of equations.
- **N**: Number of cross-section or spatial units.
- **Tm**: Number of time periods.
- **print_table**: Logical value to print the output. Default = TRUE.
Details

`lmtestspsur` tests for the omission of spatial effects in the "sim" version of the SUR model:

\[ y_{tg} = X_{tg} \beta_g + u_{tg} \]

\[ E[u_{tg}u_{th}'] = \sigma_{gh} I_N \quad E[u_{tg}u_{sh}'] = 0 \quad \text{if} \quad t \neq s \]

where \( y_{tg} \) and \( u_{tg} \) are \((N\times1)\) vectors, corresponding to the g-th equation and time period t; \( X_{tg} \) is the matrix of exogenous variables, of order \((N\times p_g)\). Moreover, \( \beta_g \) is an unknown \((p_g \times 1)\) vector of coefficients and \( \sigma_{gh} I_N \) the covariance between equations \( g \) and \( h \), being \( \sigma_{gh} \) and scalar and \( I_N \) the identity matrix of order \( N \).

The Lagrange Multipliers reported by this function are the followings:

- **LM-SUR-LAG**: Tests for the omission of a spatial lag of the explained variable in the right hand side of the "sim" equation. The model of the alternative is:

\[ y_{tg} = \lambda_g W y_{tg} + X_{tg} \beta_g + u_{tg} \]

The null and alternative hypotheses are:

\[ H_0 : \lambda_g = 0 (\forall g) \quad \text{vs} \quad H_A : \lambda_g \neq 0 (\exists g) \]

- **LM-SUR-ERR**: Tests for the omission of spatial dependence in the equation of the errors of the "sim" model. The model of the alternative is:

\[ y_{tg} = X_{tg} \beta_g + u_{tg}; \quad u_{tg} = \rho_g W u_{tg} + \epsilon_{tg} \]

The null and alternative hypotheses are:

\[ H_0 : \rho_g = 0 (\forall g) \quad \text{vs} \quad H_A : \rho_g \neq 0 (\exists g) \]

- **LM-SUR-SARAR**: Tests for the simultaneous omission of a spatial lag of the explained variable in the right hand side of the "sim" equation and spatial dependence in the equation of the errors. The model of the alternative is:

\[ y_{tg} = \lambda_g W y_{tg} + X_{tg} \beta_g + u_{tg}; \quad u_{tg} = \rho_g W u_{tg} + \epsilon_{tg} \]

The null and alternative hypotheses are:

\[ H_0 : \lambda_g = \rho_g = 0 (\forall g) \quad \text{vs} \quad H_A : \lambda_g \neq 0 \lor \rho_g \neq 0 (\exists g) \]

- **LM*-SUR-SLM and LM*-SUR-SEM**: These two tests are the robustified version of the original, raw Multipliers, LM-SUR-SLM and LM-SUR-SEM, which can be severely oversized if the respective alternative hypothesis is misspecified (this would be the case if, for example, we are testing for omitted lags of the explained variable whereas the problem is that there is spatial dependence in the errors, or viceversa). The null and alternative hypotheses of both test are totally analogous to their twin non robust Multipliers.

Value

A list including:

- `stat_names` Name of Lagrange Multiplier.
- `stat` Value of the corresponding Lagrange Multiplier.
- `df` Degrees of freedom for each Multiplier.
Author(s)

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References


See Also

spsurml, lrtestspsur

Examples

```
# Example 1: Spatial Phillips-Curve. Anselin (1988, p. 203)
rm(list = ls()) # Clean memory
data("spc")
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA
LMs <- lmtestspsur(Form = Tformula, data = spc, W = Wspc)

# Not run:

# Example 2: Homicides & Socio-Economics (1960-90)
data("NCOVR")
Tformula <- HR70 | HR80 | HR90 ~ PS70 + UE70 | PS80 + UE80 + RD80 | PS90 + UE90 + RD90 + PO90
LMs <- lmtestspsur(Form = Tformula, data = NCOVR, W = W)
```
## Example 3: NCOVR in panel data form

---

```r
# Takes less than 1 minute
data("NCOVR")
Year <- as.numeric(kronecker(c(1960,1970,1980,1990),matrix(1,nrow = dim(NCOVR)[1])))
HR <- c(NCOVR$HR60,NCOVR$HR70,NCOVR$HR80,NCOVR$HR90)
PS <- c(NCOVR$PS60,NCOVR$PS70,NCOVR$PS80,NCOVR$PS90)
UE <- c(NCOVR$UE60,NCOVR$UE70,NCOVR$UE80,NCOVR$UE90)
NCOVRpanel <- as.data.frame(cbind(Year,HR,PS,UE))
Tformula <- HR ~ PS + UE
LM_time <- lrtestspsur(Form = Tformula, data = NCOVRpanel, time = Year, W = W)
```
---

### Description

The function computes a set of Likelihood Ratio tests, LR, that help the user to select the spatial structure of the SUR model. To achieve this goal, `lrtestspsur` needs to estimate the SUR models "sim", "slm", "sem", "sdm", and "sarar", using the function `spsurml`.

The five models listed above are related by a nesting sequence, so they can be compared using the adequate LR tests. The function shows the log-likelihood corresponding to the maximum-likelihood estimates and the sequence of LR tests.

### Usage

```r
lrtestspsur(
  Form = NULL,   # Model formula
  data = NULL,   # Data frame
  W = NULL,      # Spatial weight matrix
  X = NULL,      # Covariates
  Y = NULL,      # Dependent variables
  time = NULL,   # Time variable
  G = NULL,      # Geographic unit
  N = NULL,      # Number of units
  Tm = NULL      # Time period
)
```
Arguments

Form  An object created with the package Formula that describes the model to be estimated. This model may contain several responses (explained variables) and a varying number of regressors in each equation.

data  An object of class data.frame or a matrix.

W  A spatial weighting matrix of order \((N\times N)\), assumed to be the same for all equations and time periods.

X  A data matrix of order \((NTmGxp)\) with the observations of the regressors. The number of covariates in the SUR model is \(p = \text{sum}(p_g)\) where \(p_g\) is the number of regressors (including the intercept) in the \(g\)-th equation, \(g = 1,...,G\). The specification of \(X\) is only necessary if not available a Formula and a data frame. Default = NULL.

Y  A column vector of order \((NTmGx1)\), with the observations of the explained variables. The ordering of the data must be (first) equation, (second) time dimension and (third) Cross-sectional/spatial units. The specification of \(Y\) is only necessary if not available a Formula and a data frame. Default = NULL.

time  Time variable.

G  Number of equations.

N  Number of cross-section or spatial units.

Tm  Number of time periods.

Details

A fundamental result in maximum-likelihood estimation shows that if \(\text{model A}\) is nested in \(\text{model B}\), by a set of \(n\) restrictions on the parameters of \(\text{model B}\), then, as the sample size increases, the test statistic: \(-2\log[l(H_0)/l(H_A)]\) is a \(\chi^2(n)\), being \(l(H_0)\) the estimated likelihood under the null hypothesis (\(\text{model A}\)) and \(l(H_A)\) the estimated likelihood under the alternative hypothesis (\(\text{model B}\)).

The list of (spatial) models that can be estimated with the function spsurml includes the following (in addition to the "slx" and "sdem"):

- "sim": SUR model with no spatial effects
  \[
y_{tg} = X_{tg}\beta_g + \epsilon_{tg}
  \]

- "slm": SUR model with spatial lags of the explained variables
  \[
y_{tg} = \lambda_gWy_{tg} + X_{tg}\beta_g + \epsilon_{tg}
  \]

- "sem": SUR model with spatial errors
  \[
y_{tg} = X_{tg}\beta_g + u_{tg}
  u_{tg} = \rho_gWu_{tg} + \epsilon_{tg}
  \]

- "sdm": SUR model of the Spatial Durbin type
  \[
y_{tg} = \lambda_gWy_{tg} + X_{tt}\beta_g + WX_{tg}\theta_g + \epsilon_{tg}
  \]
• "sarar": SUR model with spatial lags of the explained variables and spatial errors
\[ y_{tg} = \lambda_g W y_{tg} + X_{tg}\beta_g + u_{tg} \]
\[ u_{tg} = \rho_g W u_{tg} + \epsilon_{tg} \]

This collection of models can be compared, on objective bases, using the LR principle and the following nesting relations:

• "sim" vs "sem", where the null hypotheses, in the "sem" equation, are:
\[ H_0: \rho_g = 0 \forall g \text{ vs } H_A: \rho_g \neq 0 \exists g \]

• "sim" vs "slm", where the null hypotheses, in the "slm" equation, are:
\[ H_0: \lambda_g = 0 \forall g \text{ vs } H_A: \lambda_g \neq 0 \exists g \]

• "sim" vs "sarar", where the null hypotheses, in the "sarar" equation, are:
\[ H_0: \rho_g = \lambda_g = 0 \forall g \text{ vs } H_A: \rho_g \neq 0 \text{ or } \lambda_g \neq 0 \exists g \]

• "sem" vs "sarar", where the null hypotheses, in the "sarar" equation, are:
\[ H_0: \lambda_g = 0 \forall g \text{ vs } H_A: \lambda_g \neq 0 \exists g \]

• "slm" vs "sarar", where the null hypotheses, in the "sarar" equation, are:
\[ H_0: \rho_g = 0 \forall g \text{ vs } H_A: \rho_g \neq 0 \exists g \]

• "sem" vs "sdm", also known as LR-COMFAC, where the null hypotheses, in the "sdm" equation, are:
\[ H_0: -\lambda_g \beta_g = \theta_g \forall g \text{ vs } H_A: -\lambda_g \beta_g \neq \theta_g \exists g \]

The degrees of freedom of the corresponding \( \chi^2 \) distribution is \( G \) in the cases of "sim" vs "sem", "sim" vs "slm", "sem" vs "sarar", "slm" vs "sarar" and "sem" vs "sdm" and \( 2G \) in the case of "sim" vs "sarar". Moreover, function \texttt{lrtestspsur} also returns the p-values associated to the corresponding LR.

**Value**

\texttt{lrtestspsur}, first, prints the value of the estimated log-likelihood for the major spatial specifications. Then, the function shows the values of the LR statistics corresponding to the nested and nesting models compared, together with their associated p-value.

**Author(s)**

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References


See Also

`spsurml, lmtestspsur`

Examples

```
#################################################
rm(list = ls())  # Clean memory
data("spc")
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA
## It usually requires 1-2 minutes maximum
## LRs <- lrtestspsur(Form = Tformula, data = spc, W = Wspc)

#################################################
#### Example 2: Homicides & Socio-Economics (1960-90)
# Homicides and selected socio-economic characteristics for
# continental U.S. counties.
# https://geodacenter.github.io/data-and-lab/ncovr/
## It could require some minutes
rm(list = ls())  # Clean memory
data("NCOVR")
Tformula <- HR70 | HR80 | HR90 ~ PS70 + UE70 | PS80 + UE80 + RD80 |
            PS90 + UE90 + RD90 + PO90
LRs <- lrtestspsur(Form = Tformula, data = NCOVR, W = W)

#################################################
#### Example 3: Classic panel data
## It could require some minutes
```
rm(list = ls())  # Clean memory

data(NCOVR)
N <- nrow(NCOVR)
Tm <- 4
index_time <- rep(1:Tm, each = N)
index_indiv <- rep(1:N, Tm)
pHR <- c(NCOVR$HR60, NCOVR$HR70, NCOVR$HR80, NCOVR$HR90)
pPS <- c(NCOVR$PS60, NCOVR$PS70, NCOVR$PS80, NCOVR$PS90)
pUE <- c(NCOVR$UE60, NCOVR$UE70, NCOVR$UE80, NCOVR$UE90)
pNCOVR <- data.frame(indiv = index_indiv, time = index_time, HR = pHR, PS = pPS, UE = pUE)
rn(NCOVR,pHR,pPS,pUE,index_time,index_indiv)
form_pHR <- HR ~ PS + UE
LRs <- lrtestspsur(Form = form_pHR, data = pNCOVR, W = W, time = pNCOVR$time)

---

**lr_betas_spsur**

Likelihood ratio for testing homogeneity constraints on beta coefficients of the SUR equations.

---

**Description**

Function `lr_betas_spsur` obtains a Likelihood Ratio test, LR in what follows, with the purpose of testing if some of the $\beta$ coefficients in the $G$ equations of the SUR model are equal. This function has a straightforward application, especially when $G = 1$, to the case of testing for the existence of structural breaks in the $\beta$ parameters.

The function can test for the homogeneity of only one coefficient, of a few of them or even the homogeneity of all the slope terms. The testing procedure implies, first, the estimation of both a constrained and an unconstrained model and, second, the comparison of the log-likelihoods to compute the LR statistics.

**Usage**

```r
lr_betas_spsur(
  Form = NULL,
  data = NULL,
  R = NULL,
  b = NULL,
  W = NULL,
  time = NULL,
  X = NULL,
  Y = NULL,
  G = NULL,
  N = NULL,
  Tm = NULL,
  p = NULL,
  type = "sim",
  printmodels = FALSE,
  cov = FALSE,
)```

trace = FALSE }

Arguments

Form An object created with the package \texttt{Formula} that describes the model to be estimated. This model may contain several responses (explained variables) and a varying number of regressors in each equation.

data An object of class data.frame or a matrix.

R A row vector of order $$(1 \times pr)$$ with the set of $$r$$ linear constraints on the $$beta$$ parameters. The first restriction appears in the first $$p$$ terms, the second restriction in the next $$p$$ terms and so on. Default = NULL.

b A column vector of order $$(r \times l)$$ with the values of the linear restrictions on the $$beta$$ parameters. Default = NULL.

W A spatial weighting matrix of order $$(N \times N)$$, assumed to be the same for all equations and time periods.

time Time variable.

X A data matrix of order $$(NTmGxp)$$ with the observations of the regressors. The number of covariates in the SUR model is $$p = \sum(p_g)$$ where $$p_g$$ is the number of regressors (including the intercept) in the g-th equation, $$g = 1,...,G$$. The specification of $$X$$ is only necessary if not available a \texttt{Formula} and a data frame. Default = NULL.

Y A column vector of order $$(NTmGx1)$$, with the observations of the explains variables. The ordering of the data must be (first) equation, (second) time dimension and (third) Cross-sectional/spatial units. The specification of $$Y$$ is only necessary if not available a \texttt{Formula} and a data frame. Default = NULL.

G Number of equations.

N Number of cross-section or spatial units.

Tm Number of time periods.

p Number of regressors by equation, including the intercept. $$p$$ can be a row vector of order $$(1 \times G)$$, if the number of regressors is not the same for all the equations, or a scalar, if the $$G$$ equations have the same number of regressors. The specification of $$p$$ is only necessary if not available a \texttt{Formula} and a data frame.

type Type of spatial model specification: "sim", "slx", "slm", "sem", "sdm", "sdem" or "sarar". Default = "sim".

printmodels Logical value: prints constrained and unconstrained models. Default = FALSE.

cov Logical value to show the covariance matrix of the $$beta$$ coefficients. Default = TRUE.

trace Logical value to show intermediate results during estimation. Default = FALSE.
The function estimates two variants of the same SUR model, namely, a restricted and a unrestricted version. The purpose, as indicated above, is testing homogeneity constraints between the $\beta$ parameters of the different equations of the SUR. The output of `lr_betas_spsur` shows, in first place, the iteration sequence of the maximum-likelihood algorithm. Then appears the Likelihood Ratio, LR, test. The output also includes the maximum-likelihood estimation of the two models.

<table>
<thead>
<tr>
<th>statistic</th>
<th>The Values of the LR test.</th>
</tr>
</thead>
<tbody>
<tr>
<td>p_val</td>
<td>The p-value of the LR test.</td>
</tr>
<tr>
<td>df</td>
<td>Degrees of freedom.</td>
</tr>
<tr>
<td>llik_unr</td>
<td>The Log-likelihood of the unrestricted model.</td>
</tr>
<tr>
<td>llik_res</td>
<td>The Log-likelihood of the restricted model.</td>
</tr>
</tbody>
</table>

Author(s)

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Jesús Mur <jmur@unizar.es>

References


See Also

`spsurml, spsurtime, wald_betas`

Examples

```r
#################################################
# Clean memory
data(spc)
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA
## H0: equal beta for SMSA in both equations.
R <- matrix(c(0,0,1,0,0,0,-1),nrow=1)
b <- matrix(0,ncol=1)
LR_SMSA <- lr_betas_spsur(Form = Tformula, data = spc, W = Wspc,
                           type = "sim", R = R, b = b, trace = TRUE,
                           printmodels = TRUE)
```
### Example 2: Homicides + Socio-Economics (1960-90)

Homicides and selected socio-economic characteristics for continental U.S. counties.


```r
# It usually requires 1-2 minutes maximum
d(l = ls()) # Clean memory
data(NCOVR)
Tformula <- HR80 | HR90 ~ PS80 + UE80 | PS90 + UE90
## H0: equal beta for PS80 and PS90 in both equations.
R <- matrix(c(0, 1, 0, -1, 0), nrow = 1)
b <- matrix(0, ncol = 1)
LR_PS <- lr_betas_spsur(Form = Tformula, data = NCOVR, W = W,
type = 'slm', R = R, b = b, printmodels = FALSE)
```

### Example 3: with classical panel data set. Database is a spatio-temporal panel

```r
## Only execute if you have enough memory...
d(l = ls()) # Clean memory
data(NCOVR)
N <- nrow(NCOVR)
Tm <- 4
index_time <- rep(1: Tm, each = N)
index_indiv <- rep(1: N, Tm)
pHR <- c(NCOVR$HR60, NCOVR$HR70, NCOVR$HR80, NCOVR$HR90)
pPS <- c(NCOVR$PS60, NCOVR$PS70, NCOVR$PS80, NCOVR$PS90)
pUE <- c(NCOVR$UE60, NCOVR$UE70, NCOVR$UE80, NCOVR$UE90)
pNCOVR <- data.frame(indiv = index_indiv, time = index_time,
HR = pHR, PS = pPS, UE = pUE)
rm(NCOVR, pHR, pPS, pUE, index_time, index_indiv)
form_pHR <- HR ~ PS + UE
## H0: equal PS beta coefficient in equations 1, 3, and 4
R <- matrix(0, nrow = 2, ncol = 12) # nrow = number of restrictions ; ncol = number of beta parameters
R[1, 2] <- 1; R[1, 8] <- -1 # PS beta coefficient in equations 1 equal to 3
R[2, 2] <- 1; R[2, 11] <- -1 # PS beta coefficient in equations 1 equal to 4
b <- matrix(0, nrow = 2, ncol = 1)
lr_partrate <- lr_betas_spsur(Form = form_pHR, data = pNCOVR,
time = pNCOVR$time, W = W,
type = "slm", R = R, b = b, trace = TRUE,
printmodels = FALSE)
```
Description

Homicides and selected socio-economic characteristics for continental U.S. counties. Data for four

Usage

Format

A data frame with 3085 rows and 69 variables:

- NAME  County coded as a name (factor)
- STATE_NAME  state fips code (factor)
- STATE_FIPS  state fips code (factor)
- CNTY_FIPS  county fips code (character)
- FIPS  combined state and county fips code (character)
- STFIPS  State fips code (numeric)
- COFIPS  county fips code (numeric)
- FIPSNO  fips code as numeric variable
- SOUTH  dummy variable for Southern counties (South = 1)
- HR60, HR70, HR80, HR90  homicide rate per 100,000 (1960, 1970, 1980, 1990)
- HC60, HC70, HC80, HC90  homicide count, three year average centered on 1960, 1970, 1980, 1990
- PO60, PO70, PO80, PO90  county population, 1960, 1970, 1980, 1990
- RD60, RD70, RD80, RD90  resource deprivation 1960, 1970, 1980, 1990 (principal component, see Codebook for details)
- PS60, PS70, PS80, PS90  population structure 1960, 1970, 1980, 1990 (principal component, see Codebook for details)
- FP59, FP69, FP79, FP89  % families below poverty 1960, 1970, 1980, 1990 (see Codebook for details)
- BLK60, BLK70, BLK80, BLK90  % black 1960, 1970, 1980, 1990
Source


References


---

**print.summary.spsur**  
*Print method for objects of class summary.spsur.*

**Description**

Print method for objects of class summary.spsur.

**Usage**

```r
## S3 method for class 'summary.spsur'
print(x, digits = max(3L, getOption("digits") - 3L), ...)
```

**Arguments**

- `x`: object of class `summary.spsur`.
- `digits`: number of digits to show in printed tables. Default: max(3L, getOption("digits") - 3L).
- `...`: further arguments passed to or from other methods.

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**See Also**

`summary.spsur`.

**Examples**

# See examples for `\link{spsurml}` or  
# `\link{spsur3sls}` functions.
A classical Spatial Phillips-Curve

Description


Usage

spc

Format

A data frame with 25 rows and 10 variables:

- COUNTY  County coded as a name.
- WAGE83  Changes in wage rates for 1983.
- UN83    Inverse unemployment rate in 1983.
- NMR83   Net migration rate 1983.
- SMSA    Dummy variable to identify counties defined as Standard Metropolitan Statistical Areas (SMSA = 1).
- WAGE82  Changes in wage rates for 1982.
- WAGE81  Changes in wage rates for 1981.
- UN80    Inverse unemployment rate in 1980.
- NMR80   Net migration rate 1983.
- WAGE80  Changes in wage rates.

Source

Anselin (1988, p. 203-211)

References

Three Stages Least Squares estimation, 3sls, of spatial SUR models.

Description
The function estimates spatial SUR models using three stages least squares, where the instruments are obtained from the spatial lags of the X variables, assumed to be exogenous. The number of equations, time periods and spatial units is not restricted. The user can choose between a Spatial Durbin Model or a Spatial Lag Model, as described below. The estimation procedure allows for the introduction of linear restrictions on the $\beta$ parameters associated to the regressors.

Usage
spsur3sls(
  Form = NULL,
  data = NULL,
  R = NULL,
  b = NULL,
  W = NULL,
  X = NULL,
  Y = NULL,
  G = NULL,
  N = NULL,
  Tm = NULL,
  p = NULL,
  demean = FALSE,
  type = "slm",
  maxlagW = 2
)

Arguments
Form An object created with the package Formula that describes the model to be estimated. This model may contain several responses (explained variables) and a varying number of regressors in each equation.
data An object of class data.frame or a matrix.
R A row vector of order (1xp) with the set of $r$ linear constraints on the $beta$ parameters. The first restriction appears in the first $p$ terms, the second restriction in the next $p$ terms and so on. Default = NULL.
b A column vector of order (rx1) with the values of the linear restrictions on the $beta$ parameters. Default = NULL.
W A spatial weighting matrix of order (NxN), assumed to be the same for all equations and time periods.
X A data matrix of order (NTmGxp) with the observations of the regressors. The number of covariates in the SUR model is $p = \sum(p_g)$ where $p_g$ is the number
of regressors (including the intercept) in the g-th equation, \( g = 1, \ldots, G \). The specification of \( X \) is only necessary if not available a \texttt{Formula} and a data frame. Default = \texttt{NULL}.

\( Y \) 
A column vector of order \((NTmGx1)\), with the observations of the explained variables. The ordering of the data must be (first) equation, (second) time dimension and (third) Cross-sectional/spatial units. The specification of \( Y \) is only necessary if not available a \texttt{Formula} and a data frame. Default = \texttt{NULL}.

\( G \) 
Number of equations.

\( N \) 
Number of cross-section or spatial units

\( Tm \) 
Number of time periods.

\( p \) 
Number of regressors by equation, including the intercept. \( p \) can be a row vector of order \((1xG)\), if the number of regressors is not the same for all the equations, or a scalar, if the \( G \) equations have the same number of regressors. The specification of \( p \) is only necessary if not available a \texttt{Formula} and a data frame.

demean 
Logical value to allow for the demeaning of panel data. In this case, \texttt{spsurml} substracts the individual mean to each spatial or cross-sectional unit. Default = \texttt{FALSE}.

type 
Type of spatial model, restricted to cases where lags of the explained variable appear in the right hand side of the equations. There are two possibilities: \"slm\" or \"sdm\". Default = \"slm\".

\( \text{maxlagW} \) 
Maximum spatial lag order of the regressors employed to produce spatial instruments for the spatial lags of the explained variables. Default = 2. Note that in case of \texttt{type="sdm"}, the default value for \texttt{maxlagW} is set to 3 because the first lag of the regressors, \( WX_{tg} \), can not be used as spatial instruments.

Details

\texttt{spsur3sls} can be used to estimate two groups of spatial models:

- \"slm\": SUR model with spatial lags of the endogenous in the right hand side of the equations
  \[
y_{tg} = \lambda_g W y_{tg} + X_{tg} \beta_g + \epsilon_{tg}
\]

- \"sdm\": SUR model of the Spatial Durbin type
  \[
y_{tg} = \lambda_g W y_{tg} + X_{tg} \beta_g + WX_{tg} \theta_g + \epsilon_{tg}
\]
where \( y_{tg} \) and \( \epsilon_{tg} \) are \((Nx1)\) vectors, corresponding to the \( g \)-th equation and time period \( t \); \( X_{tg} \) is the matrix of regressors, of order \((Nxp_g)\). Moreover, \( \lambda_g \) is a spatial coefficient and \( W \) is a \((NxN)\) spatial weighting matrix.

By default, the input of this function is an object created with \texttt{Formula} and a data frame. However, \texttt{spsur3sls} also allows for the direct especification of vector \( Y \) and matrix \( X \), with the explained variables and regressors respectively, as inputs (these terms may be the result, for example, of \texttt{dgp_spsur}).

\texttt{spsur3sls} is a Least-Squares procedure in three-stages designed to circumvent the endogeneity problems due to the presence of spatial lags of the explained variable in the right hand side of the equations do the SUR. The instruments are produced internally by \texttt{spsur3sls} using a sequence of spatial
lags of the \(X\) variables, which are assumed to be exogenous. The user must define the number of (spatial) instruments to be used in the procedure, through the argument `maxlagW` (i.e. \(\text{maxlagW}=3\)). Then, the collection of instruments generated is \([WXtg; W*_WXtg; W*_W*Xtg]\). In the case of a \(SDM\), the first lag of the \(X\) matrix already is in the equation and cannot be used as instrument. In the example above, the list of instruments for a \(SDM\) model would be \([W^2Xtg; W^3Xtg]\).

The first stage of the procedure consists in the least squares of the \(Y\) variables on the set of instruments. From this estimation, the procedure retains the estimates of \(Y\) in the so-called \(Yls\) variables. In the second stage, the \(Y\) variables that appear in the right hand side of the equation are substituted by \(Yls\) and the \(SUR\) model is estimated by Least Squares. The third stage improves the estimates of the second stage through a Feasible Generalized Least Squares estimation of the parameters of the model, using the residuals of the second stage to estimate the \(Sigma\) matrix.

The arguments \(R\) and \(b\) allows to introduce linear restrictions on the \(beta\) coefficients of the \(G\) equations. `spsur3sls`, first, introduces the linear restrictions in the \(SUR\) model and builds, internally, the corresponding constrained \(SUR\) model. Then, the function estimates the restricted model which is shown in the output. The function does not compute the unconstrained model nor test for the linear restrictions. The user may ask for the unconstrained estimation using another `spsurml` estimation. Moreover, the function `wald_betas` obtains the Wald test of a set of linear restrictions for an object created previously by `spsurml` or `spsur3sls`.

**Value**

Output of the three-stages Least-Squares estimation of the specified spatial model. A list with:

- `call` Matched call.
- `type` Type of model specified.
- `betas` Estimated coefficients for the regressors.
- `deltas` Estimated spatial coefficients.
- `se_betas` Estimated standard errors for the estimates of \(\beta\) coefficients.
- `se_deltas` Estimated standard errors for the estimates of the spatial coefficients.
- `cov` Estimated covariance matrix for the estimates of \(\beta\)’s and spatial coefficients.
- `R2` Coefficient of determination for each equation, obtained as the squared of the correlation coefficient between the corresponding explained variable and its estimates.
- `Sigma` Estimated covariance matrix for the residuals of the \(G\) equations.
- `Sigma_corr` Estimated correlation matrix for the residuals of the \(G\) equations.
- `Sigma_inv` Inverse of \(Sigma\), the \((GxG)\) covariance matrix of the residuals of the \(SUR\) model.
- `residuals` Residuals of the model.
- `df.residuals` Degrees of freedom for the residuals.
- `fitted.values` Estimated values for the dependent variables.
- `G` Number of equations.
- `N` Number of cross-sections or spatial units.
- `Tm` Number of time periods.
- `p` Number of regressors by equation (including intercepts).
- `demean` Logical value used for demeaning.
- `Y` Vector \(Y\) of the explained variables of the \(SUR\) model.
- `X` Matrix \(X\) of the regressors of the \(SUR\) model.
- `W` Spatial weighting matrix.

**Author(s)**
References


See Also

- `spsurml`, `wald_betas`

Examples

```
### Example 1: Spatial Phillips-Curve. Anselin (1988, p. 203)
## A SUR model without spatial effects
rm(list = ls()) # Clean memory
data(spc)
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA

## A SUR-SLM model (3SLS Estimation)
spcsur.slm.3sls <- spsur3sls(Form = Tformula, data = spc, type = "slm", W = Wspc)
summary(spcsur.slm.3sls)

## A SUR-SDM model (3SLS Estimation)
spcsur.sdm.3sls <- spsur3sls(Form = Tformula, data = spc, type = "sdm", W = Wspc)
summary(spcsur.sdm.3sls)
```

```
### Example 2: Homicides + Socio-Economics (1960-90)
# Homicides and selected socio-economic characteristics for continental U.S. counties.
# https://geodacenter.github.io/data-and-lab/ncovr/
```
### Description

This function estimates spatial SUR models using maximum-likelihood methods. The number of equations, time periods and cross-sectional units is not restricted. The user can choose between different spatial specifications as described below. The estimation procedure allows for the introduction of linear restrictions on the $\beta$ parameters associated to the regressors.

### Usage

```r
spsurml(
  Form = NULL,
  data = NULL,
  R = NULL,
  b = NULL,
  W = NULL,
  X = NULL,
  Y = NULL,
  G = NULL,
  N = NULL,
  Tm = NULL,
  p = NULL,
  demean = FALSE,
  type = "sim",
  cov = TRUE,
  control = list(tol = 0.05, maxit = 200, trace = TRUE)
)
```

### Arguments

- **Form**: An object created with the package `Formula` that describes the model to be estimated. This model may contain several responses (explained variables) and a varying number of regressors in each equation.
- **data**: An object of class `data.frame` or a matrix.
A row vector of order \((1 \times pr)\) with the set of \(r\) linear constraints on the beta parameters. The first restriction appears in the first \(p\) terms, the second restriction in the next \(p\) terms and so on. Default = NULL.

A column vector of order \((rx1)\) with the values of the linear restrictions on the beta parameters. Default = NULL.

A spatial weighting matrix of order \((NxN)\), assumed to be the same for all equations and time periods.

A data matrix of order \((NTmGxp)\) with the observations of the regressors. The number of covariates in the SUR model is \(p = \sum(p_g)\) where \(p_g\) is the number of regressors (including the intercept) in the \(g\)-th equation, \(g = 1, \ldots, G\). The specification of \(X\) is only necessary if not available a \texttt{Formula} and a data frame. Default = NULL.

A column vector of order \((NTmGx1)\), with the observations of the explained variables. The ordering of the data must be (first) equation, (second) time dimension and (third) Cross-sectional/spatial units. The specification of \(Y\) is only necessary if not available a \texttt{Formula} and a data frame. Default = NULL.

Number of equations.

Number of cross-section or spatial units.

Number of regressors by equation, including the intercept. \(p\) can be a row vector of order \((1 \times G)\), if the number of regressors is not the same for all the equations, or a scalar, if the \(G\) equations have the same number of regressors. The specification of \(p\) is only necessary if not available a \texttt{Formula} and a data frame.

Logical value to allow for the demeaning of panel data. In this case, \texttt{spsurml} substracts the individual mean to each spatial or cross-sectional unit. Default = FALSE.

Type of spatial model specification: \"sim\", \"slx\", \"slm\", \"sem\", \"sdm\", \"sdem\" or \"sarar\". Default = \"sim\".

Logical value to show the covariance matrix of the beta coefficients. Default = TRUE.

List of additional control arguments.

The list of (spatial) models that can be estimated with the \texttt{spsurml} function are:

- \texttt{"sim"}: SUR model with no spatial effects
  \[ y_{tg} = X_{tg} \beta_g + \epsilon_{tg} \]

- \texttt{"slx"}: SUR model with spatial lags of the regressors
  \[ y_{tg} = X_{tg} \beta_g + WX_{tg} \theta_g + \epsilon_{tg} \]

- \texttt{"slm"}: SUR model with spatial lags of the explained variables
  \[ y_{tg} = \lambda_g Wy_{tg} + X_{tg} \beta_g + \epsilon_{tg} \]
- "sem": SUR model with spatial errors
  \[ y_{tg} = X_{tg} \beta_g + u_{tg} \]
  \[ u_{tg} = \rho_g W u_{tg} + \epsilon_{tg} \]

- "sdm": SUR model of the Spatial Durbin type
  \[ y_{tg} = \lambda_g W y_{tg} + X_{tt} \beta_g + W X_{tg} \theta_g + \epsilon_{tg} \]

- "sdem": SUR model with spatial lags of the regressors and spatial errors
  \[ y_{tg} = X_{tg} \beta_g + W X_{tg} \theta_g + u_{tg} \]
  \[ u_{tg} = \rho_g W u_{tg} + \epsilon_{tg} \]

- "sarar": SUR model with spatial lags of the explained variables and spatial errors
  \[ y_{tg} = \lambda_g W y_{tg} + X_{tg} \beta_g + u_{tg} \]
  \[ u_{tg} = \rho_g W u_{tg} + \epsilon_{tg} \]

**Value**

Output of the maximum-likelihood estimation of the specified spatial SUR model. A list with:

- **call**: Matched call.
- **type**: Type of model specified.
- **betas**: Estimated coefficients for the regressors.
- **deltas**: Estimated spatial coefficients.
- **se_betas**: Estimated standard errors for the estimates of beta.
- **se_deltas**: Estimated standard errors for the estimates of the spatial coefficients.
- **cov**: Estimated covariance matrix for the estimates of beta’s and spatial coefficients.
- **llsur**: Value of the likelihood function at the maximum-likelihood estimates.
- **R2**: Coefficient of determination for each equation, obtained as the squared of the correlation coefficient between the corresponding explained variable and its estimate.
- **Sigma**: Estimated covariance matrix for the residuals of the G equations.
- **Sigma_corr**: Estimated correlation matrix for the residuals of the G equations.
- **Sigma_inv**: Inverse of Sigma, the (GxG) covariance matrix of the residuals of the SUR model.
- **residuals**: Residuals of the model.
- **df.residuals**: Degrees of freedom for the residuals.
- **fitted.values**: Estimated values for the dependent variables.
- **BP**: Value of the Breusch-Pagan statistic to test the null hypothesis of diagonality among the errors of the G equations.
- **LMM**: Marginal Lagrange Multipliers, LM(\(\rho|\lambda\)) and LM(\(\lambda|\rho\)), to test for omitted spatial effects in the specification.
- **G**: Number of equations.
- **N**: Number of cross-sections or spatial units.
- **Tm**: Number of time periods.
- **demean**: Logical value used for demeaning.
- **Y**: Vector Y of the explained variables of the SUR model.
- **X**: Matrix X of the regressors of the SUR model.
Control arguments

- **tol**: Numerical value for the tolerance for the estimation algorithm until convergence. Default = 1e-3.
- **maxit**: Maximum number of iterations until convergence; it must be an integer value. Default = 200.
- **trace**: A logical value to show intermediate results during the estimation process. Default = TRUE.

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References


See Also

- **spsur3sls**, **lmtestspsur**, **wald_betas**, **lrtestspsur**

Examples

```r
# Example 1: Spatial Phillips-Curve. Anselin (1988, p. 203)
# It usually requires 2-3 minutes maximum...
rm(list = ls())  # Clean memory
data(spc)
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA
spcsur.sim <- spsurml(Form = Tformula, data = spc, type = "sim", W = Wspc)
summary(spcsur.sim)

# A SUR-SLX model
```
spcsur.slx <- spsurml(Formula = Tformula, data = spc, type = "slx", W = Wspc)
summary(spacsur.slx)

## A SUR-SLM model
spcsur.slm <- spsurml(Formula = Tformula, data = spc, type = "slm", W = Wspc)
summary(spacsur.slm)
rm(spacsur.slm) # remove

## A SUR-SEM model
spcsur.sem <- spsurml(Formula = Tformula, data = spc, type = "sem", W = Wspc)
summary(spacsur.sem)
rm(spacsur.sem) # remove

## A SUR-SDM model
spcsur.sdm <- spsurml(Formula = Tformula, data = spc, type = "sdm", W = Wspc)
summary(spacsur.sdm)
rm(spacsur.sdm) # remove

## A SUR-SDEM model
spcsur.sdem <- spsurml(Formula = Tformula, data = spc, type = "sdem", W = Wspc)
summary(spacsur.sdem)
rm(spacsur.sdem) # remove

## A SUR-SARAR model
spcsur.sarar <- spsurml(Formula = Tformula, data = spc, type = "sarar", W = Wspc)
summary(spacsur.sarar)
rm(spacsur.sarar) # remove

#################################################################
######## G=1; Tm>1 ########
#################################################################

#### Example 2: Homicides + Socio-Economics (1960-90)
# Homicides and selected socio-economic characteristics for continental
# U.S. counties.

## It usually requires 1-2 minutes maximum...
rm(list = ls()) # Clean memory
data(NCOVR)
Tformula <- HR80 | HR90 ~ PS80 + UE80 | PS90 + UE90

## A SUR-SIM model
NCOVRSUR.sim <- spsurml(Formula = Tformula, data = NCOVR, type = "sim", W = W)
summary(NCOVRSUR.sim)
rm(NCOVRSUR.sim)

## A SUR-SLX model
NCOVRSUR.slx <- spsurml(Formula = Tformula, data = NCOVR, type = "slx", W = W)
summary(NCOVRSUR.slx)
rm(NCOVRSUR.slx)
## It usually requires 1-2 minutes maximum...

### A SUR-SLM model

```r
NCOVRSUR.slm <- spsurml(Form = Tformula, data = NCOVR, type = "slm", W = W)
summary(NCOVRSUR.slm)
rm(NCOVRSUR.slm)
```

### A SUR-SDM model

```r
NCOVRSUR.sdm <- spsurml(Form = Tformula, data = NCOVR, type = "sdm", W = W)
summary(NCOVRSUR.sdm)
rm(NCOVRSUR.sdm)
```

### A SUR-SEM model

```r
NCOVRSUR.sem <- spsurml(Form = Tformula, data = NCOVR, type = "sem", W = W)
```

### A SUR-SDEM model

```r
NCOVRSUR.sdem <- spsurml(Form = Tformula, data = NCOVR, type = "sdem", W = W)
```

### A SUR-SARAR model

```r
NCOVRSUR.sarar <- spsurml(Form = Tformula, data = NCOVR, type = "sarar", W = W)
summary(NCOVRSUR.sarar)
```

### It usually requires 2-3 minutes maximum...

```r
rm(list = ls()) # Clean memory
#### Reshape NCOVR in panel format
data(NCOVR, package="spsur")
N <- nrow(NCOVR)
Tm <- 4
index_time <- rep(1:Tm, each = N)
index_indiv <- rep(1:N, Tm)
pHR <- c(NCOVR$HR60, NCOVR$HR70, NCOVR$HR80, NCOVR$HR90)
pPS <- c(NCOVR$PS60, NCOVR$PS70, NCOVR$PS80, NCOVR$PS90)
pUE <- c(NCOVR$UE60, NCOVR$UE70, NCOVR$UE80, NCOVR$UE90)
pDV <- c(NCOVR$DV60, NCOVR$DV70, NCOVR$DV80, NCOVR$DV90)
pFP <- c(NCOVR$FP59, NCOVR$FP70, NCOVR$FP80, NCOVR$FP90)
pSOUTH <- rep(NCOVR$SOUTH, Tm)
pNCOVR <- data.frame(indiv = index_indiv, time = index_time,
HR = pHR, PS = pPS, UE = pUE, DV = pDV,
FP = pFP, SOUTH = pSOUTH)
```

```r
rm(NCOVR) # Free memory...
pform <- HR | DV | FP ~ PS + UE | PS + UE + SOUTH | PS
```

### SIM (easy to compute...)

```r
psur_sim <- spsurml(Form = pform, data = pNCOVR, W = W, type = "sim")
summary(psur_sim)
```
## SLM (cov = FALSE to prevent overflows of memory)

```
psur_slm <- spsurml(Form = pform, data = pNCOVR, W = W,
                     type = "slm", cov = FALSE)
```

`psur_slm$deltas`

`psur_slm$betas`

`psur_slm$Sigma_corr`

`rm(psur_slm)`

## SEM (cov = FALSE to prevent overflows of memory)

### Only execute if you have enough memory...

```
psur_sem <- spsurml(Form = pform, data = pNCOVR, W = W,
                     type = "sem", cov = FALSE)
```

`psur_sem$deltas`

`psur_sem$betas`

`psur_sem$Sigma_corr`

`psur_sem`

# Demeaning Examples with G>1; Tm>>1

```
# rm(list = ls()) # Clean memory
set.seed(123456)
Tm <- 10 # Number of time periods
G <- 3 # Number of equations
N <- 100 # Number of spatial elements
p <- 3 # Number of independent variables
Sigma <- matrix(0.5, ncol = G, nrow = G)
  diag(Sigma) <- 1
Betas <- rep(1:3, G)
lambda <- 0.5
rho <- 0.0 # spatial autocorrelation error term = 0
# random coordinates
co <- cbind(runif(N,0,1),runif(N,0,1))
W <- spdep::nb2mat(spdep::knn2nb(spdep::knearneigh(co, k = 5, longlat = FALSE)))
DGPsim <- dgp_spsur(Sigma = Sigma, Betas = Betas, rho = rho, lambda = lambda, 
                     Tm = Tm, G = G, N = N, p = p, W = W)
```

## SLM without demeaning

```
SUR_slm <-spsurml(Y= DGPsim$Y, X = DGPsim$X, G = G, N = N, Tm = Tm, 
                   p = p, W = W, type = "slm")
summary(SUR_slm)
```

## SLM with demeaning

```
SUR_slm_dem <-spsurml(Y= DGPsim$Y, X = DGPsim$X, G = G, N = N, Tm = Tm, 
                      p = p, W = W, type = "slm", demean = TRUE)
summary(SUR_slm_dem)
```
spsurtime

Estimation of SUR models for simple spatial panels ($G=1$).

Description

This function estimates SUR models for simple spatial panel datasets. `spsurtime` is restricted, specifically, to cases where there is only one equation, $G=1$, and a varying number of spatial units, $N$, and time periods, $Tm$. The SUR structure appears in form of serial dependence among the error terms corresponding to the same spatial unit. Note that it is assumed that all spatial units share a common pattern of serial dependence.

The user can choose between different types of spatial specifications, as described below, and the estimation algorithms allow for the introduction of linear restrictions on the $\beta$ parameters associated to the regressors. The spatial panels with SUR structure can be estimated by maximum-likelihood methods or three-stages least squares procedures, using spatial instrumental variables.

Usage

`spsurtime(
  Form,
  data,
  time,
  type = "sim",
  method = "ml",
  maxlagW = 2,
  W = NULL,
  cov = TRUE,
  demean = FALSE,
  trace = TRUE,
  R = NULL,
  b = NULL
)`

Arguments

Form

An object created with the package `Formula` that describes the model to be estimated. This model may contain several responses (explained variables) and a varying number of regressors in each equation.

data

An object of class data.frame or a matrix.

time

Time variable.

type

Type of spatial model specification: "sim", "slx", "slm", "sem", "sdm", "sdem" or "sarar". Default = "sim".

method

Method of estimation for the spatial panel SUR model, either `ml` or `3sls`. Default = `ml`. 

maxlagW

Maximum spatial lag order of the regressors employed to produce spatial instruments for the spatial lags of the explained variables. Default = 2. Note that in case of *type*="sdm", the default value for maxlagW is set to 3 because the first lag of the regressors, WX_{tg}, can not be used as spatial instruments.

W

A spatial weighting matrix of order \((NxN)\), assumed to be the same for all equations and time periods.

cov

Logical value to show the covariance matrix of the \(beta\) coefficients. Default = TRUE.

demean

Logical value to allow for the demeaning of panel data, subtracting the individual mean to each spatial or cross-sectional unit. Default = FALSE.

trace

Logical value to show intermediate results. Default = TRUE.

R

A row vector of order \((1xpr)\) with the set of \(r\) linear constraints on the \(beta\) parameters. The first restriction appears in the first \(p\) terms, the second restriction in the next \(p\) terms and so on. Default = NULL.

b

A column vector of order \((rx1)\) with the values of the linear restrictions on the \(beta\) parameters. Default = NULL.

Details

Function *spsurtime* only admits a formula, created with *Formula* and a dataset of class data.frame or matrix. That is, the data cannot be uploaded using data matrices \(Y\) and \(X\) provided for other functions in this package.

The argument *time* selects the variable, in the data.frame, associated to the time dimension in the panel dataset. Then *spsurtime* operates as in Anselin (1988), that is, each cross-section is treated as if it were an equation in a SUR model, which now has \(Tm\) ‘equations’ and \(N\) individuals.

The SUR structure appears because there is serial dependence in the errors of each individual in the panel. The serial dependence in the errors is not parameterized, but estimated non-parametrically in the \(Sigma\) covariance matrix returned by the function. An important constraint to mention is that the serial dependence assumed to be the same for all individuals in the sample. Serial dependence among individuals is excluded from Anselin approach.

Value

Output of the maximum-likelihood or three-stages least-squares estimation of the spatial panel SUR model. The final list depends of the estimation method but, typically, you will find information about:

- **call**: Matched call.
- **type**: Type of model specified.
- **betas**: Estimated coefficients for the regressors.
- **deltas**: Estimated spatial coefficients.
- **se_betas**: Estimated standard errors for the estimates of \(beta\).
- **se_deltas**: Estimated standard errors for the estimates of the spatial coefficients.
- **cov**: Estimated covariance matrix for the estimates of \(beta\)’s and spatial coefficients.
- **llsur**: Value of the likelihood function at maximum-likelihood estimation. Only if *method* = ml.
- **R2**: Global coefficient of determination for the \(Tm\) equations, obtained as the squared of the correlation coefficient.
- **Sigma**: Estimated covariance matrix for the residuals of the \(G\) equations.
Sigma_corr estimated correlation matrix for the residuals of the $G$ equations.
Sigma_inv Inverse of Sigma, the $(G \times G)$ covariance matrix of the residuals of the SUR model.
residuals Residuals of the model.
df.residuals Degrees of freedom for the residuals.
fitted.values Estimated values for the dependent variables.
BP Value of the Breusch-Pagan statistic to test the null hypothesis of diagonality among the errors of the $G$ equations. Only if method = ml.
LMM Marginal Lagrange Multipliers, LM($\rho|\lambda$) and LM($\lambda|\rho$), to test for omitted spatial effects in the specification. Only if method = ml.
N Number of cross-sections or spatial units.
Tm Number of time periods.
demean Logical value used for demeaning.
W Spatial weighting matrix.

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References

See Also
spsurml, spsur3sls, wald_betas, lmtestspsur, lrtestspsur

Examples
```
# Example 1:
rm(list = ls()) # Clean memory
N <- nrow(spc)
```
Tm <- 2
index_time <- rep(1:Tm, each = N)
index_indiv <- rep(1:N, Tm)
WAGE <- c(spc$WAGE83, spc$WAGE81)
UN <- c(spc$UN83, spc$UN80)
NMR <- c(spc$NMR83, spc$NMR80)
SMSA <- c(spc$SMSA, spc$SMSA)
pspc <- data.frame(index_indiv, index_time, WAGE, UN, NMR, SMSA)
form_pspc <- WAGE ~ UN + NMR + SMSA

# SLM by 3SLS
pspc_slm <- spsurtime(Form = form_pspc, data = pspc, W = Wspc,
                        time = pspc$index_time, type = "slm", method = "3sls")
summary(pspc_slm)

## Example 2:
rm(list = ls()) # Clean memory
data(NCOVR, package = "spsur")
N <- nrow(NCOVR)
Tm <- 4
index_time <- rep(1:Tm, each = N)
index_indiv <- rep(1:N, Tm)
pHR <- c(NCOVR$HR60, NCOVR$HR70, NCOVR$HR80, NCOVR$HR90)
pPS <- c(NCOVR$PS60, NCOVR$PS70, NCOVR$PS80, NCOVR$PS90)
pUE <- c(NCOVR$UE60, NCOVR$UE70, NCOVR$UE80, NCOVR$UE90)
pNCOVR <- data.frame(indiv = index_indiv, time = index_time,
                      HR = pHR, PS = pPS, UE = pUE)
rm(NCOVR)
form_pHR <- HR ~ PS + UE

# SLM by 3SLS
pHR_slm <- spsurtime(Form = form_pHR, data = pNCOVR, W = W,
                      time = pNCOVR$time, type = "slm", method = "3sls")
summary(pHR_slm)

################################ LR tests about betas in spatio-temporal models

## Usually takes less than 1 minute
## H0: equal PS and UE beta in equations 3 and 4 al
R <- matrix(0, nrow = 2, ncol = 12)
R[1, 8] <- 1; R[1, 11] <- -1
R[2, 9] <- 1; R[2, 12] <- -1
b <- matrix(0, nrow = 2, ncol = 1)
lr_partrate <- lr_betas_spsur(Form = form_pHR, data = pNCOVR,
                              time = pNCOVR$time, W = W,
                              type = "sim", R = R, b = b, trace = TRUE,
                              printmodels = TRUE)

################################ Wald tests about betas in spatio-temporal models
wald_betas(pHR_slm, R = R, b = b) # SLM model

################################ Wald tests about spatial-parameters in
# spatio-temporal models
### Description

This function summarizes estimated `spsur` objects. The tables in the output include basic information for each equation. The report also shows other complementary results corresponding to the SUR model like the \((G \times G)\) covariance matrix of the residuals of the equations of the SUR, the estimated log-likelihood, the Breusch-Pagan diagonality test or the Marginal Lagrange Multiplier, LMM, tests of spatial dependence.

### Usage

```r
## S3 method for class 'spsur'
summary(object, ...)  
```

### Arguments

- **object**: `spsur` object estimated using `spsurml`, `spsur3sls` or `spsurtime` functions.
- **...**: further arguments passed to or from other methods.

### Value

An object of class `summary.spsur`

### Author(s)

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### See Also

`print.summary.spsur`; `spsurml`; `spsur3sls`. 

```r
## H0: equal lambdas in slm model for equations 1 and 2.
R2 <- matrix(0, nrow = 1, ncol = 4)
R2[1,1] <- 1; R2[1,2] <- -1
b2 <- matrix(0, nrow = 1, ncol = 1)
wald_deltas(pHR_slm, R = R2, b = b2)
```
Examples

# See examples for \code{\link{spsurml}} or
# \code{\link{spsur3sls}} functions.

\begin{verbatim}
W
\end{verbatim}

\textit{Spatial weight matrix for U.S. Counties}

Description

A spatial weight matrix row-standardized based on first order contiguity criterium.

Usage

\begin{verbatim}
W
\end{verbatim}

Format

A row-standardized squared matrix with 3085 rows and columns. The rows and columns follow the same order than Counties included in \texttt{NCOVR} data frame.

Source

https://geodacenter.github.io/data-and-lab/ncovr/

References


\begin{verbatim}
wald_betas
\end{verbatim}

\textit{Wald tests on the beta coefficients of the equation of the SUR model}

Description

The function \texttt{wald_betas} can be seen as a complement to the restricted estimation procedures included in the functions \texttt{spsurml} and \texttt{spsur3sls}. \texttt{wald_betas} obtains Wald tests for sets of linear restrictions on the coefficients $\beta$ of the SUR model. The restrictions may involve coefficients of the same equation or coefficients from different equations. The function has great flexibility in this respect. Note that \texttt{wald_betas} is more general than \texttt{lr_betas_spsur} in the sense that the last function only allows to test for restrictions of homogeneity of subsets of $\beta$ coefficients among the different equations in the SUR model, and in a maximum-likelihood framework.

In order to work with \texttt{wald_betas}, the model on which the linear restrictions are to be tested needs to exists as an \texttt{spsur} object. Using the information contained in the object, \texttt{wald_betas} obtains the corresponding Wald estatistic for the null hypotheses specified by the user through the \texttt{R} row vector and \texttt{b} column vector, used also in \texttt{spsurml} and \texttt{spsur3sls}. The function shows the value of the Wald test statistics and its associated p-values.
Usage

wald_betas(results, R, b)

Arguments

results : An object created with spsurml or spsur3sls. This argument serves the user to indicate the spatial SUR model, previously estimated by maximum-likelihood or 3sls, where the set of linear restrictions are to be tested.

R : A row vector of order (1xPr) showing the set of r linear constraints on the β parameters. The first restriction appears in the first K terms in R, the second restriction in the next K terms and so on. Default = NULL.

b : A column vector of order (rx1) with the values of the linear restrictions on the β parameters.

Value

The output of the function is very simple and consists of two pieces of information, the value of the Wald statistic and the corresponding p-value, plus the degrees of freedom of the test.

Wald stat The value of Wald test.
p_val The p-value of Wald test.
q Degrees of freedom of the corresponding χ² distribution.

Author(s)

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References


See Also

spsurml, spsur3sls, lr_betas_spsur
Examples

### Example 1: Spatial Phillips-Curve. Anselin (1988, p. 203)
rm(list = ls()) # Clean memory
data(spc)
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA
## Estimate SUR-SLM model
spcsur.slm <- spsur3sls(Formula = Tformula, data = spc, type = "slm", W = Wspc)
summary(spcsur.slm)
## H_0: equality between SMSA coefficients in both equations.
R1 <- matrix(c(0,0,0,1,0,0,0,-1), nrow=1)
b1 <- matrix(0, ncol=1)
wald_beta <- wald_betas(results = spcsur.slm, R = R1, b = b1)

## H_0: equality between intercepts and SMSA coefficients in both equations.
R2 <- matrix(c(1,0,0,0,-1,0,0,0,0,0,0,0,1,0,0,0,-1),
nrow = 2, ncol = 8, byrow = TRUE)
b2 <- matrix(c(0,0),ncol=1)
wald_betas(results = spcsur.slm, R = R2, b = b2)

### Example 2: Homicides + Socio-Economics (1960-90)
## Usually takes 1-2 minutes maximum
data(NCOVR)
Tformula <- HR80 | HR90 ~ PS80 + UE80 | PS90 + UE90
## A SUR-SLM model
NCOVRSUR.slm <- spsurml(Form = Tformula, data = NCOVR, type = "slm", W = W)
summary(NCOVRSUR.slm)
R1 <- matrix(c(0,1,0,0,-1,0,0,0,0,0,0,0,1,0,0,0,-1),
nrow = 2, ncol = 8, byrow = TRUE)
b1 <- matrix(0, ncol=1)
wald_betas(results = NCOVRSUR.slm, R = R1, b = b1)

---

wald_deltas

Wald tests for spatial parameters coefficients.

Description

Function `wald_deltas` obtains Wald tests for linear restrictions on the spatial coefficients of a SUR model that has been estimated previously through the function `spsurml`. The restrictions can affect to coefficients of the same equation (i.e., $\lambda_g = \rho g$ for all$g$) or can involve coefficients from different
equations (i.e., $\lambda_g = \lambda_h$). The function has great flexibility in this respect. Note that `wald_deltas` only works in a maximum-likelihood framework.

In order to work with `wald_betas`, the model on which the linear restrictions are to be tested needs to exist as an `spsur` object. Using the information contained in the object, `wald_deltas` obtains the corresponding Wald statistic for the null hypotheses specified by the user through the $R$ row vector and $b$ column vector discussed, used also in `spsurml`. The function shows the resulting Wald test statistics and their corresponding p-values.

Usage

```r
wald_deltas(results, R, b)
```

Arguments

- **results**: An object created with `spsurml` or `spsur3sls`. This argument serves the user to indicate the spatial SUR model, previously estimated by maximum-likelihood or 3sls, where the set of linear restrictions are to be tested.

- **R**: A row vector of order $(1 \times Gr)$ or $(1 \times 2Gr)$ showing the set of $r$ linear constraints on the spatial parameters. The last case is reserved to "sarar" models where there appear $G$ parameters $\lambda_g$ and $G$ parameters $\rho_g$, $2G$ spatial parameters in total. The first restriction appears in the first $G$ terms in $R$ (2G for the "sarar" case), the second restriction in the next $G$ terms (2G for the "sarar" case) and so on. Default = NULL.

- **b**: A column vector of order $(rx1)$ with the values of the linear restrictions on the $\beta$ parameters. Default = NULL.

Value

The output of the function is very simple and consists of two pieces of information, the value of the Wald statistic and the corresponding p-value, plus the degrees of freedom of the test.

- Wald stat: The value of Wald test.
- p_val: The p-value of Wald test.
- q: Degrees of freedom of the corresponding $\chi^2$ distribution.

Author(s)

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See Also

- `spsurml`, `spsur3sls`
Examples

# CROSS SECTION DATA (G>1; Tm=1) #
rm(list = ls()) # Clean memory
data(spc)
Tformula <- WAGE83 | WAGE81 ~ UN83 + NMR83 + SMSA | UN80 + NMR80 + SMSA

## Estimate SUR-SLM model
spcsur.slm <- spsur3sls(Formula = Tformula, data = spc, type = "slm", W = Wspc)
summary(spcsur.slm)

## H_0: equality of the lambda parameters of both equations.
R1 <- matrix(c(1,-1), nrow=1)
b1 <- matrix(0, ncol=1)
wald_deltas(results = spcsur.slm, R = R1, b = b1)

## Estimate SUR-SEM model
# It usually requires 1-2 minutes maximum
spcsur.sem <- spsurml(Formula = Tformula, data = spc, type = "sem", W = Wspc)
summary(spcsur.sem)

## H_0: equality of the rho parameters of both equations.
R2 <- matrix(c(1,-1), nrow=1)
b2 <- matrix(0, ncol=1)
wald_deltas(results = spcsur.sem, R = R2, b = b2)

## Estimate SUR-SARAR model
# It usually requires 2-3 minutes maximum
spcsur.sarar <- spsurml(Formula = Tformula, data = spc,
                        type = "sarar", W = Wspc)
summary(spcsur.sarar)

## H_0: equality of the lambda and rho parameters of both equations.
R3 <- matrix(c(1,-1,0,0,0,0,1,-1), nrow=2,ncol=4,byrow=TRUE)
b3 <- matrix(c(0,0), ncol=1)
wald_deltas(results = spcsur.sarar, R = R3, b = b3)

### Example 2: Homicides + Socio-Economics (1960-90)
# It could make an error out-of-memory in some computers
rm(list = ls()) # Clean memory
data(NCOVR)
Tformula <- HR80 | HR90 ~ PS80 + UE80 | PS90 + UE90

## Estimate SUR-SLM model
# A SUR-SLM model
NCOVRSUR.slm <- spsurml(Formula = Tformula, data = NCOVR, type = "slm", W = W)
summary(NCOVRSUR.slm)
## H_0: equality of the lambda parameters of both equations.
R1 <- matrix(c(1,-1), nrow=1)
b1 <- matrix(0, ncol=1)
wald_deltas(results = NCOVRSUR.slm, R = R1, b = b1)

#################################
## Estimate SUR-SEM model
NCOVRSUR.sem <- spsurml(Form = Tformula, data = NCOVR, type = "sem", W = W)
summary(NCOVRSUR.sem)
## H_0: equality of the rho parameters of both equations.
R2 <- matrix(c(1,-1), nrow=1)
b2 <- matrix(0, ncol=1)
wald_deltas(results = NCOVRSUR.sem, R = R2, b = b2)

---

**Wspc**

*Spatial weight matrix for South-West Ohio Counties to estimate Spatial Phillips-Curve*

---

**Description**

A spatial weight matrix row-standardized based on first order contiguity criterium.

**Usage**

`Wspc`

**Format**

A row-standardized squared matrix with 25 rows and columns. The rows and columns follow the same order than provinces included in `spc` data frame.

**Source**

Anselin (1988, p. 207)

**References**

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