

ASAP Assignment 2

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1 Difference in Difference

Description: You are tasked with estimating the effects of the 1993 policy intervention on labor supply for single women by whether or not they had children. - The relevant variables in this case are: state - US-State/ province of residence year - Year unrate - US-State/province unemployment rate children - number of children per women nonwhite - nonwhite finc - annual family income earn - annual earnings (of women) age - age of women ed - Years of education work - Indicator work status (employed or not) unearn - unearned Income

Outcome variable: INDICATOR WORK STATUS Time indicator: at 1993 (beginning) create time variable Goal: estimate the effect of the 1993 policy intervention on labor supply for single women by whether or not they had children (Dummy for whether they had children or not??)

The unit of analysis are females in the US

Question: The main predictor is meant to be whether women has children; Should we use that as a dummy or numeric variable?? - something like degree of treatment

1.1 Indicate which of the coefficients(s) from equation (1) yield the following outcomes

NOTE possibly delete duplicates SEE SLIDE 57 ff

Important: we cannot identify the months; so If they become mothers at some point, we will assume that these are taken out!

$$(1) y_{it} = \beta_0 + \beta_1 + \beta_2 + \beta_3 D_i T_t + \epsilon_{it}$$

$$E = (y_{T=1}|D = 1) \quad E = (y_{T=0}|D = 1) \quad E = (y_{T=1}|D = 0) \quad E = (y_{T=0}|D = 0)$$

$$[E(y_{T=1}|D = 1) - E(y_{T=0}|D = 1)] - [E(y_{T=1}|D = 0) - E(y_{T=0}|D = 0)]$$

1.2 Task 2: Provide graphic as on slide 55

NOTES: This "visual" proof is no real proof; this is just visual confirmation of what we assume; but does this really pertain to the case that the TAX credit is the real cause? What about the case of subsections of the population? and we still do not know whether this is really causal and not like the economy heating up; Predictor is WHETHER YOU HAVE CHILD OR NOT

1.3 Task 3: Summary Statistics for data

Table 1: Descriptive Statistics of Numeric Independent and Dependent Variable

Statistic	Mean	St. Dev.	Min	Pctl(25)	Median	Pctl(75)	Max
Family Income	15,255.320	19,444.250	0.000	5,123.418	9,636.664	18,659.180	575,616.800
Earnings	10,432.480	18,200.760	0.000	0.000	3,332.180	14,321.220	537,880.600
Age	35.210	10.157	20	26	34	44	54
Education	8.806	2.636	0	7	10	11	11
Education Years	4.823	7.123	0.000	0.000	2.973	6.864	134.058
Unearned Income	1.193	1.382	0	0	1	2	9
Count Children	0.513	0.500	0	0	1	1	1

Notes: N = 13746

1.4 Task 4: Matrix Diff in Diff

NOTE: by taking the average of the periods we have two small problems: 1) the AFTER period is longer; so should we really do that?

1.5 Task 5: Analyze the DiD effect with appropriate regression models for the three dependent variables

Table 2: Descriptive Statistics of ECIC; With Children

Statistic	Mean	St. Dev.	Min	Pctl(25)	Median	Pctl(75)	Max
Family Income	12,750.390	15,739.050	0.000	4,652.465	8,425.197	15,218.720	410,507.600
Earnings	7,909.934	14,956.930	0.000	0.000	1,110.727	11,107.270	366,095.500
Age	32.717	8.630	20	25	32	39	54
Education	9.001	2.408	0	7	10	11	11
Education Years	4.840	5.872	0.000	0.071	3.761	7.070	102.958
Unearned Income	2.097	1.209	1	1	2	3	9
Count Children	0.466	0.499	0	0	0	1	1

Notes: N = 7819

Table 3: Descriptive Statistics of ECIC; Without Children

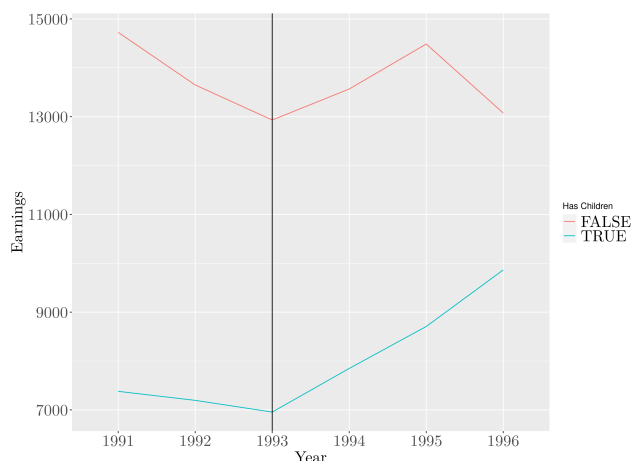
Statistic	Mean	St. Dev.	Min	Pctl(25)	Median	Pctl(75)	Max
Family Income	18,559.860	23,041.780	0.000	5,793.092	11,912.950	24,391.010	575,616.800
Earnings	13,760.260	21,301.400	0.000	0.000	7,664.014	19,447.610	537,880.600
Age	38.498	11.046	20	28	40	49	54
Education	8.549	2.889	0	7	10	11	11
Education Years	4.800	8.496	0.000	0.000	1.248	6.528	134.058
Unearned Income	0.000	0.000	0	0	0	0	0
Count Children	0.574	0.494	0	0	1	1	1

Notes: N = 5927

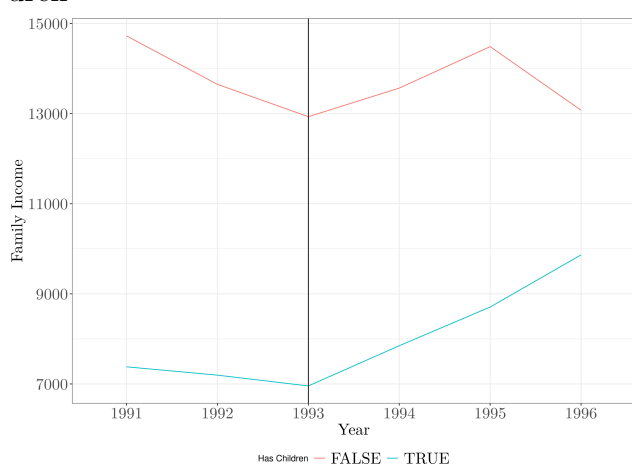
Table 4: Diff-in-Diff Matrix

	dperiod	Earning		Family Income		Work Participation	
		Childless	Has Child	Childless	Has Child	Childless	Has Child
Before	1	14,203.900	7,290.380	19,159.190	12,140.900	0.580	0.450
After	2	13,507.900	8,277.200	18,218.950	13,111.690	0.570	0.480
Difference		-696.000	986.810	-940.240	970.800	-0.010	0.030

Notes: N = 5927 Childless; N = 7819 Has one or more Children



(a) Annual Earnings by Females with(out) Children



(b) Family Earnings Earnings by Females with(out) Children



(c) Work Participation by Females with(out) Children

Figure 1: Pre-Post Intervention of EICT Credit for Women with(out) Children

Note: standardized coefficients will NOT be included as they are of no interpretable interest here and there is no real effect size we want to estimate in the first place.

Also: give a short theory for why control variables were included! LOOK AT PQRM QUANTITATIVE COURSE AT UVA; THEY CALLED IT SOMETHING SPECIAL!

IMPORTANT: EXPLAIN WHY IN CERTAIN MODELS THE CONTROL VARIABLES WORK AND WHY THEY DON'T WORK IN OTHER MODELS!! Build a theory in this regard

NOTE ROBUST STANDARD ERRORS MIGHT NOT EVEN BE NEEDED IN THIS CASE DUE TO THE THEORY BEHIND DIFF IN DIFF

Table 5: NON-ROBUST REGRESSION RESULTS PART 3

	<i>Dependent variable:</i>					
	earn		finc		work	
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	14,899.900*** (828.375)	12,958.640*** (1,550.012)	20,099.430*** (886.522)	16,218.430*** (1,655.347)	0.582*** (0.023)	0.532*** (0.043)
has_children1	-8,596.327*** (1,093.444)	-8,394.973*** (1,096.506)	-8,929.330*** (1,170.197)	-8,269.567*** (1,171.022)	-0.159*** (0.030)	-0.150*** (0.030)
dperiod	-695.997 (485.413)	-536.491 (500.046)	-940.239* (519.486)	-515.553 (534.028)	-0.005 (0.013)	-0.024* (0.014)
age		22.555 (15.922)		78.717*** (17.004)		0.002*** (0.0004)
urate		133.948 (114.614)		372.861*** (122.403)		-0.018*** (0.003)
ed		66.337 (59.579)		-125.305** (63.628)		0.017*** (0.002)
nonwhite1		-1,255.622*** (326.237)		-2,438.387*** (348.408)		-0.043*** (0.009)
has_children1:dperiod	1,682.810*** (642.099)	1,722.360*** (641.893)	1,911.035*** (687.171)	2,006.060*** (685.515)	0.031* (0.018)	0.033* (0.018)
R ²	0.026	0.027	0.022	0.028	0.012	0.027
Adjusted R ²	0.026	0.027	0.022	0.027	0.012	0.026
Residual Std. Error	17,965.670	17,956.450	19,226.750	19,176.730	0.497	0.493
F Statistic	121.691***	54.794***	105.245***	56.166***	54.906***	54.374***

Note: N = 13746. Non Robust Standard Errors applies. Years in date range is 2006 to 2010. The Sale Price is represented in 1000s. "White" is reference category for "non-White" categorical variable.