

Introduction to Metrics : Homework 1

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9/27/2018

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1 Learning Objectives and Due Date

- Be familiar with Stata/R and Data

- Understand Rubin Causal Model
- Make a formal causal inference with experimental data

2 Due Date and Formats

- Due to Oct.11 12:00 pm
- *Please send your homework to: jl2017f@126.com on time.*
 - **Subject:** 学号 _ 姓名 _ 专业 _HW1
 - **Rename your file with ID_Name_Major_HW1** (eg. 151090001_户纳东 _ 经济 _HW1.scml) **The homework with wrong filename will not be archived or scored properly.**
- **Format**
 - *English or Chinese (but could not supported in some cases)*
 - *Word or PDF generated by Latex (or Rmarkdown) for **R** users*
 - *Copy results from the log files to Word or generate PDF by some commands for **Stata** users*
- **Important Rule: Plagiarism Will Be NOT Tolerant!** If TAs have enough evidence to make me believe that your homework is very very “similar” with another finished by one of your classmates, then both of you will score **ZERO** directly!

3 Exercises in SW textbooks

- 3.2 (pp139)
- 3.11 (pp141)
- 3.15 (pp142)
- 3.20 (pp144)

4 Rural-Urban Migrant Earnings(30 points)

4.1 Background

- Rural to urban migrants in China is one of the most important economic and social phenomenon. Understanding the economic performance of migrants helps to shape our stance on government's migration policies.
- A first simple fact about migration is that on average migrants earn less than urban residents. Based on [Chinese Household Income Project\(CHIPs\)](#) data in 2007, the table below presents the means and standard deviations of migrants and urban residents' earnings and working hours in 2007.

Variables	urban	migrant
Monthly earnings	5023 [2312]	2458 [1258]
Working hours	46 [13]	65 [30]
Obs.	3259	1785

4.2 Question:

1. Is there a wage gap between urban residents and rural migrants? How much about it? Please provide at least two interpretations to the mean comparisons displayed in Table 1. What are the possible underlying causal mechanisms.(5 points)
2. Suppose you want to test one of your interpretations, what kinds of mean comparisons would you make? Be specific about outcome variables and “treatment” variables. (5 points)
3. Following the framework of Rubin Causal Model, please formalize the question above to make you piont.(10 points)

4. Are there any policy implications of your interpretations of the data? If so, briefly discuss these implications. If not, briefly discuss why your interpretations are not enough to give policy suggestions.(10 points)

5 Medical Insurance (30 points)

5.1 Background

- the National Health Interview Survey (NHIS) is an annual survey of the U.S. population with detailed information on health and health insurance.
- Among many other things, the NHIS asks: “Would you say your health in general is excellent, very good, good, fair, or poor?” We used this question to code an index that assigns 5 to excellent health and 1 to poor health in a sample of married 2009 NHIS respondents who may or may not be insured.
- Based on the survey in 2009, the table below presents simple comparisons for a outcome variable,the health index and other characteristic variables of insured and uninsured husbands in American households.
- The causal relation of interest here is determined by a variable that indicates coverage by private health insurance.

Variables	Some HI	No HI	Difference
Health Index	4.01 [.93]	3.70 [1.01]	0.31 (.03)
Age	43.98	41.26	2.71 (.29)
Education	14.31	11.56	2.74 (.10)
Employed	.92	.85	.07 (.01)
Family income	106,467	45,656	60,810

Variables	Some HI	No HI	Difference
			(1,355)
Obs.	8,114	1,281	

5.2 Question

1. Briefly describe some basic facts one can learn from the table. What are the statistics in the *brackets* and *parentheses* respectively? What is the **difference** between these two statistics? (10 points)
2. Is the mean difference in health index statistically significant? How do you reach your decision? (10 points)
3. Can we interpret the mean difference in health index as the causal impact of having health insurance? What is the difference between the simple mean difference and causal effect? Use **potential outcome** notations to make your answer concrete.(10 points)

6 RAND Experiment(40 points)

6.1 Background

- The RAND Health Insurance Experiment (HIE), which ran from 1974 to 1982, was one of the most influential social experiments in research history. The HIE enrolled 3,958 people aged 14 to 61 from six areas of USA. The HIE sample excluded Medicare participants and most Medicaid and military health insurance subscribers. HIE participants were randomly assigned to one of 14 insurance plans. Participants did not have to pay insurance premiums, but the plans had a variety of provisions related to cost sharing, leading to large differences in the amount of insurance they offered.
- Download the dataset *rand.dta* from [Course Web](#). The dataset contains the following variables:

Variable Names	Discriptions
any_ins	= 1 if has any health insurance assigned; = 0 otherwise
female	= 1 if female; = 0 otherwise
blackhisp	= 1 if nonwhite; = 0 otherwise
educper	years of education
hosp	hospitalized last year
ghindx	pre-treatment outcome : general health index
cholest	pre-treatment outcome: cholesterol level (mg/dl)
ghindx	post-treatment outcome: general health index
cholestx	post-treatment outcome: cholesterol level (mg/dl)

- use Stata or R to answer following quesitons.

6.2 Question

1. Generate basic summary statistics such as mean, standard deviation, and total number of observations for variables **female**, **blackhisp**, **educper**, **ghindx**, and **cholest**, separated by the **any_ins** indicator. Your table for each variables should look similar as the table in Question 1. You can also combine all the information in just one table. (10 points)
2. Three personal characteristics variables in question 1(thus **female**, **blackhisp** and **educper**) and two pre-treatment outcome variables(thus **ghindx**, and **cholest**) can be considered as baseline outcome variables. For these variables, test the **null hypothesis** that there is no mean difference ($H_0 : \mu = 0$). (You should write down the equation of the statistic which you are going to use.) And What the baseline outcomes mean to the experiment? (10 points)
3. For the two post-treatment variables, (thus **ghindx**, and **cholestx**)repeat the exercises you just did (compute group mean, standard deviation, and run a t-test). (10 points)
4. Interpret the results you obtain (the mean comparison results for



图 1: moon

characteristic variables, pre-treatment outcome variables, and post-treatment outcome variables). (10 points)

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