

Replication codes for “Robust Ranking of Happiness Outcomes: A Median Regression Perspective” by Chen, L. Y., Oparina, E., Powdthavee, N., and Srisuma, S. (2021).

This repository contains the codes for estimating semiparametric median regression for ordinal outcomes based on mixed integer optimization (MIO). Description of this estimator and its computation details can be found in the paper. The codes include Stata and Matlab files. Implementation of the Matlab function requires the Gurobi solver, which is freely available for academic purposes (you can request the license [here](#)). To replicate the results of the paper:

1. Install the Gurobi solver (installation guide [here](#)) and link it to Matlab (instruction [here](#))
2. Run the files in the following order:
 - *gss_clean* in Stata. You will need to change the line 11 of the file to ensure that it points to the folder where you extract our files;
 - *bounds.do* in Stata;
 - *empirical_results.m* in Matlab;
 - *empirical_results_bs.m* in Matlab.

We now describe the codes in this directory:

- **Data cleaning.** The Stata *gss_clean.do* file prepares the GSS dataset obtained from GSS Data Explorer (available [here](#)) for the analysis. It also performs necessary adjustment for series break following Stevenson and Wolfers (2008). The code produces *GSS_working.dta* data file as an output.
- **Heteroskedastic ordered probit and logit estimation.** The Stata *bounds.do* file produces matrices of heteroskedastic ordered probit and logit estimates and their standard errors, using observations of for even years. These are reported in the paper and used to construct the bounds for the median regression estimation. The codes use *GSS_working.dta* data file as an input and produce *GSS_working_even.csv* dataset. The results are stored in *logitse.xlsx* and *probitse.xlsx* files, which are used as an input for Matlab estimation codes.
- **Median regression estimation.** The Matlab file *empirical_results.m* provides point estimates of parameters of the ordinal discrete choice median regression model. It uses the function defined in the Matlab file *ordered_response_LAD.m*. The codes use *GSS_working_even.csv* data file, and parametric model estimates, *logitse.xlsx* and *probitse.xlsx*, as inputs. It stores the estimates, *bhat*, and other supporting data in the *mio_res.mat* file, which is used as an input for confidence intervals construction.

- **Construction of confidence intervals (CI).** The Matlab file *empirical_results_bs.m* constructs CI for the parameters of the ordinal discrete choice median regression model. It uses the function defined in the Matlab file *CI_ordinal_LAD.m*. The code uses the .csv data file, and the computed semiparametric estimates and the data from *mio_res.mat* as inputs. It stores the estimates, *bhat*, confidence intervals, *CI*, and supporting data in the *mio_res_bs.mat* file.

The Matlab codes include some options for estimation diagnostics and tuning, that can be useful if you want to use them for a different application. In particular, those are related to:

- **Time.** The computational budget for the MIO estimation can be specified in terms of time, T , or the number of nodes, N . Currently the node limit for our MIO computation is set at 10,000 nodes. Note that the results might not be exactly replicated yet would remain very similar to those reported in the paper if the codes are run on a different computing environment such as different Gurobi or Matlab versions. MIO computation might take substantial time. For large scale applications, it might be practical to start with setting a time limit, e.g., of one hour, and further explore the performance with different time budgets.

Additionally, some helpful details on the basic of Mixed integer programming and its implementation in Gurobi algorithms can be found [here](#) and [here](#).

We hope you find these files useful.

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