

TODAY'S AGENDA

- 1 Controls and categorical variables
- 2 Prediction and practice

Last week

We want to close backdoors (Z) from X to Y

"controls" subtract the part of X and Y that can be explained by Z

Interpretation template: "all else equal"/"controlling for A, B, C, a one unit increase in X produces in Y"

On their own

Marriage rate and Median Age at Marriage both explain some variation in Divorce rate

```
# base model
m1 = lm(Divorce ~ Marriage, data = WaffleDivorce)
summary(m1)
```

```
divorce_age = lm(Divorce ~ MedianAgeMarriage, data = std_waffle)
```

```
Coefficients:

Estimate Std. Error t value Pr(>|t|)

(Intercept) 32.4703 4.4210 7.345 2.18e-09 ***

MedianAgeMarriage -0.8744 0.1695 -5.159 4.68e-06 ***
```

Some of that explanation is shared!

\mathbb{R}^2

R²

How much variation in Y is explained by X

0-1 scale; a %

Higher = more variation

```
Call:
lm(formula = Divorce ~ Marriage, data = WaffleDivorce)
Residuals:
   Min
             1Q Median
                                   Max
-3.0068 - 1.2173 0.1214 1.1805 4.4971
Coefficients:
            Estimate Std. Error t value Pr(>|t|)
(Intercept) 6.08404
                       1.31337
                                 4.632 2.78e-05 ***
Marriage
            0.17918
                       0.06418
                                 2.792 0.00751 **
Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
Residual standard error: 1.706 on 48 degrees of freedom
Multiple R-squared: 0.1397, Adjusted R-squared: 0.1218
```

Adjusted R²

Technically, the more Xs you add the "better" you explain Y

Adjusted R² calculates differently to account for htis, penalizes adding terms

Not super relevant for us, and there's a lot of skepticism around R² today!

But just so you know...

Interpretation

```
Loc Marriage MedianAgeMarriage Divorce
    \mathsf{AL}
            20.2
                               25.3
                                        12.7
            26.0
                                        12.5
    AK
                               25.2
    ΑZ
            20.3
                               25.8
                                        10.8
                                        13.5
    AR
            26.4
                               24.3
                                         8.0
            19.1
                               26.8
    CA
6
            23.5
                               25.7
    C0
                                        11.6
                               27.6
                                         6.7
    \mathsf{CT}
            17.1
    DE
            23.1
                               26.6
                                         8.9
            17.7
                               29.7
                                         6.3
    DC
                               26.4
                                         8.5
10
    FL
            17.0
            22.1
                               25.9
    GA
                                        11.5
    ΗI
                               26.9
                                         8.3
            24.9
            25.8
                               23.2
                                         7.7
                                         8.0
            17.9
                               27.0
            19.8
                               25.7
                                        11.0
16
    IA
            21.5
                                25.4
                                         10.2
```

```
# control for age at marriage
m2 = lm(Divorce ~ Marriage + MedianAgeMarriage,
pata = WaffleDivorce)
summary(m2)
```

```
Coefficients:

Estimate Std. Error t value Pr(>|t|)

(Intercept) 36.87665 7.66104 4.814 1.58e-05 ***

Marriage -0.05686 0.08053 -0.706 0.483594

MedianAgeMarriage -0.99965 0.24593 -4.065 0.000182 ***
```

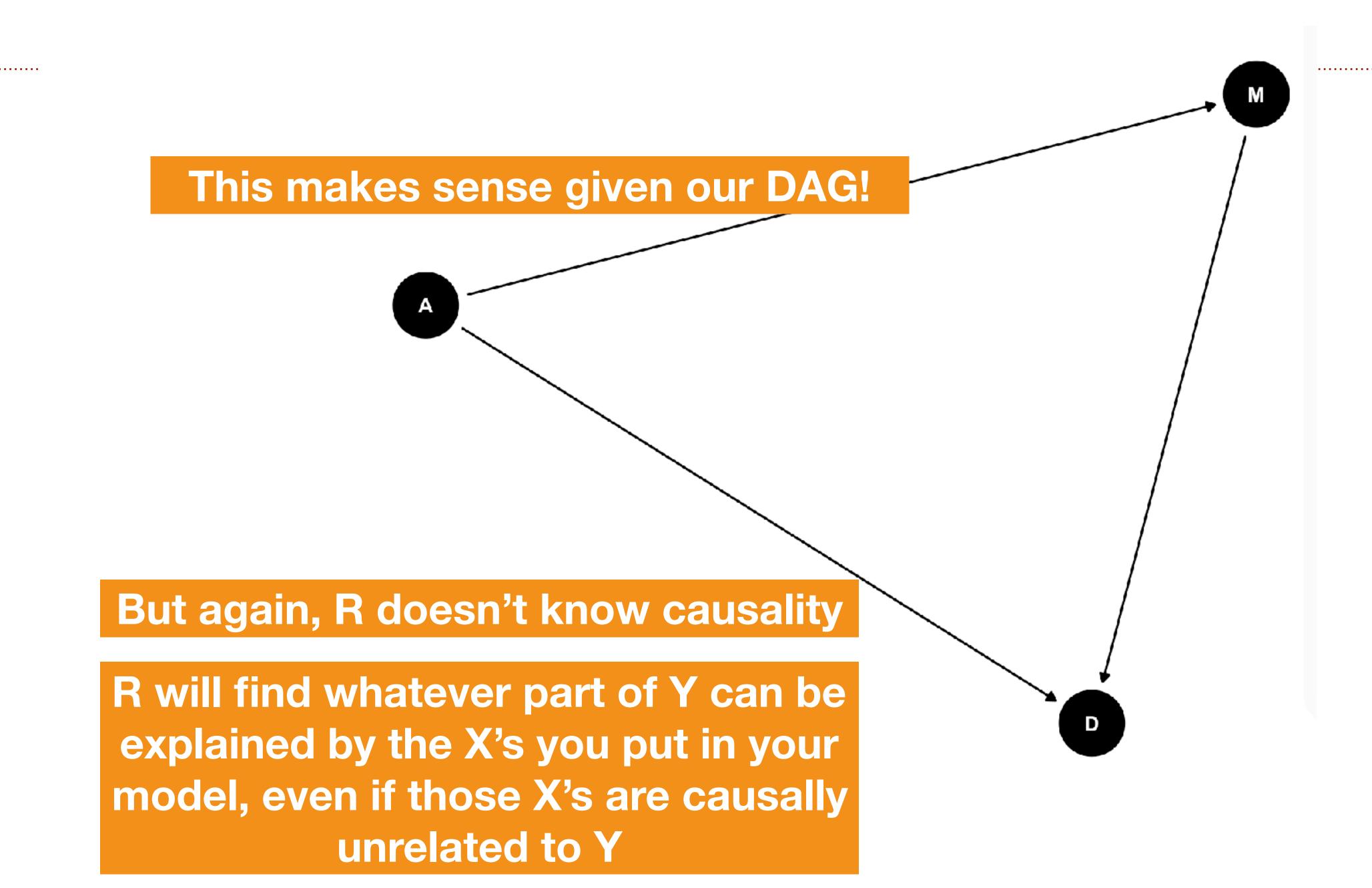
Explaining variation

Each X in a model "explains" some portion of the variation in Y

This means regression coefficients change depending on what's in the model

Taking all other variables in the model into account, a one unit increase in xn is associated with a βn increase (or decrease) in y, on average

Controlling for the median age at marriage, a increase in the rate of 1 person per thousand who is married is associated with a decrease of .05 in the divorce rate, on average



Interpretation

Divorce =
$$\alpha + \beta_1 Marriage + \beta_2 MedianAge + \epsilon$$

$$Divorce = 36 + -.06 \times Marriage + -.1 \times MedianAge + \epsilon$$

What's our best guess for...

A state where people get married at 30 and where the marriage rate is 20 per thousand?

get_regression_points()

$Divorce = 36 + -.06 \times Marriage + -.1 \times MedianAge + \epsilon$

```
> get_regression_points(m1)
  A tibble: 50 x 6
      ID Divorce Marriage MedianAgeMarriage Divorce_hat residual
   <int>
           <dbl>
                    <dbl>
                                       <dbl>
                                                   <dbl>
                                                             <dbl>
                                                             2.26
            12.7
                     20.2
                                        25.3
                                                   10.4
                                        25.2
                                                             2.29
            12.5
                     26
                                                   10.2
            10.8
                     20.3
                                        25.8
                                                    9.93
                                                             0.869
            13.5
                     26.4
                                        24.3
                                                             2.42
                                                   11.1
             8
                     19.1
                                        26.8
       6
            11.6
                     23.5
                                        25.7
                                                             1.75
                                                    9.85
             6.7
                     17.1
                                        27.6
                                                    8.31
                                                            -1.61
                                                    8.97
                                                            -0.072
             8.9
                     23.1
                                        26.6
             6.3
                     17.7
                                        29.7
                                                     6.18
                                                             0.119
      10
             8.5
                     17
                                                            -1.02
10
                                        26.4
                                                     9.52
```

ABSTRACT

Bullshitters. Who Are They and What Do We Know about Their Lives?

'Bullshitters' are individuals who claim knowledge or expertise in an area where they actually have little experience or skill. Despite this being a well-known and widespread social phenomenon, relatively few large-scale empirical studies have been conducted into this issue. This paper attempts to fill this gap in the literature by examining teenagers' propensity to claim expertise in three mathematics constructs that do not really exist. Using Programme for International Student Assessment (PISA) data from nine Anglophone countries and over 40,000 young people, we find substantial differences in young people's tendency to bullshit across countries, genders and socio-economic groups. Bullshitters are also found to exhibit high levels of overconfidence and believe they work hard, persevere at tasks, and are popular amongst their peers. Together this provides important new insight into who bullshitters are and the type of survey responses that they provide.

JEL Classification: 124, J16

Keywords: PISA, overclaiming, bullshit

The psychology of bullshit

The lower panel of Table 3 confirms these results. When asked about their problem-solving skills, bullshitters are around 20 percentage points more likely to say that they 'can handle a lot of information', 'can easily link facts together', 'are quick to understand things' and 'like

Finally, do bullshitters believe that they are popular at school? Table 6 provides some suggestion that this may be the case. The average 'school well-being' scale score is around 0.2 standard deviations higher for bullshitters, and stays at this level even after achievement, demographic and school controls have been added. There is a particularly notable difference

What's the effect of... on bullshit?

Self-efficacy?

Perseverance?

self-esteem?

What could go wrong?

What if we regress
lm(bullshit ~ psych_trait)

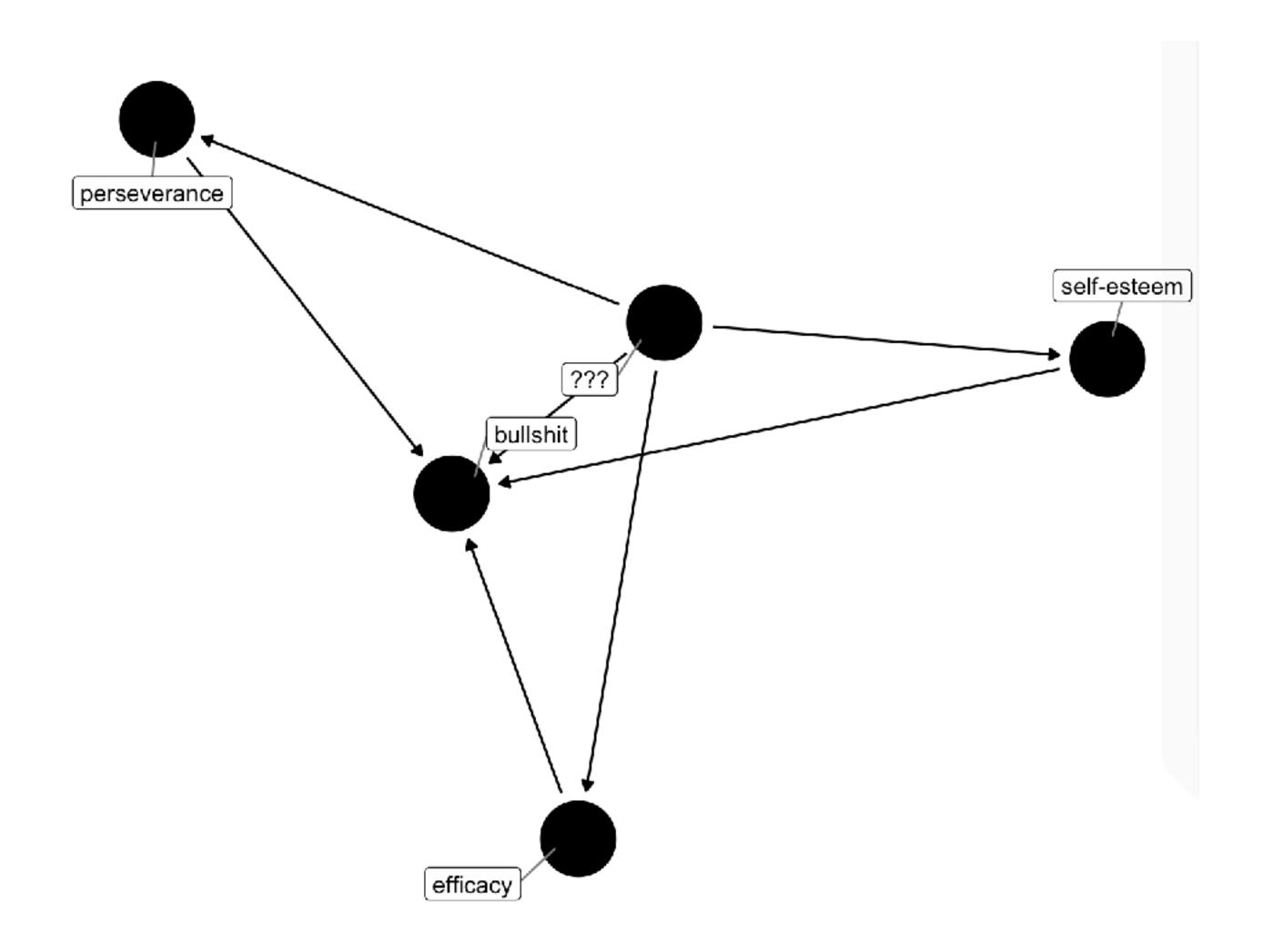
What might we need to control for?

Age

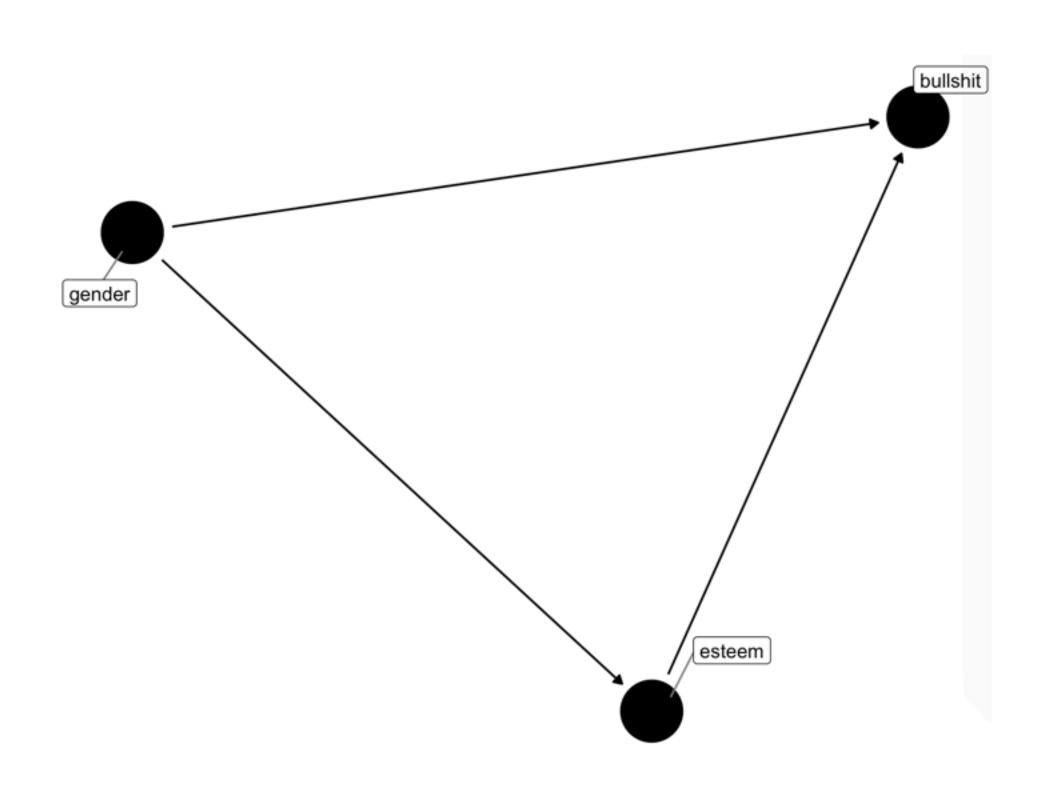
Wealth

Culture

Gender



Gender, bullshit, esteem

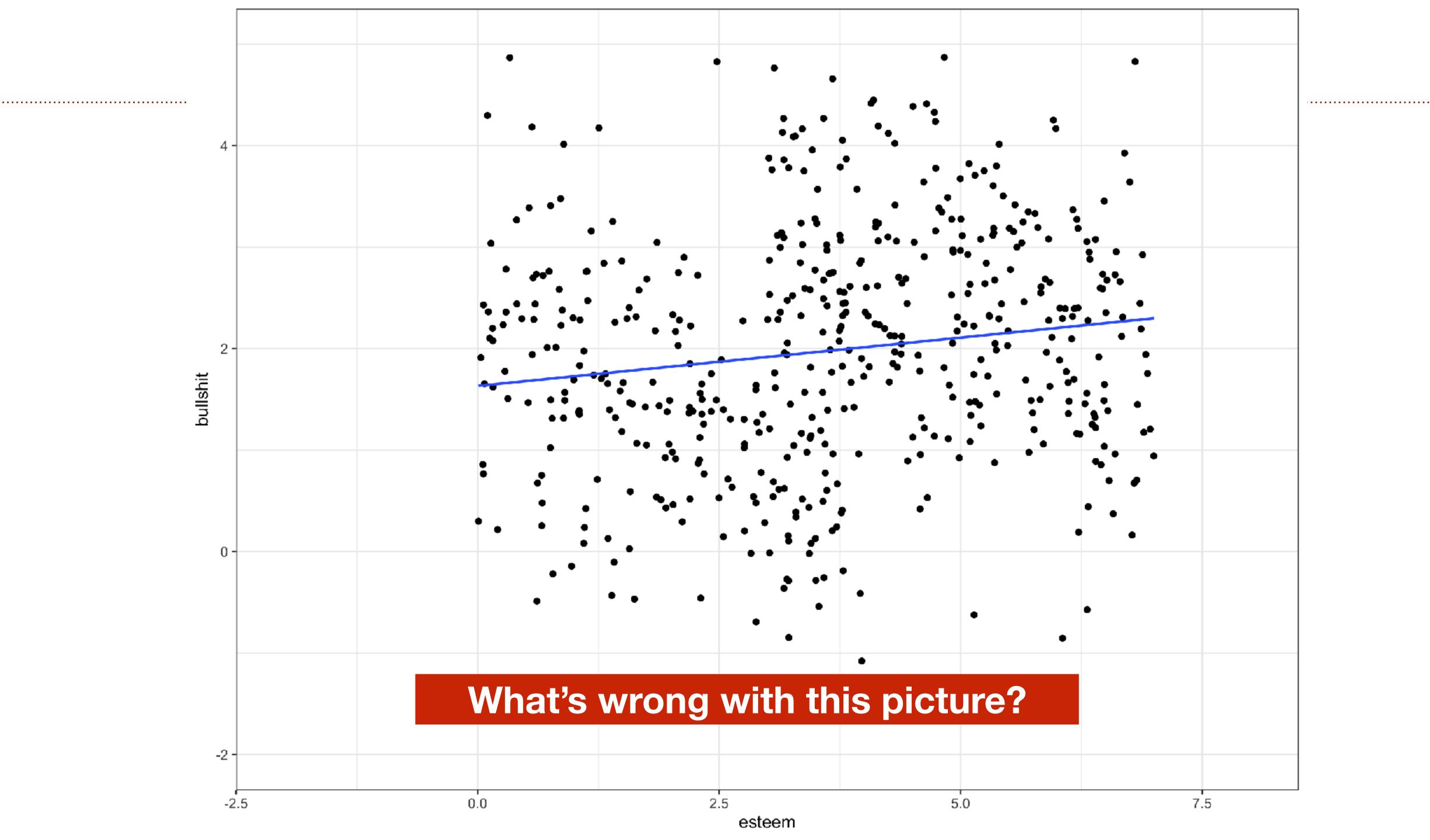


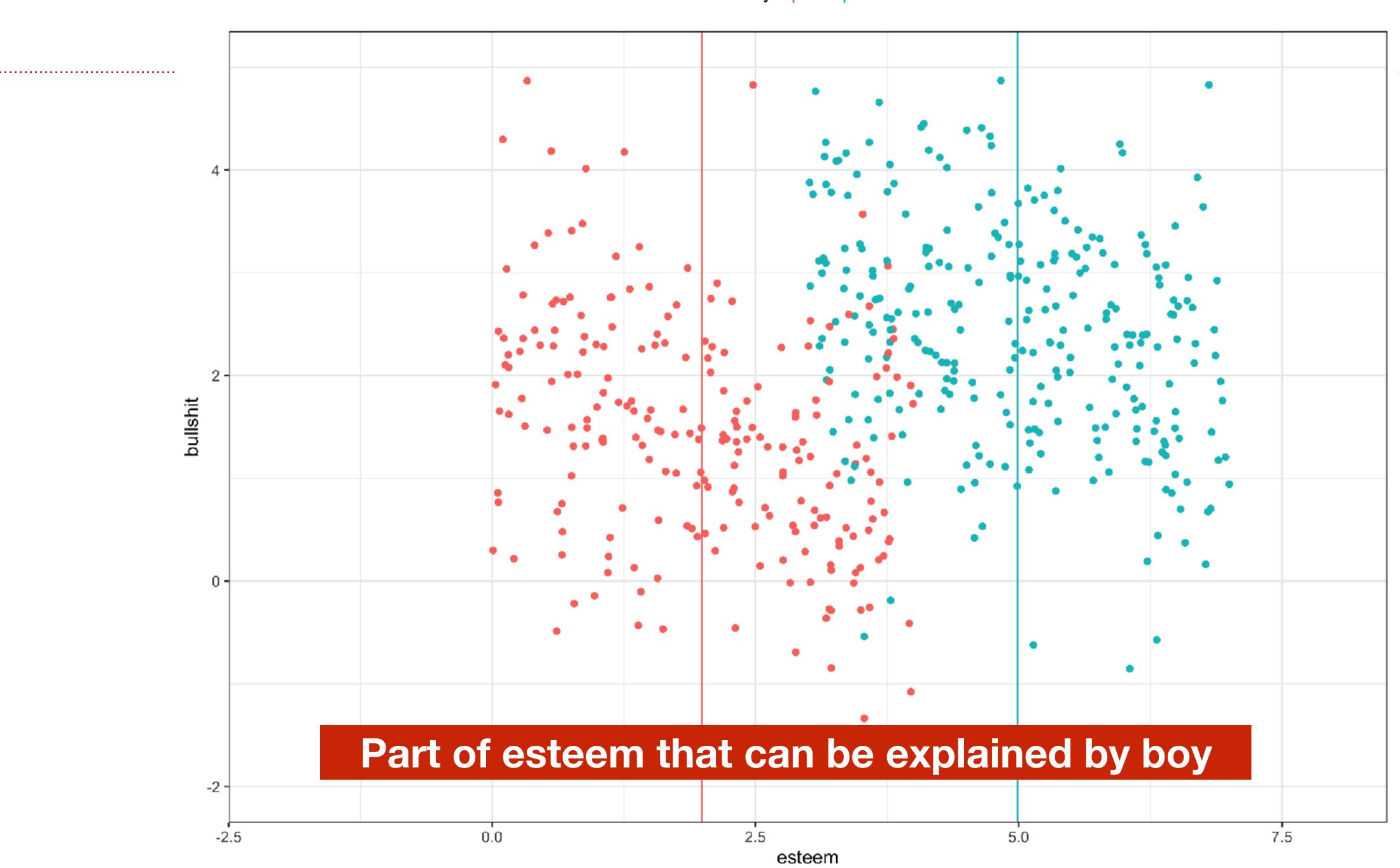
Let's make up some data where we already know the results

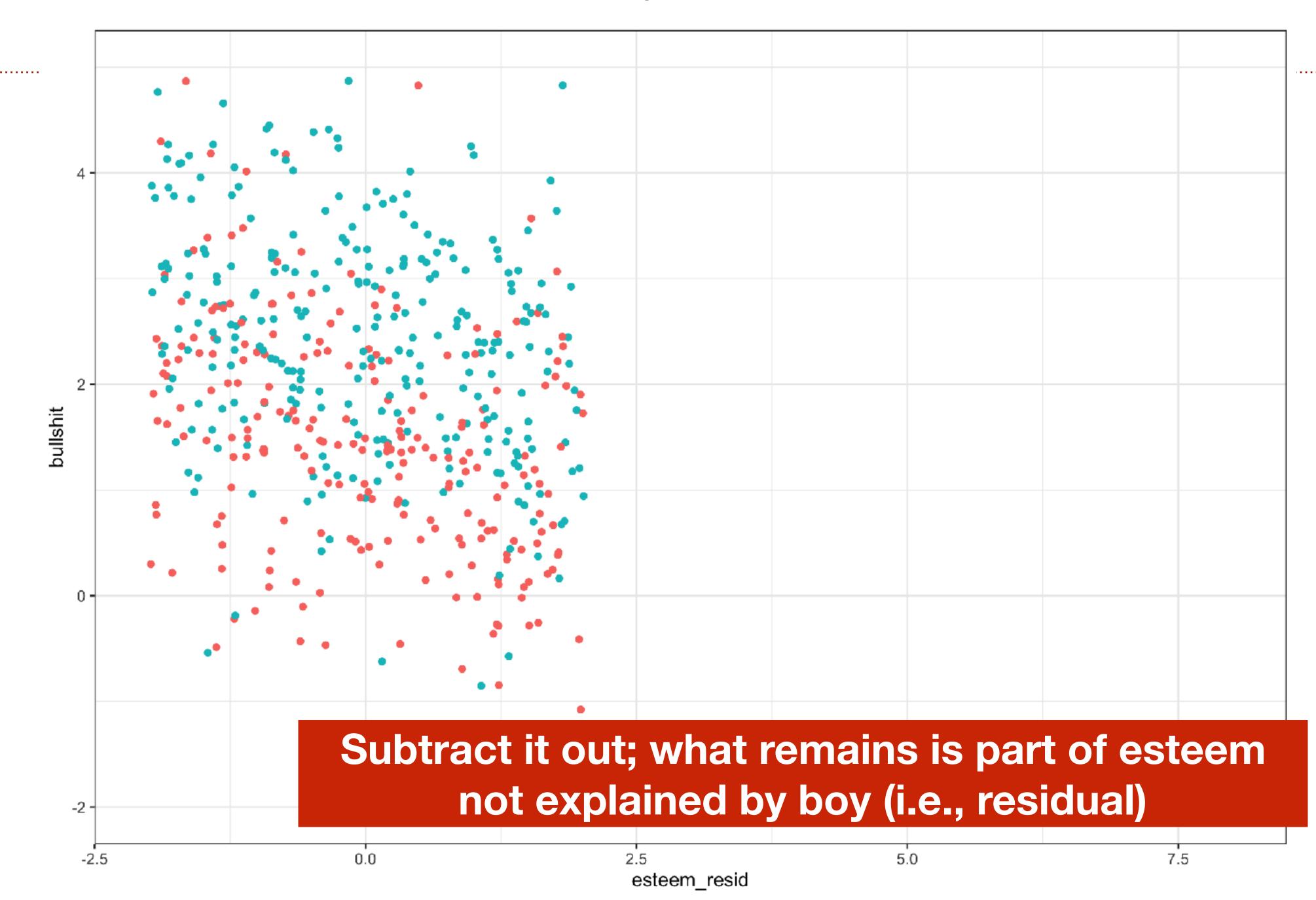
The truth is that people with higher, self-esteem on average bullshit less (.3 less in fact)

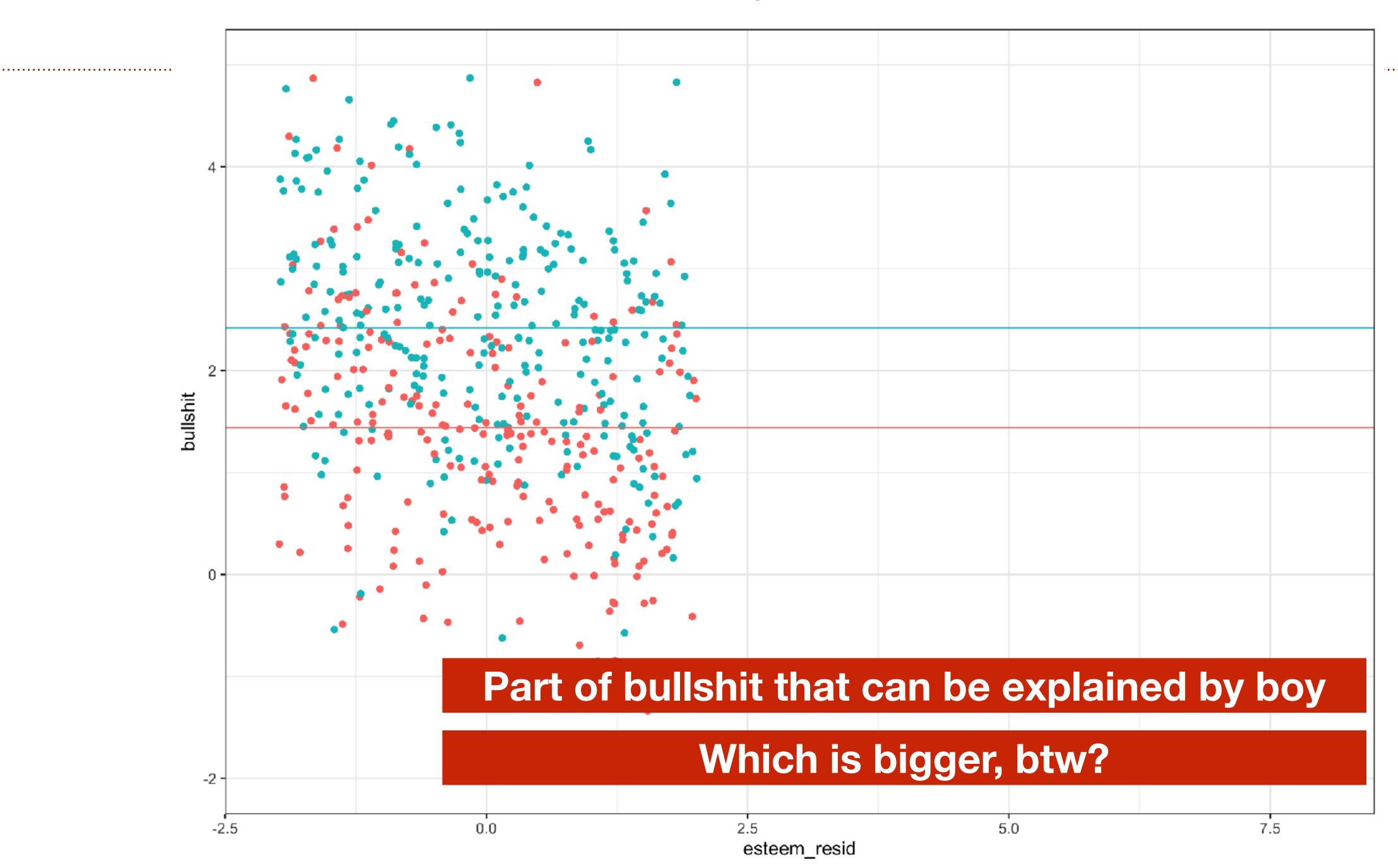
Boys have, on average, 3 higher score on self-esteem (out of 4)

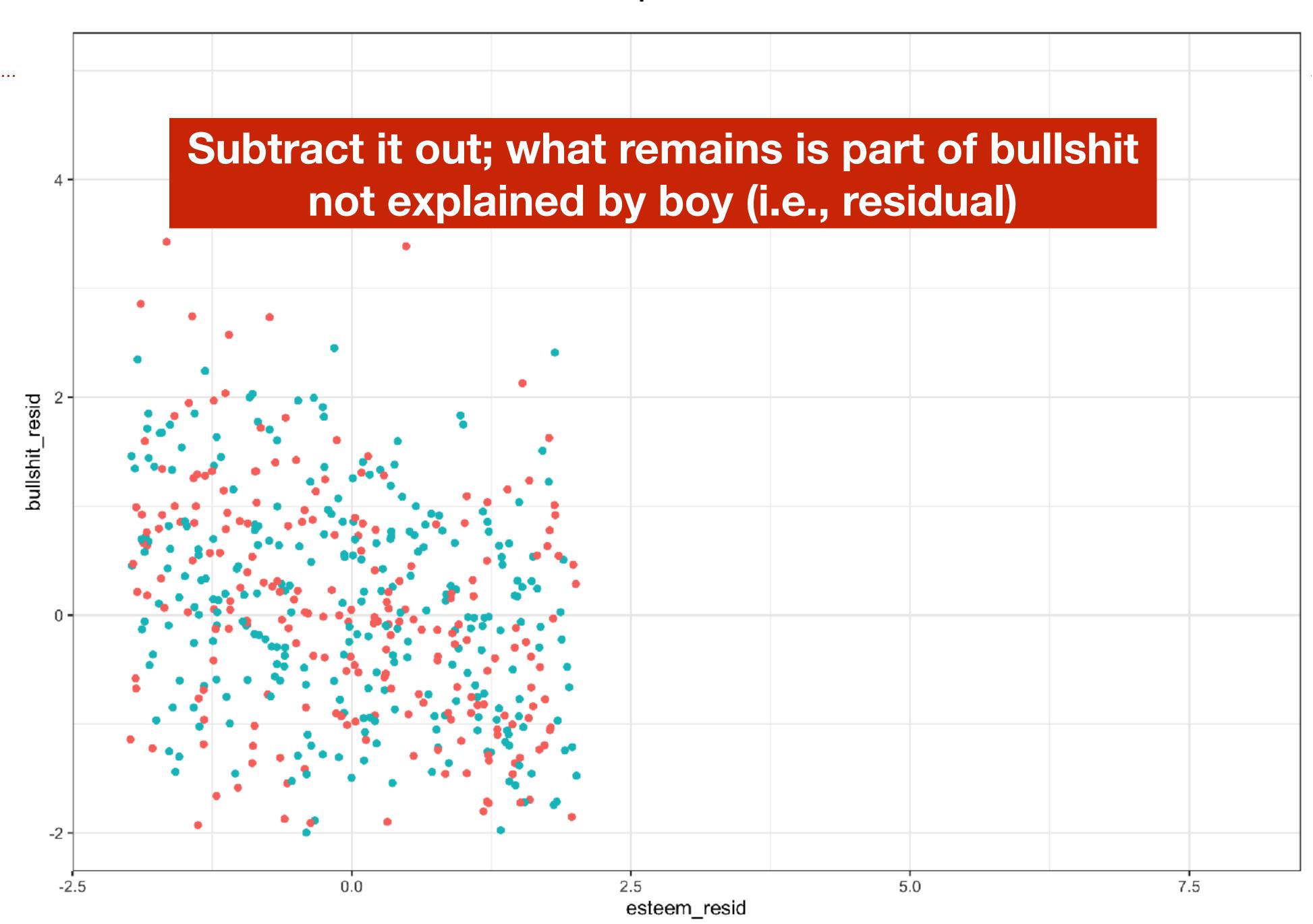
Boys bullshit, on average, 2 points more

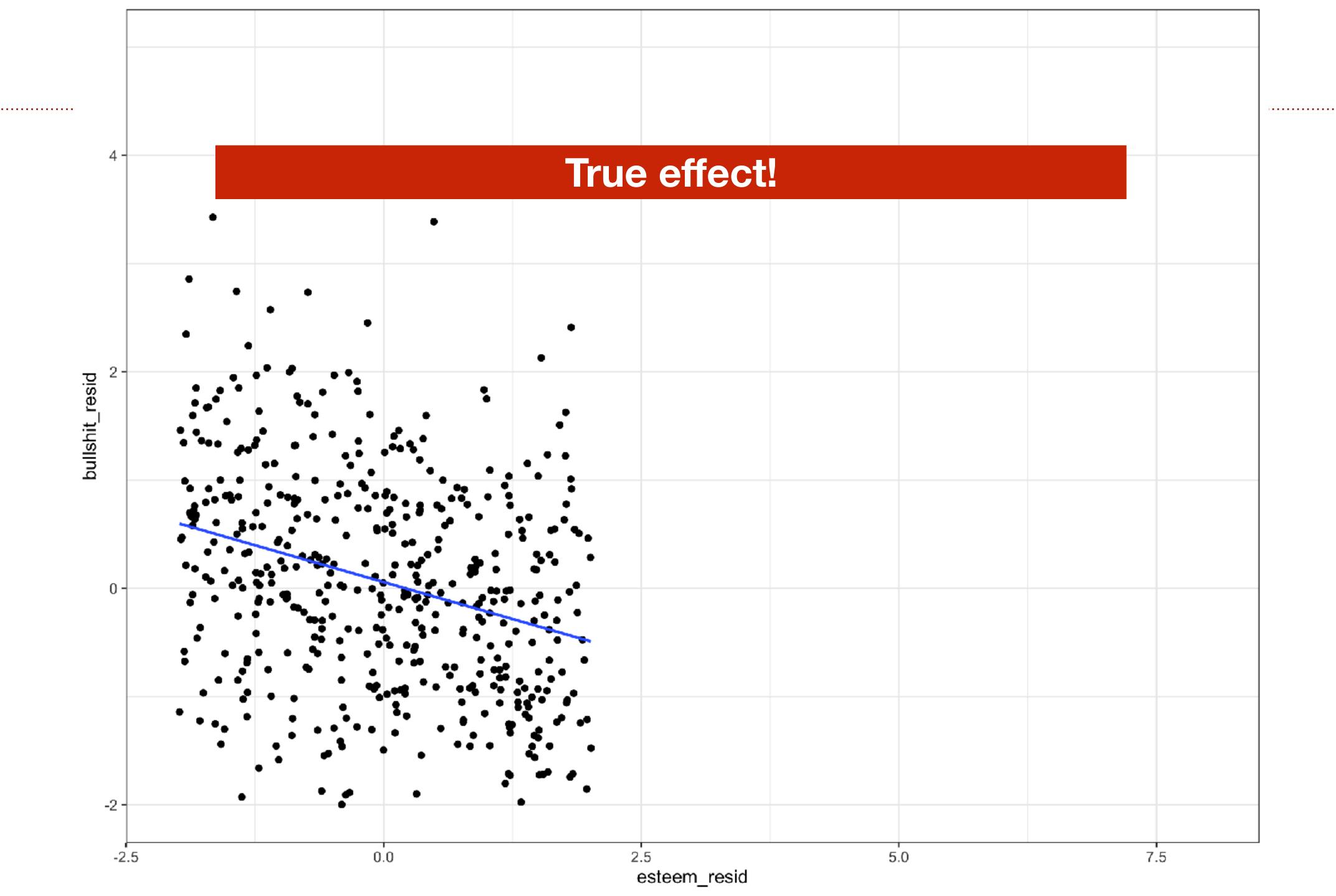












Follow along in R

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More practice

Pick a variable, regress against Obama, interpret

Pick a new variable, regress against Obama, interpret

Install "socviz"

Look at ?gss_sm

You want to explain who voted for Obama in 2012

obama coded (0/1)

This means
coefficients =
percent change in
probability of voting
for Obama!

Should use logit instead of OLS but that's a different class

Discussion

Did coefficients change much? Examples?

Does this mean we are de-confounding some true relationship?

No! You add X's to Im() and R will find out what part of Y can be explained by X

R is just following orders; you are telling R that X1, X2, etc. all belong in the model

Remember



categorical variables are switches

What is the beta coefficient on "boy"?



numeric variables are sliders

What is the beta coefficient on "esteem"?

One last things: prediction

You can use the *augment* function from the package *broom* to "predict" new observations

Let's you look at predicted, or "fitted", values based on equation

 $bullshit = 2.04 - 0.3(esteem) + 1.88(boy) + \epsilon$

See class code