

# Political Science 209 - Fall 2018

## Observational Studies

---

Florian Hollenbach

24th September 2018

What is the fundamental problem of causal inference?

What about randomized control trials allows us to credibly estimate a causal effect?

What can induce citizens to vote?

# What was the experiment?

# What was the experiment?

Letters to randomized households with treatment:

1. Naming and Shaming: your neighbors will know
2. Civic Duty
3. Hawthorne Effect Message
4. Control (no letter)

# Let's go to R-studio quick

What is the main problem for observational studies?



What is the main problem for observational studies?

- Confounders: variables that are associated with both treatment and outcome

# What is the Problem with Confounders?

# What is the Problem with Confounders?

- If pre-treatment characteristics are associated with treatment and outcome, we can't disentangle causal effect from confounding bias

# What is the Problem with Confounders?

- If pre-treatment characteristics are associated with treatment and outcome, we can't disentangle causal effect from confounding bias
- Selection into treatment example: Maybe minimum wage was increased because unemployment was particularly low in NJ, but not PA

# Examples of Confounding

- Are incumbents more likely to win elections? Yes, but...

# Examples of Confounding

- Are incumbents more likely to win elections? Yes, but...
- Incumbents receive more campaign contributions
- Incumbents have more staff

# Examples of Confounding

- Does higher income lead countries to democratize?

# Examples of Confounding

- Does higher income lead countries to democratize?
- Higher income countries have more educated populations



# What can we do about confounding in observational studies?

# What can we do about confounding in observational studies?

- Make *Treatment* and *Control* groups as similar to each other as possible
- Especially on variables that might matter for treatment status and outcome
- Analyze subsets or *statistical control*, such that we compare treated and control units that have same value on confounder

## Another problem with observational studies:

- Reverse causality

## Another problem with observational studies:

- Reverse causality
- Example: Does economic growth cause democratization or democratization cause growth?

Why do experiments not suffer from the threat of reverse causality?

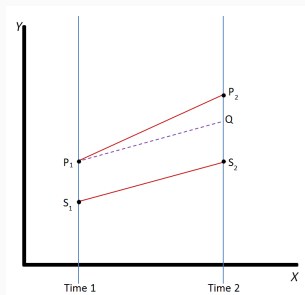
## Difference-in-Differences Design

# Difference-in-Differences Design

- Compare trends before and after the treatment across the same units
- Takes initial conditions into account

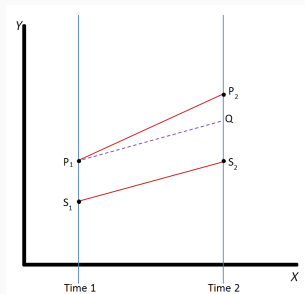
# Difference-in-Differences Design

- Need data measured for both treatment and control at two different time periods: before and after treatment



- Total difference between  $P_2$  and  $S_2$  can not be attributed to treatment. Why?

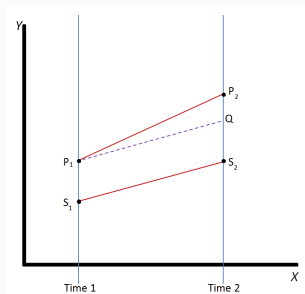
# Difference-in-Differences Design



What might be a necessary condition for Diff-in-Diff to work?



# Difference-in-Differences Design



What might be a necessary condition for Diff-in-Diff to work?

Parallel Trends Assumptions

# Difference-in-Differences Design

The **difference-in-differences** (DiD) design uses the following estimate of the average treatment effect for the treated (ATT),

$$\text{DiD estimate} = \underbrace{\left( \bar{Y}_{\text{treated}}^{\text{after}} - \bar{Y}_{\text{treated}}^{\text{before}} \right)}_{\text{difference for the treatment group}} - \underbrace{\left( \bar{Y}_{\text{control}}^{\text{after}} - \bar{Y}_{\text{control}}^{\text{before}} \right)}_{\text{difference for the control group}}$$

The assumption is that the counterfactual outcome for the treatment group has a time trend parallel to that of the control group.

# Describing numeric variables:

- Mean
- Median
- Quantiles

- splitting observations into equally size groups, e.g., quartiles, quantiles
- 75th percentile is the threshold under which 75% of observations lie
- What percentile is the median?

# Describing the spread of numeric variables:

- IQR:

# Describing the spread of numeric variables:

- IQR:

Difference between 75th percentile and 25th percentile

# Describing the spread of numeric variables:

Standard Deviation

# Describing the spread of numeric variables:

Standard Deviation

$$SD = \sqrt{\frac{1}{n} \sum_{i=1}^N (x_i - \bar{x})^2}$$



# Standard Deviation

The sample **standard deviation** measures the average deviation from the mean and is defined as,

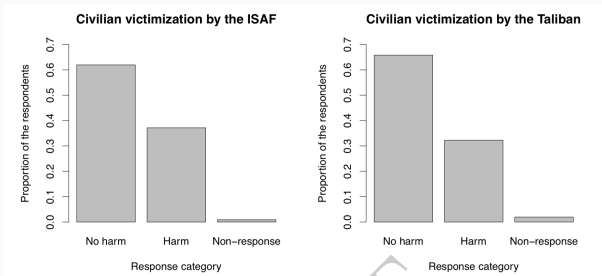
$$\text{standard deviation} = \sqrt{\frac{1}{n} \sum_{i=1}^n (x_i - \bar{x})^2} \quad \text{or} \quad \sqrt{\frac{1}{n-1} \sum_{i=1}^n (x_i - \bar{x})^2}$$

where  $\bar{x}$  represents the sample mean, i.e.,  $\bar{x} = \frac{1}{n} \sum_{i=1}^n x_i$  and  $n$  is the sample size. Few data points lie outside of 2 or 3 standard deviations away from the mean. The square of standard deviation is called **variance**.

# Describing single Variables

- Barplots can be used to summarize factor(?) variables
- Proportion of observations in each category as the height of each bar

# Barplots



# Histograms

- Histograms look similar to barplots
- Used for numeric variables
- Numeric variables are *binned* into groups

# Histograms

- Each bar is for one bin
- Height of each bar is the *density* of the bin

# Histograms

- Each bar is for one bin
- Height of each bar is the *density* of the bin
- Important: Height is share of observations in bin divided by bin size

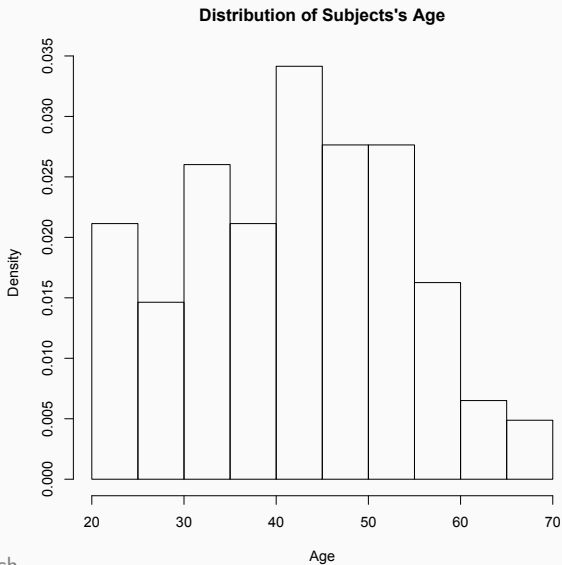
# Histograms

- Each bar is for one bin
- Height of each bar is the *density* of the bin
- Important: Height is share of observations in bin divided by bin size
- Unit of vertical axis (y-axis) is interpreted as percentage per horizontal (x-axis) unit

- Area of each bar is the share of observations that fall into that bin
- Area of all bins sum to one

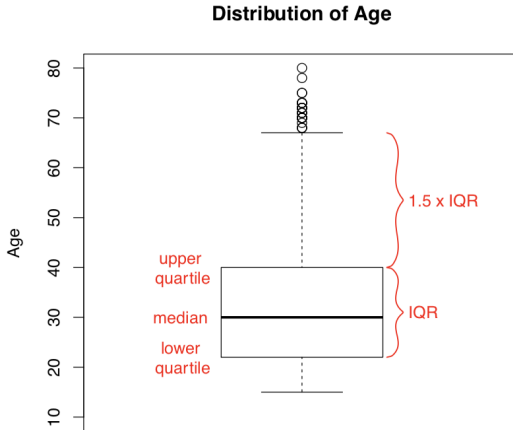


# Histograms

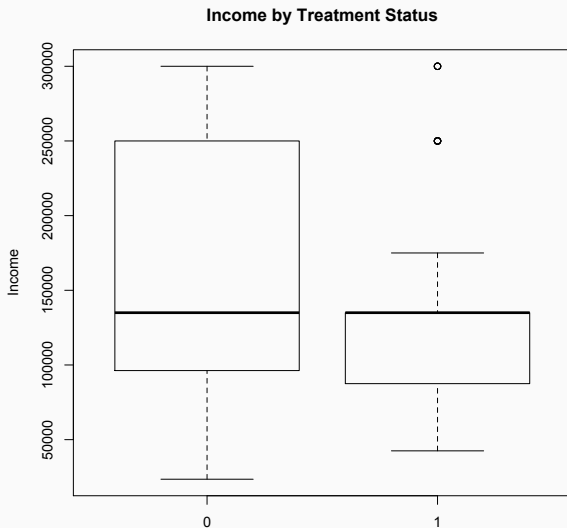


- Boxplots also display the distribution of a numeric variable
- Boxplots show the *median*, *quartiles*, and *IQR*

# Boxplots



# Boxplots can show how two variables covary



- A sample is a small share of the population in that we are interested in

- A sample is a small share of the population in that we are interested in
- How do we draw samples in such a way that polls accurately reflect what is going to happen?
- How to construct samples that will represent the population?

- Example: We want to know the voting intentions of Texans (or Americans)
- We can hardly ask all eligible voters about their intention

# Survey Sampling

- Example: We want to know the voting intentions of Texans (or Americans)
- We can hardly ask all eligible voters about their intention
- We take a *sample*

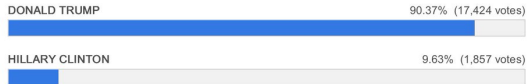


# Survey Sampling

- The size of the sample is less important than its composition



## \*\*DRUDGE POLL\*\* WHO WON THE FIRST PRESIDENTIAL DEBATE?



Total Votes: 19,281

Suka Kongsi 607

Tweet

- Mail questionnaire to 10 million people
- Addresses came from phone books and club memberships
- Problems?

# Literary Digest Sample

- Mail questionnaire to 10 million people
- Addresses came from phone books and club memberships
- Problems?
- Biased *sample*

# Quota Sampling

- Sample certain groups until quota is filled
- Does not mean unobservables are representative

# Simple Random Sampling

- Think of all voters sitting in a box, survey firm randomly draws voters
- Random draws without replacement give us an unbiased estimate of the population
- Everybody has the same chance of being in the sample

# Simple Random Sampling

- Pre-determined number of units are randomly selected from population
- Sample will be representative of population on observed and unobserved characteristics

# Simple Random Sampling

- Not every single sample will be exactly representative
- If we were to take a lot of random samples (say 1000 samples of 1000 respondents), on average the samples would be representative

# Simple Random Sampling

- Each single sample can be off and different
- Polls are associated with uncertainty

## **Ted Cruz leads Beto O'Rourke 54 to 45, new poll says**

The new Quinnipiac University poll surveyed likely voters instead of registered voters like it did in past iterations.

BY **PATRICK SVITEK** SEPT. 18, 2018 11 AM



# Simple Random Sampling

- Each single sample can be off and different
- Polls are associated with uncertainty

## **Ted Cruz leads Beto O'Rourke 54 to 45, new poll says**

The new Quinnipiac University poll surveyed likely voters instead of registered voters like it did in past iterations.

BY [PATRICK SVITEK](#) SEPT. 18, 2018 11 AM

## **Beto O'Rourke leads Ted Cruz by 2 among likely voters in U.S. Senate race, new poll finds**

O'Rourke has been closing the gap over the last several months, but this is the first poll that puts him ahead of Cruz.

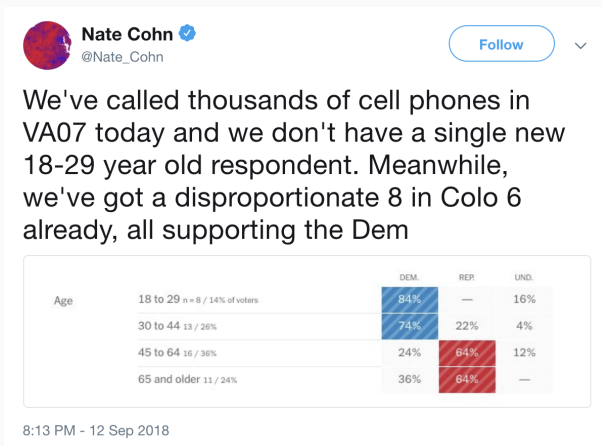
BY [KATHRYN LUNDSTROM](#) SEPT. 19, 2018 8 AM

# Random Sampling is hard

- How to create sampling frame?
- Random digit dialing? Walking to random houses?
- Multi-stage cluster sampling

# Non-response bias

- Unit non-response bias:



- Item non-response bias: *What was the last crime you committed?*
- Sensitive questions: non-response, social desirability bias  
*Turnout, racial prejudice, corruption*

# Why could this be a problem in the Afghanistan example?

