

<u>Title</u>

scdata — Data Preparation for Synthetic Control Methods.

Syntax

scdata features [if] [in] , id(idvar) time(timevar) outcome(outcomevar)
 treatment(treatmentvar) dfname(string) [covadj(string) anticipation(#)
 cointegrated constant]

Description

scdata prepares the data to be used by scest or scpi to implement estimation and inference procedures for Synthetic Control (SC) methods. It allows the user to specify the outcome variable, the features of the treated unit to be matched, and covariate-adjustment feature by feature. The command follows the terminology proposed in Cattaneo, Feng, and Titiunik (2021). The command is a wrapper of the companion Python package. As such, the user needs to have a running version of Python with the package installed. A tutorial on how to install Python and link it to Stata can be found here.

Companion R and \underline{Python} packages are described in $\underline{Cattaneo}$, \underline{Feng} , $\underline{Palomba}$ and $\underline{Titiunik}$ (2022).

Companion commands are: \underline{scest} for point estimation, \underline{scpi} for inference procedures, and \underline{scplot} for SC plots.

Related Stata, R, and Python packages useful for inference in SC designs are described in the following website:

https://nppackages.github.io/scpi/

For an introduction to synthetic control methods, see <u>Abadie (2021)</u> and references therein.

Options |

---- Variables

id(idvar) specifies the variable containing the identifier for each unit.

time(timevar) specifies the variable containing the time period of each observation.

outcome(outcomevar) specifies the outcome variable of interest. Note that outcomevar may not be among the features specified.

treatment (treatmentvar) specifies the treatment indicator.

_____ Estimand

covadj(#) specifies the variable to be used for adjustment for each feature. If
 the user wants to specify the same set of covariates for all features, a
 string should be provided according to the following format: covadj("['cov1',
 'cov2']"). If instead a different set of covariates per feature has to be
 specified, then the following format should be used covadj("[['cov1',
 'cov2'],['cov1','cov3']]"). Note that in this latter case the number of
 sub-lists must be equal to the number of features. Moreover, the order of the
 sub-lists matters, in the sense that the first sub-list is interpreted as the
 set of covariates for the first feature, and so on. Finally, the user can
 specify 'constant' and 'trend' as covariates even if they are not present in
 the loaded dataset.

anticipation(#) specifies the number of periods of potential anticipation effects.
 Default is anticipation(0).

cointegrated if specified indicates that there is a belief the features form a cointegrated system.

constant if specified includes a constant term across features.

Others

dfname(string) specifies the name of the Python object that is saved and that will be passed to <u>scest</u> or <u>scpi</u>.

Example: Germany Data

Setup

. use scpi_germany.dta

Prepare data

. scdata gdp, dfname("python_scdata") id(country) outcome(gdp) time(year)
treatment(status) cointegrated

Stored results

scdata stores the following in e():

Scalars

e(J) number of donors

e(KM) total number of covariates used for adjustment

Macros

e(features) name of features

e(constant) logical indicating the presence of a common constant

across features

e(cointegrated_data) logical indicating cointegration

Matrices

e(C) covariates used for adjustment

e(P) predictor matrix

References

Abadie, A. 2021. <u>Using synthetic controls: Feasibility, data requirements, and methodological aspects.</u> Journal of Economic Literature, 59(2), 391-425.

Cattaneo, M. D., Feng, Y., and Titiunik, R. 2021. <u>Prediction intervals for synthetic control methods</u>. *Journal of the American Statistical Association*, 116(536), 1865-1880.

Cattaneo, M. D., Feng, Y., Palomba F., and Titiunik, R. 2022. script: Uncertainty Quantification for Synthetic Control Estimators, arXiv:2202.05984.

<u>Authors</u>

Matias D. Cattaneo, Princeton University, Princeton, NJ. cattaneo@princeton.edu.

Yingjie Feng, Tsinghua University, Beijing, China. fengyj@sem.tsinghua.edu.cn.

Filippo Palomba, Princeton University, Princeton, NJ. fpalomba@princeton.edu.

Rocio Titiunik, Princeton University, Princeton, NJ. titiunik@princeton.edu.