

Title

persuasio4yz — Conduct causal inference on persuasive effects for binary outcomes y and binary instruments z

Syntax

```
persuasio4yz depvar instrvar [covariates] [if] [in] [, level(#)  
model(string) method(string) nboot(#) title(string)]
```

Options

<i>option</i>	<i>Description</i>
level (#)	Set confidence level; default is level (95)
model (<i>string</i>)	Regression model when <i>covariates</i> are present
method (<i>string</i>)	Inference method; default is method ("normal")
nboot (#)	Perform # bootstrap replications
title (<i>string</i>)	Title

Description

persuasio4yz conducts causal inference on persuasive effects.

It is assumed that binary outcomes y and binary instruments z are observed. This command is for the case when persuasive treatment (t) is unobserved, using an estimate of the lower bound on the average persuasion rate (APR) via this package's command **aprlb**.

varlist should include *depvar instrvar covariates* in order. Here, *depvar* is binary outcomes (y), *instrvar* is binary instruments (z), and *covariates* (x) are optional.

When treatment t is unobserved, the upper bound on the APR is simply 1.

There are two cases: (i) *covariates* are absent and (ii) *covariates* are present.

- Without x , the lower bound (**theta_L**) on the APR is defined by

$$\mathbf{theta_L} = \{\Pr(y=1|z=1) - \Pr(y=1|z=0)\} / \{1 - \Pr(y=1|z=0)\}.$$

The estimate and confidence interval are obtained by the following procedure:

1. $\Pr(y=1|z=1)$ and $\Pr(y=1|z=0)$ are estimated by regressing y on z .
2. **theta_L** is computed using the estimates obtained above.
3. The standard error is computed via STATA command **nlcom**.
4. Then, a confidence interval for the APR is set by

$$[\text{est} - \text{cv} * \text{se} , 1],$$

where est is the estimate, se is the standard error, and cv is the one-sided standard normal critical value (e.g., $\text{cv} = 1.645$ for **level**(95)).

- With x , the lower bound (**theta_L**) on the APR is defined by

$$\mathbf{theta_L} = E[\mathbf{theta_L}(x)],$$

where

$$\mathbf{theta_L}(x) = \{\Pr(y=1|z=1,x) - \Pr(y=1|z=0,x)\} / \{1 - \Pr(y=1|z=0,x)\}.$$

The estimate is obtained by the following procedure.

If **model**("no_interaction") is selected (default choice),

1. $\Pr(y=1|z,x)$ is estimated by regressing y on z and x .

Alternatively, if **model**("interaction") is selected,

- 1a. $\Pr(y=1|z=1,x)$ is estimated by regressing y on x given $z = 1$.
- 1b. $\Pr(y=1|z=0,x)$ is estimated by regressing y on x given $z = 0$.

Ater step 1, both options are followed by:

2. For each x in the estimation sample, **theta_L**(x) is evaluated.
3. The estimates of **theta_L**(x) are averaged to estimate **theta_L**.
4. A bootstrap confidence interval for the APR is set by

$$[\text{bs_est}(\alpha) , 1],$$

where $\text{bs_est}(\alpha)$ is the α quantile of the bootstrap estimates of **theta_L** and $1 - \alpha$ is the confidence level.

The bootstrap procedure is implemented via STATA command **bootstrap**.

Options

model(*string*) specifies a regression model of y on z and x .

This option is only relevant when x is present. The default option is "no_interaction" between z and x . When "interaction" is selected, full interactions between z and x are allowed; this is accomplished by estimating $\Pr(y=1|z=1,x)$ and $\Pr(y=1|z=0,x)$, separately.

level(*#*) sets confidence level; default is **level**(95).

method(*string*) refers the method for inference.

The default option is **method**("normal"). By the nature of identification, one-sided confidence intervals are produced.

1. When x is present, it needs to be set as **method**("bootstrap"); otherwise, the confidence interval will be missing.
2. When x is absent, both options yield non-missing confidence intervals.

nboot(*#*) chooses the number of bootstrap replications.

The default option is **nboot**(50). It is only relevant when **method**("bootstrap") is selected.

title(*string*) specifies a title.

Remarks

It is recommended to use **nboot**(*#*) with *#* at least 1000. A default choice of 50 is meant to check the code initially because it may take a long time to run the bootstrap part. The bootstrap confidence interval is based on percentile bootstrap. Normality-based bootstrap confidence interval is not recommended because bootstrap standard errors can be unreasonably large in applications.

Examples

We first call the dataset included in the package.

```
. use GKB, clear
```

The first example conducts inference on the APR without covariates, using normal approximation.

```
. persuasio4yz voteddem_all post, level(80) method("normal")
```

The second example conducts bootstrap inference on the APR.

```
. persuasio4yz voteddem_all post, level(80) method("bootstrap")  
nboot(1000)
```

The third example conducts bootstrap inference on the APR with a covariate, MZwave2, interacting with the instrument, post.

```
. persuasio4yz voteddem_all post MZwave2, level(80)  
model("interaction") method("bootstrap") nboot(1000)
```

Stored results

Matrices

e(apr_est): (1*2 matrix) bounds on the average persuasion rate in the form of [lb, 1]

e(apr_ci): (1*2 matrix) confidence interval for the average persuasion rate in the form of [lb_ci, 1]

Macros

e(cilevel): confidence level

e(inference_method): inference method: "normal" or "bootstrap"

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References

Sung Jae Jun and Sokbae Lee (2019), Identifying the Effect of Persuasion, [arXiv:1812.02276](https://arxiv.org/abs/1812.02276) [econ.EM]

Version

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