This readme file describes how one can estimate the method developed in “Correcting for Endogeneity in Models with Bunching”, available at https://www.dropbox.com/s/nyvmjmnywc49o1d/CCN\_Econometrics.pdf?dl=0.

Follow these steps, in order:

1. Add all files in the same folder.
2. Open Sample.do, and change lines 5-12 accordingly. In line 5, add the path of the folder from item 1 above.
3. Run Sample.do, which uses ccn\_dist.ado to estimate the effects.
   1. It reports the estimated effect of the treatment variable (along with its standard error).
   2. If one of the correction methods are invoked, then it also reports the results regarding the effect(s) of the correction term.
      1. If the effect of this correction term is not allowed to change with Z, then it reports the estimated effect and its standard error.
      2. Otherwise, it reports the F-statistic as well as the p-value of the test of whether all effects are equal to zero, for all clusters of Z.

Sample.do reads into a sample dataset, creates clusters and then estimates the effects of interest. See detailed comments on Sample.do and ccn\_dist.ado if you want to make modifications. Please email us at gregorio.caetano@gmail.com if you have any questions!

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