

version 0.1.0

Title

persuasio4ytz — Conducts causal inference on persuasive effects for binary outcome y , binary treatment t and binary instrument z

Syntax

```
persuasio4ytz depvar treatvar 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 (string)	Regression model when <i>covariates</i> are present
method (string)	Inference method; default is method ("normal")
nboot (#)	Perform # bootstrap replications
title (string)	Title of estimation

Description

persuasio4ytz conducts causal inference on persuasive effects.

It is assumed that binary outcome y , binary treatment t , and binary instrument z are observed. This command is for the case when persuasive treatment (t) is observed, using estimates of the lower and upper bounds on the average persuasion rate (APR) via this package's commands **aprlb** and **aprub**.

varlist should include *depvar* *treatvar* *instrvar* *covariates* in order. Here, *depvar* is binary outcome (y), *treatvar* is binary treatment, *instrvar* is binary instrument (z), and *covariates* (x) are optional.

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

- If x are absent, the lower bound (**theta_L**) on the APR is defined by

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

and the upper bound (**theta_U**) on the APR is defined by

$$\mathbf{theta_U} = \{E[A|z=1] - E[B|z=0]\} / \{1 - E[B|z=0]\},$$

where $A = 1(y=1, t=1) + 1 - 1(t=1)$ and $B = 1(y=1, t=0)$.

The lower bound is estimated 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**.

The upper bound is estimated by the following procedure:

1. $E[A|z=1]$ is estimated by regressing A on z .
2. $E[B|z=0]$ is estimated by regressing B on z .
3. **theta_U** is computed using the estimates obtained above.
4. The standard error is computed via STATA command **nlcom**.

Then, a confidence interval for the APR is set by

$$[\mathit{est_lb} - \mathit{cv} * \mathit{se_lb} , \mathit{est_ub} - \mathit{cv} * \mathit{se_ub}],$$

where $\mathit{est_lb}$ and $\mathit{est_ub}$ are the estimates of the lower and upper bounds, $\mathit{se_lb}$ and $\mathit{se_ub}$ are the corresponding standard errors, and cv is the critical value obtained via the method of Stoye (2009).

- If x are present, the lower bound (**theta_L**) on the APR is defined by

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

where

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

and the upper bound (**theta_U**) on the APR is defined by

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

where

$$\mathbf{theta_U}(x) = \{E[A|z=1, x] - E[B|z=0, x]\} / \{1 - E[B|z=0, x]\}.$$

The lower bound is estimated 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 $z = 0$.

After 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 θ_L .

The upper bound is estimated by the following procedure:

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

1. $E[A|z=1,x]$ is estimated by regressing A on z and x .

2. $E[B|z=0,x]$ is estimated by regressing B on z and x .

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

1. $E[A|z=1,x]$ is estimated by regressing A on x given $z = 1$.

2. $E[B|z=0,x]$ is estimated by regressing B on x given $z = 0$.

After step 1, both options are followed by:

3. For each x in the estimation sample, $\theta_U(x)$ is evaluated.

4. The estimates of $\theta_U(x)$ are averaged to estimate θ_U .

Then, a bootstrap confidence interval for the APR is set by

`[bs_est_lb(alpha) , bs_est_ub(alpha)],`

where `bs_est_lb(alpha)` is the α quantile of the bootstrap estimates of θ_L , `bs_est_ub(alpha)` is the $1 - \alpha$ quantile of the bootstrap estimates of θ_U , and $1 - \alpha$ is the confidence level.

The resulting coverage probability is $1 - \alpha$ if the identified interval never reduces to a singleton set. More generally, it will be $1 - 2*\alpha$ by Bonferroni correction.

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.

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* are present, it needs to be set as **method**("bootstrap"); otherwise, the confidence interval will be missing.
2. When *x* are 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 the title of estimation.

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 when there are a large number of covariates. The bootstrap confidence interval is based on percentile bootstrap. A use of 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.

```
. persuasio4ytz voteddem_all readsome post, level(80) method("normal")
```

The second example conducts bootstrap inference on the APR.

```
. persuasio4ytz voteddem_all readsome 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.

```
. persuasio4ytz voteddem_all readsome post MZwave2, level(80)
model("interaction") method("bootstrap") nboot(1000)
```

Stored results

Matrices

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

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

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](#)]