

version 0.1.0

Title

aprlb — Estimates the lower bound on the average persuasion rate

Syntax

```
aprlb depvar instrvar [covariates] [if] [in] [, model(string)  
title(string)]
```

Options

<i>option</i>	<i>Description</i>
model(string)	Regression model when <i>covariates</i> are present
title(string)	Title of estimation

Description

aprlb estimates the lower bound on the average persuasion rate (APR). *varlist* should include *depvar instrvar covariates* in order. Here, *depvar* is binary outcomes (*y*), *instrvar* is binary instruments (*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

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

The estimate and its standard error are obtained by the following procedure:

1. $\text{Pr}(y=1|z=1)$ and $\text{Pr}(y=1|z=0)$ 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**.

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

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

where

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

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 $z = 0$.

After step 1, both options are followed by:

2. For each x in the estimation sample, $\mathbf{theta_L}(x)$ is evaluated.

3. The estimates of $\mathbf{theta_L}(x)$ are averaged to estimate $\mathbf{theta_L}$.

When *covariates* are present, the standard error is missing because an analytic formula for the standard error is complex. Bootstrap inference is implemented when this package's command `persuasio` is called to conduct inference.

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.

`title(string)` specifies the title of estimation.

Remarks

It is recommended to use this package's command `persuasio` instead of calling `aprlb` directly.

Examples

We first call the dataset included in the package.

```
. use GKB, clear
```

The first example estimates the lower bound on the APR without covariates.

```
. aprlb voteddem_all post
```

The second example adds covariates.

```
. aprlb voteddem_all post doperator*
```

Stored results

Scalars

e(N): sample size

e(lb_coef): estimate of the lower bound on the average persuasion rate

e(lb_se): standard error of the lower bound on the average persuasion rate

Macros

e(outcome): variable name of the binary outcome variable

e(instrument): variable name of the binary instrumental variable

e(covariates): variable name(s) of the covariates if they exist

e(model): regression model specification ("no_interaction" or "interaction")

Functions:

e(sample): 1 if the observations are used for estimation, and 0 otherwise.

Authors

Sung Jae Jun, Penn State University, <sjun@psu.edu>

Sokbae Lee, Columbia University, <sl3841@columbia.edu>

License

References

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