Econ 613 Assignment 1

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26/02/21

```
library(tidyverse)
```

```
## -- Attaching packages --------------------------------------- tidyverse 1.3.0 --
```

```
## v ggplot2 3.3.3     v purrr   0.3.4
## v tibble  3.1.0     v dplyr   1.0.4
## v tidyr   1.1.2     v stringr 1.4.0
## v readr   1.4.0     v forcats 0.5.1
```

```
## -- Conflicts ------------------------------------------ tidyverse_conflicts() --
## x dplyr::filter() masks stats::filter()
## x dplyr::lag()    masks stats::lag()
```

```
datstu = read.csv("file:///Users/DXL/Desktop/Econ613/datstu.csv")
datjss = read.csv("file:///Users/DXL/Desktop/Econ613/datjss.csv")
datsss = read.csv("file:///Users/DXL/Desktop/Econ613/datsss.csv")
```

Part 1 Missing Data

Exercise 1 Missing Data

Number of students

```
length(datstu[,1])
```

```
## [1] 340823
```

Number of schools

```
length(unique(unlist(datstu[,5:10])))
```

```
## [1] 641
```

Number of programs

```
length(unique(unlist(datstu[,11:16])))
```

```
## [1] 33
```

Number of choices

```
df = rbind(setNames(datstu[,c(5,11)], c("schoolcode","choicepgm")),
             setNames(datstu[,c(6,12)], c("schoolcode","choicepgm")),
             setNames(datstu[,c(7,13)], c("schoolcode","choicepgm")),
             setNames(datstu[,c(8,14)], c("schoolcode","choicepgm")),
             setNames(datstu[,c(9,15)], c("schoolcode","choicepgm")),
             setNames(datstu[,c(10,16)], c("schoolcode","choicepgm")))
dim(df %>% group_by_all %>% summarise())[1]
```

```
## `summarise()` has grouped output by 'schoolcode'. You can override using the `.groups` argument.
## [1] 3086
```

Missing test score

```
sum(is.na(datstu[,2]))
```

```
## [1] 179887
```

Apply to the same school (different programs)

```
count = 0
num = 1:dim(datstu)[1]
for (i in num) {
  if(sum(duplicated(datstu[i,5:10]))>0)  count = count+1
}
print(count)
```

```
## [1] 0
```

Apply to less than 6 choices

```
count = 0
for (i in 1:dim(datstu)[1]) {
  if(sum(is.na(datstu[i,5:10]))>0)  count = count+1
}
print(count)
```

```
## [1] 17734
```

Exercise 2 Data

df2 is the required school level dataset.

```
rankindex = which(datstu[,18]<=6)
rankplace = datstu[rankindex,18]
ssscode = c()
choicepgm = c()
score = c()
jssname = c()
```

```
for (i in 1:length(rankplace)){
  ssscode = append(ssscode, datstu[rankindex[i],rankplace[i]+4])
  choicepgm = append(choicepgm, toString(datstu[rankindex[i], rankplace[i]+10]))
  score = append(score, datstu[rankindex[i],2])
  jssname = append(jssname, toString(datstu[rankindex[i],17]))
}
df1 = data.frame(ssscode, choicepgm, score, jssname, rankplace)
summary = df1 %>% group_by(ssscode, choicepgm) %>%
  summarise(cutoff = min(score), quality = mean(score), size = n())
```

```
## `summarise()` has grouped output by 'ssscode'. You can override using the `.groups` argument.
```

```
ssscode = summary %>% pull(ssscode)
df2 = data.frame(ssscode)
df2$choicepgm = summary %>% pull(choicepgm)
df2$sssname = datsss[,2][match(df2[,1], datsss[,3])]
df2$sssdistrict = datsss[,4][match(df2[,1], datsss[,3])]
df2$ssslon = datsss[,5][match(df2[,1], datsss[,3])]
df2$ssslat = datsss[,6][match(df2[,1], datsss[,3])]
df2$cutoff = summary %>% pull(cutoff)
df2$quality = summary %>% pull(quality)
df2$size = summary %>% pull(size)
df2[1:10,]
```

```
##    ssscode       choicepgm                                    sssname
## 1    10101     Agriculture      EBENEZER SENIOR HIGH. SCHOOL, DANSOMAN
## 2    10101        Business      EBENEZER SENIOR HIGH. SCHOOL, DANSOMAN
## 3    10101    General Arts      EBENEZER SENIOR HIGH. SCHOOL, DANSOMAN
## 4    10101 General Science      EBENEZER SENIOR HIGH. SCHOOL, DANSOMAN
## 5    10101  Home Economics      EBENEZER SENIOR HIGH. SCHOOL, DANSOMAN
## 6    10101     Visual Arts      EBENEZER SENIOR HIGH. SCHOOL, DANSOMAN
## 7    10102    General Arts ST. MARY'S SENIOR HIGH. SCHOOL, KORLE GONNO
## 8    10102 General Science ST. MARY'S SENIOR HIGH. SCHOOL, KORLE GONNO
## 9    10102  Home Economics ST. MARY'S SENIOR HIGH. SCHOOL, KORLE GONNO
## 10   10102     Visual Arts ST. MARY'S SENIOR HIGH. SCHOOL, KORLE GONNO
##           sssdistrict     ssslon   ssslat cutoff  quality size
## 1  Accra Metropolitan -0.1971153 5.607396    288 310.1429   49
## 2  Accra Metropolitan -0.1971153 5.607396    305 324.8600  100
## 3  Accra Metropolitan -0.1971153 5.607396    316 330.0900  100
## 4  Accra Metropolitan -0.1971153 5.607396    299 329.1000   50
## 5  Accra Metropolitan -0.1971153 5.607396    284 300.5714   49
## 6  Accra Metropolitan -0.1971153 5.607396    296 311.5400   50
## 7  Accra Metropolitan -0.1971153 5.607396    388 404.9773   88
## 8  Accra Metropolitan -0.1971153 5.607396    389 406.4143   70
## 9  Accra Metropolitan -0.1971153 5.607396    363 377.1111   45
## 10 Accra Metropolitan -0.1971153 5.607396    343 370.9333   45
```

Exercise 3 Distance

df3 is the required dataset for the distance between junior high school and senior high school.

```
jssname = unique(datjss[,2])
sssname = unique(datsss[,4])
jsslon = datjss[,3][match(jssname, datjss[,2])]
```

```
jsslat = datjss[,4][match(jssname, datjss[,2])]
ssslon = datsss[,5][match(sssname, datsss[,4])]
ssslat = datsss[,6][match(sssname, datsss[,4])]
dist = c()
jssandsss = c()
for (i in 1:length(jssname)){
  for (j in 1:length(sssname)){
    d = sqrt((69.172*(ssslon[j]-jsslon[i])*cos(jsslat[i]/57.3))^2
             +(69.172*(ssslat[j])-jsslat[i]))^2
    dist = append(dist, d)
    jssandsss = append(jssandsss, paste(toString(jssname[i]), "&",
                                        toString(sssname[j])))
  }
}
df3 = data.frame(jssandsss, dist)
df3[1:10,]
```

```
##                                                jssandsss      dist
## 1                  South Dayi (Kpeve) & Cape Coast Municipal 11185.718
## 2                 South Dayi (Kpeve) & Kwahu South (Mpraeso)  3811.123
## 3                    South Dayi (Kpeve) & Ga West (Amasaman)  2116.020
## 4                South Dayi (Kpeve) & Akwapim South (Nsawam)  1466.827
## 5                          South Dayi (Kpeve) & Kumasi Metro 15849.405
## 6                    South Dayi (Kpeve) & Accra Metropolitan  1155.671
## 7  South Dayi (Kpeve) & Shama/Ahanta/East (Sekondi/Takoradi) 16193.465
## 8                    South Dayi (Kpeve) & Kwaebibirem (Kade)  5206.881
## 9                 South Dayi (Kpeve) & Mfantsiman (Saltpond)  7319.210
## 10                             South Dayi (Kpeve) & Sunyani 30871.824
```

Exercise 4 Descriptive Characteristics

df5 is the required dataset differentiating by ranked choice.

```
df4 = df1
df4$sssname = datsss[,4][match(df4[,1], datsss[,3])]
jssandsss = c()
for (i in 1:length(df4$jssname)){
  jssandsss = append(jssandsss, paste(toString(df4$jssname[i]), "&",
                                      toString(df4$sssname[i])))
}
df4$jssandsss = jssandsss
df4$dist = df3[,2][match(df4$jssandsss, df3[,1])]
summary1 = df4 %>% group_by(rankplace) %>%
  summarise(cutoff = min(score), qualitymean = mean(score),
            qualitysd = sd(score), distmean = mean(dist),
            distsd = sd(dist))
rankplace = summary1 %>% pull(rankplace)
df5 = data.frame(rankplace)
df5$cutoff = summary1 %>% pull(cutoff)
df5$qualitymean = summary1 %>% pull(qualitymean)
df5$qualitysd = summary1 %>% pull(qualitysd)
df5$distmean = summary1 %>% pull(distmean)
df5$distsd = summary1 %>% pull(distsd)
```

```
df5
```

```
##   rankplace cutoff qualitymean qualitysd distmean   distsd
## 1         1    165    313.6368  56.41016       NA       NA
## 2         2    173    302.4478  49.04344 1639.649 3330.171
## 3         3    190    288.6138  42.41799 1388.500 2936.618
## 4         4    185    276.7714  37.50909 1207.323 2722.688
## 5         5    198    252.7439  30.44706 1304.525 2404.929
## 6         6    158    251.1727  28.94855 1250.332 2149.005
```

df6 is the required dataset differentiating by student test score quantiles.

```
summary2 = df4 %>%
  summarise(quantile = quantile(score, c(0.25, 0.5, 0.75)))
quantile = summary2 %>% pull(quantile)
scorequantile = c()
for (i in 1:length(df4$score)){
  if (df4$score[i]<=quantile[1]){
    scorequantile[i] = "25th"
  }
  else if (df4$score[i]>quantile[1] && df4$score[i]<=quantile[2]){
    scorequantile[i] = "25th-50th"
  }
  else if (df4$score[i]>quantile[2] && df4$score[i]<=quantile[3]){
    scorequantile[i] = "50th-75th"
  }
  else {
    scorequantile[i] = "75th-100th"
  }
}
df4$scorequantile = scorequantile
summary3 = df4 %>% group_by(scorequantile) %>%
  summarise(cutoff = min(score), qualitymean = mean(score),
            qualitysd = sd(score), distmean = mean(dist),
            distsd = sd(dist))
scorequantile = summary3 %>% pull(scorequantile)
df6 = data.frame(scorequantile)
df6$cutoff = summary3 %>% pull(cutoff)
df6$qualitymean = summary3 %>% pull(qualitymean)
df6$qualitysd = summary3 %>% pull(qualitysd)
df6$distmean = summary3 %>% pull(distmean)
df6$distsd = summary3 %>% pull(distsd)
df6
```

```
##   scorequantile cutoff qualitymean qualitysd distmean   distsd
## 1          25th    158    237.5496 12.809987       NA       NA
## 2     25th-50th    257    272.7115  9.477293 1396.992 3168.023
## 3     50th-75th    290    308.5783 11.720250 1433.082 2922.843
## 4    75th-100th    331    366.6053 27.260338 1893.068 3206.596
```

Part 2 Data Creation

Exercise 5 Data Creation

```
x1 = runif(10000,1,3)
x2 = rgamma(10000,shape=3,scale=2)
x3 = rbinom(10000,size=1,prob=0.3)
epsilon = rnorm(10000,2,1)
y = 0.5 + 1.2*x1 - 0.9*x2 + 0.1*x3 + epsilon
ydum = rep(0,length(y))
ydum[y > mean(y)] = 1
```

Exercise 6 OLS

The correlation between y and x1

```
cor(x1, y)
```

```
## [1] 0.2141016
```

The correlation between Y and X1 is 0.2, which has the same sign as 1.2.

Creat matrices X and Y

```
x = as.matrix(cbind(x1, x2, x3))
intercept <- rep(1, nrow(x))
Y = as.matrix(y)
X = as.matrix(cbind(intercept, x))
```

Calculate the coefficients on this regression

```
betas = solve(t(X) %*% X) %*% t(X) %*% Y
betas
```

```
##                 [,1]
## intercept  2.4734665
## x1         1.2003201
## x2        -0.8962988
## x3         0.1177593
```

Calculate the standard errors using the standard formulas of the OLS

```
residuals = Y - X %*% betas
p = ncol(X) - 1
df = nrow(X) - p - 1
res_var = sum(residuals^2) / df
beta_cov = res_var * solve(t(X) %*% X)
beta_se = sqrt(diag(beta_cov))
beta_se
```

```
##   intercept          x1          x2          x3
## 0.040772538 0.017336611 0.002846575 0.021786018
```

Exercise 7 Discrete Choice

Probit Model

```
probit = glm(ydum ~ x1 + x2 + x3, family = binomial(link = "probit"))
```

```
## Warning: glm.fit: fitted probabilities numerically 0 or 1 occurred
```

```
summary(probit)
```

```
##
## Call:
## glm(formula = ydum ~ x1 + x2 + x3, family = binomial(link = "probit"))
##
## Deviance Residuals:
##     Min       1Q   Median       3Q      Max
## -3.7773  -0.1052   0.0106   0.2564   3.4834
##
## Coefficients:
##             Estimate Std. Error z value Pr(>|z|)
## (Intercept)  2.93006    0.09764  30.009   <2e-16 ***
## x1           1.18579    0.04381  27.067   <2e-16 ***
## x2          -0.88151    0.01798 -49.021   <2e-16 ***
## x3           0.04300    0.04682   0.918    0.358
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## (Dispersion parameter for binomial family taken to be 1)
##
##     Null deviance: 13707.8  on 9999  degrees of freedom
## Residual deviance:  4373.5  on 9996  degrees of freedom
## AIC: 4381.5
##
## Number of Fisher Scoring iterations: 8
```

Both x1 and x3 increase the probability that ydum $= 1$, while x2 decreases the probability that ydum $= 1$. Only x3 is not significant.

Logit Model

```
logit = glm(ydum ~ x1 + x2 + x3, family = binomial(link = "logit"))
```

```
## Warning: glm.fit: fitted probabilities numerically 0 or 1 occurred
```

```
summary(logit)
```

```
##
## Call:
## glm(formula = ydum ~ x1 + x2 + x3, family = binomial(link = "logit"))
##
## Deviance Residuals:
##     Min       1Q   Median       3Q      Max
## -3.3611  -0.1454   0.0445   0.2688   3.1894
##
## Coefficients:
```

```
##             Estimate Std. Error z value Pr(>|z|)
## (Intercept)  5.19586    0.18167  28.601   <2e-16 ***
## x1           2.13992    0.08140  26.287   <2e-16 ***
## x2          -1.57551    0.03568 -44.152   <2e-16 ***
## x3           0.08431    0.08388   1.005    0.315
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## (Dispersion parameter for binomial family taken to be 1)
##
##     Null deviance: 13707.8  on 9999  degrees of freedom
## Residual deviance:  4394.9  on 9996  degrees of freedom
## AIC: 4402.9
##
## Number of Fisher Scoring iterations: 7
```

Both x1 and x3 increase the probability that ydum = 1, while x2 decreases the probability that ydum = 1. Only x3 is not significant.

Linear Model

```
linear = lm(y ~ x1 + x2 + x3)
summary(linear)
```

```
##
## Call:
## lm(formula = y ~ x1 + x2 + x3)
##
## Residuals:
##     Min      1Q  Median      3Q     Max
## -3.6503 -0.6762  0.0024  0.6818  4.4714
##
## Coefficients:
##              Estimate Std. Error  t value Pr(>|t|)
## (Intercept)  2.473466   0.040773   60.665  < 2e-16 ***
## x1           1.200320   0.017337   69.236  < 2e-16 ***
## x2          -0.896299   0.002847 -314.869  < 2e-16 ***
## x3           0.117759   0.021786    5.405 6.62e-08 ***
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## Residual standard error: 1.001 on 9996 degrees of freedom
## Multiple R-squared:  0.9126, Adjusted R-squared:  0.9126
## F-statistic: 3.48e+04 on 3 and 9996 DF,  p-value: < 2.2e-16
```

A unit increase in x1 decreases y by

```
summary(linear)$coefficients[2,1]
```

```
## [1] 1.20032
```

A unit increase in x2 decreases y by

```
summary(linear)$coefficients[3,1]
```

```
## [1] -0.8962988
```

A unit increase in x3 increases y by

```
summary(linear)$coefficients[4,1]
```

```
## [1] 0.1177593
```

All the estimated coefficients are significant.

Exercise 8 Marginal Effects

Probit Model

The marginal effect of x1 is

```
summary(probit)$coefficients[2,1]
```

```
## [1] 1.185792
```

The standard error of the marginal effect of x1 is

```
summary(probit)$coefficients[2,2]
```

```
## [1] 0.04380872
```

The marginal effect of x2 is

```
summary(probit)$coefficients[3,1]
```

```
## [1] -0.8815148
```

The standard error of the marginal effect of x2 is

```
summary(probit)$coefficients[3,2]
```

```
## [1] 0.01798233
```

The marginal effect of x3 is

```
summary(probit)$coefficients[4,1]
```

```
## [1] 0.04299915
```

The standard error of the marginal effect of x3 is

```
summary(probit)$coefficients[4,2]
```

```
## [1] 0.046817
```

Logit Model

The marginal effect of x1 is

```
summary(logit)$coefficients[2,1]
```

```
## [1] 2.139915
```

The standard error of the marginal effect of x1 is

```
summary(logit)$coefficients[2,2]
```

```
## [1] 0.08140454
```

The marginal effect of x2 is

```
summary(logit)$coefficients[3,1]
```

```
## [1] -1.575509
```

The standard error of the marginal effect of x2 is

```
summary(logit)$coefficients[3,2]
```

```
## [1] 0.03568403
```

The marginal effect of x3 is

```
summary(logit)$coefficients[4,1]
```

```
## [1] 0.08431425
```

The standard error of the marginal effect of x3 is

```
summary(logit)$coefficients[4,2]
```

```
## [1] 0.08387817
```