

Package ‘bunching’

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Type Package

Title Estimate Bunching

Version 0.8.6

Description Implementation of the bunching estimator for kinks and notches.

Allows for flexible estimation of counterfactual (e.g. controlling for round number bunching, accounting for other bunching masses within bunching window, fixing bunching point to be minimum, maximum or median value in its bin, etc.).

It produces publication-ready plots in the style followed since Chetty et al. (2011) <[doi:10.1093/qje/qjr013](https://doi.org/10.1093/qje/qjr013)>, with lots of functionality to set plot options.

URL <https://github.com/mavpanos/bunching>

BugReports <https://github.com/mavpanos/bunching/issues>

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bin_data	<i>Bin the raw data</i>
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Description

Create data frame of binned counts

Usage

```
bin_data(z_vector, binv = "median", zstar, binwidth, bins_l, bins_r)
```

Arguments

z_vector	a numeric vector of (unbinned) data.
binv	a string setting location of zstar within its bin ("min", "max" or "median" value). Default is median.
zstar	a numeric value for the the bunching point.
binwidth	a numeric value for the width of each bin.
bins_l	number of bins to left of zstar to use in analysis.
bins_r	number of bins to right of zstar to use in analysis.

Value

bin_data returns a data frame with bins and corresponding frequencies (counts).

See Also

[bunchit](#)

Examples

```
data(bunching_data)
binned_data <- bin_data(z_vector = bunching_data$kink, zstar = 10000,
                       binwidth = 50, bins_l = 20, bins_r = 20)
head(binned_data)
```

bunching

bunching: Analyze bunching at a kink or notch

Description

The bunching package implements the bunching estimator in settings with kinks or notches. Given a numeric vector, it allows the user to estimate bunching at a particular location in the vector's distribution, and returns a rich set of results. Important features include functionality for controlling for (different levels of) round numbers, controlling for other bunching points in the bunching bandwidth, and splitting bins using the bunching point as the minimum, median or maximum in its bin for robustness analysis. It estimates standard errors using residual-based bootstrapping, and returns estimated elasticities using both reduced-form and parametric specifications. Besides estimation, it produces bunching plots in the style of Chetty et al. (2011) with lots of functionality for editing the plot's appearance.

Main functions

bunching has two main functions:

`bunchit` is the main function that runs all the analysis.

`plot_hist` is a tool for exploratory visualization prior to estimating bunching. It can be used to decide how to choose the appropriate binwidth, bandwidth, the number around the bunching point to include in the bunching region, the polynomial order, whether to control for round numbers and other fixed effects in the bandwidth.

See Also

`bunchit`, `plot_hist`

bunching_data

Simulated data for bunching examples.

Description

A dataset containing two simulated vectors of about 27,500 observations.

Usage

```
bunching_data
```

Format

A data frame with 27510 rows and 2 variables:

kink_vector simulated earnings vector, suitable for examples of bunching at kinks.

notch_vector simulated earnings vector, suitable for examples of bunching at notches.

See Also

[bunching](#), [bunchit](#)

bunchit

Bunching Estimator

Description

Implement the bunching estimator in a kink or notch setting.

Usage

```
bunchit(
  z_vector,
  binv = "median",
  zstar,
  binwidth,
  bins_l,
  bins_r,
  poly = 9,
  bins_excl_l = 0,
  bins_excl_r = 0,
  extra_fe = NA,
  rn = NA,
  n_boot = 100,
  correct = TRUE,
  correct_above_zu = FALSE,
  correct_iter_max = 200,
  t0,
  t1,
  notch = FALSE,
  force_notch = FALSE,
  e_parametric = FALSE,
  e_parametric_lb = 1e-04,
  e_parametric_ub = 3,
  seed = NA,
  p_title = "",
  p_xtitle = deparse(substitute(z_vector)),
  p_ytitle = "Count",
  p_title_size = 11,
```

```

p_axis_title_size = 10,
p_axis_val_size = 8.5,
p_miny = 0,
p_maxy = NA,
p_ybreaks = NA,
p_freq_color = "black",
p_cf_color = "maroon",
p_zstar_color = "red",
p_grid_major_y_color = "lightgrey",
p_freq_size = 0.5,
p_freq_msize = 1,
p_cf_size = 0.5,
p_zstar_size = 0.5,
p_b = FALSE,
p_e = FALSE,
p_b_e_xpos = NA,
p_b_e_ypos = NA,
p_b_e_size = 3,
p_domregion_color = "blue",
p_domregion_ltype = "longdash"
)

```

Arguments

<code>z_vector</code>	a numeric vector of (unbinned) data.
<code>binv</code>	a string setting location of <code>zstar</code> within its bin ("min", "max" or "median" value). Default is median.
<code>zstar</code>	a numeric value for the the bunching point.
<code>binwidth</code>	a numeric value for the width of each bin.
<code>bins_l</code>	number of bins to left of <code>zstar</code> to use in analysis.
<code>bins_r</code>	number of bins to right of <code>zstar</code> to use in analysis.
<code>poly</code>	a numeric value for the order of polynomial for counterfactual fit. Default is 9.
<code>bins_excl_l</code>	number of bins to left of <code>zstar</code> to include in bunching region. Default is 0.
<code>bins_excl_r</code>	number of bins to right of <code>zstar</code> to include in bunching region. Default is 0.
<code>extra_fe</code>	a numeric vector of bin values to control for using fixed effects. Default includes no controls.
<code>rn</code>	a numeric vector of (up to 2) round numbers to control for. Default includes no controls.
<code>n_boot</code>	number of bootstrapped iterations. Default is 100.
<code>correct</code>	implements correction for integration constraint. Default is TRUE.
<code>correct_above_zu</code>	if integration constraint correction is implemented, should counterfactual be shifted only above <code>zu</code> (upper bound of exclusion region)? Default is FALSE (i.e. shift from above <code>zstar</code>).

correct_iter_max	maximum iterations for integration constraint correction. Default is 200.
t0	numeric value setting the marginal (average) tax rate below zstar in a kink (notch) setting.
t1	numeric value setting the marginal (average) tax rate above zstar in a kink (notch) setting.
notch	whether analysis is for a kink or notch. Default is FALSE (kink).
force_notch	whether to enforce user's choice of zu (upper limit of bunching region) in a notch setting. Default is FALSE (zu set by setting bunching equal to missing mass).
e_parametric	whether to estimate elasticity using parametric specification (quasi-linear and iso-elastic utility function). Default is FALSE (which estimates reduced-form approximation).
e_parametric_lb	lower bound for elasticity estimate's solution using parametric specification in notch setting. Default is 1e-04.
e_parametric_ub	upper bound for elasticity estimate's solution using parametric specification in notch setting. Default is 3.
seed	a numeric value for bootstrap seed (random re-sampling of residuals). Default is NA.
p_title	plot's title. Default is empty.
p_xtitle	plot's x_axis label. Default is the name of z_vector.
p_ytitle	plot's y_axis label. Default is "Count".
p_title_size	size of plot's title. Default is 11.
p_axis_title_size	size of plot's axes' title labels. Default is 10.
p_axis_val_size	size of plot's axes' numeric labels. Default is 8.5.
p_miny	plot's minimum y_axis value. Default is 0.
p_maxy	plot's maximum y_axis value. Default is optimized internally.
p_ybreaks	a numeric vector of y-axis values at which to add horizontal line markers in plot. Default is optimized internally.
p_freq_color	plot's frequency line color. Default is "black".
p_cf_color	plot's counterfactual line color. Default is "maroon".
p_zstar_color	plot's bunching region marker lines color. Default is "red".
p_grid_major_y_color	plot's y-axis major grid line color. Default is "lightgrey".
p_freq_size	plot's frequency line thickness. Default is 0.5.
p_freq_msize	plot's frequency line marker size. Default is 1.
p_cf_size	plot's counterfactual line thickness. Default is 0.5.

<code>p_zstar_size</code>	plot's bunching region marker line thickness. Default is 0.5.
<code>p_b</code>	whether plot should also include the bunching estimate. Default is FALSE.
<code>p_e</code>	whether plot should also include the elasticity estimate. Only shown if <code>p_b</code> is TRUE. Default is FALSE.
<code>p_b_e_xpos</code>	plot's x-axis coordinate of bunching/elasticity estimate. Default is set internally.
<code>p_b_e_ypos</code>	plot's y-axis coordinate of bunching/elasticity estimate. Default is set internally.
<code>p_b_e_size</code>	size of plot's printed bunching/elasticity estimate. Default is 3.
<code>p_domregion_color</code>	plot's dominated region marker line color in notch setting. Default is "blue".
<code>p_domregion_ltype</code>	line type for the vertical line type marking the dominated region (zD) in the plot for notch settings. Default is "longdash".

Details

`bunchit` implements the bunching estimator in both kink and notch settings. It bins a given numeric vector, fits a counterfactual density, and estimates the bunching mass (normalized and not), the elasticity and the location of the marginal buncher. In the case of notches, it also finds the dominated region and estimates the fraction of observations located in it.

Value

`bunchit` returns a list of results, both for visualizing and for further analysis of the data underlying the estimates. These include:

<code>plot</code>	The bunching plot.
<code>data</code>	The binned data used for estimation.
<code>cf</code>	The estimated counterfactuals.
<code>B</code>	The estimated excess mass (not normalized).
<code>B_vector</code>	The vector of bootstrapped B's.
<code>B_sd</code>	The standard deviation of <code>B_vector</code> .
<code>b</code>	The estimated excess mass (normalized).
<code>b_vector</code>	The vector of bootstrapped b's.
<code>b_sd</code>	The standard deviation of <code>b_vector</code> .
<code>e</code>	The estimated elasticity.
<code>e_vector</code>	The vector of bootstrapped elasticities (e).
<code>e_sd</code>	The standard deviation of <code>e_vector</code> .
<code>alpha</code>	The estimated fraction of bunchers in dominated region (notch case).
<code>alpha_vector</code>	The vector of bootstrapped alphas.
<code>alpha_sd</code>	The standard deviation of <code>alpha_vector</code> .
<code>model_fit</code>	The model fit on the actual (i.e. not bootstrapped) data.
<code>zD</code>	The value demarcating the dominated region (notch case).

zD_bin The bin above zstar demarcating the dominated region (notch case).
zU_bin The location of zU (upper range of excluded region) as estimated from notch setting by setting force_notch = FALSE.
marginal_buncher The location (z value) of the marginal buncher.
marginal_buncher_vector The vector of bootstrapped marginal_buncher values.
marginal_buncher_sd The standard deviation of marginal_buncher_vector.

See Also

[plot_hist](#)

Examples

```
## Not run:
# First, load the example data
data(bunching_data)

# Example 1: Kink with integration constraint correction
kink1 <- bunchit(z_vector = bunching_data$kink, zstar = 10000, binwidth = 50,
                bins_l = 20, bins_r = 20, poly = 4, t0 = 0, t1 = .2,
                p_b = TRUE, seed = 1)

kink1$plot
kink1$b
kink1$b_sd

# Example 2: Kink with diffuse bunching
bpoint <- 10000; binwidth <- 50
kink2_vector <- c(bunching_data$kink_vector,
                 rep(bpoint - binwidth,80), rep(bpoint - 2*binwidth,190),
                 rep(bpoint + binwidth,80), rep(bpoint + 2*binwidth,80))
kink2 <- bunchit(z_vector = kink2_vector, zstar = 10000, binwidth = 50,
                bins_l = 20, bins_r = 20, poly = 4, t0 = 0, t1 = .2,
                bins_excl_l = 2, bins_excl_r = 2, correct = FALSE,
                p_b = TRUE, seed = 1)

kink2$plot

# Example 3: Kink with further bunching at other level in bandwidth
kink3_vector <- c(bunching_data$kink_vector, rep(10200,540))
kink3 <- bunchit(kink3_vector, zstar = 10000, binwidth = 50,
                bins_l = 40, bins_r = 40, poly = 6, t0 = 0, t1 = .2,
                correct = FALSE, p_b = TRUE, extra_fe = 10200, seed = 1)

kink3$plot

# Example 4: Kink with round number bunching
rn1 <- 500; rn2 <- 250
bpoint <- 10000
kink4_vector <- c(bunching_data$kink_vector,
                 rep(bpoint + rn1, 270),
```

```

      rep(bpoint + 2*rn1,230),
      rep(bpoint - rn1,260),
      rep(bpoint - 2*rn1,275),
      rep(bpoint + rn2, 130),
      rep(bpoint + 3*rn2,140),
      rep(bpoint - rn2,120),
      rep(bpoint - 3*rn2,135))
kink4 <- bunchit(z_vector = kink4_vector, zstar = bpoint, binwidth = 50,
  bins_l = 20, bins_r = 20, poly = 6, t0 = 0, t1 = .2,
  correct = FALSE, p_b = TRUE, p_e = TRUE, p_freq_msize = 1.5,
  p_b_e_ypos = 880, rn = c(250,500), seed = 1)
kink4$plot

# Example 5: Notch
notch <- bunchit(z_vector = bunching_data$notch_vector, zstar = 10000, binwidth = 50,
  bins_l = 40, bins_r = 40, poly = 5, t0 = 0.18, t1 = .25,
  correct = FALSE, notch = TRUE, p_b = TRUE, p_b_e_xpos = 8900,
  n_boot = 0)
notch$plot

## End(Not run)

```

domregion

Dominated Region

Description

Estimate z (the value of z_vector) that demarcates the upper bound of the dominated region (in notch settings only).

Usage

```
domregion(zstar, t0, t1, binwidth)
```

Arguments

<code>zstar</code>	a numeric value for the the bunching point.
<code>t0</code>	numeric value setting the marginal (average) tax rate below $zstar$ in a kink (notch) setting.
<code>t1</code>	numeric value setting the marginal (average) tax rate above $zstar$ in a kink (notch) setting.
<code>binwidth</code>	a numeric value for the width of each bin.

Value

`domregion` returns a list with the following objects related to the dominated region (in notch settings only):

<code>zD</code>	The level of z that demarcates the upper bound of the dominated region.
<code>zD_bin</code>	The value of the bin which zD falls in.

See Also[bunchit](#)**Examples**

```
domregion(zstar = 10000, t0 = 0, t1 = 0.2, binwidth = 50)
```

do_bootstrap

*Bootstrap***Description**

Estimate bunching on bootstrapped samples, using residual-based bootstrapping with replacement.

Usage

```
do_bootstrap(
  zstar,
  binwidth,
  firstpass_prep,
  residuals,
  n_boot = 100,
  correct = TRUE,
  correct_iter_max = 200,
  notch = FALSE,
  zD_bin = NA,
  seed = NA
)
```

Arguments

<code>zstar</code>	a numeric value for the the bunching point.
<code>binwidth</code>	a numeric value for the width of each bin.
<code>firstpass_prep</code>	(binned) data that includes all variables necessary for fitting the model.
<code>residuals</code>	residuals from (first pass) fitted bunching model.
<code>n_boot</code>	number of bootstrapped iterations. Default is 100.
<code>correct</code>	implements correction for integration constraint. Default is TRUE.
<code>correct_iter_max</code>	maximum iterations for integration constraint correction. Default is 200.
<code>notch</code>	whether analysis is for a kink or notch. Default is FALSE (kink).
<code>zD_bin</code>	the bin marking the upper end of the dominated region (notch case).
<code>seed</code>	a numeric value for bootstrap seed (random re-sampling of residuals). Default is NA.

Value

do_bootstrap returns a list with the following bootstrapped estimates:

b_vector	A vector with the bootstrapped normalized excess mass estimates.
b_sd	The standard deviation of the bootstrapped b_vector.
B_vector	A vector with the bootstrapped excess mass estimates (not normalized).
B_sd	The standard deviation of the bootstrapped B_vector.
marginal_buncher_vector	A vector with the bootstrapped estimates of the location (z value) of the marginal buncher.
marginal_buncher_sd	The standard deviation of the bootstrapped marginal_buncher_vector.
alpha_vector	A vector with the bootstrapped estimates of the fraction of bunchers in the dominated region (only in notch case).
alpha_vector_sd	The standard deviation of the bootstrapped alpha_vector.

See Also

[bunchit](#), [prep_data_for_fit](#)

Examples

```
data(bunching_data)
binned_data <- bin_data(z_vector = bunching_data$kink, zstar = 10000,
  binwidth = 50, bins_l = 20, bins_r = 20)
prepped_data <- prep_data_for_fit(binned_data, zstar = 10000, binwidth = 50,
  bins_l = 20, bins_r = 20, poly = 4)
firstpass <- fit_bunching(prepped_data$data_binned,
  prepped_data$model_formula,
  binwidth = 50)
residuals_for_boot <- fit_bunching(prepped_data$data_binned,
  prepped_data$model_formula,
  binwidth = 50)$residuals
boot_results <- do_bootstrap(zstar = 10000, binwidth = 50,
  firstpass_prep = prepped_data,
  residuals = residuals_for_boot,
  seed = 1)
boot_results$b_sd
```

do_correction

Integration Constraint Correction

Description

Implements the correction for the integration constraint.

Usage

```
do_correction(
  zstar,
  binwidth,
  data_prepped,
  firstpass_results,
  correct_iter_max = 200,
  notch = FALSE,
  zD_bin = NA
)
```

Arguments

zstar a numeric value for the the bunching point.

binwidth a numeric value for the width of each bin.

data_prepped (binned) data that includes all variables necessary for fitting the model.

firstpass_results initial bunching estimates without correction.

correct_iter_max maximum iterations for integration constraint correction. Default is 200.

notch whether analysis is for a kink or notch. Default is FALSE (kink).

zD_bin the bin marking the upper end of the dominated region (notch case).

Value

do_correction returns a list with the data and estimates after correcting for the integration constraint, as follows:

data The dataset with the corrected counterfactual.

coefficients The coefficients of the model fit on the corrected data.

b_corrected The normalized excess mass, corrected for the integration constraint.

B_corrected The excess mass (not normalized), corrected for the integration constraint.

c0_corrected The counterfactual at zstar, corrected for the integration constraint.

marginal_buncher_corrected The location (z value) of the marginal buncher, corrected for the integration constraint.

alpha_corrected The estimated fraction of bunchers in the dominated region, corrected for the integration constraint (only in notch case).

See Also

[bunchit](#), [fit_bunching](#)

Examples

```

data(bunching_data)
binned_data <- bin_data(z_vector = bunching_data$kink, zstar = 10000,
                       binwidth = 50, bins_l = 20, bins_r = 20)
prepped_data <- prep_data_for_fit(binned_data, zstar = 10000, binwidth = 50,
                                  bins_l = 20, bins_r = 20, poly = 4)
firstpass <- fit_bunching(prepped_data$data_binned,
                          prepped_data$model_formula,
                          binwidth = 50)
corrected <- do_correction(zstar = 10000, binwidth = 50,
                           data_prepped = prepped_data$data_binned,
                           firstpass_results = firstpass)
paste0("Without correction, b = ", firstpass$b_estimate)
paste0("With correction, b = ", round(corrected$b_corrected,3))

```

elasticity

Elasticity

Description

Estimate elasticity from single normalized bunching observation.

Usage

```

elasticity(
  beta,
  binwidth,
  zstar,
  t0,
  t1,
  notch = FALSE,
  e_parametric = FALSE,
  e_parametric_lb = 1e-04,
  e_parametric_ub = 3
)

```

Arguments

beta	normalized excess mass.
binwidth	a numeric value for the width of each bin.
zstar	a numeric value for the the bunching point.
t0	numeric value setting the marginal (average) tax rate below zstar in a kink (notch) setting.
t1	numeric value setting the marginal (average) tax rate above zstar in a kink (notch) setting.
notch	whether analysis is for a kink or notch. Default is FALSE (kink).

e_parametric	whether to estimate elasticity using parametric specification (quasi-linear and iso-elastic utility function). Default is FALSE (which estimates reduced-form approximation).
e_parametric_lb	lower bound for elasticity estimate's solution using parametric specification in notch setting. Default is 1e-04.
e_parametric_ub	upper bound for elasticity estimate's solution using parametric specification in notch setting. Default is 3.

Value

elasticity returns the estimated elasticity. By default, this is based on the reduced-form approximation. To use the parametric equivalent, set e_parametric to TRUE.

See Also

[bunchit](#)

Examples

```
elasticity(beta = 2, binwidth = 50, zstar = 10000, t0 = 0, t1 = 0.2)
```

fit_bunching

Fit Bunching

Description

Fit bunching model to (binned) data and estimate excess mass.

Usage

```
fit_bunching(thedata, themodelformula, binwidth, notch = FALSE, zD_bin = NA)
```

Arguments

thedata	(binned) data that includes all variables necessary for fitting the model.
themodelformula	formula to fit.
binwidth	a numeric value for the width of each bin.
notch	whether analysis is for a kink or notch. Default is FALSE (kink).
zD_bin	the bin marking the upper end of the dominated region (notch case).

Value

fit_bunching returns a list of the following results:

coefficients	The coefficients from the fitted model.
residuals	The residuals from the fitted model.
cf_density	The estimated counterfactual density.
bunchers_excess	The estimate of the excess mass (not normalized).
cf_bunchers	The counterfactual estimate of counts in the bunching region.
b_estimate	The estimate of the normalized excess mass.
bins_bunchers	The number of bins in the bunching region.
model_formula	The model formula used for fitting.
B_zl_zstar	The count of bunchers in the bunching region below and up to zstar.
B_zstar_zu	The count of bunchers in the bunching region above zstar.
alpha	The estimated fraction of bunchers in the dominated region (only in notch case.)
zD_bin	The value of the bin which zD falls in.

See Also

[bunchit](#), [prep_data_for_fit](#)

Examples

```
data(bunching_data)
binned_data <- bin_data(z_vector = bunching_data$kink, zstar = 10000,
  binwidth = 50, bins_l = 20, bins_r = 20)
prepped_data <- prep_data_for_fit(binned_data, zstar = 10000, binwidth = 50,
  bins_l = 20, bins_r = 20, poly = 4)
fitted <- fit_bunching(thedata = prepped_data$data_binned,
  themodelformula = prepped_data$model_formula,
  binwidth = 50)
# extract coefficients
fitted$coefficients
```

marginal_buncher

Marginal Buncher

Description

Calculate location (value of z_vector) of marginal buncher.

Usage

```
marginal_buncher(beta, binwidth, zstar, notch = FALSE, alpha = NULL)
```

Arguments

beta	normalized excess mass.
binwidth	a numeric value for the width of each bin.
zstar	a numeric value for the the bunching point.
notch	whether analysis is for a kink or notch. Default is FALSE (kink).
alpha	the proportion of individuals in dominated region (in notch setting).

Value

marginal_buncher returns the location of the marginal buncher, i.e. $zstar + Dzstar$.

See Also

[bunchit](#)

Examples

```
marginal_buncher(beta = 2, binwidth = 50, zstar = 10000)
```

notch_equation	<i>Notch Equation</i>
----------------	-----------------------

Description

Defines indifference condition based on parametric utility function in notch setting. Used to parametrically solve for elasticity.

Usage

```
notch_equation(e, t0, t1, zstar, dzstar)
```

Arguments

e	elasticity.
t0	numeric value setting the marginal (average) tax rate below zstar in a kink (notch) setting.
t1	numeric value setting the marginal (average) tax rate above zstar in a kink (notch) setting.
zstar	a numeric value for the the bunching point.
dzstar	The distance of the marginal buncher from zstar.

Value

util_diff returns the difference in utility between zstar and z_I in notch setting.

See Also

[bunchit](#)
[elasticity](#)

Examples

```
notch_equation(e = .04, t0 = 0, t1 = .2, zstar = 10000, dzstar = 50)
```

plot_bunching	<i>Bunching Plot</i>
---------------	----------------------

Description

Creates the bunching plot.

Usage

```
plot_bunching(  
  z_vector,  
  binned_data,  
  cf,  
  zstar,  
  binwidth,  
  bins_excl_l = 0,  
  bins_excl_r = 0,  
  p_title = "",  
  p_xtitle = deparse(substitute(z_vector)),  
  p_ytitle = "Count",  
  p_miny = 0,  
  p_maxy = NA,  
  p_ybreaks = NA,  
  p_title_size = 11,  
  p_axis_title_size = 10,  
  p_axis_val_size = 8.5,  
  p_freq_color = "black",  
  p_cf_color = "maroon",  
  p_zstar_color = "red",  
  p_grid_major_y_color = "lightgrey",  
  p_freq_size = 0.5,  
  p_freq_msize = 1,  
  p_cf_size = 0.5,  
  p_zstar_size = 0.5,  
  p_b = FALSE,  
  b = NA,  
  b_sd = NA,  
  p_e = FALSE,
```

```

e = NA,
e_sd = NA,
p_b_e_xpos = NA,
p_b_e_ypos = NA,
p_b_e_size = 3,
t0 = NA,
t1 = NA,
notch = FALSE,
p_domregion_color = NA,
p_domregion_ltype = NA
)

```

Arguments

z_vector	a numeric vector of (unbinned) data.
binned_data	binned data with frequency and estimated counterfactual.
cf	the counterfactual to be plotted.
zstar	a numeric value for the the bunching point.
binwidth	a numeric value for the width of each bin.
bins_excl_l	number of bins to left of zstar to include in bunching region. Default is 0.
bins_excl_r	number of bins to right of zstar to include in bunching region. Default is 0.
p_title	plot's title. Default is empty.
p_xtitle	plot's x_axis label. Default is the name of z_vector.
p_ytitle	plot's y_axis label. Default is "Count".
p_miny	plot's minimum y_axis value. Default is 0.
p_maxy	plot's maximum y_axis value. Default is optimized internally.
p_ybreaks	a numeric vector of y-axis values at which to add horizontal line markers in plot. Default is optimized internally.
p_title_size	size of plot's title. Default is 11.
p_axis_title_size	size of plot's axes' title labels. Default is 10.
p_axis_val_size	size of plot's axes' numeric labels. Default is 8.5.
p_freq_color	plot's frequency line color. Default is "black".
p_cf_color	plot's counterfactual line color. Default is "maroon".
p_zstar_color	plot's bunching region marker lines color. Default is "red".
p_grid_major_y_color	plot's y-axis major grid line color. Default is "lightgrey".
p_freq_size	plot's frequency line thickness. Default is 0.5.
p_freq_msize	plot's frequency line marker size. Default is 1.
p_cf_size	plot's counterfactual line thickness. Default is 0.5.
p_zstar_size	plot's bunching region marker line thickness. Default is 0.5.

p_b	whether plot should also include the bunching estimate. Default is FALSE.
b	normalized bunching estimate.
b_sd	standard deviation of the normalized bunching estimate.
p_e	whether plot should also include the elasticity estimate. Only shown if p_b is TRUE. Default is FALSE.
e	elasticity estimate.
e_sd	standard deviation of the elasticity estimate.
p_b_e_xpos	plot's x-axis coordinate of bunching/elasticity estimate. Default is set internally.
p_b_e_ypos	plot's y-axis coordinate of bunching/elasticity estimate. Default is set internally.
p_b_e_size	size of plot's printed bunching/elasticity estimate. Default is 3.
t0	numeric value setting the marginal (average) tax rate below zstar in a kink (notch) setting.
t1	numeric value setting the marginal (average) tax rate above zstar in a kink (notch) setting.
notch	whether analysis is for a kink or notch. Default is FALSE (kink).
p_domregion_color	plot's dominated region marker line color in notch setting. Default is "blue".
p_domregion_ltype	line type for the vertical line type marking the dominated region (zD) in the plot for notch settings. Default is "longdash".

Value

plot_bunching returns a plot with the frequency, counterfactual and bunching region demarcated. Can also include the bunching and elasticity estimate if specified.

See Also

[bunchit](#)

Examples

```
data(bunching_data)
binned_data <- bin_data(z_vector = bunching_data$kink, zstar = 10000,
  binwidth = 50, bins_l = 20, bins_r = 20)
prepped_data <- prep_data_for_fit(binned_data, zstar = 10000, binwidth = 50,
  bins_l = 20, bins_r = 20, poly = 4)
fitted <- fit_bunching(thedata = prepped_data$data_binned,
  themodelformula = prepped_data$model_formula,
  binwidth = 50)
plot_bunching(z_vector = bunching_data$kink_vector,
  binned_data = prepped_data$data_binned,
  cf = fitted$cf_density, zstar = 10000,
  binwidth = 50, bins_excl_l = 0, bins_excl_r = 0,
  b = 1.989, b_sd = 0.005, p_b = TRUE)
```

plot_hist

*Plot Histogram***Description**

Create a binned plot for quick exploration without estimating bunching mass.

Usage

```
plot_hist(
  z_vector,
  binv = "median",
  zstar,
  binwidth,
  bins_l,
  bins_r,
  p_title = "",
  p_xtitle = "z_name",
  p_ytitle = "Count",
  p_title_size = 11,
  p_axis_title_size = 10,
  p_axis_val_size = 8.5,
  p_miny = 0,
  p_maxy = NA,
  p_ybreaks = NA,
  p_grid_major_y_color = "lightgrey",
  p_freq_color = "black",
  p_zstar_color = "red",
  p_freq_size = 0.5,
  p_freq_msize = 1,
  p_zstar_size = 0.5,
  p_zstar = TRUE
)
```

Arguments

z_vector	a numeric vector of (unbinned) data.
binv	a string setting location of zstar within its bin ("min", "max" or "median" value). Default is median.
zstar	a numeric value for the the bunching point.
binwidth	a numeric value for the width of each bin.
bins_l	number of bins to left of zstar to use in analysis.
bins_r	number of bins to right of zstar to use in analysis.
p_title	plot's title. Default is empty.
p_xtitle	plot's x_axis label. Default is the name of z_vector.

p_ytitle	plot's y_axis label. Default is "Count".
p_title_size	size of plot's title. Default is 11.
p_axis_title_size	size of plot's axes' title labels. Default is 10.
p_axis_val_size	size of plot's axes' numeric labels. Default is 8.5.
p_miny	plot's minimum y_axis value. Default is 0.
p_maxy	plot's maximum y_axis value. Default is optimized internally.
p_ybreaks	a numeric vector of y-axis values at which to add horizontal line markers in plot. Default is optimized internally.
p_grid_major_y_color	plot's y-axis major grid line color. Default is "lightgrey".
p_freq_color	plot's frequency line color. Default is "black".
p_zstar_color	plot's bunching region marker lines color. Default is "red".
p_freq_size	plot's frequency line thickness. Default is 0.5.
p_freq_msize	plot's frequency line marker size. Default is 1.
p_zstar_size	plot's bunching region marker line thickness. Default is 0.5.
p_zstar	whether to show vertical line for zstar. Default is TRUE.

Value

plot_hist returns a list with the following:

plot	the plot of the density without estimating a counterfactual.
data	the binned data used for the plot.

See Also

[bunchit](#)

Examples

```
# visualize a distribution
data(bunching_data)
plot_hist(z_vector = bunching_data$kink_vector,
binv = "median", zstar = 10000,
binwidth = 50, bins_l = 40, bins_r = 40)$plot
```

```
prep_data_for_fit      Data Preparation
```

Description

Prepare binned data and model for bunching estimation.

Usage

```
prep_data_for_fit(
  data_binned,
  zstar,
  binwidth,
  bins_l,
  bins_r,
  poly = 9,
  bins_excl_l = 0,
  bins_excl_r = 0,
  rn = NA,
  extra_fe = NA,
  correct_above_zu = FALSE
)
```

Arguments

data_binned	dataframe of counts per bin
zstar	a numeric value for the the bunching point.
binwidth	a numeric value for the width of each bin.
bins_l	number of bins to left of zstar to use in analysis.
bins_r	number of bins to right of zstar to use in analysis.
poly	a numeric value for the order of polynomial for counterfactual fit. Default is 9.
bins_excl_l	number of bins to left of zstar to include in bunching region. Default is 0.
bins_excl_r	number of bins to right of zstar to include in bunching region. Default is 0.
rn	a numeric vector of (up to 2) round numbers to control for. Default includes no controls.
extra_fe	a numeric vector of bin values to control for using fixed effects. Default includes no controls.
correct_above_zu	if integration constraint correction is implemented, should counterfactual be shifted only above zu (upper bound of exclusion region)? Default is FALSE (i.e. shift from above zstar).

Value

`data_binned` returns a list with the following:

- `data_binned` The binned data with the extra columns necessary for model fitting, such as indicators for bunching region, fixed effects, etc.
- `model_formula` The formula used for model fitting.

See Also

[bunchit](#)

Examples

```
data(bunching_data)
binned_data <- bin_data(z_vector = bunching_data$kink, zstar = 10000,
  binwidth = 50, bins_l = 20, bins_r = 20)
prepped_data <- prep_data_for_fit(binned_data, zstar = 10000, binwidth = 50,
  bins_l = 20, bins_r = 20, poly = 4,
  bins_excl_l = 2, bins_excl_r = 3,
  rn = c(250,500), extra_fe = 10200)

head(prepped_data$data_binned)
prepped_data$model_formula
```

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