Title

bunch_count —— Calculate bunching statstics for a distribution. The method used is detailed in:

Chetty, Friedman, Olsen and Pistaferri
Adjustment Costs, Firm Responses,
and Micro vs. Macro Labor Supply Elasticities:
Evidence from Danish Tax Records
The Quarterly Journal of Economics, 2011, 126 (2): 749-804

Syntax

bunch_count *x_var count_x_var* [*if*] [*in*] [, *Bunch_calc_options, Bunch_plot_options*]

options	Description
varlist	
x_var	Name of (binned) variable, the distribution of which we are studying.
count_x_var	Name of variable containing counts for each bin of *x_var*.
Bunch_calc_options Options	
bpoint(#)	Bunch point - eg kink point in tax system, measured in $; default is **bpoint(0)**
binwidth(#)	Bin width, measuerd in $; default is **binwidth(200)**
degree(#)	Degree of fitted polynomial; default is **degree(7)**
max_it(#)	Maximum number of iterations; default is **max_it(200)**
nboot(#)	Number of bootstrap samples; default is **nboot(0)**
ig_low(#)	When fitting the polynomial: Number of bins to consider on the left of the bunch point; default is **ig_low(-50)**
ig_high(#)	When fitting the polynomial: Number of bins to consider on the right of the bunch point; default is **ig_high(50)**
low_bunch(#)	Leftmost bin in bunching windows relative to bunch point; default is **low_bunch(-7)**
high_bunch(#)	Rightmost bin in bunching windows relative to bunch point; default is **low_bunch(7)**
int2one(#)	Defaut **int2one(1)** imposes the assumption that all excess mass in the bunching window comes from the right of the bunching window. **int2one(1)** ensures: area under counterfactual = area under actual distribution,
Bunch_plot_options Options	
plot(#)	**plot(1)** plots the actual distribution. The default **plot(0)** does not produce a graph.
plot_fit(#)	When **plot(1)** is specified, **plot_fit(1)** overlays the graph with the counterfactual distribution. The default is **plot_fit(1).**
graph_dir(*string*)	Species the path to the directory where the graph will be stored.
graph_name(*string*)	Species the base name for the graph to be stored.
graph_step(#)	specifies the stepsize for Stata's **xlabel(*axis label options*)** option; the default is **graph_step(10)**
zoom_low(#)	A value higher than **ig_low** means that the graph will be zoomed from the left; the default **zoom_low(0)** imlies no zooming from the left.
zoom_high(#)	A value lower than **ig_high** means that the graph will be zoomed from the

	right; the default is **zoom_high(0)** implies not zooming from the right.
pct_hgt(*string***)**	Scaling option. Attempts to set the minimum value on the y-axis to **pct_hgt**% of the average graph height in bunching window; the default value of **pct_hgt(101)** overrides scaling.
use_xline(*#***)**	xline option: **use_xline(1)** creates a vertical line at a value of at **xline(#);** Default value is **use_xline(1).** Setting **use_xline(0)** implies no xline.
xline(*#***)**	xline option: set where the first xline is going to be; default value is **xline(0).**
use_xline2(*#***)**	xline option: **use_xline2(1)** creates a vertical line at a value of at **xline2(#);** Default value is **use_xline2(0).** Setting **use_xline2(0)** implies no second xline.
xline2(*#***)**	xline option: set where the second xline is going to be; default value is **xline(0).**
use_xline3(*#***)**	xline option: **use_xline3(1)** creates a vertical line at a value of at **xline3(#);** Default value is **use_xline3(0).** Setting **use_xline3(0)** implies no third xline.
xline3(*#***)**	xline option: set where the third xline is going to be; default value is **xline(0).**
use_xtitle(*#***)**	xtitle option: Default **use_xtitle(1)** creates a title under the x-axis. **use_xtitle(0)** implies no xtitle.
xtitle(*string***)**	xtitle option: Sets title of x-axis. If empty and **use_xtitle(1)** the xtitle will default to "Bin Group".
outvar(*string***)**	While creating the graph, the data for it is written to three new variables *outvar1*, *outvar2*, and *outvar3*; default setting is **outvar(plotabc).**
png_export(*#***)**	Option to export graph in png format; default **png_export(0)** does not export graph as a png file, while **png_export(1)** does.
wmf_export(*#***)**	Option to export graph in wmf format; default **wmf_export(1)** exports graph as a wmf file, while **wmf_export(0)** does not.

>

Remarks

For detailed information on the technique used to calculate bunching at kink points, see:

Chetty, Friedman, Olsen and Pistaferri
Adjustment Costs, Firm Responses,
and Micro vs. Macro Labor Supply Elasticities:
Evidence from Danish Tax Records
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Examples

```
. bunch_count income freq if gender==1
```

```
. bunch_count income freq if gender==1, bpoint(250000) binwidth(1000) nboot(100) plot(1)
    graph_dir("c:\graphs\") graph_step(4)
```