THE UNIVERSITY OF CHICAGO | **DEPARTMENT OF STATISTICS**

MASTER'S THESIS PRESENTATION

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Understanding Shift-Share Instruments: an Application

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ABSTRACT

In this paper, I explore shift-share instrumental variables (SSIVs), which have recently become a popular causal inference tool in the economics literature. Shift-share instruments are a special case of instrumental variables (IVs), which arise in applications where the outcome of interest is at a local level and the treatment of interest can be partitioned into both local and group levels. I apply SSIVs to an empirical problem of whether increase in immigration induces more voter registration for the Republican party using county-level US data. I find that the estimated effect is not statistically significant. I further conduct a series of simulations to check whether it is plausible to have a true positive effect but an insignificant result in the presence of large random errors.