

Econ 211

Prof. Jeffrey Naecker

Wesleyan University

Power Calculations

Type 1 and Type 2 Error

- ▶ Type 1 Error: Determining a hypothesis is true when in fact it is false
- ▶ Type 2 Error: Determining a hypothesis is false when in fact it is true

Type 1 and Type 2 Error

- ▶ Type 1 Error: Determining a hypothesis is true when in fact it is false
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The boy who cried wolf caused the villagers to commit a type 1 and a type 2 error, in that order.

- ▶ Type 1: Believing there is a wolf when in fact there is not one
- ▶ Type 2: Believing there is a not wolf when in fact there is one

Power Calculations: Building Blocks

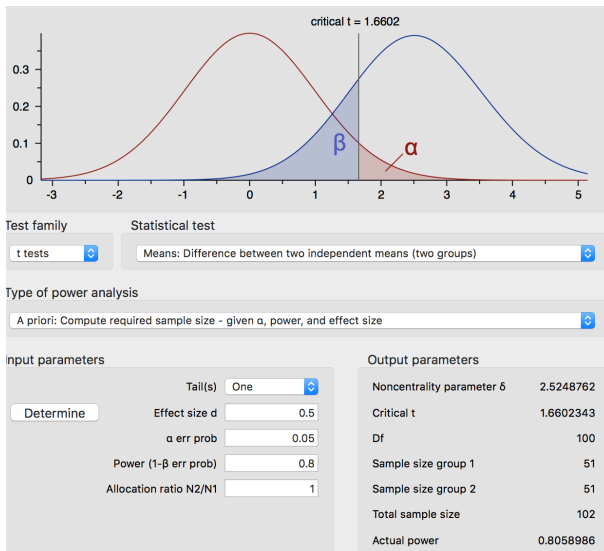
- ▶ Significance level $\alpha = P(\text{Type 1 error})$
 - ▶ Typically set this to 0.05
- ▶ $\beta = P(\text{type 2 error}) = 1 - \text{Power}$
 - ▶ Typically set power to 0.80
- ▶ Sample size n : number of observations (eg subjects) in our study
- ▶ Minimum detectable effect d : cutoff in our outcome variable above which we claim to find an effect (ie we reject the null hypothesis)
 - ▶ Effect size typically given in standard deviation units:

$$d = \frac{\text{Mean of treatment group} - \text{Mean of control group}}{\text{Standard Deviation}}$$

- ▶ Effect size or sample size can be pulled from existing studies

If we pick any three of these values, the fourth is determined

Power Calculation: Using gpower App



Source: <http://www.gpower.hhu.de/>

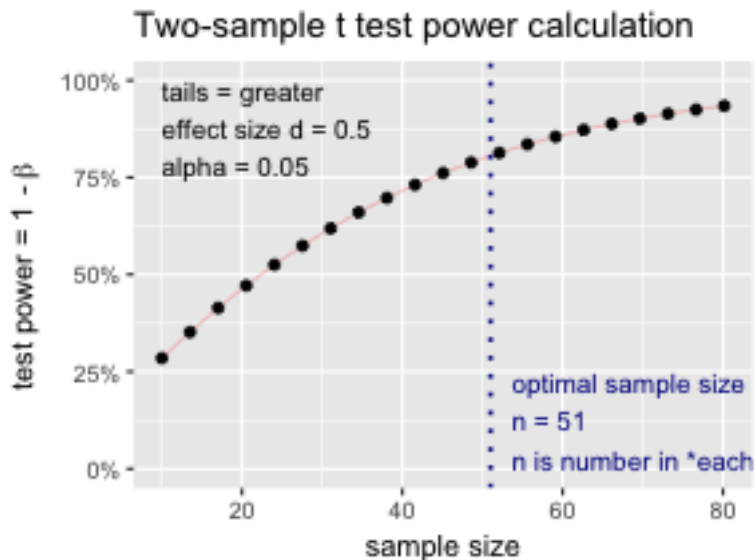
Power Calculations: Using pwr Package in R

```
[] library(pwr)
test.results <- pwr.t.test(d = 0.5, sig.level = 0.05, power = 0.8, type =
"two.sample", alternative = "greater")
test.results

##
##      Two-sample t test power calculation
##
##              n = 50.1508
##              d = 0.5
##      sig.level = 0.05
##              power = 0.8
##      alternative = greater
##
## NOTE: n is number in *each* group
```

Plotting Power vs Sample Size

```
plot(test.results)
```



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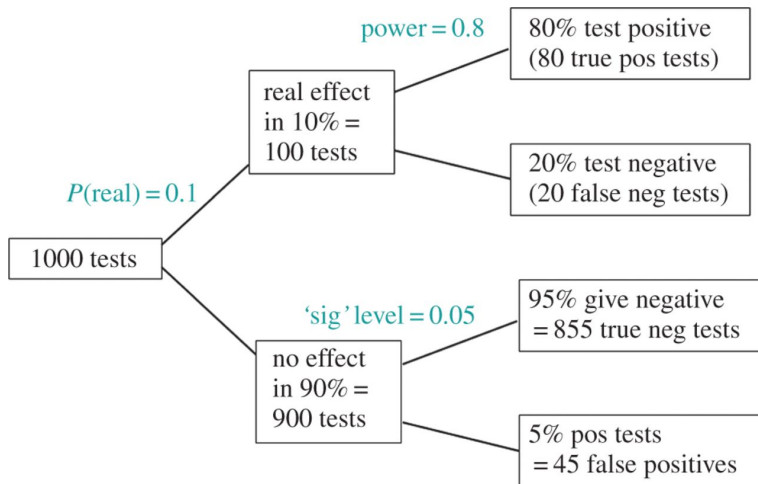
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- ▶ False discovery rate = $\frac{\text{False Positives}}{\text{Total Positives}}$
 - ▶ FDR in this case?

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- ▶ False discovery rate = $\frac{\text{False Positives}}{\text{Total Positives}}$
 - ▶ FDR in this case? $\frac{45}{45+80} = 36\%$

False Discovery Rate Visualized



Source: Colquhoun (2014)

More Tools

Demo by Rafael Charris Dominguez:

- ▶ False Discovery Rate: <http://shinyapps.org/apps/PPV/>
- ▶ statcheck: <http://statcheck.io/>

Pre-Analysis Plans

What's a Pre-Analysis Plan?

In a pre-analysis plan (also known as pre-registration), authors **publicly** post

- ▶ research hypothesis
- ▶ how/where/when data will be collected
- ▶ how data will be analyzed

before the data is collected

Why Do We Need Pre-Analysis Plans?

- ▶ Reduced file drawer effect
- ▶ Reduce publication bias
- ▶ Reduce p-hacking
- ▶ Reduce HARKing

Examples of Pre-Analysis Plans

- ▶ American Economic Association Registry
 - ▶ Good example: <https://www.socialscienceregistry.org/trials/2196>
 - ▶ Only for randomized controlled trials (RCTs) (basically experiments)
- ▶ Open Science Pre-Registration
 - ▶ Template: <https://osf.io/t6m9v/>
 - ▶ Can include non-experimental studies
- ▶ AsPredicted.org
 - ▶ Example: <https://aspredicted.org/nfj4s.pdf>

Final Project

- ▶ PAP for your final projects is posted on Moodle
- ▶ Final presentation and paper must cover all topics in PAP
- ▶ Presentation: 8-12 minutes
- ▶ Paper: 6-10 pages