

# Package ‘spldv’

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**Type** Package

**Title** Spatial Models for Limited Dependent Variables

**Version** 0.1.1

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**Description** The current version of this package estimates spatial autoregressive models for binary dependent variables using GMM estimators. It supports one-step (Pinkse and Slade, 1998) <[doi:10.1016/S0304-4076\(97\)00097-3](https://doi.org/10.1016/S0304-4076(97)00097-3)> and two-step GMM estimator along with the linearized GMM estimator proposed by Klier and McMillen (2008) <[doi:10.1198/073500107000000188](https://doi.org/10.1198/073500107000000188)>. It also allows for either Probit or Logit model and compute the average marginal effects.

**Encoding** UTF-8

**RoxygenNote** 7.1.2

**Depends** R (>= 4.0)

**Imports** Formula, Matrix, maxLik, stats, sphet, memisc, car, methods,  
numDeriv, MASS, spatialreg

**Suggests** spdep

**License** GPL (>= 2)

**URL** <https://github.com/gpiras/spldv>

**BugReports** <https://github.com/gpiras/spldv/issues>

**LazyData** no

**NeedsCompilation** no

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getSummary.bingmm	<i>Get Model Summaries for use with "mtable" for objects of class bingmm</i>
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### Description

A generic function to collect coefficients and summary statistics from a bingmm object. It is used in mtable

### Usage

```
## S3 method for class 'bingmm'
getSummary(obj, alpha = 0.05, ...)
```

### Arguments

obj	a bingmm object,
alpha	level of the confidence intervals,
...	further arguments,

### Details

For more details see package **memisc**.

### Value

A list with an array with coefficient estimates and a vector containing the model summary statistics.

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getSummary.binlgmm	<i>Get Model Summaries for use with "mtable" for objects of class binlgmm</i>
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**Description**

A generic function to collect coefficients and summary statistics from a binlgmm object. It is used in mtable

**Usage**

```
## S3 method for class 'binlgmm'
getSummary(obj, alpha = 0.05, ...)
```

**Arguments**

obj	a binlgmm object,
alpha	level of the confidence intervals,
...	further arguments,

**Details**

For more details see package **memisc**.

**Value**

A list with an array with coefficient estimates and a vector containing the model summary statistics.

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impacts	<i>Estimation of the average marginal effects for SARB models.</i>
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**Description**

Obtain the average marginal effects from bingmm or binlgmm class model.

**Usage**

```
impacts(object, ...)
```

**Arguments**

object	an object of class bingmm or binlgmm
...	Additional arguments to be passed.

**Value**

Estimates of the direct, indirect and total effect.

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impacts.bingmm	<i>Estimation of the average marginal effects for SARB model estimated using GMM procedures.</i>
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### Description

Obtain the average marginal effects from bingmm or binlgmm class model.

### Usage

```
## S3 method for class 'bingmm'
impacts(
  object,
  vcov = NULL,
  vce = c("robust", "efficient", "ml"),
  het = TRUE,
  atmeans = FALSE,
  type = c("mc", "delta"),
  R = 100,
  approximation = FALSE,
  pw = 5,
  tol = 1e-06,
  empirical = FALSE,
  ...
)

## S3 method for class 'binlgmm'
impacts(
  object,
  vcov = NULL,
  het = TRUE,
  atmeans = FALSE,
  type = c("mc", "delta"),
  R = 100,
  approximation = FALSE,
  pw = 5,
  tol = 1e-06,
  empirical = FALSE,
  ...
)

## S3 method for class 'impacts.bingmm'
print(x, ...)

## S3 method for class 'impacts.bingmm'
summary(object, ...)
```

```
## S3 method for class 'summary.impacts.bingmm'
print(x, digits = max(3, getOption("digits") - 3), ...)
```

### Arguments

object	an object of class bingmm, binlgmm, or impacts.bingmm for summary and print method.
vcov	an estimate of the asymptotic variance-covariance matrix of the parameters for a bingmm or binlgmm object.
vce	string indicating what kind of variance-covariance matrix of the estimate should be computed when using effect.bingmm. For the one-step GMM estimator, the options are "robust" and "ml". For the two-step GMM estimator, the options are "robust", "efficient" and "ml". The option "vce = ml" is an exploratory method that evaluates the VC of the RIS estimator using the GMM estimates.
het	logical. If TRUE (the default), then the heteroskedasticity is taken into account when computing the average marginal effects.
atmeans	logical. If FALSE (the default), then the average marginal effects are computed at the unit level.
type	string indicating which method is used to compute the standard errors of the average marginal effects. If "mc", then the Monte Carlo approximation is used. If "delta", then the Delta Method is used.
R	numerical. Indicates the number of draws used in the Monte Carlo approximation if type = "mc".
approximation	logical. If TRUE then $(I - \lambda W)^{-1}$ is approximated as $I + \lambda W + \lambda^2 W^2 + \lambda^3 W^3 + \dots + \lambda^q W^q$ . The default is FALSE.
pw	numeric. The power used for the approximation $I + \lambda W + \lambda^2 W^2 + \lambda^3 W^3 + \dots + \lambda^q W^q$ . The default is 5.
tol	Argument passed to mvrnorm: tolerance (relative to largest variance) for numerical lack of positive-definiteness in the coefficient covariance matrix.
empirical	logical. Argument passed to mvrnorm (default FALSE): if TRUE, the coefficients and their covariance matrix specify the empirical not population mean and covariance matrix
...	further arguments. Ignored.
x	an object of class impacts.bingmm.
digits	the number of digits.

### Details

Let the model be:

$$y^* = X\beta + WX\gamma + \lambda W y^* + \epsilon = Z\delta + \lambda W y^* + \epsilon$$

where  $y = 1$  if  $y^* > 0$  and 0 otherwise;  $\epsilon \sim N(0, 1)$  if link = "probit" or  $\epsilon \sim L(0, \pi^2/3)$  if link = "logit".

The marginal effects respect to variable  $x_r$  can be computed as

$$diag(f(a))D_\lambda^{-1}A_\lambda^{-1}(I_n\beta_r + W\gamma_r) = C_r(\theta)$$

where  $f(\cdot)$  is the pdf, which depends on the assumption of the error terms;  $diag$  is the operator that creates a  $n \times n$  diagonal matrix;  $A_\lambda = (I - \lambda W)$ ; and  $D_\lambda$  is a diagonal matrix whose elements represent the square root of the diagonal elements of the variance-covariance matrix of  $u = A_\lambda^{-1}\epsilon$ .

We implement these three summary measures: (1) The average total effects,  $ATE_r = n^{-1}i_n' C_r i_n$ , (2) The average direct effects,  $ADE_r = n^{-1}tr(C_r)$ , and (3) the average indirect effects,  $ATE_r - ADE_r$ .

The standard errors of the average total, direct and indirect effects can be estimated using either Monte Carlo (MC) approximation, which takes into account the sampling distribution of  $\theta$ , or Delta Method.

### Value

An object of class `impacts.bingmm`.

### Author(s)

Mauricio Sarrias and Gianfranco Piras.

### See Also

[sbinaryGMM](#), [sbinaryLGMM](#).

### Examples

```
# Data set
data(oldcol, package = "spdep")

# Create dependent (dummy) variable
COL.OLD$CRIMED <- as.numeric(COL.OLD$CRIME > 35)

# Two-step (Probit) GMM estimator
ts <- sbinaryGMM(CRIMED ~ INC + HOVAL | HOVAL,
  link = "probit",
  listw = spdep::nb2listw(COL.nb, style = "W"),
  data = COL.OLD,
  type = "twostep")

# Marginal effects using Delta Method
summary(impacts(ts, type = "delta"))

# Marginal effects using MC with 100 draws
summary(impacts(ts, type = "mc", R = 100))

# Marginal effects using efficient VC matrix
summary(impacts(ts, type = "delta", vce = "efficient"))
```

```
# Marginal effects using efficient VC matrix and ignoring the heteroskedasticity
summary(impacts(ts, type = "delta", vce = "efficient", het = FALSE))
```

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sbinaryGMM

*Estimation of SAR for binary dependent models using GMM*


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## Description

Estimation of SAR model for binary dependent variables (either Probit or Logit), using one- or two-step GMM estimator. The type of model supported has the following structure:

$$y^* = X\beta + WX\gamma + \lambda W y^* + \epsilon = Z\delta + \lambda W y^* + \epsilon$$

where  $y = 1$  if  $y^* > 0$  and 0 otherwise;  $\epsilon \sim N(0, 1)$  if link = "probit" or  $\epsilon \sim L(0, \pi^2/3)$  if link = "logit".

## Usage

```
sbinaryGMM(
  formula,
  data,
  listw = NULL,
  nins = 2,
  link = c("probit", "logit"),
  winitial = c("optimal", "identity"),
  s.matrix = c("robust", "iid"),
  type = c("onestep", "twostep"),
  gradient = TRUE,
  start = NULL,
  cons.opt = FALSE,
  approximation = FALSE,
  verbose = TRUE,
  print.init = FALSE,
  pw = 5,
  tol.solve = .Machine$double.eps,
  ...
)

## S3 method for class 'bingmm'
coef(object, ...)

## S3 method for class 'bingmm'
vcov(
  object,
  vce = c("robust", "efficient", "ml"),
```

```

    method = "bhhh",
    R = 1000,
    tol.solve = .Machine$double.eps,
    ...
)

## S3 method for class 'bingmm'
print(x, digits = max(3, getOption("digits") - 3), ...)

## S3 method for class 'bingmm'
summary(
  object,
  vce = c("robust", "efficient", "ml"),
  method = "bhhh",
  R = 1000,
  tol.solve = .Machine$double.eps,
  ...
)

## S3 method for class 'summary.bingmm'
print(x, digits = max(5, getOption("digits") - 3), ...)

```

### Arguments

formula	a symbolic description of the model of the form $y \sim x \mid wx$ where $y$ is the binary dependent variable, $x$ are the independent variables. The variables after $\mid$ are those variables that enter spatially lagged: $WX$ . The variables in the second part of formula must also appear in the first part.
data	the data of class <code>data.frame</code> .
listw	object. An object of class <code>listw</code> , <code>matrix</code> , or <code>Matrix</code> .
nins	numerical. Order of instrumental-variable approximation; as default <code>nins = 2</code> , such that $H = (Z, WZ, W^2Z)$ are used as instruments.
link	string. The assumption of the distribution of the error term; it can be either <code>link = "probit"</code> (the default) or <code>link = "logit"</code> .
winitial	string. A string indicating the initial moment-weighting matrix $\Psi$ ; it can be either <code>winitial = "optimal"</code> (the default) or <code>winitial = "identity"</code> .
s.matrix	string. Only valid if <code>type = "twostep"</code> is used. This is a string indicating the type of variance-covariance matrix $\hat{S}$ to be used in the second-step procedure; it can be <code>s.matrix = "robust"</code> (the default) or <code>s.matrix = "iid"</code> .
type	string. A string indicating whether the one-step ( <code>type = "onestep"</code> ), or two-step GMM ( <code>type = "twostep"</code> ) should be computed.
gradient	logical. Only for testing procedures. Should the analytic gradient be used in the GMM optimization procedure? TRUE as default. If FALSE, then the numerical gradient is used.
start	if not NULL, the user must provide a vector of initial parameters for the optimization procedure. When <code>start = NULL</code> , <code>sbinaryGMM</code> uses the traditional Probit or



	Logit estimates as initial values for the parameters, and the correlation between $y$ and $Wy$ as initial value for $\lambda$ .
cons.opt	logical. Should a constrained optimization procedure for $\lambda$ be used? FALSE as default.
approximation	logical. If TRUE then $(I - \lambda W)^{-1}$ is approximated as $I + \lambda W + \lambda^2 W^2 + \lambda^3 W^3 + \dots + \lambda^q W^q$ . The default is FALSE.
verbose	logical. If TRUE, the code reports messages and some values during optimization.
print.init	logical. If TRUE the initial parameters used in the optimization of the first step are printed.
pw	numeric. The power used for the approximation $I + \lambda W + \lambda^2 W^2 + \lambda^3 W^3 + \dots + \lambda^q W^q$ . The default is 5.
tol.solve	Tolerance for solve().
...	additional arguments passed to maxLik.
vce	string. A string indicating what kind of standard errors should be computed when using summary. For the one-step GMM estimator, the options are "robust" and "ml". For the two-step GMM estimator, the options are "robust", "efficient" and "ml". The option "vce = ml" is an exploratory method that evaluates the VC of the RIS estimator using the GMM estimates.
method	string. Only valid if vce = "ml". It indicates the algorithm used to compute the Hessian matrix of the RIS estimator. The default is "bhhh".
R	numeric. Only valid if vce = "ml". It indicates the number of draws used to compute the simulated probability in the RIS estimator.
x, object,	an object of class bingmm
digits	the number of digits

## Details

The data generating process is:

$$y^* = X\beta + WX\gamma + \lambda Wy^* + \epsilon = Z\delta + \lambda Wy^* + \epsilon$$

where  $y = 1$  if  $y^* > 0$  and 0 otherwise;  $\epsilon \sim N(0, 1)$  if link = "probit" or  $\epsilon \sim L(0, \pi^2/3)$  if link = "logit".. The general GMM estimator minimizes

$$J(\theta) = g'(\theta)\hat{\Psi}g(\theta)$$

where  $\theta = (\beta, \gamma, \lambda)$  and

$$g = n^{-1}H'v$$

where  $v$  is the generalized residuals. Let  $Z = (X, WX)$ , then the instrument matrix  $H$  contains the linearly independent columns of  $H = (Z, WZ, \dots, W^q Z)$ . The one-step GMM estimator minimizes  $J(\theta)$  setting either  $\hat{\Psi} = I_p$  if winitial = "identity" or  $\hat{\Psi} = (H'H/n)^{-1}$  if winitial = "optimal". The two-step GMM estimator uses an additional step to achieve higher efficiency by computing the variance-covariance matrix of the moments  $\hat{S}$  to weight the sample moments. This matrix is computed using the residuals or generalized residuals from the first-step, which are consistent. This matrix is computed as  $\hat{S} = n^{-1} \sum_{i=1}^n h_i(f^2/(F(1-F)))h_i'$  if s.matrix = "robust" or  $\hat{S} = n^{-1} \sum_{i=1}^n \hat{v}_i h_i h_i'$ , where  $\hat{v}$  are the first-step generalized residuals.

**Value**

An object of class “bingmm”, a list with elements:

coefficients	the estimated coefficients,
call	the matched call,
callF	the full matched call,
X	the X matrix, which contains also WX if the second part of the formula is used,
H	the H matrix of instruments used,
y	the dependent variable,
listw	the spatial weight matrix,
link	the string indicating the distribution of the error term,
Psi	the moment-weighting matrix used in the last round,
type	type of model that was fitted,
s.matrix	the type of S matrix used in the second round,
winitial	the moment-weighting matrix used for the first step procedure
opt	object of class maxLik,
approximation	a logical value indicating whether approximation was used to compute the inverse matrix,
pw	the powers for the approximation,
formula	the formula.

**Author(s)**

Mauricio Sarrias and Gianfranco Piras.

**References**

- Pinkse, J., & Slade, M. E. (1998). Contracting in space: An application of spatial statistics to discrete-choice models. *Journal of Econometrics*, 85(1), 125-154.
- Fleming, M. M. (2004). Techniques for estimating spatially dependent discrete choice models. In *Advances in spatial econometrics* (pp. 145-168). Springer, Berlin, Heidelberg.
- Klier, T., & McMillen, D. P. (2008). Clustering of auto supplier plants in the United States: generalized method of moments spatial logit for large samples. *Journal of Business & Economic Statistics*, 26(4), 460-471.
- LeSage, J. P., Kelley Pace, R., Lam, N., Campanella, R., & Liu, X. (2011). New Orleans business recovery in the aftermath of Hurricane Katrina. *Journal of the Royal Statistical Society: Series A (Statistics in Society)*, 174(4), 1007-1027.
- Piras, G., & Sarrias, M. (2022). One or Two-Step? Evaluating GMM Efficiency for Spatial Binary Probit Models. Manuscript submitted for publication.

**See Also**

[sbinaryLGMM](#), [impacts.bingmm](#).

**Examples**

```
# Data set
data(oldcol, package = "spdep")

# Create dependent (dummy) variable
COL.OLD$CRIMED <- as.numeric(COL.OLD$CRIME > 35)

# Two-step (Probit) GMM estimator
ts <- sbinaryGMM(CRIMED ~ INC + HOVAL,
  link = "probit",
  listw = spdep::nb2listw(COL.nb, style = "W"),
  data = COL.OLD,
  type = "twostep",
  verbose = TRUE)

# Robust standard errors
summary(ts)
# Efficient standard errors
summary(ts, vce = "efficient")

# One-step (Probit) GMM estimator
os <- sbinaryGMM(CRIMED ~ INC + HOVAL,
  link = "probit",
  listw = spdep::nb2listw(COL.nb, style = "W"),
  data = COL.OLD,
  type = "onestep",
  verbose = TRUE)
summary(os)

# One-step (Logit) GMM estimator with identity matrix as initial weight matrix
os_l <- sbinaryGMM(CRIMED ~ INC + HOVAL,
  link = "logit",
  listw = spdep::nb2listw(COL.nb, style = "W"),
  data = COL.OLD,
  type = "onestep",
  winitial = "identity",
  verbose = TRUE)
summary(os_l)

# Two-step (Probit) GMM estimator with WX
ts_wx <- sbinaryGMM(CRIMED ~ INC + HOVAL | INC + HOVAL,
  link = "probit",
  listw = spdep::nb2listw(COL.nb, style = "W"),
  data = COL.OLD,
  type = "twostep",
  verbose = FALSE)
summary(ts_wx)

# Constrained two-step (Probit) GMM estimator
ts_c <- sbinaryGMM(CRIMED ~ INC + HOVAL,
  link = "probit",
```

```

listw = spdep::nb2listw(COL.nb, style = "W"),
data = COL.OLD,
type = "twostep",
verbose = TRUE,
cons.opt = TRUE)
summary(ts_c)

```

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sbinaryLGMM

*Estimation of SAR for binary models using Linearized GMM.*


---

### Description

Estimation of SAR model for binary dependent variables (either Probit or Logit), using Linearized GMM estimator suggested by Klier and McMillen (2008). The model is:

$$y^* = X\beta + WX\gamma + \lambda Wy^* + \epsilon = Z\delta + \lambda Wy^* + \epsilon$$

where  $y = 1$  if  $y^* > 0$  and 0 otherwise;  $\epsilon \sim N(0, 1)$  if link = "probit" or  $\epsilon \sim L(0, \pi^2/3)$  link = "logit".

### Usage

```

sbinaryLGMM(
  formula,
  data,
  listw = NULL,
  nins = 2,
  link = c("logit", "probit"),
  ...
)

## S3 method for class 'binlgmm'
coef(object, ...)

## S3 method for class 'binlgmm'
vcov(object, ...)

## S3 method for class 'binlgmm'
print(x, digits = max(3, getOption("digits") - 3), ...)

## S3 method for class 'binlgmm'
summary(object, ...)

## S3 method for class 'summary.binlgmm'
print(x, digits = max(3, getOption("digits") - 2), ...)

```

**Arguments**

formula	a symbolic description of the model of the form $y \sim x \mid wx$ where $y$ is the binary dependent variable, $x$ are the independent variables. The variables after $\mid$ are those variables that enter spatially lagged: $WX$ . The variables in the second part of formula must also appear in the first part.
data	the data of class data.frame.
listw	object. An object of class listw, matrix, or Matrix.
nins	numerical. Order of instrumental-variable approximation; as default $nins = 2$ , such that $H = (Z, WZ, W^2Z)$ are used as instruments.
link	string. The assumption of the distribution of the error term; it can be either link = "probit" (the default) or link = "logit".
...	additional arguments.
x, object,	an object of class binlgmm.
digits	the number of digits

**Details**

The steps for the linearized spatial Probit/Logit model are the following:

1. Estimate the model by standard Probit/Logit model, in which spatial autocorrelation and heteroskedasticity are ignored. The estimated values are  $\beta_0$ . Calculate the generalized residuals assuming that  $\lambda = 0$  and the gradient terms  $G_\beta$  and  $G_\lambda$ .
2. The second step is a two-stage least squares estimator of the linearized model. Thus regress  $G_\beta$  and  $G_\lambda$  on  $H = (Z, WZ, W^2Z, \dots, W^qZ)$  and obtain the predicted values  $\hat{G}$ . Then regress  $u_0 + G'_\beta \hat{\beta}_0$  on  $\hat{G}$ . The coefficients are the estimated values of  $\beta$  and  $\lambda$ .

The variance-covariance matrix can be computed using the traditional White-corrected coefficient covariance matrix from the last two-stage least squares estimator of the linearized model.

**Value**

An object of class "bingmm", a list with elements:

coefficients	the estimated coefficients,
call	the matched call,
X	the X matrix, which contains also WX if the second part of the formula is used,
H	the H matrix of instruments used,
y	the dependent variable,
listw	the spatial weight matrix,
link	the string indicating the distribution of the error term,
fit	an object of lm representing the T2SLS,
formula	the formula.

**Author(s)**

Mauricio Sarrias and Gianfranco Piras.

## References

Klier, T., & McMillen, D. P. (2008). Clustering of auto supplier plants in the United States: generalized method of moments spatial logit for large samples. *Journal of Business & Economic Statistics*, 26(4), 460-471.

## See Also

[sbinaryGMM](#), [impacts.bingmm](#).

## Examples

```
# Data set
data(oldcol, package = "spdep")

# Create dependent (dummy) variable
COL.OLD$CRIMED <- as.numeric(COL.OLD$CRIME > 35)

# LGMM for probit using q = 3 for instruments
lgmm <- sbinaryLGMM(CRIMED ~ INC + HOVAL | INC,
                    link = "probit",
                    listw = spdep::nb2listw(COL.nb, style = "W"),
                    nins = 3,
                    data = COL.OLD)

summary(lgmm)
```

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