Examining the Economic Content of Monotonicity Criteria in IV-models with Multiple Choices

Rodrigo Pinto
UCLA

Moshe Buchinsky
Sciences Po

Abstract

This paper examines the relationship between economic incentives and the nonparametric identification of treatment effects in IV models with heterogeneous agents, multiple treatments, and categorical instrumental variables. We offer a general and straightforward framework capable of producing non-trivial identification conditions that are testable and economically justified. We show how particular schemes of choice incentives can rationalize monotonicity and separability assumptions commonly evoked in the policy evaluation literature. Finally, we illustrate the benefits of the framework by reexamining well-known social interventions.
.