Methods of Policy Evaluation

1 Course Description

Uncovering causal relationships lies at the heart of economic thinking and the social sciences in general. Establishing causal connections between different variables constitutes the decisive difference between the accumulation of merely shallow information and true learning about the world. On the practical side, understanding these relations is essential for intelligent policy design and the evaluation of government programs. Economists are therefore concerned with how to establish causal relations in the real world. The data available to them is usually very different from the kind of data available in the natural sciences, mainly because it is not always feasible to run experiments. These limitations create challenges and problems unique to the discipline of economics.

This course addresses the question how causal relationships can be identified in economics. This identification problem has received a lot of attention and the last 15 years have brought a large number of new innovative methods to deal with this problem. The purpose of the course is introduce students to these advanced methods in econometrics. Students will learn how to apply them to questions of policy evaluation, taking into consideration their respective advantages, assumptions, and shortcomings. The methods covered by the course include: randomized evaluation trials, natural experiments, difference-in-difference estimators, propensity score matching, instrumental variables, synthetic controls, regression discontinuity designs, bunching estimators, and regression kink designs. By covering examples from the current frontier in applied microeconomics, the course in addition to the methodological part offers a sound introduction to the fields of development and labor economics, where many tools have been originally developed and successfully applied.

2 Dates, Times and Places

In winter term 2018/19, the course will be held in three blocks of two full days (9 a.m. to 6 p.m.) each. The specific dates and places are 7th and 8th of December (H 25), 20th and 21st of December (Altes Finanzamt), and 1st and 2nd of February (VG 2.45).

3 Prerequisites

It is recommended, though not strictly required, that students have taken introductory econometrics and statistics courses (e.g., in the module Empirical Economic Research).

4 Modules

The course is assigned to the module groups ‘Empirical Economic Research’ and ‘Market and State’.

5 Language of Instruction

English or German, depending on the audience

6 Instructor

Prof. Dr. Daniel F. Heuermann; daniel.heuermann@wiwi.uni-regensburg.de