

Lecture and Seminar (M.Sc.)

Evidence-Based Economic Policy

Professor Dr. Guido Bünstorf

Economic Policy, Innovation and Entrepreneurship Group

Winter Term 2023-24

Time: Monday 14:15-17:30 (first session on October 23, 2023)

Location: Seminar Room 0210 (Nora-Platiel-Strasse 6)

Overview

What works – and how do we find out? Identifying the effects of policy measures is as important as it is difficult. However, thanks to recent advances in experimental and quasi-experimental methods, researchers now have a set of powerful tools allowing them to inform policy makers about the effectiveness of policies. In this course, we will explore the potential and limitations of various approaches to policy evaluation. Applications will include studies from development economics, the economics of education, labor economics and public economics.

Note: This course will be offered regularly in future winter terms. Its format will eventually be changed into lecture format (in winter term 2025-26 or earlier). In the current term, the **maximum number of participants** (reflecting current capacity constraints) is **30**. Slots will be made available in the order of registration. Please register by e-mail to buenstorf@uni-kassel.de. Registrations will only be considered if accompanied by a choice of presentation topic (see below; Part B and C, numbers 1-15).

Students should have completed an introductory econometrics class prior to taking this course.

Credits and requirements

6 ECTS can be earned for (see HIS-POS for details):

- Modules 3b and 6 (M.Sc. Economic Behaviour and Governance)
- Modules 7 and 8 (M.Sc. Wirtschaft, Psychologie und Management)
- Modules Nachhaltige Stadt- & Regionalentwicklung and Sozial- & Wirtschaftswiss. Methoden (M.Sc. NaWi)

Grades will be based on term paper (55% of final grade, due March 31, 2024), presentation (30%), active participation in seminar discussion (15%). All requirements must be fulfilled to obtain credits.

Part A: Methods (lecture format)

1. Introduction (October 23, 2023)
2. Policy Design and Policy Evaluation (Oct. 30, 2023)
3. RCTs (November 06-13, 2023)
4. Matching (November 20, 2023)
5. Instrumental Variables (November 27, 2023)
6. Regression Discontinuity (December 04, 2023)
7. Difference-in-Difference (December 11, 2023)
8. Synthetic Control Groups (December 18, 2023)

Part B: Applications (student presentations)

(Note: Seminar topics in Parts B and C are numbered 1-15. Each topic is allocated to one or at most two students. Students' classroom presentations should focus on the introductory reading for the respective topic. Term papers should address the topic more generally; they may take the introductory reading as their point of departure.)

- **Experimental Development Economics (January 08, 2024)**

1. *Free Distribution versus Subsidization of Products for Health Protection*
(Introductory Reading: Cohen, J., & Dupas, P. (2010). Free distribution or cost-sharing? Evidence from a randomized malaria prevention experiment. *Quarterly Journal of Economics*, 125(1), 1-45. (RCT))
2. *Small Business Training in Developing Countries*
(Introductory Reading: McKenzie, D., & Puerto, S. (2021). Growing markets through business training for female entrepreneurs: A market-level randomized experiment in Kenya. *American Economic Journal: Applied Economics*, 13(2), 297-332.) (RCT)
3. *Small Business Training versus Assistance in Insourcing and Outsourcing*
(Introductory Reading: Anderson, S. J., & McKenzie, D. (2021). Improving Business Practices and the Boundary of the Entrepreneur, *Journal of Political Economy*, 130(1), 157-209.) (RCT)

- **Economics of Education (January 15, 2024)**

4. *Neighborhood Effects on Children*
(Introductory Reading: Chetty, R., Hendren, N., & Katz, L. F. (2016). The effects of exposure to better neighborhoods on children: New evidence from the moving to opportunity experiment. *American Economic Review*, 106(4), 855-902.) (RCT)
5. *Universities and Regional Innovation*
Andrews, M. J. (2023). How do institutions of higher education affect local invention? Evidence from the establishment of US colleges. *American Economic Journal: Economic Policy*, 15(2), 1-41. (DiD)
6. *Income Effects of Subject Choices in Higher Education*
(Introductory reading: Bleemer, Z., & Mehta, A. (2022). Will studying economics make you rich? A regression discontinuity analysis of the returns to college major. *American Economic Journal: Applied Economics*, 14(2), 1-22.) (RDD)

- **Labor Economics (January 22, 2024)**

7. *Migration and the Labor Market: the Mariel Boatlift Controversy*
(Introductory Reading: Peri, G., & Yasenov, V. (2019). The labor market effects of a refugee wave synthetic control method meets the mariel boatlift. *Journal of Human Resources*, 54(2), 267-309.) (Synthetic Control)
8. *Effects of Minimum Wages*
(Introductory Reading: Butschek, S. (2022). Raising the bar: minimum wages and employers' hiring standards. *American Economic Journal: Economic Policy*, 14(2), 91-124.) (DiD)
9. *Reinforcing Racial Discrimination by Trying to Reduce It?*
(Introductory Reading: Agan, A., & Starr, S. (2018). Ban the box, criminal records, and racial discrimination: A field experiment. *Quarterly Journal of Economics*, 133(1), 191-235.) (RCT)

- **Behavioral Field Experiments (January 29, 2024)**

10. *Nudging Tax Compliance?*

(Introductory Reading: Hallsworth, M., List, J. A., Metcalfe, R. D., & Vlaev, I. (2017). The behavioralist as tax collector: Using natural field experiments to enhance tax compliance. *Journal of Public Economics*, 148, 14-31.) (RCT)

11. *Nudging Energy Conservation?*

(Introductory Reading: Andor, M. A., Gerster, A., & Peters, J. (2022). Information campaigns for residential energy conservation. *European Economic Review*, 144, 104094.) (RCT)

- **Assessing the Policy Impact of Research (January 29, 2024)**

12. *Research and Policy Adoption*

(Introductory Reading: Hjort, J., Moreira, D., Rao, G., & Santini, J. F. (2021). How research affects policy: Experimental evidence from 2,150 Brazilian municipalities. *American Economic Review*, 111(5), 1442-80.) (RCT)

Part C: Limitations (student presentations)

(Note: Presentation topics in Parts B and C are numbered 1-15. Each topic is allocated to one or at most two students. Students' term papers may use presentation topics as their point of departure.)

- **Reporting Errors and Publication Bias (February 05, 2024)**

13. *Reporting Errors in Economics*

(Introductory Reading: Pütz, P., & Bruns, S. B. (2021). The (Non-) Significance Of Reporting Errors In Economics: Evidence From Three Top Journals. *Journal of Economic Surveys*, 35(1), 348-373.) (regression)

14. *Publication Bias (I): The Role of Researcher Incentives*

(Introductory Reading: DellaVigna, S., & Linos, E. (2022). RCTs to scale: Comprehensive evidence from two nudge units. *Econometrica*, 90(1), 81-116.) (regression)

15. *Publication Bias (II): The Role of Journal Policies*

(Introductory Reading: Askarov, Z., Doucouliagos, A., Doucouliagos, H., & Stanley, T. D. (2023). The significance of data-sharing policy. *Journal of the European Economic Association*, 21(3), 1191-1226.) (DiD)

Recommended Background Reading

- Angrist, J. D., & Pischke, J. S. (2014). *Mastering'metrics: The path from cause to effect*. Princeton University Press.
- Athey, S., & Imbens, G. W. (2017). The state of applied econometrics: Causality and policy evaluation. *Journal of Economic Perspectives*, 31(2), 3-32.
- Banerjee, A. V., & Duflo, E. (2019). *Good economics for hard times: Better answers to our biggest problems*. Penguin UK.
- Imbens, G. W., & Rubin, D. B. (2015). *Causal inference in statistics, social, and biomedical sciences*. Cambridge University Press.
- Imbens, G. W., & Wooldridge, J. M. (2009). Recent developments in the econometrics of program evaluation. *Journal of Economic Literature*, 47(1), 5-86.
- Schlotter, M., Schwerdt, G., & Woessmann, L. (2011). Econometric methods for causal evaluation of education policies and practices: a non-technical guide. *Education Economics*, 19(2), 109-137.