

MA Seminar

Econometric Evaluation of Economic Policies

Prof. Dr. Guido Schwerdt

WS 2014/2015

Policy-makers want to know which policies and practices can best achieve their goals. But research that can inform evidence-based policy often requires complex methods to distinguish causation from accidental association. This seminar is primarily devised to ensure that participants learn about the latest econometric methods to evaluate economic policies. At the same time, it covers a broad range of topics from public child care provision to climate policy. Selected research papers will be presented by students and discussed in class.

Objective

After completion of the course students should be able to understand the most recent micro-econometric methods commonly used to evaluate economic policies. They should understand their basic identification strategies, the data requirements to implement these methods as well as their potential shortcomings. The seminar aims at providing students with the necessary skills to understand and to critically assess empirical evaluations of economic policies.

General information and prerequisites

Participants should have a solid background in econometrics and statistics. In order to pass the seminar, students must submit a term paper (maximum 12 pages) on one of the ten topics and present their work in the seminar. Students are also expected to prepare one-page summaries [in a bullet-point manner] of the other readings discussed in class. Summaries are to demonstrate familiarity with and discuss critically the required readings. Grading is based on the term paper, presentation, participation and the one-page summaries. The language of the seminar is English.

Registration

During the official registration period from June 24– June 30th 2014. Students applying for the seminar should pick three topics from the list below, rank them according to their preferences (from 1 to 3 with one being the most preferred topic) and send an email to Gundula.Hadjjani@uni-konstanz.de. Topics are allocated on a “first come, first serve” basis. After the enrolment period students cannot drop the seminar any more. No-shows receive a 5.0.

Procedure of the seminar

The seminar starts on October 28 with a preliminary session. This preliminary session introduces basic concepts, present a common conceptual framework for evaluating economic policies and show the key empirical approaches “in action” based on simulated data. The key empirical approaches include experiments, instrumental variables, regression discontinuity designs, and difference-in-differences estimation. The preliminary session is obligatory for all participating students.

The deadline for submission of the term paper is December 19, 2014. Students should send an electronic copy of the paper (pdf) to Gundula.Hadjjani@uni-konstanz.de. The block seminar will take place on January 9 and 10, 2015. Students are expected to prepare one-page summaries for each of the required readings, which should be submitted electronically by January 8, 2015.

Important dates and deadlines:

October 28, 2014	17:00 - 18:30	Preliminary session (Room: F208)
December 19, 2014		Deadline for submission of term paper
January 8, 2015		Deadline for submission of one-page summaries
January 9, 2015	16:00 - 20:15	Block seminar (Room: E404)
January 10, 2015	08:30 - 16:00	Block seminar (Room: E404)

Topics and Readings

Topic 1: SME promotion: Project GATE (“Growing America through Entrepreneurship”)

Fairlie, Robert W., Dean Karlan and Jonathan Zinman (2012). Behind the GATE Experiment: Evidence on Effects of and Rationales for Subsidized Entrepreneurship Training. NBER Working Paper 17804.

Topic 2: School accountability: Boston’s charter schools

Abdulkadiroglu, Atila, Joshua Angrist, Susan Dynarski, Thomas J. Kane, Parag Pathak (2011). Accountability and Flexibility in Public Schools: Evidence from Boston’s Charters and Pilots. *Quarterly Journal of Economics* 126 (2): 699-748.

Topic 3: Stimulating lifelong learning: Adult education vouchers in Switzerland

Schwerdt, Guido, Messer, Dolores, Woessmann, Ludger and Stefan C. Wolter (2012). The impact of an adult education voucher program: Evidence from a randomized field experiment. *Journal of Public Economics* 96 (7-8), 569-583.

Topic 4: Health policy: Financial incentives for weight reduction

Augurzky, Boris, Bauer, Thomas K., Reichert, Arndt R., Schmidt, Christoph M. und Harald Tauchmann (2012). Does money burn fat? Evidence from a randomized experiment. IZA Discussion Paper 6888. Bonn: Institute for the Study of Labor.

Topic 5: Climate policy: Evaluating the Kyoto protocol’s effects on carbon emissions

Aichele, Rahel and Gabriel Felbermayr (2012). Kyoto and the carbon footprint of nations. *Journal of Environmental Economics and Management* 63 (3): 336-354.

Topic 6: Labor market policy: Extended unemployment benefit duration in Austria

Lalive, Rafael (2008). How do extended benefits affect unemployment duration? A regression discontinuity approach. *Journal of Econometrics* 142 (2): 785-806.

Topic 7: Education policy: Florida’s test-based promotion policy

Schwerdt, Guido and Martin R. West (2013). The Effects of Test-based Retention on Student Outcomes over Time: Regression Discontinuity Evidence from Florida. CESifo Working Paper 4203.

Topic 8: Structural policy: The EU structural funds

Becker, Sascha O., Peter H. Egger and Maximilian von Ehrlich (2010). Going NUTS: The effect of EU Structural Funds on regional performance. *Journal of Public Economics* 94 (9-10): 578-590.

Topic 9: Public child care provision: The legal claim to a place in kindergarten in Germany,

Bauernschuster, Stefan and Martin Schlotter (2013). Public Child Care and Mothers' Labor Supply - Evidence from Two Quasi-Experiments. CESifo Working Paper 4191.

Topic 10: Industrial policy: The Bavarian high-tech offensive

Falck, Oliver, Stephan Heblich and Stefan Kipar (2010). Industrial innovation: Direct evidence from a cluster-oriented policy. *Regional Science and Urban Economics* 40 (6): 574-582.