

Methods of Economic Policy Evaluation: Case Studies

Course Number	M.WIWI-VWL.0061.Mp
Course Type and Credits	Seminar, 6 ECTS
Lecturer	Prof. Lay
Cycle	every winter term
Examination format	seminar paper (50%), presentation and discussion (50%)
Course Description	The seminar seeks to acquaint students with core methods of evaluating economic policies. This includes experimental and quasi-experimental (micro-econometric) approaches, as well as macro- and microeconomic simulation studies, such as Computable General Equilibrium (CGE) models. The focus lies on showing the application of these methods on the basis of several case studies, often in the context of developing countries. The methods are, however, universally applicable, and can also be used for policy evaluation in OECD countries.)
Course content	<ul style="list-style-type: none">-Application of core methods of evaluating economic policies-Building on the Lecture on „Methods of Economic Policy Evaluation-Economic policies:<ul style="list-style-type: none">– Labor market interventions– Social programs– Intervention in education and health– Micro credit programs– Trade liberalization-Analysis of the causal effects of the intervention-Need to solve the evaluation problem

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Reading List

GENERAL AND METHODS

- Levitt, Steven D., and John A. List. 2011. "Was There Really a Hawthorne Effect at the Hawthorne Plant? An Analysis of the Original Illumination Experiments." *American Economic Journal: Applied Economics*, 3(1): 224–38.
- Angrist, J., E. Bettinger, E. Bloom, E. King and M. Kremer (2002). "Vouchers for Private Schooling in Colombia: Evidence from a Randomized Natural Experiment", *The American Economic Review*, December: 1535 – 1558.
- Banerjee, A. V., S. Cole, E. Duflo and L. Linden (2007). "Remedying Education: Evidence from Two Randomized Experiments in India", *The Quarterly Journal of Economics*, August: 1235 – 1264.
- Chin, A. (2005). "Can redistributing teachers across schools raise educational attainment? Evidence from Operation Blackboard in India", *Journal of Development Economics*, 78 (2): 384 – 405.
- Duflo, E. and H. Rema (2005). "Monitoring Works: Getting Teachers to Come to School", NBER Working Paper, 11880, National Bureau of Economic Research, Cambridge.
- Godtland, E. M, E. Sadoulet, A. de Janvry, R. Murgai and O. Ortiz (2004). "The Impact of Farmer Field Schools on Knowledge and Productivity: A Study of Potato Farmers in the Peruvian Andes", *Economic Development and Cultural Change*, Vol. 53, No 1: 63 – 92.
- Newman, J., M. Pradhan, L. B. Rawlings, G. Ridder, R. Coa and J. L. Evia (2002). "An Impact Evaluation of Education, Health, and Water Supply Investments by the Bolivian Social Investment Fund", *World Bank Economic Review*, 16 (2): 241 – 274.
- Paxson, C. and N. R. Schady (2002). "The Allocation and Impact of Social Funds: Spending on School Infrastructure in Peru", *The World Bank Economic Review*, Vol. 16, No. 2: 297 – 319.
- Dorothe Bonjour & Lynn F. Cherkas & Jonathan E. Haskel & Denise D. Hawkes & Tim D Spector, (2003). "Returns to Education: Evidence from U.K. Twins," *American Economic Review*, American Economic Association, vol. 93(5), pages 1799-1812.
- Nielsen, Helena Skyt, Torben Sørensen, and Christopher Taber. 2010. "Estimating the Effect of Student Aid on College Enrollment: Evidence from a Government Grant Policy Reform." *American Economic Journal: Economic Policy*, 2(2): 185–215.

HEALTH

- Bjorkman, M. and J. Svensson (2009). "Power to the People: Evidence from a Randomized Field Experiment of a Community-Based Monitoring Project in Uganda", *Quarterly Journal of Economics*, forthcoming.
- Deininger, K. and P. Mpuga (2005). "Economic and Welfare Impact of the Abolition of Health User Fees: Evidence from Uganda", *Journal of African Economies*, 14(1): 55-91.
- Thirumurthy, H., M. Goldstein, and J. Graff Zivin(2008), "The economic impact of AIDS treatment: labor supply in western Kenya", *Journal of Human Resources*, 43(3): 511-552.
- Jalan, J. and M. Ravallion (2003). "Does piped water reduce diarrhea for children in rural India?", *Journal of Econometrics* 112: 153-173.
- Miller G., D. M. Pinto and M. Vera-Hernández (2009). "High-Powered Incentives in Developing Country Health Insurance: Evidence from Colombia's Régimen Subsidiado," NBER Working Paper No. 15456, Cambridge: National Bureau of Economic Research.

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Thornton, R. L. (2008). "The Demand for, and Impact of Learning HIV Status", *American Economic Review*, 98 (5): 1829-63.

Wagstaff, A. and S. Yu (2007). "Do health sector reforms have their intended impacts?: The World Bank's Health VIII project in Gansu province, China," *Journal of Health Economics*, Elsevier, Vol. 26: 505-535.

SOCIAL PROGRAMS

Bourguignon, F., F. H. G. Ferreira and P. G. Leite (2003). "Conditional Cash Transfers, Schooling, and Child Labor : Micro-Simulating Brazil's Bolsa Escola Program", *The World Bank Economic Review* 17: 229-254.

Chong, Galdo and Saavedra (2008), "Informality and productivity in the labor market in Peru", *Journal of Economic Policy Reform* 11 (4): 229-245.

Freije, S., R. Bando and F. Arce (2006), "Conditional Transfers, Labor Supply, and Poverty: Microsimulating Oportunidades", *Economía* 7: 73-124.

Galasso, E. and M. Ravallion (2004). "Social Protection in a Crisis: Argentina's Plan Jefes y Jefas", *The World Bank Economic Review*, Vol. 18(3): 367 – 399.

Hoddinott, J. and E. Skoufias (2004). "The Impact of PROGRESA on Food Consumption", *Economic Development and Cultural Change*, Vol. 53, No. 1: 37 – 61.

Jacoby, H. G. (2002). "Is There an Intrahousehold Flypaper Effect? Evidence from A School Feeding Programme", *The Economic Journal*, 112 (January): 196 – 221.

Medeiros, M., T. Britto and F. V. Soares (2008). "Targeted Cash Transfer Programmes in Brazil: BPC and the Bolsa Familia", *International Policy Centre for Inclusive Growth. Working Paper No. 46*.

Ñopo, H., M. Robles and J. Saavedra (2008). "Occupation training to reduce gender segregation: The impacts of ProJoven", *Economía* Vol. XXXI, N° 62: 33 – 54.

Ravallion, M., E. Galasso, T. Lazo and E. Philipp (2005). "What Can Ex-Participants Reveal about a Program's Impact?", *The Journal of Human Resources*, XL (1): 208 – 230.

LABOR MARKET INTERVENTIONS (ALSO EUROPEAN CASE STUDIES)

Baumgartner, H. J. and M. Caliendo (2008). "Turning Unemployment into Self-Employment: Effectiveness of Two Start-Up Programmes", *Oxford Bulletin of Economics and Statistics*, 70 (3): 347 – 373.

Bell, L. A. (1997). "The impact of minimum wages in Mexico and Colombia", *Journal of Labor Economics*, 15 (3): 120-134.

Bernhard, S., H. Gartner and G. Stephan (2008). "Wage Subsidies for Needy Job-Seekers and Their Effect on Individual Labour Market Outcomes after the German Reforms", *IZA Discussion Paper No. 3772*, Bonn: IZA.

Lechner, M., R. Miquel and C. Wunsch (2007). "The Curse and Blessing of Training the Unemployed in a Changing Economy: The Case of East Germany After Unification", *German Economic Review* 8(4): 468 – 509.

Maloney, W. F., and J. N. Mendez (2003). "Measuring the Impact of Minimum Wages: Evidence from Latin America", *NBER Working Paper 9800*, Cambridge: National Bureau of Economic Research.

Stewart, M. B. (2004). "The Impact of the Introduction of the U.K. Minimum Wage on the Employment Probabilities of Low-Wage Workers", *Journal of the European Economic Association*, 2: 67-97.

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MICROFINANCE

- Banerjee, A., E. Duflo, R. Glennerster, C. Kinnan (2009). "The miracle of microfinance? Evidence from a randomized evaluation", Draft, Cambridge: M.I.T. Jameel Poverty Action Lab.
- Coleman, B. E. (2006). "Microfinance in Northeast Thailand: Who benefits and how much?", *World Development*, 34 (9): 1612-1638.
- Karlan, D. and J. Zinman (2009). "Expanding Microenterprise Credit Access: Using Randomized Supply Decisions to Estimate the Impacts in Manila", Draft, Cambridge: M.I.T. Jameel Poverty Action Lab.
- Khandker, S. R. (2005). "Microfinance and Poverty: Evidence Using Panel Data from Bangladesh", *The World Bank Economic Review*, 19(2): 263 – 286.

TRADE

- Abbott, P., J. Bentzen and F. Tarp (2009). "Trade and Development: Lessons from Vietnam's Past Trade Agreements", *World Development*, 37 (2): 341-353.
- Ashraf, N., X. Gine and D. Karlan (2009). "Finding Missing Markets (and a disturbing epilogue): Evidence from an Export Crop Adoption and Marketing Intervention in Kenya", *The World Bank Policy Research Working Paper*: 4477.
- Goldberg, P. K. and N. Pavcnik (2003). "The Response of the Informal Sector to Trade Liberalization", *Journal of Development Economics*, 72: 463-496.
- Goldberg, P. K. and N. Pavcnik (2007). "Distributional Effects of Globalization in Developing Countries", *Journal of Economic Literature* 45 (1): 39-82.
- Porto, G. G. (2006). "Using survey data to assess the distributional effects of trade policy", *Journal of International Economics*, 70 (1): 140-160.

INFRASTRUCTURE AND PUBLIC SERVICES

- Dinkelman, T. (forthcoming). *The Effects of Rural Electrification on Employment: New Evidence from South Africa*. *American Economic Review*.
- Banerjee, Abhijit V., Rukmini Banerji, Esther Duflo, Rachel Glennerster, and Stuti Khemani. 2010. "Pitfalls of Participatory Programs: Evidence from a Randomized Evaluation in Education in India." *American Economic Journal: Economic Policy*, 2(1): 1–30.

Course prerequisites

Ideally (but not necessarily), you have participated in the corresponding class on methods of economic policy evaluation.