

Field course

Economic and Social Policy – Program Evaluation

WU

WIRTSCHAFTS
UNIVERSITÄT
WIEN VIENNA
UNIVERSITY OF
ECONOMICS
AND BUSINESS

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Sophie Guthmuller)

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- **This class introduces to theory and methods of program evaluation**
 - present a comprehensive framework to **evaluate programs** (economic and social policies)
 - introduce key concepts and **quantitative methods for evidence-based analyses** of policies: measuring the causal effects
 - develop **critical appraisal** skills
- **Applications of methods on economic and social policies**

Objectives of the course

■ After this course , you will be:

- aware of the importance of the **program theory** to understand how and why a program works or fails to work,
- familiar with the components of an **evaluation plan**,
- aware of the importance of the **social context** of program evaluation,
- familiar with the **causality concept** in impact evaluation and its prerequisites,
- familiar with different econometric approaches to **identify** program effects,
- familiar with different approaches how to relate program **benefits** to its **costs** and draw conclusions about **efficiency**,
- able to **critically reflect** on different methods of impact and economic evaluation in terms of their **limitations** and **benefits**.

Example

The Sveriges Riksbank Prize in
Economic Sciences in Memory
of Alfred Nobel 2019

Abhijit Banerjee
Esther Duflo
Michael Kremer

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You will learn and apply
how to measure causal
effects based on :
**Field experiments or
Randomized control
trials (RCT)**

The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2019



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Abhijit Banerjee

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Esther Duflo

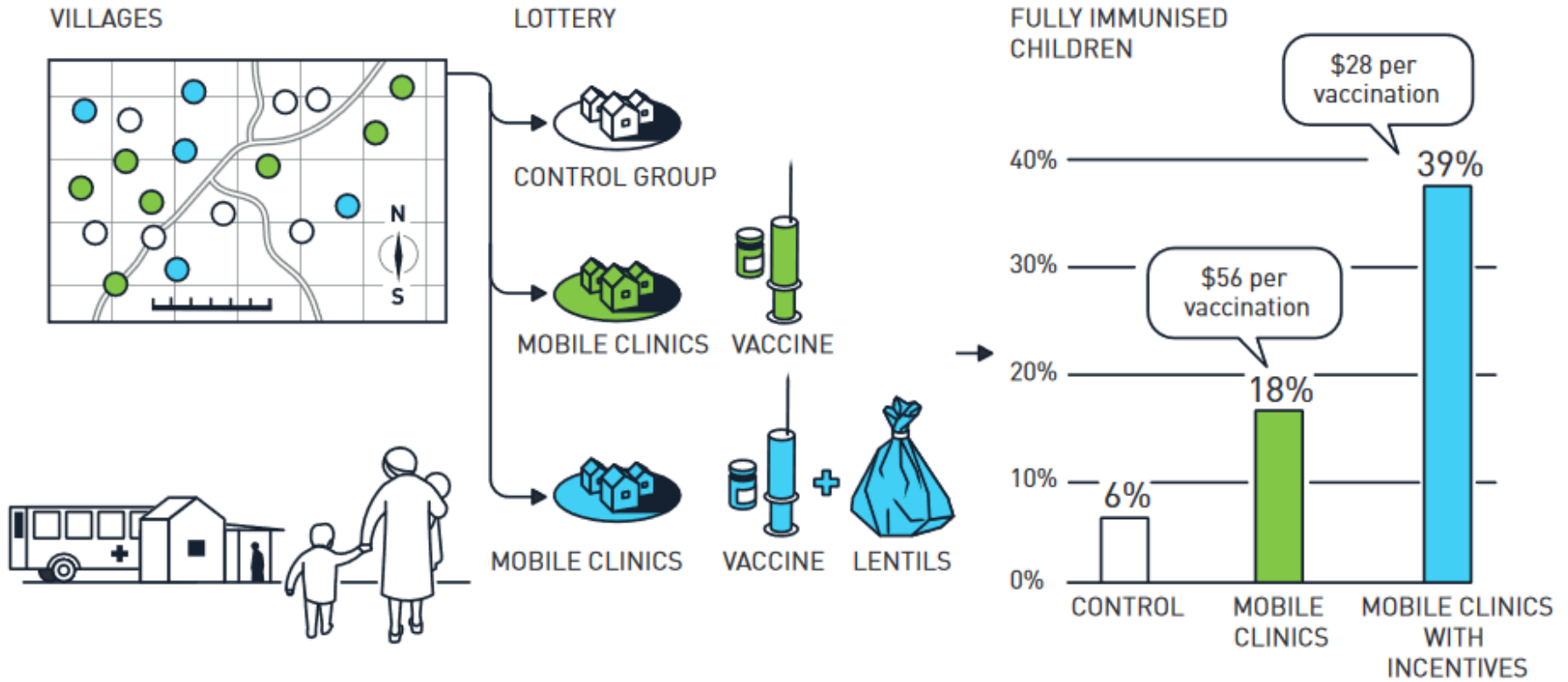
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Example

The Sveriges Riksbank Prize in
Economic Sciences in Memory of
Alfred Nobel 2021

David Card
Joshua D. Angrist
Guido W. Imbens

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You learn and apply
how to measure causal
effects based on :
Natural experiments

- Difference-in-differences (DD)
- Matching
- Regression discontinuity design (RDD)

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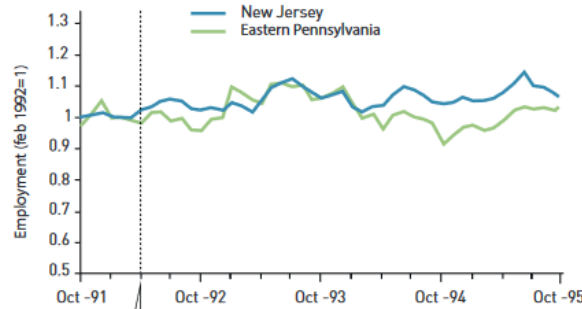
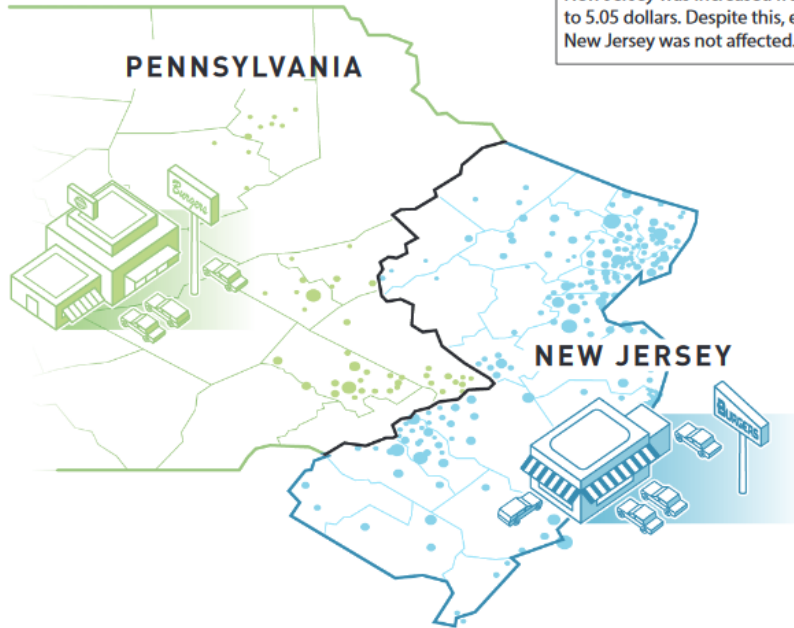
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The effect of increasing the minimum wage

Card and Krueger used a natural experiment to study how increasing the minimum wage affects employment.

The researchers identified a treatment group (restaurants in New Jersey) and a control group (restaurants in eastern Pennsylvania) to measure the effect of increasing the minimum wage.

● CONTROL GROUP ● TREATMENT GROUP



1 April 1992: The hourly minimum wage in New Jersey was increased from 4.25 dollars to 5.05 dollars. Despite this, employment in New Jersey was not affected.

https://www.nobelprize.org/uploads/2021/10/fig3_ek_en_21_effectIncreasingMinimumWage.pdf

Structure of the course

- **Tuesday mornings**
- **The course will be divided in two parts:**
 1. Lectures : blocked course: 1 to 4th October 2024
 2. Practical sessions – Blocked course: 11th to 14th December 2024
 - 23th of October: written exam

1. Lectures

- **Introduction:**
 - Key concepts of policy evaluation
 - Typologies of policy evaluation
- **Module 1: Preparing for Policy Evaluation**
 - Describing and eliciting a Program Theory
 - The social and political context of program evaluation
 - Evaluation plan
- **Module 2: Impact Evaluation**
 - Randomized controlled experiment
 - Quasi-experimental methods: DD, RDD, matching
- **Module 3: Economic Evaluation**
 - Cost-benefit, cost-effectiveness, cost-utility analysis

2. Practical sessions

- **Reading of research papers/evaluation reports**
- **Apply methods with statistical software**
- **Group project:**
 - By group, apply one of the evaluation method covered : Matching, RCT, RDD, DD, IV, Cost effective analysis
 - To a policy of your choice
 - Prepare an evaluation plan
 - Prepare and moderate a hands-on tutorial (Stata, R, Excel)

Assessment

Assessment Components (relative weights in the final grade)

- 40% (Individual) Written exam
- 50% (Group) project
- 10% (Individual) active participation

Grade Key (point ranges)

- 1: Excellent (90-100 points)
- 2: Good (80-89 points)
- 3: Satisfactory (65-79 points)
- 4: Sufficient (50-64 points)
- 5: Fail (0-49 points)