



Winter term 2013/2014

Methods of Economic Policy Evaluation

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Course description

This course covers a wide range of methods of policy impact evaluation. It introduces students to standard impact (experimental and quasi-experimental) techniques, but also covers also simulation methods (microeconomic models and general equilibrium approaches). The course focuses on applications in the context of developing countries. The methods, however, are universal and can be applied similarly to OECD countries. Literature and supplementary material for the lecture can be found in StudIP.

Some examples for economic policy questions that can be addressed using the presented methods:

- Do the poor benefit from microcredit programs?
- What are the effects of trade liberalization on poverty?
- What are the effects of tax reform?

In March 2014, a follow-up seminar will be scheduled where the acquired knowledge can be applied to examine case studies, programs and economic policy interventions in detail.

Participants

Master in Economics and related.

Credits

The course is graded with 6 ECTS credits.

The course will include a final examination of 90 minutes. Furthermore, every participant is expected to present an empirical research paper from the evaluation literature during the tutorial. Further details will be announced during the course.

Schedule

Lecture	Thursdays 12-14 and 14-16 h, ZHG - ZHG003, Oct 31 – Dec 12, 2013
Tutorial	Mondays 14-16 h, ZHG - ZHG002, Nov 4 – Dec 16, 2013
Exam	tba

Bibliography and topics

General literature

Baker, Judy (2000). *Evaluating the Impact of Development Projects on Poverty: A Handbook for Practitioners*. Directions in Development, World Bank, Washington, D.C.

Khandker, Shahidur R., Koolwal, Gayatri B., Samad, Hussain A. (2009). *Handbook on Impact Evaluation – Quantitative Methods and Practices*. The World Bank. Washington D.C.

Ravallion, M. (2008). *Evaluating Anti-Poverty Programs*. In: T. P. Schultz and J. Strauss (Eds.), *Handbook of Development Economics*, Volume 4. Amsterdam, North-Holland.

1. Introduction and fundamentals

Deaton, Angus (1997). *The Analysis of Household Surveys. A Microeconomic Approach to Development Policy*. World Bank. John Hopkins University Press. Chapter 1.

2. Quasi-experimental and experimental methods

2.1 The evaluation problem and randomization

2.2 Experimental methods

Duflo, Esther, Glennerster, Rachel and Kremer, Michael (2006). *Using Randomization in Development Economics Research: A Toolkit*, MIT Department of Economics Working Paper No. 06-36. Available at SSRN: <http://ssrn.com/abstract=951841>.

2.3 Quasi-experimental methods

Angrist, J. und A. Krueger (1999). *Empirical Strategies in Labor Economics*. In: Orley Ashenfelter und David Card (eds.): *Handbook of Labor Economics*, Volume 3A. Amsterdam: North-Holland. 1277-1366.

MIT Empirical Methods (2002). Manuscript for course: Development economics. MIT 14.771/ Harvard 2390b.

2.4 Practical aspects

3. Simulation models

3.1 Micro simulations

Bourguignon, F. and A. Spadaro (2006): *Microsimulation as a Tool for Evaluating Redistribution Policies*, *Journal of Economic Inequality*, Vol. 4, pp. 77 – 106.

3.2 General equilibrium models

Shoven, J. and Whalley, J. (1984). *Applied general equilibrium models of taxation and international trade: Introduction and survey*. *Journal of Economic Literature*, Vol.22, pp. 1007-1051.

3.3 Dynamic Stochastic General Equilibrium Models