

Social Policy & Evaluation Methods

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Course Description:

This course introduces students to the empirical methods economists use to evaluate the effects of social policies. We will ask a simple question — does this policy work? — and discover that answering it rigorously requires careful thinking about causality, data, and research design.

The course draws primarily on *Mostly Harmless Econometrics* (Angrist and Pischke, 2008) and *Causal Inference: The Mixtape* (Scott Cunningham), but the technical level is low, no prior knowledge of statistics or econometrics is required. The mathematics stays light — we work with averages, simple regressions, and differences between groups — but the conceptual demands are real. Students will be expected to think carefully about what data can and cannot tell us.

The course is organized in three parts. We will begin with the fundamental problem of causal inference: why it is so hard to know whether a policy actually caused an outcome, and why correlation is not enough. We then move through the main evaluation tools economists use in practice — difference-in-differences, regression discontinuity design, matching, instrumental variables, and randomized experiments — studying each through real policy applications in health, education, labor markets, housing, and finance. In the final part of the course, students apply what they have learned by working through a policy evaluation of their own, from question to design. Each evaluation tool will be discussed through policy examples, papers, and real life case studies. The course revolves around how to effectively evaluate policies, the evaluation tools will be secondary.

Course Prerequisites:

Introductory Macroeconomics and Microeconomics. A course in statistics and/or econometrics is recommended.

Course Objectives/Learning Outcomes:

By the end of this course, students will be able to:

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1. **Explain the identification problem** — articulate why establishing causality from observational data is difficult, and why naive comparisons between treated and untreated groups are often misleading.
2. **Define and interpret key concepts** — including treatment effects, counterfactuals, selection bias, and the difference between correlation and causation — in plain language and in the context of concrete policy examples.
3. **Read and interpret evaluation evidence** — understand the logic behind the main evaluation designs (RCT, DiD, RDD, IV, matching), identify which design a study is using, and assess whether its conclusions are credible.
4. **Interpret core empirical outputs** — read a regression table, understand what a coefficient means, and interpret the key graphs associated with each method (parallel trends plots, RDD discontinuity graphs, etc.) without needing to produce them from scratch.
5. **Evaluate policy claims critically** — when a government, NGO, or news article claims that a policy "works," students will be able to ask the right questions: what is the comparison group, what assumptions are being made, and how convincing is the evidence?
6. **Design a basic evaluation strategy** — given a policy question, identify an appropriate evaluation approach, state the key assumptions it relies on, and recognize the practical constraints that might make it harder or easier to implement.

Letter Grade	Percentage	Description
A+	97-100	Excellent Work
A	93-97	Outstanding Work
A-	90-92	
B+	87-89	Good work
B	83-86	
B-	80-82	
C+	77-79	Acceptable Work
C	73-76	
C-	70-72	
D+	67-69	Work that is significantly below average
D	63-66	
D-	60-62	
F	0-59	Work that does not meet the minimum standards for passing the course

Mandatory Completion Policy

Note that all mandatory assignments and exams must be completed to the best of your ability in order for your final grade to be issued. Failure to complete a mandatory assignment or exam may result in a failing grade.

AEP Academic Integrity Policy

Plagiarism and other forms of academic dishonesty are not tolerated. The use of Artificial Intelligence (AI) for the development of knowledge and learning is encouraged at many stages of the learning process. While we value technology for educational purposes, we also value originality and the retainment of knowledge, and thus using AI for assignments and examinations, even if rephrased, is strictly prohibited and considered an academic integrity violation, unless the instructor explicitly allows for it in the context of evaluated work

AEP Non-Discrimination/Harassment Policy

The AEP program in Prague promotes a diverse learning environment where the dignity, worth, and differences of each individual are valued and respected. Discrimination and harassment, whether based on a person's race, gender, sexual orientation, color, religion, national origin, age, disability, or other legally protected characteristics, are repugnant and completely inconsistent with our objectives. Retaliation against individuals for raising good faith claims of harassment and/or discrimination is prohibited.

AEP Diversity Policy

AEP is committed to fostering an inclusive and welcoming community that values diversity in all its forms. We believe that one of the most meaningful lessons of studying abroad is learning to navigate and appreciate differences with curiosity and an open mind. While engaging across differences can sometimes be challenging or uncomfortable, these moments are essential for growth and learning. We recognize that every member of our community, even with the best intentions, may occasionally make missteps. Our commitment is to provide a supportive environment where respectful and honest dialogue helps us learn from these experiences, ensuring that every student has the opportunity to thrive and broaden their perspective.

Discussed Topics:

- 1. Foundations I: what is policy evaluation, correlation vs. causation, potential outcomes, selection problem**
 - a. What is a policy intervention, and why is evaluating it hard?
 - b. The fundamental problem of causal inference
 - c. Correlation vs. causation, selection bias
- 2. Foundations II: treatment effects, difference-in-means, basic regression interpretation**
 - a. Treatment effects and how randomization/matching/instruments solve selection
 - b. Treatment vs. control groups, difference-in-means
 - c. Regression as "just group means," light functional form intuition
- 3. Difference-in-Differences**
 - a. DiD logic and parallel trends
 - b. DiD in regression form, reading the coefficient
 - c. Threats to DiD: parallel trends violations, event-study plots
 - d. European angle
- 4. RDD**
 - a. RDD logic: threshold, running variable, discontinuity
 - b. Reading RDD graphs, bandwidth intuition
 - c. European/local RDD example
 - d. Threats to RDD: manipulation of the running variable, checking density.
- 5. IV**
 - a. IV logic: relevance and exclusion restriction, informally
 - b. LATE, "who is the instrument identifying an effect for?"
 - c. A second IV example, weak instruments discussed informally
 - d. When IV goes wrong: exclusion restriction violations
- 6. Matching**
 - a. Matching logic: comparing "similar" treated and untreated units

- b. Limits of matching: selection on unobservables

7. RCTs & Field Experiments

- a. RCT logic: randomization as the "ideal experiment"
- b. Field experiments, compliance issues, intention-to-treat

8. Visual Literacy

9. Policy design workshop + student proposals/presentations