

Syllabus

PSC 504 - Causal Inference

Professor & Term: Anderson Frey, Fall Semester 2016

Room & Time: HARK 329, Wed 1400-1515, Fri 1030-1200

Office & Hours: HARK 320B, Thu 1300-1500

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Overview

The goal of this course is to give students a comprehensive toolbox for reading and producing cutting-edge applied empirical research, with focus on the theory and practice behind causal inference in social sciences. We will cover methods such as experiments, differences-in-differences, instrumental variables, regression discontinuity, matching and others. Students will read applied papers from both political science and economics, and write review reports examining research designs, identification strategies, and causal claims. They will also produce research proposals that will be presented in class.

Prerequisites

In addition to introductory statistics and probability, the course assumes a good knowledge of linear regression. You should have taken at least one graduate class on this subject (such as PSC 405)

Computation

I teach the course in R, which is an open-source computing language that is widely used, and easy to learn. R runs on Linux, Windows and MacOS. The software can be downloaded for free from www.r-project.org. or mran.revolutionanalytics.com/download/. I also recommend downloading RStudio (www.rstudio.com), a very good (and free) user interface for R.

Grading

Report on an unpublished article (20%) - Due Nov.04

Homework assignments (30%) - 3 or 4 in total

Final project (35%)

Participation (10%) and presentation (5%)

Report on an Unpublished Article

Students should find an unpublished empirical article that addresses a causal claim, and write a referee report. The report should contain the following: (i) a brief summary (the question, the context, the empirical methodology, the results, etc.); (ii) a description of the data, the identification strategy, and the empirical methodology; (iii) a critique; and (iv) a recommendation. The critique should focus on the major (and minor) issues related to the identification strategy and empirical methodology. The recommendation should contain suggestions on how to improve the article. Chris Blattman offers a tips on how to critique an empirical paper (<http://chrisblattman.com/files/2009/07/PLSC508-Syllabus-Spring2010.pdf>).

Assignments

The assignments consist of a mix of analytical problems, computer simulations, and data analysis. All sufficiently attempted work will be graded on a (+, -) scale. Assignments should be typed on the computer.

I strongly advise students to use Latex, as it has a much better handling of mathematical equations than the average word processor. Lyx is a good user interface for Latex, as it has the looks and functionality of a regular word processor. It can be downloaded for free from www.lyx.org.

Final Project

Students are expected to write a short empirical paper that applies methods learned in this class to a research question of their choice. The paper should be 5-10 pages in length and focus on the research question, data, empirical strategy, results, and conclusions. You also need to submit a copy of your code. Students are free to choose any topic they want, as long as they have a clear research question that concerns the causal effect of some institution, policy, or event on some outcome of interest. Co-authored projects are allowed and encouraged. I do not encourage you to write replication papers. If you decide to do so, you should go beyond the original analysis in some significant way by applying the techniques learned in the course. Students will present their project to the class. Presentations will be no more than 10 minutes in length. Two days before the presentation, students should email the first draft of the project to the entire class. Everyone is expected to read all these submissions prior to the student presentations that follow. After the presentations, there will be time for questions and discussion. By 11/11, you should email the instructor a short description of your proposed project (i.e. half a page). By 12/16, you should email the instructor the final version of your project.

Presentation and Participation

In addition to presenting their final project, students will also present (once during the semester) a paper from the reading list. This is a brief ~15-20min presentation that will focus on the empirical methodology employed in the paper.

Schedule

No class on 9/9, 10/7, 11/23 and 11/25 (Thanksgiving week).

Books

- Angrist, Joshua D. and Jorn-Steen Pischke. 2008. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press.
- Morgan, Stephen L. and Christopher Winship. 2014. *Counterfactuals and Causal Inference: Methods and Principles for Social Research*. Cambridge University Press. 2nd Edition.

Other Useful Books and Summary Articles

- Imbens, Guido W. and Jeffrey Wooldridge. 2009. *Recent Developments in the Econometrics of Program Evaluation*. *Journal of Economic Literature* 47(1): 5-86.
- Imbens, Guido W. and Donald B. Rubin. 2015. *Causal Inference for Statistics, Social, and Biomedical Sciences An Introduction*. Cambridge University Press.
- Wooldridge, Jeffrey M. 2002. *Econometric Analysis of Cross Section and Panel Data*. MIT Press.
- Cameron, A. Colin and Pravin K. Trivedi. 2005. *Microeconometrics Methods and Applications*. Cambridge University Press.

Preliminary Schedule

Introduction

The Potential Outcome Model

- Angrist and Pischke: Chapter 1*
- Morgan and Winship: Chapter 1-2*
- Holland, P. W. 1986. *Statistics and Causal Inference*. Journal of the American Statistical Association, Vol. 81, No. 396: 945-960.*
- Sekhon, J.S. 2004. *Quality Meets Quantity: Case Studies, Conditional Probability and Counterfactuals*. Perspectives on Politics, Vol. 2: 281-293.
- Heckman, James J. and Hidehiko Ichimura and Jeffrey Smith and Petra Todd. 1996. *Sources of Selection Bias in Evaluating Social Programs: An Interpretation of Conventional Measures and Evidence on the Effectiveness of Matching as a Program Evaluation Method*. Proceedings of the National Academy of Sciences 93(23): 13416-13420.
- Heckman, James and Justin L. Tobias and Edward Vytlačil. 2001. *Four parameters of interest in the evaluation of social programs*. Southern Economic Journal, Vol. 68, No. 2, pp. 210-223.

Randomized Experiments

- Angrist and Pischke: Chapter 2*
- Imbens and Rubin: Chapters 4-5*
- Imbens, Guido. 2010. *Better LATE than nothing: some comments on Deaton (2009) and Heckman and Urzua (2009)*. Journal of Economic Literature 48(2): 399-423.*
- Deaton, Angus. 2010. *Instruments, Randomization, and Learning about Development*. Journal of Economic Literature 48(2): 424-455.
- List, John A. 2011. *Why economists should conduct field experiments and 14 tips for pulling one off*. Journal of Economic Perspectives 25(3): 3-16.
- Dunning, Thad. 2012. *Natural Experiments in the Social Sciences: A Design-Based Approach*. New York: Cambridge University Press.
- List, John A. and Steven Levitt. 2006. *What Do Laboratory Experiments Tell Us About the Real World?* University of Chicago and NBER.
- Bloom, Howard S. 2006. *The Core Analytics of Randomized Experiments for Social Research*. MDRC Working Papers on Research Methodology.
- Duflo, Esther and Abhijit Banerjee and Rachel Glennerster and Michael Kremer. 2006. *Using Randomization in Development Economics: A Toolkit*. Handbook of Development Economics.

Examples

- Wantchekon, Leonard. 2003. *Clientelism and Voting Behavior: Evidence from a Field Experiment in Benin World Politics*. 55 (3): 399-422. **
- Ferraz, Claudio and Federico Finan. 2008. *Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes*. Quarterly Journal of Economics 123(2): 703-45.**
- Olken, Benjamin. 2007. *Monitoring corruption : Evidence from a field experiment in Indonesia*. Journal of Political Economy 115 (2): 200-249.
- Gerber, Alan S. and Donald P. Green and Christopher W. Larimer. 2008. *Social Pressure and Voter Turnout: Evidence from a Large Scale Field Experiment*. American Political Science Review 102 (1): 1-48.

Matching and Propensity Score

- Morgan and Winship: Chapter 4-5 *
- Acemoglu, D. 2005. *Constitutions, Politics, and Economics: A Review Essay on Persson and Tabellini The Economic Effects of Constitutions*. Journal of Economic Literature XLIII: 1025-1048*
- Sekhon, Jasjeet S. 2009. *Opiates for the Matches: Matching Methods for Causal Inference*. Annual Review of Political Science 12: 487-508. *
- Caliendo, Marco and Sabine Kopeinig. 2008. *Some practical guidance for the implementation of propensity score matching*. Journal of Economic Surveys 22(1): 31-72.
- Imbens, Guido. 2015. *Matching Methods in Practice: Three Examples*. Journal of Human Resources Spring 50(2): 373-419.
- Ho, Daniel E. and Kosuke Imai and Gary King, and Elizabeth A. Stuart. 2007. *Matching as Nonparametric Preprocessing for Reducing Model Dependence in Parametric Causal Inference*. Political Analysis 15: 199-236.
- Imbens, Guido W. 2004. *Nonparametric Estimation of Average Treatment Effects under Exogeneity: A Review*. Review of Economics and Statistics 86 (1): 4-29.
- Heckman, James J., Hidehiko Ichimura, and Petra Todd. 1997. *Matching as an econometric evaluation estimator: Evidence from evaluating a job training programme*. Review of Economic Studies 64(4): 605-654.
- Smith, Jeffrey A. and Petra E. Todd. 2001. *Reconciling conflicting evidence on the performance of propensity score matching methods*. American Economic Review Papers and Proceedings 91(2): 112-118.
- Morgan, Stephen and David Harding. 2006. *Matching Estimators of Causal Effects: Prospects and Pitfalls in Theory and Practice*. Sociological Methods Research 35(1): 3-60.

Examples

- Zucco, Cesar. 2013. *When Payouts Pay Off: Conditional Cash Transfers and Voting Behavior in Brazil 2002-10*. American Journal of Political Science 57(4): 810-822.**
- Blattman, C. and Annan, J. 2010. *The Consequences of Child Soldiering*. The Review of Economics and Statistics 92(4).**
- Lyall, Jason. 2010. *Are Co-Ethnics More Effective Counter-Insurgents? Evidence from the Second Chechen War*. American Political Science Review 104(1): 1-20.
- Gilligan, Michael J. and Ernest J. Sergenti. 2008. *Do UN Interventions Cause Peace? Using Matching to Improve Causal Inference*. Quarterly Journal of Political Science 3 (2): 89-122
- Blattman, Christopher. 2009. *From Violence to Voting: War and Political Participation in Uganda*. American Political Science Review 103 (2): 231-24.

Regression, Clustering, Bootstrap

Regression

- Angrist and Pischke: Chapter 3 *
- Morgan and Winship: Chapter 6 *

Standard Errors (Bootstrap, Clustering)

- Angrist and Pischke: Chapter 8 *
- Cameron and Trivedi: Chapter 11 **

Synthetic Controls

- Abadie, Alberto and Alexis Diamond and Jens Hainmueller. 2015. *Comparative Politics and the Synthetic Control Method*. American Journal of Political Science. 59(2): 495-510.*
- Abadie, Alberto and Alexis Diamond and Jens Hainmueller. 2009. *Synthetic Control Methods for Comparative Case Studies: Estimating the Effect of California's Tobacco Control Program*. Journal of the American Statistical Association

Examples

- Acemoglu, Daron and Simon Johnson and Amir Kermani and James Kwak and Todd Mitton. 2016. *The Value of Connections In Turbulent Times: Evidence from the United States*. Journal of Financial Economics 121(2): 368-391**
- Bohn, Sarah and Magnus Lofstrom and Steven Raphael. 2014. *Did the 2007 Legal Arizona Workers Act Reduce the State's Unauthorized Immigrant Population?* Review of Economics and Statistics 96(2): 258-269. **

Differences-in-Differences

- Angrist and Pischke: Chapter 5.2-5.4*
- Bertrand, Marianne and Esther Duflo and Sendhil Mullainathan. 2004. *How Much Should We Trust Differences-in-Differences Estimates?* Quarterly Journal of Economics 119(1): 249-75.
- Athey, Susan and Guido Imbens. 2006. *Identification and Inference in Nonlinear Difference-in-Differences Models*. Econometrica 74(2): 431-497.
- Donald, Stephen G. and Kevin Lang. 2007. *Inference with Difference in Differences and Other Panel Data*. The Review of Economics and Statistics 89(2).

Examples

- Lyall, Jason. 2009. *Does Indiscriminate Violence Incite Insurgent Attacks? Evidence from Chechnya*. Journal of Conflict Resolution 53 (3): 331-62. **
- Fujiwara, Thomas. 2015. *Voting Technology, Political Responsiveness, and Infant Health: Evidence from Brazil*. Econometrica 83(2): 423-464. **
- Card, David and Alan B. Krueger. 1994. *Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania*. American Economic Review 84 (4): 772-793.
- Bundervoet, Tom and Richard Akresh and Philip Verwimp. 2009. *Health and Civil War in Rural Burundi*. Journal of Human Resources 44(2): 536-563.

Panel Data

- Angrist and Pischke: Chapter 5.1*
- Cameron and Trivedi: Chapter 21*
- Imbens and Wooldridge: Sections 1-4
- Kim, In Song and Kosuke Imai. *On the Use of Linear Fixed Effects Regression Estimators for Causal Inference*. Working Paper.

Examples

- La Ferrara, Eliana and Albert Chong and Suzanne Duryea. 2012. *Soap Operas and Fertility: Evidence from Brazil*. American Economic Journal: Applied Econometrics 4(4): 10-1. **
- Ladd, Jonathan McDonald and Gabriel S. Lenz. 2009. *Exploiting a Rare Communication Shift to Document the Persuasive Power of the News Media*. American Journal of Political Science 53 (2): 394-410. **
- Berrebi, Claude and Esteban F. Klor. 2008. *Are Voters Sensitive to Terrorism? Direct Evidence from the Israeli Electorate*. American Political Science Review 102 (3): 279-301.

Instrumental Variables

- Angrist and Pischke: Chapter 4*
- Morgan and Winship: Chapter 9*
- Angrist, Joshua D. and Guido W. Imbens and Donald B. Rubin. 1996. *Identification of Causal Effects Using Instrumental Variables*. Journal of the American Statistical Association 91(434): 444-455.
- Sovey, Allison J. and Donald P. Green. 2011. *Instrumental Variables Estimation in Political Science: A Readers Guide*. American Journal of Political Science 55(1): 188-200.
- Deaton, Angus. 2010. *Instruments, Randomization, and Learning About Development*. Journal of Economic Literature 48(2): 424-455.
- Heckman, James J. and Sergio Urzua. 2001. *Comparing IV with structural models: What simple IV can and cannot identify*. Journal of Econometrics 156(1): 27-37.
- Imbens, Guido. 2010. *Better LATE than nothing: some comments on Deaton (2009) and Heckman and Urzua (2009)*. Journal of Economic Literature, Vol. 48 (2): 424-455.
- Stock, James H. and Francesco Trebbi. 2003. *Retrospectives: Who invented Instrumental Variable Regression?* Journal of Economic Perspectives, Vol. 17 (3): 177-194.

Examples

- Acemoglu, Daron and Simon Johnson and James A. Robinson. 2001. *The Colonial Origins of Comparative Development: An Empirical Investigation*. American Economic Review 91(5): 1369-1401.**
- Miguel, Edward and Shanker Satyanath and Ernest Sergenti. 2004. *Economic shocks and civil conflict: an instrumental variables approach*. J. Polit. Econ. 112(4): 725-753.**
- Angrist, Joshua D. 1990. *Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Administrative Records*. American Economic Review 80(3): 313-336.
- Angrist, Joshua D. and Alan B. Krueger. 2001. *Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments*. Journal of Economic Perspectives, 15(4): 69-85.
- Rogall, Thorsten. 2014. *Mobilizing the Masses for Genocide*. Working Paper.

Regression Discontinuity

- Mostly Harmless Econometrics: Chapter 6.*
- Imbens, Guido W. and Thomas Lemieux. 2008. *Regression Discontinuity Designs: A Guide to Practice*. Journal of Econometrics 142: 615-35.*
- Skovron, Christopher and Rocío Titiunik. 2015. *A Practical Guide to Regression Discontinuity Designs in Political Science*. Working Paper.*

- Lee, David S. and Thomas Lemieux. 2010. *Regression Discontinuity Designs in Economics*. Journal of Economic Literature 48 (2): 281-355.
- Hahn, J., P. Todd and W. van der Klaauw. 2001. *Identification and Estimation of Treatment Effects with a Regression Discontinuity Design*. Econometrica 69: 201-209.
- McCrary, Justin . 2008. *Manipulation of the Running Variable in the Regression Discontinuity Design: A Density Test*, Journal of Econometrics 142(2): 698-714.
- Calonico, Sebastián and Rocío Titiunik and Matías Cattaneo. 2014. *Robust Nonparametric Confidence Intervals for Regression-Discontinuity Designs*. Econometrica 82(6): 2295-2326.

Examples

- Caughey, Devin, and Jasjeet Sekhon. 2011. *Elections and the Regression Discontinuity Design: Lessons From Close U.S. House Races, 1942-2008*. Political Analysis 19 (4): 385-408. **
- Eggers, Andrew, Olle Folke, Anthony Fowler, Jens Hainmueller, Andrew Hall, and James Snyder. 2015. *On the Validity of the Regression Discontinuity Design for Estimating Electoral Effects: New Evidence from Over 40,000 Close Races*. American Journal of Political Science 59(1): 259-274.**
- Lee, David S. 2008. *Randomized Experiments from Non-random Selection in U.S. House Elections*. Journal of Econometrics 142 (2): 675-697.
- Fujiwara, Thomas. 2015. *Voting Technology, Political Responsiveness, and Infant Health: Evidence from Brazil*. Econometrica 83(2): 423-464.

Multivariate RDD

- Zajonc, Tristan. 2012. *Essays on Causal Inference for Public Policy*. PhD Dissertation. Harvard University: 45-92*
- Frey, Anderson. 2015. *Cash Transfers, Clientelism, and Political Enfranchisement: Evidence from Brazil*. Working Paper.**
- Dell, Melissa. 2010. *The Persistent Effects of Peru's Mining Mita*. Econometrica 78 (6): 1863-1903.**
- Titiunik, Rocío and Luke Keele. 2015. *Geographic Boundaries as Regression Discontinuities*. Political Analysis 23(1): 127-155.

Can Non-Experimental Methods be Trusted?

- Shadish, William R. and M.H. Clark and Peter M. Steiner. 2008. *Can Nonrandomized Experiments Yield Accurate Answers? A Randomized Experiment Comparing Random and Nonrandom Assignments*. Journal of the American Statistical Association 103 (484): 1334-1344.
- Meyer, Bruce D. 1995. *Natural and Quasi-Experiments in Economics*. Journal of Business and Economics Statistics. Vol. 13(2): 151-161.
- Arceneaux, Kevin and Alan S. Gerber and Donald P. Green. 2006. *Comparing Experimental and Matching Methods using a Large-Scale Voter Mobilization Experiment*. Political Analysis 14: 1-36.

- Hyytinen, Ari and Jaakko Meriläinen and Tuukka Saarimaa and Otto Toivanen and Janne Tukiainen. 2014. *Does Regression Discontinuity Design Work? Evidence from Random Election Outcomes*. VATT working papers 59.
- Sekhon, Jasjeet and Rocío Titiunik. 2012. *When Natural Experiments Are Neither Natural nor Experiments*. *American Political Science Review* 106(1): 35-57.

Sensitivity Analysis

- Morgan and Winship: Chapter 12*
- Blackwell, Matthew. 2013. *A Selection Bias Approach to Sensitivity Analysis for Causal Effects*. *Political Analysis*. *
- Imbens, Guido W. 2003. *Sensitivity to Exogeneity Assumptions in Program Evaluation*. *The American Economic Review* 93 (2): 126-32.

Examples

- Altonji, Joseph and Todd E. Elder and Christopher Taber. 2005. *Selection on Observed and Unobserved Variables: Assessing the Effectiveness of Catholic Schools*. *Journal of Political Economy* 113: 151-184. **
- Rosenbaum, Paul R. 2009. *Application of Sensitivity Analysis in Matched Observational Studies*. *Journal of the American Statistical Association* 104 (488): 1398-1405.