

ECON 489: POLICY EXPERIMENTS

SPRING 2021

CONTACT INFORMATION

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Classroom: BLOC 107
Zoom link: *On Canvas*
Office hours: Tuesday 3-5 pm or by appointment

COURSE DESCRIPTION

This course is an introduction to field experimental methods used in economics to understand how individuals and organizations respond to changes in incentives in natural settings. These includes policies and programs implemented by or in collaboration with firms, governments and NGOs both in developed and developing countries. Policy experiments rely on the random assignment of a program to the target population and the measurement of behavioral changes in the natural setting of the target population. In this course, we will study a variety of experiments that have been conducted to inform policy in different areas of economics, including education, labor, health, political economy and development economics.

LEARNING OBJECTIVES

By the completion of the course, students will be able to:

1. Understand the problem of causal inference in empirical economics.
2. Explain the value of using experimental methods to assess the effectiveness of economic policies.
3. Demonstrate how the use of policy experiments enhances our understanding of the behavior of economic agents in developed and developing countries.
4. Learn how to summarize academic papers.
5. Prepare long and short presentations of academic articles.
6. Evaluate research questions and research outcomes presented in academic papers.
7. Develop a research question to be addressed using experimental methods.

PREREQUISITES

The prerequisites are ECON 202 (Principles of Economics) and ECON 461 (Economic Data Analysis). ECON 463 is desirable but not required.

REQUIRED TEXTBOOKS

1. Glennerster, Rachel, and Kudzai Takavarasha. *Running randomized evaluations: A practical guide*. Princeton University Press, 2013. Referred to as “GT Book” in this syllabus.
2. Banerjee, A. V. and Duflo, E. Eds. 2017. *Handbook of Economic Field Experiments*, Vol. 1. Downloadable at: <https://www.sciencedirect.com/handbook/handbook-of-economic-field-experiments/vol/1/suppl/C>

Useful (but not required) book:

- Gerber, A. S. and Green, D. P. 2012. *Field Experiments: Design, Analysis, and Interpretation*.

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The course will be based mainly on research articles. We will be doing **lots of reading**, i.e., students should expect to read about 2 articles (between 15 and 30 page long each) per week. Class discussions and in-class quizzes will be based on assigned readings and videos.

MODULES AND CLASS FORMATS

The course will be divided into modules. Each week, students will have assigned readings for each module (**usually 2 papers**). The Tuesday and Thursday classes will follow different formats.

- **TUESDAY CLASSES:** usually, these classes will be lecture-based and **face to face**. The class will start with a 5-minute quiz testing that the students read the assigned papers and/or news articles, and/or watched assigned videos. The quiz will also cover material discussed in class the previous week.
- **THURSDAY CLASSES:** usually these classes will be held **remotely** and will rely primarily on student-led discussions.

COURSE WEB PAGE

The course webpage will be accessed through Canvas. Please check it regularly. Grades, announcements, homework assignments, assigned readings and other course-related materials will be posted there.

GRADES

I will use a grading system that relies on POINTS, where each point corresponds to 1% of the final grade, for a maximum of 100 points (corresponding to 100%). Grades for undergraduate students will be computed as follows:

In-class Quizzes (10 out of 12)	10 points (10%)
Participation	5 points (5%)
One-page summaries	5 points (5%)
Leading Class Discussion	10 points (10%)
Project Video Proposal (5 min video)	10 points (10%)
Final Paper	20 points (20%)
Midterm Exam (March 4th)	20 points (20%)
Final Exam (May 6th)*	20 or 40 points (20% or 40%)

*The Final Exam will give students the opportunity to replace the grade obtained in the first midterm. Students decide whether they want the final to be a comprehensive exam and replace the first midterm, or be the equivalent of a second midterm exam.

IN-CLASS QUIZZES

Each week, there will a quiz at the beginning of the Tuesday class. Each quiz will have 4 multiple choice or short-answer questions and will be administered on Canvas. Throughout the semester, there will be a total of 12 quizzes, each worth **1 point for undergraduates**. I will drop the two lowest score quizzes.

*Just by showing up and signing their name on the quiz **students will earn 0.2 out of the 1 point.***

Any missed quizzes due to unexcused absences will automatically be counted as one of the dropped quizzes. Students will receive zero for any quizzes they miss beyond two. If a student comes to class while the quiz

is in progress, he or she will simply have less time to work on the quiz. If a student comes to class after the quiz is completed, then he or she will have simply missed the quiz. Note that *coming to class only to take the quiz and leaving immediately after is unacceptable and will earn students no credit.*

If an absence is excused, the student will have an opportunity to make up the quiz. However, the student is responsible for providing satisfactory evidence to the instructor to substantiate the reason for the absence. Among the reasons absences are considered excused by the university are the following (see Student Rule 7 for details <http://student-rules.tamu.edu/rule07>). The fact that these are university-excused absences does not relieve the student of responsibility for prior notification and documentation. Failure to notify and/or document properly may result in an unexcused absence. Falsification of documentation is a violation of the Honor Code.

ONE-PAGE PAPER SUMMARIES

On the Thursday classes, students will have to submit at least one short (one-page) summary of an assigned reading. Each successfully submitted summary will earn a student 0.25 point (0.25% of the final grade).

PARTICIPATION

The grade that undergraduate students will obtain for “participation” (i.e. 5% of final grade) will depend on *active involvement* in class discussions (remember, this class relies heavily on discussion). Attendance and involvement in the discussions will be closely observed.

LEADING CLASS DISCUSSIONS

This course is heavily based on in-class discussion. Each student will have to lead the class discussion twice during the semester. This will require preparing a 15-minute Power Point presentation based on an assigned reading. The student will have to present, answer questions about the article and lead the class discussion. The student performance will be graded based on the understanding of the reading(s), the ability to get the class actively involved in discussion, and the ability to answer classmates’ and instructor’s questions.

INDIVIDUAL PROJECT

In the second half of the semester, students will have to work on a project that will generate a policy proposal (paper). The objective of this course requirement is to give students practical experience in applying the principles learned in this course to develop a research question and a policy design.

The paper will be between 1500 and 2000 words (excluding the bibliography) and will have four sections: (1) Overview of setting and population of interest; (2) Review of the literature on the chosen policy topic; (3) Formulation of a clearly stated research question and motivation of the relevance of such question, in light of the literature review; (4) Design and discussion of a proposed policy experiment to be implemented in the setting of interest.

Requirements:

- Students are required to meet with Dr. Serra twice to talk about their policy proposal.
- Students are required to have the first meeting with Dr. Serra and finalize their topic of interest by April 6th;
- Students are required to submit a two-page proposal by April 20th and meet with Dr. Serra again to receive feedback by April 26th.

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- Students are required to record and share a short 5-minute video of their proposed project in the last week of classes for feedback (from the professor and fellow students). The videos are due on Monday April 26th at 11:59 pm.
- The final policy paper is due the day of the final exam (May 6th).

EXAMS

There will be one midterm exam and a final. The exams will cover potentially all materials from the lectures. Make-up exam will be scheduled only in extraordinary circumstances (i.e., serious illness and tragedies). Appropriate documentation will be required. If a student is not able to take an exam the student will have to inform me **BEFORE** the day of the exam.

The midterm exam is worth 20% of the class grade (i.e. 20 points). Each student will have a chance to take a comprehensive Final exam, worth 40 points, which would replace the grade of the Midterm exam. Alternatively, students could choose to take a Final exam that will only cover the second part of the class (post March 4th) and will be worth 20% of the class grade (20 points).

MAKE-UP Policy:

If an absence is excused, the student will have an opportunity to make the exam. This applies to both unexpected and pre-planned excused absences. If the instructor has a regularly scheduled make up exam, students are expected to attend unless they have a university approved excuse. The make-up work must be completed in a timeframe not to exceed 7 calendar days from the initial absence.

The student is responsible for providing satisfactory evidence to the instructor to substantiate the reason for the absence. Among the reasons absences are considered excused by the university are the following (see Student Rule 7 for details <http://student-rules.tamu.edu/rule07>). The fact that these are university-excused absences does not relieve the student of responsibility for prior notification and documentation. Failure to notify and/or document properly may result in an unexcused absence. Falsification of documentation is a violation of the Honor Code.

ADA Statement

Texas A&M University is committed to providing equitable access to learning opportunities for all students. If you experience barriers to your education due to a disability or think you may have a disability, please contact Disability Resources in the Student Services Building or at (979) 845-1637 or visit <http://disability.tamu.edu>. Disabilities may include, but are not limited, to attentional, learning, mental health, sensory, physical, or chronic health conditions. All students are encouraged to discuss their disability related needs with Disability Resources and their instructors as soon as possible.

Disability Services
Student Services Building
471 Houston Street, Building 1546
College Station, Texas 77843

Title IX and Statement on Limits to Confidentiality

Texas A&M University and the College of Liberal Arts are committed to fostering a learning environment that is safe and productive for all. University policies and federal and state laws provide guidance for achieving such an environment. Although class materials are generally considered confidential pursuant to student record policies and laws, University employees — including instructors — cannot maintain confidentiality when it conflicts with their responsibility to report certain issues that jeopardize the health and safety of our community. As the instructor, I must report (per Texas A&M System Regulation 08.01.01) the following information to other University offices if you share it with me, even if you do not want the disclosed information to be shared:

Allegations of sexual assault, sexual discrimination, or sexual harassment when they involve TAMU students, faculty, or staff, or third parties visiting campus. These reports may trigger contact from a campus official who will want to talk with you about the incident that you have shared. In many cases, it will be your decision whether or not you wish to speak with that individual. If you would like to talk about these events in a more confidential setting, you are encouraged to make an appointment with the Student Counseling Service (<https://scs.tamu.edu/>).

Students and faculty can report non-emergency behavior that causes them to be concerned at <http://tellsomebody.tamu.edu>.

Academic Integrity

“An Aggie does not lie, cheat, or steal, or tolerate those who do.”

Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to uphold the Honor Code, to accept responsibility for learning, and to follow the philosophy and rules of the Honor System. Students will be required to state their commitment on examinations, research papers, and other academic work. Ignorance of the rules does not exclude any member of the TAMU community from the requirements or the processes of the Honor System. For additional information please visit: https://library.tamu.edu/services/library_tutorials/academic_integrity/index.html

COURSE OUTLINE

This is a preliminary list of topics covered in the class. A detailed reading list will be provided on Canvas.

1. Experimental methods (weeks 1, 2 and 3):

- What is an experiment?
- Why randomize?
- Identification, confounds and inference
- Statistical power
- Data Analysis
- Ethics and Logistics

2. Applications to education (weeks 3, 4)

3. Applications to health (week 5)

4. Applications to labor (week 6)

Midterm exam

5. Applications to discrimination, gender and race (week 8)

6. Applications to gender economics (week 9)

7. Applications to voting, politics and polarization (week 10)

8. Applications to development economics:

- Education (week 11)
- Gender (week 12)
- Politics and corruption (week 13)

Reading List

- **Week 1: Introduction**

- GT Book, Chapter 2 pp. 24-47

- **Week 2: Methods**

- GT Book, Ch.4: pp. 98-120, and pp. 141-161. Optional: pp. 161-179
- GT Book, Ch.6: pp. 241-266.

- **Weeks 3 and 4: More on methods**

- GT Book: Ch.4, pages 98-120, and 141-161.
- GT Book, Optional: Ch. 4: p. 161-179
- GT Book, Ch. 6, p. 241-266, 272-277, and 284-294.
- GT Book Ch. 8: 324-339

- **Weeks 4 and 5: Education**

- Castleman, Benjamin L., and Lindsay C. Page. "Summer nudging: Can personalized text messages and peer mentor outreach increase college going among low-income high school graduates?." *Journal of Economic Behavior & Organization* 115 (2015): 144-160.
- Dynarski, Susan, C. J. Libassi, Katherine Michelmore, and Stephanie Owen. *Closing the gap: The effect of a targeted, tuition-free promise on college choices of high-achieving, low-income students*. No. w25349. National Bureau of Economic Research, 2018.
- Porter, Catherine, and Danila Serra. "Gender differences in the choice of major: The importance of female role models." *American Economic Journal: Applied Economics* 12, no. 3 (2020): 226-54.
- Shan, Xiaoyue. "Does minority status drive women out of male-dominated fields." *Unpublished manuscript* (2020).

- **Week 6: Health**

- Alsan, Marcella, Owen Garrick, and Grant Graziani. "Does diversity matter for health? Experimental evidence from Oakland." *American Economic Review* 109.12 (2019): 4071-4111.
- Milkman, Katherine L., John Beshears, James J. Choi, David Laibson, and Brigitte C. Madrian. "Using implementation intentions prompts to enhance influenza vaccination rates." *Proceedings of the National Academy of Sciences* 108, no. 26 (2011): 10415-10420.
- Jones, D., Molitor, D., & Reif, J. (2019). What do workplace wellness programs do? Evidence from the Illinois workplace wellness study. *The Quarterly Journal of Economics*, 134(4), 1747-1791.

- **Week 7: Voting**

- Broockman, David E., and Daniel M. Butler. "The causal effects of elite position-taking on voter attitudes: Field experiments with elite communication." *American Journal of Political Science* 61, no. 1 (2017): 208-221.
- Green, D.P. and Gerber, A.S., 2000. The effect of Canvassing, direct mail and telephone contact on voter turnout: a field experiment. *American Political Science Review*, 94(3), pp.653-664.
- Gerber, Alan S., Donald P. Green, and Christopher W. Larimer. "Social pressure and voter turnout: Evidence from a large-scale field experiment." *American political Science review* (2008): 33-48.

- **Week 9: Labor**

- Cullen, Zoë, and Ricardo Perez-Truglia. *How much does your boss make? the effects of salary comparisons*. No. w24841. National Bureau of Economic Research, 2018.
- Gneezy, Uri, and John A. List. "Putting behavioral economics to work: Testing for gift exchange in labor markets using field experiments." *Econometrica* 74.5 (2006): 1365-1384.
- Friebel, Guido, Matthias Heinz, Miriam Krueger, and Nikolay Zubanov. "Team incentives and performance: Evidence from a retail chain." *American Economic Review* 107, no. 8 (2017): 2168-2203.
- Kroft, Kory, Fabian Lange, and Matthew J. Notowidigdo. "Duration dependence and labor market conditions: Evidence from a field experiment." *The Quarterly Journal of Economics* 128.3 (2013): 1123-1167.

- **Week 10: Discrimination**

- Acquisti, Alessandro, and Christina Fong. "An experiment in hiring discrimination via online social networks." *Management Science* 66.3 (2020): 1005-1024.
- Bertrand, Marianne, and Sendhil Mullainathan. "Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination." *American economic review* 94.4 (2004): 991-1013.
- Edelman, Benjamin, Michael Luca, and Dan Svirsky. "Racial discrimination in the sharing economy: Evidence from a field experiment." *American Economic Journal: Applied Economics* 9.2 (2017): 1-22.
- Hjort, Jonas. "Ethnic divisions and production in firms." *The Quarterly Journal of Economics* 129.4 (2014): 1899-1946.

- **Week 11: Gender**

- Abel, Martin. "Do Workers Discriminate against Female Bosses?." (2019).
- Bursztyn, Leonardo, Thomas Fujiwara, and Amanda Pallais. "'Acting Wife': Marriage Market Incentives and Labor Market Investments." *American Economic Review* 107.11 (2017): 3288-3319.
- Chang, Edward H., et al. "The mixed effects of online diversity training." *Proceedings of the National Academy of Sciences* 116.16 (2019): 7778-7783.

- Gallen, Yana, and Melanie Wasserman. "Informed Choices: Gender Gaps in Career Advice." (2021).
- Goldin, Claudia, and Cecilia Rouse. "Orchestrating impartiality: The impact of 'blind' auditions on female musicians." *American economic review* 90.4 (2000): 715-741.
- Chang, Edward H., et al. "The isolated choice effect and its implications for gender diversity in organizations." *Management Science* 66.6 (2020): 2752-2761.

- **Weeks 12: Development – Education**
 - Chaudhury, Nazmul, Jeffrey Hammer, Michael Kremer, Karthik Muralidharan, and F. Halsey Rogers. "Missing in action: teacher and health worker absence in developing countries." *Journal of Economic perspectives* 20, no. 1 (2006): 91-116.
 - Duflo, Esther, Pascaline Dupas, and Michael Kremer. "School governance, teacher incentives, and pupil–teacher ratios: Experimental evidence from Kenyan primary schools." *Journal of public Economics* 123 (2015): 92-110.
 - Duflo, Esther, Rema Hanna, and Stephen P. Ryan. "Incentives work: Getting teachers to come to school." *American Economic Review* 102.4 (2012): 1241-78.
 - Miguel, Edward, and Michael Kremer. "Worms: identifying impacts on education and health in the presence of treatment externalities." *Econometrica* 72.1 (2004): 159-217.

- **Weeks 13: Development – Governance and Corruption**
 - Fisman, Raymond, and Jakob Svensson. "Are corruption and taxation really harmful to growth? Firm level evidence." *Journal of development economics* 83, no. 1 (2007): 63-75.
 - Olken, Benjamin A. "Monitoring corruption: evidence from a field experiment in Indonesia." *Journal of political Economy* 115, no. 2 (2007): 200-249.
 - Olken, Benjamin A. "Corruption and the costs of redistribution: Micro evidence from Indonesia." *Journal of public economics* 90, no. 4-5 (2006): 853-870.
 - Reinikka, Ritva, and Jakob Svensson. "Fighting corruption to improve schooling: Evidence from a newspaper campaign in Uganda." *Journal of the European economic association* 3, no. 2-3 (2005): 259-267.

- **Weeks 14: Development – Gender**
 - Dean, Joshua T., and Seema Jayachandran. "Changing family attitudes to promote female employment." *AEA Papers and Proceedings*. Vol. 109. 2019.
 - Dhar, Diva, Tarun Jain, and Seema Jayachandran. *Reshaping adolescents' gender attitudes: Evidence from a school-based experiment in India*. No. w25331. National Bureau of Economic Research, 2018.
 - Kipchumba, Elijah, Catherine Porter, Danila Serra, and Munshi Sulaiman. *Influencing youths' aspirations and gender attitudes through role models: Evidence from Somali schools*. No. 20210224-002. 2021.
 - Riley, Emma. *Role models in movies: The impact of Queen of Katwe on students' educational attainment*. No. 2017-13. Centre for the Study of African Economies, University of Oxford, 2017.