

# **Policy Evaluation and Evidence Based Policy Making**

ECON 6110K

Spring 2021

## **Professor Hyuncheol Bryant Kim**

Department of Economics

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**Teaching Assistant:** TBA

**Lectures:** Tuesday and Thursday 1:30 pm – 2:50 pm

**Office hours:** Thursday 3:00 pm – 4:00 pm (please email me to set up the time)

## **Course Overview**

This course has two objectives: 1) to provide basic tools and skills for evaluating public policies in both developed and developing countries, and 2) to learn, through examples, how these tools and skills are actually applied to public policy evaluation. The case studies I will address in this course focus on human capital development such as health, education, and labor policies.

## **Recommended Prerequisite**

Introductory Econometrics (ECON 3334) or similar course is recommended.

## **Academic Integrity Statement**

Absolute integrity is expected of every HKUST student in all academic undertakings. Integrity entails a firm adherence to a set of values, and the values most essential to an academic community are grounded on the concept of honesty with respect to the intellectual efforts of oneself and others. Academic integrity is expected not only in formal coursework situations, but in all University relationships and interactions connected to the educational process, including the use of University resources. A HKUST student's submission of work for academic credit indicates that the work is the student's own. All outside assistance should be acknowledged, and the student's academic position truthfully reported at all times. In addition, HKUST students have a right to expect academic integrity from each of their peers. For further information

regarding the HKUST Code of Academic Integrity (<http://ugadmin.ust.hk/integrity/regulations-1.html>) Unless you have the express permission of the instructor, you should not buy or sell course materials. Such unauthorized behavior constitutes academic dishonesty.

### **TurnItIn.com Acknowledgment**

Students agree that by taking this course that all papers submitted for the course may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the Usage Policy posted on the Turnitin.com site.

### **Disabilities**

If you have a disability that requires accommodation, especially additional time for exams, please let me know as early as possible in the semester so that I can make arrangements. If you have any questions regarding this, please do not hesitate to contact me or speak to me directly.

### **Course Requirement and Grades**

#### **1. Presentation (25%)**

Your group (3-4 people) will be assigned an in-class journal presentation. Your group may select an article in the reading list. The presentation will be approximately 30 minutes, including Q&A and discussion. Presentation slides must number no greater than 20. Presentation slides must be submitted 48 hours before the presentation. I encourage you to drop by my office at office hours to ask questions on the assigned paper for the presentation. You will also submit five questions and suggested solutions from the paper you will present. Some of them will be used in the final exam.

At the end of your presentation, please submit each person's contribution to the project (i.e. Student A: 40%, Student B: 30%, and Student C: 30%), and this will be reflected in the final score. Final individual scores will be calculated in the following way:  $\text{your group score} * \{100 + (\text{your contribution rate} - \text{expected contribution rate})\} / 100$ . Expected contribution is 50 for group of two people, and 33.3 for group of three people. For example, your group score is 70, you have 2 people in your group, and your contribution is 55%, then you will get 73.5 ( $=70 * (100+55-50)/100$ )

## **2. Policy Evaluation Proposal (25%)**

Your group (3-4 people) will write a single 10-15 page proposal displaying original ideas of public policy evaluation. It will contain 1) description of public policy, 2) literature review, 3) identification strategy, 4) data, and 5) expected outcome. It is due on (TBA). Best proposals will be presented in the class.

At the end of the proposal, please submit each person's contribution to the project (i.e. Student A: 40%, Student B: 30%, and Student C: 30%), and this will be reflected in the final score. Final individual scores will also be calculated in the following way:  $\text{your group score} * \{100 + (\text{your contribution rate} - \text{expected contribution rate})\} / 100$ . For example, your group score is 80, you have 3 people in your group, and your contribution is 40%, then you will get 85.35 ( $=80 * (100+40-33.3)/100$ )

## **3. Final Exam (50%) - Closed book**

Final exam covers the entire course. There will be no make-up exam.

## **4. Class attendance and participation (maximum extra 5%)**

I will randomly check class attendance up to five times throughout the semester. If you do not attend, you will not get credit. I will also give a maximum 5 points for your class participation (measured by number of stickers).

## **Student Learning Outcomes**

- 1) To develop cognitive skill: Evaluate and compare differing social scientific perspectives on public policy evaluation and design.
- 2) To evaluate current public health, education, and labor policies: Critically assess existing public policies and develop empirical tools to evaluate their impacts.
- 3) To apply evaluation skills to policies: Perform data analysis using Excel and Stata.
- 4) To create professional writing skills: Write reaction papers for an academic audience.
- 5) To develop interpersonal skills: Present, discuss, evaluate and defend supplemental readings in front of a large group.

## **Week 1-5 Method for Public Policy Evaluation**

· *Introduction to Econometrics* 3<sup>rd</sup> Edition (by James Stock and Mark Watson)

## Weeks 6-7: Health Policy

### [Articles] – will be modified

- Poor Economics Chapter 2 and 3
- Pascaline Dupas. 2011. "Health Behavior in Developing Countries." *Annual Review of Economics* 3 (1):425-449
- Miguel, Edward et. al. 2004. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities." *Econometrica* 72 (1):159-217
- Cohen, J. and P. Dupas. 2010. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." *Quarterly Journal of Economics* 125 (1):1-45
- Ashraf, Nava, James Berry, and Jesse M. Shapiro. "Can Higher Prices Stimulate Product Use? Evidence from a Field Experiment in Zambia." *American Economic Review* 100 (2010): 2383-2413.
- Duncan, Thomas et. al. 2003. "Iron deficiency and the well-being of older adults: Early results from a randomized nutrition intervention"
- Pascaline Dupas. 2011. "Do Teenagers Respond to HIV Risk Information? Evidence from a Field Experiment in Kenya." *AEJ: Applied Economics* 3 (1):1-36

## Weeks 8-9: Education Policy

### [Articles] – will be modified

- Poor Economics Chapter 4
- Jensen, Robert. "The (perceived) returns to education and the demand for schooling." *The Quarterly Journal of Economics* 125.2 (2010): 515-548.
- Barrera-Osorio, F, Bertrand, M., Linden, L. L., & Perez-Calle, F. (2011). Improving the design of conditional transfer programs: Evidence from a randomized education experiment in Colombia. *American Economic Journal: Applied Economics*, 167-195.
- Kremer, Michael, Edward Miguel, and Rebecca Thornton. "Incentives to learn." *The Review of Economics and Statistics* 91.3 (2009): 437-456.
- Banerjee, A. V., Cole, S., Duflo, E., & Linden, L. (2007). Remedying Education: Evidence from Two Randomized Experiments in India. *The Quarterly Journal of Economics*, 122(3), 1235-1264.
- Paul Schultz, T. "School subsidies for the poor: evaluating the Mexican Progresa poverty program." *Journal of development Economics* 74.1 (2004): 199-250.
- Jensen, Robert. "Do Labor Market Opportunities Affect Young Women's Work and Family Decisions? Experimental Evidence from India." *The Quarterly Journal of Economics* (2012)
- Baird, Sarah, Craig McIntosh, and Berk Özler. "Cash or condition? Evidence from a cash transfer experiment." *The Quarterly Journal of Economics* (2011)

## Week 10-11: Public Sector Labor Policy

**[Articles] – will be modified**

- Dal Bó, Ernesto, Frederico Finan, and Martín A. Rossi. "Strengthening state capabilities: The role of financial incentives in the call to public service\*." *The Quarterly Journal of Economics* 128.3 (2013): 1169-1218.
- Ashraf, Nava, Oriana Bandiera, and Scott S. Lee. "Do-gooders and go-getters: career incentives, selection, and performance in public service delivery." (2014).
- Delfgaauw, Josse, and Robert Dur. "Incentives and Workers' Motivation in the Public Sector\*." *The Economic Journal* 118.525 (2008): 171-191.

**Week 12-13: Best proposal presentation**