Policy Evaluation Comments

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Outline

1. Goals of Policy Evaluation ?

2. Methods of Policy Evaluation ?

3. Policymakers as well intentioned managers ?

1. Goals of policy evaluation ?

Better policies vs "what works"

- What works vs why it works

- Implicit view of govt and of what we need to learn

- Which priorities ?
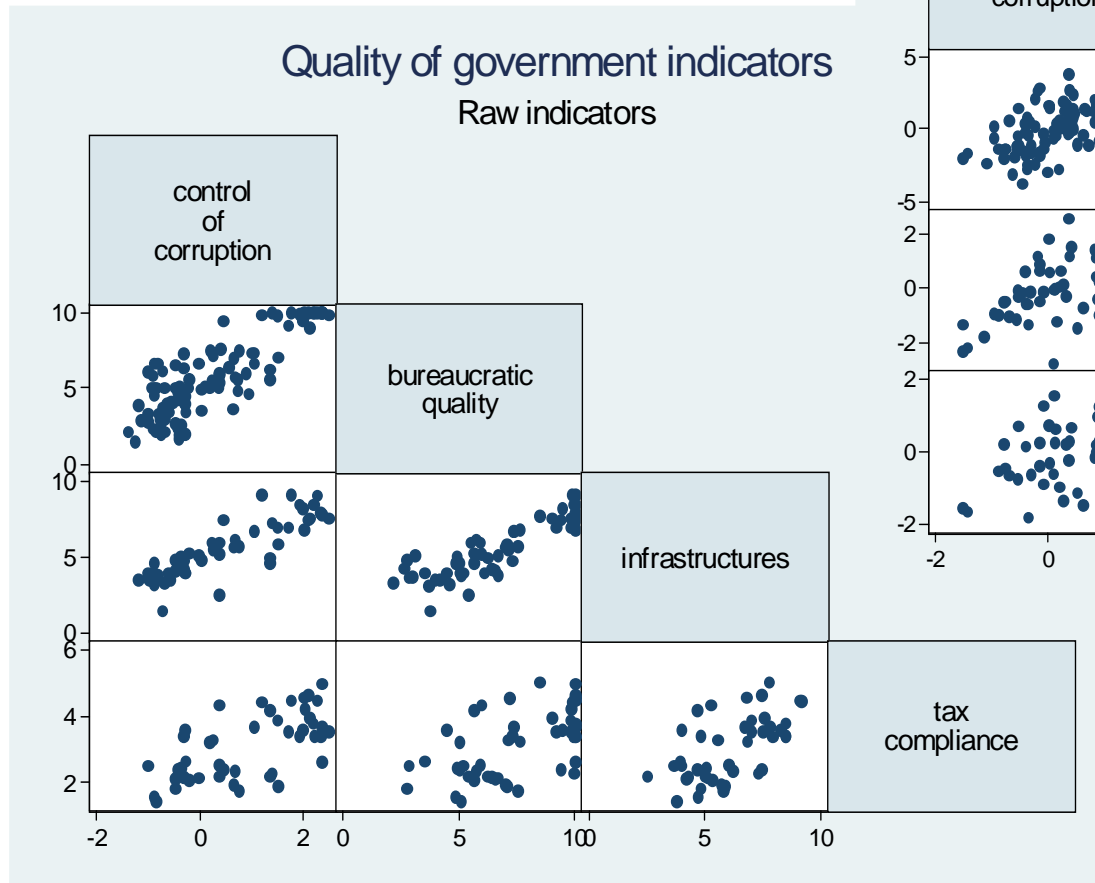
2. Methods of policy evaluation ?

Experimental approach to PE: very important advance

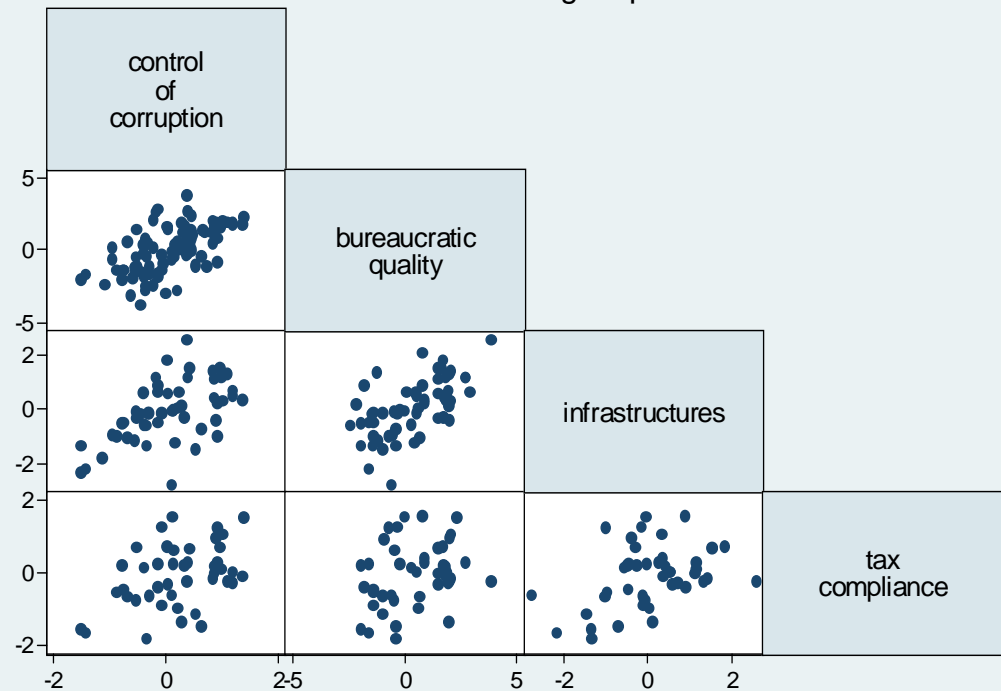But tradeoffs, no clear dominance of one method over another

- External validity
  - Policy population > experimental population => Over-interpret results due to local noise (Deaton)

  - Are we estimating the right structural model ?
    Need theory to answer this (Acemoglu)

- Micro vs aggregate effects of public policies

3. Policymakers as well intentioned managers?

Raw indicators ⬇

After conditioning ⬆ on income per capita

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3. Policymakers as well intentioned managers ?

- Systematically distorted incentives and implementation constraints

- Policy advice vs policy accountability

3. Policymakers as well intentioned managers ?

- Quality of govt. across countries correlated with quality of mngmt practices (Shleifer et al.)

- Market vs governments: who is better at experimenting?

4. How to make governments accountable ?

Existing literature:

- Institutional checks and balances
- Independent media

Open question: how to explain civic engagement and collective action ?

- Role of incentives / values / social or human capital
- Interaction of formal and informal institutions

5. Concluding remarks

Micro policy evaluation in developing countries:

- Big advance, with very important lessons for other fields and for advanced countries

Yet be aware of some concerns:

- External validity

- Relevance of aggregate and macro policy effects => tradeoffs in PE, no clear dominance of one method

- Identify mechanisms, not just what works

- Political and implementation constraints often more important than knowledge constraints