Motivation

The large size of government activities in market Economies and the magnitude of economic resources dedicated to public policy have leaded to the need of rationalizing its design, objectives and expectations. Current economic reforms and fiscal constraints base the need to implement the adequate use and treatment of public resources in order to get the most of them. The opportunity cost of government intervention limits the extent of desirable public policies. For this reason, this need for efficiency improvements in government intervention at any level justify efforts devoted to promote methods able to determine and evaluate the impact of public policies. This course aims at learning why, how and when governments apply public policies and presents the main methodologies that help in measuring their social impacts. After this course students should be able to analyze the objectives, processes and actors involved in public policies, and to evaluate them according to the standard methodologies of impact measurement available.

This course follows the following objectives and offers the following competences to students:

1) Introduces students to the determinants of public policy decisions.
2) Learn on the design of public intervention.
3) Review the methodologies for the analysis and evaluation of public policies.
4) Present instruments to make a rational prioritization of alternative public policies.
5) Review the empirical methods of program evaluation.
6) Analyze and learn from empirical papers that apply program evaluation methods.
7) Undertake a project evaluation where empirical methods presented are implemented.
Methodology
This introductory course on public policies aims at training students in the decision making of public policy. Under this approach, we mixed theoretical and empirical lectures, where impact evaluation methods are applied, with presentations and discussion of papers and a final design of a public policy evaluation project.

Content

1) Introduction to public policy.
2) Basics of economic policy design: processes, actors and institutions
3) Selection among alternatives in public policy
4) The empirical evaluation of public policies

Methods:

   a. Experiments and Randomization
   b. Matching
   c. Differences in Differences
   d. Instrumental Variables
   e. Regression in Discontinuity
   f. Distributional Impacts
   g. Duration models
   h. Cost-Benefit Analysis

5) Discussion of papers
6) Program evaluation project

Evaluation (Grades)

50% Public Policy project design (1)
25% Presentations (1) and discussion of papers.
25% One short multiple-choice test on the basics of methods presented.
Basic References

Advanced Surveys


Papers for discussion by methodology
Randomization

Matching


**Differences-in-Differences**


**Instrumental Variables**


**Regression discontinuity**


Duration models


Cost-Benefit Analysis

