

The slippery slope from Causation to Description

*“Casual comparisons almost inevitably
lead to careless causal conclusions.”*

Paul Holland

DISTINCTIONS WITHOUT A DIFFERENCE

EX-ANTE

EX-POST

IMPACT

EFFECT

Impact = Effect

=

Observed outcome

–

Counterfactual outcome

Applicants

—

Non-Applicants

Applicants

—

(carefully matched)

Non-Applicants

Accepted Applicants

—

Rejected Applicants

Marginally Accepted
Applicants

—

Marginally Rejected
Applicants

Randomly Accepted
Applicants

–

Randomly
Rejected Applicants

Eligible

—

Non-Eligible

Marginally ELEGIBLE

—

MARGINALLY non-ELEGIBLE

WHEN ELEGIBLE

—

WHEN non-ELEGIBLE

Even more than data,
what is needed to obtain credible
impact estimates is an in-depth
knowledge of the selection
mechanisms

When it come to impacts, crucial how you interpret them

“these estimates are statistically significant and robust to different bandwidths and kernels”

statistically significance
is largely overrated

In the long run, we are all statistically significant

Italian example

- robust and statistically significant impact
= 2 additional jobs per firm
- 6000 firms → 12000 jobs
- 3 billion spent on these 6000 firms
- average cost per additional job?

€ 250.000

The counterfactual be with you!