

Social Experiments

SS 2011

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Alexander Spermann

Burtless (1995) and
Heckman/Smith (1995)
Both in JEconPersp
Summarized in
Cameron/Trivedi (2005), pp. 48

Example:

Introduction of a care budget
(Arntz/Michaelis/Spermann, Swiss Journal
2006):

7 sites in East and West Germany

goal: 2000 participants; assigned randomly to

1000 in the program &
1000 in the control group
duration: 2005-2008

Treatment:

Matching transfer plus case management

Outcome:

- Duration in home care
- Life satisfaction
- Quality of care
- Home Care arrangements

Discussion of biases:

- Randomization bias
- Treatment group dropout bias
- Control group substitution bias
- Attrition bias
- General equilibrium effects

No randomization bias

$$Y_1 = Y_1^*$$

$$Y_0 = Y_0^*$$

$$D = D^*$$

No structural change of participants and non-participants due to the fact that they participate in a social experiment

No Treatment Group Dropout Bias

$$R=1 \rightarrow T=1$$

$R=0$ indicator variable for control group

$R=1$ indicator variable for program group

$T=0$ indicator variable for non-receipt of program

$T=1$ indicator variable for program receipt

Persons who were assigned to the program group have to receive the program

III) No Control Group Substitution Bias

$$R=0 \rightarrow T=0$$

Persons of the control group do not participate in comparable programs

No General Equilibrium Effects

No indirect effect of the program that could change the direct effect of the program

No Attrition Bias

Program or control group members
may not get lost during the experiment

Latest Publications on the Care Budget

Arntz/Thomsen 2008 a,b:
ZEW Discussion Paper