



Causal Inference for IR and IPE with Substantive Applications

Carlos Felipe Balcazar

MacMillan Center

January, 2024

About the class

- ▶ Instructor

- ▶ You can call me Felipe.
- ▶ E-mail: `carlos.balcazar@yale.edu`
- ▶ Office hours: Thu. 10.00 - 11.30; 3.00 - 4.30, RKZ 248
- ▶ My goal: To help you develop commensurable research designs.

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- ▶ Presentations and term papers.

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- ▶ The theory and the empirical analysis should be commensurable!
 - ▶ Empirics should be a (close-enough) representation of the theory.
 - ▶ Abduction: Theory should also be commensurable with empirics.

Commensurability as all-else-equal

- ▶ Theoretical implications are always all-else-equal claims.
 - ▶ Primitives: exogenous parameters. Assumptions!
 - ▶ Endogenous variables: equilibrium outcomes; comparative statics.
 - ▶ Functional forms: necessary and sufficient; robustness.

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 - ▶ Logically consistent mechanisms - rigorous empirical testing.

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Theory building

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 - ▶ Explains a puzzle; is counterintuitive.
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 - ▶ Neither necessary nor sufficient if the goal is empirical analysis.
 - ▶ Formal models are useful but not necessary; DAGs are alternatives.
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 - ▶ Sample/units commensurable? Are measures valid representations?
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 - ▶ Interviews for validating behavioral assumptions. Limited, why?
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- ▶ Convey clear information to non-experts:
 - ▶ Goal is not demonstrating how much you know/can do.
 - ▶ Clarity is always the responsibility of the researcher.
 - ▶ A story can convey complex ideas; jargon doesn't!

Next class...

Common shortcomings in empirical work in IR and IPE!