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Two-Step Randomization - Quiz

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Question 1

1/1 point (graded)

What does the evidence that workers assigned to active labor market interventions do better than a control group within the same town suggest about the effects of active labor market policies?

- a. They reduce unemployment
- b. They suffer from displacement effects
- c. They help the treated, compared to others in the same market ✔
- d. High search costs prevent firms from filling vacancies

Explanation

This evidence can only tell us that active labor market policies help those who are treated, but cannot tell us what the general equilibrium effects are. It is possible that the intervention reduces unemployment by reducing search costs for firms, but it is also possible that the intervention is

simply giving jobs to the treated by displacing the control group from those jobs, creating no net benefit.

Submit You have used 1 of 2 attempts

✔ Correct (1/1 point)

Question 2

1/1 point (graded)

What approach could estimate the general equilibrium effects?

- a. Phase-in
- b. Two-step randomized control trial ✔
- c. Stratification
- d. Clustering

Explanation

In the two-step RCT, you can randomly assign the proportion of treated to areas and then randomly assigns treatment status to individuals in these areas. By varying the proportion of treated in each area, one can test the general equilibrium effects of the program.

Submit You have used 1 of 2 attempts

✔ Correct (1/1 point)

Discussion

Topic: Module 12 / Two-Step Randomization - Quiz

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