TA Session

Week 5

1. FAQ about HW 1
2. R example for methods for estimating difference in differences estimator.
3. Other notes about DID
4. Q&A session

**Important Assumptions for DID**

**Parallel trend assumption**

It requires that in the absence of treatment, the difference between the ‘treatment’ and ‘control’ group is constant over time. Although there is no statistical test for this assumption, visual inspection is useful when you have observations over many time points. It has also been proposed that the smaller the time period tested, the more likely the assumption is to hold. Violation of parallel trend assumption will lead to biased estimation of the causal effect. The following graph is an example of data following the paraller trend assumption



