
The Advantages and Uses of Experimentation for Policy Evaluation

by

Gary Burtless

The Brookings Institution

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Randomized policy trials

- Why randomization has been successfully applied in
 - Welfare policy
 - Worker training
 - Job placement
 - Unemployment insurance
 - Health insurance
 - Housing subsidies
 - Influence of research findings on
 - Administration of public assistance
 - Welfare-to-work policy
 - Philosophy of public assistance for working-age adults
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History:

Large-scale & ambitious early experiments

- 1968-1978: NIT experiments
 - Housing allowance
 - Health insurance experiment
 - “Supported Work” / Guaranteed jobs for public aid recipients
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After 1980:

Smaller scale / Less ambitious experiments

- Job search experiments
 - Mandatory participation in job search / worker training / make-work job programs in exchange for assistance benefits
 - Experimentally withhold work- training benefits --
 - Job Training Partnership Act
 - Job Corps program
 - Generous earnings supplements
 - Wage vouchers for employers
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Why is randomization used?

- Practical way to obtain reliable results
 - Non-experimental methods have clear defects
 - Economists' influence in relevant agencies
 - Important federal-gov't role
 - Political weakness of target population
 - Social custom / new evaluation norms
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Practicality and timeliness

- Full treatment can be provided in brief period
 - Beneficial results are quickly apparent
 - Practical approach to measuring long-term effects
 - Alternative approaches also time-consuming
 - Willing implementers
 - Policy question will remain relevant
 - Even partial answers will do
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Alternatives to randomization *failed*

- Effect of a new kind of program
 - Does estimated “impact” indicate *cause* or *effect* ??
 - *Sample selection:*
 - Who receives treatment?
 - Results of non-experimental research not understandable to policymakers:
 - Specialists’ debate over *threats to validity*.
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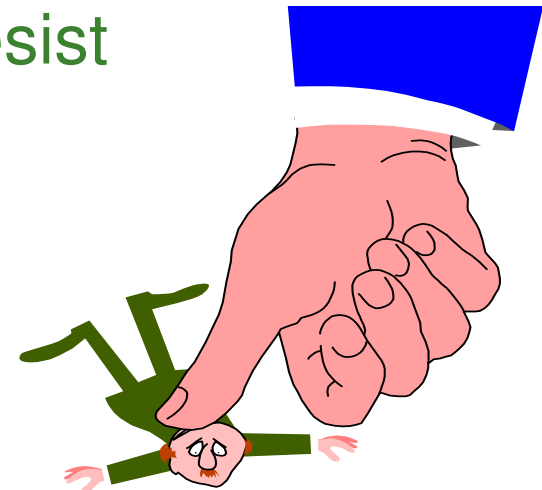
Economist / Federal roles

- Economists influential in relevant government departments
 - Interested in *cost effectiveness*
 - No ax to grind on human service strategies
- Federal role is key:
 - More federal funds for evaluation
 - Innovative researchers attracted to national capital



Weakness of target populations

- Denying potential benefits raises ethical issues
 - Inherent “unfairness” of random assignment
 - Political difficulty of --
 - Withholding beneficial services
 - Inflicting punitive policies
- Target populations too weak to resist
 - Disadvantaged job seekers
 - Welfare recipients
 - UI recipients
 - Unwed mothers



The power of social norms

- Random trials became *acceptable*
 - Randomization became the *norm* for best practice evaluation
 - Random trials are at least *considered* when policy question requires a definitive answer
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Policy influence

- Early, ambitious experiments
 - Helped economists
 - Informed us of huge potential cost of big programs
 - Had little influence on details of public policy
 - Small-scale experiments
 - Affected views of liberals & policymakers concerning impact of reform
 - Affected administrators: They curtailed or eliminated failing programs
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Policy influence

- Mandatory job search in unemployment & social assistance programs
 - The evidence that job search reduced unemployment spells & benefit costs was persuasive
 - Mandatory job search became a common part of social assistance programs
 - Comprehensive welfare reform
 - Benefit cuts tied to job placement programs “worked”: Curtailed assistance outlays and boosted earnings
 - Reform once regarded as punitive became politically acceptable to moderates and some liberals
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