

DSS Statistics Seminar

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<https://meet.google.com/nsk-wjqd-qkr>

The inclusive synthetic control method

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The Synthetic Control Method (SCM) estimates the causal effect of a policy intervention in a panel data setting with only a few treated and control units. The treated outcome in the absence of the intervention is recovered by a weighted average of the control units. The latter cannot be affected by the intervention neither directly nor indirectly.

We introduce the inclusive synthetic control method (iSCM), a novel and intuitive synthetic control modification that allows including units potentially affected directly or indirectly by an intervention in the donor pool.

Our iSCM is very easy to implement and any synthetic control type estimation and inference procedure can be used. Moreover, we re-estimate the causal effect of German reunification on GDP per capita allowing for spillover effects from West Germany to Austria.



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