Contents

1	Intro	duction 1
	1.1	About Causality and This Book 1
	1.2	Overview of Topics 3
2	Causality and No Causality 11	
	2.1	Potential Outcomes, Causal Effects, and the Stable Unit
		Treatment Value Assumption 11
	2.2	Treatment Selection Bias 14
3	Social Experiments and Linear Regression 19	
	3.1	Social Experiments 19
	3.2	Effect Identification by Linear Regression 22
	3.3	Estimation by Linear Regression and Its Properties 26
	3.4	Variance Estimation, Inference, and Goodness of Fit 35
	3.5	Extensions to Multiple or Continuous Treatments 49
	3.6	Including Covariates 58
4	Selection on Observables 65	
	4.1	Identification under Selection on Observables 65
	4.2	Linear, Series, and Kernel Regression 70
	4.3	Covariate Matching 80
	4.4	Propensity Score Matching 88
	4.5	Inverse Probability Weighting, Empirical Likelihood,
		and Entropy Balancing 94
	4.6	Doubly Robust Methods 99
	4.7	Practical Issues: Common Support and Match Quality 102
	4.8	Multivalued or Continuous Treatments and
		Distributional Effects 113

4.9 Dynamic Treatment Effects 120

- 4.10 Causal Mechanisms (Mediation Analysis) 126
- 4.11 Outcome Attrition and Posttreatment Sample Selection 133

5 Causal Machine Learning 137

- 5.1 Motivation for Machine Learning and Fields of Application 137
- 5.2 Double Machine Learning and Partialling out with Lasso Regression 138
- 5.3 A Survey of Further Machine Learning Algorithms 145
- 5.4 Effect Heterogeneity 151
- 5.5 Optimal Policy Learning 159
- 5.6 Reinforcement Learning 163

6 Instrumental Variables 169

- 6.1 Evaluation of the Local Average Treatment Effect 169
- 6.2 Instrumental Variable Methods with Covariates 177
- 6.3 Nonbinary Instruments and Treatments 184
- 6.4 Sample Selection, Dynamic and Multiple Treatments, and Causal Mechanisms 189

7 Difference-in-Differences 195

- 7.1 Difference-in-Differences without Covariates 195
- 7.2 Difference-in-Differences with Covariates 203
- 7.3 Multiple Periods of Treatment Introduction 207
- 7.4 Changes-in-Changes 213

8 Synthetic Controls 219

- 8.1 Estimation and Inference with a Single Treated Unit 219
- 8.2 Alternative Estimators and Multiple Treated Units 225

9 Regression Discontinuity, Kink, and Bunching Designs 231

- 9.1 Sharp and Fuzzy Regression Discontinuity Designs 231
- 9.2 Sharp and Fuzzy Regression Kink Designs 243
- 9.3 Bunching Designs 248

10 Partial Identification and Sensitivity Analysis 255

- 10.1 Partial Identification 255
- 10.2 Sensitivity Analysis 264

11 Treatment Evaluation under Interference Effects 271

- 11.1 Failure of the Stable Unit Treatment Value Assumption 271
- 11.2 Partial Interference 272
- 11.3 Interference Based on Exposure Mappings 281

12 Conclusion 285

References 287 Index 311