

Typology of Treatment Effects vs. Structural Models

	Treatment Effects	Structural Model
Source of Counterfactuals:	Thin Air (Seat of Pants) – Implicit Economics No Rules “Closest World”	Economic Theory + Accumulated Evidence
Causal Effect –		At individual level the same
At Macro level (Aggregated)	Different “Effects” Depending on condition Set on one treatment	Consistent theory of aggregation A Variety of Counterfactuals
Identification:	Issues are the same; need a source of variation	Issues are the same; need a source of variation
Estimation	Emphasis on experiments or things like experiments: (i) Randomization (ii) IV + Natural Experiments	Variety of methods Control functions Local IV
Forecastability conditions	None	Possible with support conditions
Sources of Randomness	Vague	Explicit

2 cases for experimentation:

- (a) identify structural parameters
- (b) bypass them and get “the effect”