

# CAUSAL INFERENCE FOR CAUSAL INFERENCE APPLICATIONS IN ACADEMIA

## CAUSAL INFERENCE FOR CAUSAL INFERENCE APPLICATIONS IN ACADEMIA: A COMPREHENSIVE GUIDE

**CAUSAL INFERENCE FOR CAUSAL INFERENCE APPLICATIONS IN ACADEMIA** SERVES AS THE CORNERSTONE FOR RIGOROUS RESEARCH, ENABLING SCHOLARS TO MOVE BEYOND MERE CORRELATION AND UNCOVER THE TRUE DRIVERS OF OBSERVED PHENOMENA. THIS ARTICLE DELVES INTO THE MULTIFACETED WORLD OF CAUSAL INFERENCE, EXPLORING ITS CRITICAL ROLE ACROSS DIVERSE ACADEMIC DISCIPLINES AND OUTLINING KEY METHODOLOGIES THAT EMPOWER RESEARCHERS TO ESTABLISH CAUSE-AND-EFFECT RELATIONSHIPS. WE WILL EXAMINE THE FOUNDATIONAL PRINCIPLES, PRACTICAL CHALLENGES, AND CUTTING-EDGE TECHNIQUES THAT DEFINE MODERN CAUSAL INFERENCE, DEMONSTRATING ITS INDISPENSABLE VALUE IN ADVANCING KNOWLEDGE. BY UNDERSTANDING THESE APPLICATIONS, ACADEMICS CAN DESIGN MORE ROBUST STUDIES, INTERPRET FINDINGS WITH GREATER CONFIDENCE, AND CONTRIBUTE MORE MEANINGFULLY TO THEIR FIELDS.

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## FOUNDATIONAL CONCEPTS IN CAUSAL INFERENCE

AT ITS CORE, CAUSAL INFERENCE IS THE PROCESS OF DETERMINING WHETHER A SPECIFIC INTERVENTION, TREATMENT, OR EXPOSURE LEADS TO A PARTICULAR OUTCOME. THIS GOES BEYOND SIMPLY OBSERVING THAT TWO EVENTS OCCUR TOGETHER. IT REQUIRES ESTABLISHING THAT ONE EVENT CAUSES THE OTHER. THE FUNDAMENTAL CHALLENGE LIES IN THE FACT THAT FOR ANY GIVEN UNIT (E.G., AN INDIVIDUAL, A FIRM, A COUNTRY), WE CAN ONLY OBSERVE ONE POTENTIAL OUTCOME AT A TIME – EITHER THE OUTCOME WITH THE TREATMENT OR THE OUTCOME WITHOUT IT, BUT NOT BOTH SIMULTANEOUSLY. THIS IS KNOWN AS THE FUNDAMENTAL PROBLEM OF CAUSAL INFERENCE.

TO NAVIGATE THIS, CAUSAL INFERENCE FRAMEWORKS RELY ON COUNTERFACTUAL REASONING. A COUNTERFACTUAL IS WHAT WOULD HAVE HAPPENED TO A UNIT IF IT HAD RECEIVED A DIFFERENT TREATMENT STATUS THAN IT ACTUALLY DID. THE CAUSAL EFFECT FOR AN INDIVIDUAL IS THEN DEFINED AS THE DIFFERENCE BETWEEN THEIR OBSERVED OUTCOME AND THEIR COUNTERFACTUAL OUTCOME. SINCE WE CAN NEVER DIRECTLY OBSERVE BOTH, RESEARCHERS EMPLOY VARIOUS STATISTICAL AND ECONOMETRIC

TECHNIQUES TO ESTIMATE AVERAGE TREATMENT EFFECTS ACROSS POPULATIONS, THEREBY APPROXIMATING THESE COUNTERFACTUAL SCENARIOS.

## KEY METHODOLOGIES FOR CAUSAL INFERENCE

A WIDE ARRAY OF METHODOLOGIES HAS BEEN DEVELOPED TO TACKLE THE CHALLENGES OF CAUSAL INFERENCE. THE CHOICE OF METHOD OFTEN DEPENDS ON THE RESEARCH QUESTION, THE TYPE OF DATA AVAILABLE, AND THE DEGREE OF CONTROL RESEARCHERS HAVE OVER THE TREATMENT ASSIGNMENT. EACH METHOD AIMS TO MIMIC OR APPROXIMATE AN IDEAL RANDOMIZED EXPERIMENT, WHERE TREATMENT IS ASSIGNED RANDOMLY, THUS ENSURING THAT TREATED AND CONTROL GROUPS ARE COMPARABLE ON AVERAGE BEFORE THE INTERVENTION.

### RANDOMIZED CONTROLLED TRIALS (RCTs)

RANDOMIZED CONTROLLED TRIALS, OFTEN CONSIDERED THE GOLD STANDARD IN CAUSAL INFERENCE, INVOLVE THE RANDOM ASSIGNMENT OF PARTICIPANTS TO EITHER A TREATMENT GROUP OR A CONTROL GROUP. RANDOMIZATION ENSURES THAT, ON AVERAGE, THE GROUPS ARE SIMILAR IN ALL RESPECTS, BOTH OBSERVABLE AND UNOBSERVABLE, BEFORE THE INTERVENTION. ANY OBSERVED DIFFERENCE IN OUTCOMES BETWEEN THE GROUPS CAN THEN BE ATTRIBUTED WITH HIGH CONFIDENCE TO THE TREATMENT ITSELF. WHILE RCTs PROVIDE THE STRONGEST EVIDENCE FOR CAUSALITY, THEY ARE NOT ALWAYS FEASIBLE OR ETHICAL IN ACADEMIC RESEARCH, PARTICULARLY IN FIELDS LIKE ECONOMICS OR SOCIAL POLICY WHERE MANIPULATING REAL-WORLD CONDITIONS MIGHT BE IMPRACTICAL OR HARMFUL.

### OBSERVATIONAL STUDIES AND THEIR CHALLENGES

OBSERVATIONAL STUDIES, IN CONTRAST TO RCTs, INVOLVE OBSERVING AND ANALYZING DATA WITHOUT DIRECT INTERVENTION OR MANIPULATION OF THE TREATMENT ASSIGNMENT. THIS IS COMMON IN MANY ACADEMIC DISCIPLINES WHERE RESEARCHERS ANALYZE EXISTING DATASETS OR CONDUCT SURVEYS. THE PRIMARY CHALLENGE IN OBSERVATIONAL STUDIES IS CONFOUNDING: THE PRESENCE OF UNMEASURED VARIABLES THAT AFFECT BOTH THE TREATMENT ASSIGNMENT AND THE OUTCOME, LEADING TO BIASED ESTIMATES OF THE CAUSAL EFFECT. FOR EXAMPLE, IF RESEARCHERS ARE STUDYING THE EFFECT OF EDUCATION ON INCOME, AND THEY FIND THAT MORE EDUCATED PEOPLE EARN MORE, IT'S HARD TO DISENTANGLE THE EFFECT OF EDUCATION FROM PRE-EXISTING FACTORS LIKE INNATE ABILITY OR FAMILY BACKGROUND, WHICH MIGHT INFLUENCE BOTH EDUCATIONAL ATTAINMENT AND EARNING POTENTIAL.

### MATCHING TECHNIQUES

MATCHING TECHNIQUES ARE A SET OF METHODS USED IN OBSERVATIONAL STUDIES TO CREATE COMPARABLE GROUPS OF TREATED AND CONTROL UNITS. THE GOAL IS TO FIND CONTROL UNITS THAT CLOSELY RESEMBLE TREATED UNITS BASED ON OBSERVABLE CHARACTERISTICS. COMMON MATCHING METHODS INCLUDE NEAREST NEIGHBOR MATCHING, WHERE EACH TREATED UNIT IS MATCHED TO ONE OR MORE CONTROL UNITS WITH THE MOST SIMILAR COVARIATE VALUES, AND EXACT MATCHING, WHERE UNITS MUST MATCH ON ALL SPECIFIED COVARIATES.

### PROPENSITY SCORE METHODS

PROPENSITY SCORE METHODS ARE A SOPHISTICATED FORM OF MATCHING THAT USES A SINGLE SCORE TO BALANCE COVARIATES. A PROPENSITY SCORE IS THE PROBABILITY OF RECEIVING THE TREATMENT, CONDITIONAL ON A SET OF OBSERVABLE COVARIATES. BY BALANCING THE DISTRIBUTION OF PROPENSITY SCORES BETWEEN TREATED AND CONTROL GROUPS, RESEARCHERS CAN REDUCE SELECTION BIAS. TECHNIQUES LIKE PROPENSITY SCORE MATCHING, STRATIFICATION, AND INVERSE PROBABILITY WEIGHTING

(IPW) ARE COMMONLY EMPLOYED.

## DIFFERENCE-IN-DIFFERENCES (DID)

THE DIFFERENCE-IN-DIFFERENCES (DID) METHOD IS USED TO ESTIMATE THE CAUSAL EFFECT OF AN INTERVENTION BY COMPARING THE CHANGE IN OUTCOMES OVER TIME FOR A GROUP THAT RECEIVES THE INTERVENTION (TREATMENT GROUP) WITH THE CHANGE IN OUTCOMES OVER TIME FOR A GROUP THAT DOES NOT (CONTROL GROUP). IT RELIES ON THE CRUCIAL ASSUMPTION OF "PARALLEL TRENDS," MEANING THAT IN THE ABSENCE OF THE INTERVENTION, THE OUTCOMES OF BOTH GROUPS WOULD HAVE FOLLOWED SIMILAR TRENDS. DID IS WIDELY USED IN ECONOMICS AND POLICY EVALUATION TO ASSESS THE IMPACT OF POLICY CHANGES OR NATURAL EXPERIMENTS.

## REGRESSION DISCONTINUITY DESIGN (RDD)

REGRESSION DISCONTINUITY DESIGN (RDD) IS A QUASI-EXPERIMENTAL METHOD USED WHEN TREATMENT IS ASSIGNED BASED ON WHETHER AN OBSERVABLE VARIABLE (THE "RUNNING VARIABLE") CROSSES A SPECIFIC THRESHOLD. FOR EXAMPLE, A STUDENT MIGHT RECEIVE A SCHOLARSHIP IF THEIR GPA IS ABOVE 3.5. RDD COMPARES OUTCOMES FOR UNITS JUST ABOVE AND JUST BELOW THE THRESHOLD, ASSUMING THAT THESE UNITS ARE VERY SIMILAR EXCEPT FOR THE TREATMENT ASSIGNMENT. THIS SHARP DIFFERENCE IN TREATMENT STATUS AROUND THE CUTOFF ALLOWS FOR A STRONG CAUSAL INFERENCE.

## INSTRUMENTAL VARIABLES (IV)

INSTRUMENTAL VARIABLES (IV) IS A METHOD USED TO ESTIMATE CAUSAL EFFECTS WHEN THERE IS UNOBSERVED CONFOUNDING. AN INSTRUMENTAL VARIABLE IS A VARIABLE THAT AFFECTS THE TREATMENT ASSIGNMENT BUT DOES NOT DIRECTLY AFFECT THE OUTCOME, EXCEPT THROUGH ITS INFLUENCE ON THE TREATMENT. IT MUST ALSO BE UNCORRELATED WITH THE ERROR TERM IN THE OUTCOME EQUATION. IV HELPS TO ISOLATE THE VARIATION IN THE TREATMENT THAT IS EXOGENOUS, THEREBY PROVIDING AN UNBIASED ESTIMATE OF THE CAUSAL EFFECT. THIS IS PARTICULARLY USEFUL WHEN RCTs ARE NOT FEASIBLE DUE TO ETHICAL OR PRACTICAL CONSTRAINTS.

## STRUCTURAL CAUSAL MODELS AND DIRECTED ACYCLIC GRAPHS (DAGs)

STRUCTURAL CAUSAL MODELS (SCMs) AND DIRECTED ACYCLIC GRAPHS (DAGs) PROVIDE A POWERFUL GRAPHICAL FRAMEWORK FOR REPRESENTING CAUSAL RELATIONSHIPS. DAGs VISUALLY DEPICT VARIABLES AND THE ASSUMED DIRECTIONAL CAUSAL LINKS BETWEEN THEM. SCMs FORMALIZE THESE RELATIONSHIPS USING MATHEMATICAL EQUATIONS. THIS APPROACH ALLOWS RESEARCHERS TO SYSTEMATICALLY IDENTIFY POTENTIAL CONFOUNDERS, DETERMINE WHAT VARIABLES NEED TO BE CONTROLLED FOR, AND TEST THE VALIDITY OF CAUSAL ASSUMPTIONS. THE "DO-CALCULUS" DEVELOPED BY JUDEA PEARL IS A KEY COMPONENT OF THIS FRAMEWORK, ENABLING THE DERIVATION OF CAUSAL EFFECTS FROM OBSERVATIONAL DATA.

## APPLICATIONS OF CAUSAL INFERENCE ACROSS DISCIPLINES

THE APPLICATION OF CAUSAL INFERENCE METHODOLOGIES HAS REVOLUTIONIZED RESEARCH ACROSS A VAST SPECTRUM OF ACADEMIC FIELDS, MOVING THEM TOWARDS MORE ROBUST AND EVIDENCE-BASED CONCLUSIONS.

## ECONOMICS AND POLICY EVALUATION

IN ECONOMICS, CAUSAL INFERENCE IS PARAMOUNT FOR EVALUATING THE IMPACT OF GOVERNMENT POLICIES, MARKET INTERVENTIONS, AND ECONOMIC REFORMS. RESEARCHERS USE TECHNIQUES LIKE DID, IV, AND RDD TO ESTIMATE THE CAUSAL EFFECTS OF POLICIES ON EMPLOYMENT, INFLATION, POVERTY, AND ECONOMIC GROWTH. UNDERSTANDING THESE CAUSAL PATHWAYS IS CRUCIAL FOR INFORMED POLICYMAKING AND RESOURCE ALLOCATION.

## MEDICINE AND PUBLIC HEALTH

CAUSAL INFERENCE IN MEDICINE AND PUBLIC HEALTH IS VITAL FOR DETERMINING THE EFFECTIVENESS OF TREATMENTS, THE IMPACT OF PUBLIC HEALTH INTERVENTIONS, AND THE RISK FACTORS FOR DISEASES. WHILE RCTs ARE COMMON, OBSERVATIONAL METHODS ARE FREQUENTLY EMPLOYED TO STUDY THE LONG-TERM EFFECTS OF EXPOSURES OR TO ANALYZE DATA FROM LARGE PATIENT POPULATIONS. IDENTIFYING CAUSAL LINKS HELPS IN DEVELOPING TARGETED PREVENTION STRATEGIES AND OPTIMIZING HEALTHCARE DELIVERY.

## SOCIAL SCIENCES AND BEHAVIORAL RESEARCH

THE SOCIAL SCIENCES, INCLUDING SOCIOLOGY, POLITICAL SCIENCE, AND PSYCHOLOGY, HEAVILY RELY ON CAUSAL INFERENCE TO UNDERSTAND SOCIAL PHENOMENA. RESEARCHERS INVESTIGATE THE CAUSAL EFFECTS OF EDUCATION ON SOCIAL MOBILITY, THE IMPACT OF MEDIA ON POLITICAL OPINIONS, OR THE INFLUENCE OF PARENTING STYLES ON CHILD DEVELOPMENT. OBSERVATIONAL METHODS, OFTEN AUGMENTED WITH SOPHISTICATED STATISTICAL ADJUSTMENTS, ARE INDISPENSABLE HERE DUE TO THE COMPLEXITY OF HUMAN BEHAVIOR AND SOCIETAL STRUCTURES.

## COMPUTER SCIENCE AND MACHINE LEARNING

AS MACHINE LEARNING MODELS BECOME MORE SOPHISTICATED, THE NEED FOR CAUSAL INFERENCE IN THIS DOMAIN GROWS. BEYOND PREDICTION, UNDERSTANDING WHY A MODEL MAKES A CERTAIN PREDICTION OR WHY A PARTICULAR FEATURE IS IMPORTANT IS CRUCIAL. CAUSAL INFERENCE HELPS IN BUILDING MORE ROBUST AND INTERPRETABLE AI SYSTEMS, IDENTIFYING SPURIOUS CORRELATIONS, AND ENSURING FAIRNESS AND TRANSPARENCY IN ALGORITHMIC DECISION-MAKING.

## ENVIRONMENTAL SCIENCE AND ECOLOGY

ENVIRONMENTAL SCIENTISTS USE CAUSAL INFERENCE TO UNDERSTAND THE COMPLEX INTERACTIONS BETWEEN ECOLOGICAL SYSTEMS AND HUMAN ACTIVITIES. THIS INCLUDES DETERMINING THE CAUSAL IMPACT OF POLLUTION ON BIODIVERSITY, THE EFFECT OF CLIMATE CHANGE ON ECOSYSTEMS, OR THE EFFECTIVENESS OF CONSERVATION STRATEGIES. OBSERVATIONAL DATA IS ABUNDANT IN THIS FIELD, MAKING SOPHISTICATED CAUSAL INFERENCE TECHNIQUES ESSENTIAL FOR DRAWING VALID CONCLUSIONS.

## CHALLENGES AND CONSIDERATIONS IN CAUSAL INFERENCE

DESPITE THE POWER OF CAUSAL INFERENCE METHODOLOGIES, RESEARCHERS MUST BE ACUTELY AWARE OF THE INHERENT CHALLENGES AND MAKE CAREFUL CONSIDERATIONS TO ENSURE THE VALIDITY OF THEIR FINDINGS.

## DATA QUALITY AND AVAILABILITY

THE ACCURACY AND COMPLETENESS OF DATA ARE FUNDAMENTAL TO ANY CAUSAL INFERENCE STUDY. POOR DATA QUALITY, MISSING VALUES, MEASUREMENT ERRORS, OR LIMITED DATA AVAILABILITY CAN SIGNIFICANTLY UNDERMINE THE RELIABILITY OF CAUSAL ESTIMATES. RESEARCHERS MUST INVEST TIME IN DATA CLEANING, VALIDATION, AND UNDERSTANDING THE LIMITATIONS OF THEIR DATASETS.

## CONFOUNDING AND SELECTION BIAS

CONFOUNDING REMAINS A CENTRAL CHALLENGE, ESPECIALLY IN OBSERVATIONAL STUDIES. UNOBSERVED CONFOUNDERS, VARIABLES THAT INFLUENCE BOTH TREATMENT AND OUTCOME BUT ARE NOT MEASURED, CAN LEAD TO BIASED ESTIMATES. SIMILARLY, SELECTION BIAS ARISES WHEN THE PROCESS OF BEING SELECTED INTO THE STUDY OR RECEIVING TREATMENT IS SYSTEMATICALLY RELATED TO THE OUTCOME. CAREFUL STUDY DESIGN AND ADVANCED STATISTICAL TECHNIQUES ARE NECESSARY TO MITIGATE THESE BIASES.

## GENERALIZABILITY AND EXTERNAL VALIDITY

A CAUSAL EFFECT ESTIMATED IN A SPECIFIC STUDY POPULATION OR CONTEXT MAY NOT GENERALIZE TO OTHER POPULATIONS OR SETTINGS. THIS IS KNOWN AS THE PROBLEM OF EXTERNAL VALIDITY OR GENERALIZABILITY. RESEARCHERS MUST CLEARLY DEFINE THE SCOPE OF THEIR FINDINGS AND CONSIDER WHETHER THE IDENTIFIED CAUSAL RELATIONSHIPS ARE LIKELY TO HOLD IN DIFFERENT ENVIRONMENTS. THE MORE DIVERSE THE STUDY POPULATION AND THE MORE REPRESENTATIVE IT IS OF THE TARGET POPULATION, THE STRONGER THE GENERALIZABILITY.

## ETHICAL IMPLICATIONS

THE PURSUIT OF CAUSAL KNOWLEDGE, PARTICULARLY IN SENSITIVE AREAS LIKE PUBLIC HEALTH OR SOCIAL POLICY, CARRIES ETHICAL RESPONSIBILITIES. RESEARCHERS MUST CONSIDER THE POTENTIAL HARMS AND BENEFITS OF THEIR STUDIES, ENSURE INFORMED CONSENT WHEN APPLICABLE, AND PROTECT THE PRIVACY AND WELL-BEING OF PARTICIPANTS. THE DECISION TO USE CERTAIN OBSERVATIONAL DATA OR TO DESIGN A SPECIFIC QUASI-EXPERIMENTAL STUDY IS OFTEN INFORMED BY ETHICAL CONSIDERATIONS.

## THE FUTURE OF CAUSAL INFERENCE IN ACADEMIA

THE FIELD OF CAUSAL INFERENCE IS CONTINUOUSLY EVOLVING, DRIVEN BY ADVANCEMENTS IN STATISTICAL THEORY, COMPUTATIONAL POWER, AND THE INCREASING AVAILABILITY OF COMPLEX DATA. THE INTEGRATION OF MACHINE LEARNING WITH CAUSAL INFERENCE IS A PARTICULARLY PROMISING AREA, LEADING TO MORE AUTOMATED DISCOVERY OF CAUSAL RELATIONSHIPS AND MORE ROBUST CAUSAL MODELS. FURTHERMORE, GROWING ATTENTION IS BEING PAID TO DEVELOPING CAUSAL INFERENCE METHODS FOR BIG DATA, DYNAMIC SYSTEMS, AND NETWORK STRUCTURES. AS THESE METHODOLOGIES BECOME MORE ACCESSIBLE AND SOPHISTICATED, THEIR IMPACT ON ACADEMIC RESEARCH WILL ONLY DEEPEN, FOSTERING A NEW ERA OF EVIDENCE-BASED DISCOVERY ACROSS ALL DISCIPLINES.

### FAQ

#### Q: WHAT IS THE PRIMARY GOAL OF CAUSAL INFERENCE IN ACADEMIC RESEARCH?

A: THE PRIMARY GOAL OF CAUSAL INFERENCE IN ACADEMIC RESEARCH IS TO MOVE BEYOND SIMPLY IDENTIFYING CORRELATIONS

BETWEEN VARIABLES AND TO ESTABLISH WHETHER A PARTICULAR INTERVENTION, TREATMENT, OR FACTOR ACTUALLY CAUSES AN OBSERVED OUTCOME. THIS ALLOWS RESEARCHERS TO UNDERSTAND THE UNDERLYING MECHANISMS OF PHENOMENA AND TO MAKE MORE INFORMED PREDICTIONS AND DECISIONS.

## **Q: WHY ARE RANDOMIZED CONTROLLED TRIALS (RCTs) CONSIDERED THE GOLD STANDARD IN CAUSAL INFERENCE?**

A: RCTs ARE CONSIDERED THE GOLD STANDARD BECAUSE THE RANDOM ASSIGNMENT OF PARTICIPANTS TO TREATMENT AND CONTROL GROUPS ENSURES THAT, ON AVERAGE, THESE GROUPS ARE SIMILAR IN ALL RESPECTS, BOTH OBSERVABLE AND UNOBSERVABLE. THIS MINIMIZES THE RISK OF CONFOUNDING AND SELECTION BIAS, MAKING ANY OBSERVED DIFFERENCES IN OUTCOMES ATTRIBUTABLE TO THE TREATMENT ITSELF, THUS PROVIDING STRONG EVIDENCE FOR CAUSALITY.

## **Q: WHAT ARE THE MAIN CHALLENGES ENCOUNTERED WHEN CONDUCTING CAUSAL INFERENCE USING OBSERVATIONAL DATA?**

A: THE MAIN CHALLENGES WHEN USING OBSERVATIONAL DATA ARE CONFOUNDING AND SELECTION BIAS. CONFOUNDING OCCURS WHEN UNMEASURED VARIABLES AFFECT BOTH THE EXPOSURE (TREATMENT) AND THE OUTCOME, LEADING TO A SPURIOUS ASSOCIATION. SELECTION BIAS ARISES WHEN THE PROCESS OF BEING INCLUDED IN THE STUDY OR RECEIVING A PARTICULAR TREATMENT IS RELATED TO THE OUTCOME OF INTEREST, LEADING TO NON-COMPARABLE GROUPS.

## **Q: CAN YOU EXPLAIN THE CONCEPT OF A COUNTERFACTUAL IN CAUSAL INFERENCE?**

A: A COUNTERFACTUAL, IN CAUSAL INFERENCE, REPRESENTS WHAT WOULD HAVE HAPPENED TO AN INDIVIDUAL OR UNIT IF THEY HAD EXPERIENCED A DIFFERENT TREATMENT OR CONDITION THAN THEY ACTUALLY DID. SINCE WE CAN ONLY OBSERVE ONE OUTCOME FOR ANY GIVEN UNIT AT A TIME, COUNTERFACTUALS ARE THEORETICAL CONSTRUCTS THAT RESEARCHERS AIM TO ESTIMATE USING VARIOUS STATISTICAL METHODS TO APPROXIMATE THE "WHAT IF" SCENARIO.

## **Q: HOW DO PROPENSITY SCORE METHODS HELP IN CAUSAL INFERENCE FROM OBSERVATIONAL DATA?**

A: PROPENSITY SCORE METHODS HELP IN CAUSAL INFERENCE BY CREATING A SINGLE SCORE THAT REPRESENTS THE PROBABILITY OF A UNIT RECEIVING THE TREATMENT, CONDITIONAL ON THEIR OBSERVED CHARACTERISTICS. BY BALANCING THE DISTRIBUTION OF THESE PROPENSITY SCORES BETWEEN TREATED AND CONTROL GROUPS, RESEARCHERS CAN REDUCE THE BIAS CAUSED BY OBSERVABLE CONFOUNDERS, EFFECTIVELY CREATING MORE COMPARABLE GROUPS FOR ANALYSIS.

## **Q: WHAT IS THE "PARALLEL TRENDS" ASSUMPTION IN THE DIFFERENCE-IN-DIFFERENCES (DID) METHOD?**

A: THE "PARALLEL TRENDS" ASSUMPTION IS A CRITICAL ASSUMPTION FOR THE VALIDITY OF THE DIFFERENCE-IN-DIFFERENCES (DID) METHOD. IT STATES THAT IN THE ABSENCE OF THE TREATMENT OR INTERVENTION, THE AVERAGE OUTCOME FOR THE TREATMENT GROUP WOULD HAVE FOLLOWED THE SAME TREND OVER TIME AS THE AVERAGE OUTCOME FOR THE CONTROL GROUP. IF THIS ASSUMPTION HOLDS, ANY DEVIATION FROM THIS PARALLEL TREND AFTER THE INTERVENTION CAN BE ATTRIBUTED TO THE TREATMENT EFFECT.

## **Q: IN WHAT ACADEMIC FIELDS IS CAUSAL INFERENCE PARTICULARLY CRUCIAL?**

A: CAUSAL INFERENCE IS PARTICULARLY CRUCIAL IN FIELDS SUCH AS ECONOMICS AND POLICY EVALUATION, MEDICINE AND PUBLIC HEALTH, SOCIAL SCIENCES (SOCIOLOGY, POLITICAL SCIENCE, PSYCHOLOGY), COMPUTER SCIENCE (ESPECIALLY FOR UNDERSTANDING AI BEHAVIOR), AND ENVIRONMENTAL SCIENCE. IN ESSENCE, ANY FIELD SEEKING TO UNDERSTAND MECHANISMS OF CHANGE OR IMPACT BENEFITS GREATLY FROM CAUSAL INFERENCE.

## Q: WHAT ARE DIRECTED ACYCLIC GRAPHS (DAGs) USED FOR IN CAUSAL INFERENCE?

A: DIRECTED ACYCLIC GRAPHS (DAGs) ARE GRAPHICAL TOOLS USED TO REPRESENT ASSUMED CAUSAL RELATIONSHIPS BETWEEN VARIABLES. THEY PROVIDE A VISUAL LANGUAGE FOR UNDERSTANDING COMPLEX CAUSAL STRUCTURES, IDENTIFYING POTENTIAL CONFOUNDERS, AND DETERMINING THE APPROPRIATE STRATEGIES (E.G., WHICH VARIABLES TO ADJUST FOR IN A REGRESSION MODEL) TO ESTIMATE UNBIASED CAUSAL EFFECTS. THEY HELP RESEARCHERS ARTICULATE AND TEST THEIR CAUSAL ASSUMPTIONS SYSTEMATICALLY.

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