

Title: Synthetic Historical Control for Policy Evaluation without Cross-sectional Controls

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Abstract: We propose a synthetic historical control (SHC) method for policy evaluation in the absence of cross-sectional controls. This method predicts the counterfactual of the treated unit by replacing the infeasible cross-sectional controls of the synthetic control method with a set of historical controls based on a flexible time-series model. This model accounts for not only observed control variables but also a latent time-varying component in addition to the time-varying intervention effect. We illustrate the usefulness of our method using a Monte Carlo simulation and empirical applications.