

**Economics 481-1: Econometrics (Fall 2011)**  
**Topic: Public Policy in an Uncertain World**

This Ph.D. field course will study econometric issues and applied decision theory relevant to formation of public policy under uncertainty. The prerequisites are Economics 410 and 480. Each student will be expected to write an original research paper. There will be no problem sets or examination. Topics to be covered include (1) Policy Analysis with Incredible Certitude, (2) Predicting Policy Outcomes, (3) Predicting Behavioral Response to Policy, (4) Planning with Partial Knowledge, (5) Diversified Treatment Choice, (6) Collective Treatment Choice.

**Basic Readings**

Manski, C. (2007), *Identification for Prediction and Decision*, Harvard University Press. (IPD)

Manski, C. (2011), *Public Policy in an Uncertain World*, draft. (PPUW)

**Tentative Schedule, with Specific Readings**

1. Policy Analysis with Incredible Certitude (9/20) [no class 9/22, away]

PPUW, Introduction and Chapter 1

Manski, C. (2011), "Policy Analysis with Incredible Certitude," *The Economic Journal*, 121, F261-F289.

Manski, C. (2011), "Genes, Eyeglasses, and Social Policy," *Journal of Economic Perspectives*, 25 (4), 1-12.

2. Predicting Policy Outcomes (9/27, 9/29)

IPD, Chapter 7

PPUW, Chapter 2

Manski, C. and D. Nagin (1998), "Bounding Disagreements About Treatment Effects: A Case Study of Sentencing and Recidivism," *Sociological Methodology*, 28, 99-137.

Manski, C. and J. Pepper (2011), "Deterrence and the Death Penalty: Partial Identification Analysis Using Repeated Cross Sections," draft.

3. Predicting Behavioral Response to Policy (10/4, 10/6, 10/11)

IPD, Chapters 13-15

PPUW, Chapter 3

Manski, C. (2007), "Partial Identification of Counterfactual Choice Probabilities," *International Economic Review*, 48, 1393-1410.

4. Planning with Partial Knowledge (10/13, 10/18, 10/20, 10/25) [tentatively no class 10/27, away]

IPD, Chapter 11

PPUW, Chapter 4

Manski, C. (2006), "Search Profiling with Partial Knowledge of Deterrence," *The Economic Journal*, 116, F385-F401.

Manski, C. (2010), "Vaccination with Partial Knowledge of External Effectiveness," *Proceedings of the National Academy of Sciences*, 107, 3953-3960.

Manski, C. (2011), "Actualist Rationality," *Theory and Decision*, 71, 195-210.

Manski, C. (2011), "Choosing Treatment Policies under Ambiguity," *Annual Review of Economics*, 3, 25-49.

Barlevy, G. (2011), "Robustness and Macroeconomic Policy," *Annual Review of Economics*, 3, 1-24.

Brock, W. and C. Manski (2011), "Competitive Lending with Partial Knowledge of Loan Repayment: Some Positive and Normative Analysis," *Journal of Money, Credit, and Banking*, 43, 441-459.

5. Diversified Treatment Choice (11/1, 11/3, 11/8)

IPD, Chapter 11

PPUW, Chapter 5

Manski, C. (2009). "Diversified Treatment under Ambiguity," *International Economic Review*, 50, 1013-1041.

Manski, C. (2004), "Social Learning from Private Experiences: The Dynamics of the Selection Problem," *Review of Economic Studies*, 71, 443-458.

6. Collective Treatment Choice (11/10, 11/15, 11/17) [no class 11/22, away]

PPUW, Chapter 6

Manski, C. (2010), "When Consensus Choice Dominates Individualism: Jensen's Inequality and Collective Decisions under Uncertainty," *Quantitative Economics*, 1, 187-202.

7. Student Presentations of Papers in Progress (11/29, 12/1)

Research Paper Due: January 3, 2012

NOTE: classes on away dates of 9/22, 10/27, 11/22 will be rescheduled if warranted.