Public Policy in an Uncertain World: Analysis and Decisions

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A cemmap and PEPA masterclass, 16 and 17 March 2015

This masterclass will discuss themes in Manski’s book *Public Policy in an Uncertain World: Analysis and Decisions* (Harvard University Press, 2013) and related technical articles. In the book, Manski describes the practice of policy analysis and the inferential problems that researchers confront. He argues that credible analysis typically yields interval rather than point predictions of policy outcomes. He examines how governments and other social planners might reasonably make policy decisions when they only have partial knowledge of policy outcomes.

**Programme**

**Monday 16 March**

10:30 – 11:00: Registration, coffee

11:00 – 12:30: *Session 1: Policy Analysis with Incredible Certitude*

12:30 – 13:30: Lunch

13:30 – 15:00: *Session 2: Predicting Policy Outcomes*

15:00 – 15:30: Break

15:30 – 17:00: *Session 3: Predicting Behavior*

**Tuesday 17 March**

08:45 – 09:00: Coffee

09:00 – 10:30: *Session 4: Planning with Partial Knowledge*

10:30 – 11:00: Break

10:00 – 12:30: *Session 5: Diversified Treatment Choice*

12:30 – 13:30: Lunch

13:30 – 15:00: *Session 6: Policy Analysis and Decisions*
**Summary of the Book**

Part I (Chapters 1 - 3) describes the practice of policy analysis and the inferential problems that researchers confront. I argue that credible analysis typically yields interval rather than point predictions of policy outcomes. Part II (Chapters 4 - 6) examines how governments might reasonably make policy decisions when they only have partial knowledge of policy outcomes.

Chapter 1 documents the tendency of researchers to use incredibly strong assumptions to obtain strong findings about policy. I call attention to and give illustrations of six practices that contribute to incredible certitude: conventional certitude, dueling certitudes, conflating science and advocacy, wishful extrapolation, illogical certitude, and media overreach.

The practices described in Chapter 1 indicate that consumers of policy analysis cannot safely trust the experts. Thus, civil servants, journalists, and concerned citizens need to understand prediction methods well enough to be able to assess reported findings. With this in mind, Chapters 2 and 3 describe various conventional approaches that use strong assumptions to obtain strong conclusions. I additionally describe approaches that I have developed, which use weaker assumptions to obtain interval predictions.

Chapters 4 and 5 examine policy choice by a planner. I use basic principles of decision theory to frame the problem of planning with partial knowledge and give illustrations. Chapter 5 applies the framework for planning with partial knowledge to the problem of allocating a population to two treatments. I propose *adaptive diversification* as a strategy to cope with uncertainty and reduce it over time. The concluding Chapter 6 ties Parts I and II together.
1. Policy Analysis with Incredible Certitude
   PPUW Chapter 1

2. Predicting Policy Outcomes
   PPUW Chapter 2

3. Predicting Behavior
   PPUW Chapter 3

4. Planning with Partial Knowledge
   PPUW Chapter 4

5. Diversified Treatment Choice
   PPUW Chapter 5

6. Policy Analysis and Decisions
   PPUW Chapter 6