

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Debopam Bhattacharya, University of Oxford

TITLE: On Detecting Discrimination in Treatment Assignment

TIME: 11:30-1:00 PM

DAY & DATE: Friday, 30th July 2010

PLACE: Seminar Room 2

Abstract:

In real-life, individuals are often assigned to binary treatments based on established covariate-based protocols. Direct or implicit taste-based discrimination would make such protocols economically inefficient in that the expected gain from treatment would be smaller for a subset of the currently treated than the currently untreated. We present a framework for detecting such inefficiency using a partial identification approach which continues to work when the decision-maker observes more covariates than us. We also propose a novel way of inferring the relevant counterfactual distributions by combining observational datasets with experimental estimates. The method can be extended to (partially) infer risk-preferences of the decision-maker, under which observed allocations are efficient. The most risk neutral solution may be obtained via maximizing entropy. We outline the theory of inference and study the efficacy of our methodology using a simulation exercise. Our methods apply when individuals cannot alter their potential treatment outcomes in response to the decision-maker's actions unlike the case of law enforcement (c.f., Knowles, Persico and Todd (2001)).

<http://www.isid.ac.in/~pu/seminar.html>