PART I. Please answer one of the following two questions:

1. Various services are delivered by both public and private organizations, including schools, hospitals, utilities, transportation services, and many others. The rationale for public provision often draws on concepts of market failures, such as the need for public goods. There are few examples of pure public goods, however, and public and private provision of the same services raises questions about the strengths and weaknesses of the concept of public goods and other explanations for public provision. Explain the concept of public goods, and two other concepts of market failure.

   Choose a government program or service and discuss the strengths and weaknesses of market failure concepts, as rationales for public provision of the service. How do the concepts of market failure explain why government delivers the service? Are these concepts useful in explaining how much government provides, and how it provides it? What alternative concepts and models from the policy process literature, such as advocacy coalition frameworks or others, can be brought in to help explain what market failure concepts fail to explain?

2. Privatization of government services through contracting out with private (including nonprofit) providers has been an alternative for government for centuries in the U.S. and other nations. Governments have utilized this alternative increasingly in recent decades. Consider the challenge of assessing a privatized service by comparing it to a government-provided version of the same service. What theoretical and practical difficulties are there in making these sorts of comparisons? Explain challenges in research design and analytical methods that such comparisons raise. Explain endogeneity and suggest an endogeneity problem that might arise in this study. Choose an example of a service that government is providing, but that a private or nonprofit organization is also providing under a government contract. Suggest a research design that you would use to compare the two forms of provision, on cost of provision of the service, taking into account the quality of the service provided.

PART II: Please answer one of the following two questions.

1. The policy process can be used strategically, to "water down" or strip a proposed policy of its effectiveness. Researchers in public policy use a variety of models of the public policy process, including models focused on punctuated equilibria, incrementalism, policy streams, policy cycles, systems models, and the advocacy coalition framework. Choose and explain two policy process models (you may include others not listed here). Show how each model would explain when and how a policy can be made more limited in its effectiveness. For separation-of-powers political systems, discuss both legislative and executive branches' incentives and opportunities to limit a policy's effectiveness.

2. Many policies and programs, especially those that are loosely coupled, often require large networks of actors to implement. Discuss the challenges of policy implementation in these loosely-coupled, network-rich environments? What are key challenges? How can political
authorities establish and maintain accountability and effectively control the implementers’ discretion in these environments? To what extent should political authorities control or limit discretion? Explain.

PART III: Please answer one of the following two questions:

5. Choose two policy process models (for examples, see II.1 above). For each model, identify and cite one study reporting an empirical test from the published literature. Briefly summarize the research questions examined in these empirical studies. Characterize, assess, and critique (positively and/or negatively) the method(s) employed in these studies. Please be specific. Does each study help to validate the model it addresses? Or does it raise questions about the model?

6. Consider a resource that is currently being used by the community at large, with no restrictions on access (for example, a lake which is popular for fishing, but which currently puts no limits on the types of, or time of, fishing people can do). Social welfare is increasing in the number of fish that are taken from the lake at each point in time. For the purposes of this exercise, assume that the only social use of the lake is in producing fish. If no one fishes, there are many fish in the lake, but social welfare from the lake is zero. If too many people fish, then there will be high social welfare today, but no fish left in the lake after that, and welfare is zero tomorrow and thereafter.

   a) Discuss what factors you would need to take into consideration to decide what the correct (i.e., optimal) number of people fishing would be. What costs and benefits would have to be compared? If fishing technology changed, such that it is now easier to catch fish than before (say, a new lure that fish found irresistible) how would that affect the optimal number of people who should be allowed to fish?

   b) Discuss at least two ways you could implement your answer to section a) above if you were to use direct government action. Which of these would be the best approach in terms of achieving your goal of maximizing long-term fish production with the fewest dollars expended in government action? Which would be the best approach in terms of minimizing any distortions in the market from people trying to circumvent the government action?

   c) Discuss how you could implement your answer to section a) above if you were to follow the guidance of Ronald Coase in his paper “The Problem of Social Costs.”