

Doctoral Examination
Policy Process and Analysis
Fall Semester, 2019

Part I. Answer either question 1 or question 2.

1. Consider the opioid epidemic. Over the past two decades, the rate of opioid mortality has been going up around the U.S., with some areas experiencing more than a 400% increase in annual opioid-related deaths since the year 2000. Policy makers have noted that the increase in opioid mortality is associated with a contemporaneous increase in opioid prescriptions being written and filled through legitimate pharmacies. As a result, some states, though not all, have passed policies that seek to reduce opioid prescribing, hoping that this will reduce opioid overdose deaths. One popular policy is a mandatory Prescription Drug Monitoring Program (PDMP), which requires that physicians check a state database on their patients' opioid use before writing a prescription and then report any prescriptions they do write to the PDMP for future reference. Assume that you have data on county-level opioid prescribing and county-level opioid-related deaths.
 - a. Outline a theoretical justification for why one might expect that a PDMP could change opioid related deaths. What is the behavior, and what is the source of the behavior, that the policy targets?
 - b. Discuss one threat to the internal validity of a regression model that estimates the effect of mandatory PDMPs on opioid mortality using your knowledge of policy process. (Hint: Is there some way that the coefficient on the PDMP variable could be biased?) Discuss a solution to that threat to internal validity.
 - c. Discuss what other variables would you need to control for when estimating the effect of mandatory PDMPs on county-level opioid deaths.
 - d. Devise an estimation strategy for assessing the effect of mandatory PDMPs on opioid mortality that accounts for the threat to internal validity you identified in b. above. Explain this approach in detail. Present the estimating equation. Discuss the interpretation of your key policy variable, and how you would assess the strength of the model.
 - e. Explain how the results of what you would (hypothetically) learn could be used in policy-making or management.

2. Consider your favorite social problem where: there are at least two competing policy options; and some cities, counties, or states have adopted at least one of each of those options, but others have not.
 - a. Describe the problem and the two most popular policies that have been tried.
 - i. What are the most important objectively-measurable outcomes that the policies are intended to achieve? Discuss at least two outcomes.

- ii. Provide a brief overview of what is known in the literature about the impact of the policies (if any) on the outcomes you discuss.
- b. Now, imagine that you have been asked to undertake an economic evaluation of these two policies.
 - i. Discuss what theoretical criteria an economist would use to assess the net welfare effects of each policy. What is welfare? What are the signals that it has been maximized?
 - ii. Assume you are asked to conduct a cost-effectiveness analysis of the policies for the outcomes you list. Describe in detail how you would do that, and what would be the criteria to assess which policy was most effective.
 - iii. Assume you are asked to conduct a cost-benefit analysis of the policies for the outcomes you list. Describe in detail how you would do that, and what would be the criteria to assess which policy was most effective.
 - iv. Discuss which approach you would recommend that policy-makers use for policy evaluation for the social problem you have identified and why.

Part II. Answer either question 3 or question 4.

- 3. Define the concept of externalities and, using examples, clearly explain the difference between negative and positive externalities. Why does the market fail to produce the socially optimal amount of the good that generates the externality? Be sure to clearly define the socially optimal amount of the good. Identify a policy mechanism for addressing a negative externality. What are the pros and cons of this policy mechanism, and how would this serve to address the externality? Discuss how this policy mechanism could be implemented in the case of the negative externality example you gave above, and highlight potential real-world barriers to implementation.
- 4. Explain the concept of Pareto efficiency. What is its relevance to policy analysis, given that it is an abstract benchmark unlikely to be achieved by most policies that are subject to debate? Continue by explaining the Kaldor-Hicks potential compensation principle (also known as a potential Pareto improvement) and its significance to rational policy analysis – in particular, the practice of cost/benefit analysis. What makes the Kaldor-Hicks compensation principle a “weaker” criterion to satisfy than the Pareto criterion? Do you think Kaldor-Hicks is a sound basis for making policy decisions; why or why not? Discuss at least one real-world policy that has been, or could be, justified on the basis of the Kaldor-Hicks principle and evaluate it on that basis. In addition, note that the Kaldor-Hicks criteria is often criticized because: (a) compensation is typically not paid in practice; and (b) the transaction costs associated with the act of compensation potentially outweigh efficiency gains. As part of your answer, discuss dynamics of the policy process that might contribute to these results.

Part III. Answer either question 5 or question 6.

5. Research on policy change frequently demonstrates that change is difficult and status quo policies persist over time. Review theories of the policy process that explain the durability of policy over time, as well as the conditions that contribute to policy change. Explain how policy scholars have tested these theories, reviewing relevant empirical findings on persistence and change in policy and public law. Assess the quality of research in this field, highlighting the most common approaches used to study questions about policy change. Finally, explain how this field of research might contribute to hypotheses about the durability of the Affordable Care Act (also known as Obamacare).

6. Scholars have proposed several different models of the policy process. Review the primary models and compare their strengths and weaknesses. Take one model and change one of its attributes to create a new model. Defend that model as being more realistic than the other models.