

Doctoral Examination
Policy Process and Analysis
Fall Semester, 2021

Part I. Answer either question 1 or question 2.

1. In the face of the economic dislocations associated with the COVID-19 pandemic that gripped the United States beginning in early 2020, public health officials persuaded policy makers to impose stay-at-home orders (lockdowns) in an attempt to control the spread of the SARS-CoV-2 virus. As a result, economic activity dropped precipitously. Many people, especially those on hourly labor market contracts, suffered significant loss of income. Among other things, this caused a crisis in the housing market when many people found themselves unable to pay their rent.

- i. Develop a coherent defense of the stay-at-home policies that includes an explicit acknowledgement that it will have spillover consequences for the rental market. Provide a justification for lockdowns, even in the face of increased risk of eviction, using Pareto efficiency as your primary basis for defending the policy.
- ii. Analyze the CDC eviction moratorium that was put in place to address the heightened risk of eviction that tenants faced because of the loss of income from stay-at-home orders. What are the strengths and weaknesses of that policy? How does it help and hurt tenants? How does it help and hurt landlords? Are there any economic (deadweight) losses associated with a policy that only forbids eviction but does not take other steps?
- iii. Propose an expanded (other than only an eviction moratorium) or alternative policy solution to ameliorate the increased eviction risk associated with the lockdown policy. Describe how your policy solution for eviction risk balances the dual social goals of efficiency and justice.

2. In the U.S. it is currently illegal for individuals to sell one of their kidneys; they may donate a kidney to someone they choose but cannot receive compensation. Patients who require a kidney transplant are placed on a waitlist for a deceased donor's organ. However, there is a shortage of kidneys and many patients die while waiting for a donor. One solution to this problem is to legalize the individual sale of kidneys. Present an economic evaluation of that proposed solution. Be sure to highlight both the pros and cons of this policy from an efficiency (Pareto optimality) perspective. Explain any justice concerns this policy may raise, relying on Rawls' metaphor of a Veil of Ignorance where possible. Suggest an alternative solution for improving the shortage in the U.S. kidney market. How do you expect your suggested policy to reduce the shortage in the kidney market? Compare the effect on the kidney market of your suggested policy to the one described above. Is one policy clearly superior to the other? Explain.

Part II. Answer either question 3 or question 4

3. Consider the policy process. There are a number of theoretical explanations of that process that might explain aspects of policy creation - such as theories of justice, positive theories of regulation (i.e., that there is a market for regulations), or median voter theories.

- i. Outline one coherent viewpoint of the policy process that tells the story of how policies are conceived and actually implemented. Use whichever pieces of the available (often competing) theories you find compelling – just be sure that your description of the process is coherent.
- ii. Given your theoretical understanding of the policy process above, discuss instances in which the social goals of efficiency and justice can be in conflict and instances in which they can be reinforcing.
- iii. Given your theoretical understanding of the policy process (as outlined above), what barriers exist between the “original intent” of the policy maker and the actual form that the policy takes upon implementation?
- iv. Given your understanding of the process, how responsive is the policy environment to changing public needs or empirical realities? How does this affect your view of the average adequacy of our policy environment?

4. Choose an area of public policy with which you have good familiarity and describe the latest major piece of legislation or regulatory initiative adopted within this domain. Next, briefly outline the alternative policy approaches that were set aside in favor of the actual policy established. Using concepts/frameworks/theories from the literature on problem definition and agenda setting, explain why the policymaking process on this issue developed and turned out as it did. Finally, what implications for program implementation (approach, challenges, likely effectiveness) follow from the fact that policymakers settled on this particular policy design while rejecting more or less ambitious alternatives?

Part III. Answer either question 5 or question 6.

5. When randomized field trials are impossible or impractical, researchers must use observational data, such as responses to survey questions, to quantitatively evaluate the effects of policies or programs. A potential pitfall with these analyses, however, is that observations may not be randomly assigned to participate; rather, they self-select either to adopt the policy or program of interest or to participate in the survey. This becomes a problem if the decision to institute the policy or participate in the survey is correlated with the outcome measure. Discuss a contemporary research problem in public policy analysis that could potentially suffer from this problem. Discuss the implications for interpreting estimation and inference that suffer from this problem. Discuss the likely severity of the problem. Discuss practical statistical methods for correcting this problem? (It is not necessary to actually write out an econometric model when answering the final part, unless you find it useful in formulating your response.)

6. When economists discuss what something is worth, they are typically concerned with market prices or explicit opportunity costs. Yet in many cases, markets do not exist or are inadequately competitive to reveal a true value in use for some public good. For example, what is the value of a year of life at full health or the value of a year of life lived with some serious chronic disease? Describe in as much detail as possible one approach that a researcher/analyst could use to assess the value of a non-market good of your choice. Discuss the advantages and disadvantages of each approach using examples from the literature and/or supporting evidence.