PPOL 8640 Policy Modelling Project Parts 1 and 2

Part 1 due Oct. 25th at beginning of class; Part 2 due Nov. 29th at beginning of class

Policy Modeling Project Part 1

For the first part of the policy modeling project, choose a policy area of interest (which can be broad or narrow) to you and a specific policy or policy provision of interest (which should be narrow) in that area. Provide a brief overview of the policy area of interest and the specific policy. Why is that area of interest to you? What is the goal of that specific policy? I highly recommend choosing a policy area/specific policy that is relevant to your anticipated dissertation/thesis/research methods work so you can begin or continue to build a knowledge base in that area. I am not expecting a lengthy write-up here (a page should be more than sufficient) as Part 1 is meant to get you thinking about Part 2 and to provide me with some background information on your research interests.

As an example, suppose that you are interested in health policy. Possible policies to consider would be the Affordable Care Act or the Inflation Reduction Act. However, those policies are much too broad for the purpose of this project as it would likely take the entire semester just to read (the certified full-text version of the Affordable Care Act is 906 pages long with a 55 page reconciliation; the last full-text version of the Inflation Reduction Act I saw was over 700 pages) but a policy provision in one of those policies could be narrow enough. Also, the policy in question does not have to be a major national or international policy; state and local policies may be more focused and perhaps easier to model.

Policy Modeling Project Part 2

The second part of the policy modeling project is to provide a more detailed theoretical analysis of your policy. Specifically, you should use the economic models we have discussed throughout the course to make predictions of behavior. You do not need to use specific numerical examples, just general models is fine. You should consider the following questions:

- What problem is the specific policy attempting to resolve? Why is that problem occurring (is it a market failure, is it failure of efficiency, is it failure of equity, etc.)?

- Who are the economic agents (individuals, groups of individuals, organizations, etc.) affected by the specific policy? What are their objectives (maximizing utility, maximizing profit, etc.)? How are their incentives affected by the policy change? How is their behavior, and ultimately allocation of resources, affected? Which agents benefit and which lose?

- Which markets are affected by the specific policy? How are those markets affected? How are outcomes affected?

- Would this policy pass a cost-benefit analysis? What information or data (specific to your policy) would you need to conduct a cost-benefit analysis? You do not have to actually conduct a cost-benefit analysis or collect/find data, just describe the data that you would need. Similarly, you might discuss what data you need to determine if your model has made accurate predictions.

- Is there an alternative policy that could be implemented that would achieve the same policy goals? Why is your chosen policy preferred to the alternative policy? Can you demonstrate why the chosen policy is more preferred using the economic models we have discussed?

- Are there unintended consequences that could arise due to this policy proposal? What are they?

Do think beyond the immediate effects of the policy change – those are typically easy to identify. If a particular behavior or market is the intended target of the policy, it is important to acknowledge which other behaviors or markets will be affected.

Write the project up as you would a paper. Provide a brief overview of the policy (which should essentially be taking Part 1 of the project and modifying it as needed so that it flows into the rest of the paper) and the problem it is attempting to resolve. Then discuss the background – which individuals/markets that are affected, what actions can these individuals take, etc. At this point you will want to introduce the economic models into the paper – what model(s) are you using and why are they appropriate. Once you have introduced the models, discuss the predicted behavior based on the models. Then you should discuss the cost-benefit analysis and any data you believe you would need. Finally, discuss any alternative policies or unintended consequences.

Please cite any literature that you use in the paper as reference material. I am not concerned with the particular citation style (APA, MLA, etc.) – as you will learn, different disciplines have different citation styles. Even within the same field, different publishers have different citation styles. Just make sure you cite your references in a consistent format.

Ultimately, the goal of the project is not to conduct empirical analysis, but to consider how you can use a theoretical model to (1) think about the predicted behavior given the assumptions you have made and (2) think about what data you would need to test the predictions of your model.

Writing Tips (For the project and in general)

1. Proofread your paper. Spellcheck does not catch everything.

2. I recognize that students tend to work under tight deadlines, but if at all possible, try to have a complete draft of your paper a few days ahead of the due date. Put the paper away for a few days, then reread your paper. If something you have written is not clear to you, it is unlikely to be clear to a first-time reader of the paper. Revise any parts of the paper that are unclear to you.

3. Do not use contractions. The writing is formal.

4. Be concise. Here is an example of what I mean: "Table 2 shows OLS estimates for . . . " or "Table 2 provides summary statistics . . . " Those statements are very clear and they are concise. Here is an example you should avoid: "When looking at Table 2, we see that . . . " The beginning of that sentence is much longer than "Table 2 shows . . . ," which gets to the point much quicker. Similarly, "A paper by Smith in 1982" is a long way of writing "Smith (1982)" and conveys the same basic information.

5. If you have figures or tables, number them, and refer to them by number. Do not reference figures/tables by "location" (above, below, following, etc.) to certain parts of text. Using the figure/table number removes the need to edit text about "location" in case the location of the text or figure/table has moved.

6. Use the present tense throughout the paper, unless it is absolutely necessary to use the past tense. Even when referring to prior literature, you can use the present tense.