

Junior Sophister 2018/19

ASSESSMENT: EC3161 ECONOMICS OF POLICY ISSUES

Introduction

The marks are divided between a test in week 8 (40%), group presentations (20%) and an individual policy paper (40%).

Test in Week 8 (40%)

The Hilary Term Test (duration 90 minutes) will be held in Week 8 (time and location to be arranged). There will be three questions on the paper, all of which should be answered. Below are sample questions that will closely resemble the questions on the test. Results will be announced in Week 11 (possibly earlier).

1. Examine the role played by the median voter under a system of majority voting in deciding the level of public goods and redistribution in society.
2. In public policy decisions on alternative proposals, does the outcome of pair-wise majority voting (Condorcet winner) satisfy the cost-benefit rule for efficiency? Discuss how logrolling and a market in votes might lead to alternative outcomes?
3. What are the relative merits of the various voting systems? Please make reference to the outcome for the Condorcet winner, and examples where possible.
4. Discuss the potential for the achievement of social justice in the absence of government and insurance markets. How might a donor's charitable intentions be exploited and how might they overcome such exploitation?
5. a) Explain why risk aversion might result in a voluntary insurance contract when individuals are behind the veil of ignorance. Why might voluntary insurance not work in practice? and
b) In choosing the optimal insurance contract behind the veil of ignorance, society faces a decision on how to value ex-post equality. Describe in detail the two limiting cases of the social welfare function and comment on the likely form of the social welfare a society might choose.
6. Discuss the impact of moral hazard on social insurance contracts. Examine the role of public policy in overcoming the effects of moral hazard.

Group Presentations (20%)

Students will be assigned randomly into groups of 4 to prepare a presentation on a policy issue assigned to them. In tutorials after reading week students will present their findings in tutorials as a team. Up to two groups of 7-9 students will instead be involved in UK Brexit debates focused on economic issues in week 6. Attendance in tutorials makes up a quarter of the 20 per cent allocated.

Individual Policy Analysis Paper (40%)

This policy analysis paper accounts for 40 per cent of the final mark. The essay is due at 5pm on Tuesday, April 9th (Week 12) and should be submitted online to www.turnitin.com. The policy analysis paper will be between 3,500 and 4,500 words in total and should be single-spaced. Penalties will be applied for every day the assignment is late. Detailed advice on how to write a policy analysis paper will be provided during the module.

Exam/Test Preparation Advice

Some students prefer to answer questions by relying on argument and discussion while others tend to focus on mechanically illustrating their point through models and algebra where possible. While excellent answers are possible following one or the other of these approaches, the highest marks will mostly likely go for answers that skillfully combine each approach.

High marks will be achieved by:

- Presenting clearly and explaining well the technical details through diagrams, algebra, including reference to assumptions.
- Enlightened discussion of relevant material that is precise, skillfully ties the material together, recognises alternative perspectives and makes reference to useful examples where possible.
- Each answer should have an introduction and a conclusion, and each paragraph should ideally have a specific theme, argument or purpose.
- Using all relevant material covered in class and in the core textbook to answer each question.