MARKETS, PUBLIC POLICY, & PUBLIC ADMINISTRATION

MPA 612: Economy, Society, and Public Policy April 17, 2019

Fill out your reading report on Learning Suite





Last Day of Class Fact:

The very last class on campus this semester is a section of MCom 320. It ends at 9:40 pm.

Hang in there MCom Squad. 🛗



2:42 PM - 17 Apr 2019

6 Retweets 381 Likes























PLAN FOR TODAY

Evidence and policy

Research design and causation

Politics and access

What the h*ck did we just learn?

Why does this all matter?

What do we do now?

EVIDENCE-BASED PUBLIC POLICY AND ADMINISTRATION

What is the role of social scientists in the policy process?

EVIDENCE-BASED MEDICINE



Apply evidence to clinical treatment decisions

Move away from clinical judgment and "craft knowledge"

Is this good?

EVIDENCE-BASED POLICY

RAND health insurance study

Oregon Medicaid expansion

HUD's Moving to Opportunity

Tennessee STAR

POLICY EVIDENCE INDUSTRY

Utah's Evidence-Based Workgroup

Jameel Poverty Action Lab (J-PAL)

Cochrane Collaboration

Campbell Collaboration

Should we have evidence for every policy or program?

No!

Science vs. art/craft/intuition



Follow

IF U DONT SMOKE, **U ALREADY BELIEVE IN** CAUSAL INFERENCE **WITHOUT RANDOMIZED TRIALS**

(•人•)

#HistorianSignBunny #Epidemiology

10:13 PM - 12 Jul 2018

200 Retweets 612 Likes



























Should we have evidence for every policy or program?

No!

Science vs. art/craft/intuition

Parachutes Smoking

Reducing the drinking age

RESEARCH DESIGN AND CAUSATION

TRICKY CAUSATION

Fundamental problem of causation in social science

We can never see individual counterfactuals

Get around this by inventing counterfactuals



THE CAUSALITY CONTINUUM

Differences

Pre-post

Multiple regression

Matching

Diff-in-diff

Natural experiments

Regression discontinuity

RCTs

Correlation

Causation

MUTLIPLE REGRESSION

Table 2: OLS models for four standardized tests

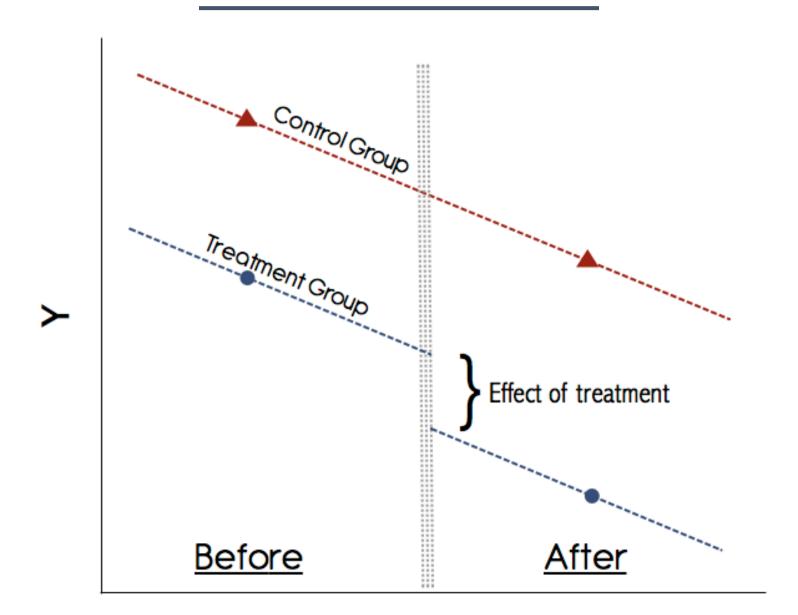
	(1)	(2)	(3)	(4)
VARIABLES	Reading	Math	Listening	Words
Small class	6.47***	8.84***	3.24**	6.99***
	(1.45)	(2.32)	(1.42)	(1.60)
Regular + aide class	1.00	0.42	-0.58	1.27
	(1.26)	(2.14)	(1.32)	(1.42)
White or Asian	7.85***	16.91***	17.98***	7.08***
	(1.61)	(2.40)	(1.70)	(1.91)
Girl	5.39***	6.46***	2.67***	5.03***
	(0.78)	(1.12)	(0.74)	(0.94)
Free/reduced lunch	-14.69***	-20.08***	-15.23***	-15.97***
	(0.91)	(1.33)	(0.90)	(1.07)
Teacher white or Asian	-0.56	-1.01	-3.68	0.46
	(2.66)	(3.80)	(2.59)	(3.07)
Years of teacher experience	0.30**	0.42**	0.25*	0.30**
	(0.12)	(0.20)	(0.15)	(0.14)
Teacher has MA	-0.75	-2.20	0.50	0.24
	(1.25)	(2.08)	(1.24)	(1.46)
School fixed effects	Χ	X	X	X
Constant	431.69***	475.52***	531.28***	428.97***
	(3.12)	(4.49)	(2.84)	(3.59)
Observations	5,728	5,809	5,776	5,790
	-	-	-	ŕ
R-squared	0.08	0.07	0.09	0.06
Number of schools	79	79	79	79

Robust standard errors in parentheses.

Standard errors corrected with Huber-White clustering by kindergarten teacher ID

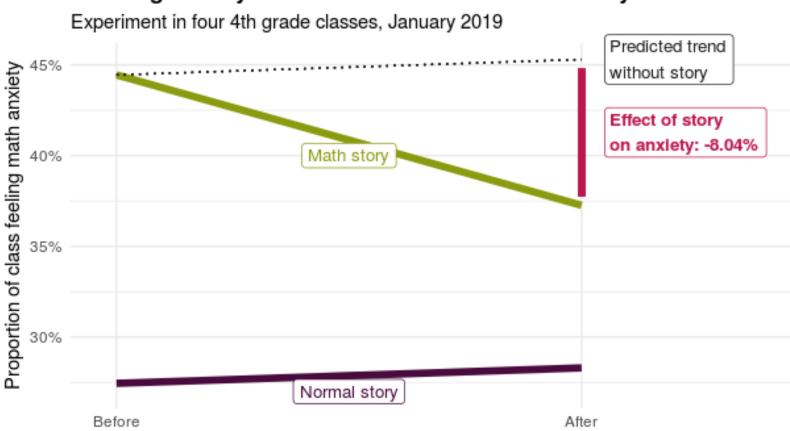
^{***} p<0.01, ** p<0.05, * p<0.1

DIFF-IN-DIFF



DIFF-IN-DIFF

Reading a story about math reduces math anxiety.



RCTS

Randomized Controlled Trials

Gold standard (kind of)

People can't select into treatment, there are no omitted variables, and reverse causation is addressed

American Political Science Review



Article

Supplementary materials

Metrics

Volume 111, Issue 3 August 2017, pp. 572-583

Get access

Childhood Skill Development and Adult Political Participation

JOHN B. HOLBEIN (a1) 🗭

https://doi.org/10.1017/S0003055417000119 Published online: 19 June 2017

Abstract

Recent child development research shows that the psychosocial or noncognitive skills that children develop—including the ability to self-regulate and integrate in social settings—are important for success in school and beyond. Are these skills learned in childhood also important for adult political behaviors like voting? In this article, I use a unique school-based 20-year field experiment to explore whether children who develop psychosocial skills early on are more likely to vote in adulthood than those who do not. Matching subjects to voter files, I show that this intervention had a noticeable long-run impact on political participation. These results highlight the need to better understand how childhood experiences shape civic behaviors later in life. During this critical period, children can be taught the not explicitly political, but still vital, skills that set them on a path toward political participation in adulthood.

Reducing Intimate Partner Violence through Informal Social Control: A mass media experiment in rural Uganda

■ Research Method

Blocked and clustered field experiment with 6,449 respondents in 112 villages.

Country

Uganda

Co-Authors

Donald Green, Anna Wilke

ያ Partners

Innovations for Poverty Action (IPA Uganda), Peripheral Vision International (PVI)

Research Question

Can mass media shore up informal channels for reducing intimate partner violence?

Abstract

We assess a mass media campaign designed to reduce intimate partner violence (IPV). A placebo-controlled experiment conducted in 2016 exposed over 10,000 Ugandans in 112 rural villages to a sequence of three short video dramatizations of IPV. A seemingly unrelated opinion survey conducted eight months later indicates that villages in which IPV videos were aired experienced substantially less IPV in the preceding six months than villages that were shown videos on other topics. A closer look at mechanisms reveals that the IPV videos had little effect on attitudes about the legitimacy of IPV. Nor did the videos increase empathy with IPV victims or change perceptions about whether domestic violence must be stopped before it escalates. The most plausible causal channel appears to be a change in norms: women in the treatment group became less likely to believe that they would be criticized for meddling in the affairs of others if they were to report IPV to local leaders, and their personal willingness to intervene increased substantially. These results suggest that education-entertainment has the potential to markedly reduce the incidence of IPV in an enduring and cost-effective manner.

Paper

See here for latest working paper.

Replication Archive

> Replication by JPAL underway, data

forthcoming.

Compliance Treatment spillovers

Generalizability Power

Ethics Politics

Hawthorne effects

John Henry effects

NATURAL EXPERIMENTS

Assignment is random(ish), not done by researchers

Drafts, lotteries, coin tosses, arbitrary rules, twins, natural disasters, wars

Rain, Emotions and Voting for the Status Quo

Armando N. Meier[†] Lukas Schmid[‡] Alois Stutzer^{*}

January, 2018

Abstract

Do emotions affect the decision between change and the status quo? We exploit exogenous variation in emotions caused by rain and analyze data on more than 870,000 municipal vote outcomes in Switzerland to address this question. The empirical tests are based on administrative ballot outcomes and individual postvote survey data. We find that rain decreases the share of votes for political change. Our robustness checks suggest that this finding is not driven by changes in the composition of the electorate and changes in information acquisition. In addition, we provide evidence that rain might have altered the outcome of several high-stake votes. We discuss the psychological mechanism and document that rain reduces the willingness to take risks, a pattern that is consistent with the observed reduction in the support for change.

Church Attendance, Petty Crime and Rain

70 Pages • Posted: 3 Apr 2018

Jonathan Moreno

Duke University, Department of Economics, Students

Date Written: March 29, 2018

Abstract

The lack of good data and credible identification strategies have hindered the research exploring the role of religious adherence and church attendance on crime. I provide indirect evidence of the impact of church attendance on crime by using quasi-random variation in the number of Sundays where it rained above a threshold at the time of most religious services. I control for rainfall variation at other times across the year, county and time fixed effects. Based on a panel between 1982 and 2012, I find that one more rainy Sunday at the time of church increases yearly drug related crimes by 1.8%, alcohol related crimes between 1.2 and 1.3%, and 'white-collar' crimes between 0.6 and 1.1%. I do not find an effect for violent crimes. Seminonparametric estimations show that these effects start when a county sees eight or more rainy Sundays at church time. I provide evidence that most of these effects are driven by more religious counties. I also present evidence that the effect of religious attendance is greater in areas where there is more crime to begin with. These results are consistent with those found by Gruber and Hungerman (2008).

Keywords: economics of religion, religious attendance, crime

REGRESSION DISCONTINUITY

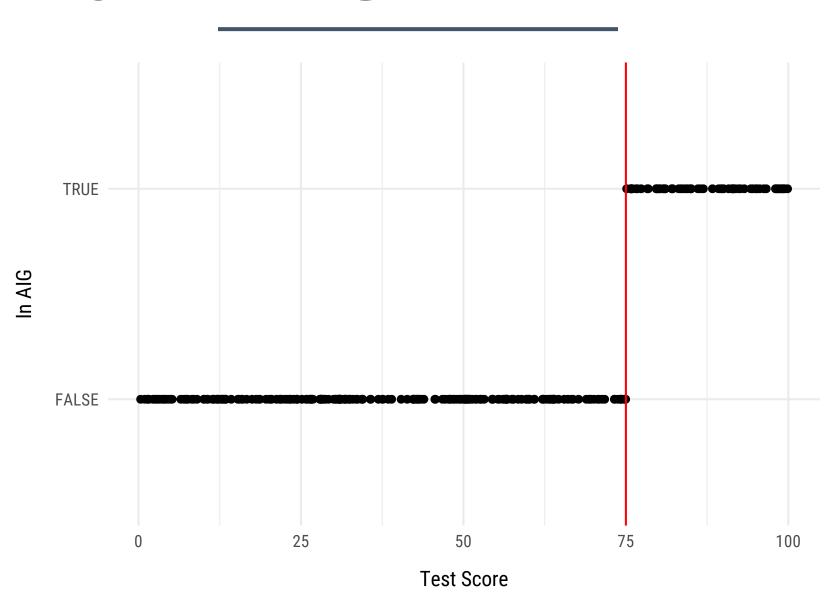
Special kind of natural experiment

Compare outcomes right before and right after an arbitrary rule

People right before/after rule are essentially the same

Age cutoffs, birthdays, eligibility rules, Ramadan start date, terrorist attacks

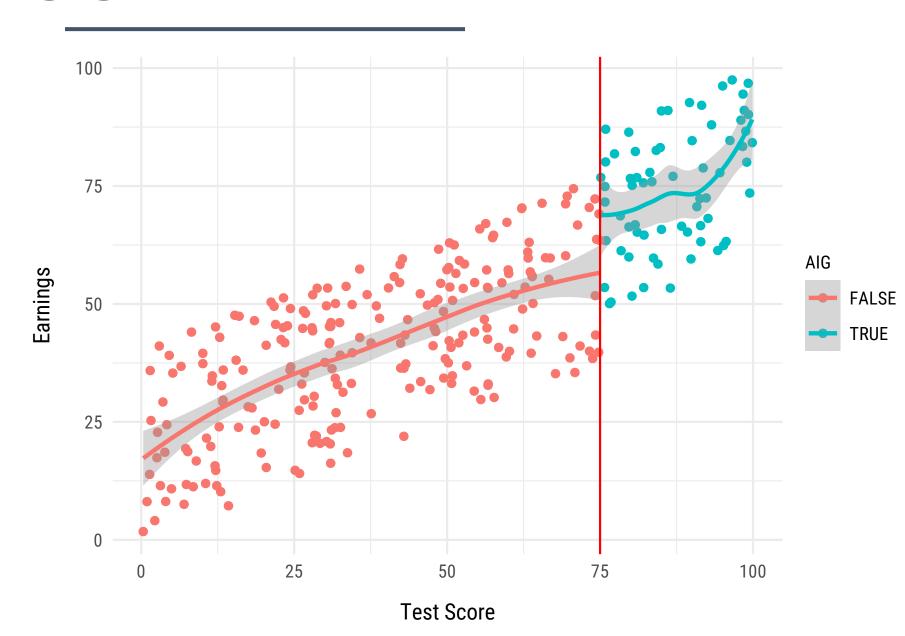
RUNNING VARIABLE



OUTCOME VARIABLE

Between 72– 78, people are basically the same

Treatment and control groups!



After Midnight: A Regression Discontinuity Design in Length of Postpartum Hospital Stays*

By Douglas Almond[†] and Joseph J. Doyle Jr.[‡]

Estimates of moral hazard in health insurance markets can be confounded by adverse selection. This paper considers a plausibly exogenous source of variation in insurance coverage for childbirth in California. We find that additional health insurance coverage induces substantial extensions in length of hospital stay for mother and newborn. However, remaining in the hospital longer has no effect on readmissions or mortality, and the estimates are precise. Our results suggest that for uncomplicated births, minimum insurance mandates incur substantial costs without detectable health benefits.

Figure 4A: 28-Day Readmission Rate: Before Law Change Figure 3A: Additional Midnights: Before Law Change 0.08 0.07 2 0.06 0.05 0.04 1.7 Minute of Birth 0.03 0.02 0.01 1.4 1200 1400 1600 1800 2000 2200 2400 Time of Birth 1.1 Figure 4C: 28-Day Mortality Rate: Before Law Change 0.012 0.8 0.01 0.008 0.006 1200 1600 1800 2000 2200 2400 200 400 600 80 0.004 1400 0.002

THE EFFECT OF ATTENDING THE FLAGSHIP STATE UNIVERSITY ON EARNINGS: A DISCONTINUITY-BASED APPROACH

Mark Hoekstra*

Abstract—This paper examines the effect of attending the flagship state university on the earnings of 28 to 33 year olds by combining confidential admissions records from a large state university with earnings data collected through the state's unemployment insurance program. To distinguish the effect of attending the flagship state university from the effects of confounding factors correlated with the university's admission decision or the applicant's enrollment decision, I exploit a large discontinuity in the probability of enrollment at the admission cutoff. The results indicate that attending the most selective state university causes earnings to be approximately 20% higher for white men.

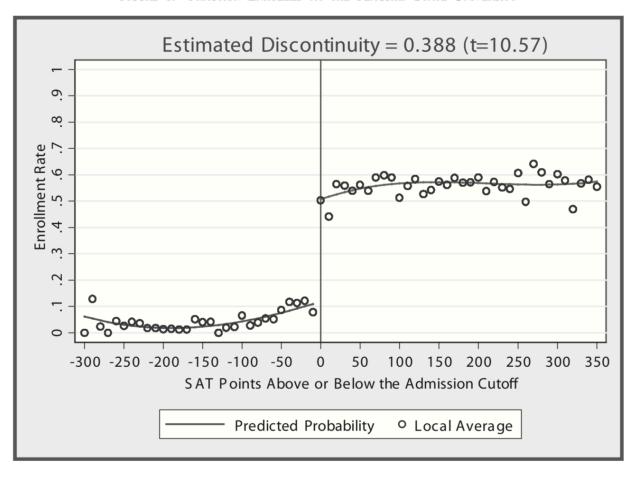
I. Introduction

WHILE there has been considerable study of the effect of educational attainment on earnings, less is known regarding the economic returns to college quality. This paper examines the economic returns to college quality in the context of attending the most selective public state university. It does so using an intuitive regression discontinuity design that compares the earnings of 28 to 33 year olds who were barely admitted to the flagship to those of individuals who were barely rejected.

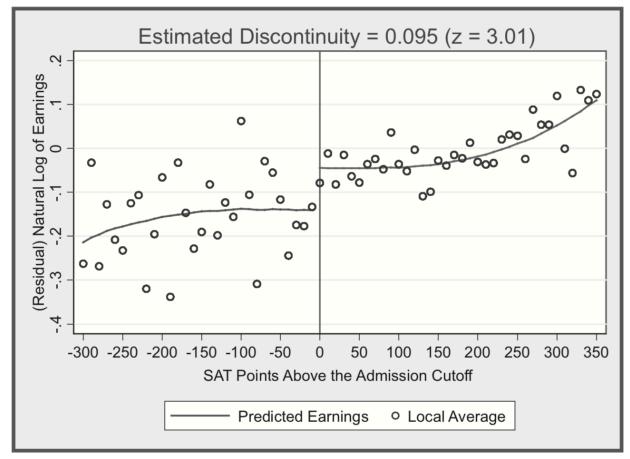
Convincingly estimating the economic returns to college quality requires overcoming the selection bias arising from leges but chose to attend less selective institutions. They find that attending more selective colleges has a positive effect on earnings only for students from low-income families. Brewer, Eide, and Ehrenberg (1999) estimate the payoff by explicitly modeling high school students' choice of college type and find significant returns to attending an elite private institution for all students. Behrman, Rozenzweig, and Taubman (1996) identify the effect by comparing female twin pairs and find evidence of a positive payoff from attending Ph.D.-granting private universities with well-paid senior faculty. Using a similar approach, Lindahl and Regner (2005) use Swedish sibling data and show that cross-sectional estimates of the selective college wage premium are twice the within-family estimates.

This paper uses a different strategy in that it identifies the effect of school selectivity on earnings by comparing the earnings of those just below the cutoff for admission to the flagship state university to those of applicants who were barely above the cutoff for admission. To do so, I combined confidential administrative records from a large flagship state university with earnings records collected by the state

FIGURE 1.—FRACTION ENROLLED AT THE FLAGSHIP STATE UNIVERSITY



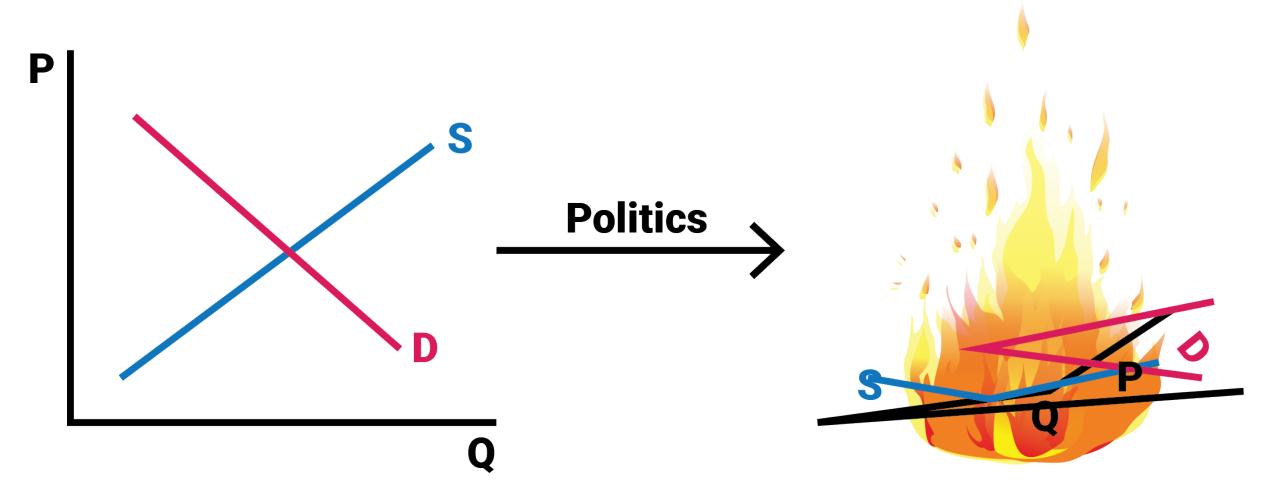
RAL LOG OF ANNUAL EARNINGS FOR WHITE MEN TEN TO FIFTEEN YEARS AFTER HIGH SCHOOL GRADUATION (F
POLYNOMIAL OF ADJUSTED SAT SCORE)



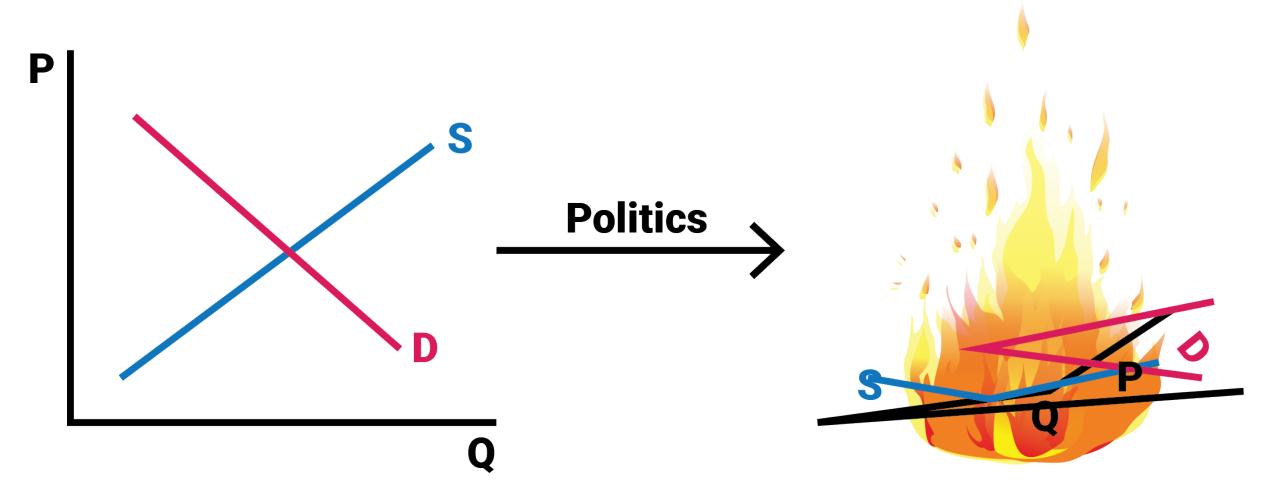
MORAL OF THE STORY

Evidence-based policy and administration is hard and complex...

...but possible and important



POLITICS AND ACCESS



Who are politicians responsive to?



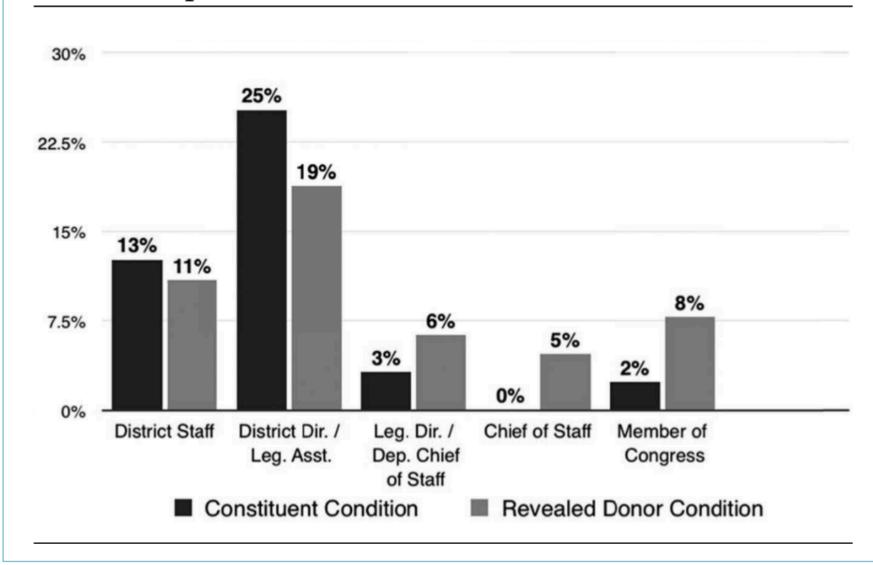
Campaign Contributions Facilitate Access to Congressional Officials: A Randomized Field Experiment

Joshua L. Kalla University of California, Berkeley

David E. Broockman University of California, Berkeley

Concern that donations to political campaigns secure preferential treatment from policy makers has long occupied judges, scholars, and the public. However, the effects of contributions on policy makers' behavior are notoriously difficult to assess. We present the first randomized field experiment on the topic. The experiment focuses on whether contributions facilitate access to influential policy makers. In the experiment, a political organization attempted to schedule meetings between 191 congressional offices and the organization's members in their districts who were campaign donors. However, the organization randomly assigned whether it revealed to congressional offices that prospective attendees had contributed to campaigns. When informed prospective attendees were political donors, senior policy makers made themselves available between three and four times more often. These findings underscore concerns about the Supreme Court's recent decisions deregulating campaign finance.

FIGURE 1 Access Gained to Congressional Staffers, by Experimental Condition



- Filing Taxes Could Be Free
- and Simple. But H&R Block
- and Intuit Are Still Lobbying
- Against It.
- The makers of TurboTax and other online systems spent millions lobbying last year, much of it directed toward a bill that would
 - permanently bar the government from offering taxpayers prefilled filings.

by Jessica Huseman, March 20, 2017, 1:22 p.m. EDT











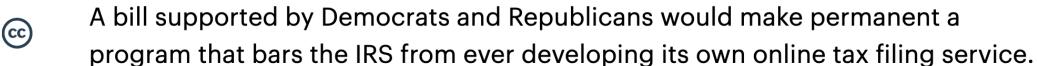














by Justin Elliott, April 9, 5 a.m. EDT





















Congress Is Abou Government From Online Tax Filing

A bill supported by Democrats and R program that bars the IRS from ever



(cc)

by Justin Elliott, April 9, 5 a.m. EDT

Those efforts have been fueled by hefty lobbying spending and campaign contributions by the industry. Intuit and H&R Block last year poured a combined \$6.6 million into lobbying related to the IRS filing deal and other issues. Neal, who became Ways and Means chair this year after Democrats took control of the House, received \$16,000 in contributions from Intuit and H&R Block in the last two election cycles.



A USA TODAY investigation

Model legislation

Model Exact copy Similar language

Attorneys fees and expenses to prepare and file the asbestos trust claim identified in the defendants motion exceed the plaintiffs reasonably anticipated recovery from the trust if the court determines that there is a sufficient basis for the plaintiff to file the asbestos trust claim identified by a defendant the court shall order the plaintiff to file the asbestos trust claim and shall stay the asbestos action until the plaintiff files the asbestos trust claim and provides all parties with all trust claims materials no later than thirty days before trial if the court determines that the plaintiffs expenses or attorneys fees and expenses to prepare and file the asbestos trust claim identified in the defendants motion exceed the plaintiffs reasonably anticipated recovery from the asbestos trust the court shall stay the asbestos action until the plaintiff files with the court and provides all parties with a verified statement of the plaintiffs history of exposure usage or other connection to asbestos covered by the asbestos trust not less than thirty days prior to trial in an asbestos action the court shall enter into the record a trust claims document that identifies each claim the plaintiff has made against an asbestos trust section valuation of asbestos trust claims

Model Exact copy Similar language

Attorney fees and expenses prepare and file the asbestos trust claim identified the defendants motion exceed the plaintiffs reasonably anticipated recovery from the trust A the court determines that there a sufficient basis for the plaintiff file the asbestos trust claim identified a defendant the court shall order the plaintiff file the asbestos trust claim and shall stay the asbestos action until the plaintiff files the asbestos trust claim and provides all parties with all trust claims materials later than thirty days before trial B the court determines that the plaintiffs expenses attorney fees and expenses prepare and file the asbestos trust claim identified the defendants motion exceed the plaintiffs reasonably anticipated recovery from the asbestos trust the court shall stay the asbestos action until the plaintiff files with the court and provides all parties with a verified statement the plaintiffs history exposure usage other connection asbestos covered the asbestos trust application the provisions this part apply all asbestos actions filed after the effective date this part section act subject to petition effective date this act takes effect at am on the day following the expiration of the ninety day period after final adjournment of the august if adjournment sine die is on may except

Model Exact copy Similar language

Attorney fees and expenses prepare and file the asbestos trust claim identified the defendants motion exceed the plaintiffs reasonably anticipated recovery from the trust A the court determines that there a sufficient basis for the plaintiff file the asbestos trust claim identified a defendant the court shall order the plaintiff file the asbestos trust claim and shall stay the asbestos action until the plaintiff files the asbestos trust claim and provides all parties with all trust claims materials later than thirty days before trial B the court determines that the plaintiffs expenses attorney fees and expenses prepare and file the asbestos trust claim identified the defendants motion exceed the plaintiffs reasonably anticipated recovery from the asbestos trust the court shall stay the asbestos action until the plaintiff files with the court and provides all parties with a verified statement the plaintiffs history exposure usage other connection asbestos covered the asbestos trust application the provisions this part apply all asbestos actions filed after the effective date this part section act subject to petition effective date this act takes effect at am on the day following the expiration of the ninety day period after final adjournment of the august if adjournment sine die is on may except

What does this mean for public administration?

WHAT THE H*CK DID WE JUST LEARN?!

COURSE OBJECTIVES

BY THE END OF THIS COURSE, you will (1) be literate in fundamental economic principles, (2) understand the limits of economic theory and free markets, (3) justify government and nonprofit intervention in the economy, and (4) make informed policy recommendations by analyzing and evaluating public sector policies. Specifically, you'll be able to:

Understand the principles of microeconomics, public economics, and behavioral economics

Explain social phenomena using economic vocabulary and reasoning

Predict how individuals respond to incentives

Evaluate the costs, benefits, and long-term consequences of public and nonprofit sector policies

Justify government intervention in the free market and identify when public policies have been unethical or failures

Propose and argue for public and nonprofit sector policies

THINGS YOU SHOULD KNOW FOR EXAM 1

Capitalism

You should understand...

- ...the components of the capitalist economic system: private property, markets, and firms
- ...what happens when any of these components gets distorted
- ...what makes public goods different from regular goods (see public goods game)
- ...what institutions are and how they coordinate action
- ...what GDP is, what it measures, what it doesn't measure, what problems there are with it, what alternatives there are for it, and why it continues to be popular

Capitalism, markets, and public policy

Growth Social dilemmas

Measurement Fairness



Scarcity, power, and inequality

Preferences Institutions Rights



ECONOMY, SOCIETY, AND PUBLIC POLICY

Evaluating and implementing policies

Cost-benefit analysis Experiments

Causal inference Politics



Market failures, governments, and politics

Externalities Public goods Rent seeking Monopolies Government intervention



Economic models

Firms and markets Credit markets

Labor markets Macroeconomics

MAIN TAKEAWAYS

Economic principles

You now think differently.

Institutions

Social phenomena are messy and complicated.

Analysis

Economic analysis is great. And limited.

MOST IMPORTANT PRINCIPLES

Opportunity costs

Incentives Nudges

Efficiency, fairness, equitability, justice

Markets are great Markets can fail

We can fix those failures

We can make those failures worse

INSTITUTIONS RULE THE WORLD

We are influenced (greatly) by external institutions

Institutions are how we fix market failures

Institutions are crucial for good policy

Institutions are hard to change

ANALYTICAL TOOLS

Indifference curves Supply and demand

Elasticity Gini coefficients Game theory

Inflation Growth rates

CBA Discount rates

RCTs, RDDs, Diff-in-diffs

WHY DOES THIS ALL MATTER?

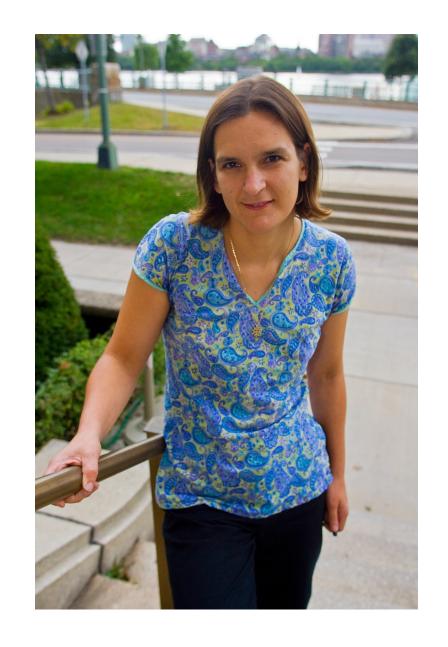
"Evidence isn't important just for accountability; it's essential for innovation."

David Bornstein, "The Dawn of the Evidence-Based Budget"

Duflo's recipe for fixing poverty with policy

Easy!

Understand health, education, savings, labor markets, institutions, incentives, and politics

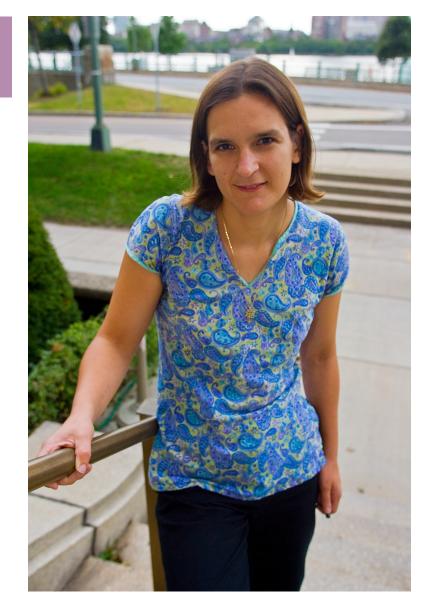


Duflo vs. institutional nihilism

Yes, institutions are powerful and path dependency is a thing

But there's room for substantial changes and improvements

Economic policies rooted in evidence **can** change lives and politics



BY COMMON CONSENT

ABOUT

AUTHORS

FEATURES

ARCHIPELAGO

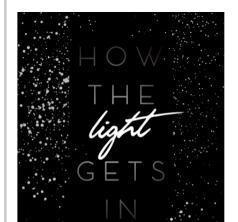
INTELLIGENCER

BCC PRESS

Dear American Taxpayers, Thank You for Saving My Life

! JULY 4, 2018 BY BCCPRESSEDITOR

Keira Shae wrote this letter in November of 2011 as part of a class assignment for a course at Utah Valley University. It was published in the Daily Herald a few months later and reprinted in several other newspapers across the country. It is reprinted as an appendix to Keira's new book How the Light Gets In, which will be published by BCC Press on July 24. Among the comments the letter received when it was first published were "I'm not accepting your thanks because I was taxed, I did not not willingly give. I wouldn't have really supported you." And "a dead child is better than a welfare child." We believe that our BCC Readers will do much better in the comments section, and we offer it to you as our gift to you on this Fourth of July.



Dear American Taxpayers,

My name is Keira, and I am twenty-three years old. I am the daughter of an uneducated, meth-addicted prostitute who was the single mother of six children. Since 1987, you have supported me as you paid your taxes. You are the sole reason I am alive today. I am writing to thank you for it. I hope this message gets to you.

From the moment my mother found out she was pregnant

FEATURED POST



Presenting "I Gave Her a Name" and "A New Constellation"

RECENT COMMENTS

Lona Gynt on Let Love be Love

ReTx on Palm Sunday: Being on the Right Side When it Is Easy

Michael Austin on Palm Sunday: Being on the Right Side When it Is Easy

Mark on Palm Sunday: Being on the Right Side When it Is Easy

john f. on Palm Sunday: Being on the Right Side When it Is Easy

Megan on The Prophet Project: How Can I Understand? by Elder Soares

For this to work, you *have* to understand economic principles

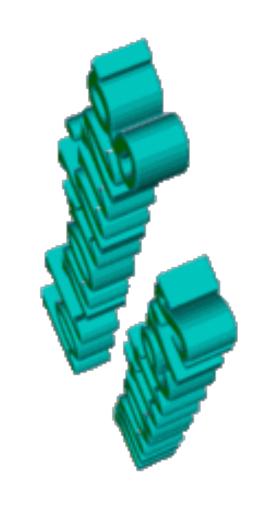
WHAT DO WE DO NOW?

Economic models are overly simplified and wrong

Estimates and numbers are always inaccurate

We can't measure anything perfectly

Politics messes everything up



Don't succumb to public administration nihilism

You don't need perfect information

Muddling through is okay (and the only way)

The Science of "Muddling Through"

By CHARLES E. LINDBLOM

Associate Professor of Economics Yale University

Sibility for formulating policy with respect to inflation. He might start by trying to list all related values in order of importance, e.g., full employment, reasonable business profit, protection of small savings,

➤ Short courses, books, and articles exhort administrators to make decisions more methodically, but there has been little analysis of the decision-making process now used by public administrators. The usual process is investigated here—and generally defended against proposals for more "scientific" methods.

Decisions of individual administrators, of course, must be integrated with decisions of others to form the mosaic of public policy. This integration

Rational-comprehensive approach

Systematically analyze every decision with perfect information, unlimited time, and unlimited intellectual capacity

In 1950s/60s, PA schools taught students to not do this because it's impossible

But they still did

GUESS WHAT WE'RE TEACHING YOU

Successive limited comparisons approach

("muddling through")

Seek out empirical evidence +

live with real world constraints

Rational approach

Good policy = most appropriate means to a specific end

No variables are omitted—if so, it's an accident and bad

Proposed changes are sudden, systemic, and perfectly evidence-based

Muddling through

Good policy = a bunch of people agree it's good enough

Variables are omitted on purpose and analysis is simplified

Proposed changes are incremental and marginal

"A wise policymaker consequently expects that his policies will achieve only part of what he hopes and at the same time will produce unanticipated consequences he would have preferred to avoid. If he proceeds through a succession of incremental changes, he avoids serious lasting mistakes in several ways."

Change must be incremental

Institutions are sticky and hard to change

Policies generally only get passed and adopted if they're incremental

Choose something

Do it

If it works, improve it

If it doesn't work, fix it

If the improvement (or fix) is good (or bad), adjust accordingly

↑ Keep doing all of that ↑