

Econ 224 2009. Policy Briefing Document Assignment.

You have been asked to provide to the Minister of Justice a 4 page (1200 word maximum, double spaced) briefing document giving an economic analysis of the case for or against increasing the drinking age to 20. The Minister of Justice has plenty of legal and ethical advisors and wants your report to focus solely on economic aspects of the drinking age. Some of his advisors, non-economists, have argued that drunk teenagers cause all kinds of social problems. The Ministry of Health tells the Minister of Justice that the social costs of overall alcohol use are around \$5 billion, though the Minister has heard some controversy about that figure.

The Minister of Justice, being a sensible fellow, wants better to understand the economic issues at stake. Is there a market failure in alcohol consumption? If there is, what is it? Is a change in the drinking age likely to be the most effective solution? Do we have any evidence on the effects of this kind of regulation: have other countries tried increasing the drinking age; if so, what were the effects? If there is no market failure, what are the expected consequences of increasing the drinking age? You don't have to limit yourself to economic effects, but always use the economic way of thinking.

This policy briefing document is due in class 29 September.

YOU MUST HAVE COMPLETED THE InformED PROGRAMME IN ORDER FOR YOUR LECTURER TO ACCEPT AND GRADE THE ASSIGNMENT.

The policy briefing document is worth 25% of your grade. Your grade will be determined by a Cobb-Douglas production function where content enters multiplicatively with grammar, style and spelling. The Minister despises badly written reports and will bin them regardless of content if the writing is terrible. You must submit your document electronically at or prior to the time it is due so that the Minister can ensure that the Government's tough copyright guidelines are not violated – the Minister runs everything through TurnItIn. Given the current swine flu unpleasantness, the Minister prefers dealing with hygienic electronic documents. However, you must turn in a signed cover sheet, to be delivered to you, attesting that the highest of ethical standards have been maintained in the production of your briefing note.