

Quiz #8 (answer key)
ECNS 432
Spring 2016

Name _____

1.) Consider a project that would involve starting a “drunk-bus” program at the University of Moose Drool. The goal of the drunk-bus is to decrease drunk-driving by picking up students at bars and dropping them off at home. Researchers designed a survey to implement the dichotomous choice method to a random sample of students at UMD. They reported the following data:

<i>WTP amounts per semester for implementation of the drunk-bus (in dollars)</i>	<i>Fraction of respondents willing to pay the stated fee</i>
0	1.00
5	0.95
10	0.87
15	0.70
20	0.52
25	0.26
30	0.10
35	0.07

a.) (10 points) What is the mean WTP for the sampled population? Make sure to show your work otherwise I will not be able to give partial credit for a wrong answer.

$$\text{Mean WTP} = 5(1 + .95 + .87 + .70 + .52 + .26 + .10 + .07)$$

b.) (5 points) In order for the results to be accurate, list at least two things the researchers should have taken into consideration when designing their experiment described above.

Sample should be representative of MSU students

- randomly selected
- large N

Also, b/c drunk drivers represent a negative externality, they should also consider the external benefits of fewer drunk students on the road.

c.) (5 points) What types of response bias may be present when implementing a survey like this (describe at least two types of response bias)?

Systematic nonresponse bias: certain types of people are more/less likely to respond

Strategic response bias: Respondents trying to achieve some desired outcome

Anchoring bias: “This issue must be important b/c they are asking me about it”