

**UNIVERSITY OF MASSACHUSETTS-LOWELL
COLLEGE OF ARTS AND SCIENCES
DEPARTMENT OF REGIONAL ECONOMIC AND SOCIAL DEVELOPMENT**

**57.515.201
POLITICS AND ECONOMICS OF PUBLIC POLICY**

Fall 2007

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Office Hours: M 2-3, T 1-2:30, W 5-6 (and most other times for that matter)

Course meeting time and location

The course will meet on Wednesdays afternoons, 2:00-4:50 in the RESD seminar room 500-M in the RESD suite on the 5th Floor of O'Leary Library.

Course Description and Objectives

Most of the resources, goods, and services in the United States are distributed through some kind of market process involving private enterprises. But many resources and products are distributed directly through the public sector, or are controlled or influenced by collective action and politics. Further, governments shape much of what the private sector does, for better or for worse, through regulations and laws, taxes and subsidies, for example. As a political body, government responds to power and influence--interest groups, lobbyists, ideology, and voters, but mostly big money.

This course has two goals. The first is to understand the role of public policy in a society that relies so heavily on and whose ideology extols markets, and to understand the various ways economic and political interests shape policy. The second is to develop some tools for doing policy analysis. How do we determine whether a policy accomplishes its purposes? On what terms should we evaluate it? How do we decide whether the policy is a good policy, an efficient policy, an equitable policy, a fair and just policy and crucially a politically feasible policy? What might make it more or less politically feasible? What might tilt it more or less towards low-income groups? How do we choose among policy alternatives? And, how do we write and communicate policy analysis so that it is useful for decision makers?

We will consider the rationale for public policy from various points of view, drawing on economics and politics. We will analyze various ways to evaluate policies and programs, and we will do case studies of policies in several fields, including the environment, social needs, and community development.

Course Requirements

Attendance and informed participation is critical. **One-fifth (20%)** of your final grade will be based on class participation, which will be evaluated on quality first, and quantity

second. Quality is determined by how well you have read and thought through the readings, and how well you can articulate what you have written about in the assignments due in a particular class.

Other than attendance, and informed participation, here are the products I will ask you deliver to me:

- Two very short memos summarizing and reacting to particular readings—one selected by me and one selected by you.
- Four memos that develop the policy or program you choose to work on. In the first you will identify your policy or program and set it in context. You will use the tools of politics and economics that we have developed to analyze the rationale and development of your policy or program to write the second memo. For the third memo, you will outline the elements of an evaluation of your program. The fourth memo assignment is an integration of the first three memos into a policy analysis report for a decision maker that will persuade her to make a decision in favor of this policy or program.
- A short presentation of your report to the class at the end of the term.

Approximate weight of the course requirements:

Two reading memos	10%
Memos 1 - 3	35%
Final Memo	20%
Presentation	15%
Class Participation	20%

Many of the issues discussed in this course are controversial. Like everyone else, I have opinions about them. I do NOT expect that you will necessarily agree with me. I DO expect you to offer reasoning and evidence to support your opinions, whatever they are.

In all written work, we expect you to identify all sources of data, information, and ideas. When quoting, excerpting, or paraphrasing someone else's work, **cite the source**. **This is especially crucial and easily overlooked when you use the Internet. If you have any questions about citing from the Internet, please ask me. Almost every semester I have to remind a student not to quote or paraphrase from the internet without fully citing the source. Please be careful about this. You will have received a memo from the department giving you the rules for taking material and citing material from the internet. Be sure to read it.**

Our preferred form of citation is the author-date form. For example:

The data on firm size indicate that small business's contributions to U.S. growth are actually relatively modest (Harrison 1994, Chapter 2).

Then at the end of the paper, have a complete list of references. For example:

Bennett Harrison. 1994. *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility*. New York: Basic Books.

Using someone else's information or ideas without citing the source is misleading, prevents a reader from following up on interesting ideas, and defeats the educational purpose of the assignments (which is to build on other people's work to

come up with your own ideas and conclusions). It is forbidden by university rules and can result in serious penalties. **Please don't do it.** The rules and penalties for plagiarism given in the graduate school catalog and are available online at [**http://www.uml.edu/catalog/graduate/discipline/default.htm**](http://www.uml.edu/catalog/graduate/discipline/default.htm)

Required Texts

There are two required texts:

Deborah Stone. 2002. *Policy Paradox: The Art of Political Decision-Making*, Revised Edition, New York, NY: W.W. Norton

Eugene Bardach. 2000. *A Practical Guide for Policy Analysis: The Eightfold Path to More Effective Problem Solving*, New York, NY: Chatham House Publishers

These books are available in the university bookstore. We will read substantial portions, but not all of each of these books. All other readings will be provided either as photocopies or as electronic copies.

COURSE OUTLINE

I) COMPARATIVE PERSPECTIVES ON THE POLITICS AND ECONOMICS OF PUBLIC POLICY

Week 1 and Week 2, Introduction to the course (September 5 and September 12)

- What makes a “good” policy?
- Policy analysis at the level of ideology—recent articles and editorials from the New York Times and other places, to be emailed. Chapter 1, “Risk Sharing from Coolidge to Katrina,” and Chapter 3, “The Economist behind the Curtain,” from Jared Bernstein. 2006. *All Together Now: Common Sense for a Fair Economy*, San Francisco: Berrett-Koehler Publishers.
- Policy analysis at the level of social science concepts: Stone, Chapter 1: The Market and the Polis
- Policy analysis at the staff and policy analyst level: Bardach: Introduction and Part I, 1. Define the Problem (pages 1-7)
- Policy making in the community: Kristina Smock, *Democracy in Action, Community Organizing and Urban Change*, New York, NY: Columbia University Press Chapters 2 and 9 (portions)

*****Memo 1 assignment handed out*****

Week 2, Markets, Efficiency, and “Rational Policy” (September 19) Stone, Ch. 3 “Efficiency”

For the developing countries context: Amartya Sen. 1999. *Development as Freedom*, New York: Anchor Books. Chapter 5, “Markets, State, and Social Opportunity”

*****First draft of Memo 1 due*****

Week 3, Continue Markets and Efficiency: Market Failures (September 26)

Selections from N. Gregory Mankiw. 1999. *Principles of Microeconomics, 2nd Edition*, Mason, Ohio: Southwestern. Chapter 10, “Externalities,” and “Public Goods and Common Resources.”

Richard Murnane. 2002. “What Roles Should Government Play in the Market for Post-Secondary Education? Class notes, mimeo

*****Second draft of Memo 1 due*****

Week 4, Critiques of the Market Failure Approach to Policy (October 3)

- The conservative economics point of view:

Milton Friedman, *Capitalism and Freedom*, Introduction and Ch.1, "The Relation Between Economic Freedom and Political Freedom." Chicago: University of Chicago Press, 1962

- The Politics point of view: Stone, Ch. 2, "Equity"
- The Social Justice and participatory decision making point of view:

Marie Kennedy, "Transformative community planning: Empowerment through community development." *New Solutions*, Summer 1996, 93-100.

Environmental Justice Reading.

*****Memo 1 due*****

*****Memo 2 assignment handed out*****

Week 5, Continue the Politics Point of View (October 10)

Stone, Ch. 6, "Symbols," Ch. 7, "Numbers," Ch. 8, "Causes," Ch. 9 "Interests"

[Sorry, folks. This week has a lot of reading. Most other weeks will not be so burdensome.]

*****First draft of Memo 2 due**

Week 6, Tasks of the "Policy Analyst" (October 17)

Bardach, Part I, "The Eightfold Path" and pp.1-46, Part III, "Smart 'Best' Practices Research: Understanding and Making Use of What Look like Good Ideas from Somewhere Else," pp.71-85, and Appendix B, "Semantic Tips: A Summary" pp.97-101

*****Memo 2 due*****

*****Memo 3 assignment handed out**

Week 7, Evaluating Policies and Programs I (October 24)

- Classical design of an evaluation:

Carol Weiss, *Evaluation*, 2nd Edition, Chs 1 and 8, Prentice Hall, 1997

David Freedman, Robert Pisani, Roger Purves, , 3rd Edition, Norton, 1998, Chs. 1 and 2

- **Understanding the Implementation of Policies**

Alan Werner, "Introduction to Implementation Research," mimeo, 1999

Bardach, Part II, "Gathering Data for Policy Research" pp. 47-69 (You can spread the reading of this over the next couple of classes)

Week 8, Evaluating Policies and Programs II (October 31)

Valuing the impacts of policies and programs—Cost benefit analysis:

Carol Weiss, *Evaluation*, portion of Ch 10, pp. 244-251

Edward Gramlich, "The Methodology of Benefit-Cost Analysis," Werner Sichel W.

Economics Lecture-Seminar Series, Western Michigan University, October 2002,

www.federalreserve.gov/BOARDDOCS/SPEECHES/2002/200210163/default.htm

"The Environmental Forum," Environmental Law Institute, September/October 2004.

*****First draft of Memo 3 due**

Week 9, Evaluating Policies and Programs III: Pros and Cons of benefit cost analysis and alternatives in the context of environmental programs (November 7)

Marilyn Averill 2002. "Arsenic in Drinking Water." Draft case for the JFK School of Government, Harvard University.

Lisa Heinzerling and Frank Ackerman. 2002. *PRICING THE PRICELESS: Cost-Benefit Analysis of Environmental Protection*, Georgetown Environmental Law and Policy Institute Georgetown University Law Center

Rachel's Environment & Health Newsletter #741, January 3, 2002, "Science And Precaution."

Robert Hahn and Cass Sunstein. 2005. "The Precautionary Principle as a Basis for Decision Making," *The Economist's Voice*, Vol. 2, No. 2: Article 8.

Stone, Ch. 10, "Decisions."

Frank Fisher 1995. "Debating the Headstart Program: The Westinghouse Reading Scores in Normative Perspective," Chapter 3 in Frank Fisher, *Evaluating Public Policy*, Chicago, Illinois: Nelson Hall.

Week 10, Social Policy and Community Development Policy I (November 14)

Alexander von Hoffman and Mark Moore 1997. "*LISC: Problem of Project Assessment in Social Finance*," Case 1396, John F. Kennedy School of Government, Harvard University.

Economic Policy Institute, 2002. The Living Wage: "Facts at a Glance,"

http://www.epinet.org/content.cfm/issueguides_livingwage_livingwagefacts

Jared Bernstein, 1999. "The Living Wage Movement: Pointing the Way Towards the High Road," http://www.epinet.org/content.cfm/webfeatures_viewpoints_lw_movement

Chris Tilly, "Living Wage Laws in the United States: The Dynamics of a Growing Movement"

Memo 3 due

Memo 4 assignment handed out

Week 11, Social Policy and Community Development Policy II (November 21)

Affordable housing:

Michael Stone et. al, 2000. *Meeting the Housing Needs of Massachusetts Lower Income Residents*, Center for Social Policy, McCormack Institute, University of Massachusetts Boston

Linda Silka and David Turcotte, 2002. *Meeting Lowell's Housing Needs: A Comprehensive Look*, Center for Family Work and Community, University of Massachusetts Lowell.

Selections to be assigned.

The Brookings Institution and the Urban Institute . *Rethinking Local Affordable Housing Strategies: Lessons from 70 Years of Policy and Practice*, selections to be assigned.

Week 12, Affordable Housing continued (November 28)

Week 13, Catch Up and discussion of policy of the class's choice (December 5)

Week 14, Policy Presentations (December 13)

Memo 4 due December 20