

Introduction to Public Policy

Outline

- What is public policy? Why study it?
- Contexts of public policy
- Reasons for government intervention
- Role of policy analysis
- Criteria for analysis

What is public policy?

The course of government action (or inaction) taken in response to public problems. It is associated with formally approved policy goals and means, as well as the regulations and practices of agencies that implement programs.

Basic Concepts

■ Government

- Institutions and political processes through which public policy choices are made

■ Politics

- The exercise of power in society; processes through which policies are formulated; also related to the electoral process

■ Policy Analysis

- Examination of components of public policy, policy process, or both

Contexts of Public Policy

- Social context
 - Societal changes (e.g., population changes)
- Economic context
 - State of the economy (e.g., surplus vs. deficit)
- Political context
 - Political/ideological issues (who is in power?)
- Governing context
 - Structure of government (e.g., separation of powers)
- Cultural context
 - Values, beliefs (e.g., red state vs. blue state)

Why does government intervene?

- Political reasons
- Moral, or ethical, reasons
- Economics and market failures
 - when the market fails to be efficient
 - four categories
 - » the existence of monopolies or oligopolies
 - » externalities
 - » information failures
 - » inability to provide public or collective goods

Market Failures

Private Goods and Public Goods

	No Joint Consumption	Joint Consumption
Exclusion Is Feasible	Pure Private Goods	Toll Goods
Exclusion Is <i>Not</i> Feasible	Common Pool Resources	Pure Public Goods

Market Failures (cont'd)

Externalities: the decisions and actions of those involved in the market exchange that affect others

- negative externality: third party not compensated for harm/loss (e.g., pollution)

- positive externality: third party does not have to pay for a gain (e.g., education)

Market Failures (cont'd)

Information Failures

- Information sharing becomes a problem
- Not a problem for certain items one buys a lot (e.g., food) – able to make adjustments
- What about large items (cars) or
- Items that are difficult to understand without assistance (e.g., prescription drugs)

Why Study Public Policy?

- Improve citizens' ability to participate and make choices
 - Increase knowledge of substance and process
- Improve citizens' ability to influence policy decisions
 - More informed arguments and analyses

Role of Policy Analysis

Policy analysis: a systematic, organized way to evaluate public policy alternatives or the programs themselves

- used in a variety of ways
 - » assessing problems
 - » developing alternatives
 - » evaluating implemented programs
- can be used to influence policy

Ways of Analyzing Policies

- Effectiveness
- Efficiency or economic feasibility
- Equity and freedom
- Political feasibility
- May be others as well, such as extent of public participation or flexibility of a policy
- Each criteria may not carry equal weight in each decision