Introduction to Public Policy
PLS 213
Winter 2011

Professor: Ron Smith
Office: FOB 204
Office Phone: 866-7368
Email: smithr@hanover.edu
Webpage: http://www2.hanover.edu/smithr/

Course Description:

In a 1967 book entitled *Famine-1975!* the authors warned that food scarcity had reached such desperate proportions that it was no longer a question of trying to feed the world, but in deciding which portions of the world could be saved and which countries—namely Haiti, Egypt, and India—should be sacrificed in order to preserve dwindling supplies. Thankfully, such recommendations were not widely acted upon, but the case illustrates two points worthy of note: first, policy decisions can have very real consequences upon the world in which we live; the sad fact is that millions have died as the result of unwise policy decisions and many more have endured severe privation throughout the years.

And secondly, this mistaken forecast of widespread famine illustrates how hard it is to actually do public policy. This class is intended to provide an introduction to the challenges of public policy as well as an acquaintance with the most important techniques used today. We will touch on issues concerning the environment, poverty, law, and freedom. Our focus will be on the dominant approach to public policy—commonly called political economy. We will learn both tools of analysis—with special focus on incentives and game theory—and an analytical theory within which those tools can be employed.

There are two primary texts for this course and some supplemental readings:

- Supplemental readings are in a course packet or available online as indicated in the syllabus.

Course Requirements:

Grades are based on two exams, participation, reaction papers, assignments, and participation in a policy debate. The midterm will account for 30% of the course grade, the final exam 30%, the reaction papers/assignments 20%, and a subject analysis 20%.

Reaction papers are short (one page or less) “reactions” to the day’s readings that you will be periodically asked to compose at the immediate beginning of the class. In them you are to provide a brief synthesis of the key points of that day’s reading and your impressions, likes, dislikes, or ideas that it inspired. If there are multiple readings for a section, I may ask you to respond to only one of them. If there are multiple days assigned to a group of readings, you should have them read by the first day assigned. You will not know which days will be selected for the papers, so always read, always think about the ideas, and always be prepared for me to spring one on you. As a general rule there will be no make-up papers. However, I will drop the lowest score when computing the course grade—so you essentially have an “extra.” It is up to you, the student, to approach me regarding “alternate” assignments for excused absences.

For the subject analysis I will arrange a time with each of you at the beginning of the term to discuss your interests and to assign a reading or series of readings. Your assignment consists of two elements. First, you are to read the subject matter and write a five-page summary and analysis based upon what you have learned in the class. Second, on an assigned day you are to present a summary of your analysis to the class and
then lead a class discussion on what lessons we might glean from this issue and what policy suggestions (if any) would be advisable.

I look forward to impressive works that are both original and unique. As you know, plagiarism or other forms of academic dishonesty are unacceptable and you may be penalized as prescribed in the student handbook. If you are unsure of what plagiarism is, or exactly how much you and a friend can collaborate on class work, please talk with me.

Course Outline

I. Analytical Tools
Public Policy
• No Readings.............................................................................................................Jan 10
• “Why Did the New Dealers Destroy all that Food?”..............................................Jan 12

What is “Good Policy?”
• Munger, pp. 30-53.....................................................................................................Jan 14
• Munger, pp. 352-378.....................................................................................................Jan 17
• Sections assigned in class from “Cost-Benefit Analysis of Indiana’s Riverboat Casinos”
  (Available online)........................................................................................................Jan 19

Game Theory
• (Packet) Selections from Poundstone’s Prisoner’s Dilemma.....................................Jan 21 to 31

Intermezzo: Charles Francis Adams
• McCraw, Prophets of Regulation (Hereafter “Prophets”), pp.1-79.........................Feb 2

II. Why Government?
The Collective Action Problem
• Munger, pp. 196-199....................................................................................................Feb 4

Market Failure
• Munger, pp. 101-133....................................................................................................Feb 7

  (Access through JSTOR)............................................................................................Feb 9

Intermezzo: Louis D. Brandeis
• Prophets pp. 80-152....................................................................................................Feb 11

III. Why Not Government?
Government Failure
• Munger, pp. 162-199....................................................................................................Feb 14

• (Packet) Excerpt from Scott’s Seeing Like a State....................................................Feb 16

• (Packet) Excerpt from David Beito’s From Mutual Aid to Welfare State ...............Feb 18
Rent Seeking


- (Packet) Excerpt from Hernando De Soto’s *The Other Path* ………………………………..Feb 23

Midterm ………………………………………………………………………………………….Feb 25

IV. What Level of Government?

Federalism


Intermezzo: James M. Landis

- *Prophets* pp. 153-221……………………………………………………………………………………..March 16

V. Which Policy Instrument?

Game Theory II: Extensive form games

- (Packet) Morrow “Extensive form Games”……………………………………………………………………………………………………………………………………………………………………………………………March 18 to 23

Of Carrots and Sticks

- Munger, pp. 238-270……………………………………………………………………………………………………………………………………………………………………………………………………….March 25


- Peltzman, Sam. 1975. “The Effects of Automobile Safety Regulation.” *The Journal of Political Economy* 83:677-726. (Access through JSTOR. NOTE: while you are welcome to read the entire article, only pp.677-703 are required). ………………………………………………………………………………………………………………………………………………………………………………………………………….March 30


What is “Good” Policy?

Munger, pp. 134-161 and 271-279……………………………………………………………………………………………………………………………………………………………………………………………April 6

Intermezzo: Alfred E. Kahn

- *Prophets* pp. 222-309…………………………………………………………………………………………………………………………………………………………………………………………………………………April 8

VI. Selected Case Studies

- Subject analysis due……………………………………………………………………………………………………………………………………………………………………………………………………………………………..April 11

- Presentations…………………………………………………………………………………………………………………………………………………………………………………………………………………………………..April 11 to 15
Final (as scheduled by college)