POLICY ANALYSIS IS A DISCIPLINE FOR WORKING WITHIN POLITICAL AND ECONOMIC SYSTEMS, NOT FOR CHANGING THEM.

FRAMEWORK FOR ANALYSIS:

1. ESTABLISHING THE CONTEXT.
2. LAYING OUT THE ALTERNATIVES.
3. PREDICTING THE CONSEQUENCES.
4. VALUING THE OUTCOMES.
5. MAKING A CHOICE.

FROM A PRIMER FOR POLICY ANALYSIS CHAPTER 1: RATIONAL DECISION-MAKING BY EDITH STOKEY AND RICHARD ZECKHAUSER

BLOCK 3: Economic Policy / Project Evaluation

LECTURE 3.1: Process

DISPLAYS

SPEAKER: PROF. JOSEPH M. SUSSMAN
MIT

September 28, 2001
How do we decide what a good decision is?

Welfare

What is Society?

The well-being of Society

Differences in Prediction vs. Differences in Values

The well-being of Society depends solely on the welfare of its individual members.

Trade-offs among individuals must be made.

What do we mean by individual welfare?

Who shall be the judge of an individual’s welfare?

The individual (with some exceptions -- young children, e.g.)

How shall we measure individual welfare?

How is individual welfare enhanced?

A far more difficult problem: Evaluating Social Welfare

Limited Rationality: Search for alternatives that are good enough. --- Satisficing ---

There are limits to our skills in funding alternatives:

Feasibility, not Optimality.

From A Primer for Policy Analysis
Chapter 13: Public Choice: To What Ends?

By Edith Stokey and Richard Zeckhauser
TABLE OF CONTENTS: GERSTON

CONTEXT OF PUBLIC POLICY

TRIGGERING MECHANISMS AND CATALYSTS

THE PUBLIC AGENDA

THE POLICY MAKERS: ROLES AND REALITIES

IMPLEMENTATION: CONVERTING POLICY COMMITMENT INTO PRACTICE

EVALUATION: ASSESSMENTS AND DIRECTIONS

POLICY MAKING IN AN EVOLUTIONARY CONTEXT

THE POLICY PROCESS

-- ROSLEFSKY (ADAPTED FROM JONES 1984)

PROBLEM IDENTIFICATION

AGENDA BUILDING

POLICY FORMULATION

POLICY ADOPTION

BUDGETING

IMPLEMENTATION

EVALUATION

POLICY SUCCESSION
IDENTIFICATION OF PLAYERS

FEDERAL GOVERNMENT
  EXECUTIVE
  LEGISLATIVE
  JUDICIARY
  REGULATORS

OTHER LEVELS OF GOVERNMENT

THE VOTERS -- VOICE OF THE PEOPLE

NGOs
BUSINESS
LABOR
INTEREST GROUPS (E.G., ENVIRONMENT)
THE MEDIA
“STAKEHOLDERS”
IMPACTED INDIVIDUALS/ORGANIZATIONS

CHARACTERISTICS OF PLAYERS

INTERESTS
EXPERTISE
JURISDICTION

IN REALITY, A POLICY IS MERELY THE BEGINNING OF A PROCESS THAT IS POLITICAL AT EVERY STAGE -- NOT MERELY THE PROCESS OF LEGISLATION, BUT ALSO THE IMPLEMENTATION, INCLUDING THE CHOICE OF AN ADMINISTRATIVE AGENCY AND THE SUBSEQUENT OPERATION OF THIS AGENCY.

THE VIEW OF THIS AS A SOCIAL MAXIMIZING BLACK BOX “GIVES US SOME VERY MISLEADING IDEAS ABOUT THE POSSIBILITIES OF BENEFICIAL POLICY INTERVENTION”.

FROM THE MAKING OF ECONOMIC POLICY
BY DIXIT
The difference between the “rules” that govern the policy process and specific policy “acts” within the context of the “rules”

E.g., Endangered Species Act as the “rule” vs. application to Snake River -- the “policy act”.

Uses of Effective Policy Studies

-- Sukskind

- Define a policy problem in a helpful way
- Describe the full range of potential policy responses
- Overcome agency resistance to change -- generate arguments for overcoming barriers
- Engage stakeholders in collaborative inquiry
- Enhance the legitimacy of a particular action -- the process itself is important
- Resolve conflicting needs and set resource priorities in the face of budget constraints.
Public policy represents the consequential choices “we” collectively make about our society.

Now, there are consequential choices that don’t fall in the domain of public policy.

Business is especially important because its actions will affect economic activity, jobs, etc.

So, a legitimate role of public policy (like taxes) is to entice business to create economic activity.

It’s also legitimate for business to lobby for public policy that supports business.

Reducing Professional Impairment in Policy Analysis

Learn to practice skepticism, to provide good evidence and argument, to become more open to challenge.

Our shortcomings: jargon, weak research design, excessive statistical quantification, no peer review, fads in analysis.

But worse, professional policy analysis usually supports the existing social order. Elite grants and ID with the elites -- this is not the way to look for the basic flaws in the existing system. We treat it as “benign and workable” and maybe it’s neither.

Robust competition of ideas is needed.

Conclusion

“... those who analyze public policy can help to challenge aspects of the policymaking process that obstruct wise policymaking, can help to broaden the range of changes under consideration and can help to deepen political debates about problems, opportunities and policy options.”

Don’t aim at neutrality -- aim at thoughtful and responsible partisanship.

From The Policy-Making Process
by Lindblom and Woodhouse
(paraphrased by Sussman)
COUPLING OF STREAMS OF PROBLEMS, POLICIES, POLITICS -- A PROBLEM IS RECOGNIZED; A SOLUTION IS AVAILABLE; THE POLITICAL CLIMATE MAKES THE TIME RIGHT FOR CHANGE; AND THE CONSTRAINTS DO NOT PROHIBIT ACTION. CONFLUENCE.

TWO MAJOR PRE-DECISION PROCESSES
AGENDA SETTING
ALTERNATIVE SPECIFICATION

WHY DO SUBJECTS RISE ON THE AGENDA?
PROBLEMS
POLITICS
VISIBLE PARTICIPANTS

FROM AGENDAS, ALTERNATIVES AND PUBLIC POLICY
BY JOHN KINGDON

POLICY-MAKING IS A COMPLEX PROCESS (SYSTEM). WE OFTEN APPLY POLICY-MAKING PROCESSES TO COMPLEX SYSTEMS LIKE MEXICO CITY. SO WE HAVE NESTED COMPLEXITY -- A COMPLEX PROCESS APPLIED TO A COMPLEX SYSTEM.
MODELS / FRAMEWORKS

A MODEL/FRAMEWORK* IS BY DEFINITION AN ABSTRACTION OF REALITY: “ALL MODELS ARE WRONG; HOWEVER, SOME ARE USEFUL.”

SETTING MODEL/FRAMEWORK BOUNDARIES -- WHAT IS INSIDE AND WHAT IS OUTSIDE THE BOX?

* MODELS: QUANTITATIVE; MATHEMATICAL
FRAMEWORKS: QUALITATIVE, NATURAL LANGUAGE
BOTH CAN BE USED FOR ANALYSIS.

DISPLAYS

Figures are from
Sussman, Joseph M., Introduction to Transportation Systems,

SPEAKER: PROF. JOSEPH M. SUSSMAN
MIT

September 28, 2001
SELECTING MODEL TYPE -- “WHEN ALL YOU HAVE IS A HAMMER, EVERYTHING LOOKS LIKE A NAIL.”

MICROSCOPIC VS. MACROSCOPIC

STATIC VS. DYNAMIC

STOCHASTIC VS. DETERMINISTIC

LINEAR VS. NON-LINEAR

CONTINUOUS VS. DISCRETE

NUMERICAL SIMULATION VS. CLOSED FORM SIMULATION

BEHAVIORAL VS. AGGREGATE

PHYSICAL VS. MATHEMATICAL

WHY WE MODEL

INSIGHT

“OPTIMIZATION”

LEARN FROM MODEL-BUILDING PROCESS

MODELING FOR NEGOTIATION: “THE MODEST TASK OF ANALYSIS WILL OFTEN BE LARGELY TO HELP PARTNERS ENGAGE IN REASONED PERSUASION WITH EACH OTHER” (LINDBLOM AND WOODHOUSE)

“ANSWERS” -- THE MODELING APPROACH DEPENDS ON HOW WE ARE GOING TO USE THE RESULTS.
FRAMEWORKS

E.G., PORTER’S FRAMEWORK -- STRATEGIC COMPARATIVE ADVANTAGE

HAMMER & CHAMPY’S FRAMEWORK -- REENGINEERING

LESSIG’S FRAMEWORK -- ARCHITECTURE

FIGURE 10.1: A SYSTEMS ANALYSIS FRAMEWORK -- A FIRST LOOK
Search for alternatives in the real world

Abstraction of real world into model / framework

Prediction of performance, flows, etc.

Evaluation of alternatives

Reconsider measures of effectiveness

Selection among alternatives

Insight: Better understanding of system behavior

LOOP 1: Does the evaluation suggest other alternatives?

LOOP 2: Are the measures of effectiveness appropriate?

LOOP 3: Is the “abstraction” good at predicting?

FIGURE 10.3: A SYSTEMS ANALYSIS FRAMEWORK -- A SECOND LOOK

FIGURE 10.4: A SYSTEMS ANALYSIS FRAMEWORK -- A THIRD LOOK
Loop 1: Does the evaluation suggest other alternatives?

Loop 2: Are the measures of effectiveness appropriate?

Loop 3: Is the “abstraction” good at predicting?

Loop 4: Develop new abstraction.

Figure 10.5: A systems analysis framework -- A fourth look