

Special Issues in Public Policy- Policy Design

AY 2017

Wednesday 9:30-12:30

Rationale

The increased complexity of ‘wicked’ policy problems that confront governments has placed renewed emphasis on the importance of policy design. How can the design of policy and programs be improved to achieve better societal outcomes? The reduced fiscal space available across developing economies underscores the need for designing effective policies to improve outcomes. This course equips students to assess and evaluate policy design, and importantly provides them tools to better understand what can be done to improve outcomes.

Learning Outcomes

By the end of this course, you (as a student) would be able to

- Get a critical understanding of the design-orientation in Policy Sciences and its emphasis on problem-solving
- Synthesize different approaches to address complex policy problems
- Appreciate the technical and political complexity that underpins any design process
- Understand how policy tools and instruments are assembled, and deployed.
- Articulate broad ‘principles’ of what good design is
- Apply these principles to a series of real-world cases such as healthcare, pension reform, etc.

This course offers students a critical introduction to key concepts, approaches and analytical tools to respond to these vital questions in policy analysis. To accomplish this, the course adopts a problem-solving approach from a design perspective. The focus is on the substance and the context of public policies, the forms in which they are delivered and financed, and how they might be improved. Every lecture is anchored in the design-orientation or problem-solving approach of the policy sciences.

Course Structure

The course is divided in two parts. The first half of the course reviews conceptual and analytical tools from various disciplines including public administration, public financial management, microeconomic theory, and policy sciences to lay the theoretical foundation of how policy design can be assessed and evaluated, and ultimately improved.

The second half of the course focuses on public policies in specific domains (e.g. including healthcare, pensions, environment, and financial regulation). To maintain focus, we will rely on examples in these policy domains in across Asian economies.

Course Schedule

The course schedule and readings are updated on a bi-weekly basis. All readings are available at the library or are online. Lecture notes (power point slides, handouts, word documents) will be provided to students. There is no assigned text book. Additional readings may be assigned as the course progresses.

LECTURE 1: INTRODUCTION TO POLICY DESIGN

- Lecture Notes
- Bason, Christian. Design for Policy. Burlington, VT: Gower Pub Co, 2014 (Chapters 1&2)
- Colebatch, HK. "The Idea of Policy Design: Intention, Process, Outcome, Meaning and Validity." *Public Policy and Administration*, May 18, 2017, 952076717709525. doi:10.1177/0952076717709525.
- Hood, C. (2007). Intellectual obsolescence and intellectual makeovers: Reflections on the tools of government after two decades. *Governance*, 20(1), 127-144.
- Howlett M (2014) From the 'old' to the 'new' policy design: design thinking beyond markets and collaborative governance. *Policy Sciences*. 47:187–207
- Howlett, Ramesh and Perl (2008) *Studying Public Policy*. Oxford University Press: *Chapter 4: 114-135*.
- Lienert, Ian (2009) Where Does the Public Sector End and the Private Sector Begin? <http://www.imf.org/external/pubs/ft/wp/2009/wp09122.pdf>
- Mintrom, Michael, and Joannah Luetjens. (2016) "Design Thinking in Policymaking Processes: Opportunities and Challenges." *Australian Journal of Public Administration* 75.3: 391-402.
- Salamon, Lester (2002) *The Tools of Government*, Oxford University Press, pp. 19-37
- Tanzi (2011) *Government Versus Market*. Cambridge University Press (*Chapters 1: General Introduction & Main Issues; Chapter 10: Policy Tools & Government Roles; Chapter 14: The Economic Role of the State in the Future*)
- VIDEOS
 - Governments Versus Markets – Vito Tanzi (8:00-29:00 minutes) https://www.youtube.com/watch?v=opPUawF_Pm0

LECTURE 2 & 3: ECONOMIC REASONING FOR POLICY DESIGN

- Lecture Notes (Synthesis of key definitions and concepts)
- Pindyck and Rubinfeld (2013) *Microeconomics* (8th edition). Chapters 9: The Analysis of Competitive Markets (159-162 – *Network externalities*; 188-190 – *The Value of Information*; 243-250 – *Economic costs vs accounting costs*; 272-274 – *economies of scope*; 275-278 – *the learning curve*; 325-327 – *Consumer and producer surplus*.)
- Miller, Benjamin and North (The Economics of Public Issues, 19th ed)
 - *Chapter 6- Sex, Booze, and Drugs*;
 - *Chapter 10 - Bankrupt Landlords, from Sea to Shining Sea*
- Sendhil M & R Thaler (2016), *Waiting in Line for the Illusion of Security*, New York Times 27 May, http://www.nytimes.com/2016/05/29/upshot/waiting-in-line-for-the-illusion-of-security.html?_r=0
- Gary Becker. "Market Failure Compared to Government Failure" <http://www.becker-posner-blog.com/2011/09/market-failure-compared-to-government-failure-becker.html>
- Secrets and Agents, *The Economist*, July 23 – 2016 - <http://www.economist.com/node/21702428/print>
- Weimer and Vining (Policy Analysis, 5th Ed) Chapter 5, 7 & 9 – Rationale for Public Policy (Ch. 5,7)
- VIDEOS
 - Market Failures and Government Failures: <https://www.youtube.com/watch?v=SuPsePSUdxA>
 - Robert Frank – Talks at Google (First 38 minutes) <https://www.youtube.com/watch?v=QalNVxeIKEE>

- Dan Ariley – Are we in control of our decisions
<https://www.youtube.com/watch?v=9X68dm92HVI>
- Oliver Hart – Incomplete Contracts
https://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2016/hart-lecture.html

LECTURES 4&5: “PRINCIPLES” OF POLICY DESIGN

- Lecture Notes
- CASE STUDY: Swanson et al Adaptive policy case study: analysis of the Crow Rate in Prairie Canada: a cautionary tale
- Bason, Christian, and Andrea Schneider. “Public Design in Global Perspective; Empirical Trends.” In *Design for Policy*, edited by Christian Bason, 23–40. Burlington, VT: Gower Pub Co, 2014.
- Ben Williamson (2015) Governing methods: policy innovation labs, design and data science in the digital governance of education, *Journal of Educational Administration and History*, 47:3, 251-271, DOI: 10.1080/00220620.2015.1038693
- Considine, Mark. “Thinking Outside the Box? Applying Design Theory to Public Policy.” *Politics & Policy* 40, no. 4 (2012): 704–724. doi:10.1111/j.1747-1346.2012.00372.x.
- Dryzek, J. S., and B. Ripley. “The Ambitions of Policy Design.” *Policy Studies Review* 7, no. 4 (1988): 705–19.
- Guy Peters (2015) Pursuing horizontal management: The politics of public sector coordination – (*chapter 2 on definitions*)
- Howlett and Mukherjee (2014) Policy Design and Non-Design: Towards a Spectrum of Policy Formulation Types, Politics and Governance, Volume 2, Issue 2, Pages 57-71
- Howlett, M (2011) Designing Public Policies: Principles and Instruments, Routledge (*Chapters 1 & 2*)
- Howlett, M., Mukherjee, I., & Rayner, J. (2014). The Elements of Effective Program Design: A Two-Level Analysis. *Politics and Governance*, 2(2).
- Howlett, Mukherjee and Woo (2016) “From tools to toolkits in policy design studies: the new design orientation towards policy formulation research” *Policy & Politics*, Volume 43, Number 2, April 2015, pp. 291-311(21)
- Lee, Yanki. “Design Participation Tactics: The Challenges and New Roles for Designers in the Co-Design Process.” *CoDesign* 4, no. 1 (March 1, 2008): 31–50. doi:10.1080/15710880701875613.
- Margetts, Helen, and David Sutcliffe. “Addressing the Policy Challenges and Opportunities of ‘Big Data.’” *Policy & Internet* 5, no. 2 (June 1, 2013): 139–46. doi:10.1002/1944-2866.POI326.
- van Der Wal (2016) “Managing Cross-sector Collaboration” Chapter 11 in the 21st century Public Manager.

LECTURE 6: EVALUATING POLICY DESIGN

- Lecture Notes
- Bali, AS and M Ramesh (2016). First, Do No Harm: A Diagnostic Approach to Policy Formulation. Working Paper
- Dunlop, C. A. (2017). Policy learning and policy failure: definitions, dimensions and intersections. *Policy & Politics*, 45(1), 3-18.
- Geva-May, Iris. “When the Motto is 'Till Death Do Us Part': The Conceptualization and the Craft of Termination in the Public Policy Cycle.” *International Journal of Public Administration*. 24, no. 3 (2001): 263-288.
- Giest, S. (2017). Big data for policymaking: fad or fasttrack?. *Policy Sciences*, 50(3), 367-382.

- Gunton, Thomas. “Megaprojects and Regional Development: Pathologies in Project Planning.” *Regional Studies*. 37, no. 5 (2003): 505-519.
- Howlett, Michael, Anthony Perl and M. Ramesh. *Studying Public Policy: Policy Cycles and Policy Subsystems*. Toronto: Oxford University Press, 2009 Ch 8
- Joseph E Stiglitz and Jay K Rosengard (2015) *Economics of the Public Sector*. WW Norton & Co. (Chapter 7: Equity & Efficiency)
- Lecture Notes
- M Ramesh and AS Bali (2018) *Understanding Policy Effectiveness: The Role of Policy Tools & Capacity*. (Working Paper)
- McConnell, A. (2010). Policy success, policy failure and grey areas in-between. *Journal of Public Policy*, 30(3), 345-362.
- Nair, Sreeja, and Michael Howlett. “Policy Myopia as a Source of Policy Failure: Adaptation and Policy Learning under Deep Uncertainty.” *Policy & Politics* 45, no. 1 (January 2017): 103–18.
- Pauline Ravinet and Meng-Hsuan Chou (2018) *Defining Effectiveness* (Working Paper)
- Peters, B. G. (2015). Policy capacity in public administration. *Policy and Society*, 3(34), 219-228.
- Schaffrin, A., Sewerin, S., & Seubert, S. (2015). Toward a comparative measure of climate policy output. *Policy Studies Journal*, 43(2), 257-282.
- Vedung E., “Six Models of Evaluation” in *Routledge Handbook of Public Policy*. Eds. E. Araral, S. Fritzen, M. Howlett, M. Ramesh, and X. Wu, eds. New York: Routledge, 2013.
- Wu, X., Ramesh, M., & Howlett, M. (2015). Policy capacity: A conceptual framework for understanding policy competences and capabilities. *Policy and Society*, 34(3), 165-171.
- Wu, X., Ramesh, M., Howlett, M., & Fritzen, S. A. (2017). *The public policy primer: Managing the policy process*. Routledge.

LECTURE 7 THEORY & PRACTICE: HEALTHCARE

- Lecture Notes
- Bali, A. S., & Ramesh, M. (2017). Designing effective healthcare: Matching policy tools to problems in China. *Public Administration and Development*, 37(1), 40-50.
- Béland, D., Rocco, P., & Waddan, A. (2016). Obamacare and the politics of universal health insurance coverage in the United States. *Social Policy & Administration*, 50(4), 428-451.
- Blomqvist, A (2011) *Public Sector Healthcare Financing*. Oxford Handbook of Health Economics
- Brinkerhoff, D. W., & Bossert, T. J. (2014). Health governance: principal–agent linkages and health system strengthening. *Health Policy and Planning*, 29(6), 685-693.
- Haseltine, W. A. (2013). *Affordable excellence: the Singapore healthcare story*. Brookings Institution Press.
- Hsiao, W. C. (2003), *What is a health system? Why should we care?* Working Paper. Cambridge: Harvard School of Public Health
- Marmor, T., Freeman, R., & Okma, K. (2005). Comparative perspectives and policy learning in the world of health care. *Journal of Comparative Policy Analysis: research and practice*, 7(4), 331-348.
- Okma, K. G., & Crivelli, L. (2009). *Six Countries, Six Reform Models: Healthcare Reforms Under the Radar Screen*. World Scientific
- Preker AS and Langenbrunner JC (2005) *Spending Wisely: Buying Health Services for the Poor*. Washington, DC: World Bank
- Qian J and Ake Blomqvist. (2014) *Health Policy Reform in China: A Comparative Perspective*. Singapore: World Scientific
- William Hsiao and Peter Heller (2007) *What should Marco Economists Know about Healthcare*. <https://www.imf.org/external/pubs/ft/wp/2007/wp0713.pdf>

- World Health Organization (WHO). (2010). *Monitoring the Building Blocks of Health Systems: A Handbook of Indicators and Their Measurement Strategies*. Washington DC: WHO.
- Xingzhu Liu (2003) *Policy Tools for Allocative Efficiency of Health Services*. World Health Organization. <http://apps.who.int/iris/bitstream/10665/42787/1/9241562528.pdf>

VIDEOS

- Uwe Reindhart 2014 Hewitt Health Care Lecture
<https://www.youtube.com/watch?v=FOBzwoKpC0s>

LECTURE 8: THEORY & PRACTICE: FOOD SECURITY

- Lecture Notes
- Barling, D., Lang, T. and Caraher, M. (2002), *Joined-up Food Policy? The Trials of Governance, Public Policy and the Food System*. *Social Policy & Administration*, 36: 556–574. doi:10.1111/1467-9515.t01-1-00304
- Bastos Lima, M. G., and Gupta, J., 2013. *The Policy Context of Biofuels: A Case of Non-Governance at the Global Level?* *Global Environmental Politics*. Volume 13 | Issue 2 | May 2013. p.46-64
- Candel, J.J.L. *Food Security governance: a systematic literature review*. *Food Sec.* (2014) 6: 585. <https://doi.org/10.1007/s12571-014-0364-2>
- Durant, R, F., and J., S. Legge, (2006), ‘Wicked Problems’ Public Policy, and Administrative Theory: Lessons from the GM Food Regulatory Arena’, *Administration and Society*, 38 (3), 309–334.
- Feindt, P. & Flynn, A., 2009. *Policy stretching and institutional layering: British food policy between security, safety, quality, health and climate change*. *Br Polit.* 4: 386. <https://doi.org/10.1057/bp.2009.13>
- Flores, M., Khwaja, Y. and White, P., 2015. *Food Security in Protracted Crises: Building More Effective Policy Frameworks*.
- Godfray, H. C. J., Beddington, J. R., Crute, I. R., Haddad, L., Lawrence, D., Muir, J. F., ... & Toulmin, C. (2010). *Food security: the challenge of feeding 9 billion people*. *science*, 327(5967), 812-818.
- Lipper, L., et al. (2014). "Climate-smart agriculture for food security." *Nature Clim. Change* 4(12): 1068-1072.
- Van Tongeren, F. (2008). *Agricultural Policy Design and Implementation*. OECD "Implementation: A Synthesis", OECD Food, Agriculture and Fisheries Working Papers, No. 7, OECD Publishing. Doi.org/10.1787/243786286663

LECTURE 9 & 10: UNCERTAINTY & LONG-TERM DESIGN

Concepts

- Becker, S W and Brownson, F O, 1964, *What Price Ambiguity? Or the Role of Ambiguity in Decision-Making*, *Journal of Political Economy*, 72, 1, 62–73.
- Day, P and Klein, R, 1989, *Interpreting the Unexpected. The case of AIDS policymaking in Britain*. *Journal of Public Policy*, 9, 337-353.
- Desai, M, 2015, *Hubris: Why Economists Failed to Predict the Crisis and How to Avoid the Next One*, Yale University Press.
- Hansson, Sven Ove. "Decision Making Under Great Uncertainty." *Philosophy of the Social Sciences* 26, no. 3 (September 1, 1996): 369–86. doi:10.1177/004839319602600304.

- Head, B W, 2016, Toward More ‘Evidence-Informed’ Policy Making?, *Public Administration Review*, 76, 3, 472–84.
- Hood, C, 2002, The Risk Game and the Blame Game, *Government and Opposition*, 37, 1, 15–54.
- Manski, C F., 2011, Policy Analysis with Incredible Certitude, *The Economic Journal*, 121, 554, F261–89.
- Morgan, M G, and Henrion, M, 1990, *Uncertainty: A guide to dealing with uncertainty in quantitative risk and policy analysis*. Cambridge University Press, Cambridge, UK.
- Walker, W.E., Rahman, S.A., Cave, J. (2001). Adaptive policies, policy analysis, and policy making. *European Journal of Operational Research*. 128, 282-289.

Policy tools for addressing uncertainty, case applications

- Deyle, R, 1994, Conflict, uncertainty and the role of planning and analysis in public policy innovation, *Policy Studies Journal*, 22, 3, 457-73.
- Habegger, B, 2010, Strategic foresight in public policy: Reviewing the experiences of the UK, Singapore, and the Netherlands, *Futures*, 42, 49-58.
- Hilaire, J, Bauer, N and Brecha, R J, 2015, Boom or Bust? Mapping out the Known Unknowns of Global Shale Gas Production Potential, *Energy Economics*, 49, 581-587.
- Maxim, L and van der Sluijs, Jereon, P, 2011, Quality in environmental science for policy: Assessing uncertainty as a component of policy analysis, *Environmental Science and Policy*, 14, 482-492.
- Meadowcroft, J. (2009). What about the politics? Sustainable development, transition management, and long term energy transitions. *Policy Sciences*, 42(4), 323–340. <http://doi.org/10.1007/s11077-009-9097-z>
- Polasky, S, Carpenter, S R, Folke, C, and Keeler, B, 2011, Decision-Making under Great Uncertainty: Environmental Management in an Era of Global Change, *Trends in Ecology & Evolution*, 26, 8, 398–404.
- Swanson, D, Barg S, Tyler S, Venema H, Tomar S, Bhadwal S, Nair S, Roy D, and Drexhage J, 2010, Seven tools for creating adaptive policies, *Technological Forecasting & Social Change*, 77, 6, 924-939.

LECTURE 11: THEORY & PRACTICE – PENSION REFORM

- Asher, M., & Bali, A. S. (2015). Public pension programs in Southeast Asia: An assessment. *Asian Economic Policy Review*, 10(2), 225-245.
- Asher, MG and Fauziah Zen (2016) Age Related Pension Expenditure and Fiscal Space. Routledge. Chapter 1
- Bali, A. S. (2014). The political economy of pension reforms in India. *Public Administration and Development*, 34(4), 294-304.
- Barr, N and Peter Diamond (2006) The Economics of Pensions. Oxford Review of Economic Policy. Vol 22 (1) http://eprints.lse.ac.uk/2630/1/economics_of_pensions_final.pdf
- Barr, N and Peter Diamond (2008) Reforming Pensions: Lessons from Economic Theory Policy Directions. *International Social Security Review*. DOI: 10.1111/j.1468-246X.2009.01327.
- Holzmann, R. (2013). Global pension systems and their reform: Worldwide drivers, trends and challenges. *International Social Security Review*, 66(2), 1-29.
- Hujo, K. (Ed.). (2014). *Reforming Pensions in Developing and Transition Countries*. Springer. (Introduction & Conclusion Chapter)
- Mesa- Lago, C., & Bertranou, F. (2016). Pension reforms in Chile and social security principles, 1981–2015. *International Social Security Review*, 69(1), 25-45.
- Weaver, K., & Willén, A. (2014). The Swedish pension system after twenty years: Mid-course corrections and lessons. *OECD Journal on Budgeting*, 13(3), 1A.

LECTURE 12: THEORY & PRACTICE – TRAFFIC CONGESTION

- Arnott, R., Rave, T., & Schöb, R. (2005). Alleviating urban traffic congestion. *MIT Press*
- Bauza, R., & Gozávez, J. (2013). Traffic congestion detection in large-scale scenarios using vehicle-to-vehicle communications. *Journal of Network and Computer Applications*, 36(5), 1295-1307.
- Economist (2016) The driverless, car-sharing road ahead. January 9. <http://www.economist.com/news/business/21685459-carmakers-increasingly-fret-their-industry-brink-huge-disruption>
- Lécué, F., Tucker, R., Bicer, V., Tommasi, P., Tallevi-Diotallevi, S., & Sbodio, M. (2014, May). Predicting severity of road traffic congestion using semantic web technologies. In *European Semantic Web Conference* (pp. 611-627). Springer, Cham.
- Litman, T. (2016). Smart congestion relief: Comprehensive analysis of traffic congestion costs and congestion reduction benefits.
- May, A. D. (2013). Urban transport and sustainability: The key challenges
- Spieser, Kevin, et al (2014) "Toward a systematic approach to the design and evaluation of automated mobility-on-demand systems: A case study in Singapore." *Road Vehicle Automation*. Springer International Publishing, 2014. 229-245.
- Tan, F., Wu, J., Xia, Y., & Chi, K. T. (2014). Traffic congestion in interconnected complex networks. *Physical Review E*, 89(6), 062813.
- Wu Xun and M Ramesh (2014) Market imperfections, government imperfections, and policy mixes: policy innovations in Singapore. *Policy Sciences*. 47: 305-320

LECTURE 13: CONCLUSION

ASSESSMENT

Class Participation – 10%

Students are expected to contribute actively to their own learning, and that of their classmates. The assessment is not measured by “showing up to class”, but by the extent to which you participate and contribute to the discussion in class and in achieving the course’s learning outcomes.

Short Essay 800 words – 15%

All students are to submit a short essay (800 words) on any policy design principle or concept taught in class. A sign-up sheet will be provided in Week 3. The aim of this assignment is to test your conceptual understanding. Please describe the concept as analytically as possible, and explain why it is important from a policy perspective. You are especially encouraged to think of interesting examples to explain the concept.

Evaluation

- a. 30%: Understanding of the Concept
- b. 30%: Connecting it with public policy
- c. 30%: The application of the concept (i.e. interesting example, i.e. ‘non-text book’!)
- d. 10%: Overall writing exposition

Group Paper & Presentation – 35%

Students will be assigned to a group (by random allocation) and can choose to work on one of six broad policy areas covered under the theory & practice weeks. Each group will select a particular policy design challenge in a country of their choice. The paper will have to address a major policy problem that afflicts a sector; review the domain-specific literature; connect it with the literature on policy design; and the current debates on what solutions are being used or considered. This is challenging assignment, which is why each group is required to consult with the instructor in week 4, and turn in a preliminary draft (identifying the problem, its context, the design issues) before the mid-semester break. Students are expected to present their paper in class, lead class discussion, as well as a final submission at the end of week 13.

Word limit: 4000 words

Deadlines for the papers:

- First Draft – Due before mid-semester: 10%
- Final Paper – Due end of week 13: 20%
- Presentation – from week 7 onwards

Closed-book Final Exam – 40%

The exam will be closed-book and students will be informed the exact date, and format closer towards the end of the semester.

Important dates

- Form Groups – End of week 2
- Sign up for Individual Short Essay – End of week 3
- Meet Instructor to discuss Group Project – End of week 4
- Draft Group Essay due – End of week 7
- Individual Short Essay due – End of week 9
- Final Group Paper– End of week 13
- Final Exam – to be announced.

Note for students

Students are expected to contribute actively to their own learning, and that of their peers. Accordingly, participation is not assessed by attendance but the extent to which you participate and contribute to the discussion in class and in achieving the course's learning outcomes. Students are expected to complete all assigned readings and watch the videos before coming to class. Students are expected to actively participate in class discussions. The instructor will create opportunities to ensure all students participate.

Assignments as well as their deadlines are listed on the syllabus and must be adhered to. Delayed submissions (under all circumstances) will receive a 10 percent penalty per 24 hours. An important part of learning is feedback and reflection.

Students can expect to receive feedback on their assignments within 2 weeks, and meet with the instructor during office hours. The quality of your work as a student relies on adhering to the principles of academic integrity and to the Honour Code, a set of values shared by the whole university community. If you are uncertain of the definitions of any of these terms, you should go to the academic integrity website for more information. Consult your instructor.