

Third Edition

PUBLIC POLICY

POLITICS, ANALYSIS, AND ALTERNATIVES

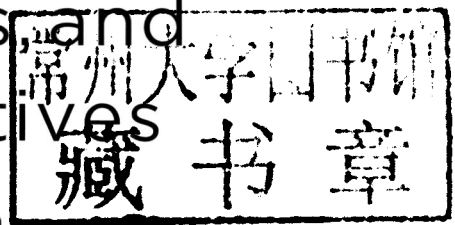
The credit crunch

Michael E. Kraft and
Scott R. Furlong

PUBLIC POLICY

Politics,
Analysis, and
Alternatives

Third Edition



**MICHAEL E. KRAFT AND
SCOTT R. FURLONG**

UNIVERSITY OF WISCONSIN-GREEN BAY



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PUBLIC POLICY

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PREFACE

Health care costs are certain to soar in the coming decades as the baby boom generation ages and begins to demand an array of increasingly expensive medical services. In 2007 spending on health care rose at the lowest rate in nine years, providing some modest relief from what had been an unrelenting upward spiral in costs. Nonetheless, the total rose to \$2.2 trillion, or 16.2 percent of the nation's gross domestic product. That was a record high. The United States spent \$7,421 per person for health care in 2007, a rise of 6.1 percent over spending in 2006. The 2007 figures were released just before Barack Obama took office, after promising sweeping changes in health care policy during the 2008 presidential campaign. By February 2009, however, the Centers for Medicare and Medicaid Services reported that health care spending in 2008 rose to \$2.4 trillion, a 9 percent increase from 2007. Projections show no end to the continuing rise in costs. What is the best way to deal with these ballooning health care costs, particularly in light of other trends—for example, increasing levels of obesity—that could drive up the costs even further? How should we protect the solvency of the Medicare trust fund as demands from baby boomers threaten to bankrupt it and jeopardize benefits for future generations? Indeed, what forms of health care and Social Security will be available to the generation of citizens now in their teens and twenties? What will the alternatives be?

Such public policy decisions touch nearly every aspect of daily life in the United States, although many people fail to recognize or fully understand their impact. Social Security reform, for example, may not seem terribly urgent to most young people today, but it undoubtedly will shape the quality of their lives decades down the road. This is why citizens need to understand not only how governments make policy choices but also how to evaluate those choices. We believe the reason to be politically aware is simple: policymakers are more responsive to the public's preferences and needs and, in some cases, are more effective when citizens take a greater interest in public affairs and play a more active role in the policy-making process. We hope this text stimulates interest and concern while equipping readers with the skills they need to think critically and creatively about policy problems.

The subtitle of this book—politics, analysis, and alternatives—explicitly expresses what we are trying to accomplish, which differs from conventional books on public policy. This text integrates three aspects of public policy study: government institutions and the policy-making process, the concepts and methods of policy analysis, and the choices that we make collectively about substantive public policies at all levels of government. Throughout, we focus on the interrelationship of government institutions, the interests and motivations of policy actors both inside and outside of government, and the role of policy analysis in clarifying public problems and helping citizens and policymakers choose among policy alternatives. These central themes are reinforced by providing students with the tools they need—how to find key information, how to use specific evaluative criteria, how to apply policy analysis methods, and how to assess the role of politics in policymaking—to investigate issues and carry out policy analysis on their own. We believe that this hands-on approach is the best way to teach the skills of analysis and give students not only an understanding of the conduct of public policy but also a way *into* the process.

A FOCUS ON POLICY ANALYSIS

By emphasizing the pervasiveness of public policy, we try to make its study a vital activity for students. They can better appreciate the power they wield to effect change in the system once they are armed with the tools of policy analysis. However, the logic of public policy and its study must be addressed before students encounter these powerful tools of the trade. In Part 1 we demonstrate that public policy choices are not made in a vacuum. Social, economic, political, and cultural contexts matter, as do the distinguishing characteristics of the U.S. government and the rationales behind government intervention. An understanding of the structure of institutions, the motivation of policy actors (both formal and informal), and the unique nature of the U.S. political system will allow students to comprehend the complexity of government while discovering opportunities for engagement with the process. We present multiple perspectives on the policy-making process, from elite theory to rational choice theory, but concentrate on the policy process model—a portrayal of policymaking as a sequence of key activities from agenda setting to policy implementation—that is used in the rest of the book. We hope these chapters encourage students to ask how decisions are made as well as why they are made in one way and not another.

Part 2 gets to the heart of the book and explains the approaches and methods of policy analysis, laying a foundation for dissecting and understanding public problems and policy choices. With careful application of the tools of policy analysis, students can interpret complex and conflicting data and arguments, evaluate alternative courses of action, and anticipate the consequences of policy choices. Specific cases—from tax cuts and cell phone use by drivers to immigration and urban traffic congestion—illustrate both the difficulty of policy analysis and its value in policymaking. Students learn how to find and interpret policy-relevant information and to acquire an understanding of the limitations to what government can do about public problems. The evaluative criteria at the book's core—a focus on effectiveness, efficiency, and equity—train students to think clearly about policy alternatives. Ethical considerations necessarily receive considerable attention as well as the more common concerns over effectiveness and efficiency. Case studies involving organ donation, profiling in relation to homeland security goals, national energy policy, and the morality of embryonic stem cell research give students the opportunity to grapple with controversial issues for which no policymaker has *the* answer.

Part 3 consists of six substantive policy chapters designed to illustrate and apply the concepts and methods introduced in the first two sections of the book. The six core policy areas—economics and budgeting, health care, welfare and Social Security, education, energy and the environment, and foreign policy and homeland security—represent a substantial part of contemporary U.S. policymaking and also present a diversity of economic, political, and ethical issues for analysis. This part of the text offers a clear picture of the issues that beginning analysts would encounter in policymaking or in the evaluation of all areas of public policy. For readers who want to probe more deeply into those policy areas that we discuss peripherally—for instance, criminal justice and civil rights and liberties—we recommend *Issues for Debate in American Public Policy*, which offers selections from the *CQ Researcher* and abundant references to current policy debates.

Consistent with the text's emphasis on analysis, we begin each policy area chapter with a brief illustration of a policy scenario (rising budget deficits and a deteriorating economy, the

costs of health care and the gap between spending and results, the persistence of poverty in the United States, controversies surrounding implementation of the No Child Left Behind Act, conflicts over national energy policy and climate change, and the use of private contractors in the Iraq war) to spark student interest. A background section describes the public problems faced and the solutions chosen to date. We briefly summarize major policies and programs, discuss when and how they came into effect, review available policy evaluations, and suggest how students can investigate policy alternatives. At the end of each chapter, we offer a focused discussion of policy reform in terms of the key evaluative criteria used throughout the text: effectiveness, efficiency, and equity. These discussions link closely to the kinds of questions that can be asked about any proposal for policy change and how it might be addressed. In Part 4, a concluding chapter brings together the arguments of the text and looks to future challenges in public policy.

We made a great many changes throughout the text while preparing this third edition. We updated material in every chapter, particularly those that focus on substantive policy topics. In all chapters we incorporated new studies and interpretations and made use of new illustrations and case studies of policy controversies and actions. In addition, we sought throughout the text to improve the clarity of presentation and to update all references to Web sites and recommended readings.

SPECIAL FEATURES

To underscore the importance we place on active learning and critical engagement, we include two unique text boxes to guide students as they research policy problems: “Working with Sources” and “Steps to Analysis.” The first type of feature identifies important sources of information and how to utilize them, providing step-by-step suggestions on how to make good (and critical) use of the information found on Internet sites—among other resources—that offer important data sources and policy perspectives. The “Steps to Analysis” feature invites critical thinking about specific policy problems. It demonstrates how to ask the urgent questions that drive policy analysis, then presents ways to narrow and refine these questions into feasible projects. To further direct students to the information they need, discussion questions at the end of each chapter get at, for instance, the “best” way to deal with health care concerns, environmental problems, education issues, or homeland security. These questions are followed by annotated suggested readings, suggested Web sites, a list of major legislation where appropriate, a list of keywords, and chapter notes. Students will find a reference list and a glossary at the end of the book as well.

A variety of ancillaries, updated and revised by Kevin Vonck, accompany this text. A companion Web site at www.cqpress.com/cs/publicpolicy offers students concise chapter summaries, practice quiz questions (modeled on the test bank questions), exercises that further the book’s goals, annotated links that allow easy access to the Web sites found in the text, and much more. All of these features are keyed to each of the thirteen chapters in the text, and they will be updated regularly. Instructors should note that the quizzes and exercises on the Web site, as well as those in the text itself, provide the basis for potential assignments for students—quiz results can be e-mailed to instructors for credit, as can answers to exercises in the form of online

response boxes. These can be used as models that instructors can adjust as necessary to concentrate on other areas of public policy. The instructor's resources—available at no cost to adopters—include a full test bank of approximately 300 questions that have been fully class tested and are available in Respondus format so instructors can generate multiple forms of customized tests that are fully compatible with course management systems. To assist in classroom preparation, PowerPoint lecture outlines for all thirteen chapters, as well as all the book's tables and figures in electronic format, also are available.

We have tried to make this text a distinctive and appealing introduction to the study of public policy while also maintaining a commitment to scholarly rigor. Our experience with students in many years of teaching tells us that they can handle demanding reading and exercises if these are linked firmly to concrete issues that affect society and students' personal lives.

Above all, the text emphasizes the urgency of making government more responsive to citizen concerns and equips students with the skills they need to understand policy controversies. Thus we hope the text inspires students to take a serious interest in government, politics, and public policy, and to participate enthusiastically in policy debates and decision making throughout their lives.

ACKNOWLEDGMENTS

Preparation of this text reflects contributions from many individuals and institutions. We are particularly grateful for support from the University of Wisconsin–Green Bay and our colleagues in the Department of Public and Environmental Affairs. Our students in Introduction to Public Policy, Public Policy Analysis, and other courses have taught us much over the years, especially about what they need to know to become informed citizens and effective policy professionals. We are also grateful to them for allowing the liberty of asking them to read drafts of the chapters.

We also appreciate the efforts of hundreds of creative public policy scholars whose work makes a book like this possible. Our citation of their publications is a modest way of acknowledging our dependence on their research and insights into policy analysis and policymaking. We thank Marc Eisner, Wesleyan University; Joseph Karlesky, Franklin and Marshall College; Paul Lewis, Arizona State University; and Margaret Stout, West Virginia University, for their critical appraisals and perceptive, helpful suggestions. Special thanks are also due to the skilled and conscientious staff at CQ Press: Brenda Carter, Charisse Kiino, Talia Greenberg, Allison McKay, and Lorna Notsch. As always, any remaining errors and omissions rest on our shoulders. We hope readers will alert us to any such defects and suggest changes they would like to see in future editions. Contact us at kraftm@uwgb.edu or furlongs@uwgb.edu.

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