

**Boston University  
School of Management**

**PL 882**  
Spring 2011  
T, R 2:00 - 3:30  
Room 322

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Office Hours: Tues.4-5:30PM  
(or by appt.)

**PUBLIC POLICY ANALYSIS:  
Public Roles in Private Markets**

**Course Objective:**

Much of your curriculum at SMG focuses on decision making in private organizations and the many factors that affect the performance of companies operating in different markets and environments. Those of you working in the private sector will face decisions that have consequences not only for the company, its shareholders, employees, and customers, but also for the public. These larger impacts—whether positive ones like providing economic opportunities to people or negative ones like pollution—imply that private decisions have consequences on public value. Those of you working in the public and not-for-profit sectors will face decisions that seek to benefit the “public interest,” defined as the core constituency of your not-for-profit or government agency, the people who elect you or support your organization, or a vaguely defined “public at large.” Whatever the definition, the challenge of decision-making is how to best pursue a program, initiative, or respond to a social problem in order to enhance public value.

But what is *public value*? How can it be measured and weighed against the costs of producing it? How do the actions of private, public, and not-for-profit organizations create or diminish public value? What guidance can an understanding of public value provide for those operating in business, government, or the non-profit world? This course will examine these questions by developing and then drawing on core tools of public policy analysis. We will then apply the ideas of policy analysis to a range of problems and situations.

Public policy analysis requires that one collect facts and evaluate them based on one or more criteria. As recent debates about issues ranging from fiscal policy to education reform to climate change illustrate, each step of the policy analysis process is controversial: the “facts” surrounding an issue are often contested and analysts frequently differ on the appropriate forms of analysis and what assumptions should underlie it. There is even more intense debate about what the appropriate criteria one should use in evaluating those outcomes. Finally, the implications of findings on recommendation raise even more controversy. The increasingly polarized nature of many public debates leads many to believe that policy analysis is inherently subjective with each side of the policy selecting their preferred experts.

A critical task is therefore to separate disagreements over facts and analysis from those about the values underlying chosen objectives and recommendations. Although this is seldom easy to do, it is an intrinsic and essential part of the public policy analysis process.

## Wikipedia Public Policy Initiative:

This course will provide students with a unique opportunity to learn and apply policy analysis methods and at the same time engage in debates about facts, analysis and implications. Along with a small number of public policy courses at other graduate schools, SMG will be a pilot participant in the Wikipedia Public Policy Initiative (<http://bit.ly/WikiPubPol>). Sponsored by the non-profit Wikimedia Foundation, this initiative engages public policy students in contributing to public policy content on Wikipedia, allowing them to subject their research and analysis to a debate involving a real-world audience of thousands of readers. As such, it will provide students a unique chance to participate in real policy debates as they apply the ideas of policy analysis to issues chosen by them.

Throughout the semester, we will debate a variety of pressing social problems, informed by the tools of economics and public policy analysis. In the course of those debates (in the class and with members of the wider Wikipedia community), I hope your views on a variety of issues will be challenged, sharpened, and reexamined. The bottom line of the course is to think about a wide variety of difficult public policy questions using insights on how private choices at the individual, firm, and industry levels affect the achievement of public ends. The aim of our discussions will be to build your abilities to weigh the different sides of these issues, gain a greater understanding of the nature of debate regarding facts, analysis, and opinion and ultimately come to your own conclusions about what they say about appropriate private and public policy choices.

## Required Textbooks and Materials:

- ◆ David Weimer and Aidan Vining. *Public Policy Analysis: Concepts and Practice*. 5<sup>th</sup> Edition, (Prentice Hall, 2011).
- ◆ Archon Fung, Mary Graham, and David Weil. *Full Disclosure: The Perils and Promise of Transparency*. (NY: Cambridge University Press, 2007).
- ◆ Richard Thaler and Cass Sunstein. *Nudge: Improving Decisions About Health, Wealth, and Happiness..* (Princeton, NJ, 2008)—Optional text.

The texts are available at the Boston University B&N bookstore. There are additional materials and cases posted on the SMG Tools website for use throughout the semester.

## Wikipedia Resources:

As participants in the Wikipedia Public Policy Initiative, students will have access to Wikipedia Campus Ambassadors who will be involved in class sessions as well as available outside of class. Our Campus Ambassador will be Baruch Stone. In addition, students will also have access to on-line Ambassadors who will also provide assistance and guidance. More details on the Initiative and Ambassadors will be provided early in the semester.

## Course Requirements

This is a class on developing and applying systematic and rigorous analysis to questions involving public policy. As such, students will be required to engage in policy analysis from the first class onward, both in cases we will discuss together and in the development of a policy analysis that is a central part of the Wikipedia Public Policy Initiative. The course requirements reflect this emphasis on application:

a. *Wikipedia Deliverables*: A central part of this course will be preparing a major addition to Wikipedia on a chosen public policy topic. The policy analysis will provide you a way not only to apply ideas from the course to a policy issue of your choosing, but also allow you to interact with a much larger community regarding that issue. In order to make this more tractable and allow you to learn as you develop your analysis, there are a series of deliverables that are listed below in the time table. You will have access to Wikipedia Campus Ambassadors as well as on-line Ambassador Mentors to assist you and your team mates throughout the semester.

b. *Policy Analysis Project*: You will be asked to work in groups of 3-4 people to define a policy problem of your choosing and then analyze the key issues related to it. One part of the analysis will become the basis for a Wikipedia entry (either an original entry or a significant addition to an existing entry). This analysis will provide the basis for recommendations that will be based on your findings and analysis. This will be provided in the form of a short public policy memo. Finally, you will present your findings in a class presentation at the end of the semester. Additional details on the project and an evaluation rubric will be provided separately.

c. *Final Exam*: There will be an open-book, open-note final examination. Additional details will be provided during the semester.

d. *Class Participation*: Active class participation is expected throughout the semester. Please speak with me before class if you feel unprepared to participate in discussions.

e. *Evaluation*: The relative weight of each of the above in the final grade is as follows:

1. Wikipedia deliverables—see below (25%)
2. Policy analysis memo and presentation (20%)
3. Final exam—**May 12** (35%)

4. Class participation (20%)

## Class Schedule, Readings, and Deliverables (Subject to Revision)

NOTE: The following schedule is a framework which will be adjusted as student teams select specific topic areas. Topics in **bold** type are devoted to core policy analysis content. Topics in *italicized* type are sessions devoted to Wikipedia Public Policy Initiative. The schedule will be updated on the SMG Tools course website.

*Section 1: Criteria, frameworks and basic tools of the trade*<sup>1</sup>  
Efficiency, fairness, social welfare analysis, and benefit / cost principles

Date	Topic	Readings	Deliverables (check Wikipedia page for latest details)
1/25	<b>Introduction: What is public policy?</b>	Weimer and Vining, Chapter 2 <sup>m</sup> Minicase: Better Living through Labeling	
1/27	<b>Theoretical foundations for policy analysis: Why intervene?</b>	Weimer and Vining, Chapter 4	
2/1	<i>Introduction to the Wikipedia public policy initiative</i>	Weimer and Vining, Chapter 14 Wikipedia “Five pillars” and related materials (on site)	<b>* User accounts and user pages established</b>
2/3	<b>Measuring public value</b>	Weimer and Vining, Chapter 16, pp. 383-387; 393-396 <sup>m</sup> Minicase: Sanitizing Nunn	
2/8	<b>Benefit / cost analysis principles (I)</b>	Weimer and Vining, Chapter 16, pp. 387-393.	<b>* Policy analysis groups chosen</b>
2/10	<b>Benefit / cost analysis principles (II)</b>	Weimer and Vining, Chapter 16, pp. 396-406. <sup>m</sup> Minicase: Perry Preschool at 40	
2/15	<b>Benefit / cost analysis principles (III)</b>	Weimer and Vining, Chapter 7, pp. 132-139; 142-153 <sup>s</sup> Rawls, “Reasons for Maxi-Min”	

<sup>1</sup> Along with the required texts, material referenced throughout this schedule can be found in the following areas:

<sup>s</sup> Available on SMG Tools in the Background Reading area under Resources.

<sup>m</sup> Available on SMG Tools in the Minicase area under Resources.

## *Section 2: Reasons for Intervention<sup>2</sup>*

Public goods, externalities, information problems and irrational decisions

<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Deliverables</b>
2/17	<i>Editing on Wikipedia and interacting with the on-line community</i>		<b>* Topic areas chosen by teams</b>
<b>2/22</b>	<b>Class cancelled: Monday schedule</b>		
2/24	<b>Public goods: Who should create them?</b>	Weimer and Vining, Chapter 5, pp. 71-91 <sup>s</sup> Plumb, “Americans Would Pay for Infrastructure” <sup>m</sup> Minicase: Highway to Metropolis	
3/1	<b>Externalities: The basic problem</b>	Weimer and Vining, Chapter 5, pp. 91-97 <sup>s</sup> Ruff, The Economic Commonsense of Pollution <sup>s</sup> Hardin, Tragedy of the Commons <sup>m</sup> Minicase: Coasian Transfers	
3/3	<b>Information problems in general</b>	Weimer and Vining, Chapter 5, pp. 103-111 Fung, Graham, and Weil, Chapters 2 and 3 Thaler and Sunstein, , Introduction, Chapters 4	<b>* Relevant Wikipedia article(s) related to chosen topic and listed on course page</b>
3/8	<b>Choice architecture and action cycles</b>	Thaler and Sunstein 5, 6 Fung, Graham, and Weil, Preface, Chapters 1, 2 <sup>m</sup> Minicase: Swedish Social Security	
3/10	<i>Policy analysis workshop / check in</i>	Weimer and Vining, Chapter 15, pp. 340-354	<b>* First draft of Wikipedia article in sandbox</b>
<b>3/15</b>	<b>Spring recess</b>	<b>No class</b>	
<b>3/17</b>	<b>Spring recess</b>	<b>No class</b>	

2 Along with the required texts, material referenced throughout this schedule can be found in the following areas:

<sup>s</sup> Available on SMG Tools in the Background Reading area under Resources.

<sup>m</sup> Available on SMG Tools in the Minicase area under Resources.

**Section 3: How much to intervene?**<sup>3</sup>  
Assessing individual and social risks

<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Deliverables</b>
3/22	<b>Thinking about risk, life, and other uncomfortable questions</b>	Weimer and Vining, Chapter 6, pp. 119-124; Chapter 16, pp.417-419 <sup>c</sup> Graham and Weiner, Risk versus Risk, Chpt. 1	<b>* Leave comments on 2 other team articles</b>
3/24	<b>Individual risk and spillovers</b>	Sunstein and Thaler, Chapters 1-3 <sup>m</sup> Minicase: Texting and Driving (A), (B)	<b>* Summary article revised and moved from sandbox to main space.</b>
3/29	<b>Setting exposure levels for public risks / <i>Wikipedia etiquette and interaction</i></b>	<sup>c</sup> Zeckhauser and Viscusi, “Risk Within Reason” <sup>c</sup> Sunstein, “The Paralyzing Principle” <sup>c</sup> Zeckhauser and Sunstein, “Overreaction to Fearsome Risks” <sup>m</sup> Minicase: Regulating Arsenic in Drinking Water	

**Section 4: How to intervene: The spectrum**<sup>3</sup>  
Tools for changing behavior

<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Deliverables</b>
3/31	<b>Changing behavior 1: Tough individual choices</b>	Thaler and Sunstein, Chapter 11 Weimer and Vining, Chapter 10, pp. 235-247; <sup>m</sup> Minicase: Organ Donation	
4/5	<b>Changing behavior 2: Tough organizational choices</b>	Thaler and Sunstein, Chapter 10 <sup>s</sup> Gawande, “The Checklist”	
4/7	<b>Changing behavior 3: Altering company-level behavior</b>	Weimer and Vining, Chapter 10, (especially pp. 209-235) Thaler and Sunstein, Chapter 12 <sup>s</sup> Deutsch, Companies and Critics Try Collaboration	

<sup>3</sup> Along with the required texts, material referenced throughout this schedule can be found in the following areas:

<sup>s</sup> Available on SMG Tools in the Background Reading area under Resources.

<sup>m</sup> Available on SMG Tools in the Minicase area under Resources.

		<sup>m</sup> Minicase: Perc and Dry Cleaning	
4/12	<b><i>Policy analysis, objective facts, political debate and civic discourse</i></b>	Weimer and Vining, Chapter 15, pp. 354-376. Wikipedia content	<b>* 2 page reflective essay on Wikipedia experiences</b>
4/14	<b>Changing behavior 4: Altering market-level behavior</b>	Fung, Graham, and Weil, Chapter 4 <sup>s</sup> Gramlich, “Booms and Busts” <sup>m</sup> Minicase: “Subprime Mortgages and the Prospects of Transparency”	

### ***Section 5: Pulling the pieces together***<sup>4</sup>

Integrating public policy analysis

<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Deliverables</b>
4/19	<b>Policy workshop 1 (Presentations on a selected topic)</b>	Wikipedia content: To be assigned by groups	<b>Team presentations</b>
4/21	<b>Canceled: Monday schedule</b>		
4/26	<b>Policy workshop 2 (Presentations on a common topic)</b>	Wikipedia content: To be assigned by groups	<b>Team presentations</b>
4/28	<b>Policy workshop 3 (Presentations on a common topic)</b>	Wikipedia content: To be assigned by groups	<b>Team presentations and all groups provide:</b> * <b>“Final” Wikipedia article</b> * <b>Final policy analysis memo with associated recommendations</b>
5/3	<b>Policy workshop 4 (Presentations on a common topic)</b>	Wikipedia content: To be assigned by groups	<b>Team presentations</b>
5/5	<b>What was THAT all about?</b>	Thaler and Sunstein, Chapters 16-18 Fung, Graham, and Weil, Chapters 7 and 8	

<sup>4</sup> Along with the required texts, material referenced throughout this schedule can be found in the following areas:

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<sup>m</sup> Available on SMG Tools in the Minicase area under Resources.