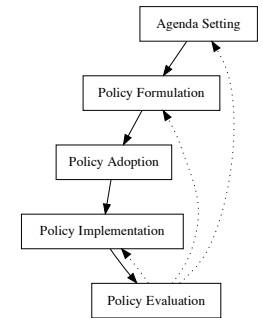


## PUBLIC POLICY AND THE POLICY PROCESS

- Public policy: the actions and activities of government.
  - We can also think about public policy as what government produces as an outcome.
- Scholars who study government policymaking view it as a multistage process with five steps:
  - Agenda Setting → Policy Formation → Policy Adoption → Policy Implementation → Policy Evaluation.

## STEPS IN THE POLICYMAKING PROCESS

- **Agenda setting:** defining and prioritizing the problems facing government.
- **Policy formation:** considering possible solutions.
- **Policy adoption:** formal government action to endorse a solution.
- **Policy implementation:** bureaucracy attempts to make the policy work in practice.
- **Policy evaluation:** government officials gather evidence on the effectiveness of the policy.



## TYPES OF POLICIES

- There are three major types of government policies that are commonly implemented:
  - **Redistributive policies**
    - “Robin Hood” policies.
    - Example: social welfare programs.
  - **Distributive policies**
    - Examples: public education; agriculture subsidies.
  - **Regulatory policies**
    - Examples: speed limits; environmental laws.

## ENTITLEMENT SPENDING

- Anyone who meets the eligibility criteria for an **entitlement program** has a legal right to benefit from the program.
- Most prominent and expensive programs are those benefiting the elderly:
  - **Social Security**: old age, disability, and survivor benefits.
  - **Medicare**: medical coverage for senior citizens, the permanently disabled, and those with certain terminal illnesses.



## ANTI-POVERTY POLICY

- Typically structured as “cooperative federalism” programs with cost-sharing between federal and state governments.
- Unemployment insurance.
- **Temporary Assistance to Needy Families** (TANF).
- **Medicaid** and **CHIP** (Children's Health Insurance Program).
- **Supplemental Nutritional Assistance Program** (SNAP).
- **Section 8** (housing vouchers).

## HEALTH POLICY

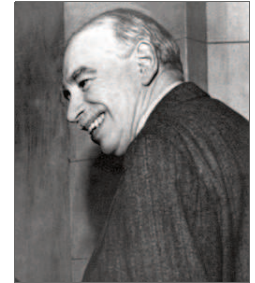
- 2010 **Patient Protection and Affordable Care Act** (PPACA or “ObamaCare”) restructured health care substantially:
  - Eliminates *pre-existing conditions* rules and limits ability of insurers to charge more based on gender, age, or most pre-existing conditions.
  - Introduces *individual* and *employer mandates* to require buying health insurance.
  - Establishes “exchanges” to sell individual and small group health insurance policies.
  - Expands eligibility for Medicaid; many states opted out.
- Provisions being phased in; long-term impact unclear.

## ECONOMIC POLICY

- Debate over how much government should be involved in managing the economy.
- Two ways the federal government can attempt to manage the economy:
  - **Fiscal policy.**
  - **Monetary policy.**

## FISCAL POLICY

- Using taxes and government spending to influence society.
  - Taxes may be used to fund government programs or try to shape the actions of individuals and corporations.
  - Government may provide **subsidies** to encourage the development of certain industries or companies or change their behavior.
  - **Keynesianism:** use of taxes and spending to smooth out the *business cycle*.



## TAX POLICY

- Primary source of federal revenues is the individual **income tax**. Rate structure is **progressive**.
- Separate **payroll taxes** fund social security and Medicare.
- Conservative politicians often favor simplifying the income tax by only having one tax rate and eliminating deductions, making it a **flat tax**.
- Most countries have some form of **value added tax (VAT)**, similar to a national sales tax. VATs tend to be **regressive**.

## DEFICITS AND THE DEBT

- Difference between expenditures and revenues is the **deficit** (or, rarely, a **surplus**).
- The **public debt** is the accumulated borrowing to cover deficits over time; *bonds* are sold to cover deficits.



## MONETARY POLICY

- Changing the supply of money affects *interest rates* and *inflation*.
- Monetary policy is managed by the Board of Governors of the **Federal Reserve System**.
  - Seven members appointed by president and confirmed by the Senate.
  - Serve 14-year terms, not eligible for reappointment.
- Goals: “maximum employment, stable prices, and moderate long-term interest rates.” (12 USC 225a)



## FOREIGN POLICY

- Historical debate between *isolationism* and *interventionism*.
- Major actors:
  - **National Security Council** (NSC).
  - **Department of State**: responsible for **diplomacy**.
  - **Department of Defense** (DoD): military heads are the **Joint Chiefs of Staff** (JCS), under civilian control.

## THE INTELLIGENCE COMMUNITY

- Under supervision of the **Director of National Intelligence**. Key agencies:
  - **Central Intelligence Agency (CIA)**: independent agency.
  - Within the Department of Defense:
    - **National Security Agency (NSA)**
    - **Defense Intelligence Agency (DIA)**
  - **Federal Bureau of Investigation (FBI)**, National Security Branch: within Department of Justice.



## THE WAR POWERS RESOLUTION OF 1973

- Response to Korean and Vietnam wars. Key provisions:
  - Requires president to notify Congress of use of military force.
  - Presidents cannot commit troops for more than 60 days without explicit authorization by Congress.
  - Congress may pass a concurrent resolution requiring president to withdraw troops at any time.
- Presidents have argued the law is unconstitutional; have generally conformed to the spirit but not the letter of the law.

## “INTERMESTIC” ISSUES

- Trade policy: *free trade* vs. *protectionism*.
  - Regional integration: NAFTA.
  - Global free trade: WTO.
- Environmental policy and climate change.
  - Kyoto Protocol.
  - Cap-and-trade, carbon taxes, etc.
- Immigration policy.