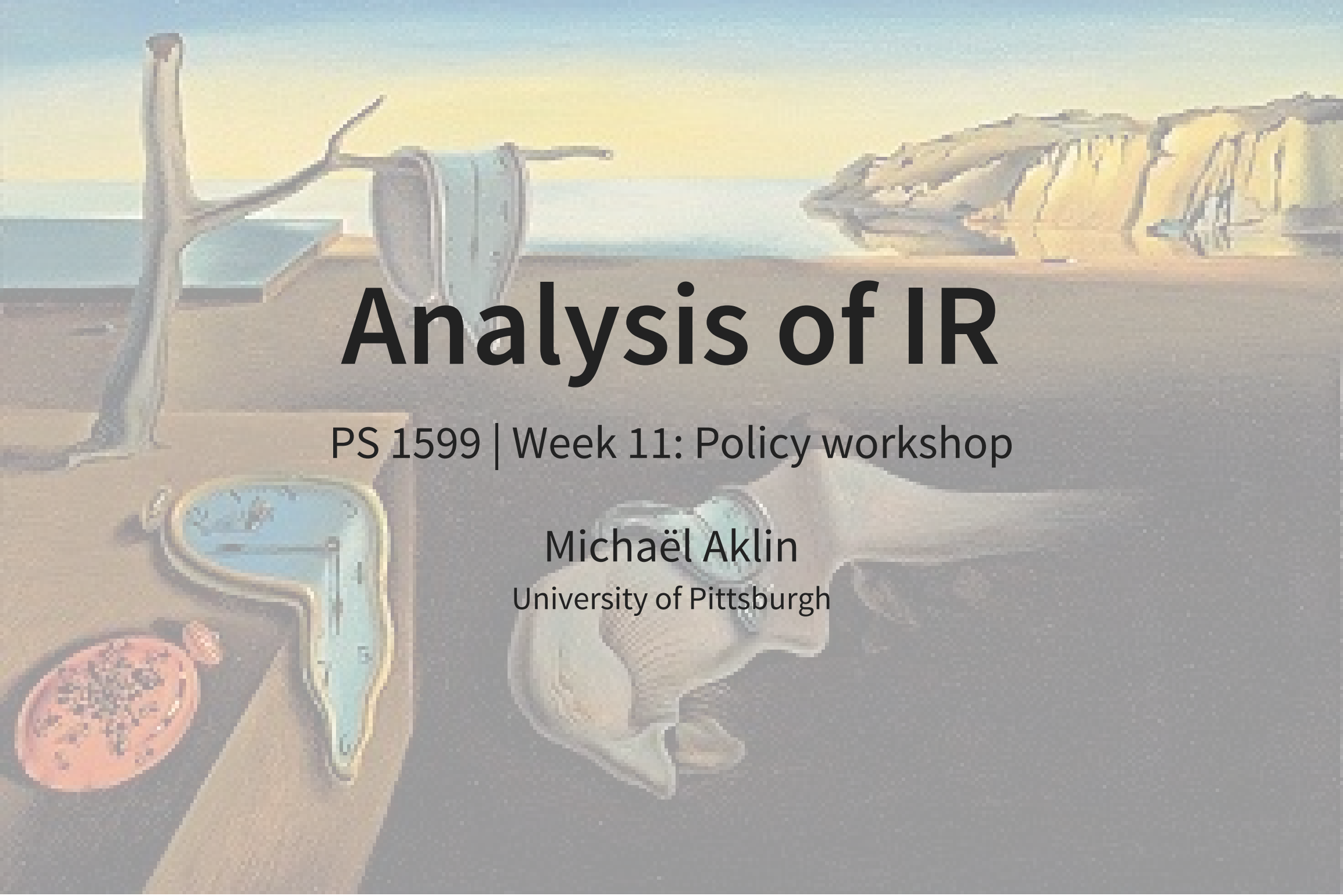

Analysis of IR

PS 1599 | Week 11: Policy workshop

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Administration

- Office hours
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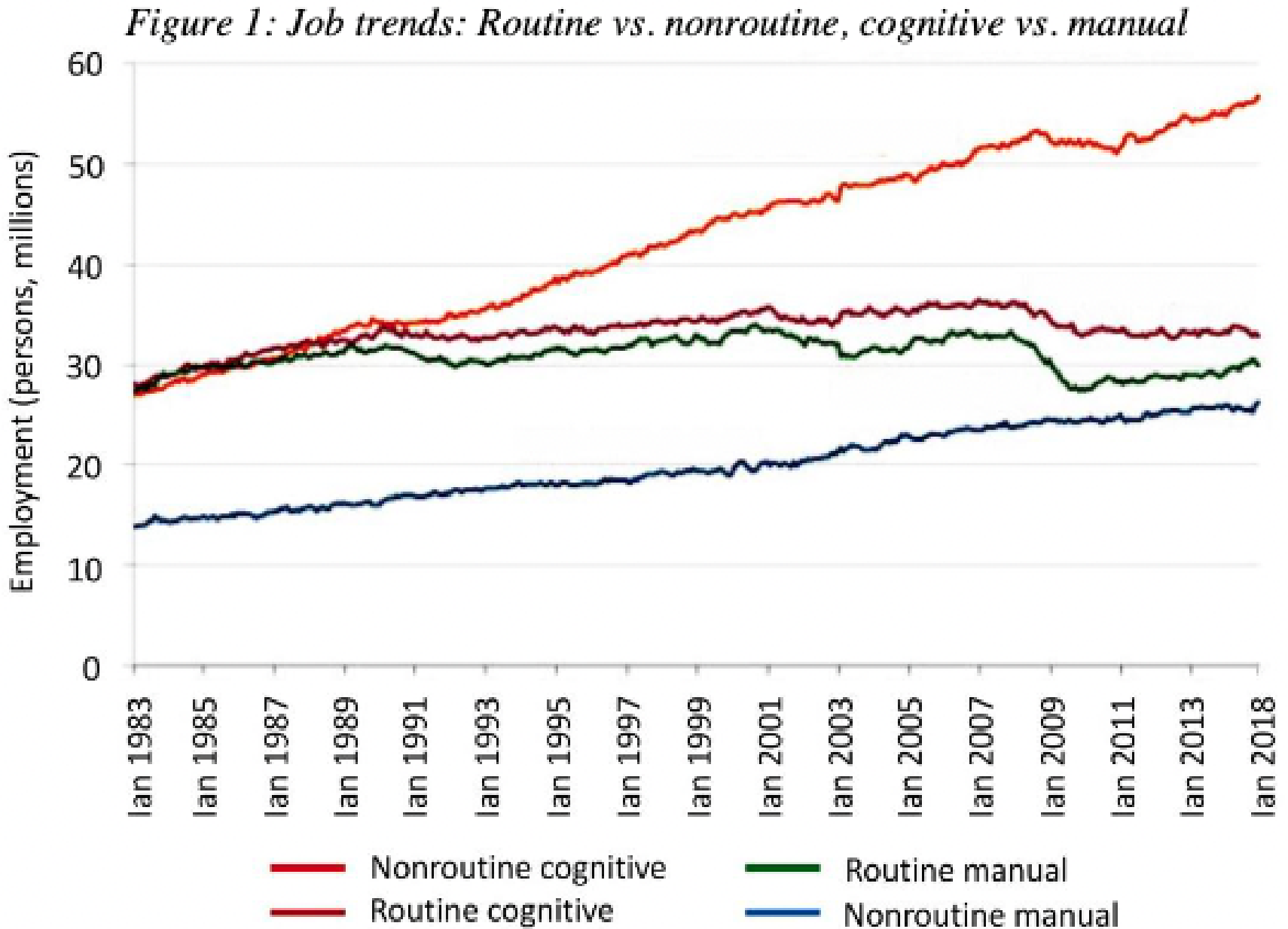
- Schedule: to be updated

Policy as problem-solving

Why problem-solving?

Jobs vary on two dimensions

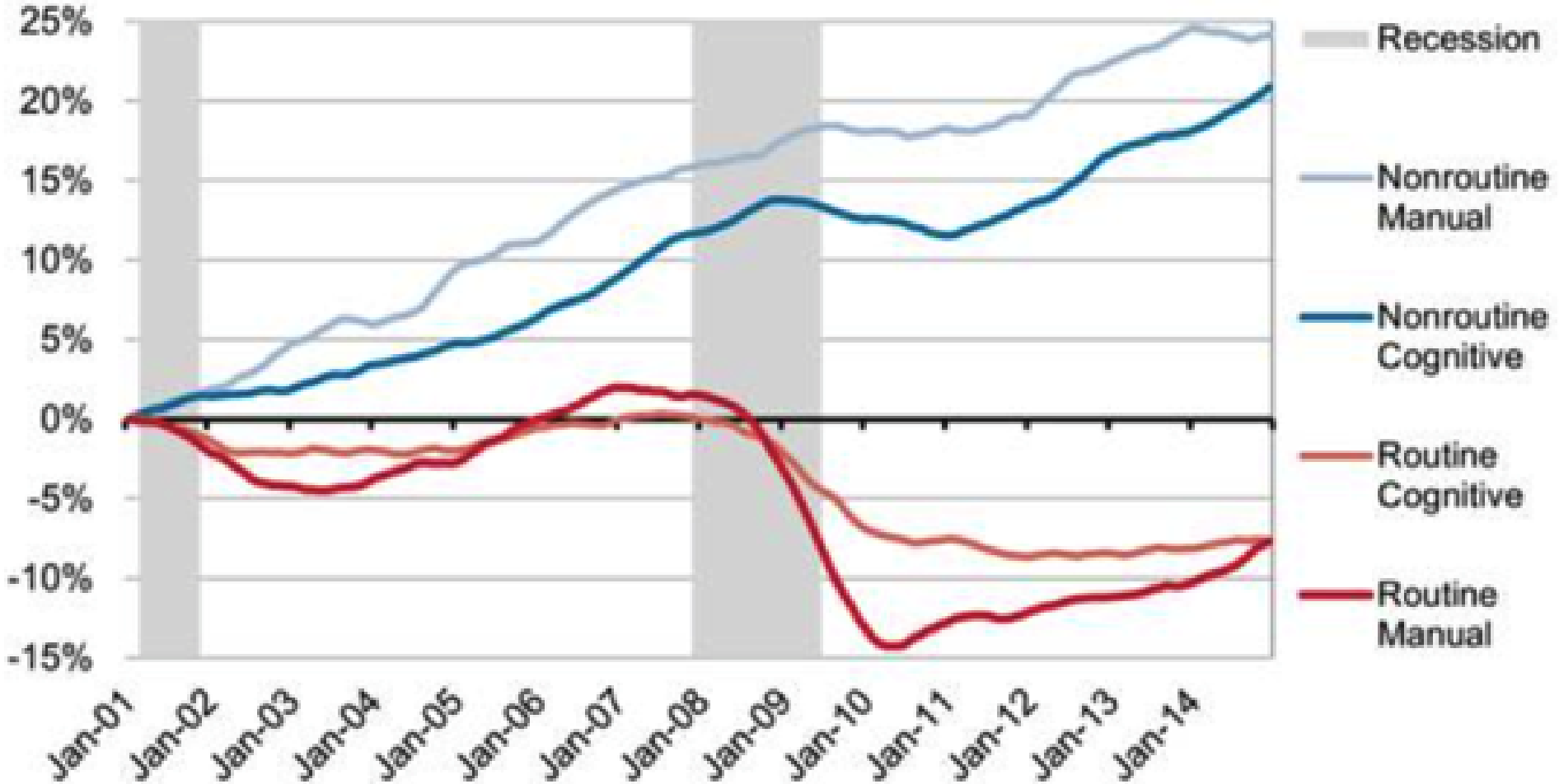
- Cognitive vs manual: workers provide thoughts or manual labor
- Routine vs non-routine: tasks are being repeated or not
- Most jobs have a mix of all four
  - Eg doctor does admin, helps physically move patients, thinks about diagnosis
- Prospects for routine jobs/tasks are not great…



Source: Federal Reserve

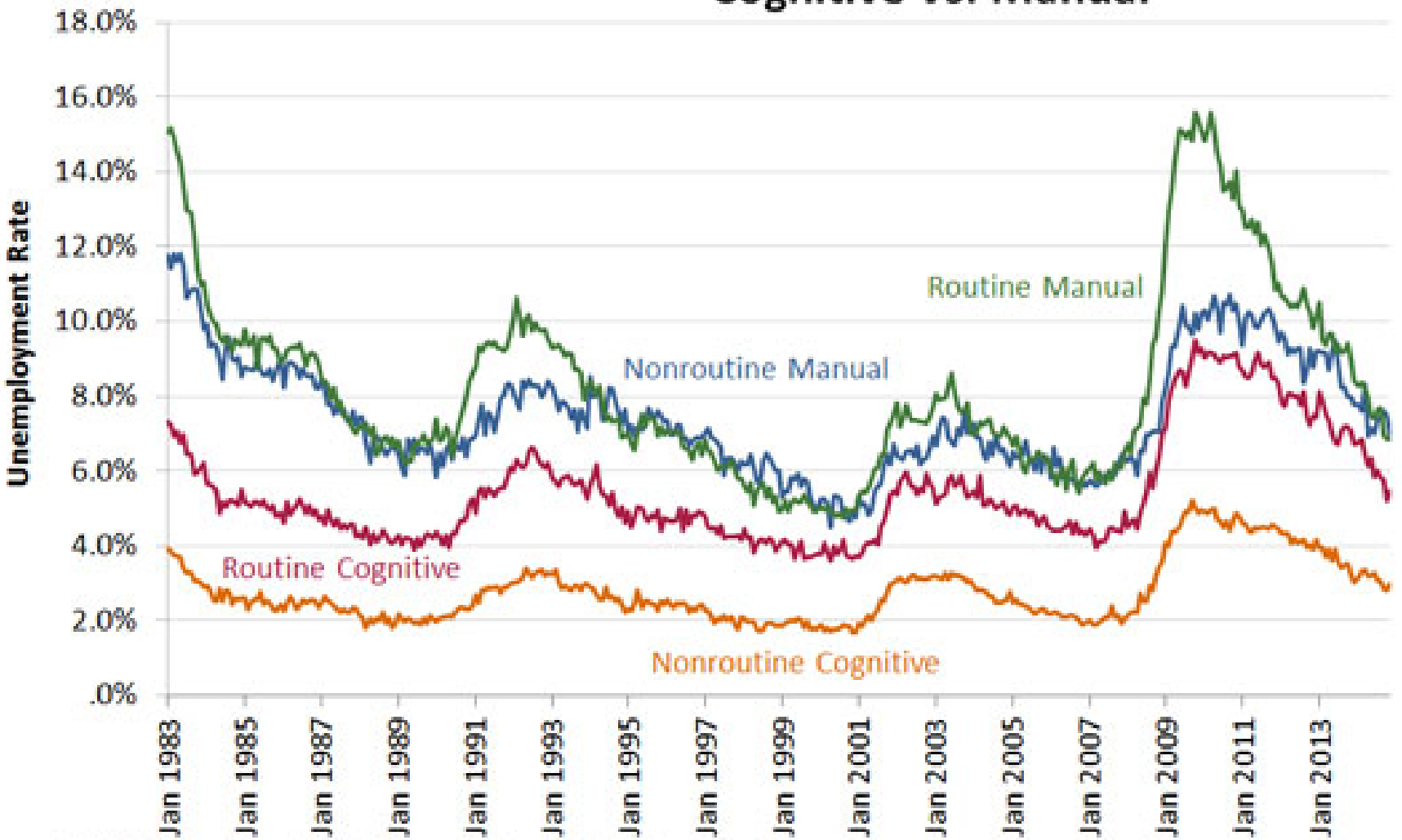
Break Your Routine

When jobs are sorted by whether the work is routine, all job growth since 2001 has been in nonroutine jobs. Percent change in jobs, since 2001, 12-month moving average.



Source: Henry Siu and Nir Jaimovich for Third Way | WSJ.com

Unemployment Rate: Routine Vs. Nonroutine, Cognitive Vs. Manual



SOURCE: Current Population Survey and author's calculations.

	Routine	Non-routine
Manual	Assembly line worker	Nursing home
Cognitive	Data entry	You?

Policymaking, inventor, manager, artist, social service, education, etc.

Cognitive/non-routine tasks

- Innovation
- Prediction
- Evaluation
- Strategization
- Problem-solving

- Future labor market…
  - topic of this class
  - train you to overcome it!
- Assignments:
  - Data analysis
  - Solving problems

Policy report

Aim of assignment

- Take your research report and show that you can think about its implications + solve problem(s)
- Research report: *who is/isn't interested in and supportive of renewable energy technology*
- Now: think about policy solutions to increase support among those who aren't interested/supportive
- Audience: President Biden or Governor Shapiro (PA)

Illustration

> My research report shows that people with *low levels of education* are *less* supportive of *renewable energy*. Possibly, this is because they are unaware of the benefits of renewable energy. Thus, I recomment (a) an information campaign targeted toward adults, (b) an education campaign in high schools.

Requirement

- Short paper (3-5 pages)
- Worth 30%
- Due on 4/21
- Template + instructions on the website

Content

- Executive summary (0.5-1 page): overview of the paper
- Literature review + your finding(s) (research report) (~1p)
  - Adapt your literature review from research report
  - Add your own findings at the end
- Policy options (1-2p)
  - Provide 3 policy ideas
  - Explain which one should be prioritized
- Next steps (0.5p)
  - How will you favorite policy be implemented?

Grading

- Effective policies (do they address the problem?)
- Balance creativity/realism (are the policies realistic and do they overcome typical bottlenecks?)
- Clarity of paper (direct, jargon-free language)

Questions?

Policymaking and problem-solving

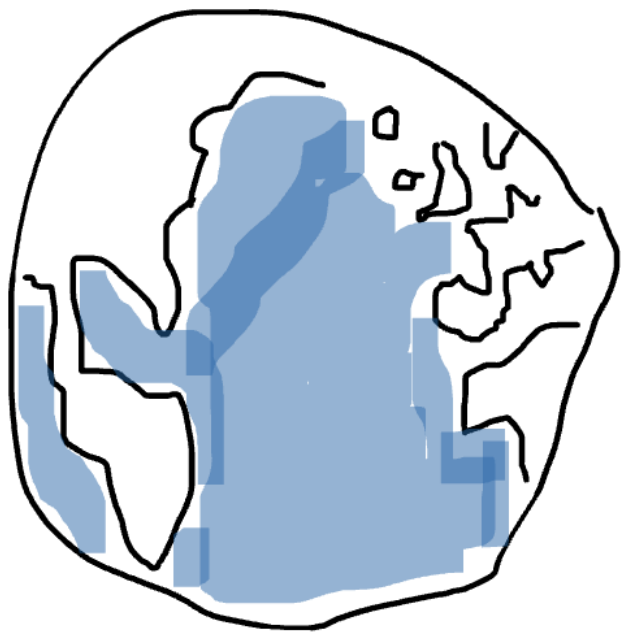
Principles of policymaking

This ‘gap’ is the problem: social/political problems (aka collective action failures)

Solution: public policy

In other settings:

- Business strategy
- Preaching
- Etc.



World as it is
(“positive politics”)

World as it should be
(based on ethics)

1st step: aim/goal

- Identify a goal
- Politics/society: what do you want the world to be like (ethics)
- Business: market shares, profits, etc.
- Others: achievements (sports), personal goals, etc.
- In general: helps to draw a measurable target
  - “Reduce poverty by 10%” vs “Making people happy”

2nd step: diagnostics

- Explain why the problem is happening
- Different types of problems
- 1. Individual problems. Eg smoking.
- 2. Social problems. Eg prisoner's dilemma.
- 3. "Natural" problems. Eg natural disasters, sickness.
- Often: problems are a combo of these!

3rd step: solutions

- Look for solutions (policymaking!)
- Type of solutions depends on type of problems
- Need to solve the fundamental cause(s) of the problem
- Eg for climate change:
  - CC is caused by evil oil companies
  - CC is caused because negative externalities aren’t ‘internalized’

Public policy

Tools used by public authorities to modify our environment to (presumably) solve individual/social/natural problems

- Often: solve social problems. Eg
  - R&D as public good
  - Carbon emissions as negative externalities
  - Electric infrastructure as a coordination problem
- Sometimes individual problems
  - Knowledge/awareness
  - Individual commitment problem (addiction)

- The set of tools you have depends on your position
- Inside the state: mayor, governor, bureaucrat, etc.
- Outside the state: firms, nonprofits, etc. (lobbying)
- Variation in resources + legal rights

Domestic policy tools

1. Law. Eg no smoking zones.
2. Services. Eg public schools, law enforcement, etc.
3. Money. Eg subsidies for low-income households.
4. Taxes. Eg Pigouvian taxes
5. Morality. Eg calls for masking.

Often, we have several tools for a

How should we select po

Criteria

- Efficiency: does policy A achieve a goal at lowest cost?
- Equity: is the outcome fair to stakeholders?
- Due process: is the policy legal and moral?
- Effectiveness: can it realistically be adopted?
- Also:
  - Does the policy have side effects?
  - Could the policy be misused?

Example: climate change

1. Law: emission standards for cars
2. Services: subsidized public transports
3. Money: subsidies for renewable energy companies, industrial policy (eg IRA)
4. Taxes: carbon tax
5. Morality: ‘evil’ oil companies

- Which one should be picked?

- Economists: like carbon taxes (efficient)
- Economists: dislike industrial policy and subsidies (bureaucratis picking winners)
- Politics: like industrial policy and subsidies (buys off supporters)
- Politics: dislike carbon taxes (vote loser)
- Nonprofits: complicated goals

International policy tools

- Policy tools so far work for domestic sovereign
- But: no global government to deal with global problems

What kind of policy tools can st

to deal with global is

1. Law: international treaties, international organizations
2. Services: defense umbrella
3. Money: foreign aid
4. Taxes: tariffs on imported goods
5. Morality: soft power, military coercion (?)

Your turn

Objective: reduce car pollution in Pittsburgh

1. Design goals
2. Identify fundamental causes
3. List solutions

Questions?

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Source for title page painting: Dali, *The Persistence of Memory*

References

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Peters, B Guy. 2016. *American Public Policy*. Sage.