Domestic Policy

- Public Policy Making Defined:

  - When government decides to take action in response to problems or issues raised by people or groups as they operate in our political system.
Stages in the Policy Process

- **issue identification**
  - Attention that prompts the need for government action

- **agenda setting**
  - Government begins to give serious consideration

- **policy formulation**
  - Development of possible solutions; consideration of several alternatives

- **policy adoption**
  - Deciding on a particular alternative or set of alternatives
Stages in the Policy Process

- policy implementation
  - The policy can change quite dramatically during this stage.

- policy evaluation
  - how well did or does the policy work?
  - The information obtained from this stage will feed back into the policy formulation stage.
Models of policymaking

- **Rational model**
  - Systematic gathering of evidence; similar to the scientific method
  - Often not suitable to the actual nature of governmental decision making.
  - Often hard to agree upon what the problem actually is
  - Often hard to agree on how best to solve the problem
  - Often there are simply too many limits to what we know.
Models of policymaking

- Incremental Model

- Policymaking made one small step at a time, not leaps and bounds.
- Good alternative policies are ignored; adjustments made at the margin.
- Consistent with the way our democratic system works.
- Past steps taken given insights into future courses of action.
- Biggest shortcoming - some potentially good policies get neglected.
Models of policymaking

- **Pluralist Model**
  - Policy is an outcome of bargaining among interest groups

- **Elitist Model**
  - Public policies are made by "elites"
  - Examples? Iron Triangle? Issue Networks?
Economic Policy

I. Monetary - (control over the money supply)
   - Tight supply - interest rates tend to be high; low inflation
   - Loose supply - interest rates tend to decline and inflation increases

Role of the Federal Reserve System -
   - 12 Regional banks
   - Governed by a Federal Reserve Board
   - The discount rate (prime rate)
Economic Policy

II. Fiscal Policy

- Involves how much the government spends and taxes.

- Involves “counter-cyclical” spending patterns
Economic Development Policies

- Tariff vs free trade -

- **Tax incentives** - tax breaks to promote economic development

- **Industrial policies** - government subsidization

- **Supply-side policies** - cutting taxes to stimulate investment; deregulation of industry
Economic Regulatory Policies

- Benefits

- Disadvantages
Social Welfare Policy

Four Strategies to Deal with Poverty

- Punitive
- **Preventive** – (social insurance)
- **Alleviative** - (public assistance)
- **Curative** - (Rehabilitation, not relief)