

**THE HELLER SCHOOL FOR SOCIAL POLICY AND MANAGEMENT**  
**BRANDEIS UNIVERSITY**  
**HS355f. Social Policy Frameworks**  
**Fall, 2008**

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Fridays, 9:10-12:00

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This course is required for MBA students and MPP students. It is followed by a second module, HS356f, which is required for MPP students only.

**Course Description:** The course provides frameworks for thinking about social policy and its implications for managers and policy analysts. It begins by considering definitions of social policy. Then it considers the question of who initiates and delivers social policy. Government, nonprofits, and for-profits all play a role in delivering and initiating policy, and they interact with each other in complex ways.

The heart of the course is concerned with key approaches and tools for designing social policy. A variety of program types have emerged such as social insurance, social assistance, mandatory saving programs, personalized services, human and social capital investment, community empowerment and participation models. And within each of these types, there are many approaches to designing specific policies and linking one kind of policy to another. Each approach will involve different political considerations and may have different consequences. While each policy has its own issues, there are common elements that recur across policy areas like pensions, health care, unemployment, disability, and poverty. The course will combine a focus on common design issues with a consideration of the specific problems that arise in a variety of policy areas.

This is a policy course. For managers, it is designed to introduce them to the policy context in which they operate. For policy analysts, it provides an opportunity to look across a number of policy areas, even though they may later specialize in a particular field. Since social policies can be initiated and delivered not only by government, but also by employers and by nonprofits, there is interplay between policy and management, which the course will highlight.

**Course Requirements:** Class attendance is required. There will be two written assignments:

1. An issues analysis laying out the issues to be considered in making a policy decision. The student will choose a policy topic related to subjects covered in the course and will apply the design issues presented in the course.

2. A final exercise based on questions prepared by the instructor.

In addition to these assignments, submit a brief (about ½ page) summary of one reading from the list for each day at the beginning of each class. These will be turned in beginning September 5. There will be instructions in class on appropriate readings.

**Course Reading:** The course does not have a textbook. All readings are available on Latte except for two Harvard cases, which are available directly from HBS on the internet.

**Provisions for Feedback:** The two written assignments will be graded. Comments will be included where appropriate. Students are welcome to see the instructor or the TA.

**Academic Integrity:** Academic integrity is central to the mission of educational excellence at Brandeis University. Each student is expected to turn in work completed independently, except when assignments specifically authorize collaborative effort. It is not acceptable to use the words or ideas of another person- be it a world-class philosopher or your lab partner – without proper acknowledgement of that source. This means that you must use footnotes and quotation marks to indicate the sources of any phrases, sentences, paragraphs or ideas found in published volumes, on the internet, or created by another student. Violations of university policies on academic integrity, described in Section 3 of *Rights and Responsibilities*, may result in failure in the course or on the assignment, and could end in suspension from the University. If you are in doubt about the instructions for any assignment in this course, you must ask for clarification.

**Notice:** If you have a documented disability on record at Brandeis University and require accommodations, please bring it to the instructor's attention prior to the second meeting of the class. If you have any questions about this process, contact Mary Brooks, Disabilities Coordinator for The Heller School at x 62816, or at [maryeliz@brandeis.edu](mailto:maryeliz@brandeis.edu).

## Course Schedule

\*Denotes optional reading. But it can be used for weekly article summary.

### August 29

#### Definitions of Social Policy

The first session considers several views on social policy, both the actual scope of social policy and also normative views.

1. Richard Titmuss, "The Role of Redistribution in Social Policy," Commitment to Welfare, George Allen & Unwin, 1976, pp. 188-199.
2. Milton Friedman, "Social Welfare Measures" and "Alleviation of Poverty," Capitalism and Freedom, 2002, pp. 177-195.
3. Jean Dreze and Amartya Sen, "Public Action for Social Security: Foundations and Strategy," in E. Ahmad, J. Dreze, J. Hills, and A. Sen, Social Security in Developing Countries, Clarendon Press: Oxford, 1991, pp. 1-40.
4. Gosta Esping-Anderson, "Toward the Good Society, Once Again?" in Esping-Anderson, ed., Why we need a New Welfare State, Oxford University Press, 2002, chapter 1.

#### Size of the Social Sector

Next week, we will consider the roles of the various sectors in social policy. In this session we will give some numbers about the size of each. Information about the nonprofit sector is in:

1. Thomas Pollak and Amy Blackwood, "The Nonprofit Sector in Brief: Facts and Figures from the Nonprofit Almanac 2007," The Urban Institute, [http://www.urban.org/UploadedPDF/311373\\_nonprofit\\_sector.pdf](http://www.urban.org/UploadedPDF/311373_nonprofit_sector.pdf)
2. Other figures will be given in class.

### September 5

#### Who Initiates and Delivers Social Policy?

Although government necessarily plays a key role in social policy, this session looks at the emerging roles of nonprofits and for-profits. The nonprofit sector has long provided services on its own as well as in cooperation with government. In recent times, it has contracted with government extensively to provide services, even while it also initiates and delivers services on its own. While the sector has grown, there are also debates about its proper role in social policy. The for-profit sector has also become a contractor in managing governmental programs and delivering services. Moreover, employee benefits have long supplemented or substituted for social insurance benefits for employees in a number of areas. The case for the day is about a defense contractor that got into the business of managing welfare programs.

1. Dennis Young, "Complementary, Supplementary, or Adversarial? A Theoretical and Historical Examination of Nonprofit-Government Relations in the United States," in E. Boris & E. Steuerle, Nonprofits and Government: Collaboration and Conflict, Urban Institute Press, 1999, pp. 31-33 and 41-61.
2. \*David Cutler and Jill Horwitz, "Converting Hospitals from Not-for-Profit to For-Profit Status," in David Cutler, ed., The Changing Hospital Industry, University of Chicago Press,

2000, pp. 45-79. Optional. Describes conversions of hospitals from nonprofit to for-profit status and back again. Long article, but interesting story.

3. Steven R. Smith and Michael Lipsky, Nonprofits for Hire, pp. 1-36.
4. Lockheed Martin IMS: Making a Contribution and a Profit. HBS Case 9-399-018. The defense contractor decided to diversify into managing welfare programs, and the case presents issues in contracting with states. The case illustrates ways the profit sector is involved in social policy and also helps introduce the discussion next week on anti-poverty policy.

## **September 12**

### **Social Assistance: Approaches to Dealing with Poverty**

Universal flat benefits have periodically been proposed, most recently in the European Union. The first reading deals with this type of proposal. In this country, we have generally used some form of means testing. The other readings illustrate the design issues, incentive effects, benefit adequacy, and management issues. The case for the day illustrates an approach to dealing with poverty in Kenya outside of government initiated by a nonprofit organization.

1. Robert J. van der Veen and Philippe van Parijs, "A Capitalist Road to Communism," Basic Income Studies, 1(1), June 2006, pp. 1-23 (reprinted).
2. \*Abhijit Banarjee and Esther Duflo, "The Economic Lives of the Poor," Journal of Economic Perspectives, Winter 2007, pp. 141-168.
3. Robert Moffitt, "The Negative Income tax and the Evolution of U.S. Welfare Policy," Journal of Economic Perspectives, Summer 2003, pp. 119-140. Has some technical parts, but a good review of U.S. welfare policy.
4. Mary Jo Bane and David Ellwood, "The Context for Welfare Reform," Welfare Realities, Harvard U. Press, 1994, pp. 1-27. Historical background for welfare reform, emphasizing debates over administrative approaches.
5. David Ellwood, "Anti-Poverty Policy for Families in the Next Century: From Welfare to Work—and Worries," Journal of Economic Perspectives, Winter 2000, pp.187-198.
6. ApproTEC Kenya: Technologies to Fight Poverty and Create Wealth. HBS Case 9-503-007

## **September 19**

### **Social Insurance: Programs for the Elderly**

Social insurance not only provides basic income support, but often aims also at a degree of income replacement. Eligibility depends on contributions by working people, who then qualify for benefits when a need materializes. Within this general framework, numerous design approaches are possible, and this session considers a number of them. Although similar design issues come up in a number of fields, this session will focus on programs for the elderly. The case for the day is about a controversy about the California state pension system that raises some issues similar to social security.

1. Martin Feldstein, "Seven Principles of Social Insurance," Challenge, vol. 19, no. 5, 1976, pp. 6-11.
2. Martin Feldstein and Jeffrey Liebman, "Social Security," NBER Working Paper 8451, Parts 1 and 2, pp. 1-14.
3. C. Eugene Steuerle and Jon Bakija, Retooling Social Security for the 21<sup>st</sup> Century, Urban Institute Press, 1994. Chapter 2.

4. Social Security and Medicare Boards of Trustees, "A Summary of the 2007 Annual Social Security and Medicare Trust Fund Reports."
5. Peter Diamond and Peter Orszag, "Saving Social Security: The Diamond Orszag Plan," The Economists' Voice, 2:1, article 8, 2005. (Berkeley Electronic Press) Critical of Bush plan, but offers an alternative that takes problems in social security seriously.
6. Pension Reform in California. KSG Case. Employer and state pensions have some design issues similar to those of social security. This case discusses design issues and also the political difficulties in pension reform.

## **September 26**

### **Social Insurance: Health Care**

Medicare, the health program for the elderly and disabled, is a contributory program and has features in common with social insurance. Instead of income support, it pays for services, and the need for services varies depending on one's health. It involves an insurance component, which adds an additional set of design issues. Medicaid, the program for the poor, can be viewed as part of a set of social assistance programs. For those not covered by these programs, health insurance tends to come from employers rather than government, although government policies influence the design. The case for the day is based on a proposal to improve the benefits under Medicare, while requiring Medicare recipients to help pay for the improvement. The proposal ultimately did not become policy.

1. David Cutler, "Health Care and the Public Sector," NBER Working Paper 8802, February 2002, pp. 3-13, 25-33.
2. Donald Moran, "Whence and Whither Health Insurance? A Revisionist History," *Health Affairs*, 2005, vol. 24, no. 6, pp. 1415-1425.
3. \*David Cutler, Angus Deaton, Adriana Lleras-Muney, "The Determinants of Mortality," Journal of Economic Perspectives, Summer 2006, pp. 97-120.
4. Catastrophic Health Insurance for the Elderly, KSG Case. Illustrates a design approach that was tried, but had a very strong political reaction, and was abandoned.

## **October 3**

### **Social Insurance: Disability Insurance and Unemployment Insurance**

There are federal disability insurance and unemployment insurance programs that replace lost income. They are organized as contributory social insurance programs. There is also a social assistance program for poor people with disabilities, which is part of the Supplemental Security Income Program. In addition, employers may provide disability protection and severance arrangements to deal with these areas of need. Instead of cases, there are two sets of policy reform proposals, one for disability insurance and the other for unemployment insurance.

1. Richard Burkhauser and Mary Daly, "US Disability Policy in a Changing Environment," Journal of Economic Perspectives, Winter 2002, pp. 213-24.
2. David Autor and Mark Duggan, "The Growth in the Social Security Disability Roles: A Fiscal Crisis Unfolding," Journal of Economic Perspectives, Summer 2006, pp. 71-96.
3. Social Security Advisory Board, "A Disability System for the 21<sup>st</sup> Century," September 2006. <http://www.ssab.gov/documents/disability-system-21st.pdf>

4. Walter Nicholson and Karen Needels, “Unemployment Insurance: Strengthening the Relationship Between Theory and Policy,” Journal of Economic Perspectives, Summer 2006, pp. 47-70.
5. Jeffrey Kling, “Fundamental Restructuring of Unemployment Insurance: Wage-Loss Insurance and Temporary Earnings Replacement Accounts,” The Brookings Institution, Discussion paper 2006-05, September 2006.  
<http://www3.brookings.edu/views/papers/200609kling.pdf>

**October 10: No class**

**October 17**

**Social Change and Social Inclusion**

This session deals with two cases. The first, based on the article by Wright, is about the rapid and unexpected changes in policy and in outcomes that came during the 1960s in relation to civil rights. The second is about a divided and troubled community that was seeking local policies to form a more inclusive society. In both cases, there is the question of what can be generalized to other situations.

1. Gavin Wright, “The Civil Rights Revolution as Economic History,” Journal of Economic History, June 1999, pp. 267-89.
2. Crossing the River: An Economic Development and Diversity Initiative in Southwestern Michigan, Parts A and B. KSG Cases 1713 and 1714.