Public Policy

Inquire: Key Public Policy Areas in the United States

Overview

Public policy is the laws and regulations passed to meet the needs of the public. These tend to come in three areas: social safety net programs (like Social Security, food stamps, or Medicaid), regulatory policies (like the EPA or OSHA), or domestic policies (like student loans and business subsidies).

Each of the policies are put in place to meet a need — a need for assistance, a need for safety, or a need to stimulate the economy or personal growth.

Public policies change from season to season — and from party to party — but they are always the backbone of what the government is doing with, and for, its citizens.

Big Question: How are public policy priorities determined?

Watch: Three Areas of Continual Concern: Education, Business Stimulus, and Regulation

Education, business stimulation, and business regulation — three areas of public policy that affect nearly every American every day. The importance of an educated populace cannot be overemphasized as a strong economy is important to everyone living in America and an educated populace leads to effective businesses that can more readily compete in the world market. However, regulating those same businesses to protect the people is also vital.

After World War II ended, the United States quickly realized that it had to address the problem of more than ten million returning servicemen and women needing to reintegrate into the workforce. Education was the answer. The federal government developed programs to educate and train the servicemen and women and stimulate strong economic growth.

Today, an overwhelming portion of the government’s education money is spent on student loans, grants, and work-study programs. Job-retraining programs are available for private-sector skills or for people who need to be retrained to meet changes in the economy’s labor needs. The goal is enabling more people to be better prepared for a more productive America.

In addition to education, another key aspect of domestic policy is business. The size and strength of the economy is very important to politicians who depend on citizens’ votes. Americans also want to live in a world where they feel safe from unfair or environmentally damaging business practices. This forces a
governmental balancing act between programs that help grow the economy and those that protect consumers, often maintained by curtailing or regulating the business sector.

Two of the largest recipients of government business aid are the agriculture and energy industries. Both are multi-billion dollar industries concentrated in rural or electorally influential states. Because voters are affected every time they pay their grocery or utility bills, the U.S. government has chosen to provide significant agriculture and energy subsidies to cover the risks inherent in the unpredictability of weather and oil exploration.

When it comes to regulation, the federal government has agencies responsible for providing everything from worker safety to food safety (FDA) to consumer protection, whereas the Bureau of Consumer Protection regulates misleading, deceptive, or manipulative practices. The EPA is charged with ensuring that businesses do not excessively pollute the nation’s air or waterways. Together, with a number of regulatory agencies governing specific industries like banking and finance, the government’s regulatory arm is large and growing.

Education and business — any government’s public policy goal would be successful in these areas.

Read: Dividing Up the Goods…

Classic Types of Policy

Public policy ultimately boils down to determining the distribution, allocation, and enjoyment of public, common, and toll goods within a society. While the specifics of policy often depend on the circumstances, two broad questions all policymakers must consider are:

a) Who pays the costs of creating and maintaining goods, and
b) Who receives the benefits of such goods?

When private goods are bought and sold in a marketplace, the costs and benefits go to the participants in the transaction. Your landlord benefits from receipt of the rent you pay and you benefit by having a place to live. But, non-private goods, like roads, waterways, and national parks, are controlled and regulated by someone other than owners allowing policymakers to make decisions about who pays and who benefits.

Distributive Policy

In 1964, Theodore Lowi argued that it was possible to categorize policy based upon the degree to which costs and benefits were concentrated on the few or diffused across the many. One policy category, known as distributive policy, tends to collect payments or resources from many, but concentrates direct benefits on relatively few. Highways are often developed through distributive policy. Distributive policy is also common when society feels there is a social benefit to individuals obtaining private goods — such as higher education — that offer long-term benefits, but the upfront cost may be too high for the average citizen.

One example of how distributive policy works is the story of the Transcontinental Railroad. In the 1860s, the U.S. government began to recognize the value of building a robust railroad system to move passengers and freight around the country. A particular goal was connecting California, and the other western territories acquired during the 1840s war with Mexico, to the rest of the country. The problem was that constructing a nationwide railroad system was a costly and risky proposition. To build and support continuous rail lines, private investors would need to gain access to tens of thousands of miles of land,
some of which might be owned by private citizens. The solution was to charter two private corporations — the Central Pacific and Union Pacific Railroads — and provide them with resources and land grants to facilitate the construction of the railroads.

Through these grants, publicly owned land was distributed to private citizens, who could then use it for their own gain. However, a broader public gain was simultaneously being provided in the form of a nationwide transportation network.

The same process operates in the agricultural sector, where various federal programs help farmers and food producers through price supports and crop insurance, among other forms of assistance. These programs help individual farmers and agriculture companies stay afloat and realize consistent profits. They also achieve the broader goal of providing plenty of sustenance for the people of the United States, so that few of us have to “live off the land.”

Another example of distributive policy can be seen in supporting citizens’ efforts to achieve the American dream. American society recognizes the benefits of having citizens who are financially invested in the country’s future. Among the best ways to encourage this investment is to ensure that citizens are highly educated and have the ability to acquire high-cost private goods, such as homes and businesses. However, very few people have the savings necessary to pay upfront for a college education, a first home purchase, or the start-up costs of a business. To help out, the government has created a range of incentives that everyone in the country pays for through taxes, but that directly benefit only the recipients. Examples include grants (such as Pell grants), tax credits and deductions, and subsidized or federally guaranteed loans. Each of these programs aims to achieve a policy outcome. Pell grants exist to help students graduate from college, whereas Federal Housing Administration mortgage loans lead to home ownership.

Regulatory Policy - History

While distributive policy, according to Lowi, has diffuse costs and concentrated benefits, regulatory policy features the opposite arrangement, with concentrated costs and diffuse benefits. A relatively small number of groups or individuals bear the costs of regulatory policy, but its benefits are expected to be distributed broadly across society. As you might imagine, regulatory policy is most effective for controlling or protecting public or common resources. Among the best-known examples are policies designed to protect the environment and public health and safety. These regulatory policies prevent manufacturers or businesses from maximizing their profits by excessively polluting the air or water, selling products they know to be harmful, or compromising the health of their employees during production.

In the United States, nationwide calls for a more robust regulatory policy first grew loud around the turn of the 20th century and the dawn of the Industrial Age. Investigative journalists — called muckrakers by politicians and business leaders who were the focus of their investigations — began to expose many of the ways in which manufacturers were abusing the public trust. Although various forms of corruption topped the list of abuses, among the most famous muckraker exposés was The Jungle, a 1906 novel by Upton Sinclair that focused on unsanitary working conditions and unsavory business practices in the meat-packing industry.

This work, and others like it, helped to spur the passage of the Pure Food and Drug Act (1906) and ultimately led to the creation of government agencies such as the U.S. Food and Drug Administration (FDA).
Redistributive Policy

A final type of policy is redistributive policy, so named because it redistibutes resources in society from one group to another. That is, according to Lowi, the costs are concentrated and so are the benefits, but different groups bear the costs and enjoy the benefits. Most redistributive policies are intended to have a sort of "Robin Hood" effect; their goal is to transfer income and wealth from one group to another such that everyone enjoys at least a minimal standard of living. Typically, the wealthy and middle class pay into the federal tax base, which then funds need-based programs that support low-income individuals and families.

A few examples of redistributive policies are Head Start (education), Medicaid (health care), Temporary Assistance for Needy Families (TANF, income support), and food programs like the Supplementary Nutritional Aid Program (SNAP). The government also uses redistribution to incentivize specific behaviors or aid small groups of people. Pell grants, used to encourage college attendance, and tax credits, used to encourage home ownership, are other examples of redistribution.

Reflect: Which is Most Important - Regulation or Stimulation?

Poll

Two major areas of public policy include the regulation of businesses to protect consumers and laborers from dangerous, misleading, or deceptive business practices, and the stimulation of businesses in order to grow the economy. Which of these do you think should be the first priority: regulation or stimulation?

- Regulation should be most important.
- Stimulation should be most important.

Expand: Social “Policies” - Not Welfare

Overview

Unalienable rights. Life, liberty, and the pursuit of happiness. Does the right to pursue happiness include access to a free public education? Do all Americans have an unalienable right to health care under this happiness umbrella? Should the unemployed be assisted in times of need?

Early American leaders did not interpret the "pursuit of happiness" this broadly. But, 20th-century Americans have continually expanded the notion of the pursuit of happiness to include these and an array of other social concerns. Consequently, much of the modern political agenda revolves around determining social policy.

Social Policy

Welfare currently has a bad name in American politics, often conjuring images of irresponsible recipients who take welfare payments from the government instead of working. Conservatives charged that continual governmental support for the unemployed provides a disincentive to find work and fosters a culture of dependency. Although most liberals opposed ending welfare payments outright, there was bipartisan agreement that reform was needed in the mid-1990s. The greatest myth about welfare is the amount the federal government actually spends on relief checks. Throughout the 1990s, payments of this nature typically comprised about 3% to 4% of the nation's annual budget.
Actually, the most extensive single welfare program is Social Security — a social insurance plan for the elderly. Employees and employers contribute to a fund through payroll taxes, and virtually everyone who contributes for at least ten years is eligible for payments. Most Americans support the program as long as it's called "Social Security" and not "welfare." Other "entitlement" programs include Medicare, Medicaid, Aid to Families with Dependent Children, and food stamps.

Public education is generally regarded as the responsibility of local communities, so the federal government's role in this area is limited. Today the majority of federal funds for education are directed to higher education, primarily in the form of student loans and grants. Since the 1950s, the federal government has provided funds for grades 1-12, particularly for programs to upgrade science, language, and mathematics. Other programs, such as Head Start for preschoolers, focus on helping underprivileged children. Even so, the federal government today supports less than 10 percent of the total amount spent on education in the United States.

Categories of Regulatory Policy

While most Americans are proud of living "in the land of the free," in reality their lives are regulated by the government in many inconspicuous ways. Consider the American who starts her day with a little breakfast. Her food is regulated for purity and freshness, and appliances such as her coffeepot, her microwave, and her toaster must meet federal safety requirements. Her car, her children's school, and her place of work must all meet federal standards, and state and local governments may impose additional regulations. Her whole schedule revolves around time, which is regulated by the government. Eastern, Central, Mountain, and Pacific Standard times are determined by the federal government.

Federal regulations fall into three basic categories:

- Regulating business: the national government began regulating business in the late 1800s in order to eliminate monopolies, businesses or groups that have exclusive control of an industry. The government now regulates a wide array of business practices, including the elimination of competition and fraudulent product offerings.
- Regulating labor: most labor policies have come about to protect the American worker. The government has promoted equal employment opportunities, safe and sanitary workplace standards, and fair bargaining practices between employers and workers.
- Regulating the environment and energy: environmental policy is the responsibility of many different government departments and agencies. Especially important is the Environmental Protection Agency, which enforces policies on water and air pollution, pesticides, radiation, and waste disposal. Energy policies, on the other hand, are coordinated by the Department of Energy, created in the late 1970s in the wake of worldwide oil and gas shortages.

"Promoting the general welfare," as prescribed in the Preamble to the Constitution, is a tall order for the United States government today. New developments — such as corporations, immense labor pools, and environmental and energy problems — call for new solutions. American leaders of the 21st century must be increasingly creative to meet these challenges.
Lesson Toolbox

Additional Resources and Readings
Title: What is PUBLIC POLICY? What does PUBLIC POLICY mean? PUBLIC POLICY meaning & explanation
- Description: A video discussing what you need to know about public policy
  - https://www.youtube.com/watch?v=H35Uq0Xc8uI

Title: The Influence of Policy | Amy Hanauer | TEDxSHHS
- Description: A video discussing the difference that public policy makes in a community, and how the smallest change in policy can make a large difference
  - https://www.youtube.com/watch?v=iBRxl3Klhj0

Title: Intro to Public Policy
- Description: A video discussing the steps of the public policy process
  - https://www.youtube.com/watch?v=-dAflRiw88E

Title: Social Policy: Crash Course Government and Politics #49
- Description: A video talking about social policy in the United States
  - https://www.youtube.com/watch?v=mlxLX8Fto_A

Lesson Glossary

distributive policy: a policy that collects payments or resources broadly, but concentrates direct benefits on relatively few
public policy: the laws and regulations passed to meet the needs of the public
regulatory policy: a policy that regulates companies and organizations in a way that protects the public
redistributive policy: a policy in which costs are born by a relatively small number of groups or individuals, but benefits are expected to be enjoyed by a different group in society

Check Your Knowledge

1. Redistributive policy tends to collect payments or resources from many, but concentrates direct benefits on relatively few.
   A. True
   B. False

2. When it comes to welfare, the federal government actually spends about 3% to 4% of the nation’s annual budget.
   A. True
   B. False

3. Redistributive policy support citizens’ efforts to achieve the American dream.
   A. True
   B. False
Answer Key:

Citations

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