

Adm. 203, Apr. '77, Ideas & Planning

"A policy is an enduring rationale or decision rule that describes how a decision will be made under any Possible set of circumstances. ... By contrast, decisions continuously change and are the action of the moment occurring as a consequence of applying the established policy to the changing conditions of the economic system. Too much attention is given to current government decisions and not enough to the background policies that govern the decisions. A clear statement of economic policy, or general decision-making criteria, is lacking in most government agencies." -- Nathaniel Mass and Jay Forrester JEC Vol 6, 1976

Planning

Ferguson refers to LRAC curve as a planning curve.

So in Ad. 203, use ANP device, find opt. scale. Turn it over, as LAC curve, to handle grow'g demand, & replant. Use RIMS

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FIARBC Notes for Admin. 203

Chap. 1 Intro

Current practices of evaluating B & C are non-uniform.
Objective is uniformity to facilitate comparisons.
The central problem of budgeting & control, esply. in
large, diverse orgns.

(Diff. kinds of fundamentalists,

Wildlife - putting a \$ value on ducks in Ventura Cty.

Muir Wdn - rec. value must $\geq$ alt. use of timber + land,

plus tax revs less public costs. Note need for Commercialism,
or fiscal B & C added to pvt. ones.

R & D

Green Bk. cops our hair, may let this override. "Nat. Def.")

Military; growth, comtms. jobs (Flora & Tawaghiene),

(Atwood & Teamsters): religion; transpu. (our real God);

security & pensions; endangered species;

Intolerance, the central problem. Intolerance of
values of others. May be assoc. w. greed & personal
gain, but not always — indeed, those who renounce
personal gain & put highest value on making others agree w.
them are the most intolerant of all.)

Objective then is tolerance. Operationally this means
~~reconciliation~~

✓ commensurability as ~~the~~ basis of reconciliation.

Systematic, consistent, uniform - needed values they stress. "Fairness" sums it up.

A single standard, to avoid double standards. ~~&~~ Many are constantly advancing standards whereby they are to be judged more leniently than others -- they and the things they like or believe in.
Contain

We can't solve all problems w. measurement, but we can pinpoint certain things that are oversupported

habitually: xptn. (in Green Book, rivers & harbors)

Horizontal spread, marginal "marches", by x-subsidy & imperialism.
capital as vs. labor inputs

excess capex, to avoid allocn. decisions

agric. (related to x-subs. & imperialism)

exploration

r & d, ahead of appls.

recrn. - cf. Wm. Bradford vs. today, where we

subsidize play & tax work.

overseas inv.

Ch. II - Basic ec. principles, combining inputs.

Ch. III - Mgmt. (price levels, i.e., risk,

pd. of analysis, amortizn, salvage. Intangibles, levels of manv activity, costs of affected ~~pub.~~ pub. facilities, argn. of r.e., taxes, displaced fac., ext. of useful life, conseq. damages.

Ch. IV - Applns.

Ch. V - Cost allocn.

Pitfalls

cf. Galbraith

cf. Davidson

Setting: "expanding" ec. (They never heard of age of limits)
Cycles -- these affect timing (p.w. to fight unempl.)

~~Some prob~~

They are optimizing inside constraints. Give ex. of food supply. ~~They~~ 3 broad routes: intensify, expand, import. They accept broader policy goals here - by impln. tariffs, export subsidies, and average limits back cut. ~~"1d best" solutions. The Candide approach.~~

(As I recall Dr. Pangloss said it was in vain to do anything better, bcs. of unforeseeable reactions. All is for the best, in this best of all possible worlds. [All is for the 2d best, ... ""]?)

Thus, if you break a mnp. will do as much harm as good, if other indies. are mnpzd. - will attract too many workers. Uniform mnp. better than mixed mnp. & corrup.

If you have a wage tax, is OK so long as it is uniform.

Ditto, re exclusionary zoning.

Ditto, re unions. They drive land out of the unionized use, & into other unionized uses. (This ignores difference of ratios, coeffs.)

Pangloss approach thus proscribes obvious reforms that people perceive directly - demands total system

analysis, "comprehensive comprehension."

But it can be badly abused, & guilty. ~~leaves out~~ presupposes a reason of non-persons to suffer the consequences. Allocation is all --- unemployment, & distribution of wealth, are not ~~not~~ concerns.)

✓ Like Candide, they are saying "Cultivate our own gardens," accepting the things we must, changing the things we can. All they are shy on is the wisdom to know the difference --- we shd. not build up large vested interests ~~in~~ on foun. of unrec. or unjust premises.

✓ One concept of 2d best just says there shd. be uniformity. It is same as using gen. eq. vs. partial analysis. It applies at higher level of govt. i.e. U.S. govt. shd. not abate tax in one indy. or region, selectively. It does not apply to local govt.

2d concept of 2d best says we accept exogenous constraints, optimize inside this? No, it says that bcs. there are exog. wrongs, there is no point in optimizing. Like Gershenkron re Sm. farming. Here, Candide anticipated, I think. Pangloss urged vs. disturbing the

delicate equilibrium of things by effecting evident improvements & reforms at hand w/o regard for their complex inter-effects on the whole happy system in this best of all possible worlds.

These 2 concepts of 2d best are then quite alike. They both urge caution vs. change - or can be so used. Yet they both are based on good ideas: uniformity, systems approach, big picture.

Conclusions:

a) System approach is good if you can do it, but has problem of being too big, demanding too much. To work, needs to have niches wherein everyone can make small decisions & improvements in subsystems: cultivate his own garden.

b) Green Bk. is half right. They are cultivating a garden, in fact a set of gardens, inside nat. govt.

But half wrong. Nat. govt. shd. be one system, consistent. Green Bk. is an attempt to control whole system, orchestrate it. So they shd. not selectively rule out certain parts of govt. policy from their garden.

They are in effect accepting a great contradiction: soil bank on humid land cum p.w. on arid land, etc.

The excess capacity syndrome.

They will be cleaner if they scrupulously eschew any subsidy. Let's see if they do.

As it is, they seem to cop out. I kick this gn. upstairs to "higher levels of govt." — not realizing how high they are.

May 31

Chap. II: Basic Assumptions & Principles

Objectives of Ec.

Assd.

1. Demand necessary (i.e., don't grow pigs b/c it's yr. way of life.)
 2. Max B-C. Same as $MP > MC$
 3. Project must be more ec. than any other means of accomplishing same "specific purpose", if latter is displaced or precluded. (a) Bus. there is one dammit; (b) Bus. there is one customer.)
 4. Priority shd. be based on "relative effi." (not mutually excl. forever. In practice, (3) refers to sites, (4) refers to R.
- (Trees: max S, or max i) **p 6A & 6B**

Viewpt. for Ec. Assd.

More comprehensive... govt. shd. be more than pvt.

More comprehensive (show how to include customers & competitors)



(Show irrelevance of MR, & how USDA misused it.)

(Stress impact of dist. net gain from redistrib. The Consumer Coop. approach, or vertical intrn. as a tool where surplus is hi & mrgl. value is low.)

Basis for Evaluation of Devt.

Use money. Subsidies & tariffs are a problem —
adjust by valuing the benefits "compensatively" --- i.e., adjust for overpricing.

Find \$ mcs. for preventing (or causing) loss of life,
improving health, recreation.

"Intangibles" are "impossible" to express in \$ terms —
they give one ex. only, scenic values. (Basis for singling out
scenery not given, and there is none. A view adds to r.e. value.)

Basic Concept of B & C

Project costs. (Including tech. disecs) [†]

Assoc. " (Using the served land.)

Primary ben. They say farm crops; 1 wd. say, water supply. ^{But their method captures rent.}

2dary costs. Further processing.

2dary ben. V.a. by same.

Costs: o.c. count. (Note depression-bred idea of o.c. = 0.

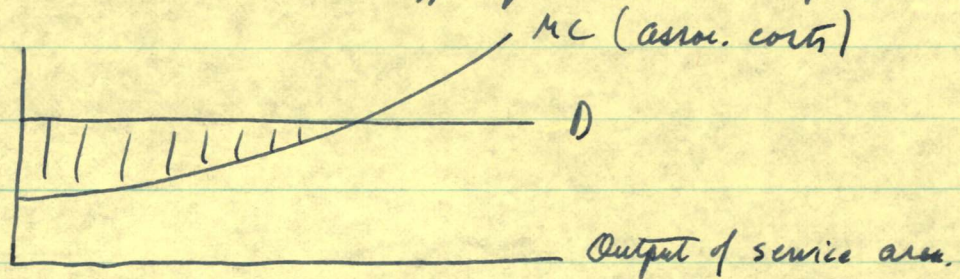
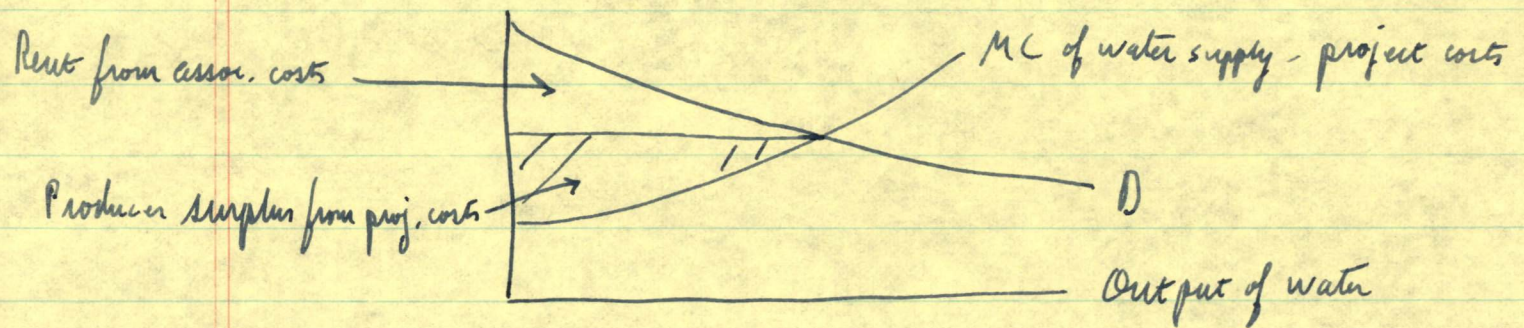
They say o.c. of labor may = 0. What happened in K. e.c.s. was
this was converted in practice to o.c. of K = 0 — via a
idea of inf. ~~res~~ reservoir of liq.

As to land, they ignored some alt. uses, like reem. on foot.

† Undervaluing site, led to present reem. shortage.

But they overvalued some sites, implicitly. Developed concept of "full use" - being ht. of dam when $i = 0$. Just same as F.S.

Primary ben. are combined results of project costs & assoc. costs. "Attributable" primary ben. are total primary ben. less assoc. costs (note how this differs from price of project output.)



2dry bens

Sources:

1. Surplus from project.

(Concept of resources drawn from margins of other activities, & applied above margin. Net gain from deif new land. This is great so long as all assoc. costs are fully counted. Green Bk. neglects assoc. public costs -- subsidized xptn. to remote lands, esply.)

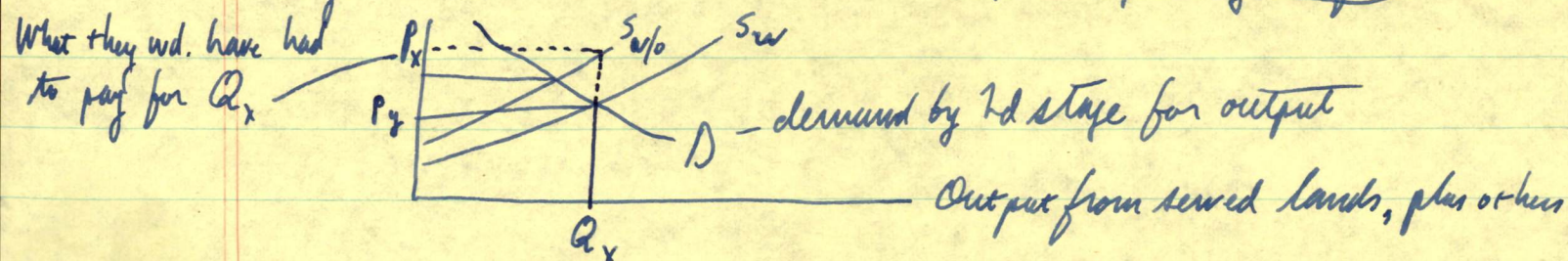
2. Use excess capac. otherwise idle.

(They only specify s.t. excess capac. More genl. is latent excess capac., or deif costs (or Δg returns; Δg returns includes synergism.)

They overstate one ~~acc~~ aspect of 2dry bens.

Primary produces surplus over cost, OK.

The 2dry ben. they say is excess of what 2dry buyers wld. have had to pay in absence of project. This is too much, bec. it may not be worth this much. Try it on primary benefits



They claim $(P_x - P_y) Q_x$ as 2dry gain attrib. to project. Too much!

They drop 2 key beans. but, difficult. ~~At least~~ Others
have gone on: base analysis
"how regions grow"
I/O
Impact studies

These wd. make a good course. Claims are large & wild.

"Scale" of project -- ec. limits on.

They are really discussing propus. not scale. Dammiter almost
always have to be treated this way - discrete land input.

(They never do get to local. obsolescence due to Ag demand,
which turns out to be a key issue. Nor do they get to opt.
timing, when to build what.)

Rule: max $B-C$, not B/C . Review. On their
Fig. 1. they use Incremental B/C , and opt. scale is
where this = 1.

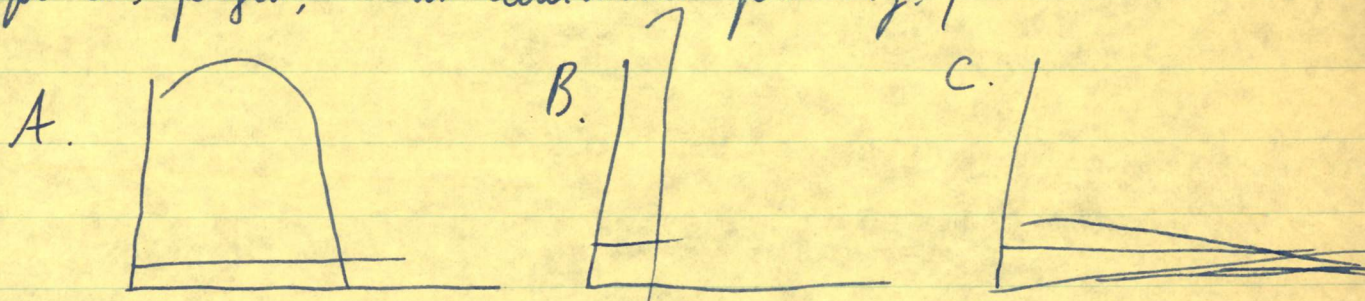
(In an integrated "project" you might extend scale
further by adding more land. E.g. re ~~the~~ Gage Canal
wtr supply you might drill another well, on new wtr. rt.
Re L.A. wtr. supply, might grab another river.
Re flood control, might add more res. land, or spillway by-
pass land)

The project shd. be better than any alt. means to do same purpose (e.g., city's water supply) or dev. same site.
(Thus, Colo. R. ag. was less good than alt. -- Kern R., ~~the~~ conserv. of local wtr., etc.)

Terminus on Kern was good, but not as good as a system moving same wtr. south.)

Priority. (To IIA)

Give priority in order of B/C.
(This is a poor approach to timing. Figure opt. time for ea. project, this determines priority.)



They wd. do B, then A, then C. Thus lose all of latent rent of A for unknown period.

Defer this to section on capital planning.

Priority

1. If conditions are static, ~~do them all~~.
 - a. Do them all that yield rents
 - b. If K scarce, raise its price, thus screen out some, & parts of all.
2. If demand growing, use ripening model, build to max DCI.

Chap. III Measurement

- Price levels. GB not very good. Lots of arbitrary rules, just to be deciding something -- a sign of sick bureaucracy, as Mc Curdy says.

So, look at RIMS for ideas, p. 54 ff.

- I.R., & risk

a. Risk

1. Predictable, Insure, & remove.

Note how ^{uncertainty} negative their reactions is, p. 21-22. Pull in your horns, in all cases. Bureaucratic conservatism.

But note this usually leads to overins. & redundancy. Ins. failure is more visible.

b. I.R.

$2\frac{1}{2}$ recommended!

p. 23 Split rate.

4% for discounting deferred benefits

$2\frac{1}{2}$ % for calcg. annual costs.

Show why this is nonsense.

c. Pd. of analysis.
100 yrs. or less.

d. Intangibles
Human life.

e. "Adjustments for levels of ec. activity."
Treat labor as free.
In fact, this never happens. Davis-Bacon Act.
Govt. pays the mkt. or above.
Cap. is treated as free.

P.W. to fight unempl. Delusion.

f. Pub. facilities acquired

g. Cost of buying land
Social cost may differ from priv. -
(e.g. Queens V. wtr. rts; Clinton, Mo. on Grape R.)

h. Taxes.
They fail to recommend shadow taxes on
the fed. K. itself.

Chap. IV. Appln. of Prices. to Various purposes.

Iron.

Good re Indry bus., p. 40.

I.D. taxes & Indry bus.

Historical tendency to overrate "primary" or "basic" indy. Support is mutual. Synergism.

What all require is:

Infrastructure, to allow small firms
Crises, to discourage absentee owners.

Chap. V Cost-allocation

Mostly B.S.

II. Causes of deinf costs

A. Legit. decline in social costs

1. Techno.

a. Law of square & cube.

P, Product = ab^2

C, Cost = $\beta 4b$

~~Cube~~
~~Square~~, ~~$A = d$~~

d = length of side, or "dimension"

$$\frac{P}{C} = \frac{ab^2}{\beta 4b} = \frac{ab}{\beta 4} = \frac{a}{\beta^2 4^2} \quad \frac{dA}{dd} = 2d$$

$$P = \frac{C^2}{\theta}$$

of $\Delta P = \frac{2d}{d^2} = \frac{2}{d}$

$C = \theta P^{\frac{1}{2}}$ Change to $C = \theta P^{.6}$

$$\frac{dC}{dP} = \theta \cdot .6 P^{-.4} \quad \text{Perimeter} = \frac{4d}{d^2}$$

$$\frac{\frac{dC}{dP}}{C} = \frac{\theta \cdot .6 P^{-.4}}{\theta P^{.6}} = .6 \cdot P^{-1}$$

$$\therefore \frac{dC}{dP} \frac{P}{C} = 60\%$$

Cube

$$P = \alpha b^3$$

$$C = \beta b b$$

$$\frac{P}{C} = \frac{\alpha b^3}{\beta b b} = \frac{\alpha b^2}{\beta b} = \frac{\alpha C^2}{\beta^2/3}$$

$$P = \frac{\alpha C^3}{\beta^3/3} = \frac{C^3}{\theta^3}$$

$$C = \theta P^{\frac{1}{3}}$$

The .6 rule

$$P = \alpha \pi r^2$$

$$C = \beta 2\pi r$$

$$\frac{P}{C} = \frac{\alpha}{2\beta} r = \frac{\alpha}{2\beta} \frac{C}{2\pi\beta} = \frac{C}{\Theta^2} \quad \left(\Theta^2 = \frac{4\beta^2\pi}{\alpha} \right)$$

$$P = \frac{C^2}{\Theta^2}$$

$$C = \Theta P^{\frac{1}{2}} = \Theta P^{.5}$$

add fudge factor, $C = \Theta P^{.6}$

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April 3, 1978

Clifford T. Lee
Comm. to Review Cal Water Rts Law
Sacto.

Dear Cliff:

Several months after requested I have found time to review your draft of Nov. 22, 1977. This is a very useful reference, and I have learned a lot. In response to Hap's covering letter, I do have some suggestions concerning apparent omissions. Perhaps these are deliberate, but here are my notes, anyway.

1. You say nothing about storage, underground, and the problem of commingling stored waters with natural waters. Water "banking" rather presupposes a bank, for which and other reasons storage is often essential to allow transfers.

In addition, storage inherently is a mechanism for intertemporal transfers, whose economic productivity may much exceed most other kinds.

2. You omit mutual water companies and their transferable shares.

3. You write of third party interests in return flows, but omit channel seepage above established diversion points.

4. In your philosophical prologue you focus on equimarginal allocation, which is good, but you might also mention something about the need for advance planning to preclude the fallacy of polishing the brass on a sinking ship; otherwise put, the bungle of cumulative commitment to cowpaths for highways. This is somehow related to second-best, and might be mentioned there. Individuals optimizing within social constraints is fine, BUT property law means that as they do so they harden these said social constraints which might otherwise be due for drastic overhaul.

The most common example of this is the poorly planned intersection which is no problem for light traffic, but which evolves into the town's worst bottleneck when a shopping center opens nearby, and shops begin to line the intersection. Good planning would widen and redesign the intersection BEFORE the new shops lined it. The analogy with Balkanized water systems is, I hope, evident.

5. You might mention that Irrigation Districts share the municipal exemption from diligence (assuming this is true, de facto, as I believe. I recall Hap questioned this.)

Congratulations on, inter alia, forbearing from referring to our "current crisis of drought, which is expected to ;continue indefinitely." That could have been a temptation when you wrote!

Cordially,

c. H. Dunning

Mason

Policy is more automatic than planning.

They may subtit. A good policy obviates some
plng. - e.g. using the price mech. is a policy.

Some policies:

Max. ben. line, & its alternatives.

Tax income - or anything.

Use policy as much as you can

May 23, 1911

Comments on midterms.

10. 2ndry benefit.

Not same as minor or incidental benefit.

An offset.

11. Priority — in order of B/C.

— Organize out time answers, before you start to write.

1. Policy is a decision-rule (a priori, from gen. to partic.)

Planning is scheduling ahead.

Forecasting: demand
costs

~~Converging K~~
~~gap, budget~~ — i.e., recover in time

~~Life~~

~~Continuing plan~~

~~Defining problem~~

~~goal~~

~~Interrelating~~

~~Summary abts.~~

~~Note constraints.~~

~~Bldg. orgn.~~

~~Tax avoidance~~

~~B/C anal.~~

~~Evolution thru time.~~

~~Learning & improving~~

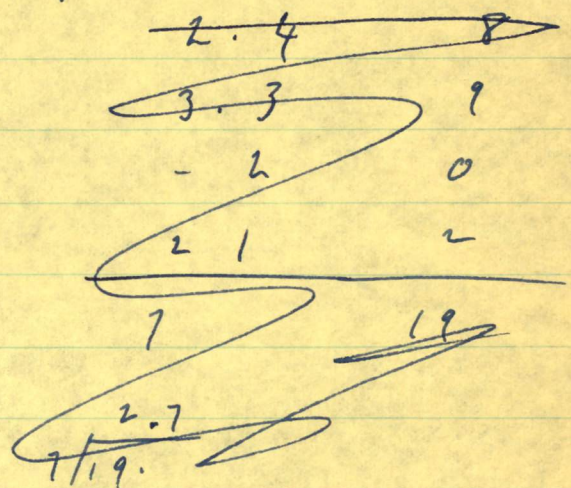
~~Terminating~~

~~Spot anxiety~~

~~Trouble-shooting~~

5. Levine's macro is not market-oriented.
It is capt.-oriented.

1. Policy need not look further ahead than decision; —
a decision may be to build for 50 yrs.



Admin. 203. Tu., Apr. 12, 1977.

Policy & Phys.

Deals w. applying yr. tech. skills to practice.

You have the ec. folios. of policy: admn. 200 etc.

Approaching real problems, students forget - or never learned.
Reach back to childhood, cultural subconscious, for policy guides.
On materialistic field, like eng-g, agronomy, forestry.
Technocracy comes easy -- concrete e.g.s burn into the mind better.
We need to become practicing transcendentalists, see the
applic. of universal principles of transcendental applic.

There are surplus theorists who can't apply. ^{Church on boundary.}
 Technicians generalize. ^{Compartment minds.}
 whom science & technology are jumble of unrelated
 particulars.

Search for people who apply generalities to practice —
(or derive them from practice)

Policy is that: framing decision rules at a
hi level of generality. (rules, not decisions)

With implementation (or practicality) in mind. Will it work?

3 levels of generality:
Theoretical principle

|
Policy, in applied field

|
Decision.

We are at middle level.

There can be policies re everything, we can't cover all. Will use some case studies. 1) Generic ~~Public~~ 2) Pvt. 3) Public.

Planning

Looking ahead, afcethought, premeditating —
putting a time element in policy. (Also space, re city
plng, xptn. layout, etc.) But always time.

Learning
~~Learning~~ sequence: begin w. little plans, as bldg.
blocks. Move to grand plans, w. linkages & synopsis.

Plng. very. to take charge of yr. own priorities.

Elements of Planning

1. Perceiving problem or oppy. (Dewey's probl. situation).
The thinking process - is there a problem? Is action required? ~~Is~~ Are we needed?

Levine strips over this, assumes yes, of course.

Identifying crux or essence of problem. Levine not too good at this, tho he tries. Removing bias of observer & his group.

2. Define goal. Levine says directions, not goals.
(Like taking airplane for N.Y.) He's too Potomac-ite, means become ends.

What to max - often key qn.

Beware proful. standards. Max btwn. line.

Beware ~~on~~ neglecting time. - ACZ.

E.g.s of other max: mai; ult. recovery; length of patient life in hospital; yrs. w/o any flood; output per man; etc.

Who is benefic.

Who's in charge? Experts on top, not on top.

3. Concerning K. Scheduling; discounting; replacement policy; invy control; distributing surpluses; meeting payrolls & bills; keeping promises.

~~Syllabus, 201.~~

~~Admin. Plng. & Pol.~~

~~1st effort~~

- 4 -

~~* Elements of Plng. — planning means looking ahead; & acting in
antic. of things to come; coordg. Premeditating; aforethought. Setting yr. own
priorities, rather than just reacting.
1. Problem perception → (Levine overlooks this, assumes it's obvious)
Is plng required? The thinking process, identifying crux,~~

removing bias of observer. Levine fails here. Define goal. Dreaming.
What to max.? } Define beneficiaries; & power relations, who is in charge? Keep experts on top, not on top!

④ Forecasting: demand, input costs (expl. or impl.);
competitive supply, obsolescence.

⑤ Interrelating. Coordg. syndg. system approach. I/O,
cybern., ec. base anal., synopsis.

⑥ Survey alts.; cost them out

⑦ Note constraints, vs. variables.

~~6. Conserving~~ K. ~~Scheduling~~ ^{on programming & budgeting}, recovering, invy. control, replanning.
Using symptom capt. Discounting.

⑧ Contingency plans: peaks & troughs. Reserve capac.; retiming
plan: price flex.; ins.; hedging.

⑨ ^{Building an orgn.} ~~Planning~~: recruiting, training, retaining, controlling, motivating

~~(10) Tax avoidance~~

~~(11) B/C anal. ~~PPB~~~~

~~(12) Evolution: replant, renewal, change, growth, obsolescence, movement.~~

Not an edifice, but a mechanism.

.. .. mech, an organism.

.. .. organism, chain of organisms.

Things seldom go entirely according to plan.

(13) Learning & improving. Character development - e.g. if you reward people w. pensions & security, you'll get that kind of mgr.

~~(14) Liquidating, abandoning, zapping, terminating.~~

(15) ~~18~~ Scope for spontaneity. (dreaming is part of this)
St. Paul the unplanned. Overplanning suppresses spontaneity
Upward flow of ideas, as well as info.

~~(16) 18~~ Shore up weak parts, balance out structure.

Falling: Hdg. on strength. You need to shore up weak areas.

I. Purpose & defn. of course.

To learn to think as a qual. engr.

Put thg. into practice, at the level betw.
thg & implr.

Take charge of yr. own priorities, not just respond to pressure.
& crisis

Planning is looking ahead, anticip^{the extended} consequences of ~~an~~ ^{on} ~~the~~ ^{the consequences of} ~~act~~ ^{of many acts.} ~~and putting it all together.~~ and the complex interaction
~~all, but simply the assumption~~ ^{Simply} beginning or administering
a program ^{or system} is not ~~really~~ ^{over} planning. ~~planning is~~ ^{planning is}
looking ahead and thinking through the reasons for the
program, ^{its workings} and its consequences, as well as how to
execute it. Planning involves integrating and rationalizing
system because planning precedes execution and lets
you put it all together before capital is frozen and
interests are vested in parts and subsystems and pilot
projects. If ideas are basically plans of action to solve relevant
human social problems (as John Dewey said) then planning is simply
having ideas, or thinking, in a context of action and society.

Intermeddling, ^{and} ~~the~~ restless groping to use power to
"do something" as not planning

A policy is ^{an undenied} ~~a~~ decision-rule To guide individual decisions under various circumstances. It is based on general principles ~~of~~ that transcend varying particulars; ^{on ideas that transcend materialistic specifics.} ~~considering, compatibility.~~
~~Labor-saving.~~

It assures consistency and harmony of individual decisions.

It saves ~~the labor of rethinking~~ all aspects of each decision, as managerial effort becomes one policy controls many decisions. ^{Policy (over)} ~~Policy~~ ~~and~~ accompaniment

planning because policy looks ahead to the many future decisions it controls. Making policy requires ~~thinking~~ ~~and~~ ~~imagining~~ all the ~~things~~ that might happen circumstances that might arise, and thinking in generalities that ~~may~~ will be effective when applied.

It requires defining the essence of things correctly - hitting the nail on the head. Good policy calls for then results from good hard thinking. Professional standards are not policy, but the delegation of policy to others.

Planning & policy are high level leadership functions. Those who plan & set policy are in charge of those who execute plans & policy. They may not do their jobs any better or as well, ~~and~~ they may not be better persons, ^{and they may not have more fun,} but they are ~~on top~~ ~~in~~ ~~charge.~~ ~~the saddle.~~ ~~commanded.~~

thus extends the power to manage, but also protects the
managed by defining goals and constraints and the ~~boundary~~ sphere
~~sphere~~ of individual discretion. It keeps the top manager at
his level

Ad. 203.

Adm. Pol. & Phys

~~I. Purpose of course. Learn to think as a general mgr.:~~

put theory into practice. To place which is better, theory & simpler

~~Defn.~~ Defn. of Policy & Play

II ~~III~~ ~~IV~~ Elements of Phy.

Wont use each, every time. But be familiar.

A. I identify problem, ^{need} or oppo. Demand vs. requirements approach.
 Taking out beneficiaries, & be

B. Determine goals & their span

e. G.
 sunny alternative solutions. Dream, brainstorm, break mental blocks. "You got to have a dream"
 Prediction: the certain and forecasting the uncertain

parameters vs. controlled variables. (including yourself) + the wisdom "

H.#. Inventory of resources you have & can get. O.C. valuation.

I.E. Timing: ^{beginning} beginning, ^{staging} staging, ^{scripture} longevity, maintenance & rehabilitation, ^{capital budgeting} ~~recovery~~ & ^{financing} cash flow maintenance, ~~(meeting payrolls)~~, ~~capital conservation~~, debt management, ~~synchronization~~ replacement policy.

→ J. B. Resource, ^{constraints,} mixer, ~~and~~ ^{or liquidate i.e.} functions, and appropriate technology -
use all you have, & nothing you can't get. Replacement, renewal

use are you have, & nothing you can't get.

G. The going-concern equilibrium. ^{Replacement, renewal} Staggering & normalizing, ^{sources of growth: plowback, reinvestment, appropriate application} and transitions in and out. ^{to grow, or not to grow, & duplication or divide or liquidate.}

~~H. Grand integration of ~~see~~ and rationalization~~

K. ~~H.~~ Coordination, ~~and~~ synchronization, integration and

rationalization of parts into systems. Levels of planning, public & private. The market as a coordinating mechanism. Centralization, p. 2, p. 3. Ways of modeling (over)

Review concrete feedback & flexibility. Learning
 & correcting. Organizing Trouble shooting. Upward flow of info. & ideas & evaluation.
 Scope for ~~new~~ new ~~ideas~~ ideas. ✓ Evaluation
 how know if you are succeeding. Scrubbing losers. (v. 37) Lateral thinking
 Expecting unexpected change. Instability, risk. & some e.g.s.

2. II ^{expanding and contracting} changes of data in midpassage. Preparing for contingencies & surprises: reserves, fast recovery, ^{coordination vs.} staggering, ~~price~~ price changes, ~~and~~ insurance,

Effect of place on
character of people & the
org. attract &
molds.

Who will adopt
+ the plan, & why?
What unifies
+ the organization?
Institutions.

v. 8, 45

over

v. 36

Things always
depart from
plan A.

v. 37

D. ~~etc.~~ Model it

E. ~~Is~~ Is it worth doing at all? How much? B/C and. ^{include cost of implem-_n.}

F. Effect extend -- FIR

& criticism

F. ~~At~~ Conference, Present plan & hear criticism.

1. & out of the drawing ~~room~~ retreat room. Respond to critics.

and synopsis of
a complex system

hedging
~~other~~ sources of flexibility pooling & diversifying.

Evolution. N. ^{change, and} ~~Obsolescence, and~~ Not an edifice, or a mechanism, or an organism,
Meeting but chains of organisms

~~K. Tax planning~~

~~L. Macro~~

IV Common Pitfalls, Fallacies, & Missions and Common Errors.

Once we have mastered elements of good procedure, it is both fun and instructive to survey the errors and accidents that commonly occur and from which good procedure will sprout.

V Case studies

A. Student Reports. Identify and plan to handle a problem. If you can plan a good report, you can plan a program.

B. Macro play, national. Planning vs. reacting to indicators. Macro models & their limits.

C. City & regional planning, including public works and utility planning.

D. Public infrastructure requirements for workable pol. units.

E. Cartel play.

F. Tax play.

Policy is what you're going to do
Plng. is how it.

Syllabus, Ad. 203, Plng & Pol.

Purpose: ~~Learn to think as a qual. mgr.~~ To plan - which lies between

Topics ~~theorizing and implementing.~~ An interface. Apply

0 ~~Defn. of pol. & plng.~~ theory to practice.

1. ~~Eos. of scale~~

2. ~~Growth, replant.~~

3. ~~Forecasting: demand, input supply, o.c., obsolescence, finance.~~

3. ~~Demand anal. & forecasting & elast.~~

~~Elast. vs. requirements. Risk handling, & given & controllable.~~

4. ~~Capl. budgeting~~

5. ~~City & reg. plng.~~

6. ~~Coordn. & syne. of subsystems in future plng.~~

7. ~~Plng. & pol. is taking charge of yr. own priorities instead of just responding.~~

Beware pol. orgs. that do it: they want power.

~~For whom? Who is benefited?~~

~~& alternatives, more than one~~

(over) 8. ~~Defining goals. (& alt. goals). Many orgs. never do this.~~
e.g. U.S. military: FOR: etc. ~~Measures & defns. of output. Should it be done at all?~~

9. ~~Altern. routes to goal. (Get the most of goal for the least cost.)~~

10. ~~Impact.~~

~~Feedback, correction.~~

11. ~~Evalu. How measure success? How scrub a loss?~~

8. Define goals, not direction, as Levine wd.

12. Levels of play & pol.
Fed, State, local govt.
Business
Individual.

13. ~~Comprehensiveness. System play.~~
~~Free mkt, gen. eq. vs partial eq. as showing how~~
~~free mkt. engages in system play.~~
~~Constraints vs. endog. vbles you control. QA motto.~~

14. ~~Central & decentralized play.~~

15. ~~Planning for risk.~~
~~Overdesign; flexibility; pooling; ins.; diversify.~~

16. ~~Capital play - meeting future payrolls w. given K.~~

Defn. ~~II~~ Kinds of "play": There are Levine's planning. & they aren't planning
Comprehensive at all

A. Non-administered systems (mkt; inc, tax; Open mkt, pd, v.
direct controls.)

B. Admin. system. (Prop. tax; Mil. draft; public aucte;
edu. & manpower)

C. Compr. play. (NRA; WPB; CMP; URA)

D. Bargaining Systems. (CAP; Wagner Act; bureaucratic
barrenatching, Cong. logrolling) (bur. budget maxis.)

18 Incentives & info.

19 Timing, sizing, sequencing, staging, recovering, replacing, staggering

20 Cartel play.

21 Play. as looking ahead. Forethought. Blueprint.

a. ~~Anticipating~~ the certain; forecasting the uncertain.

b. Meeting future payoffs - cash flow play. Debt mgmt. ^{Capl. mgmt.}

c. Timing - when to begin.

d. Tool, analysis: size, longevity, function, mp, etc.

e. Tax play.

f. Staging (beware Hangli's fallacy)

g. Review, correction, feedback, flexibility.

h. Good's subassemblies of plans - ^{partially} neighborhood, city, region. Beware illusion can plan everything from top. Du Bos

22 Growth of assets: appren; approp; plowback
Discovery, research

✓ 23 Pitfalls: imperialism, clone. disadv., cover-your-ass, vegetation, overplanning, p. 2 of FIARBC notes

24. ~~Program~~ ~~What~~ & report planning
Formation, formulation, adoption, implementation, evaluation.

25. Skills needed

26. Macro play.

Present policy is responding, not play.

Meeting the national payroll.

Cash flow play — how never to run dry. (well, hardly ever).

27. ~~Project~~: Identify & handle a problem.

28. ~~Risk~~ ~~input~~. Storage, contingency funds, reserves,
disasters, speculation, insurance, hedging.

29. ~~Dreaming~~. "You got to have a dream..."
Brainstorming. Flexibility. Conceptual blockbusting.

30. ~~Policy~~ is a decision rule (not a program). Enduring, consistent.
Decisions apply policy to circumstances.

Too much ~~atten.~~ is given to decisions: too little to background policy.
Too much ad hoc decisions, w/o policy. Principles of transcendental appln. needed.
Policies cover many decisions.

Thus, policy formation is multiple decision-making.

E.g. max. ben. time is a policy. So are postage pricing, MC pricing, (over)

31. ~~Int. analysis~~ - planning inv. & recovery of capt., the cycle of

32. ~~Plng.~~ need not be for growth.
Maybe for eqm; lign.; or growth.
Or division.

33. Review & revision.

E.g. turnover is a decision - but need not change policy.

30. The more general the policy, the less review it needs -
but the less useful it may be.

Not just material K needs review. So do:

Products

Programs

Org. structure

34. ~~Consistent~~ policy formation is place for this.

35. ~~Tax plng.~~

Plng. is anticip., w/o necly. forecasting.

~~Some future events are 99% predictable, that is~~
~~planning, not forecasting.~~

max's rate base, x - subsidy, ~~the~~ value-of-service rating,
mercantilism (resource leverage), dirigisme, price mech.
highest & best use, neutrality, uniformity, progressivity
infant indy.

(36)

e.g. we plan for trees to grow; we forecast their price.

We plan things that are:

- a) In our control
- b) Highly predictable & automatic, like taxes; & need for replant.
- c) Subject to hedging & ins.

We forecast ~~their~~ exogenous factors:

- a) GNP; macro policy.
- b) Obsolescence, demand
- c) Govt. works
- d) Δ l.v.

36 ~~Guidelines~~ - express policy.

37 The EIR movement.

A "Lateral Thinking" ploy that worked.
It followed various ec. appls. that failed to catch fire. But allied w. them.

Also, pub. int. advocacy. They came from outside the system.

History discredits coming from w/in, at least as sole change agent.

38

Report writing - a key part of policy formation.

If you can't plan a report, can't plan a policy program.

39

Approp. Techn.

40

Using the skills you have.

41

Play - a chance to rationalize, in advance, before there are vested interests.

Integrated play, plus staging is best.

42

Full funding & partial funding.

43

Policy & entails play, bcs. policy will be applied ahead, & you need to foresee consequences.

Need to think - this is hard.

You must generalize - & generalize correctly.

E.g. to save K , might reduce extractive indy., bcs. it's K -intensive.

But tomatoes are labor-int. Wrong concept, missed the mark. Confused incidental w. essential. Use price system instead, of transcendental appln. Beware surrogates.

E.g. go from pulp mills to sawmills, to save K ? Ad hoc regns. are partial.

7 $\frac{1}{2}$

~~Defn.~~
~~Element~~ of planning:

→ Synopsis -- see mechanism as a whole.
(& see mechanism, not edifice
" organism, " mechanism
" feedback, control, cybernation

Unifying, concept of orgn., differentiating characteristic
Resource
Product or service
Apparatus, technique
Skill
Organisation

~~Learning & improving~~

44. Policy helps you stay at yr. decision level. Boss makes rules, not decisions, below him. Man on the line is protected by policy. He knows his bounds of discretion; and man above delegates the area in between.

45. Policies re:

Pricing, replant. what to make - sum a lot. (but may be a goal)
Bar one other than DCF. Cushioned requests. get other, arbitrary ideas.
arbitrating & reconciling competing goals. priorities big things vs. fiddle things.
Q head (research, expln, elevators, halls, parking) how
allocate cost.

Incentives.

Centralize. Identify source of decisions, centralize only that.

46. Infrastructure: public. play. for free water.

47. Planning vs doing - is what bankers do; is what large agencies do, large corps. do, contracting out work
I don't recommend this. Is better when planners also have to do, bcs. the plan never fully fits the facts.

48. Policy $\rightarrow$ decision $\rightarrow$ impln.

But there can also be policies re implng decns.

49. Fed. "plng." has been misused word. Intermeddling, restless groping, using power to "do something" - is not planning.

~~50.~~

49

A deliberate tax cut to create a deficit is planning -
cause & effect thinking. Is misconceived & $\therefore$ bad
play, but is play.

~~50.~~ Plan for character of people yr. orgn. attracts & molds.

51.

Proful. standards as policy.

A way of avoiding corruption (of a kind)

But beware!

~~Defn 52.~~ Ideas are plans of action to solve problems. - Dewey.

($\therefore$ give students problems)

But also, beware mere details w/o unifying themes.

~~53.~~

~~Plan to~~

Use no more than what you have & can get;
but plan to use all you have.

Keynote ideas, Planning & Policy, Adm. 203.

- 1 Ec. anal. can contrib. to bus. & pub. policy formation & implm.
 - a. Learn some, from Jickhauser & MascherAlready had 200

2. Admin. orgns. ~~have~~ ^{take} their own head. Like cancer, grow on their own, unind. w. whole organism.
This is diseas. of scale.

- 3 Identify caus. & diseas. of scale
 - Loss of control
 - of incentives
 - of communication

Don't begin w. idea large orgns. can work perfectly; or not at all.
Is a benefit/cost thing, as you expand.

- 4 Functional divn. of authority is in keeping w. there being caus. of scale.
Then there must be spatial coordn.
"Coordn" always means dual authority, and problems.
The inter. coords.
If have spatial divn. of authority, may as well have separate orgns.

5 Ec. principles to apply, & which are breached -- easy to find gross errors needing repair.

a. Equi-mgt. (same as Pareto).

Violations:

Health research

Water allocn.

b. Use abundant inputs; spare dear ones.

(Equal MC of achieving given end)

Violations:

$i = 0$ on p, w, i ; or, what it was when work was authorized

Cap.-using bias.

Anti-labor bias. Davis-Bacon Act.

c. Review & revise often, avoid obsolescence.

Violations:

Old programs never die, tho they conflict w. new ones.

Production controls in wartime

Reclamation & supply control.

Slow replacement policy - part of K-int. bias.

d. $P = MC$

Violations:

i) $P > MC$

A.k. pipeline. TAPS

Full-cost pricing, ~~the~~ of dist. net. where load center is cheap.

Utilities used as rev. raisers.

Value-of-service xpts.

(Including 1st class mail)

Fluid milk & whole walnuts, &c. price discrim. schemes.

ii) $P < MC$

Open-access res., over-influenced by Davidson.
Catalogue his arguments, vs. user charges.

Purpose: to review & discuss ec. principles.

a. Public good, where $MC = 0$, is nonexclud.

Rationed by ~~space~~, access to space. Congestion externalities.
Pollution.

b. Learned demand benefit, from p.w.

Pvt. goods do this, too.

Subsidize advertising, implied.

But too many options, & too little money = misery

c. Myopic, & overweight the present?
P.v. do the revenue. Pie in sky.
Tax subsidies -- defer payout, convert ordinary
inc. to cap. gains.

d. Need more future ^{public good} options?
More present ones, too
Pvt. ones, too.

e. Impossible to make public goods?
No, fact of limited access makes measurable.
 Δ of l.v.

f. Public policy, systematic bias vs. ~~public good~~
non-measurable benefits?

War

Religion

Exploration, the moon

Rural life, homeownership, suppressing vice,
education, welfare, forestry, water, outdoor recre.

g. Is prt. int. limited to $AC = P$?

h. Mgrl. boater, no external costs?

Ad. 203, Topics

- 1 Credit planning & imple. Raising K. Handling surplus K.
- 2 Tax planning
- 3 Macro plan & implem-t.
- 4 Define policy
- 5 Public int. advocacy
- 6 Report writing & presenting; keeping deadlines.
- 7 Brainstorming --- & moving to action. The fragile life of new ideas, submerged in conventional knee-jerks.
- 8 Ben/Lost anal.
Carter's war on water projects
- 9 Arms, fingers, & coords.
- 10 PPB (See green-covered JEC print)
- 11 New Havenman - Mangolis reader
Old " reader

12 Law of rent

13 Some major fallacies of thinking

14 Some standard put-offs & put-downs.

15 Replacement policy.

16 Approp. Techn. -- internal costs
(

Ideas, Admin. 203

Key ideas of course.

1 Planning means looking ahead

Forecasting

Discounting

Scheduling

Coord. & synchronizing

Anticipating tax consequences.

Determining life,

Replacement policy

2 Arbitrating among ~~be~~ monomaniacs

Common kinds of monomaniacs

Need for commensurability common standards

How analysis can help

3 Nit-picking vs. identifying big problem - opportunities

Specialist knows more & more & less & less as he sweeps on to the grand falling.

9 people out of 10 look onto some minor point & let the big one go by

- e.g. royalty causes premature shut-down

4 Every problem is an oppy - if you make it one.

a) Env. restraints -- become
env. businesses

modify process & product

use newly enhanced land, depolluted

b) Hi price of everything -- e.g. water, energy, coffee
produce energy

conserve it

subst. labor for it

5

Public

Prvt.

Planning

Policy

✓ Plng & Pol. can be treated generically, & then note separate matters of prvt & public.

✓ Policy & planning are both above decision; & decision is above implementation. So why does Stahel say this course emphasizes implem?

Mon., Jan. 31

Ad. 203

✓ Policy is the applicn. of techn. skills, & theory, to ~~policy~~ practice.

✓ This is what is missing. You all have tech. skills, but have approached yr. subject as tho from ground zero. Reached back to the cradle, over & around muddled what you've learned. Or into cultural subconscious. Or materialistic field.

✓ This is what's wrong in policy making today.
Few make that bridge, theory to practice. (or personnel)

Some are. HP, e.g.

Needed: review of some basic principles

Needed: some e.g.s

Kaweah

Forests

Price control

The 6/10 rule

Unempl.

Policy implicns. of theory.

✓ You flee from rules, principles of transcendental applicn. Turn to ad hoc approaches.

E.g. of how to save K by going from pulp mills to sawmills. ~~Prices~~. Ad hoc regs. are partial; prices are general.

Admin. 203, ~~Jan~~

Mon., Jan. 31, 1971

1 Habib

2 Hebron on Perez

Substance: Assumed Fed. solution was proper.

Chose s.r. solution, not long. We may run out of suitable formations. Transmutation is longer run solution.

Form: Used blackboard effectively. (but it ran out of time)
Objectives came as afterthought.

3 Perez on Kuntz

4 Kuntz on Owen

No program or goal suggested. One goal suggested.

alts.

5 Owen on Kiernan

6 ~~Fortay~~ Kiernan on Fortayon

Objectives of for steel producer

Consumers left out

7 Choi on Serbest

Subest on Habib

Who is client - (we are, people here.)

Not in report form.

Habib on Hebron

Fortayon on Choi
Favorable

B Elements of Policy. 1) Generic 2) Pvt. 3) Public.

Enduring rationales & decision rules that guide indiv. decisions under ~~to~~ any circumstances.

Decisions are the actions of the moment. Most agencies lack clear policies.

Thus, policy is more general than decision.

Stay at yr. level, re policy. Make decision rules, not decisions. Monitor Policies needed re many things. } others re keeping rules.

Pricing

Replacement

Capital

What to max. -- sums up a lot.

Beware other than DCF. Give e.g.s.

S.P., Irvine, F.S., Ak. DNR

Term. & Lign.

Personnel

Acquisitions

Supply

Orgn.

Criteria of performance. Measurements.

Arbitrating among specialists.

J. Q. Adams & the plume

Coastal survey - Manning, etc., way back

G.S. - began after civil war

CAB, FCA -- aircraft began in '20s

FCA radio -- -- --

Telegraph & phone began earlier.

Planning, element of.

Opt. overhead, esp. in things a step or more
from cash register: research, pure science, exploration.
And how to charge the paying parts for the overhead.
(They shd. pay w/o user charge element)

Reports by Eng. consultants - recognize bias, &
preclude in advance, for max. value.

Policy, elements of:

Pricing policy

Replant. "

Borrowing " , etc.

Payout v. plowback,

Replant.

Turnover

Etc.

Public vs. priv. planning - who is to integrate.

Desert Land Act v. I.D. Reconnect this history

Modern recaps of Desert Land Act:

Irvine Estate

Niguel

Columbia

Planning w/o constructing - is way of life for big
corps. Irvine plans, ~~subcontracts~~ contracts out bldg.

Goals: Basic ^{policy} goal shd. always contain large
element of max DCF

Cushioned mgmt. often gets far from this. When
goals are stated in other ways,

- they may be paraphrasing & approxg. DCF
- they may be moonie, biggewater,
cancerous mgmt., moss-covered, cliché-ridden,
slogan-bound, arbitrary, moribund, torpid.

E.g. S.P., policy not to sell land

Irvine policy, Δ earnings 12% a year;
raise assets 15% a year.

Irvine input. Team wants to go beyond Irvine --
to neglect Irvine.

Its goal of const. growth of earnings, etc. and
larger growth of assets, really makes no sense.

A huge absentee landlord - rarely works out. They shed,
liquidate, reduce assets.

But that threatens the input. Team. A great
weakness of profit. input, they cannot face loss.

Irvine Fdn., "non-profit".
54%

Irvine Co. — 46% → 8 other owners

Fdn. has to 1980 to reduce holdings to 20%,
so 34% is for sale, from them.

Not clear how much of remainder is for sale.

<u>Output</u>	<u>Input For</u>						
	<u>Face</u>	<u>Labor</u>	<u>Land</u>	<u>Bldgs</u>	<u>Materials</u>	<u>Sales</u>	<u>Law etc.</u>
					<div style="display: flex; align-items: center;"> <div style="font-size: 2em; margin-right: 10px;">{</div> <div> <u>Fisher</u> <u>Body</u> </div> </div>		
Cher.	x	o			x		
Pontiac	x	o			x		
Olds	x	o			x		
Buick	x	o			x		
Card.	x	o			x		
GMC	x	o			x		

✗ O Output unit controls the input
 x ~~Input~~ ^{Central} unit " " "

All vertical columns are the same, & nearly.
 ∴ can elim. specific output units.

Intermediate outputs are consumed internally
 And ∴ centralized.

Etc.

Coordn.:

Cross-filing is ~~the~~ so illustrates the matter.

Every unit in your orgn. has many elements

Personnel

Materials

Capl.

R.e.

Env.

Finance.

Lobbying.

Legal.

So there is a specialized personnel office on top?
Or one for ea. unit?

✓ Success normally means identifying source of
scale up, centralize only that.

Finance

Law, advertising, lobbying

Hofstadter

New Deal was not planning, but ^{"experimental"} interventionism —

"do something". (cf. French dirigisme)

"Restless groping" of FDR. "Bold, persistent experimentation" - FDR.

(Another element of planning: Scope for

^{Remember St. Paul the unplanned.}
^{suppresses}

spontaneity. [^] Planning (is the enemy of) spontaneous

ad hoc responses, and new departures, and imagining.)
Allow for cross-currents.

Levine's 1960s were equally chaotic, however.

There were cross-currents - (there always are).

(System approach, another term for coordn.)

"Concerted" effort: "orchestrated".

New Deal Program. Fed. duty to provide security vs. major hazards of life:

Unempl.

Accident (Work men Comp)

Illness

Old age Soc. Sec.

Death

Deficit face .. was "unplanned" until '46 or so.

But that is too simple. The climate of opinion tolerated it; and the debt was being managed.

Element of planning: debt mgmt.

Planning is premeditation. **Blue prints**

Keynesian hawkery originated w. Keynes, 1940. He said was wd. teach us to manage debt & deficit. **p.307**

PUHC, 1935, was ~~a~~ one early element of trust-busting.

(Things seldom work according to plan.
Allow for constant evolution.

City plan: Streets } Coord. & Syndr.
Land use }

Demand

Supply of inputs (e.g. Butte needs cu.,
Shelton needs timber, L.A. needs water)

Begin w. little plans, move on to aggregates.

E.g.

- 1) Individual atomistic parcel
- 2) Large integrated parcel
- 3) City as a whole, one nucleus
- 4) Polynucleated city
- 5) Regions of cities.

Organic, integrate.

Planning: define objectives

Define beneficiaries: stockholders? Mgrs? Society?
Mundini's "corporate state".

✓ p. 314 "The generation for which Wilson & Brandeis spoke looked to economic life as a field for the expression of character;" modern liberals have lost this.

A career was "a testing and proving ground for character and manhood."

✓ Ec. life shd. reward good qualities -- & thereby encourage them.

(Planning shd. consider character traits it molds, ∴

~~Reward~~

the kind of stuff you build, the behavior you encourage.

If you lure people w. promises of security & pensions, is not surprising if corp. behavior ends up playing it safe, opting for security.)

New Dealers were pragmatists & political organizers, loyal to orgs. rather than ideas. A big, opportunistic political machine. They were not Utopian planners.

Good reading: Thurman Arnold; Louis Brandeis.

Likened a Technocrat. His idols:

Organization

Engineering

Agmt, adm.

Technology (applied science)

Expertise.

Teams, competently managed, can do anything.
(Except decide if it's worth doing) (& finance it)

TVA was certainly planning - but w/o need to convince K.
B.R. was same - from 1902.

SCS

New Deal was experimental, w/o consistent direction,
unsystematic, compromising. Yet appealed to Technologists,
engineers (p.w. always do), administration (big budgets
always do) and economists.

(Hiway programs } BPR.
from the 'twenties, at least.

Ronald Tokey, The Am. Ideology of National Sci.
1919-30.

Nat. Plng. develops in wartime.
Civil war, WW1, WW2.

[Cold war, 1947 - , continual stimulus, new thing in U.S.
hist.? Tho we had imperialism, expansion, navy, etc. for long time.)

Korea, 1950

Viet Nam, 1962 - 74 or so.

During Levine's era of plng.:

- huge & crime
- " " welfare
- " " alienation
- disastrous war.
- unprecedented infln.
- hi un-empl.
- urban sprawl, energy vulnerability
- decline of abilities to read, write.
- & concn. indy. farming
- silent bankruptcy of soc. sec.
- decay of cities
- & medical costs

And they called it an era of fine-tuning!

Nav. Research Council, WWI. centralized admin. of war-related research.

Sub. detection a big thing. Cf. radar. Naval research lab., WWII.

War generated idea of coordinated research.

Early postwar. Science courted Progressivism: individualism, progress, muckraking, salvation by professional elites, commissions.

(Some proful. elites:

Doctors

Engineers - city mgrs.

Lawyers

Foresters

Agronomists

Biologists - ecologists

Physicists

Chemists

Economists

Scientific Mgrs.

Educationists

Hydrographers

Geologists

Geographers (e.g. postwar map of Europe. J. Bowman)

But progressivism declined, so scientists, seeking money, turned to big business

Croly & Lippmann believed Science provided a model for reform of society.

Croly wd. have an elite lead society to greater equality, social & ec. democracy. (Brightest & the best).
Science, in form of proful. stuffs, was cure for corruption in govt. — (& even a subvt. for govt.)

Stuffs; leg. ref. services, to help advise legislation -- the Wis. idea.

1910-11. Eastern Rate Case, Brandeis made case that if r.r.s were more "efficient" they needed no rate Δ .
Nat. efficiency craze, ~~ensued~~ developed. Fred W Taylor.

Profulism, w. public responsibility, answered many problems. (Arrogance of engineers, w. us ever since.)
The engineer's social sense, heart of progressive movement.

NAS goes back to 1863, military. Was revived by WW1 & 2.

Br. Royal Society was w/o state patronage

Tech. schools taught science as "details w/o any unifying ideas."

Element of play: staffing includes recruiting, & how far ahead you look? Apprenticeship vs. hiring at top.
(Farm clubs worked for Yankees b.c. of reserve clause)

(Play. means making yr. own priorities. But in ~~our~~ evolving & cycling social & physical environments we must also ~~respond~~ scan, observe, respond & adapt)

Am. (& Marxist) faith in Techn. determinism, & scale.
Techn. is applied sci. "Tech. Fix."

(Kennedy-Johnson (K-J) years, 1960-68, faith in scale & system play. via computer & I/O.

Truman, 1945-52

Eisen., 1953-60

Kenn., '61-63

Johnson '63-68

Nixon '69-'74

Ford '74-~~75~~ '76

Carter '77-

(Idea of pure sci. as basis of progress wd. lead to:

- overfunding ^{pure} research
- prematurely betting on new techniques like wired city, nuclear power,
- neglecting orgn., raw mtrls., etc.)

But in '20s, sci. had uphill struggle. There was a revolt vs. reason: Freud, J.B. Watson, in psych. James H. Robinson, said reason was mostly rationalize.

Engineers were the right combo. They emphasized techs. rather than new (& abstract?) ideas. "The word made flesh."

"Efficiency & order" -- rationalize. (& scale).

An ideology is what shows how ideas affect reality.

Thinking is problem-solving -- Dewey. All knowledge is judgment. (An app. is a problem in that you have to think & act in order to use it)

Dewey's "instrumental theory of cognition".

Ideas are plans of action to solve problem. $\therefore$ give students problems!

Observed thg. of perception says ideas copy nature, passively.
 Society has them cope w. nature.

Problems which initiate thinking, are problems by ref. to
 human needs. Arise in social situation, & end there,
 yielding social progress.

(Plan for unstructured synergism. Assoc. in freedom.
 (Chap. from SPE)

Beware sci. fi. Mosson imputed decline of Hume to
 ΔCO_2 in ~~the~~^{Baltic} Sea, changing herring to No. Sea.

Know the history of certain kinds of ideas, to keep in
 proper.

18th c. Enlightenment, power of reason limitless.

1850-1900, Social Darwinism. (Malthus)

1900-20, Progressivism, revived enlightenment.

1920-30, Revolt vs. reason; Engineers & materialism

1930-40, Statism

Element of planning -

Shore up weak parts. ~~As~~ Reward for performance,
 yes; but compensate for underperformance.

Find underused capes. Use or sell.

T-1

National Scientists closed ranks behind Hoover, their lives.
They revered big licks of indy. (Merriman, Millikan)

Du Bos, ~~Levi~~ Dreams of Reason

Grand, encyclopedic projects are Utopian and authoritarian — the comprehensive plan disease.

Academies & Institutes patronized & founded by ~~author~~

totalitarian autocrats -- Colbert, the French Academy of Sciences. Stalin, the Russian academies & insts. for Science.

Science for prestige -- the Concorde syndrome.

The Dreams of Reason -- the illusion we can plan everything; can organize human life in terms of a master plan. If the plan is master, the man is the slave, or most men are, to the plan, the planner, and the director.

F. Bacon, in *The New Atlantis*, ~~created~~ gave the modern world its most characteristic aspect and lasting illusion, a utopia of happiness based on applied science (technology)

Beware an environment (like Chris Scholtze's) where the fragile early ~~growings~~ of models of new ideas are shattered by weight of conventional wisdom; new-born babies are suffocated bcs. they have not learned to walk.

There must be nurseries for new ideas, like new babies.

Plato's Republic; More's Utopia; Bellamy's Looking Backwards; Wm. Morris News from Nowhere; H. G. Wells, New Utopia; James Hilton's Lost Horizon.

Bacon's New Atlantis is one of the few Utopias ruled by scientists.

19th cent. Am. full of utopian colonies. Planning on local scale. Deseret, Greeley, Patterson, Arcaderos, Greenfield, Etowanda (?), Solvang, Anaheim, Armona, New Harmony, Plymouth Plantation

Utopian idealism is very integral part of our heritage.

Anti-utopianism: Brave New World, Animal Farm, numerous cinemas.

Weakness of Utopias. Static, while environment changes. (E.g., Cal. water plan) H. G. Wells New Utopia was not a citadel, but a ship of state.

Admin. 203 ideas.

1. Lange, E. Theory of Socialism,
2. See McKinley notes. Gulick, 11 arms, fingers, & coordn. Mkt. as coordinator.
3. The Green Book.
4. Dorfman, how to measure benefits.
5. H. D. Simpson, Contract vs. Organic.

University of California, Riverside
Graduate School of Administration
Dr. Pfiffner

Spring 1977
2238 Lib. S.
7-10 Wed.

Administration 213

THEORY AND POLICY IN PUBLIC ADMINISTRATION

The purpose of this course is not merely to examine a particular body of literature, but also to generate a sensitivity to a number of issues and dilemmas inherent in the nature of public administration. In addition to a somewhat sophisticated appreciation of the problems involved in the implementation of public policy, the public administrator must possess the ability to communicate effectively orally and in writing. Thus the course will entail a paper and active involvement in leading and participating in class discussion.

Evaluation will reflect the above goals with 40% of the final grade based on the paper, 30% based on a presentation based on that paper and participation in class discussion, and 30% on a final examination.

Texts

- Altshuler, Alan A., and Thomas, Norman C., The Politics of the Federal Bureaucracy, 2nd edition (New York: Harper and Row, 1977).
Edelman, Murray, The Symbolic Uses of Politics (Urbana, University of Illinois Press, 1964).
Ostrom, Vincent, The Intellectual Crisis in American Public Administration (University of Alabama Press, 1974).

Paper

The paper will be based on a topic of concern to contemporary public administration in the United States. It will be 10 to 15 pages in length, and will be due May 25. Each person will give a presentation and lead a discussion based on the research for the paper. The selection of a topic must be cleared with the instructor before the paper is written.

The following are possible paper topics:

- collective bargaining in the public sector
- affirmative action/equal employment opportunity
- citizen participation in policy formulation or implementation
- productivity in public organizations
- decentralization
- regulatory agencies
- the politics of reorganization
- congressional oversight of administration
- interest groups and the bureaucracy
- organization development
- bureaucratic accountability
- administrative decision making
- representative bureaucracy
- federalism

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COURSE OUTLINE

I. Introduction: the nature of Public Administration (April 6)

Assignment:

Altschuler, Part I, pp. 1-36.

Recommended:

Buchele, Robert B., The Management of Business and Public Organizations (New York: McGraw-Hill, 1977).

Fried, Robert C., Performance in American Bureaucracy (Boston: Little Brown, 1976).

Henry, Nicholas, Public Administration and Public Affairs (Englewood Cliffs, New Jersey: Prentice-Hall, 1975).

Morrow, William L., Public Administration (New York: Random House, 1975).

Sharkansky, Ira, Public Administration, 2nd ed. (Chicago: Markham, 1972).

II. Bureaucracy and the tradition of Organization Theory (April 13)

Assignment:

Altschuler, Part II, pp. 37-112.

Recommended:

Crozier, Michel, The Bureaucratic Phenomenon (University of Chicago Press, 1964).

Downs, Anthony, Inside Bureaucracy (Boston: Little Brown, 1966).

Etzioni, Amitai, Modern Organizations (Englewood Cliffs: Prentice-Hall, 1964).

March, James G., ed., Handbook of Organizations (Chicago: Rand-McNally, 1965).

March, James G., and Simon, Herbert A., Organizations (New York: Wiley, 1958).

Perrow, Charles, Complex Organizations (Glenview, Ill.: Scott, Foresman, 1972).

Perrow, Charles, Organizational Analysis: A Sociological View (Belmont, Ca.: Wadsworth, 1970).

Thompson, James D., Organizations in Action (New York: McGraw-Hill, 1967).

Weber, Max, Gerth and Mills editors, From Max Weber (New York: Oxford University Press, 1946).

III. The intellectual roots of Public Administration

Assignment:

Ostrom, The Intellectual Crisis in American Public Administration

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Recommended:

- Gulick, Luther, and Urwick, L., eds. Papers on the Science of Administration (New York: Columbia University Press, 1937).
Simon, Herbert A., Administrative Behavior (New York: The Free Press, 1945).
White, Leonard D., The Federalists, The Jacksonians, The Jeffersonians, The Republican Era (New York: The Free Press, 1965).

IV. Personnel: the people in public administration (May 4)

Assignment:

Altschuler, Part IV, pp. 147-164, 177-192.

Recommended:

- Kaufman, Herbert, The Forest Ranger (Baltimore: John Hopkins University Press, 1960).
Krislov, Samuel, Representative Bureaucracy (Englewood Cliffs: Prentice-Hall, 1974).
Mosher, Frederick C., Democracy and the Public Service (New York: Oxford University Press, 1968).
Nigro, Felix A. and Nigro, Lloyd G., The New Public Personnel Administration (Itasca, Ill.: Peacock, 1976).
Redford, Emmette S., Democracy in the Administrative State (New York: Oxford University Press, 1969).
Stahl, O. Glenn, Public Personnel Administration, 7th ed. (New York: Harper and Row, 1976).
Stanley, David T., The Higher Civil Service (Washington, D.C.: Brookings, 1964).

V. Decision making in organizational contexts (May 11)

Assignment:

Altschuler, Part III, pp. 113-146; Part IV, pp. 165-176.

Recommended:

- Allison, Graham T., Essence of Decision (Boston: Little, Brown, 1971).
Art, Robert J., The TFX Decision (Boston: Little, Brown, 1968).
Braybrooke, David and Lindblom, Charles E., A Strategy of Decision (New York: Free Press, 1970).
Cyert, Richard M. and March, James G., A Behavioral Theory of the Firm (Englewood Cliffs, N.J.: Prentice-Hall, 1963).
Janis, Irving L., Victims of Groupthink (Boston: Houghton Mifflin Co., 1972).
Steinbrunner, John D., The Cybernetic Theory of Decision (Princeton University Press, 1974).

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VI. Budgeting: rational and incremental models of decision making about resource allocation (May 18)

Assignment:

Altschuler, Part VI, pp. 242-275, 301-328.

Recommended:

- Fisher, Louis, Presidential Spending Power (Princeton University Press, 1975).
Hindrichs, Harley H. and Taylor, Graeme M., Program Budgeting and Benefit-Cost Analysis (Pacific Palisades, Ca.: Goodyear, 1969).
Lyden, F.J. and Miller, E.G., Planning, Programming, Budgeting: A Systems Approach to Management (Chicago: Markham, 1967).
Mosher, Frederick C. and Harr, John E., Programming Systems and Foreign Affairs Leadership (New York: Oxford University Press, 1970).
Novick, D., Program Budgeting: Program Analysis and the Federal Government (Washington: Government Printing Office, 1966).
Schultze, Charles L., The Politics and Economics of Public Spending (Washington: Brookings, 1968).
Wildavsky, Aaron, Budgeting (Boston: Little Brown, 1975).

VII. Bureaucratic Politics: the interaction of organizations with other organizations (May 25)

Assignment:

Altschuler, Part V, pp. 193-241; Part VI, pp. 276-300.

Recommended:

- Fritschler, A. Lee, Smoking and Politics (Englewood Cliffs, N.J.: Prentice-Hall, 1969).
Gawthrop, Louis C., Bureaucratic Behavior in the Executive Branch (New York: Free Press, 1969).
Kaufman, Herbert, Are Government Organizations Immortal? (Washington, D.C.: Brookings, 1976).
Ripley, Randall B. and Franklin, Grace A., Congress, the Bureaucracy, and Public Policy (Homewood, Ill.: Dorsey Press, 1976).
Rourke, Francis E., Bureaucracy, Politics, and Public Policy 2nd ed. (Boston: Little Brown, 1976).
Seidman, Harold, Politics, Position, and Power 2nd ed. (New York: Oxford University Press, 1975).

VIII. Symbols, Politics, and Power (June 1)

Assignment:

Edelman, Murray, The Symbolic Uses of Politics

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Recommended:

- Hummel, Ralph P., The Bureaucratic Experience (New York: St. Martins Press, 1977).
Lowi, Theodore J., The End of Liberalism (New York: Norton, 1969).
Marcuse, Herbert, One-Dimensional Man (Boston: Beacon Press, 1964).
Schattschneider, E.E., The Semi-Sovereign People (New York: Holt, Rinehart, and Winston, 1960).

IX. Ethical issues in Public Administration:
Responsibility and Accountability (June 6)

Assignment:

Altschuler, Part VII, pp. 329-374.

Recommended:

- Dvorin, Eugene P. and Simmons, Robert H., From Amoral to Humane Bureaucracy (San Francisco: Canfield Press, 1972).
Marini, Frank, Toward a New Public Administration (London: Chandler, 1971).
Schuman, David, Bureaucracies, Organizations, and Administration (New York: Macmillan, 1976).
Waldo, Dwight, ed. Public Administration in a Time of Turbulence (New York: Intext, 1971).