



THE OHIO STATE UNIVERSITY

JOHN GLENN COLLEGE OF PUBLIC AFFAIRS

**PUBLIC AFFAIRS 7534 – PRIVATIZATION
AND PUBLIC SERVICES: HOW SHALL THE TWAIN MEET?**

Spring Semester 2017, 3-credit lab Wednesdays, 2:30—5:10 P.M., Rm. 240, Page Hall

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GENERAL STATEMENT:

The range of services that government is expected to provide by itself has changed/narrowed in recent years. The phenomenon of outsourcing – the purchasing or privately contracting for services formerly thought to be the exclusive or main province of government – has markedly increased in breadth and depth at all governmental levels in the United States. Also, the outright sale or other disposition of state-owned enterprises (i.e., the infrastructure assets themselves) has often characterized privatization efforts in foreign countries in virtually all parts of the world. The occasion varies, but often is tied to efficiency, budget constraints, and speed-of-delivery arguments; and in the case of sale or lease of previously state-owned assets, revenue enhancement or debt minimization are additional rationales. On the other side are considerations of control, accountability, privacy, and appropriateness. Accordingly the outsourcing/privatization debate continues to be an active subject with academics, policymakers, and practitioners. Finally, there now is considerable literature and empirical evidence on the topic for domestic and (increasingly) for foreign experiences.

APPROACH:

This lab will examine both the theory and current practice of privatization against the backdrop of public policy and public administration. For our purposes the term “outsourcing” is used to describe the U.S. case in the first part of the course, and “privatization” is used to describe the initiatives of (mainly) foreign governments in disposing of state-owned assets. The course will be conducted as a seminar and include a balanced set of readings on the subject and at least five team-taught guest lectures. Course evaluation will consist of a Midterm -- 35%; Final Exam -- 40%; an

“Essay” report —15%; and Class Participation -- 10%. Required reading will be a textbook, a course packet, Carmen postings, and supplemental handouts.

COURSE OUTLINE:

Lesson #1 – Theory and Decisional Criteria

#2, #3, #4, #5 – Local, State, Experiences

#6 – Midterm Examination

#7, #8, #9 – Values, Federal Experiences

#10, #11, #12 – Foreign Country Experiences

#13, #14 -- Assessment of Privatization

Textbook: Elliott D. Sclar, *You Don't Always Get What You Pay For: The Economics of Privatization*, A Century Foundation Book, Cornell University Press, 2000.

NOTE: Except for the Sclar chapters and the readings marked “handout”, all assigned readings are on Canvas.

COURSE READINGS BY LESSON:

January 11, 2017

Lesson #1 – Sclar, Ch. 1 – “The Urge to Privatize: From the Bureaucratic State to the Contract State”, pp. 1-19; Chi, Arnold, and Perkins, “Privatization in State Government: Trends and Issues”, *Spectrum: The Journal of State Government*, Fall 2003, pp.12-21; Choi, Y-S, Chung-Lae Cho, D. S. Wright, and J.L. Brudney, “Dimensions of Contracting for Service Delivery by American State Administrative Agencies”, *Public Performance & Management Review*, 28 September 2005; Web 03 November 2014.

January 18, 2017

Lesson #2 –Sclar, Ch. 2 – “What Is the Public Buying? Identifying the Contracted Public Good”, pp.20-46; Johnson and Walzer, eds., Ch.3 – “Opportunities in Privatization and Outsourcing” by E. S. Savas,in *Local Government Innovation*, Quorum Books, pp. 37-56, and Savas,”Introduction” in *Privatization: The Key To Better Government*, Chatham House, pp. 3-10.

January 25, 2017

Lesson #3 – Sclar, “The Political-Economics of Private Infrastructure Finance: The New Sub Prime”, paper given at the Annual Meeting of the Association of Collegiate Schools of Planning, Crystal City, Va., October 1, 2009, 19 pages (handout). H. B. Millward, Ch. 2 – “Implications of Contracting Out: New Roles for the Hollow State” in *New Paradigms for Government: Issues for the Changing Public Service*, Ingraham & Romzek, eds., pp. 41-62.

February 1, 2017

Lesson #4 – Sclar, Ch. 3 – “Public vs. Private Production: Is One Better and How Would You Know?”, pp. 47-68; Leonard Gilroy, “Local Government Privatization 101,” in the Reason Foundation Policy Brief 89, March 16, 2010; Johnson and Walzer, eds., Ch. 9 – “Privatization and Managed Competition: Management Fad or Long-Term Systematic Change for Cities?”, pp. 170-188; Nichols, Russel, “The Pros and Cons of Privatizing Government Functions”, Web 10 November 2014 (3 pages – handout).

February 8, 2017

Lesson #5 – Sclar, Ch. 4 – “What’s Competition Got to Do With It? Market Structure and Public Contracting”, pp. 69-93, and Sclar, Ch. 7 – “The Privatization of Public Service: Economic Limits of the Contract State”, pp. 151-168; Johnson and Walzer, eds. Ch. 13 – “How Far Can Privatization Go?” by John D. Donahue, in *Local Government Innovation*, Quorum Books, 2000, pp. 253-266.

February 15, 2017

Lesson # 6 – Midterm Examination

February 22, 2017

Lesson #7 – Sclar, Ch. 5 – “All in the System: Organizational Theories and Public Contracting”, pp. 94-129; Reynaers, Anne-Marie, and Gjalt DeGraff, “Public Values in Public-Private Partnerships”, *International Journal of Public Administration*, 37.2 (2014): 120-28. Web; Warner, Mildred E., “Privatization and Urban Governance: The Continuing Challenges of Efficiency, Voice and Integration”, *Science Direct*, 2012. Web 03 November 2014.

March 1, 2017

Lesson #8 – Paul R. Verkuil, *Outsourcing Sovereignty: Why Privatization of Government Functions Threatens Democracy and What We Can Do About It*, Ch. 2- The Outsourcing of Sovereignty, Cambridge University Press, 2007, pp. 23-46; Ann R. Markusen, “The Case Against Privatizing National Security”, *Governance*, Vol. 16, No. 4, October 2003, pp. 471-495.

March 8, 2017

Lesson #9—Douglas N. Jones, “Privatization of State-Owned Utility Enterprises: The United States Has Done It Too”, in *Critical Issues in Cross-National Public Administration*, Stuart S. Nagel, editor, Quorum Books, Westport, Connecticut, 2000, pp. 89-109; Franco Modigliani and Arun Muralidhar, “Invest Social Security, But Don’t Privatize”, SSRN, 22 Sept. 2003. Web. 02 Nov. 2016 (2 pages, handout); discussion of U.S. Postal Service, and AMTRAK as candidates.

March 22, 2017

Lesson #10 -- G. J. Ikenberry, Ch. 4 - “The International Spread of Privatization Policies: Inducements, Learning, and Policy Bandwagoning”, 2000, Westview Press,

pp. 88-108 in *The Political Economy of Public Sector Reform and Privatization*, Suleiman and Waterbury, eds.; "Privatization Trends", in *Viewpoint: Public Policy for the Private Sector*, The World Bank, note no. 322, May 2010, (4 pages --handout); Fink, Simon, "A Contagious Concept: Explaining the Spread of Privatization in the Telecommunications Sector", *Wiley Online Library*, Governance, 22 December 2010. Web 04, November 2014.

March 29, 2017

Lesson #11 – James Maw, "Partial Privatization in Transition Economies," *Economic Systems*, Elsevier Press, 2002, pp.271-281; J.P. Singh, "The Environment and Effects of Telecommunication Privatization and Market Liberalization in Asia," in *Telecommunications Policy*, Pergamon, 2000, pp. 885-906; Zhang, M. and Jian Sun, "Outsourcing in Municipal Governments", *Public Performance & Management Review*, Vol.35, No. 4, June 2012, Web 03, November 2014.

April 5, 2017

Lesson #12 – Ch. 1 – "Private and Public Ownership in Economic Theory" in *Privatization: Successes and Failures*, Gerard Roland, editor, Columbia University Press, 2008, pp. 9-27; Marcelin, Isaac, "Download PDFs", *Privatization, Financial Development, Property Rights and Growth*, Journal of Banking & Finance, 29 March 2014, Web 04, November 2014.

April 12, 2017

Lesson #13 – Sunita Kikeri and John Nellis, "An Assessment of Privatization", *The World Bank Research Observer*, vol. 19, no. 1, 2004, pp. 87-114; G.A. Hodge, *Privatization: An International Review of Performance*, Ch. 10 – "Learning To Get the Balance in Privatization," 2000, Westview Press, pp. 229-247.

April 19, 2017

Lesson #14 – Phillip O'Neill, "Infrastructure Financing and Operations in the Contemporary City", *Geographical Research*, February 2010, pp. 3-12 (handout); Amir Hefetz and Mildred Warner, "Privatization and Its Reverse: Explaining the Dynamics of the Government Contracting Process", *Journal of Public Administration Research and Theory*, Vol. 4, no. 2, pp.171-179 + 187; Ch. 7—"A Critical Review of the Privatization Debate", *Privatization: Successes and Failures*, G. Roland (ed.), pp. 199-211.

Final Examination April 26, 2017, 5:30pm – 7:30pm.

Grading Scale

93 –100	A	80 -82	B-	68 – 69	D+
90 –92	A-	78 -79	C+	64 – 67	D
88 -89	B+	73 -77	C	63 & below	E
83 -87	B	70 -72	C-		

ACADEMIC INTEGRITY (ACADEMIC MISCONDUCT)

(From: <http://oaa.osu.edu/coamfaqs.html#academicmisconductstatement>)

The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's [Code of Student Conduct](#) and that all students will complete all academic and scholarly assignments with fairness and honesty. Failure to follow the rules and guidelines established in the University's Code of Student Conduct may constitute "Academic Misconduct." Sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

In the Ohio State University's [Code of Student Conduct](#), Section 3335-23-04 defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's [Code of Student Conduct](#) is never considered an "excuse" for academic misconduct.

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

Other sources of information on academic misconduct (integrity) to which you can refer include The Committee on Academic Misconduct web page: <http://oaa.osu.edu/coam.html>
Ten Suggestions for Preserving Academic Integrity: <http://oaa.osu.edu/coamtensuggestions.html>; *Eight Cardinal Rules of Academic Integrity:* www.northwestern.edu/uacc/8cards.html

Glenn College Diversity Values Statement:

The Glenn College is committed to nurturing a diverse and inclusive environment for our students, faculty, staff, and guests that celebrates the fundamental value and dignity of everyone by recognizing differences and supporting individuality. We are dedicated to creating a safe space and promoting civil discourse that acknowledges and embraces diverse perspectives on issues and challenges that affect our community.

Accommodation Policy

“Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.”

Mental Health Statement

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student’s ability to participate in daily activities. The Ohio State University offers services to assist you with addressing these and other concerns you may be experiencing. If you or someone you know is suffering from any of the aforementioned conditions, you can learn more about the broad range of confidential mental health services available on campus via the **Office of Student Life Counseling and Consultation Services (CCS)** by visiting ccs.osu.edu or calling 614-292-5766. CCS is located on the 4th Floor of the Younkin Success Center and 10th Floor of Lincoln Tower. You can reach an on call counselor when CCS is closed at 614--292--5766 and 24 hour emergency help is also available through the 24/7 National Suicide Prevention Hotline at 1--800--273--TALK or at suicidepreventionlifeline.org. Also, the OSU Student Advocacy Center is a resource to help students navigate OSU and to resolve issues that they encounter at OSU – visit <http://advocacy.osu.edu/> .