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**Proseminar: Essentials of Public and Private Management**  
**Core Course for the MBA/MA Program in Government**  
**470.695.51**

This is the core course for the MBA/MA program in Government. The purpose of the class is to help equip students to operate effectively in both the public and private sectors. The class will cover three major topics: (1) an overview of public and private organizations, with special attention to their differing missions, capabilities, and environments, (2) a survey of important relationships between the public and private sectors, and (3) the need for improved coordination between the public and private sectors to achieve important public purposes. The theory of this course is that managers must understand the nature of the organizations for which they work and those with which they deal.

In the contemporary world the relationship between public and private plays itself out in many different ways. Decisions made by governmental entities may have enormous consequences for the private sector. Private contractors and other third parties carry out governmental tasks. Government agencies are often urged to be more “business-like” in their delivery of services.

Moreover, many major institutions stand at the intersection of the public and private sectors. Enormous enterprises such as Fannie Mae and Freddie Mac and a score of others are quasi-governmental entities with some features of a private corporation and some aspects of a government agency. Then there are government contractors and distinctive entities such as the Federal Reserve System, Amtrak, the U.S. Postal Service, and the Corporation for Public Broadcasting.

The MBA/MA program in Government takes account of the fact that many managers, especially in Washington, move between the public and private sectors or work for organizations that straddle the two. These include thousands of federal civil servants and appointees who come from or leave to join the private sector. Staff on Capitol Hill must help legislate for both sectors.

Students will be expected to produce a research paper on an approved topic relating to (1) a crosscutting theme relating to public-private relations, or (2) government-private

relations with respect to a particular private organization or activity, or a federal department, agency or instrumentality. Students will be encouraged to make the course an interactive one and to share their personal knowledge of public and private institutions in the context of the issues discussed.

This course will be taught in the fall semester, on Monday evenings, from 5:45 pm to 8 pm. The first class meets on January 25, 2015; the last class is scheduled for May 2, 2015. Students will present their preliminary research findings starting on March 21; **final papers will be due on May 2, the last day of the course.**

Readings for the course will be taken from, Jim Collins, *Good to Great* (HarperBusiness, 2001); Thomas H. Stanton, ed., *Meeting the Challenge of 9/11: Blueprints for More Effective Government* (M.E. Sharpe Publishers, 2006); Malcolm Sparrow, *The Regulatory Craft* (Brookings, 2000); plus readings that will be distributed in class or by e-mail. An optional reading on how government works is: William D. Eggers and John O’Leary, *If We Can Put a Man on the Moon: Getting Big Things Done in Government*, Harvard Business Press, 2009.

*“The strength of the university depends on academic and personal integrity. In this course, you must be honest and truthful. Ethical violations include cheating on exams, plagiarism, reuse of assignments, improper use of the Internet and electronic devices, unauthorized collaboration, alteration of graded assignments, forgery and falsification, lying, facilitating academic dishonesty, and unfair competition. Report any violations you witness to the instructor.”*

*“All students with disabilities who require accommodations for this course should contact Disability Services at their earliest convenience to discuss their specific needs. If you have a documented disability, you must be registered with the Disability Services to receive accommodations. Please note that accommodations are not retroactive. Therefore it is strongly encouraged that you identify your needs to Disability Services as early as possible.”*

## Schedule of Topics

### Introduction and Overview of the Course

#### January 25

Introduction: Overview of the course and its concepts; Introduction to organizational forms, the legal framework of public and private, and differences between public and private organizations and activities. Introduction to the course paper; Discussion of topics that the course should cover to meet student needs and interests; Overview of current issues affecting public and private organizations.

Note: Begin reading Jim Collins, *Good to Great*, chapters 2-9, which we will discuss on February 15.

### The Spectrum of Organizational Forms: What is Public? What is Private?

#### February 1

The Constitution of the United States; the different laws applying to public and private organizations; the tension between efficient governmental institutions and democratic government under the Constitution. Types of Governmental Institution: Executive departments and agencies, independent agencies, government corporations, special institutions (OMB, OPM, GSA; the Smithsonian Institution; congressional agencies such as GAO and CBO); Strengths and limitations of the various forms of institution and the distinctive provisions of law that shape their activities.

**Readings for February 1:** The Constitution of the United States; Thomas H. Stanton, “Moving Toward More Capable Government: A Guide to Organizational Design,” chapter 1 in *Meeting the Challenge*; Francis Fukuyama, “America in Decay.”

#### February 8

Private organizations: their missions, capabilities, and environments. Differences among organizational types: investor-owned companies, cooperatives, nonprofits.

**Readings for February 8:** *Dodge v. Ford Motor Co.*, 170 NW 668 (Mich., 1919); Graham Allison, “Public and Private Management: Are They Fundamentally Alike in all Unimportant Respects?”

## **February 15**

Managing public and private organizations: what is the difference in managing factors such as leadership, staffing, organizational discipline, transparency, strategic focus, developing partnerships across organizational boundaries, and adopting and maintaining a values-based organizational culture?

**Readings for February 15:** Jim Collins, *Good to Great*, chapters 2-9.

## **February 22**

Government departments and agencies: their missions, capabilities, and environments. The federal budget process. The problem of hollow government, the legal attributes of red tape, and the strategic dilemma of government in trying to balance doing good with doing well.

**Readings for February 22:** Comarow, “Observations on Organization and Management,” Chapter 6; Ink, “Managing Change That Makes a Difference,” Chapter 7 in *Meeting the Challenge*; and Stanton, “The Government Corporation as a Promising Organizational Form to Deliver Government Support for the Mortgage Market.”

## **February 29**

The Twilight Zone: Government-sponsored enterprises, banks and thrift institutions, other instrumentalities of government; impact of their distinctive characteristics upon the life cycles of federal instrumentalities.

**Readings for February 29:** Kevin R. Kosar, “The Quasi-Government: Hybrid Organizations with Both Government and Private Sector Legal Characteristics,” 2011; Stanton, “The Life Cycle of the Government-Sponsored Enterprise: Lessons for Design and Accountability,” 2007; *Melcher v. Federal Open Market Committee*, 644 F.Supp. 510 (D.C.D.C., 1986).

## **March 7**

The Financial Debacle and Lessons for the Public and Private Sectors.

**Readings for March 7:** Sahlman, “Management and the Financial Crisis,” 2009; Stanton, “Bank Supervision: Unfinished Business from the Financial Crisis,” 2014; and Stanton, “The Importance of Legitimacy in Government’s Response to the Financial Crisis,” 2008.

### **March 14: Spring Break**

#### **Student Papers**

#### **March 21 – March 28 -- April 4**

OPTION: hold a double class on March 21 or 28; on April 4 substitute a class with an invited speaker TBD, with readings TBD

Student presentations and discussion of research papers. About six presentations will be discussed at each class session.

**Readings:** Copies of student papers will be distributed the week before they are discussed.

#### **Relations Between the Public and Private Sectors**

#### **April 11**

Regulation: government involvement in setting the rules for private sector activities.  
Economic Regulation (the SEC, FTC, FCC, Utilities Regulation, Antitrust, etc.);  
Protective Regulation (Environment, Health, Safety, etc.)

**Readings for April 11:** Malcolm Sparrow, *The Regulatory Craft* (Brookings, 2000), chapters 6, 9, and 18 (pp. 81-98, 123-136, and 255-278) and *skim* rest of book; Stanton, “Leverage and the Regulatory Process,” 2014.

#### **April 18**

Contracting out. The impact of government contracting on the missions, capabilities, and environments of private organizations contracting with government; structuring contract relationships.

**Readings for April 18:** Dan Guttman, “Contracting, an American Way of Governance,” chapter 10 in *Meeting the Challenge*; Guttman, “Government by Contract,” 2008; Priest and Arkin, “National Security, Inc.,” 2010; Daniel Gordon, testimony, November 16,

2011; Steven Pearlstein, “Lifeguard’s Ordeal is Parable about Outsourcing,” 2012; *Military Times*, “Army Says No to More Tanks, but Congress Insists,” 2013.

### **April 25**

Enterprise Risk Management (ERM), risk management and the dynamics of downsizing; past federal experience with downsizing; privatization of government activities, organizations, and assets.

**Readings for April 25:** Stanton, “Risk Management and the Dynamics of Downsizing,” Stanton, “Program Design and the Quest for Smaller and More Efficient Government”; and Stanton, “Constructive Dialogue and ERM: Lessons from the Financial Crisis.”

### **Improving Coordination Between the Public and Private Sectors**

### **May 2**

The Imperative of Anticipating and Responding to Disaster

**Readings for May 2:** Stanton, “Meeting the Challenge of September 11,” Introduction; and Stanton, “Improving Federal Relations with States, Localities, and Private Organizations on Matters of Homeland Security: The Stakeholder Council Model,” Chapter 13 in *Meeting the Challenge*.

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**Sample Themes for Student Papers**

**Spring 2016**

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You will be expected to produce a research paper on an approved topic relating to (1) a crosscutting theme relating to public-private relations, or (2) government-private relations with respect to a particular private organization or activity, or a federal department, agency or instrumentality. Interesting themes for papers might include:

- Tools available for government to help prevent a mortgage market (or other financial market) meltdown in the future, the nature of constituencies for and against application of those tools, and achievable recommendations.
- Impact of budget uncertainty and budget cuts on the ability of the National Science Foundation or National Institutes of Health to support basic research at universities and other nonprofit institutions;
- Impact of budget uncertainty and budget cuts on the ability of federal and state governments to fight wildfires;
- Capacity of government agencies (FTC, Consumer Financial Protection Bureau, CPSC) to protect consumers and the nature of constituencies that support, impede, or channel consumer protection.
- Implications for governance and risk management of Alan Greenspan's comment, that "that "I made a mistake in presuming that the self-interest of organizations, specifically

banks and others, was such that they were best capable of protecting their own shareholders and the equity in the firms” (House Oversight Committee 2008).

- Tools available to the Department of Homeland Security (DHS) to increase the security of a major group of private actors (e.g., cargo shipments, chemical facilities, retail establishments, power plants or transmission lines, or tourism facilities), the likelihood of success in improving security in a reasonable period of time, and proposed strategies for improving the rate of progress.
- Nature of the relationship between a federal credit agency such as the Department of Housing and Urban Development (HUD) or the Small Business Administration (SBA) and lenders or other third parties that help to provide financial services in federal programs;
- Design, administration and effectiveness of the federal Medicare program and the relationship of the administering agency, the Centers for Medicare and Medicaid Services, with various types of provider;
- Design, administration, and financial effectiveness of a federal insurance program such as pension guarantees through the Pension Benefit Guaranty Corporation or crop insurance, and recommendations for improvements in the relationship between the government and the private parties involved;
- Role and capacity of the US Department of Agriculture (USDA) in assuring the safety of meat products; or
- Effectiveness of private companies and federal, state, and local governments in assuring the performance of the national electric power grid against a cyberattack.

Some of these sample topics are quite broad; it will be important to focus them so that the topic can be addressed in useful depth. For example, analysis of relationships between DHS and firms in an economic sector would look closely at the incentives of the different



parts of government and different kinds of private firms, and the capacity of the government agency to obtain useful information and act on it. Analysis of the USDA food safety program would include careful examination of the private and public actors with a stake in the program and consideration of design improvements.

Your paper should display your understanding of the role and capabilities of the government agency or program vis-à-vis the incentives of the private actors involved, and the institutional structure of the delivery system (e.g. government agency, private company, state or local government, etc.).

These are merely examples; it is important to find a topic of special interest to you personally. The point of the paper is to permit you (1) to understand how the particular pieces fit together and (2) to integrate your understanding of the relevant institutional capabilities and incentives of different types of actors with the practical results found in the nature of government involvement in a particular part of the private sector. Perhaps most importantly, be able to show the tradeoffs between good policy and good politics in the way that a program is designed or implemented.

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**Student:**

**Paper Topic:**

<b>CRITERION</b>	<b>EVALUATION</b>
Well Focused Research Topic	
Clarity of Institutional Analysis	
Identification of Relevant Issues	
Distinction Between Apparent Perceptions and Operational Reality	
Depth of Analysis of Operational and Structural Issues	
Quality of Research Sources	

NOTE: Students also will be graded on the quality of class participation: \_\_\_\_\_

**Instructor Comments:**

**Grade for the Course:** \_\_\_\_\_

Thomas H. Stanton  
Spring Semester 2016