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Social Science Methods and Government Effectiveness

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*Working Paper Prepared for the National Association for
Welfare Research and Statistics Meeting in Albany, NY, July 13, 2009*

The proposition of this working paper is that social policy researchers should assign higher priority to *institutional* studies. My argument begins with a statement of what I consider to be the undue emphasis of domestic public policy research on classical experimental studies. Because I have discussed this on other occasions, this section is brief. It is my view that in our classrooms and in our research, the desire to simulate disciplines that conduct experimental studies with random assignment has led to a gestalt for applied social science that does not give enough attention to *other* types and methods of research. My most recent treatment of this is contained in a "Point/Counterpoint" exchange with Robinson Hollister in the *Journal of Policy Analysis and Management*:

- "The Role of Random Assignment in Policy Research" (Vol. 27, No. 2)
- "The Role of Random Assignment in Policy Research, Part II" (Vol. 27, No. 3)
- "The Role of Random Assignment in Policy Research, Reader Responses" (Vol. 28, No.1)¹

I want to expand on the recommendation for greater emphasis on institutional studies with an example from a field of public policy that is currently hot and critical – research on the operations of financial markets. I begin with a recent article in *The New York*

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Times by Sandy B. Lewis, son of a founder of Bear Stearns, and William D. Cohan, author of the book, *House of Cards: A Tale of Hubris and Wretched Excess on Wall Street*, which chronicles the demise of Bear Stearns. In this article, “The Economy is Still at the Brink,”² the authors maintain that the president is “trying to make us feel a whole lot better” but that “nothing has really been fixed.” They set out twelve questions, contending that the country is bailing out the wrong people (“those at the top of the economic pyramid”) and sending out the wrong signals.

Their seventh question is: “Why isn’t the Obama administration working night and day to give the public a vastly increased amount of detailed information about what happens in financial markets?” We need, they argue, to know more about what was going on, what the government was and wasn’t doing about it and could have done about it. The following quote from the Lewis-Cohan article is long but interesting.

Ever since traders started disappearing from the floor of the New York Stock Exchange in the last decade of the 20th century, there has been less and less transparency about the price and volume of trades. The New York Stock Exchange really exists in name only, as computers execute a very large percentage of all trades, far away from any exchange.

As a result, there is little flow of information, and small investors are paying the price. The beneficiaries, no surprise, are the remains of the old Wall Street broker-dealers — now bank-holding companies like Goldman Sachs and Morgan Stanley — that can see in advance what their clients are interested in buying, and might trade the same stocks for their own accounts. Incredibly, despite the events of last fall, nearly every one of Wall Street’s proprietary trading desks can still take huge risks and then, if they get into trouble, head to the Federal Reserve for short-term rescue financing.

Here’s something that should change in terms of transparency. The most recent price that any stock traded for should be published online in real time for all to see. And the public should have access to a new type of electronic ticker that provides market information in language that all can understand, not just the insiders.

As for those impossibly complex securities that caused so much of the trouble — among them derivatives, credit-default swaps and asset-backed securities — the S.E.C. should have the power to make public all the documentation surrounding these weapons of mass financial destruction, including all data about the current costs of buying and selling them and the cash flow underlying them. We also need widely accessible, real-time reporting of all trades in the bond market. We bet Mike

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Bloomberg’s company could help design such a system for our benefit.

Readers may think I am stretching the point, but I don’t think so. I urge you to read (or at least try to read) Cohan’s lively, fast-paced book on the demise of Bear Stearns. He describes the company’s bridge playing, high-roller leaders and the way they ratcheted up their trading into new, risky, complicated, and opaque financial instruments.

My point, to reiterate, is that we need to have a closer, fuller knowledge base on what was going on. This is also true for policy research in the field of social policy. The tendency is to denigrate institutional studies as squishy and qualitative – or worse, leave it to journalists. Some journalists (*The Times*, *The Washington Post*, *The Wall Street Journal*, who can afford to do so) do deep digging into crucial subjects, but they often can’t or don’t go far enough to lay a base for public policy.

Hugh Heclo makes a similar point in a new book.³ Heclo says Americans as a people “are disposed to distrust institutions.” This is not a new condition. Political institutions are a prominent example of this distrust, but, according to Heclo, it is not confined to government.

In recent decades a similar current of distrust marks people’s reaction to most of the other major institutions in modern society. This includes business, unions, public schools, organized medicine, the legal profession, religious institutions, journalism, non-profit organizations. With a few exceptions, growing distrust in the modern mind is directly toward the entire institutional apparatus of modern society. If we imagine that apparatus as a sort of bank, the overall picture is one of many withdrawals, few deposits and a consequent depletion of trust reserves.

The last sentence of this quote about the “depletion of trust reserves” in institutional accounts is on point. I turn now to describe examples in the field of social policy.

Welcome to Albany: The Rockefeller Institute is co-sponsoring this workshop, and Tom Gais, co-director of the Rockefeller Institute, had a major role in its organization. Beginning in 1997 and for the next five years, Tom and I and others conducted a national field network study of the implementation of the national welfare reform act signed by President Clinton in 1996. We issued reports, published books, testified before Congress, presented talks and papers, and have written articles and book chapters on this law (a prominent one being in the Blank-Haskins Brookings volume). This is not the first such field network study; others before and since have had a similar goal and structure.⁴

The greater role urged in this working paper for institutional studies should not be viewed in a vacuum. Deep-digging journalistic articles are an important input to the policy process, as are legislative oversight hearings and legal studies. Political scientist

Institutional public policy research needs to be independent and even-handed and to be conducted by researchers who are not advocates.

Martha Derthick, a long-time practitioner of institutional policy research (often conducted by colleagues at Brookings), is unperturbed in saying her work is journalistic. That does not gainsay the point. Social science studies of public institutions and policy implementation are additive. They are often bigger and longer term than what investigative journalists can undertake — especially now.

Allow me (you have to say yes) to say more about institutional research on policy implementation. First of all, it is a style of research carried out by many organizations. Just to mention some — the Urban Institute, RAND, the Center on Education Policy for the No Child Left Behind law, Abt, Mathematica, and MDRC. This methodology is used extensively by the Government Accountability Office; we have worked with GAO researchers on a number of such studies.

Second, institutional public policy research needs to be independent and even-handed and to be conducted by researchers who are not advocates. There is nothing wrong with advocacy studies of government programs and operations, but they have a different purpose and political role. While I am not supposed to say so, in my view they are not as crucially needed as unbiased studies of what happens to public programs and in public institutions.

Third, such studies can't be done on a shoestring. Smaller studies on cases and places are all well and good, but studies with a larger geographic scope, using a uniform methodology and analytical structure, are another thing. The study Tom Gais and I did of the 1996 welfare reform act — the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), pronounce it as you will; we say “pawora” — cost \$3 million, with most of the support coming from the W.K. Kellogg Foundation.

While Tom Gais and I have our opinions of social policy and had our expectations (hypotheses, if you will), we did not go into this work with anything to prove. It was basically inductive. What we found surprised us. The following is from our first report:

The focus of this research is on what happens to national policies after they are made. The theme is that a lot is happening and that there are surprises in the implementation of the 1996 Personal Responsibility Act and its connections to other social agencies and programs.

Bureaucracies typically don't change this much and this fast. Why did it happen this time around? The book highlights three S's to encapsulate the changes that are occurring — Signals, Services, Sanctions. Emphasis is placed on “second-order devolution,” the crucial role of front-line workers, the relationship between employment services and cash payment systems, varieties in goal clusters among the states and locally, the new role of “diversion” before welfare reciprocity, and the condition and importance of welfare information systems. Field

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researchers in 20 states (including 2 local sites in each) are conducting this ongoing study in conjunction with Rockefeller Institute central staff. A component of the research program funded by the U.S. Department of Health and Human Services and headed by Irene Lurie is examining the ground-level operation of the welfare programs in 12 local sites.⁵

We testified on this report before Congress and met with interested groups and experts.

We also conducted follow-up field research. Our work on local implementation led to focused analysis on how front-line welfare workers interacted with applicants and recipients, and eventually to the study by Irene Lurie of over one thousand such encounters in four states.⁶ In addition, our findings about the shrinking role of cash assistance and the growing role of services led to studies of changes in how states were shifting their social welfare expenditures. This began with a study of changes in spending before and after welfare reform, and has included a series of papers tracing more recent changes in state expenditures, including the persistent decline in cash assistance spending, even during the last recession, and the growing divide between rich and poor states in social service expenditures.⁷

Findings in the 1990s on weaknesses of human service information systems in achieving the goals of welfare reform led the Institute to collaborate with the U.S. Government Accountability Office on a series of seminars in Washington on this subject — and to improved understanding across federal agencies and between federal and state officials.⁸ The Institute also found that state welfare reforms have changed considerably and sometimes rapidly over the years, based on follow-up implementation studies at both the state and local levels.⁹

Members of the National Association for Welfare Research and Statistics are an important audience for this paper. One of the things I would like to do is compile an annotated bibliography of the methods and applications of institutional, especially implementation, studies. I am sure many of you could offer examples of studies to include. In my book, *Social Science in Government*, I urge greater priority for *both* implementation and studies of outcomes or impacts, and at the Rockefeller Institute we do both.

Following are examples of other subjects and issues in the field of social policy that in my view warrant institutional study. I commented in a “*Point/Counterpoint*” article cited above on my concern that the Institute for Education Sciences at its founding in 2002 was too focused on the “gold standard” of experimental studies.¹⁰

While I grant that there is a need for experimentation in education, randomized control group designs are hard to arrange and implement in classroom settings and are likely to be expensive and complex, in part because of the involvement of so many interests and actors in this field.

Multistate health studies could help the nation build a new mouse trap (the biggest one of all) for health-care reform.

I think it is unfortunate that the concentration on randomization by the Institute for Education Studies has been so pronounced — indeed, so much so as to reflect resistance to nonexperimental research — for example, on such vital challenges as the establishment, assessment, and effects of K-12 accountability systems operated by state governments, school districts, and in classroom settings.

There have been implementation studies of the No Child Left Behind law by the Center on Education Policy, RAND, and others, but not enough. And there are similar needs for institutional research on charter schools (how they are organized and work and don't work), virtual schools, "choice," and other cultural and institutional reforms in education. Indeed, reform is going on all the time in government, often at the very same time that politicians, pundits, and policy wonks are talking about reforming things.

There is also room, and a market, for institutional learning on the ground in the health field. For example, and you won't be surprised to hear me say this, states should be a key focus. They are carrying out many initiatives, for example (1) all-payer systems; (2) changes in reimbursement policy; (3) establishing health care homes and variants of managed care; (4) commissions to close hospitals; and (5) innovations for information systems, prevention, and primary care.

Multistate health studies could help the nation build a new mouse trap (the biggest one of all) for health-care reform. Currently, Larry Brown of the Mailman School of Public Health, Columbia University, and I are conducting an eight-state study of the implementation of an initiative by the Robert Wood Johnson Foundation to enlist state governments to expand care for children under Medicaid and CHIP. The Johnson Foundation, which for many years has been committed to expanding kids' care, is trying this as a new approach to organize, support, and aid key officials inside state governments to expand coverage — if you will, inside the belly of the beast. This initiative comes at a complicated time. Larry Brown and I are not sure what to expect.

Altogether, Larry and I are working in ten states. I am encouraged as we go into the field. The hard-working, dedicated people we meet (agency leaders and career staff) restore my faith. (This is indeed faith-based research.) Even in the midst of all of the goings on in the New York State Senate, the people we have met who are working on health care eligibility and enrollment for children in New York are hard it — committed, energetic, trying their best to make progress and enhance the state's administrative and information capacity.

In the policy field for this NAWRS conference, social policy, we at Rockefeller have had a long, strong interest in the goal of integrating social services. With support from the Anne E. Casey Foundation, Mark Ragan conducted field research on how to do this in twelve states.¹¹ This purpose — one that to my mind is

entirely logical and desirable — is extraordinarily hard to fulfill. Frustration reigns. There are good examples and unsung heroes, but sustainability in this area is a special challenge

I want to conclude with a historical comment. At one time, there was an active institutional school of economics in the United States led by John R. Commons at the University of Wisconsin. Commons contended that institutions, as collectives of people, behave differently from the sum of the individuals within them. He urged that institutional economics give emphasis to organizational behavior.

Another economist whose work I have always admired, Albert O. Hirschman, has observed similarly that economists neglect mood and attitudinal variables at their peril. Modern economics, he said, “oversimplifies.” Specifically, he criticized “parsimony” in the discipline, asserting that the conventional approach presents “too simple minded an account of even such fundamental economic processes as consumption and production.”¹² He urged economists to “trespass” on other disciplines.¹³

My point is not that economists should lose standing as leaders of applied social science. They have the strongest body of theory and the most workable tools to aid government decision making. It is not incidental, however, that Tom Gais and I are political scientists. Over the years, most of the field researchers for implementation studies I have participated in have been political scientists and economists.¹⁴ The proposition of this working paper — about giving greater emphasis to such institutional public policy research — can be seen both as a statement on methodology and of the author’s views about the desirability of having political scientists and the practitioners of other social science disciplines play a larger role in public policy research.



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State University of New York. The views expressed in this working paper are his responsibility.

Endnotes

- 1 For other sources, see Richard P. Nathan, "Presidential Address: 'Complexifying' Performance Oversight in America's Governments," *Journal of Policy Analysis and Management*, Vol. 24, No. 2, Spring 2005, pp. 207-215; Richard P. Nathan, *Social Science in Government* (Albany, NY: Rockefeller Institute Press, 2000); Irene Lurie "Field Network Studies" in *Policy in Action: Implementation Research and Welfare Reform*, edited by Mary Clare Lennon and Thomas Corbett (Washington DC: Urban Institute Press, 2003); and Irene Lurie, *At the Front Lines of the Welfare System: A Perspective on the Decline in Welfare Caseloads* (Albany, NY: Rockefeller Institute Press, 2006).
- 2 See William D. Cohan, *House of Cards: A Tale of Hubris and Wretched Excess on Wall Street* (New York: Doubleday, 2009) and Sandy B. Lewis and William D. Cohan, "The Economy is Still at the Brink" *The New York Times*, June 7, 2009.
- 3 Hugh Hecl, *On Thinking Institutionally* (Boulder, CO: Paradigm Publishers, 2008)
- 4 For overviews of our findings, see Richard P. Nathan and Thomas L. Gais, *Implementing the Personal Responsibility Act of 1996: A First Look* (Albany, NY: The Nelson A. Rockefeller Institute of Government, 1999); Thomas Gais et al., "Implementation of the Personal Responsibility Act of 1996" in *The New World of Welfare*, edited by Rebecca Blank and Ron Haskins, (Washington, DC: Brookings Institution Press, 2001), pp. 35-70; and Richard P. Nathan, Testimony before the Subcommittee on Human Resources of the Committee on Ways and Means, House of Representatives, March 19, 1998.
 For information on specific states and regions, see Carol Weissert, editor, *Learning from Leaders: Welfare Reform in the Midwestern States* (Albany, NY: Rockefeller Institute Press, 2000); Sarah Liebschutz, editor, *Managing Welfare Reform in Five States: The Challenge of Devolution* (Rockefeller Institute Press, 2000); L. Christopher Plein, "Welfare Reform in a Hard Place: The West Virginia Experience," *Rockefeller Report* (November 2001); Gary Bryner, "Welfare Reform in Utah," *Rockefeller Report* (August 2002); and John Hall and Gerald J. Kubiak, "Arizona's Welfare Reform Experience," *Rockefeller Report* (November 2, 1999). "Federalism and the Safety Net: Delinquency and Participation Rates" (with Frank Thompson), *Publius* (Winter/Spring, 2000).
 On special issues, see, for example, Thomas Gais and Cathy Johnson, "Welfare Reform, Management Systems, and their Implications for Children," *Ohio State Law Journal* 60 (1999): 1327-55; a version of this paper was published in Greg Duncan and Lindsay Chase-Lansdale, *For Better and For Worse: Welfare Reform and the Well-Being of Children and Families* (New York: Russell Sage, 2001); also see Thomas Gais, Cathy Johnson, and Catherine Lawrence, "Children and Welfare Reform: What Policy Theories are Being Implemented in States Where Most Poor Children Live?" *Policy Currents*, Spring 2003; and Thomas Gais "New Systems of Social Programs? Local Implementation of Health Care, Food Stamp, and TANF Programs" (with James Fossett and Frank Thompson), *Focus* (University of Wisconsin-Madison, Institute for Research on Poverty), Summer 2003.
- 5 Quote is from Richard P. Nathan and Thomas L. Gais, *Implementing the Personal Responsibility Act of 1996: A First Look*, p. iii. Three other findings of note are: (1) Changes in signals occurred even though state welfare workers still did a lot of what they have always done, collecting and verifying eligibility information. Signals changed as new processes and agencies were added to eligibility procedures — as applicants were required to register with employment bureaucracies, look for jobs, attend workshops, etc. (2) Employment bureaucracies and welfare agencies did not always work well together, one problem being the lack of conforming information systems used by both agencies, leading sometimes to people dropping out during processes or simply not being tracked. (3) There was little emphasis on marriage promotion., reduction of out-of-wedlock births, i.e., other goals of TANF besides jobs, self-sufficiency, and economic assistance.
- 6 Irene Lurie, *At the Front Lines of the Welfare System: A Perspective on the Decline in Welfare Caseloads* (Albany, NY: Rockefeller Institute Press, 2006).
- 7 Donald J. Boyd et al., *The Fiscal Effects of Welfare Reform: State Social Service Spending Before and After Welfare Reform: Final Report*, A Report on Research Supported by the U.S. Department of Health and Human Services, May 2003; Lewin Group and Rockefeller Institute, *Spending on Social Welfare Programs in Rich and Poor States*, Final report, Prepared for the Department of Health and Human Services, Assistant Secretary for Planning and Evaluation (Washington, DC: October, 2004). Thomas Gais, "Stretched Net: The Retrenchment of State and Local Social Welfare Spending Before the Recession." *Publius: The Journal of Federalism* 39, 3 (2009): 557-579). Also see reports from the Institute's analysis of changes in state spending on children (supported by the Annie E. Casey Foundation: Patricia Billen et al., *State Funding for Children: Spending in 2004 and How It Changed From Earlier Years* (Albany, NY: The Nelson A. Rockefeller Institute of Government, October 2007).

- 8 U.S. Government Accountability Office, *Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort*, GAO/HEHS-00-48 (Washington, DC, 2000).
- 9 Thomas Gais, James Fossett, and Frank Thompson, "New Systems of Social Programs? Local Implementation of Health Care, Food Stamp, and TANF Programs," *Focus* (University of Wisconsin-Madison, Institute for Research on Poverty), Summer, 2003; Mike Fishman, Karen Gardiner, Mark Ragan, and Thomas Gais, *Local TANF Implementation*, Report prepared for the U.S. Administration for Children and Families, Office of Planning, Research, and Evaluation (Washington, DC: 2007) http://www.acf.hhs.gov/programs/opre/welfare_employ/local_impl/index.html; Mike Fishman, Karen Gardiner, Mark Ragan, and Thomas Gais, *Local Implementation of TANF in Five Sites: Changes Related to the Deficit Reduction Act*, Report prepared for the U.S. Administration for Children and Families, Office of Planning, Research, and Evaluation (Washington, DC, 2008) http://www.acf.hhs.gov/programs/opre/welfare_employ/local_impl/index.html.
- 10 See Richard P. Nathan, "The Role of Random Assignment in Social Policy Research," *Journal of Policy Analysis and Management*, Vol. 27, No. 3 (Summer 2008) p. 610.
- 11 See Mark Ragan, *Building Better Human Service Systems: Integrating Services for Income Support and Related Programs* (Albany, NY: The Nelson A. Rockefeller Institute of Government, June 2003).
- 12 Albert O. Hirschman, "Against Parsimony: Three Easy Ways of Complicating Some Categories of Economic Discourse," *Bulletin of the American Academy of Arts and Sciences* 37 (May 1984): 11.
- 13 Hirschman's most famous book is *Exit Voice and Loyalty* (Cambridge, MA: Harvard University Press, 1970).
- 14 This includes economist Michael Wiseman, co-chair with Tom Gais of this NAWRS workshop.