School of Social Sciences, Policy, and Evaluation
Division of Politics and Economics

# PP338 Policy Design and Implementation

Spring 2026

## Class Instructor: Robert Klitgaard

University Professor

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In-person Drop-by Hours: Tuesdays 9:00–11:45 am

Phone/Zoom Hours by appointment

## Instructor Feedback and Communication

The best way to get in touch with me is via email. I will do my best to respond to email/voice messages within 2 business days.

# Class Schedule

Semester start/end dates: January 19–May 16.

Meeting day, time: Mondays 7:00–9:50 pm

Format: Online.

# Overview

## Course Description

In the coming years, the AI revolution may render many current policies obsolete—and make possible others that today seem infeasible. It may open new paths toward humanity's deeper goals, even as it poses unprecedented challenges to governance, security, and social trust. No one knows exactly what will happen. But we can no longer afford to treat the opportunities and the risks as someone else's homework.

This course is a bold but humble step in taking the AI revolution seriously from a policy perspective.

Our task is threefold. First, we honor the classics. The analytic craft of public policy—framing objectives, diagnosing systems, assessing what works, and implementing change—remains indispensable. You will practice these tools, with the help of AI.

Second, we reframe the goals. What could "progress" mean if wealth, health, knowledge, and access become far more abundant? Some policies may shift from easing scarcity to

nurturing purpose. Some policies that have been infeasible in the past may become necessary in the future—such as a universal basic income.

Third, we address the risks. We must learn to design and govern AI itself—its incentives, safeguards, and social effects. It may catalyze upheavals in labor markets and public services. It could exacerbate international conflict and enable new forms of crime. And while we're being dramatic, it could usher in a kind of AI-enhanced *1984*.

Throughout, AI will be both your topic and your tool. You will use Generative AI (GenAI) as your tutor, co-creator, and partner, and you will learn to interrogate its blind spots, biases, and potential for misuse.

While we deal with some megatrends and grand policy issues, you will have ample opportunities to tune the course to your particular policy area of interest. The midterm and final exams will be customized to each student.

PP338 is designed for people ready to face an uncertain future and eager to be in the rooms—governments, firms, NGOs, and multilaterals—where the next generation of policies is imagined and put to work.

## Background Preparation (Prerequisites)

Students are welcome from throughout CGU and the Claremont Colleges, with the permission of the professor.

Prerequisites: basic familiarity with microeconomics and statistics is helpful but not required; curiosity and seriousness are required.

## Learning Outcomes

By the end of PP338, students should be able to:

1. *Reframe policy goals under AI-driven change*
   Consider how sustainability, equality, and human flourishing might be challenged and redefined by the AI revolution—and apply these ideas to their policy area.
2. *Design policies for their policy area that address both scarcity and abundance*
   Use core tools of policy analysis (what works where, analysis of market failures, and government failures) to develop policies that can flex toward disruptive futures.
3. *Harness AI as a critical co-analyst, not an oracle*
   Integrate GenAI into policy analysis while exposing its gaps, biases, and failure modes.
4. *Engineer implementation in an AI-enabled society*
   Diagnose classic implementation problems and design AI-augmented solutions with safeguards against surveillance, capture, and abuse.
5. *Practice "Policy Analysis 2.0": analysis plus convening*
   Design inclusive processes that bring data, examples of success, and analytical frameworks to diverse participants, in order to catalyze better policymaking—and apply these ideas to their policy area.

## Expectations and Logistics

This seminar is highly participatory. Your careful preparation and enthusiastic participation are keys to your learning experience—and to the class's. You should expect to spend an average of about six hours preparing for each class, including readings, assignments, and guided exploration using GenAI tools.

If for some reason you are unable to come to a class or to prepare for it fully—things do happen—please let Prof. Klitgaard know in advance via email.

## Artificial Intelligence

Throughout the course, we will make extensive use of Generative Artificial Intelligence (GenAI), especially ChatGPT and NotebookLM. If you prefer a different GenAI platform, such as Claude, Gemini, Grok, Perplexity, or another, that's fine. Throughout this syllabus, I will refer to ChatGPT, but you can use another platform if you like.

We will explore GenAI's many uses. For example, you will use ChatGPT and NotebookLM as your personal tutor. To help you get started on a research project. To anticipate politicized reactions to policy analyses—and take preventive measures. To be your research assistant, including data analysis. Here is the link to the notebook for this course:

https://notebooklm.google.com/notebook/469aeb30-0a27-43a7-8b38-a4f96ede717f

We will emphasize the limitations and risks of GenAI. As we explore the tools, we will consistently question them—and ourselves, as we put them to use. Using GenAI to replace your own reasoning, analysis, or judgment—rather than to extend and interrogate it—will be treated as a failure to meet course expectations.

## Assessments

Seminar participation, including discussions on Canvas, counts for 20 percent of the final grade.

During the course, each student will deliver two 15-minute briefings on assigned readings. Together, these briefings count for 20 percent of the final grade. You will receive a briefing schedule with ample notice. We will review good practice in preparing visual aids and delivering briefings. A useful resource is RAND Corporation (1996), *Guidelines for Preparing Briefings*. https://apps.dtic.mil/sti/tr/pdf/ADA317235.pdf

There will be two examinations, both emphasizing synthesis, judgment, and application to your policy area rather than recall of readings. The midterm (March 9) is 25 percent of the final grade, and the final examination (May 11) accounts for 35 percent. Both exams are open book and open notes. The questions will be tailored to your policy interests. In both exams, you will use ChatGPT; part of your grade reflects how well you use it and how transparently and critically you document that use. Each exam is designed to take about three hours, but you will have up to four hours if you wish.

# Class Schedule

Estimated reading or watching times are indicated in parentheses.

* Materials marked with an asterisk are optional. The NotebookLM notebook for this course includes almost all required and optional readings (but not Bostrom's *Deep Utopia*).

## Module 1. Radical Transformation

### Jan. 26. Introduction

Introductions of participants. Taking scenarios seriously: the AI revolution and public policy. Overview of the course.

As preparation for our first class, we'll use a tool that policy professionals often need but rarely practice: *scenarios*. Not predictions. Not science fiction for its own sake. Scenarios are disciplined "thought experiments" that help us ask: *If the world shifts this way rather than that way, what should we do now? What would robust policies look like?*

*Readings:*

Daniel Kokotajlo *et al*. 2025. *AI 2027*. AI Futures Project. Browse online here, with some fun changing graphics: https://ai-2027.com. PDF version: https://ai-2027.com/ai-2027.pdf (2 hours.)

William MacAskill and Fin Moorhouse. 2025. "Preparing for the Intelligence Explosion." *Forethought*. https://www.forethought.org/research/preparing-for-the-intelligence-explosion.pdf (2 hours.)

Robert Klitgaard and ChatGPT. 2025. *Graduate School Meets Generative AI: What's Happening, Why It Matters, and How to Respond*. Amazon Kindle KDP Books: pp. 8–19. Open access: https://robertklitgaard.com/grad-school-%26-genai (30 minutes.)

As you read, keep these questions in mind:

- *What seems to drive the futures described?* (Key assumptions, bottlenecks, incentives, institutions.)
- *What policy questions pop out?* (Governance, safety, instability, equity, accountability, capacity, international issues.)
- *What would you want to know early?* (Signals that a particular future is becoming more likely.)

*Optional readings:*

* Jonas Kgomo and Zekai Song. 2025. *AI4Policy: AI-Enabled Scenario Planning for Policy-Making in the Age of AI*. October. 18 pages. https://explorepolicy.org/scenario.pdf (30 minutes)

* Peter H. Diamandis. 2025. "10 Metatrends That Will Define Your Future." *Diamandis Blogpost*. November 13. https://metatrends.substack.com/p/10-metatrends-that-will-define-your (45 minutes)

* Michael J.D. Vermeer, Emily Lathrop, and Alvin Moon. 2025. *On the Extinction Risk from Artificial Intelligence*. Santa Monica: The RAND Corporation. https://www.rand.org/content/dam/rand/pubs/research_reports/RRA3000/RRA3034-1/RAND_RRA3034-1.pdf (1 hour)

* Mariano-Florentino Cuéllar *et al.* 2026. "Shaping AI's Impact on Billions of Lives." *Communications of the ACM*. 69(1): 54–65. https://doi.org/10.1145/3746132. (45 minutes)

* Gayle Markovitz and David Elliott 2025. "AI paradoxes: 5 contradictions to watch in 2026 and why AI's future isn't straightforward." World Economic Forum. 30 December. https://www.weforum.org/stories/2025/12/ai-paradoxes-in-2026/ (20 minutes)

* Anton Korinek. 2025. "The Economics of Transformative AI," presentation at Post-AGI Workshop: Economics, Culture and Governance, San Diego, CA. Dec 3. https://youtu.be/Z8K-Np6HCWE?si=GoF1SA0aatkKiVoZ (40 minutes)

* Nina Schick, "Industrial Intelligence," TED Talk, November 2025. https://youtu.be/QL70_7zC9KE?si=VEilqjS9_GkzdDvM (20 minutes)

* Blaise Aguera y Arcas and James Manyika. 2025. "AI Is Evolving — And Changing Our Understanding of Intelligence" *Noēma*, April 8. https://www.noemamag.com/ai-is-evolving-and-changing-our-understanding-of-intelligence/ (30 minutes)

* Shao, E., Wang, Y., Qian, Y. *et al.* 2025. "SciSciGPT: advancing human–AI collaboration in the science of science." *Nat Comput Sci*. December. https://www.nature.com/articles/s43588-025-00906-6 (20 minutes)

* The World Bank. 2025. "Building AI Foundations: From Farms to Future Economies." YouTube, November. https://www.youtube.com/live/epohOYH1-z4?si=Qtv-cKQyDYTQuYoe (45 minutes)

* Enrique Ide and Eduard Talamàs. 2025. "Artificial Intelligence in the Knowledge Economy." *Journal of Political Economy*. 133(12): 3762–3800. December. https://www.journals.uchicago.edu/doi/10.1086/737233 (1 hour)

* Peyman Shahidi *et al.* 2025. "The Coasean Singularity? Demand, Supply, and Market Design with AI Agents" National Bureau for Economic Research. NBER Working Paper No. w34468 November. Earlier version: https://www.nber.org/system/files/chapters/c15309/c15309.pdf

*Assignment:*

Before 5:00 pm on January 25 (the day before our first class):

1. On Canvas, find this course and in the left-hand column, click on People. Please add a recent photo. Briefly share your personal, professional, and academic pursuits.

2. Then under Discussions, please find and click on "My Policy Area." Please share a big policy issue that fascinates and troubles you. Illustrative but not at all exhaustive examples: poverty, public schools, homelessness, corruption, mental health, rural development, criminal justice, reconstruction and reform in Ukraine, climate change, migration, "the baby bust," and the future of NATO. (Two paragraphs.)

## Feb. 2. Using GenAI in Policy Analysis

Let's call it the AI revolution and imagine (but not predict) great abundance, huge upheavals in labor markets and the distribution of wealth and power, and scary risks of abuse and conflict. This week we'll explore some of the possibilities in class with the help of GenAI.

*Readings:*

OpenAI Deep Research in Cahoots with Robert Klitgaard. 2025. *Co-Intelligence Applied: Thirteen Examples of How Generative AI Is Transforming Our World—and Ourselves*. Amazon KDP Books. Open access: https://robertklitgaard.com/co-intelligence-applied-1 Listen to the podcast by NotebookLM. Read the book review by Gemini on the same page https://img1.wsimg.com/blobby/go/dad78b97-1079-4aaa-8445-84d745d5b50a/Gemini%20reviews%20ChatGPT!.pdf. Look at the various chapters and skim one of them that most interests you. (Total time: 1 hour)

Nick Bostrom. 2024. *Deep Utopia: Life and Meaning in a Solved World*. New York: Ideapress."Monday," pp. 1–47. (2 hours)

Charles I. Jones. 2026. "A.I. and Our Economic Future." *Journal of Economic Perspectives* (forthcoming). https://web.stanford.edu/~chadj/AIandEconomicFuture.pdf (45 minutes)

*GenAI preparation:*

Please subscribe to a GenAI platform such as ChatGPT, Claude, Gemini, Grok, or Perplexity. Throughout the course and the syllabus, I'll use and refer to ChatGPT—but other platforms also work well for our purposes.

Have a look at your NotebookLM notebook for this course. Please and watch this tutorial: https://www.youtube.com/watch?v=b2fGNHPlUGA (30 minutes)

*Discussion on Canvas:*

What two ideas in the Bostrom reading were most interesting to you and very briefly, why? (Fewer than 400 words). Please post on Canvas before 5:00 p.m. on February 1 (the day before class) and after posting, please comment on the ideas of at least two of your classmates.

## Feb. 9. Policy Analysis and Evaluation

What is a policy? Why do we need policy analyses and evaluation? We will see in class how hard it is to predict what works where. And with the AI revolution, many past analyses will be outmoded and invalid because of abundance, upheavals, and new threats.

The AI revolution will enable better modeling, improved estimation, easier access by non-experts, and more contextualization. We will examine "radical policy analyses" that questions objectives, expands alternatives, includes more voices and institutions, and uses different methods of implementation.

Students will use Deep Research to analyze the effects of these changes in their policy areas.

*Readings:*

Mallory E. Compton and Paul 't Hart, eds. 2019. *Great Policy Successes*, ed. New York: Oxford University Press. Ch. 1. https://academic.oup.com/book/42635/chapter/358101222 (1 hour)

Robert Klitgaard. 2023. *Policy Analysis for Big Issues: Confronting Corruption, Elitism, Inequality, and* Despair. Newcastle upon Tyne: Cambridge Scholars Publishing. Preface and Ch. 1. https://cspcontents.s3.eu-west-1.amazonaws.com/master/samples/978-1-5275-2528-3-sample.pdf or listen to it here: https://robertklitgaard.com/big-issues (45 minutes)

Watch Nathaniel Hendren and Ben Sprung-Keyser. 2026. "Recent Developments in Welfare Analysis." American Economic Association Annual Meeting, January. https://www.aeaweb.org/webcasts/2026/developments-in-welfare-analysis (2 hours)

*Optional Readings:*

* Vikas Shah. 2023. "A Conversation with Bjørn Lomborg on the 12 Most Efficient & Impactful Solutions to Our World's Most Important Challenges" ThoughtNomics blog, August. https://thoughteconomics.com/bjorn-lomborg/ (30 minutes.)

* The World Bank. 2023. "What Works to Narrow Gender Gaps and Empower Women in Sub-Saharan Africa? A summary of eight 'evidence briefs.'" https://www.worldbank.org/en/topic/poverty/publication/what-works-to-narrow-gender-gaps-and-empower-women-in-sub-saharan-africa (20 minutes)

* Gregory Mitchell and Philip E. Tetlock. 2022. "Are Progressives in Denial About Progress? Yes, but So Is Almost Everyone Else" *Clinical Psychological Science* 1–22, December. (One hour.) https://doi.org/10.1177/21677026221114315 (45 minutes)

*Assignment (nothing to write or submit):*

What have been your experiences with policy analyses of "big issues" in your policy area? Be prepared to share in class.

# Module 2. Policy Analysis Reconsidered

## Feb. 16. What Is Good Policy Analysis? (1)

### Reframing the Goals: Sustainability

Caring for the environment and nature is a key goal of public policy. These precious public goods are endangered, perhaps permanently, by pollution in particular and "development" more generally. How have public policy analysts examined the goals and appropriate policies? How might the AI revolution affect sustainability through its use of energy and water? How might it enhance sustainability as well, especially if guided by astute public policies?

## Case Study: Climate Change

*Readings:*

Thomas C. Schelling. 1992. "Some Economics of Global Warming." *American Economic Review* 82(1): 1–14. https://www.scribd.com/document/728429028/10-2307-2117599 (2 hours.)

Christopher Robert and Richard J. Zeckhauser. 2011. "The Methodology of Normative Policy Analysis." *Journal of Policy Analysis and Management* 30(3): 613–643. https://scholar.harvard.edu/files/rzeckhauser/files/methodology_of_normative_policy_analysis.pdf (2 hours.)

Browse the Climate Policy Explorer https://climate-policy-explorer.shinyapps.io/climate-policies-dashboard/home/ Potsdam-Institute for Climate Impact Research. (20 minutes)

Skim Annika Stechemesser *et al.* 2024. "Climate policies that achieved major emission reductions: Global evidence from two decades." *Science*. Vol 385, Issue 6711: 884–892 DOI: 10.1126/science.adl6547 Get access via Honnold/Mudd Library. (10 minutes)

Thijs van de Graaf. 2025. "Inside the AI-Led Resource Race." *Finance and Development*. December. https://www.imf.org/en/publications/fandd/issues/2025/12/inside-the-ai-led-resource-race-thijs-van-de-graaf (15 minutes)

*Optional Readings:*

* William D. Nordhaus. 2018. "Climate Change: The Ultimate Challenge for Economics." Nobel Prize Lecture, December. https://www.nobelprize.org/uploads/2018/10/nordhaus-lecture.pdf

* Qiang Wang, Yuanfan Li and, Rongrong Li. 2025. "Integrating artificial intelligence in energy transition: A comprehensive review." *Energy Strategy Reviews*. Vol. 57 (January) https://www.sciencedirect.com/science/article/pii/S2211467X24003092?via%3Dihub (1 hour).

*Discussion on Canvas:*

What stand out to you as two strengths of Schelling's paper in terms of guiding policy design and implementation? No more than three paragraphs. Please post by 5:00 pm on February 15 (the day before class) and after posting, please comment on the ideas of at least two of your classmates.

# Feb. 23. What Is Good Policy Analysis? (2)

## Reframing the Goals: Equality

Many policies aim at expanding equality of opportunity and redistributing wealth. What do terms like "equality" and "social justice" mean? What are the difficulties in doing policy analysis of these issues? What happens if abundance happens? And what if, en route to abundance, inequalities dramatically increase?

*Readings:*

Joshua Rothman. 2020. "The Equality Conundrum: We All Agree That Inequality Is Bad. But What Kind of Equality is Good?" *The New Yorker* 13 January: 26–31. https://icjs.org/wp-content/uploads/2022/02/The-Equality-Conundrum-The-New-Yorker.pdf (1 hour).

Skim Elizabeth Anderson. 1999. "What Is the Point of Equality?" *Ethics* 109: 287–337. https://www.philosophy.rutgers.edu/joomlatools-files/docman-files/4ElizabethAnderson.pdf (Don't spend more than one hour—unless you're enthralled.)

Olivier Blanchard and Dani Rodrik. 2019. "We Have the Tools to Reverse the Rise in Inequality." Peterson Institute for International Economics. November. https://www.piie.com/commentary/speeches-papers/we-have-tools-reverse-rise-inequality (30 minutes.)

## Case Study: Early Childhood Interventions

Please spend an hour browsing this website by Nobel prize winner James Heckman. https://heckmanequation.org/resources/ (1 hour)

Paul Gertler *et al.* 2014. "Labor Market Returns to an Early Childhood Stimulation Intervention in Jamaica," *Science* Vol. 344 (6187): 998–1001. Please also skim the supplementary materials at the end of the article. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4574862/ (1 hour)

*Optional readings:*

* Nicolas Sommet *et al.* 2025. "No meta-analytical effect of economic inequality on well-being or mental health." *Nature*. https://doi.org/10.1038/s41586-025-09797-z. November. Summary here: https://www.nature.com/articles/d41586-025-03833-8 (30 minutes)

* Chelsea Follett and Vincent Gelosos. 2023. "Global Inequality in Well-Being Has Decreased across Many Dimensions: Introducing the Inequality of Human Progress Index." *CATO Policy Analysis*, No. 949. June. https://www.cato.org/policy-analysis/global-inequality-well-being-has-decreased-across-many-dimensions (45 minutes)

* Orazio Attanasio. 2026. "The first 1000 days and beyond: The process of child development." NBER WORKING PAPER 34651. January. DOI 10.3386/w3465 (30 minutes)

* Amanda Devercelli, Magdalena Bendini, Amer Hassan, and Sherri Le Mottee. 2022. "Learning During the Early Years: What Is it? Why Does It Matter? And How Do We Promote It?" World Bank Brief. March. (15 minutes). https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099425203102220416/p16951303b956d040083410ab7f69343a45

* Martha J. Bailey, Shuqiao Sun, and Brenden D. Timpe. 2021. "Evaluating the Head Start Program for Disadvantaged Students." *The Digest*, No. 4 (April) National Bureau of Economic Research. (15 minutes.) https://www.nber.org/digest-202104/evaluating-head-start-program-disadvantaged-children

*Assignment (nothing to write or submit):*

Please use ChatGPT to explore concepts of "equality" and "equity." Please be prepared to discuss your results in class, both about ChatGPT and about these concepts.

## March 2. What Is Good Policy Analysis? (3)

### Reframing the Goals: Scarcity and Wellbeing

One possible outcome of the AI revolution is a radical reduction in material scarcity. What are the connections between the consumption of goods and services and "wellbeing"? Indeed, what does "wellbeing" mean, and how has it been measured?

### a. Composite Indicators

Skim OECD (2008) *Handbook on Constructing Composite Indicators: Methodology and User Guide*. Paris: OECD. Please spend about 1 hour capturing the basic ideas and the complexities. https://knowledge4policy.ec.europa.eu/publication/handbook-constructing-composite-indicators-methodology-user-guide-0_en

Please browse the remarkable resources on the website *Our World in Data*. (30 minutes) https://ourworldindata.org

### b. Case Study: Happiness and Wellbeing

*World Happiness Report 2025*. New York: Sustainable Development Solutions Network. Executive Summary. https://www.worldhappiness.report/ed/2025/executive-summary/ (15 minutes). Explore the Country Rankings. https://data.worldhappiness.report/table?_gl=1*3nloyj*_gcl_au*OTM1MDM3MTczLjE3Njg4NTEzMjI. (15 minutes)

*World Happiness Report 2023*. New York: Sustainable Development Solutions Network. Read Chapter 3 by Timothy Besley, Joseph Marshall, and Torsten Persson, "Well-being and State Effectiveness." https://worldhappiness.report/ed/2023/well-being-and-state-effectiveness/ (1 hour).

Watch Tshering Tobgay, Prime Minister of Bhutan, "Gross National Happiness," Dubai, 2017. (32 minutes.) https://youtu.be/_KZUWSVFT9A

Skim Robert Klitgaard. 2024. *Deepening Gross National Happiness in Bhutan*. Royal Institute for Governance and Strategics Studies and Claremont Graduate University. 33 pages. (20 minutes).

*Optional readings:*

* Anna Alexandrova and Mark Fabian. 2022. *The Science of Wellbeing*. John Templeton Foundation. 63 pages. February. https://www.templeton.org/wp-content/uploads/2022/02/Science_of_Wellbeing_JTF_1.pdf (1.5 hours)

* Tim Lomas. 2023. "Exploring associations between income and wellbeing: new global insights from the Gallup World Poll," *The Journal of Positive Psychology*, August. https://doi.org/10.1080/17439760.2023.2248963 (45 minutes)

* Robert Klitgaard. 2007. “Contested Summary Measures.” Talk at Claremont Graduate University. https://scholar.cgu.edu/robert-klitgaard/wp-content/uploads/sites/22/2017/02/Contested_Summary_Measures_10-07.pdf (20 minutes)

*Assignment (nothing to write or submit)*

Please use ChatGPT to explore the concept and use of “composite indicators.” Find out what composite indicators are relevant to your policy area. Please be prepared to discuss your results in class.

## March 9. Midterm Examination

Open book and open notes. You will use ChatGPT or another GenAI tool. The exam is designed to take 3 hours, but students may use up to 4 hours to complete it.

## March 16. Spring Break

## March 23. Figuring Out What Works

Policy analysis assesses the outcomes of different alternatives. This task involves both learning from the past and extrapolating to the future. Both are full of challenges.

*Readings:*

Guido W. Imbens and Yiqing Xu. 2025. “Comparing Experimental and Nonexperimental Methods: What Lessons Have We Learned Four Decades after LaLonde (1986)?” *Journal of Economic Perspectives* 39 (4): 173–202. November. (1.5 hours) https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.20251440

Angus Deaton and Nancy Cartwright. 2016. “The Limitations of Randomised Controlled Trials.” Blog, Vox EU and Centre for Economic Policy Research. 9 November (20 minutes) https://cepr.org/voxeu/columns/limitations-randomised-controlled-trials

Eric-Jan Wagenmakers et al. 2021. “Seven Steps toward More Transparency in Statistical Practice.” *Nature Human Behavior* 8 pages. (45 minutes.) https://www.nature.com/articles/s41562-021-01211-8.pdf

* Carlos Chávez. 2026. “On Causality: A History of How Economics Learned to Think About Cause and Effect.” Substack. February 2. https://carloschavezp29.substack.com/p/on-causality (1.5 hours)

*Assignment (nothing to write or submit):*

1. Search for and be prepared to describe in class a social experiment relevant to your policy area.

2. More generally, for what kinds of policy issues do you think randomized controlled trials would make the most sense? For what kinds of issues would they not make sense?

# Module 3. Institutions

## March 30. Markets and Market Failures

We count on "free" and regulated markets to connect the supply and demand of goods and services. But markets malfunction predictably, especially under conditions of imperfect information. It's not enough to liberate markets or deregulate. How can public policy improve the functioning of markets? How might the AI revolution both enhance and threaten market functioning?

*Reading:*

Robert Klitgaard. 2023. *Policy Analysis for Big Issues: Confronting Corruption, Elitism, Inequality, and Despair*. Newcastle upon Tyne: Cambridge Scholars Publishing. Ch. 7, pp. 132–157. (1.5 hours)

Bettina Warburg. 2026. "The New Primitives: As AI agents prepare to reshape commerce, four technical primitives may promise to fix the Internet's original sin: an economy built on unverifiable attention." Bwarburg Substack. Read the first two sections and the final two sections ("Implications for the Future Economy" and "What Remains Unclear"). February 5. https://bwarburg.substack.com/p/the-new-primitives (20 minutes)

* Shawn Regan. 2026. "The Data Center Water Panic Has a Better Answer: Water Markets." *Reason*. March 24. https://reason.com/2026/03/24/the-data-center-water-panic-has-a-better-answer-water-markets/ (10 minutes)

*Assignment (nothing to write or submit):*

Please use "My Tutor" to explore these market failures and how they might manifest themselves in your policy area. (Allot about 1 hour for the three discussions.)

1. Externalities.
2. Asymmetric information and adverse selection.
3. Asymmetric information and moral hazard.

Please be prepared to discuss in class.

## April 6. Nonmarket Failures

We count on governments to expand freedom, enhance security, advance sustainability, and improve social justice. But government institutions often fail to provide what they set out to do. They are subject to "nonmarket failures," ranging from ineffective incentive systems to corruption. What is known about improving the functioning of government institutions? How can corruption be thwarted? How might the AI revolution both enhance and threaten the way governments work?

*Reading:*

Robert Klitgaard. 1997. "'Unanticipated Consequences' in Anti-Poverty Programs." *World Development* 25(12): 1963–72. December. (1.5 hours.)

Alexander D. Wissner-Gross and Peter H. Diamandis. *Solve Everything: A Blueprint for the Next Decade. Achieving Abundance by 2035*. Open access at solveeverything.org. 2026. Read Prologue and ch. 9 and skim the rest. https://solveeverything.org (45 minutes)

Yoshua Bengio *et al.* 2026. *International AI Safety Report 2026* (DSIT 2026/001, Feb. 2026). Read the Executive Summary. https://internationalaisafetyreport.org (15 minutes)

Robert Klitgaard. 2026. "Ensemble." Forthcoming chapter, Rule of Law and Anti-Corruption Centre (Qatar) and United Nations Office for Drugs and Crime. https://robertklitgaard.com/corruption (1.5 hours)

Optional readings:

* Chiara Oppi, Cristina Campanale, and Lino Cinquini. 2021. "Ambiguity in public sector performance measurement: a systematic literature review." *Journal of Public Budgeting, Accounting & Financial Management* DOI 10.1108/JPBAFM-09-2020-0167 (45 minutes)

* Robert Klitgaard, Johannes Fedderke and Kamil Akramov. 2005. "Choosing and Using Performance Indicators," in *High-Performance Government: Structure, Leadership, Incentives*, ed. Robert Klitgaard and Paul C. Light. Santa Monica: The RAND Corporation, pp. 407–446. https://www.rand.org/content/dam/rand/pubs/monographs/2005/RAND_MG256.pdf (1.5 hours)

* Robert Klitgaard. 2017. "What Do We Talk About When We Talk About Corruption?" Lee Kuan Yew School of Public Policy Research Paper No. 17–17. August. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3018299 (1.5 hours)

*Assignment:*

Please experiment with all seven parts of the Prompt Package on the Economics of Corruption https://robertklitgaard.com/corruption (2 hours).

Be prepared to discuss what you learned in class.

## April 13. Public-Private Partnerships

Many of the most challenging policy problems cannot be tackled by government alone. From health care to education, from poverty to social justice, from urban renewal to international development, effective projects and programs often require collaboration across the public-private-nonprofit divide.

How can theory help us assess when various forms of collaboration make sense? What can we learn about the practical challenges of making public-private partnerships work from success stories? And how will the AI revolution enable—and perhaps necessitate—new partnerships across the public-private divide?

*Reading:*

Robert Klitgaard. 2023. *Bold and Humble: How to Lead Public-Private-Citizen Collaboration, with Five Success Stories*. Bhutan: Royal Institute for Governance and Strategic Studies, chapters 1, 3, 6, and 12. You can freely download the book here

https://rigss.bt/wp-content/uploads/2025/09/boldhumble.pdf or the audio book at https://robertklitgaard.com/bold-and-humble (3 hours)

Atul Gawande. 2011. "The Importance and Value of the Checklist." https://youtu.be/55Nc8nccPa0?si=CYgnnhuQwYJ1tbIU (6 minutes)

Atul Gawande. 2010. *The Checklist Manifesto: How to Get Things Right*. New York: Macmillan. Ch. 8, pp. 158–186. (1 hour 15 minutes)

*Optional readings:*

* Watch William Eggers. 2023. "Bridgebuilders: How Government Can Transcend Boundaries to Solve Big Problems." https://www.youtube.com/live/09AuP5g3vDw?si=BEc2CBStL5rhO9hx (45 minutes)

* The World Bank. 2023. *Private Cities: Outstanding Examples from Developing Countries and Their Implications for Urban Policy*, Edited by Yue Li and Martin Rama. Washington, DC: The World Bank. https://openknowledge.worldbank.org/entities/publication/fccf4455-31c6-4edc-8816-6f66fe7a1a00?deliveryName=DM189843

*Assignment (nothing to write or submit)*

Please experiment with the Prompt Package for Enhancing Collaboration, applying it to a policy question you care about. https://robertklitgaard.com/corruption (2 hours). Be prepared to discuss what you learned in class.

# Module 4. Radical Possibilities

## April 20. Unthinkable to Thinkable

Planned economies failed for many reasons—power, incentives, and (crucially) information. Competitive markets, meanwhile, keep spawning organizations that don't look like markets at all: firms run on command and control, not market principles.

If AI drives labor-market upheaval—even in high-end work—while also generating unprecedented wealth, politics will hunt for a new social contract.

One candidate is Universal Basic Income: markets remain, but the floor rises. Another candidate is something more radical—call it algorithmic planning, market socialism, or (for the bold) a new form of Communism.

The question isn't whether earlier Communist systems failed. They did. Now imagine the AI revolution delivers vastly better measurement and coordination, along with labor-market upheavals and greater societal wealth. Could we get new experiments in algorithmic allocation, even something that smells (to some) like Communism?

Or the opposite: an economy where transaction costs collapse, hierarchies melt, and economic life fragments into smaller, more equal players?

How might these ideas apply to your policy area? What should we begin to explore now?

*Readings:*

Penn Wharton Budget Model. 2018. "Options for Universal Basic Income: Dynamic Modeling" Penn Wharton School brief. March. About 5 pages. https://budgetmodel.wharton.upenn.edu/issues/2018/3/29/options-for-universal-basic-income-dynamic-modeling (20 minutes)

Séb Krier. 2025. "Coasean Bargaining at Scale: Decentralization, Coordination, and Co-existence with AGI." Cosmos Institute. September. https://blog.cosmos-institute.org/p/coasean-bargaining-at-scale (1 hour)

Przemysław Pałka. 2020. "Algorithmic Central Planning: Between Efficiency and Freedom." *Law and Contemporary Problems*. 83(2): 125–149. https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=4954&context=lcp (1 hour 15 minutes)

Timothy Taylor. 2023. "Will AI Make a Planned Economy Feasible? The Socialist Calculation Debate Revisited." *Conversable Economist*. August. https://conversableeconomist.com/2023/08/23/will-ai-make-a-planned-economy-feasible-the-socialist-calculation-debate-revisited/ (20 minutes)

L. Lynne Kiesling. 2024. "Artificial Intelligence and Economic Calculation," American Enterprise Institute. https://www.aei.org/articles/ai-and-economic-calculation/ (20 minutes)

*Optional Readings:*

* Diego Daruich and Raquel Fernández. 2024. "Universal Basic Income: A Dynamic Assessment." *American Economic Review* 114(1): 38–88. January. Access via Honnold-Mudd Library. https://www.aeaweb.org/articles?id=10.1257/aer.20221099

* Oskar Lange. 1936. "On the Economic Theory of Socialism: Part One." *The Review of Economic Studies*. 4(1): 53–71. October. https://competitionandappropriation.econ.ucla.edu/wp-content/uploads/sites/95/2018/06/LangeEcTheorySocI.pdf

* Oskar Lange. 1937. "On the Economic Theory of Socialism: Part Two." *The Review of Economic Studies*. 4(2): 123–142. February. https://competitionandappropriation.econ.ucla.edu/wp-content/uploads/sites/95/2018/06/LangeEcTheorySocII-1.pdf

* F. A. Hayek. 1945. "The Use of Knowledge in Society." *The American Economic Review*. 35(4): 519–530. September. https://home.uchicago.edu/~vlima/courses/econ200/spring01/hayek.pdf (45 minutes)

* R. H. Coase. 1937. "The Nature of the Firm." *Economica*. 4(16): 386–405. November. https://onlinelibrary.wiley.com/doi/full/10.1111/j.1468-0335.1937.tb00002.x

*Assignment:*

Use ChatGPT to try the "C,L,P,R" prompt about political takes, inserting universal basic income as the topic and assuming that a trial or study has shown that UBI "failed." Be prepared to discuss your findings in class.

## April 27. Purpose and Meaning

What might happen to people if they have enough, or a lot, of consumption goods? If they need not worry about social insurance? If indeed paid work becomes . . . optional?

And what do these possibilities imply for public policy?

*Readings*

Tyler Cowen and Avital Balwit. 2025. "AI Will Change What It Is to Be Human. Are We Ready?" *The Free Press*. May. https://www.thefp.com/p/ai-will-change-what-it-is-to-be-human. (45 minutes)

Carolyn Rogers. 2026. "What's It All For?: Or, "human-maxxing," Silicon Valley's missing ideology" February. https://cerogers.substack.com/p/whats-it-all-for? (1 hour)

Nick Bostrom. 2024. *Deep Utopia: Life and Meaning in a Solved World*. Washington, DC: Ideapress, pp. 48–184 (4 hours)

* Robert Klitgaard. 2022. *Prevail: How to Face Upheavals and Make Big Choices with the Help of Heroes*. Eugene: Wipf and Stock, pp. xv–xx, 122–132. (45 minutes).

* William MacAskill. 2026. "What Sort of Post-superintelligence Society Should We Aim For?" *Forethought*, January. https://newsletter.forethought.org/p/viatopia (45 minutes)

## May 4. Review of the Course

Please review your notes on each week of the course.

Each student will do a five-minute "mini-briefing" on a topic in the course. Details to be provided

*Reading:*

Nick Bostrom. 2024. *Deep Utopia: Life and Meaning in a Solved World*. Washington, DC: Ideapress, pp. 185–465. (5 hours)

Will Manidis and Nabeel S. Qureshi. 2026. "Rented Virtue." February. https://x.com/WillManidis/status/2021231199365013730?s=20 (1 hour)

## May 11. Final Examination

Open book and open notes. The exam is designed to take 3 hours, but students may use up to 4 hours to complete it.