

LECTURE / DISCUSSION / DEBATE
ECONOMIC POLICY

Terms and concepts to know:

The “politics” of economics	“Laissez-faire” policy
Keynesian fiscal policy	Monetary policy
Supply-side policy	Privatization
Deficit and debt	Federal Reserve (the “Fed”)
Council of Economic Advisors (CEA)	Office of Mgmt. and Budget (OMB)
Treasury Department	Military spending
Gramm-Rudman-Hollings Act	The 1993 Deficit Reduction Act

Study and discussion questions:

1. Discuss the four types of economic policy utilized in the United States (and most of the world). What are the advantages and disadvantages to each? Are there other policies that Heineman does not mention that might work?
2. Discuss why balancing the budget is such a politically difficult policy. How important do you think it is to balance the budget?
3. Discuss the politics of the budgetary process. Which should take priority: military spending, entitlement payments to individuals, or paying off interest on the national debt?
4. Referring to the issue of income and wealth disparities in the United States, at one point Krugman observes that “even bringing up the subject exposes you to charges of ‘class warfare’ the ‘politics of envy’ and so on.” Given the importance he assigns to it, why do you think that class inequality is such a non-issue within American political culture?
5. Richard Wolff (in his interview with Chris Hedges) believes that an empire can collapse due to economic policies and mismanagement. Do you think he is correct in attributed this to the current U.S. empire?
6. The RAND Corporation (a government-funded think tank) estimates that 50 trillion dollars (with a t!), has been funneled upward from the 90% of wage earners to the top 1% since 1975. If this has been the economic policy of the U.S. government, was it a good choice in your opinion?
7. Michael Hudson argues that Trump’s tariff program is “...just the neoliberal program under another guise,” and that he is misrepresenting the tariffs as “supportive of industry, not its antithesis. So, essentially there is no industrial plan at all, but instead is “a power play to extract economic concessions from other countries while slashing income taxes on the wealthy.” What evidence does he provide? Where would you agree or disagree with this analysis?

Readings:

Heineman. *American Government*, Chapter 13.
WEB – Readings from the “Public Policy Process” links.

Video: *The Invisible Doctrine: The Secret History of Neoliberalism.*