

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. According to Ehrenreich, in what ways have class differences among women complicated feminism since its revival in the 1970s?
6. How would you interpret Ehrenreich’s comment that “the problem is not classism, the problem is class itself”?
7. In an interview with Charlie Rose, Pete Peterson asks Americans to focus on the deficit as a major piece to solving our economic crisis. Would you agree that this should be a major factor to examine as the economic crisis evolves?
8. Richard Wolff believes that “[b]oth major parties are now stuck with their commitments to a system that has failed spectacularly” and wants Biden to move in a more progressive direction on economic policy. Using data from his article, explain why you think this would be a good or bad idea.

Readings:

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

Video:

The Power of the Fed.