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PSC 365.01: Government and the Economy

William J. Chaloupka

University of Montana, Missoula

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GOVERNMENT AND THE ECONOMY

Political Science 365 Fall 1996
T-Th 12:40-2:00 JRH 204

Instructor: Bill Chaloupka (office Jeannette Rankin Hall 101A, inside EVST, under mezzanine stairs) 243-6111. I check my voice-mail regularly. Also, I welcome E-mail: billc@selway.umd.edu

Office Hours: 2:10-3 Tues., 10:10-11 Weds., 11-noon Thurs., or by appointment. If these office hours are not convenient, please call for an appointment, or just stop by.

Catalog Description: 3 credits. Prereq. PSc 200 or consent of instructor. The politics of governmental involvement in the economy, and its role as regulator, promoter, and participant in economic activity.

Further Description: This is an economic policy course which presumes that politics counts more than economics. Accordingly, no economics is required to enroll. We will establish several typical political positions on the economy, then will apply that framework to a variety of issues, both recent and longstanding. Emphasis will be on domestic issues, but some international and Montana issues will also be considered.

Requirements: Students are required to read all assigned material (prior to the date listed below), follow a daily newspaper, attend all class sessions, take two exams, and turn in occasional written assignments, announced in class. There is no extra credit. Exams count 35% each, written assignments total 20%, participation and attendance 10% total. Part of that last 10% is determined by a class presentation (each student will give one very brief intro of the issues and major points in the day's reading). There will be no major research paper requirement for undergraduates. Instead, I will insist that students remain current in reading and participate in the class. Students taking the course for graduate credit will be required to write a research paper and make a presentation.

TEXTS:

Milton Friedman, <i>Capitalism & Freedom</i> (rev.)	("F" on the schedule)
Robert B. Reich, <i>The Work of Nations</i>	("R")
Eisner, Robert, <i>The Misunderstood Economy</i>	("E")
Woodward, Bob, <i>The Agenda: Inside the Clinton White House</i>	("W")

(more)

Assignment Schedule

NOTE: Assignments should be read before the class session on the line where they are listed.

WEEK	DAY	DATE	DAY	TOPIC	READING
1	1	3-Sep	TUE	Introduction	
	2	5-Sep	THU	"Misunderstanding" and politics; prices, incomes, costs "Problems" and "Solutions"; Rhetoric & Economics (Edelman)	E ch. 1, 2
2	3	10-Sep	TUE	Saving, investment; international comparisons, trade deficits	E ch. 3, 4
	4	12-Sep	THU	The Case <i>FOR</i> Deficits	E ch. 5
3		16-Sep	MON	<i>Department approved applications for Spring 97 graduation due, Registration Center</i>	
	5	17-Sep	TUE	Intergenerational politics, inflation, more on deficits	E ch. 6, 7
	6	19-Sep	THU	Unemployment, Keynes and post-Keynes Paper One topic handed out	E ch. 8
4		23-Sep	MON	<i>Last day to pay fees. or add classes</i>	
	7	24-Sep	TUE	Taxes, supply side; more on Keynes	E finish
	8	26-Sep	THU	The Idea of a <i>National</i> economy; more New Deal PAPER ONE DUE	R Intro, to p. 42
5	9	1-Oct	TUE	National Bargain, NAFTA and GATT	R to p. 77
	10	3-Oct	THU	High value, global webs, diffusion of control, the small business myth; Hamilton, Jefferson (values and econ. politics)	R to 135
6	11	8-Oct	TUE	National unity, service sector, welfare Disincentives (Charles Murray, Piven & Cloward)	R to 184
	12	10-Oct	THU	Market incentives, regulation The Anaconda Company (Tolchins) S&L's, Whitewater, and Deregulation	R to 233
7		14-Oct	MON	LAST DAY TO DROP CLASSES OR CHANGE GRADE OPTIONS	
	13	15-Oct	TUE	Flat Incomes, Inequality, and Economic Arguments	Finish R
	14	17-Oct	THU	Montana Government and Economy Issues	
8	15	22-Oct	TUE	REVIEW (For a part of the class, I will answer review questions; come prepared. A review sheet will be distributed at the end of class.)	
	16	24-Oct	THU	EXAM ONE	
9	17	29-Oct	TUE	Reaganomics: liberals, conservatives, libertarians; monopoly; Tax policy	F to 36
	18	31-Oct	THU	The wisdom of markets; monetarism, money supply, the Fed; gold bugs; Trade; "Strong" dollar/ "Weak" dollar	F to 84 (chpt 4, emph 71-74)
10		5-Nov	TUE	HOLIDAY - NO CLASS	
	19	7-Nov	THU	Education, discrimination, labor; Review regulation	F to 160
11	20	12-Nov	TUE	Social Welfare, income distribution; The Market Idea Paper Two topic handed out	F to Finish
		12-Nov	TUE	<i>Phone Preregistration for Spring Semester begins</i>	
		14-Nov	THU	Video	
12	21	19-Nov	TUE	Recent econ. politics history; New Dems, tax cutting politics, anti-politics, trade, New Deal, cowboy capitalism PAPER TWO DUE IN CLASS	W 12-71
	22	21-Nov	THU	Fed, interest rates, bond market politics, jobs politics	W to 145

(more)

WEEK	DAY	DATE	DAY	TOPIC	READING
		25-Nov	MON	Phone Preregistration for Spring Semester ends	
13	23	26-Nov	TUE	Constraints: health care, econ. stimulus	W to 200
		28-Nov	THU	HOLIDAY - NO CLASS	
14	24	3-Dec	TUE	Post-94 politics, inflation politics, Clinton & Republicans, realignment	W to 271
	25	5-Dec	THU	Clinton since 93; Gingrich's Contract; Repub Revolution in 94	FINISH W
15	26	10-Dec	TUE	Conclusions	
	27	12-Dec	THU	REVIEW, Student Evaluations, and study guide	
	3:20-5 pm	19-Dec	THURS	FINAL EXAM	

FINAL EXAM; This is the official time for the PSc 365 final, as designated by university policy. If you have a conflicting final, consult the teacher of that class—they are in violation of the schedule. University rules permit make-ups for finals only if you have three finals on one day. In a class this size, that is a rule we have to follow. Please plan your travel accordingly.

Grades will be posted Monday Dec. 23, at JRH 101A. Please don't try to inquire before then. Bring a self-addressed envelope (to class, or to the instructor's mailbox in EVST) to receive your test and grade by mail. Or you can get your exam at the start of Spring term. There is no extra credit, but improvement will be taken into consideration.

Other useful readings (These are not assigned, except that graduate students will use the list to propose their projects. Keep this list for further reading on the issues in this class. Books listed here have some special relationship to the political themes discussed in this class. Obviously, there is a huge literature in economics; the purpose of this list is not to list that literature. It is, instead to represent some of the available, general literature.)

CASES (mostly journalistic accounts of recent pol-econ events and institutions)

Jeffrey H. Birnbaum and Alan S. Murray, *Showdown at Gucci Gulch: Lawmakers, Lobbyists, and the Unlikely Triumph of Tax Reform* (New York: Random House, 1987). The best popular, non-technical case study of tax legislation.

William Greider, *Secrets of the Temple: How the Federal Reserve Runs the Country* (New York: Simon & Schuster, 1987).

Martin Mayer, *The Greatest-Ever Bank Robbery*. Popular S&L book; good on banking and money issues.

Stephen Pizzo, Mary Fricker, and Paul Muolo, *In\$ide Job: The Looting of America's Savings & Loans* (New York: Harper, 1991). The most popular S&L book.

Michael A. Robinson, *Overdrawn: The Bailout of American Savings: The Inside Story of the \$2 Billion S&L Scandal* (New York: Dutton, 1990).

James B. Stewart, *Den of Thieves* (New York: Simon and Schuster, 1991). Milken, Boesky, and the junk bond scandal explained. Very readable.

Garry Wills, *Reagan's America: Innocents At Home* (New York: Doubleday, 1985). The best critical look at the Reagan Revolution, in general.

(more)

The LEFT (critiques and theories from the left)

Bluestone and Bluestone, *Negotiating the Future*. An unabashed labor point of view on current economic and workplace issues.

Kenneth Dolbeare, *Democracy at Risk: The Politics of Economic Renewal* (rev.) (Chatham, N.J.: Chatham House, 1986).

Thomas Ferguson and Joel Rogers (eds.), *The Political Economy: Readings in the Politics and Economics of American Public Policy* (Armonk, N.Y.: Sharpe, 1984).

Frances Fox Piven and Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* updated edition (New York: Vintage, 1991). Updated classic left take on welfare.

Robert Heilbroner and Richard Bernstein, *The Debt and the Deficit*. Now outdated (1986), but still a clear statement of the left's position on deficits—arguing that they shouldn't be a major issue.

Robert Heilbroner and Lester C. Thurow, *Economics Explained*

Frank Levy, *Dollars and Dreams: The Changing American Income Distribution* (New York: Norton, 1987).

Susan and Martin Tolchin, *Deregulating America*

The RIGHT (critiques and theories from the right)

David P. Calleo, *The Bankrupting of America: How the Federal Budget Is Impoverishing the Nation* (New York: Morrow, 1992). A dramatic reading of the standard complaint against budget deficits.

Richard McKenzie, *The American Job Machine*

_____, *Competing Visions: The Political Conflict over America's Economic Future* (Washington, D.C.: Cato, 1985).

Charles Murray, *Losing Ground*.

Kevin Phillips, *Boiling Point*. An early 90s Republican take on economic issues, from a highly visible analyst.

David Stockman, *The Triumph of Politics: The Inside Story of the Reagan Revolution* (New York: Harper, 1987).

CLINTON

Will Marshall and Martin Schram (eds.), *Mandate for Change*. Pre-Clinton blueprint.

Bob Woodward, *The Choice*. The politics surrounding the Clinton - Dole race in 1996.

THEORY

Robert Heilbroner, *The Nature and Logic of Capitalism* (New York: Norton, 1985).

Donald N. McCloskey, *The Rhetoric of Economics* (Madison: University of Wisconsin Press, 1985).

Timothy J. Conlan, Margaret T. Wrightson, and David R. Beam, *Taxing Choices: The Politics of Tax Reform* (Washington D. C.: CQ Press, 1990), 1-25.

WORKPLACE

Ben Hamper, *Rivthead: Tales From the Assembly Line* (New York: Warner, 1991). See him also in Michael Moore's great movie, "Roger and Me."

Studs Terkel, *Working*.

(more)

NEW DEAL/ Pre-Reagan

Robert A. Caro, *The Power Broker: Robert Moses and the Fall of New York* (New York: Random House, 1974). Where big government actually came from: the emergence of independent revenue authorities and their bonds.

John Kenneth Galbraith, *A Life in Our Times*

_____, *The Affluent Society*

_____, *The Great Crash, 1929*

SURPRISES and REVISIONS

Kevin Phillips, *The Politics of Rich and Poor*. A Republican strategist criticizes the Reagan Revolution and predicts a Democratic swing. Dubious cyclical theory, but still a great story.

John E. Schwarz, *America's Hidden Success: A Reassessment of Twenty Years of Public Policy* (New York: Norton, 1984). The Carter years, explained and defended.