

**REGENT UNIVERSITY**  
**Robertson School of Government**

**Government 615: Economic Policy**

**Spring 2008**

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**Course Syllabus <sup>1</sup>**

**Description and Purpose of Course**

Government 615 reviews advanced economic topics and provides a survey of macroeconomic policy design and analysis for an open economy. It focuses on five topics: A review of the past performance of the world and U.S. economies; A survey of macroeconomic theory as it relates to macroeconomic policy; Short- and medium-term policy measures for achieving internal and external balance, and addressing problems of economic fluctuations, employment and inflation; Strategies for promoting long-term economic growth and development; And policy issues before the country such as the government budget, social security and health care, and income distribution and poverty. Policy approaches studied include The Classical tradition, Marxism and socialism, the Keynesian synthesis, and Austrian, Monetarist, Supply-side, and New Classical schools. Policy assessments are made by the student using quantitative modeling frameworks based on data for the United States. These frameworks elaborate the student's vision of the future direction of the economy in terms of scenarios of long-term U.S. demographic and economic growth.

**Course Objectives**

- X To understand basic macroeconomic concepts and theory, the setting of public policy goals and objectives for the economy and the design of policies to achieve them, and the relationship of economic goals and objectives to Biblical principles;
- X To develop tools for analyzing macroeconomic trends and assessing alternative economic policy options;
- X To identify contemporary economic trends and problems, appraise their significance, and understand debates about current economic problems and policies;
- X To develop arguments to defend or oppose policy options in different economic circumstances and conditions; and
- X To describe and critique underlying philosophical orientations guiding economic policy formation and design.

**Course Outline**

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<sup>1</sup> Version 1.3 (October 2007). Subject to change.

## ***Introduction***

### An Introduction to Economic Policy Design and Analysis

- X Reconciliation of the man=s innate sinful nature with the need for an harmonious social order
- X Macroeconomic thought and theory
- X Macroeconomic goals and policies
- X Key ideas and central questions of macroeconomics
- X Measures of macroeconomic activity and performance

### The Debate Over Economic Policy

- X The central issues in the debate about economic policy
- X Schools of economic thought and economic policy
- X Main adherents and distinguishing ideas in the debate about economic policy

### The World Economy and the U.S. Economy

- X World economic performance since the time of Christ
- X World economic and social progress and problems since World War II
- X U.S. economic performance over the longer-term

## ***A Survey of Macroeconomic Theory***

### Classical and Neo-Classical Macroeconomics

- X The Classical tradition and modern conservatism
- X Key ideas regarding output and employment and money and prices
- X Classical economics, Marxism and Socialism

### Keynesian Macroeconomics

- X The Keynesian synthesis and modern liberalism
- X Key ideas regarding the role of aggregate demand and aggregate supply
- X The Keynesian relationship between money, interest and income
- X The policy approach of Keynesian economics

### Post-Keynesian Macroeconomics

- X The Monetarist counterrevolution
- X New Classical Economics
- X New Keynesian Economics

### Open Economy Macroeconomics

- X The theory of international trade
- X The international economic order and the Bretton Woods Institutions
- X Exchange rate regimes and the international monetary system
- X Monetary and fiscal policy in an open economy

## ***Economic Fluctuations and Stability***

## Monetary Policy

- X Banking and the macroeconomy
- X Money and the macroeconomy
- X The monetary system and the Federal Reserve
- X The monetary policymaking process

## Fiscal Policy

- X The determination of output and unemployment in the short-run
- X Policies and instruments for short-term stabilization
- X Short-run fluctuations from the potential GDP path
- X The Federal budget and fiscal stabilization
- X Controversies over fiscal policy

## Promotion of Economic Growth

- X U.S. growth performance over the longer-term
- X The Keynesian position vs the supply-side position
- X Policies and instruments for short-term stabilization
- X Short-run fluctuations from the potential GDP path
- X The determination of output and unemployment in the short-run
- X Past growth policies in the United States

## ***Strategies for Long-term Growth and Development***

### The Demographic Profile

- X Determinants of population growth and labor force participation
- X World population trends and prospects
- X U.S. population trends and prospects
- X Scenarios of future U.S. population and labor force trends

### Long-Run Production Potential

- X Determinants of long-run economic growth
- X Production functions and potential GDP
- X Trends and patterns in determinants of long-term world economic growth
- X Trends in determinants of long-term U.S. economic growth
- X Scenarios of future U.S. productivity growth

### Consumption, Saving and the Internal Balance

- X Determinants of aggregate consumption and national saving
- X The consumption function, saving and the internal balance
- X Trends and patterns of world consumption and saving
- X Trends in U.S. consumption and saving
- X Scenarios of future U.S. consumption and saving

## Exports, Imports and the External Balance

- X Determinants of export prospects and import demand
- X Export relationships, import functions and the external balance
- X Trends and patterns in world trade
- X Trends in U.S. exports and imports
- X Scenarios of future U.S. international trade and payments

## Long-run Economic Balance and Structural Change

- X The relationship between internal and external equilibrium
- X Structural change, economic growth and international trade
- X Reconciliation of the internal and external balance

## ***Policy Issues Before the Country***

### The Current Economic Situation and the Short-term Outlook

- X The world economic situation and its immediate prospects
- X The U.S. economic situation and its immediate prospects

### The Government Budget

- X The accounting of government budgets and economic policy
- X Balanced budgets and the concept of automatic stabilizers
- X Scenarios of future government revenues and expenditures

### Social Security and Health Care

- X An overview of Social Security
- X Medicare, Medicaid and the health care debate
- X The problem of financing Social Security
- X The problem of financing Medicare, Medicaid and health care
- X Proposals for reform of Social Security and Medicare
- X Scenarios of future U.S. population and labor force trends

### Income Distribution and Poverty

- X Theories of income inequality and desired income distribution
- X Definitions and indicators of income distribution and poverty
- X Trends in world income distribution and poverty
- X Trends in U.S. income distribution and poverty
- X Goals, problems and reform of welfare

## **Course Requirements**

This is a demanding course. Students are expected to read assigned materials, engage in classroom discussions, prepare written assignments, develop and use a spreadsheet economic model, and engage in Blackboard dialogues. A schedule of class meetings, reading assignments, homework assignments and activities for this course is maintained on Blackboard.

*Assigned readings* listed in the Course Schedule must be read prior to attending class meetings so that you are prepared to discuss the topics presented that day. The readings form the foundation for all direct learning, participation, and written work in the course.

A set of *Homework assignments* will be given weekly. Two types of homework assignments are given: Weekly short answer Question Sets; and Analysis and Projection exercises based on an Excel spreadsheet data base and economic model. These assignments are important both because they enter directly into the grade received with a weight of 25 per cent. They are due the week after assignment.

*Two notes* due at times indicated in the Course Schedule. The topics of these notes are: A statement of between 1250 and 1500 words expressing your economic philosophy and its relevance when addressing problems before the U.S. economy; and An Op Ed of no more than 800 words that expresses your view on policies needed to address a major U.S. economic problem.

A *research paper* of 10-15 pages documents the scenarios and projections prepared by the student for the class, and presents an assessment of policy issues before the United States.

A number of *Blackboard Dialogues* will be conducted during the semester where students will interact among themselves and with the professor on key policy questions.

With regard to *Attendance*, excessive, unjustified absences are strongly discouraged. Excessive tardiness and early departures will be treated as partial absences. Attendance will be taken regularly and will be included as part of the class participation grade.

Please check the Blackboard >Announcements= and >Course Documents= sections for this course several times each week for information about assignments and dialogue sessions.

## **Student Assessment**

This is a highly interactive, heavy reading course with minimal lecture. Unless otherwise indicated, students will be expected to read all assigned materials and be prepared to discuss them in-depth during both in class and in the dialogues. It is important that you prepare for and show up for all classes, and that you enthusiastically participate. You will receive marks for both quality and quantity of your participation.

Grades are based on:

1. Class participation, including attendance and on-line dialogue entries (20%);
2. The homework assignments (25%);
3. The two notes (15% each); and
4. The research paper (25%).

Grading follows standard University policy with regard to the grading system and Incomplete, In progress, and Withdrawal-from-course grades.

## **Text and Reference Materials**

### ***Required Texts:***

**Government 615: Course Syllabus**

The Holy Bible

Richard T. Froyen, *Macroeconomics: Theories and Policies*, Seventh edition (Prentice Hall, 2002) ISBN 0130328596

D. O. Walker, *A Long-Term Model of the United States*, Preliminary draft 2 (2005, posted on Blackboard).

**Recommended Texts:**

Jacqueline Murray Brux and Janna L. Cowen, *Economic Issues and Policies*, Second edition (South-Western 2001) ISBN 0324108567

**Recommended Resources:**

Daniel Gaske, *Understanding U.S. and Global Economic Trends: A Guide for the Non-Economist*, Second edition (Kendall/Hunt Publishing Corporation, 1999) ISBN 0787256161

Thomas Sowell, *Basic Economics: A Citizen's Guide to the Economy* (Basic Books, 2000) ISBN 046508138X

Henry Hazlitt, *Economics in One Lesson* (Three Rivers Press, 1988) ISBN 0517548232

*New York Times*, *Wall Street Journal*, *Financial Times*, *The Economist* of London, and a weekly business publication such as *Business Week*.

Web sites: [www.dismal.com](http://www.dismal.com) is an important web site with articles and data on current economic issues and controversies. [www.econlinks.com](http://www.econlinks.com) contains many links to other economic sites.

**Style Manual**

The style manual required for this course is Kate L. Turabian, *A Manual for Writers of Term Papers, Theses, and Dissertations*, 6th ed. (University of Chicago Press, 1996) ISBN: 0226816273.

**Integration of Faith and Learning:**

The Robertson School of Government seeks to restore our nation's Judeo-Christian heritage, to renew the traditional values of citizenship in the public affairs of the United States, and to promote these ideals in all the nations of the world. To that end, leadership and policy issues are rigorously analyzed from various academic perspectives in a broad, multidisciplinary endeavor, emphasizing the application of Judeo-Christian principles to theoretical and practical problems. The program is designed to produce principled graduates who are morally, spiritually, and intellectually well-grounded and who are also equipped with the practical and technological skills needed to meet today's challenges of leadership in government, policy-making, and politics.

**Academic Integrity Policy**

At a Christian University dishonesty and rudeness in any form can not be tolerated. The professor has an obligation to be certain that each student's work is his/her own. Dishonesty in such academic practices as assignments, examinations, presentations or other academic work cannot be condoned. Failure to report any cheating by other students that you may witness is an Honor Code violation. It is University policy to record Honor Code violations permanently on the student's transcript, where they can be seen by prospective employers and graduate schools.

Similarly, everyone is to be treated with full respect for who they are as a person and their views and ideas on policy issues and approaches are to be given a full hearing in a respectful manner, no matter what they are. Finally, your responsibility as a student is to contribute to the education of every other student and to strengthen them intellectually and morally and in the faith. If you cannot carry out your responsibilities in an honest, courteous, and helpful way you do not belong at Regent.

### **Office Hours and Meeting Availability**

*Location:* Robertson Hall 318F

*Scheduled office hours:* Tuesdays and Thursdays, 2-4 pm. No appointment is necessary. Meetings are in 20 minute blocks but can go longer if no other student is waiting.

*Appointments:* I am here to serve you. If meetings during regular office hours are not possible, please call or stop by my office. Be aware, however, I may have other commitments but will find a mutually convenient time to meet.

### **Student Feedback**

At the end of the course, students will be given the opportunity to evaluate the course and make suggestions for improvements.