Monetary and Fiscal Policy in an Age of Political Partisanship

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Monetary and Fiscal Policy are the core institutions that promote economic stabilization and growth in an economy. At a time when globalization has been called into question, when tariffs have become a routine tool of foreign policy, and when the institutions of governance have been questioned, it is reasonable to look at how these changes compare with previous policy experience.

In this course, we examine the mission and responsibilities of these institutions, how well they perform over time and how their performance is affected by rising debt, the rise of cryptocurrencies, populist national policies, and political partisanship. In undertaking this examination, we bring together various strands of economic thinking from which we derive a set of propositions for more sustainable, transparent, and inclusive governance.

The course is divided into four sessions. Topics and downloadable materials are listed for each session. Some elements are derived from my book, *Risk and the State: How Economics and Neuroscience Shape Political Legitimacy to address Geopolitical, Environmental and Health Risks for Sustainable Governance* (Walker Brown, 2021, available via Amazon). As with previous ALL courses I have taught, a website listed above provides downloadable files that will be used in respective sessions.

Session 1 – What are current macroeconomic policies involving trade, economic growth, and the role of digital currencies? What do they present in terms of the framing of monetary policy? Topics covered are: globalization, the share of manufacturing in the Gross Domestic Product (GDP), the distribution of income and wealth, and tariff policy in perspective.

Session 2 – How are monetary and fiscal policy defined and applied in the U.S. economy in comparison to other countries and over time? Topics covered are: Debt and the size of government, standard models of monetary policy; fractional reserve central banking; monetary policy in perspective; financial crises and monetary policy responses; performance of equity and housing markets; cryptocurrencies, and the tools of monetary and fiscal policy.

Session 3 – What constraints shape the current state of political legitimacy in the United States? Topics covered are: determinants of consgtraints on fiscal policy; the shape and evolution of fiscal revenues and expenditures by function; a comparative perspective on U.S. fiscal policy in relation to comparable economies; questions of time – the budget calendar, recurrent versus capital expenditures, earmarking and budgetary distortions; the need for reform measures.

Session 4 – What kinds of economic and political reforms should we consider for an inclusive and sustainable monetary and fiscal policy? Topics covered are: the basis of political reform; the scope of political reforms; capital budgeting principles; crafting incentives for fscal discipline; transparency and accountability in fiscal policy – size, earmarks, and amendments; upholding the independence of the Federal Reserve; dimensions of monetary and fiscal policy; global competition considered; global fairness notions; reforming the electoral college; limiting filibusters and requiring more than simple legislative voting majorities; term limits and mail-in voting; election funding transparency and accountability; reducing gerrymandered election redistricting; reducing self-dealing legislation.