Less than a year ago, Donald Trump was elected President of the United States—and to say that the months since have been ‘unusual’ or “surprising” or “unprecedented” can’t begin to capture what has been going on, the reactions generated, or the effects left behind.

Journalists, politicians, academics—and much of the public—have spent incalculable hours in recitation of those events and reactions, and in plumbing questions about Trump’s relations with Russia, the success (and costs) of his administration and his governing style, the nature and legitimacy of his business dealings, and the country’s extraordinary polarization over who this president is, what this president stands for, and whether and how he might win (or lose).

All of this is vitally important—but not the focus or purpose of this course.

Presidents, Politics, and Economic Growth tries instead to do something deeper and more complex. In it, you will examine not just the Trump presidency but all three 21st century presidencies—and then situate them in much longer and deeper patterns stretching back to FDR and the New Deal that can, once mastered, help you understand far more than who this president is, what he faces, and the prospects for turning his promises into programs.

To do that, we start by looking backward in time. America has now had nearly four dozen presidents—and all of them, not coincidentally, have been male; all of them have been white (save one); and all of them (save one) Protestant---with just two small Protestant denominations providing half of all our presidents. In other words, the matter of who becomes president is itself a story of patterns.

What we then begin to see is that virtually every one of those presidents (not just Donald Trump, whatever he claims) entered office believing himself a ‘transformative’ figure—a leader about to place his stamp on the American, even global, landscape for generations to come. Yet historians and political scientists have repeated told us that barely half a dozen can be judged transformers—in the 20th century just two: Roosevelt and Reagan.

Why so few presidents become transformers, despite their ambitions---and what it suggests about Trump’s ambitions--- is what we are going to study. Here’s how.
I begin by introducing you to the work of Yale political theorist Stephen Skowronek, whose work on “presidential time” and the impact of “transformational presidents” has generated a quiet revolution among presidential scholars in the past 20 years.

But I then immediately turn to a second set of questions about government itself, not just the presidency. The size of government at all levels—federal, state, and local—is enormous. Measured in economic terms, government is nearly 40% of US GDP—an enormous sum, over $7,000,000,000,000 (that’s seven trillion dollars) annually. A century ago, government was 7% of GDP, not 40%—and two centuries it was barely 3%. So “government”, just as conservatives for years have worriedly claimed, has grown large—and grown faster than the aggregate economy. But why?

Here we quickly begin to focus in on what government spends money on and how it pays for that spending—and discover how public spending and revenue each represents a modern revolution in itself, a revolution not just of the institutions of government but of political alignments, ideological consensus, realignments of theory (political and economic), and administrative capacities. What’s further striking is the role of crises—large, widely-recognized events that destabilize the country economically, politically, and intellectually—which appear to be closely associated with government’s growth. Rather than being a slow, steady progression, that growth has come fitfully, in clear episodic sequences.

“Modern American government” is generally identified with the coming of Roosevelt and the New Deal—and in the first weeks, we’ll look in some detail at what “modern” means. We’ll quickly discover that along with modern government came “modern economics” that substituted targeted, activist government at the macro-economic level for what had been a small administrative state in the midst of a large, mostly laissez-faire, economy.

Showing how the New Deal’s expansion of the federal government before World War II truly inaugurated “modern government” is followed by the role that World War II played in realigning not just government but the economy and politics as a whole, then prepares us to examine in turn the profound economic, financial, political, diplomatic, and military commitments that emerged after World War II.

Those vast new international commitments were themselves enormous drivers of government’s growth—signified suddenly by a large and permanent military that for a quarter century after World War II consumed half of all federal spending, and by itself becomes the second great driver not just government’s growth but the American economy’s extraordinary achievement of an unprecedented “Affluent Society”.

But much has happened in the half century since America became the “Affluent Society”---for one, the striking equality of prosperity then has been replaced by vast, and still growing, inequalities. The powerful industrial economy that was the engine behind affluence’s growth has been replaced by something else—a globalized economy, a vast new financial sector, a profoundly polarized politics, and a bitter distrust of government—in itself and in its regulation of the economy and culture—that bears little resemblance to America at mid-century.

To complicate things, America is increasingly non-white, non-Protestant, non-European-origined, and very uncertain about its role in the world. The trope of “the only global superpower” fascinated theorists of these sorts of things briefly after the Soviet Union collapsed. What it didn’t seriously account for was the accelerating rise of China toward the status of world’s largest economy (a title America has held continuously since the 1880s) and with that economic achievement, the ability to
compete against America on virtually every front. How we got to this place—and where we will go from here—is, we’ll learn, deeply entwined in what sort of roles the presidency has taken on since Roosevelt, and where we go from here.

Donald Trump is, in many surprising ways, not quite as unorthodox a president as he would have us believe. For someone who claims to want smaller government, lower taxes, and fewer entangling global commitments, Trump loves to embrace the US president’s role as our “Economist-in-Chief”—a role so well established that polls for the last half-century have consistently shown that voters now simply assume POTUS’s economic leadership—along with his guaranteeing our national security—as the most important duty of the White House.

But how did such an extraordinary change, without a single constitutional amendment, come about—and how have complex ideas, ideology, interests, and alliances shaped that search for growth? In other words, how did we get from Franklin Delano Roosevelt to Donald Trump, and what does it both mean and portend? Those are the subject of this course.

By semester’s end, you’ll have discovered how the concept of economic “growth” and presidents’ (hence government’s) role in it have evolved since Roosevelt, all the way to Trump. You’ll know how and why “growth” has come to be defined and quantified, how it serves as the principal metric of how well the country is doing, and how it acts as both the engine that provides our well-being and as the yardstick by which we judge presidents, their parties, and their economic policies.

More important, you’ll have probed the political decisions, alliances, and goals behind those policies. How were they made? Who helped presidents make them? If there have been periods when particular sorts of policies were favored, why and what factors determined them—and why were they challenged or replaced by later presidents?

Readings, lectures, and class discussions will focus you on a relatively short list of important presidential decisions during key periods since 1945, to show both the continuities and the shifts in this endless presidential search for growth. We’ll identify how each of those periods produced distinctive policies, based on political alignments, national economic strategies and challenges, global economic and political realities (and perceived realities), as well as the reigning economic theories of the times. The goal is to give you a deeply-grounded understanding of the subtle but powerful interplay among ideas, key actors, policy, and the public that has shaped presidents’—and hence the nation’s (and indirectly the world’s)—quest for growth.

A familiarity with basic macroeconomic concepts as well as modern American political history is helpful, but not required. The course will be especially useful to those who plan to work in White House or Congressional economic policy, as policy analysts in a Washington think-tank, or as political or economic journalists.

Class Basics: Readings, Grading, Office Hours, etc.

What You’ll Read:

Herb Stein, *Presidential Economies* (Book)
Robert Collins’s *MORE* (Oxford) (Book)
Various readings, found on the Course Page
Charts and graphs, also on the Course Page
The Course Work you’ll do—and relevant dates:

1) **October 11**—a short take-home midterm (distributed in class, Wed., Oct. 11; due back in hard copy in class, Wed., Oct. 18);

2) **October 4 and November 8**—two short (4-5pp) policy briefing papers The first short paper is due in class in hard copy, Wed., Oct. 4, on a topic and President of your choice from Truman to Nixon; the second is due in class in hard copy, Wed., Nov. 8, selecting a President from Ford to Obama. Plan to write as a White House staffer would write an executive decision memo, briefing the President.

3) **December 4**—a short Final Exam (take-home, distributed November 27 in class).

4) **December 11**—a 10 pp final paper (due in hard copy, in box outside my office, by 5PM, Monday, Dec. 11).

**Course Grading System**: among the various assignments, I’ll allocate 25% of the overall grade to the midterm, 25% combined to the two briefings, 15% to class participation, and 35% to the final paper. The grading curve will reflect HKS’s advised standard distribution:

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Where and When to Find Me:

**My office**: 256 Taubman (second floor, in the Shorenstein Center)

**My office hours**: I don’t find regular set times useful. I make myself available throughout the semester at your request; email or speak to me after class to arrange a time.)

**Academic Honesty**: I take academic honesty very seriously. If you have any questions about your responsibilities as students regarding ethics, plagiarism, etc., please review the Student Handbook.

**The Class Schedule**

**Week One (Weds. Aug 30 & Fri. Sept 1)**: The Challenge(s) That Confront Donald Trump: Could He Have Been – or Has He Been – a Transformative President?

In 2008, lest we forget, Barack Obama seemed poised to become one of those rare White House occupants—a transformative president who would help reset fundamental national goals and values, much as Roosevelt and Reagan did in the twentieth century, or Jefferson, Jackson, and Lincoln did in the nineteenth.
But he faced multiple economic challenges: at the beginning of his term it was to stanch the bleeding on Wall Street. Today, the bleeding has stopped, but still remaining are the creation of jobs, turnaround of the housing market, and restarting healthy growth. Along with that there was health care (“Obamacare”) and the wars in Afghanistan and the Middle East, determinedly uncooperative Republicans in the Congress, and the need to seek new relations, especially with China (and Asia more generally) but also with Europe and the broader range of G-20 countries (including Russia). Ahead for him (as for Trump now) are issues we’ll take up later in the course: the “right” size and roles for government; the balance of real goods and financial sectors; income and wealth distribution’s impact on growth, and vice-versa; the germination and infrastructure construction of what progressives call a post-carbon “green economy”; and negotiation of a new role for the United States in a swiftly-changing political and economic world.

Eight years later, as Donald Trump took the oath of office, it was hard to conclude that Barack Obama would be recognized as a “transformer” on the scale of Roosevelt or Reagan. There had been no sharp electoral realignment as there had been in the New Deal or 1980s; through much of his term, he had operated with Democratic control of Congress—and in 2010 presided over a devastating repudiation of Democrats in Congress and at the state and local level. One mustn’t overlook his accomplishments---Obamacare, the construction of a relatively healthy economic recovery from Wall Street’s collapse (though a recovery that has done nothing in increase economic equality); a measured stepping back from the wars in Afghanistan and the Middle East, and the dramatic killing of Al Queda’s Osama bin Laden.

We’ll start our first week reading and discussing several articles that reflect on Obama’s promise and achievement—with conflicting conclusions. In the process, we’ll begin familiarizing ourselves with Skowronek’s theory of “presidential time”, its typology of presidential leadership styles, and the recurrent patterns connecting them to one another.

Wednesday, we focus on the promise incoming presidents have to become transformers, then consider whether Obama did or didn’t achieve that status.

In the process, we’ll start surfacing some of the reasons why we’d reach one conclusion or another. In particular, I’ll start to sketch out the factors (economic, military, demographic, and diplomatic, among others) that expand the shaping Skowronek’s “presidential time” beyond straight political science.

Friday, we’ll start looking at the promise of Donald Trump as transformer—and the challenges facing him. We’ll read and discuss supporters and critics, and then situate his presidency in the larger context of America’s and democracy’s future.

You MUST read the assigned articles before coming to class.

By Weds -

- Robert Kuttner, Obama’s Challenge, Ch 1
- Balkin, Why Obama Was NOT a Transformer https://www.vox.com/the-big-idea/2017/1/19/14323552/obama-legacy-reagan-clinton-conservative-liberal
- Will, Why (Unfortunately) Obama WAS a transformer https://www.washingtonpost.com/opinions/obama-was-indeed-transformational-unfortunately/2017/01/04/a51ddf72-d1e5-11e6-945a-76f69a399dd5_story.html?utm_term=.b7a761b0851c
• Chait, Obama was MOST DEFINITELY a Transformative President  

By Fri -

• Salam, Donald Trump—Transformer or Destroyer?  
  http://www.slate.com/articles/news_and_politics/politics/2017/01/will_donald_trump_be_fdr_or_jimmy_carter.html
• Black, Trump as Transformer http://www.conradmblack.com/1260/trump-could-be-one-of-the-few-transformative
• Robin, Why Trump’s Unlikely to be a Transformer https://nplusonemag.com/online-only/online-only/the-politics-trump-makes/
• Skowronek’s Preliminary Reading of Trump  
• The Economist, What’s Gone Wrong with Democracy?—the Larger Context We Face

Secondary Readings: (These are optional, for you to go further as you want.)

Economic Policy Institute, The State of Working America, online at epi.org
Congressional Oversight Panel, Special Report on Regulatory Reform
Justin Fox, The Myth of Rational Markets
Margaret Weir, Politics and Jobs: the Boundaries of Employment Policy in the US
Michael French, The US Economy Since 1945 (esp Ch 2)
Marc Allen Eisner, The State in the American Political Economy
Herbert Stein, The Fiscal Revolution in America
Nicolas Spurbur, Managing the American Economy

No Class Monday, Sept 4 – Labor Day

Week Two (Weds. Sept 6): Roosevelt and Keynes in Peace and War: the New Deal, World War II and the Post-War Search for Jobs and Growth: How It Defined the Domestic Impetus for “Growthmanship” – and How It Revolutionized the President’s Role in Economics

The trauma of the Depression and the monumental scale of World War II – when government’s wartime spending consumed a record half of GDP – utterly redefined the relationship between the President and the American economy.

From George Washington onward, presidents had often played inadvertent and indirect roles in growth-promotion – especially by enabling America’s geographic expansion westward, beginning with Jefferson’s Louisiana Purchase, then by establishing land distribution policies, excise taxes and tariffs, Post Office subsidies, immigration policy, and by no means least, free public primary education.
During the Civil War, Lincoln advanced that presidential role dramatically for a brief time: he and Congress imposed an income tax, took control of currency and its reserve backing, promoted transportation, fueled manufacturing, expanded government support for education to the college/university level, and by ending slavery finally effectively transformed America’s paid labor market from a regional to a national one. But compared to most nascent industrializers in Europe (especially Germany), federal growth policies were strikingly limited and haphazard; not until the Progressive Era were the outlines of a new “regulatory state” eventually forged.

The Depression and then World War II changed all that, as Franklin Roosevelt expanded both Washington’s regulatory role and its new and much bigger budget by claiming a rationalist macro-managerial role for the federal government. When Truman became president, supporters sought to justify continuing New Deal-style policies, not least through new Keynesian theories (which came, as we shall see, in a variety of liberal and conservative forms). Advocates for this new idea of government-directed “growthmanship” saw it as an intellectual, political, and economic breakthrough in American history. How? Why? And how, after FDR’s death and the war’s end, was this unprecedented expansion maintained, institutionally and intellectually, under Harry Truman?

Required:

**By Weds** – Stein, *Presidential Economics*, Chs 2 and 3 (BOOK)
Robert Collins, MORE, *Prologue and Ch 1* (BOOK)
John Kenneth Galbraith, “How Keynes Came to America,” in *A Contemporary Guide to Economics, Peace and Laughter*

Secondary:
Donald Winch, *Economics and Policy*, chs 9, 11, 12
James Caporaso and David Levine, *Theories of Political Economy*, preface and Ch.1
Peter Hall, *The Political Power of Economic Ideas*
Alan Brinkley, “The New Deal and the Idea of the State”
Stephen Skowronek, *The Politics Presidents Make*
Robert Collins, *The Business Response to Keynes*


NSC-68, President Truman’s 1950 top-secret policy directive set in motion the vast expansion of America’s military to face the threat of Communism. But it was also always understood by its authors as an economic growth engine, not just a defense policy – and its adoption meant that over half the federal budget in the 1950s would be spent on defense. We’ll look at how postwar elites saw a new global role for America and how military power fit in that role, how the inherent tensions between Eisenhower’s traditional fiscal conservatism and the challenge of Soviet Communism gave rise to the New Look in military policy, and what’s sometimes called “military Keynesianism” in economic policy – and the implications for America’s pace and patterns of growth.

Required:
**Mon** – Collins, MORE, Ch 2 (pp. 40-51 only)
Mon – Charles Maier, “The Politics of Productivity”  
Weds – Fred Block, “Economic Instability and Military Strength: The Paradoxes of the 1950 Rearmament Decision”

Secondary:
NSC-68 at http://www.fas.org/irp/offdocs/nsc-hst/nsc-68.htm
Ernest May, Strategies of Containment: Interpreting NSC-68
John Lewis Gaddis, Strategies of Containment
Iwan Morgan, Eisenhower Versus “The Spenders”: the Eisenhower Administration, the Democrats, and the Budget, 1953-1960


   Kennedy’s 1960 election brought to the White House a new generation of self-confident Keynesian economists, convinced that the White House could successfully manage the economy to full employment. If classic Keynesianism had a heroic postwar moment, it came with passage of the 1964 Kennedy-Johnson Tax Cuts and the economy’s swift expansion thereafter. But apogee swiftly became perigee, and within a decade academic Keynesianism, “activist” Keynesian policy, and liberal political leadership generally were all in disarray and retreat. What happened? What were the assumptions behind the tax cut – and what were the criticisms? What stimulative effect did the cuts have, what other stimulative factors were at work, what underlying economic and political shifts were going on domestically and internationally – and what derailed the hopes of liberal Keynesians so completely?

Required:
Mon – Calleo, The Imperious Economy, Chs. 1-3
Weds – Collins, MORE, pgs 51-67 in Ch 2 and all of Ch 3
Weds – Stein, Presidential Economics, Ch 4


   In 1971, Richard Nixon first declared that “we are all Keynesians now,” then promptly imposed wage-and-price controls domestically and repudiated the Bretton Woods currency system by floating the dollar. Two years later, he then abandoned wage-and-price controls, but accepted OPEC’s cartelized pricing of oil and began the modern deregulation of the economy in telecoms (the MCI and ATT cases) and in finance (dropping Regulation Q, deregulating brokerage commissions, and permitting money markets to compete with banks).

   The “New Deal coalition” — and the thirty-year-long “Golden Age of Growth” that began in 1945 — was coming to an end. We’ll discuss in particular how Nixon’s preoccupation with foreign policy generated economic consequences at home and abroad. At home, we’ll consider how those processes ultimately advanced the Republican efforts under Reagan to roll back much of the New Deal’s social welfare and business-regulation institutions. Abroad, we’ll weigh how they launched a new era of globalization of trade and finance, and their life-changing reactions in Europe, the Soviet Union, and Asia.
Required:
**Mon** – Calleo, David, *The Imperious Economy*, Chs. 4-6
**Weds** – Collins, MORE, Ch 4

Secondary:
Stein, *Presidential Economics*, Ch 5
Calleo, *Imperious Economy*, Ch 7
Allen Matusow, *Nixon’s Economy*
James Reichley, *Conservatives in an Age of Change*

**Week Six (Oct 2 & 4): Ford/Carter, OPEC and the Energy Conundrum, Global Lending and Global Debt – and the Retreat from Growth**

Jimmy Carter (like Gerald Ford before him) faced the daunting task of restarting American growth as stagflation overtook the economy, but the political and economic coalitions that had sustained the postwar growth engine were all but dead. That collapse created an unstable and hotly-contested interregnum – for Democrats and Republicans alike, as new alliances, renewed ideologies, and previously weak or marginalized groups came to the fore. How did Carter’s election as a Southerner quite unlike LBJ signal complex alliance and ideology changes for the Democrats, and how did Ford’s defeat open the door to a new – and much more conservative – Republican Party? How, as the new political alliances changed, did the shift begin to affect not only aggregate growth but fundamental distribution of income and wealth?

Required:
**Mon** – Collins, MORE, Ch 5
**Mon** – Stein, *Presidential Economics*, Ch 6
**Weds** – Calleo, “Inflation and American Power,” *Foreign Affairs*

Secondary:
Daniel Yergin, *The Prize*, chs.19-22

**Wednesday, October 4, in class – Short Briefing Paper (5 pp, double spaced) is due in class, on a topic and President of your choice, from Truman to Nixon. Pick a topic that the President must decide and help him understand his options. Write the brief as a White House staffer would write an executive decision memo, briefing the President. I’ll circulate instructions how to do that the week before.**

**No Class Mon, Oct 9 – Columbus Day.**

**Week Seven (Weds. Oct 11): The Conservative Intellectual Revolt, Academic and Political – and The Great Risk Shift that accompanied It, and How It Re-Divided America**

By the late 1970s, the growing force of conservative ideas and values could be felt throughout American society. White Southern and Northern/Midwestern ethnic voters were abandoning the Democratic Party in droves as inflation’s effect on wages and taxes – combined with a soaring distrust of government –
prompted a state and local political revolt that swept the nation like wildfire – and showed up in issues ranging from abortion, religion, and property taxes to fundamental energy, economic, and military policies.

Fueling that wildfire was an unabashedly-confident new conservative intellectual legion that for forty years had stood on history’s sidelines, helplessly watching the power of liberalism and government advance unchecked – at least in their view. Now in the 1970s, suddenly their once-marginal ideas were all the fashion, and as liberals watched, not just conservative ideas but well-financed conservative institutions now invaded Washington.

Simultaneously, beyond these ideological fashions and seasons, something profound was changing in America: risk for ordinary Americans was on the rise. The postwar era had until then been all about creating – or, more controversially (it depended on the perceived beneficiaries) extending – security in all forms (economic, military, community, values) to the American people. Now suddenly manifold signs of insecurity abounded – and would begin to grow rather than recede, and over time would shape Americans’ expectations about everything from what government and markets should do to how individuals and families would fare.

Required:

Weds – Blumenthal, The Rise of the Counter-Establishment, Intro, Chs. 2-3
  – Hacker, The Great Risk Shift Ch 2
  – Black, Divided America, Ch 1

*Weds., October 11 – Midterm is distributed at end of class.

Week Eight (Oct 16 & 18): How President Reagan Reshaped the Growth Debate – and What Then Happened

President Reagan entered office determined to cut taxes, increase military spending, slash entitlement spending, use monetarism to manage the money supply, and accelerate growth. How well he did each of these – and the consequences – is hotly contested.

Harvard economist Martin Feldstein chaired Reagan’s Council of Economic Advisors, and we’ll use his essay on the Reagan record, particularly comparing his to Stein’s assessment (Stein was Nixon’s CEA chief), as cornerstone for our examination of the competing, often contradictory, achievements.

We’ll look at the initial Reagan tax cuts (and his later, less-discussed tax increases) in light of subsequent growth as well as the “twin deficits” (in the federal budget and export/imports) concern for which came to occupy center stage, with Congress and the White House continually challenging one another on the means to stanch the flow of red ink in both the federal budget and the balance of trade. We’ll also then look at the impact of Reaganomics on income and wealth distribution, and the size of and means for household savings – and the new challenges they posed.

Required:

Mon – Collins, MORE, Ch 6
Mon – Stein, Presidential Economics, Chs 7 and 8
Weds – Feldstein, American Economic Policy in the 1980s, Ch 1

Bill Clinton wasn’t Ronald Reagan but he wasn’t Franklin Roosevelt either: as a New Democrat, he believed that the growth of the middle class, the decline of unions and manufacturing, the accelerating pace of globalization, and the budget and trade deficits (dubbed “New Red Menace” after the Soviet threat collapsed) required a tough new policy pragmatism that, while not as anti-statist as Reagan’s, was anathema to many older Democrats who saw the FDR/JFK/LBJ tradition as the heart and soul of, not to mention the path to electoral victory for, the in party. We’ll look at key policy shifts Clinton made on trade (NAFTA, WTO), on entitlements (Welfare Reform) and financial deregulation as paradigmatic of the search for a stable new Democratic governing coalition. We’ll also take a closer look at how economic policy-making in the White House had changed over the years, and the innovations that Clinton brought to the process.

Required:
- Mon  – Collins, MORE, Ch 7
- Edsall, “Introduction” in New Politics of Inequality

Secondary:
- Iwan Morgan, Seeing Red: The Budget Deficit – Past, Present, and Future
- Jeff Frankel, ed., American Economic Policy in the 1990s

Week Ten (Oct 30 & Nov 1): The “New” Corporate Globalization Revisited: the Washington Consensus, the Cold War’s End, he Peace Dividend That Didn’t Last, the Shock of 9/11– and Second (and Third) Thoughts

As the Cold War ended, the role and cost of the US as globe-girdling military power came up for debate –with sharp divergences over the nature of future threats, and the military’s force structure, technology, deployment, and budget. Simultaneously, a decade-long experiment called The Washington Consensus – which had aimed at restructuring developing economies along neoclassical economic lines – also came up for review, as the quite mixed consequences became clearer.

We’ll look at both the issue of America’s global military power and its role in the shape and pace of global economic development, and their complex interaction as America adjusted to its newly-imagined role as “the world’s only superpower” – and how fast-paced economic development (especially in East Asia) and global market integration redefined the terms of that claim.
**Week Eleven (Nov 6 & 8): George Bush, and the Flowering (and Deflowering) of Wall Street and Rational Market Theory**

The presidency of George W. Bush began and ended with financial crashes – in 2000, when the tech bubble burst, in 2008 when Wall Street collapsed amidst the housing meltdown. Has “bubble economics” somehow replaced “growth economics”? Over the past thirty years, the number and frequency of financial crises has risen dramatically – but why?

The future shape and role of Wall Street and of the global financial system will be key drivers for US (and global) growth in the coming years – a time when the US’s role as global policeman seems destined to be tied to Islamic radicalism as surely as it was once tied to Communism.

**Required:**

**Mon.** Frankel, “Bush’s Spectacular Failure”  
Kuttner, *Squandering of America*, Chs 1, 3

**Wed.** Krugman, “How Did Economists Get It So Wrong” *NYT Magazine*  
Second Reading TK

**Secondary:**  
Caballero, “Macroeconomics after the Crisis: Time to Deal with the Pretense-of-Knowledge Syndrome”  
Bell, ed., *The Crisis in Economic Theory*, ch.1

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**Wednesday, November 8, in class – Your Second Short Briefing Paper**  
(4 pp, double spaced) is due in class on a topic and President of your choice, from Ford to Obama. Pick a topic that the President must decide with and help him understand his options. You can revisit one of the choices discussed in class or one you’ve come across and want to understand better. Write the brief as a White House staffer would write an executive decision memo, briefing the President.

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**Week Twelve (Nov 13 & 15): Who is Thomas Piketty—and why should we care?**
When Piketty’s *Capitalism in the 21st Century* arrived in 2014, it was greeted with an enthusiasm comparable to the reception of Keynes’s *General Theory* in 1936—with both books hailed as “revolutionary” in their intellectual scope and depth.

Across more than 600 pages, Piketty had meticulously plotted nearly 200 years of shifting income and wealth distribution in the industrial West to reach a stark conclusion: that the sharp decline of inequality after World War II was not a “new norm” but an aberration—and that the rising inequalities of the past 40 years mark “return to the old norm”, with today’s inequality set to grow even more across the 21st century (absent major shifts in public policies in most nations).

If true, the very idea of “growth”—whose appearance, development, and adaptations we’ve scrutinized all semester—face an extraordinary challenge. If “rising tides don’t lift all boats”, what will the politics of coming century likely become? How can democratic governments, already gripped by gridlock between parties and voter disillusionment, survive if the distance between citizens grows constantly farther apart?

Monday, we’ll look at a major review (the book itself is too long), a conservative critique, and a rejoinder; Wednesday, we’ll look at the global problem of offshoring on measurement, taxation, and democratic control of income and wealth distribution.

**Primary Readings:**

**Mon**  
Branko Milanovic review, MPRA:  
[https://mpra.ub.uni-muenchen.de/52384/1/MPRA_paper_52384.pdf](https://mpra.ub.uni-muenchen.de/52384/1/MPRA_paper_52384.pdf)  

**Wed:**  
S&P Report, How Increasing Income Inequality is Dampening U.S. Economic Growth:  

**Secondary reading:**
Thomas Piketty, *Capitalism in the 21st Century*  
Timothy Noah, *The Great Divergence*  
**NY Times**, “American Middle Class No Longer World’s Richest,”  

**No Class Wednesday, November 22 – Thanksgiving Recess**

**Week Thirteen (Nov 20) Obama and Beyond: Options and Directions**
The challenge facing Barack Obama – and the president’s role as master and mediator of economic growth – hinges on the scope and speed of the economic recovery, and the lasting institutions and ideas he (and they) ultimately generate.

Required:
**Mon** New America Foundation, “The Way Forward”
UNCTAD, “The Global Economic Crisis: Systemic Failures and Multilateral Responses”

Secondary:
Michael Spence, “Evolving US Economy and Jobs”

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**Mon., Nov.27—FINAL TAKEHOME EXAM distributed at end of class**

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**Week Fourteen (Nov 27 & 29): Review and Discussion**

We’ll open up a class discussion of options ahead for America. Students are expected to come to class prepared to debate options based on the course and their own evaluations and perspectives. These two days will be important to the “class participation” portion of your grade, so come prepared.

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Monday, Dec. 4, by 5PM—FINAL TAKEHOME EXAM due

**Monday, Dec. 11, by 5PM—FINAL PAPER DUE: the 10 pp Final Paper is due at my office, 256 Taubman, in printed form. Do not submit electronically.**