Leadership and Economic Policy

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Office Hours: via Zoom or in person, Thursday, 10-noon, and by appointment
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Preamble: We are trying our very best to offer terrific experiences to all of you this fall. I hope you will be generous to your instructors, including me, as I will be to you—these are very strange times and we will get through them intact if we are courteous, thoughtful, and kind. Please come to class prepared and please be sensible, using face coverings and staying apart from one another in the hallway and elsewhere. We will learn differently this semester but we will learn—please let me know how it is going, how you are learning, and how we can improve.

We are living in an unprecedented moment, one that stretches our knowledge about economic policy to its very limits. As I write this syllabus, unemployment is higher than I have known it in my lifetime. Racial violence and tensions have erupted. A global pandemic threatens our health and safety. While our study of economic policy will be largely historical, these three challenges will form the backdrop to our ongoing analysis.

We will explore two questions using historical debates on economic policy as our laboratory. First, what is the scope for policy makers and civil servants to lead society through cyclical and secular crises and the inevitable ups-and-downs that accompany economic expansion? Second, what leadership roles do economists legitimately play in the development and implementation of economic policy?
I will frame our discussions generally using competing views of economists, including the famous contrast between J. M. Keynes and Friedrich Hayek. One question will be whether this framing fits current debates and the split between Democrats and Republicans in the US. While the ideas of Keynes and Hayek will loom large in the historical context, our focus for contemporary issues is on policy as opposed to personalities.

We of course have several recent natural experiments with which to consider these questions and the disagreement: after 2008, the American and world economies experienced double digit unemployment and a severe contraction and, at least initially, an unusually sluggish recovery; and we are currently in the midst of a terrible economic meltdown.

Two invited guests will help us consider these issues, Dr. Stefan Kolev, who will help us think about the transition to market economics in post-war Germany, and Dr. Jeffrey Lacker, President of the Federal Reserve Bank of Richmond during the last financial crisis.

What will you learn? Over the course of the semester you will learn

1. How economists have been centrally engaged in significant policy debates
2. The major rationales for economic interventions
3. What the nature/nurture debate means for economic policy and leadership
4. About various economic approaches (Mill, Keynes, Hayek, public choice) to policy
5. How government policy makers reacted to major crises in 2008 and 2020
6. How to evaluate contemporary economic policies in light of these debates.

Text: I have made the readings available at the Blackboard site. You may want to purchase the following in paperback or Kindle (but it is not required):


Topics & materials: Note that many sessions will have a discussion portion on current policy/policies, and a formal session that examines past policy debates. I hope to hold many of the discussion portions in the outdoor tent, small groups, or via Zoom.

WEEK 1/Topic 1:

Why study leadership and economic policy?—Democracy and economic policy, the housing and financial crises; COVID-19


WEEK 2/Topic 2:

Past and contemporary rationales and topics for economic policy analysis: slavery, work, poverty, cyclical fluctuations, externalities, public goods


https://www.econlib.org/library/Enc/Externalities.html

WEEK 3/Topic 3:

Contemporary policy discussion #1

The first modern economic policy analyst: Division of labour, analytical egalitarianism, trade as cooperation; standing or all-volunteer army?


PODCAST: Maria Paganelli on the ongoing relevance of Smith: https://www.youtube.com/watch?v=6dRNFknmrY


WEEK 4/Topic 4:

Test #1

Economists and nineteenth century debates over hierarchy


Warning: It is incredibly difficult to read what the historian Thomas Carlyle and others wrote about slavery and the former enslaved peoples of Jamaica. That the economists opposed Carlyle and were firmly opposed to slavery, speaks volumes for my chosen discipline.

WEEK 5/Topic 5:
Discussion: Sharp Viewpoint series event (Livestreamed, Monday 21 September) Denis McDonough, former Obama chief of staff, and Mike Sommers, former chief of staff to House Speaker John Boehner, on the topic of bipartisanship and compromise in the Trump era.


WEEK 6/Topic 6:

Debate #1 – Applying Mill’s On Liberty

The “turn away” from laissez-faire—late nineteenth century policy analysis


WEEK 7/Topic 7:

Test #2

Contemporary policy discussion #2

Depression-era policy and the turn towards eugenics

Special guest, Stefan Kolev (Professor of Economics at the University of Applied Sciences Zwickau): The German context after WWII


Review of William Darity’s article: https://today.duke.edu/2020/07/new-paper-examines-disproportionate-effect-eugenics-nc’s-black-population#.XxrjZGtEf2g.twitter

WEEK 8/Topic 8:

Contemporary policy discussion #3

The Keynes-Hayek divide: Liberalism & Markets
Keynes-Hayek Rap Video!

JM Keynes, “The End of Laissez Faire,” (1926),
https://www.panarchy.org/keynes/laissezfaire.1926.html

F. A. Hayek, “The Use of Knowledge in Society,” in Individualism and Economic Order,

WEEK 9/Topic 9:

Contemporary policy discussion #4

Economic Planning

F. A. Hayek, “Planning and Democracy,” and “Why the Worst Get on Top,” The Road to

WEEK 10/Topic 10:

Test #3

Federal Reserve policy in the wake of the 2008 economic crisis

Special guest, Jeff Lacker (Distinguished Professor of Economics at VCU and formerly
President of the Federal Reserve Bank of Richmond): Federal Reserve policy during the
financial crisis.

Speech https://www.federalreserve.gov/newsevents/speech/bernanke20120413a.htm

Speech,
https://www.richmondfed.org/press_room/speeches/jeffrey_m_lacker/2013/lacker_speech_2013
0212

WEEK 11/Topic 11:

Contemporary policy discussion #5 (election)

Public Choice economics & cronyism

James Buchanan, Politics without Romance

PODCAST: Michael Munger, Crony capitalism. [https://www.econtalk.org/michael-munger-on-crony-capitalism/](https://www.econtalk.org/michael-munger-on-crony-capitalism/)

WEEK 12/Topic 12:

Group work: major policy brief

The Rise and role of the Administrative State

(permission pending) Ronald Pestritto, “Constitutional and Legal Challenges in the Administrative State” (manuscript)

WEEKS 13-14/Topic 13-14

Policy briefs and presentations—Final weeks of classes.

Grading:

Participation (weekly quizzes, discussions, debates, contemporary policy exercises) 20
Tests (September 18, October 9, October 30; 3 x 10) 30
Policy Brief (outline, presentation, and paper, December 4) 25
Final exam 25

Notes:

a) Throughout the semester, I may add contemporary readings that relate to the topics at hand. The election will of course loom large.

b) We may have some guest experts attend our class (virtually). I will provide notice and information about those sessions as they arise.

c) Attendance and participation make this class work. I expect you to take ownership of the readings and the discussions, and answer and ask questions throughout. While this may be challenging as we are socially distant, we will find ways, including my gentle approach to cold calling, to make it work.

d) I will provide more information about debate topics and contemporary policy exercises.

e) We may have visitors to our class and that will require some flexibility on the topics and readings above. If changes occur, I will let you know about these and we will adjust accordingly.

f) This course is oriented towards theoretical perspectives on policy as well as specific recent economic policy (TARP, The New Deal, COVID-19, CARES, and so on). For your major policy brief assignment, I will ask you to write a policy brief that presents a theoretical rationale for a specific policy in contemporary debates. More information on each of these elements will follow and I will build in classroom time to discuss. I plan to
have you weigh in on how each person in the group contributed. (Preventing “free riders” as economists would say.)
Expectations Regarding In-Person Attendance During the Pandemic

We are facing a challenging situation in which all of us are called on to make a good faith effort to be flexible and to make decisions in the best interest of the community, including staying home when sick. Students who are sick should not attend class, will not be required to provide formal documentation from a health care provider, and will not be penalized for absences.

However, students must:
- Notify instructors in advance of the absence if possible. Contact the Student Health Center if sick.
- Keep up with classwork and attend online class sessions if able to do so.
- Submit assignments digitally on time whenever possible.
- Work with instructors to try to reschedule any missed assignments.
- Stay in close communication with instructors.

This attendance policy puts everyone on their honor. It requires that faculty trust the word of their students when they say they are ill, and it requires that students report the reason for their absence truthfully. Falsely reporting a reason for an absence is an honor code violation.

Integrity with Class Recordings

Students shall not:
- Disclose, share, trade, or sell class recordings with/to any other person, organization, business, or institution;
- Post/store these recordings in a location accessible by anyone other than the student, including but not limited to social media accounts.

Students must also comply with any instructions or directions from their faculty regarding the use of such recordings. Students are required to destroy any recordings that were made when they are no longer needed for the student’s academic work. Failure to abide by this policy will be a violation of the Standards of Student Conduct; such issues will be sent to the appropriate University Conduct Officer.

Awarding of Credit

To be successful in this course, a student should expect to devote 10-14 hours each week, including class time and time spent on course-related activities. [registrar.richmond.edu/services/policies/academic-credit.html](registrar.richmond.edu/services/policies/academic-credit.html)

Disability Accommodations

Students with a Disability Accommodation Notice should contact their instructors as early in the semester as possible to discuss arrangements for completing course assignments and exams. [disability.richmond.edu/](disability.richmond.edu/)

Honor System
The Jepson School supports the provisions of the Honor System. The shortened version of the honor pledge is: “I pledge that I have neither received nor given unauthorized assistance during the completion of this work.” studentdevelopment.richmond.edu/student-handbook/honor/the-honor-code.html

**Religious Observance**

Students should notify their instructors within the first two weeks of classes if they will need accommodations for religious observance. registrar.richmond.edu/planning/religiousobs.html

**Title IX information**

The University is unwavering in its commitment to support survivors of sexual assault, to respond promptly to reports of any type of sexual misconduct, and to investigate and adjudicate reports in a manner that is fair and equitable to all parties involved. We understand that sexual violence can undermine a student’s academic success and we encourage students who have experienced some form of sexual misconduct to talk to someone about their experience, so they can get the support they need.

Alleged violations can be reported to the Title IX Office at report.richmond.edu. Reports to law enforcement can be made to University of Richmond Police Department at 804-289-8911. The purpose of reporting to Title IX is to connect students to support resources and accommodations. Students can choose whether or not to file a formal complaint.

Students can receive confidential support from: Center for Awareness, Response & Education (C.A.R.E.) Advocate – 804.801.6251 (call or text) / advocate@richmond.edu; Peer Sexual Misconduct Advisors (PSMA’s) – 804.346.7674 (call or text) / psma@richmond.edu; Law School PSMA’s – 804.347.9586 (call or text) / lawpsma@richmond.edu

**Information from the Academic Skills Center:**

**Academic Skills Center** (asc.richmond.edu): Assists students in assessing their academic strengths and weaknesses; honing their academic skills through teaching effective test preparation, critical reading and thinking, information conceptualization, concentration, and related techniques; working on specific subject areas (e.g., calculus, chemistry, accounting, etc.); and encouraging campus and community involvement. Tutors will be available virtually. The on-call peer-tutors available for these appointments are listed in the Box file: On-Call Online Tutors (https://richmond.box.com/s/dpe37chr2zodr3o1amtj8omj72v2ktb). Email Roger Mancastroppa (rmancast@richmond.edu) and Hope Walton (hwalton@richmond.edu) for appointments in academic and life skills to request a Zoom conference.

**Boatwright Library Research Librarians:** (library.richmond.edu/help/ask/ or 289-8876): Research librarians help students with all steps of their research, from identifying or narrowing a topic, to locating, accessing, evaluating, and citing information resources. Librarians support students in their classes across the curriculum and provide library instruction, tutorials, research guides, and individual help. All research support will be provided online or by appointment and
students can contact a librarian for help via email (library@richmond.edu), text (804-277-9ASK), chat, or Zoom (by appointment).

**Career Services: (careerservices.richmond.edu or 289-8547):** Can assist you in exploring your interests and abilities, choosing a major or course of study, connecting with internships and jobs, and investigating graduate and professional school options. We encourage you to schedule an appointment with a career advisor early in your time at UR.

**Counseling and Psychological Services (caps.richmond.edu or 289-8119):** Assists currently enrolled, full-time, degree-seeking students in improving their mental health and well-being, and in handling challenges that may impede their growth and development. Services include brief consultations, short-term counseling and psychotherapy, skills-building classes, crisis intervention, psychiatric consultation, and related services.

**Disability Services (disability.richmond.edu)** The Office of Disability Services works to ensure that qualified students with a disability (whether incoming or current) are provided with reasonable accommodations that enable students to participate fully in activities, programs, services and benefits provided to all students. Please let your professors know as soon as possible if you have an accommodation that requires academic coordination and planning.

**Speech Center (speech.richmond.edu or 289-6409):** Assists with preparation and practice in the pursuit of excellence in public expression. Recording, playback, coaching and critique sessions offered by teams of student consultants trained to assist in developing ideas, arranging key points for more effective organization, improving style and delivery, and handling multimedia aids for individual and group presentations. Remote practice sessions can be arranged; we look forward to meeting your public speaking needs.

**Writing Center (writing.richmond.edu or 289-8263):** Assists writers at all levels of experience, across all majors. Students can schedule appointments with trained writing consultants who offer friendly critiques of written work.