



# Economic Public Policy



## Types of

- **Fiscal**
- **Monetary**
- **Trade**



## Formal and Informal Players

- Executive, Legislative, Judicial
- Bureaucracy: **OMB, CBO, Fed**
- Pressure: Interest Groups, Media, PO



## The Unified Budget

- Yearly spending priorities (funded programs)
- Product of **Majoritarianism** and **Pluralism**
- **Budget and Accounting Act of 1921** (BOB to OMB in 1970)
- **Congressional Budget and Impoundment Act** of 1974

*President Presents Budget in February*

*Created H/S Budget Committees*

*Created CBO*

*Revenue Proposals (H: Ways & Means, S: Finance)*

*Authorizations & Appropriations Votes*



## Revenue

How much money is raised (**surplus vs. deficit**)

### **Income Tax (16th A):**

Personal & Corporate

**Progressive** versus  
**Regressive** Taxation

**Direct v. Indirect** Taxes



## Expenditures

### **Entitlement v. Discretionary Spending**

**Welfare State** = "Safety Net"

*Social Security, Medicare, Food Stamps, Head Start*

**Continuing Resolution** - temporary

 **The National Debt**

**The total amount of money the federal government owes**



**Deficit** = expenditures outweigh revenue over one year  
**Congress' Power to Borrow**

**Supply Side Economics** (Trickle Down Economics)

*Reaganomics: 1986 Tax Reform*

**Gramm-Rudman-Hollings Act** (1985) - *unconstitutional!*

**PAYGO** (1990-2002, Pay As You Go Act of 2010)

**Clinton Surpluses** (1998-2000), **Bush Deficits** (2001-2008)

*GW Bush Economic Growth and Tax Reconciliation Act*

 **The Future?**

**Baby Boomers?**

*Medicare & Social Security*

*Elderly poverty reduced by +25% since 1950*

**Social Security?**

*90%+ Americans rely on for at least part of income*

1935: 35 to 1

1945: 20 to 1

Today: 3 to 1

**Poor Credit Risk?**

*Lack of investment*

*Reduction in benefits*

*Increased taxes*

*Depression*

