"Money is with propriety considered as the vital principle of the body politic; as that which sustains its life and motion, and enables it to perform its most essential functions. A complete power therefore to procure a regular and adequate supply of it, as far as the resources of the community will permit, may be regarded as an indispensable ingredient in every constitution. From a deficiency in this particular, one of two evils must ensue; either the people must be subjected to continual plunder as a substitute for a more eligible mode of supplying the public wants, or the government must sink into a fatal atrophy, and in a short course of time perish" (Alexander Hamilton, Federalist No. 30).

POLITICAL SCIENCE 4333
POLICY, POLITICS, AND THE BUDGET

Fall 2009

This course examines the political significance of federal budget policy, along with the constitutional and institutional factors that affect budget decision-making. It will deal primarily with the federal budget, although many of the concepts and analyses used are relevant to budgetary processes at other levels of government. Considerable attention will be directed toward enduring conflicts over budget policy, with an emphasis on the major contemporary issues relating to the size and composition of the federal budget – taxation, social welfare entitlements, and defense. Students in this course will be expected to master an understanding of the budget process and these related issues. Midterm and final examinations (with essay and objective components) and a research paper will assess students’ comprehension of these objectives. Written assignments are expected to be carefully prepared and well-organized, presenting a reasoned, factually correct, and coherent discussion of an approved topic.

Required Reading

Coursepack (available at the SMU Bookstore) containing excerpts from Congressional Budget Office, The Budget and Economic Outlook: Fiscal Years 2008-2018 (January 2008); A Preliminary Analysis of the President’s Budget and an Update of CBO’s Budget and Economic Outlook (March 2009); and The Long-Term Budget Outlook (June 2009).


Selected materials distributed in class (* in syllabus).

In addition, you are strongly encouraged to read, on a regular basis, a national newspaper, such as The New York Times or Wall Street Journal, or a national political journal, such as Congressional Quarterly Weekly Report or National Journal. These are available in the library or through subscription.

Course Requirements

Class attendance is required and will be monitored. More than three unexcused absences will result in a final grade penalty (three points for each absence in excess of three). More than six will result in dismissal from the course. Classes are scheduled on Monday and Wednesday from 5:00-6:20 p.m. in Florence Hall, Room 304.

In addition to participation in lectures and discussions, students in this course will be responsible for a midterm examination; a comprehensive final examination; and a research paper.
**Topics and Reading Assignments**

I. Introduction to Course (August 26)

*Read:* Basic Data.*

II. Overview of the Federal Budget

A. History (August 31; September 2, 7)

*Read:* Ippolito, Chapters 1-4.
Deficits/Debt.*

B. Language and Concepts (September 9, 14)

*Read:* CBO, Summary and Chapter 1.

III. Presidential and Congressional Budgeting (September 16, 21, 23, 28)

*Read:* CBO, Part II, Chapters 1, 2.
Budget Process Summary.*

IV. Fiscal Policy – Deficits, Debt, Surpluses (September 30)

*Read:* CBO, Part I, pp. 75-78.
Steuerle, Chapter 1.
Deficits/Debt.*

**MIDTERM EXAMINATION: OCTOBER 5**

V. Tax Policy (October 7, 14, 19, 21)

*Read:* CBO, Part I, Chapter 4; Part II, pp. 15-18; Part III, Chapter 5.
Steuerle, Chapters 2-13.
O’Hanlon, Chapter 25.
Tax Policy Issues.*

VI. Spending Policy

A. Overview (October 26, 28)

*Read:* CBO, Part I, Chapter 3.
O’Hanlon, Chapters 17-18.

B. Defense (November 2, 4)

*Read:* Ippolito, Chapter 5.
O’Hanlon, Chapters 2-10.
Defense Issues.*
C. Entitlements and Mandatory Spending (November 9, 11, 16, 18)

**Read:** CBO, Part I, pp. 55-65; Part III, Chapters 2, 3.
Ippolito, Chapter 6.
Entitlement Issues.*

D. Domestic (November 23, 30)

**Read:** CBO, Part III, Chapter 4.
Domestic Policy Issues.*

E. Other (November 30)

VII. The 1990s Omnibus Budget Reconciliation Agreements (December 2, 7)

**Read:** Ippolito, Chapter 7.

VIII. Summary: Unresolved Issues and Budget Reform (December 9)

**Read:** CBO, Part III, Chapter 1.
Ippolito, Chapter 8.

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**FINAL EXAMINATION:** Monday, December 14, 3:00 p.m. – 6:00 p.m.

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**Important Dates:**

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<td>Midterm Examination</td>
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<td>December 7</td>
<td>Research Papers Due</td>
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<td>December 9</td>
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<td>December 14</td>
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**Instructor Information/Office Hours:**

Dennis S. Ippolito
221 Collins Hall
X 83198
Office Hours: Monday and Wednesday, 9-11 a.m., and by appointment
ippolito@smu.edu

**Disability Accommodations:** Students needing academic accommodations for a disability must first contact Ms. Rebecca Marin, Coordinator, Services for Students with Disabilities (214-768-4557) to verify the disability and establish eligibility for accommodations. They should then schedule an appointment with the professor to make appropriate arrangements. (See University Policy No. 2.4.)
Research Paper
One objective of this course is to help students develop research, analytical, and writing skills. Each student is therefore responsible for preparing a formal research paper – minimum length 12 pages; typed, double-spaced; appropriately organized and documented. A style manual (preferably Turabian) should be used in writing the paper. The following list of topics is suggestive, not exhaustive, but each topic chosen must be approved in writing. Finally, research papers are due on or before December 7. There will be a grade penalty of five points per day for late papers.

The Growth and Budgetary Impact of Mandatory Spending.

The Growth and Budgetary Impact of Social Security, Medicare, and Medicaid.


Politics and Development of the Corporation Income Tax.

Social Welfare Spending and Poverty.

The History and Impact of Reconciliation.


Demographic Trends and Entitlement Policy.

Budgetary Impact of the "New Deal."

Budgetary Impact of the "Great Society."

Budgetary Impact of the Reagan/Bush I/Clinton/Bush II Administration (choose one).

Social Security Reform Options.

Defense Policy and Defense Budgets.

For these and related topics, government documents are a primary research resource. Among these are executive branch documents (especially OMB and Treasury), congressional committee hearings and reports, and congressional staff agency materials (especially CBO and GAO). These materials are located in the Fondren and Underwood Law Libraries.

As a suggested schedule, preliminary research and topic choice should be completed by October 19. A detailed outline and bibliography should be completed by November 9. Please consult with me at all stages of paper development. Topics and outlines must be approved in writing.
DETAILED OUTLINES FOR TOPICS
I. INTRODUCTION TO COURSE

II. OVERVIEW OF THE BUDGET

A. History of Budgeting

1. President and Congress (relevance of separation of powers)
2. Historical perspective
3. English precedents
4. Colonial precedents
5. Articles of Confederation
6. Constitution (relevant provisions)
7. Budget policy eras
   a. Revolution to Civil War
   b. Civil War to World War I
   c. World War I
   d. Great Depression, New Deal, and World War II
   e. World War II to Great Society
   f. Reagan retrenchments
   g. Post-Reagan OBRAs and budget balance
   h. The Bush II deficits
8. Summary

B. Process (Language, Concepts, Procedures)

1. Purpose of budgets
2. Understanding political budgets
3. Presidential budgets
   a. Statutory bases
   b. Formats
   c. Content
4. Congressional budgets
   a. Statutory bases
   b. Formats (CBR; reconciliation; appropriations and revenue legislation)
5. Comparing presidential versus congressional budgets
6. Budget process phases
7. Federal budget documents – documents and reality
8. Summary of process/participants/formats
9. Key concepts/terms (by category)
10. Key concepts/terms (examples)
III. PRESIDENTIAL AND CONGRESSIONAL BUDGETING

A. Executive Budgeting
   1. Background and development of presidential responsibility
   2. Purposes, objectives, and process
   3. Distinguishing features
   4. Institutional, policy, conceptual watersheds

B. Congressional Budgeting
   1. Brief history
   2. Power to tax
   3. Power to spend
   4. Reconciliation
   5. Congressional budget process

IV. DEFICITS, DEBT, FISCAL POLICY

A. Historical patterns
   1. Deficit trends
   2. Role of government

B. Current context
   1. Post-WWII deficits
   2. Post-WWII debt
   3. Surplus-Deficit post-2000

C. Perspectives for interpretation
   1. Deficits vs. GDP
   2. Real dollar comparisons

D. Causes
   1. Economic
   2. Emergencies
   3. Structural
E. Effects

1. Inflation
2. Interest rates/credit
3. Savings and investment
4. Interest costs (i.e., budget costs)

F. Fiscal policy and economic management

1. New Deal
2. WWII – early 1960s
3. Aggressive Keynesianism
4. Supply side management
5. Current state

V. TAX POLICY

A. Introduction and General Principles

1. Sources
2. Prescriptive criteria
3. Typical issues

B. Income Taxation Concepts and Terms

1. Defining income
2. Rate vs. base
3. Tax expenditures

C. Evolution of Personal Income Tax

1. Historical background
2. Post-WWII tax policy
3. 1986 TRA
4. 1990 OBRA
5. 1993 OBRA
6. 2001 EGTTTRA
D. Evolution of Social Security Tax

1. Benefit coverage
2. Employment coverage
3. Rate and base
4. EITC

E. Tax Policy Issues

1. Structural
2. Revenue-producing
3. Tax theories

VI. DEFENSE, DOMESTIC POLICY (ENTITLEMENTS AND SOCIAL WELFARE; DISCRETIONARY DOMESTIC PROGRAMS)

A. Defense Policy

1. Budgetary framework and constraints
2. WWII and Cold War
3. Reagan buildup
4. Post-Cold War defense strategy
5. War on terrorism
6. Defense budgets and defense strategy

B. Entitlements and Social Welfare

1. Overview
2. Program types
3. Legislative history
4. OBRAs and future trends
5. SS/Medicare/NMTs
6. MTs

C. Discretionary Domestic Programs

1. Overview
2. Program types
3. Legislative history
4. BEAs and future trends
VII. THE 1990s OMNIBUS BUDGET AGREEMENTS

A. 1990 OBRA (Bush)

B. 1993 OBRA (Clinton)

C. 1997 OBRA/BBA (Clinton)

VIII. UNRESOLVED ISSUES AND BUDGET REFORM

A. Procedural reforms

B. Policy challenges

C. Evolution of budget policy

IX. SUMMARY AND REVIEW
The Honor Code

All work undertaken and submitted in this course is governed by the University's Honor Code. The relevant section of the Code, taken from the Preamble of the Honor Council's Constitution, is as follows:

*Intellectual integrity and academic honesty are fundamental to the processes of learning and of evaluating academic performance, and maintaining them is the responsibility of all members of an educational institution. The inculcation of personal standards of honesty and integrity is a goal of education in all the disciplines of the University. . . .

Students must share the responsibility for creating and maintaining an atmosphere of honesty and integrity. Students should be aware that personal experience in completing assigned work is essential to learning. Permitting others to prepare their work, using published or unpublished summaries as a substitute for studying required materials, or giving or receiving unauthorized assistance in the preparation of work to be submitted are directly contrary to the honest process of learning. Students who are aware that others in a course are cheating or otherwise acting dishonestly have the responsibility to inform the professor and/or bring an accusation to the Honor Council.

The Honor Pledge is: "On my honor, I have neither given nor received unauthorized aid on this work." A signed copy of this pledge must be appended to any work tendered in this class. A violation of the Code will result in an "F" for the course, and the student will be taken before the Honor Council. If you are unclear about this policy – either in general or in its particular application – please see the instructor immediately.

Submitted by Professor Joseph Kobylka
Additional University Policies
Religious Observance/Excused Absences

Religious Observance
Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence. (See University Policy No. 1.9.)

Excused Absences for University Extracurricular Activities
Students participating in an officially sanctioned, scheduled University extracurricular activity will be given the opportunity to make up class assignments or other graded assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work. (University Undergraduate Catalog)