

THE AMERICAN POLITICAL ECONOMY: POLITICS,
MARKETS AND POWER

Jacob S. HACKER, Alexander HERTEL-FERNANDEZ, Paul PIERSON,
and Kathleen THELEN, eds, *The American Political Economy: Politics, Markets,
and Power* (Cambridge, Cambridge University Press, 2021, 471 p.)

Academic publishers are said to be reluctant to publish collective volumes because of their lack of coherence or impact. Let us be grateful, then, to Cambridge University Press for having published this path-breaking, agenda-setting collective volume, which is not only coherent, rich, and full of new approaches and knowledge but also has the ambition (and the means) to change political science research, both in the USA and at a global comparative scale.

The American Political Economy is both a book and a research program. Edited by four prominent political scientists, Jacob S. Hacker, Alexander Hertel-Fernandez, Paul Pierson, and Kathleen Thelen, known for their work on American politics but also for their comparative studies, it proposes new perspectives to better comprehend the interaction of markets and government in the USA's increasingly unequal and polarized polity. With this book, they seek to provide a better understanding of the US political economy, reorient American political science, and enrich the field of comparative political economy.

The authors define political economy as the study of how economic and political systems are linked, with an emphasis on power relationships and asymmetries. It is the study of the "battle over who gets what, when, how, and where." They claim that the American political economy is characterized by three main features: (1) a fragmented and territorialized state, a so-called "multi-venue governance" with divided power, an important role of the courts and of local self-rules; (2) a fragmented structure of economic organization in which the power of business is dominant, which diminishes voters' power in American democracy; and (3) systemic racial cleavages that affect the economy's basic structure, as well as leading to spatial and political divisions.

The first three parts of the book explore these three characteristics. The first part brings together three chapters focusing on the political arenas and actors; these analyze the consequences of the highly fragmented nature of the American political landscape, which gathers the highest number of veto powers in all advanced democracies, and

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underline the specific role played by the law and courts in this fragmented context. The second part is comprised of four chapters under the heading of race, space, and governance; these underline the extent to which racial cleavages and segregation impact the economy as well as politics, at both city and state levels. The third part consists of three chapters that provide a detailed analysis of corporate power and concentration in an archetypical liberal market economy: profitability based on intellectual property, the impact of asset managers on corporate governance, and the dominance of firms' private power on the labor market and in the workplace. The final part, made up of three chapters written by scholars working in the UK, looks at the American knowledge economy. The topics covered include its capacity to continue to innovate; the efficiency of public investment in a fragmented political economy; and the question of whether the USA is declining in its capacity to innovate, perhaps partly due to the decrease in public investment but also perhaps due to the fragmentation of its impact. At the same time, concentration in particular firms and (urban) locations has increased and the well-being of citizens has become increasingly commodified.

It is impossible to summarize the insights and merits of all these chapters; they are all essential reading. It is important to mention, however, that the new perspective proposed by the four editors of this volume does indeed give a general coherence to the various contributions. From chapter to chapter, the three main characteristics of the American political economy are consistently analyzed: its political and spatial fragmentation; the strength of economic power; and the racialization of American politics and policies. All the chapters contribute to our understanding of the most significant recent trends we can observe in the USA; that is: "economic dislocations wrought by the knowledge economy, the stark imbalances of power between business and labor, and the acute mismatch between sclerotic political institutions and turbo-charged markets" [11].

It is probably one of the main aims of this book to bring to the fore the role played by economic powers in shaping political issues and decisions, court rulings, and economic and social policies. This book seeks to "investigate arenas and policies that are outside the field of vision of conventional studies in American politics, such as anti-trust, intellectual property, the regulation of credits, and the power of employers in labor markets" [8]. According to the editors, this is the only way to improve our understanding of American politics, which cannot be limited to a study of classical political actors and institutions. Most chapters emphasize the role of organized economic actors in shaping political and market

institutions according to their own interests. This leads the four editors to emphasize that classical American political science has tended not to focus on the core of power in the USA. Since this power is separate from (or above?) electoral politics, studies that merely focus on public opinion, voters, parties, and congress cannot grasp the real mechanisms that decide who wins the battle over who gets what, when, how, and where. The book shows that organized economic interests are successful in organizing governance in ways that effectively remove important issues from direct political contestation.

Actually, within the panorama of the American political economy, the organized economic interests of firms seem to be the only consistent and coherent actors, powerful and able to impose their views. For the rest, one needs to look at different spatial levels and different localities (cities and states) to understand the specific politics and current development of the American political economy. The political institutions are fragmented, decentralized, and blocked by veto powers, and solidarity is structured by racial cleavages. Trade unions and labor movements are weak and divided, economically, spatially, and racially. Thus, the USA is unable to implement coherent, consistent, and cohesive public policies. It seems that the political, social and economic landscapes are so fragmented that it is in fact impossible to speak of “one” American political economy.

This diagnosis of general fragmentation could lead us to ask whether we can even continue to speak of “the” American case. Do the red states (as depicted in chapter 7) and the blue ones have anything in common? What about commonalities between the social, economic, and political life in big cities and in the areas that surround them? Or between the economic and social fates of various groups, including minorities? Ultimately, is the sclerosis of the political system due to the number of veto powers and the political fragmentation, or due to the fact that there can be no government of such heterogeneity? In this context, it seems that only market mechanisms are able to coordinate actors and activities, which brings us back to the usual characteristics of the Liberal Market Economy as depicted by Hall and Soskice in 2001;¹ however, the point that Hall and Soskice overlooked is that in such a market economy, organized economic powers rule against the interests of the vast majority of people. Indeed, Hacker et al. demonstrate that instead of having firms and economic interests coordinating via market mechanisms, as Hall and Soskice claimed, economic elites are in fact extraordinarily organized,

¹ Peter. A. HALL and David SOSKICE, 2001. *Foundations of Comparative Advantage Varieties of Capitalism. The Institutional* (Oxford, Oxford University Press).

and extremely well equipped (with financial resources and expertise) and organized to be able to navigate deftly within the American multi-level and multiple sites of power. While the general fragmentation and decentralization of the American political and economic system weakens governments, bureaucracies, and voters, it strengthens economic elites. This is because they are skilled in using veto points and multi-venue governance to block government action, keep public authorities at bay, and promote—and sometimes impose—their own interests, via court decisions and via their hold on political parties, which they exert as a result of their control of expertise and financial resources.

In terms of adding to the work in comparative political economy, Hacker et al. thus draw attention to the power of economic interests, their organization, and the way they take advantage of the fragmented American political system. Particularly in the last part of the book, their aim is also to better analyze where the American political economy is going within the knowledge-based economy, even though the last four chapters are not unanimous in their conclusions (it is not clear whether the authors believe that US tech will keep its comparative advantage and continue to advance, or decline). These analyses of the American knowledge economy could help discuss the most recent development in European comparative political economy; that is, the distinction between export-led growth models (like Germany or Sweden) and domestic-demand-led growth models (like the UK or the USA).² The chapters on the knowledge economy show how important it is to focus on economic sectors and not only on aggregate data on consumption, current accounts, export, and the evolution of GDP. But a thorough discussion and debate taking into account the European views on the US growth model would have been interesting.

As would a more thorough discussion of the recent so-called “electoral turn” in comparative political economy.³ The latter approach claims that the changes in economic and social policies that impact capitalist regimes are due to changes in socioeconomic groups; these lead in turn to shifts in political preferences, which lead to changes in party positions and thus to the policies implemented. *The American Political Economy* claims that party policies are most often blocked (by economic interests); at best they are only weakly able to decide or change anything, and at worst they are controlled by those economic interests. It would have been interesting if a

² Lucio BACCARO et Jonas PONTUSSON, 2016. Rethinking Comparative Political Economy: the Growth Model Perspective, *Politics & society*, 44 (2): 175-207.

³ Pablo BERAMENDI, Silja HÄUSERMANN, Herbert KITSCHELT and Hans-Peter KRIESI, eds, 2015. *The politics of advanced capitalism* (Cambridge, Cambridge University Press).

specific chapter had been incorporated to demonstrate that electoral politics do not matter in the USA, as a counter to the basic claims of Beramendi et al., or to those of Iversen and Soskice.⁴ In Iversen and Soskice's view, "M" (the median voter) is still driving the political car in advanced democracies and firms cannot be running the show since there is so much fluctuation in the top companies, as the fortunes of particular firms rise and fall (e.g., the development of the tech companies at the expense of those in the manufacturing and financial sectors).

This would also have helped to make the authors' case on an issue that is of great interest to them: that is, combating the current narrow focus of American political science on public opinion, electoral issues, and the functioning of the political system, which leads it to miss the real locus of (economic) power. The book aims to contest the dominant approach within American political science, which focuses on individual political behavior, as Americanists do, while one should focus on organized political action as "American political economy", as a new subdiscipline, seeks to do. Demonstrating positively that a mere focus on individual behavior does not explain most of the political results analyzed here would probably have helped. Perhaps the book is too shy in its criticism of American political science and its turn toward the economists' political economy (as economists do "Political Economy", i.e. by applying economic thinking and methods to political matters and focus on individual behavior).

The American Political Economy seeks to change the field of American political science, but it may miss its objective by failing to underline enough the flaws of the current state of that field, which is unable to explain the problem that besets US politics (its high level of polarization) or examine politics' lack of influence on the economy and society. This may be because one needs to make a link between the state of American political science and the very nature of the American political economy (a fragmented political system serving the economic interests of a few firms and people), and understand the role played by mainstream political science in legitimizing that system by only looking at areas other than those where power truly lies. Dominant social sciences such as mainstream economics or mainstream American political science may well be acting as superstructural legitimizing orders and thereby distracting attention from real power interactions. In view of past failed attempts to reform the mainstream approaches dominant in American political

⁴ Torben IVERSEN and David SOSKICE, *Capitalism through a Turbulent Century* 2019. *Democracy and prosperity: Reinventing* (Princeton, Princeton University Press).

science, especially among Americanists (see for instance the weak impact of the Perestroika movement), this new attempt to change the field without contesting its ideological foundation may turn out to be yet another failure.

Even if this book (and others like it) proves unable to change the capitalist economic order and its intellectuals, one can hope that the development of “American political economy” as a subfield will eventually draw converts to more interesting and relevant studies of politics, markets, and power, such as those provided in this book. By adding a new research field and agenda to American political science, this book could instigate a “layering” effect,⁵ inspiring increasingly more research and attracting more researchers to this approach, who would then fill more and more academic positions; in this way the issues at the core of political science could change, bringing greater relevance to it. This would be a cumulatively transformative process of change based on the discipline’s improved capacity to understand American politics and American social and economic development. Let us hope that relevance wins over academic path dependency.

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⁵ Kathleen THELEN and Wolfgang STRECK, eds, 2005. *Beyond continuity: Institutional change in advanced political economies* (Oxford, Oxford University Press).