

RESEARCH NOTE: LITERATURE

The lesson from America: US politics and recent trends in contemporary political economies

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Abstract

US politics is living a tense period of transformation. Approaching the presidential elections of 2024, many commentators question the fate of the US representative democracy and its political system. Political scientists have largely contributed to the critical analysis of the US case. A special mention goes to Jacob Hacker and Paul Pierson. The two scholars have marked the last two decades of US political science with a brilliant reconstruction of the American crisis and some of its key trends: the progressive increase of inequality; the mounting role of business lobbies; the decline of the US political economy and the erosion of the federal institutions. The present research note reviews three key books that shed light on contemporary US political economy through a typical political science approach. The value of these books goes well beyond the originality of the analysis of US politics. The books remind us the importance of three theoretical domains that marked political science and that merit to be further developed: interest group theory, neo-institutionalism and historical theories of democratization. Then, they shed light on the current dramatic tensions over representative democracies, well beyond the US exceptionalism. Hacker and Pierson provide an illuminating analysis of democratic tensions and give insights for the future research agenda of scholars of western political economies (including Italy and Europe). The books eventually outline some interesting methodological lines of future research.

Keywords: democracy; interest groups; political economy; political parties; USA

Introduction

US politics is living through a tense period of transformation. In the run-up to the presidential elections in November 2024, many commentators are questioning the fate of US representative democracy. Jacob Hacker and Paul Pierson, among others, have been key figures in the last two decades of US political science, with an original reconstruction of the American crisis and its key trends. The present note reviews three of their books – *Winner-Take-All Politics* (2010), *American Amnesia* (2016) and *Let Them Eat Tweets* (2021) – which shed light on contemporary US political economy from a political science perspective.¹

The value of these books (which are typical ‘popular books for a popular audience’²) goes well beyond their in-depth analysis of US politics. The books are inspired by three theoretical domains: interest group theory, new institutionalism and historical theories of democratization. These theories are potentially useful to address major challenges to contemporary political

¹In 2006, Hacker and Pierson published a first book with the title ‘Off Centre’. It was the first publication of a series of four, further developed through the three books examined in this note.

²Farrell, H. (2020), Book Review, Jacob Hacker and Paul Pierson, *Let Them Eat Tweets*, <https://crookedtimber.org/2020/08/04/jacob-hacker-and-paul-pierson-let-them-eat-tweets/>.

science and gives interesting insights for scholars of Italian (and European) politics. In my view, the books shed light on three particularly promising research venues. The first concerns the value of examining the interplay of economic, social and political institutions in contemporary democracies. Well beyond the case of the USA, economic and social inequalities, political polarization, and democratic backsliding are intertwined crucial aspects of many representative democracies worldwide. Second, the books suggest focusing on the business community as a crucial economic force that shapes politics. Third, the three books follow an unusual methodological and analytical approach: storytelling. While this method has risks, it allows for historical readings that combine detailed analysis with the capacity to reconstruct complex analytical frameworks.

The rest of the note is organized as follows. Sections one to three refer to the three theoretical schools that inspire the work of Hacker and Pierson. The same sections outline the innovative reading of the US situation while emphasizing some remaining open questions. Section four critically reviews the main findings and lists key sources of inspiration from the work of Hacker and Pierson. This final section also sheds light on the most promising avenues for research in Italy and Europe.

The revenge of interest group politics

The starting point of *Winner-Take-All Politics*, 2010, is the clear evidence of mounting inequalities in the USA (Picketty and Saez, 2003). The richest 1% of the population have largely been those to benefit from much of the economic progress of the last three decades, while the remaining 99% have seen meagre progress or even stagnation of their income.³

Hacker and Pierson address the following question: Who is to blame for this inequality? And they find the answer: interest groups. These are seen to have largely helped to shape the redistribution of resources through the public budget.⁴ What is new in the analysis is that the authors, through a systematic reconstruction of events in Congress, provide evidence of the changing nature of interest groups. The 20th-century groups – *grass-roots* organizations – became weaker (trade union membership was above 30% in the 1960s, but less than 15% in the early 2000s) and were progressively replaced by *astro-turf* organizations. The new groups have more restricted membership, powerful headquarters in the capital and a ‘top-down’ strategy for peak-level corporations. The new generation of lobby groups relies less on grass-roots mobilization of the membership but focuses on the activation of financial resources and the provision of strategic ideational resources to shape the political debate. The new think tanks promote the new economic and social paradigm, together with religious associations that increasingly advocate for traditionalist values (e.g. against abortion, and for private schools).

The new types of interest groups have had an immense impact on politics and on the functioning of the US federal institutions. On the one hand, they have contributed to polarization, supporting tax revolts and aggressive campaigns against the federal government. On the other, they have promoted strategies of obstruction – for example, filibustering and the risk of budget *show down* – in Congress to block reforms.

Hacker and Pierson convincingly show that interest groups and lobbies are key factors in the evolution of the Republic Party (also known as the Grand Old Party, GOP) into an extremist movement. This view, moreover, allows the authors to rewrite the traditional timeline of contemporary US political history. While many have agreed to set the origin of the conservative revolution in 1968 – with the Nixon Presidency – and others date the start of the neo-liberal revolution from the beginning of the 1980s, with Ronald Reagan, Hacker and Pierson show that things began to change in the mid-1970s. At that time, the Carter Administration was not able to adopt major

³More recent contributions have qualified this trend. In the aftermath of the pandemic crisis, inequality shows, in fact, a certain decline (Milanovic, 2020).

⁴The book is largely inspired by the key contributions of anti-pluralism, such as the seminal works of Lowy in the 1960s.

reforms (e.g. the setting up of the new Office of Consumer Representation to further develop federal regulation of business in 1978). All these measures were blocked by the business lobby, which provided massive resources to the GOP. A new generation of lobby groups, like the *National Federation of Independent Business* (that represents small and medium enterprises), defeated the labour and consumers' organizations.

Winner-Take-All politics thus shows how the skyrocketing of economic inequalities is a political process promoted by the new GOP. Interest groups are a key engine driving these trends. Hacker and Pierson focus, helpfully, on the main effects of new forms of interest group mobilization on political and economic institutions. But some questions remain unanswered: Why in some cases, is the role of lobbying consistent with *quiet politics*, while in others the same lobby organizations are much more aggressive and contribute to political radicalization? Further questions have to do with more fine-grained analysis of power resources and lobbying. Recent contributions in the literature (Chamberlain *et al.*, 2023) have stressed the need to compare different groups in different policies: some resources (mobilization capacities, etc.) are more relevant in some cases than in others. This shows that structural trends are combined with ad hoc instrumental dynamics that make lobbying differ from one policy to another. There is thus room for improving our understanding of complex causal links.

New institutionalism to show how political economies change

The second book under scrutiny here, the 2016 *American Amnesia*, further develops the authors' hypothesis of the in-depth mutation of US politics. *Winner-Take-All Politics* describes a downward spiral, with the mobilization of business and religious groups resulting in political polarization, increased inefficiency of the federal institutions and heightened social inequality. *American Amnesia* goes a step further: it first explains why inequalities are bad and why the battle between the rich and the poor is an ongoing characteristic of the US political economy.

The book takes an even longer-term perspective than the previous book of 2010, through the historical institutionalist approach. Going back to the origin of the federal political system, Hacker and Pierson show that the 'American Century' was marked by spectacular social progress: increased life expectancy, impressive reduction of morbidity and mortality rates as well as the improvement of education and socio-economic mobility. All this made the USA the leading political economy in the world. But that progress stopped in the last part of the 20th century. To use an anecdotal image from the book: in the mid-1960s, the Americans were the tallest people in the world, but they then began to experience mounting health problems (including obesity), as the country lost its primacy. Recent decades have thus been marked by a new élite which has gained much of the benefit of the economic progress, while the social losses have been spread across the rest of the population.

Yet this is not new. The whole of American economic history is characterized by tension between the narrow interests of the few and the wellbeing of the many. The rapid shift of the country – from poverty and agriculture to industrial superpower – was marked by enormous accumulation of economic resources followed by the attempt by political institutions to constrain economic freedom. In line with the Polanyian concept of the 'double movement', the US economy has seen periods of economic polarization followed by political decisions to regulate the economy and redistribute income. The former periods include the *Gilded Age*, the rapid economic growth of the 1920s and the *Reaganomics* which started in the 1980s. The latter periods are those of the *Progressive Era* between the end of the 19th and the beginning of the 20th century, and the long phase of the *New Deal*, which started with F.D. Roosevelt and ended with Jimmy Carter in the 1970s.

Compared to the first books, *American Amnesia* shifts the focus from political institutions to the broader political economy and the complex nexus between representative democracy and the free market. The downward spiral is thus even more dramatic: policy drift combined with

mounting radicalism and the spread of an ideological mix. The latter was reflected in the neo-liberal economic doctrine and the popular literature exemplified by Ayn Rand and her novels,⁵ which promoted the values of economic egotism and inequality. While Hacker and Pierson never refer to Gramsci, echoes of the concept of hegemony and the affirmation of a ‘collective will’ come to the mind of the reader. For this reason, the decline of America is described as neither just about the rational calculation of new interest groups, nor the effect of the mechanic of institutions vividly described in *Winner-Take-All Politics*. It is more a cultural change which combined new economic paradigms with popular sentiments radicalized by mass and social media (e.g. Fox News). This mix emphasizes the more traditional dark side of US political culture. The dramatic tax backlash of the last 50 years – with, for example, the Republican Governor of Maine referring in 2012 to the Internal Revenue Service as the ‘New Gestapo’ – recalls the tax revolts at the base of the Secession War and the popular mobilization against the federal taxes on alcohol at the time of the 1786 *Whiskey Rebellion*.

The book opens up various interesting lines of future research. Firstly, it carries out a critical review of the dominant economic paradigms and how they frame national failure and success. The two authors demonstrate the importance of effective government in providing the minimum conditions for economic prosperity. This reminds us of the delicate interaction between State and Market. This is something that is being debated in Europe at the time of the pandemic crisis, with the mounting criticism against neo-liberal political economic models (Buti and Fabbrini, 2023). The reflection of Hacker and Pierson remind us that we need original input from political and social sciences to go beyond elegant but overly parsimonious economic models.

Even in this case, some questions still need to be addressed. The first concerns the US political economy and its supposed decline. When compared to European economic performance, US economic downfall is much less evident.⁶ Moreover, when we compare the anti-cyclical strategy of Obama and especially Biden (in the context of the two recent recessions) with the timid recovery plans of European countries, US policymakers seem still more courageous than their European counterparts. This evidence challenges the supposed decline of the federal government.

The conservative dilemma and democratic backsliding

The third book by Hacker and Pierson analysed here, *Let Them Eat Tweets*, of 2021, is the final and darkest reading of the US political economy. In the end, US politics is the proof that democratic institutions are not set in stone. They have to be cultivated and reinvigorated, otherwise they tend to weaken. The third book broadens our understanding of these trends, which have to do with institutions and policy decisions, but also affect political regimes. The recurrent question in *Winner-Take-All Politics* was ‘Why have we seen such a change in US economic policies since the 1970s?’; in *American Amnesia* it was ‘Why is the US seeing a decline in prosperity?’. In the latest book, the question put by the two authors is even more hard-hitting: ‘Why is US democracy in danger?’.

In other words, it is not an economic paradigm which is at risk, nor a political party: it is representative democracy itself. The story told by Hacker and Pierson is not new: since the 1970s, US politics has become a polarized system, with a shift of the Republican Party to the extreme right. What is new in the book is the severity of the crisis, which could even become a regime crisis. Yet, in this book, the authors frame the tension between State and Market that they outlined in *American Amnesia* in a new way. The tension is now between democracy and plutocracy. This tension is not new. Since the emergence of democratic institutions in Western Europe in the late 19th century, it has always been there. The more a society is unequal, the riskier political

⁵The book ‘Atlas Shrugged’ (Rand, 1957) became a best seller at the end of the 20th century among Republican supporters.

⁶See Darvas (2023) for the comparative analysis of US and EU economic trends that contradicts the supposed dramatic crisis of the US economy.

equality becomes for the richest part of the population. This is the conservative dilemma which cyclically affects democratic party politics. The conservative parties, those representing the rich, are at the epicentre of the dilemma.

The authors consider the historical theories of democratization and the work of Levitzky and Ziblatt, which looks at the emergence of representative democracy in the 19th century (Lewitsky and Ziblatt, 2018). Democracy emerges and becomes institutionalized when Conservative Parties embrace democratic institutions. The debate recalls the seminal work by Lipsett and Rokkan on political cleavages and the restructuring of party systems in Western Europe. In sum, the radicalization of the GOP is the consequence of the restructuring of social and economic actors along the main divisions of the contemporary USA. On the one hand, the GOP embraced the interests of a narrow minority of super-rich who prioritize tax cuts and deregulation.⁷ On the other, the same party ‘uses’ radical evangelical movements and economic lobbies keen to support traditional values (such as the *National Rifle Association*, which promotes the second amendment on the right to keep and bear arms) to push for identity and racial issues that mobilize a key part of the white electorate. This latter movement is crucial to balance unpopular tax and economic policies that could reduce the electoral appeal of the same Republicans. Yet this is not a risk-free strategy. Firstly, radicalism involves a risk of progressive weakening of democratic institutions. It is a true political and normative drift that makes institutional erosion much more dangerous: public opinion (or a part of it) increasingly revolts against democratic institutions that are viewed as ineffective, costly and against the popular will. Second, the same radicalization strengthens extreme groups while weakening party organizations. If the GOP uses extremist groups, there is a risk that it will be used by the latter or by radical outsiders. The recent events concerning Trump and the Republican Party nomination provide alarming evidence of these trends.

Beyond US exceptionalism, risks of democratic backsliding can be seen all over the western world. The book often refers to Orban and the risk to democracy in Central Eastern European countries (as well as in Israel). What is theoretically striking in the analysis of the USA is that populism and radicalism are the effects of worrying social and economic trends. All of these trends are related to general tensions concerning representative democracy and mixed economies.

But is this really what we see across Western Europe? Firstly, the supposed plutocratic tendency of political institutions is far from being evident. Erikson (2015) was among the first to outline the apparent contradiction between the growing weight of rich people in political life and the persistent role of redistributive policies. Moreover, some analysts embrace a different hypothesis about the future prospects for democracy: representative democracy has the capacity to moderate extremist forces. Some refer to *Fratelli d'Italia* as a typical example of a centripetal trend that shapes extreme political movements when it is in government (Bressanelli and de Candia, 2023). In that case, what shapes these trends? The variables proposed by Hacker and Pierson, such as the organizational strength of the right-wing political parties and their capacity to control more radical movements, do not seem to fully explain trends in some Western European countries. By contrast, institutions seem to matter a lot: for the worse (in the USA where constitutional rules allows for filibustering and gerrymandering) or for the better (in Europe, at both national and supranational levels, where these practices are less widespread).

The lesson(s) from America and the most promising future research avenues

Jacob Hacker and Paul Pierson are typical examples of American scholars who have contributed strongly to the recent development of political science. While their names are strictly connected to new-institutionalism and comparative policy analysis, their work to reconstruct and explain the most recent trends in US politics is, in my view, equally remarkable.

⁷The recent events in the US politics show the strategy of the GOP in the economic affairs is not set in stone: the profile of J.D. Vance, for instance, partly contradicts the supposed pro-rich agenda of the party.

The three books reviewed here represent a source of interesting and revealing insights into the present, and suggestions for the future of political economy. These books are based on the solid theoretical background of the two authors and provide a tale of five decades of American history. As stressed in the previous sections, the three books outline the persistent value of large-scale theories in the search for a better understanding of politics. Moreover, they tell us about the increased risks for democratic institutions. For each they suggest ideas about the origin of the same theories but also their persistent value in addressing USA, as well as European (and Italian) politics.

The first lesson we can learn concerns the complex interaction between economics, social and political institutions. In the three books, Hacker and Pierson provide a political reading of inequalities. The latter are the cause of a change in politics – through lobbying – and at the same time they are an effect of the political-economic strategies of policymakers. Inequalities thus deserve further attention as a vital political phenomenon that can destabilize democracy, with ongoing risks of backsliding. This reminds us of the importance of a social and political sciences perspective to comparative political economy (for Italy see Burroni *et al.*, 2021). As for the future, a key issue to be further explored is the feasibility of the old Keynesian agenda and its economic effects.⁸ Hacker and Pierson remind us that the USA started to move away from its mixed economy in the late 1970s, early 1980s with its gradual embracing of neo-liberalism. Yet, over the same period, some European countries followed an opposite reform agenda, but it did not work. France, for example, during President Mitterrand's first term in office, tried to reactivate Old Keynesianism, with increased public spending, higher wages and higher taxes. But it failed to reach any of the expected targets (Fulla, 2024). On the other hand, by looking at Biden's pro-active economic agenda, for instance, we wonder why it is so poorly appreciated by US voters (e.g. the electorate in the southern states). Is Keynesianism an old paradigm that benefited the middle class but which no longer exists?

The second lesson concerns the need to focus more on business groups and their transformation. In line with the original pluralistic interpretation, they are a major trait of democratic politics. Yet, they also represent a risk to democratic institutions. In Europe, recent research has focused on business groups' power resources, both structural and instrumental (Culpepper, 2016). But this is still uncharted territory. While much has been written on trade unions and their decline, much less is known about business groups. For instance, the role of business in countries such as Italy – where employers' organizations have suffered in-depth divisions and gradual fragmentation – is still to be fully analysed. Pritoni (2017) has shown the peculiar trends in the traditional employers' confederation. While structural resources have clearly shifted to the business community, traditional employers' organizations have suffered setbacks.

The third lesson concerns the storytelling approach followed by Hacker and Pierson in their essays. As stressed at the beginning of this contribution, the three books reviewed here are popular books for a popular audience. Yet they provide useful insights based on sound scientific enquiry. As such they contribute to the accumulation of knowledge and to scientific and rigorous historical reconstruction. The two authors and their historical references reconstruct long-term political processes through a narrative – an explanation which follows the causal trajectory of the same political phenomena, their origin and subsequent history.⁹ The two authors play the role of story-tellers who provide a detailed presentation of events, settings and characters (leading figures and more obscure politicians, stakeholders and civil servants). At the same time, the authors implicitly refer to theories (historical institutionalism, etc.) that provide a solid basis and a complement to the story. They support their hypotheses through a combination of narrative explanations and formal model explanations. The former are based on an in-depth

⁸For a review of new possible economic paradigms beyond neo-liberalism, see Rodrik (2023).

⁹For Italy, the book 'Declino Italia' by Capussela (2021) provides a typical example of long-term approach to political economy.

reconstruction of complex historical processes, while the latter are based on a more parsimonious definition of causal links (Currie and Sterelny, 2017). This seems a promising methodological approach that maximizes the capacity to read long historical trajectories, while giving meaning to complex political events (and communicating this to a wide audience).

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