

# The Government under Attack

*By Gianfranco Poggi*

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**Dwelling on the reasons for the loss of momentum of the American economy, this in-depth study reveals how the evolution of mixed economy in the United States has led to a crisis of the political power.**

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Reviewed : Jacob S. Hacker and Paul Pierson, *American Amnesia: How the War on Government Led Us to Forget What Made America Prosper*, Simon & Schuster, New York, 2016

## **The crisis of the American Mixed Economy**

This outstanding book touches on numerous, significant themes, rendering its content unavoidably complex. However, as a whole it develops one comprehensive, compelling narrative, framed by the titles respectively of its Part I, "The rise of the mixed economy" – one chapter in this Part is titled "How America got rich" – and of its Part II, "The crisis of the mixed economy". Furthermore, its main argument is enlighteningly foreshadowed in the Introduction, under the title "Prosperity lost".<sup>1</sup> In the book itself, this point is made chiefly by comparisons either between the values shown by significant statistical data between the past and the present for the US, or between the current values for the US vs those for other countries. Both kinds of comparison do show that the US economy has (at least) lost momentum in significant aspects of its performance.

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<sup>1</sup> Readers, take note. One can read online, for free, the entire Introduction, by downloading the opening of the book's kindle edition. Furthermore, for many items in its formidable – 66pp long! – bibliography the book not only gives the sources in the conventional manner, but also quotes the respective URL's, giving the reader easier access to those items.

The book is unified also by the role it assigns throughout to a concept which – so far as I remember – did not play such a role in the authors' previous production: the concept of *mixed economy*. That is: the main focus is on the relationship obtained respectively in past and present America - within the social and material processes determining the production and distribution of wealth - between at one end government in its various forms and at the other end the ensemble of properly economic forces.

Briefly: over the last few decades, the American mixed economy has changed for the worse. Previously what existed between those two components was an essentially cooperative relationship, which – in spite, of course, of considerable tensions, controversies, and vicissitudes - had made America prosper. Currently, instead, Hacker and Pierson argue that their relationship is one of antagonism and finds expression in what their book's subtitle straightforwardly calls "the war on government". *This* is having a negative impact on the country's prosperity and puts at risk its persistence. The contemporary "American amnesia" is both a cause and an effect of such development, a major aspect of which is constituted by a massive increase in economic and social inequality.

## **The Necessity of Government**

The first sentence of *American Amnesia* - "This book is about an uncomfortable truth: It takes government – a lot of government – for advanced societies to flourish" - reminded me, as a sociologist, of an argument developed long ago by an author Hacker and Pierson do not refer to: the great French sociologist Emile Durkheim (1858-1917). In his first masterpiece, *The Division of Labor in Society*, and subsequently in the posthumously published *Leçons de sociologie*, Durkheim sharply criticized the social-darwinist thesis of Edmund Spencer (1820-1903), according to which the modernization of society, irresistibly pushed by the freeing and unleashing of private egoisms, had basically rendered superfluous (indeed, potentially disruptive) the power traditionally exercised by political institutions.

Not at all, Durkheim argued. The advance of modernization had typically increased within each society the differentiation between diverse bodies of practices and beliefs, thus the society's complexity. This very phenomenon, in turn, had rendered more and more necessary, and in no way dispensable or objectionable in principle, the activities of public institutions empowered to control and regulate authoritatively economic processes. Furthermore, in restating this argument in the *Leçons*, Durkheim forcefully argued that, in turn, the proper functioning of those institutions in modern society required them to embody a *democratic* design. Only this would secure a free, continuous, open-ended, two-way flow of communication between those institutions and civil society.

This aspect of Durkheim's thinking echoed in my mind by the masterful way in which Hacker and Pierson describe, analyze and *denounce* the extent to which over the last four decades the formerly dominant, successful arrangements for managing the American mixed economy have been challenged, and to a growing extent, subverted. Previously, the relevant, established understandings and practices viewed the relation between government and markets as a *positive-sum* relation; subsequently, as a *zero-sum* one.

Against this narrative and conceptual background, Hacker and Pierson develop a sophisticated and relatively detailed discussion of many makings of the "American amnesia". For instance, they sharply criticize the contemporary revival, within prevailing states of public opinion, of ideological views akin to the social-Darwinist ones confuted by Durkheim, which basically de-legitimize and condemn the American government's economic prerogatives and responsibilities. This is currently done, among other things, by advancing untenably biased interpretations of the Founders' understandings and intents of the Founders of the American republic. Against those interpretations, Hacker and Pierson quote for instance Madison: "There never was a government without force. What is the meaning of government? An institution to make people do their duty".

## **New Challenges**

In this capacity, government must perform on behalf of society at large a number of diverse functions indispensable for managing and increasing its economic resources. It is not just a matter of intervening via "welfare" policies in the distribution of the national product resulting from market processes. Government must also authoritatively monitor and regulate those very processes, for instance to prevent or moderate market failures or to protect the environment. (Hacker and Pierson insistently and insightfully emphasize, in particular, the threatening phenomenon of climate change). Further, it must secure and promote some resources the market needs but typically cannot produce - in particular such public goods as the country's material infra-structures, public health, the education of the new generations, and the society's store of scientific and technological knowledge.

The latter theme has been recently explored in Marianna Mazzucato, *The Entrepreneurial State: Debunking Public vs Private Sector Myth* (2015). Both she and Hacker and Pierson emphasize the key significance, for contemporary economic systems, of the computer-based digital revolution, in whose origins a critical role was played by Vannevar Bush, whose creative activity was motivated by the urgency of expressly political objectives, and on that account supported (and put to use in the first instance) by the US government.

For reasons of space, the comments made so far in this review cannot be complemented by a proper account of the book's treatment of major on-the-ground developments which have recently prevented the US government from pursuing within the mixed economy the mission it had successfully performed previously. *American Amnesia* explores such broad developments as

the impact of neo-liberal doctrines and practices; the financialization and globalization of the economy; the dominant role played in it by larger and larger, corporate units, less and less engaged in authentic competition; the diminishing faculties and facilities governments that are able and/ or willing to deploy in regulating economic processes; the marked increase in the span of significant inequalities within national populations; the ever-growing significance of the money spent in order to determine or influence the making and/or implementation of public policies; the radicalization of the contrast between the evaluations of such developments embodied respectively in the Democratic and the Republican bodies of opinion; the diminished trust citizens place on political elites and on the machineries of government.

Hacker and Pierson do an excellent job also of identifying and describing particular individuals, organizations, sets of events involved in, so to speak, the American makings of the contemporary developments listed above. I learned a lot while reading what they have to say, for instance, about the contemporary activities in Washington of two employers' associations, the Business Roundtable and the Chamber of Commerce; and although I considered myself relatively well-informed on the subject, I was flabbergasted by the book's estimate of the actual volume of financial resources spent by non-governmental sources on making and unmaking federal policies.

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