Thinking Like an Economist: How Economics Became the Language of U.S. Public Policy
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Chapter 1: The Preferences of Economists

In the summer of 1969, *Time* magazine featured a cover that became a potent symbol for the burgeoning environmental movement: Ohio's Cuyahoga River, improbably on fire. The picture itself was misleading. While the Cuyahoga did catch fire on June 22nd, as it repeatedly had throughout the twentieth century, the 1969 fire was not especially bad, nor had it been captured so iconically on film. The photo made famous by *Time* was in fact of a fire that had burned seventeen years earlier.[1]

But despite this inaccuracy, it was the right image at the right time. Attention to environmental disasters had been building since Rachel Carson published *Silent Spring*, her jeremiad against pesticide abuse, in 1962. Less than a month after the Cuyahoga fire, the Senate passed the National Environmental Policy Act (NEPA), which required federal agencies to formally consider the environmental effects of their actions; on January 1, 1970, President Richard Nixon signed it into law.[2] Later that year, after millions of Americans participated in Earth Day, Nixon established the Environmental Protection Agency (EPA) and also signed a major expansion of the Clean Air Act; additional environmental legislation, including the Clean Water Act, would come in the years that followed.[3] Both Republicans and Democrats supported these changes: NEPA, the Clean Air Act, and the Clean Water Act all passed unanimously in the Senate and overwhelmingly in the House of Representatives.[4]

Like all policy changes, these were motivated by a complex mix of factors, but prominent among them were ecological concerns. The 1960s had seen the rapid growth of ecology both as a scientific discipline and as inspiration for a social movement, and the introduction to NEPA declared it "will encourage productive and enjoyable harmony between man and his environment," and refers to the "biosphere" and "ecological systems".[5] Health issues were also conspicuous in the early 1970s wave of legislation, with the Clean Air Act repeatedly emphasizing "the effects of air pollutants on public health and welfare."[6] And Congress intentionally wrote these laws to be relatively rigid. Learning from the weakness of earlier pollution-control efforts and drawing on political scientist Theodore Lowi's argument that strong, inflexible rules were needed to combat the potential for regulatory capture, the Clean Air and Water Acts in particular required government to set firm standards for pollution control based on what was technologically possible, and to limit air pollution to levels that would provide "an ample margin of safety to protect the public health."[7]

The environmental legislation of the early 1970s was quite effective, and pollution trended sharply downward in the years that followed. But a handful of economists, despite being concerned about pollution and committed to environmental improvements, were skeptical of Congress's approach. From an economic perspective, pollution was an externality: a side

Figure 1. This iconic picture of the Cuyahoga River on fire was published by *Time* magazine in August 1969, although it actually showed a fire that took place in 1952. Photograph from the Cleveland Memory Project (http://www.clevelandmemory.org/speccoll/croe/acc17.html, last accessed 30 August 2018).

effect of producing some good or service, the cost of which was borne not by the buyer or seller of these products, but by third parties—the breathers of air and drinkers of water. It was a real problem, a market failure, but the solution Congress had settled on—rigid limits on how much pollution could be emitted, without any weighing of costs or benefits—created problems of its own.[8]

For one thing, it made no distinction between pollution reductions that were relatively inexpensive to make and those that would be extremely costly. All polluters were simply expected to achieve the same standard. For another, it took no account of the fact that the more pollution was reduced, the more expensive further reductions would be. At some point, additional reductions might not be worth it. Congress's approach also failed to acknowledge that while pollution itself might be unwanted, it was often the byproduct of some otherwise desirable activity, and limiting or banning it would come at a price.

These observations seemed relatively obvious to economists, whether liberal or conservative. As one wrote in 1970, the principle of identifying the point at which the marginal cost of reducing pollution equaled the marginal benefit of producing it "is so simple that it is almost embarrassing to admit it is the cornerstone of economics."[9] Moreover, the Council of Economic Advisers (CEA) had been suggesting pollution taxes as a potential solution to environmental problems since at least 1965, and had done so under both presidents Johnson and Nixon.[10]

Many policymakers, however, found the idea of pollution taxes morally objectionable. The 1965 proposal was dismissed on the grounds that it "might come to be regarded as 'a purchased license to pollute,'" and as an observer later noted, environmental groups "had helped draft the Clean Air Act not merely to clean the air, but to punish: to force firms that for decades had used the atmosphere as a free dump to pay the maximum amount for past sins."[11] Economists were represented in the White House and had unprecedented influence over macroeconomic policy in the 1960s, but when it came to environmental laws, their perspective was largely ignored.[12] Indeed, one economist subtitled his retrospective analysis of the Clean Water Act, passed in 1972, "Why No One Listened to the Economists."[13]

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Two decades later, the Clean Air Act was up for reauthorization. The political mood was more conservative, but the public still expressed strong support for environmental protection, and George H. W. Bush had announced his intention to serve as the environmental president.[14] Different issues were at the top of the policy agenda, though, than had been in 1970—acid rain in particular. Required to limit local concentration of SO_2 emissions by earlier legislation, electric companies had built multi-hundred-foot smokestacks. While this cleaned up the air nearby, these tall stacks simply channeled pollution higher into the atmosphere, producing acid rain that might fall hundreds of miles from its source.[15] The Clean Air Act Amendments of 1990 successfully tackled this new problem through its centerpiece Acid Rain Program.[16]

Like its predecessor, the Clean Air Act Amendments of 1990 created strong environmental protections with broad bipartisan support. But while economists had little influence on the earlier Clean Air Act, this later bill, and especially its Acid Rain Program, drew heavily on economic insights. Gone were the ecological references to "harmony" and "the interrelations of all components of the natural environment" that had graced NEPA.[17] Instead, acid rain would be cut in half through new means: by "design[ing] mechanisms…which take advantage of the forces of the marketplace in our economy" to protect the environment in "economically efficient" ways.[18]

The Acid Rain Program did this by creating the first national cap-and-trade program in the United States. Rather than requiring power plants to install "scrubbers" that would remove SO_2 from their emissions, it set a limit on SO_2 emissions, then gave producers allowances for reductions they made beyond what was required. These allowances could be sold to other companies for whom reducing emissions was more expensive. A market in emissions allowances would reduce SO_2 emissions more efficiently than if all plants were simply required to limit their emissions by the same amount.[19] Tom Tietenberg, a Colby College economist who had been writing about the possibility of tradable permits since the early 1970s, had fleshed out the idea, and Harvard economist Robert Stavins included it in "Project 88", a bipartisan package of market-friendly environmental proposals.[20] The Acid Rain Program was generally seen as a major success, and later served as a model for cap-and-trade programs around the world.[21]

The shift toward economics that took place in environmental policy between 1970 and 1990 was real, but the change was subtle: both laws, after all, helped to limit pollution. And while economic reasoning did become more integrated into environmental policymaking, that did not mean environmental policy more generally came to reflect economists' preferences. Indeed, Congress's ongoing failure to take any meaningful federal action to reduce greenhouse gas emissions, despite overwhelming support for such action from economists across the political spectrum, keenly demonstrates the limits of their influence.[22]

Yet even though economists lacked the power to push the U.S. government to tax carbon or otherwise address climate change, the expansion of economic reasoning had real effects on environmental policy. It shifted away from a moral approach that that stigmatized polluters, and toward one that saw pollution as an externality to be priced. It moved attention from identifying permissible levels of pollution and toward identifying the most efficient means to achieve them. It drew focus away from technologies of pollution reduction, and toward technologies of market design.

And a growing requirement that environmental claims be made in economic terms, at least if they were to be taken seriously by federal agencies and the courts, changed the political space for making them. During the 1970s and '80s, the range of environmental regulations subject to cost-benefit analysis expanded, and health impacts were reconceived in terms of risk assessment, translatable into dollar terms.[23] Ecological arguments, so integral to the passage of NEPA, rested on the idea that organisms and their environment depend on one another in complex, unpredictable ways; these did not translate easily into economic terms. Instead, the 1990s saw ecology rethought in terms of "ecosystem services"—priceable contributions the environment made to human well-being, like pollination, water purification, and climate regulation—so that such services could be incorporated into cost-benefit calculations. Yet the ecosystem services concept failed to capture the deep interdependence of the living and nonliving elements in an ecological system, while also lacking the moral appeal ecological thinking had held for many.[24]

Similarly, as people of color organized in the 1980s to call for environmental justice in response to the long history of disproportionate pollution and degradation of their communities, they drew on the language of the civil rights movement to demand political voice and assert "the right to participate [in environmental governance] as equal partners."[25] Yet when the EPA finally responded, it did so by turning demands for racial justice into procedures for calculating "the relative risk burden borne by low-income and racial minority communities," measuring that burden—including loss of health or life—in economic terms.[26] Gone were the calls to end toxic waste production and references to the sacredness of Mother Earth.[27] While part of the power of economic reasoning has been its ability to bring new concerns—whether they be with the value of pollinators or the siting of landfills in minority communities—into its framework, rethinking competing values in the language of economics often came at the cost of some violence to the originals.

The Acid Rain Program itself suggests other implications of centering economic reasoning in the policy process. Certainly, environmental laws grounded in economic reasoning can achieve significant environmental improvements, and SO_2 emissions did drop dramatically in the 1990s. But the Acid Rain Program also benefited from fortuitous circumstances: a rapid drop in the cost of shipping made it less expensive to transport low-sulfur coal across the country, independently contributing to the reduction.[28] While the Acid Rain Program became a global model, in other contexts—like the European Union's CO_2 trading scheme—cap-and-trade has been less demonstrably successful in lowering emissions, due in part to an overabundance of permits.[29] Indeed, a focus on designing the most efficient way to achieve a certain level of emissions reduction can distract from the more fundamental problem of building the political will to set ambitious reduction targets in the first place.

And the Acid Rain Program bracketed the distributional effects of permit trading, a stance that has often, though not always, characterized economic reasoning. Yet in practice, permit trading shifted SO_2 emissions toward the more populated eastern seaboard of the U.S., resulting in more people being exposed to those emissions. Recent research suggests that the negative health effects of this additional exposure actually outweighed the efficiency gains from trading permits.[30] While economic reasoning is often advanced as a politically neutral means of making decisions, policies always have winners and losers on the ground, and choosing not to consider who will win and who will lose is not neutral, but a political choice of its own.

This story of policymaking being understood in increasingly economic terms, with real but subtle political effects, is not only the story of environmental policy. Indeed, a wide range of policy domains adopted the language of economics between the 1960s and the 1980s. Analogous changes took place, to a greater or lesser degree, in social domains from poverty to health to urban to education policy. Economics also gained influence in antitrust policy, regulatory policy, and related areas like transportation, energy, and communications. In many of these arenas, economics was almost irrelevant in the early 1960s; by the 1980s, its language had shaped the terms of debate in all of them, including ones once seen as well beyond its scope.

This book tries to understand that change in two ways. First, it shows, historically, how economic reasoning spread and was institutionalized in new parts of the policy process between the 1960s and the 1980s. Two intellectual communities committed to an economic style of reasoning were critical in this process. One was a group of systems analysts who came from the RAND Corporation and brought new answers to the question "how should government make decisions?" The other was a loose network of industrial organization economists who came to Washington to ask "how should we govern markets?" Both of these projects were initially led by center-left economists who believed government could solve social problems and make markets work better, and in only the latter case did Chicago advocates of free markets ever play a meaningful role. Their projects carried them across a wide range of policy domains, and strengthened the economic style of reasoning in ways large and small.

Second, the book looks at the political effects of this change. Specifically, it argues that while the spread of economic reasoning has at times constrained conservatives as well as liberals, the predominant effect of this spread has been to reinforce the conservative turn that began in American politics in the 1970s, in part by undermining the left's traditional arguments for challenging that turn. This consequence was often unintentional on the part of those advocating for the economic style, who often hoped to make government work better for all Americans. Yet the effect of the economic style of reasoning—and in particular the high value it placed on efficiency, incentives, and competition, along with persistent blind spots around power, politics, and distribution—was to make claims grounded in the language of rights, policies that aimed at universalism, and preferences that prioritized equity harder to advance.

The Puzzle of the 1970s

Understanding how economic reasoning changed the policy process is critical to understanding a much larger set of political developments. The 1970s, once seen as a decade where "nothing happened," has, over the last fifteen years, come to be understood as a historical turning point between two distinct political eras.[31] Culturally, the nation was becoming more liberal. Explicitly racist attitudes were declining, and Americans became steadily more accepting of new roles for women, a wider range of sexual behaviors, and different family structures. These attitudinal changes would not reverse, even as politics turned rightward.[32] Economically, the nation was changing as well. Whether one dates the turning point to 1973, when the U.S. faced a destabilizing oil crisis, or 1978, when wealth inequality began its long, steady rise, by the end of the decade corporations had become stronger, unions weaker, median incomes had flattened, and wealth had begun to concentrate.[33]

The decade also transformed politics. While the 1960s had seen a dramatic expansion of government's ambitions to address problems from civil rights to poverty to health and to housing, the 1970s were a more cautious and—following Vietnam and Watergate—more cynical era. By 1980, Americans had elected a new president, Ronald Reagan, who argued that they must have "the courage to bring our government back under control", and promised to put it "on a diet."[34]

But Reagan's election did not only signal a new national commitment to lower taxes, freer markets, less welfare, and stronger defense. It also intensified an emerging identity crisis on the left, as Democrats struggled to redefine their party in the face of political losses. Here, the 1970s saw them inch away not only from New Deal commitments to strong regulation of markets, a robust safety net, and an alliance with labor, but from Great Society moves toward expanding civil rights, further growth of the welfare state, and extension of health, safety and environmental regulations.[35] Indeed, it was president Carter, not Reagan, who oversaw the deregulation of the airlines, trucking and railways, and the 1980s would see Democrats focus their social policy efforts on ending welfare "dependency".[36] By the time Bill Clinton brought the Democrats back to the White House in 1992, the party had become more business-friendly, more market-friendly, and had reined in its expectations of what government could, and should, do.[37]

Historians and social scientists have proposed a number of explanations for this shift. At the broadest level, global economic changes were pressuring the U.S. in new ways. Germany and Japan, having fully recovered from World War II, were becoming major economic competitors, and U.S. corporations were either going global in scale, or losing their dominant position. Improvements to transnational shipping and reduced barriers to trade put American workers into competition with their lower-paid peers around the world.[38] From one perspective, reducing regulation, encouraging business investment, reining in social spending and promoting labor flexibility were rational adjustments to this new economic reality. Class-based approaches, however, emphasize that these structural changes weakened the hand of American labor, and shifted the balance of power toward capital, leading to a bipartisan political transformation.[39]

Another explanation emphasizes the role of ideology in driving this change. While agreeing that global economic developments put pressure on the U.S., even to the point of crisis, the real question was which ideas Americans (and the world) would turn to as they looked for solutions.[40] Here, advocates of free markets and smaller government built on arguments developed through the Chicago school of economics and the Mont Pelerin Society.[41] As American business, increasingly threatened, became more interested in promoting market-friendly ideas, it supported a new wave of conservative think tanks as well as organizations advancing conservative legal thought.[42] By the 1980s, these efforts were coming to fruition, as the Heritage Foundation set the agenda for the Reagan administration and a wave of conservative judges were appointed to the bench.[43]

A third approach points to coalition fracture and political realignment. The civil rights movement and the urban uprisings of the 1960s prompted white Democrats in the South, the Sunbelt, and the suburbs to begin defecting to the Republicans.[44] Vietnam further fractured the Democratic Party and led to internal reforms that weakened traditional power bases, including unions, and social movement politics worsened these divisions.[45] When the dust finally settled from this long-term process of realignment, Republicans had become significantly more conservative—on both social and economic policy. The Democrats' shift was less dramatic, but after their disastrous presidential loss in 1972 and an extended period of soul-searching, they finally coalesced around the centrist New Democrats represented most visibly by Bill Clinton.[46]

Finally, a fourth set of explanations focuses on the success of collective action in building a conservative movement and advancing business-friendly policies. On the one hand, beleaguered Goldwater youth, Orange County Republicans, and evangelical Christians were developing the grassroots networks that would form a new Republican base.[47] On the other, big business, feeling similarly beleaguered, was organizing in new ways, and would present an increasingly unified political face by mid-decade.[48] Collectively, these efforts would revitalize the Republican Party and usher in a new conservative era that would pull Democrats as well as Republicans in its direction.

These explanations are not, for the most part, mutually exclusive. All acknowledge the global economic trends that set the stage for U.S. political change. And any complete account must address the role of new ideas, party realignment, and collective action in driving new developments.

But each of the standard stories is missing an important piece: how a new *style* of thinking about policy, institutionalized into the policy process in a thousand small ways, helped lock in this change. Between the 1960s and the 1980s "serious" observers of policy settled on a new conventional wisdom—one supportive of regulatory reform, welfare reform, and rationalizing government. It was skeptical of universal social policies as unrealistic and unnecessarily expensive, and generally favored choice and competition. It rejected economic regulation and "political" antitrust, and while it might sometimes be attuned to the problems of poverty, it had less interest in inequality. This emerging conventional wisdom downplayed the distribution of power, did not center racial injustice, and was generally opposed to enshrining new rights in law. The New Democrats would reflect this perspective, as would policy-oriented Republicans. And its taken-for-granted character in policy wonk circles would set the stage for U.S. politics from 1992 to 2016.

The new conventional wisdom went hand in hand with the spread of a new style of reasoning grounded in the academic discipline of economics. This spread is not primarily a story about the Chicago School and the rise of laissez-faire. Nor is it a story of economists as policy advisers—influential academics whispering into the ears to the powerful. Instead, it is a story about a loose style of reasoning—methodologically individualist, valuing efficiency, focused on tradeoffs and incentives, and optimistic about the power of markets—and how it was integrated into the policy process.[49] It is the story of center-left technocrats who wanted to use government to improve people's lives. And it is a story of bureaucracy—of professional schools and obscure government offices; little-known executive orders and regulatory decisions—not the Oval Office and headline-making legislation. It is a story of policy, not politics.[50]

This is a complement to other explanations of the 1970s, not a replacement for them. They each contribute a piece of the puzzle, but collectively they are missing a critical part of the picture. In particular, they miss how the economic style, with its commitment to explicitly evaluating tradeoffs and its centering of efficiency, competed with political claims grounded in other values. These included values typically associated with conservatives (traditional family values, nationalism) as well as liberals (rights, universalism, equality). In practice, however, the effects of the economic style were asymmetrical, more often constraining the left, whether Democrats or Republicans were in power, than the right.[51] And because the style was not carried just by individuals who might come or go with a particular administration, but institutionalized through professional training, bureaucratic offices, court decisions, regulations, and laws, its effects have been lasting.

Politics evolves and the discipline of economics evolves, and neither the economic style of reasoning nor its core commitments are fixed for all time. Yet understanding the political world we've created—and why Democrats have found it so hard to articulate a compelling alternative—requires understanding the economic style: both its power and its limitations.

The Spread of Economic Reasoning

Scholars have told two different stories about the relationship between the economics discipline and policymaking. One, already alluded to, emphasizes the Chicago school as part of a network of conservative institutions that gradually gained importance in the 1970s and whose influence peaked in the Reagan years. According to this account, the alliance between Chicago economics, the Mont Pelerin Society, the field of law & economics, and conservative funders and think tanks nurtured support for a small-government, laissez-faire philosophy of governance.[52]

The other, represented most visibly by economist and historian Michael Bernstein, focuses on economists' gradually increasing advisory influence throughout the twentieth century, accelerating with the 1946 creation of the Council of Economic Advisers and peaking during the Kennedy-Johnson years. In this story, which emphasizes the role of Keynesian macroeconomics, economists' internal disagreement about how to explain the economic problems of the 1970s eroded their capacity to contribute to public debate and led to a gradual decline in influence.[53] Recently, Stephanie Mudge has made a compatible argument, but suggests that the fallen Keynesians were eventually replaced with a new, transnational-finance-oriented network of economists during the Clinton administration.[54]

But both of these stories are incomplete. First, while the 1960s was the peak period of influence for *macro*economics, and the peak for economists' influence as presidential advisers, the following decades would reflect the growing influence of *micro*economics, and its effects would come through channels other than giving advice to policymakers. Historian Daniel Rodgers, in *Age of Fracture*, alludes to this shift from macro to micro as part of his larger story of American cultural change, but still ties it to the transition from Keynes to Chicago.

But while Chicago plays a role in this story, the key figures here are not Milton Friedman and George Stigler, or even George Shultz and Herbert Stein. Instead, I point to different institutions—particularly the RAND Corporation and Harvard—and to a different moment—the optimistic one of the Great Society, not the pessimistic reaction of the 1970s—as critical to the change. And I emphasize not just economists themselves, but the spread and stabilization of an economic style of reasoning. Philosopher Ian Hacking proposed the term "style of reasoning" to capture the distinctive ways of thinking made possible with the emergence of statistics.[55] As Daniel Hirschman and I discuss elsewhere, "styles of reasoning are not scientific paradigms, nor particular theories or models, [but] collections of orienting concepts, ways of thinking about problems, causal assumptions and approaches to methodology."[56]

The economic style, quite similar to the "'core' of relatively simple ideas and techniques" that Michael Reay describes from his interviews with practicing economists, includes basic concepts (incentives, efficiency, externalities), approaches (using models, weighing costs and benefits, quantifying, thinking at the margin), and causal policy stories linked to economic theories (investing in education will increase human capital and raise wages).[57] But while the economic style is grounded in PhD-producing economics departments, a weaker version circulates well beyond it, taught in law, policy, and business schools.[58] Indeed, as Tim Hallett and Matt Gougherty show in their ethnography of a public affairs program, learning to “think like an economist (without becoming one)” is integral to pursuit of the master’s degree.[59] As economist Alain Enthoven wrote as one of Robert McNamara’s whiz kids in 1963, and other Washington economists have echoed, “[T]he tools of analysis that we use are the simplest, most fundamental concepts of [the] economic theory…most of us learned as sophomores.”[60] And the sophomore-level theory that became so prevalent was not macro, but microeconomics.

While academic macroeconomics was already closely tied to Washington by the 1960s, it was in that decade that two new intellectual communities grounded in economics began to increase their involvement in the policy process. A systems analytic group—Enthoven was a member—came to Washington from the RAND Corporation in 1960 to implement the Planning-Programming-Budgeting System (PPBS) at the Defense Department. With new answers to the question, “How should government make decisions?”, its influence expanded when in 1965 President Johnson rolled out PPBS across the executive branch. This group was largely made up of center-left Democrats (though a handful, like Enthoven, would later become more conservative) and had no close connections to the Chicago school.

While PPBS was, on its own terms, unsuccessful and generally abandoned after 1970, its implementation—timed just at the Great Society’s moment of rapid government expansion—spread the economic style into a range of new locations. Economics-centered policy analysis offices were created in nearly every executive agency, the academic discipline of public policy was established, a whole new ecosystem of policy research organizations sprung up, and slightly further down the road, the Congressional Budget Office was set up. While the Reagan years would see cutbacks to some of this apparatus, for the most part it continued to thrive and remains an integral part of the administrative state.

A second community of industrial organization economists, with answers to the question, “How should we govern markets?”, would also come to impact policy just a few years later. This subfield, which had a liberal Harvard branch that dominated until the early 1970s and a conservative Chicago branch that later became influential, began by building ties with law schools, introducing law and economics at Harvard, Chicago and Yale in the 1950s and ’60s, even before its members began to participate more directly in policy debates. In 1965 LBJ appointed Harvard Law School’s Donald Turner as the first PhD economist to lead the Antitrust Division of the Department of Justice, and by 1968 the Brookings Institution was organizing a Harvard-dominated network to study the economics of regulation. By the early 1970s, economics was gaining ground both at the Antitrust Division and the Federal Trade Commission (FTC), and a loose network of economists and allies—still mostly centrist and leaning Democrat—was working throughout Washington toward deregulation of transportation and other industries.

The Chicago school had been gaining momentum, though, and around 1973 Chicago displaced Harvard as the dominant approach in industrial organization. Chicago economists pursued many of the same policy goals as their Harvard peers. Both groups wanted efficiency to serve as the ultimate purpose of antitrust policy, and both sought to remove price and entry restrictions in regulated industries. But while Harvard still saw market concentration as a problem—firms would exercise market power, producing allocative inefficiency, where concentration was high—Chicago saw concentration as a product of firms' success, not a predictor of the use of market power, and preferred a highly laissez-faire approach to antitrust enforcement. While a "new Harvard school" would eventually challenge Chicago's dominance in the late 1980s, the institutionalization of a major role for economics in antitrust policy, the use of economics in law schools, and the introduction of economic reasoning into a range of new policy locations would remain stable.

As the territory of economics grew, these two communities would intersect and recombine in sometimes unexpected ways. The focus on economic regulation that characterized the early industrial organization movement would be married to the cost-benefit analysis championed by systems analysts to produce "regulatory reform"—cost-benefit analysis of regulations, or improving decisions about how to govern markets. And the systems analytic concern with the efficiency of government policies would meet emerging industrial organization interest in market design to launch the emissions trading of the Acid Rain Program and the telecommunications spectrum auctions that would shortly follow—improving government *through* the use of markets.

The direct effects of these economists, and their economics-friendly peers trained in law and public policy schools, varied considerably. In some cases they were a failure: PPBS didn't work, the dream of a negative income tax never became a reality, pollution was never taxed. In others, their impact was partial: cost-benefit analysis was introduced in many new locations but was susceptible to political manipulation and often ignored when inconvenient. Occasionally, their effects were significant and visible: a range of industries were partially or fully deregulated in the late 1970s and early 1980s, and antitrust policy was legally redefined around the goal of consumer welfare.

But their direct effects were not the most important ones. The efforts of these intellectual communities had two indirect impacts that, in the long run, would matter more. First, they built durable links between PhD-producing economics departments, schools of law and public policy, and a range of organizational locations in and around the federal government.[61] The economic style was grounded in elite economics departments, but was disseminated not only through economics PhDs hired to work for policy offices or research organizations but through the law and policy schools that hired economics PhDs to teach their own students. While the style could be watered down and distorted as it traveled away from its origins, the institutionalized linkages between the academic discipline and the policy domain ensured that its contents did not stray too far from its roots in the economics discipline. And while the economic style demonstrated considerable stability over the decades, these connections ensured that as the discipline itself gradually evolved over time, the style could, also gradually, evolve with it.

Second, the institutionalization of the economic style of reasoning—whether carried by economics PhDs or by JDs and MPPs comfortable with the style—reshaped the terms of debate in a range of policy domains. The environmental policy that had once been couched in terms of ecological integrity and antipollution technology came to be understood in terms of risk analysis, regulatory efficiency, and market design. The emphasis on cultural deprivation and community empowerment that characterized the early War on Poverty was replaced with a focus on incentives to work and implicit marginal tax rates. The antitrust debate that had once included populist concern for small business and fear of corporate power now focused entirely on allocative efficiency.

Of course politicians did not always use this language, challenger groups continued to make other kinds of claims, and economists themselves remained frustrated at the sheer irrationality of much of the policy process. But within the technocratic communities of think tanks, regulators, bureaucrats, and professional schools, "thinking like an economist" had become a new norm.

The Political Effects of the Economic Style

As the economic style of reasoning was institutionalized in new locations, it had a variety of political effects. Many of these were "small-p political"—that is, they restructured political possibilities, but in ways that were not necessarily partisan or predictable. Among the most basic of these was ensuring that policy solutions favored by economists remained part of the policy stream, though only sometimes were they taken up.[62] A negative income tax was never realized, despite economists' enthusiasm, but that enthusiasm kept it on the political agenda for years.[63] Emissions trading, by contrast, was a product of the economic style that did become a reality, at least for some types of emissions. And while the core tenets of the economic style remained quite stable, the institutionalized links it produced between the policy and academic worlds meant that as new techniques or ideas gained favor within the economics discipline—like auction design, or the nudges favored by behavioral economists—they moved relatively smoothly into the policy domain.

More generally, though, the economic style encouraged the framing of policy problems in ways that centered some concerns and drew attention away from others. First and foremost among these was efficiency. From welfare to health to housing policy, from regulatory to antitrust to environmental policy, the economic style made efficiency its cardinal virtue. Indeed, Charles Schultze, Johnson's budget director, Carter's CEA chair, and archetype of the Democratic economist, famously argued that economists' most important job in Washington was to serve as "partisan efficiency advocates."[64] Yet making efficiency the yardstick of good policy required dismissing alternatives that prioritized other values—the New Deal regulatory regime, for example, was meant to achieve stability, not efficiency.[65] It also failed to recognize that technically inefficient policies might be pursued on grounds of political effectiveness—like the rigid environmental standards that were meant to avoid regulatory capture and to force technological innovation.[66]

But efficiency was not the only concept centered by the economic style. More generally, it promoted a focus on incentives, tradeoffs, choice, competition, and dollars as the means for commensurating among alternative options. The microeconomic approach associated with the style made it harder to consider community-level or structural effects—so poverty, for example, was defined as an individual human capital problem, and approaches that emphasized a culture of poverty or the need to strengthen communities lost ground. And the emphasis on quantifying effects, using dollars as the measure, meant that harder-to-quantify outcomes—like the civic effects of education, or forms of corporate power not demonstrated through price increases—were easy to ignore.

The extent of these effects depended on how strongly the economic style was institutionalized in a particular policy domain. In some areas, including many social policy domains, the economic style became increasingly prominent but was not fully institutionalized. Here, the language of economics might dominate and affect how issues were discussed, but competing perspectives could still be taken seriously. But as the level of institutionalization increased in a policy domain, arguments grounded in noneconomic priorities came to be seen as illegitimate: that conceptualizing environmental policy in terms of "justice" for racialized communities that had borne the brunt of pollution, for example, was an impractical and inappropriate way of thinking about the problem.[67]

And in a handful of domains, the economic style became more fully, if unevenly, institutionalized through legal change. Thus legal requirements that regulatory decisions be made using cost-benefit analysis gradually expanded—through a series of executive orders, through changes to specific laws, and through court decisions that increasingly valorized cost-benefit analysis—though its use was still restricted in some areas.[68] And in antitrust, a series of Supreme Court decisions gave legal authority to a shift that was already taking place at the Antitrust Division and the FTC—toward making consumer welfare the sole legitimate goal of policy.[69] Though Congress occasionally made laws that required some use of economic reasoning—at a minimum, the weighing of costs and benefits—more often the legal institutionalization of the economic style took place in technocratic realms: through regulation and the courts.[70] The fact that Congress had not required or affirmed such changes, however, made them no less part of law.

In cases where the economic style was institutionalized, whether through cultural, organizational, or legal means, people who wanted to make policy claims based on competing values found their options limited. They could simply articulate an alternative framing of the problem, whether in academic or policy circles, through social movements, or in the media, and hope decisionmakers found it compelling. They could try to move debate to a part of the policy domain in which the economic style was less entrenched—typically Congress, but occasionally a different part of the executive branch or, in some cases, the courts.[71] Or they could try to incorporate their concerns into the economic style itself. Such a push might come from outside the economics discipline, as when ecologists began to advocate for estimating the value of ecosystem services in the 1990s.[72] But it also could come from within, as when, armed with advances in game theory, a "post-Chicago" school of antitrust economics mounted a challenge to Chicago advocacy of minimal antitrust enforcement.[73]

As a whole, economists and others who advocated for the economic style were not especially partisan, and many believed in a strong welfare state and active governance of markets. Often, they saw their approach as value-neutral and technocratic: who would advocate for inefficiency, after all? And they typically hoped economic reasoning would promote more rational decisionmaking in a process that was, most of the time, fundamentally irrational.[74]

But the economic style was not value-neutral, and its collective effects were less liberal than many of its advocates might have preferred. In particular, the economic commitment to efficiency, incentives, choice, and competition came into conflict with another set of values typically associated with the left: rights, universalism, and equality. Here, the economic style had "large-P" political effects. Democratic economists advocated against a universal family allowance, were skeptical of universal health insurance, and thought tuition-free higher education was misguided. The economic style tended to discount the concept of power, and to downplay the political implications of technical decisions. Its focus on trade-offs conflicted with rights-based claims, as rights, once enshrined in law, were rights regardless of whether they were prohibitively expensive to ensure. And its tendency to bracket distributional effects of policies—a choice typically justified on the grounds that considering distribution was a task better left to elected officials—often meant that the question of whether policies impacted the rich or the poor was simply sidestepped entirely.

The best economists were deeply aware of such tensions. Alice Rivlin, who would later found the Congressional Budget Office, wrestled with them in memos to her colleagues in the 1960s as a young economist at the Department of Health, Education, and Welfare.[75] Kenneth Boulding, as president of the American Economics Association in 1968, addressed them in a lecture to the discipline titled "Economics as a Moral Science."[76] Arthur Okun, Johnson's CEA chair, wrote *Equality or Efficiency: The Big Tradeoff* in 1975 to grapple with exactly these issues.[77] In the end, most decided that the benefits conferred by using the economic style outweighed the risk of losing values less integral to economics.

Yet repeatedly, across a range of policy domains, Democratic advocates of the economic style found themselves in conflict with positions—on regulation of various forms, on antitrust, on a wide range of social policy issues—held by those they were otherwise politically aligned with. From the perspective of the economic style, their positions were rational, not political. But such a perspective was based on the assumption that prioritizing efficiency or competition was itself value-neutral—when these priorities, too, reflected moral choices.

The economic style could conflict with conservative values as well. For example, economists tended to be disinterested in the moral value of work, a concern central to conservative welfare reformers, and focused instead on how incentives shaped decisions to work. Arguments that increased public spending—on health and education, for example—would generate significant returns (in this case, by increasing human capital) were also used by liberals to justify a range of social programs.[78] On balance, though, the spread of economic reasoning was not, in practice, as constraining for conservatives as it was for liberals for several reasons.

Sometimes, economists' professional bias aligned them with conservative positions, regardless of those economists' broader political tendencies. As one observer noted over debates about how government should support low-income housing—by funding the building of housing, or by giving vouchers to low-income families—

> The pro-production forces usually identify themselves as liberal or progressive and are almost always Democrats. The voucherists are predominantly conservative, free-market devotees, who are usually Republican. A noteworthy exception: in respect to the merits of housing allowances, leading economists of traditionally Democratic think tanks were in comfortable alliance with the leading lights of traditionally Republican think tanks, both respecters of market solutions.[79]

At other times, where the left advocated for the expansion of government social programs, while the right argued government should be less involved, the economically rational position clashed only with the left. Conservatives argued for limited government not on economic grounds, but on the basis of a moral position about what government should do—a debate economics typically did not engage with. But when liberals proposed specific types of government action—for example, advocating for a universal family allowance in the early 1970s as a means to improve child welfare—economic reasoning often produced objections: such an allowance would be inefficient, giving money to rich families as well as poor.[80]

Conservatives were also, on balance, better at using the economic style strategically, in pursuit of non-economic objectives. Richard Nixon supported basic income experiments in part because experiments defused the push for actual programs. He similarly supported a major experiment with housing vouchers because it drew attention away from racial segregation. Big business provided generous funding for Chicago antitrust because it aligned with its own antitrust priorities. And sometimes economic reasoning simply provided a fig leaf for decisions made on other grounds: though its official purpose was to review cost-benefit analyses of proposed regulations, the Office of Management and Budget's regulatory review office became known, during the Reagan administration, as the place where "regulations went to die."[81]

Ultimately, Republicans proved more willing than Democrats to simply ignore economic reasoning when it conflicted with other values or interests. Jimmy Carter's economists advocated for regulatory reform—that is, rational cost-benefit analysis of regulations. But Ronald Reagan shifted the focus to regulatory relief—simply removing the regulations, regardless of whether their benefits outweighed their costs. Matt Grossmann and David Hopkins' *Asymmetric Politics*, which argues that the Republican Party has been organized around ideological commitments, while the Democrats pursue group interests, aligns with this observation:

> When the parties' competing experts do interact, Democrats tend to rely on empirical evidence to select among policy alternatives in order to address societal challenges, while Republicans largely reject the premise of seeking

> government solutions, perceiving the constant effort by technocratic experts to find and address social problems as an ideological agenda embedded in the ostensibly "objective" realms of conventional journalism and academia.[82]

Thus while the economic style did often conflict with conservative values, Republicans found the style less constraining than did Democrats in parallel situations.

It would be too strong to say that the economic style of reasoning "caused" Democrats' rightward turn. One can imagine a world in which left-wing social movements, for example, built ideological institutions analogous to those of Republicans—institutions advocating for value-based policies regardless of their economic rationality. One can also—though here there are limits—imagine the discipline of economics evolving so that the values embedded within it came to align more closely with left-leaning positions.[83]

Yet the efforts of center-left technocrats to advance the economic style at a minimum reinforced the conservative turn in policies by undermining some of Democrats' most effective language—of universalism, rights, and equality—for challenging it. Without understanding this effect of center-left advocates of the economic style, our understanding of the 1970s—and the decades that follow—remains substantially incomplete.

The Logic of the Argument

The book develops this argument through two interlocking narratives, but the claims are grounded in comparative, case-based logic, drawing on historical research on a number of different policy domains. Following a broadly abductive approach, the project began with exploratory study of several policy domains in which economics seemed to play a significant role in informing policy.[84] I focused on the period from the 1960s to the 1980s, when the language of economics became widespread in a number of new policy domains, with the aim of gaining insight through cross-case comparisons.[85] I later supplemented this research with cases in which economics was visibly less influential.[86] Triangulating between research and the literature, I continued to explore additional cases to test and refine the emerging argument.

Although I did not expect the cases to be fully independent of one another, the extent to which specific communities of experts—one of systems analysts, and one from industrial organization economics—had effects across multiple policy domains, as well as being closely linked to changes in law and public policy programs, was an early and unexpected finding. This led me to follow the efforts of those communities as they traveled around academia and into different policy domains—the story of which organizes the book—while also continuing to think analytically about differences across policy domains in the types and strength of the communities' effects.

Empirically, the book draws most heavily on the antipoverty, antitrust, and environmental policy cases, with some discussion of education, housing, labor, transportation, health, and communications policy as they become relevant to the narrative. It excludes macroeconomic policy domains—particularly fiscal policy (though that was an initial area of exploration) and monetary policy—despite the obvious importance of economics in those areas. One could treat macroeconomics as a third distinct intellectual community with its own trajectory of policy influence. However, macroeconomics built its connections to policy earlier, and the policy domains it linked to were already fully "economic" by the 1960s. I bracket this important story, and focus instead on the spread of microeconomic reasoning to policy domains in which economics—at least neoclassical economics—was not especially influential prior to the 1960s.[87]

To make the larger argument, I draw on a wide range of historical evidence. This includes documents collected at nine archives, approximately 2000 published primary sources (including government documents, academic books and journal articles, think tank reports, trade press, professional association publications, and magazines and newspapers), over 1000 secondary sources, and more than 100 oral histories previously collected by presidential libraries, university libraries and research centers, professional associations, the historical offices of government agencies, and museums and nonprofit organizations.[88]

Though the argument emerged from the process of case comparison, the book is organized around two intertwining narratives about specific intellectual communities: the systems analytic community, which asked "How should we make government decisions?", and the industrial organization community, which asked, "How should we govern markets?" It follows their movement into and around Washington, their significant effects on professional schools, how their style of reasoning became institutionalized in organizations and in law, and their eventual intertwining. Throughout, it is attentive to how institutionalization of an economic style of reasoning had political effects: both small-p "political", as it centered efficiency, refocused attention on economic concerns, and made competing claims harder to advance; and large-P "political", as it had asymmetric effects on the policy choices of Democrats and Republicans.

There are two things this book does *not* attempt to do. First, it does not attempt to explain *why* the economic style spread. Changing political opportunities, successful collective action projects, economists' access to resources, and the power of the ideas themselves all doubtless play a role, but unpacking the relative influence of each of these factors is not my goal. Rather, the book focuses on *how* the style spread and was institutionalized, and with what political effects.

Second, it does not claim that the economic style directly *caused* Democrats' rightward shift on some political issues. That is, I do not argue that had economists been absent, Democrats would necessarily have remained committed to New Deal ideals or ecological conceptions of the environment or remained more "liberal" in any meaningful sense. Instead, I make a subtler claim: that the economic style, and in particular its institutionalization in law, regulation, and the administrative state, was the channel through which such a shift was made durable, and that this gave competing claims, grounded in different values and ways of thinking, a much harder time gaining political purchase. Understanding how this change occurred and why its effects have been so lasting is critical to understanding the larger political legacy of the 1970s.

Organization of the Book

The book develops this argument through the next eight chapters. Chapter 2 sets the stage by sketching the relationship between academic economics and policymaking up to the 1960s. Institutional economists were widespread in Washington in the first half of the century, but they were being marginalized in economics as early as the 1930s, and after World War II their policy influence was clearly waning as well. Keynesian macroeconomics, on the other hand, was on the rise, and its ties to policy grew stronger after the 1946 creation of the White House Council of Economic Advisers. By the time of the Kennedy and Johnson administrations, economists' advisory influence had reached a high point. The economic style of reasoning, however, was not yet in widespread use. The influence of economics was limited outside of macroeconomic policy, and economists frequently found policymakers unsympathetic to, the kinds of arguments they made.

In the 1960s, though, two different intellectual communities began building ties between the economics discipline and Washington that would help disseminate not just economists, but a broader economic style of reasoning. Chapter 3 follows the development of the systems analytic community at the RAND Corporation and its movement into Washington in the 1960s through implementation of the Planning-Programming-Budgeting System. Closely associated with the Kennedy administration, this group—politically center-left and technocratic—hoped to make government better by improving the tools used to make spending decisions. In the process of implementing PPBS, they created an analytic infrastructure in Washington, establishing economics-centered policy planning offices throughout the executive branch and launching the new academic discipline of public policy. While PPBS itself was a failure, largely abandoned by 1970, it created lasting ties between the discipline of economics and a wide range of policy domains, as well as spreading economic reasoning into many new locations.

Chapter 4 introduces a second network of economists from the subfield of industrial organization. Initially organized around a liberal Harvard wing and a conservative Chicago one, industrial organization economists launched the first wave of the law & economics movement in the 1960s. The community then brought new ways of thinking about market governance to Washington, first in antitrust policy and then economic regulation. Over time, the industrial organization group gradually institutionalized new roles for the economic style in the Antitrust Division and FTC, as well as developing a network of Washington economists and allies who would advocate for deregulation of the transportation sector and other industries. While Harvard dominated the industrial organization field until the early 1970s, around 1973 the balance of influence shifted, and Chicago, which took a much stronger free-market stance, became dominant in both economics and law.

Chapter 5 shows how the systems analytic movement, by virtue of its dissemination exactly at the moment of the Great Society expansion, led economic reasoning to be incorporated into a wide range of social policy domains. Economics became a tool for regaining control over the War on Poverty, which the Johnson White House believed had gotten out of hand. And the creation of new policy planning offices meant that as health and education policy rapidly grew in scope, advocates of the economic style would be present to make the case for their own distinctive approach to policy problems. The Great Society also produced a massive pool of money for policy evaluation, which helped support a whole new ecosystem of research organizations like Mathematica, the Urban Institute, and Manpower Demonstration Research Corporation, in which the economic style featured prominently. Policy analysis thrived under the Nixon and Ford administrations, which used it strategically in pursuit of political goals: to turn attention away from desegregation at the Department of Housing and Urban Development, for example, and to recenter the national health insurance conversation around cost-sharing, rather than universal coverage.

Chapter 6 looks at how the industrial organization network reshaped multiple conversations around the governance of markets. By centering efficiency as a core policy goal, and sidelining older concerns about corporate power and market stability, this group contributed to changes in antitrust, transportation, and health policy, among other arenas. In antitrust, the expansion of economic reasoning at the Antitrust Division and FTC and in the courts institutionalized the consumer welfare standard, which placed those older concerns beyond the bounds of legitimate consideration. This network also advocated—eventually successfully—for economic deregulation of the trucking, rail, and airline industries, among others. And at the intersection of antitrust and deregulation, it began to apply antitrust rules to the professions, arguing for the promotion of more competition, for example, in healthcare markets. These new ideas about what the central purpose of market governance should be, along with the fact that these changes were realized largely through regulatory agencies and the courts, limited the space for raising concerns about other reasons one might want to regulate markets—concerns mainly associated with the left.

Chapter 7 shows how the two movements intersected by trying to improve government decisions *about* governing markets. Cost-benefit analysis had originated as an engineering tool for thinking about natural resource management, but was also closely linked to systems analysis. As government expanded its regulatory capacity in the 1970s, industries interested in less regulation allied with economists interested in efficient regulation to make the case for cost-benefit analysis of regulatory decisions, which, over the course of a decade, gradually spread. Cost-benefit principles were institutionalized not only through the creation of a regulatory oversight office at the Office of Management and Budget, but through the expansion of economic reasoning into administrative law, which increasingly defined its purpose as "utilitarianism or wealth maximization with an egalitarian side constraint."[89] The egalitarian side constraint, however, was often an afterthought, and in practice, introducing cost-benefit analysis into regulatory decisions often put barriers in the way of regulation, as the consistent advocacy of the regulated might suggest.

Chapter 8 looks at how this infrastructure eventually helped advance new efforts to improve government *through* the use of markets across different domains in the 1980s and '90s. At the Environmental Protection Agency, lawyers familiar with the economic style first began experiments with emissions trading, an effort that eventually led to the Acid Rain Program and served as a global model. At the Federal Communications Commission, auctioning off rights to the telecommunications spectrum, which had been almost unthinkable when Ronald Coase first proposed the idea in 1959, became a new policy and a rich source of revenue. And in education policy, a domain in which economic reasoning had made limited inroads, the new infrastructure for economic reasoning served as a launching point for the promotion of school choice and competition in the 1990s. The use of markets in governance was limited, but where it took hold its focus on extending and designing markets, rather than on the development of antipollution technology, the public interest in the airwaves, or the civic value of education, drew attention away from and sometimes displaced those competing goals.

Finally, Chapter 9 returns to reexamine the political effects of the economic style. At its most influential, economic reasoning could change the legal purpose of a policy domain in the name of technocratic improvement. More generally, it pushed policymakers to prioritize efficiency, and think in terms of tradeoffs, not absolutes—which often led to slippery slopes, when the absolutes had been set to defend rights or limit the influence of interest groups. It squeezed out consideration of non-economic goals, whether values like "justice" or competing scientific frameworks like "ecology", and required their translation into economic language. Advancement of the economic style was a bipartisan project, but one in which center-left technocrats, who saw it as a neutral form of expertise, played a particularly important role. In practice, though, its use was particularly constraining to Democrats arguing for equality, universalism, and rights. Republicans, on the other hand, were more successful at using the economic style strategically when it helped, while ignoring it when it clashed with other, more fundamental values. While the economic style and the values embedded within it can, over time, evolve, to the extent that Democrats—and only Democrats—concede competing values to those of economics, the values of economics will continue to define them.

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Notes

[1] Adler (2002).
[2] Public Law 91-190.
[3] Reorganization Plans No. 3 and 4 of 1970; Public Law 91-604; Public Law 92-500. The Clean Water Act passed in 1972 and the Endangered Species Act in 1973, among other laws.
[4] Hays (1989); Kline (2007:Chs. 6-7).
[5] P.L. 91-190 §2. See especially Milazzo (2006) on the influence of ecological thinking on not only the Clean Water Act but NEPA and the Clean Air Act as well.
[6] P.L. 91-604 §2. The word "health" is used forty-two times in the law's thirty-eight pages.
[7] Lowi (1969); Hoberg (1992:72); P.L. 92-500; P.L. 91-604 §112.
[8] See, e.g., Mishan (1971) for a review of the economic literature on externalities and Solow (1971); Ruff (1970); Kneese and Schultze (1975) for more policy-oriented discussions from this era.
[9] Ruff (1970:71).
[10] See, e.g., U.S. President (1965:152; 1966:120-121; 1970:93).
[11] "Economist Favors" (1966).
[12] See, e.g., Bernstein (2001) on economists' policy influence in the 1960s.
[13] Roberts (1980).
[14] Kline (2007:117-119).
[15] Regens and Rycroft (1988).
[16] Public Law 101-549.
[17] P.L. 91-190 §2, §101.
[18] Project 88 (1988:vii, 1). See American Presidency Project (1990) on cutting acid rain in half.
[19] Bryner (1995); Ellerman et al. (2005).
[20] Project 88 (1988); McCauley et al. (2008).
[21] Schmalensee and Stavins (2013).
[22] Howard and Sylvan (2015).
[23] Berman (2017); Andrews (1999:266-270).
[24] E.g. Daily (1997); Costanza et al. (1997); see Gómez-Baggethun (2010) for a history of the ecosystem services concept.
[25] Bullard (1990); U.S. GAO (1983); Commission for Racial Justice (1987); First National (1991).
[26] Policy, Planning, and Evaluation (1992:1).
[27] First National (1991). See, e.g., Harrison (2015; 2016); Holifield (2004); Konisky (2015) for more on the translation of environmental justice into regulatory agencies.
[28] Schmalensee and Stavins (2013). Sociologist Brian Obach (2004:57-61) has also argued that the shift from technological standards (requiring installation of scrubbers) to a cap-and-trade approach disrupted the earlier alliance between labor and environmental groups, as labor-intensive mining of high-sulfur coal in West Virginia, Ohio and Kentucky was replaced by strip mining of low-sulfur coal in the western U.S., which required less labor.
[29] Debate over the impact of the EU program is lively. CO_2 emissions have stayed below the gradually decreasing cap, but again, this has partly been for reasons other than the program, like economic recession. The cost of carbon permits has remained unexpectedly very, and many have been given away for free. For some recent contributions to this debate, see Ellerman et al. (2016); Wettestad and Jevnaker (2016); Jevnaker and Wettestad (2017).
[30] Chan et al. (2018). Reinforcing point that economics does not necessarily have to ignore distributional effects, this study was also conducted by a team of economists.
[31] Carroll (1982); Berkowitz (2005).
[32] Courtwright (2010); Bobo et al. (2012).
[33] Borstelmann (2011); Mizruchi (2013); Waterhouse (2013); Stein (2011); U.S. Census (2018); Saez and Zucman (2016).
[34] American Presidency Project (1980b).
[35] See, e.g. the 1980 and 1984 Democratic platforms (The American Presidency Project 1980a; The American Presidency Project 1984), as well as Weaver (1984).
[36] Derthick and Quirk (1985); Katz (1989).

[37] See, e.g., the 1992 Democratic Party platform (Pear 1992; The American Presidency Project 1992a) and Clinton's speech accepting the Democratic nomination (The American Presidency Project 1992b).
[38] Levinson (2006); Chorev (2007).
[39] There are many variations on this argument. In sociology, see, e.g., Rosenfeld (2014), McCarthy ; in history, Cowie (2010), Stein (2011); in geography, Harvey (2005),; from political economy, Duménil and Levy (2004); Glyn (2007). Prasad's (2006) analysis, which focuses on the adversarial structure of American politics as an explanation for why the U.S. turned toward neoliberalism, can still be seen as broadly within this camp, as can Krippner's (2011) explanation of the emergence of financialization, despite her emphasis on ad hoc solutions to policy problems as the proximate cause.
[40] Blyth (2002).
[41] Mirowski and Plehwe (2009); Rodgers (2011); Burgin (2012); Stedman Jones (2012); Slobodian (2018).
[42] Teles (2008); Medvetz (2012); Campbell and Pedersen (2014); Stahl (2016).
[43] Stahl (2016); Teles (2008). In a recent twist on these arguments, Stephanie Mudge (2018) makes a similar case for the political left: that the Keynesian advisors of the '60s were replaced in the '90s by economists associated with transnational finance networks, who were more concerned with free trade and deficits, and less with labor, than their predecessors.
[44] Phillips (2014 [1969]); Carter (1999); Lassiter (2007); Kruse (2007); Martin (2008)..
[45] Miroff (2007); Nelson (2014).
[46] Baer (2000); Mudge (2018); Grossman and Hopkins (2016). Pacewicz (2016), while focused on the emergence of party polarization at the city level, similarly emphasizes the co-emergence of pragmatic, technocratic "partners" as urban power brokers along with more polarized "partisans" within the political parties.
[47] Klatch (1999); McGirr (2001); Williams (2010); Dochuk (2011).
[48] Phillips-Fein (2009); Hacker and Pierson (2011); Mizruchi (2013); Waterhouse (2013).
[49] The term "style of reasoning", borrowed from Hacking (1992), is discussed more below.
[50] In its emphasis on center-left technocrats, my story has affinities with the one told by Stephanie Mudge (2018) in *Leftism Reinvented*. Mudge's account of the shift in the Democratic party from Keynesian experts in the 1960s to "transnational finance economists" in the 1990s is important. She is particularly interested, though, in the macroeconomic advice taken by left political parties, which from my perspective misses a great deal of the action. Even more important than a new group of experts becoming dominant within the Democratic Party was a broader change in how people across party lines thought about the goals and purposes of policy and how to evaluate whether policies were better or worse. This change took place in the federal bureaucracy and the research organizations and graduate schools that connected with it, and reflected microeconomic thinking more than macro or financial economics.
[51] This argument has certain affinities with Grossman and Hopkins' (2016) argument about the "asymmetric politics" of the two U.S. political parties, a point to which I will return.
[52] Teles (2008); Mirowski and Plehwe (2009); Rodgers (2011); Van Horn et al. (2011); Burgin (2012); Stedman Jones (2012); Stahl (2016). A variation on this story emphasizes the extent to which the Chicago project (or related projects like Virginia-style public choice and German neoliberalism) emphasized building the right kind of state more than shrinking it (MacLean 2017; Slobodian 2018).
[53] Bernstein (2001).
[54] Mudge (2018). In its emphasis on center-left technocrats, my story has affinities with Mudge's important account of the shift in the Democratic party from Keynesian experts in the 1960s to "transnational finance economists" in the 1990s. She is particularly interested, though, in the macroeconomic advice taken by left political parties, which from my perspective misses a great deal of the action. Even more important than a new group of experts becoming dominant within the Democratic Party was a broader change in how people across party lines thought about the goals and purposes of policy and how to evaluate whether policies were better or worse. This change took place in the federal bureaucracy and the research organizations and graduate schools that connected with it, and reflected microeconomic thinking more than macro or financial economics.
[55] Hacking (1992).
[56] Hirschman and Berman (2014:794).
[57] Reay (2012:45); Hirschman and Berman (2014:794). See Stone (1989) on policy stories.
[58] Hallett and Gougherty (2018a; 2018b); Teles (2008); Khurana (2007). This distinction between the heartland economics PhD departments which produce economic knowledge and whose approval ratifies or

rejects changes to the economic "core", and the loose collection of professional schools that employ (some) economics PhDs and teach graduate students the basics of economic reasoning, is similar to Ludwik Fleck's distinction between "esoteric" and "exoteric circles" in the thought collective that produces modern science: the esoteric circle is made up of experts producing knowledge on a problem, while the exoteric circle "comprises the more or less 'educated amateurs'" (Fleck 1979 [1935]:111).

59 Hallett and Gougherty (2018a).

60 Enthoven (1963:422).

61 See Abbott (2005) on the concept of linked ecologies, with which this argument has affinities. These two communities were not the only source of such linkages; macroeconomics had already produced strong ties between economics departments and agencies like the Commerce Department and the Federal Reserve, and other subfields of economics were independently creating or maintaining their own pathways to policymaking on a lesser scale. However, the systems analytic and industrial organization communities were particularly important because of the scope of their impact and their institutionalization of ties (like policy planning offices run by economics PhD) that would subsequently allow other types of economists and ideas to travel back and forth from academia to policy.

62 Kingdon (1984).

63 O'Connor (2001); Moffitt (2003).

64 Schultze (1968:96).

65 Eisner (2000).

66 Hoberg (1992:72); Yale Law Journal (1979).

67 See, e.g., Holifield (2004); Harrison (2017) on how environmental justice has been understood in government agencies. This higher degree of institutionalization of the economic style brings to mind Margaret Thatcher's phrase, "there is no alternative." Though Thatcher was referring to a different set of policies, the phrase nicely captures the idea that competing ways of thinking about a set of problems are no longer legitimate.

68 Carey (2014); Morgenstern (1997); Krupnick and Morgenstern (2002); Cannon (2010); "Michigan v. EPA" (2015).

69 See Ginsburg (2008) for a short review.

70 Indeed, the Flood Control Act of 1936 stated that projects like dams could only be pursued if "the benefits to whomsoever they accrue are in excess of the estimated costs" (Public Law 74-738, §1). This predated formal cost-benefit analysis in the United States, and is often pointed to as stimulating its development (Porter 1995).

71 For example, in cases where the language of legislation seemed to prohibit weighing of costs, as in the Clean Air Act, environmental groups successfully challenged the use of cost-benefit analysis in the courts. See, e.g., Whitman v. American Trucking, 531 U.S. 457 (2001).

72 Daily (1997).

73 Giocoli (2013).

74 See, e.g., Rivlin (1971) and Schultze (1977) for statements reflecting this perspective.

75 Alice Rivlin to Robert Grosse, 21 February 1966, folder "Programming," Box 1, Personal Papers of William Gorham, LBJ Presidential Library.

76 Boulding (1969).

77 Okun (1975).

78 See, e.g., Holden and Biddle (2017).

79 Winnick (1995:96).

80 Steensland (2008).

81 The Office of Information and Regulatory Affairs; see Revesz and Livermore (2011:189).

82 Grossman and Hopkins (2016:131-132).

83 For example, Hirschman (2018) shows how economics has paid increasing attention to economic inequality since 2000, an issue that was largely off its radar in the decades before. It is difficult to imagine core values like efficiency being decentered, though, at least without the economics profession transforming into something quite different from its present form, and here there are limits on the range of political positions that can be made compatible with the economic style.

84 Tavory and Timmermans (2014). The initial areas of focus were science policy, fiscal policy, antipoverty policy, and antitrust policy.

85 See, e.g., Smith (2007); Gormley (2012); Berman (2012); Garland (2001); Eisner (1991); O'Connor (2001).

[86] Education policy is the most important negative case (although that changes in the 1990s), although since economists' role in science policy was in some ways superficial (i.e., economic arguments were picked up by lawmakers, but the economic style was not institutionalized), it is also a "weak" case.
[87] Economists have played a meaningful role in antitrust and regulatory policy since the early twentieth century, but institutional economists dominated this space until mid-century, and then ties to the discipline weakened until the 1960s, when (broadly) neoclassical economists began to reestablish connections; see Chapter 2.
[88] Archives visited include the National Archives; the Kennedy, Johnson, and Carter presidential libraries; and collections at Chicago, Cornell, Duke, the RAND Corporation, and the Rockefeller Archive Center. See the appendix for a full list of sources.
[89] Rose-Ackerman (1988:344).