Symposium on Elisabeth Popp Berman's *Thinking Like an Economist. How Efficiency Replace Equality in U.S. Public Policy*

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Elisabeth Popp Berman's *Thinking Like an Economist* unfolds a captivating and detailed historical account of the rise of economics and economists' influence within the US Administration during the 1960s and 1970s. This transformation played a pivotal role in reshaping American policy, Berman argues. At the core of her story is the concept of an "economic style of reasoning", inspired by Ian Hacking's (1994) work. Berman's "economic style of reasoning" describes a distinct approach to policy problems, one anchored in microeconomic concepts (rather than macroeconomic ones) such as incentives, externalities, and efficiency. Crucially, the "economic style of reasoning" does not designate what some economists think, but rather, a set of ideas, related to economics but not completely overlapping with it, that are used in policy—not only by economists.

Throughout 230 pages, Berman masterfully traces the progressive ascension of the economic style of reasoning within US administration, from its rise in the 1960s to its relative decline during the Reagan Presidency. "Efficiency" as a policy criterion gradually supplanted other foundational values that had long justified policy actions, values such as "rights, universalism, equity, and limiting corporate power" (4). These concepts were actually loosely used by the actors Berman is interested in. Berman posits that the dissemination of this style of reasoning exerted a profound influence by eroding the legitimacy of policy propositions rooted in alternative values, notably those championed by the left-wing of the Democratic party. One strength of the book is to show how the economic style of reasoning stuck and consolidated,

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even in the absence of economists, and how unusual suspects—center-left technocrats, favoring government intervention—were responsible for promoting a sense of ineluctability of its use.

This story is developed over nine chapters and a conclusion. Following an introductory chapter that lays out the book's fundamental concepts and narrative arc, Berman provides in the second chapter a succinct retrospective of the "antecedents" that paved the way for the emergence of the economic style of reasoning. She first uncovers the crucial milestones that permitted economists to gradually secure influence within the US administration since the 1930s. The two following chapters trace how the economic style spread along distinct paths, emanating from two different groups of economists. The first one, centered around the RAND Corporation, grappled with the question of "how to make government decisions" (Chapter 3). Concurrently, industrial organization economists (notably at Harvard) dedicated their efforts to the issue of "how to govern markets" (Chapter 4). From this starting point in the 1960s, chapters 5 to 7 explore how the economic style of reasoning disseminated in the 1970s, unraveling how this distinctive approach of policy problems durably changed the approach to different policy areas (respectively "social policy", "market governance" and "social regulation"). The last two chapters elucidate how the economic style transformed the Democratic Party during the 1970s, gradually restricting its political horizon (Chapter 8) and how the economic style relatively lost influence under Reagan's presidency (Chapter 9).

The following sections provide readers with a descriptive overview of the content of the book. In the final section of this introductory essay, we present the objective of the symposium and its contributions.

1. The "Economic Style of Reasoning" and Its Political Effects

Berman's argument in *Thinking Like an Economist* aligns with the theoretical framework she elaborated in earlier contributions, notably in the survey article "Do Economists Make Policies?" coauthored with fellow sociologist Daniel Hirschman (Hirschman and Berman, 2014). To understand the influence of economists and economics, they proposed an "analytical division" between two types of questions (781). First, how is the influence of economics "achieved, and what role do economists [play] in the process?" (*ibid.*). Second, once this influence is institutionalized, "how does it then shape politics?" (*ibid.*).

The concept of "economic style of reasoning" is central to answering these two questions in *Thinking Like an Economist*. Berman defines the economic style as "an intellectual tool kit for thinking about policy problems" (15). This style of reasoning "starts with basic microeconomic concepts like incentives, various forms of efficiency, and externality" (5) and involves “using models to simplify, quantifying, weighing costs and benefits, and thinking at the margin.” (*ibid.)* The “economic style” is a supposedly “value-neutral” and nonpartisan “technocratic framework for decision-making … that could flexibly be applied to a wide range of policy domains, including many that had not previously been seen as ‘economic’” (38-39), such as social policy, health, or education.

However, Berman argues, beneath the surface of this economic style, a distinct set of values is embedded in the use of concepts such as “choice”, “competition,” and, primarily, “efficiency” (4). Thus, the economic style reveals its “utilitarian” and “consequentialist” shades: a good policy “maximiz[es] economic well-being” (39). These values engender conflicts with other political values, a dynamic that Berman deftly illustrates throughout the book. One striking example of this clash occurs between the concept of efficiency and a deontological view, which posits that “one could not ethically assign a dollar value to human life” (39) or to nature. Such an ethical viewpoint is at the foundation of approaches to policymaking, which advocated for “rights” to essential services—such as healthcare—, the principles of “equality of access” and “universalism” (15). Policy decisions, at times, draw upon “theories of politics” that directly challenge the values associated with the economic style. For instance, policymakers may fear the political influence wielded by big business and may champion the role played by smaller firms in the vitality of local communities. The economic style and its relentless pursuit of efficiency tend to disregard such considerations.

Berman’s thesis is that as this style of reasoning became “institutionalized in various policy domains, and as considerations of efficiency were naturalized and sometimes legally required, it became harder for policymakers to make arguments based on … competing logics” (16). The great contribution of the book is to chronicle this process of “institutionalization”. A sociologist by training and a professor of “Organizational Studies”, Berman unveils the detailed mechanisms by which the economic style of reasoning became entrenched within US public administration. This transformation was facilitated by various factors, including the emergence of specific public policy training programs in universities, shifts in requirements and legal frameworks, the establishment of new units within various administration departments, and the cultivation of a network between Federal agencies and think tanks advocating for the adoption of this new economic style. Economists’ role in this process is important, but many other actors contributed.

This institutionalization of the economic style of reasoning had significant “political effects”, notably by constraining the policies that may be endorsed by the Democratic Party. Indeed, it “often placed Democratic economists into opposition with other members of the Democratic Party” (16-17). In relegating values such as universalism to the background, this institutionalization weakened the Democratic Party’s discourse on alternative values. However, Berman argues that the Republicans tended to wield the economic style of reasoning more “strategically,” endorsing it “when convenient”, and ignoring it when going opposite to their own values (17). This is well illustrated in Chapter 9 on the Reagan administration's strategic utilization of the economic style of reasoning and it constitutes one of the main contributions of the book. This is also, according to Berman herself, one of the book's most relevant lessons for today: an elucidation of the disillusionment felt by left-leaning people with respect to the Democratic Party (see also Kayzel, this issue, on this point). The ascent and institutionalization of the economic style of reasoning would have contributed, among other factors, to the lack of ambition of the Party during Obama's tenure.

Beyond its immediate relevance to the contemporary US political landscape, Berman's book ambitions to lay the groundwork for a revitalized exploration of the US history of the 1970s. Berman argues that the "story told in this book adds a critical missing dimension to existing narratives" (221), which have indeed suggested numerous factors to account for the changes in economic policy during the 1970. Berman's work offers a reorientation, towards characterizing the role of ideas in driving these transformations. Much of the literature on neoliberalism and the political transformations of the 1970s has underscored the influence played by neoliberal "thought collective" such as the "Chicago school", monetarism, or the "new classical" thinkers in reshaping economic policy (e.g., Fourcade-Gourinchas and Babb, 2002; Van Horn et al., 2011; Mirowski and Plehwe, 2009; Stahl, 2021). Yet, Berman's book points in another direction: the role of the left in the advent of neoliberalism. Crucially, "the initial push for economic reasoning" did not "come from the political right" (13). Instead, it was "introduced to policymaking by technocrats associated with the Democratic Party who wanted to use government to solve social problems" (*ibid.*). Beyond a simple ideological shift, Berman documents and reconstructs the parallel shift towards the use of a more micro level of economic intervention. While extant literature has accorded significant importance to macroeconomic policy, especially monetary policy (e.g., Krippner, 2011), Berman gives primacy to *microeconomic* intervention, in domains encompassing social and market regulation, health, and education (the latter being the subject of her first book, on American universities; Berman, 2011). These interventions exemplify how the economic style of reasoning, relying on competition, incentives, and efficiency exerts its influence and produces political effects.

2. Berman's Story, Chapter by Chapter

The story begins with an exploration of the "Antecedents" of the economic style of reasoning (Chapter 2). Although its institutionalization starts in the 1960s, "ties between the academic discipline of economics and the power corridors of Washington … date back to the late nineteenth century" (24). Building upon Fourcade (2009), Berman claims that "the discipline itself has always been co-constituted with the development of the state" (*ibid.*). The dissemination of a specific economic way of thinking in the 1960s can be attributed to a preexisting environment: promoters of the economic style relied “on earlier economists’ efforts to create locations from which they could exercise policy influence” (*ibid.*).

Here, Berman distinguishes two phases in the making of lasting ties between economists and the policymaking process, which helped to build “an infrastructure for producing economic statistics, established organizational locations for conducting economic analysis, and routinized the giving of economic policy advice” (25). The first phase was linked to institutionalist economists, who played a major role in developing economic indicators, especially through the National Bureau of Economic Research (NBER). They were also involved in the creation of various new government agencies, like the Federal Trade Commission (1915), the Bureau of Agricultural Economics (1922) and the Council of Economic Advisers (1946). Institutionalists also created organizations “at the interstices of academic and policy” (29), such as the Brookings Institution (in addition to the already mentioned NBER).

The second phase, which strengthened the ties between academia and policymaking, was prompted by the gradual ascent of Keynesianism in the US. The 1946 Employment Act and the creation of the Council of Economic Advisers (CEA) contributed to putting macroeconomic goals like full employment and the pursuit of economic growth at the center of policy discussions. Keynesianism's influence culminated with Kennedy’s CEA, populated by Keynesian economists, and led by Walter Heller, promoting a “New Economics” (Romani, 2018). These economists were instrumental, for instance, in advocating for the tax cuts of the 1964 Revenue Act (Cherrier, 2019).

However, the economists and the style of reasoning that Berman is interested in, did not come from macroeconomics but rather “from the growing part of the discipline that saw economics as the science of rational decision-making” (35), i.e. microeconomics. This style of reasoning, which gradually crystallized in economics in the late 1960s, entered the world of policy through the involvement of two “intellectual communities” (41): a group of “systems analysts” coming from the RAND Corporation (RAND stands for Research ANd Development); a network of industrial organization economists centered either in Harvard or in Chicago.

Chapter 3 deals with the first group, which focused on “How to Make Government Decisions”. The RAND was an interdisciplinary organization, established in 1948 by the Air Force, in which economists would progressively play a dominant role (Amadae, 2003; Mirowski, 2002). There, economists contributed to the use of “systems analysis” to identify workable and less costly solutions to policy problems. Berman documents how this type of analysis entered the US administration. Under Robert McNamara’s Secretary at the Department of Defense, the Planning-Programming-Budgeting-System (PPBS) was elaborated. PPBS implied “specifying the broad goals of an agency or office; identifying the various programs that might be used to achieve those goals; quantifying … the cost-effectiveness of those alternative programs; and then using that information as a guide to budgeting" (43). To control the costs coming from the Great Society programs, President Lyndon Johnson generalized the implementation of PPBS to the whole executive branch in 1965. As Berman argues, this generalization was mostly a failure (many Departments were unable or reluctant to implement PPBS), but it paradoxically contributed to anchoring the economic style of reasoning in the US policymaking process. Indeed, it led to the creation of dedicated economic units, staffed by PhD economists, in various parts of the executive branch. It also favored the development of graduate programs in public policy that included economics, and it encouraged Congress to equip itself with similar analytical capabilities, resulting in the creation of the Congressional Budget Office in 1974.

Chapter 4 examines the role played by the networks of industrial organization economists dealing with "How to Govern Markets". These economists were wondering how to reach "allocative efficiency", that is how to produce "the goods and services that consumers valued most highly, at the lowest sustainable prices" (72). From this perspective, the government's task was to establish the legal rules that would favor such efficiency. The first network of industrial organization economists was centered at the Brookings Institution but, by the early 1970s, a second network coming from the Chicago School would become more influential. The gradual impact of these two networks came from the introduction of economics teaching into law schools, especially on antitrust and industry regulation. These economists also infiltrated progressively the Antitrust Division of the Department of Justice and the Federal Trade Commission of the Department of Commerce.

In the 1970s, the two approaches of policymaking, presented in chapters 3 and 4, were spreading in other policy areas and transformed "how policymakers thought about the work of government" (97). Berman exemplifies these transformations by looking at how the economic style was eventually institutionalized in three different policy domains: social policy (Chapter 5), market governance (Chapter 6) and social regulation (Chapter 7). Each of these chapters testifies to how the economic style conflicted with other approaches to policy problems.

Regarding social policy (Chapter 6), Berman argues that "the spread of the economic style was a second-order consequence of the major expansion of government that began the mid-1960s" (98) with the Great Society programs and the "War on Poverty". While the Great Society legislations were based on the values of universalism, equality and rights, it would, ironically, trigger the spread of the economic style within the federal government. As Berman explains in Chapter 3, new policy planning offices emerged in the 1960s, notably to rationalize and control the spending of the Great Society programs. At the same time, the reforms "produced a massive new stream of funds for research and evaluation of social policy" (99), fostering the development of an "ecosystem of policy research organizations" (*ibid.*) such as the Urban Institute. Social policy proposals were reinforced by the spread of the economic style of reasoning: policies advocating for empowering the poor, providing universal family allowances, or establishing national health insurance, were opposed within the Administration on the basis that they were economically inefficient. Berman illustrates this point through a series of examples. For instance, she recounts how liberal economists, while addressing the issue of poverty, contended against the idea of universal social insurance, advocating instead for a negative income tax as a preferred remedy.

Competition policy is the subject of Chapter 7. Since the late 19th century, the US established legislation favoring competition in various markets. In the 1960s, however, several observers and policymakers started to worry that regulation was serving the interests of the regulated industries, rather than those of consumers. This opened the door for economists' criticism of the old type of market governance: "an antitrust regime that was anti-bigness, even if that meant being anti-efficiency" (153). A series of legislative actions progressively gave more leverage to the economic style of thinking in anti-trust policy, for example in transportation policy. In this specific case, it was "court decisions [that] institutionalized economic reasoning as the only legitimate lens through which policy could be pursued" (*ibid.*).

In Chapter 8, Berman turns towards another consequence of the spread of the economic style of reasoning: the weakening of the "Democratic Left" as an alternative political force (180). Indeed, the Liberal advocates of the economic style, who valued efficiency as a pivotal characteristic of policy, very often ended up building alliances with moderate Republicans against many Democratic policy positions. Positions based on the logic of universal social insurance as a right, or policies framing pollution as "morally wrong", were undermined by assumptions. Democratic advocates of these "noneconomic arguments" that had been successful during the Kennedy and Johnson administrations "found themselves increasingly on the defensive". Berman mentions, for instance, the role played by Charles Schultze, Carter's CEA chairman, in promoting the use of cost-benefit analysis for regulatory policy. Importantly, Berman acknowledges that the economic style of reasoning was not the "primary reason" (199) explaining the changes in Democratic policy after the Kennedy-Johnson era. Stagflation, globalization, the rise in influence of business and conservative organizations, all played an important role. However, the economic style of reasoning was "the *channel* through which this change took place within the Democratic Party" (200), by transforming the types of arguments to defend a policy that were deemed acceptable.

Finally, Chapter 9 explores the fate of the economic style of reasoning under Reagan's Administration. Berman demonstrates that Reagan was deeply committed towards specific political beliefs, and experts were only a resource to support his own positions. Besides, "he did not prioritize academic reputation in his preferred experts" (202). Consequently, his administration elaborated a different relation with the economic style of reasoning. When the economic style favored positions going against Reagan's will in certain domain, he ignored these positions altogether and encouraged the cut of funding in these domains where the economic style was operating. Reagan did not hesitate to rely on economic expertise when it supported his positions or to use economic ideas not endorsed by the community of academic economists and only promoted by marginal economists.

3. Contributions to this Symposium

The first *raison d'être* of this symposium is to ask scholars to review Berman's important book and to discuss its historical narrative, and how it compares to the existing literature. We asked historians of economics Tom Kayzel and Edward Nik-Khah their opinion about Berman's contribution in relation to neoliberalism historiography. The description of the process of influence itself—to flesh out, rather than assume, what it means "to influence" policy—and its relation to values, is the center of their respective reviews. Reviewers in other journals pointed out that Berman's focus (and main sources) on economists has prevented her from inquiring into the relationship of other social sciences with policy (Camic, 2023; Kuehn, 2023) or alternative ways of thinking within social sciences (Fontaine, 2023). In the same vein, Hacker (2022) notes that Berman's narrative downplays other forces—the rise of organized business and the decline of organized labor. Contributors to the symposium highlight that Berman's narrative does not claim to promote a single-cause explanation for the fate of the left in the US over the past decades. But Kayzel furthers this interrogation on the weighting of different factors, in yet another direction—the history of technocracy. Both Kayzel and Nik-Khah offer (different) takes on how Berman's book fits in, renews, or opposes the results of the (huge) literature on neoliberalism and ideology.

Second, the rationale behind this symposium was also to create a discussion on Berman's arguments from an historical point of view *and* from economists' point of view—we therefore invited two economists, Diane Coyle and Giulio Zanella, to write reviews from a different angle. They both offer a discussion about Berman's historical narrative consequences for economics today.

Coyle's essay is a discussion of efficiency as a value-laden concept, then and now. She offers examples of how dilemmas with equity have been faced in contemporary practices, drawing a very interesting parallel with the current debates on artificial intelligence. Coyle also delineates her vision of the politics of efficiency until the Biden administration, as well as hints at debates outside the USA. Finally, her last point convincingly questions the state of the discipline of economics, arguing it may be at a turning point.

Zanella's essay is a defense of "deep" economic thinking against the "shallow economic style of reasoning". Zanella echoes other reviews, in particular Kuehn's (2023) thoughts on balancing the responsibility between economists and policymakers for the adoption of the economic style of reasoning. An important question raised by Zanella's contribution is what it takes for economists' warnings to be heard by policymakers.

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