# Book Review: Thinking Like an Economist: How Efficiency Replaced Equality in U.S. Public Policy

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# Book Review: Thinking Like an Economist: How Efficiency Replaced Equality in U.S. Public Policy

*Cynthia Golembeski – The New School*

Berman, E. P. (2022). Thinking like an economist: How efficiency replaced equality in U.S. public policy. Princeton University Press. $35 (hardcover). ISBN 9780691167381.

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*Thinking Like an Economist: How Efficiency Replaced Equality in U.S. Public Policy* is critical reading for policymakers, practitioners, and scholars interested in governance, political economy, ethics, equity, and the origins and influence of the 'economic style of reasoning' on federal policymaking and corresponding values and priorities. Elizabeth Popp Berman (2022) meticulously draws on over 3,000 primary and secondary resources and archival sources to elucidate how this 'economic style of reasoning' was legitimated and institutionalized through multiple pathways, including government offices, law and policy schools, and policy research organizations. This engaging, accessible book covers contemporary concerns, including student loan debates, and concludes with proposing what values, thoughts, and actions may facilitate ambitious reform efforts, in such areas as health and the environment.

Drawing on Ian Hacking (1992) and his 'style of reasoning' concept, Berman (2022) delineates how particular expertise and values, including efficiency, trade-offs, and incentives, predominated and shaped policy discussions in Washington DC between the 1960s and 1980s across nearly all governance sectors. A growing contingency of Democrats, particularly the center-left, embraced 'thinking like an economist' and cost-benefit analysis, while distancing themselves from populist antitrust. Within the healthcare context, for instance, cost-sharing and means-testing in service of efficiency crowded out "liberal arguments based on rights, universalism, and inequality" (Berman, 2022, p. 196). RAND (short for Research ANd Development) was awarded $80 million to supervise analysis and testing of the economic theory of moral hazard, which suggests fully insured constituents would overuse healthcare. Consequently, President Nixon thwarted universal Medicare coverage expansion after insisting policy plan adoption centering cost sharing, employer mandates, and market competition would avert moral hazard.

A sociologist by training, Berman has significantly published on knowledge production and use within various organizational contexts. In this vein, her 2015 book systematically analyzes shifting political contexts and alliances and ideological and behavioral responses involving universities and science policy, which positioned academic science closer to the market. Of note, Berman's balanced, empirically informed and critical perspectives in *Thinking Like an*

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*Economist* refrain from outright dismissing potential merits of economics in various governance domains. So too, Berman's latest work resonates with heterodox scholarship on technocratic policymaking and economic ideas, including political economist Clara Mattei's 2022 book, *The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism*.[1] Whereas Mattei (2017; 2022) primarily focuses on the "technocratic project of austerity" in Europe, Berman (2022) traces the solidification of the economic style of reasoning to the 1950s within contexts of disciplinary knowledge and diffusion at elite U.S. universities including Harvard, MIT, and Chicago. Additionally, the interdisciplinary RAND Corporation in Santa Monica, with its share of economists guided by systems analysis, was closely allied with academic elites and critical to this enterprise. Markedly, Berman (2022, p. 49) cites Herbert Simon (1991, p. 116) suggesting RAND was a place "to see and be seen…in the postwar quantitative social sciences."

We learn the consolidated academic version of this new economic style framework was initially applied to discrimination and crime policy in the 1950s. Berman (2022) extensively references Alice O'Connor's (2001) historical analysis of ideological shifts surrounding the 'poverty research industry' and 'poverty problem' within reform friendly contexts and overly technical accounting of demographic, moral, and psychological features of the 'underclass' and 'culture of poverty.' In many ways, Berman (2022) and O'Connor's (1998, 2001) concerns with policy origins and development within certain institutions complements Löic Wacquant (2022) and Saidiya Hartman's (2008; 2019) critical scholarship on racialized politics of knowledge production and epistemic erasure that reify highly criminalized concepts of the 'underclass.' To illustrate, amidst the 1960s race rebellions, the Office of Economic Opportunity's (OEO) established its Office of Research, Plans, Programs, and Evaluation, for which Berman's (2022, p. 103) in-depth analysis provides evidence of its role as "a beachhead for recapturing control over the War on Poverty from community action advocates." Following the Department of Defense's use of the Planning-Programming-Budgeting System (PPBS), incoming OEO staff trained in PPBS' new efficiency focused systems-level government decision-making method subsequently displaced existing colleagues trained mainly in sociology or social work.

Soon thereafter, President Lyndon Johnson announces implementation of PPBS and a value-free science of policy throughout the entire executive branch. Berman (p. 57) recounts how "observers like political scientist Aaron Wildavsky criticized PPBS for promising rational, neutral decision-making that it could never achieve." Despite various failures and negative effects outlined in the book, PPBS proved largely successful in "link[ing] the economics discipline to the world of policy in lasting ways and creating permanent homes in Washington for the new economic style of reasoning" (p. 44). PPBS also fueled a burgeoning policy research ecosystem, including RAND, Mathematica, Brookings Institute, and Urban Institute, as well as a cadre of elite public policy schools. In fact, a 1968 RAND discussion paper informed proposals for the University of Michigan's policy school and its curriculum based on cost-effectiveness, macroeconomics, and 'RAND Lite' formal modeling and analysis. With captivating rigor, Berman traces how the economic style of reasoning's elevation in law and policy schools, which sought to supplant public administration, facilitated demands for not only RAND-style policy analysis, but also for analysts and training.

Berman's (2022, p.14) scholarly treatment of policy shifts clarifies the left's eagerness to apply technocratic policy-making and governmental solutions to social problems. Thus, "institutionalizing the economic style through organizational change, legal frameworks, and administrative rules" initiated "a positive feedback loop"—"a constituency of enthusiasts for the economic style who would promote its further expansion." Covering much ground, featured cases include: welfare, healthcare, housing, and education policy within the social policy domain; market governance inclusive of antitrust policy and transportation deregulation; and social regulation with a primary focus on environmental policy. By the time the reader reaches chapter nine on the Reagan administration, one grasps the limitations of

prioritizing efficiency as a core value in assessing how governments make decisions and govern markets. Curious readers may further consider, for example, how this economic reasoning style informs philanthropy or public management associated with narrower public health and safety categories, such as those related to substance use or firearm policies and politics, which receive lesser attention in this richly developed book.[2]

Related literature on political choices and policy effects include Gil Eyal's (2019) book, *The Crisis of Expertise*, underscoring the need for more effective regulatory institutions. Daniel Carpenter's (2002; 2010) research on regulation and government organizations; Pam Herd, Don Moynihan, (2019) and Carolyn Heinrich's (2016; 2018) research agenda setting work on administrative burdens as policymaking by other means; and David Michaels' (2008; 2020) work on regulatory capture and manufacturing doubt constitute further kindred research on governance and the administrative state. Dorothy Brown's (2021) examination of the racial biases of the taxation system and tax code, plus Keeanga-Yamahtta Taylor's (2019) study of structural discrimination in 1970s housing policy and banking and real estate practices, also align as valuable scholarly contributions on policy, expertise, and inequality within democratic societies.

Likewise, Berman (2022) highlights contemporary efforts to mitigate inequality undertaken by scholars within the economics discipline, think tanks such as the Roosevelt Institute, and policies like baby bonds.[3] Towards that end, Jabbar and Menashy (2022, p. 279) encourage interdisciplinary use of economic theory absent of "the phenomenon of a single discipline's power over so many facets of social life and policy." Amidst the current reckoning, the *Journal of Economic Perspectives* Spring 2022 'Economics of Slavery' symposium features work on "the cumulative costs of racism and the Bill for Black Reparations" (Darity et al., 2022). Meanwhile the *Journal of Economic Literature's* 2022 'Race and Economic Literature' symposium (Logan & Myers, 2022) features critical, heterodox scholars Grieve Chelwa, Darrick Hamilton, and James Stewart (2022) explicating stratification economics' core constructs and policy implications. Another symposium article discusses Black economists' work in applied policy (Francis et al., 2022). Akin to Berman (2015; 2022), O'Connor (1998, 2001), Hartman (2008; 2019), and Wacquant's (2022) works, Nina Banks and Warren Whatley (2022) review the history of race laws as distinct from the rule of law, and poignantly convey the intellectual thought and legacy of Sadie T. M. Alexander, the first Black PhD in economics.

Berman's (2022) book is essential reading for anyone with an interest in justice, fairness, and rights within the context of policy design and implementation and how efficiency replaced equality. Individual chapters prove helpful to students and advanced scholars alike in political science, public policy, law, public and nonprofit affairs, sociology, social work, and public health. This book is invaluable to better understanding the role of economists in shaping policy discourse and the institutionalization, political influence, and limitations of the economic style of reasoning as a conduit to governance.

## Notes

1. Heterodox economists propose alternative frameworks to neoclassical models and integrate historical and context-specific analysis into examining how economies function (Ballestin, 2017; 'Ippoliti, 2021).
2. Berman's (2022) book is helpful in considering narrower health and crime policy areas, such as violence prevention and sentencing. Particularly so in consultation with substantive scholarship on the political economic antecedents of the contemporary carceral state (e.g., Garland, 1985, 2023; Gottschalk, 2015; Hinton, 2016; Muhammad, 2019; Wacquant, 2009). Complementary critical philanthropy and governance literature also exists (e.g., Collings-Wells, 2022; Eikenberry, 2006; Eikenberry & Mirabella, 2018; Francis, 2019; Goss, 2016; Wacquant, 2022) as does critical work on substance use and

firearm policies and politics (Case & Deaton, 2021; Currie & Schwandt, 2021; Goss, 2006; Metzl, 2019).

3. Simon Torracinta (2022) also provides a riveting comparative review of Berman's (2022) book alongside two books on microeconomics by Diane Coyle (2021) and Robert Skidelsky (2020).

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The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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