Project Summary: "The Administrative Foundations of Economic Policymaking"

"Economic inequality is, in substantial part, a *political* phenomenon," Larry Bartels argues. In his study of the postwar era, Bartels finds that differences in income inequality are related to differences in party control of the presidency, with several general mechanisms at work: unemployment is higher under Republican presidents than Democratic presidents; inflation is roughly equal under both, though slightly higher under Democratic presidents; and economic growth is significantly higher under Democratic presidents. Altogether, these partisan macroeconomic trends, Bartels concludes, generate greater income inequality under Republican presidents.

Several scholars have questioned Bartels' account. In particular, Jacob Hacker and Paul Pierson convincingly argue that presidents are far more constrained in reshaping the economy than Bartels' theory assumes. Macroeconomic policies do not easily shift with changes in party control of the government, they contend, because presidents govern within the parameters of "long-term policy developments" that "are rooted in organized struggles to remake the economy and society in durable ways." More specifically, Hacker and Pierson stress how organized interests – particularly the "surge of business organization" – contribute to economic inequality.

Building on this earlier work, first, I examine the historical development of the government institutions responsible for economic policymaking and through which all organized and individual preferences are filtered. This includes the Treasury, the Federal Reserve, the Office of Management and Budget, the Council of Economic Advisers, the Congressional Budget Office, and the National Economic Council. Second, I examine the long-term trajectories of macroeconomic policies. With this historical-institutional framework in place, my central argument is that changes in macroeconomic policies – including economic inequality – are an *administrative* phenomenon more than a political one. In short, macroeconomic policies generally change little along with transitions in party control of the presidency because presidents struggle to maintain control over the economic policymaking apparatus. Therefore, if a president wishes to significantly shift the trajectory of a macroeconomic policy in a durable way he should not assume that the existing administrative apparatus will be supportive or that the primary obstacle will be congressional opposition. Instead, I find that a durable shift in macroeconomic policy requires deploying a combination of innovative appointments and procedures to restructure administrative arrangements.