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The American Political Economy: Markets, Power, and the Meta Politics of US Economic Governance

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Abstract

This article provides an overview of the emerging field of American political economy (APE). Methodologically eclectic, this field seeks to understand the interaction of markets and government in America's unequal and polarized polity. Though situated within American politics research, APE draws from comparative political economy to develop a broad approach that departs from the American politics mainstream in two main ways. First, APE focuses on the interaction of markets and governance, a peripheral concern in much American politics research. Second, it invokes a theoretical orientation attentive to what we call meta politics—the processes of institution shaping, agenda setting, and venue shopping that unfold before and alongside the more visible processes of mass politics that figure so centrally in American politics research. These substantive and theoretical differences expand the study of American politics into neglected yet vital domains, generating fresh insights into the United States' distinctive mix of capitalism and democracy.

INTRODUCTION

This article provides an overview of the emerging field of American political economy (APE), outlining its key insights, investigations, and animating debates. Though contributions to this growing area of study vary in method and empirical focus, they share a common goal: to understand the interaction of markets and government in America's increasingly unequal and polarized polity. This fast-growing field holds great promise both for illuminating the dramatic transformation of the United States' distinctive political economy over recent decades and for reorienting the study of American politics in productive directions.

Methodologically eclectic and empirically broad-ranging, the APE literature engages with and taps into a wide range of US-focused contemporary scholarship, as well as a burgeoning body of work in comparative political economy (CPE) that includes the United States within its purview. In reviewing this literature, we draw on our work not only as political scientists but also as organizers of a collective effort to promote this expanding domain of research, including through a volume that articulates APE's character and contributions and showcases the work of leading scholars (Hacker et al. 2022a). Increasingly, researchers working in this domain are identifying their own contributions as APE, but not all whose work we showcase use the label, nor is our goal simply to rebrand existing scholarship. Rather, our aim is to articulate what APE is, why it has so much to offer, and where we hope it will go.

In our conception, APE is not defined by its method—indeed, work within this emerging area often combines multiple methods to provide stronger explanations, ranging from statistical analysis of observational data to the exploitation of natural experiments to carefully chosen case studies to in-depth ethnographic research. Instead, APE is defined by two features that distinguish it from most contemporary scholarship on American politics. The first is its substantive focus on the interaction of markets and governance—a peripheral concern in much American politics research. In attending to the interplay of markets and politics, APE expands the study of American politics to encompass a far broader range of political dynamics and policy domains that shape fundamental social and political outcomes—from the local conflicts that affect the supply and price of housing, to the legal wrangling over mandatory arbitration that limits the bargaining power and labor rights of low-wage workers, to the national politics of antitrust policy in the context of rising market concentration and employer power. These are the types of issues that animate the sizeable and successful field of CPE but have largely failed to attract the attention of mainstream American politics research, despite their enormous impact on the lives of American citizens.

The second defining feature is a theoretical approach that is specifically attuned to what we call meta politics—the processes of institution shaping, agenda setting, and venue shopping that unfold before and alongside the more visible processes of mass politics that figure so centrally in American politics research. Attention to meta politics is critical because the dynamics of meta politics shape the terrain on which the rest of political life (including mass politics) plays out. The outcomes of meta politics encompass the historically evolved institutions and policy structures that establish (often taken-for-granted) bounds on contemporary political and policy debates. They include, too, the organizationally embedded strategies of well-resourced actors who seek to achieve their objectives across and through different policy venues in the country's complex political-economic landscape. To use a supply chain metaphor, APE places much of its attention on the legs of the journey that lead up to the “last mile,” where highly visible electoral outcomes, political conflicts, and policy enactments occur. Mainstream research on American politics is often focused on this crucial but circumscribed last mile. APE, by contrast, shifts the emphasis to the long transit that leads up to the last mile—the many, many previous miles that shape the substance and scope of conflict, the venues where decisive authority over policy resides, the key political actors who operate in these venues, and the balance of power among those actors.

The next section elaborates on these two unusual and illuminating features of APE research: the substantive focus on market–government interactions and the theoretical focus on meta politics. In the four sections that follow, we tour important emerging domains of APE research that show how its orientation and approach have opened up the study of American politics. The first domain, focused on the role of organized and resourceful interests, highlights the advantages that such interests enjoy (especially vis-à-vis voters) within the institutionally fragmented and porous landscape of the American political economy. The second domain, centered on the fundamental role of race, surfaces the entrenched political institutions and policy structures that reinforce racial inequalities in the American political economy and limit the ability to challenge these inequalities during the last mile of politics. The third domain, focused on the spatial-geographic dimensions of the political economy, brings to light the powerful economic underpinnings of current political polarization and how these tectonic pressures reverberate throughout American politics. The fourth and final domain, focused on party coalitions, draws together insights from these prior areas to illuminate the political-economic roots of contemporary party divisions and stances.

The article closes with a brief discussion of a profoundly consequential struggle that is shaping the American political economy today: the battle among organized interests and regionally based party coalitions over the US response to climate change. Like other promising research frontiers in the emerging APE field, this fateful conflict highlights the insights gained by examining the stakes of governance and processes of meta politics.

WHAT'S NEW ABOUT AMERICAN POLITICAL ECONOMY?

APE is defined by its substantive focus and its theoretical approach. With regard to the former, APE draws inspiration and insight from a large body of research in CPE (Carugati & Levi 2021, Hall & Soskice 2001, Huber & Stephens 2001, Iversen & Soskice 2006, Martin & Swank 2012, Thelen 2014). In particular, it takes from CPE an appreciation of the extraordinary variety of forms that capitalist democracies have taken. Markets are far from “natural” (Vogel 2018). Instead, their structure and effects are heavily influenced by large-scale patterns of public policy and economic organization, which in turn reflect the outcomes of repeated cycles of contestation among political actors, especially organized economic interests and political parties.

Although recent APE work shares strong affinities with CPE, its disciplinary home is in the study of American politics. Within CPE, there is a welcome increase in studies that span the United States and other rich democracies (e.g., among others, Ahlquist & Levi 2013, Iversen & Soskice 2019, Martin 2000, Pontusson 2005, Prasad 2012, Scheve & Stasavage 2016, Wiedemann 2021, Ziegler 2016). Yet, CPE scholarship has generally been concerned with the more “coordinated” economies of Western Europe, with the United States often relegated to a residual category. A key benefit of recent APE work, therefore, is that it directs attention to distinctive, consequential aspects of the American political economy that tend to be missed by both Americanists (because they do not situate the United States comparatively or focus much on political economy as understood in CPE) and comparativists (because they do not focus much on the United States).

Beyond the difference in focus, emerging APE scholarship also departs from the contemporary mainstream of American politics research in its theoretical approach. In particular, APE is centrally concerned with meta politics, while much of American politics research is concerned with last mile politics in general and mass politics in particular—that is, voter behavior and electoral representation. The massive body of behaviorally focused research on American politics has taught us a great deal, but it tends to downplay the highly consequential political contestation that shapes the terrain on which mass politics unfolds. By the time most issues reach the voting public, processes of meta politics have already set down much of the path on which the last

mile of politics can be traveled. Prior exercises of power have put in place large-scale policies and institutions that shape and constrain present policy making. Organized political actors and governing elites supporting (or opposing) these existing regimes have already sought to limit and tilt the agenda in their favor—in many cases, by shifting present policy making to governing venues that are favorable to their interests. These boundaries can be reset over time, and voters and elections play a key role in generating such shifts. But resetting the boundaries of meta politics is often extraordinarily difficult, especially in the most veto-laden polity in the world of affluent democracies. Too often these boundaries, and the processes that produce them, disappear into the background in the mainstream study of American politics.

In particular, an APE approach brings into the foreground three such processes, which we term institution shaping, agenda setting, and venue shopping. “Institution shaping” refers to the ways in which institutions that embody and influence power relations are forged through political contestation over time. The legacies of previous conflicts set parameters on current politics in ways that are highly consequential yet virtually invisible, as institutions that were previously contested become accepted features of the political landscape. By forming the point of departure for subsequent debates, these structures set important limits on later possibilities, including by embedding and entrenching significant power asymmetries. These structures also obscure such asymmetries as, over time, they come to be seen as natural or recede from citizens’ view entirely.

Because Americanists almost always study the United States in isolation, they often take these institutional parameters as given (perhaps even universal), without considering the profound impacts they have on contemporary outcomes. In contrast, by situating the US case in a broader comparative perspective, an APE approach provides a clearer window on entrenched institutions that shape political-economic life in the United States. One consequential example is the United States’ highly unusual legal regime governing labor relations, which not only contributes to high levels of wage inequality but also has profound downstream effects on political participation and the racial attitudes of American workers (Frymer & Grumbach 2021, Hertel-Fernandez 2019). Another is the country’s distinctively punitive criminal justice system, which deeply shapes power relations, economic opportunities, and political experiences among minority Americans who are most likely to come into contact with it (Gottschalk 2006, Lerman & Weaver 2014). These institutions—inherited legacies of previous struggles—weigh heavily on current debates in ways that mainstream research is not typically equipped to capture.

The role of entrenched institutions relates to the second process of meta politics enumerated previously: control over the political agenda. As just noted, inherited structures can operate as limiting forces by marginalizing some issues or actors while elevating others. Schattschneider’s (1960, p. 71) famous observation that some issues are “organized into politics while others are organized out” conveys the importance of this type of agenda control. It also suggests that agenda setting is a prime source of power and hence a prime focus of the powerful (Bachrach & Baratz 1962). The most resourceful and best organized players in American politics are certainly interested in winning specific policy battles. But what they really want to do is shape which issues and alternatives make it onto the political agenda to begin with. Influential actors can save themselves an endless string of fights when they succeed in tilting the entire terrain of governance toward their interests, placing their preferred outcomes well beyond any single election or legislative debate. As in the case of entrenched policy regimes, the resulting distributional and structural advantages can easily come to look like natural products of the market or inadvertent consequences of government inaction.

Struggles over the political agenda blend into the third process of meta politics that an APE approach captures: venue shopping. In the United States, conflicts over which venues wield authority are intense (although typically invisible to voters), have huge effects on last mile politics,

and frequently exhibit fundamental asymmetries of power that in turn create fundamental inequities. They are also another notable aspect of American politics that often receives short shrift in mainstream research.

One reason for this neglect is that Americanists who study political institutions (rather than political behavior) typically focus on a single institution. There are scholars of Congress, of the presidency, of the courts, and so on. By its very nature, this convention tends to pull attention away from the inter-institutional dynamics that are such a distinctive feature of the American political economy. Institutionally minded Americanists also have strong incentives to focus on the institutions of prime concern to their more numerous colleagues who study voters and elections, which helps account for why scholarship on Congress—where the “electoral connection” is immediately evident—vastly outweighs that on the courts, federalism, local governance, para-state institutions like regulatory commissions, or even the executive branch.

By contrast, an APE lens allows us to track the movement of well-resourced actors across a wide range of venues where consequential outcomes are determined, including some in which voters are not key players (except, perhaps, as pawns or objects). In fact, a central message of recent APE work is that political elites and resourceful groups favor this kind of maneuvering precisely when they are seeking ends that citizens might resist. As the well-known case of the Affordable Care Act illustrates, the outcome of even major congressional battles does not mark the end of the story (see Patashnik 2012). Those vanquished do not give up when they still wield power; instead, they often shift contestation to other arenas that advantage them—in the case of the Affordable Care Act, to the states and the courts.

These three sorts of meta politics—institution shaping, agenda setting, and venue shopping—matter in all countries. However, they are particularly pervasive and important in the United States. Compared with other rich democracies, governing institutions in the United States are highly fragmented and administratively weak. Moreover, several key features of the American political system are highly unusual, including an uncommonly powerful and politicized judiciary, a decentralized form of federalism that provides limited national revenue sharing, a territorialized electoral system (including the unique Electoral College), and a highly malapportioned—and influential—upper house. The United States’ extreme institutional fragmentation and jurisdictional overlap allow multiple points of access and, critically, multiple veto points. They also encourage the fragmentation of economic interests, and they are heavily implicated in the United States’ stark disparities of prosperity and power across racial lines. Far more than in other rich democracies, political contestation in the United States is situated within a multi-venue, multi-level political space in which inequalities across venues and levels are rife and active governance of markets is difficult, contested, biased, and fragile.

We now turn to the recent APE scholarship that harnesses these insights. Our tour is necessarily selective, but the four areas we cover—the role of organized interests, the embeddedness of race, the spatial dimensions of political economy, and the economic foundations of party coalitions—all demonstrate the advantages of an APE approach for understanding crucial features of American political and economic life.

THE ROLE OF ORGANIZED ECONOMIC INTERESTS

Against the backdrop of starkly rising economic inequality, the study of American politics is returning to a vital topic: inequality of political influence. Mainstream Americanist scholarship has mostly sought to tackle this problem from within a behavioral framework. Thus, research has centered on the question of whether there is congruence between voters’ preferences and the positions of elected public officials. One line of research has focused on aggregate measures of voters’

opinion and politicians' stances. It has tended to find broad congruence, though it also finds that politicians, particularly Republican ones, are more extreme than their constituents (e.g., Bafumi & Herron 2010).

More fine-grained scholarship has distinguished between the opinions of richer and poorer voters and looked more closely at the relationship between public views on specific issues and actual policy outcomes (Gilens 2005). This work finds greater gaps in representation: Public policy rarely changes in the direction of voter opinion, and when richer and poorer voters disagree, the prospects for change track only the opinions of those in the top portions of the income distribution. More recent work has also incorporated rough measures of interest group positions (Gilens 2012) and has pointed to the outsized influence of the extremely rich, as opposed to the merely affluent (Broockman & Malhotra 2020, Page et al. 2013). Taken as a whole, this literature suggests most voters have limited influence over policy relative to the affluent and interest groups, particularly the richest Americans and business and professional groups.

As valuable as these contributions have been, they have mostly offered a negative verdict: The influence of nonaffluent voters seems modest to nonexistent; the rich and interest groups appear to have more clout, yet most of what they want does not happen either. A major limitation of these studies, however, is that they assume the answer to the question of who governs will be found in opinion polls. From a behavioral perspective, this may seem self-evident, or at least unavoidable. But polls cover only a subset of the areas in which governance occurs. Surveys focus on salient, usually national, issues about which (often poorly informed) voters can offer legible answers. Moreover, the alternatives offered to respondents are likely to mirror the boundaries of debate. By custom and design, then, surveys leave out or barely cover many impactful interventions that government undertakes, and many important venues in which these outcomes may be decided. In short, surveys are better at capturing the last mile than the longer journey to it.

By contrast, emerging APE research generally starts looking for influence well before the last mile. It does so because of the twin characteristics already discussed: its substantive focus on the interplay of markets and government and its theoretical emphasis on institution shaping, agenda setting, and venue shopping. On the substantive side, recent APE scholarship that investigates inequalities of influence usually starts with specific questions about economic governance. Why is US social policy so reliant on private credit to buffer household economic risks (e.g., SoRelle 2020)? What explains the pro-fossil fuel orientation of state policies in some states where prior statutes and public opinion are favorable toward alternative energy (Stokes 2020)? Why are traditional labor protections in the United States weakening despite a burgeoning body of law that protects professional occupations (Galvin 2019)? The topics range widely, but they are not idiosyncratic. A central reason that scholars focus on some substantive policies versus others is that those policies shape fundamental outcomes that are of broad potential concern to citizens.

The benefits of this approach are multiple. First, it takes agenda setting seriously. Not all important issues make it onto the national political agenda, and even the ones that do often appear in highly restricted form, having covered an enormous political distance by the time they reach their last mile. These meta-political processes are virtually invisible unless scholars are looking for them—certainly, there is no guarantee they will show up in opinion polls. Scholars are much more likely to see them if the focus of research is on a consequential dimension of economic governance as it evolves over time across multiple institutions (for a recent study unusually attentive to such agenda dynamics, see Witko et al. 2021).

Second, and for the same reason, an APE approach tends to bring political institutions and their biases into the foreground, rather than treating them as a black box into which voter opinions go and out of which policies occasionally emerge. In much recent APE work, the distinctive veto-ridden, multi-venue American framework highlighted in comparative scholarship is more

than simply a barrier to policies that the public wants. It is a powerful filter that makes some kinds of changes more likely than others and privileges certain kinds of political actors and strategies over others. Importantly, the types of actors it privileges are typically organized political players with long time horizons and substantial resources.

The US institutional framework also tends to advantage actors who combine these capabilities with certain kinds of preferences. Most obviously, it advantages those who want to defend the status quo. Gridlock is often the preferred outcome for those who already occupy the dominant position in the market or economic distribution. The most influential economic interests in American politics are focused not just on changing particular policies but on insulating their preferred policy arrangements from partisan or political contestation—seeking to ensure they are “organized out” of politics (Schattschneider 1960). For those who have won in the past, the status quo bias of American politics institutions is generally very beneficial in the present.

It is particularly beneficial to those who want to limit government’s capacity to update policies in a changing world. Usually, but not always, this means that status quo bias favors the political right. The point is that gridlock is not neutral, particularly in a context of growing inequities and power imbalances in the market. Kelly & Morgan (2022), for example, analyze several decades of data on economic inequality and policy production to show that inequality and gridlock are strongly associated over time.

Less obvious but no less important, political institutions that make authoritative public action difficult empower those with the capacity for unilateral private action. Such private actions may be invisible to many political scientists, but they can be hugely consequential. Recent APE scholarship has highlighted the consolidation of powerful corporate sectors like digital technology and finance, as well as the growth of monopsony power in key labor markets (when there are many sellers of labor, aka workers, and few buyers, aka employers) (e.g., Braun 2022, Naidu 2022). A crucial consequence in many areas of economic governance is the effective pre-emption of government policy makers (and the voters who elect them) by resourceful economic interests that can act before they do. As the credos of tech start-ups put it, private actors can “ask forgiveness, not permission” or “move fast and break things,” and thereby create facts on the ground that limit the scope for effective policy action. It is impossible to understand such massive outcomes as the 2008 financial crisis or the rise of contingent work without thinking seriously about the power inequalities that result when markets provide wide latitude for the purposeful action of powerful economic interests even as these same interests hamstring government.

Finally, APE work has highlighted another source of power that is characteristic of organized economic interests: their capacity to pursue favored outcomes across the entire landscape of America’s multi-tiered, multi-venue polity (Anzia & Moe 2015, Burbank & Farhang 2017, Hertel-Fernandez 2019, Jenkins & Patashnik 2012, Patashnik 2012, Rahman & Thelen 2022). Organized groups capable of influencing many venues and levels of government are better equipped than political actors without such capacity to head off unfavorable policies before they are adopted, to influence their implementation, or even to reverse them. This is another reason why the distinctive US political landscape privileges resourceful, organized actors with long time horizons. It also helps to explain the success of such interests in defending policy stances with limited public support—through, for example, efforts to defang or derail implementing regulations (Carpenter 2010), or cross-state lobbying on issues that fly beneath the radar of public opinion (Hertel-Fernandez 2019), or action in the courts, where only long-term and sophisticated players are likely to succeed (e.g., Highsmith 2019).

Indeed, the courts emerge as a pivotal venue for economic governance in recent APE scholarship. Once again, they are a venue with very particular biases. In comparative perspective, the American judiciary is both unusually powerful and unusually politicized. This makes it an ideal

place for resourceful actors to achieve unpopular objectives quietly, through strategic litigation in which material interests can be vigorously pursued beneath a veneer of neutral legal doctrines. In some cases, organized interests turn to the courts when they fail to achieve their ends through traditional legislative politics, as documented by Burbank & Farhang (2017) in the case of private enforcement of rights through lawsuits. More often, though, courts are part of complex, long-term strategies that proceed on multiple fronts and across multiple arenas. Rahman & Thelen (2022), for example, track the success of business interests operating across different sites of policy making—elections, legislatures, bureaucracies, and federal and state courts—in an effort to weaken unions and limit regulatory capacity. They show how the courts form a critical node because of the ways in which judicial power can be leveraged to constrain or enable other forms of state power. The arsenal available to interventionist courts is diverse and potent: They may strike down legislation, creatively interpret statutes to narrow or expand their scope, or empower or disempower whole classes of political actors, from corporations and unions to political nonprofits and class-action litigants.

These sorts of multi-venue strategies effectively run roughshod over the traditional division of intellectual labor within the American politics subfield. To advance their interests, influential organized actors maneuver across multiple arenas, shifting from legislative to executive to judicial strategies, and across the different levels of a federal system. The impact of these efforts can only be recognized if the interplay among venues is assessed in a single analysis. This generally requires focusing on specific consequential issues of governance and having an appreciation for the goals of the actors fighting over those issues.

In summary, emerging APE research tackles the question of who governs in a very different way than does mainstream research in American politics. We believe the APE and mainstream perspectives are potentially complementary; each can suggest research questions and strategies for the other. But we also believe that this potential for synergy will not be realized unless the Americanist mainstream broadens its purview beyond the dyadic relationship between voters and politicians. It is hard to judge influence without studying governance. It is hard to see power without seeing meta politics. An APE perspective, attentive to both, is essential to an understanding of unequal influence in American politics. This is true not only with regard to economic interests but also in relation to the profound role of race in shaping inequalities of power and standing within the American political economy.

THE EMBEDDEDNESS OF RACE IN AMERICAN CAPITALISM

No other rich democracy's political and economic development has been more defined by racial hierarchy than the United States' (King & Smith 2005, Lieberman 2010). Scholarship on race, ethnicity, and politics (REP) has amply chronicled the behavioral manifestations of these enduring divisions (for a current critical review, see Harris & Rivera-Burgos 2021). Recent APE work focuses on the entrenched institutions and policy structures on which these behavioral patterns are premised. These institutions and structures—formed over centuries and reinforced through power asymmetries and political incentives that seminal scholarship on American political development (APD) has painstakingly excavated—are often so deeply embedded that they become invisible to researchers focusing on last mile politics (as well as to many citizens). The frequently hidden hand of meta politics—institution shaping, agenda setting, venue shopping—weighs heavy on America's racialized political economy.

Here again, seeing the political economy as a set of structures shaped through past political contestation is crucial. Institutions and policies established during extended periods of acute political inequality have carved out highly racialized realms within the political economy.

While hugely consequential for those affected, these institutionalized inequalities may be largely unseen or taken as given, especially but not only by those who are favorably situated within them. Even after the removal or diminution of overtly racialized elements, such as legalized discrimination and racially motivated violence, the legacies of these structures can be extremely durable. Long after their creation, they continue to magnify the concentration of advantage and disadvantage in ways that can leave racial and ethnic minorities not only economically marginalized but also geographically isolated and politically disempowered.

In its emphasis on the structural underpinnings of racial and ethnic divisions, recent APE work draws inspiration not only from APD scholarship but also from a burgeoning literature on what has been called “racial capitalism” (Robinson 1983, p. 2; Du Bois 1935; for a recent synthetic review, see Dawson & Francis 2016). Scholarship on racial capitalism, while diverse, advances at least four core claims: (a) American capitalism was built on the expropriation of Black labor, (b) “Whiteness” has always conferred not only political and social privileges but also key economic benefits, (c) the segmentation of markets and the division of workers along racial lines often undergird American capitalism, and (d) the perceived naturalness of market outcomes masks these profound racial inequalities and the power-laden processes that reproduce them. These interwoven insights pair nicely with APD’s emphasis on critical moments in the development of “racial orders” in the United States (King & Smith 2005), in which coalitions of political actors and organizations seek to embed racial commitments and aims into markets, policies, and political institutions.

Drawing on these scholarly currents, recent APE work has offered fresh insight into the ways in which the contemporary American political economy gives rise to durable inequalities of power, resources, and opportunities along racial and ethnic lines. Two race-laden features of the American political economy have received particular attention: the unusual framework of public and private social provision that characterizes the American welfare state and the unusual decentralization of public authority that marks American federalism.

As APD scholarship has shown, activist government in the United States took shape under the influence of stark regional and racial divides, resulting in sectional divisions in both political representation and economic interests (Bensel 1984, Caughey 2018). After the abandonment of post-Civil War Reconstruction, political elites in former slave states built a “Southern cage” (Katznelson 2013, p. 131) to contain and channel the growth of federal power so it did not challenge the economic and political hierarchies that characterized their authoritarian enclaves (Mickey 2015). The American welfare state developed within that cage.

The result was a bifurcated system that separated a largely White core of social insurance (and related tax benefits favorable to the affluent) from a disproportionately minority periphery of limited, decentralized, and contracted-out benefits (Lieberman 1998). Crucially, these poverty-focused programs often remained wholly or partly under the control of states and tended to vary greatly among them (Michener 2019)—a sharp contrast with the nationalized structure of most social insurance programs and all federal tax expenditures.

A similar separation emerged in the nation’s unusual and extensive system of publicly subsidized private benefits. No other rich nation relies as heavily as the United States does on subsidized employment-based benefits (Hacker 2002) or subsidized private credit as a safety net and source of opportunity (SoRelle 2020). These “submerged state” policies (Mettler 2011)—intersecting with huge occupational divisions, differential access to credit, differing representation by private unions, and legally sanctioned and state-sponsored racial segregation—largely bypassed African Americans even as they fostered greater security and asset accumulation among working- and middle-class Whites (Thurston 2022). Because this policy regime both provided and hid extensive subsidies for Whites, it also undermined economic solidarity and encouraged White resentment

of the considerably smaller but much more visible support available to the minority poor (e.g., King 1995).

A second area of scholarship emphasizes that these racialized realms often take physical form: a stark spatial divide between the favored and disfavored, encouraged and protected by political arrangements that give substantial authority to local officials in crucial policy domains. To those on the privileged side of this divide, intense class and racial segregation often appears to be the natural expression of individual choices. In fact, it is the product of decades of segregating policies imposed on the disadvantaged through legal sanction and sometimes violence. Backed by influential political actors, public authorities explicitly deployed racial criteria in constructing the urban and suburban contours of modern America (Weir 2005). These same tools—land use, zoning, education, and criminal justice policies, among others—came to simultaneously encourage and occlude the continuation of these spatial patterns even after laws banned or discouraged their deployment for explicitly racist ends.

APE scholarship benefits from being able to situate these arrangements comparatively. The United States is a huge outlier in the extent to which it gives local authorities latitude over such critical aspects of governance as education, zoning, and criminal justice (Freemark et al. 2020). This extreme decentralization both greatly increases the motivation for segregation and amplifies its consequences. Trounstein (2018), for example, shows how powerful incentives for spatial segregation have exacerbated differences in the policy packages of public goods and services available to different communities. In turn, the resulting spatial divisions within an increasingly unequal political economy have strengthened the motives and the means for powerful groups to cling to “local control” to maintain their separateness and guard their privilege.

Just as opportunity is hoarded in the American political economy, disadvantage is concentrated and institutionalized. Privileged enclaves are mirrored in the development of what Soss & Weaver (2017) call “race-class subjugated communities.” These communities are on the receiving end of America’s intense political, economic, and social isolation of neighborhoods with large populations of low-income minorities. Institutional incentives to sort and hoard, along with growing economic disparities across states, regions, and cities, have created large and durable place-based disadvantages that cannot be understood without seeing the development of the American political economy as racially constituted. Disadvantages accumulate and reinforce each other. Race-class subjugated communities face greater environmental hazards, poor housing, and limited opportunities, while having to rely on the predatory lending practices of the fringe banking institutions that cluster in such excluded places (Posey 2019).

Considerable research has focused on a singularly crucial dimension of this spatially structured concentration of disadvantage: an extraordinarily expansive carceral state that disproportionately ensnares minority Americans, especially Black men (e.g., Gottschalk 2006, Hinton 2016, Lerman & Weaver 2014). While the drivers of mass incarceration are numerous, the unusually decentralized system of US criminal prosecution—which encourages powerful elected prosecutors, running in low-turnout county elections dominated by the votes of White homeowners, to be seen as tough on crime—plays an important role (Pfaff 2017; see also Lacey & Soskice 2015). The carceral state is a powerful regulatory and extractive element of the lives of disadvantaged citizens, shaping their political engagement as well as their life chances (White 2022). Among the effects are the disenfranchisement of more than 5 million Americans barred from voting because of a felony conviction—disproportionately Black men living in a handful of Southern states—and the underrepresentation of race-class subjugated communities due to so-called prison gerrymandering, whereby prisoners are counted for state legislative and US House districting as residing in the mostly rural and White communities where they are incarcerated rather than where they once lived (Remster & Kramer 2018).

In summary, recent APE work has deepened our understanding of the ways in which the American political economy is racially constituted. The interplay of markets and government is not just an arena in which racially motivated behavior plays out. It embodies a set of enduring structures that reflect and perpetuate unequal wealth and power, profoundly influencing the political agenda and the strategies available to political actors as well as the behaviors and attitudes so well documented in behavioral research. We can see closely related insights in another growing body of APE scholarship, which focuses on the spatial political economy of the United States.

AMERICA'S SPATIAL POLITICAL ECONOMY

As the renewed interest in the intersection of race and place suggests, a core feature of recent APE-oriented work is its concern with spatial political economy—the ways in which economic and political activity are geographically codistributed and the political consequences of these (increasingly tight) interrelationships. Viewed from a comparative perspective, American political institutions place an unusual priority on spatial arrangements, both because of the prominence of territorial representation—single-member districts, a powerful Senate, the Electoral College—and because of the atypical spatial fragmentation of political authority discussed in the last section. APE research has increasingly focused on these issues and the meta-political patterns of influence and inequality they support.

We have already discussed how political scientists are exploring the racial dimensions of local political authority. More broadly, a vibrant and growing literature on the distributional consequences of local governance is showing how decentralized control over zoning and the tight links between homeownership and economic opportunity enhance and entrench the power of affluent White homeowners (Einstein 2021, Freemark et al. 2020, Trounstein 2022). Crucially, these power imbalances are extremely difficult to see when analysts look only at political behavior within the existing rules of the game. It is the rules themselves—unusual in comparative perspective and contested mostly below the national and even state legislative arenas—that permit and encourage wealthy areas to separate themselves and hoard resources. Indeed, as we saw in the last section, those who are empowered by existing arrangements typically do not recognize how much larger patterns of inequality reflect their privileged place in the spatial political economy. Much like the low-visibility subsidies that US social and tax policy provide to better-off Americans, entrenched institutions of local control provide a considerable flow of taken-for-granted advantages to those who are favorably positioned. For those shut out, the inequities may be more apparent, but also far more difficult to change, given the accompanying imbalances of resources, power, and mobility.

APE is also making important contributions to our understanding of the implications of a federal polity organized around the control of particular spaces—implications that concern both partisan patterns of economic governance within America's federal system and the consequences of territorially based elections in a spatial political economy exhibiting growing regional inequalities. The study of state and local politics was once a low-profile area of American politics research, but it has become increasingly active as the gridlock of national politics and the realignment of partisanship along geographic lines has made cities and states increasingly important—and contested—sites of governance (e.g., Franko & Witko 2017, Grumbach 2022).

Recent work in APE emphasizes that this political realignment coexists with a dramatic and highly consequential restructuring of economic geography. Like other affluent nations, the United States has largely transitioned from an industrial economy to a postindustrial one—what many analysts refer to as a knowledge economy (Ansell & Gingrich 2022, Iversen & Soskice 2019). This shift has reshuffled the rewards attached not just to particular skills but also to particular places. Thriving in this new order are urban agglomerations, where dense concentrations

of highly educated workers promote innovation and attract investment in a self-reinforcing cycle. Languishing are nonurban areas and small towns, where lack of the same density-related dynamics means the self-reinforcing cycle runs the other way.

New APE work is illuminating how these enormous shifts are changing governance (Autor et al. 2020, Baccini & Weymouth 2021, Grumbach et al. 2022). In the past, both economic and political forces drove regional convergence. State and national politicians from poorer regions garnered large federal investments while maintaining a low-wage, antiunion climate that made it easy to poach mobile businesses from higher-wage states (Grumbach et al. 2022). In a globalized economy and gridlocked polity, this low road to growth holds much less promise, and the long-term economic catch-up of these areas has stalled and in some places reversed. Various analyses have shown just how fraught the resulting economic divide has become, and not just for those on the poorer side of the split. Leaders in high-growth metro areas must reconcile the extreme decentralization of local policies (particularly zoning and land use rules) with their need for help from higher levels of government to sustain public investment and solve collective action problems (Hacker et al. 2023). On the other side of the divide, ongoing economic decline has fed a “politics of resentment” (Cramer 2016) that has dangerously upended politics, policy, and even American democracy.

Amid this tumultuous shift, the distribution of electoral influence across the spatial political economy has become a pressing topic of APE research. As nonmetro areas have lost ground, partisanship has become more strongly associated with population density, with Democrats coming to dominate large cities and their suburbs while Republicans dominate the vast but more sparsely populated territory beyond these metro areas. With its focus on institutional configurations and their effects on the distribution of power, recent APE work has stressed that this development provides nonmetro voters with growing representational advantages despite the declining economic clout of the areas where they live—advantages that have ramifications well beyond economic governance.

The American polity’s antimetro bias is, of course, most visible in the Senate, where Republicans have held a majority for half of the past two decades despite consistently representing states containing less than half the US population. Yet it appears in House and statehouse elections, too. With single-member districts, the concentration of a party’s voters in metro areas is electorally disadvantageous (Rodden 2019). In effect, there is a density tax on the metro-allied party, and the rate of this tax has been growing as the knowledge economy encourages urban agglomerations and as partisan polarization along geographic lines increases. On top of this, the unusual decentralization of American governance (and in particular electoral administration) allows state-level Republicans to magnify their advantage through gerrymandering (Powell et al. 2020, Rodden 2019). Crucial to recent GOP success at both the state and national levels, partisan gerrymandering has the potential to entrench and enlarge antimetro bias over time, as one advantage begets additional advantages in a power-enhancing loop. Control over governance also permits other advantage-enhancing strategies, such as Republican efforts to fill the federal courts with sympathetic jurists—jurists who, in recent years, have sanctioned GOP gerrymandering and restrictions on voting meant to disadvantage Democratic voters.

In stark contrast, thriving metro areas struggle with the opposite political-economic mix: economic clout alongside political constraint (Ogorzalek 2022, Soskice 2022). Their economic ascent stems from the central role they play in the knowledge economy, but their political vulnerabilities are equally striking. As already noted, some of these vulnerabilities relate to the ways in which American institutions localize authority over critical policy decisions, empowering vested interests (Hankinson 2018, Marble & Nall 2020) and exacerbating local collective action problems that can only be addressed with state or national interventions (Ogorzalek 2018, Weir & King 2021). For example, the distinctive American politics of zoning has hindered the construction of high-density

housing, generating an acute housing crisis that fuels political tensions, limits economic mobility, and undercuts the growth potential of urban agglomerations and the economy overall (Hsieh & Moretti 2019).

The challenges of urban areas also relate to their position within the nation's increasingly polarized political geography. Urban representation in federal policy making is weaker than it was a generation or two ago, and nonurban allies have become harder to find (Ogorzalek 2018). Urban areas can no longer count on pivotal champions within conservative business circles or the Republican Party, nor do they have the place within a nationalized Democratic Party that urban political machines once enjoyed. In a system prone to gridlock, cities struggle without strong allies to gain support for active national policies of social investment (in housing, transit, education, research, and the like) that are becoming critical to sustained prosperity in the knowledge economy (Hacker et al. 2023).

Thus, economic and political cleavages rooted in the spatial distribution of advantage and disadvantage are increasingly evident. Both the American economy and the American polity increasingly privilege certain places over others. Yet, the places they reward are very different. The result is immense and at times unexpected divisions over economic governance between America's two major party coalitions, the last area of APE scholarship we review.

COALITIONAL DYNAMICS THROUGH AN AMERICAN POLITICAL ECONOMY LENS

Recent APE work on party coalitions bridges all three of the areas that we have already discussed. This new research takes on board the finding that American political institutions offer key advantages to organized economic interests, and it recognizes too that these institutions alter the distribution of power and prosperity among citizens based on their location within racialized governing structures and a spatially uneven economy. The core insight that emerges—again paralleling prominent themes in comparative political economy—is that America's distinctive political institutions facilitate particular kinds of “long coalitions” seeking to shape economic governance. Increasingly, the two US parties are national coalitions aligned with organized groups that have strong policy demands and are capable of operating across multiple venues. Intent on entrenching policies economywide, these coalitions must balance their nation-spanning goals for governance with their need to win pluralities of geographically situated voters whose electoral clout and potential for mobilization reflect their location in the spatial political economy.

This insight builds in part on recent influential work associated with the so-called UCLA School (Bawn et al. 2012). The UCLA School has revived interest in the role of “intense policy demanders” within party coalitions—policy-focused groups that seek “to capture and use government for their particular goals” and, in return, offer valuable resources to parties, such as money, expertise, personnel, and credibility with pivotal voters (Bawn et al. 2012, p. 571; see also Schlozman 2015). The UCLA School has sparked much valuable research and debate. Most of this scholarship, however, has had little to say about the links between party coalitions and the political economy. Recent APE work is filling this gap, revealing the deep imprint of these links. The alignment of intense policy demanders and the parties; the rewards these interests are encouraged to seek; and the extent to which the resulting party–group coalitions must be responsive to voters—all these depend on the structure of the political economy. Not all long coalitions are as feasible, or powerful, as others.

In keeping with the behavioral orientation of the American politics subfield, the debate over intense policy demanders has centered on whether they decide who gets to become a party's presidential standard-bearer. Recent APE work, with its attentiveness to institutional and policy

configurations, has focused instead on whether intense interests that align with parties get the policy outcomes they want. In this perspective, economic interests can “capture and use government” (Bawn et al. 2012, p. 571) not only through their influence over nominations but also through their ability to organize activities across America’s far-flung and fragmented political institutions (for one particularly telling example, see Skocpol & Hertel-Fernandez 2016). For example, business groups that were disappointed with the 2016 nomination of Donald Trump for president nonetheless powerfully shaped the party’s priorities at both the state and federal levels. Though unable to determine which nominee would win, they were still able to influence policy in important ways through their ability to mobilize across multiple institutional venues, their expertise and agenda power, and their influence over personnel (including Supreme Court nominees) and the lucrative revolving door between lobbying and policy making. These are dynamics of party coalitions that are only likely to be evident in research focused on governance.

Similarly, recent APE work has emphasized the distinctive dynamics of US party coalitions. Much of this distinctiveness reflects the particularly intense pressures for two-partyism America’s unusual institutions create. Scholars of CPE have long highlighted the differences between proportional representation and majoritarian systems, with the latter generally encouraging more conservative policy regimes (Iversen & Soskice 2006). American institutions further encourage two-partyism because the parties must organize to win the office of the presidency. This distinctive configuration powerfully channels political activity into two parties, and those parties must coordinate broad and durable coalitions capable of winning elections, based on policy bundles that contain items attractive to organized repeat players as well as ordinary voters (Rodden 2021). Especially in the current era of nationalized and polarized parties, in which regionally distinct factions are much diminished (Pierson & Schickler 2020), such coordination is likely to elevate organized interests. This is especially the case as voter attachments become more tribal; knowing that voters will stick with them, parties have greater latitude to pursue the policy goals of intense demanders. To use the phrasing of the UCLA School, the “electoral blind spot” (Bawn et al. 2012, p. 571) may be particularly large in the US institutional configuration, especially under conditions of intense partisan polarization.

We can see these interlocking insights in recent APE work on the American experience with right-wing populism. Right-wing populist forces have emerged throughout the rich democratic world. Yet, the United States is unusual in the extent to which they have found expression within the country’s major conservative party (that is, the GOP) and thereby have become allied with the most potent business groups and the lion’s share of politically active wealth. The result is an unusual American hybrid of ethnonationalist backlash and inegalitarian policy making—Hacker & Pierson (2020, p. 5) term it “plutocratic populism”—that rests on the Republican Party’s ability to attract organized interests with conservative economic policies while adopting cultural appeals to mobilize its mass base.

Of course, right wing-populism in the United States also rests on intense racial backlash. Here, too, APE work has added its own imprint to a growing body of studies, most of them emphasizing the noneconomic sources of White resistance to the United States’ ongoing demographic transformation (e.g., Mutz 2018). As comparative scholars have emphasized, right-leaning parties have strong incentives to mobilize populist sentiments when inequality is rising (Tavits & Potter 2014), and such sentiments are most widespread where highly stratified systems of education and social provision do comparatively little for those most threatened by industrial decline (Iversen & Soskice 2019). Such highly stratified systems, it should be recalled, are not just arbitrary outputs of American governance. They are, in large part, the product of a political economy riven with racial cleavages. Racial and ethnic divisions in the United States are a structural reality as well

as a behavioral reality, and these structural dimensions heavily condition the formation of party coalitions.

Fatefully, these divisions increasingly map onto the growing spatial divides discussed in the last section. Recent APE work has shown that the US combination of longstanding racial isolation and White economic privilege is particularly volatile in the context of increasing racial diversity and growing regional disparities (Baccini & Weymouth 2021; see also Gidron & Hall 2020). This work challenges behavioral analyses of right-wing populism that pit racial resentment and economic anxiety against each other as alternative explanations (e.g., Mutz 2018, Sides et al. 2018). Instead, it shows how economic and cultural forces are intertwined at both the mass and elite levels. Structural divides between White and non-White workers and between metro and nonmetro regions exacerbate unequal opportunity, weaken social protections, and channel the associated discontent into racial backlash. These divisions also undercut support for policies that might create common cause between disadvantaged Whites and disadvantaged minorities, and they weaken social organizations like unions that could construct intraclass coalitions (Frymer & Grumbach 2021). In short, recent APE work on party coalitions, as on the other three topics we have examined, demonstrates the payoffs of placing the institutionally mediated interplay of markets and government at the center of analysis.

PAYOFFS AND FRONTIERS

An overarching lesson of recent APE work is that scholars need to be attentive to the meta politics of institution shaping, agenda setting, and venue shopping in order to understand the terrain on which more visible political battles are played out. Students of American politics often start with a focus on either voter behavior or particular formal institutions. Drawing in part from comparative political economy, APE scholars generally start with a focus on how inherited institutions shape and constrain contemporary politics (including by marginalizing some groups and empowering others), and how the powerful can influence the political agenda and “play” across the full political field in pursuit of their interests. To make the value of this agenda concrete, we conclude by offering a salient example of such meta politics that we believe APE could do much to illuminate: the politics of US climate policies.

No set of partisan and policy conflicts may be more important for the future of American politics (not to mention the fate of the planet) than those surrounding the US response to climate change. Yet, it is impossible to understand these conflicts—even within a relatively short time span—without placing meta politics front and center. By 2000, climate change had emerged as a prominent issue that increasingly cleaved the parties. Each developed strong attachments to resourceful organized groups—the fossil fuel industry on one side, environmental groups on the other (Karol 2019). The critical developments of the next two decades depended in part on mass politics (mostly, when elections shifted control of Congress and the White House). They hinged, however, on meta politics: Highly organized and resourceful groups, each working closely with their favored party, sought to reshape the terrain of American politics through multiple rounds of policy entrenchment, agenda control, and venue shopping.

This conflict cannot be broken easily into discrete pieces. The two coalitions battled in the courts, with a sharply divided Supreme Court weighing in to great effect on two occasions. They battled in Congress, where the Senate’s biased representation and filibuster rule have been powerful weapons in the hands of entrenched interests (Skocpol 2013). They battled in and across four administrations—two led by each party—to write, overturn, and rewrite hugely consequential environmental regulations. And they battled across the states, as environmentalists frustrated by Washington gridlock sought work-arounds, and fossil fuel interests mobilized to counter them

(Stokes 2020, Trachtman 2021). In all these battles, all the actors knew that each conflict was connected to all the others, both constrained by them and likely to influence them.

In short, climate politics is meta politics: a 20-year (and counting) political struggle between two well-organized coalitions of interest groups and parties, carrying out moves and countermoves across a bewildering range of venues. Most of this struggle falls well outside the mainstream focus on political behavior and elections. Indeed, much of it is likely to be missed even by more institutionally minded work that focuses on one or a couple of institutions in isolation from others. To fail to see—and analyze—the meta politics of climate policy is to misunderstand that politics, and almost certainly to downplay the role of highly organized forces that seek to shape institutions and policies across multiple domains, venues, and stages of American politics.

By contrast, the emerging APE field is unusually attentive to this sort of meta politics, both because of its theoretical roots in CPE and because of its substantive focus on economic governance. APE research illuminates all three of the key aspects of American politics that tend to recede into the background in mainstream work: (a) the cumulative nature of political contestation, which creates entrenched institutional and policy structures; (b) the ongoing, intense behind-the-scenes conflict that shapes the policy agenda; and (c) the highly consequential maneuvering within and across the multiple venues of public authority that characterize America's fragmented polity.

Climate politics is just one domain offering exciting prospects for further APE work. Among many other important research frontiers, we would note three more. First, the United States stands out in cross-national perspective for the weak supports it offers women engaged with care work in both the market and nonmarket economies (Iversen & Rosenbluth 2011). Here, as in other respects, an APE perspective can make clearer the substantive stakes—including, crucially, how they differ across the intersecting lines of race and class—and APE work on gender could do much to explain why such critical economic concerns have been largely “organized out” (Schattschneider 1960) of national politics (Htun 2022, Strolovitch 2013).

Second, the distinctive and shifting role of the Federal Reserve in the United States' consumption-driven political economy deserves greater attention (Baccaro & Pontusson 2015, Jacobs & King 2016). The Fed's monetary and financial policies—increasingly broad ranging and increasingly critical to the macroeconomy—have kept the economy afloat at the price of enriching affluent asset holders. The Fed has also operated largely outside the sphere of last mile politics, a reflection of past institutional choices and present political dynamics that insulate it from many of the elements of American politics that mainstream scholars most intensively study. Future work in this area would be an opportunity not only to better understand American economic governance but also to link APE to the field of international political economy, with its focus on the central US role in the global financial system.

Finally, the United States is seeing a clear growth in monopoly power (and its labor market equivalent: monopsony power, when employers have the capacity to set wages and work rules on terms highly favorable to them). Corporate actors have taken advantage of the fractured landscape of the American political economy and deepening gridlock at the national level to outflank policy makers and build market institutions that are now a central influence on what those policy makers have the capacity and incentive to do. Some of the most visible forms of self-reinforcing power are those exercised through giant platform firms such as Facebook and Amazon (Rahman & Thelen 2019). Yet, problems of monopsony and monopoly power increasingly run through the entire American economy, affecting industries as diverse as meatpacking and health care as well as e-commerce, social media, gig economy platforms, and the infrastructure of the digital economy.

Scholars interested in these fundamental issues, as well as many others, can build on existing APE work that brings into sharp relief institutional configurations and their effects on the distribution of power among organized political actors. This work usefully focuses on what we have

called meta politics—the processes of institution shaping, agenda setting, and venue shopping that unfold before and alongside the more visible processes of mass politics that figure so centrally in contemporary American politics research. Adopting this broader vista does not deny the significance of mass politics. In many cases, it helps us better understand the findings of behavioral research and how these findings both reflect and affect deeper structures of the political economy. Fundamental questions about inequality and influence in American politics will not be resolved with a single approach or method. But the emerging field of APE can improve the prospect that political science will arrive at convincing answers.

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Errata

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