From the groundbreaking author team behind the bestselling Winner-Take-All Politics, a timely and topical work that examines what’s good for American business and what’s good for Americans “and why those interests are misaligned. In Winner-Take-All Politics, Jacob S. Hacker and Paul Pierson explained how political elites have enabled and propelled plutocracy. Now in American Amnesia, they trace the economic and political history of the United States over the last century and show how a viable mixed economy has long been the dominant engine of America’s prosperity. Like every other prospering democracy, the United States developed a mixed economy that channeled the spirit of capitalism into strong growth and healthy social development. In this bargain, government and business were as much partners as rivals. Public investments in education, science, transportation, and technology laid the foundation for broadly based prosperity. Programs of economic security and progressive taxation provided a floor of protection and business focused on the pursuit of profit “and government addressed needs business could not. The mixed economy was the most important social innovation of the twentieth century. It spread a previously unimaginable level of broad prosperity. It enabled steep increases in education, health, longevity, and economic security. And yet, extraordinarily, it is anathema to many current economic and political elites. And as the advocates of anti-government free market fundamentalist have gained power, they are hell-bent on scrapping the instrument of nearly a century of unprecedented economic and social progress. In American Amnesia, Hacker and Pierson explain how “and why they must be stopped.

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America’s “mixed economy,” in which the private sector and the government each do what they do well has been the key to the most successful economy in history. The nation pulled together in the second world war and that was followed by a few decades of phenomenal growth in the private sector and an expansion of public programs that were beneficially complementary to the private sector. The private sector performs better when the government is functioning well. In recent decades the balance of the mixed economy has tipped, largely due to the infusion of antigovernment ideology into our politics. Instead of cooperating in perpetuating what has worked well, we have become highly polarized with control being assumed by the plutocracy whose primary tool has become government obstructionism. By suppressing the government role in public programs and regulation we are seeing a deterioration in incomes, retirement plans, health care affordability, infrastructure maintenance, and a failure to improve our education systems, just to mention a few. A well balanced mixed economy works for everyone - individuals and families, and businesses. It even works well for the plutocracy, although it would slow, though not eliminate, the transfer of wealth from hard working American families to the billionaires at the top. Libertarians who live in the Ayn Rand fantasy world (Hard Randians) would continue to complain, never quite understanding the important complementary role that government does play in making this a better society for all of us. On reading American Amnesia you will understand why we have to abandon the politics of polarization and join together in supporting the appropriate roles of markets and our government in incentivizing a properly balanced mixed economy that in the past had served us so well. It can do so again.

Not my typical read, but it was my book group’s choice this month. And surprisingly I zipped through it in a few days-- now I have to wait a month to discuss it with them. The authors tell the story of the not-too-distant past when good responsible (bi-partisan) government made major improvements in all our lives-- a time I actually grew up in and am a byproduct of. Then they detail the undoing of all this. Most interesting to me was the authors idea of the mixed economy, one where business and government work in tandem-- good for the economy and good for citizens. It was a long time ago and we’ve forgotten how much better it made everyone’s life-- our collective amnesia-- but this book let’s us re-imagine it working again.
There are too many books being written about the purported evils of 'big government' - ignoring the fact that China has shown how their much more pervasive government has lifted millions out of poverty faster than anyone expected, how every other developed nation has much lower healthcare costs (equal or better patient outcomes) - thanks again to greater involvement by the national government, and similar results with K-12 education. A key element - government limiting the freedom of Adam Smith's 'invisible hand' to make self-interested decisions that undermine society overall. (Even Adam Smith identified many instances where rational actors producing their own self-interest produced bad outcomes such as unchecked monopolies, insufficient infrastructure, etc. Ironically, this limitation of freedom for some also increases freedom of action for others - eg. more information on patient outcomes gives patients more informed and meaningful choices, less free trade allows Main Street to flourish - at the expense of Wall Street, restrictions on today’s pollution/Global Warming allows more options for those in the future.Jacob contends that conservatives tell us the U.S. got rich in spite of government, when the truth is closer to the opposite. He also contends that we need a government strong enough to rise above narrow private interests on behalf of broader concerns, and that we suffer from mass historical forgetting, an 'American Amnesia.' What the "geniuses (who) went to Philadelphia" wanted remains the subject of endless debate - fueled by the ambiguities of the compromises they forged. However, no one contends that James Madison, known as the Father of the Constitution, went to Philadelphia seeking gridlock. Rather he pushed for a new constitution because its predecessor, the Articles of Confederation, had been a decentralized arrangement too weak to hold the country together or confront pressing problems needed collective solutions. He was also against supermajority requirements - the majority would no longer rule, and that power would be transferred to the minority. Transport today’s Tea Party movement, with its hostility to the national government and celebration of states’ rights, back to 1787, and it would be leading the charge against the new constitution, and against greater government involvement in the 20th century - that helped bring massive improvements in public health, medical treatments, transportation, etc. Over the last decade or so, a growing body of evidence shows the U.S. is ‘exceptional’ in a range of areas, falling behind other nations. Part I of "American Amnesia" tells the story of George Romney’s America, Part II that of Mitt Romney’s - and how a once successful model fell apart, and the remainder how we can and must restore well-functioning politics that promote shared prosperity.

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American Amnesia: How the War on Government Led Us to Forget What Made America Prosper

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