Melinda COOPER

REVOLUTIONARY CONSERVATISM

Prolog

In her last book, Melinda Cooper envisions the several decades of neoliberal hegemony as a successful counterrevolution. The Australian sociologist recounts that, by the mid-1970s, American business circles and their allies in the academic world had come to see the ongoing social unrest, in their country and beyond, as an existential threat to capitalism itself. They thus concluded that the postwar neo-Keynesian compact, which they had hitherto tolerated, had become a Trojan Horse for socialism and needed to be jettisoned.

More than to restrain the State from redistributing resources and covering risks, Neoliberalism seeks to change its priorities. On the one hand, governments are required to give precedence to price stability over the pursuit of full employment, which compels them to profess an undying allegiance to balanced budgets. But on the other hand, the deflationist consequences of their vow to curtail demand entices them to opt for so-called supply-side policies. According to the neoliberal doctrine, in other words, pursuing economic growth can only be achieved through measures such as tax cuts, deregulations and subsidies, which are meant to sustain the confidence of capital owners in the profitability of investments.

Combining austerity for wage earners with extravagant generosity toward asset holders, counterrevolutionary neoliberalism seems, since the financial crisis of 2008, to have entered an era of fatal turbulence. However, as Melinda Cooper explains in the interview she gave us, the regime that is in the process of taking its place looks neither like the neo-Keynesian compact that preceded it nor like the post-capitalist future that neoliberals were determined to ward off.

Encouraged by the measures meant to ensure the stagnation of wages and the appreciation of capital, the more audacious exponents of the neoliberal creed did not wait for the waning of their own legitimacy to take on the third pillar of postwar managerial capitalism: along with their assault on the Welfare State and labor unions, they set out, if not to destroy, at least to transform the type of firm that had come to represent US business culture, namely the publicly traded corporation where property is dispersed among a large number of shareholders while power is exercised by salaried managers.

Under the guise of fighting technocracy and democratizing finance, Melinda Cooper argues, what these reformers successfully brought about is a new “gilded age” of capitalism, where property and power are once again reunited, either in the hands of one single individual or shared by a small group of associates. Such is the case of tech corporations that were born as startups and remain under the control of their founder even after they go public, but also of private equity funds whose partners are licensed to restructure, chop up and sell the companies that they subject to leveraged buyouts.

Now, as it turns out, these new “robber barons” happen to be the close guard surrounding the newly elected president of the United States. Far from satisfied with the tax breaks and loosened regulations distinctive of the counterrevolutionary period, they harbor much greater ambitions: what these oligarchs want from Donald Trump is for his administration to dismantle the public agencies in charge of social programs and public services and to grant them the management of the tasks that the federal state is no longer capable of administering.

To be able to sell public institutions at auction, however, the 47th president of the United States needs the same free rein that his cronies enjoy in their own companies. Hence the so-called “Unitary Executive Theory”, according to which the powers of the president supersede those of all the other branches of government. The return of patrimonial capitalism is thus intimately linked with the advent of an autocratic presidency – a regime that Melinda Cooper no longer calls counterrevolutionary neoliberalism but revolutionary conservatism.

Our interview took place in Sydney and Paris, on March 14, 2025.

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Texts written by: Alexandra Bucher, Michel Feher et Aurélie Windels

Chapitre 1

All the President's Men

The Koch brothers

Charles (born 1935) and David (1940–2019) Koch, usually referred to as the "Koch brothers", are the heirs of their parents' company, Koch Industries, the second largest privately held company in the United States. Charles is the chairman of the board and has been the co-CEO since 1967, while David was the executive vice-president.

Drawing their immense wealth from this petroleum empire – their father invented a new process for transforming crude oil into gasoline – the Koch brothers have devoted their time and personal capital to promoting libertarian ideas in politics. Over the years, their strategy has shifted from supporting existing libertarian institutions towards deploying their own political network to innerve conservative politics with libertarianism.

Their political involvement started with their economic support and personal participation to the Libertarian Party – David ran for Vice-President for the party's candidate in the 1980 presidential elections. In the 1980s, they also started funding libertarian think tanks such as the Cato Institute and the Mercatus Center, and began sponsoring university programs and grants through the Charles G. Koch Foundation, for university scholars to research free-market ideas and policy, and to encourage research aimed at documenting the negative impact of any social, collectivist or redistributive measure on the market economy. In 1984, they founded their own organization, Citizens for a Sound Economy, to directly lobby for tax cuts and deregulation on behalf of corporate clients.

During Bush senior and Obama's presidencies, they massively supported the 60 Plus Association to campaign against their social security and health programs policies. Starting in 2003, the brothers also fostered networking among wealthy donors by holding bi-annual seminars with conferences about free-market theory and political strategies to implement libertarianism, as well as "one-on-one" sessions with Koch organization leaders and donors. By inviting Republican Party candidates and members to these seminars, the Koch brothers began their operation of libertarian influence on the Great Old Party, which they pursued with the creation of the network Americans for Prosperity (AFP) in 2004.

The organization is present in 36 states, and combines advertising, lobbying and grassroots agitation during and between election cycles – their website claims they have more than 4 million members in all 50 states. In the last 20 years, AFP has grown in importance and has pulled the Republican agenda to the right mostly because, as scholars Skocpol and Hertel-Fernandez have shown, a large part of AFP state directors and employees have previously held positions in the Republican party staffs or in election campaigns, or leave AFP to return to the party ranks, where they will pursue the libertarian AFP agenda[1.] These revolving doors allow AFP to know how to leverage the party, like obtaining legislative victories, for example.

While the Koch brothers have relentlessly sought to influence U.S. elections for nearly 50 years, their impact on the political process began to take on both a sprawling and decisive scale in the 2010s, through their massive funding of the Tea Party in an effort to undo the 'socialist' Barack Obama. Early champions of libertarianism, staunch climate change deniers, and outspoken opponents of democracy, Charles and David Koch have over the years invested hundreds of millions of dollars in the radical rightward shift of the American political landscape—until they achieved the return on investment we now see today.

[1] Skocpol T, Hertel-Fernandez A. The Koch Network and Republican Party Extremism. Perspectives on Politics. 2016 ;14(3):681-699. doi:10.1017/S1537592716001122

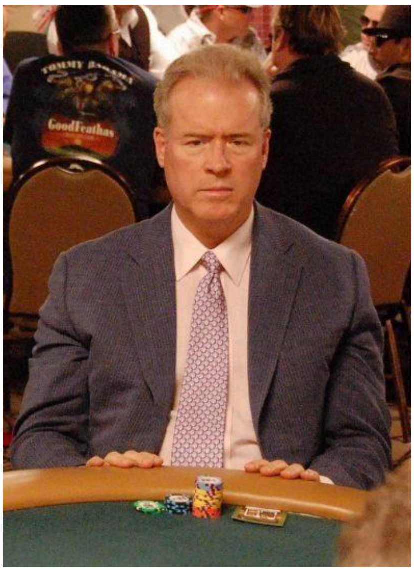
Marc Andreessen

Born in 1971, Marc Andreessen is a software engineer and a Silicon Valley investor. In 1993, he and Eric Bina programmed NCSA Mosaic, the first widely used web browser with a graphical user interface, which would later become the software of Netscape Communications. In 2009, after creating and working with a number of successful software companies, Andreesen co-founded the Silicon Valley venture capital firm Andreessen Horowitz, commonly referred to as a16z, with Ben Horowitz. Through a $4.5 billion fund launched in 2022, a16z is currently the largest backer of the crypto industry.

Andreessen is a self-described libertarian and "techno-optimist". In October 2023, he published the "Techno-Optimist Manifesto" on the a16z website, in which he presents his vision of the future that technology will make possible. Inclusive statements notwithstanding - "We believe technology is universalist. Technology doesn't care about your ethnicity, race, religion, national origin, gender, sexuality, political views, height, weight, hair or lack thereof" - Andreessen's manifesto celebrates the advent of a world in which technology and unregulated markets will provide opportunities for everyone.

A great promoter of the democracy-free zones that Quinn Slobodian writes about in Crack-Up Capitalism, Andreessen made his libertarian dream come true when he co-founded Próspera with Peter Thiel and OpenAI CEO Sam Altman. Próspera is a private city in Honduras where unregulated businesses can thrive.

Andreessen and Horowitz have been key players in Silicon Valley's gradual shift of political allegiance to the Republican Party. Although he does not hold a title in the Trump administration, Andreessen has been instrumental in the framing of Trump 2.0. In particular, he has been deeply involved in the selection of candidates seeking to implement the program-slashing and personnel-firing mission of the Department of Government Efficiency (DOGE). Prior to the 2024 presidential election, Andreessen was one of Trump's top campaign donors to the Right for America Super PAC, contributing $4.5 million personally and $7 million through a16z.



Robert Mercer

Born in 1946, Robert Mercer is a computer scientist who made his fortune working as a financial analyst for the very successful hedge fund Renaissance Technologies. In 2009, he became its co-CEO, but had to step down from this role and renounce his board seat in 2017, after the backlash over his involvement in the Cambridge Analytica scandal.

In 2013, the billionaire bought SCL Group, a company that specialized in analyzing Internet data. While renaming the company "Cambridge Analytica" to give it the appearance of a legitimate business, he completely redefined its activity. Through the analysis of Facebook profile data obtained without the informed consent of the 87 million targeted individuals, Cambridge Analytica deployed a large-scale covert advertising strategy adapted to the different psychologies and socio-economic factors of voters, to sway them to vote "Leave" in the Brexit referendum and to vote for Ted Cruz and Donald Trump in the 2016 U.S. election cycle. Because he was funding a private company, Mercer was able to circumvent campaign laws, avoid political fallout and potential legal action related to data acquisition, while having a major impact on these political votes, that is until the story broke out in May 2017.

Mercer has also influenced politics through donations to conservative and libertarian organizations and PACs. He and his daughter, Rebekah Mercer, coordinate their political contributions through the Mercer Family Foundation, which they established in 2004 and which she runs. They have given millions to the Heritage Foundation – Rebekah has been on its board of trustees since 2014 –, the Federalist Society, the Citizens United Foundation (from 2011 to 2015), the conservative anti-Left Media Research Center and the libertarian and climate-skeptic Heartland Institute, among others.

They have also co-founded and invested at least $10 million in Breitbart News, a major far-right media outlet. They have promoted the ideas and career of Steve Bannon since the beginning of the 2010s – Trump met his political adviser through the Mercers. Their donations allow them to push their views on multiple levels – in the political sphere, in the media, but also at the grassroots level with their watchdog organization Reclaim New York, which encourages New Yorkers to signal excessive public spending. Their duo dynamic and the similarity of the recipients of their donations have earned them comparisons to the Koch brothers.

Financial Glossary

Publicly traded company

Publicly traded companies are companies whose shares are listed on stock exchanges or over-the-counter markets (where financial instruments are bought and sold without the supervision of an exchange) to be bought by the general public. The prices of these shares are therefore subject to the fluctuations of supply and demand. Ownership of the company is distributed amongst the shareholders. Publicly traded companies were the epitome of the Fordist model of production.

Dual class stock

A company with dual class stocks differentiates the voting rights and dividend payouts that the shareholders have the rights to, through a structure of two or more classes of shares. Typically, while a company will offer non-voting shares to the public, its founders, their family and executives are granted shares with voting rights. The dual class stock structure is used by company founders to separate ownership from control of the company, to remain decision-makers while acceding to their shareholders' capital.

Capital gains

A capital gain refers to the profit realized upon the sale of an asset when the sale price exceeds either its purchase price or its book value. The maximization of such gains by shareholders has emerged as the dominant objective in corporate governance, supplanting the earlier priority of maximizing industrial profits—profits which, during the Fordist era, were typically reinvested within the firm to promote sustained, long-term growth.

Unrealized capital gains

Unrealized capital gains represent the profit that an asset owner may gain when they sell their assets. It is the difference between the price at which they bought the assets, and their current value: unrealized capital gains are therefore fluctuating and depend on market value.

Initial public offerings

An initial public offering (IPO) is the integration of a private company into public markets by offering its shares on the stock market. The company then becomes a publicly-traded company, whose share value is determined by supply and demand on the stock market. A private company may go public for a number of reasons: to raise more capital (an IPO generally involves the creation of new shares), to allow shareholders to "cash out" (i.e., convert their private equity into financial gains), or to facilitate acquisitions.

Alternative investment

The term alternative investment points at essentially anything other than taking long positions in the public securities market. There are six main types of alternative investments: private equity, venture capital (a subset of private equity often singled out), hedge funds, private debt (long-term loans not traded in open markets), real estate and infrastructures. The fields of alternative investment are structured by actors called "alternative asset managers", such as Blackstone, Apollo and KKR, who invest on behalf of their clients.

Leveraged buyout firms

Leveraged buyout firms are a type of private equity firm that acquire businesses—typically through private equity funds—with the aim of restructuring them and generating substantial capital gains by reselling them or taking them public.

The term "leveraged buyout" refers to the fact that such acquisitions are primarily financed through debt—raised from banks or by issuing bonds, which are debt securities. Technically, the debt is incurred by an acquisition vehicle established by the firm, and then transferred to the acquired company, whose future cash flows are used to service and repay the debt. This debt-based financing strategy is known as leverage.

Private Equity

Strictly speaking, private equity represents the stock in private companies. These companies are not listed on public markets: instead of being available to the general public, their shares are acquired by private equity firms and asset management firms.

By extension, "private equity" also refers to the strategies employed by these investment firms, such as leveraged buy-out, venture capital, or growth capital – private equity firms used to be called "leveraged buyout firms". A leveraged buyout (LBO) involves purchasing a company with a large amount of borrowed money, with the hope that the company's future revenues will cover the debt – most of the time, private equity firms also "save money" with large restructuring plans and massive employee layoffs. The ultimate goal is to realize massive capital gains through an initial public offering (IPO) or a merger. A distinguishing feature of LBOs is that the private equity firm acquires a controlling interest in the company, whereas venture capital firms generally take non-controlling stakes.

Venture capital

Venture capital firms specifically target startups, early-stage and emerging companies, and provide them with financing in exchange for private equity. The specificity of venture capital investment is its high rate of failure, because of the early stage of development of the companies that are invested in. Venture capital is commonly used in the sectors of financial technology (such as crypto-assets), biotechnology and information technology (such as artificial intelligence).

Hedge funds

Hedge funds are alternative investment market actors that use complex trading techniques to make profit. The capital used to trade comes from several actors and is pooled into the fund's capital. The techniques used typically include short selling (the equivalent of a "bet against the market", where the short-selling investor profits if the market value of the asset falls), leverage (using debt to increase the potential revenue of an investment), or high frequency trading (a trading technique that uses algorithms to sell or buy assets in order to make a small margin using large amounts of capital, benefiting from the minor differences in asset prices from one market to another). What differentiates a hedge fund from a private equity firm is that hedge funds hold liquid assets and make liquid investments, whereas private equity firms specialize in illiquid investments.

Family office

A family office is a privately-held company that manages the fortune of a wealthy family with the purpose of increasing and transferring its wealth across generations. Traditionally, it focuses on property management, management of household staff and payroll activities, tax optimization, philanthropic activities and succession planification. Though the creation of family offices is often attributed to John D. Rockefeller who founded one in 1893, it became popularized after the 2008 crisis due to the combination of two elements. With the surge of asset prices due to the quantitative easing strategy implemented by the Federal Reserve to limit the financial crisis, wealthy families saw their capital increase and turned to this vehicle as a means to preserve it. More critically, the Dodd-Frank Act of 2010 meant to reinforce financial regulation after the crisis, especially targeting the alternative investment funds that were exempt from the obligation to disclose their activity while maintaining the family office privileges, turning it into the preferential alternative asset management structure. Family offices now play a major role in private equity, and whereas they used to passively provide funding for investment management firms to carry out private equity strategies, they now actively take part in these activities, enjoying regulatory benefits as well as special family tax privileges.

The Trump Cabinet and the Patrimonial State

JD VANCE – Vice President and venture capitalist

Peter Thiel introduced JD Vance to venture capitalism. The two met at a conference at Yale. From 2016 to 2025, Vance worked on four different venture capitalism jobs

2016-2017 Director of Thiel's Mithril Capital – though he was mainly promoting his book Hillbilly Elegy at the time

2017-2019 Worked at Revolution LLC

2019 Co-founded Narya Capital, with the financial support of Peter Thiel, former Google CEO Eric Schmidt, and Marc Andreessen

Invested in Rumble, a hosting service and cloud computing company that favors far-right content

U.S. Senator (2023-2025)

MARCO RUBIO – Secretary of State

Law degree, classic political career, U.S. Senator (2011-2025)

SCOTT BESSENT – Secretary of the Treasury and hedge fund manager

Worked at Soros Fund Management hedge fund for 15 years.

2015 Co-founded Key Square Group, a hedge fund manager.

PAM BONDI – Attorney General

Attorney and lobbyist

PETE HEGSETH – Secretary of Defense

Unusual profile: military officer, political activist in conservative think tanks and organizations, career as a television host, author

DOUG BURGUM – Secretary of the Interior and tech businessman

1984-2001 CEO of Great Plains Software

2001-2007 Senior Vice President of Microsoft Business Solutions

Chairman of two software companies (Atlassian and SuccessFactors)

Founded the Kilbourne Group (real estate developer) and Arthur Ventures (venture capital company investing in tech, life sciences and clean technologies)

2016-2024 Governor of North Dakota

BROOKE ROLLINS – Secretary of Agriculture

Attorney and political activist in conservative think tanks (Texas Public Policy Foundation, America First Policy Institute), member of the Trump 1.0 administration

HOWARD LUTNICK – Secretary of Commerce and investment banker

1991-2025 CEO of Cantor Fitzgerald and the BGC Group, an investment banking and a financial services firm.

LORI CHAVEZ-DEREMER – Secretary of Labor

Classic political career at the city council of her hometown and at the U.S. House of Representatives (2022-2024)

ROBERT F. KENNEDY JR. – Secretary of Health and Human Services and venture capitalist

Lawyer, but was also a venture partner and senior advisor at VantagePoint Capital Partners, one of the world's largest cleantech venture capital firms (that was the largest institutional investor in Tesla). Board member and counselor to several of VantagePoint's portfolio companies.

Senior advisor to Starwood Energy Group.

On the board of Vionx, a partner in ColorZen.

Was the co-owner and director of Utility Integration Solutions (that was acquired by Alstom). Co-owner and director of GridBright.

SCOTT TURNER – Secretary of Housing and Urban Development and businessman

2023 Chief Visionary Officer of JPI, an investment manager.

Co-owner of Statesman Clothiers, a custom men's clothing company.

Owner of a consulting firm, Scott Turner Consulting Group, LLC.

SEAN DUFFY – Secretary of Transportation

Lawyer, reality-show personality, television host, lobbyist and U.S. Representative (2002-2008)

CHRIS WRIGHT – Secretary of Energy and company founder

1992 Founded Pinnacle Technologies (specialized in production of commercial shale gas through fracking), CEO of the firm until 2006.

Chairman of Stroud Energy (production of shale gas) until he sold the company in 2006.

2011 Founded Liberty Energy and was the CEO until his cabinet appointment. It's the second largest fracking company. He was also serving on the boards of Oklo Inc. (nuclear technology company), and EMX Royalty Corp. (mineral rights and mining rights royalty payment company).

LINDA McMAHON – Secretary of Education and businesswoman

Co-founder and vice president of World Wrestling Entertainment. Became president of the company in 1993 and CEO in 1997, until 2009.

DOUG COLLINS – Secretary of Veteran Affairs

Attorney, veteran, Georgia Representative (2007-2013) and U.S. Representative (2013-2021)

KRISTI NOEM – Secretary of Homeland Security

South Dakota Representative (2007-2011), U.S. Representative (2011-2019) and Governor of South Dakota (2019-2025)

Cabinet-level officials :

SUSIE WILES – White House Chief of Staff

Republican staffer, lobbyist

LEE ZELDIN – Environmental Protection Agency

Attorney, U.S. Representative (2015-2023), New York State Senator

RUSSELL VOUGHT – OMB Director

Political activist in conservative think tanks, member of Trump 1.0 administration

TULSI GABBARD – Director of National Intelligence

Military officer, U.S Representative (2013-2021)

JOHN RATCLIFFE – CIA Director

Attorney, U.S. Representative (2015-2020)

JAMIESON GREER – U.S. Trade Representative

Attorney, veteran, member of the Trump 1.0 administration

ELISE STEFANIK – U.N. Ambassador

U.S. Representative (2014-2024)

KELLY LOEFFLER – Small Business Administration Administrator

Former CEO of Bakkt (subsidiary of commodity and financial service provider Intercontinental Exchange of which her husband is CEO)

Former co-owner of Atlanta Dream (women team of basketball competing at the WNBA)

ELON MUSK – Department of Government Efficiency and tech entrepreneur

Timeline

Trump: Real Estate Developer Becomes President of the United States

1968

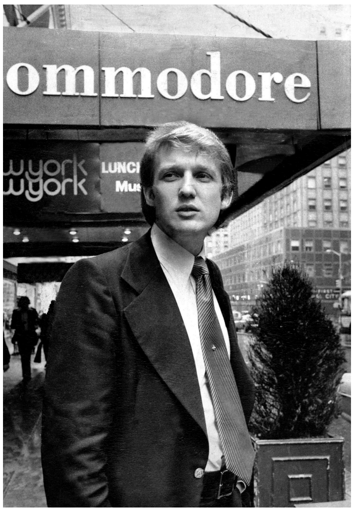
Donald Trump is 22 years old when he begins working for Elizabeth Trump & Son, the real estate company run by his father Fred Trump, specializing in rental housing in middle-class neighborhoods in Brooklyn, Queens and Staten Island.

1971

Trump is named head of the company, renamed the Trump Organization.

1976

He signs an agreement with New York City allowing him to purchase the Commodore Hotel, which he transforms into the Grand Hyatt Hotel, benefiting from a substantial tax reduction over 40 years. Trump benefits from the address book that his father cultivated over several decades through massive donations to the Democratic Party at the head of City Hall, as well as the influence of supply-side economist thinking among the city's political advisors. This is the first time such a tax arrangement has been put in place by the city, and this duration of tax reduction still remains the longest in New York history. In 2016, New York Times reporter Charles Bagli calculated that this tax deal cost New York City $885 million in lost revenue.



1983

Opening of Trump Tower on Fifth Avenue in New York City, a residential and office complex that would become his home and the headquarters of the Trump Organization.

1984

With the opening of Trump Plaza, Trump begins what will become a renowned hotel and casino complex in Atlantic City, New Jersey.

1985

Trump inaugurates Trump's Castle Casino Resort in Atlantic City, and buys his famous Mar-a-Lago residence, a 126-room palace in Palm Beach, Florida.

1988

For $407 million, Trump buys the Plaza Hotel, a famous hotel on Fifth Avenue in New York. He renames it the Trump Plaza Hotel.

1990

Opening of the Trump Taj Mahal in Atlantic City, the then-world's largest casino.

1996

Trump takes over the organization of the Miss Universe pageant broadcast by the NBC group - a position he holds until 2015. He has also organized the Miss USA pageant since 1984.

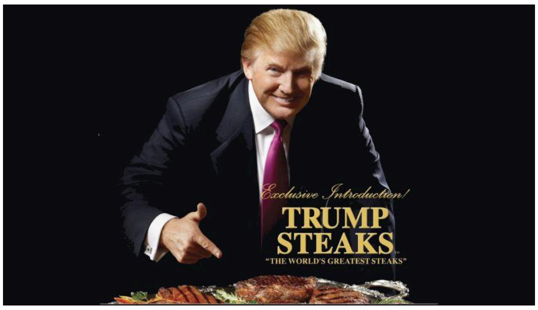
2004-2015

Trump hosts the TV show The Apprentice, in which he plays a corporate executive who eliminates contestants whose goal is to become a businessman's apprentice. The show, broadcasted by the NBC group, cemented Trump's public reputation: when it debuted in 2004, it averaged 21 million weekly viewers. After 14 seasons, he was fired by NBC in June 2015 after making racist remarks about Mexican immigrants during the announcement of his presidential candidacy.

2006

Trump announces the launch of the GoTrump travel website. In 2007, the site was withdrawn after commercial failure.

2007



Trump launches the Trump Steaks brand, selling different types of meat for consumption. After two months, the company is commercially unsuccessful and ceases operations.

2016

After announcing his candidacy in June 2015, Trump was elected President of the United States in November 2016.

Chapter 2

Hybrid Companies

Agency Theory

Agency theory is a research tradition in economics, finance, management, and accounting that focuses on corporate governance. Its principal figures are Michael Jensen and William Meckling, who began collaborating in the 1970s and whose 1976 article "Theory of the Firm" is among the most cited in the social sciences. Initially associated with the Chicago School, agency theory gained traction through research conducted within business schools. Although at first it was not considered part of the core academic body of economic theory, it eventually established itself in academic circles as well as in business and media spheres.

In their work, Jensen and Meckling addressed what they viewed as a central problem in corporate governance: the separation of ownership and control. In the Fordist model of the corporation, which prevailed in the United States after World War II, decisions were largely made by managers (CEOs, COOs, CFOs, etc.), who prioritized profits generated by the firm's industrial activities and their reinvestment over shareholder value. Jensen and Meckling argued that managerial governance harmed shareholders: by favoring their own interests, managers neglected those of the shareholders, who, after all, are the owners of the firm and enable its operations through their financial investment. Jensen and Meckling formalized this insight with the concept of agency cost: a principal (the shareholders) and their agents (the managers) have divergent interests, which generates agency costs for the principal—most notably, monitoring costs aimed at ensuring that the agents act in alignment with the principal's interests.

While claiming to follow the intellectual legacy of Adolf Berle and Gardiner Means—key figures in the New Deal who, in the 1930s identified the danger of outsize and unaccountable managerial power —Jensen and Meckling promoted a notion of shareholder democracy that in fact limited shareholder interest to share price alone. This diverged from Berle and Means's broader concern with rebalancing power by subjecting the corporation to tighter regulations. Under the guise of this legacy, Jensen and Meckling ultimately defended the idea that shareholders are the only stakeholders whose interests should be maximized—excluding employees and customers—and used shareholder value as a tool to counter what they saw as the threat of egalitarianism within publicly traded firms.

Agency theory played a significant role in the transformation of corporate capitalism in the United States. In the late 1970s and early 1980s, the country entered a period of economic crisis: oil shocks, Japanese competition, and stagflation weighed heavily on the market valuations of American firms. For "corporate raiders"—wealthy individuals—this presented an opportunity to launch hostile takeovers of publicly traded companies, dismantle them to retain only the most profitable activities, and later resell them to boost shareholder value. Although these corporate raiders initiated the new ideology and practices centered on shareholder value, they were largely unpopular. Agency theorists provided the theoretical and scientific legitimacy that helped normalize these practices.

By the 1990s, thanks to their strong presence in academia, their close ties to the business world—a significant number of economists trained in agency theory worked as consultants—and their visibility in the media (with coverage in The New York Times, The Washington Post, and The Wall Street Journal), these theorists contributed to the widespread adoption of management practices prioritizing shareholder value. Over time, this approach became the dominant logic in corporate governance and in public discourse. Executive performance monitoring and compensation through stock options became standard practices to align managerial incentives with those of shareholders.

In the 1980s, the shareholder value philosophy was primarily embodied in leveraged buyouts. In the 2010s, it experienced a revival with the proliferation of private equity funds, whose expansion was made possible by the gradual erosion of the protections established by the New Deal. Thanks to the funding opportunities provided by these funds and the increasing scale of corporate debt investment, private companies no longer needed to go public to access large amounts of capital. This gave rise to so-called "unicorns," particularly in the tech sector: privately held firms valued at one or more billion dollars, largely owned and controlled by their founders.

The rise of alternative investment helped resolve the problem that preoccupied Jensen and Meckling: with large sums of capital now available to private firms, more and more companies remain private—and even when they do go public, the introduction of dual-class share structures (see financial glossary) allows founders to retain control. The supposed battle for shareholder democracy ultimately turned out to favor shareholders over employees and customers—and among those shareholders, especially the founders and managers whose compensation packages soared in the 1990s.

Quantitative Easing

Quantitative Easing (QE) is a type of unconventional monetary policy: the central bank buys financial assets, preferentially government bonds, from banks in order to stimulate economic activity when traditional methods are no longer effective – for example, when interest rates cannot be lowered because they are already close to zero. QE was first implemented by the Bank of Japan in 2001 to fight deflation, and has been adopted by the European Central Bank, the Bank of England and the Federal Reserve to limit the impact of the 2008 financial crisis on the economy. In the wake of the crisis, however, the wide use of QE proved conducive to even higher inequalities than during the era of so-called Great Moderation that preceded and lead to the crash.

Theoretically, QE triggers several levers that are supposed to boost the economy, creating employment and growth. First, central banks buy assets from banks with newly created central bank money, which increases banks' money reserves and should encourage them to lend to consumers and businesses, thereby stimulating credit growth and consumption. Second, government bonds are being purchased, which drives up demand for them: their prices thus go up while their yields go down, and since their yields are a proxy of national interest rates, a higher demand for Treasury bonds should lead to lower borrowing costs throughout the economy. Third, when central banks buy financial assets other than government bonds, the prices of those assets rise, which should induce their owners to spend more. Fourth, because central banks withdraw a large portion of government bonds from the market, investors should be encouraged to buy financial assets other than government bonds, which may drive up their prices and lower their interest rates even further, due to increased demand. Finally, the overall increase in money supply may weaken the currency, making exports cheaper and thus pushing up the demand for domestically produced goods.

Nevertheless, over the past decade, the investor response to quantitative easing has been to focus on the corporate debt markets, creating an opportunity for publicly traded companies to use leverage techniques to boost their stock market valuations, and fostering capital gains for private equity firms. Thanks to the surge in asset prices, stock owners saw their wealth increase, while quantitative easing failed to create jobs or improve access to credit for the working class. The new classes of millionaires, billionaires and centi-billionaires are a legacy of quantitative easing: their wealth has been increased, sometimes doubled, by what can be called asset inflation.

Gilded Age

The “Gilded Age” is an expression used to refer to a prosperous period in United States history at the end of the 19th century. The precise delimitation of the period varies from one historian to another: some situate its beginning right after the end of the Civil War in 1865, others judge that it began after the “Reconstruction era” (1865-1877). It was named by 1920s historians after the title of Mark Twain’s 1873 novel The Gilded Age: A Tale of Today. The novelist chose this title to deride the promise of a post-war “golden age”.

This period was marked by strong economic growth resulting from rapid industrialization. Railways, mining, and finance were among the sectors that experienced the most spectacular development. Many family-owned businesses became incredibly wealthy, and the first millionaires of the modern era made their mark on American capitalism during what constituted for them a golden age. Among others, John D. Rockefeller (oil), Andrew Carnegie (steel), and J.P. Morgan (finance) would soon be known as the “robber barons.”

With extraordinary wealth now concentrated in a few hands, these new kings of the world were giddy with their meteoric rise and indulged in dubious financial practices and numerous abuses of power, thereby fueling growing inequality.

The Panic of 1893 hastened the end of the Gilded Age. But not that of the robber barons, who seized this opportunity to enrich themselves even further.

Chapter 3

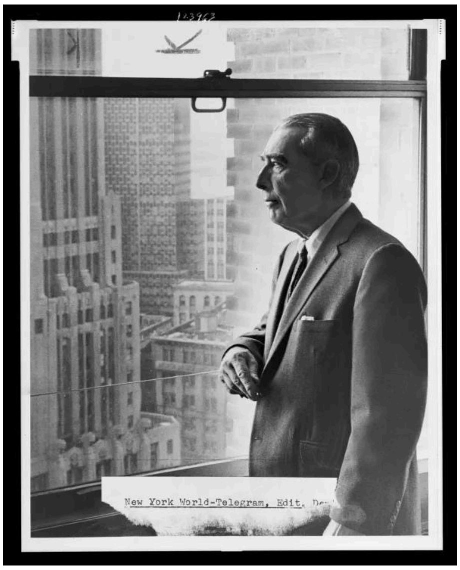
Du capitalisme patrimonial

Partnerships vs corporation and Private equity

In U.S. law, a corporation and a partnership represent two distinct legal forms for organizing a business, each offering different possibilities. A partnership refers to a business structure owned by two or more individuals who share ownership, management responsibilities, and profits. Generally, partnerships are more flexible in structure: unlike corporations, they do not possess a separate legal entity, which implies that partners are personally liable for the business's debts. In a general partnership, all partners bear full liability, whereas in a limited partnership, some partners have limited liability.

The partnership structure has played a crucial role in the evolution of finance over the past fifty years. Private equity firms, such as Blackstone and KKR, establish private equity funds, which are specific investment vehicles structured as limited partnerships. In this arrangement, the private equity firm acts as the general partner (GP), making investment decisions, while the limited partners (LPs), who often are pension funds and high-net-worth individuals, provide the capital but do not engage in active management.

These private equity firms form partnerships to acquire companies, enhance their value (through cost reductions, layoffs, and business segmentation), and maximize capital gains by reselling them or taking them public. This legal structure is specifically used by private equity firms due to its legal and tax advantages, and because it allows them, as general partners, to leverage "other people's money" while retaining control over the acquired companies.



Adolf Berle

In 1943, a New Yorker profile of Adolf Berle ended with the following statement: “It is a big job to plot the future of the world, but Berle gives many onlookers the impression that he is up to it.”[1] Born in Boston in 1895, the future member of Franklin Roosevelt’s first “Brain Trust” started off as a child prodigy. He entered Harvard College at the age of 14 and graduated from the Law School at 21. After the end of World War I, Berle joined the American Delegation to the Paris Peace Conference – where he met John Maynard Keynes. Like the British economist, he was appalled by the terms of the resulting Treaties and made his disappointment public. Back in the US, he became a corporate lawyer, contributed regularly to liberal magazines such as The Nation and The New Republic, and started teaching corporate law at Columbia University in 1927.

In the wake of the 1929 financial crash, Berle embarked on what would be his major intellectual endeavor: The Modern Corporation and Private Property, coauthored with the economist Gardiner Means and published in 1932. In this epochal book, Berle and Means addressed the transformation of US capitalism that they were then witnessing. They showed how the rule of the “robber barons” – Andrew Carnegie, Thomas Edison, John D. Rockefeller, J.P. Mellon – had given way to the dominance of publicly traded corporations. These firms were as big as the so-called trusts of yore, but they were no longer in the grip of their almighty founders or, for that matter, of any owner. Each of them had myriads of shareholders – more than half a million in the case of American Telephone and Telegraph – which meant that the people in charge of these huge companies were their salaried managers and directors. Property and power were thus dissociated, a first in the history of capitalism according to Berle and Means.

For the authors of The Modern Corporation and Private Property, the fact that the fate of the American economy rested upon largely unaccountable managers was certainly a cause for alarm. At the same time, Berle and his coauthor were not inclined to turn back the clock: they shared neither the economist Joseph Schumpeter’s nostalgia for the era of autocratic captains of industry nor justice Louis Brandeis’s conviction that the only way to ward off the hegemony of corporations consisted of using antitrust legislation to break them up. The task at hand, Berle and Means argued, was not to restore the privileges of private capital, whether owned by tycoons or small entrepreneurs, but to harness the power of publicly traded companies for the public good. Rather than empowering shareholders or dismantling huge corporations, the way to treat excessive managerial power was to regulate it. In other words, both the danger to democracy and the potential for prosperity represented by big business called for a bigger government to intervene on behalf of workers, consumers and other stakeholders of the largest firms.

Soon, Berle would be in a position not only to advocate for State regulations but to implement them. After meeting Franklin Roosevelt in 1932, he actively took part in the Governor’s presidential campaign – writing his famous “Commonwealth Club Address”, which delineated the economic program of the first New Deal. Once his candidate was in the White House, however, Berle declined the offer to take a cabinet post, choosing instead to remain an informal advisor in what would be called the president's "Brain Trust". His influence on the administration's agenda rapidly translated into three major economic reforms: the separation between commercial and investment banking (the Glass-Steagall Legislation of 1932), the federal insurance of wage earners' bank deposits and the regulation of corporate stock and bond offerings. Like Keynes albeit with different tools, Berle's purpose was to tame capitalism and the early years of the New Deal certainly advanced that goal.

However, after the Supreme Court declared the National Recovery Administration unconstitutional, Berle lost some of his clout. Still, he remained influential enough to be appointed as Assistant Secretary of State for Latin American Affairs in 1939 and to draft Roosevelt's declaration of war message to Congress in 1941. After losing his cabinet post in 1944, Berle was made US ambassador to Brazil before leaving government service altogether in 1946. He remained an informal advisor to several politicians, however – from Adlai Stevenson to Nelson Rockefeller and John Kennedy – as well as a tireless publicist both for the New Deal compact that he had contributed to shaping and, because of its success, for the beneficent role of the US in the world. Hence Berle's unflinching support for American imperial interventions, from Latin America to Vietnam.

Five years after his death, in 1971, Berle's vision of the corporation came under a fatal attack. In an article entitled "Theory of the Firm", Michael Jensen and William Meckling echoed the worry raised The Modern Corporation and Private Property that the separation of ownership and control distinctive of modern corporate governance licensed salaried directors to run large companies as they pleased. How the two disciples of Milton Friedman dealt with that problem, however, ran against the taming of capitalism advocated by Berle and Means: instead of taking the artificial personhood of the public corporation for granted and checking managerial power with federal regulations, Jensen and Meckling claimed that managers were nothing more than agents hired to do the bidding of the firm's shareholders. In their view, ceasing to recognize the corporation as an autonomous entity was a decisive step toward reconciling ownership and control. As decisive as The Modern Corporation had been for the New Deal, the publication of "Theory of the Firm" can be perceived as a turning point leading to our current "gilded age" and its new "robber barons"[2].

[2] Quoted by Nicholas Lemann in "Institution Man", the first chapter of his book Transaction Man: The Rise of the Deal and the Decline of the American Dream (New York, Farrar Straus and Giroux), 2019.
https://business.columbia.edu/...[https://business.columbia.edu/sites/default/files-efs/imce-uploads/richman_center/pdf/Nicholas%20Lemann%20_%20Berle%20%2B%20Political%20Economy%20_%202.pdf]

Michael Jensen

In their article about the influence of agency theory on the practices of boards, analysts and fund managers, the sociologists Jiwook Jung and Frank Dobbin write that "economic theories function as prescriptions for behavior as much as they function as descriptions. Economists and management theorists'" they add, "often act as prophets rather than scientists, describing the world not as it is, but as it could be."[3] Michael Jensen certainly illustrates that statement: more than for describing the workings of a corporation or even for anticipating a change in corporate governance, he can be credited for having contributed to the fulfillment of his own prophecies.

Born in Minnesota in 1939, "Mike" Jensen, who died in 2024, was trained at the University of Chicago School of Business, where he received an MBA in 1964 and a PHD in 1968. Two years later, Milton Friedman published his famous New York Times Magazine op-ed entitled "The Social Responsibility of Business Is to Increase Its Profits." Railing against corporate social responsibility, which he saw as a sure path toward "pure and unadulterated socialism", Friedman rejected the notion that corporate managers were accountable to all the stakeholders of the firm that employed them. The only purpose of their jobs, the economist asserted, was to make as much profit as legally possible, not for the company itself but for the people employing them, namely the shareholders of the corporation.

Jensen converted Friedman's provocation into a doctrine of corporate management in 1976, when he and William Meckling wrote "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." The starting point of this hugely influential article was a problem that Adolf Berle and Gardiner Means had identified back in 1932: the separation of ownership and control in modern US corporations. Because publicly traded companies typically had myriads of shareholders, Berle and Means had explained, corporate power was in the hands of salaried managers. These CEOs confidently invoked their loyalty to the firm – as opposed to the special interests pursued by capital owners, employees and consumers – in order to legitimize their rule.

Whereas Berle and Means saw the "modern corporation" as a fait accompli, and thus called upon the government to check and regulate managerial power, Jensen and Meckling, following Friedman's lead, thought that ownership and control could be once again reconciled. All it would take, they believed, was to challenge the notion that the corporation was an artificial person whose interests were distinct from those of the people holding its stock. In Jensen's own words, "this was the beginning of breaking open the black box of the firm." According to Jensen and Meckling's "agency theory", a corporation was no more than a bundle of contractual relations

[3] https://digitalcommons.law.seattleu.edu/sulr/vol39/iss2/6/

between a "principal" – i.e., the owners of the capital – and a wide variety of "agents". The latter were thus contractually bound to do the bidding of the former.

"Theory of the Firm" purported to delegitimize managerial authority in the name of shareholder democracy: its authors eagerly presented themselves as the vindicators of disempowered stock owners fighting the good fight against unaccountable technocrats. Their true purpose, however, was to ward off the prospect of a stakeholder democracy, whereby the corporation would be accountable to all the people affected by its operations. Heeding Friedman's warning, Jensen and Meckling reckoned that when "a business takes seriously its responsibilities for providing employment, eliminating discrimination (and) avoiding pollution," socialism is just around the corner.

While "Theory of the Firm" made a powerful case against "corporate social responsibility" – at least for the readership of the Journal of Financial Economics – a practical question remained: how could managers be either compelled or convinced to serve the interests of their "principal"? Jensen's answer involved a mix of carrots and sticks:

On the one hand, in an article called "CEO Incentives: It Is not How Much You Pay but How", he and Kevin Murphy argued that once CEOs were compensated in stock options and other performance-based incentives, they would inevitably see eye to eye with capital owners.

On the other hand, to further dissuade corporate managers from neglecting the pursuit of shareholder value, Jensen advocated threatening them with leveraged buyouts (LBOs): the fear of having financial raiders take over the firm with borrowed money, he wrote in "Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers," would go a long way toward disciplining recalcitrant agents.

After teaching at the University of Rochester from 1967 to 1986, and founding the Journal of Financial Economics in 1974, Jensen joined the Harvard Business School as a full professor in 1988. The course he taught on "Coordination, Control and the Management of Organizations," proved immensely popular both with the students who wanted to be hired by Wall Street Firms and with the partners of these firms, who showed their gratitude by amply funding the Harvard Business School. Jensen was then recognized as the indefatigable champion of shareholder value, leveraged buyouts, stock options and golden parachutes.

By the mid-2000s, however, as Wall Street got increasingly mired in scandals and fraudulent bankruptcies – from Enron to Lehmann Brothers – Jensen had a change of heart, of sorts. While still wedded to his conception of the firm, he complained that the business world was riddled with moral flaws: "stock options", he lamented in a New Yorker interview, have become "managerial heroin." After retiring from Harvard, Jensen met Werner Erhard, the self-improvement guru and founder of EST. Together, they launched a so-called Erhard/Jensen ontological/Phenomenological Initiative in 2012, the purpose of which was to give weeklong seminars about "integrity", mostly at beach resorts.

Michael Jensen, "Eclipse of the Public Corporation"

Citations – Michael C. Jensen, « Eclipse of the Public Corporation », Harvard Business Review, 1989

« The publicly held corporation has outlived its usefulness in many sectors of the economy. New organizations are emerging. Takeovers, leveraged buyouts, and other going-private transactions are manifestations of this change. A central source of waste in the public corporation is the conflict between owners and managers over free cash flow. [...]. The new organizations' resolution of the conflict explains how they can motivate people and manage resources more effectively than public corporations. » (Abstract).

« This organizational innovation should be encouraged. By resolving the central weakness of the large public corporation—the conflict between owners and managers over the control and use of corporate resources—these new organizations are making remarkable gains in operating efficiency, employee productivity, and shareholder value. Over the long term, they will enhance U.S. economic performance. » (p.2-3).

« The widespread waste and inefficiency of the public corporation and its inability to adapt to changing economic circumstances have generated a wave of organizational innovation over the last 20 years—innovation driven by the rebirth of "active investors." By active investors I mean investors who hold large equity or debt positions, sit on boards of directors, monitor and sometimes dismiss management, are involved with the long-term strategic direction of the companies they invest in, and sometimes manage the companies themselves. Active investors are creating a new model of general management. These investors include LBO partnerships such as Kohlberg Kravis Roberts [...]. » (p.6-7).

KKR

KKR & Co. Inc., is a global investment firm founded in 1976 by the cousins Henry Kravis and George Roberts and their mentor at Bear Stearns, Jerome Kohlberg, after being met with resistance at Bear Stearns—where they operated some of the first leveraged buyouts—over their desire to create a LBO-dedicated fund. At KKR, Kravis and Roberts did not shy away from targeting large companies whose purchase necessitated high levels of leverage, or to engage in aggressive takeovers—a strategy which dissatisfied Kohlberg, who resigned in 1987 and created his own LBO firm, Kohlberg & Co, specialized in the acquisition of smaller companies. KKR is notably known for its infamous takeover of RJR Nabisco, a tobacco and food processing conglomerate, purchased in 1988 for $31 billion, which makes it still one of the largest leveraged buyouts in history.

Over the years, KKR has diversified its portfolio into energy, healthcare, infrastructure, real estate, and credit, becoming one of the world's three leading private equity firms alongside Blackstone and Apollo, and applying private equity logic across a wide range of sectors. In the name of maximizing shareholder value, KKR finances the colonization of Palestine—the firm owns Axel Springer, a German media group whose platform Yad2 lists properties in occupied Palestine—as well as the fossil fuel industry and the shift of healthcare priorities from patient well-being to profit. The massive investment capacities of KKR and other private equity firms have made them key players in the development of new infrastructure and the financing of certain public services—most often to the detriment of those very services.

Kravis has been an active donor and fundraiser for the Republican Party.

Legislative changes behind the rise of private equity

1982 : The promulgation of Regulation D of the Securities and Exchange Act authorized institutional investors, such as mutual funds and pension funds, to participate in high-risk private investment deals as limited partners, a practice previously prohibited by New Deal legislation. The Investment Company Act of 1940 had restricted such investments to high net-worth individuals, to protect everyday mutual fund and pension fund clients from excessive risk. With Regulation D, private investment funds gained access to large volumes of “main street” capital that had previously been out of reach, fueling the boom in leveraged buyouts. While private equity firms remained structured as partnership, they were now able to access the same kind of capital base as corporations.

2013 : As part of Obama’s 2012 Jumpstart Our Business Startups (JOBS) Act, an amendment to provision 12(g) of the Securities and Exchange Act raised the limit on the number of investors in a private investment fund from 500 to 2000—a threshold that was in fact even higher, given that most investors were institutions such as pension or mutual funds. In the context of the Dodd-Frank Act and its stringent regulation of bank credit, this change enabled private investment funds to outcompete banks in providing financing to companies. As a result, more firms remained private rather than going public to raise capital–hence the rise of “unicorns”, private companies valued at over one billion dollars.

Chapter 4

Cannibalization of the Republican Party

PACs, Super PACS and Citizen United

In the United States, Political Action Committees (PACs) and Super Political Action Committees (Super PACs, officially known as independent expenditure-only political committees) are private organizations whose objective is to influence legislation and political campaigns through donations. They are regulated by the Federal Election Commission (FEC).

The Bipartisan Campaign Reform Act of 2002 rules that federal PACs that support several candidates may only donate limited amounts: $5,000 to a candidate or candidate committee for each election, $15,000 to a political party each year and $5,000 to another PAC each year. Until 2010, PACs were the main vehicles of campaign finance in the United States, until two amendments to the Bipartisan Campaign Reform Act in 2010 led to the creation of super PACs and completely changed the importance of money in U.S. politics.

In 2008, the conservative organization Citizens United sought to air a movie they had produced criticizing Hillary Clinton, who was running for the Democratic Party primaries for the presidential elections. Because it constituted political advertisement, which is forbidden for a certain period before elections by the Bipartisan Campaign Reform Act, the FEC prohibited the airing of the movie, prompting Citizens United to take the case to court. In 2010, after a 5-4 vote, the Supreme Court found that this interdiction violated the freedom of speech protected by the First Amendment of the U.S. Constitution, and ruled in favor of the conservative organization. This created a highly contentious precedent: the Citizens United v. FEC decision allowed corporations and unions to spend from their general treasuries to promote candidates and contribute to PACs—they are however not allowed to contribute directly to a candidate or a candidate committee.

Under the precedent of Citizens United, the Speechnow.org v. FEC decision authorized PACs that do not make contributions to candidates, parties or other PACs to accept unlimited contributions from individuals, unions and corporations, for the purpose of making independent expenditures ("independent" meaning that they do not directly give money to candidates,parties or other PACs nor coordinate with them), therefore legally creating super PACs.

Met with a lot of discontent from the left but not a lot of resistance—the argument "corporations aren't people" didn't help countering the billions poured into politics by happy conservative institutions—, super PACs opened up new possibilities and allowed the deployment of unprecedented spending during election cycles. The amount of outside spending (e.g. advertising) skyrocketed, from $574 million for the 2008 presidential election, to $1.3 billion in 2012 and $4.5 billion in 2024 – most of that money being spent by super PACs. A large share of this money comes from wealthy individuals, completely changing the balance of influence in election campaigns: while the contributions made by the top 100 individual donors represented 1.5% of the total spending on federal elections in 2008, this percentage amounted to 14.8% in 2024.

Furthermore, "politically active nonprofit organizations" (501(c)(4) groups) are not required to disclose their donors and are allowed to give unlimited amounts to super PACs: in 2024, 30% of total outside spending was attributable to dark money. Super PACs allow both the wealthy to have preponderant influence in elections, favoring their interests over those of average citizens, and diminishes the transparency of campaign donations.

The donors and recipients of PACs can be viewed on the website of the non-profit organization OpenSecrets.

Financial sector campaign contributions

In the 2024 election cycle, 13.3% of the campaign contributions to super PACs were made by financial institutions (hedge funds, family offices, investment management firms) in the top 100 donors – compared with 0.99% for the 2008 elections[4].

Examples of donations for the 2024 presidential election:

N°2 Timothy Mellon $157,000,000

N°8 Ben & Felicia Horowitz $41,125,000 through Andreessen Horowitz

N°9 Marc Andreessen $40,625,000 through Andreessen Horowitz

N°11 Stephen A. Schwarzman $34,175,000 through Blackstone Group

N°24 Howard W. Lutnick, $12,375,514 through Cantor Fitzgerald

[4] Sources :
https://www.opensecrets.org/outside-spending/top_donors/2024?disp=O&type=V&superonly=S In 2024, approximately $679,500,100 were donated by financial institutions. The total raised by super PACs for the 2024 election cycle was $5,096,825,517.
https://www.opensecrets.org/outside-spending/top_donors/2008?disp=O&type=V&superonly=N In 2008, $3,743,872 were donated by financial institutions, out of the $379,686,557 raised by outside spending groups.

Chapter 5

The Little Guy vs the Fat Cats

Joe the Plumber

October 12, 2008, a Sunday afternoon. A man is playing football with his son in the yard of his home in Toledo, Ohio. A picture-perfect image of the ordinary American. Samuel Joseph Wurzelbacher is about to become a folk hero — the champion of the "real people," those who work hard but feel crushed by taxes that, in their view, benefit all sorts of freeloaders.

That day, Barack Obama is campaigning in this working-class neighborhood, followed closely by ABC News cameras. As Obama walks past his fence, Wurzelbacher calls out to him. He wants the Democratic candidate to justify his proposal to raise taxes on small businesses. As he would later tell the far-right group Family Security Matters, he starts by asking the Illinois senator if he believes in the American dream. When Obama replies that he does, the father presses on: "So why do you want to penalize me for trying to fulfill it ?"

His American dream? "a house, a dog, a couple rifles, a bass boat"[5], and to start his own plumbing business. But he fears that Democrats will unfairly redistribute his hard-earned money to others. "It's not that I want to punish your success" Barack Obama replies. "I just want to make sure that everyone behind you also has a chance to succeed. And I think that when you spread the wealth around, it's good for everybody." The Democratic candidate also points out that the tax increase would only apply to businesses making over $250,000 a year. But the argument doesn't convince Wurzelbacher, who sees it as "slippery slope" toward socialism — eager to exploit the sweat of decent, hardworking people.

The Republican camp immediately seizes on this figure and dubs him "Joe the Plumber," a variation on "Joe Six-Pack" or "ordinary Joe." He becomes the embodiment of the average American — hardworking and bound to suffer even more if Obama wins. Sarah Palin elevates him to hero status. John McCain invokes him over twenty times during a presidential debate and even addresses him directly on camera: "Joe, I want to tell you, I'll keep your taxes low". The opportunity is too good to pass up for conservative commentators, who see in Joe the Plumber the perfect poster boy for defending the Republicans' populist supply-side economic policies.

[5] Martin Pengelly, "'Joe the Plumber', who challenged Obama on taxes in 2008, dies aged 49", The Guardian, 28 Aug 2023.

The working-class, white, male taxpayer had already been adopted as a symbolic partner of GOP tax policy at the start of Ronald Reagan's presidency. Typically found in construction or trucking, self-employed and ambitious, he personifies courage and self-sacrifice in contrast to the feminized and racialized public-sector workers with their inflationary wage demands. As an independent business owner in fields that rarely require a college degree, he also embodies the common sense of the people against the out-of-touch, left-leaning intellectual elite.

Melinda Cooper notes that this demographic was overrepresented among Tea Party supporters during the right-wing populist wave of the 2010s[6]. And since Sarah Palin's allegiance to Donald Trump in 2016, these small business owners have remained among the most enthusiastic and loyal defenders of the American president.

Samuel Wurzelbacher tried to ride the wave of his popularity in the years following his encounter with Barack Obama. In 2012, he ran for Congress as a Republican. During his campaign, branding himself "politically incorrect," he made numerous controversial statements — for instance, claiming that Nazi Germany had been able to carry out the Holocaust because European gun control laws had prevented victims from defending themselves. He also suggested it might be time to "start shooting" Mexicans. Though he won the GOP nomination, he was decisively defeated by his Democratic opponent.

At the height of his fame, local journalists from the Toledo Blade looked into Joe the Plumber's background. They discovered not only that he owed nearly $1,200 in back taxes, but also that he had never held a plumbing license.

[6] Cooper, Melinda (2024) Counterrevolution: Extravagance and Austerity in Public Finance. New York: Zone Books (Near Futures series)

Small business owners and big business

National Small Business Week, 2017. Proclamation by the POTUS April 28, 2017

« Our Nation also deserves a tax system that works for—not against—small business owners. One of the biggest problems facing our small businesses is an unduly complicated, and often unfair, tax system. Tax reform will unleash a new wave of investment, innovation, and entrepreneurship in our country. Americans will keep more money in their pockets, leaving them with the resources they need to expand their businesses and hire more workers. »

"The Engine of the American Dream" Event at the White House, August 1, 2017

« We're pursuing bold tax cuts so that our companies can thrive, compete and grow. »

« Jobs are coming back. You saw the Foxconn last week, they're going to spend $10 billion, but he is one of the great businessmen of our time and I think the number's going to be $30 billion. [...] That's called big business by the way, okay? That's big business. You'll be big business. You gotta start off small, but you're gonna be big like that. He started off small and now he's about the biggest ».

« I'm very inspired to be in the company of such motivated entrepreneurs, people that I really respect, because I know what it takes. I've been there, and believe me, I know what it takes ».

Campaign meeting at Pennsylvania Town Hall, October 15, 2024

« Small businesses are actually bigger than big businesses when you add them all up. »

National Small Business Week, 2025. Proclamation by the POTUS May 5, 2025

« My Administration is unleashing a new era of opportunity for small businesses built on common sense and pro-growth policies that put our workers and our job creators first. We are cutting red tape, keeping taxes low, promoting fair and reciprocal trade practices, and fighting for hardworking Americans. [...] Free from crippling compliance and regulatory hurdles, we are empowering our businesses to focus on what they do best: business. »

Chapter 6

The Social Neoliberalism of the Democratic Party

Blackstone

Blackstone is an alternative asset management firm, founded in 1985 by Stephen A. Schwarzman and Peter G. Peterson. Alternative asset managers–like Blackstone, KKR and Apollo–differ from conventional asset managers (like BlackRock before its 2025 U-turn towards private equity): rather than taking long positions in the public securities markets, their strategies consist in investing in private equity, early-stage companies, private debt, real estate, infrastructure, or using complex tools and mechanisms.

Inspired by KKR, Schwarzman and Peterson reoriented Blackstone's activity in 1987, shifting away from its initial focus on mergers and acquisition advisory towards conducting private equity. The firm quickly became famous through its massive leveraged buyout operations. Over the years, Blackstone has grown into one of the most influential firms in the financial industry: with more than $1 trillion worth of assets under management, it is the world's largest alternative asset manager. Blackstone's clients are mostly institutions and high-end clients.

In 1991, Blackstone diversified its investments to real estate, which is now one of its most important divisions: in the last quarter of 2024, Blackstone was managing $315 billion of investor capital for real estate. Blackstone has been highly criticized for its real estate investment strategies. The firm largely benefited from the 2008 housing crisis: taking advantage of the phenomenon of empty houses as people could no longer pay their mortgages, Blackstone set up a subsidiary to buy houses, renovate them, and put them back on the market, significantly raising the rent without taking care of day-to-day maintenance. Faced with strong opposition, Blackstone ended up divesting from the real estate markets in Sweden and Denmark[7].

The firm later diversified across other asset classes such as credit, infrastructure investment and hedge funds. In June 2025, Schwarzman announced its new target: European private debt markets and European infrastructure and private equity deals[8].

Every year, Blackstone donates millions of dollars to influence American politics, mostly to Republican organizations[9].

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[7] "The Blackstone rebellion: how one country took on the world's biggest commercial landlord", Hettie O'Brien, Thu 29 Sep 2022, The Guardian

[8] "Private capital group Blackstone plots $500bn expansion in Europe", Antoine Gara, 10 Jun 2025, Financial Times

[9] https://www.opensecrets.org/orgs/blackstone-group/summary?id=D000021873

Blackrock

Founded in 1988, BlackRock started out as a subsidiary of the investment management firm Blackstone. Wishing to open a service specializing in risk management, Blackstone founders Peter Peterson and Stephen Schwarzman lent $5 million dollars to Laurence D. “Larry” Fink—who still is BlackRock’s CEO—and Ralph Schlosstein, to launch Blackstone Financial Management, which would be renamed BlackRock in 1992. The enterprise rapidly achieved success, and parted ways with its parent company in 1994 over a disagreement in expansion strategy.

BlackRock has since become the world’s largest asset manager, overseeing assets in excess of $11.5 trillion from a diverse investor base, ranging from major institutions to individual savers. BlackRock largely benefited from the 2008 financial crisis that helped expand its influence. In 2009, BlackRock acquired Barclays Global Investors, a subsidiary of Barclays in financial difficulty, for $13.5 billion, thereby doubling its assets under management. Following this strategic move, BlackRock, until then focused on managing assets for large investors, expanded its offerings to include Exchange-Traded Funds (ETFs) and index mutual funds for smaller clients, under the iShares brand. One notable application of ETFs is their use by small investors to access capital funded pensions.

BlackRock wields unprecedented influence on corporations, markets and policy. By leveraging its extensive investment portfolio, the firm increasingly shapes corporate behavior: as the largest investor in global markets, BlackRock exerts influence over listed companies by owning shares (acquired with customer money) and through board seats. The three largest investment funds, BlackRock, Vanguard and State Street, collectively hold shares in 81% of U.S. listed companies and in 20% of non-U.S. listed companies. The role of the Big Three holdings on corporate governance should however not be overstated, as they do not act as a united block and as they do not always own voting shares[10]. BlackRock’s significant influence extends to market dynamics, as its investments can trigger a pullback response from other investors and asset managers—together, the Big Three own 17% of the U.S. equity market and 4% of the non-U.S. equity market. Finally, BlackRock holds considerable power towards states and governmental organizations. The firm worked as an advisor to the Federal Reserve in the bail out of the insurance company AIG and the bank Bear Stearns during the 2008 crisis, and advised the central bank on the purchase of corporate debt and commercial mortgage-backed securities during the Covid-19 pandemic. The European Central Bank also used BlackRock’s services to assess the quality and risk of European banks investments. These consulting activities raise questions about the Chinese walls the asset manager supposedly implemented to prevent this sensitive data from being used in its investment strategies—at the cusp of the Greek government-debt crisis, BlackRock’s investments in Greek debt turned out to enrich the firm.

Larry Fink has also repositioned his pieces to align his interests with those of Trump. Under fire from conservative political figures defending fossil fuels, who accused him of engaging in climate activism and promoting "woke" capitalism[11], BlackRock withdrew from the Net Zero Asset Managers initiative, which aimed to achieve net-zero greenhouse gas emissions by 2050. In 2024,

[10] Asset manager capitalism: An introduction to its political economy and economic geography”, Benjamin Braun and Brett Christophers, Economy and Space, 2024, Vol. 56(2), 546-557.

[11] Republican US states sue BlackRock for ‘destructive’ green agenda, The Financial Times, 27 nov. 2024

the asset manager fulfilled only 4% of shareholder proposals related to social and environmental engagement, down from 47% in 2021[12].

In his 2025 annual letter to investors, the CEO of the asset management firm, which had until now specialized in public market investments, unlike Blackstone, which focuses on alternative asset management, announced a strategic pivot: BlackRock is now moving into private markets, particularly private credit and infrastructures[13]. To pursue this objective, the asset management giant acquired three companies: Preqin, a firm specializing in private market data; HPS Investment Partners, an investment firm focused on private credit; and Global Infrastructure Partners (GIP), which owns assets such as London Gatwick Airport, pipelines, and over forty data centers.

The rationale BlackRock presented for this shift is its desire to offer a broader base of clients reliable investments, in a context where the dollar's role as the world's primary reserve currency is weakening. As noted in the Financial Times' Lex column, this strategic reorientation by a firm traditionally rooted in public markets may not be a coincidence, especially as the Securities and Exchange Commission is seeking to increase oversight of its operations in that sector[14]. More significantly, the shift toward infrastructure investment may help Larry Fink curry favor with the president: BlackRock's acquisition of 43 ports owned by Chinese conglomerate CK Hutchison, including two of the five ports in the Panama Canal, aligns with Trump's ambitions to exert control over the canal[15], about which he has expressed concern over alleged Chinese influence on a route the United States relies on heavily.

[12] Comment BlackRock s'est détourné de l'engagement social et environnemental, Forbes, 6 sept. 2024
[13] https://www.blackrock.com/corporate/investor-relations/larry-fink-annual-chairmans-letter
[14] BlackRock's Panama deal tracks its strategic shift, The Financial Times, 5 mar. 2025
[15] Trump refuses to rule out using military to take Panama Canal and Greenland, The Guardian, 7 jan. 2025

Chapter 7

Hegemony Trouble

Newt Gingrich

Newt Gingrich proudly counts himself among the precursors of Trumpism. The 47th President's agenda, he writes in his most recent book – entitled Trump's Triumph – is built on "the legacies of Barry Goldwater, Ronald Reagan, and, frankly, myself." Bombast notwithstanding, he is not wrong.

Born in 1943 and partly raised in Europe as an "army brat", Gingrich moved to Georgia with his family at the age of 16. After graduating from Emory, he went to graduate school at Tulane University in the History Department and got his PHD in 1971 – his unpublished dissertation was on education in the Congo under Belgian colonial rule.

More interested in politics than in academia, Gingrich started running for Congress in 1974 – as a moderate Nixonian Republican – and won the contest for Georgia's 6th Congressional District on his third attempt, in 1978. By then, however, he had met and learned from Paul Weyrich, the man who cofounded the Heritage Foundation and coined the term "moral majority". In the late 1970s, Weyrich's plan was to recruit and form a new generation of conservative candidates for Congress and he immediately saw great potential in Gingrich.

Once elected, the future Speaker of the House made his ambitions clear and set out to fulfill them both by ignoring the seniority protocols of his own party and by launching relentless attacks against high-ranking Democrats. The beginning of his tenure in Congress coincided with the creation of C-Span (the Cable-Satellite Public Affairs Network), which, for the first time, televised Congressional proceedings. Gingrich proved especially adept at using the new media for his own purposes.

To conquer the House of Representatives – where the Republican party had not held a majority of seats since 1952 – the GOP's new attack dog believed that discrediting the Democratic leadership was the way to go. Taking on the House Speakers that he so much wanted to replace – first Top O'Neil then his successor Jim Wright – Gingrich accused them of harboring unpatriotic sentiments and of indulging in unethical practices. Though he failed to damage O'Neil's reputation, his smear campaign proved successful with Wright, who was forced to resign in 1989.

Interestingly, the main charge that Gingrich levelled against Wright was that he had circumvented House ethics rules by selling his book at public events organized by Congress – a charge that Gingrich himself was facing, exactly at the same time. Blaming his adversaries for behaving like him turned out to be a recurring pattern: it happened in 1992, when he accused Democrats of overdrawing their House checking accounts – an improper practice to which he was no stranger – and again in 1998, when he tried to bring down Bill Clinton over the Monica Lewinsky scandal while also being involved in a notorious extramarital affair with a much younger woman.

After obtaining Jim Wright's resignation, Gingrich was elected minority whip. In accordance with Weyrich's teachings, he used his newfound power to revamp and further radicalize the Reaganite agenda – even turning against President George H.W. Bush when he broke his "read my lips: no new taxes" pledge – but also to pressure House Republicans into adopting his confrontational ways.

Galvanized by Bill Clinton's election to the presidency in 1992, Gingrich did what he could to undermine the new president's agenda. Then, as the midterm elections of 1994 were approaching, he drafted the so-called Contract with America – with House Republican Conference Chairman Dick Armey and under the guidance of the Heritage Foundation. The purpose of this electoral platform was to rally Congressional Republicans behind a national agenda – all but two GOP House candidates signed it – as well as to warn the Clinton Administration that it was about to face an uncompromisingly conservative Congressional opposition. Indeed, among other measures, the signatories of the Contract called on the government to balance the federal budget while cutting taxes for small businesses and families, to engage in draconian reforms of social security and welfare provisions, and to set term limits for legislators.

The Republicans won the midterm elections and took control of the House for the first time in four decades. Newt Gingrich, who had led his party to victory, became Speaker of the House. In his new capacity, he immediately pledged to bring all the Contract's bills to the floor within the first hundred days of the 104th Congress. Though he did not entirely succeed – despite shutting down the government on two occasions to force the president's hand – Gingrich's intransigence and obstructionism eventually paid off.

On the one hand, the most inegalitarian bills of the Clinton era clearly bear his mark – in particular, the welfare reform known as the Personal Responsibility and Work Opportunity Act and the Taxpayer Relief Act, which included the largest capital gains tax cut in US history. On the other hand, despite turning the House into a culture war-zone – or maybe thanks to the havoc he wrought – Gingrich succeeded in preserving the Republican majority in the 1996 election, even though Clinton was also returned to office.

By the beginning of 1997, however, the reinstated Speaker started to overplay his hand. House Republicans grew tired of the blatant contradiction between Gingrich's inquisitorial style and the accumulation of ethics charges raised against him. After the House Ethics Committee accused him of intentionally and recklessly disregarding House rules, an overwhelming majority of Representatives from both parties voted to reprimand him.

Undeterred, Gingrich sought to regain his authority by engaging in what had earned him his recognition in the first place, namely bringing down a high-ranking Democrat. Buoyed by the emerging Clinton-Lewinsky scandal, he led the campaign to impeach the President, making it the central issue of the 1998 mid-term elections. The plan failed and the Republicans lost their majority in the House. Realizing that a coup against him was brewing, Gingrich promptly relinquished the speakership and announced that he would not run for reelection in 2000.

Once out of Congress, the former speaker remained a fellow at conservative think tanks like the Hoover Institution and the American Enterprise Institute. In 2007, he founded a group named American Solutions for Winning the Future – bankrolled by the Republican billionaire Sheldon Adelson, its mandate was to promote deregulation, offshore drilling and even coal extraction – and in 2011, he decided to run for the GOP nomination in the upcoming presidential election. Defeated by Mitt Romney in the primaries, Gingrich would spend the following years trying to restructure the huge debt incurred by his campaign.

In 2015, New Gingrich was among the first Republicans of stature to endorse Donald Trump's bid for the presidency. Briefly rumored to become the tycoon's running mate, he remained an informal advisor and faithful supporter of the President. His third wife, Callista Gingrich, on the other hand – the woman he was having an affair with while prosecuting Bill Clinton – serves in the Trump administration: she was the US ambassador to the Vatican during the President's first term is now ambassador to Switzerland.

JD Vance

JD Vance is one of those public figures whose self-narrative serves as a smokescreen, hiding his real alliances. Born in Middletown, Ohio, Vance was raised by a mother victim to the opioid crisis, which hit the deindustrialized Appalachian region particularly hard—a region populated by poor white Americans often derogatorily labeled as "hillbillies." With his mother providing an unstable home, his grandparents took over his upbringing. According to his own account in his memoir Hillbilly Elegy, it was his grandmother, who encouraged him to take his studies seriously, and the military, which provided him with discipline during his four years of service (including six months in 2005 as a military journalist in Iraq), that enabled him to escape the fate of many of his peers and rise out of poverty. Thanks to the G.I. Bill, he gained access to Ohio State University in 2007, then Yale Law School in 2010. It was one of his Yale professors, Amy Chua, who encouraged him to write Hillbilly Elegy. Published in 2016, the book was widely praised, reached the New York Times bestseller list, and was even adapted into a film in 2020. However, it received strong criticism for its misleading sociological overtones, which helped popularize the narrative that white working class Americans began supporting Trump due to a physical and moral decline linked to addiction. Largely steeped in a tone of pity and generalizing his individual experience while ignoring academic research on Appalachian poverty, the book catapulted JD Vance into the spotlight as a public critic of Trump—many expressing gratitude that he helped explain the “Trump phenomenon.”

Alongside his ambitions to serve as the prophet of Appalachia, JD Vance entered the world of venture capital, thanks to Peter Thiel. After attending a conference Thiel gave at Yale, Vance emailed him to ask for a job. Impressed by Vance's motivation and potential, Thiel hired him at his venture capital firm Mithril Capital, where Vance worked from 2016 to 2017—though he spent most of that time promoting his book[16]. In 2017, Vance returned to Ohio, reportedly disillusioned by his Silicon Valley colleagues whom he saw as out of touch with the rest of the country.[17] In Columbus, Ohio, he founded a philanthropic organization, Our Ohio Renewal, aimed at combating the opioid crisis in the Midwest. The organization ceased operations in 2021 with modest results: it raised only about $220,000 in 2017, $80,000 of which came from Vance himself, and less than $50,000 between 2018 and 2021.[18] Instead of renewing Ohio, former staff members claim the organization served more to renew JD Vance’s career and acted as a launchpad for his political ambitions.[19] Indeed, The New York Times reported that most of the funds were used to pay a

[16] “Inside the powerful Peter Thiel network that anointed JD Vance”, Elizabeth Dwoskin, Cat Zakrzewski, Nitasha Tiku, and Josh Dawsey, July 28, 2024, Washington Post

[17] “Why I’m moving home” JD Vance, March 16, 2017, New York Times : https://www.nytimes.com/2017/03/16/opinion/why-im-moving-home.html

[18] See Our Ohio Renewal, ProPublica : https://projects.propublica.org/nonprofits/organizations/821611741

[19] “J.D. Vance’s First Attempt to Renew Ohio Crumbled Quickly”, David A. Fahrenthold, Oct. 8, 2022. https://www.nytimes.com/2022/10/08/us/politics/jd-vance-ohio-senate-nonprofit.html

political consultant who advised Vance to run for the U.S. Senate in 2018 (a race he ultimately did not enter), a speechwriting assistant, and to finance a "poll" that staff say they never saw.

Notably, while JD Vance cited this initiative as among the greatest successes of the organization, Our Ohio Renewal funded the residency of addiction psychiatrist Sally Satel in Appalachia. Satel had longstanding ties to Purdue Pharma, the company responsible for the opioid crisis, from 2004 to 2016. Among other things, she downplayed Purdue's role in the crisis in a New York Times op-ed, cited Purdue-funded research in media articles, and even shared article drafts with the company before publication.[20]

During this philanthropic-marketing endeavor, Vance remained active in venture capital: from 2017 to 2019, he worked at Revolution LLC, managing the "Rise of the Rest" initiative, which aimed to promote venture capital culture outside of Silicon Valley by investing in startups in the Midwest and Appalachia—allowing him to align his professional activities with the image he sought to cultivate as a man of the people. In 2020, he founded Narya Capital, a Cincinnati-based VC firm supported by Peter Thiel (who provided 15% of the initial capital), former Google CEO Eric Schmidt, and powerful venture capitalist Marc Andreessen.

In 2021, Vance officially launched his political career by announcing his candidacy for the Ohio U.S. Senate seat. Though previously a vocal Trump critic, he pivoted toward MAGA Republicanism and quickly gained favor with the former president—likely as much a calculated move as the result of his ties to Thiel and the venture capital elite. His campaign funding reveal his true allegiances beyond his anti-elitist rhetoric: he received $15 million from Peter Thiel[21], along with large contributions from the Mercer, Uihlein, and Lindner families—wealthy dynasties benefitting from patrimonial capitalism and driving the far-rightization of American politics—who donated several hundred thousand dollars to his campaign.[22] Vance was also a favorite of the fossil fuel industry, which contributed $340,000 to his political efforts since 2019.[23] Backed by these powerful interests, he won the Republican primary in May 2022, the general election in November 2022, and began his Senate term in January 2023. During his time in office, he supported several bills aimed at eliminating diversity, equity, and inclusion (DEI) programs and criminalizing gender-affirming surgeries for minors.

After encouraging him to run and financing his campaign, it was again the tech and venture capital circle surrounding JD Vance that helped open the doors to the White House. The Washington Post reported that Trump received numerous calls from tech entrepreneur and

[20] "Inside Purdue Pharma's Media Playbook: How It Planted the Opioid "Anti-Story"", David Armstrong, Nov. 19, 2019, ProPublica.https://www.propublica.org/article/inside-purdue-pharma-media-playbook-how-it-planted-the-opioid-anti-story
The op-ed in the New York Times: "Doctors Behind Bars: Treating Pain is Now Risky Business", Sally Satel, Oct. 19, 2024 https://www.nytimes.com/2004/10/19/health/policy/doctors-behind-bars-treating-pain-is-now-risky-business.html

[21] Thiel donated 10 million, 3,5 million and 1,5 million dollars to JD Vance's PAC "Protect Ohio Values" Values"https://www.opensecrets.org/political-action-committees-pacs/protect-ohio-values-pac/C00770495/donors/2022

[22] "The billionaire who fueled JD Vance's rapid rise to the Trump VP Spot", Daniel Klaidman, July 16, 2024 CBS News. "Vance's super PAC also received hundreds of thousands in contributions from the Mercer, Uihlein and Lindner families, all staples of mega-conservative political giving in recent years." https://www.cbsnews.com/news/jd-vance-trump-vp-peter-thiel-billionaire/

[23] "Climate advocates fear picking JD Vance for VP is a 'dangerous step backward'", Nina Lakhani, 16 Jul 2024, The Guardian. https://www.theguardian.com/us-news/article/2024/jul/16/jd-vance-climate-crisis

self-proclaimed “crypto and AI czar” David Sacks, Peter Thiel, and Palantir’s Jacob Helberg, urging him to choose Vance as his vice-presidential running mate. The man whose ties to the tech elite earned him the nickname “Shillbilly” was officially inaugurated as vice president on January 20, 2025. As Trump’s right-hand man, Vance has played an active role in the United States’ revolutionary-conservative turn. Opposed to reproductive rights and a late convert to nationalist Christianity—reportedly under the spiritual guidance of Peter Thiel—he promotes cultural values rooted in unapologetic white supremacy and misogyny, and serves the interests of private equity and venture capital elites.

Chapitre 8

Project 2025 and the Destruction of the Administrative State

Unitary Executive Theory

The unitary executive theory (UET) is an interpretation of the United States Constitution that argues that the president possesses sole authority over the executive branch. Defenders of this theory account for their undemocratic positions through a primary level analysis of several clauses of the Article II of the Constitution, which deals with executive power, analyzing the phrase “The executive Power shall be vested in a President of the United States of America” as a justification for limiting the delegation of executive power.

The extent to which executive power should be shared between the President and government officials is a matter of debate among supporters of the unitary executive theory. For constitutional and practical reasons, the president alone could not handle the workload. However, some elements of this doctrine have stood out as being consensual and are currently implemented in the United States.

Rather than conceiving of them as democratic countervailing powers, proponents of the unitary executive see all federal employees with executive power as potential threats to the president’s authority. They advocate for the president to be able to remove any federal employee without for-cause reason – a measure that was partially endorsed by the Supreme Court in the 2021 decision Collins v. Yellen, which established the precedent that the president has the right to remove any appointed head officer of the executive branch without for-cause reason. Supporters of the unitary executive theory also challenge the power of independent agencies of the federal government–such as the Securities and Exchange Commission, the Consumer Financial Protection Bureau and the Federal Communications Commission–to regulate and legislate without presidential approval.

An example of Trump’s fondness for the unitary executive theory is that Scott Bessent, whom he appointed as acting director of the Consumer Financial Protection Bureau, ordered the staff to stop issuing new rules or guidance and to halt all investigations. Another measure discussed by UET scholars and advocates is the control of prosecutors–to prevent them from enforcing the law if the president opposes an investigation.

The unitary executive theory has been promoted since the 1970s by the Heritage Foundation and the Federalist Society, through panel discussions, publishing articles defending its relevance, but also by whispering in the ear of presidents to encourage them to increase their power. The Reagan and G.W. Bush presidencies played a crucial role in the expansion of presidential power and the rise of the theory’s popularity – even Democratic President Obama, ended up using his power to the same extent as Bush, whose abuses of presidential power he had condemned. The unitary executive theory is the backbone of the Heritage Foundation’s Project 2025.

The Heritage Foundation and Project 2025

Created in 1973 by Paul Weyrich, Edwin Feulner, and Joseph Coors, The Heritage Foundation is a leading conservative think tank in the United States. It is headquartered in Washington, D.C., and has been instrumental in shaping Republican policy in Congress and at the White House. The Foundation gained significant influence under the presidency of Ronald Reagan, starting with the publication of its first "Mandate for Leadership" in 1981, a comprehensive policy guide that provided detailed recommendations that were ultimately adopted by the administration. It emphasized deregulation, limited government intervention, traditional values and started floating the unitary executive theory.

Project 2025 is the ninth volume in the "Mandate for Leadership" series. It was published by the Heritage Foundation in 2023 – every issue is typically released prior to presidential elections to orient the decisions of the incoming administrations, if it happens to be Republican. Project 2025 offers a strategy for strengthening the executive branch and dismantling the supposedly "woke" bureaucracy. Each chapter focuses on a specific U.S. government department or a federal agency. It is written by an expert on the department or agency in question, whose mandate is both to criticize its current organization and to explain how it should be either changed or abolished altogether – as is the case for the Departments of Education and Homeland Security.

Designed to advance what currently counts as conservative values, Project 2025 calls for the mass deportation of illegal immigrants, the gutting of Medicare and Medicaid, the suppression of Diversity, Equity and Inclusion (DEI) programs, the criminalization of abortion and birth control, the promotion of fossil fuel over renewable energy sources, and the reduction of corporate and capital gains taxes. Russell Vought, Peter Navarro and Brendan Carr, who all wrote a chapter of Project 2025, are now part of Trump 2.0. Another eighteen contributors were involved in Trump 1.0, whether in the administration, the transition team or the campaign.

Federalist Society

The Federalist Society is a legal society that was founded in 1982 by law students who organized a three-day conference "A Symposium on Federalism: Legal and Political Ramifications", at Yale University. The purpose of the event was to bring together conservative and libertarian law students and professionals to discuss the dominance of liberalism in the study and practice of law at the time, and how to change it.

The Federalist Society advocates for anti-federalism and a decentralized government that gives more power to the states – but the name refers to the Federalist Papers, the essays in which the Founding Fathers Hamilton, Madison and Jay discussed the balance of power between the federal and state governments.

Since its inception, the society has promoted the unitary executive theory, a reading of the U.S. Constitution that sees the president as the sole holder of executive power. More than a college club for students to meet and discuss the Constitution, it is a widespread professional network, implanted in law schools to train the future prosecutors and legal professionals in this ideology: there are more than 200 Federalist chapters in law schools and 90 Federalist lawyers sections across the United States, for a total of 70,000 members.

Now one of the most influential associations in the country, its activity has indeed turned the wheel of ideology, replacing liberalism with conservatism in the various levels of legal practice, including in the highest court in the federal judiciary. Five out of the nine current Supreme Court justices are or have been members of the Federalist Society: Brett Kavanaugh, Neil Gorsuch, Clarence Thomas, Samuel Alito and Amy Comey Barrett. The Society is funded by major libertarian and conservative figures: the Koch brothers, Google, the Richard Mellon Scaife Family Foundation, and the Mercer family.

Philip Hamburger

A professor of constitutional law and of legal history at Columbia University, Philip Hamburger is one of the chief crusaders against the "tyranny" of the American administrative State. In 2014, he established the Columbia Law School's Center for Law and Liberty, which focuses on what paleolibertarians like himself identify as the major threats to freedom – from Universities' Institutional Review Boards establishing criteria for sound research to Big Tech's allegedly censorious monitoring of content and liberal biases against religious discourse.

Three years later, as Donald Trump was taking office, Hamburger founded and became the CEO of the New Civil Liberties Alliance (NCLA), a nonprofit and ostensibly nonpartisan organization largely funded by Charles Koch and Leonard Leo. As the names of its sponsors convey, the NCLA is designed to "protect constitutional freedoms from violations by the administrative state." Its lawyers typically bring cases against the Securities and Exchange Commission (SEC) and the Environmental Protection Agency (EPA), which they accuse of usurping the power of the government's executive branch. In his activist endeavors as well as in his books and articles, Hamburger has been an intellectual architect of the Trump coalition's approach to freedom fighting.

One of the main causes he champions – first in his 2002 book Separation of Church and State, then in its 2018 sequel Liberal Suppression – involves what he considers to be an abusive interpretation of the First Amendment. According to him, invoking the constitutional protection of free speech as a justification for the separation of Church and State is a wrongheaded reading of the American Constitution predicated on a longstanding anticatholic tradition. Instead of protecting religious freedom from governmental overreach, Hamburger complains, judges have increasingly enabled the State to police the expression of religious speech and confine it to the private sphere. In Liberal Suppression – subtitled: Section 501(c)(3) and the Taxation of Speech – the originalist legal scholar further argues that threatening to deprive charities of their non-profit fiscal status if they refuse to renounce practices that post-civil rights norms deem discriminatory represents an infringement on religious freedom typical of a police State – especially considering that the framers of the Constitution wanted religious freedom to be unconditionally protected.

Yet what arguably constitutes Hamburger's main contribution to the advancement of the far-right agenda is the maximalist case he makes for the Unitary Executive Theory (UET). The latter, which is now embraced by a majority of Justices in the Roberts Supreme Court, states that the President possesses sole authority over the executive branch. Supporters of the theory, like the late Justice Antonin Scalia, claim that, as the "only person who alone composes a branch of government", the President has been vested with "not some of the executive power, but all of the executive power".[24] The main implication of the UET is that presidents can remove at will any subordinate officials of the Executive branch, whether appointed by their predecessors or by themselves.

In a 2014 book called Is Administrative Law Unlawful? Hamburger takes on the unanimous 1935 opinion in Humphrey's Executor v. United States, which endows administrative agencies with "quasi-legislative" and "quasi-judicial" powers inside the purview of the missions assigned to them by Congress – be it the protection of the environment or the enforcement of civil rights. According to the Columbia law professor, congressional delegation of rulemaking and adjudicational responsibilities is the very process through which a "deep state" takes control of the citizenry – under the guise of protecting its liberties and securing its welfare. To fight the entrenchment of administrative despotism, therefore – which he compares to early modern monarchical power – Hamburger paradoxically advocates for the subordination of these agencies to the sole authority of the White House. Public administration employees, in other words, should be perceived as agents hired and paid to execute the decisions of the President.

Hamburger's perspective on the UET has been recently vindicated by two Court decisions, Loper Bright Enterprises v. Raimondo and the Relentless, Inc. v. Department of Commerce, which have canceled the so-called Chevron deference, a doctrine that compelled courts to defer to the interpretation of federal statutes by administrative agencies. Altogether, his work is paradigmatic of the libertarian weaponization of freedom, whether to foster the interests of religious organizations, curtail the public oversight of private companies or legitimize the advent of an authoritarian presidency.

[24] See Antonin Scalia's dissenting opinion in Morrison, Independent Counsel vs. Olson et al., 1987: https://tile.loc.gov/storage-services/service/ll/usrep/usrep487/usrep487654/usrep487654.pdf#page=52

James M. Buchanan

Born in 1919, James McGill Buchanan was raised in rural Tennessee. His grandfather had been a governor of the state, elected on the Farmers' Alliance platform, but by the time James came along, the family had lost both its political clout and its economic resources. Encouraged to redeem the Buchanan name and reputation, the future leading figure of the Virginia School of Economics did so by way of a successful academic career, which started when he was accepted at the University of Chicago for a PHD in economics.

Still informed by his grandfather's populism when he entered the program, Buchanan quickly converted from what he called socialism to the pro-free market mindset of his teachers – Frank Knight but also the younger faculties, Milton Friedman and Friedrich Hayek. The latter quickly recognized the newcomer's potential and made him a member of the Mont Pelerin Society. After completing his PHD, Buchanan taught in Tennessee and in Florida before joining the University of Virginia in 1957, where he cofounded the Jefferson Center for Studies in Political Economy and Social Philosophy.

The Center was bankrolled by the very conservative Volker Fund and soon became one of the main laboratories of neoliberal thought in the US. As eager as his comrades to discipline democracy and curtail the ability of elected officials to tax and spend, Buchanan decided to do his part by extending the Chicago School's perspective on human conduct to the field of politics. His theory of Public Choice – for which he received the Nobel Memorial Prize in Economic Sciences in 1986 – sought to legitimize the neoliberal agenda by showing that politicians and civil servants behaved like everybody else. Notwithstanding their pretense to work for the public good, they were nothing but rational, self-interested and forward-looking utility maximizers.

What distinguished democratically elected leaders and public sector employees from ordinary people, Buchanan argued, was both the widespread misconception about their motives and the unchecked power they wielded – whether justified by the popular mandate they claimed or predicated on their civil servant status. To undermine what he saw as the rent-seeking propensities of government officials, Buchanan advocated two kinds of political measures. The first kind was designed to curb the authority vested in popular sovereignty. It consisted of imposing constitutional restrictions on a government's right to run a deficit and of multiplying the cases where a congressional super-majority would be required in order to pass a bill. The second kind of reforms aimed to change the behavior of public employees. The way to proceed was to make their jobs as incumbent on performance and as subjected to competition as those of their private sector counterparts.

Outlined in The Calculus of Consent – a book co-authored with Gordon Tullock and published in 1962 – Public Choice Theory proved successful enough to endow Buchanan with ample academic recognition and funding. By the mid-60s, however, the administration of the University of Virginia began to worry about the rigid political orientation of the Jefferson Center. Buchanan reacted by disbanding the Center and leaving the University altogether. In 1968, he joined the economics department of UCLA, but only to be both deeply traumatized and further radicalized by the student activism he encountered on campus.

Hitherto convinced that, in the US at least, a vast majority of voting citizens were sufficiently attached to property rights, family values and genuine federalism to limit the growth of the welfare state, Buchanan suddenly grew more pessimistic but also more resolute. On the one hand, the year he spent at UCLA persuaded him that the preservation of the liberal political order called for the imposition of stricter constitutional limitations on majority rule. Otherwise, he argued in The Limits of Liberty, the electoral system would inevitably favor the enfranchised beneficiaries of welfare provisions, affirmative action programs and labor union privileges at the expense of hard-working homeowners and entrepreneurs. But on the other hand, Buchanan also came to the realization that the required reforms could only be implemented if a powerful social movement demanded them. Hence his pivotal involvement, as an organic intellectual, in the Californian tax revolt of the late 1970s.

After leaving UCLA in 1969, Buchanan came back to Virginia and, with Tullock, established a Center for Study of Public Choice at the Virginia Polytechnic Institute. He was hardly done with California, however. In 1972, he joined the Tax Reduction Task Force convened by Ronald Reagan, who was then the governor of the state. If "someone of the national scale of Governor Reagan could take the lead", Buchanan wrote upon joining the Task Force, one could finally hope "to get a taxpayer revolution off the ground."

The rationale behind this revolutionary prospect was that the never-ending expansion of progressive taxes and deficit-financed programs was eventually bound to cause more resentment than relief. Rather than enjoying the social benefits and public services provided by the state, an increasing portion of the voting population would feel that the tax-dollars collected from the product of their labor were being spent on rent-seekers – whether idle welfare recipients, lazy and overprotected functionaries, privileged union members, or out-of-touch yet patronizing public school teachers and intellectuals. Once properly mobilized against the federal state's bias towards these allegedly parasitical groups, Buchanan believed that taxpayers could be turned into the kind of revolutionaries that had brought his grandfather to power, but also that they would demand neoliberal reforms purposed to protect the makers from the takers.

Buchanan's vision was vindicated by the success of the referendums on proposition 13 in 1976 and proposition 4 one year later, which not only drastically restricted property taxes and local government appropriations but also required a two third super-majority in both state house and senate to make any change in California's fiscal policy. Then, in 1980, the possibility of extending the Californian trend to the national level became very real with the landslide election of Ronald Reagan to the presidency. Having relocated his Center for Study of Public Choice at George Mason University in 1983, Buchanan could now count on the generous support of the Koch brothers. At the helm of what the Wall Street Journal called "the Pentagon of conservative academia", he remained, until his death in 2014, an indefatigable promoter of neoliberal constitutional reforms – from the balanced budget amendment to the abolition of social security, which he compared to a Ponzi scheme. Though both initiatives kept failing at the federal level, Buchanan's relentless assaults on government's profligacy continue to inform the legislation of a vast majority of states: to this day, 44 of them require their legislature to pass a balanced budget.

Russell Vought

Russell Vought is currently Director of the Office of Management and Budget (OMB) – a position he already held during Trump's first term, from July 2020 to January 2021. Vought, who describes himself as a Christian nationalist, was the vice president of the Heritage Foundation's lobbying arm, Heritage Action for America, for seven years.

In 2021, he founded the Center for Renewing America, an avowedly reactionary think tank that aims to restore America as a "nation under god" by promoting Christianity in government and purging a "deep State" allegedly infiltrated by critical race theory and, more generally, by "radical woke ideology."

At once a libertarian and an advocate of executive privilege, Vought wrote the chapter on the Executive Office of the President of the United States in the Heritage Foundation's Project 2025, in which he criticizes the administrative State on two counts: for being "unsustainably expensive" and thus in need of substantive cuts, and for political overreach, insofar as public agencies tend to usurp the executive power of the president.

The OMB's role is to prepare the president's budget and to determine whether the programs, policies and procedures of U.S. agencies are consistent with the president's policies. As the head of the OMB, Vought plays a key role – alongside Elon Musk's Department of Government Efficiency – in cutting federal budgets, dismantling agencies associated with the "deep state" and firing large numbers of civil servants, but also in making sure that all hired personnel espouse Vought's Christian nationalist values and are committed to the enforcement of the president's agenda.