

An Overview Regarding the U.S domestic Economic Strategies: Role of Think Tanks

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Abstract

Even though federal government of U.S play the primary role in managing the nations various systems such as fiscal policy, healthcare, defense and welfare, the existence of different political ideologies plays a part in national and international stability¹, in sense that each ideology strategy in managing economic issues reach a different conclusion, proved by the numerous economical tragedies such as the greater recession, implements the bases of each ideologies perspective on government's role in reducing economic inequality, addressing job displacement due to technological change, and striking a balance between free market principles and government intervention during economic crises.¹ To discuss the economical view of each side, one must fully understand in clarity the differences between two ideologies, in simplest form liberalism is described by the government's sole responsibly in preserving freedom protections its citizens individual liberty while also minimizing its intervention in its citizens lives, on the other hand, conservatism allows the government vast influence thus to conserve the established norms and institutions such as the cultural and religious traditions of its nation. While this is nearly the correct definition of what each ideology stands for, such political movements do tend to abuse power through the ideological privileges they stand for. Furthermore, the existence of the federal government is crucial in interfering with conservative or liberal administrations when their policies threaten economic stability. Federal governments' regulatory agencies such as federal reserves and the Environmental protection agencies exist to act as checks on extreme economic policies. Under a conservative administration that Favors deregulation and reduced taxes, the federal government may intervene to prevent excessive corporate power or environmental harm that could arise from such policies.² Conversely, in a liberal administration pushing for expansive social programs or aggressive tax hikes, the federal government's budgetary and constitutional frameworks can limit excessive spending or prevent overreach that may stifle economic growth.³ Thus, regardless of the political ideology in power, the federal government ensures a balanced approach to economic management by safeguarding essential public interests while keeping national economic stability.

Keywords— Think Tanks, U.S Foreign Policy, U.S domestic policy, Finance Management, Economy

¹ [Conservatives vs. Liberals: The Economic Debate - Cameron School of Business Blog \(stthom.edu\)](https://stthom.edu)

² <https://doi.org/10.1596/978-1-4648-0057-3>

³ <https://www.pewresearch.org/politics/2017/10/24/5-views-of-the-economy-and-the-social-safety-net/>

I. INTRODUCTION

Economic power, as one of the components of power for governance and society, in addition to internal strengthening, also causes authority and influence in the international arena. Perhaps, ahead of military and political power, the economic power of the United States of America can be considered as the main component of this country's power in creating a hegemonic order at the international level. At the same time, the observation of facts such as widespread poverty, class gap and income inequality, etc., creates doubts in the foundation of this country's economic power. The indicators of economic measurement are very diverse and numerous, but the indicators can be expressed in three general categories. These three categories include macro indicators, livelihood indicators and economic satisfaction indicators.

A detailed assessment of the economic situation of the American society and the explanation of the economic power of the United States of America is realized by providing statistics, the economic realities of the United States in all three groups of calculation, livelihood and economic satisfaction indicators. It is after a comprehensive review of these indicators that the statement of America as the most powerful world economy can be validated. In the meantime, US think tanks can play a useful role in choosing efficient economic strategies. The purpose of this study is to investigate the influence of the role of think tanks in the United States in adopting efficient economic strategies.

II. LITERATURE REVIEW

So far, many studies have been conducted on the strategies and policies of the United States in various fields, and in this section, the most important ones are introduced and analyzed.

In one of the studies conducted in this field, the redefinition of US foreign policy through US immigration, security and diplomacy in the Trump era has been discussed. In this regard, topics such as terrorism, immigration and international relations in relation to hostile countries have been examined. The results of this survey have shown that the aforementioned policies have been implemented in the form of the so-called "Jackson" policy by the Trump

administration, as well as various types of containment policies, regarding the foreign policy of the United States.⁴ However, in this study, the economic policies and strategies of the United States have not been considered. In addition, the role of think tanks in the formation of these policies has not been investigated.

In another study, the relations between the United States and Iran after the Islamic Revolution have been analyzed. In this regard, the historical, ideological and geopolitical characteristics of the relations between the two countries have been examined. The relations between the two countries have been analyzed based on the analysis of the chaotic situation of international and domestic policies.⁵ Although the development of relations between the two countries and the role of the United States in the Iran-Iraq war have been analyzed, the role of think tanks in adopting the policies of this country has not been evaluated in this study.

The strategy based on the use of proxy forces in regional wars has been proposed as one of the important strategies by think tanks, the purpose of which is to create deterrence. Accordingly, Iran exerts influence on these territories by strategically deploying armed groups throughout Iraq, Syria, Lebanon and Yemen. The results of this study have shown that the adoption of this style in Iran's political structure is not only to maintain security, but to confront the implementation of American policies in the Middle East region and to curb the power of this country has also been considered by think tanks.⁶ Despite the study of the role of think tanks in policy-making, their influence on economic policies has not been studied.

The role of think tanks in the exceptionalism of the United States in the foreign policy of this country is studied based on the literary work *Adventures of Two Captains' Trilogy*. The results of this study have shown that this literary work can help in the correct understanding of global policies. Also, global think tanks work regularly with a dynamic policy mechanism and help to adopt optimal strategies to improve the international relations of the United States.⁷ However, in this study, only the influence of the role of think tanks in international relations and the strategies used in this field has been discussed, and the economic aspects have not been examined. Some studies have also examined

⁴ Dehnavi, E. A. (2024). The Trump Doctrine: Redefining US Foreign Policy through Immigration, Security, and Diplomacy. *International Journal of Humanities and Education Development (IJHED)*, 6(5), 26-28.

⁵ Dehnavi, E. A. (2024). An Analytical Examination of Iran-USA Relations Post-Islamic Revolution: Extended Scientific Review. *International Journal of Humanities and Education Development (IJHED)*, 6(5), 23-25.

⁶ Dehnavi, E. A., & Safavipour, A. (2024). Decoding Iran's Proxy Strategy: Determent or Destabilization? A Review and Scientific Commentary. *International Journal of Humanities and Education Development (IJHED)*, 6(5), 1-6.

⁷ Dehnavi, E. A., & Fiedler, R. (2024). *Adventures of Two Captains' Trilogy and US Exceptionalism in their Foreign Policy: Manifestation of Think Tanks in a literary work.*

the strategies and options of the United States regarding interaction with Iran in the future. The logic of the US policy towards Iran includes things such as gradually weakening Iran, preventing the increase of national financial resources, banning foreign investment, postponing national development, intensifying inefficiencies, etc. In addition, the challenges related to the geopolitical landscape of the Middle East and the issues related to Iran with the involvement of Russia and China, as well as the challenges related to the proxy war have been examined from the perspective of think tanks. The results have shown that think tanks are able to provide effective policies and strategies regarding the interaction of the United States with other countries, including Iran.⁸

In the second volume of the book *Styles in American Politics*, the role of conservative think tanks and their foreign policy has been investigated. In this regard, using the method of narrative analysis, the existential philosophy of American think tanks has been examined. Also, a general analysis about the role of conservative think tanks in shaping the foreign policy of the United States is presented. In addition, the most influential conservative think tanks in the political history of the United States have been identified.⁹

Think tanks have also presented strategies for examining the challenges of Mexican immigrants entering the United States. In this regard, a descriptive-analytical study based on the library method has been conducted. The results show that Mexican immigrants have a favorable view of American soil due to incompatibility with Anglo-Saxon culture. Reluctance to learn English and speak Spanish and sense of identity has created a cultural and identity divide in America. Therefore, according to these think tanks, the number of Mexican immigrants in the United States should be gradually reduced.¹⁰ However, these think tanks have not investigated the economic effects of the presence of these immigrants in the United States.

The most important changes and indicators of Trump's new immigration policy program, which are derived from the experiences and opinions of US think tanks, have been analyzed. In this regard, a descriptive-analytical research has been conducted. The results show that Trump's

immigration policies are adopted very hastily and according to the effects of the US electoral climate and are mainly political and discriminatory. This plan was met with domestic and international reactions as well as legal challenges, one of which is its contradiction with the approvals of the Congress, which prohibits any racial discrimination in immigration to the United States. Gradually and with the intervention of think tanks, Trump's immigration plan was formulated in accordance with the US policy, which emphasizes indicators such as competence and adaptability of the workforce. This shows the important role of US think tanks in providing efficient strategies to solve existing challenges.¹¹

The book, from containment to Americanism, examines the national security strategies of the presidents of the United States of America after World War II. In this regard, a descriptive analytical study based on interviews and library sources has been conducted. Research has shown that each American president had a national strategy in the post-World War II era, and in the post-World War II era, the US national security strategy has always had a global approach.¹² Although the strategies of the United States in the field of national security have been examined in this study, the role of think tanks in adopting these strategies has not been considered.

The future study of basic problems in the course of Iran-US negotiations and the role of think tanks in this area have also been examined. The most important factors causing problems in the mentioned path include the non-proliferation lobby, the human rights lobby, the financial affairs lobby, the regional and global lobby, the set of Israeli lobbies, etc. Based on this, scenarios such as negotiations or a weak agreement (regardless of the JCPOA) and revival of the JCPOA in its

current form or a stronger and longer agreement have been examined.¹³

The principles and positions of American foreign policy against terrorism and the role of think tanks in these policies have been examined. The research method is descriptive-analytical. The method of collecting information is library. The data collection tool is taking notes. The data analysis

⁸ Fiedler, R., & Dehnavi, E. A. (2024). Navigating Engagement with Iran: Exploring US Strategies and Options: A Futuristic Scenario and Review.

⁹ Fiedler, R. A., & Dehnavi, E. A. (2024). *The Styles in the American Politics Volume II, Conservative Think tanks and their Foreign Policy: A Booklet*. ResearchGate.

¹⁰ Ali, A., Ellias, D. A., & Mobin, K. (2020). Mexican immigrants challenges for American Identity. *Journal of Critical Reviews*, 7(6), 945-950.

¹¹ Ellias, D, Daheshiar, H. (2020). Changes and indicators of trump's new immigration policy plan, *Journal of Economics and Administrative Sciences*, 1- 10.

¹² Dehnavi, E., Alizadeh Jamal, Mohammad, (2020). *From Containment to Americanism*, TRD GmbH.

¹³ Dehnavi, E. A., & Adami, A. (2022). Futuristic research of basic problems in the way of negotiations between Iran and the United States: 10.2478/bjlp-2022-002064. *Baltic Journal of Law & Politics*, 15(3), 888-899.

method is qualitative. The results have shown that terrorism has always been used as a tool to advance American foreign policy. American foreign policy has been able to fill the vacuum of American foreign policy that was created by the end of the Cold War with the fight against terrorism. This country at least uses the concept of terrorism to label its opponents and actually supports terrorist groups to advance its interests. This strategy can be considered as one of the biggest effects of the intervention of this country's think tanks in the American foreign policy.¹⁴

The policies and strategies of governments in different fields are a function of individual variables, government variables, social factors and environmental variables.¹⁵ Therefore, the think tanks also present their policies to the governments by considering the mentioned cases in such a way that they can have the highest level of effectiveness.

As can be seen, in all the studies conducted around the adoption of effective strategies and policies by countries or the role of think tanks, it has not been considered. If considering the influence of think tanks in these policies, only areas such as foreign policy, international relations and immigration policies have been considered. Therefore, the role of these think tanks in determining efficient economic strategies has not been studied. Therefore, the purpose of this study is to investigate the influence of US think tanks in providing economic strategies.

Income Inequality and Wealth Distribution

Slower than expected economic growth, unfavorable economic indicators such as inflation, lack of economic diversity and inequality of income and distribution of wealth are among the most important economic problems, which has made the need to provide efficient strategies in this area even more necessary.¹⁶

¹⁷Conservatives support policies that encourage individual success, under the belief that these measures will lead to wealth creation that eventually helps all levels of society—a concept known as "trickle-down economics". In contrast, liberals often advocate for progressive taxation and robust social programs as tools to address and reduce income

disparities. They believe these policies can lead to fairer distribution of wealth.¹⁷

Capital-Driven Growth vs. Demand-Driven Stimulus

The main growth driver for conservatives is nothing but capital, and capital is the factor that is controlled by wealthy industry leaders. In addition, the conservatives point to the slowdown in business planning and criticize it because of frequent changes in economic policies and regulations. These people argue that regulation should be reduced in order to increase competition, but the important point is that this may lead to higher monopoly risk and lower returns, which conservatives ignore. Because if it is like this, instead of expanding or competing, businesses will focus on maximizing their profits, which will definitely not have good consequences.¹ In this regard, there are policies that are often used with appropriate purposes, but are ultimately considered incorrect because they may lead to long-term negative effects afterward. Such policies include increasing home ownership, setting minimum wages, and implementing loose monetary policies.¹

Liberals, on the other hand, argue that the main driver of economy is demand and not the capital. They emphasize the importance of empowering middle- and lower-income earners to stimulate growth. Furthermore, they believe that to keep a competitive and fair market, sophisticated regulations should be implemented to avoid the emergence of monopolies.¹ They argue that private sector activities, including leverage and speculation are more prone to cause recurring booms and busts, causing government bailouts and stabilization policies.¹

Social safety nets vs welfare programs

¹⁸The debate over social safety nets and welfare programs revolves around differing views on government involvement in supporting individuals in need. Conservatives generally advocate for a limited welfare state to promote personal responsibility. They argue that extensive welfare programs can create dependency and reduce incentives for self-reliance. Conversely, liberals tend to support more comprehensive social safety nets, including

¹⁴ Dehnavi, E. A., & Tabatabaei, S. M. (2021). Principles and positions of US foreign policy against terrorism. *EFFLATOUNIA-Multidisciplinary Journal*, 5(2).

¹⁵ Dehnavi, E., Zargarbashi, S. R., (2020). Factors affecting Canada's Foreign Policy, Conference: BASIC AND APPLIED RESEARCHES IN the MODERN WORLDat: St. Petersburg, 1-7.

¹⁶ Dehnavi, E. A., & Nourmohammadi, M. (2023). Factors of the prevalence of authoritarianism and the push on democratization in the Middle East.

¹⁷ <https://www.investopedia.com/terms/i/income-inequality.asp>

<https://fee.org/articles/the-new-trickle-down-theory-of-economics/>

¹⁸ <https://www.brookings.edu/articles/the-state-of-the-social-safety-net-in-the-post-welfare-reform-era-with-comments-and-discussion/>

<https://www.pewresearch.org/politics/2017/10/24/5-views-of-the-economy-and-the-social-safety-net/>

unemployment benefits, healthcare, and housing aid. They believe such programs are essential for providing a safety net for vulnerable populations, reducing poverty, and addressing social inequality.¹⁸

Rules vs. Flexibility

¹⁹ Conservatives prefer automatic policy rules over discretionary actions, as their support for this action could be tied to their belief in supply-side economics. The idea from the Laffer curve theory that tax cuts for the wealthy will stimulate growth aligns with their preference for predictable and consistent policies like fixed money supply growth rates and balanced budgets. However, supply-side economics has faced criticism for not always producing the intended results.¹⁹

¹Contrarily, Liberals believe that modern economies are susceptible to various shocks—such as wars, technological advances, and commodity price fluctuations—requiring flexible and responsive policy measures rather than rigid rules.¹ They argue that automatic rules cannot account for situations like markets that naturally lack competition.

Economic Stabilization Tools

²⁰ Conservatives believe that a factor such as monetary policy is a precise tool for managing inflation and supporting economic growth, and they state their reason as such that this factor is controlled by central banks that use tools such as interest rates and money supply control. In addition, these people state that due to the decisions made in government spending and taxes, fiscal policies are a factor in which most of the abuse is raised.²⁰ ¹ In this regard, conservatives note that the factor that can increase the budget deficit and national debt is nothing but financial interventions as this will eventually lead to the loss of private investments. In this regard, it is important to refer to the liberals because their argument is that monetary policy is insufficient to manage the sudden decrease in aggregate demand. They argue that lower interest rates during a downturn may not be effective if borrowers are reluctant to incur more debt. Liberals support boosting public spending on infrastructure, education, and unemployment benefits to stimulate demand and aid recovery.¹

Inflation

²¹ Inflation, from the conservative point of view, is due to the existence of too much money in the economy compared

to the number of goods available. In this regard, it has been stated that expansionary monetary policies will cause inflationary pressure, especially when the central bank has injected more money into the economy in order to deal with the economic recession in order to stimulate economic growth. But conservatives argue that such a thing can have the opposite effect because of facing increase in prices and reduction of buying power. In this regard, liberals believe that the mentioned case is not the only result of excessive monetary expansion and state that inflation is often caused by the increase in production costs rather than the excessive abundance of money. In addition, regarding the issue that an increase in money supply does not necessarily lead to high inflation, there are historical examples that support this view.²¹

It is worth noting that an important factor that plays a fundamental role in shaping public policy debates, providing research and influencing laws is the participation of US think tanks in economic policy making. The mentioned think tanks are generally classified into two ideological groups involving conservative and liberal. However, it should be noted that their impact is different based on the supported economic principles and their proximity to government decision makers and the public discourse they create is not the same.

Here's a general breakdown of the comparison between conservative and liberal think tanks in U.S. economic policymaking:

Key Conservative Think Tanks:

1. *Heritage Foundation*
2. *American Enterprise Institute (AEI)*
3. *Cato Institute*
4. *Hoover Institution*

Key Liberal Think Tanks:

1. *Brookings Institution*
2. *Center for American Progress (CAP)*
3. *Economic Policy Institute (EPI)*
4. *Roosevelt Institute*

Focus of Conservative Think Tanks:

- **Tax Policy:** Conservative think tanks generally advocate for lower taxes, often supporting tax cuts

¹⁹ <https://www.investopedia.com/terms/l/laffercurve.asp#:~:text=The%20Laffer%20curve%20shows%20the,disincentivizes%20workers%20from%20earning%20wages.https://www.americanprogress.org/article/the-failure-of-supply-side-economics/>

²⁰ <https://www.investopedia.com/ask/answers/100314/whats-difference-between-monetary-policy-and-fiscal-policy.asp>

²¹ <https://www.investopedia.com/terms/i/inflation.asp>
<https://blogs.stthom.edu/cameron/conservatives-vs-liberals-the-economic-debate/>

for corporations and higher-income individuals with the argument that this stimulates economic growth.

- **Regulation:** There is typically a strong push for deregulation, including relaxing environmental, financial, and labor market rules, as a way to foster business investment.
- **Spending Cuts:** They often support reducing federal spending, particularly on social welfare programs, with a focus on reducing the deficit.
- **Free Market Solutions:** Advocating for policies that reduce government intervention in the economy and promote free-market capitalism.

Focus of Liberal Think Tanks:

- **Tax Policy:** Liberal think tanks generally advocate for more progressive taxation, aiming to increase taxes on higher earners and corporations to reduce income inequality and fund social programs.
- **Government Spending:** They often support expanded government spending on social programs, healthcare, education, and infrastructure, arguing that these investments promote long-term economic growth and reduce inequality.
- **Regulation:** There is typically an emphasis on more stringent regulation, particularly concerning environmental policy, labor protections, and

corporate governance, aimed at promoting sustainability and fairness.

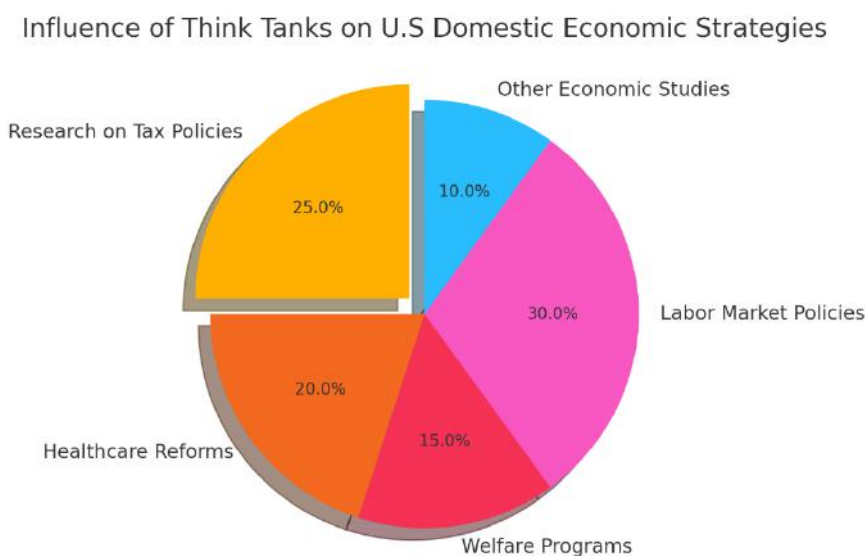
- **Social Equity:** Liberal think tanks often focus on addressing economic inequality, arguing for policies that redistribute wealth and provide greater economic opportunities for marginalized groups.

III. COMPARISON ANALYSIS

It is considerable that, presenting a framework for the domestic economic strategies of the United States is something in which think tanks play a significant and fundamental role. These think tanks wield their influence through research, publications, and recommendations aimed at policymakers, legislators, and the general public across various sectors related to the economy. These issues include tax policies, healthcare reforms, welfare programs, and labor market policies.

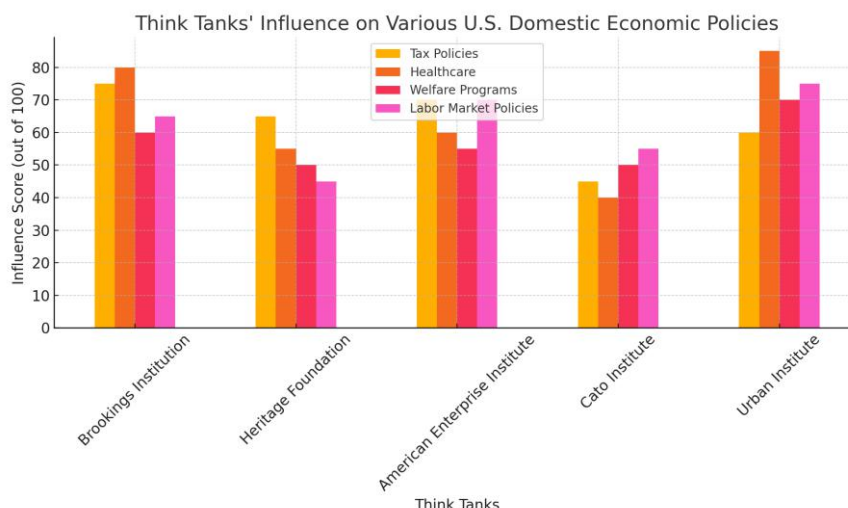
Prominent think tanks are important in this regard because they provide insights that lead to the determination of government decisions as well as long-term strategies in the field of sustainable economic growth. For example, we can refer to important think tanks such as Brookings Institution, Heritage Foundation, and American Enterprise Institute. The pie chart provides appropriate information in this field and shows the distribution of think tank concentration in different areas of US economic policy, which is considered important in all areas:

Figure I:



The bar chart below provides a comparative analysis of how various think tanks influence specific U.S. domestic economic policies:

Figure II:



1. Tax Policy:

- Conservative think tanks argue for a supply-side approach, where tax cuts, particularly for the wealthy and corporations, are seen as a way to promote growth.
- Liberal think tanks promote a demand-side approach, emphasizing higher taxes on the wealthy to fund social programs and reduce inequality.

2. Economic Regulation:

- Conservative institutions tend to view regulation as a barrier to business and advocate for its reduction.
- Liberal think tanks support regulation to address social inequities, promote environmental sustainability, and protect consumers.

3. Government Role in the Economy:

- Conservative think tanks advocate for a smaller government footprint, believing the private sector can deliver more efficient outcomes.
- Liberal think tanks argue for a more active government role in managing the economy, particularly to address market failures and inequities.

4. Influence:

- Conservative think tanks like the Heritage Foundation have played key roles in shaping Republican economic policy, particularly during the Reagan era and under Trump.
- Liberal think tanks such as the Center for American Progress have been influential in shaping Democratic policy agendas, particularly under the Obama and Biden administrations.

Influence of Think Tanks in Policymaking:

In order to get a comprehensive understanding of the undeniable role of think tanks in shaping the domestic economic policies of the United States, several political theories can be mentioned in this field. It should be noted that each of these theories presents a different perspective on how these institutions influence the decision-making process in important and vital fields. In the following, some political theories are mentioned which are related to the essential role of think tanks in shaping the economic policy and help to describe this issue:

1. Elite Theory

What is proposed in the theory of elites is that a small group of elites, which includes individuals and institutions, have the most power and influence considering public policy. These elite actors in the political system are the same think tanks that are often financed and supported by wealthy individuals, corporations and foundations which depend on these institutions to exert their influence. These institutions provide content that is aligned with the interests of political and economic elites. Content including research, reports and policy recommendations. Think tanks often play their role in the domestic economic policy framework of the United States in a way that favors corporate elites or wealthy individuals, often benefiting from tax reform, deregulation, and economic policies in this direction.

Application to Think Tanks:

- Think tanks like the **Heritage Foundation** and **American Enterprise Institute** are influential in promoting pro-business policies.
- Their research and advocacy efforts can shape economic policies like tax cuts, deregulation, and labor laws in ways that align with the preferences of elites.

2. Pluralism

Pluralism perceives politics as a struggle between various groups of interests and the distribution of power among numerous organizations. This view holds that think tanks are just one of many interest groups that influence the debate of public policy. Within the framework of pluralistic activities, think tanks can influence economic policies, but in order to do so, they must provide research that serves different ideological or interest-based positions. They compete with other actors such as lobbyists, media, and political parties to shape public policy.

Application to Think Tanks:

- Think tanks such as **Brookings Institution** or **Urban Institute** represent different ideological perspectives on economic issues.
- They engage in the marketplace of ideas, providing policymakers with competing viewpoints on tax reform, healthcare policy, and labor regulations.

3. Bureaucratic Politics Model

In another political model called the bureaucratic policy model, the results of competitive processes, negotiations and compromises between different bureaucratic actors are considered to be the results of politics. In this context, think tanks play a vital role by providing specialized knowledge and shaping the preferences of various government agencies. However, it is important to note that these think tanks are outside the government, but they will have their impact. Policymakers within bureaucracies often rely on think tanks to justify decisions or provide alternative perspectives that align with their department's goals.

Application to Think Tanks:

- There are numerous examples of think tank research being used by government officials to support their preferred economic policies. In other words, in the direction of preferential interests, we can point to the example that a sector focused on economic growth may rely on think tanks that defend deregulation or free market principles.
- Think tanks can also have an impact on government bureaucrats' agenda regarding economic policy, particularly while it comes to developing long-term plans for social welfare and economic regulation.

4. Groupthink

Another theorist named Irving Janis proposed a theory called groupthink theory and through it showed that decision making in interconnected groups can lead to the adaptation of ideas. Furthermore, it has been argued that this potentially stifles alternative views. Think tanks, especially those ideologically aligned with specific administrations or

political parties, can fall into a form of groupthink by promoting a unified set of policy recommendations. This is especially evident when think tanks have direct access to policymakers and influence discussions without sufficient external critique.

Application to Think Tanks:

- Conservative think tanks may consistently produce research that aligns with Republican economic strategies, while liberal think tanks might do the same for Democratic policies.
- Groupthink within think tanks can limit innovative solutions or a broader range of economic policy options if alternative viewpoints are not adequately considered.

5. Neoclassical Realism

The factor that leads to combining the insights of structural realism with domestic-level variables is nothing other than neoclassical realism, and in this context, it demonstrates that both external constraints and internal factors are also influential in shaping foreign and domestic policy decisions. Although this theory is primarily employed in the framework of foreign relations, it can also be used to explain how domestic politics—including the influence of think tanks—might affect U.S. economic policies. In this framework, think tanks play a critical role in defining the domestic interests that influence national policy, including economic strategies.

Application to Think Tanks:

- Think tanks provide the domestic-level analysis needed to navigate international economic issues, such as trade policies, which are influenced by both global market structures and domestic economic priorities.
- They help mediate between external economic pressures (such as globalization) and internal political considerations (such as job creation and tax policies).

6. Constructivism

Another theory has been proposed that emphasizes the importance of ideas, beliefs and norms in shaping political behavior and results. This theory is called constructivism theory. In this regard, think tanks are mentioned as important players who play a significant role in building narratives and guiding norms of economic policy. These people have played a significant role in the process of forming public understanding of economic issues and draw a clear framework in the field of discussion around tax reforms, health care, and welfare. Therefore, in this way,

they influence what is considered "acceptable" or "desirable" economic policy in this regard.

Application to Think Tanks:

- Think tanks construct and disseminate ideational frameworks for economic policies, such as the idea that "free markets lead to prosperity" or that "government intervention is necessary for social equity."
- Organizations like the **Cato Institute** promote libertarian ideals, influencing economic debates on minimal government intervention in markets, while institutions like the **Economic Policy Institute** advocate for policies rooted in fairness and labor rights.

7. Two-Level Game Theory

The well-known theoretician named Robert Putnam also introduced Two-Level Game Theory, according to which political leaders should balance two important factors, domestic and international considerations, when making political decisions. Think tanks influence the domestic level by shaping public opinion and providing policy recommendations that align with domestic political needs, which then inform international economic strategies.

Application to Think Tanks:

- Think tanks help bridge the domestic and international realms by offering strategies that balance U.S. economic policies with global economic challenges like trade agreements, tariffs, or international financial regulations.
- Their research on domestic economic concerns often influences how the U.S. negotiates and engages in global economic policymaking.

8. Policy Network Theory

The interdependence of different actors in the policy-making process, such as think tanks, governmental agencies, and private sector groups, is highlighted by policy network theory. Think tanks are part of complex policy networks where they interact with legislators, lobbyists, government

officials, and industry experts to shape economic policy outcomes.

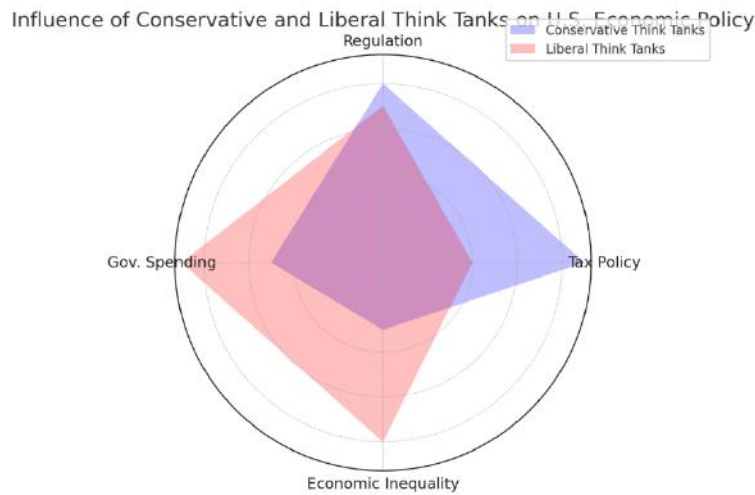
Application to Think Tanks:

- Think tanks exert their influence on U.S. domestic economic policy by being parts of broader political networks and coalitions. In addition, the influence on the formulation of economic strategies is done through reports, discussion and their cooperation with other influential institutions.
- For instance, there are two institutions, named the Council on Foreign Relations and Center for American Progress, which cooperate with policymakers so that they can match and align domestic economic policy with broader strategic goals in order to exert better influence.

Overall, it is possible to characterize the function of think tanks in offering a framework for US domestic economic policies, which is highly significant when taking into account all political issues, by looking at a number of political theories, including elite theory, pluralism, neoclassical realism, and policy networks. These institutions contribute to the framing of economic debates, provide intellectual justifications for various vital policies, and often employ its intermediary role between political elites, government officials, and the public. Their influence is particularly evident in areas like tax reform, labor market regulation, and social welfare, where their research is regarded as a key factor to shape both public opinion and legislative action.

In general, it can be said that conservative think tanks have played a crucial role in promoting economic policies such as tax cuts (like the 2017 Tax Cuts and Jobs Act), deregulation (especially in the energy and finance sectors), and welfare reform. It should also be noted that liberal think tanks have influenced many policies that have been debated, such as the Affordable Care Act, stimulus packages during the Great Recession, and recent calls for a higher minimum wage, health care expansion, and infrastructure spending has been under the financial support of the Biden administration.

Figure III:



The figure, is the radar chart comparing the influence of conservative and liberal think tanks on U.S. economic policy across four key areas: tax policy, regulation, government spending, and economic inequality.

Key Insights:

Tax Policy: Conservative think tanks tend to have a much stronger influence, pushing for tax cuts and lower taxes.

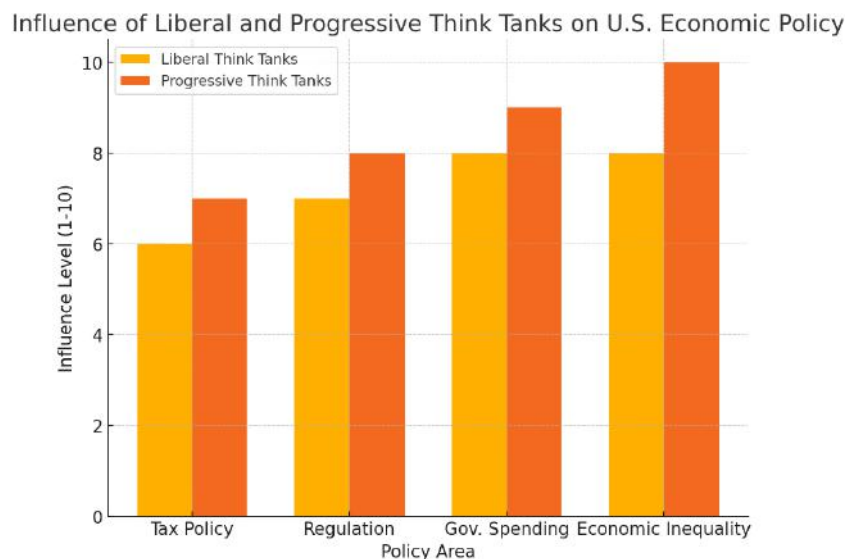
Regulation: Both groups are influential in different ways; conservatives advocate for deregulation, while liberals push for more regulatory oversight.

Government Spending: Liberal think tanks tend to promote more government spending on social programs, while conservative think tanks favor spending cuts.

Economic Inequality: Liberal think tanks focus more on reducing economic inequality, with policy recommendations centered on progressive taxation and wealth redistribution.

This chart illustrates the differing levels of influence that each ideological group has in shaping these key policy areas

Figure IV:



Here is the bar chart comparing the influence of liberal and progressive think tanks on U.S. economic policy across four key areas: tax policy, regulation, government spending, and economic inequality.

This comparison shows that while both groups share similar goals, progressive think tanks often push for more radical and far-reaching policy changes than their liberal counterparts.

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