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America the Unusual

CONCLUSION: A STORY OF PATH DEPENDENCE

*Two roads diverged in a wood, and I —
I took the one less traveled by,
And that has made all the difference.*

—Robert Frost

This chapter has tried to answer the questions, "Why do Americans at the center of our politics think the way they do about the proper role of government, and why have American government and public policy turned out to be as limited as they are, compared to other industrialized countries?" We have discussed several explanations, including migration, localism, economic and social structure, opportunity, and isolation. Let's try now to draw these explanations into an argument about why the United States is different.

That argument is a theory of path dependence (see Arthur 1988, 1994). Economic theories of path dependence were originally generated to explain why given technologies like the QWERTY typewriter keyboard (David 1985) or VHS video technology (Arthur 1988) came to dominate their markets, even though they may not have been the most efficient or advanced systems available. Once typewriters were designed with a QWERTY keyboard, for instance, everybody made an investment in that technology and then carried it over to computers. It's extremely difficult to replace QWERTY, even though better keyboards are possible (David 1985). For the same reason, VHS technology took over the video cassette market from Betamax technology once people made their investments in VHS, even though Beta may have been a better technology (Arthur 1988).

The central notion in path dependence is that a given system (e.g., a market or a country's governmental institutions) starts down a path and, once started, cannot easily reverse course. The notion is that initial conditions and early choices heavily affect the future course of events. The beginning choice may even be strictly random, as with the flip of a coin, or at least somewhat haphazard, though it may not be. Random or not, once initial choices are made, all of the involved agents invest in those choices, powerfully reinforcing the direction in which the system is headed. A slight edge in VHS market share over Betamax, for instance, powerfully affected which technology eventually took over. Arthur (1988, 1994) even argues that the system becomes "locked in" to its pattern. It might be possible to reverse direction, but very costly. Pierson (1996) makes a persuasive case that path dependence characterizes the political world even more often and more powerfully than it applies to economics.

Let us bring this theory to bear on differences between the United States and other industrialized countries. America started down the path of limited government very early. We started with a distinctive distrust of authority, including governmental authority, that sprang both from the values of the immigrants and from the pervasive localism of America. Faithful to and believing in that orientation, the founders deliberately built the country's fragmented governmental institutions (separation of powers, checks and balances, bicameralism, federalism) so as to limit government. Their design also contained specified limits on government action, as in the Bill of Rights, to be enforced by independent courts. Now that we have gone down that path of limited government for two centuries, we are extremely unlikely to design a wholly different set of institutions from scratch (North 1990:95). Some Americans think that the genius of the founders is their lasting legacy to all of us; others think that we're all stuck with these unwieldy institutions. Either way, there's no turning back.

A key starting point in an explanation for American peculiarity is the combination of ideology and institutions discussed at the end of Chapter 3. The American ideological center of gravity, which was more suspicious of governmental authority than the center of gravity in other countries, was systematically and deliberately built into our unusual institutions. So the idea of limited government became a hallmark, not only of some sort of general American political culture but also of the very structure of governmental institutions under which Americans still live. Those institutions consequently make change difficult and reinforce the ideology of limited government. This enduring and powerful interaction between ideas and institutions, each one reinforcing the other down through history, goes some way to explain the modern distinctiveness of American politics and public policy.

Let us explore the matter of institutional development a little more fully. North (1990) adapts the general principles of path dependence to understand institutional development. As North (1990:7) says, institutions "determine the opportunities in a society. Organizations are created to take

advantage of those opportunities, and, as the organizations evolve, they alter the institutions. . . . [The result is] the lock-in that comes from the symbiotic relationship between institutions and the organizations that have evolved as a consequence of the incentive structure provided by those institutions."

To follow North's logic in the case of American governmental institutions, once the United States adopted a fragmented constitutional system, interest groups from the beginning right down to the present were formed and built their strategies around the institutions, creating powerful interactions between institutions and politics. Along the way, political parties—institutions that in other countries mobilize majorities, aggregate preferences, and organize government for action—were also severely weakened. As discussed in this chapter, the weakness of the administrative state through the nineteenth century was also a major part of the relative weakness of governmental institutions.

While some stories of path dependence start with a flip of the coin, I do not consider the initial steps in this case to have been a random start. To the contrary, the people who came to America and dominated our politics were, as noted earlier, systematically different from the people who stayed behind in their countries of origin. Because they came to these shores either to escape religious or political authority or to better themselves economically, the people who came to dominate American politics were more suspicious of government than those who populated other countries, more concerned about government tyranny, less given to obey authorities, less tolerant of hierarchy, more inclined to see taxation as confiscating what was theirs instead of as a way to finance collective purposes, and less inclined to support ambitious government programs.

In addition to a general suspicion of governmental authority to which migration patterns contributed, American diversity and localism resulted in a particular suspicion of the national government. Slavery reinforced localism powerfully, because it was the driving force for many arguments in favor of states' rights. Politics was local in many other respects, including the localism of our political parties. The constitutional establishment of a federal system ensured an institutional reinforcement of localism, as state and local governments retained a portion of their own sovereignty and powers.

Once the institutions were established and survived, the American ideology of limited government, the tradition of localism, and the workings of the institutions perpetually reinforced one another. Ideology dictated continued limits on government; but because government institutions were limited, people also developed limited expectations about what government could or should accomplish, reinforcing the ideas. As a theory of path dependence would have it, once America started down the path of limited government, it proved extremely difficult to change course, even if people were disposed to do so.

Arthur (1988) also argues that a direction in a path-dependent system can only be changed by some powerful coordination effect, such as an

authoritative agency dictating a change by fiat. Such coordination is exactly what American institutions (fragmented governmental institutions and weak political parties) were designed to avoid, making a reversal of the initial course even less likely than with other cases of development.

In addition, interest groups have been built around these fragmented institutions. So when some proposal surfaces that would challenge the existing interest groups, these groups can block such a proposal more easily than with the more centralized or coordinated institutions in other countries. To block a proposal, a given interest group or coalition need only block it at one of several points (House committee, Senate floor, president, etc.). To pass the proposal, it must survive all those challenges.

Margaret Thatcher could go farther and quicker in trimming the British welfare state than Ronald Reagan could go in this country, for example, because her parliamentary system gave her the coordination tools that the American system lacks (Pierson 1994). Not obliged to contend with the separation of powers, she could also count on the support of a strong, disciplined party in the British parliament. Even at that, according to Pierson, direct attacks on social programs in both countries were less effective than indirect strategies like institutional changes that strengthened budget cutters' hands or policies that weakened government revenue bases.

A similar logic applies to the notion of policy sequence (Weir 1992b). The idea is that public policies adopted early profoundly affect subsequent policies. The sequence starts with institutions that shape the alliances that are possible, guiding the development of ideas and the definition of people's interests. Government then adopts some public policy, like the New Deal version of employment policy in the 1930s. Those policies, once adopted, result in a set of beneficiaries or constituencies, who then organize interest groups to protect the policy in place (Walker 1991). Once a policy orientation is established, it becomes difficult to change course.

To return to our story, several other factors reinforced the original path. America's economic and social structure, first, shaped as it was by the lack of a feudal past, muted class conflict and discouraged the emergence of the democratic socialist tradition that one finds in most industrialized countries. As labor unions evolved in this country, they were more exclusively occupied with workplace issues than were labor unions in other countries, partly because they did not have to fight for the vote at the same time that they fought for benefits in the workplace. Neither the democratic socialist tradition nor the socialist parties that developed in many other industrialized countries ever emerged in the United States, for the variety of reasons we considered above. This lack of a democratic socialist movement and the somewhat narrower reach of American labor unions contributed substantially to this country's tradition of limited government, because there was less pressure from the left than is found in most other industrialized countries.

The myth and reality of opportunity, second, including the availability of the frontier, made it possible for people to advance on their own with

less governmental protection than one observes in other countries. The third reinforcing factor, American geographic and economic isolation, though not driving the differences between the United States and other industrialized countries, further enabled us to go down a different path.

To summarize our theory of path dependence, migration and localism generated distinctive early American ideas, which centered on suspicion of authority and limitations on government. Those ideas were systematically built into American institutions, setting up the central interaction between those ideas and institutions that has affected our politics and public policies ever since. Once the limited government institutions were established, an entire structure of powerful interest groups and weak political parties reinforced the limitations that were hallmarks of both the ideas and the institutions. A number of other factors reinforced the American pattern of limited government: economic and social structure, including muted class conflict, the distinctive orientation of our labor unions, and the absence of democratic socialism and feudalism; the pattern of economic, social, and geographical opportunities; and relative isolation.

But in a system of path dependence, there is nothing historically inevitable or foreordained about such developments. Quite the contrary: Each choice on the path could go either way, there are no single or unique equilibria, and outcomes are not really predictable (Arthur 1988, 1994). The sequence is critical, but the outcome cannot be foreseen. If American labor unions had been fighting for the right to vote and for workplace rights at the same time a century after the adoption of the Constitution, for instance, political evolution in this country might have gone much more in the direction of "big government." Or if the United States had suffered as much destruction in World War II as European countries did, Americans might easily have resorted to much larger and more intrusive government to rebuild, instead of dismantling the massive government planning and rationing apparatus that was put in place during the wartime mobilization. This theory of path dependence, then, is quite different from historical determinism, and quite different from the determinism of various social science theories (Pierson 1996).

Indeed, the unfolding of American history is filled with critical junctures when there was conflict over institutional design and policy directions, when making a different choice would have gone against and then changed the prevailing ideas about limited government, and when in fact America did sometimes adopt measures that seemed much more like "big government" than the prevailing American ideology would have suggested. A vigorous debate was played out during the pre-Constitution period of the Articles of Confederation, for instance, about how much power the national government should have. The nation's history has been punctuated by similar debates ever since—between Federalists and Jeffersonians, Whigs and Jacksonians, nineteenth-century Republicans and Democrats, Progressives and their opponents, 1930s New Dealers and their opponents, and in our own day conservative Republicans and liberal Democrats. Some

of those debates were about the proper role of the federal government vis-à-vis state and local governments; others were about government in general vis-à-vis the private sector.

No hegemonic Hartzian liberal consensus dominated those debates. Major choices were hotly contested at each juncture, and different choices would have altered the path that the country took. Those critical junctures were open policy windows (Kingdon 1995:Ch.8), opportunities for advocates of the expansion of the reach and size of government to make their case. And in fact, some "big government" initiatives were enacted. The New Deal programs of the 1930s, for instance, included social security, regulation of wages and hours, government employment programs, agricultural assistance, and securities and banking regulation. The federal government also introduced the expansive programs of the 1960s, including Medicare and Medicaid, civil rights legislation, federal aid to education, and the War on Poverty.

Those debates and governmental choices, however, took place in a distinctively American context. To return to a major theme of this book, those debates *centered* on a position concerning the appropriate powers and limits of government that was more to the limited government end of the continuum than the center in other countries. Although the outcomes of the struggles were not predetermined or inevitable, and although there were exceptions, the major choices in institutional design and public policy tended to point to a less expansive and more limited role for government than did similar choices in other countries.

This book has concentrated on critical turning points in American history that have led the country down our own path and so generated its distinctiveness. A similar analysis could be developed for other countries as well. For European countries, for example, the utter devastation of World War II would be one of those junctures, leading them to adopt more ambitious, government-centered programs to rebuild housing, transportation, and industrial infrastructure than they might have adopted without that devastation. Much earlier, it was the availability of a strong administrative state that enabled Bismarck to begin the development of far-reaching social welfare programs. A theory of path dependence, in other words, seems quite generally applicable, and probably helps us understand developments in all countries, not just the United States.

Some of the factors that led to American distinctiveness may be changing, although it's difficult to be confident about how much change is likely. New problems may also arise that call for new solutions. Globalization, for instance, could be making distinctiveness somewhat less possible and may increase the similarities among countries as the years go along. On the other hand, the logic of path dependence suggests that countries will not completely converge. So we turn last to some implications of American ideas and practices.