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Introduction

In 1994, my wife and I were visiting her most pleasant and friendly relatives in Norway. In the course of one of those lovely Norwegian encounters over coffee and sweets, I struck up a conversation with a niece, who was very pregnant at the time. I asked her what she was planning to do about her job when she gave birth. She replied that she would take a year's leave of absence, whereupon she would return to her job, which was guaranteed to be held for her. When I speculated that her husband's income would have to support the family during her leave, she replied that no, she would receive 80 percent of her salary during her year's leave. Surprised, as most Americans would be, I asked who pays for that. She replied in a rather offhanded manner, "the state," or what many Americans would call "the government."

I proceeded to tell her that in the United States, after years of struggle, we had just enacted a national family leave policy which provides a guaranteed, *unpaid* leave of absence for parents from their jobs for *twelve weeks* with guaranteed reinstatement. Now, this niece is an unfailingly polite young woman, and hardly politically involved or sophisticated. Still, she could barely disguise her wonder and even her amusement that the greatest and wealthiest country on earth could be so backward, at least from her point of view.

I later glanced out of the window at the busy Oslo street below. There on the corner was an Exxon station. Much like any other Exxon station in the world, this one posted its gasoline prices on a sign by the curb. A quick translation in my head from Norwegian kroner to dollars led me momentarily to believe that the price was about the same. But it didn't take even my addled brain long to realize that the price was stated in liters, not gallons. That is to say, gasoline in Norway cost roughly *four times* what it cost in the United States. I made some inquiries. It turned out that almost all of the difference in price was due to the extremely high taxes that the Norwegians levied on each liter of gas, at least high taxes by American standards. And this in a country awash in North Sea oil.

My eye-opening experiences at that charming family gathering in Oslo, Norway, as it happens, encapsulate the theme of this book. That

theme can be directly stated: Government in the United States is much more limited and much smaller than government in virtually every other advanced industrialized country on earth. While there are some exceptions, in general the scope and reach of governmental programs in America is smaller. The taxes are lower, contrary to what many Americans might think. Public policies to provide for health care, transportation, housing, and welfare for all citizens are less ambitious. But other countries pay for their ambitious policies in the form of higher taxes, and in some cases more regressive taxes (Steinmo 1993).

Consistent with the comparatively limited reach of public policies, American governmental and political institutions are also limited. Our constitutional system of separation of powers and federalism is more fragmented and less prone to action, by design, than the constitutional systems of other countries. Our politics are more locally based, and centralizing features like cohesive national political parties are weaker than in other countries. This description of public policies, together with governmental and political institutions, adds up without undue distortion to one phrase: limited government.

Americans might well wonder why we are as we are. Do we have a distinctive political culture or dominant political ideology? Do we think differently from others, or value different things? If so, what are the differences? What has been the impact of early choices about governmental institutions, choices that still affect us today? Is there something about our social structure or economic arrangements that sets us apart? While not always definitively answered, these questions are all taken up in the pages of this book.

Even if America is different, should we want to be different? In the mid-1990s, as America approached the dawn of a new century, a struggle of titanic proportions was taking place over the proper role of government. Nowhere was that struggle more clearly fought than in the dispute between the Republican Congress elected in 1994 and President Clinton over balancing the budget—a dispute that shut down parts of the government in late 1995 and early 1996 for unprecedented lengths of time. Most Americans saw that gridlock over the budget as petty or “political,” whatever they might have meant by that word. But there was nothing petty about it. At stake was nothing less than a fundamental clash of philosophies over what government’s purposes should be, and what should be the reach and size of federal programs that profoundly affect almost every American.

One thing missing from that clash, it seems to me, was the recognition that American politics has a very different center of gravity from the politics of nearly every other industrialized country. Profound as our differences might be, the center of our politics still looks much less to government for solutions to whatever problems might occupy us, compared with the centers of other countries’ politics. After all, the battle over the “Republican Revolution” of 1995–96 placed the American left well to the right of

what most other countries would regard as their political center. As a general rule, Americans think that government should be much more limited than citizens of other countries do. And our governmental institutions were deliberately designed to accomplish that limitation.

We might do well to pause in the midst of our disputes to take stock of where we stand. Are taxes actually too high? To be a bit Goldilockian, is government actually too big, too small, or just about right? Or, to be more nuanced about it, in what *respects* is government too big, too small, or just about right? Looking to the experience of other countries won't provide the answers, because we would still have to decide for ourselves whether we want to continue on our unusual path, accelerate its limitations on government, or go in a different direction. But in the course of comparing ourselves to others, we might pick up some hints.

This book starts by simply describing the major differences between the United States and other advanced industrialized countries. In Chapter 2, we examine the facts: the institutions of government limited by the separation of powers, the weakness of our political parties in comparison with other countries, the smaller reach of our public policies, our lower tax burdens, and the general limited role of government in our collective social and economic life. We will also discuss some supposed exceptions to the general rule of limited government, such as the great commitment to public schooling, the burdens of regulation, the litigiousness of American society, and the size of our military establishment.

But these descriptions are not just isolated little facts. Some degree of agreement on a philosophy of limited government binds them together. So Chapter 3 attributes the factual differences between America and other countries to a prevailing American ideology. The tenets of this ideology are not shared by all Americans, and the center of this ideology is criticized from both the left and the right. We will notice that it's difficult even to think about who believes in these tenets. But I will argue that this prevailing American ideology can be described, has been quite stable through our history despite fluctuations from time to time, affects our institutions and public policies dramatically, and is above all distinctive. That is, despite our differences, Americans at the center of our politics do think differently from people at the center of other countries about the proper role, possibilities, and limits of government. An examination of this pattern of thinking will also try to make sense of the supposed exceptions to the general description of limited government. In Chapter 3, I will also try to sort through something that has occupied many scholars: the importance of institutions, as opposed to the importance of ideas, on the shape of public policy in the United States.

If Americans think differently, where did that thinking come from? Isn't it an interesting puzzle: *Why* is America so different? Chapter 4 attempts to trace our roots. We start with migration—why Americans came to this country in the first place, what concepts they brought with

them, and how those concepts differed from those held by people who stayed behind. We discuss the remarkable diversity and localism in the United States. We include theories about economic and social structure—the absence of a feudal system, the distinctiveness of organized labor, and the workings of the American capitalist system. We consider features of American economic and noneconomic opportunity, the importance of social mobility, and the impact of the frontier. And we note the importance of isolation from other countries, which was created and maintained by the vast oceans separating us from other continents, but which has been fundamentally eroded by modern communications and transportation technology.

Here is a brief sketch of the theory I develop at the end of Chapter 4 to explain the differences between the United States and other industrialized countries. It's a version of a "path dependence" story (see Arthur 1988, 1994; North 1990), in which early events started us down the path along which we have been traveling ever since, and subsequent events reinforced our direction. We started with migration: Many of the early settlers in this country were systematically different from those who stayed behind in the old country. They brought certain distinctive ideas with them, especially their suspicion of hierarchy and authority, and hence their distrust of government. They also left behind the values of societies in which feudalism and aristocracy had produced legacies of class and privilege, holding instead to values of individualism and equality of opportunity. The founders of the country built these ideas into our governmental institutions, providing intentionally for a markedly limited government. We also started with the fundamental localism and diversity of America, which also prompted the founders to construct a limited government, particularly a limited federal government. So we started down our path because the values of the early immigrants, combined with localism and diversity, produced this powerful interaction between ideas and institutions.

Once that started, subsequent events reinforced our direction. These factors included some features of the American capitalist economic system, the distinctively nonsocialist cast of our labor unions and political parties, the opportunities provided by the frontier and other features that promoted social mobility, and our isolation from other countries.

This picture of path dependence does not mean that our directions were predetermined or inevitable. At various points in American history, there were profound struggles over the design of our governmental institutions and the shape of our public policies. We could have gone in different directions at those junctures—and indeed, we sometimes did. The New Deal of the 1930s, for instance, involved a great many "big government" changes. I discuss such critical points in our history in the course of developing the path dependence account.

Finally, we will reflect in the last chapter on what it all means. As we approach the new millennium, where do we stand? Can we learn some-

thing valuable from other countries? Does American ideology blind us to some productive possibilities, and if so, what are they? Could we benefit from less ideology and more pragmatism? To the extent that we understand why we have come to our current situation, do we want to alter what we do and how we do it? Is it possible to change direction, toward either more or less government, and if so, how? But should we want to change, or should we continue doing largely what we have been doing? Or will we be forced to change, whether we want to or not, by the inexorable march of demographics and global change? If so, how? Among other things, I argue in that last chapter that American ideology serves us well in some respects but ill in others, and that we could benefit from more pragmatism in our politics and public policy making.

So in the pages of this book, let's discover some facts about the United States compared with other countries, reflect on why America is so very unusual, and think together about what we can learn about our situation and what, if anything, we want to do about it.