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Describing the Comparisons

Before we leap into interpretations and explanations, let's concentrate on the facts. In later chapters, we will try to understand why the United States is as it is, and how we might evaluate our practices. This chapter, however, simply describes the United States compared to other industrialized countries. We start with American governmental institutions, proceed to consider the strength of our political parties, and end with some observations on the patterns of public policy and the size of the public sector.

INSTITUTIONS

Separation of Powers

American institutions are rooted in a system of separation of powers, in which government is divided into the familiar legislative, executive, and judicial branches. The Constitution, together with practices that have developed since the Constitution was adopted, provides for the independence of the branches in several ways. Members of the different branches are selected differently, for one thing: the president in four-year terms by nationwide popular vote and an electoral college, the House of Representatives in two-year terms by election from districts of roughly equal population, the Senate in six-year terms by popular election statewide, and the judiciary appointed for life by the president with Senate approval. The Constitution also assigns different powers of government to the different branches. But a system of checks and balances provides that each branch checks the others. So, for example, the president can veto acts of Congress, the courts interpret and can overturn acts of Congress, and Congress can check the executive branch by using its power of the purse.

While this description of our institutions is completely familiar to any high school student who has studied government in social studies or civics courses, many Americans don't appreciate how utterly peculiar our governmental institutions are. Virtually all other representative democracies in advanced industrialized countries use some version of a parliamentary system. In a traditional parliamentary system, there is no separation of powers. The head of state, usually called a prime minister or premier, is by definition the leader of the majority in the parliament. If one party controls the parliamentary majority, the leader of that party becomes the prime minister. If no one party controls the majority, the prime minister is named through a process of negotiation among the parties making up a majority coalition of parties.

In any event, the head of state is not separately elected nationwide. He or she runs in an individual parliamentary district, is the leader of the parliament, and particularly the leader of the parliamentary majority. There's also no fixed four-year term for the prime minister. The parliament can choose to oust the prime minister and cabinet, or the prime minister can dissolve parliament and call new elections. In either case, the process of forming a government begins anew. I was fond of pointing out to my students in 1995 that if the United States had a parliamentary system, there would be no president, the Senate would have no power to speak of, and the head of state would be Newt Gingrich.

This is, of course, a somewhat simplified picture. I don't mean to imply that the prime minister "follows" parliament, for instance. Indeed, the party discipline in such systems results in backbenchers (ordinary members of parliament) following their party's leadership—to a person, on most issues. I also presented a simplified comparison of the United States to other countries. Some countries, like contemporary France, have a hybrid system somewhere between a separation of powers and a parliamentary system. The president is elected nationwide and is granted substantial powers under the Fifth Republic constitution. But a second figure, the prime minister, is the leader of the parliamentarians in the majority coalition, and parliament has its own considerable powers. Israel recently adopted a hybrid system in which the head of state is elected separately from the parliamentary elections. In other countries, a nationally elected president is mostly a ceremonial figure except that he or she invites a given parliamentary leader to form the governing coalition. Some countries have a judiciary with virtually no independent governmental power; others have a judiciary with more substantial powers.

Still, the United States is very different. The president is elected separately from the Congress, serves for a fixed term unless impeached, and has a good deal of power independent of the Congress. Because the various bodies are chosen in different electorates and by different means, it's possible for one party to control the presidency and another to control one or both houses of Congress, a situation that is rendered impossible by definition in a strictly parliamentary system. Checks and balances really do operate in the American system. The Republicans in control of both houses of Congress in 1995 and 1996, for instance, found themselves checkmated by presidential vetoes. And President Clinton's proposals on many subjects in

1993 and 1994, even with fellow Democrats controlling both houses of Congress, often encountered vigorous congressional opposition, substantial modification, or even defeat. The deadlock of 1995–96 that resulted in the partial shutdown of the federal government would be constitutionally impossible in a conventional parliamentary system.

The bottom line is that the American constitutional structure is much more fragmented, and therefore less capable of taking coordinated action, than that of most other countries. Leaving aside the question of who is following whom—parliament or prime minister in the parliamentary case, president or Congress in the American case—the point is that there is a much greater degree of coordination between branches in a parliamentary system than in the American separation of powers system. Lipset (1990:21), after going through all of these consitutional provisions like separation of powers and checks and balances, summarizes the point thus: "No other elected national government except the Swiss is as limited in its powers."

Federalism

As if the separation of powers weren't fragmentation enough, the American governmental system is further fragmented by federalism. Not only are powers of government divided at the national level among the three branches, but powers are also divided between the national government on the one hand and state and local governments on the other. In contrast to the unitary system found in some other countries, in which the regional governments are simply administrative units of the central government, the American federal system provides for states to have their own sovereign powers. The national government in the United States is a government of "enumerated" or "delegated" powers, meaning that constitutionally, the national government cannot do anything without a grant of authority for that activity in the Constitution. Powers other than those listed as powers of the national government are "reserved to the states or to the people" by the Constitution as amended. Exactly what those enumerated powers mean, of course, has been the subject of two centuries of constitutional interpretation, which has seen a considerable expansion of the federal role. Nevertheless, American-style federalism does limit the federal government to a list of powers and reserves other powers to state and local governments.

One manifestation of the federal system is the place of the United States Senate. During the constitutional convention, a monumental dispute arose between those who saw the new arrangement as that of a central government composed of equal states and those who viewed it as a more unitary central government with representation on the basis of population. The grand compromise was to create a bicameral Congress, in which one body (the Senate) had two senators per state regardless of population, and the other (the House of Representatives) was apportioned on the basis of population. In contrast to many countries, in which the upper house is largely powerless, the compromise provided that the two houses would be coequal in most major respects, and that legislation would have to be approved by both. Thus was federalism enshrined in the national institutions, as well as being provided in a division of power between national and regional governments.

Set in comparative context, federalism is not uniquely American. Whereas some countries have unitary systems, in which regional governments are actually administrative subdivisions of the central government, other countries have a federal system. Canada, for instance, operates with a combination of federal and parliamentary government.

But what is so distinctive about the United States is the combination of separation of powers with federalism. That combination makes for an extraordinary fragmentation, a remarkable inability to coordinate, and substantial blockages in the way of mobilizing government for action. There are legitimate differences of opinion about whether this extraordinary fragmentation is a good thing or not, as we will note when considering the pluses and minuses of the American way of doing business, but factually, that is the state of affairs.

It's No Accident

America didn't just stumble into this constitutional fragmentation. As will be evident by the end of Chapter 3, the founders did not trust government authority. So they deliberately designed government to be weak. In part, their designed weakness took the form of explicit prohibitions on government activity, as in the Bill of Rights. In part, it took the form of deliberate fragmentation, so that no one part or level of government would have all the power and each of the parts would check the others.

The Constitution, of course, replaced the Articles of Confederation. It had come to be generally understood at the time that the Articles had fragmented power too much. States under the Articles, for instance, levied tariffs on each other, which necessitated the more central control over interstate commerce that was lodged in the powers of Congress by the Constitution. In several respects, the Constitution strengthened the hand of the central government.

Still, in comparison with most other industrialized countries, the American structure of governmental institutions is far more fragmented. This fragmentation makes it much more difficult to coordinate government action, to mobilize the various parts in a single direction, and to change the direction of public policy. Those consequences were not accidental. They were deliberately designed into the constitutional system. For some, that's the genius of the founders; for others, it's the curse of their legacy.

POLITICAL PARTIES

Parties in Legislatures

Given the all-out, bitter war between the parties during 1995 and 1996, with the impressive levels of party cohesion, readers may find the truth hard to believe. But compared to other countries, political parties in the United States are quite weak. In a parliamentary system, party members are expected to vote *to a person* with their party's leadership when the leadership insists on it. Even abstaining from such a vote, let alone voting with the opposition, is regarded as a dereliction of duty and is severely punished. Members of parliament have even been known to lose their seats, thus ending their political careers, because they abstained on issues deemed central to their party's leadership (e.g., Epstein 1964).

Compare that picture to the American case. Members of Congress are quite autonomous. They consider themselves responsible not to their party's leadership but to their own constituents. Party cohesion reaches sometimes impressive levels in the Congress, not because the leadership has much ability to sanction wayward members, but because common principles, similar constituencies, and electoral experiences bind members together (Kingdon 1989:120–123). Complete party cohesion is limited to certain procedural votes.

Consider David Bonior of Michigan, the second-ranking leader of the Democratic Party in the House of Representatives during the Clinton administration. He opposed his own party's president on the approval of the North American Free Trade Agreement, not only announcing his opposition and voting against it, but also actively working against approval. Bonior's behavior would be unheard of in a parliamentary system with strong parties. He would surely resign his party leadership position. If he didn't resign, he would be removed. Even if he were not in a leadership position, he probably would lose any standing he might have had in parliament and possibly would lose his seat. But in the United States, because we prize autonomy and responsiveness to members' own constituents, Bonior was not only tolerated but also encouraged by his Democratic Party colleagues in Congress and by just about everybody else. He was simply taking care of his labor union constituents working in the Michigan automobile plants, the thinking went, and American legislators are expected to do that.

Americans find the lockstep party discipline in other countries' parliaments quite odd. Why should legislators behave like sheep, we think, blindly following their party leadership? What are members of parliament, we ask? Cannon fodder? Warm bodies?

The answer is that this pattern of party discipline is, at its root, an alternative system of representation. Americans like to think of representation as a relationship between an autonomous legislator and his or her constituents. The legislator represents the interests of her or his own constituents, and if the constituents are not satisfied, they remove that individual legislator from office. If David Bonior is representing his own constituents, we argue, how dare the national party interfere? In a system of party discipline, by contrast, voters presumably vote for or against *parties* and the principles those parties stand for, not for or against individual politicians. Then the majority party or coalition should be cohesive enough to carry its program into effect. If those voters are not satisfied, the theory goes, they remove the *party* or coalition in power, and the governing party or parties are held accountable for their performance in government. Thus representation of popular preferences or interests is accomplished by the parties acting on behalf of a putative national majority, rather than by individual members of parliament acting on behalf of their own constituents. The parties, rather than individual politicians, are held accountable by the electorate.

In the United States, if members of Congress oppose their party leadership on a central issue, not much happens, as long as those members enjoy the support of their own constituents. But what if a member of parliament (MP) were to oppose his or her party leadership in a system of cohesive parties? First, that MP would run the risk of serious career damage within the parliament. The path to eventual cabinet status, for instance, might well be blocked. The only way for an ambitious politician to receive a cabinet appointment and ultimately to become prime minister in a parliamentary system, furthermore, is through faithful adherence to and leadership of the parliamentary party. Neither state or local office nor a prominent nonpolitical background can qualify an individual for advancement, as it can in the United States. Members of the U.S. House of Representatives who oppose the party leadership might run such a career risk as well, reducing their chance at a committee chairmanship, for instance, but the sanctions are neither as clear nor as inevitable. In the U.S. Senate, adherence to the seniority system renders even that possible sanction extremely unlikely. American party leaders simply do not have the same ability to affect their members' careers as parliamentary party leaders have.

Second, the wayward member of parliament in a strong party system might be called back to the local constituency party association, and even denied the party's renomination for parliament, a career-ending event. For instance, the importance of the local constituency party, not the national party, in enforcing party discipline in the British parliament (Ranney 1965; Epstein 1964) indicates how widespread is the expectation that parliamentarians will stand with their party. Throughout the country, locality by locality, everybody agrees that representation is supposed to be accomplished through parties rather than by individual members of parliament. That agreement is fundamentally different from Americans' expectations, which center much more on approval or disapproval of individual members of Congress. If our own representative's bonds with us are strong, our thinking goes, the party has no business interfering.

Parties as Organizations

Not only are American political parties weaker in Congress than are parliamentary parties in other countries, but the parties are also weaker as organizations. Political parties the world over are fundamentally organizations that seek to win elections. But in the United States, individual candidates tend to their own campaigns. They make their own decisions about whether to run or not. They raise and spend their own campaign money. They make their own decisions about what positions they will take on the issues of the day. They work much more with paid consultants hired by their own campaigns than with party officials. They communicate with the electorate more through the media and through their own appearances, and less through party activists, than candidates in countries with stronger parties. They present themselves to the electorate as individuals, and the electorate judges their candidacies.

Let's not go too far. Parties are not meaningless in the United States. Voters often decide on the basis of their party loyalties or, if their loyalties are weak, at least consider party labels as they evaluate candidates. Parties do raise and spend substantial campaign funds, a fact that the orgy of contributions to the political parties in 1996 underlined. Parties also provide many campaign services to their candidates and play central roles in recruiting candidates and in nominations. Even though party cohesion in Congress rests more on agreement among like-minded partisans than on sanctions available to punish wayward members, cohesion can still be very impressive. In 1993, for instance, not a single Republican voted for President Clinton's budget in either House or Senate.

But we need to remember what we're addressing in these pages: We're trying to compare the United States to other industrialized countries—representative democracies in Europe, Canada, Japan, Australia, and so forth. Relative to those other countries, it's fair to say that parties are weaker organizations in the United States, in all of the ways I have suggested.

It's No Accident

As with the case of the structure of governmental institutions, Americans didn't just stumble into relatively weak political parties. The founders wanted to avoid the evils of parties, even though parties emerged quickly after the founding. The discussion of faction in *The Federalist, No. 10,* for instance, is aimed in part at political parties. In the first part of the nineteenth century, furthermore, even though political leaders grudgingly tolerated parties, their aim was to crush the opposition and thus eliminate the need for party competition (Hofstadter 1969).

In retrospect, the emergence of political parties, and even their legitimation, was inevitable. No system of representative democracy that chooses leaders by elections and guarantees freedom of speech and association escapes political parties. Parties are not only inevitable, but also desirable, accompaniments to democratic institutions. Democracies need parties to organize elections and to govern institutions. So parties emerged and grew in strength over most of the nineteenth century.

Starting early in the twentieth century, however, and lasting to the present day, Americans deliberately set about to erode the power of political parties. The major agent of these changes in the first two decades of the twentieth century was the Progressive movement. Progressives saw as their mission a sharp attack on the wealthy and politically powerful, and thus an attack on big corporations, big finance, and big political machines. They saw parties as corrupt handmaidens of wealth and privilege, and an attack on parties was therefore a central part of their attack on economic and political power.

Progressive political reforms were aimed squarely at the political parties of the time. In the Congress, Speaker Cannon was overthrown in 1910, and the House of Representatives adopted such practices as the seniority system. These measures were designed to take powers, such as naming committee chairs, from the party leaders and to insulate wayward House members from retaliation by party leaders. The Constitution was amended to provide for direct election of senators and for woman suffrage. Both of those amendments broadened popular participation in elections, again eroding the power of party leaders.

From the point of view of weakening the political parties, the most significant reform of the Progressive era was the introduction and subsequent spread of direct primary elections. Instead of nominating candidates for all levels of office by party conventions or party caucuses, as had been the practice up to that time and still is the practice in many countries, state after state adopted direct primary elections. While primaries broadened popular participation in nominations, they also took nominations out of the hands of party leaders. Even presidential nominating conventions, formerly dominated by party activists, gradually became meaningless in the last half of the twentieth century, as more and more delegates were chosen by direct primary elections rather than by local and state party conventions. The erosion of the power of political parties by the spread of direct primary elections was not instantaneous, but instead took place gradually throughout this century, state by state and locality by locality. But the adoption of direct primaries, a major part of the Progessive agenda, did eventually result in the severe weakening of the parties.

Many urban party machines, and some rural machines as well, had also depended on a system of patronage, in which citizens couldn't get employment in the city government without the support of their neighborhood party official. Creation of career civil service systems across the country—federal, state, and local—knocked the props from under that system of party patronage. Again, reformers knew what they were doing: A career civil service based on such principles as "expertise" and "merit" was aimed squarely at the political parties (Shefter 1994:16). Many states and localities also provided for nonpartisan local elections and adopted provisions for citizens to initiate public policy changes at the ballot box. Again, these features weakened parties.

Each of these reforms had its own rationale, and each was designed to achieve laudable goals. It might also be argued that the weakening of political parties was an unintended side consequence of these reforms, and that the Progressives' major targets were concentrations of wealth and privilege and the broadening of popular participation. I personally think that the reforms were aimed squarely at the parties, and that they had their intended effects. But intended or not, gradually over the course of this century, party loyalties in the electorate declined, and campaigns became more candidate- and less party-centered. Despite the recent assertiveness of party leadership in Congress (Rohde 1991), the strength of party leadership in Congress has eroded over the longer sweep of the twentieth century. We could debate at length the respects in which this electoral, organizational, and legislative decline of parties was a good thing or not, and scholars and other observers have engaged in such a debate for decades. But, factually, the picture is pretty clear.

PUBLIC POLICY

First, let's look at the big picture. In his 1996 State of the Union address, President Clinton declared that "the era of big government is over." But the fact is that American government has never been as big as in other industrialized countries. That's true not just of the federal government. Combining federal, state, and local activity, government is much less involved in most aspects of social and economic problems than it is in other industrialized countries. Contrary to many Americans' assumptions, the state is less intrusive, our government programs are smaller and less far-reaching, our public sector is smaller relative to the private sector, and yes, our taxes are lower.

Americans debate at length about whether government *ought* to be smaller than it is. But in this chapter, let's content ourselves with noticing that it *is* smaller than in other countries. We'll have our chance to consider the "ought" question later. Here we present some examples, go on to note some exceptions to this general picture of small government, and then compare the overall size of the U.S. public sector to that of other countries. We explain later in the book why public policy turns out as it does and reflect on how things ought to be.

SOME EXAMPLES

Consider medical care (see White 1995a). In every industrialized country in the world except for the United States, the entire population is covered by health insurance. Some countries have government-run national health insurance. Others require employers to provide insurance for their employees and fill in the gaps with government programs. Most finance long-term care, which in the United States is government-financed only through Medicaid for the poor. Not only do these other countries cover the entire population with health insurance, but they also do it at far less total cost (government plus private cost) than we spend for health care in the United States.

Take transportation (Weaver 1985; King 1973). While not universal, government-owned and -operated railroads are common in other industrialized countries. Many of their governments sponsor national airlines. Mass transit is more completely developed in more of their cities than it is in American cities. Freight moves in and out of central terminals, coordinated across rail, truck, and other modes by government. Now this sort of transportation structure, both infrastructure and operation, costs a lot. The Swiss rail system, for instance, is fabulously convenient for passengers but also fabulously expensive. But it represents the collective Swiss decision to spend part of their national treasure on that sort of government program. Americans have not made such a collective decision.

This picture of transportation extends to public utilities in general, including not only transportation industries like railroads but also communications (e.g., telephones, cable television) and power generation and distribution (Temin 1991:88). In many other countries, utilities are either owned and operated by government, or are government sponsored monopolies. Instead of imposing nationalization or direct government control, the United States keeps such activities in the private sector, but regulates them through both federal and state regulatory commissions. Over the last couple of decades, furthermore, the deregulation movement has resulted in even less government involvement in regulation of utilities.

Beyond utilities, the United States ranks at the bottom of Western industrialized countries in the percentage of capital formation invested in, and the percentage of the work force employed in, public enterprises of all kinds (Weaver 1985:71). The absence of state-owned enterprises (e.g., nationalized industries or railroads) in America compared to many other countries adds to the relatively large private sector in the United States.

Let's turn to welfare (Lipset 1996:71,289). Americans complain about the top-heavy welfare state. But it pales in comparison with welfare programs in other industrialized nations. Most countries provide family allowances, paid maternal leave and day care, longer annual vacations, and more generous old age pensions than the United States does. As my anecdotes at the beginning of Chapter 1 about Norwegian maternity leave and gasoline taxes underlined, however, they pay dearly for them.

It isn't as though the United States has no welfare state at all. Starting with soldiers and mothers (Skocpol 1992), we have provided some sorts of benefits to some people. We do have AFDC (or its post-welfare reform substitute), food stamps, disability benefits, social security pensions, Medicare for the elderly, and Medicaid for the poor. There have also been fluctuations in our public policies over time. The New Deal period of the 1930s, for instance, introduced some radical public employment programs and social security provisions to deal with the Great Depression that were unknown in many other countries. And Americans provide for some sorts of welfare-state benefits privately, such as health insurance and pensions, as union-negotiated fringe benefits rather than government programs.

Desite that, however, it's still true that compared to other countries, the American welfare system, at the federal, state, and local levels combined, remains less ambitious, provides fewer types of benefits, makes fewer people eligible for those benefits, and costs less per capita or as a proportion of gross domestic product (GDP). And as the enactment of welfare reform legislation in 1996 indicates, the United States is currently reinforcing that pattern. Further, employer-paid fringe benefits, including health insurance and pensions, have been shrinking as the unionized proportion of the labor force has fallen. As Weir, Orloff, and Skocpol (1988:xi) summarize it, "The United States never has had, and is not likely to develop, a comprehensive national welfare state along West European lines."

I'm not necessarily arguing here that the United States should adopt programs to provide for a more lavish welfare state. Again, we're sticking to the facts in this chapter. I'm just highlighting the fact that our welfare programs are much less comprehensive, and cover fewer people and fewer sorts of contingencies, than welfare programs in other countries. Many other countries really do have what one of my respondents in an earlier study called a "lust-to-dust" welfare state, the likes of which Americans would hardly contemplate.

Look at housing (Heidenheimer, Heclo, and Adams 1983:88). In many countries, government owns and manages a fair chunk of housing units or provides various forms of encouragement (e.g., favorable tax treatment and subsidies) to cooperatives, unions, and other nonprofits to build housing. While there is some public housing in the United States, it's not nearly as extensive, does not house as large a proportion of the population, and does not account for as large a proportion of the housing stock as in other countries. Whereas nearly all housing in the United States is constructed by private builders, it is not uncommon in European countries for a third or half of dwellings to be built by government or by nonprofits with the aid of government (Heidenheimer et al. 1983:102). Indeed, the first Clinton budget provided for even less public housing in the United States, proposing instead to provide vouchers to poor people for use in the private housing marketplace. While there are American government housing subsidies (e.g., the income tax deduction for home mortgage interest), there still is less government involvement in housing than in other countries.

EXCEPTIONS

So far, our examples have pointed in the same direction. Public policies, we have seen, are less ambitious, and the reach of government is less broad-ranging in the United States than in most other industrialized countries. But there are some policy areas that seem to be exceptions to this picture of unrelieved limited government.

One of those exceptions is education (Heidenheimer et al. 1983:21; King 1973). America has a long tradition of public elementary and secondary schools. Most of their financing and policy control rests at the local and state levels, with fairly limited and recent federal involvement. Still, this long and revered tradition of public schools in America stands in contrast to many other countries' reliance on private and religious schools. There's also a long American tradition of public higher education: universities, colleges, and normal schools, financed from state, and sometimes local, tax revenues. In England, for a contrasting example, public universities are a comparatively recent development.

Another exception to the pattern of limited government in the United States seems to be government regulation (Nivola 1997). Other countries do regulate some sectors of the economy (e.g., labor relations and retail trade) much more heavily than we do. But in certain areas (e.g., banking, securities, environmental, civil rights regulation) our regulatory regimes seem to be quite thorough. A considerable deregulation movement in the United States, dating to the early 1970s, has actually accomplished a substantial degree of deregulation in such areas as transportation, communications, and banking. Still, in some respects, the reach of government regulation remains quite extensive. In broad outline, the United States has deregulated in economic spheres but has maintained a considerable apparatus of social regulation (e.g., environmental regulation, civil rights) (Nivola 1997).

The question of regulation is accompanied by a much broader phenomenon, the much-discussed litigiousness of America. Americans sue one another a lot more than do people in other countries, and therefore spend a lot more in anticipating, avoiding, defending against, and prosecuting lawsuits. There were about three thousand lawyers for every million Americans in 1990, about twice as many per capita as in 1970. The United States has three times as many lawyers per thousand persons as Germany, ten times as many as Sweden, and twenty times as many as Japan (Nivola 1997:75). Tort costs were 2.3 percent of American GDP in 1991, nearly twice the rate of the next-ranking country. Comparable rates were 1.2 percent for Germany; 0.9 percent for France, Canada, and Australia; 0.7 percent for Japan; and 0.6 percent for the United Kingdom (Nivola 1997:27).

Litigation and government regulation add considerable costs to doing business in the United States. Some of the litigation is strictly private. But much of it springs directly from deliberate government policies, providing for class-action suits and enforcement of civil rights, consumer protection, malpractice, and other statutes by creating the right to bring suit rather than by relying on other sorts of enforcement practices. In America, lawyers do things that bureaucrats do in other countries (Kagan and Axelrad 1997).

Actually, litigation is built into our Constitution. We provide for a Bill of Rights, enforceable in court. Our tradition of civil liberties, including the rights accorded criminal defendants, is much more rigorous than in many other countries. The equal protection and due process clauses of the Fourteenth Amendment have generated tremendous volumes of litigation. More broadly, the United States is built on a regime of individual rights, which requires a considerable legal apparatus to implement. As Tocqueville (1835) observed long ago, "There is hardly a political question in the United States which does not sooner or later turn into a judicial one."

Another exception can be found in the criminal justice system. Our rate of incarceration is by far the highest in the Western world. The various levels of government in the United States spend considerably more on police, courts, and prisons than other countries do, and those expenditures are growing. Some of the difference might be due to higher crime rates and stiffer penalties. But we also criminalize some activities (e.g., prostitution, gambling, marijuana use, environmental damage, some abortions) that other countries do not treat as criminal. We even tried prohibition of alcoholic beverages by constitutional amendment.

A final exception to the general maxim of limited government is, of course, the defense establishment. The United States maintains a much larger military than most other countries, with military expenditure consuming a substantial portion of the federal budget and GDP. Spending on national defense and veterans, for instance, accounted for about one-fifth of total federal government outlays in the fiscal year 1996. That proportion has been declining over the last several years, but it is still substantial.

All of these examples—education, regulation, litigation, criminal justice, and defense—seem to be exceptions to the rule of limited government in the United States compared to other countries. What accounts for these apparent anomalies? Actually, it turns out that most of them flow quite naturally and consistently from American conceptions of the proper role of government. Let's leave that observation dangling tantalizingly for now, and return to it in the next chapter.

The Size of the Public Sector

Stepping back from the examples of public policy differences, what do they all add up to? How big is American government? The short answer is that American government is smaller, relative to the total size of the economy, than government in other countries.

American government has grown during the twentieth century. Although some of this expansion has been gradual, other growth has come along in big spurts. In the 1930s, the federal government added social security, agricultural assistance, several types of economic regulation, and other government programs to the total. In the 1960s it added Medicare, Medicaid, federal aid to education, and civil rights laws to the books. So we should notice first that government is bigger than it used to be.

But the total is still small by world standards. Let's look at some numbers. In 1995, the general government total outlays were 33 percent of GDP in the United States (federal, state, and local combined), 43 percent in Great Britain, 50 percent in Germany, 54 percent in France, 61 percent in Denmark, and 66 percent in Sweden (OECD 1996). To make this comparison less tied to these particular countries, the total of general government outlays throughout all the European Union countries amounted to 50 percent, compared to the 33 percent figure for the United States—a difference of 17 percentage points. Lest readers think that this picture is a peculiarity of 1995, the percentage point difference between the United States and Europe has been roughly similar every year since the late 1970s—ranging from a low of 13 percentage points in one year (1980) to a high of 17 in three years (1993, 1994, 1995), and averaging a 15 percentage point difference. In general, the difference between the United States and Europe has been widening, not narrowing (see also Rose 1991). There may be an ever so slight narrowing of the gap between the United States and European countries in the next couple of years, according to OECD projections, but the differences are still quite striking.

The differences in government outlays are doubly striking because the portion of the American budget allocated for defense is larger than in most other countries (Rose, 1991). In other words, if we were simply to compare nonmilitary outlays as a percentage of GDP, the American government would look even smaller in comparison to other industrialized countries.

These figures on government outlays do not include the effects of tax expenditures. It's possible that in the United States, we might provide government help for certain activities in the form of tax deductions or tax credits rather than direct government subsidies. Instead of government payments to the opera, for instance, we allow a charitable deduction for those who choose to contribute to the opera, but it's a government subsidy either way—whether as a direct payment or as tax revenue forgone. Instead of building a great deal of public housing, to take another example, we provide homeowners with a mortgage interest tax deduction.

Howard (1997) argues that including tax expenditures in the total would boost the size of the American welfare state. While it is probably true that taking account of tax expenditures closes some of the gap between the American and European public sectors, the general picture of a smaller American government is still largely accurate. Other countries also use tax expenditures to some degree, for one thing. And other countries start with such a markedly different approach to government authority and responsibilities that we would have to go a great distance through tax expenditures to close the gap.

Furthermore, the fact that the United States tries to accomplish collective purposes through tax deductions and credits rather than direct government subsidies more than other countries do is an interesting commentary on the American way of doing business. We shy away from "big government" in the form of subsidies, in other words, and try to hide such expenditures by subsidizing various sorts of activities through manipulating the tax code. In the process, ironically, we make the tax code grotesquely complex and government far less efficient.

Tax expenditures are also more regressive than direct government subsidies would be. "Regressive" means that wealthier people benefit more than poorer people do, proportionate to their income. Take the tax deduction for mortgage interest, for example. Because wealthy people are in higher tax brackets than poorer people, they get a larger percentage tax expenditure subsidy for equal amounts of mortgage interest. They also purchase more expensive houses and have larger mortgages, adding to the subsidy they receive in the form of their mortgage interest deduction.

Much of the time, it would be more straightforward to subsidize than to provide for tax deductions and credits. Instead of enacting the complicated provisions for tax deductions and credits for higher education that President Clinton proposed, for instance, he could much more simply have proposed straight subsidies and scholarships. As the example of mortgage interest deduction shows, furthermore, subsidies are also sometimes fairer. But the American impulse to avoid "big government" leads to some peculiar distortions.

If one compares total government tax receipts, rather than total government outlays, to GDP in these same countries, the picture is roughly similar. To return to our comparison year of 1995, the tax receipts in the United States (federal, state, and local) totaled 31 percent of GDP, compared to 45 percent for the total of European Union countries (OECD 1996). Some European countries were lower than the overall European percentage (e.g., Great Britain at 38 percent), and others were considerably higher (e.g., Sweden at 58 percent). Again, the estimates and projections into 1996 through 1998 were almost exactly the same, the differences between the American and European numbers have been maintained with minor year-to-year variations since the late 1970s, and the gap between the United States and the European countries has widened slightly over that period.

THE BIG PUBLIC POLICY PICTURE

The public policy differences between the United States and other industrialized countries can be summarized quite simply without doing much violence to reality. Other countries provide more government services, pay higher taxes, and have larger public sectors relative to their private sectors. There seem to be a few exceptions to that general picture, but mostly, those are the facts.

Not every scholar interprets the data in the same way as I have here. Rose (1991), for example, argues that America is not alone in being what he calls a "Rich Nation with a Not-So-Big Government." Other such countries are non-European nations along the Pacific Rim, such as Canada, Japan, and Australia; the European ones are Switzerland and Finland. He thus calls into question the notion that America is unique. Wilson (1998) also questions the idea that America is the world's exception. Indeed, it has become common in the literature on "American exceptionalism" to claim that all countries are exceptional in some respects, and therefore to deny the notion that America is different.

I think this is all a matter of comparison. Some countries, like the Scandinavian ones, are extremely far from the United States on all of the indicators, quantitative and nonquantitative, that we have been discussing. Other countries are closer to the United States, and they make up Rose's category of "Rich Nations with a Not-So-Big Government." But in some respects, some of these countries are still very different from America, despite being included in the same category. Canada has universal single-payer health insurance, for instance; Japan has a much more centralized economy and governmental decision-making process than America; and Switzerland has a far more complete system of public transportation. The United States also devotes much more of its public expenditure (as a percentage of GDP) to defense than other countries do, as Rose points out, which means that on most major nonmilitary programs, the United States is not nearly as ambitious as the overall figures might indicate.

I don't want to go so far as to argue that the United States is utterly unique or exceptional. But I do think that America is very unusual among industrialized countries in many respects, and that those respects are important. I also find the question of *why* America is unusual both interesting and intriguing, because it tells us a lot about ourselves and about how countries develop. I believe too that answers to that question can help us to think about where we want to direct ourselves as a nation.

CONCLUSION

In this chapter, we have described several ways in which the United States is different from other industrialized countries. Its governmental institutions are more fragmented, its political parties are weaker, and the scope of its public policy and size of its government are smaller. Why is this so? We start to answer that question in the next chapter.