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REVIEW ESSAY

Politics in Time

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ANDREW R. RUTTEN

Why is Silicon Valley in Silicon Valley? Why isn't it in Cleveland or Miami? And why is there "a" Silicon Valley? Why are computer firms, like film studios, clustered in a few places, rather than scattered everywhere, like accountants? Why are the United States and Canada so much richer than Mexico or Argentina? Why are so many more converts to Islam in Africa than in Europe? Why do we use VHS rather than Beta? Why do our cars run on gasoline instead of steam? Why does the Supreme Court find protection for abortion but not for freedom of contract in the Constitution's Due Process Clause?

If pressed, most of us would agree that any adequate answer to any of these questions must include a healthy dose of history. We would say that to understand why the world is the way it is, we need to realize that "history matters." If we are sophisticated, we will probably go on to mention "path dependence," "lock in," and "irreversibility." And if we are thoughtful (and honest), we will recognize that our fancy talk often works a fraud, using jargon to hide the fact that we are merely describing, not explaining.

The prevalence of this fraud—of so many academics' willingness to substitute description for explanation, slogans for analysis—motivates *Politics in Time: History, Institutions, and Social Analysis* (Princeton, N.J.: Princeton University Press, 2004). In this book, author Paul Pierson, a political scientist at the University of California, Berkeley, takes aim at the claim, so popular today, that "history matters." Pierson's quarrel is not with the claim itself; like all sensible people, he believes that a better understanding of history really does lead to a better understanding of politics. But, unlike all too many of the rest of us, Pierson is not content to mouth empty

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slogans. He actually wants to unpack the claim, to examine in detail the ways in which history matters. Moreover, he wants the rest of us to pay attention and to be more careful when we talk about history. Only then, he asserts, will we be able to say something interesting about politics and its impact on our world, which is a product of history.

Economic Historians Explain Just How History Matters

To accomplish his task, Pierson turns to an unexpected source—economic history. He argues that economic historians (by whom he mostly means Brian Arthur, Paul David, and especially Douglass North) have developed a theoretical framework that explains exactly why (and under what conditions) history matters. He calls this framework *path dependence*.

Pierson realizes the irony of offering path dependence as the cure for overworked jargon. After all, *path dependence* has itself become such a popular slogan that it has come close to losing any meaning. Indeed, it would not be a stretch to define it as a synonym for “history matters.” To avoid this circularity, Pierson urges us to return to the beginning, to consider what Brian Arthur and Paul David meant when they first used the term. Only then will we have a solid foundation on which to develop an explanation of how time and thus history affect politics.

As Pierson points out, this body of scholarship is not an obvious place to begin an investigation into political theory. Arthur and David were interested in a rather narrow topic, far removed from politics. They noticed that some technologies tended to cluster in a variety of ways. Most obviously, some technologies cluster geographically, such as electronics in Silicon Valley. Other technologies cluster in other ways. Most important, users often cluster, adopting a few (or even one) of many viable technologies. Thus, we use the QWERTY keyboard, VHS, and Intel processors rather than the Dvorak keyboard, Beta, or Motorola processors. Arthur and David argued that all of these clusters resulted from the same historical process in which early users’ decisions effectively “locked in” certain locations or technologies and “locked out” others. They called such processes *path dependent*. The idea was simple: once people started down a certain path, they found it difficult to change to another path, so that where they ended up depended on the path on which they started out. In other words, not all paths lead to Rome.

Pierson argues that Arthur and David’s great merit was to recognize that it was not enough simply to redescribe the world and offer a new name for what we already know. Instead, they realized the importance of explaining why some processes were path dependent, why some technologies got locked in, whereas others did not. Arthur and David’s explanation hinged on the presence of increasing returns along a variety of dimensions. Increasing returns meant that even a small head start for one technology or location would translate into lower costs, which in turn would bring more customers,

which would mean even more output. Once again, because of increasing returns, increased output meant even lower costs and thus even more customers, and so on. In other words, the race would go to the early bird.

Thus, according to Arthur and David, increasing returns explained everything from Silicon Valley to VHS. For example, as the original firms in Silicon Valley grew, they created a demand for smaller, specialized suppliers. These suppliers in turn were able to serve other companies, which found they could lower costs by locating near suppliers. Similar forces were at work in technologies themselves. As more and more people bought VHS players, studios offered more movies on VHS, making VHS even more attractive to buyers, whose choices led studios to offer even more movies, making . . . and so on.

Taking all of this together, Arthur and David pointed out that if some paths led to more efficient outcomes than others, the possibility of getting stuck on a path had a troubling implication: unless it was obvious at the beginning which paths lead to efficient outcomes, nothing guaranteed that the best outcome would be chosen first. The only guarantee was that the advantage offered by increasing returns made it likely that the first path chosen would have an advantage over paths chosen later. Thus, firms, regions, or even countries might end up locked on paths that led to inefficient technologies and thus locked into those technologies.¹

Although Arthur and David were interested in technology, other economic historians realized that their argument could be generalized to cover any “technology” that exhibited increasing returns. These analysts included Douglass North, who had long argued that both institutions (for him, “the humanly devised rules of the game”) and history mattered. North saw Arthur and David’s work as a way to marry institutions and history. Following their lead, he examined both the implications of path dependence and its sources. He argued that a variety of factors, from the structure of the brain to the difficulty of coordinating on alternatives, conspire to create increasing returns in institutions. He also argued that, as with the technologies studied by Arthur and David, the presence of increasing returns meant that inefficient institutions could get locked in.

In many ways, North’s application of path dependence was both more appealing and more troubling than Arthur and David’s. It was more appealing because it offered the possibility of resolving some of the central puzzles of modern economics, such as why some poor countries seemed to be stuck in poverty, whereas rich countries remain rich. And it was more troubling because it suggested that this situation would be difficult, if not impossible, to remedy.

From this sketch, it should be clear why Pierson starts by returning to Arthur, David, and North. Yet, as he makes clear, his argument stands or falls on the use he makes of their insights.

1. In the interests of clarity and brevity, I am ignoring the various powerful critiques of Arthur and David’s theory and evidence by economists, as well as Pierson’s discussion of those critiques.

History Matters Differently in Politics Than in the Market

Though drawing inspiration from Arthur, David, and North, Pierson is not simply using the tools they developed to work on their projects. He aims to extend their approach in important ways. From Arthur and David, he takes both the basic insight that increasing returns leads to path dependence and the commitment to explanation over description. From North, he takes the insight that increasing returns often apply to social technologies and that the factors affecting those returns will themselves vary across social settings. People who trade in economic markets face different constraints and therefore have different options than people who trade in political markets. From all three pioneering analysts, Pierson takes the insight that path dependence may lock people or nations into inferior technologies or institutions.

To make the case that path dependence is the key to understanding the effect of time on politics, Pierson devotes the bulk of his book to two distinct but related tasks. The first is an explication of the various sources of increasing returns (which he calls “positive feedback processes”) in politics. The other is an explication of the many ways in which politics differs from economic and other social processes.

In practice, Pierson blends the two tasks. He begins his discussion of a particular source of path dependence by examining what economists have said about it. Once he has laid out the logic of the economists’ argument, he goes on to explain how the argument must be modified if it is to be applied to politics. For example, in several places he notes that many economists have argued that markets reduce path dependence in the same way that they reduce any inefficiency: by offering money to those who find a way to increase efficiency. After all, among the advantages offered by increasing returns is that of rent, or above-normal returns created by the advantages to those who move first. These rents draw competitors, who hope to figure out how to share in them. The lure of above-normal earnings creates a powerful incentive to create alternatives and thus to dissipate the rents. However, according to Pierson, political markets are nowhere near as competitive as economic markets, so that once a certain political arrangement is “locked in,” unlocking it is more difficult.

To make his case, Pierson explores a variety of ways in which political markets differ from economic markets. Some differences—such as the prevalence of collective action, the winner-take-all nature of the contests, and legal restrictions on the form of exchanges in political markets—are well known. Even so, Pierson does a good job of explaining exactly why these differences matter and how they contribute to path dependence. Other differences, such as the unequal distribution of power and the structure of ideologies, are less familiar. In navigating this subject, many readers will find Pierson a good guide.

Pierson does not build his case solely on theoretical discussions. Throughout the book, he offers examples drawn from history (and the writing of others) to show the empirical relevance of his theoretical claims. The evidence often supports the Piersonian

position, showing that some event in history can be understood only by considering a factor for which he has just made a case. Pierson also uses the work of others negatively, however, showing how they have been led astray by their failure to consider the factors he has touted. In doing so, he shows that invoking path dependence or history does not guarantee good work. (Indeed, if it did, his own book would be superfluous.)

Caveat Lector: Political Scientists Do Not Write Like Economists

For all its good points, Pierson's book has some serious drawbacks. Many readers of this journal will find it hard going and exasperating. They should mull over the matter before they run to the library to get a copy.

One of the book's most obvious problems comes from one of its strengths, the breadth and variety of the authors Pierson cites. It is difficult to imagine many other authors who can discuss Polya processes, the rise of the European nation-state, and the evolution of political machines in a single chapter. This breadth serves Pierson well. It allows him to reach a wide audience—no matter what your politics or perspective, you are sure to find Pierson discussing many of your favorite authors, usually intelligently. It is also easy to be impressed by the breadth of his examples. Because the processes that merit our attention seem to be at work in so many (and such varied) settings, even the most skeptical reader will find himself suspecting that Pierson may be on to something. How can it be otherwise? There is too much evidence for all of it to be only coincidence.

Unfortunately, the combination of breadth and brevity also creates some serious problems for readers. Many of Pierson's summaries are so short that they are impossible for the uninitiated to appreciate, let alone to judge. And because few readers will be up to speed on even a fraction of the works Pierson cites, it is difficult to imagine a reader who will feel qualified to decide confidently whether Pierson is doing justice to his evidence.

Rhetoric—the way Pierson presents his argument—aside, a much deeper problem with Pierson's book remains. Pierson says throughout that time (or history) affects politics in various ways. Thus, he is careful to distinguish conjunctures (events caused by the confluence of several necessary causes at a particular moment) from sequences (a chain of necessary events following each other in exactly the right order). He talks about the need to consider that different processes take place on different timescales. Some, such as the adoption of new technologies (the steam engine, for example), may take generations, whereas others, such as the world wars, are completed in a few years. He is careful to explain how to think about these different scales and about many other things as well.

Yet throughout the book Pierson keeps coming back to the idea that the key to understanding history is recognizing that positive feedback processes are everywhere. Therefore, the resulting discussions often seem artificial and forced,

and the insights imagined rather than real. For example, it does not seem helpful to cite a voting agenda as an example of a positive feedback or self-reinforcing process. This characterization may be an accurate description (after all, by eliminating some alternatives early on, the agenda does increase the chances that one of the remaining alternatives will be chosen), but it has little analytical bite (it makes no sense to talk about output increasing as the vote proceeds through the agenda, so it also makes no sense to talk about increasing returns as the vote proceeds through the agenda).²

If Pierson were only overreaching, pushing his favorite explanation where it does not apply, his emphasis on positive feedback would be merely annoying. However, more is going on here. By trying to reduce all of the effects of time to a single category—positive feedback or self-reinforcing processes—Pierson runs the risk of making his category so broad that by definition it applies everywhere. Such an approach crosses the line between description and explanation, a line that Pierson himself rightly points out is all too often ignored.

Pierson's invocation of increasing returns or positive feedback also leads him to ignore other important ways in which time matters. For example, some political processes (elections), like some natural processes (the seasons), follow a regular cycle. This cyclicity leads politicians (like plants and animals) to behave in predictable ways that may have a real impact on the rest of society. Yet nothing is gained by describing this relationship as a "positive feedback process."

What Is to Be Done?

Given these problems, should anyone read Pierson's book? Or should it sit on the shelves gathering dust while we get on with our work? The answer, I think, depends on what you want. Readers who expect to find a treatise like Schumpeter's or Weber's or a definite answer or even a cookbook filled with recipes will be disappointed. Although any of these offerings might be useful and even sensible, Pierson does not make them. Nonetheless, he deals with an important topic: exactly how time matters, how it makes a difference that we have this history and not another. Although he does not have the answer, that lack hardly distinguishes him. So far nobody has the answer. What Pierson offers is a discussion that is sometimes smart, sometimes witty,³ sometimes right, and sometimes wrong. But because he has thought hard and carefully and read widely, he is often provocative

2. If the argument is that an alternative that wins one vote is more likely to win future votes, that outcome may spring from increasing returns, but such an effect does not stem from the winnowing of alternatives in an agenda.

3. My favorite line is not actually Pierson's own, but borrowed from Jack Goldstone, whose warning against "Dr. Seuss" history—in which "It just happened that this happened first, then this, then that, and it is not likely to happen that way again"—Pierson cites approvingly (p. 57).

and interesting. So even when he is wrong, those who care to think about such matters will find that they learn from reading what he says and deciding whether they agree or not.

To put Pierson's book in perspective, consider the following quotations from Frank Knight and Joseph Schumpeter, both of whom thought deeply about the foundations of social science. In many ways, these statements anticipated much of what we now think we know about path dependence and all that. Yet, in the end, I think that they are useful because they provoke and inspire, not because they inform:

[M]ankind is not free to choose. . . . Things economic and social move by their own momentum and the ensuing situations compel individuals and groups to behave in certain ways whatever they may wish to do—not indeed by destroying their freedom of choice but by shaping the choosing mentalities and by narrowing the list of possibilities from which to choose. (Joseph Schumpeter, *Capitalism, Socialism, and Democracy*, 3d ed. [New York: Harper and Row, 1962], 129–30)

The final word in social science methodology, beyond using all categories of explanation, and all figurative analogies, wherever they are helpful (and only there) is this: that all rational explanation and directive action has serious inherent limits. Life and society are orderly up to a point—which cannot itself be accurately determined. To have a mind means to change it occasionally, hence to act unpredictably—but not too often, too erratically or too far, or it would cease to be mind. As intelligent beings, we live somewhere between chaos and causation. (Frank Knight, "Institutionalism and Empiricism in Economics," *American Economic Review* 42 (May 1952), 54–55)