

## **Chapter 20: Ideas, Interests, and Constitutional Reform**

The theory of constitutional design and reform developed in this volume explains the essential architecture of parliamentary democracy and the path of reform that produced it. It explains why policymaking authority tends to be divided, why the distribution of policymaking authority changes through time, and why this normally is done without radically changing the standing procedures for governance. It demonstrates that significant shifts of the distribution of policymaking authority within divided governments can occur peacefully and lawfully through a process analogous to exchange in markets. The analysis suggests that a series of such constitutional reforms can gradually transform a more or less authoritarian system into a parliamentary democracy.

The historical narratives of part II suggest that liberal democracy emerged in this manner. As a consequence of trends in economic and ideological interests, a series of liberal reforms were negotiated and adopted by kings and parliaments during the nineteenth and early twentieth centuries. These constitutional and quasi-constitutional reforms gradually produced the rules of economic and political life that we largely take for granted in the West. Indeed, those new rules can be said to have created “the West.”

This concluding chapter reviews the book’s main arguments and conclusions, and contrasts them with other macro-political theories and histories. It concludes by noting that the analysis of this book can also be used to understand and predict contemporary constitutional developments.

### **A. The Logic of Constitutional Governance and Reform**

The theory of constitutional governance and reform developed in this volume is based on a theory of organizational governance. All organizations, including political ones, have to overcome internal incentive and governance problems to be viable in the short run and long run. Solving incentive problems requires “artificial” incentive systems that attract team members and align the interests of the team with the organization’s (formateur’s) long term interests. Solving governance series of problems requires standing procedures for gathering information and selecting policies (internal rules) that advance organizational interests and revising those policies through time as circumstances inside and outside the organization change.

An organization’s standing procedures for choosing policies can be regarded as its constitution. An organization’s constitution normally specifies the persons (officeholders) that participate in policy decisions, the scope of their authority, and how particular policies are made. In small

organizations, there may be only a single person with the authority to choose policies. In larger organizations, a policymaking team is likely to choose the organization-wide policies. Such policy making teams (governments) may be subdivided in various ways, as with the king and council architecture, and authority for making policies may be divided in various ways among the team members and component institutions. All durable organizations have constitutions in this sense, although not all such constitutions are written down.

Specific implementations create “political property rights” over policy areas characterized by the distribution of policymaking authority between the king and council and the procedures through which public policies are to be adopted. These assignments of authority and procedures tend to be fairly stable through time, because the existing rules tend to advance the interests the persons with the ability to change them. At points in time when that is not true, there will be constitutional gains to trade that can be realized by reforming the “rules of the game,” and reforms will be bargained over and adopted. Such constitutional reforms are commonplace in both the private and public sector, although they do not always exhibit strong trends.

### *Choosing Among Constitutions*

Formeteurs choose from “tried and true” templates for governance, such as the king and council template, because they acknowledge their own limits at constitutional design. If a template has worked well in other organizations they are familiar with, it is likely to work for their new organization as well. The king and council template is widely used for organizational governance, because it solves a variety of informational and agency succession problems and reduces unproductive intra-organizational conflict. It is scalable in the sense that it can be used to make policy decisions in small and large organizations, within the subdivisions of a large organization, and by confederations of independent organizations. It is flexible in that it can be adjusted in various margins to take account of the talents, interests, and circumstances of formeteurs and their successors.

The knowledge limits that induce formeteurs to rely on preexisting templates for governance also imply that constitutional reforms tend to be modest and infrequent. There are costs—risks and uncertainties—associated with all reforms, and there are benefits associated with stable routines. Stable routines reduce the cost of creating and maintaining (stable and profitable) relationships with persons and groups inside and outside an organization. Nonetheless, reforms can potentially

improve organizational performance and/or increase the rewards associated with high office, because no framework for governance works perfectly in all circumstances.

Both amendment procedures and the institutionally induced interests of those holding high offices tend to favor continuity over revolution in constitutional design. Moderate reforms allow organizations to adjust to changing circumstances, while preserving most of the benefits of standing procedures and policies. Such conservative propensities are not entirely accidental; rather they are products of design, experiment, and selection. Reforms that improve an organization's survival prospects (by increasing organizational surplus or its ability to manage crises) tend to be copied by other organizations.

The policymaking procedures of durable organizations are not entirely static, but most reforms "simply" adjust a subset of the existing procedures of governance at the margin, rather than engage in whole-cloth reforms. Constitutional conservatism in this sense is both rational and institutionally induced. Nonetheless, the procedures of organizational governance can be said to improve through time, insofar as reforms help organizations to make more effective use of information, personnel, and resources.

## **B. Trends in Economic and Political Reform**

This somewhat abstract theory of the design and evolution of organizations has surprisingly direct implications for territorial governance and its evolution. It provides an explanation for periods in which governments are more or less stable and for periods in which trends in reform exist. It also predicts that reforms are likely to occur when the economic and ideological interests represented in government change through time, given an initial distribution of political property rights. Such reforms will be most evident when there are trends in the reforms, because such trends eventually produce cumulative reforms that are noticeable to outsiders. Violence, per se, does not play a central role in the analysis, although threats of violence may be used to increase organizational stability and efficiency, by reducing the cost of aligning the interests of citizens with their governments. Threats of violence and other major crises may also induce reform, although such threats are neither necessary nor sufficient to do so.

In the late medieval period, most governments were based on more or less standard forms of the king and council template. Most regional and national governments had kings and parliaments. The parliaments (or tax councils) normally had veto power over new taxes. Most kings delegated part of their executive authority to a council or cabinet of ministers that managed the day-to-day

operations of the government. The latter suggests that there were three institutional centers of policymaking authority, but the executive council was normally controlled by the king and so could be regarded as a royal instrument rather than an independent policymaking authority. In the nineteenth and early twentieth centuries, control over appointments to the executive council became an indicator of the balance of authority between kings and parliament.

The division of authority between kings and their parliaments and between kings and their executive councils were not entirely static during the medieval period, but did not exhibit obvious long-run trends. Parliaments occasionally traded taxes or support on issues of particular interest to kings in exchange for royal approval of policies of interest to parliament or for a bit of additional policymaking authority. Similar fiscal bargains also occasionally shifted authority to kings, especially during times of national crisis. Most such reforms tended to be small and many were often undone after a decade or two. Somewhat larger reforms occurred at times when important veto players changed, as at times of succession, although these also tended to be reversed in subsequent decades. Some kings and some parliaments were “stronger” than others. Some kings also delegated more policymaking authority to their executive councils than others. The medieval balance of authority was quite stable, because the reforms had conservative “self-correcting” tendencies. Kings were nearly always the dominant policymaker.

For example, English policymaking in 1630 was characterized by a relatively strong king and weak parliament. From 1640–1653, English policymaking was dominated by parliament. It returned to executive dominance with Cromwell’s protectorate (1653–1658) and to royal dominance in 1660–1688. The Glorious Revolution of 1688 shifted significant policymaking authority back to the parliament, although the king retained the dominant authority (Morgan 2001: 310, 326, and 334). Sweden began the eighteenth century with a dominant nearly authoritarian king, followed by a period with a dominant parliament, the so-called “age of freedom” in 1719–72. Sweden ended the eighteenth century with a king-dominated government and the restoration of royal prerogatives after 1789 by Gustav III (Weibull 1993: 53, 61, and 74). The century-long moving average remained, nonetheless, at approximately the medieval norm.

The stability of medieval constitution did not imply that all persons or all members of parliament preferred the medieval order with its hierarchical society, numerous trade barriers, monopoly church, royal rituals, and magnificent buildings to other political and economic systems that they could imagine. There were nearly always persons and groups that lobbied for political, economic, and religious reforms during the medieval and early modern periods. For example, upper

middle class farmers and town merchants generally regarded themselves to be underrepresented in parliament and believed that their interests were often neglected or harmed by national policies. Many supported reforms of parliamentary procedures that would later be called liberal reforms. However, support for these reforms among those who could adopt them was not sufficiently strong or sustained for durable reforms to be adopted. King-dominant systems of divided governance with mercantilist internal and external economic regulations were relatively stable and robust for many centuries.

Clear trends in the reforms of European governance emerged in the nineteenth century when new technological and ideological trends emerged. These created new alignments of economic and ideological interests that pressed for more open economic and political systems. There were new economies of scale in production and new theories of governance and economics. Liberalism motivated a number of politically active idealists and provided useful arguments for economic pragmatists favoring such reforms. The new support for economic and political liberalization altered the balance of support and produced a long series of liberal economic and political reforms in much of Europe, North America, and in Japan. The result is often called Western democracy.

### **C. Contrast with Big Bang Theories of Reform**

There is a sense in which Western democracy can be regarded as a revolutionary form of government. Parliaments were commonplace throughout medieval Europe, but their members were for the most part members of elite families who served in government as a birthright. Even those elected to office were often from aristocratic families. The locus of policymaking authority was centered in a single royal man or woman and his or her appointed councilors. Prior to 1700, there were no national governments whose policymakers were selected on the basis of broad suffrage. Only citizens, narrowly defined, could vote in Athens; only the wealthiest 5-10 percent of men voted in medieval cities such as Siena and Florence during their “republican” periods; only a small fraction of citizens could vote for the English House of Commons until well into the nineteenth century.

The radical departures from such long-standing forms of government have induced many scholars to propose explanations. The theories can be divided roughly into two categories: “big bang” theories and “evolutionary” theories.

The “big bang” theories of constitutional reform are based on the analysis of revolutions, constitutional conventions, and combinations of the two. Revolutions provides a possible mechanism through which “outsiders” can influence the decisions of “insiders.” Constitutional conventions provide a mechanism through which a new constitution can be drafted whole cloth.

These two explanations for new constitutional regimes can be combined. A constitutional convention might be called after a civil war or war of secession is won. Analysis of constitutional conventions can also explain why a community might want to have a constitution and some features of constitutional design, insofar as persons in the community of interest agree about useful or desirable procedures of governance. Revolutionary theories often accept such “general will” theories of constitutional design, but insist that violence or threats of violence are key to the creation and reform of government. In such models, officeholders never have interests in reform, only in continuity.

Both peaceful and violent “big bang” theories of constitutions tend to imply that (i) constitutions are developed whole cloth at times of crisis, (ii) followed by a period in which the new constitution remains entirely stable, until (iii) another major crisis and/or revolution occurs. With respect to the emergence of democracy, most big-bang theories focus entirely on the extreme forms of governance, such as dictatorships and democracies. Given that focus, transitions cannot be gradual, because there are no intermediate forms of government. Such a focus also tends to imply that constitutional transitions require revolutions of one kind or another.

Simplistic big-bang explanations suggest that “the people” organize a revolution to overthrow an authoritarian regime, and, if successful, adopt a radically new democratic government by holding a national constitutional convention. (Grammar school treatments of the French and American Revolutions often adopt such narratives.<sup>379</sup>) More sophisticated theories acknowledge that there are several ways that an authoritarian regime can be overthrown and a new constitution implemented. Within a violent revolution model, the first step requires the organization of sufficient military power to overthrow the existing regime, which is often acknowledged to be a difficult process. Within a peaceful “revolution” model, the persons in power must be persuaded to voluntarily surrender their authority to large peaceful demonstrations, rather than use the army and police to disperse the demonstrations. Once the overthrow is accomplished, the constitutional step can be accomplished in several ways. The formateurs of revolutionary movements (revolutionary leaders) may simply impose a new (hopefully democratic) constitution on the country, or they may organize a constitutional convention that does so. The members of the constitutional convention may be appointed or elected.

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<sup>379</sup> A useful book-length critique of such explanations for the American war of independence and the constitution of the United States is provided in Raphael (2004).

“Big band” theories of historic change are numerous and a complete survey of them is beyond the scope of the present volume.<sup>380</sup> Such chasm-jumping theories of democracy include historical ones by Marx (1959) and Palmer (1959), contemporary sociological and economic ones by Goldstone (1993), and rational-choice models by Acemoglu and Robinson (2000). The critical assessments of revolutionary theories developed in this book parallel those of Goldstone (1993, 2001), who argues that most revolutionary theories lack causal micro-foundations.

As a theory of the emergence of Western democracy, big bang models suffer from several defects. There is an implicit assumption that an overthrow is undertaken with the aim of liberal reform, rather than simply to take over the top offices of the existing government. There is also an implicit assumption that the governments of the revolutionary military organizations that conduct the wars or liberation include standing procedures through which those governments can be replaced by democratic ones after the war is won. Such transitions are, of course, problematic, and violent revolutions more often yield authoritarian (military) governance rather than parliamentary democracies. Democratic reforms are unlikely to be implemented after the war is won, in part, because of the constitutional conservatism of those with authority to adopt reforms. After all, their “transitional” governance must have been a reasonably effective to have won the war.

This is not to argue that there were no liberalizing civil wars or constitutional conventions in the nineteenth century. Belgium successfully seceded from the Netherlands and established a relatively liberal form of constitutional monarchy, based on the British-Dutch template. There were also large peaceful demonstrations during the mid-century that helped promote liberalization, but usually as one of many factors that induced modest reforms to be adopted, rather than a major force that induced major reforms. For example, Dutch, Danish, and Prussian adopted significant reforms in the period just after the popular demonstrations of 1848, but their constitutional negotiations and reforms were already underway at the time. Dutch and Danish reforms began a decade or two before those demonstrations. Prussia’s new constitution included liberal provisions, but it did not shift very much authority from the King and his council to the new representative chamber of the new parliament. Subsequent liberal reforms were adopted in each case without further “revolutions.”

It also bears noting that popular demonstrations, uprisings, and civil wars do not always produce liberalization or democracy. Peasant revolts were fairly common before the nineteenth century, but never produced parliamentary democracies. Instead, they usually elicited more repressive laws and enforcement (Tilly 2004). Germany’s grand constitutional convention of 1848–9

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<sup>380</sup> Very useful surveys of revolutionary theories are included in Goldstone (1993, 2001).

did not cause a new German constitution to be adopted. The violent revolutions of the early twentieth century (in Russia and China) produced authoritarian regimes, rather than parliamentary democracy. This can also be said of the French revolutions of the late eighteenth and mid-nineteenth centuries.<sup>381</sup>

Peaceful and violent big bang theories also have problems explaining the timing, and institutions of Western democracy. Authoritarian regimes (e.g. king-dominated governments) had long held power. Was repression worse in 1900 than in 1800 or 1700? Moreover, in many Western democracies kings still have a place in government and live a royal lifestyle. If the government was overthrown, why do they remain in office? There is also the matter of elections and suffrage. There were normally elections for a significant number of the members of parliament before 1900. Was this democracy or not? Why are there so many ways to elect members of parliament? Such details would naturally be of little interest if the only choice is between “dictatorship” and “democracy.” After all, one or the other form of government is always in place before and after a revolution is won. Such accounts also neglect the fact that even when relatively large reforms are adopted, as in Belgium in 1830, the reforms adopted are “large” only relative to the ordinary course of reform. Most of the constitutional framework that existed before the “revolutions” remains in place.

The constitutional bargaining model developed in this volume provides a better explanation of the observed path of reform, the conservative nature of reforms adopted, and the general architecture, procedures, and continuity of Western governance. It is the intermediate forms that make modest reforms and institutional continuity possible. It also the intermediate forms that allow reforms to be voluntarily adopted by those already holding office at times when new constitutional gains to trade emerge. By ignoring the intermediate forms of governance, the big-bang theories implicitly assume away the continuum that allows gradual transitions to take place.

#### **D. Contrast with Other Evolutionary Theories of Reform**

In addition to the revolutionary theories of constitutional reform, there are also many evolutionary theories of national government. For example, most historians that focus on national histories provide a good deal of evidence that both national cultures and nation states emerge over

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<sup>381</sup> A contributing factor for the failures of some wars of liberation is that the leaders of the revolutions have ideological reasons for rejecting the forms of governance that history has demonstrated to be viable. By rejecting templates that work, rather than simply modifying them, the probability of failure increases. As noted in chapters 2 and 3, there are good reasons for institutional conservatism.

the course of many centuries. Many economists and political scientists take such historical research seriously; and, as social scientists, rather than historians, attempt to develop theories that can account for such evolutionary tendencies. Well-known twentieth century examples include Hayek's (1948, 1973) analysis of spontaneous orders (culture and market networks) and North's (1981, 1990) analysis of the role of institutional change in economic development. Their evolutionary historical theories helped produce two Nobel prizes in economics. The approach of this book is largely compatible with their research, but focuses on formal rather than spontaneous organizations and political rather than economic institutions.<sup>382</sup>

Other evolutionary theories tend to be sociological, rather than economic, in nature and include political developments as simply one of many areas in which customs and institutions change through time. When done well, social historians weave together a variety of historical threads to produce a series of rich tapestries that provides a more or less coherent moving picture of the society of interest. Some, such as Tilly (2004), include roles for politically active groups, who may occasionally induce institutional reform by staging minor uprisings. Unfortunately, by analyzing the whole of society, such general histories can only include a few snippets about each development, and by stressing general tendencies they neglect the individual decisions and circumstances that produced the patterns and changes of interest. The broad brush hides nearly as much as it reveals.

Although evolutionary theories account for continuity and general trends in a manner that revolutionary theories cannot, the narratives often fail to explain why particular institutions exist, the factors that promote their stability and continuity, and the process through which those institutions are modified through time. With respect to government, for example, they may describe the general architecture of a government that exists, but not why the architecture tends to be more stable than the division of authority within it, nor how the division of authority gradually changes. Apart from *Finer's* (1997) three volume history, there are very few contemporary efforts to track the emergence of the rule-making bodies that we call governments.

This may be because constitutional historians have lacked a general framework for thinking about changes in the distribution of policymaking authority. Historical narratives that do not begin with the king and council template and that do not focus on constitutional bargaining cannot easily analyze shifts in governance during the medieval period, the gradual transition to parliamentary

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<sup>382</sup> The recent book by North, Wallis, and Weingast (2009), for example, includes much that is very compatible with this volume, although it focuses more attention on economic developments than political ones, and does not really analyze the politics of institutional reform or governance except in very general (bargaining among elites) terms.

democracy that occurred in Europe and Japan during the nineteenth century, nor explain why so many democratic governments still have hereditary kings and unelected members of parliament. Similarly, rational choice models that assume officeholders have only institutionally induced interests cannot account for all the bargaining that takes place within parliaments and between kings, cabinets, and parliaments, nor why the bargaining equilibrium changes through time.

Without taking account of the interests of formateurs and their successors it is difficult to explain why independently governed polities often use similar constitutional architectures. Without taking account of differences in institutionally-induced interests and possibilities for constitutional exchange, such models cannot easily explain why so many democracies still have kings. Without accounting for non-institutionally-induced interests, such as may emerge from economic and ideological changes, it is also difficult to explain why no countries industrialized without democratizing and why no countries democratized without industrializing during the nineteenth century.

### *Industrialization, Cause or Effect?*

Economic historians almost routinely argue that industrialization plays a central role in the constitutional reforms that produced liberal democracy both in the nineteenth and twentieth centuries (Przeworski and Limongi 1993). Such theories, however, have a difficult time accounting for differences in the timing and rate of industrialization, because technology is completely portable.

Whether economic development induces constitutional reform or constitutional reform induces industrialization is not obvious. Political decisions often determine what can and cannot be traded by determining how contractual obligations will be enforced and the subset of user-rights that can be bought and sold. Economics suggests that such political decisions can have large effects on a nation's path of economic development by affecting transaction costs, market size, and rates of technological innovation. Indeed, it is far easier to argue that national governments determine market activity than the converse, even in fairly complete models of political economy. To the best of my knowledge no other volume provides peaceful political mechanisms through which industrialization—itsself largely an economic activity—may induce or contribute to constitutional reforms.

That industrialization often precedes political reform is likely to reflect the politics of policy reform, rather than economics per se. Officeholders and the persons whose interest they represent often benefit more directly from trade liberalization than from changes in parliamentary authority or

expansions of suffrage. As a consequence, it may appear that economic developments encourage political developments, although it is politics that allows economic reforms to be adopted.

The present analysis suggests that this is true not only for minor regulations and tax laws, but also for major economic policies and constitutional reforms. The politics of economic and political liberalization cannot be ignored. The technological innovations of the eighteenth and nineteenth centuries produced new political alignments, decreased the costs of political interest groups, and increased preexisting support for liberal reforms. Individually, pragmatists and liberals could produce very few reforms, but acting as a coalition they were in many cases able to advance a broad liberal reform agenda. Liberalization was not adopted simply to advance liberal ideals, but also in pursuit of profits and policymaking influence. When such coalitions were not sufficient to produce reforms, the status quo remained in place as, for example, in Turkey, China, and Korea. In such places, very few liberals and economic entrepreneurs (if any) held influential offices in government.

### *Importance of Liberal Ideas*

The present analysis differs from most economic explanations of historical developments in that it takes account of ideological as well as pragmatic interests.

Although economic interests helped push most reforms through, the overall reform agenda tended to be liberal, rather than economic. The overall pattern of reform was not a new web of rent-creating regulations and barriers to entry, but rather more open and competitive economic and political systems.

The liberal economic and political theories of the late eighteenth and early nineteenth century were well suited to such ends. Adam Smith's *Wealth of Nations*, for example, included a variety of arguments against regulations that created local monopolies and in favor of expanding national transport networks. Smith did not argue that "bigger was better," but that "more open" was better than "more closed." His analysis included warnings about cartels and corporations as well as government regulators. Contractarian and utilitarian theories of the state implicitly supported systems of government in which representation was broad and more or less proportional to population. They argued that everyone's interest should be accounted for, which required everyone's interest to be "at the table." If representation was to be fair, then representation should be distributed according to citizen-voters. Similar arguments challenged law-based preferences in economic and political life and favored civic equality.

Both contractarian and utilitarian theories were increasingly used as normative theories by educated persons in the West during the late eighteenth and nineteenth centuries, often in combination with other older norms, because the theories were taught in public and private schools, and were promoted by a variety of economic and ideological interest groups. (Religion-based normative arguments faded somewhat as state church monopolies were eliminated.) As a consequence, liberal theories influenced “insiders” as well as “outsiders,” and were often used in the policy and constitutional debates within national parliaments and bureaucracies. Indeed, liberal economic and political theories were probably more widely used by officeholders, bureaucrats, and other well-educated and well-traveled persons than among the general public.

This is not to say that all educated persons were liberal idealists. In many cases, the use of liberal arguments was simply a means to an end, a rationalization for higher profits or greater political influence. However, such arguments are useful only if a subset of liberal norms have been internalized by a sufficient number of those listening to the arguments. In such cases, the use of liberal arguments can help produce decisive coalitions insofar as such coalitions are easier to assemble when there are general interests that can be advanced, rather than only narrow interests.

Liberal arguments also indirectly undermined support for the medieval balance of authority within parliaments and between the king and parliament. For example, simply shifting debates in parliament to systematic, rational, analysis of policy and institutional alternatives tends to favor reform by reducing the range of arguments that can be used to support the status quo. “Mere” appeals to custom and national traditions, become less persuasive. The shift from divine right of kings to popular sovereignty implies that institutional improvements are conceptually possible. God may make no errors in his designs, but man-made institutions are likely to be imperfect and/or unjust, and such “imperfections” might be “perfected.” By undermining traditions of royal deference, the popular sovereignty rationale for government authority also increased the cost of producing what Wintrobe (1998) terms “loyalty.” It reduced the effectiveness of royal efforts to maintain control and reduced the moral authority of unelected chambers. Conversely, when kings and nobles come to accept popular sovereignty justifications for their offices and authority, a bit more royal deference to elected chambers of parliament and to large-scale public demonstrations in support of particular reforms naturally occurs.

Together, political, economic, and philosophical liberalism provided a rough direction for policy and constitutional reform, and a series of persuasive arguments and convenient metrics for analyzing

the relative merits of particular policies. And, it bears noting that even minor shifts in a liberal direction among policymakers can produce new gains from constitutional exchange.

### *Role of Interest Groups in Evolutionary Models*

In evolutionary theories interest groups are often mentioned in passing as evidence that general interests have already changed, rather than as agents for change. However, only broad social movements are given much attention. In contrast, most revolutionary theories imply that interest groups are important factors in economic and political developments. For example, labor organizations are often argued to be the main source of revolutionary reforms, while organized “elites” resist or organize counter revolutions. Although not a revolutionary narrative, interest groups play a relatively important role in the analysis and historical narratives of this volume.

In contrast to revolutionary theories the peaceful, patient, persuasive activities of such groups are of greater interest than their occasional violent ones. Peaceful activities are easier to organize than violent ones, because they are (often) legal. Such activities are often more effective than militant efforts, because they do not attract repressive sanctions from the state, yet allow “outsiders” to influence the reform agendas of “insiders.”

Interest groups can disseminate facts and theories to persuade those represented in government to reassess their policy goals and/or normative theories. They can organize public demonstrations of support for reform and so provide cover for advocates of reform in government and undermine public interest arguments of their opponents. If there are elections, they can also organize and increase political support for particular candidates, policies, and parties in parliament. They can also organize boycotts and strikes in support (or opposition) to policy reforms, but these tend to be costly for participants and so occur relatively infrequently, and normally are employed only after long periods of peaceful persuasion.

The influence of peaceful politically active interest groups is evident throughout the nineteenth century. Numerous ideological and economic interest groups formed and successfully lobbied for educational expansion, reduced censorship, religious toleration, economic liberalization, and constitutional reform. The success of the early interest groups often helped make other groups in support of later reforms easier to organize. For example, successful efforts to reduce censorship and restrictions on voluntary association can clearly reduce the cost of forming politically active groups. Indeed, any success demonstrates that law-abiding interest groups can affect public policy. As the elected chamber of parliament gained influence over policy formation, elections naturally became a

more important determinant of public policy. As suffrage and competition for seats in parliament increased, large-scale persuasive campaigns became important factors in national elections.

Political competition in the late nineteenth century also affected the reform agenda of organized interest groups and political parties. For example, many formerly conservative groups began to support modest liberal reforms as a method of attracting new members and retaining current members. Traditional nongovernmental organizations, such as churches and guilds, did not disappear, but they faced greater competition for voter attention and access to policymakers, which reduced their political influence relative to what it had been in years past.

In countries in which the conservative-pragmatist defenders of the status quo won most policy debates, rather than the liberal-pragmatist coalitions, the formation of interest groups was suppressed and the status quo ante was largely continued.

### **E. A Twenty-First Century Whiggish History?**

Several colleagues have remarked on the resemblance of the theory and historical narratives developed in this volume and the optimistic “Whiggish histories” written in the nineteenth and early twentieth centuries by liberal historians. Although the term “Whiggish” is normally used to denigrate, rather than compliment, a line of historical research, this book agrees with many Whiggish conclusions. For example, liberal historians of the nineteenth and early twentieth centuries often argued that institutions and that the reforms of institutions had important effects on economic and political developments. They also argued that reform was gradual and that there was systematic improvement of Western political and economic systems in the eighteenth and nineteenth centuries.

The historical narratives of part II suggest that there was economic and political progress in the West during the nineteenth and early twentieth centuries, and that most of it was the result of peaceful reforms of preexisting economic and political institutions, rather than great revolutions in constitutional design motivated by internal military threats or adopted at grand constitutional conventions. A bit of direct Whiggish influence is also evident in that early twentieth century historians are cited fairly often in the text, because they devoted greater attention to institutional details than the generations of comparative historians that followed them.

It bears noting, however, that the optimism of the theory proposed and tested in the present volume is a long-run optimism that hinges on the emergence of substantial liberal reform interests. When other interests increase in importance, the course of constitutional reform can become authoritarian, rather than liberal, and so less attractive by contemporary Western sensibilities. This,

for example, occurred in Japan in the 1930s, when anti-liberals reversed a three-decade long tide of liberal political reform. Similar reversals also occurred in some periods and places within the United States when states reduced or eliminated suffrage for women (in New Jersey) and subsequently persons of non-European descent. A bit of pessimism is also introduced by the implication that popular revolutions are unlikely to be successfully organized, and when organized are unlikely to induce constitutional liberalization. Effective governments, essentially by definition, suppress revolutionary organizations, and so the threat of revolution tends to produce additional repression, rather than liberalization, within all reasonably well-run polities.

The analysis and historical studies undertaken in this book do not imply that particular events had to occur in the nineteenth century. Instead, they suggest that, given certain conditions, some constitutional and policy reforms were more likely than others. In particular, increasing acceptance of liberal economic and political theories, together with technological innovations that increases the efficient scale of production, make liberal regulatory and constitutional reforms more likely to be adopted. Whether they were adopted or not also depended on the nature of preexisting political institutions and the interests of officeholders with the ability to adopt reforms. In nineteenth century Europe, liberal constitutional reforms reflected tough opportunistic bargaining by parliaments with their sovereigns.

## **F. Constitutional Liberalism as Contemporary Conventional Wisdom**

Overall, it seems clear that the Western transitions to parliamentary democracy were broadly similar, although they were not identical.

They were not entirely dependent on industrialization, nor entirely culture specific. Northern European societies were culturally linked in various ways through trade, history, and religion. Many of their political and economic institutions had Germanic and Latin origins in the distant past. Scandinavia and Germany, however, had never been ruled by the Romans. The British had never been part of the Hanseatic League, and the influence of the Protestant Reformation varied widely across northern Europe. There were few Lutherans in Great Britain. Similar political and economic transitions took place in Belgium during the nineteenth century, which was not Protestant, and also in Japan, a country where trade, culture, and religion were only very weakly linked to northern Europe. The transition to democracy in Europe suggests that industrialization can be a catalyst for liberal reform, but the transition of the United States suggests that it is not the only possible catalyst.

Liberalism, however, played a central role in each of the transitions. The direction of reform was provided by liberal political and economic theories. Liberal politicians and constitutional scholars such as Madison, Grey, De Geer, Thorbecke, and Ito provided much of the logic and language of the legislative and constitutional reforms adopted. Indeed, parliament's veto power over royal revenues (now largely in the form of household allowances) continues to support the contemporary balance of authority between European parliaments and their kings or queens (most of which remained sovereign well into the twentieth century, and many of which remain formally sovereign in the twenty-first century).

The politics produced by nineteenth-century reforms were not, however, the *laissez-faire* minimal states advocated by “doctrinaire” liberals of the mid-nineteenth century. Economic competition was limited by rules against fraudulent practices and monopoly power. Slavery and several other forms of labor “contract” were forbidden. International tariffs were low, but not as low as they had been earlier in the century. There continued to be significant government support for transport, energy, and communication infrastructures, as well as for court systems that enforced civil and criminal law. Government services included public education and social insurance. Nor were Western political systems completely “democratic” in the sense that majorities could adopt whatever policies they wished. The new governments were constrained by their constitutions through divisions of authority, constitutional courts, and civil liberties of various kinds. Most of these policies and institutions were broadly supported by mainstream liberals in 1925, and most had long been advocated by liberal interest groups.

At the time that liberal reforms were first being implemented in North America and Europe, their long-term effects were open to question. After all, the medieval systems of governance with their associated economic regulations, monopoly religions, and hereditary-based politics had produced law and order, reasonable prosperity, and significant progress. Europe had gradually passed China, Japan, and Turkey during the seventeenth and eighteenth centuries, and had done better than most of the rest of the world for an even longer period.

The economic and political consequences of the nineteenth-century political and economic reforms must have surprised late-medieval conservatives by demonstrating that (1) prosperity could be increased and extended throughout the income distribution by freer internal and external markets, (2) that such wealth-increasing reforms could be sustained by the new broadly representative governments, and that (3) public policies tended to be more predictable and law

bound than those of the aristocratic systems they replaced, and somewhat less susceptible to political fads and deficit finance than their kings had been.

There was essentially no tradeoff between long-term growth and political liberalization in the nineteenth century. Markets and politics were simultaneously improved as institutions for promoting broadly shared interests in prosperity, equality before the law, and the provision of public services. The success of the new liberal political-economic systems relative to medieval systems accounted for much of their appeal in the nineteenth and twentieth centuries, particularly among relatively pragmatic voters and government officeholders.

### *Liberalism and Reform in the Twentieth Century*

It is interesting to note that most contemporary political and economic indices of “institutional quality” are essentially indices of the extent of political and economic liberalization. Mainstream indices of governmental quality imply that (i) the more open and democratic a nation’s political institutions are, (ii) the more uniform and enforced its civil liberties are, (iii) the more independent its judiciary is, and (iv) the more literate its citizens are, the better governed are the countries of interest. Similarly, mainstream indices of the quality of economic institutions imply that: (i) the more open and competitive are the internal and external trade networks, (ii) the less arbitrary (and discretionary) is its economic regulation, and (iii) the more effectively a nation’s civil law is enforced, the better are its economic institutions. Among such indices are the Worldwide Governance Indicators of the World Bank, the civil and political liberty indices of Freedom House, and the Economic Freedom index of the Heritage Foundation.

That liberal political and economic arrangements tend to increase the quality of life and have done so for more than a century has induced other countries to adopt liberal reforms and also induced a good deal of migration from “undeveloped” (illiberal) to “developed” (liberal) countries during most of the past century. Whether the connection between liberal democracy and open markets remains sufficient to produce future transitions is subject to challenge. For example, Hardin (1999) suggests that there is no necessary connection between political and economic liberalism. There is, however, evidence of similar internal liberalizing pressures in many rapidly developing countries, as in China and India, and also of the penetration of liberal economic and political ideas into the highest councils of state in those countries. If the analysis of this book is as general as the author believes, gradual liberalization is likely to continue for the next several decades in these and other countries in which liberal ideas become widely accepted and political institutions are

sufficiently flexible to allow constitutional gains to trade to be realized. In such cases, the course of reform is likely to be peaceful and lawful, although not uncontentious.

Of course to say that progress has been made is not to say that Western institutions are perfect. Efforts to further improve governance continue unabated, although gains from constitutional exchange remain few and far between. Even in more or less democratic polities, constitutional reforms can have significant effects on public policy and the quality of life. The broad consensus about the constitutional foundations of a “good society” that emerged throughout the West in the late nineteenth century did not produce completely stable institutions nor public policies, as might have been predicted (Fukuyama 1992), but they helped sustain the routines and institutions that had produced a new form of economic and political life, a form of life that most of us take for granted today. At or near the top of most contemporary lists of political “openness” are the countries analyzed in the case studies of part II: the United States, the United Kingdom, the Netherlands, Germany, Japan, and Sweden. The same countries also top lists that measure economic openness, average income, and longevity.

Although the liberal constitutional consensus crumbled somewhat during the half century following World War I, it reemerged in the second half of the twentieth century. Contemporary Western conservatives, moderates, liberals, and social democrats continue to accept and support representative governance, broad suffrage, and civil equality, albeit with a good deal more social insurance than accepted by most liberals (or social democrats) in 1925. The aristocratic, religious, and historical arguments used against nineteenth-century liberals have all but disappeared, along with a good deal of mysticism, traditionalism, intolerance, and cultural variation. There are relatively few advocates for government-assured national church monopolies or privileged families today. The radical departures on the left and right that produced great mid-twentieth century wars have also largely disappeared in the West and other parts of the world as well.

In these respects, it can also be argued that liberals won the late twentieth century constitutional debates as well as those of the eighteenth and nineteenth centuries. Moreover, it is again the left liberals who may be argued to have won the major policy debates in the West during the late twentieth century. Although modern social insurance programs were started by liberal and conservative parties in the late nineteenth and early twentieth centuries, they did not really become major programs until after World War II (Congleton and Bose 2009), but that is a subject for another book..