

Critical Book Review: Steinmo, Sven. “The Evolution of Modern States.” (2010)

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Sven Steinmo’s engaging and informative book offers both a theory of political change and a methodological critique of some approaches to political science. Borrowing concepts and terminology from evolutionary science, Steinmo analyzes the institutional history of Sweden, Japan, and the United States (U.S.) beginning when their modern democratic institutions were established. He highlights how the development of each society has been characterized by a complex interplay of historical factors, strongly influenced by chance events. As with the study of biological evolution, Steinmo stresses that the evolution of states is non-teleological and unpredictable.¹ By providing a rich account of how historical legacies, material factors like the distribution of natural resources, and ideas have combined to influence the development of tax systems, welfare systems, and political institutions, Steinmo develops the perspective of historical institutionalism in a way that generally downplays ‘rational’ factors and which incorporates discursive elements such as the self-perception of citizens.² “Evolutionary adaptations are locally maximizing, *not* universally maximizing”, Steinmo explains.³ In particular, Steinmo claims that an evolutionary approach can help historical institutionalists understand political change and the ways in which institutions are affected by their context.⁴ This analysis is a useful elaboration

¹Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 13, 130, 146, 149, 213.

²Steinmo argues that historical institutionalists have implicitly incorporated many aspects of an evolutionary theory of politics, including through path dependence approaches and the recognition that timing matters. (6) In particular, he identifies Kathy Thelen and Wolfgang Streeck’s *Beyond Continuity*, Paul Pierson’s *Politics in Time*, and Kathy Thelen’s *How Institutions Evolve* as books that have done so. (17)

³Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 120.

⁴*Ibid.*, p. 15.

upon the historical institutionalist tradition in which the author situates himself.⁵ The key lesson of the analysis, however, may be unwelcome for many ‘social scientists’, in that it emphasizes the limits of comparative analysis based on quantitative tools and the limited prospects for prediction in political science. In developing his evolutionary theory of institutional development, Steinmo raises challenging questions about the usefulness of theory for advancing the discipline of political science as commonly understood. It may be that the explanatory power in political analysis comes from close examination of the particular, rather than abstraction to the generalizable.

Steinmo considers a number of different axes of variation between his case studies, illustrating the context in which each emerged and the role it played in shaping the politics of each state. For instance, he describes the very different roles played by women in each society — with the most glaring contrast between Sweden’s high workforce participation rate, fostered in part through extensive state-provided childcare, and Japan’s continued expectation that women will leave the workforce after having children.⁶ Steinmo examines the electoral systems of each country, including before and after significant recent institutional changes, and illustrates how they influence politics in areas like the strength of party discipline, the specific incentives faced by legislators, the relative influence of rural and urban constituencies, and the development of party platforms. The book also discusses geography and natural resource endowments, experiences in major wars, ethnic homogeneity, and correspondence (or lack thereof) between resource endowments and global needs at the time of industrialization. The Japanese case study is intended to assess the generalizability of the evolutionary approach, given the numerous ways in which it varies from Sweden and the U.S.. Over and above the identification of a large set of relevant factors, Steinmo argues that their impacts are interrelated in ways that cannot be teased apart analytically: the basic social science approach of isolating a single variable and comparing outcomes in relation to it may be inapplicable if it is the complex and contingent interplay between variables that largely

⁵In a few places, Steinmo’s analysis has much more of a rational institutionalist character: notably, when he discusses the possibility that every country has to “find the appropriate balance between a tax/welfare state that balances the insurance function [of a welfare state against personal financial hardship] against the inefficiencies, economic costs and bureaucratization that are part of modern government”. (216) For the most part, however, the book avoids such optimum-seeking rational accounts, in favour of historical and evolutionary accounts in which multiple variables interact in complex and inseparable ways.

⁶Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 105, 142.

shapes outcomes.⁷ Steinmo argues:

[I]t is quite useless to argue over whether the ideas, the agents, or context “caused” the outcome: The evolution of American liberal democracy [to take one example] was an emergent process in which these, and many more, “variables” interacted and intertwined to create a unique outcome. What we can say is that neither the ideas, the institutions, nor the agents are, or were, “independent” of the process in any meaningful way.⁸

In particular, the book seeks to explain why a “race to the bottom” has not been observed, with all countries with highly developed welfare states cutting them back in response to pressures from globalization.⁹ Steinmo’s solution to the puzzle is that globalization is a source of variation that drives responses from states in an evolutionary manner, leading to variable results. The supposed pressure to cut back welfare universally is better understood as an environmental condition in which many responses can produce functional results.

The Evolution of Modern States begins with a detailed consideration of the emergence of the modern Swedish state and, in particular, the ‘Swedish model’ of relations between capital, labour, and government.¹⁰ Wrongly described as ‘socialist’, the system involves little government intervention in the operation of private companies, including large and highly successful capitalist enterprises with an export focus.¹¹ Steinmo describes the eventual breakdown of the early form of the system, along with the remarkable resilience of the basic Swedish idea of a simple tax system with high rates, used to provide public benefits like childcare and education to everyone.¹² Explaining this development requires more than a static rational account. In particular, the evolution of Swedish socialists into social democrats requires an explanation that goes beyond static interests, and which arguably constitutes the “emergence of a new level of cooperative behaviour”.¹³ While neoliberal ideas have had a limited impact in Sweden, driven in part by the pressures of globalization, there remains a national consensus about the key features of the welfare state. Steinmo argues that with high levels of social

⁷Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, Preface p. xvii, 198.

⁸Ibid., p. 221.

⁹Ibid., Preface p. xv, 206.

¹⁰Ibid., p. 32, 50, 52.

¹¹Ibid., p. 23.

¹²Ibid., p. 62, 85.

¹³Ibid., p. 56.

cohesion and investment in education and children, Sweden remains well-placed to prosper under current global conditions. Describing Japan, Steinmo highlights how Japan and Germany drew very different lessons from the second world war.¹⁴ Whereas Germans by-and-large accepted a narrative of moral failure, in which economic crisis and the demise of German democracy brought on Hitler and the Holocaust, Japan arguably interpreted the war as simply being defeated by a stronger power, leading to a postwar priority of regaining strength. This priority accorded with the preferences of the American occupiers, who wished to see Japan rapidly recover economically from the devastation of the war. Japan emerged as a hybrid, in which “liberal capitalist and democratic institutions imposed... after WWII were adapted to a social and economic system based on more traditional forms of authority and hierarchy”.¹⁵ Over time, the Japanese political system came to be dominated by a single political party (the Liberal Democratic Party (LDP)), which focused on serving particular constituents, especially farmers and small producers, rather than developing national-level plans for overall welfare.¹⁶ Furthermore, the Japanese welfare system developed to be intensely employer-centric, with the further expectation that family would be called upon to take care of the needy before the state. Steinmo describes today’s Japan as being in a deep crisis, in which wasteful infrastructure spending and the major accumulation of public debt has failed to spur economic growth and where neoliberal ideas have clashed badly with Japan’s pattern of social relations and hierarchical and team-based system of capitalism.¹⁷ Given demographic troubles and a hostility to immigration, Steinmo predicts a “dismal fiscal future” and argues that few paths back to the period of Japan’s greatest success seem to be available.¹⁸ In the U.S. case, modern democratic institutions were established far earlier, were explicitly designed to split up power, and were established while slavery was prevalent. Steinmo equates the American philosophy of atomic individualism and “addiction to affluence” to an invasive species that prospered hugely when it had a vast new continent to exploit, but which has stumbled badly in recent decades. Rather than a true free market system, the U.S. developed a system of government that intervened extensively in the market, albeit in a “less coordinated and more haphazard

¹⁴Steinmo identifies the immediate post-WWII period as a defining example of a “critical juncture”. (110)

¹⁵Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 24, 89.

¹⁶Ibid., p. 100.

¹⁷Ibid., p. 130.

¹⁸Ibid., p. 144.

way” than in most other countries.¹⁹ America also adopted a massive “hidden welfare state”, in which levels of social spending are actually comparable to those of most Organisation for Economic Co-operation and Development (OECD) countries, but where it is delivered obliquely through the tax code with little awareness and appreciation on the part of recipients.²⁰ Since the closure of the frontier, the American political system has evolved to be dominated by lobbyists and to serve special interests. The separation of powers has become an impediment to reform in cases as diverse as Franklin Delano Roosevelt’s response to the great depression, Lyndon Johnson’s attempt at creating a ‘Great Society’, and Bill Clinton’s failed healthcare reform.²¹ In recent decades:

[P]ublic expectations have been inflated by a series of politicians who promised to help America live up to its dreams, only to have these promises dashed against the shoals of Congress. Instead of passing policies that help bring about more equality and opportunity, the political system increasingly doles out benefits to ever more particularized constituencies.²²

Despite the vast differences between the three case studies, Steinmo argues that they exhibit a “degree of functional equivalence” which arises when their different political, economic, welfare, and tax systems interact to serve societal needs.²³ At the same time, the three states are sufficiently different that predictions about globalization leading to policy convergence are misplaced — continued divergence, rather than “an unavoidable race to the bottom” is to be expected.²⁴

The Japanese example particularly illustrates what can be revealed about political institutions through a detailed and context-aware historical analysis. Japan’s democratic institutions bear a strong resemblance to those of other democratic societies with advanced economies. Indeed, the institutions were largely imposed by the U.S. following the second world war. While these institutions bear a superficial resemblance to those elsewhere, there are many important differences in function, for instance a general eschewing of detailed

¹⁹Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 25.

²⁰Ibid., p. 152, 154, 157.

²¹Ibid., p. 183, 204.

²²Ibid., p. 203.

²³Ibid., p. 26.

²⁴Ibid., p. 26.

ideological platforms for political parties in favour of a very local focus on what particular representatives can provide to their constituents.²⁵ A strictly rational institutional analysis would likely have difficulty accounting for the subtly different modes of interaction discussed, such as the evolving relations between labour, capital, and government in Sweden — or the soft pressure applied to Japanese banks to continue making loans to loss-making companies, as long as they continue to pay the salaries and benefits of their employees. Such details would be impossible to capture in the output of a multiple regression analysis, raising questions about the degree to which such methods can contribute to our understanding of how political institutions change.

The analysis in *The Evolution of Modern States* also includes important discursive elements. Steinmo is convincing in arguing that public perceptions — even false ones — affect the historical and institutional development of states.²⁶ For instance, a credible case is made that a key reason for which Swedish citizens are willing to tolerate the world’s highest level of taxation is their perception that their society is fair; at the same time, many false perceptions about their government and society contribute to the dysfunction of American society. These include the failure to recognize tax expenditures as a form of welfare and a false perception that there is a high degree of economic equality in the U.S..²⁷ Such beliefs have intersubjective effects and generate emergent outcomes. The perception of the state as efficient empowers policy-makers to make long-term choices for the general good, while pervasive frustration with the state’s ability to make policy effectively further hampers that capacity.²⁸ Steinmo argues that “institutions shape actors’ strategic choices, and over time also affect their preferences”.²⁹ The Swedish and U.S. examples accord with the psychological insight that people are often far more sensitive to their treatment relative to one another than to how they are treated in absolute terms; humans as social creatures who use one another as benchmarks for evaluating their own condition. Changing narratives also affect peoples’ policy preferences: notably, the idea of the unworthy poor which helped justify welfare cutbacks (and major tax cuts for the wealthiest) during the presidency of Ronald Reagan and subse-

²⁵Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 108.

²⁶Ibid., p. 162, 223.

²⁷Ibid., p. 150.

²⁸Ibid., p. 194.

²⁹Ibid., p. 14.

quent administrations.³⁰ Steinmo argues that U.S. citizens have increasingly come to see inequality “as natural, or even good”, being willing to support tax cuts that only benefit those much richer than themselves while simultaneously tolerating a society in which the very poorest are far worse off than in most similarly wealthy states.³¹

To a degree, the evolutionary account discounts the importance of human agency in the development of the political systems of the three countries studied.³² Steinmo does, however, explicitly consider the question of how agency can be incorporated into an account inspired by a process (biological evolution) where it is absent. Steinmo is too quick to lump linguistic evolution alongside biological evolution, as an area in which human agency plays a small role. As convincingly described by Guy Deutscher in *The Unfolding of Language*, linguistic evolution has many parallels to the political evolution that concerns Steinmo.³³ Indeed, the usefulness of evolutionary concepts in analyzing the development of language — surely a human institution of similar importance to government — lends credibility to Steinmo’s argument that the parallel with biological evolution has explanatory power in the case of politics. Ultimately, Steinmo describes human agency as a source of variation that feeds into an evolutionary process. This account is increasingly applicable to biological evolution, both in terms of the deliberate genetic modification of plants, animals, fungi, and microorganisms through selective breeding and genetic modification and in terms of other ways in which humans have impacted evolutionary processes: introducing rats everywhere, for instance, and transporting live creatures around the world in the ballast tanks of ships. The main point that all inputs to complex systems, including those driven by human agency, interact in complex and emergent ways with the underlying dynamics of the system is convincing and seems applicable in both the political and biological realms. In particular, Steinmo describes how “the most important source of the evolution of human social institutions is human creativity” and that “[t]he most important way societies can improve their competitive success is through innovating and adapting the social rules that govern our social lives — the institutions”.³⁴ Creativity, in Steinmo’s perspective, isn’t limited to

³⁰Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 168, 189.

³¹Ibid., p. 200.

³²Ibid., p. 21.

³³Deutscher, *The Unfolding of Language: An Evolutionary Tour of Mankind’s Greatest Invention*.

³⁴Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 219.

the generation of new rules, understandings, and institutions in novel circumstances. Rather, the process of interpreting existing rules inevitably involves a measure of creativity on the part of agents, whether their intent is the good-faith application of an existing rule in a novel circumstance or an antisocial effort to subvert rules for their own benefit.

There are relatively few grounds upon which Steinmo's work can be fairly criticized, beyond perhaps the large number of typos in the text, lack of comprehensibility in some black and white charts, and a failure to elaborate much on the meaning of technical terms he borrows from evolutionary biology.³⁵ Certainly, alternative explanations could be devised for the phenomena he describes, such as the emergence of Sweden's unusual system of labour relations, or the dysfunctional recent history of the U.S. Congress. This modified form of historical institutionalism also pays relatively little attention to technology. Globalization is analyzed as a background condition or prompt to which the three countries have evolved in very different ways. With the exception of a brief reference to the political importance of television, this account accords little causal importance to technological development, which may be an oversight in a world where it is taking place so quickly and some technologies (mobile phones, the internet, etc) likely have political effects.³⁶ Steinmo also uses climate change as an analogy at one point, but devotes no analysis to what it will mean for the future of the three countries being studied.

Steinmo's book highlights the value of particularism relative to theory-building. The depth of the account he provides of the overlapping factors shaping Swedish, Japanese, and American political development would not be feasible to represent in a formal model or multiple regression analysis, and such an analysis would provide an overly static account of a process that is dynamic in unpredictable ways. Some political scientists with an aspiration to build parsimonious and generalizable theories are critical of "idiosyncratic histories" and "thick, atheoretical description", but Steinmo's text provides a convincing demonstration that analyses that focus on historical particularities (and, indeed, construct a theory based upon it) have explanatory value, if

³⁵Steinmo is also wrong to say that the U.S. was "the only democratic country that intentionally discriminated against the voting rights of a particular racial group well into the latter half of the twentieth century". (12) It was only in 1960 that Canada granted status Indians the right to vote.

³⁶Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 181.

not necessarily predictive power.³⁷

Much importance is attributed to the financial crisis of 2008, which Steinmo holds up as a conclusive demonstration that neoliberal ideas about the market disciplining itself and not requiring regulation are flawed. Indeed, his position is that neoliberalism is in retreat as “a coherent ideological package”, leading to a major need for re-evaluation in states that embraced it strongly.³⁸ Similarly, he argues that the crisis has greatly weakened the aspirations of many states to follow the American model of relatively unregulated capitalism.³⁹ Looking forward, Steinmo is comparatively optimistic about Sweden, suggesting that it has responded to the challenge of globalization in ways that have largely strengthened its advantages. The verdict on the U.S. and Japan are far more mixed, with more of a cautiously hopeful than a confident tone employed when discussing their prospects of overcoming demographic and political difficulties. Over and above his analysis of the three country cases, Steinmo’s larger methodological critique is convincing. The idea that we can strip history and particularism away from analysis of public policy, replacing it with rationality-based accounts or efforts to understand variables independently, is challenged by the depth of understanding that can arise when each country’s historical evolution is taken seriously. If the objective of studying politics is to devise convincing explanations of political outcomes, the applicability of natural science methods may be limited.

³⁷The criticism quoted here comes from a paper on a very different subject, but is nonetheless a concise account of quantitative skepticism about historical methods. Gaines, “Duverger’s Law and the Meaning of Canadian Exceptionalism”, p. 856.

³⁸Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States*, p. 207.

³⁹*Ibid.*, p. 3.

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