In recent years the size and role of government have become by far the most important issues facing the electorate. Lending focus to a broad-based dissatisfaction with government, antistatists have made special targets of the national bureaucracy and the escalating cost of the welfare state. In 1996, for the first time since the origins of the federal welfare state during the New Deal, both houses of Congress overwhelmingly passed, and a Democratic president signed, welfare reform legislation repealing a federal entitlement. Partly due to budget constraints and partly to a lack of trust in the national government, Congress over time has been trimming federal regulations and devolving control over expensive social programs to the states.

Politicians, pundits, and citizens seem to agree that a more or less continuous growth of national government has finally been reversed. On the basis of the historical record, however, nothing could be further from the truth.

Cycles of Antistatism and Government Downsizing

A fundamental bipolarity in our political traditions dating back to the American Revolution makes us highly ambivalent about the state, and leaves the federal relationship perpetually contested. Our political culture is an uneasy mixture of ideas about how to achieve a just and prosperous society. On the one hand, republicanism—in its original, non-partisan sense—is a commonwealth tradition that stresses the importance of civic virtue, defined as a willingness to place the public good ahead of private gain. Advocates of republicanism viewed government as the instrument for articulating and implementing the collective purpose. Traditional liberalism, as opposed to modern welfare liberalism, elevated individual autonomy above all other values, counted on the market to supply the needed regulation, and counseled against relying on government. Although Adam Smith defined justice, defense, basic infrastructure, trade, and education as matters for the state, the most extreme libertarians see even this much government as a source of tyranny. Reflecting the historic tension between civic republican and liberal values, our polity has been subject to recurrent episodes of antistatism.

History reveals a sequence of movements to cut the size and scope of government, and to devolve—or transfer functions and power from the central state to lower levels of government or to the private sector. Prior to the current devolution, there have been five major cycles of revulsion against government, each of them related to an earlier period of government growth. Periodic reversals in the size and scope of government and changes in the balance of power between the state and national governments define us as a people.

Resisting Hamiltonian Centralization

The first assault upon the central state was the Jeffersonian crusade against Treasury Secretary Alexander Hamilton’s late 18th century centralization of power and authority in the national government. The Jeffersonians considered small government and an expanding market the best basis for preserving a democratic republic. They dismantled
Hamilton’s plan for a major national government role in promoting economic development. They devolved authority over banking to the states, canceled an industrial policy intended to promote manufacturing, and acquired Louisiana to open new land for expansion of an agrarian economy that would not require extensive government.

**Unleashing Market Forces**

Following a reinstatement of some of the old nation-building policies by Jefferson’s more nationalistic successors, liberal, monopoly-hating Jacksonian Democrats once again attacked the state in an effort to restore what they saw as a virtuous democracy of small farmers and independent artisans. Defining government as the source and protector of monopolies, they dismantled the Second Bank of the United States, slashed tariffs, stopped national subsidies for improving transportation, and squelched a Whig plan to use tariff and land revenues to promote economic development. After a rash of bankruptcies requiring taxpayer bailouts, state legislatures outlawed the use of government debt to finance railroads and canals, a practice previously common, and privatized existing facilities. To eliminate the corruption involved in special chartering of banks and railroads, state legislatures passed general incorporation laws, reducing political control over the flow of investment.

**Undoing Big Government after the Civil War**

The next assault on government, in the 1870s, aimed at undoing the explosive growth of national authority that came with the Civil War. Lincoln’s then new Republican Party was a big-government party. In power, the Republicans not only preserved the union, they resurrected the prodevelopment projects of the antebellum Hamiltonians and Whigs, taxed incomes to support the war, and broke new ground by legislating protections for American workers. Lincoln’s party also created the first national-level welfare programs to aid the four million freed slaves of the former Confederacy in the transition to freedom. Much like a modern social welfare agency, the Freedmen’s Bureau distributed food and clothing, helped freedmen negotiate fair work contracts with their former masters, set up schools for teaching reading, numbers, and citizenship, and helped African Americans to register and vote.

These efforts provoked hostility toward federal activism on the part of both states-rights southern conservatives and business interests within the Republican Party, eager to get on with national reunification and economic expansion. Seeking accommodation on the race issue, a new Republican policy effectively devolved control of race relations to the states. President Grant withdrew most federal troops from the South, and after 1876 the Republicans abandoned the effort to protect the black vote. Coming just as a new class of entrepreneurs was moving mass production into high gear, this devolution left the emerging corporate-industrial order largely unregulated until the turn of the century.

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**Targeting Early 20th Century Statebuilding**

The next rollback of government, in the 1920s, targeted what antistatists defined as the excessive state-building efforts of the turn-of-the-century Progressive Movement. Concerned about economic instability and rising inequality, some “democratic statist” progressives favored government action to redistribute income, discipline corporations, guarantee a “living wage,” regulate factories and housing, and provide social insurance against dependency. Following this agenda, the national government regulated business and finance through the Federal Reserve, the Federal Trade Commission, and a rebuilt Interstate Commerce Commission and banned child labor. During World War I, government implemented many statist progressive policies when it took control of war mobilization.

After World War I and until the Great Depression of 1929, Herbert Hoover (as commerce secretary and president) was among those who guided a reversal. America’s railroads, nationalized for the war effort, were quickly returned to private hands. Steeply progressive and mildly redistributive income taxes were slashed. Government pressure for union recognition and collective bargaining ended. A relaxation of antitrust regulation inspired a massive wave of mergers, which effected a private reorganization of the economy.

**Repealing the New Deal Order**

Antistatism returned in the late 1940s, after a major expansion of government in the Great Depression and especially during World War II. Conservative Congresses curbed the power of the National Labor Relations Board, shut down agencies involved in economic planning, and stopped expansion of the welfare state. Responding to investors’ concerns about inflation and excessive statism, conservative legislators defeated a popular movement to make the national government responsible for maintaining full employment. During the Eisenhower years, government resumed the “corporate liberal” strategies of the Hoover era (in which government’s role was mainly to promote self-government of the economy by American business), which had been discredited by the Great Depression. Rather than requiring that public spending be sufficient to main-
tain adequate investment and growth, the national government used fiscal and monetary tools to stabilize the business cycle while leaving decisions regarding investment, pricing, and production in private hands.

Where Are We Now?

Between the 1950s and 1970s, for the first and perhaps last time the United States achieved a fairly stable balance of liberal and republican, corporatist and statist elements. Government, corporations, and big labor unions united to spread American goods and investment across the globe. Government took significant steps toward creating a socially just state, committed to expanding opportunities to formerly excluded or disadvantaged groups. In the early 1970s conditions supporting this blend of corporate liberalism for the economy and moderate statism for society collapsed, undermined by growing fiscal constraints, loss of economic primacy, deindustrialization, and social divisions. The rise of a new economic and cultural conservatism paved the way for a return in the 1980s and 1990s to another cycle of antistatism and devolution.

Where Do We Go From Here?

Given this country’s historical swings between statism and antistatism, it would be foolhardy to speculate where the current devolution might lead. However, it seems that the present trend toward smaller national government might be longer lasting than previous episodes. Today’s antistatism is fueled by a corrosive skepticism about the intentions and capacities of government. Even more than in the 1920s and the 1950s, the new conservatism looks to giant corporations for leadership in the quest for national competitiveness and individual efficiency. Strongly entrepreneurial, it affirms the movement toward deregulation since the late 1970s and demands a great deal more.

Perhaps more important, we are unlikely to see an era of aggressive national statebuilding soon because there is now no widely credited economic theory, as there was in the Progressive Era or the Age of Keynes, to support a new expansion of government. The present trend toward smaller national government might be longer lasting than previous episodes. . . . we are unlikely to see an era of aggressive national statebuilding soon because there is now no widely credited economic theory, as there was in the Progressive Era or the Age of Keynes, to support a new expansion of government.

The future of the public sector dramatically since World War II. Faith in the capacities of the individual states apparently runs deep. Moreover, this round of antistatism has not turned as previous ones often did against the centers of organized private power. Antimonopoly, a traditional reason for turning back to the state, is not present in the current movement. Instead, today’s antistatism is fueled by a corrosive skepticism about the intentions and capacities of government. Even more than in the 1920s and the 1950s, the new conservatism looks to giant corporations for leadership in the quest for national competitiveness and individual efficiency. Strongly entrepreneurial, it affirms the movement toward deregulation since the late 1970s and demands a great deal more.

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