H-Net Reviews
in the Humanities & Social Sciences

John F. Walker, Harold G. Vatter. *The Rise of Big Government in the United States.* Armonk, NY: M.E. Sharpe, 1997. 256 pp. $47.95 (paper), ISBN 978-0-7656-0067-7; $100.95 (cloth), ISBN 978-0-7656-0066-0.

Reviewed by Werner Troesken (Department of History, University of Pittsburgh)
Published on EH.Net (January, 1998)

In *The Rise of Big Government in the United States*, John F. Walker and Harold G. Vatter argue that government growth is response to the evolution of the market, shifts in ideology, and changes in international relations. Although Walker and Vatter document the growth of local and state governments, they focus mainly on the growth of the federal government. Their story begins in 1890 and extends through the present. Walker and Vatter take issue with two common explanations for the rise big government. First, they claim that economic and political crises have not caused the size of government to ratchet upward, as Robert Higgs argued in *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (New York, 1987). Second, they claim that government bureaucrats seeking to maximize their own power and wealth have not prompted the rise of big government, as William Niskanen argued in *Bureaucracy and Representative Government* (Chicago, 1971).

For Walker and Vatter, government growth is primarily a response to the vagaries and failures of the market. In a nutshell, when the market generates outcomes that society does not like, society demands that the government intervene and make things better. The government's ability to solve the problems wrought by the market depends critically on the larger culture's ideological make-up. In eras dominated by a laissez-faire ideology, the government grows less, and is less successful in dealing with the problems generated by the market.

Although Walker and Vatter are both economic historians, they chose not to consider much recent work in economic history. Consider two examples. The authors argue that federal deposit insurance has stabilized the banking industry and protected small depositors. In making this argument, Walker and Vatter do not refer to numerous articles by Charles Calomiris, David Wheelock, and Eugene White. The works of Calomiris, Wheelock, White, and others, highlight the moral hazard and adverse selection problems that have plagued deposit insurance schemes throughout history. Walker and Vatter also argue that since World War II, fiscal policy has stabilized the macro-economy and prevented severe downturns. Their discussion would have been better had they addressed Christina Romer's work on pre- and post-war business cycles.

Overall, Walker and Vatter tell a plausible story, though I would have preferred a more balanced analysis, one that identified the costs, as well as the benefits, of big government. Readers wanting an introduction to the rise of big government, or those wanting an account that emphasizes the benefits of big government, will probably find this a useful book. Those wanting a more thorough or balanced account should look elsewhere.

Copyright (c) 1997 by EH.NET and H-Net. All rights reserved. This work may be copied for non-profit educational uses if proper credit is given to the author and the list. For other permission, please contact the EH.NET Administrator. (administrator@eh.net, Telephone: 513-529-2850; Fax: 513-529-6992)

If there is additional discussion of this review, you may access it through the list discussion logs at:
http://h-net.msu.edu/cgi-bin/logbrowse.pl.

Citation: Werner Troesken. Review of Walker, John F.; Vatter, Harold G., *The Rise of Big Government in the United States.* EH.Net, H-Net Reviews. January, 1998.
URL: http://www.h-net.org/reviews/showrev.php?id=1601

Copyright © 1998, EH.Net and H-Net, all rights reserved. This work may be copied for non-profit educational use if proper credit is given to the author and the list. For other permission questions, please contact the EH.NET Administrator (administrator@eh.net; Telephone: 513-529-2850; Fax: 513-529-3309). Published by EH.NET.