

Preface

In the fall of 2011, a movement called Occupy Wall Street went viral. Protesters in New York were joined by others in hundreds of cities across the country and the world. They were complaining about the “one percent,” the wealthy Wall Street types. They argued that the rules apparently did not apply to these privileged few, who were coddled by a government that was supposed to be regulating them instead. A few years earlier, a CNBC reporter went on a live television rant about the government’s bailout of Big Auto, igniting the Tea Party, which soon emerged as a force in U.S. politics. In this case, protesters complained that government was too big: that it regulated too much and spent too much. From Occupy Wall Street to the Tea Party, angry citizens in the United States had had enough. They wanted things to be different.

In late 2010, some 4,000 miles away in Tunisia, a poor merchant set himself on fire to protest thuggish police confiscating his wares. Sympathetic protesters flocked to the streets, and soon that country was engulfed in the flames of revolution, which then spread to Egypt, Libya, and Syria.

The Arab Spring offers perhaps one of the most dramatic and enduring modern examples of people clamoring for change and dying to get it, sometimes literally. For decades, the rules of the game in countries like Egypt, Libya, Syria, and Tunisia were whatever their dictators said they would be. Few people liked the status quo, but fewer did much about it. Then it was time for a different idea.

These days, many people around the world seek political change. A lot of them are tired of the status quo, which they see as unjust, or unfair, or simply unproductive. To them, it also is time for a different idea.

As economists who study politics, we’ve spent years thinking and writing about how economic insights can provide a better understanding of political

change. We are impressed with the scholarly books on political history and the popular economics books that make this serious subject easy and even fun. In fact, we step off from the argument found in nearly all of the pop-econ best sellers: Incentives matter. They matter because they shape human behavior. We then dig a little deeper, and we show that to understand political change, we need to understand what ultimately shapes incentives.

Our understanding of political change is as follows: Incentives are shaped by the rules of the game, which economists call institutions, and these institutions in turn are shaped by the ideas in a society. In other words, ideas matter. In the course of this book, we provide a brief history of the different ideas people have held about what should be the rules of the game so people can live better lives. We then offer a framework to think about how ideas matter, when it is that political change happens, and why at other times the status quo endures.

Whether a society is experiencing an evolution of rules over many years or a revolution that will topple a dictator tomorrow, political change is a process. As we look at the world around us, we think it's a process worth understanding.

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