

## Combining Institutionalisms: Liberal Choices and Political Trajectories in Central America

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Scholars working in the field of historical institutionalism (HI) have explored how the formation of institutions during critical juncture periods may set countries on long-run paths of development that are not easily reversed (Collier and Collier 1991; Pierson 2000; Thelen 1999). One virtue of these path-dependent arguments is their sensitivity to the causal impact of temporally distant institutions and to the processes through which these institutions affect more contemporary outcomes. A common criticism, however, is that they fail to adequately theorize actor choices. Indeed, HI often treats critical juncture periods as moments of contingency when choices are highly efficacious but essentially unpredictable.<sup>1</sup>

Rational choice institutionalism (RCI) offers a basis for modeling actor choices during critical junctures as instrumental decisions made purposefully in light of existing institutional arrangements. This approach can help historical researchers explain choices through a formal specification of the options, potential pay-offs, and preferences of actors. Those strands of RCI that embrace a thin theory of rationality and assume that actor goals must be specified in part through inductive research are especially compatible with HI (Bates et al. 1998), and can be combined with it to specify key dynamics during critical junctures in many path-dependent arguments.

Here I explore the contributions of combining institutionalisms by building on my work on liberalism and political development in Central America (Mahoney 2001). In *The Legacies of Liberalism*, I argue that the choices of liberal elites about how to modernize the state and agrarian sector in the nineteenth century set the countries of Central America on distinct paths of national development, culminating in remarkably different national political regimes. One criticism of the work, however, is

its treatment of actor choices during the critical juncture period of liberal reform (for example, Prasad 2002). I now use the tools of RCI to enrich the analysis of the choices of liberal political elites. In particular, I suggest that liberal choices during this time can be heuristically modeled in light of liberals' subjective understandings of the outcomes, outcome utilities, and outcome probabilities associated with alternative choice options. Values for these components can be estimated through a historical analysis that explores the role of ideology, class position, and political goals in shaping liberal preferences.

Using this approach, I find that liberal choices concerning alternative policy options were strongly influenced by political aspirations to maintain state power. When liberal elites faced great political insecurity, they were likely to pursue a radical set of policies that extensively transformed existing state and class structures. By contrast, when liberal elites were more secure, they were motivated to follow a moderate set of reforms that only partially transformed pre-existing state and class structures. I also explore how this argument leads to a more general hypothesis that could be extended to other contexts in Latin America.

### Liberalism and Its Legacies in Central America

In nineteenth-century Central America, the liberal reform period was initiated when political elites implemented policies designed to modernize the state and spur economic development through coffee and banana exportation. The elites who led this reform effort were called liberals because they opposed colonial and conservative institutions such as monarchical rule, trade monopolies, the Church, and the common land system. In turn, they advocated constitutional government (though not real democracy), free trade, a secularization of society, and private property. In these respects, Central American liberals were similar to liberals in Western Europe, though there were important differences as well.<sup>2</sup>

The liberal reform period corresponds with the world-historical environment when these countries began to export their primary products, thus opening the door to new possibilities in economic advancement. In particular, the market for coffee exploded in the nineteenth century, and technological improvements made it possible to profitably ship the highly perishable banana crop to distant markets. Because national political regimes in Central America at the time were organized as personal dictatorships and the chief executives wielded exceptional power, specific liberal leaders were positioned to steer their countries during this period. Legislatures functioned largely as rubber-stamp bodies designed to sup-

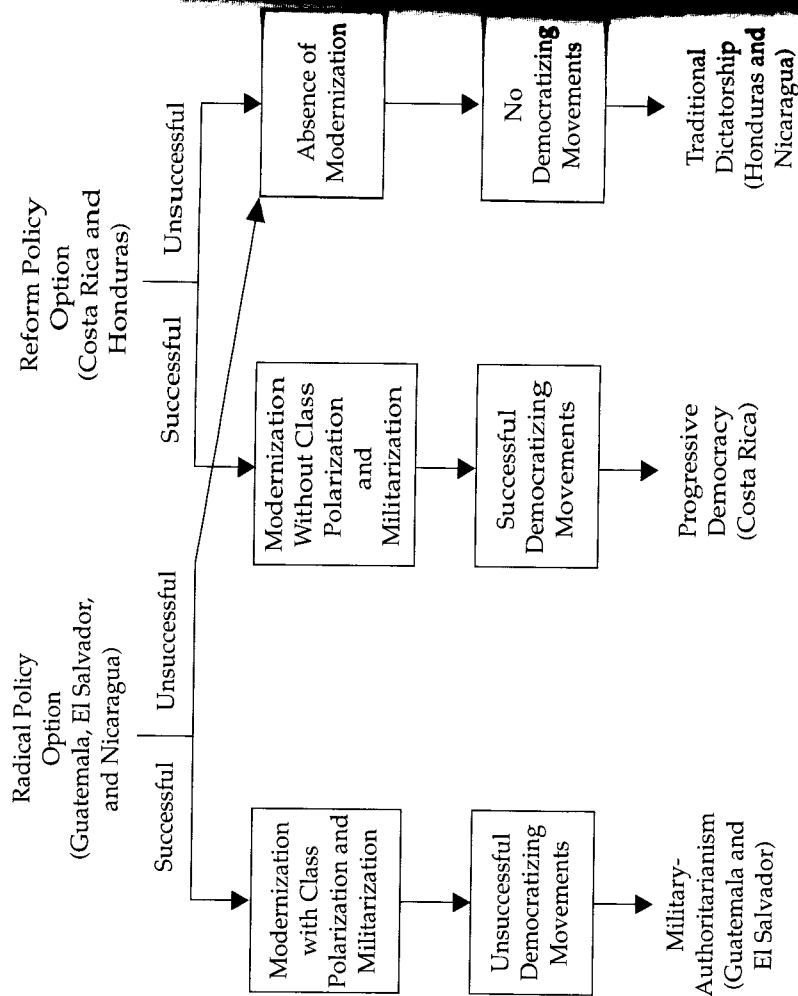
port the decisions of acting presidents; elections were either not held or were fraudulent affairs aimed at political legitimization. Politics was the domain of individuals, and personal choices could be extremely consequential.

During the reform period, key liberal presidents<sup>3</sup> faced basic choices about how to modernize society, especially how to transform agriculture. I distinguish between the two agricultural modernization options that were alternatives to liberals: a radical policy option and a reform policy option. I argue that the choice to adopt either was a critical juncture that sent countries on long-run paths of development, ultimately culminating in the formation of dramatically different types of national political regimes (see figure 11.1).

To simplify, a radical policy option meant rapidly privatizing communal lands, promoting large agro-export estates, and using state coercion to secure labor. A radical policy option thus aimed to destroy existing communal landholding structures and replace them with export-oriented estates that relied on a dependent labor force. By contrast, a reform policy option involved selectively and gradually privatizing communal lands, promoting smaller farms dedicated to export crops, and less actively encouraging coercive labor. A reform policy option was therefore more moderately paced and entailed a transition to commercialized agriculture that was less disruptive to previous agrarian structures.

Different policy options were consequential because they produced new state and class institutions, which in turn had long-run effects on development. In Guatemala and El Salvador, where radical policy options were successfully implemented, highly militarized state apparatuses and highly polarized agrarian economies came into being. These institutions set the two countries on paths of development that culminated in democratizing movements that failed and were succeeded by brutally repressive military-authoritarian regimes. By contrast, in Costa Rica, where a reform policy option was successfully implemented, a modernized but nonpolarized agrarian economy and a state apparatus without a significant military were created. These institutions were essential to Costa Rica's eventual progressive democratic regime. Finally, in Honduras and Nicaragua, policy options were not successful. Liberals in those countries attempted to pursue specific policy options (a reform option in Honduras; and a radical option in Nicaragua), but episodes of foreign intervention led to the failure of liberal reform and no major structural transformations in the agrarian sector and the state. As a result, democratizing movements did not emerge in Honduras and Nicaragua and the countries were characterized by backward-looking traditional dictatorships for much of the twentieth century.

Figure 11.1 Summary of Legacies of Policy Options



Source: Author's compilation.

Even from such a brief sketch, it is clear that actor choices play a prominent role in this HI argument. I will now explore the ways in which RCI might enrich an analysis of these choices, focusing on the liberal decision to adopt either a radical policy option or a reform policy option. Although these liberal choices were not the only variable shaping long-run development in Central America, they were a critical one—so much so that I argue different choices would have led the countries toward quite different outcomes. To the degree RCI can help us better understand these choices, then, it can contribute significantly to understanding long-run political trajectories in Central America.

Table 11.1 Components of Choice and Preference in Rational Decision Theory

Option	Outcome	Utility	Probability	Expected Utility
C <sup>1</sup>	O <sup>1,1</sup>	U <sup>1,1</sup>	p <sup>1,1</sup>	U <sup>1,1</sup> × p <sup>1,1</sup>
	O <sup>1,2</sup>	U <sup>1,2</sup>	p <sup>1,2</sup>	U <sup>1,2</sup> × p <sup>1,2</sup>
	O <sup>1,3</sup>	U <sup>1,3</sup>	p <sup>1,3</sup>	U <sup>1,3</sup> × p <sup>1,3</sup>
C <sup>2</sup>	O <sup>2,1</sup>	U <sup>2,1</sup>	p <sup>2,1</sup>	U <sup>2,1</sup> × p <sup>2,1</sup>
	O <sup>2,2</sup>	U <sup>2,2</sup>	p <sup>2,2</sup>	U <sup>2,2</sup> × p <sup>2,2</sup>
	O <sup>2,3</sup>	U <sup>2,3</sup>	p <sup>2,3</sup>	U <sup>2,3</sup> × p <sup>2,3</sup>

Source: Adapted from Little (1991, 41).

### A Heuristic Model

Rational decision theory is helpful for formulating a simple model of liberal choices. As table 11.1 illustrates, this theory emphasizes the following elements as the components shaping an actor choice: the behavioral options available to the actor; the specific outcomes that might be generated if a particular option is carried out; the utility associated with each of these specific outcomes; and the probability that a given outcome will take place if a particular option is selected. One can arrive at the expected utility of each outcome by multiplying utility and probability. For utility maximizing actors, the best option corresponds to the one with the greatest sum of expected utilities. For risk adverse actors, the preferred option corresponds to the one with the best-worst outcome.

From the HI perspective, there is nothing wrong with abstractly formulating a model of actor decision making like this one. Historical institutionalists will insist, however, that each key component—options, outcomes, utilities, and probabilities—be specified through a historically grounded analysis that makes inferences about actors' subjective experiences. In this sense, HI assumes that the values of the different components of the model do not reflect objective reality, but instead the

Table 11.2 Preference Structure for Actors Adopting a Radical Policy Option

Option	Outcome	Utility (1= Least)	Probability (1 = Lowest)	Expected Utility (1 = Least)
Radical policy	Overthrow of liberal rule	Very negative (1)	Very unlikely (2)	Slightly negative (2)
	Unstable liberal rule	Positive (3)	Likely (4)	Positive (4)
	Stable liberal rule	Very positive (4)	Unlikely (3)	Positive (4)
Reform policy	Overthrow of liberal rule	Very negative (1)	Unlikely (3)	Negative (1)
	Unstable liberal rule	Marginally positive (2)	Likely (4)	Marginally positive (3)
	Stable liberal rule	Positive (3)	Nearly impossible (1)	Marginally positive (3)

Source: Author's compilation.

subjective understandings of the actor in question. In fact, an actor's assessment of the probabilities may be quite removed from reality, but the inaccurate assessment will nevertheless serve as the basis for rational decision making.<sup>4</sup>

In decision theory, the concept of preference refers narrowly to the utilities associated with different possible outcomes. However, HI also treats the actor's understanding of the possible choice options, different outcomes, and the probabilities associated with these outcomes as components of an actor's preference. Under this broader definition, the expression preferences and situations might refer to the idea that historical circumstances shape a wide range of components of actor choice, not only utility functions.

Here I offer simple models for understanding liberal choices in Central America. Table 11.2 attempts to specify the components of prefer-

Table 11.3 Preference Structure for Actors Adopting a Reform Policy Option

Option	Outcome	Utility (1= Least)	Probability (1 = Lowest)	Expected Utility (1 = Least)
Radical policy	Overthrow of liberal rule	Very negative (1)	Likely (4)	Very negative (1)
	Unstable liberal rule	Positive (3)	Unlikely (3)	Marginally positive (3)
	Stable liberal rule	Very positive (4)	Nearly impossible (1)	Marginally positive (3)
Reform policy	Overthrow of liberal rule	Very negative (1)	Very unlikely (2)	Slightly negative (2)
	Unstable liberal rule	Marginally positive (2)	Likely (4)	Marginally positive (3)
	Stable liberal rule	Positive (3)	Unlikely (3)	Marginally positive (3)

Source: Author's compilation.

ence that characterize liberal actors who pursue a radical policy option. By contrast, table 11.3 tries to characterize the components of choice among actors who pursue a reform policy option. The codes in the models are derived from the historical discussion that follows; they are inductively formulated estimates grounded in the historiography. In using induction and historical analysis this way to guide a rational choice account, I essentially follow the programmatic agenda of the Analytic Narratives project (Bates et al. 1998), which I believe substantially overlaps with long-standing HI emphases.

In both tables, key liberal rulers are faced with two options: a radical policy option and a reform policy option. In turn, each option is associated with three possible outcomes: first, instability that leads to the overthrow of the liberal order; second, unstable but sustained liberal rule; and, third, stable and sustained liberal rule. The utilities associated with

each outcome are identical in each table. For a radical policy option, which *ceteris paribus* all liberals prefer, the utilities are specified as very negative for instability and overthrow, as positive for instability but continued liberal rule and reform, and as very positive for stability with liberal rule and reform. For a reform policy option, which is less preferred, the utilities for the same outcomes are specified as very negative, marginally positive, and positive. The figures also offer a simple ordinal ranking of the outcomes according to their desirability to liberals.

Tables 11.2 and 11.3 are different with respect to the probabilities that liberals associate with each outcome. Those actors whose preferences are summarized in table 11.2 view the consequences of a radical policy option as follows: outcome A is very unlikely, outcome B is likely, and outcome C is unlikely. By contrast, those actors whose preferences are summarized in table 11.3 view the consequences of a radical policy option differently: outcome A is likely, outcome B is unlikely, and outcome C is nearly impossible. Similarly, the actors with the preferences of table 11.2 view the consequences of a reform policy option as follows: outcome A is unlikely, outcome B is likely, and outcome C is nearly impossible. By contrast, those with the preferences in table 11.3 see the consequences of a reform policy option differently: outcome A is very unlikely, outcome B is likely, and outcome C is unlikely. These differences in perceived probabilities in turn explain why actors adopt different policy options.

A radical policy option is the rational choice in table 11.2, whereas a reform policy option is the slightly better choice in table 11.3. This is true if the decision maker chooses the option with the greatest expected utility or if the actor chooses the option in a risk-averse fashion that avoids a catastrophic outcome. For example, in table 11.2, a radical policy option has a positive expected utility (that is, the average of slightly negative + positive + positive), whereas a reform policy option has a neutral to negative utility (that is, the average of negative + marginally positive + marginally positive). Likewise, the probability of a catastrophic outcome (that is, liberal overthrow) occurring is lower if a radical policy option is adopted. In this sense, in table 11.2, a radical policy option is the best choice under most decision-making rules. By contrast, a reform policy option will be preferred given the preferences in table 11.3.

I build an empirical argument that illustrates how the decision structure of table 11.2 approximates liberal choices in Guatemala, El Salvador, and Nicaragua, which all followed a radical policy option. By contrast, the decision structure of table 11.3 applies more to liberals in Honduras and Nicaragua, which followed a reform policy option. I show how thinking in terms of the components of rational decision theory (that is, options, outcomes, probabilities) can be helpful in examining alternative

hypotheses that seek to explain liberal behavior. Using these components to frame the discussion makes it possible to state more precisely how alternative factors likely affected liberal decisions. In addition, as we shall see, the use of these models points toward at least one testable hypothesis that could be applied to liberal reform throughout nineteenth-century Latin America: the extent of liberal policy transformation is positively related to the extent of political threat facing liberals.

### Three Approaches to Preference Formation

In the historiography on Central America, three distinct understandings of liberal goals and motivations can be found: as ideological actors, as class actors, and as political actors. These understandings are worth considering here, for they parallel more general approaches to explaining the sources of actor preferences in the social sciences.<sup>5</sup> In addition, a discussion of these alternatives helps provide empirical grounding to the estimates presented in the models.

### Ideological Beliefs

One approach to preference formation is to understand actors as ideological carriers motivated by a set of principled beliefs. Scholars who explore the ramifications of basic cultural systems, such as the Enlightenment or Marxism-Leninism, often use this kind of analysis. The approach also is found in the work of those who suggest particular actors are inspired to action by deeply held normative convictions, perhaps personally formulated in a unique way. In the HI literature, such ideological beliefs are studied through historical analysis that looks at the idioms and expressed commitments of concrete actors. Historical institutionalists believe that such an approach is more likely to bear fruit than an analysis that abstractly attributes an overarching ideological frame to an actor (see Skocpol 1985; Swidler 1986).

Historians of Central America have suggested that the liberal ideology found in the nineteenth century can be used as a guide to explaining liberal behavior. They point out that the conflict between liberals and conservatives mirrored an ideological split within the region's elite. For example, according to the distinguished historian Ralph Lee Woodward, Jr., liberals and conservatives "were factions of a landholding and bureaucratic elite, but they reflected fundamentally different perceptions on how best to develop their country" (1984). On the one hand, the conservatives

favored policies that would preserve the aristocratic landholding elites in their traditional, dominant roles, but also, in noblesse oblige fashion, assured the peasants of a degree of protection, especially against exploitation by the Liberal modernizers. . . . [Conservatives] emphasized traditional Hispanic values and institutions, especially the Roman Catholic Church. . . . While they welcomed some expansion of agricultural exports, which allowed them a few luxury imports, they were sensitive to the danger of upsetting native labor and land tenure patterns. (292)

On the other hand, the liberals

wished to modernize Central America through emulation of the economic and political success of Western Europe and the United States from the late eighteenth century forward. These "modernizers" rejected traditional Hispanic values and institutions, especially the Church, and espoused classical economic liberalism, opposing monopolies while encouraging private foreign trade, immigration, and investment. They emphasized exports, and treated the rural masses and their land as the principal resources to be exploited in this effort. (292-93)

Although Woodward supports this broad characterization of liberal and conservative ideology with considerable evidence, revisionist historians have emphasized that the ideologies were hardly sacredly held beliefs (see Gudmundson and Lindo-Fuentes 1995). For example, individuals could and did switch sides in the struggle between liberalism and conservatism as circumstances warranted. And few liberals were so committed to their beliefs that they were unwilling to violate ideological principles when given powerful inducements to do so.

The simple fact is that many ideologies can be and are cast aside in the face of other, more important competing interests. When treating historical ideologies as the source of actor preferences, then, one must always probe the degree to which these principled beliefs will be maintained when the actor is confronted with competing interests. When ideological principles and other core interests (for example, class interests or personal political interests) clash, actors frequently will forgo the former to pursue the latter. Of course, when ideological principles and core interests are consistent,<sup>6</sup> it is easy for actors to behave consistently with their ideology. Although one may wish to hold up such behavior as illustrating the power of ideology, it often makes more sense to view the behavior as following the other core interests.<sup>7</sup> Like most other historical institutionalists, I favor a cautious approach to understanding the

power of ideology, one that avoids the temptation of overestimating its role at the expense of other (not ideologically defined) interests.

In Central America, ideology surely had a role to play during the liberal reform period, though not likely one that can fully explain the different policy choices of liberals. Ideological beliefs almost certainly shaped the range of possible options that liberal actors contemplated seriously. For example, liberals did not contemplate any options that involved maintaining the political and economic status quo, as their conservative predecessors had. Rather, they considered only change, whether radical or reform.<sup>8</sup> In fact, although many of their core interests were similar, conservatives and liberals differed significantly in their ideology. This difference helps explain why liberals contemplated choices that conservatives never even considered appropriate.

However, ideology is far less effective at explaining why liberals decided to pursue a radical or a reform policy option. From the existing sources, it is difficult to glean any specific difference in the principled beliefs of liberals across countries that might explain variations in policy choice. Instead, all key liberals appear to have had similar and relatively constant principled beliefs about what was appropriate for modernizing society. In particular, they favored a rapid and thoroughgoing transformation of society in which the colonial and conservative order was more or less completely replaced. In this sense, other things being equal, they favored a radical policy option on principled grounds. Given that they did not all end up choosing a radical policy option, however, it is clear that other things were not equal.

In short, I argue that ideology helped define the set of options that liberal actors considered seriously, but ideology had little causal role beyond this contribution. In general, I think this argument is consistent with what many institutionalists already believe about ideology and preference formation—ideological commitments may define the parameters of contemplated possibilities, but only rarely are the final movers of actor choices.

### Class Position

A second approach locates the source of actors' preferences with the class positions of those actors. Analysts who adopt this approach are not of one mind, however. For some, class position affects preferences through a socialization process in which individuals learn the tastes and habits that characterize their socioeconomic grouping. Here the assumption is that, because of sociocultural differences, members of different classes may value different things (for example, Bourdieu 1984).<sup>9</sup> For others, class position shapes preferences because it affects the material opportu-

nities available to actors. With this orientation, actors are assumed to value similar things, such as economic power and material resources, but their different class positions are seen as social institutions that provide different economic opportunities and incentives (for example, Elster 1985; Przeworski 1985; Wright 1997). Because of these different opportunities and incentives, actors of different classes will have different (induced) preferences.

Scholars of Central American politics often apply a Marxist version of class analysis consistent with the second view. Class position is defined by an actor's relationship to the productive process, and class is understood to shape behavior by leading actors to be concerned with material well-being and providing them with economic incentives to maximize this interest. Using such a framework, analysts have argued that the division between liberals and conservatives can be studied as a class division (Dunkerley 1988; Paige 1997). Liberals are understood to represent that class faction most involved in the production of new agro-export products, especially coffee. By contrast, conservatives are viewed as representing traditional landowners outside the emerging agro-export economy. From these class positions, differences in preferences can be derived: conservatives should favor the socioeconomic status quo, including trade monopolies, existing land tenure relationships, and a strong role for the Church. By contrast, liberals should favor free trade, land privatization, and the removal of corporate entities, such as the Church, that stand in the way of capitalist entrepreneurship. Furthermore, within the liberal faction, those especially well situated to take advantage of agrarian commercialization should favor an especially radical set of transformations. Thus, one would expect that key liberal leaders who followed a radical option would be especially well positioned to profit from the production, processing, and export of major primary products. This should be less true of those who pursued a reform option.

Although intuitively plausible as an explanation of liberal choices, this account is not supported by the bulk of empirical evidence. The argument assumes that liberals were members of an agro-export elite, and, within that category, those liberal presidents who enacted a radical policy option were well situated to reap benefits from agrarian commercialization. However, only two key liberal presidents, Barrios in Guatemala and Guardia in Costa Rica, can actually be considered full members of the agro-export elite (Williams 1994, 212–19), and they followed contrasting policy options, that is, a radical policy in Guatemala and a reform policy in Costa Rica. Of the remaining liberal presidents, none was deeply involved in the agro-export landholding, with the possible exception of Zelaya in Nicaragua, whose father was an important coffee planter. When all is tallied, a class-based explanation is problematic for those liberal

presidents not seriously involved in export agriculture (El Salvador and Honduras), or for those who stood to personally benefit from a radical policy but ended up following a reform policy (Costa Rica).

In fact, if one looks beyond particular liberal presidents, consistent evidence does not support the idea that liberals and conservatives occupied distinct positions within the productive process. Rather, sometimes both came from the same agrarian elite (Gudmundson and Lindo-Fuentes 1995; Mahoney 2001). In Nicaragua, for example, much of the conservative leadership was deeply involved in coffee production, the economic base from which liberalism should have developed. In Honduras, liberals emerged in an economic context that did not feature any major agro-export economy. Finally, in Guatemala, El Salvador, and Costa Rica, the liberal movement was born before export agriculture was consolidated, suggesting that liberalism did not depend on a new class structure.

To summarize, historical institutionalists will often entertain the idea that actor preferences reflect underlying economic interests and are ultimately rooted in class position. They will insist, however, that empirical evidence support these ideas before they reach firm conclusions. In the case of Central America, historical evidence appears to contradict the notion that liberal preferences and liberal policy choices were products of underlying class structure.

### Political Power

In a final perspective, analysts link actor preferences to the needs of gaining, maintaining, and augmenting personal political power. Actors are assumed to have a basic interest in political power, and this interest is typically understood to derive from the demands of the institutional environment of the actors. Thus, in the RCI literature, scholars often assume that elected politicians have an interest in maintaining political office because their continued status as elected politicians demands it (for example, Geddes 1994). Likewise, comparative-historical analysts who work on early modern Europe sometimes suggest that states have an interest in self-preservation because those that do not may be "selected against" in the course of warfare (Tilly 1990; cf. Waltz 1979). In both examples, a selection mechanism helps ensure that actors with a specific preference are present in a particular institutional environment.

Although this approach is not commonly offered in the literature on Central America, we have good reason to believe that it may make sense for the liberal reform period. In turbulent nineteenth-century Central America, leaders rose or fell according to how successful they were at using resources to preempt or defeat armed challenges to their rule.

Leaders who chose to ignore the imperatives of maintaining power were selected against in this environment—that is, the failure to exhibit a concern with self-preservation and power expansion would almost always lead to the removal of a liberal leader. Thus, had liberals been uninterested in maximizing power, they never would have gained control of government in the first place, much less have gone on to lead administrations with enough longevity to enact far-reaching reforms.

The need to pursue power was closely linked to the fact that there were no civil institutions to maintain political order during the liberal reform period. Leadership transfer from one dictator to another occurred largely as a result of coercive pressures in which an acting president stepped down in the face of potentially life threatening challenges. Those who sought to oust liberal presidents were usually rival elites who mobilized an armed movement from the peasant population living near their local base of power. A key goal of all liberal presidents was to defeat these rival elites.

Liberals would not likely adopt a given policy option if they believed an alternative policy would better serve their interests in maintaining power. How well a particular policy option might do so depended in part on the existing political environment, including the level of threat facing liberal presidents. These levels were rooted in the strength of conservative opponents and the cohesion of the liberals. In Guatemala, El Salvador, and Nicaragua, liberals were more divided and conservatives were stronger than elsewhere in Central America (Mahoney 2001). As a result, a key goal of liberals was to build up the state to defeat the existing serious political threats. A radical policy option was appropriate because it involved establishing tight control of the countryside and marginalizing enemies by reorganizing property relations in the countryside. A reform policy option did not entail building up the military and extending the state, and thus may well have left these presidents vulnerable to overthrow. In the context of a high level of threat, then, a radical policy was more consistent with liberal power goals.

In Honduras and Costa Rica, the challenge to liberals from conservatives and other political elites was less extensive. Here a radical policy option may have been more destabilizing than a reform option. In particular, in the absence of a severe threat, a radical policy risked creating large-scale social upheaval and opposition from among those groups who opposed major transformations. In this context, the more modest reform policy was the safer and wiser choice, even though it was less desirable for ideological reasons. More specifically, given a low threat, a reform policy allowed liberals to safely implement certain reforms with only a low probability of triggering enough opposition to risk their overthrow.

Evidence from the Central American cases suggests that liberal decision makers did contemplate choices in light of these kinds of considerations. For example, we know that Barrios in Guatemala implemented land and labor reforms with a close eye on their effects *vis-à-vis* securing state control of hostile areas. He often would not implement reforms in areas where he felt doing so would generate more opposition than it prevented (McCreery 1994, 238; Williams 1994, 63). Likewise, while Honduran liberal reformer Marco Aurelio Soto may initially have been ideologically disposed toward a radical policy option, he likely did not pursue it because doing so would have created intense resistance from the rugged settlers in the isolated villages of rural Honduras.<sup>10</sup> Even the moderately inclined reformer Dr. Rafael Zaldívar of El Salvador ended up following a radical policy option when political challenges seemed to make this the more secure course (Mahoney 2001, 115–16, 124–30).

To conclude, liberals were concerned with political survival and maximizing power, and contemplated policy options in light of these concerns. When liberals encountered serious political threat, a radical policy better enabled them to preserve power. By contrast, when threat was minimal, a reform policy was more consistent with maintaining power.

### Revisiting the Heuristic Models of Liberal Choices

Let us now revisit the heuristic models, asking how the discussion of preference formation can help to elaborate them. Reviewing the empirical basis for each major element of the models—options, outcomes, utilities, and probabilities—is the easiest course. We can then reflect more generally on the strengths and weaknesses of the models.

#### Empirical Grounding of the Models

The analysis of preference formation suggests that ideological beliefs played a role in the formulation of the policy options that liberal actors considered seriously (see table 11.4). Liberal ideology defined the menu of possible behaviors that were considered reasonable options (that is, radical and reform policy options) and filtered out as unreasonable other options such as maintaining the status quo. Indeed, had liberals chosen to maintain the status quo, they would not have qualified for membership in the category liberal as defined in nineteenth-century Central America. In this sense, liberal ideology was constitutive of liberals in Central America, and it ensured that liberals would decide between options that entailed some kind of transformation, whether radical or reformist.

Both a radical and a reform option were evaluated in light of the



Table 11.4 Sources of Preferences for Liberals

Option	Outcomes	Utilities	Probabilities
Liberal ideology shapes the choice between radical and reform options.	Outcomes associated with each option are evaluated according to their political consequences for liberal leaders.	Both ideology and political considerations affect the utility values of each outcome.	The probabilities of outcomes reflect actors' understandings of the level of threat posed by opposition forces.

Source: Author's compilation.

possible outcomes associated with them. Liberals did not know in advance exactly what would happen if a particular option was selected. They had to make decisions based on their subjective assessments of what might happen.<sup>11</sup> We have good reason to believe that they were concerned with outcomes related to their political and power goals, especially given that nearly all previous efforts at enacting liberal reforms had produced instability and eventually the defeat of liberal presidents. Political and power considerations thus were a key second filter that defined the three outcomes specified here: overthrow of the liberal order, liberal rule with instability, and liberal rule with stability.

The utilities associated with the different outcomes were closely tied to the liberal concern with maximizing political power, though ideology was relevant here too. The worst possible outcome was overthrow of the liberal order. This would mean not only the failure to successfully implement liberal changes (very negative from an ideological perspective), but also—and more important—the defeat of the particular liberal president (very negative from a personal power perspective). In the models, therefore, the utility associated with overthrow is set at very negative. The best outcome for liberals was stable liberal rule, which accorded with both their ideological preference to see liberals in power and their preference to personally rule without serious challenges. In the models, this outcome is represented with positive designators, though it was especially valued when it accompanied a radical policy (favored by liberals on ideological grounds). Finally, the outcome of unstable liberal rule is viewed as desirable, and thus receives a score of positive for a radical policy and a marginally positive for a reform policy (only marginally positive because the combination of instability and limited liberal transformation was not a particularly desirable outcome). Again, these design-

nators and the ordinal rankings that accompany them are inferences, but they nevertheless are grounded in historical evidence.

The probabilities associated with each outcome are understood to reflect liberals' subjective assessments of the likelihood of each outcome occurring. My assumption is that liberals had reasonable knowledge of the level of threat facing their administrations, and that they implicitly calculated the probability for each outcome in light of this threat. Thus, the probabilities in table 11.2 are rough estimates for the likelihood of each outcome when political threat was high, whereas the probabilities in table 11.3 are rough estimates of the likelihood of each outcome when political threat was low. Overall, the argument is that differing levels of threat drove the differing probabilities in the two models, making it rational to select a radical policy when threat was high and rational to select a reform policy when it was low.

This hypothesis could be developed into a more general proposition for all of Latin America—that is, the extent of state and agrarian transformation during the liberal reform co-varies with the extent of political threat facing key liberal rulers. The liberal reform period had its own pace and rhythm in South America and Mexico, and it is debatable whether the period represented a critical juncture for them as it did for Central America. Even so, one would expect to find some support for this hypothesis if the argument about the sources of liberal choices presented here is indeed correct.

### Contributions to HI and RCI

Although I have suggested that there is an empirical basis for accepting the heuristic models offered here as approximations of reality, it is essential to recognize that the models do not fully capture the complexity of reality. In fact, each of the elements in the models is a simplification of the cognitive process through which liberals arrived at policy choices. For example, as far as I know, liberals did not directly discuss radical and reform policy options, and we cannot be certain that they explicitly deliberated about whether to follow a more radical or a more moderate set of reforms.<sup>12</sup> Likewise, liberals might not have explicitly considered the three outcomes associated with each option identified here. Rather, they may have gauged outcomes in terms of a continuum ranging from overthrow by enemies to complete stability with many gradations in the middle. Models are necessarily simplifications of reality, and the risk of missing key aspects of reality is understood.

Nevertheless, the models do offer a more precise account of actor choice than is often found in the HI literature on critical junctures and path dependence. For example, a historical institutionalist might be

tempted to assert that the level of threat facing liberals led them to select either a radical or a reform policy. This assertion has an element of truth, but it is incomplete. It fails to identify the mechanism through which level of threat translates into a particular actor choice. As we have seen, rational decision theory enables one to conceptualize this mechanism in terms of subjective actor beliefs about the possible options available for selection, the outcomes associated with those options, and the utility and probability of those outcomes. Making this rational choice mechanism explicit makes it possible to state more precisely why level of threat affects actor choice.

At the same time, I have tried here to ground actor choices more thoroughly in history than is perhaps true of many analyses in the RCI tradition. Rational choice theorists will often assume that actors' subjective understandings of possible outcomes and their probabilities correspond with objective reality (that is, there is risk in making choices, but no uncertainty about the risk probabilities involved). With this approach, it is not necessary to theorize how an actor defines outcomes and probabilities, because these aspects of actor choice can be measured independently of the actor's subjective consciousness. Likewise, rational choice theorists may simply assume without much justification the utility values that an actor holds vis-à-vis possible outcomes. Such an approach makes it possible to build models without knowing too much about the actor whose behavior is being modeled. But it is precisely this lack of historical grounding that seems inadequate in the HI tradition.

Combining rational choice and historical institutionalism offers possibilities for a positive-sum synergy between the two traditions. Scholars affiliated with RCI stand to benefit from the concern of HI with empirically justifying assumptions about actor goals and assessments. Moreover, HI can contribute to RCI by identifying those specific periods when actor choices are especially consequential and thus need to be carefully modeled. For their part, scholars in the field of HI can benefit from the concern of RCI with rigorously modeling the mechanisms through which actors make choices during key historical periods. The biggest impediment to furthering this synergy is the strict separation of scholars into the RCI and HI camps. Fortunately, this division will be hard to maintain in the future if scholars who combine institutionalisms achieve important gains in substantive understanding.

## Notes

1. These periods are "essentially" unpredictable because many path-dependent analysts assume that critical junctures are not inherently random;

rather they are unpredictable in relationship to prevailing theory. For a discussion see Mahoney (2000).

2. One critical difference concerned the size of the middle classes that supported liberal movements: they were tiny in Central America, but they made up the core of liberalism as a movement in Europe. This difference was linked to the varying levels of economic development in the two regions.
3. One or two liberal presidents in each country enacted policy legislation that defined the overall direction of change for the entire period. These key presidents were: Justo Rufino Barrios (1873 to 1885) in Guatemala, Rafael Zaldívar (1876 to 1883) in El Salvador, Braulio Carrillo (1838 to 1842) and Tomás Guardia (1870 to 1882) in Costa Rica, Marco Aurelio Soto (1876 to 1883) in Honduras, and José Santos Zelaya (1893 to 1909) in Nicaragua.
4. There are various reasons why an actor's assessment may not correspond to reality (see, for example, Elster 1989). Imperfect information is of course one, but assessment biases stemming from ideological convictions, charged emotions, habituated action, and other kinds of predispositions (for example, biological urges) can lead actors to ignore valid information and thereby make inaccurate assessments of possible outcomes and their probabilities. In my view, none of this necessarily means that actors behave irrationally or that the core assumptions of rational choice theory are violated. As far as I am concerned, the hard core of rational choice theory is nothing more (or less) than the idea that individuals are purposive and instrumental. Beyond this, rational choice theory (like other potentially useful general theories) has no empirical content independent of bridging assumptions. For a discussion, see Mahoney (2004).
5. At this point, the social sciences have no general theory of preference formation. In the view of HI, scholars should strive to identify plausible variables (for example, class position) that offer partial accounts of the sources of actor preferences and their evolution over time. However, a full-blown theory of individual preferences likely would have to explore the interaction between human genes and human environments. In this sense, evolutionary psychology may provide the most promising avenue for the construction of a truly general theory of preferences.
6. The nature of nonideological core interests is debated, though the class and power interests discussed are often considered examples.
7. In practice, it may be impossible to fully disentangle the relative contribution of principled ideology versus core interests. However, in the view of HI, a close inspection of real actors and their beliefs may provide the best vantage point for attempting to do so.
8. In this sense, liberals were not fully instrumental actors. That is, they excluded from consideration certain possible options without regard for their consequences.

9. The concern of scholars such as Weber (1922/1968) and Giddens (1973) with the social closure of classes is consistent with this emphasis on socialization as a basis of preference formation.
10. One can glean this interpretation by comparing the work of Valenzuela and Argueta (1978) with the description of highland villages in Guevara-Escudero (1983).
11. In this sense, risk was present in liberals' decisions. That is, even if they selected an option to maximize utility (or to avoid the worst possible outcome), there was still a chance that they would be overthrown.
12. However, some evidence does suggest that they did explicitly consider this issue. For example, Marco Aurelio Soto in Honduras was aware of both the reformist model of Costa Rica and the radical model of Guatemala. Soto appears to have consciously decided to pursue a reformist model like that of Costa Rica.

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