VESTED INTERESTS ARE PART OF THE EVERYDAY LANGUAGE of political science. But they are not part of its theories, at least not in any explicit or systematic way. My argument here is that, particularly in our efforts to understand the stability and change of political institutions, vested interests are not only substantively important—which is why political scientists cannot help but talk about them—but also have great analytic value and provide an especially productive basis for theory.

If we think about political institutions in terms of the formal structures of government, including governmental programs and the structural arrangements surrounding them, a good place to begin is with a few simple but profound facts. Vested interests are present in every realm of public policy—in health care, defense, agriculture, transportation, international trade, you name it—in every part of the world. All institutions, across all policy arenas, everywhere, naturally and inevitably generate them, simply because certain people and groups reap benefits (often in very different ways) from what the institutions do. Vested interests then have strong incentives to protect those institutions when faced with threatening reforms—and in the politics of change, therefore, they have the potential to be powerful forces for stability. This is a universal phenomenon that, when built into our theories, stands to tell us a great deal about the political
dynamics of stability and change as they apply to all institutions in all nations.¹

The notion that vested interests are fundamental to an understanding of political institutions is not new. It is actually very old and rooted in some of the field’s classic works—Bernstein’s *Regulating Business by Independent Commission*, Schattschneider’s *The Semisovereign People*, McConnell’s *Private Power and American Democracy*, Lowi’s *The End of Liberalism*, Olson’s *The Rise and Decline of Nations*, and more—which laid bare the prevalence of iron triangles and policy subsystems, client politics, regulatory capture, interest group liberalism, and other means by which powerful interest groups, usually business groups, staked out their own niches of American government and shielded them from reformist and democratizing pressures.²

As the modern theory of political institutions has developed over the decades, scholars have been well aware of these classic works, along with the power of vested interests. But the edifice of theory they have constructed—in a research program that is one of the great success stories in political science—has grown to be quite complex, conditional, and multifaceted. There is a lot going on in the theory, a large number of “relevant factors” being simultaneously juggled, and, I have to say, a reluctance on the part of scholars to be sufficiently selective in separating the important from the less important. In the process, and notwithstanding all the genuine progress, the key role of vested interests has gotten lost in the shuffle. They are not a focus of theoretical attention. Their analytic value has gone untapped.³

¹Throughout this discussion, as a matter of convenience I will sometimes use the term “vested interests” to refer to the interests held by certain actors and sometimes to refer to the actors themselves as they embody or pursue those interests.


³In discussing the literature, I will focus here on the two bodies of theory that, on matters related to the historical development and dynamics of political institutions, have arguably been the most influential within political science: the theory of punctuated equilibrium and theories associated with historical institutionalism. In the latter, I include Douglass North’s work. To make my task manageable, I do not extend my discussion to rational choice theories of institutions (North aside). I should emphasize, though, that the latter—to the extent they attempt to say something about genuine historical dynamics—are not well equipped to do that, rooted as they are in a methodology of equilibrium and comparative statics. For a fuller statement of my own on these matters, see Terry M. Moe, “The Revolution in Presidential Studies,” *Presidential Studies Quarterly* 9 (December 2009): 701–724. See also Avner Greif and David D. Laitin, “A Theory of Endogenous Institutional Change,” *American Political Science Review* 98 (November 2004): 633–652; and Robert H. Bates, Avner Greif, Margaret Levi, Jean-Laurent Rosenthal, and Barry R. Weingast, *Analytic Narratives* (Princeton, NJ: Princeton University Press, 1998).
The inattention to vested interests has only increased over the last decade or so as scholars have chosen to invest more and more of their efforts in exploring the change side of the equation. This shift has added to the complexity because major changes in institutions—which often turn on serendipitous timing, confluences of events, and the like—are far more difficult to explain than stability. But another consequence of the shift is that scholars have grown more interested in exploring the drivers of change—the agents, the ideas, the windows of opportunity, and so on—and less interested in exploring, and making analytical use of, the basic forces of resistance that must be overcome. Vested interests, as key forces for stability, have thus become still more remote from what scholars think about and study.

My aim here is to put a spotlight on vested interests and to argue their analytic value to the larger theory of political institutions. I begin by discussing how vested interests have (and have not) figured into theoretical work on the historical dynamics of institutional stability and change. I go on to set out some of the basic theoretical building blocks that bear on the behavior, power, and institutional consequences of vested interests—the kinds of components that are rightly at the heart of a productive theory and provide an essential foundation for understanding change (or its absence).

In the second part of the article, I apply these theoretical arguments to a substantive case, one that I have studied for many years: American education reform. My purpose is not to test the theory in any rigorous sense, for what I offer here are just the basic elements of one. Rather, it is to move from the abstract to the concrete, showing what the vested interests actually look like in this very real and important policy realm, how they have behaved, how that behavior and its consequences square with what the theory would tend to suggest—and, bottom line, how vested interests have shaped, and help us to understand, the nation’s 30-year effort to reform its public school system.

THE THEORY OF INSTITUTIONAL STABILITY AND CHANGE
In today’s pursuit of institutional theory, the study of change is where the action is. And there can be little mystery why scholars find it so attractive. Change fuels the dynamic of history, and if we want to understand the trajectory of American government or any other government in the world, it surely makes sense to study institutional innovations—such as the New Deal or the War on Poverty or the Affordable Care Act—as well as long-term institutional developments and to make them the targets of explanation and theory. Especially in its more disruptive forms, change is exciting. It is often the product of political struggle. It takes nations in new directions and can be truly transformative. Stability is downright boring by comparison.
When it comes to theory building, though, these sorts of considerations are not of the essence. The fact is, political scientists have been studying institutional stability and change for decades, and they have made considerable progress in building an enlightening body of theory. But they did not do it by focusing on change. They did it, at least initially and for many years, by devoting much attention to stability—and making that their analytic foundation for the theory as a whole. In choosing this path, they were simply recognizing a pervasive feature of reality: institutions tend to be stable. What we mean by stability is debatable at the margins. But by any reasonable account, stability is the normal state of existence for institutions, and it is absolutely central to any effort to understand them.

The distinctive claim of Baumgartner and Jones’s widely embraced theory of punctuated equilibrium, for instance, is that public policies and the institutional systems associated with them are subject to “long periods of stability . . . interrupted by bursts of frenetic policy activity” that may lead to major change. Stability is the norm, major change is the exception, and the core components of their theory—which have to do, among other things, with policy subsystems and the vested interests comprising them—are designed to explain why this is so.

Similarly, much of the vast theoretical literature associated with historical institutionalism was founded during the 1980s and 1990s on work that aimed to understand the universal tendency of institutions toward stability, particularly institutions associated with the welfare state, which were then coming under pressure. What this work showed—think of Pierson’s work on retrenchment attempts by Ronald Reagan and Margaret Thatcher—was that, even with surging pressures for change led by strong political figures, actual reform was limited. Potent forces for stability were operating to protect the status quo. Douglass North’s Nobel Prize-winning work on economic and political institutions, which might well be considered part of historical institutionalism, puts much the same emphasis on stability—highlighting, especially, the tendency of even horribly inefficient institutions to persist and undermine economic growth.

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Another reason this early work proved so productive is that patterned, enduring presences in the world are simply much more conducive to theory than phenomena that occur unpredictably when the stars happen to line up just right. Stability and change are intertwined, of course, and each ultimately must be understood with reference to the other. But stability is the normal state of affairs, and the forces promoting it—path dependence, for instance, and its various self-reinforcing mechanisms, including the protective role of vested interests—are persistent, recurring, and amenable to being identified and understood. Reformist attempts to bring about major change, by contrast, tend to be extraordinarily complicated—in terms of multiple actors, complex interactions, unanticipated events, dependence on serendipitous timing and confluence, and so on—and, as a result, very difficult to theorize about in ways that are analytically clear, coherent, and lead to genuine explanatory power.6

Political scientists, then, have been quite successful at building a theory of political institutions over the past few decades—and they have done it, in effect, by working from a foundation that explains why institutions are so stable. The explanation of stability has served as their bedrock of theoretical progress. And vested interests are an integral part of that bedrock.

*Understanding Change by Understanding Stability*

As this impressive theoretical foundation was being constructed, many scholars came to see stability and its determinants as less and less problematic and to bemoan what Streeck and Thelen called the “impoverished state of theorizing on issues of institutional change.”7 Increasingly, change took center stage as the key analytic challenge going forward.

One result, as I have noted, has been a shift in attention to the drivers and determinants of change: the political entrepreneurs, ideas, framing, windows of opportunity, and other elements that, since Kingdon’s seminal work on agendas, have provided conceptual tools for gaining analytic traction, particularly on major legislative breakthroughs (or attempts to

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achieve them). At the same time, though, scholars have also been pressing for a more expansive view of what institutional change is and what the theory ultimately should be about. They have argued, in particular, that institutional stability and (the rare occurrence of) major change are not the only possibilities of scholarly interest, as the theory of punctuated equilibrium would seem to suggest, and as historical institutionalism’s logic of critical junctures would seem to suggest as well. Rather, they claim, incremental and apparently minor changes, which arise endogenously within otherwise stable contexts, can accumulate over long stretches of time to yield adjustments and alterations of real consequence, even transformations.

The result of this revisionist thinking has been a second wave of research whose aim is to recognize the potential significance of gradual institutional change and to explain it as an integral part of the larger theory. This second wave has led to elaborations that attempt to shed light on different types of gradual change—institutional layering, drift, conversion, erosion, diffusion—and to analyses that, compared with those of the past, provide a more nuanced understanding of what change involves and how interestingly varied and consequential it can be, even though it is often “merely” incremental.

These are important contributions. And necessary. But as change has come to dominate the scholarly agenda, leading figures in the field have spoken out forcefully about how this work can best promote the development of theory. The way to proceed, they argue, is not simply to focus on change or conduct new research on it but rather to study it—and seek to explain it—by taking advantage of the strong theoretical foundation that already exists to explain stability. As Hall put it, “Institutional stability is a foundational issue for analyses of institutional change.”

8 Kingdon, Agendas, Alternatives, and Public Policies.
Pierson goes into great detail on the subject in his pathbreaking *Politics in Time*. He argues that studies of change often focus on cases when reformers have been successful and that “it is probably not accidental that this literature has placed heavy weight on the role of particular kinds of actors—entrepreneurs, ‘skilled social actors,’ and ‘losers’—in generating change.”¹¹ This is a literature, he argues, that is “overly preoccupied with studying the contributions of institutional reformers” and does not embed its analysis in a larger perspective on the underlying forces of resilience—and thus stability—that make reformist goals so difficult to achieve. “Understanding the preconditions for particular types of institutional change,” he emphasizes, “requires attentiveness not only to the pressures for reform but also to the character and extent of resistance to such pressures. Change and stability are two sides of the same coin. . . . An adequate theory of institutional development must pay sustained attention to the issue of institutional resilience.”¹²

When such an integrated approach is followed, I should emphasize, the study of change is not mainly about entrepreneurs or ideas. It is at least as much about the vast forces of institutional protection arrayed against them and, most important, the political power of the opposition—which will often be led or heavily bolstered by the vested interests that benefit from those institutions. Ideas may surely have public appeal; entrepreneurs may frame policy issues to gain political advantage; and reformers may exercise a measure of power as a result. But their challenge is not simply to exercise power. It is to overcome power. And unless they can do that they will fail, or they will settle for minor gains instead of major ones. Much of what we need to know about change and its severe limitations, then, is already inherent in the stability of the system and the structure of power that protects it.

The forces of resilience, I should emphasize, have consequences that go far beyond their obstruction of change. For when change does occur, usually in some incremental form, these forces also shape its content and direction. The latter are not simple choices on the part of entrepreneurs, who somehow use their skills and windows of opportunity to get their ideas adopted. In a world of institutional stability, reformers are heavily constrained by power. Most choices that entrepreneurs would like to make—in overhauling institutions that are performing badly, say—are ruled out because too much power is arrayed against them. And so they do


what they can, when they can, taking baby steps when they would like to take giant steps—and generating incremental changes that, most often, are simply layered on top of what already exists. Reforms are often adopted not because they genuinely solve social problems, or even because they make logical sense, but rather because the prevailing constraints of power happened to make those incremental gains possible. Change is power constrained. And it is only by understanding these constraints that we can understand change itself.

Thus, whether the change we seek to explain is major or incremental, abrupt or gradual, the analytic fundamentals are the same. Change is rooted in stability, and any effort to build a productive theory of change must take full advantage of what the theory of stability already has to tell us (or, with further development, could tell us) about the forces of resilience that protect the status quo.

Lost in the Shuffle
Prominent among these forces of resilience are vested interests. That this is so is hardly a secret. As I have said, their key roles in resisting change—and, more generally, in shaping the operation of government—have been highlighted in some of the discipline’s classic works. That tradition has been continued in more recent contributions, among them Acemoglu and Robinson’s *The Economic Origins of Dictatorship and Democracy* and *Why Nations Fail* (although, tellingly, the concept of vested interest is put to no analytic use in these books and plays no role in their theoretical framing).13

No one doubts that vested interests are substantively important, and no one raises an eyebrow when they are singled out for attention. Yet in the elaborate body of theory that scholars have built up to explain institutional stability and change, vested interests are only occasionally mentioned, and there has been no systematic attempt to clarify what they are or what they do, to accord them a central role, or to put the concept to serious analytic use. This has not been the result of a decision by scholars to push vested interests aside but rather of a conscientious effort to be comprehensive, which has led to the inclusion of so many “relevant factors” that vested interests have gotten submerged in the crowd.

The theory of punctuated equilibrium argues that institutional stability has a lot to do with policy subsystems, the interests that occupy them, and

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the power those interests wield in obstructing change. But Baumgartner and Jones rarely use the term “vested interest.” And when they home in on policy subsystems, they are vague and expansive about who the relevant actors are and what they are doing there—referring, for example, to “differential intensities of preference,” “the self-interested,” and “specialists, experts, and others with an economic interest in the nature of public policy.”

Their explanation of stability, moreover, is exceedingly complex. It recognizes that those with a special interest in a policy subsystem have advantages in politics and can wield power in preventing change. But for the most part, their analysis is not about power (and not about vested interests). It is largely about the role of ideas, policy images, issue definitions, framing, interpretations, shared understandings, and the like in shaping both stability and change—and about the more fundamental, underlying role of bounded rationality and thus the “cognitive and emotional constraints” on political actors. Countless variables populate the theory, and vested interests are most often lost in the shuffle.

This is less the case in historical institutionalism. A key argument at its very core—the theory of policy feedback, which is now central to its larger theory of path dependence—is that policies and institutions give rise to constituencies that benefit from their existence, have vested interests in seeing them maintained, and use their political power to prevent change. This is a literature, moreover, that is often about power. As Mahoney and Thelen note, “most historical institutionalists embrace a power-political view of institutions that emphasizes their distributional effects, and many of them explain institutional persistence in terms of increasing returns to power.”

Even so, vested interests have not been serious targets of theory building. In this body of work, the constituencies generated by policy feedback have typically been the mass constituencies that benefit from welfare state programs—citizens who receive publicly provided pensions, for example. These mass constituencies are indeed vested interests. But then, so are the

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14 See, for example, Baumgartner and Jones, *Agendas and Instability in American Politics*, 19.
15 Baumgartner and Jones, *Agendas and Instability in American Politics*, see especially chapter 2. Quote is from page xxiii.
public sector unions that represent the job interests of public employees, which are just as much an outgrowth of policy feedback as mass constituencies are. Yet their relevance to theory—and stability—has gone largely unrecognized. And they are not alone. The concept of vested interests is really not a valued part of the analytics, and it is not a tool that scholars regularly seek to employ in building the theory.

Another reason vested interests have received limited attention from historical institutionalists has to do, again, with complexity. Although the logic of path dependence is critical to an understanding of institutions and has helped bring greater coherence to the field, the filling out of that logic has nonetheless involved a complicated array of factors—such as adaptive expectations, learning, commitments, networks, and institutional interdependencies—that sends analysis and thinking off in many directions. A host of other theoretical notions—having to do, for example, with such things as multiple orders, intercurrence, critical junctures, regimes—shape scholarly perspectives as well. As all these diverse notions and lines of thinking come into play, vested interests are somewhere in the mix at least some of the time. But they have no clear or central role to play. This is the case, I should note, not only for the vast body of historical institutionalism developed by political scientists, but also for North’s influential “economic” work on institutions—which builds insightfully on path dependence, but submerges vested interests in a theoretical framework that is extraordinarily complex and multifaceted.\(^{18}\)

I do not mean to suggest that all the other components of the theory are somehow unworthy. Far from it. But I do think that there is great value in simplicity, clarity, and focusing squarely on fundamentals. Vested interests are fundamental to an understanding of why institutions tend to be stable—and that being so, they are essential for understanding why, when, and how institutions might be changed. They need to be at the heart of the theory.

THE BUILDING BLOCKS OF A THEORY

How can this best be done? No doubt, people much smarter than I will ultimately determine that, and it may take a good deal of time and cumulative effort. For now, I simply want to lay out some building blocks that may be helpful in moving ahead. From the outset, it is important to

\(^{18}\)See, for example, the great many variables that populate the theoretical discussions in Pierson, Politics in Time; Karen Orren and Stephen Skowronek, The Search for American Political Development (New York: Cambridge University Press, 2004); and North, Institutions, Institutional Change and Economic Performance.
recognize that, in ordinary language and even in some scholarly work, the term “vested interests” tends to be used when the intent is to convey something pejorative. To label groups as vested interests is to criticize them, to voice disapproval of their behavior, to say that they are bad. This negative connotation is entirely unnecessary, and it gets in the way of our capacity as political scientists to put the concept to objective, productive use.

**What Are Vested Interests?**

In the context of institutional theory, what is distinctive about vested interests—and what is distinctively valuable about their theoretical role—is not solely that they are special interests or that they express “differential intensities of preference” but rather that they arise from the very institutions whose stability and change we want to explain. This is a phenomenon, moreover, that is universal. Vested interests arise in all government institutions, in all countries of the world, because certain people and groups benefit from what the institutions do or make possible—for example, through the services they provide, the supplies they purchase, or the jobs they fund.

The classic vested interests are business firms. In the United States, insurance and pharmaceutical companies have vested interests in the health care system because their revenues are deeply rooted in the way the system is organized.\(^{19}\) Defense contractors have vested interests in the governmental defense programs that generate funds for the weapons systems, airplanes, vehicles, and satellites that their firms produce.\(^{20}\) Agribusinesses have vested interests in government programs that bolster their prices, give them subsidies, and thus raise their incomes and reduce their risks.\(^{21}\)

In all capitalist systems, whatever the variety, businesses get woven into the fabric of government in countless ways, wedding their interests to the

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\(^{20}\)See, for example, James Ledbetter, *Unwarranted Influence: Dwight D. Eisenhower and the Military-Industrial Complex* (New Haven, CT: Yale University Press, 2011).

institutions they are part of. There are analogues throughout the world, across radically different economic systems, where various “businesses” have their own distinctive stakes in the institutional status quo—from the state-run enterprises in China to the army-run enterprises in Egypt to the oligarch-run businesses in Russia. These are but the tip of a massive iceberg of economic vested interests, pervasively present everywhere that governments exist.

Businesses are hardly the only social actors with vested interests in government institutions. We also need to include the mass constituencies that benefit from what the government’s agencies and programs do—the senior citizens that benefit from Social Security and Medicare, the homeowners that benefit from the U.S. tax code, the low-income families that benefit from Medicaid, the local populations that benefit from police and fire protection, and on and on. All of these constituencies have vested interests in the specific institutions that supply them with benefits. And while the specifics may change from place to place, similar constituencies are present throughout the world, wherever there are governments that provide citizens with services and protections that they value.22

Mass constituencies are made up of private citizens; and in Western nations, most businesses are private too. But vested interests are by no means limited to private sector actors. Public actors obviously have vested interests in government institutions as well, and they can be pivotal to an explanation of stability and change. Notable among them are the public employees who work for those institutions and whose incomes, careers, and families depend on them. This is a phenomenon of great potential importance to the politics of all countries, whatever the economy or culture. For all governments are staffed by public workers—often, in the aggregate, huge numbers of them—and these workers have vested interests in seeing to it that “their” institutions continue to attract money, programs, and support.23

Finally, politicians and party leaders—especially in developing nations—often have vested interests in political institutions and governmental programs for the patronage they enable and the money that can be extracted from them. Even in developed nations, moreover, governmental agencies—treated as actors in their own right, just as business firms are—have vested

22For analyses of mass constituencies, see, for example, Pierson, Dismantling the Welfare State; Pierson, “When Effect Becomes Cause”; Campbell, How Policies Make Citizens; and Mettler, “Bringing the State Back In to Civic Engagement.”

interests in their own survival and well-being. That this is so is obvious and well documented, but it is also more complicated than it might seem, and in ways that are intriguing and consequential. I will not go into these issues here; the case study on education will help shed some interesting light on them. I will simply point out that in the United States, agency “leaders” are typically presidential (or gubernatorial) appointees from outside the agency; and because they may bring with them an outside political agenda, they may insist upon budget cuts, policy redirections, organizational reforms, or even (rarely) killing the agency altogether—moves that threaten agency vested interests and that agency careerists typically do not support. The bigger picture, however, is that appointees come and go. Presidents do too. And the careerists stay. They maintain a continuous presence and influence, and so, somewhere at the core, do their vested interests in the agency’s survival and well-being. Because this is so, bureaucracies tend to protect their autonomy, to resist external control, and to stand up for themselves.24

A Single Definition?
If scholars were to push hard for a clear definition of vested interest, there would surely be disagreements at the margin. This is unavoidable, as definitions are not a matter of right or wrong but of what is most useful for theory; and for now, that cannot be known. As long as there is a core meaning that can be clearly understood, though, theory can move ahead. After all, the theory of institutions has made great progress over the decades, and there is still no consensus on what the concept of institution means. Something similar can be said about the concept of power and many others. Ambiguity at the margins may even be a healthy thing, allowing for adaptability and new directions as the theory grows.

So we need not insist on a single, ironclad definition of vested interest at this point. That said, there are a few definitional matters worth discussing as a basis for moving forward. One is whether, for people and groups to have a vested interest in an institution, the benefits they receive must be material benefits (in some sense).25 A second is whether, as citizens see it, the benefits are being directly provided to them by the institution. A third is whether the benefits need to be concentrated or can also be diffuse.

I mention the third point because it derives from a familiar typology and reflects much conventional wisdom about vested interests: that they are

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25This would include such things as power and control, which can readily be translated into material benefits.
small groups that receive substantial benefits from “their” programs and institutions, with costs widely diffused over the larger population. As I have indicated, it makes good theoretical sense to recognize that mass constituencies, as beneficiaries of government programs, do indeed have vested interests in those programs—and historical institutionalists have recognized as much in their research. So the concentrated-benefit criterion seems unnecessary.

The other two criteria—that the benefits need to be material and direct—are more persuasive. Consider, for example, the case of the Environmental Protection Agency (EPA), which provides all Americans with clean air and water. Would we want to say that all Americans therefore have a vested interest in that institution, and thus, by extension, that environmental groups, in their protection of the agency and its programs, are acting as vested interests? For now, my own view is that the best starting-point answer is probably no—although scholars may surely differ, and I am not entirely convinced myself. I demur because the benefits are so indirect and so tenuously material—no one is getting a check in the mail from the EPA—that citizens are very unlikely (except in dire circumstances) to perceive themselves as having a vested interest in the agency or its programs. There is too much of a disconnect with this kind of public good.

I am not closing the door on these matters. Scholars need to debate them. But it makes sense to begin by thinking of vested interests in terms of material benefits that people and groups see as directly provided to them by particular institutions or programs. These benefits need not be concentrated in a relatively small set of recipients; they can be diffused over a very large constituency, as long as the people within it see the benefits as important and as coming to them directly through the institution. Senior citizens perceive Social Security that way. They probably do not see clean air or clean water that way.

An alternative approach, to which I have some sympathies, is that anyone who benefits from what institutions do (such as producing clean air) can be considered as having a vested interest in those institutions, and any associated interest groups (such as environmental groups) can be thought of as representing those vested interests. We might think, more generally, of “hard” vested interests (such as Social Security benefits) and “soft” vested interests (such as clean air) and perhaps a continuum in between. A downside of this approach is that it uses the term “vested interest” in a way that will sometimes fly in the face of common language. It is perhaps too expansive. The upside is that it stays true to what is distinctive about vested interests: namely, that they are rooted in whatever benefits arise from the institutions themselves—and if those benefits happen to be remote and indirect, so be it. Such an approach simply leads to interesting variation, which political scientists can investigate and perhaps use to theoretical advantage.
Again, there are no objectively correct answers here. As the theory develops, we will get a better sense of what definition works best.

**Basic Implications**

In putting vested interests to theoretical use, we need to begin by recognizing that they stand to be of great motivational consequence. As such, they tell us a good deal about how key institutional actors can be expected to behave. Two implications are especially important.

The first is that, when people and organizations have vested interests in a given institutional system, they will tend to see transformative change— involving major alterations in public programs, and not just an expansion or strengthening of what exists—as disruptive to the sources of their benefits. Real change threatens a future in which their benefits are reduced or eliminated or there is considerable uncertainty about what their benefits will be. Vested interests will therefore tend to oppose efforts to bring about major reform. There are exceptions, as I will discuss later. But opposition is the norm.

To be clear, the reason this tends to be the norm is that reformist movements typically arise out of an asymmetry: vested interests benefit from the status quo, and thus they are disinclined to seek radical changes in the established order—while pressure for radical change typically comes from reformers who do not like the established order and make proposals that are threatening to those who do. We need to recognize, moreover, that even if the changes stood to be (with some risk) neutral or vaguely beneficial to the vested interests, prospect theory—which is well documented—would lead us to expect resistance from them anyway: for actors that benefit from the status quo generally prefer to keep what they have rather than face the risk of change (and of losing the guarantee of existing benefits).27

There is no presumption here, I should note, that reform is always good for society. Even popular institutions, such as Medicare, sometimes have powerful enemies (Tea Party Republicans, for example) that would surely like to enact radical reforms—and the vested interests (senior citizens, as represented by AARP) can then be expected to oppose any such efforts, and thus to protect popular institutions from change. Vested interests can oppose reform, then, and still be taking actions that most citizens would applaud. But the relevant point here is the purely objective one that predicts their behavior: they will tend to oppose major change.

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The second implication, however, is that they will tend to do this even if the institutions are performing badly and, by any objective standard, need to be transformed or eliminated. This willingness to defend poorly performing institutions applies with special force to groups whose vested interests arise from profits or jobs. An institution that is quite ineffective or unwarranted from the standpoint of social welfare, or has long outlived its usefulness, can still be hugely valuable to its own employees, the businesses it contracts with, and the beneficiaries of its operation—and they will use their power to defend it.²⁸

Economists widely agree, for example, that the New Deal–era system of farm subsidies is a horribly inefficient and unfair way of managing the nation’s agricultural sector. Yet for many decades, agribusinesses and their allies have used their political power to keep the system in place and the money flowing.²⁹ Similarly, the U.S. health care system has long been grossly inefficient, causing Americans to pay much more than the citizens of other developed nations as a percentage of gross domestic product for health outcomes that are no better. Yet for more than half a century, insurance companies, pharmaceutical companies, hospitals, doctors, lawyers, and many other vested interests have routinely used their political power to beat back reform efforts.³⁰ When reform finally came under the Barack Obama administration in 2010, moreover, it took the form of a cobbled-together restructuring of the prevailing system that preserved the privileged positions of the key vested interests and did far less to get costs under control than reformers had hoped.³¹

The logic I have constructed here is very simple. But even if we ignore all the other self-reinforcing mechanisms that historical institutionalists have rightly associated with path dependence, it follows from this simple logic alone—a reflection of policy feedback—that all institutions contain the seeds of their own stability. They all generate vested interests, and they all stand to be protected and stabilized by whatever power the vested interests can bring to bear in politics when major reform becomes a threat.

²⁸You might think that mass constituencies, as the beneficiaries of institutional programs, would be exceptions—and thus that bad performance would lead them to support major reform. But this is unlikely. They benefit from the existing system, even if the system is not performing well. And while reformers can promise that radical change would leave them better off, all such promises involve great uncertainty about what the new programs will actually look like, how valuable they will actually be, and whether they will even materialize. As cognitive psychologists have long known, people faced with such uncertainty tend to favor the status quo, even if they do not like it much. Again, see Kahneman and Tversky, “Prospect Theory: An Analysis of Decision under Risk.”
²⁹See, for example, Patashnik, Reforms at Risk; and Rausser, “Predatory versus Productive Government.”
³⁰See Starr, Remedy and Reaction; Hacker, The Divided Welfare State; and Steinmo and Watts, “It’s the Institutions, Stupid!”
³¹See Starr, Remedy and Reaction.
**Power and Political Advantage**

For this protective shield to work reliably over time, the vested interests must be sufficiently powerful. And clearly, this is not always going to be the case. We should expect their power to vary across institutional settings, and for reasons that are systematic and identifiable (and can be studied).

Some government agencies and programs, for example, are essentially administrative, managerial, or informational in mission and unlikely to generate deep-pocket vested interests of real political consequence. Others may have constituencies—the poor, the unemployed—that are not well enough organized to wield much political clout on their own. And so on. So if we look across the full spectrum of government, there will be some agencies and programs—especially those that are smaller and less socially consequential—that are much more vulnerable than others as targets of reorganization or even elimination when reformers see the need. Vested interests are not all-powerful, then, and indeed, are sometimes weak. Their power is a variable that needs to be studied and explained.

That said, political scientists have already generated plenty of evidence that, for institutions of size and financial consequence, the vested interests often are powerful enough to stand in the way of genuine reform—not forever, but for a long time.32 One reason is that, in most realms of public policy, the vested interests include business firms that—like the insurance and pharmaceutical companies, defense contractors, and agribusinesses—profit greatly from their respective policy systems, are heavily dependent on them, have vast resources and strong incentives for getting involved in politics (through lobbying and elections), are extremely well informed about the intricacies of policy, and are repeat players with long time horizons. As political scientists have long recognized, the concentrated benefits that these groups receive from government institutions, together with their relatively small numbers and all the political advantages I have just listed, allow them to overcome their collective action problems, fashion potent political organizations and coalitions—and defend their institutions from change.33

Business firms are the most studied of vested interests. But other vested interests are important too. Public employees have vested interests in their jobs, and thus in public spending, taxing, and programs. Although they are

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a large, diffuse group, they have (in great measure) overcome their collective action problems in all developed nations to form public sector unions and bring their interests to bear quite powerfully in politics. In the United States, these unions organize more than eight million public workers nationwide; they are bulwarks of the Democratic Party and huge contributors to political campaigns (in both money and manpower); they have well-funded lobbying organizations; and they are extremely active in politics on matters ranging from pension reform to budgets and taxes to labor law. Political scientists have rarely studied public sector unions. And they have rarely recognized that, just as business firms often have vested interests in protecting the institutional status quo, so do public sector unions.34

Ordinarily, the most diffuse vested interests are mass constituencies. For obvious reasons, they have the greatest problems organizing for political action—and, unlike unions, they have largely been unable to resolve them. Even so, as Pierson, Campbell, and others have shown, these constituencies—driven by incentives to resist cutbacks to “their” programs—can sometimes prove politically potent.35 They vote. In addition, certain groups of beneficiaries are powerfully represented by organized interest groups—as senior citizens are by AARP, for example, in battles over retrenchments to Social Security.

Now consider the reform side of the equation. For reformers, effective political action tends to be much more difficult than it is for vested interests. They often have no financial stake in bringing institutional change but simply believe in pushing for good policy and good government. Do-gooders, think tank scholars, academics, issue networks, and activists are ordinarily no match for vested interests. They typically lack the financial incentives to generate the same level of political power, particularly the kind of power that can affect the votes and electoral security of mainstream politicians. They may have “good ideas,” and, as political scientists have shown, during times of economic hardship or widespread public concern, they may be able to get enough popular and politician support to make reform a reality. The stars may line up. But when they are seeking major change and facing well-organized vested interests with deep

material stakes in the status quo, the playing field is steeply sloped against them.36

Sometimes, we should note, there are well-organized, influential groups on the reform side for whom the benefits of reform would be quite concentrated—business organizations, for example, that would get rid of the Occupational Safety and Health Administration (OSHA) if they could. But even for these otherwise powerful groups, the stars rarely line up. For there is yet another, profoundly consequential reason that the protectors of existing institutions have a big advantage: the checks and balances built into the policymaking process stack the deck in their favor—and against reformers. This is especially true in the United States, given our system of “separated institutions sharing powers.” But it is also true, to a lesser extent, in most other countries as well—as a result of bicameralism, federalism, corporatist arrangements, and other governing structures in which vetoes can be wielded in defense of the status quo.37

In the United States, any reform bill needs to survive a minefield of multiple veto points, making passage on a contentious matter extremely difficult. Reformers need to win victories at each and every step along the way, while opponents need to succeed at just one veto point in order to win. The political system is literally designed to make blocking far easier than taking positive action. The advantage always goes to the side that wants to keep things as they are—which is precisely what the vested interests want to do. They do not need to be enormously powerful. They just need to be powerful enough to block. This is why OSHA and its mandates still exist after decades of business opposition. The private sector labor unions, despite their precipitous drop in membership and power over the years, have still been powerful enough to block.38

Vested Interests and the Stability of Change

Vested interests help us understand why major change is so rare, what resistance must be overcome if it is to occur—and why reform tends to be weak and incremental and leave the core structures of the status quo intact, even if its performance is quite inadequate. Vested interests also help us

36For classic works on the special conditions, windows of opportunity, ideas, and entrepreneurs that make reform possible, see Martha Derthick and Paul J. Quirk, The Politics of Deregulation (Washington, DC: Brookings Institution, 1985); and Kingdon, Agendas, Alternatives, and Public Policies.


understand incremental change itself, because its content and direction, as well as what it actually adds up to over long stretches of time, are constrained by vested interest power and just another institutional expression of its exercise.

But what if major change actually does occur? What if the stars line up at a special moment in political time, and reformers succeed in passing a general-interest enactment that overturns an existing institutional regime and creates a new regime intended to better serve the public? If such a political victory is to have lasting impact, the new system it creates must become established, resilient, and stable. The question is, will that actually happen—and what can vested interests tell us about that?

Part of the answer is that new institutions generate new vested interests that will help protect and stabilize them. Yet this is not the whole story, and we should not expect it to be. For the groups with vested interests in the old status quo will still exist; and if they remain powerful, they are likely to continue the fight—in legislatures, in the implementation process, in elections, wherever they can—in an effort to disable the reforms and even bring them down. Whether major reforms ultimately succeed, then, depends on exactly how these reforms shape their own politics and, in particular, how they shape the full constellation of vested interests: the old as well as the new.

This is terrain compellingly covered by Eric Patashnik in his superb book Reforms at Risk. In it, he takes a detailed look across diverse realms of policy at what happened in the years after major, general-interest reforms had been achieved. The starting point of any effort to understand these things, he argues, is recognizing that, at least in the short run, the reformers have not really won. He goes on to show that, over the long run, “the sustainability of reforms turns on the reconfiguration of political dynamics. Concentrated interests must be prevented from reasserting themselves...[T]he most resilient reforms upset inherited coalitional patterns and stimulate the emergence of new vested interests and political alliances.”

Airline deregulation is an example of the latter, and thus of successful reform. For decades beginning in the late 1930s, the airline companies (and their unions) benefited enormously from a regulatory system that strictly determined rates and routes and eliminated competition and new entry. These vested interests battled against the push for deregulation. But once reformers achieved victory and a new system took hold, in the late

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39Patashnik, Reforms at Risk, 3–4. The examples in the text that follow, of airline deregulation and tax reform, are taken from Patashnik’s analysis.
1970s and early 1980s, the airlines invested heavily in new forms of organization and operation, major airlines went out of business, and many new airlines entered the industry. Over time, a new and protective constellation of vested interests emerged—including some of the very same companies, now with new interests aligned with the new system. A supportive reconfiguration of power, interests, and politics had taken place, and there would be no going back to the old regime. For some 30 years now, the new system has proved durable and resilient, protected by its new vested interests.

Airline deregulation is a poster child of reformist success. But it is not necessarily representative. For if groups with vested interests in the old institutions remain powerful, and if their interests remain the same, then the new reforms are vulnerable and may not endure. The 1986 Tax Reform Act, for example, was a tremendous achievement in simplifying the tax code and eliminating hundreds of loopholes for special interests. But groups that benefited from those loopholes remained powerful, and in later years, the tax code became loaded with special-interest loopholes again. The law had changed, but the old power structure had not—and after a temporary setback, it simply reasserted itself.

The analytic value of vested interests, then, goes beyond their role in stabilizing institutions, preventing major reform, and constraining the path of incremental change. They also have a key role to play in explaining what change should look like if major reform actually does occur. For it is the postreform constellation of vested interests, a reconfiguration of the new and the old, that plays a big part in determining whether the new reforms will survive and succeed—or be weakened and eviscerated.

Note, moreover, the nuances that are involved here. From the outset, vested interests are the enemies of change and a key source of resistance that reformers must overcome to achieve victory. This is a role we are quite familiar with. But once major change has occurred, that change becomes the new status quo—and the old vested interests, if they remain its enemies, now become the proponents of change. In the meantime, the reformers are now in the position of defending the status quo—and the key to their success rests with the new vested interests that their reform will create. With the shift in policy, then, the new vested interests become the friends of reform, essential to its durability.

**Vested Interests as Drivers of Change**

Finally, we need to recognize that vested interests are not always in the position of simply reacting to what reformers do. They may sometimes take action, quite on their own, to bring change—even very radical change—to
“their own” institutions. Upon reflection, this should not be so surprising. Like any other groups, they would surely be happy to pursue institutional change if it promised to be highly beneficial—to them—and most important, if it did not really involve any downside risk. These opportunities, I submit, do not arise all that often in real-world politics. But occasionally they do.

This is most likely to happen when, as a result of disruptive developments in their environments, institutions get increasingly out of sync with their contexts and less capable of generating benefits. In such cases of institutional drift, vested interests may seek changes designed to stop the hemorrhaging and boost their rewards—thus becoming reformers (albeit, of course, in their own best interests).

Private sector unions, for example, have a vested interest in the National Labor Relations Board (NLRB) and its structure of labor law, which were set up during the New Deal to promote collective bargaining and facilitate the organization of unions. The unions have long had incentives to protect this institutional system from attacks by business, and they have done that: it has been frozen in place for more than 65 years. Yet the unions are also dissatisfied. Globalization, structural changes in the economy, growing managerial hostility, technological innovation, and other developments have led to steep declines in union membership since the late 1950s—and the unions have sorely wanted to change “their” system in ways that would give them greater leverage in organizing workers.

Note, however, that the shoe is now on the other foot: the unions, as vested interests, are in the position of wanting to reform the institution—and they must overcome the opposition of a powerful business community, which, while no fan of the NLRB, has benefited from institutional drift and now simply needs to block. The unions have long recognized as much. But they have also recognized that, should they try for reform and fail, the institutional status quo would simply remain in place—so there has been little downside risk to dissuade them from going for it.

And so they have. When unified Democratic control has given them windows of opportunity, they have pushed Congress to overturn state

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40Their only failure, when playing defense, was in 1947, when a Republican Congress passed the Taft-Hartley Act (which, among other things, allowed to states to adopt right-to-work laws) over President Harry S Truman’s veto. Since then, there have been no major legislative changes. See, for example, Nelson Lichtenstein, State of the Union: A Century of American Labor (Princeton, NJ: Princeton University Press, 2013).

41On these matters, and on the unions’ various efforts to seek institutional change, which I discuss later, see, for example, Lichtenstein, State of the Union; see also Jake Rosenfeld, What Unions No Longer Do (Cambridge, MA: Harvard University Press, 2014); and Taylor E. Dark, The Unions and the Democrats (Ithaca, NY: Cornell University Press, 1999).
right-to-work laws, to impose harsher penalties on business for unfair labor practices, to prohibit the hiring of replacement workers in strike situations, and, most recently (in 2009) and most aggressively, to adopt “card check” procedures that would have dramatically improved their ability to organize workers. The result in all cases was the same: their campaigns went down to defeat, as business and its allies were ultimately able to block.

The lesson, however, is that the unions did act as genuine reformers. They were (and are) vested interests, but they also sought to bring institutional change—and in so doing, to adapt the nation’s formal system of labor law to a new environment, to bring its performance back into line with the original purpose of promoting union membership, and thus to generate many more benefits for unions than it currently is.42

APPLYING THE THEORY: AMERICAN EDUCATION REFORM

There is much more ground to be covered in making vested interests more central to the theory of institutional stability and change. But I will leave that to the future. For now, having set out some of the basic building blocks, I think it is helpful to put these elements to use in exploring an important empirical case: the efforts of reformers to bring change to America’s system of public education.

By moving from the abstract to the concrete, I aim to illustrate how the theory shapes our understanding of actual institutions and their political dynamics. What are the vested interests in this case? What are their sources of power, and how have they used it to oppose reformist efforts to bring change to “their” education system? How successful have they been—and what has change actually looked like?

A Troubled System in Need of Reform

American education reform is a long-running saga. It began with full force in 1983, when A Nation at Risk warned of a “rising tide of mediocrity” in America’s public schools and made the case for fundamental reform. The

42Although I cannot pursue it here, it is reasonable to suggest that this out-of-sync problem is especially likely to arise for institutions—such as the military—where technology is ever relevant yet constantly changing, and where the stakes of not adapting (losing a war) are enormous and of great salience to higher-level authorities. Thus, as Wilson recounts in his classic work Bureaucracy, the U.S. Army has aggressively protected its own vested interests in autonomy (and budgets and the like) and engaged in constant turf wars with the navy and the air force, but it has also been proactive in driving organizational and doctrinal changes within its own institution, so that it is not just equipped to fight World War II (or Vietnam) over and over again. These changes, Wilson shows, have been parochial, selective, and suboptimal from the standpoint of the nation as a whole. But the army has not just stood still. It has sought to change itself—in its own best interests.
nation’s policymakers were roused to action, and they unleashed a torrent of reforms that, from the mid-1980s to the present day, have brought countless changes to the laws and programs that govern the education system, as well as untold billions of extra dollars.

Yet there is much less here than meets the eye. Indeed, when Arne Duncan took office as President Obama’s secretary of education in 2009, he spoke out forcefully about the desperate challenge he faced. “It’s obvious the system’s broken. Let’s admit it’s broken, let’s admit it’s dysfunctional, and let’s do something dramatically different, and let’s do it now. But don’t just tinker about the edges. Don’t just play with it. Let’s fix the thing.”

After a quarter century of perpetual education reform, then, Duncan faced precisely the same challenge that reformers of the 1980s had been grappling with. The more things changed, the more they stayed the same. As Chester Finn and Michael Petrilli recently observed, “To anyone concerned with the state of America’s schools, one of the more alarming experiences of the past few decades has been seeing waves of important reforms and promising innovations crash on the rocks of failure.”

So why have some 30 years of reform met with such meager success? Why has the system been so stable despite all the pressures for change? The answers have a lot to do with vested interests.

**Political Science and the Study of American Education Reform**

Let me first offer a brief account of how political scientists have studied American education reform thus far. Two bodies of scholarly work are most relevant. One is on urban education reform. The other is on the No Child Left Behind (NCLB) Act. In both, the focus is very much on the reformers who try to bring change. The vested interests that regularly resist their efforts, and are profound forces for stability, are barely explored.

Studies of urban education reform examine the efforts of mayors and other civic leaders in large American cities to turn around their troubled

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43Quoted in Gilbert Cruz, “Can Arne Duncan (and $5 Billion) Fix America’s Schools?,” *Time*, 14 September 2009.


45Perhaps the most cited work on American education reform is David Tyack and Larry Cuban, *Tinkering toward Utopia: A Century of Public School Reform* (Cambridge, MA: Harvard University Press, 1995). But its approach is historical and education centered; it barely deals with issues of power, interests, and the larger political process, and it offers no political theory of stability and change.
public school systems.\textsuperscript{46} The political contexts are varied and highly complex, with diverse casts of characters, surges of events, and fluctuating advances and setbacks. The most influential theoretical argument in this literature is that “civic capacity” is the key to productive change.\textsuperscript{47} “Civic capacity is about various sectors of the community coming together in an effort to solve a major problem . . . When a wide alliance develops enough of a common understanding to work together in concert to reform urban education, civic capacity has been activated.”\textsuperscript{48} The political challenge reformers face, aside from overcoming their own separate interests to forge a public-spirited coalition, is that education decisions are normally made within a policy subsystem controlled by insiders with a stake in existing arrangements. “Civic capacity involves mobilization by a broader array of community interests to remove policy-making authority from subperforming policy subsystems.”\textsuperscript{49}

This framework would seem to be a setup for a balanced program of theory and research—one that tells us, in depth, not only about the reformers but also about the vested interests they are up against. Indeed, the vested interest component is informed by a seminal contribution early on by Wilbur Rich, who, in \textit{Black Mayors and School Politics}, pointed to the entrenched power of the “public school cartel . . . a coalition of professional school administrators, school activists, and union leaders who maintain


\textsuperscript{47}The concept of civic capacity is rooted in the larger theory of urban regimes, which arguably has long been the dominant theory in the study of urban politics. Regime theory emphasizes the dependence of government on private actors, especially business, and the need for cooperative, cross-sectoral coalitions, perhaps involving many key players, if governing is to be effective and productive reform achieved. Regimes are often difficult to identify, and what the relevant regime is (or seems to be) may vary from city to city and from policy area to policy area, as well as over time. Partly for these reasons, the ambiguity of the regime concept has provoked much debate. For overviews, see, for example, Karen Mossberger and Gerry Stoker, “The Evolution of Urban Regime Theory: The Challenge of Conceptualization,” \textit{Urban Affairs Review} 36 (July 2001): 810–835; and Clarence N. Stone, “Looking Back to Look Forward: Reflections on Urban Regime Analysis,” \textit{Urban Affairs Review} 40 (January 2005): 309–341. In education, the regime may include public officials, business leaders, civic leaders, parents, administrators, teachers, and more. See, for example, Stone et al., \textit{Building Civic Capacity}; and Henig et al., \textit{The Color of School Reform}.

\textsuperscript{48}Stone et al., \textit{Building Civic Capacity}, 4; see also Henig et al., \textit{The Color of School Reform}.

\textsuperscript{49}Stone et al., \textit{Building Civic Capacity}, 7.
control of school policy to promote the interests of its members. Cartel members have vested interests in protecting the status quo, he says, and their entrenched power is the key to understanding why reformers tend to fail.

But the literature has not followed through on Rich’s insight. While his argument is often cited, and vested interests recognized, the scholarly focus is on the other side of the equation: on the complex activities of reformers, their multifaceted efforts to build coalitions, their incremental successes and many defeats, and the broader potential for good government if only the disparate civic players could be brought together. We learn a lot empirically about the reformers. But there is no comparable effort to study and understand the vested interests that oppose them and that regularly weaken, distort, or sidetrack major change. There is also little attempt to take advantage of the monumentally important fact that, however diverse and varied the reformist contingent may be from city to city, the vested interests are very much the same everywhere—a sameness that ought to provide fertile ground for theory and research.

The second political science literature studies NCLB, legislation passed by Congress in 2001 that imposed a national system of accountability on the states and school districts. NCLB is the single greatest victory by reformers during the modern era and a watershed event—which is precisely why researchers have chosen to study it.

This literature chronicles in finely grained detail the political struggles that evolved over a decade or two and culminated in the adoption of NCLB. (More recently, there is research as well on its subsequent

51The exception is that this literature—which is heavily focused on racial issues and racial politics—does explore the resistance to change that arises because many jobs in urban school districts are held by minorities, and groups representing minorities (civil rights groups, churches) often act to protect these vested job interests. This aspect of the literature is important, and it is a necessary part of the larger study of vested interests that I am calling for here. But the theoretical focus in this body of work is not on vested interests per se, and vested-interest representatives of profound importance—the teachers unions and the school districts—are not singled out for in-depth study, analysis, or theory building.
implementation.53) Some of this work makes no attempt to be theoretical. But some of it does, offering theories to account for the reformers’ NCLB breakthrough and, more generally, to provide an analytic basis for understanding the politics of educational change and stability.54

These are laudable efforts. But they fall prey to the inherent dangers of generalizing from a unique event. NCLB is not at all indicative of how the politics of education normally plays out. I will not wade through the details here. But the essence of what happened is that numerous political stars lined up just right, at one moment in time, to yield a rare critical juncture in the national politics of education—resulting in a landmark piece of legislation that, at any other moment in time, would not have passed.

This political constellation was entirely unrepresentative. So too was the broader political process that gave rise to it, in large part because NCLB was a product of national politics—whereas, by law and tradition, the public schools are governed mainly by the states, which, in turn, delegate much authority to school districts. Most decisions about education policy, organization, and reform are made at these lower levels. And it is their politics and power structures, not those at the national level, that are most critical for understanding the educational status quo, its resilience, and the prospects for changing it.

At the state and local levels, education’s vested interests are big fish in small ponds. In national politics, their advantages are less compelling. The field is far more crowded with diverse interest groups and policy actors, from business groups to advocates for the disadvantaged to think tanks to philanthropists; there is more competition and greater need to compromise; politicians have more diverse constituencies; and media attention can lead to vast expansions in the scope of conflict (and trouble for vested interests).55

NCLB is a worthy topic of study. But the theoretical perspectives emerging from this literature are more a reflection of the peculiarities of NCLB and its national politics than the broader dynamics of American education generally. Invariably, these studies describe a fractious brand of

54See, for example, McGuinn, No Child Left Behind; DeBray, Politics, Ideology, and Education; and Rhodes, An Education in Politics. See also Elizabeth DeBray-Pelot and Patrick McGuinn, “The New Politics of Education: Analyzing the Federal Education Policy Landscape in the Post-NCLB Era,” Educational Policy 23 (January 2009): 15–42.
55For a more extensive treatment of education politics at the local, state, and national levels, see Moe, Special Interest.
pluralist politics filled with diverse, competing groups and institutions. They pay no special attention to vested interests, which they submerge without distinction in a vast horde of policy activists. Their attention is riveted on the political entrepreneurs—and their ideas, strategies, and coalitions in pursuit of change.

**Vested Interests in Education**

Vested interests are fundamental to an understanding of institutional stability and change, and their analytic value extends across all policy realms, including public education. It is tempting to think that the public schools must be different somehow. Their purpose, after all, is to educate children. So it might seem that everyone would want what is best for kids and would agree to change the system, if need be, in order to make sure it is performing effectively.

But this is a Pollyannaish view that has little to do with reality. The public schools are government agencies, and the logic of vested interests applies just as much to them as it does to all the other institutions of government. The schools are not special. And this simple fact is a very helpful thing to know because it means they can be understood in exactly the same way—via the same theory—that the rest of government is understood.

The public school system gives rise to various kinds of vested interests. The most obvious are those of parents (and children), who are the schools' clientele. But they make up a large, diffuse constituency that—hobbled by collective action problems—is not organized to take forceful political action (except locally in some suburbs).56

Other vested interests, however, are well organized and politically powerful: most notably, the teachers unions and the school districts.57 As I have argued and sought to document at length in my own work, particularly in *Special Interest*, the teachers unions are pivotal to an explanation of why American education reform has proved so difficult. And although the school districts have rarely been studied as political actors in their own right, they too are vested interests of major consequence.

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57These are the most important vested interests in American education, but there are others that an expanded analysis would pay attention to. Notably, as I mentioned earlier, because many district jobs are held by minorities who value them highly as avenues into the middle class, employee job interests are not just represented by teachers' unions. They are also represented by civil rights groups, churches, and other community groups—which sometimes actively oppose reforms in order to protect those jobs. See, for example, Henig et al., *The Color of School Reform*; Henig and Rich, *Mayors in the Middle*; and Orr, *Black Social Capital*. 
that have long resisted major change. Both need to be brought to the center of scholarly attention—and to the center of theory.\textsuperscript{58}

\textit{Teachers’ Unions}

The American public school system currently employs more than three million teachers, all of whom have vested interests in their jobs. Prior to 1960, these vested interests found little expression. Teachers were an atomized and politically weak constituency, not unlike children and parents. That changed dramatically, however, when the states adopted new collective bargaining laws for public employees during the 1960s and 1970s, setting off an explosion of union organizing. By the early 1980s, the vast majority of teachers belonged to unions—the National Education Association, the American Federation of Teachers, and their state and local affiliates—and collective bargaining became the norm (outside the South). So did pervasive union involvement in politics at all levels of government. The unions have been an entrenched power in American education ever since.\textsuperscript{59}

The teachers unions protect and promote the job interests of their members. These job interests are the reasons teachers join unions; they are the basis on which union leaders are evaluated (and thrown out of office); and they are the foundation of union survival and well-being. They need to be at the heart of any theory that aims to understand how the unions behave in politics and collective bargaining.

In these realms, union leaders can be expected to pursue policies—and, empirically, there is ample evidence they do pursue policies—that enhance teacher job security, increase wages and benefits, impose restrictive work rules on management, increase spending and taxes, increase teacher employment, reduce job-related uncertainties, and in countless other ways protect or advance the job interests of their members. These job interests, assessed on purely objective grounds, are simply \textit{not the same} as the interests of children or the requirements of effective education. Indeed, they often come into conflict with them. This conflict is not what the teachers unions intend, but it is unavoidable because of the misalignment of interests.\textsuperscript{60}

The two great education reform movements of the modern era, the movements for accountability and for school choice, are attempts to

\textsuperscript{58}I should point out that, while \textit{Special Interest} and the current article put the emphasis on vested interests, the broader theoretical argument about understanding the politics of American education in terms of power and self-interest traces its lineage to John E. Chubb and Terry M. Moe, \textit{Politics, Markets, and America’s Schools} (Washington, DC: Brookings Institution, 1990).

\textsuperscript{59}For evidence on union membership over time, see Moe, \textit{Special Interest}, chapter 2.

\textsuperscript{60}For evidence, analysis, and discussion of teacher and union interests, see Moe, \textit{Special Interest}, chapters 1–3.
transform the traditional structure of the American education system—and the changes they pursue are threatening to the unions’ vested interests. Accountability seeks to put the spotlight on teacher performance, provide rigorous evaluations, generate pressure for improvement, link pay to performance, and move low-performing teachers out of the classroom—all of which, to the unions, are threatening departures from a traditional system in which performance was never seriously evaluated and all jobs were secure. School choice is perhaps even more threatening. For when families are allowed to leave the regular public schools for new options—charter schools or (through vouchers or tax credits) private schools—the regular public schools lose kids and money, and union members lose jobs. Preventing the loss of jobs is the unions’ number-one priority.61

This tension between education reform and the unions’ vested interests is precisely what we should expect on theoretical grounds. Throughout American government, regardless of the realm of public policy, vested interests see major reform efforts as threatening. The same is true in education. The only difference is that the key vested interests happen to be unions rather than business firms. To recognize as much is not to be “antiunion” or “conservative.” It is simply to recognize the reality of the situation. The teachers unions are vested interests, they are threatened by serious efforts to bring accountability and choice to American education, and, that being so, they have strong incentives—just as vested interests throughout the rest of government do—to marshal their political power to oppose reform.

They are well positioned to do that. They have millions of members—currently more than four million, including retirees and nonteaching employees. They have deep financial pockets for campaign contributions to candidates and parties (almost all of it going to Democrats), as well as ballot measures, and they are among the very top contributors compared with interest groups of all types, not just education groups (which they dwarf in political spending). They have well-educated activists manning the trenches—ringing doorbells, making phone calls—in virtually every political district in the country. They have lobbying organizations in every state capital and Washington, DC. They can orchestrate media campaigns anytime they want, on any topic or candidate. And they have the capacity to disrupt the operation of schools (through strikes) and hinder the school-level implementation of any reforms that actually get adopted.62

61For evidence on how the teachers’ unions have approached choice and accountability reforms in politics, see Moe, Special Interest, chapters 9–10.
62See Moe, Special Interest, especially chapters 9–10. For specific evidence on the teachers’ unions’ contributions to campaigns, parties, and ballot measures, see chapter 9, as well as the Web site of the National Institute on Money in State Politics at http://www.followthemoney.org
This array of resources gives the teachers unions a formidable basis for wielding political power. Because they have the great fortune, moreover, to be operating in a veto-filled political system that favors the status quo, their effective power is magnified considerably—and along with it, their ability to resist change through the politics of blocking.

The unions also benefit from another big advantage: collective bargaining. In most school districts, officials do not have the authority to make many crucial decisions about how their schools are organized. These decisions—about teacher assignments to schools and classes, teacher evaluations, teacher pay, and so on—are made through union negotiations. This means, most obviously, that the unions can use their power to get favored provisions—seniority rules, for example—written into labor contracts, and thus to shape the organization of schooling in the ways that promote the job interests of teachers. But it also means that, if district leaders try to bring organizational changes to the schools, the unions are in a position to block—just as they are in the political system—when those reforms threaten their job interests.63

While much could be said to complete the picture, it should be clear that the teachers unions are well endowed with powerful resources and vantage points. All of it serves to protect the vested interests of teachers from reformist change. And because this is so, all of it works more generally to stabilize the system. The teachers unions, acting in defense of their own vested interests, are powerful forces for stability in American education.

School Districts
School districts are local governments, and their leaders have vested interests at stake. Specifically, the officials who run the districts—school board members, superintendents—have jobs rooted in these systems that provide them with a flow of valuable benefits: income, power, career advancement, prestige, patronage, and more.64 Their ability to take advantage of these benefits, in turn, depends on characteristics of the districts themselves—characteristics that they have a vested interest in protecting and enhancing.

The following are the most basic. Enrollments and funding: the more students and money a district has, the greater the scope, importance, and value of leader jobs and the more resources they have for developing programs, building coalitions, and getting what they want. Autonomy:

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63See Moe, Special Interest, chapter 6.
64Administrators in district bureaucracies also have vested interests (in their jobs), but I will focus here on district leaders.
the freer local leaders are from constraints by higher levels of government, the more they can exercise control and allocate resources as they see fit. *Harmony:* the more district leaders can avoid conflict and garner support, the greater their capacity to govern, succeed at their jobs, and benefit from doing so.65

Because of these vested interests, district leaders are generally inclined to oppose major reforms (with exceptions, which I will discuss). Consider school choice. To reformers and many parents, charter schools offer much-needed options for families and healthy competition for the public schools. But to district officials, charter schools create serious problems, for they allow children and money to leave the regular district schools—reducing district enrollments and funding, reducing district authority, and creating stresses and conflicts as the public schools are forced to compete and cut back. The consequences that most affect their own interests, then, are deeply threatening—and however much families might want new options, the districts have incentives to be opposed.

Accountability is threatening too. Its essence is that state and national governments use their authority to impose a host of rules on the districts: rules about testing, performance standards, teacher evaluation, consequences if schools fail to measure up, and more. These rules severely limit the autonomy of the districts, telling them what to do and how to do it—which local leaders do not like. To make matters worse, because accountability spotlights the academic performance of districts and schools, it puts significant new pressures on district leaders, lays bare their failings, and threatens conflict with the public, parents, teachers, and journalists. However much sense accountability may make organizationally, then, it strikes hard at the vested interests of district leaders—and they have incentives to be opposed.66

65These aspects of motivation have long been basic to any understanding of government and bureaucracy. See, for example, Wilson, *Bureaucracy*; Anthony Downs, *Inside Bureaucracy* (Boston, MA: Little, Brown, 1967); and William A. Niskanen, Jr., *Bureaucracy and Representative Government* (Chicago, IL: Aldine, Atherton, 1971).

66Some of the more daring district leaders may find aspects of accountability useful in their efforts to promote effective teaching or deal with their unions, but my point is that a serious system of top-down accountability is a major violation of local autonomy and threatens local harmony, and there is much for district leaders to oppose. For studies that reveal some of the massive difficulties and problems involved in the local implementation of NCLB—but that focus more on capacity and organizational issues rather than on local motivations to resist—see Manna, *Collision Course*; and Cohen and Moffitt, *The Ordeal of Equality.* For an excellent study of district resistance to NCLB, including strategies for avoiding the choice requirement, see William Howell, “Worcester: Thunderous Clouds, No Rain,” in Frederick Hess and Chester Finn, eds., *Leaving No Child Behind? Options for Kids in Failing Schools* (New York: Palgrave MacMillan, 2004), 239–261.
Can the districts exercise real power in resisting these and other unwanted changes to the status quo? The answer is yes. They can draw upon several important weapons.67

One is quite obvious: they can use their own legal authority to prevent reforms from taking root. If a state adopts a charter law, for example, and puts chartering authority in the hands of districts, local leaders can simply turn down all applications for new charter schools. Similarly, if a state passes a reform allowing districts to devise pay-for-performance systems, local leaders can simply decide not to do it.

They can also exercise power through the electoral connection. They cannot come close to matching the unions in this regard.68 But superintendents and school board members are well known in their communities, they are constantly interacting with local political groups, and what they say can affect a candidate’s electoral prospects. State legislators are wise to be in good standing with these local notables—and imposing unwanted reforms is not the way to do that. Local leaders also gain clout because school districts are typically among the largest employers in their localities, and state politicians have electoral reason to care about the districts’ growth and development—and to preserve their jobs and money.69

Finally, the districts have a bureaucratic source of power: they are the ones that actually carry out education policy and are best informed about operational details. As a result, higher-level governments face a classic control problem if they try to impose reforms from above: the districts can use their insider advantages to evade full compliance and subvert reform. NCLB, for example, required that students in low-performing schools be allowed to choose other, higher-performing schools instead—but many districts simply claimed that these higher-performing schools were “full” and could not accept new students. As a result, the act’s choice requirement turned out to be a paper tiger, irrelevant on the ground.70

67As I have said, districts have almost never been studied as truly political actors, so exactly what the districts do in reform politics to pursue their own interests, as well as how they do it, has not been well documented. My own work focuses on teachers unions but includes the districts (much less centrally) in its analyses of the politics of reform. See Moe, Special Interest, especially chapters 4, 9, and 10.
68To compare the contributions of educational actors directly, see the Web site of the National Institute on Money in State Politics at http://www.followthemoney.org
69I do not mean to suggest that state legislators never go against the districts (or the unions), as they surely do on occasion, only that the districts have various means of swaying these legislator and are political actors in their own right.
70Again, for a study of district resistance to NCLB, with special attention to its choice requirement, see Howell, “Worcester: Thunderous Clouds, No Rain.”
Unions, Districts, and the Public School Cartel

Rich deserves great credit for his early focus on the “public school cartel” and its key role in resisting change.71 But unions and districts are very different actors with very different motives and powers, and there is much to be gained by not lumping them together. In comparing these two players, the most general difference is that, while the teachers unions can be counted on to oppose major reform because of their overriding concern for jobs, the districts ultimately are more complicated. They have vested interests in opposing reform, too. But there is also more to the story, and it is of great theoretical import.

The additional element is that school board members (and mayors, when relevant) are elected. To some extent, then, they must please a constituency of voters and respond to pressures—amped up by accountability’s spotlight on performance—that may include demands for effective schools and sensible reforms. Superintendents are susceptible to these same pressures because they are appointed and fired by elected officials. The upshot is that, because of elections, some district leaders may actually support major reform rather than opposing it. And if they do, they will likely find themselves battling their own unions.

The divergence is most striking in those (few) districts where mayors run the school system. Mayors are constantly in the public eye; they have larger, more diverse constituencies than school board members do; they have far more resources for wielding power; and they may decide to make their mark by reforming the local schools. It is no accident that the highest-profile cases of districts fighting hard for reform have come in New York City and Washington, DC. In both cities, reformist mayors appointed reformist school chancellors (Joel Klein, Michelle Rhee) who were dedicated to the pursuit of effective organization and launched all-out assaults on restrictive work rules—leading, inevitably, to fierce struggles with their local unions.72

Because of the electoral connection, then, vested interests have a more nuanced effect on district leaders than on unions. In some districts at some times, leaders may actually have incentives to transform the status quo. Yet, important as this is, it is only likely to occur at the margins. The reform battles in New York City and Washington, DC, received national attention,

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71Rich, Black Mayors and School Politics. See also Robert Maranto and Michael Q. McShane, President Obama and Education Reform: The Personal and the Political (New York: Palgrave Macmillan, 2012). Maranto and McShane employ the vested interest concept of the “educational industrial complex,” which is very much like Rich’s “public school cartel.”
72See Moe, Special Interest, chapter 7.
and their school chancellors became nationally famous, for one reason: *the vast majority of district leaders do not behave that way.*

Part of the explanation is that vested interests give them strong incentives to resist change. But the other part is that the electoral connection does not work very well. School board elections are often held off cycle, with abysmally low turnout rates. Parents and citizens are poorly organized for political action. And business and civic groups have multiple policy interests and rarely focus in a sustained way on education.

The clincher, however, is that the most active and influential of all groups in local school board elections are the *teachers unions themselves.* They have deep vested interests in public education and the strongest possible incentives to leverage their resources to control these local elections. Their success can be expected to vary across districts and over time. But the advantages they bring to elections should allow them to select many district leaders, influence many others, and help ensure that local school boards include sympathizers who—in both policy and collective bargaining—give special weight to job-based interests and take a jaundiced view of reform. The evidence so far suggests as much.73

Finally, even if there are occasional district leaders who, despite it all, turn out to be champions of reform, their insurgency against the status quo is likely to be fragile. Local district leaders do not stay in office very long: they move on to higher office, they get term-limited out, or they get targeted by opponents and tossed out of office—and their replacements will almost surely not be as bold as they were. Indeed, in New York City, the reformer Michael Bloomberg was replaced as mayor in 2014 by Bill de Blasio: a staunch ally of the teachers union and an opponent of charter schools and accountability—which means that virtually everything Bloomberg struggled for 12 years to achieve is at risk of being weakened or dismantled.74


74Indeed, Washington, DC’s reformist mayor, Adrian Fenty, lost his reelection bid in late 2010—in part because of strong union opposition—leading to Michelle Rhee’s departure as school chancellor in that city. But Fenty’s replacement, Vincent Gray, chose not to reverse Rhee’s reforms. Even so, they remain vulnerable to the next mayor.
Vested Interests and Education Reform

Much more could obviously be said about unions and districts as political actors. But my aim here is not to be comprehensive. It is to put the focus on fundamentals.

The American education system gives rise to vested interests—teachers unions, school districts—that benefit from the status quo, are threatened by reform, are well organized and powerful, and are advantaged by a political system filled with veto points. Under normal conditions, then, reformers will face staunch resistance in trying to bring change to the system. The reformers themselves are a diverse lot, including business groups, philanthropists (such as the Gates, Broad, and Walton foundations), nonprofits (such as Teach for America and StudentsFirst), groups representing the disadvantaged, think tanks, and more, depending on the state, the time, and the occasion. The reformers are not without power. But the vested interests are very powerful indeed—and in their attempts to block, they have formidable political advantages.  

Nothing in this logic implies that the status quo is static or the vested interests all-powerful. It implies, rather, that major reform is very unlikely—and that change should tend to occur incrementally, with little impact on the system’s basic structure. Change should be a pale reflection of what reformers intend. The evidence is overwhelming, in my view, that these expectations are borne out by the modern era of American education reform. The nation’s amorphous mélange of reformers has met with a modicum of success, if episodically and haphazardly, in moving the ball downfield. But aside from their landmark victory in NCLB (which I will discuss), the corpus of reform nationwide has been fragmented and incoherent. It is no accident that, after 30 years of nonstop reform, the nation’s leaders are still calling the system “broken” and “dysfunctional” and demanding a genuine “fix.” Yes, there has been gradual change. But it has not accumulated to anything substantial.

In recent years, there is a sense that reform has achieved liftoff. The pace of reformist “victory” has picked up, and the vested interests—weakened by the Great Recession (which reduced their money, staffing, and union

75 On education reformers and their activities, see the literatures cited earlier on urban education reform and NCLB. See also Steven Brill, Class Warfare: Inside the Fight to Fix America’s Schools (New York: Simon & Schuster, 2012); for a detailed analysis of education philanthropists, see Sarah Reckhow, Follow the Money: How Foundation Dollars Change School Politics (New York: Oxford University Press, 2012).

76 A broad range of evidence is discussed and extensively documented in Moe, Special Interest. On the lack of fundamental change, see also Frederick M. Hess, The Same Thing Over and Over: How School Reformers Get Stuck in Yesterday’s Ideas (Cambridge, MA: Harvard University Press, 2010). Others may contend, of course, that change has actually been more consequential, but this is a debate that I cannot pursue in this article.
membership), as well as by a new reformist wing within the Democratic Party—have been losing more battles and making more concessions.77 There has been an adjustment in the balance of power, and changes have occurred that would not have occurred before. Do these new developments fly in the face of the theory I have been outlining here? The answer is that they do not. Indeed, the theory allows us to gain perspective on what has been happening during these eventful years.

Consider school choice. Choice advocates have cheered loudly about their recent victories: new voucher programs, for example, in Indiana and Louisiana. They have also cheered because charter schools continue to gain in popularity—boosted, for example, by President Obama’s signature reform initiative, Race to the Top, as well as the high-profile movie Waiting for Superman. The unions and the districts, now somewhat weaker than before, have had to give some ground. But the bigger picture is much more sobering. The choice movement has been pushing for vouchers and tax credits since the 1980s, yet as of 2014, these programs—almost all of which are tiny—still allow only 300,000 children to attend private schools with government assistance. Compared with the more than 50 million children in public schools, this is a drop in the bucket. And what about charter schools? Based on all the media attention they are getting, the impression is that they must enroll half the children in the country. Yet, as of today, more than 20 years after Minnesota passed the first charter bill in 1991, these schools enroll a mere 5 percent of the nation’s public school children. In a handful of cities, they are a major factor. But in almost all the 14,000-plus school districts in the United States, they are absent or irrelevant.78

77These reformist developments within the Democratic Party are particularly important and troublesome for the unions and the districts, as the Democrats have long been their staunch allies. In recent years, some Democrats have rejected the alliance out of frustration with the failures of education reform for disadvantaged kids—whose interests they think their party should give first priority to—and they have begun supporting accountability and choice reforms that the vested interests oppose. Obama and Duncan are the most visible of these Democratic reformers, but the insurgency also involves major political groups (notably, Democrats for Education Reform), philanthropists, and liberal opinion leaders. As I have written, however, this movement is inherently limited in what it can achieve, because, as Democrats, these people want to preserve the power of the unions—which is crucial to the electoral success of their party—and address reform merely by winning specific battles and trying to persuade the unions to be more conciliatory. Their movement is well suited to making incremental progress toward reform but entirely unsuited to addressing the more fundamental problem of vested interest power. I should add, moreover, that most Democrats are not reformers anyway, and embrace the traditional alliance. For a more detailed discussion, see Moe, Special Interest, chapter 10; Moe, “Teachers Unions and the Politics of American Education Reform: The Politics of Vested Interests,” in Jeffrey A. Jenkins and Sidney M. Milkis, eds., The Politics of Major Policy Reform (New York: Cambridge University Press, 2014).

The choice movement is filled with high-energy activists. It has widespread support among conservatives, as well as among the poor and minority parents who are the prime constituents of virtually every choice-based reform. And the great majority of American parents, overall, think they should have the right to choose their kids’ schools. So why has this movement achieved so little after so much time? A comprehensive answer would be complicated, of course. But the theory outlined here captures the core of the explanation: the teachers’ unions and school districts have found their vested interests egregiously threatened by school choice, and they have used their power to oppose it. They have not been able to stop it entirely. And in recent years, with the unions and districts mired in difficult circumstances, reformers have made greater gains than in the past. But greater is a relative term. The fact is, the vested interests have been very successful over a very long period of years at stifling school choice—and they are still stifling it.

For accountability, the details are different, but the themes are much the same. Proponents are excited because big developments seem to be afoot. Much of this has occurred in the wake of Race to the Top: a novel competition among the states, carried out in 2009–2010, in which roughly $5 billion was doled out to winning states (19 of them) based on reforms they had either enacted or promised. In the years since, performance-based evaluations of teachers—a key emphasis of Race to the Top—have become the hot-button issue, and most states have passed laws requiring that teachers be evaluated with some reference to performance. This is a sharp departure from the past, and it is widely regarded as a breakthrough.

But again, what is the big picture? The big picture is that, throughout the entire reform era, teachers have not been seriously evaluated at all. In fact, 99 percent have routinely received satisfactory evaluations, and almost never have teachers been dismissed merely for poor performance. Why did the nation have to wait a quarter century for even a modicum of change on a problem so simple and obvious? The core of an explanation, again, has to do with vested interests: the teachers unions are threatened by performance-based evaluations, most districts do not want to be hamstrung by top-down legislative restrictions (or the conflicts that go along with negative evaluations), and both have used their power over the years to resist.79

It is true and of genuine importance that reformers have “won” new laws in many states calling for performance-based evaluations. But to reiterate Patashnik’s warning: this does not mean that they have actually won. So

79See Moe, Special Interest, chapters 6, 9, and 10.
far, the requirements are little more than words on paper. The details remain to be worked out in the trenches (often in collective bargaining) over many years, and the unions and the districts are in the trenches, they excel at trench warfare—and they remain powerful. We should expect the unions and (most) districts to use their power to soften and weaken these new evaluation systems and to minimize real change—and so far, that appears to be precisely what is happening. Evidence on these systems’ actual operation to date reveals that, despite the (purportedly) rigorous new criteria and procedures, almost all teachers are still getting satisfactory evaluations, and almost no one is being dismissed for poor performance.80

Performance-based evaluation, moreover, is the accountability movement’s mountaintop of success. The rest of the landscape is littered with disappointments. Of these, the biggest disappointment by orders of magnitude is NCLB: the movement’s most spectacular political victory, and its single greatest achievement in passing a coherent policy package intended to transform the operation of the entire system of American education. Here too—or perhaps I should say, here especially—Patashnik’s warning is of the essence: the reformers had not actually won. Their struggle was just beginning.

Why? A major reason was that, while NCLB shaped the system’s operation, it left the system itself intact—and the vested interests remained as powerful as ever. Yes, they had lost a political battle. But as soon as the ink was dry on the new law, they unleashed a counterattack (aided by antitesting allies) that went on for years: challenging NCLB in the courts; filling the air waves with complaints about over-testing, teaching to the test, and flaws in the legislation; making opposition to test-based accountability a litmus test for Democratic candidates; and more. Before long, NCLB became a toxic brand, and many Democrats began moving away from it. That alone could have spelled trouble. But there was more: Republicans were abandoning ship too, for different reasons. In 2001, many Republicans had momentarily violated their commitment to local control in order to support their own president’s signature legislation—but over time (and with the Tea Party brewing), they closed ranks against federal “overreach” and against NCLB.81

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81 See Moe, Special Interest, chapters 9 and 10. For resistance by districts, see Manna, Collision Course; and Howell, “Worcester: Thunderous Clouds, No Rain.” On the drift and failure to reauthorize NCLB, see, for example, Barbara Michelman, “The Never-Ending Story of ESEA Reauthorization,” Policy Priorities 18 (Spring 2012); Alyson Klein, Stark Partisan Split Persists on ESEA Renewal, Education Week, 8 August 2013; Michael Gerson, “The Quiet Overturn of No Child Left Behind,” Washington Post, 19 July 2012; and Stephen Sawchuk, “Teachers, Unions, and the NCLB ‘Blueprint,’” Education Week, 15 March 2010.
As a matter of policy, the still-unfolding result has been bizarre even by American standards. NCLB was scheduled to come up for reauthorization in 2007, but as of 2014 it still has not been reauthorized. In the meantime, Democrats and Republicans both heap criticisms on it—and although everyone can agree it suffers from certain flaws (for example, the way it measures performance) that are readily correctible, correcting them has proved impossible because the two sides are otherwise so far apart. NCLB has moved through time, then, as an act that everyone wants radically overhauled or rescinded—yet it remains on the books, as is. President Obama has reacted by choosing not to fully enforce the law’s provisions. Instead, he has granted the states waivers on the condition that they pursue certain reforms (among them, performance-based evaluations) that are favored by the administration—but not necessarily part of NCLB at all. As of now, the nation’s accountability policy is being made through presidential discretion, not through congressional legislation. NCLB remains on the books, but it has been eviscerated. It is a zombie statue.82

The vested interests were not alone in bringing NCLB down. But they spearheaded the opposition, and they can look ahead with optimism. The Obama administration is a reformist problem for them—but after 2016 it will be gone. In the meantime, their Democratic allies in Congress favor a new law that is much more flexible, with few consequences. And the Republicans want to devolve authority to state and local governments—which is just what the unions and districts want. Thus, if some sort of compromise federal legislation does emerge, it should turn out to be nonthreatening to the vested interests.

In sum, despite their watershed victory in the 2001 battle over NCLB, what reformers have actually achieved after decades of trying are incremental changes that have left the traditional structure of the public school system intact. Progress has been made. Families have more choices now. And performance is under the spotlight as never before. But throughout the modern era, the teachers unions and the school districts have seen both accountability and choice—quite rightly—as threats to their vested interests. And they have used their power to limit real change, ensuring that a true transformation has never happened.

The last 30 years of American education reform bring to mind the oft-quoted words of William Shakespeare, “full of sound and fury, signifying

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nothing.” The outcome, of course, has not really been nothing. Incremental progress has been made, and things have changed at the margins. But the vested interests have remained powerful, the fundamentals of the system have stayed the same—and despite all the consternation about perpetually low performance, stability has prevailed.\textsuperscript{83}

CONCLUSION
There is nothing unique about American education. A theory rooted in vested interests would prove just as relevant if applied to the nation’s battles over health care, taxes, agriculture, or any other realm of public policy, or to the institutional dynamics of any other country. The failures of democracy in post-Soviet Russia, the resistance to welfare state retrenchment in the West, the derailing of revolution in Egypt, the persistence of patronage and corruption in many developing nations (including their education systems)—the list is endless, and vested interests are at the heart of all of them.

In saying as much, I do not think I am saying anything very controversial. That vested interests are substantively important has long been reflected in the language of political science, as well as in some of its most respected works, both classic and modern. The surprise is that none of this has brought vested interests to the center of our theories. Over the decades, what we used to call the “new institutionalism” has proved a stunning success, giving rise to elaborate theories of institutional stability and change. Yet these theories have had little to say about vested interests, have accorded them no clear role, and—especially as change has become the focus of scholarly attention, and stability a secondary concern—have submerged them in a complex array of “relevant factors” that disguises their distinctive analytic value.

This is a value that scholars can put to great use. On purely objective grounds, the concept of vested interest is a remarkably powerful tool for theory building. It captures phenomena that are universal across all political institutions, arise inevitably from the institutions’ very existence and operation, and have profound consequences for political motivations, the exercise of political power, and the dynamics of institutions over time. At

\textsuperscript{83}My focus here has been on the last 30 years of education reform—but I should say that, looking ahead, I think that the prospects for transformative change are actually much brighter: not because of reform movements arising endogenously within the system but rather because of the exogenous shock of the revolution in information technology, which is only beginning to show its disruptive effects. For more detailed discussions, see Moe, \textit{Special Interest}, chapter 10; and Moe and John E. Chubb, \textit{Liberating Learning: Technology, Politics, and the Future of American Education} (San Francisco, CA: Jossey-Bass, 2009).
the most basic level, vested interests have a lot to tell us about why institutions are so stable, and thus why major change is so rare—even in cases in which the institutions are performing quite poorly. This is enormously important. But they have a lot more to tell us than that. To revisit Paul Pierson’s observation, stability and change are two sides of the same coin—and as the ground we have covered here well shows, an analysis that seeks to understand stability quickly sheds light on the determinants of change. The forces that protect stability are precisely the same forces that prevent change, must be overcome if change is to occur, constrain the content and direction of change once it does occur, and weaken or bolster its future durability, survival, and effectiveness.

The point is not that vested interests are somehow monolithic or all-powerful, or even that they always oppose change; for as we have seen, these are just stereotypes, and there is a great richness and variety here for political scientists to study and explore. The point is simply that vested interests are essential to our understanding of institutions—and because they arise from institutions themselves, they are precisely the sorts of predictable, enduring, everywhere-relevant regularities that provide an eminently promising basis for theory. Our challenge, going forward, is to see their analytic value for what it is and take advantage of it.