INSTITUTIONAL THEORY IN POLITICAL SCIENCE

THE 'NEW INSTITUTIONALISM'

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CONTENTS

PREFACE

This book represents the culmination of three or more years of thinking about the nature of political institutions, and about the role of institutional theory in political science. I have been encouraged by the growth of concern about institutions in my discipline. I was processed through graduate school at a time in which institution was a somewhat naughty word. We all knew they were there but no one really wanted to talk about them seriously – they represented the past of the discipline, not its future. As I continued to work in the discipline for some 25-plus years it became increasingly obvious that we had to talk about those institutions. A focus on individual behavior, whether explained from economic, sociological or psychological perspectives, was simply insufficient to bear the burden of understanding and explaining what was happening in the world of politics and government.

At the same time that I was heartened by these developments I have also become increasingly dismayed about institutional analysis. As is so often the case when a term or a theory becomes popular everyone must be seen to be partaking of this new trend. Therefore, any number of scholars have jumped on the institutional train, often carrying a good deal of unnecessary baggage with them from their past theoretical enterprises. Hence, what has resulted is something of a theoretical muddle, or – perhaps more aptly – a series of puzzles about institutions and their role in explaining behavior. There is little if any agreement on what an institution is, much less how it interacts with individuals to produce decisions. The major purpose of this book, therefore, is to attempt to clarify some of the major issues in contemporary institutional theory in political science by asking a series of simple, yet difficult, questions about what I consider to be the seven extant approaches to institutions in the discipline.

There are a number of debts of gratitude that I should acknowledge here. The primary one is to Johan P. Olsen. I am in his debt initially for his scholarship in this area of the discipline, and for his clear call (along with James G. March) for a return to thinking seriously about institutions. I have also had the privilege of working with Johan on several other projects and have been stimulated by his thinking in any number of ways. This book shows clearly that I do not always agree with the way he and his colleagues have developed their own approach to institutional theory, but I cannot deny its importance and its creativity.

I am also indebted to Nuffield College, Oxford, and in particular to a friend there, Vincent Wright. I have been able to spend the past several springs in Nuffield and it has been a very congenial and stimulating place to think and write in. The opportunities to talk with Vincent have been a great

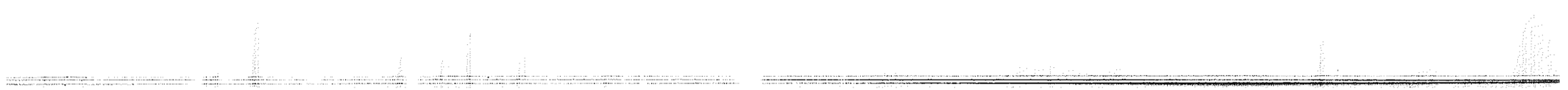
help. He claims not to speak in theoretical terms but does so, and does so most helpfully. A part of one of these visits was shared with my colleague Jon Pierre who has also helped me to extend my thinking about institutions and especially about the way in which institutions change. We continue to work together in this enterprise that may yet bear fruit.

Third, John Hart at the Australian National University provided yet another place to hide away in and work on these issues. His colleague there, Bob Goodin, provided both an interesting forum for a presentation that forced me to think about the ways in which institutions change, and also a publishing outlet for some of the preliminary ideas that have made their way into a more complete form here.

Closer to home, graduate students and colleagues at the University of Pittsburgh (especially Bert Rockman and Alberta Sbragia) have been witting and unwitting sounding boards for some of the notions presented here. Also, Paul Mullen by hard work and some not inconsiderable knowledge rescued me from encounters with my computer.

This is one person's version of the state of institutional theory (and travelog). There can be alternative versions that would both emphasize and critique different aspects of these approaches. The good thing, however, is that there is now a vigorous debate in this field. I hope that this book contributes to that debate, moves it ahead, and helps to generate a more comprehensive and more useful set of institutional theories.

B. Guy Peters
March 1998



CHAPTER 1

INSTITUTIONALISM OLD AND NEW

The roots of political science are in the study of institutions. During much of the post-World War II period the discipline of political science, especially in the United States, has rejected those roots in favor of two theoretical approaches based more on individualistic assumptions: behavioralism and rational choice.[1] Both of these approaches assume that individuals act autonomously as individuals, based on either socio-psychological characteristics or on rational calculation of their personal utility. In either theory, individuals were not constrained by either formal or informal institutions, but would make their own choices; in both views preferences are exogenous to the political process. As well as altering the theoretical perspective of the discipline, this change in orientation also was associated with a growing concern for the appropriate use of rigorous research methods and an equally strong concern for more explicit construction of empirical political theory. Those methodological and theoretical concerns appeared incompatible with an institutional focus.

A successful counter-reformation, beginning during the 1980s, produced some return to the previous concern with formal (and informal) institutions of the public sector and the important role these structures play. Institutional explanations had remained somewhat popular in policy and governance studies, but the institutionalists also have revived their use for explaining individual level behavior.[2] The 'new institutionalism' reflects many features of the older version of this approach to understanding politics, but also is advancing the study of politics in a number of new theoretical and empirical directions. It utilizes many of the assumptions of older institutionalist thinking, but enriches that thought with the research tools and the explicit concern for theory that had informed both behavioralism and rational choice analysis. For example, the old institutionalism argued that presidential systems are significantly different from parliamentary systems based upon the formal structures and rules. The new institutionalism goes farther and sets about trying to determine if these assumed differences do indeed exist, and if so in how the two ways of organizing political life differ, and what difference it makes for the performance of the systems (Weaver and Rockman, 1993; Von Mettenheim, 1996).

The attempted reconquest of the discipline by the institutionalists has been far from complete, and there are still marked tensions between it and several other components of the discipline. At the same time, there is also some blending of the strands of theory and some softening of the borders separating the contending approaches (see Dowding, 1994). There indeed

should be that softening of those boundaries, given that the several approaches should be viewed more as complementary rather than competitive explanations for political phenomena.[3] Not one of these approaches can fully explain all political actions, and perhaps none should attempt to do so. Scholars can acquire greater analytic leverage on some questions employing one or the other approach, but the macro-level analysis of institutionalists should be informed by the analysis of individual behavior produced in other areas within the discipline. Likewise, behavioralists and the advocates of rational choice analysis consider individuals to be fully autonomous actors, and to be isolated from the constraints of institutions only at their peril and need to be aware of institutional influences over those individuals.

Further, as we will point out in much greater detail below, the 'new institutionalism' is not a single animal but rather is a genus with a number of specific species within it. These approaches to institutions also should be seen as complementary (Ostrom, 1990), even if the partisans of one or the other may often claim pride of place. This internal differentiation of the institutionalist approach implies several additional things about contemporary theoretical developments. First, some components of the new institutionalism are more compatible with the assumptions of the dominant individualistic approaches to the discipline than are others. This differentiation further implies that there may well be a need in many instances to blend together several of the versions of the new institutionalism if researchers want a more complete perspective on the structural characteristics of the political system and the influence of structure on public policies and the conduct of government. In short, we will be arguing throughout this exploration of the institutional approach that some eclecticism of approach is likely to pay greater intellectual dividends for political science than is a strict adherence to a single approach.

INSTITUTIONALISMS OLD AND NEW

The primary focus of this volume is the new institutionalism in political science, and to some extent also the other social science disciplines. This phrase implies first that there was an old institutionalism and second that the new version is significantly different from that older version. Both of those implications can be easily substantiated. For all of the insight and descriptive richness of the older institutionalist literature, it does not appear to contemporary eyes to have the theoretical aspirations and motivations we have come to associate with the social sciences. Further, the methodology employed by the old institutionalism is largely that of the intelligent observer attempting to describe and understand the political world around him or her in non-abstract terms.[4] A number of extraordinarily perceptive individuals – Carl Friedrich, James Bryce, Herman Finer and Samuel Finer

– were engaged in the old institutionalism and produced a number of works that bear reading today, but they simply were utilizing different techniques for different purposes than are most contemporary social scientists (Apter, 1991).[5]

The Old Institutionalism

Going back even to antiquity and the first systematic thinking about political life, the primary questions asked by scholars tended to concern the nature of the governing institutions that could structure the behavior of individuals – both the governing and the governed – toward better ends. The mercurial and fickle nature of individual behavior, and the need to direct that behavior toward collective purposes, required forming political institutions. The first political philosophers began to identify and analyse the success of these institutions in governing and then to make recommendations for the design of other institutions based upon those observations (see Aristotle, 1996). Although these recommendations were phrased almost entirely in normative terms, they constituted the beginning of political science through the systematic analysis of institutions and their impacts on society.

The same tradition of institutional analysis continued with other political thinkers. Some, e.g. Althusius (John of Salisbury), attempted to characterize the role of governing institutions in the larger society, conceived in organic terms. Thomas Hobbes lived through the breakdown of political life during the English Civil War and hence argued for the necessity of strong institutions to save humankind from its own worst instincts. John Locke developed a more contractarian conception of public institutions and began the path toward more democratic structures (see also Hooker, 1965). Montesquieu (1989) identified the need for balance in political structures and served as a foundation for the American separation of powers doctrine for the weakening of potentially autocratic governments (Fontana, 1994; Rohr, 1995). This list of great political thinkers could be extended, but the fundamental point would remain the same – political thinking has its roots in the analysis and design of institutions.

If we now skip over most of several centuries and move to the latter part of the nineteenth century, we come to the period in which political science was beginning to differentiate itself as an academic discipline. Prior to that time political science was a component of history, or perhaps of 'moral philosophy', reflecting the importance both of the lessons of the past and of normative ideals in understanding contemporary political phenomena.[6] As the discipline began to emerge, its principal questions remained institutional and normative. Political science was about the formal aspects of government, including law, and its attention was squarely on the machinery of the governing system. Further, many of its aims were normative –

what institutional will work best, given the goals of a political system – and political science was very much in the service of the State.

The Anglo-American political tradition assigned a less significant role to the State than does the Continental tradition, but American institutionalists still were concerned with the formal institutions of government. For example, in the United States, Woodrow Wilson was one of the earliest presidents of the American Political Science Association during the 1880s, as well as later being president of Princeton University and then President of the United States. His academic work centered on the role of institutions both in the United States and comparatively. His famous 1887 essay on bureaucracy pointed to what American government could learn from European government, even if European governments appeared to lack the participatory ethos of the United States (Doig, 1983). Likewise, Wilson's *Congressional Government* (1956) was an attempt to have American political scientists consider the problems of 'divided government' (Fiorina, 1996; Sundquist, 1988) that already were beginning to affect the separation of powers system of government and to think about parliamentary government as an alternative.

During his life as a practical politician Wilson was an intellectual leader of the Progressive Movement. The scholars and practitioners associated with that movement were engaged in a number of efforts to reform the institutions of American government, especially to remove what were considered to be the deleterious effects of partisanship (Hofstader, 1963; Hoogenboom and Hoogenboom, 1976; Rice, 1977) through independent regulatory organizations, non-partisan elections, and professional public management. Thus, Wilson was linking his scholarly concerns with the needs of the real world for improving government. This progressive tradition was later reflected in organizations such as the Public Administration Clearing House at the University of Chicago. This group had scholars such as Charles Merriam, Louis Brownlow, Leonard White, and later Herbert Simon, and was a crucial player in the spread of reform ideas such as professional city managers, as well as providing assistance for administering the New Deal (Dimock and Dimock, 1964).

Although American political thought and practice has been less state-centric than that of Continental Europe, we should also point out that two of the great works of American old institutionalism were works on the State. One was by (again) Woodrow Wilson, with the forgettable title of *The State: Elements of Historical and Practical Politics: A Sketch of Institutional History and Administration* (1898). The other was T. D. Woolsey (also an Ivy League university president), entitled *Political Science, or The State Theoretically and Practically Considered* (1893).[7] Clearly these major academic figures did consider political science as the study of the State and an exercise in formal-legal analysis. After that time, the State was largely pushed aside in American political science until Theda Skocpol and others helped to bring it back in (Evans, Rueschmeyer and Skocpol, 1985).

These titles, and the content of the works, point to two important aspects of American intellectual life. The first is the influence on German universities on the development of American universities. Wilson's book was in many ways a comment on German legal and institutional theory of the time. The second, and more relevant for our discussion here, is that the State *could* be brought back into American political science – it was there at one time. The roots were there but had been largely abandoned by the rush to explain micro-level political behavior. Despite its later description as a 'stateless society' (Stillman, 1991) major theorists in the United States apparently did have a conception of the State and its place in the society.

In Europe, the emerging nature of political science was little different from that in the United States. To the extent that there was a difference it was that political science remained more associated with other areas of study and was even slower to emerge as a separate area of inquiry. The study of political phenomena remained a component of other areas of inquiry, particularly law in most Continental European countries. While this characteristic may have retarded intellectual development in some ways, it certainly reinforced the institutional and formal nature of the inquiry that was done. In essence, government was about the formation and application of law through public institutions, with politics as it is usually conceptualized as a very minor part of the exercise.

The scholarly dependence upon analysis of law and formal institutions was reinforced by the less participative nature of most European governments at that time. While Wilson may have been fighting against the perceived negative effects of partisanship in the United States, mass political participation was only at the beginning stages in all but a few European countries at that time. For example, as of 1900 except for the United Kingdom suffrage remained limited by property and other restrictions in most European countries. Therefore, for European scholars, the very pronounced and continuing emphasis on formal government institutions and law should have been expected.

Further, although Americans frequently praise their self-described 'government of laws and not of men,' European government was, and remains, even more firmly bound to law than American government. An examination of the training and recruitment of civil servants, and even politicians, in most Continental European countries reveals what the Germans have more recently termed the *'Justimonopol'* enjoyed by lawyers in public life. The job of the public servant is clearly defined by law, and their task is largely to apply the law to specific situations. The role of the public bureaucrat appears more akin to that of a judge than of a public manager in many European political systems.[8] Further, in this conception of the State, law is very much a formal institution of governing, developing and imposing a set of clearly articulated norms and values for the society.

In much of Continental Europe (especially those parts dominated by German thinking) the overriding concern with the formal institutions of

governing also meant that political science studied 'the State', and this tradition continues today as '*Staatswissenschaft.*' The State is virtually a metaphysical entity which embodies the law and the institutions of government, yet somehow also transcends those entities. Also, in this tradition the State is linked organically with society and society is significantly influenced by the nature of the State. For example, social structures receive their legitimacy by being recognized by the State, rather than as being manifestations of popular will or the ordinary workings of the market.

Proto-Theory in the Old Institutionalism

We have now established that there is a school of old institutionalists whose work constituted the basis of political science for much of the late nineteenth and first half of the twentieth centuries. Despite their being characterized, or even stereotyped, as being atheoretical and descriptive, it is still important to note that there were theories lurking in this research. Like Molière's gentleman, they were speaking theory without necessarily knowing it. This was true despite the specific rejection of many of these scholars, especially those working in the British empirical tradition, of theory as their goal, or as even a respectable goal for social analysis.

Legalism

The first defining characteristic which emerges from the old institutionalism is that it is concerned with law and the central role of law in governing. As discussed above briefly, law is the essential element of governance for most Continental countries, and certainly plays a significant role in Anglo-American thinking about the public sector. Law constitutes both the framework of the public sector itself and a major way in which government can affect the behavior of its citizens. Therefore, to be concerned with political institutions was (and is) to be concerned with law.

Having said that an institutionalist must be concerned with law is only a beginning in the analysis. I will not propose to undertake a treatise on the theory of law, that requiring several volumes by itself and being well beyond my capabilities. What I will be concerned with is the manner in which law figures in the accounts of 'old institutionalist' scholars of politics, and therefore its foundation for a nascent theory of government. As might be expected, there have been a variety of different versions of just what that relationship should be, and those differences are to some degree a function of different national perspectives on both law and governing.

For example, a very clear school of legal institutionalists developed in France during the late nineteenth and early twentieth centuries (Broderick, 1970). This school was a reaction against the natural law orientation of much legal thinking in France at the time, and attempted to establish a more

positivist approach to the law. Such an approach implies that law is the product of human agency but that it is also an empirical reality expressing choices made through institutional means. The law was thus an institution, and had some of the capacity to spread a logic of appropriateness that we can see in the normative institutionalists.

The ideas of positive law contained in the French analysis can be seen in marked contrast to the concepts of the common law and its role in governing as put forth by Anglo-Saxon scholars. For example, Oliver Wendell Holmes (1909) provided a detailed study of the background and operation of the common law. Rather than being the outcome of a more or less rational deliberative process designed to create a State as in France, law in this view was more evolutionary but yet was clearly institutional, and established a basis for the more empirical approach to the State in Anglo-American countries.

Finally, as implied above, the study of the law as a basis for political knowledge achieved its heights in the Prussian state and thereafter in Germany. Law was crucial for molding what was in essence a new State into an effective body, something which could never have been done by political science as it has come to be practiced. Further, it has been argued that this domination of law was important in socializing a new generation of the German elite into a way of life built in large part on civic responsibility and commitment to the State (König, 1993).

Structuralism

A second dominant assumption of the old institutionalism was that structure mattered, and indeed that structure determined behavior. This was one of the fundamental points against which the behavioralists railed in their attempts to reform the discipline. The structuralist approach left little or no room for the impact of individuals, excluding perhaps those exceptional individuals such as the 'Great Men' of history, to influence the course of events within government. Thus, if an analyst could identify the salient aspects of structure, he or she could 'predict' the behavior of the system. Predict is placed in quotation marks simply because prediction is a goal usually associated with the social scientific mode of research and thinking, rather than with the traditional research of the old institutionalists.

The structuralism characteristic of the old institutionalism tended to focus on the major institutional features of political systems, e.g. whether they were presidential or parliamentary, federal or unitary, etc. Further, the definitions of these terms in the old institutionalism tended to be constitutional and formal.[9] There was no attempt to develop concepts that might capture other structural aspects of a system, e.g. corporatism or consociationalism. Thus, Wilson could look at the American constitution and see what he considered to be defects within the formal design of the system,

and then propose changes. A century later other scholars might look at the same system and see some of the same faults, but would tend to see them in terms of the way in which they functioned rather than their formal status within the constitution.

Despite those implicit critiques of the formal-legal approach to political institutions, scholars working in that tradition produced significant works that did indeed develop theories that undergirded their largely empirical analysis of government. For example, Carl Friedrich might ordinarily be classified as one of the old institutionalists but yet generated a number of statements about government, such as 'the Law of Anticipated Reactions,' that demonstrated more than a little concern with the development of generalizations and theory.

Woodrow Wilson's major foray into comparative politics, *The State* (1898), also had a number of statements that bordered on the theoretical, in almost anyone's conception of the term. For example, when introducing the subject of comparative analysis, Wilson asks (p. 41) what are the functions of government, a question that presages some of the later functionalism in comparative politics. Later, when discussing government in the middle ages, he provides (pp. 104–5) a mini-theory of the formation of government. The bulk of this book is descriptive, but there is clearly some theoretical thinking as well.

This concentration on the formal aspects of political systems was the source of another of the critiques of the more 'modern' scholars of political science. These critics argued that this formalism first concealed important informal features of politics from the researchers, or made them assume that key functions of a government would have to be performed in the formally designated organization – parliaments make law and executives enforce it. Further, the formalism tended to make political science more ethnocentric than it had to be (Macridis, 1955). With those formalistic assumptions political science could not function very well in less developed countries, or countries that lacked the constitutional structures common in Western countries (Almond and Coleman, 1960). Therefore, to embrace a larger world, political science would have to learn to cope with other forms of analysis that were sufficiently general to apply to almost any political system.

Holism

The old institutionalists often were comparativists, at least comparativists of a sort. To some extent they had to be given that their emphasis on formal-legal analysis required them to use other systems in order to obtain any variation.[10] When they did their comparative analysis, scholars working in this tradition tended to compare whole systems, rather than to examine individual institutions such as legislatures. This strategy was in contrast to

the contemporary pattern which tends to describe and compare component institutions within systems, e.g. legislatures or bureaucracies. All these parts of the system had to be fitted together in order to make the system comprehensible.

The holism of this approach again was natural, given the concern with constitutions and formal structures, but it had some effects on the manner in which the scholarship developed. In particular, holism tended to direct analysis away from comparison in the manner in which it is now often practiced. Countries were not so much compared as described one after the other. 'The Politics of X' was, and is, a manner in which to engage in the study of foreign countries (or even one's own) without a direct confrontation with the political reality of another setting. Using that research strategy it is difficult to make any generalizations – again not really the goal of the old institutionalists – because countries tended to be treated as *sui generis*.

The older institutionalism had the most positive consequence of forcing political scientists to attempt to confront the complex interconnections of most political phenomena among themselves and with the environment of politics. One component of the argument of the new institutionalism is that most political analysis informed by behavioral or rational choice assumptions tends to divorce political life from its cultural and socio-economic roots. Political life then becomes only a compilation of autonomous choices by the relevant political actors. Clearly the guiding assumptions of the old institutionalists were those of embeddedness (Granovetter, 1985) and complexity rather than those of autonomy.

One final consequence of the concentration on whole political systems was that it tended to make generalization, and therefore theory construction, more difficult. If scholars can only understand a political system in its entirety then it is difficult to compare, and comparison is the fundamental source for theory development in political science (Dogan and Pelassey, 1990; Peters, 1997a). There were certainly attempts at comparison undertaken by the older institutionalists, and even comparisons by functions of government rather than by country (especially of bureaucracies and political parties), but these were the exception rather than the rule. There was, however, relatively little of the 'middle range' thinking (LaPalombara, 1968) that has been crucial for the subsequent development of comparative politics.

Historicism

The old institutionalists also tended to have a pronounced historical foundation for their analysis. Their analysis was concerned with how (their) contemporary political systems were embedded in their historical development as well as in their socio-economic and cultural present. Thus, the

implicit argument was that to understand fully the manner in which politics was practiced in a particular country the researcher had to understand the developmental pattern that produced that system. Further, individual behavior (for the old institutionalists meaning mostly the behavior of political elites) was a function of their collective history and of their understanding of the meaning of their politics influenced by history.

This implicit developmental conception of politics also pointed to the interactions of politics and the socio-economic environment. Whereas much contemporary political science tends to see interactions running in only one direction – from society to politics – the older institutionalists tended to see a long-term pattern of mutual influence. The actions of the State influenced society as much as society shaped politics. For example, Bismarckian laws about works councils were crucial to the formation of a particular German pattern of industrial relations and therefore of a particular form of capitalism that persists into the 1990s, and early choices about State intervention shaped American capitalism as well as the nature of government itself (Hughes, 1993; Sbragia, 1996).

The argument in favor of an historical understanding of a country and its politics is hardly novel, and for most area-studies scholars would hardly be controversial, but it would be for some contemporary social scientists. They might not be willing to accept Henry Ford's statement that 'History is bunk,' but they do contend that history is unnecessary for an understanding of contemporary political behavior. In the more individualistic framework, and especially the frame of the rational choice approach, calculations of utility or psychological reactions to certain stimuli are the proximate causes of behavior, not some deep-rooted conception of national history (Bates, 1998).

Normative Analysis

Finally, the older institutionalists tended to have a strong normative element in their analysis. As noted above, political science emerged from distinctly normative roots, and the older institutionalists often linked their descriptive statements about politics with a concern for 'good government.' This was perhaps most clearly seen in the American progressives as a self-described good government movement, but also tended to be characteristic of most of the old institutionalists. This normative element was also a target of the disciplinary reformers of the 1950s and 1960s, who argued for the positivistic separation of fact and value and for a discipline that would be concerned primarily if not exclusively with the facts.

This normative element of their analysis was another of the particulars in the indictment of the institutionalists by the disciplinary reformers during the 1950s and 1960s. Almost by definition, the institutionalists' concern with norms and values meant that this work could not be scientific, at least not in

the positivist meaning of that term (for a critique see Storing, 1962). For the old institutionalist the fact-value distinction on which such contemporary social science has been constructed was simply not acceptable as a characterization of social life. Those two dimensions of life were intertwined and constituted a whole for the interpretation and improvement of government.

Summary

The old institutionalists developed a rich and important body of scholarship. It is easy to criticize their work from the advantage of the social sciences as they have developed over the past 50 years, but that criticism is unfair to the purposes and the contributions of the older institutionalist scholars. These scholars did point to many factors that now motivate contemporary institutionalist analysis, even if not in an explicitly theoretical manner. This presaging of institutionalism is true of the structural elements of government as well as of the historical and normative elements. The new institutionalism grew up not so much merely to reassert some of the virtues of the older form of analysis but more to make a statement about the perceived failings of what had come to be the conventional wisdom of political science. Therefore, to understand the new institutionalists, we need to understand not only the old institutionalists but also the schools of thought that emerged in between the times at which the two flourished.

THE BEHAVIORAL AND THE RATIONAL REVOLUTIONS

It is quite common to talk of the behavioral revolution which occurred during the 1950s and 1960s as fundamentally transforming the discipline of political science, and to a lesser extent other social sciences like sociology. This 'revolution' did constitute a very fundamental shift in the manner in which political science was studied in the leading departments in the United States. Also, it served as the stalking horse for an even more fundamental shift in the assumptions guiding work for a significant, and increasingly influential, component of the discipline – the rational choice approach. Both of the movements have fundamentally transformed the discipline, and although they are very different from one another in some respects they also share some common features. These attributes include: Concern with Theory and Methodology, Anti-Normative Bias, Assumptions of Individualism, and 'Inputism.'

Theory and Methodology

One of the most important distinguishing features of the behavioral revolution was the explicit concern with theory development. The argument was that if political science was to be a true science then it had to develop theory. That is, it had to develop some general, internally consistent statements that could explain phenomena in a variety of settings. It would no longer be sufficient to describe politics in a number of countries and make interesting interpretations of those systems; the interpretations had to be fitted into a more general frame of theory.

As the behavioral revolution proceeded, a number of candidates for general theories were developed and 'tested.' For example, in comparative politics – the area most akin to the old institutionalism – structural functionalism (Almond and Coleman, 1960; Almond and Powell, 1967) was a major candidate for theoretical domination. This approach argued that all political systems must perform certain requisite functions and comparison therefore consisted of comparing which structures[11] performed the tasks, and perhaps how well they were performed, in various countries. Further, this approach contained a number of developmental assumptions (Wiarda, 1991), so that as political systems developed they became increasing differentiated structurally and increasingly secularized culturally.

In areas of the discipline such as voting behavior there was an ongoing struggle between those who ascribed behavior more to social factors (e.g. social class) impinging on the life of citizens (see Franklin, 1985), and those that ascribed the behavior more to psychological factors, most importantly partisan identification (Campbell, Converse, Miller, and Stokes, 1960). For both of these cases, as well as for students of the behavior of legislators (Wahlke, Eulau, Buchanan, and Ferguson, 1962),[12] judges (Schubert, 1965), and administrators (Aberbach, Putnam, and Rockman, 1981), political life tended to be a function of other characteristics of the individual, but still an individualistic phenomenon. If we were to understand the world of politics, we had to look at the people who inhabited that world and ask them why they did what they did.

Theoretical development certainly did occur as a part of the behavioral revolution in politics, and the drive to make general statements about political behavior became even more evident with growth of the rational choice approach to politics. In this approach, rather than reducing political behavior to social or psychological attributes, political behavior became a function of economic motivations and calculations. More specifically, political actors and political groups were assumed to be rational utility maximizers. For example, in one of the earliest statements of this approach, Anthony Downs (1957) assumed that politicians would maximize their utility by seeking to be re-elected. In this view, party platforms and the policies of government were means to the end of being re-elected, rather than being the ends of politics themselves (see also Fiorina, 1982).

Both the behavioral and the rational choice approaches to politics also required political science to invest heavily in methodology, and to think much more systematically about the collection of evidence. While the observations of a skilled and astute scholar would be sufficient for the old institutionalists, the newer approaches, and especially behavioralism, required careful attention to developing data in ways that were 'inter-subjectively transmissible' and replicable (PS symposium). Also, the hypotheses derived from the theories would have to be tested, and this required increasingly high levels of training in statistics and mathematics.

Anti-Normative Bias

The desire to eliminate the normative elements of political science research follows from the emphasis on developing science in political science. As noted, the old institutionalists had very clear normative concerns about making government perform better – according to their own definitions of 'better,' of course. Their concern with comparison reflected to some extent their collective desire to learn how other governments worked, and to see if there were lessons which might make their own function better. For example, when Woodrow Wilson was criticized for his willingness to learn from the imperial German bureaucracy about how best to manage a State and to translate those ideas into republican America, he argued that if one 'saw a murderous fellow sharpening a knife cleverly' (1887, p.220) one could still learn how to sharpen knives without having to adopt the sinister intentions of the sharpener. In this view, therefore, efficiency was the central value to be pursued in government.

The critics of the old institutionalists argued that there were some less clearly stated and less obvious normative implications of the old institutionalism, and that these implications were not so positive as the concern for good government. In particular, the critics argued that there was a very strong bias in favor of the industrialized democracies of the world as presenting a model, or actually the model, of how government should be run. To some extent the emphasis on formal-legal institutions tended to exclude countries with less formalized arrangements as having government in any meaningful sense. What is perhaps most interesting about this argument is that critics of approaches such as structural functionalism and 'the Civic Culture' (Almond and Verba, 1963) were quick to point out that the newer forms of analysis had many of the same biases, albeit dressed up in more complex language.

Methodological Individualism

One of the most fundamental tenets of behavioral and rational choice analysis is methodological individualism. This is the argument that only actors in political settings are individuals, and therefore the only appropriate foci for political inquiry are individuals and their behaviors. In

behavioral analysis this individualism is relevant not only for methodological reasons but also because the focus of inquiry is often the individual, whether as a voter, as a holder of opinions, or as a member of the political elite. For rational choice analysis the assumptions of individual utility maximization tend to drive the entire approach, and to give its analytical power, whether discussing individuals or collections of individuals.

This approach can make a strong claim that individuals are the appropriate focus for social and political analysis. Social collectivities such as political parties, interest groups, legislatures or whatever do not make decisions. The people within those collectivities make the decisions, and there are then rules to permit the aggregation of the individual behaviors.[13] The institutionalist answer, however, is that the same people would make different choices depending upon the nature of the institution within which they were operating at the time. They might behave in a very utility-maximizing manner while at work during the week, but behave in a more altruistic manner while at church or synagogue on the weekend. If that is true, then is it the individual who matters or the setting?[14]

Inputism

The traditional institutionalists tended to concentrate on the formal institutions of government and the constitutions which produced those structures. The behavioral revolution in political science tended to reverse completely this emphasis and to concentrate on the inputs from society into the 'political system' (Easton, 1953). What really mattered in this view of politics was voting, interest group activity, and even less legal forms of articulations, which were then processed into 'outputs.' In this conception of a political system the formal institutions of government were reduced to the 'black box,' where the conversion of inputs into outputs occurred, almost magically it appeared to critics of the approach.[15]

This characteristic of political science at the time can be seen very clearly in a number of studies of policy choices that argued that 'politics did not matter.' These studies (Dye, 1966; Sharkansky, 1968; but see Peters, 1972) all argued that politics, and especially the politics that occurred within formal institutions, could not explain policy choices as well as indicators of the socio-economic environment. Even this vein of scholarship, and its findings, were influenced by the inputism of the time. Rather than looking at the complex and largely determinative decision-making that occurs within the formal institutions making policy, this work used input measures (voting for parties, measures of openness) as the only measures for identifying the potential impact of politics.

While it can be very readily argued that the old institutionalism did exclude many interesting and important features of mass political behavior, the behavioral revolution appeared to go to the other extreme. It tended

to deny the importance of formal institutions for determining the outputs of government, even if they were to some extent interested in the behavior of the individuals within those institutions. It was the behavior, not the performance of government, that was the principal concern. Furthermore, the direction of causation was entirely in one direction – economy and society influenced politics and political institutions. Institutionalism, both old and new, argues that causation can go in both directions and that institutions shape social and economic orders. For example, most markets now are not the result of random interactions of buyers, but rather structures that have been systematically created by government through regulation and which inhibit autonomous or random actions by the participants (Whitely and Kristensen, 1997).

The rational choice approach potentially is somewhat more hospitable to institutionalism. Rational choice applies its models to both individual behavior and to collective decision-making, although always assuming that the institutions are little more than means to aggregate the preferences of the individuals who comprise them. In this view, institutions do possess some reality and some influence over the participants, if for no other reason that institutional or constitutional rules establish the parameters for individual behavior (Buchanan and Tullock, 1962). What the rational choice approach does tend to deny is that the institutions play any significant role in shaping preferences of the participants. These tend to be exogenous and determined prior to participation, something which would be denied vigorously by institutionalists.

BEHAVIORALISM AND RATIONAL CHOICE AS THE BACKGROUND FOR THE NEW INSTITUTIONALISM

The success of these two disciplinary revolutions is the backdrop against which the new institutionalism came into existence. The initial advocates of the new institutionalism, especially James March and Johan Olsen who named the movement (1984), made positive statements about what they believed empirical political theory should be. In that process, however, they were also making several more critical statements about how they believed the discipline had been led astray. They did not argue for a complete return to the *status quo ante*, but they did point to a perceived need to reassert some of the features of the older institutional analysis. In particular, they argued that the behavioral and rational choice approaches were characterized by: Contextualism, Reductionism, Utilitarianism, Functionalism, and Instrumentalism. Several of these terms are similar to my own descriptions of the nature of the two approaches presented above, but obviously were presented with more pejorative connotations by March and Olsen.

The *Contextualism* discussed by March and Olsen is very similar to the

idea of inputism advanced above. The argument that they put forward is that contemporary political science, at the time of their writing at least, tended to subordinate political phenomena to contextual phenomena such as the economic growth, class structure, and socio-economic cleavages (1984, p.738). Perhaps even more importantly, unlike the central role assigned the State in traditional institutional thinking, politics in the contemporary political science described by March and Olsen depends upon society. This is in contrast to society depending upon the State and law for defining its existence, or their existing in an organic condition of mutual dependence. Thus, scholars can talk about 'bringing the State back in' (Evans, Rueschmeyer and Skocpol, 1985; Almond, 1988) as constituting a major theoretical event and can do so convincingly.[16]

Similarly, the *Reductionism* identified by March and Olsen refers to the tendency of both behavioral and rational choice approaches to politics to reduce collective behavior to individual behavior. Further, the properties of any collectivities tend to be derived from the choices of the individuals, rather than vice versa, or even having the individuals also influenced by the norms, rules and values of the institutions. As they state (1989, p.4):

> the central faith is that outcomes at the collective level depend only on the intricacies of the interactions among the individual actors, that concepts suggesting autonomous behavior at the aggregate level are certainly superfluous and probably deleterious.

March and Olsen argue that this 'central faith' decomposes all collective behavior into its smallest components and therefore leaves no room for any appreciable impact of the larger structures in society and the polity.

The *Utilitarianism* of March and Olsen is concerned with the tendency to value decisions for what they produce for the individual, rather than as representing some intrinsic value of their own. Utilitarianism can be more clearly linked with rational choice analysis than with behavioralism. The fundamental assumption of rational choice is that people act to maximize their personal self-interest.[17] Thus, for institutionalists acting within an institutional framework involves commitments to values other than personal values, and has a pronounced normative element. Also, March and Olsen argue that decision-making is prospective and we cannot know what will be in our interest in the future – we do indeed operate under Rawls's 'veil of ignorance' (1970). Therefore, it may be fully rational to rely more upon settled institutional criteria when making decisions than to attempt to maximize individual well-being.

Thinking about history plays a significant role for the New Institutionalists, and *functionalism* represents a critique of the way in which the behavioral and rational choice approaches had dealt with history. The argument from March and Olsen is that the dominant schools of political science assume that history is an efficient process moving toward some equilibrium. Thus, structural functionalism in comparative politics

assumes that societies are moving from lower to higher forms of political organization. Similarly, students of political parties, e.g. Downs (1957) or Laver and Hunt (1992), assume that the parties move toward some competitive equilibrium based upon conscious adjustments to the demands of the political marketplace.[18] Students of institutions, on the other hand, tend to assume much less functionality in history and to assume that political processes are much less smooth and untroubled than their colleagues in other theoretical camps appear to assume.

Finally, March and Olsen claimed that contemporary political science was characterized by *Instrumentalism*, or the domination of outcomes over process, identity, and other important socio-political values. In other words, political life is analyzed as simply doing things through the public sector, rather than as a complex interaction of symbols, values, and even the emotive aspects of the political process. To the extent that political actors engage in symbolic actions, contemporary political analysis may see it as only more self-interested attempts to legitimate their policy decisions, rather than as an integral component of the art of governing. March and Olsen argue that ritual and ceremony, the parts that Bagehot (1928) once described as 'the dignified parts of the Crown,' are rendered largely meaningless by most contemporary political science.

On the basis of these criticisms of the political science of the time, and in fairness their characterizations of political science remain an accurate description in the late 1990s, March and Olsen argued for creating a new institutionalism. This New Institutionalism would replace the five prevailing characteristics of political science with a conception that located collective action more at the center of the analysis. Rather than collective action being the major conundrum that it is for economists, collective action should become, they argued, the dominant approach to understanding political life.[19] Further, the relationship between political collectivities and their socio-economic environment should be reciprocal, with politics having the option of shaping society as much as society does of shaping politics. Only with this more institutional and multi-faceted conception of politics, it was argued, could political science really be able to understand and explain the complex phenomenon which we have chosen for our subject.

THE VARIETIES OF INSTITUTIONAL THEORY

We have been asserting that the new institutionalism itself contains a variety of different approaches to institutional phenomena. Even without spreading our net too widely, it is clear that there are at least six versions of the new institutionalism in current use. Most of these refer to themselves by that term, or else allude to the existence of other forms of institutional thinking in doing their own research. This is a rich array of literature, but that very richness presents a problem of understanding. Is this really a

single approach to political science, or are the assumptions and intentions of the various versions of the new institutionalism too widely separate to be put under the same intellectual umbrella?

Institutionalism: What are We Talking About?

As well as simply taking the proclamations of most of these approaches that they are institutional, it is crucial to ask ourselves just what criteria should we think about that might disqualify any approach attempting to crash the institutionalist party under false pretenses. What makes an approach to political and social activity peculiarly 'institutional'? The details of the answer may vary in part depending upon which version is being discussed, but there should be some common core that binds all the approaches together if there is to be anything worth discussing as a common corpus of scholarly work.

Perhaps the most important element of an institution is that these are in some way a structural feature of the society and/or polity. That structure may be formal (a legislature, an agency in the public bureaucracy, or a legal framework), or it may be informal (a network of interacting organizations, or a set of shared norms). As such, an institution transcends individuals to involve groups of individuals in some sort of patterned interactions that are predictable based upon specified relationships among the actors.

A second feature would be the existence of some stability over time. Individuals may decide to meet for coffee one afternoon. That could be very pleasant, but it would not be an institution. If they decide to meet every Thursday afternoon at the same time and place, that would begin to take on the features of an institution. Further, if those people are all senators then the meeting may be relevant for our concern with institutions in political science. Some versions of institutionalism argue that some features of institutions are extremely stable and then predict behavior on that basis, while others make institutions more mutable, but all require some degree of stability.

The third feature of an institution for our purposes is that it must affect individual behavior. If we continue with our trivial example of the coffee klatch above, it may not be an institution if the members do not assign some importance to the meeting and attempt to attend. In other words, an institution should in some way constrain the behavior of its members. Again, the constraints may be formal or they may be informal, but they must be constraints if there is to be an institution in place.

Finally, although this characteristic may be sung *sotto voce* in comparison to the others, there should be some sense of shared values and meaning among the members of the institution. This view is central to the normative institutionalism of March and Olsen, and also appears clearly in other versions such as the sociological and the international versions of institu-

tionalism. Even in the rational choice version of institutionalism there must be some relatively common set of values or the incentives so central to their models would not function equally well for all participants in the institution.

Institutional Theories

The first of the approaches is that advanced by March and Olsen in their seminal article (1984) and then in a variety of other writings (1989; 1995). I will be referring to this as *Normative Institutionalism* in my discussions of this body of literature. This term was selected because of the very strong emphasis these authors place on the norms of institutions as means of understanding how they function and how they determine, or at least shape, individual behavior. March and Olsen place a great deal of emphasis on the 'logic of appropriateness' as a means of shaping the behavior of the members of institutions.[20] These values may enter the frame of reference of individuals, but are difficult to place within a utility-maximizing framework.

The most stark contrast to the assumptions of the normative institutionalists is the school of *Rational Choice Institutionalists*. Rather than being guided by norms and values, scholars working within this framework argue that behaviors are a function of rules and incentives. Institutions are, for this group, systems of rules and inducements to behavior in which individuals attempt to maximize their own utilities (Weingast, 1996). Further, institutions can answer one of the vexing problems of rational choice analysis – how to achieve an equilibrium among a set of rational egoists. These models are explicitly functionalist, and argue that institutions do emerge to meet social and economic necessities (see Knight, 1992, p.94).

The third approach to the role of structures in governance is *Historical Institutionalism*. For these scholars the basic point of analytic departure is the choices that are made early in the history of any policy, or indeed of any governmental system. These initial policy choices, and the institutionalized commitments that grow out of them, are argued to determine subsequent decisions. If we do not understand those initial decisions in the career of a policy then it becomes difficult to understand the logic of the development of that policy. As one scholar (Krasner, 1984) has argued, policies are 'path dependent' and once launched on that path they continue along until some sufficiently strong political force deflects them from it.

Empirical Institutionalists are closer to the old institutionalism than any of the groups discussed here, except perhaps the normative institutionalists. The empirical institutionalists argue that the structure of government does make a difference in the way in which policies are processed and the choices which will be made by governments. Some use very conventional categories such as the difference between presidential and parliamentary

government (Weaver and Rockman, 1993), while others use most analytic categories such as 'decision points' (Immergut, 1992a).

As we move into several of the latter areas of institutional theory the direct connections to institutionalism may become more remote. Despite that, it is important to attempt to understand the structural and institutional aspects of these theoretical perspectives in order to have a more complete picture of the place assigned to institutions in the discipline. One of the less obvious forms of institutional theory is *International Institutionalism*. By this I do not refer to the role of the United Nations or the International Monetary Fund but rather to the theoretical place assigned to structure in explaining behavior of states and individuals. One of the clearest examples is international regime theory (Krasner, 1983; Rittberger, 1993) which assumes the existence of structured interactions very much as would be expected within state-level institutions.

Finally, we will be interested in *Societal Institutionalism*, an infelicitous phrase to describe the structuring of relationships between state and society. The pluralist model of state–society relationships common in the United States assumes a very loosely coupled and largely uninstitutionalized pattern of interactions between interest groups and the State. European conceptualizations of these relationships, including corporatism (Schmitter, 1974) and corporate pluralism (Rokkan, 1966), imply a more structured interaction between official and unofficial actors in the governance process, and hence they approach institutional status (see Chapter 7). Similarly, more recent network analysis of these relationships (Knoke and Laumann, 1987; Marsh and Rhodes, 1992a) also implies a significant degree of structuring of interactions, and can be extended to cover relationships within government as well as between government and society. Thus, applying an institutionalist characterization to this body of literature does not appear to violate its basic pattern of thought, although these patterned relationships may not correspond closely to other patterns of institutional theory.

A Note on Other Disciplines

The discussion to this point has centered on political science. This is my own area of interest and expertise, and it is also the discipline within which most of the serious discussions and debates of these theoretical issues have taken place. This is in part because political science has been more eclectic than most disciplines in borrowing the approaches of others while, as argued above, institutionalism represents a return to the original foundations of the discipline. Despite their concentration in the one discipline, many of the same debates are being carried out in other disciplines in the social sciences. The fundamental methodological and theoretical issues of how to explain aggregate behavior apply in almost any human science. Can we reduce

collective behavior to merely the aggregate of individual behavior? If simple aggregation is inadequate, do we not run the risk of reifying collectivities and giving them the human properties of volition and decision that may not be appropriate?

The discussion over these issues has also been somewhat heated in economics, with the revival of a once strong strand of institutional economics[21] by scholars such as Nobel Laureate Douglass North (1990) and the increasing importance of rational choice models of political and social institutions (Shepsle, 1989; Ostrom, 1990) bridging political science and economics. As in political science there has been some reaction against the individualistic assumptions of contemporary micro-economic theory and a desire by some major scholars to understand the effects that larger, seemingly amorphous, structures exert over the behavior of presumably autonomous, rational individuals. Indeed, some of the most important concepts in economics – the market most notably – appear to possess some collective properties that extend beyond the mere aggregation of individual decisions, and which are often referred to in institutional terms (Williamson, 1985).

Sociology also has had a substantial revival of interest in institutional analysis. The conflict in sociology over this issue has not been as great perhaps as in the other disciplines, in part because the two strands of thinking have tended to co-exist somewhat better in that discipline than in others. There is a strong tradition of institutional analysis, going back to monumental figures in the field such as Marx, Weber, and Durkheim. Historical sociology also has placed a strong emphasis on the role of institutions (Wittfogel, 1957; Eisenstadt, 1963; see also Finer, 1997). More recently, the tradition of organizational sociology has tended to keep interest in non-individual behavior alive and thriving (Scott, 1995b). At the same time, sociology also has had a thriving tradition of micro-level analysis, including substantial attention to political sociology, and with that some attention to interactions across levels of analysis (Achen and Shively, 1995).

Although perhaps less controversial, there has been some revival of explicit institutional theorizing in sociology. DiMaggio and Powell (1991, p.13) provide an extensive examination of the differences between old and new institutional thinking in sociology. In particular, they argue that although the two sets of literature share many points, especially the rejection of rationalistic analysis of organizations, they differ in the sources of the irrationality they see in institutions. They also differ in the relationship of institutions to their environments and the role often assigned to politics in shaping the institutions.

The impetus for this shift in sociological theory appears to be a reaction to the rapid spread of arguments about the individuation of societies (Cerny, 1990; Zurn, 1993), and the analogous strengthening of methodological individualism in other social science disciplines, especially economics

(Scott, 1995b). Sociology also has been drawn into several of its own internal cultural wars over the extent to which globalization and homogenization of society is merely spreading Western, Weberian thinking, as well as conflicts between Parsonian and other conceptions of social action. These theses are all somewhat familiar in social thinking, and for sociology the new institutionalism has been as much or more of a return to its intellectual roots as has the revival of institutionalism in political science.

Plan of the Book

Having now identified seven institutionalist perspectives that exist within political science and sociology, I will proceed to discuss these seven one by one. As well as providing a more complete description than the one given above for each version of institutional theory I will ask a series of questions to explore the assumptions of each:

1. What constitutes an institution in this approach? What criteria can be utilized to determine whether an institution exists or not?
2. How are institutions formed? What is the process of institutionalization, and is it mirrored by a process of deinstitutionalization with the same dynamics (Eisenstadt, 1959)?
3. How do institutions change? How do they change intentionally and how do they evolve without the conscious actions of designers?
4. How do individuals and institutions interact? If institutions are assumed to mold human behavior, how is that influence exerted in practice? Is it exerted in the same way in all political institutions?
5. How does this approach explain behavior and can that explanation be falsified? Is there any way of differentiating individual and collective influences over behavior? Are there ways of generating testable hypotheses from this approach? Can those hypotheses be differentiated from those arising from other views of institutionalism?
6. What are the limits of explanation using this approach? What can it do, and what can it not do? Does it make empirical and theoretical claims that cannot be substantiated?
7. What does this approach have to say about the design of institutions? Can institutions be designed purposefully, or are they an organic outgrowth of human processes that escapes design?
8. Last, but certainly not least, is the deontological question: What is a good institution, and what normative criteria are embedded in the theory, whether explicitly or implicitly?

These questions will address the scientific status of the theory, as well as its utility for the actual description of political behavior. As is so often the case in social science research, theoretical approaches that perform well on some criteria appear to perform poorly on others, so that the researcher wishing to choose one of these approaches to institutions will be forced to choose

very wisely, and must know precisely what he or she wants to do when studying institutions.

NOTES

1. For an early and influential statement of the tenets of behavioralism in political science see Heinz Eulau (1963). For a similar statement on rational choice analysis see Riker and Ordeshook (1973).
2. 'Revived' may not be exactly the right word given that individual level behavior tended to be assumed by the older school of institutionalists, or ignored as largely irrelevant in a political world dominated by institutions.
3. For a general epistemological statement of the need to utilize complementary approaches in the social sciences see Roth (1987).
4. The 'her' here is more than an attempt to be politically correct. Gwendolyn Carter (1962) was a significant figure in the description of political institutions during the 1960s and 1970s.
5. The posthumous publication (1997) of Samuel Finer's three-volume study of the history of government is indicative of the scholarly work in that older tradition of institutionalism.
6. That remains true today, as can be seen in the school of normative institutionalists (Chapter 2) and the historical institutionalists (Chapter 4).
7. I am indebted to Harry Eckstein's (1963) introductory chapter in Eckstein and Apter, *Comparative Politics* for bringing these scholars to my attention. This happened first during graduate school and then again much more recently.
8. This conception is changing, even in the Germanic countries. See Reichard, 1997.
9. This is, of course, closely related to the legalism already discussed as a component of this approach to scholarship.
10. Again, these scholars would hardly have used the language of variance, but the logic of comparison they were using is virtually identical to the more formalized methodologies now in use.
11. One list of the requisite functions for the political system was: recruitment, interest articulation, interest aggregation, rule making, rule application, rule adjudication and political communication (Almond and Powell, 1967).
12. One exception in the early days of behavioralism was their study that focused on the roles of legislators, with those roles being determined in large part by the institutions themselves.
13. The adage in Washington, DC, is that 'buildings don't make telephone calls.' This means simply that the White House didn't call, a member of the President's staff at the White House made the call.
14. The logical 'rational choice' answer is that both behaviors maximize individual utilities at the time, but if that is the answer then the theory may not really be falsifiable.
15. For a more generous view using a wide variety of Easton's work see Kriek (1995).
16. Again, this is especially true for American political science. For most of European political science the State never really left.

17. One major problem with rational choice as 'science' is that this statement may not be falsifiable. Even if individuals act in what appears from the outside to be extremely irrational ways, it can always be claimed that in their own 'felific calculus' the decision was the right one.
18. This view could have some credibility in the two-party system of the United States (on which the arguments were based), but appears to fall apart when confronted with multi-party systems in which the parties have deep historical and ideological roots.
19. Collective action is a problem for economists because of the difficulties of designing appropriate means of aggregating individual values – the basic problem of welfare economics. Kenneth Arrow's struggles with this problem helped win him the Nobel Prize, but did not solve the fundamental problems when one begins from an individualistic position.
20. They also discuss other factors (see pp.25–8), but the normative elements appear central to their conception of institutions.
21. Scholars such as Thorsten Veblen, Rexford G. Tugwell, and John R. Commons are commonly cited as the leaders of that vein of theory in economics.

CHAPTER 2

THE ROOTS OF THE NEW INSTITUTIONALISM: NORMATIVE INSTITUTIONALISM

The phrase 'new institutionalism', and much of the impetus toward changing the focus of contemporary political science, is derived from the work of James March and Johan P. Olsen (1984, 1989, 1994, 1996). These scholars argue that political science, as well as to some extent the other social sciences, was directing far too much of its theoretical and conceptual energies in directions that would diminish the centrality of political values and collective choice. March and Olsen argued that the centrality of values in political analysis was being replaced with individualistic, and largely utilitarian, assumptions and methodologies. Those individualistic assumptions also were argued to be inherently incapable of addressing the most important questions of political life, given that they could not integrate individual action with fundamental normative premises, or with the collective nature of most important political activity.

Although they were appealing to return the discipline to its intellectual roots, there have been a number of criticisms of March and Olsen's solutions to the theoretical problems they identified (Jordan, 1990; Pedersen, 1991; Sened, 1991). These include several critiques that argue that they fundamentally misinterpreted rational choice theory (Dowding, 1994) and therefore have successfully demolished a straw person. Despite those critiques, March and Olsen and their theoretical perspectives have fundamentally reshaped the nature of the discourse in contemporary political science, and have forced substantial rethinking of the intellectual direction of the discipline.[1] Whereas at one time institutions and institutional analysis were almost written out of the discipline, they have now made a major comeback and have become a central part of the discourse of political science.

We will be referring to this particular version of the new institutionalism as 'normative institutionalism'. This title reflects the central role assigned to norms and values within organizations in explaining behavior in this approach. Another apt characterization – coming from the sociological tradition – has been 'mythic' institutionalism, reflecting the importance of organizational myths and stories in defining acceptable behavior of members of the organizations (Meyer and Rowan, 1977). Rather than being atomistic individuals reflecting their socialization and psychological make-

up, or acting to maximize personal utility, political actors are argued in normative institutionalism to reflect more closely the values of the institutions with which they are associated.

In this view individuals are not atomistic but rather are embedded in a complex series of relationships with other individuals and with collectivities (Granovetter, 1985). This complexity of interactions for most individuals with multiple institutions in their environments means that they may have to choose among competing institutional loyalties as they act. They are, however, assumed to be always influenced by their full range of organizational attachments and hence cannot be the autonomous, utility-maximizing and fully rational individuals assumed by rational choice theories. Importantly, however, neither are they the automata responding only to socialization that the inhabitants of behavioral theories of politics sometimes appear to be. Rather, the individuals must pick and choose among influences and interpret the meaning of their institutional commitments.

Another way to understand the differences that March and Olsen posit between their approach to politics and the dominant (to their minds) 'exchange' conception of politics is in the difference between exogenous and endogenous preference formation (March and Olsen, 1996). For exchange theories (meaning largely rational choice) the preferences of political actors are exogenous to the political process, and are shaped by forces beyond the concern of the immediate choice situation. For institutional theories, on the other hand, individual preferences are shaped to a large extent by their involvement with institutions (see also Wildavsky, 1987). Institutions thus to a great extent mold their own participants, and supply systems of meaning for the participants in politics, and in social life taken more broadly.

Although this approach ls labeled as a part of the 'new' institutionalism in political science, it in many ways reflects a traditional format for institutionalism encountered in sociology and organization theory. The roots of this approach are especially evident in the work of Philip Selznick (1949; 1957), but they go back even further, to the work of major scholars such as Emile Durkheim (1922; 1986) and Max Weber (Gerth and Mills, 1946; Bendix, 1960). Weber, for example, identified the manner in which cultural rules tended to constitute the basis for collective action in a variety of settings including both market and political behavior. Also, Durkheim (1992) emphasized the critical importance of symbols in structuring human behavior, inside and outside formal institutions. From its earliest days sociology emphasized the importance of values in defining the nature of institutions, organizations, and individual behavior within those structures, and that pattern of thought continues to be seen in the normative approach to institutions.

Selznick (1949, p.25ff.) differentiated between organizations as the structural expression of rational action and organizations as more adaptive and

normative structures. These two models are mirrored in the distinction made by March and Olsen (1989, p.118ff.) between aggregative and integrative political processes. The former format is in essence a contractual form for organizations, in which individuals participate largely for personal gain.[2] The latter form of organization comes closer to the idea of an institution as expressing a 'logic of appropriateness,' a central concept in the normative version of the new institutionalism. Participation in integrative institutions is undertaken on the basis of commitment to the goals of the organization, or at least an acceptance of the legitimate claims of the organization (or institution) for individual commitment.

The focus of the March and Olsen treatment of institutions is on the integrative version of these organizations. As noted, much of the reason that they developed and advocated their 'new institutional' perspective on politics was the belief that political science was becoming dominated by assumptions that structures were aggregative, and individuals were only involved in politics for personal, material gain (see, for example, Downs, 1957, 1967). Their development of the concept of aggregative organizational structures does, however, point to the way in which institutions presumably dominated by individualistic and instrumental concerns also can and must contain important normative elements. Even the advocates of free markets as solutions to socio-economic problems invest that institution with powerful normative values, e.g. 'freedom' and 'choice' (Hayek, 1973), and those institutions (and all others) cannot be understood adequately, it is argued, without including those normative statements embedded within the explanatory statements.

The work of Chester Barnard (1938; see Scott, 1995a; Williamson, 1995) in organization theory and management should be seen as another earlier root of the normative perspective on organizations and institutions. Barnard was a practical executive in the American telephone industry, but he also realized that the creation of a positive organizational culture was perhaps the best way to create effective organizations. Barnard argued from the perspective of the executive attempting to make an organization perform better, but in the process created the foundations of a theory of organizational behavior that concentrated on symbols and the role of managers in manipulating those symbols to motivate employees.[3]

As well as reflecting the institutionalist tradition within sociology and organizational analysis, normative institutionalism reflects an influence from the traditional forms of institutionalism in political science (see pp. 5–8). That tradition in political science first argued that institutions mattered more than did individual characteristics in determining behavior. In addition, institutions were conceptualized traditionally as embodying normative as well as structural elements that could be used almost equally well to explain the behavior of their individual members. For example, although using some behavioral methods and assumptions, Donald Matthews's study of the U.S. Senate (1973) demonstrated rather clearly the

existence of a number of values within that institution that shaped the behavior of its members, and severely constrained the legislative roles they might play.

In this chapter, as well as in subsequent chapters on other versions of the new institutionalism, we will be answering a series of questions about the approach. These questions are both descriptive and evaluative. What does the approach argue about certain key features of institutional life, and are these arguments internally consistent as well as persuasive? Are we dealing with genuine theories here, or are we only dealing with rather vague approaches to social life that, although they do provide some assistance for understanding, are not integrated explanations and descriptions of social action? Few, if any, approaches to social behavior are unassailable as theories (Kaplan, 1965), but we still need to assess these approaches individually to understand just how far they can take the discipline in explanation, and what work is yet to be done to provide more complete and satisfying explanations of these phenomena.

What is an Institution?

The first and most fundamental question about each approach will be how does it define an institution. The word 'institution' is used loosely in political science to mean everything from a formal structure like a parliament to very amorphous entities like social class, with other components of the socio-political universe such as law and markets also being described as being institutions (Teubner, 1986; Robinson, 1991). It is also used somewhat loosely in sociology, often seeming to mean the same thing as an organization. While there is some validity in describing each of the above structures or constraints on behavior as institutions, if this form of analysis is to make the contribution to the development of the discipline that is intended then there is a need for somewhat greater specificity.

For March and Olsen, an institution is not necessarily a formal structure but rather is better understood as a collection of norms, rules, understandings, and perhaps most importantly routines (1989, pp.21–6). They provide a stipulative definition of political institutions as:

> collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled, and what obligation of that role in that situation is.

They also define institutions in terms of the characteristics that they display, and that their members display. First:

> Political institutions are collections of interrelated rules and routines that define appropriate action in terms of relations between roles and situations.

They go on to say that 'institutions have a repertoire of procedures and they use rules to select among them' (1989, pp.21–2). Also, institutions are

defined by their durability and their capacity to influence behavior of individuals for generations (1995, p.99). Likewise, institutions are argued to possess an almost inherent legitimacy that commits their members to behave in ways that may even violate their own self-interest (1989, pp.22–3).

The numerous definitional statements taken from this one version of the new institutionalism may still leave unanswered some questions, e.g. the boundary conditions of 'appropriate' and what sort of interrelationships among rules and routines are being spoken about. Despite the multiple definitions offered in their several writings it is clear what is meant by 'institution' in their approach to the subject. It is a collection of values and rules, largely normative rather than cognitive in the way in which they impact institutional members, as well as the routines that are developed to implement and enforce those values.

Perhaps the most important feature of the March and Olsen conceptualization is that institutions tend to have a 'logic of appropriateness' that influences behavior more than a 'logic of consequentiality' that also might shape individual action. That is, if an institution is effective in influencing the behavior of its members, those members will think more about whether an action conforms to the norms of the organization than about what the consequences will be for him- or herself. Perhaps the extreme example would be the behavior of soldiers who face almost certain death but still behave 'appropriately' (Macdonald, 1983), or firemen who willingly enter blazing buildings because that is the role they have accepted as a function of their occupational choice and their training in the fire service.

This 'appropriate' behavior can be contrasted to that assumed by economic models, in which individuals are expected to think first what the objective pay-off will be for them.[4] As March and Olsen (1989, p.161) argue, behaviors will be 'intentional but not willful' when individuals are motivated by the values of their institutions. That is, individuals will make conscious choices, but those choices will remain within the parameters established by the dominant institutional values. Those choices also will require that each individual make an interpretation of just what the dominant institutional values are; even the most thoroughly developed institutions will leave many areas of behavior open to interpretation by individual members.[5] This will, in turn, require some means of monitoring behaviors and reinforcing dominant views about appropriateness.

The logic of appropriateness also operates in less extreme situations than the ones outlined above. In most cases the logic of appropriateness in public institutions may be manifested through rather ordinary activities such as serving the client as well as possible, or not engaging in corruption on the job (Johnston and Heidenheimer, 1989). These are very routine standards of proper behavior, but in this normative conception of institutions it is the routine and the mundane that appear most important. No institution will be so well developed that anomalous situations will not arise. Therefore, there

will have to be enforcement mechanisms to deal with inevitable cases of deviance, but for most decisions at most times routines will be sufficient to generate 'appropriate' performance. Perhaps as important is the simple fact that the presence of routines may help to identify what the exceptional, and therefore the important, cases for any organization are. These exceptional cases may create the common law within organizations that define what is really appropriate and what is not.

The operation of the logic of appropriateness can be seen as a version of role theory. The institution defines a set of behavioral expectations for individuals in positions within the institution and then reinforces behavior that is appropriate for the role and sanctions behavior that is inappropriate. Some aspects of the role may apply to all members of the institution, while other expectations will be specific to the position held by an individual. Further, like organizational culture there may be several versions of the role among which a role occupant can pick and choose – think of the different roles or styles of prime ministers. Despite the somewhat amorphous nature of a role, the concept does provide a means of linking individual behavior and the institution.

As with any conceptualization in the social sciences, this one appears to contain some problematic elements. One potential problem is the degree of uniformity assumed to exist within an institution. We know, for example, that even in well-developed and long-standing institutions different people will read cultural signals differently and will define 'appropriate' in very different ways.[6] Studies of organizational culture point to the existence of multiple cultures within a single organization, some of which appear 'orthogonal' to the dominant culture and which may undermine that dominant culture (Martin and Siehl, 1983; Ott, 1989). Therefore, we need to ask how much uniformity is required before we can say that an institution exists. Further, that question may differ for different social situations, depending upon the formality of rules required and the degree of variation among the 'raw material' – people – within the institution.

Another potentially problematic element of the definition arises from definitions of components of the overall definition of an institution. What is a rule and what is a routine? March and Olsen do address these questions. First, they attempt to differentiate organizational routines from the stereotypical, bureaucratic adherence to conventional behavior and precedent. In this context a routine is simply a stable pattern of behavior, without the sense that it is unchangeable, dysfunctional, or even enforceable. Very much like variables conventionally used to describe (bureaucratic) organizations, such as differentiation and specialization (March and Simon, 1957), routines are assumed to make the behavior of an organization more predictable and more rational. It may be difficult, however, to determine when that predictability ends and inertia begins.

March and Olsen also address the question of rules. Unlike many other institutional theorists rules are not the central component of their approach,

but yet must still be addressed as a part of the control of behavior within institutions and organizations. First, these scholars are concerned with rules as constitutive, i.e. as means of structuring the macro-level behavior of political systems (March and Olsen, 1995, p.21–5). Second, rules are to some extent the formalization of 'logics of appropriateness.' They serve as guides for newcomers to an organization, or are attempts to create more uniform understandings of what those logics are. Even then, March and Olsen do note that rules will also be interpreted differently and hence acted upon differently.

The final basic question that appears unanswered in normative versions of the new institutionalism is the difference between an institution and an organization. This version of institutionalism has very strong roots in organization theory, including the various sociological theories of organizations mentioned above. Further, Olsen (1988, 1991) in particular has continued to advocate the importance of organization theory for understanding politics. What are the relevant differences between institutions and organizations? Again, there appears to be no definitive answer so that the division between the two types of structure remains fluid.[7] The distinction may be somewhat easier to make if we add the adjective 'formal' in front of organization and thus apply a very strict definition for organizations and a loose, more culturally based definition to institutions.

Even with the addition of a concept of formalism in organizations the line between the two concepts remains indistinct. We may question, however, if that is a fatal flaw in the approach; numerous concepts and measures used in the social sciences share a 'family resemblance' to other concepts (Collier and Mahon, 1993). On the one hand it is – why do we need two labels for a single phenomenon, and if they are the same thing why are we talking about institutions at all? That having been said, however, even in stricter attempts to separate these two concepts of organization and institution (Habermas, 1984) there would be a certain amount of shared variance if we were to attempt to measure the two terms by more objective instruments.

Institutional Formation

The second question which we have proposed for the description and evaluation of the several institutional theories is: Where do institutions come from? Knowing how institutions are argued to be formed within each theory will convey a great deal about the power of the theory to explain a range of behaviors, as well as the general political dynamics assumed to be operating within each. So, for example, for March and Olsen, norms were assumed to be central to the nature of institutions. Where do the rules and norms that are argued to shape institutions and to govern behavior within those institutions come from?

The first answer to this question is that institutions derive a good deal of

their structure of meaning, and their logic of appropriateness, from the society from which they are formed (March and Olsen, 1989, pp.25–7). Thus, when individuals are inducted into an institution, they will in most instances have been pre-socialized by their membership in the society. Some common norms – reciprocity, honesty, cooperation – that are important for public actors are learned as a part of the general socialization process. Just as people starting a new mass-based organization will usually settle on $\frac{1}{2} + 1$ of all members voting as the standard for making a decision so too is a variety of social norms appropriate and useful for establishing political institutions.[8]

Routines appear to arise rather naturally once people begin to interact in a proto-institutional setting. Routines are means through which individual members of an institution can minimize their transaction and decision-making costs during participation. Further, they are means through which the institution can enhance its own efficiency and enable it to cope with the normal demands placed upon it (see Sharkansky, 1997). As March and Olsen (1989, p.21ff.) point out, all organizations develop routines and then employ those routines as the means of monitoring and reacting to changes within their task environments. In some way the routines define the nature of the organization – police departments will have different routines than do fire departments, although both are in the 'public safety' business (see McCubbins and Schwartz, 1984). As routines become more established and have some greater meaning attached to them the degree of institutionalization within the structure is increased.

The above are partial answers to the question of the origins of institutions, but only partial ones. For example, while individuals may bring with them a variety of values when they join most institutions, the answer does not appear very satisfying for institutions that have rules and values that are quite different from those found in the surrounding society, but which yet perform important services for that society. Again, the military or quasi-military organizations appear to be the best examples here. Even within more 'normal' political institutions the personal ambition of politicians may not correspond very well to societal norms about the role of the public official as a servant of the people. One sociological definition (Eisenstadt, 1959) of institutions, and especially bureaucracies, stresses the extent to which they are set apart from the remainder of society. If that is indeed the case then institutions seemingly cannot rely upon generalized social norms but must develop their own.

A second worrying point about the March and Olsen definition is the question of how do individuals decide to interact to create routines in the first instance? It is very easy to accept the emergence of routines once an organization or institution has been brought together and begins to function, but the initial decision to institutionalize still seems to require somewhat clearer treatment in the theory. In some ways the process of institutionalization appears to be a two-step process. First, there must be

some conscious decision to create an organization or institution for a specified purpose. The second stage appears to be then to fashion the institution over time, and to imbue it with certain values.

There is the possibility of substantial deviation in values as the original founders must implement their ideas within the context of a developing organizational structure. This implementation process requires interactions with other individuals, and hence some value drift may be expected unless there are clear means of control over the members. No matter how careful the selection of those individual members of the organization may be, there are almost certain to be some differences in values and perceptions. Those differences will influence the way in which institutional values are interpreted, and will generate a political process that will tend to result in some modifications of the initial constellation of institutional values.

Institutional Change

March and Olsen and their associates are clearer about the patterns of change within institutions once they are formed (1989; Brunsson and Olsen, 1993) than they are about the initial formation processes. The logic of change in institutions is, in fact, one of the strongest and most persuasive component of their argument (see particularly Brunsson and Olsen, 1993). The March and Olsen arguments about change and adaptation build on their earlier work, including the famous 'garbage can' approach to decision-making (Cohen, March, and Olsen, 1972). The garbage-can approach conceptualizes solutions looking for problems, with the institution having a repertoire of stock responses available when there is a perceived need to adjust policies. The argument of the garbage can is that institutions have a set of routinized responses to problems, and will attempt to use the familiar responses before searching for alternatives that are further away from core values. The institutional changes that are implemented thus conform to the logic of appropriateness, and those institutional values serve the useful function of limiting the range of search for policy alternatives ('bounded rationality') for the institution (see also Cyert and March, 1963). The logic of the garbage can is also that change is rarely a planned event, but rather the product of the confluence of several streams of activity, and opportunities for action, within the institution.[9]

The normative institutionalist literature points to the existence of several stimuli for change, but focuses on processes of learning as a principal means for adaptation (see also Olsen and Peters, 1996). The basic argument is that institutions identify and then adapt to changing circumstances in their environment through a process of learning. Changes in that environment constitute a set of opportunities for the institution, as well as a threat to its established pattern of behavior. Also, this perspective on change points to the almost random nature of change in public organizations, in contrast

to the highly purposive reform programs assumed by other approaches to institutions, especially the rational choice approaches (see pp.43ff).

Finally, in this view institutional change is not necessarily functional, but rather public institutions can misread the signals from society and can respond in dysfunctional manners. Given the adaptive model proposed, however, they will have repeated opportunities to adjust their behavior. The normative basis of the institution is an important source of guidance for which changes are appropriate and which are not, so that there is not the need to calculate outcomes extensively, as might be the case of the 'logic of consequentiality.' Although the logic of change is well explained, there does appear to be some tendency toward reification of institutions, and toward ascribing to the collectivity the capacity for choice.

In another work Brunsson and Olsen (1993) addressed the question of reform in organizations and institutions directly. They, as might be expected from the general framework, focus on the role of values in organizational change (see also Brunsson, 1989; Brunsson, Forssell, and Windberg, 1989). In particular, Brunsson and Olsen argue that the greater the degree of disjuncture between the values professed by an institution and its actual behavior, and the values held by surrounding society and the behavior of the institution, the more likely will change be. Further, in this view, change is rarely the rational, planned exercise found in strategic plans, but rather tends to be emergent and more organic.

In summary, despite its descriptive powers, the normative institutionalist perspective does appear to have some difficulty in explaining where institutions come from. This is not a trivial question. If the institutionalist perspective is to provide a useful alternative to more individualistic and purposive explanations of political life, then it must be able to say how the institutions that are so central to the theory come into being in the first instance. Further, once created there needs to be a clear logic for change. Again, this approach describes the change process well, but tends to reify the institution as the dynamic element in the changes.

Individual and Institutional Reaction

The next major question is: How do individuals relate to institutions? Although institutional explanations are conceived of as alternatives to individualistic explanations of political events, they must contain some mechanism for relating with individual behavior. This is true for both directions. That is, there must be a mechanism through which the institution shapes the behavior of individuals, and there must be mechanism through which individuals are able to form and reform institutions. Unless that linkage can be made clear, institutions will remain only abstract entities and will have little relationship with political behavior.

This question is another statement of the familiar structure – agency

question in social theory (Dessler, 1989). That is: Can we explain the behavior of individuals by the structures in which they function or do we look to individual action to explain the behavior of structures? Again, it is also evident that these interactions need not be unidirectional. Giddens (1981, 1984; see also Sewell, 1992) has argued that these relationships are 'dual,' meaning that there is reciprocal causation of agent and structure. This in turn implies a continuing dynamic process linking these two basic components of social theory, as well as a sense that institutions cannot really escape a means of linking individuals with the more formal elements of social life.

It is clear how institutions affect individual behavior in normative institutionalism. Institutions have their 'logics of appropriateness' that define what behavior is appropriate for members of the institution and which behavior is not. Some institutions, e.g. markets (Eggertsson, 1990), may also have a logic of consequentiality that will supplement, although not replace, the logic of appropriateness. For example, in even the most cut-throat markets, there are rules and accepted practices, and some practices that would not be acceptable. Members of that institution violate those norms only at their peril, even though profit is presumed to be the dominant concern in this consequentialist arrangement. A trader who violates the rules of the market risks being excluded from subsequent deals, just as a member of Parliament who violates norms about party loyalty may 'have the whip withdrawn,' and essentially be expelled from the parliamentary party.

In order for this logic of appropriateness to be effective there must be some form of enforcement. As noted above, most institutions do have those means of enforcement, even if they have no formalized means for adjudication or sanction. There are always informal means through which members can be pressured to conform. Part of the argument for positing a normative basis for institutions is that in effective institutions the sanctioning and enforcement processes are built into the structures themselves through socialization, rather than requiring an external enforcement mechanism. In the extreme this might be seen as a part of the self-criticism of the Red Guards during the Cultural Revolution in China (Lin, 1991; see also White, 1989), or at a somewhat lesser extreme in confession in religious communities, and in honor codes in military schools (Committee on Armed Services, 1976, 1994).[10] Numerous studies of informal organization operating less *in extremis* also point to the existence of means of quietly but effectively producing conformity with group norms.

The separateness of institutions from the remainder of society appears to be an important element in defining the institutions and is also important in their capacity to enforce their standards. Membership in an institution tends to be a valuable commodity for those who do belong. This is certainly the case for aggregative institutions when the members depend upon membership for their livelihood. It can also be the case for many integrative

institutions such as churches and even social groups from which individuals derive a good deal of their personal meaning in life. Even organizations within the public bureaucracy, popularly considered perhaps the least exciting place in which to spend one's time, tend to mean a great deal to their members so that deprivation of association would impose definite costs.

Although it is clear that institutions can shape the behavior of individuals, the reciprocal process is not nearly as clear. In the extreme the leader of an institution, especially a small and hierarchical institution, can produce apparent change in the behavior of the institution. Even then, however, the compliance may be only for aggregative, instrumental reasons rather than a reflection of any real changes in the values that undergird behavior. If that is so then in institutionalist terms there may not have been any meaningful change. It is important to note here the extent to which some contemporary 'management gurus,' most notably Peters and Waterman (1982), assume that the best way to change behavior of firms in the private sector is to change their values; they further assume that those changes are relatively easy to bring about.

What is more interesting and important is how individuals not in formal positions of control can initiate enduring changes within an institution. The organizational culture literature also points out that cultures within organizations or institutions are unlikely to be uniform. As noted above (see pp. 29–30) orthogonal cultures within any organization can be a source of alternative views and alternative 'logics of appropriateness,' and these cultures may be associated with individuals as well as with ideas and interests. For example, military organizations attempt to suppress internal dissent, but often cannot keep down 'orthogonal' leaders such as Charles de Gaulle and his interests in armor (Doughty, 1985), or Billy Mitchell and his interest in air power (Gauvreau and Cohen, 1942). These multiple cultures may present challenges to the leadership in any institution, and hence normal inter-organizational politics may produce changes within the institution.

Since institutions in this view[11] are to a great extent based on compliance and conformity, one source of change is non-conformity. Perhaps the most interesting accounts of producing institutional change through this method are the campaigns of non-violent resistance of Mahatma Gandhi in India (Borman, 1986), and Martin Luther King in the American South (Branch, 1988). In both instances fundamental transformations of social and legal institutions were achieved through simply not complying with many rules of the existing political order. That resistance was reinforced with moral/religious claims and further legitimated through the non-violent manner in which resistance was carried out. These are the extreme cases, but change within more mundane situations has also been achieved simply by members not going along with the status quo.

Leadership constitutes a somewhat analogous manner in which to gen-

erate change within an institution through the efforts of individuals. In this case we refer either to the capacity of an individual in a nominal role of leadership (especially within a large institution) or to an individual possessing exceptional personal capabilities to create institutional change. Few officials have been able to reshape an institution the way in which Margaret Thatcher reshaped British government (Marsh and Rhodes, 1992b; Gamble, 1994). She did have the formal position as prime minister, but most PMs have not been able to produce the type of enduring change in institutional values that she did.

Finally, linkage between the institution and individuals can be achieved through change in the individuals being recruited into the institutions. For example, military organizations around the world have been forced to react to changes in the values of their young recruits from the 1970s onwards. The traditional manner of command and authority within the military simply was not effective in motivating and controlling a new cohort of young people raised possessing more participative and democratic values (Inglehart and Abramson, 1994). The military soon found that they could generate the desired levels of performance from their troops by using very different forms of military management (Clotfelter and Peters, 1976). In this case the institution gradually changed rather than attempting to change the social patterns becoming ingrained into their 'raw material.'[12] In a (perhaps) less extreme situation the Congress of the United States has had to change significantly to accommodate the behavior of the 1994 freshmen who were generally unwilling to accept conventional practices within the legislature (Aldrich and Rohde, 1997). The norm that junior legislators, especially senators, should be seen but not heard has been challenged severely,[13] and in general the style of interaction within Congress has been altered.

A final point about the interactions of individual and institutions in the context of normative institutionalism is that institutions will attempt to reproduce themselves so that over time the institutions may harden their profile of values. For example, in the United States there are two organizations concerned with anti-trust policy – the Federal Trade Commission (FTC) and the Anti-Trust Division (ATD) of the Department of Justice. Although administering many of the same laws these two organizations have to some extent diverged over time. Thinking within the FTC has tended to become dominated by economists and economic arguments, while the ATD has recruited mostly lawyers, in part as a function of being located within a larger legal organization. The recruitment patterns of these organizations, and the values that the recruits bring with them from their academic training, solidify the patterns of thinking and acting within each organization.[14]

Institutional Design

If there is a well-developed conception of change in the normative perspective on institutions, the capacity of that version of institutionalism to comprehend and guide the design of institutions appears extremely weak. This deficiency is perhaps to be expected, given the more evolutionary and adaptive nature of the theory. While the instrumentalism inherent in rational choice approaches to institutions (see pp.58–60) makes design relatively straightforward, the value basis of institutions hypothesized within this perspective makes design more difficult and less certain.

Designing institutions from a normative perspective involves application of some sort of template or prescriptive model to the institution. We pointed out above when discussing the initial formation of institutions that although there may be a design format in the consciousness of the founders, the nature of institutions in the March and Olsen model implies that this format may not actually be implemented. Even if attempts were made to implement that template, it actually may be implemented in a significantly modified manner because of the almost inherently evolutionary nature of institutions in this theory. Thus, design (whether at the initial stage or a redesign) may not produce what the formulators desired.

This difficulty in implementing a clear organizational design is probably true to some degree for all perspectives on organizational and institutional design, but the normative version of the theory appears to make this disappointing result almost inevitable.[15] Few political institutions are capable of molding behavior of their members in quite the way that might be hoped by the formulators of an institution. Over time the process of matching individuals and institutions actually may become easier given that there will be a certain amount of anticipatory socialization. That is, the nature of an institution will become known and prospective members will know what to expect and will not join unless they agree with the 'logic' of the institution.

The Limits of Explanation

Not surprisingly, this version of the new institutionalism has been subjected to a great deal of criticism. A good deal of that criticism has come from the natural adversaries of the approach, e.g. rational choice theorists (Sened, 1991; Dowding, 1994). The critics argue that, unlike their own more explicit assumptions about human behavior, there is little if any explicit argumentation about human behavior in the normative version of institutionalism. Their methodological individualism in turn leads them to think that an approach without such a foundation cannot be useful for explaining behavior.

Criticism has, however, also been made by scholars who might be expected to be more sympathetic with the general purposes of the theory

but who believe that the theory as presented has some inherent flaws as a means of explaining political phenomena. A good number of the critiques of value-based new institutionalism focus on the internal logic of the theory, while several others focus attention on its capacity to explain political phenomena in a way that goes beyond the individual understandings of the scholars responsible for creating the theory and in propagating its use.

The most fundamental criticism of the approach is that it is, in essence, not falsifiable. That is, the criteria for the existence of a 'logic of appropriateness' within an institution are sufficiently vague that it would be difficult to say that they did not exist and that they did not influence the behavior of the members of the organization. Just as rational choice theory may not be falsifiable – the individuals in question are acting rationally, outsiders just do not understand their premises – so too it can be said that members of an institution were merely acting in accordance with their own interpretation of the institutional values. Further, as we have pointed out, most institutions have multiple sets of values and an individual may be able to pick and choose as well as to interpret, so that apparent discrepancies can be explained away.

Another strand of criticism is that by placing so much emphasis on the role of institutions and 'the logic of appropriateness' March and Olsen have removed human decision-making too completely from the process (Dowding, 1994, p.111). The argument is that even if institutions do constrain choice there will be some opportunity in practice, if not in the theory, to violate norms, or to interpret institutional values differently, or otherwise to exercise individual judgement. March and Olsen argued that rational choice analysis made individuals too autonomous, but their critics argue that they removed human agency too entirely from political decision-making.

Dowding's critique is somewhat too simple an interpretation of the argument being made by March and Olsen, but even a sympathetic critic must wonder about the autonomy of individuals as well as the autonomy of institutions in this analysis. This is especially true when the logic of appropriateness of an institution conflicts with individual or professional values. For example, traditional medical values of putting the interest of the patient first come into conflict with the clearly articulated financial 'logics of appropriateness' in managed care organizations (Mechanic, 1996). Individual physicians must then make judgements about which set of values to follow.

The Good Institution

We finally come to question of what constitutes a 'good institution' in the normative conception of new institutionalism. Given the explicit normative basis of this approach to institutional questions it appears to be an apt

question, but in some ways it is not one for which there is a ready answer. The focus of institutions from a normative basis is very much the use of internal norms to define the institution in its own terms, rather than the use of external norms to evaluate its performance or to evaluate those internal standards. Thus, in many ways, the utilitarian versions of political science so heavily criticized by the new institutionalists did provide a clearer, if perhaps inadequate, normative evaluation of institutions.

The above having been said, we can tease out an evaluative model existing within the normative version of the new institutionalism. In the first place, the emphasis on normative integration and the creation of collective values within an institution or organization does provide a way of judging the success of that institution. The problem is that this model of evaluation is very central to the conceptualization and definition of an institution in the normative model. Therefore, this evaluative criterion could evolve into a simple dichotomy of success or failure, with little possibility of measuring degrees of success. That is, if there is no creation of a common value system within an organization then there really cannot be said to be an institution in existence.

If we search for a more sensitive assessment of the quality of an institution, then we can think about the extent to which a common ethic is created within the organization and the way in which it is operative among the members of that organization. As noted already, the organizational culture literature (see also Morgan, 1997) argues that there is a variety of cultures that can exist within a single institution. This raises the possibility that the incomplete socialization of members will characterize some, if not many, institutions. If indeed the creation of a common value system – a common 'logic of appropriateness' – is the best way to understand an institution, then the extent of variations within that culture can be utilized to judge the relative success of the institution and the process of institutionalization.[16]

We might even go further to ask if the internal culture that has been created is indeed appropriate for the challenges facing an institution and the tasks that it must perform. An inconsistency in cultures is likely to develop across time as an institution recreates an internal value system that is incompatible with a changed environment. Some of the most egregious examples of dysfunctional cultures being perpetuated come from military organizations and the tendency of generals to fight the last war. The failure to adapt is not, however, limited to military organizations since 'myopic learning' (Levinthal and March, 1994) or 'pathological learning' (Olsen and Peters, 1996) has been identified in a large number of organizational settings. This would add a more direct performance element to the discussion of institutions, something akin to the project of the 'empirical institutionalists.'

SUMMARY

The new institutionalism began with the attempts of March and Olsen to recreate, or to save, their favored version of political science. They believed that this preferred approach to the discipline was being threatened by the incursions of both economic and social-psychological explanations for political problems. Both of those alternatives emphasized the role of the individual in making political choices and tended to conceptualize the individual largely as an autonomous actor. The autonomous nature of action was more apparent in the economic models, but was also evident in behavioral approaches.

The March and Olsen perspective proposed several important theoretical components for political science as a discipline. One such element was the return to its institutional roots and to a sense of the collective, as opposed to individual, roots of political behavior. Individuals are important in their model and still ultimately must make the choices, but those choices are largely conditioned by their membership in a number of political institutions. In this view the structure–agency problem is resolved through the individual accepted and interpreting the values of institutions.

A second crucial element of the March and Olsen view is that the basis of behavior in institutions is normative rather than coercive. Rather than being guided by formal stated rules the members of institutions are more affected by the values contained within the organizations. As we have already pointed out, although this normative element of the March and Olsen theory is appealing, in many ways it also constitutes a serious weakness in theoretical terms, given that it may make the theory unfalsifiable. There is no independent means of ascertaining whether it was values that produced behaviors, and no way of arguing that it was not the root of the behavior.

NOTES

1. Almond's (1988) characterization of a 'discipline divided' is even more apt because of the continuing, and growing, influence of institutionalism.
2. In terms of Etzioni's scheme of organizational analysis this would be a 'calculative' involvement of the individual with the organization.
3. Like other versions of 'human relations management' this approach has the potential to be manipulative, but is perhaps still more normative and humane than traditional hierarchical management.
4. Rational choice theorists might explain the behavior of the soldiers as a willingness to trade probable death for certain death if they refuse orders, or as placing a very high value on not showing cowardice. Thus, their behavior becomes 'rational,' once the operative set of rewards and sanctions is understood.
5. The possible exception would be 'total institutions,' but even then the inmates are able to define some spheres of personal choice (Goffman, 1961).

6. For example, the large literature on 'informal organization' existing within formal organizations points out just how important norms that may be at odds with the formal norms are in explaining behavior.
7. As we will note later this tends to be true for all manifestations of institutionalism coming from the sociological tradition. Pedersen (1991, pp.132–4) provides a thorough discussion of this question.
8. Rational choice institutionalists might argue, however, that this voting standard is rational rather than merely traditional (Buchanan and Tullock, 1962). It simply is a means for minimizing total costs within an organization.
9. Kingdon (1994) has a rather similar idea about the convergence of streams for agenda formation.
10. These values have notably been breaking down at the United States Naval Academy, and perhaps in other places within the military. This breakdown can be considered as a process of deinstitutionalization, especially within a normative framework.
11. This importance of compliance is also true for some versions of the rational choice perspectives in institutions, e.g. that based on rules (see pp.48–9).
12. A similar change has occurred after the American military began to integrate women into the combat arms, rather than confining them to traditional positions such as nurses and clerk/typists. The women brought different values about organizations and even about violence that had to be accommodated within the existing organizations.
13. This was not the first time. When Shirley Chisholm was elected to Congress in the 1960s she refused to accept her committee assignment (Agriculture) and challenged the system of committee distribution. Agriculture was a prestigious assignment for a freshman, but was largely irrelevant for Chisholm's constituents in Harlem.
14. The argument is that redundancy may be functional rather than dysfunctional (Landau, 1969; Bendor, 1985) for the policy area. By having the alternative perceptions of the issues there can be greater certainty that all cases of monopolistic behavior will be prosecuted.
15. This realism may be in fact a strength of the approach rather than a failing.
16. Given the influence of Philip Selznick (1949; see below, pp.26–7) on this body of literature, the creation of that common value system can be seen as a measure of the success of the leadership of the institution. Similarly, Barnard placed the onus of creating the common culture on the leadership.

CHAPTER 3

RATIONAL CHOICE THEORY AND INSTITUTIONAL THEORY

The second approach to institutions which we will discuss is to a very great extent the antithesis of the first. Indeed, the growing dominance of rational choice theories in political science was a principal concern motivating March and Olsen to advocate their normative version of the new institutionalism. Given that rational choice theory depends for its analytical power upon the utility-maximizing decisions of individuals, it would appear that attempting to relate that theory to institutions and the constraining influence of institutions would be contradictory and inappropriate. Despite the individualistic basis underpinning their analytic approach, rational choice institutionalists have understood clearly that most political life occurs within institutions (see Tsebelis, 1990), and that to be able to provide a comprehensive explanation of politics their theories must address the nature and role of political institutions. Thus, there has been a flowering of rational choice literature on political institutions, including legislatures (McCubbins and Sullivan, 1987; Shepsle and Weingast, 1995; Tsebelis and Money, 1997), cabinets (Laver and Schofield, 1990; Laver and Shepsle, 1995), and bureaucracies (Johnson and Libecap, 1994; Wood and Waterman, 1994).

Rational choice theories must also be able to cope with somewhat more amorphous institutions such as the legal system (Posner, 1986; Robinson, 1991) and electoral systems (Rae, 1967; Taagapera and Shugart, 1989) in order to have the analytic generality and power that their advocates argue those theories do have. We have already pointed out that the term 'institution' means a variety of different things to different people, and these less formalized structures and understandings are crucial to the maintenance of society. Some economic theorists (Becker, 1986) have gone so far as to apply rational choice analysis to social institutions such as marriage. Although the predictions of the rational choice analyses are infrequently tested directly (but see Coneybeare, 1984; Hood, Huby, and Dunsire, 1984; Wood and Waterman, 1994), their more formalized discussions are capable of providing interesting insights into the nature of social structures and the behavior of individuals within those structures.

Despite the possible contradictions (at least according to March and Olsen), there are several different approaches to institutions that depend upon the underlying logic of rational choice approaches. Dunleavy (1991, pp.1–2) contrasts 'institutional public choice' with 'first principles public

choice,' but the fundamental logic is the same for both strands.[1] More recently Keman (1996b) has made somewhat the same distinction, arguing for the utility of 'institutional rational choice,' and Fritz Scharpf (1997) has written about 'actor-centered institutionalism'. In all of these theoretical approaches institutions are conceptualized as collections of rules and incentives that establish the conditions for bounded rationality, and therefore establish a 'political space' within which many interdependent political actors can function. Thus, in these models, the individual politician is expected to maneuver to maximize personal utilities, but his or her options are inherently constrained because they are operating within the rule set of one or more institutions.[2] Thus, unlike some aspects of institutional theory, there are clear actors contained in the picture, rather than just a set of rules and norms.

Whether defined specifically as institutional or not, the various rational choice approaches to institutions all presume the same egoistic behavioral characteristics found in rational choice approaches to other aspects of political behavior. In addition, however, the institutional variants of the approach focus attention on the importance of institutions as mechanisms for channeling and constraining individual behavior. The basic argument of the rational choice approaches is that utility maximization can and will remain the primary motivation of individuals, but those individuals may realize that their goals can be achieved most effectively through institutional action, and find that their behavior is shaped by the institutions. Thus, in this view, individuals rationally choose to be to some extent constrained by their membership in institutions, whether that membership is voluntary or not.

One important difference between institutional public choice and other versions of the theory is the source of preferences and definitions of personal interests. For most rational choice theorists those conceptions are exogenous to the theories and of little or no concern to the theorists. Institutional versions of the theory, however, must be concerned with how individuals and institutions interact to create preferences. The argument is even if individuals may become involved with an institution, including one such as the market that is assumed to be favorable to individual utility maximization, they must quickly learn more accommodative norms and accept institutional values if they are to be successful in those institutions (North, 1990). As institutions become more successful they are more able to shape individual preferences, sometimes even before they formally join the institution. In institutional rational choice some preferences, e.g. a general drive toward utility maximization, appear to be exogenous, while some preferences also may be endogenous to the organization.

THE RATIONALITY OF INSTITUTIONS

The apparent contradiction in rational choice institutionalism is resolved in practice, if for no other reason than that individuals realize that institutional rules also constrain their competitors in whatever game of maximization those competitors may believe themselves to be involved in (Weingast, 1996). A set of rules can arise within organizations that structures behavior and establishes the bounds of acceptability. Further, the existence of those rules ultimately benefits all participants, and perhaps also society as a whole. Institutions are capable of producing some predictability and regularity of outcomes that benefits all participants in an institution, and also clarifies the probable range of decisions available to societal actors not directly involved in the process of any particular organization. Thus, businesses may benefit from a regulatory regime established by government, even though they may complain about some of its particular constraints.[3]

This capacity to produce collective rationality from rational individual actions that might, without the presence of the institutional rules, generate collective irrationality is a central feature of the rational choice perspective on institutions. Indeed, as much as being a mechanism for understanding the nature of institutions, as is true for most other versions of institutionalism, this body of literature appears principally interested in the manipulation and design of institutions. Unlike most of the other approaches to institutionalism the rational choice school assumes the existence of a behavioral element – individual maximization – and points out that individual maximization will produce dysfunctional behavior such as free-riding and shirking. This approach then proceeds to design institutions that will use the behavior of those individuals to produce more socially desirable outcomes.

The recognized capacity of institutions to constrain individual behavior also provides rational choice analysts with an important gateway for approaching institutional design (see below). Unlike most other approaches to institutionalism, rational choice theorists do have an explicit theory of individual behavior in mind when they set about manipulating political structures. Thus, those theorists can advocate the development of institutions that possess incentives (both positive and negative) that should, at least within the parameters of their theory, produce the pattern of behavioral outcomes desired by the designers. Within this approach institutions are conceptualized largely as sets of positive (inducements) and negative (rules) motivations for individuals, with individual utility maximization providing the dynamic for behavior within the models.

VARIETIES OF RATIONAL CHOICE INSTITUTIONALISM

We have so far been discussing rational choice theory as if it were a single entity. There are, however, a variety of different rational choice perspectives on institutions, despite the tendency of some critics to lump all these perspectives together as one (Green and Shapiro, 1994; Rothstein, 1996). In particular, we will discuss principal–agent models of institutions, game-theoretic models of institutions, and rule-based models of institutions as components of the broader rational choice approach.

Despite the significant internal differences among the approaches discussed below, these models also contain some fundamental and important similarities. These similarities in the rational choice approaches include:

a. A Common Set of Assumptions. The different variations of the rational choice version of institutionalism all assume that individuals are the central actors in the political process, and that those individuals act rationally to maximize personal utility. Thus, in this view, institutions are aggregations of rules that shape individual behavior, but individuals react rationally to those incentives and constraints established by those rules. Also, most individuals are expected to respond in the same way to the incentives.

   Following from the above analysis, institutions tend to be defined by rules and by sets of incentives. This is not unrelated to the notion that institutions are defined by values, but the intended compliance mechanism does appear to be different. Whereas compliance within normative institutionalism is moral and normative (see Etzioni, 1963), it is more calculative in the rational choice version of institutionalism. In the terms used by Scott (1995a), most rational choice analysis tends to be 'regulative' rather than 'normative' or 'cognitive.'[4]

b. A Common Set of Problems. As noted, rational choice approaches all are concerned with ways of constraining the variability of human behavior and in solving some of the classic problems which arise in political and other forms of collective decision-making (Bates, 1988). In particular, most rational choice approaches are attempting to solve the 'Arrow Problem' (1951; 1974) of how groups of people can make decisions that satisfy the conditions of a social welfare function without having that decision imposed through authority.[5] Institutions create what Shepsle (1989) referred to as a 'structure induced equilibrium' through their rules on voting, so that certain types of outcomes are more likely than are others.

   The other problem common to the rational choice perspective on institutions is coordination and control of the public bureaucracy. The theory posits that there is a problem of ensuring that organizations, as well as individual bureaucrats, will comply with the wishes of political leaders. The basic task of institutional design therefore becomes to

develop configurations of institutions that will ensure compliance by their members with the wishes of their 'principals' (Horn, 1995).

c. A Tabula Rasa. Unlike other models of institutions being discussed here, the rational choice perspective assumes that institutions are being formed on a tabula rasa. The outcomes of the design process are determined by the nature of the incentives and constraints being built into the institutions. The assumption appears to be that the past history of the institution or organization is of little concern and a new set of incentives can produce changed behaviors rather easily. This view is in marked contrast to the historical institutionalists, but also appears to be incompatible with the normative institutionalists who would assume some persistence of values once they are learned and internalized by individuals.

INSTITUTIONS AS RULES

The first version of rational choice approaches to institutions, usually associated in political science with the work of Elinor Ostrom (1986, 1990; Ostrom, Gardner, and Walker, 1994), can be seen as utilizing rules as a means to 'prescribe, proscribe, and permit' behavior. This version of institutionalism is also common in institutional economics and economic history. For example, Douglass North has discussed institutions as 'the rules of the game for society or, more formally, ... humanly devised constraints that shape human interactions' (1990, p.3). For North and other institutional economists (Eggertsson, 1996) one of the most crucial set of rules defining the institution of the market is the property rights regime developed within a political system. Without the capacity of government to make and enforce those rules the market could not function. This simple fact appears lost at times on politicians on the political right who assume that the 'free market' is the solution for all the problems of society.

This version of the rational choice approach conceptualizes institutions as aggregations of rules with members of the organizations – or institutions – agreeing to follow those rules in exchange for such benefits as they are able to derive from their membership within the structure. This definition is actually very little different from definitions of institutions employed in normative institutionalism, both relying upon establishing standards of behavior to establish the nature of the structures. The principal difference arises in the differential degrees of formality, and particularly enforceability, implied by the terms 'norm' and 'rule.'

The rationality component of the behavior in this form of institutionalism becomes apparent in two ways. The first is that individuals can gain some benefits from membership in an institution and therefore are willing to sacrifice some latitude of action in order to receive those benefits. Among the more important benefits might be some greater predictability of the

behavior on the part of other individuals if they all are constrained by their institutional membership. Thus, unlike the famous conclusion of Mancur Olson (1965; see also Birnbaum, 1988), that rational individuals would not belong to most political organizations, this approach to institutions argues that they can do so quite rationally, and will do so quite readily.

Another element of the rationality of rule-based institutions comes somewhat closer to Olson's analysis of organizations and institutions. Ostrom argues that the leadership of an institution has a pronounced interest in having their rules followed. Her research has been particularly interested in institutions devised to cope with some of the thornier problems of public policy, e.g. common pool resources and the 'tragedy of the commons' (Hardin, 1977; Ostrom, 1990) that can result from the exploitation of those resources. In this policy setting rules are crucial for regulating the behavior of individuals when their rational pursuit of individual gain might produce outcomes that would be collectively undesirable. In the setting of 'the commons' some mechanism for making and enforcing binding decisions is crucial to the success of the institution. Without those rules the policy area would degenerate into something of the egoistic free-riding and defection conceptualized by Olson.

An interesting variation of this constraint argument is that national, or other collective, actors may have some of the same incentives for joining institutions that individual actors may experience. For example, nations may have an incentive to join institutions such as the European Union or the North American Free Trade Agreement. First, organizations of this sort can constrain the competitive behavior of their competitors and produce a relatively level playing field for all actors. Further, a country can use the external institution as a scapegoat to impose policies on their public that might otherwise be politically unacceptable (see Mann, 1997). Membership in the European Monetary System, for example, may be a means for imposing a more restrictive economic policy than might otherwise be politically feasible.

DECISION RULES

The alternative view of the role of rational choice theory in institutional analysis also depends upon rules, but these rules are conceptualized as fulfilling a significantly different purpose. Kenneth Arrow won the Nobel Prize in 1972 largely for his contributions to welfare economics (1951), specifically the observation that it was impossible to develop a social welfare function that would be guaranteed to generate a decision satisfying the preference orderings of all participants in a society. The only route around that problem was the imposition of a decision by the authority of some dominant actor. That is to say, most voting systems do not produce

decisions that perfectly match the preferred alternatives of participants in ways that would maximize their collective welfare.

Institutions are a means for eluding this fundamental problem of collective action. Institutions provide a set of agreed upon rules that map preferences into decisions. In any one decision the rules may produce outcomes that violate the criteria advanced by Arrow, or other criteria coming from welfare economics or even from democratic theory. The virtue of the institution is that the rules are agreed upon in advance so that the participants realize what they are agreeing to when they join the institution.[6] Further, given that members of an institution will participate in a number of decisions, they can make up for losses on one round in subsequent iterations of the 'game.' From the perspective of rationality, institutions provide a stable means of making choices in what would otherwise be an extremely contentious political environment.

This approach to institutions is also associated with a Nobel Prize, although perhaps somewhat less directly that Arrow's. One of the pioneering works in this tradition was James Buchanan[7] and Gordon Tullock, *The Calculus of Consent* (1962). These two scholars provided a public choice interpretation of constitutions and hence of the foundations of political institutions. They considered writing constitutions as a question of institutional design (see also Sartori, 1997) and as a process that could be performed best if the framers considered what the decision rules contained within their documents did to the aggregation of preferences. Among other things Buchanan and Tullock provided in their discussion of constitutional rules was a rational justification of the common practice of majority voting.

INDIVIDUALS WITHIN ORGANIZATIONS

The third version of rational choice institutionalism can be described as 'individuals within institutions.' The perspective here is one of the rational actor who is attempting to utilize institutions to fulfill his or her individual goals. For example, William Niskanen (1971, 1994) has argued that the leaders of bureaucratic organizations in government use their positions to maximize personal utility, usually through instruments such as larger budgets and larger allocations of personnel. These allocations are assumed to generate for the 'bureau chief' personal benefits such as a higher salary, a thicker carpet, and greater personal prestige. Also working within the context of bureaucracies, Anthony Downs (1967) examined the strategies which the rational actor can pursue to enhance personal utility as well as to enhance organizational performance.

Similar modes of analysis have been developed for looking at legislative organizations. Here the question is how does the rational legislator work to enhance his or her own career (Fenno, 1978; Fiorina, 1982), to exercise legislative oversight on bureaucracy (McCubbins, Noll, and Weingast,

1987), or perhaps even to pass legislation in committees (Krehbiel, 1991). The modeling of these institutions is in many ways more difficult than for bureaucracies, given the multiple roles played by legislators and their having to play the 'game' against a number of equally (it is assumed) self-aggrandizing legislators.

This body of research, and especially Niskanen's, has been criticized any number of times (Coneybeare, 1984; Blais and Dion, 1991). Despite that criticism, they constitute a powerful analytic tool for examining public bureaucracy, legislatures, and other public organizations. They are, however, in many ways less theories of institutions than theories about how individuals use formal structures as an ecology within which to maximize personal interests. They become theories of institutions as the personal actions begin to produce actions by the institutions, with the institutions frequently becoming reified as rational actors themselves, rather than the reflections of the collective actions of the individuals within them.

PRINCIPAL–AGENT MODELS

Interactions among institutions, and between individuals and institutions, can be considered from the perspective of principal–agent models. This perspective can be applied within organizations as well as serving as a means of understanding interactions among groups of institutions within the public sector. For example, within a public organization the leader of that organization (whether minister or administrator) may operate as the agent for his or her fellow employees. Numerous studies of public budgeting, for example, discuss the importance of a leader being able to fight his or her corner and bring back the budgetary goods for the organization (Heclo and Wildavsky, 1974; Savoie, 1990; Wildavsky, 1992). Likewise. the Niskanen model of bureaucracy could be recast, and be more realistic (Hood, Huby, and Dunsire, 1984; Blais and Dion, 1991), if the 'bureau chief' were cast as the agent for the employees. The major effect of the expansion of a bureau is not that the chief gets more money or benefits but that there are more desirable managerial posts for subordinates.

The principal–agent model is also widely used for certain groups of public institutions or organizations. For example, this has become perhaps the standard means of analyzing regulatory policy, especially in the case of the United States which has a number of independent regulatory commissions (McCubbins, Noll, and Weingast, 1987; Cook and Wood, 1989). The problem identified here is how to design these structures so that the principal (Congress) can ensure that the agent (the agency) fulfills the principal's wishes. Strategies have included using incentive structures so that the agents have some motivation to comply – especially by overcoming

information asymmetry (Banks and Weingast, 1992), and by using oversight (McCubbins and Schwartz, 1984; Lupia and McCubbins, 1994) as a means of ensuring compliance.

This approach is rarely as self-consciously interested in institutions as are several of the other approaches, although it must address some of the same questions we are raising about institutional theory. If, for example, an institution is to act as an agent for some other political actor in society, how can we define an institution and is it sufficiently integrated as an entity to fulfill that function? For example, some regulatory agencies have a variety of functions and have some latitude to choose among them, at least in terms of the emphasis placed on one function or another (see Niskanen, 1971 on multi-purpose organizations). Can these institutions really function as an agent, or are they able to choose their own principal and their own signals?

Further, these models tend to vastly oversimplify the complex nature of regulatory policy. For example, many of the major changes in the behavior of agencies in the United States have been the result of changes in the administrative law doctrines applied by the courts rather than institutional design of the principal–agent relationship. In the early 1970s the courts substituted the 'hard look' doctrine[8] for the previous lenient interpretation of the latitude permitted to agencies to construct their own interpretations of congressional statutes (Gormley, 1989). We may be able to conceptualize the courts as another principal for the agents, but that appears to do violence to the general conceptualization of the model.

GAME-THEORETIC VERSIONS OF INSTITUTIONS

As mentioned above compliance is one of the principal concerns of the rational choice version of institutional theory, and to some extent of all institutional theory. The problem of compliance can also be conceptualized as a set of games played between actors (usually legislators) attempting to ensure the compliance of other actors (usually bureaucrats), while those bureaucratic actors generally seek greater latitude for action. The problem for the actors who design the 'game' therefore is to construct a pay-off matrix that makes it in the interest of those actors to comply (Calvert, 1995; Scharpf, 1997). In this game, the designers must also do something to ensure that the legislators uphold their end of implicit or explicit bargain between the sets of actors.

The bureaucrats in this model are not assumed to be evil but only self-interested, and they naturally desire greater latitude to pursue their own versions of the public interest in their policy area, as well as any individual interests (as in the Niskanen model) they are able to advance through the activities of their organization. Likewise, the legislators are not assumed to be pursuing inappropriate goals,[9] but rather are merely attempting to

ensure that their own version of good public policy is the policy that is implemented at present and in the future, a goal very much in accord with ideas of democracy (Rose, 1974).

If this game is played only once then defection and non-compliance is usually relatively costless for any participant; he or she can win by any means available and there is no opportunity for reprisal. The literature on game theory points to the importance of repeated games as a means of establishing greater cooperation and mutual compliance among the participants in a game. Axelrod (1984), for example, points to the development of 'tit-for tat' strategies in repeated plays of Prisoner's Dilemma[10] games. Players are punished when they defect and rewarded when they cooperate; hence, over time they settle down to an equilibrium of mutual compliance. These experimental results appear to be repeated in real-world bargaining situations. For example, Peters (1997a) points out that the tendency of 'games' among nations within the European Union is to be played differently when they are conceptualized as only one iteration of an ongoing political process. These assumptions are, therefore, markedly different from the normative view of institutional behavior which would assume that the actors would behave appropriately because of their acceptance of institutional values.

The game-theoretic conception of institutional theory shares a great deal with the principal–agent model. Both are centered on the compliance problem, assuming that legislators are attempting to identify ways to prevent defection by bureaucrats. The difference between the two versions of rational choice institutionalism appears to lie in how the process of compliance in conceptualized. In the principal–agent model the process is conceptualized as being performed largely through rules, with the activity of control being unidirectional. In the game theory version, however, the problem is more bilateral with both sets of actors attempting to commit the other to complying with the terms of their tacit bargain.

QUESTIONS ABOUT INSTITUTIONAL THEORY

With some picture now of the principal ideas behind rational choice approaches to institutions, I will proceed to ask the same series of questions that were asked about the normative approach. Despite the numerous alternative ways of thinking about rational choice within institutions, the differences among the answers to these questions are not very great. As already noted there is a common set of assumptions and principles that underpins this work and which provides a reasonably integrated conception of how political institutions function.

What is an Institution?

We will now proceed to answer the questions we have set for ourselves. Given that we have at least four alternative views of institutions within this broad umbrella of rational choice analysis, the answers may not be simple and some nuancing of answers will be required. Indeed, in some cases the characterizations of these sub-approaches will be quite different. This may at once speak to the power and flexibility of this approach to politics, as well as to its tendency to become all things to all people. If the same general perspective on political action appears in so many guises relative to institutions, is it falsifiable, or is it just a general viewpoint on political life that really adds little to the armamentarium of the researcher in the discipline?

The first question then is: What is an institution? These various sub-approaches are not entirely clear on this point, although they do vary somewhat in their clarity. The degree of clarity is largely a function of whether they began life attempting to be theories of institutions or whether that role has been thrust upon them by my reading of them. For example, the Ostrom approach does provide a reasonably clear definition of an institution. She argues (Kiser and Ostrom, 1982, p.179) that institutions are:

> rules used by individuals for determining who and what are included in decision situations, how information is structured, what actions can be taken and in what sequence, and how individual actions will be aggregated into collective decisions ... all of which exist in a language shared by some community of individuals rather than as physical parts of some external environment.

At the other end of the spectrum Buchanan and Tullock (1962) never produce a stipulative definition of an institution, but rather talk in terms of constitutions and constitutional rules. The manner in which those rules are seen as working are, however, very similar to Ostrom's definition of an institution.

The scholars stressing the role of institutions as decision rules sometimes assume a definition of institutions, using almost a commonsense descriptive definition of specific institutions, or of structural features of politics – law or corruption. What these scholars do that is important in developing theories of institutions is to differentiate exogenous and endogenous institutional questions (Shepsle, 1986; Weingast, 1996). Exogenous institutions are taken as fixed factors for a model, with the focus of the analysis being on their consequences for political life.[11] In the case of endogenous institutions, the question becomes why institutions take on particular forms. Neither of these views provides an unambiguous definition of these questions, but they do point to significant features of institutions that require further research.

Finally, the principal–agent model of institutions provides a very clear definition of institutions as structures of relationships between principals

and agents. What this body of theory does not do, however, is to differentiate clearly those relationships encountered within an institutional format from the more general case of principal–agent models. This omission may be by design, i.e. the analysts may assume no significant differences, but the question does appear important. If we adopt the Ostrom view of institutions then principal–agent relationships should be conceptualized as being constrained by a set of organizational rules in addition to the more individualistic assumptions that govern their usual forms of interaction, and hence must be considered as fundamentally different.

In all of these definitions, or proto-definitions, of institutions there is a reliance on rules in separating the institutional from the non-institutional. The implicit argument is that individuals left to themselves would be too individualistic or behave too randomly, and therefore some means of structuring their behavior is required for the collective good. The only contrary case would be researchers who are simply interested in the way in which exogenously formed institutions affect behavior. Thus, in this view individual utility maximization is the source of explanation, but it is far from the normative standard it is sometimes argued to be by critics of rational choice approaches. On the contrary, utility maximization appears in a context in which individual behavior is something to be constrained and shaped, rather than something to be loosed upon others.

Institutional Formation

Once we know what an institution is, we must then ask how they come into being. Institutions do not appear automatically because they are needed, but must be created (but see Sugden, 1986). The various rational choice perspectives tend to be better at defining institutions than they are in describing and explaining the processes by which institutions are created. This is perhaps to be expected, given the general orientation of the approach. It is strong on providing explanations for behavior within existing sets of rules than it is in explaining the processes through which those rules are created. More than the other approaches the rational choice version takes institutions as givens, or as something that can be easily created, rather than the consequence of an historical and differentiated process.[12]

The general assumption, coming in part from Hayek (1967), appears to be that if there is a logical need for the institution it will be created, given that actors are rational, or that it will emerge. As Terry Moe (1990, pp.217–18) one of the leading rational theorists working in institutionalism argues:

> economic organizations and institutions are explained in the same way: they are structures that emerge and take the specific form they do because they solve collective action problems and thereby facilitate gains from trade.

This is a highly functionalist explanation for the emergence of institutions, leaving aside almost entirely the necessity for human agency.

The major exception to the above somewhat negative generalization is for the 'endogenous' version of the 'decision rules' version of rational choice. The principal question for this perspective is, in fact, the logic of forming institutions and the structure of the rules that are selected to match (and shape) particular decision situations. For example, how can regulatory systems be designed in order to maximize the effective control of legislative organizations over the bureaucracy, and how can these be made to persist beyond the duration of any particular legislative period (Horn and Shepsle, 1989)? Also, how can electoral systems be designed to generate certain types of desired outcomes, e.g. decisive majorities for the winning party, or fair proportionality of outcomes. Similarly, institutional voting rules can be structured to produce a variety of different outcomes, or to distribute power in desired ways (Garrett and Tsebelis, 1996).

Sened (1991) provides perhaps the clearest explication of this endogenous, rational choice approach to institutions. He argues that institutions arise from the desire of one or more individuals to impose their will on others.[13] Further, those individuals must have the capability to manipulate the political structure in order to create such an institution, and must anticipate that they will be better off with the institution than without it. This runs counter to the general emphasis on uncertainty in most accounts of organizational formation and their preference for general welfare, as opposed to individual welfare goals for institutions (Tsebelis, 1990). This argument does make the formation of institutions a rational action for the initiators, just as opposition may be rational for individuals who would be better off without the institution, or with some other institution.

The logic of the failure to provide explanations for the formation of institutions can be seen in Mancur Olson's early work on organizations and institutions. Given that he found that membership was irrational, it seems that formation would be even less rational, if that term admits comparison. The way that was found around the problem at the time was that entrepreneurs (Frohlich, Oppenheimer, and Young, 1971; see also Kingdon, 1994) would be the imperfection in the system that would drive it forward. That is, particular individuals would have to perceive that they could gain from the creation of an institution, and be willing to invest (time and other resources) in its creation. This solution is consistent with the approach, given that it depends upon the utility calculations of individuals, but appears more applicable to the formation of small groups than to the formation of larger social and political institutions. Even there, however, the actions of individuals may be crucial, as seen in the dominant role of the 'founding fathers' in writing the Constitution of the United States, or a few leaders in formulating the designs for other constitutional arrangements.

For some versions of the rational choice approach the origin of institutions is irrelevant. If the interest of an analyst is entirely in modeling the

consequences of particular sets of decision rules on behavior or policy outcomes, then where those rules have come from appears of little or no concern. While that absence of concern might be so, the debates surrounding the formation of rules may say a good deal about their presumed effects, and therefore about what the rules really 'mean.' If we return to the example of the United States Constitution then the 'intent of the framers' has been a powerful component of interpretation since the document was written. Thus, for an analyst coming from the normative perspective on institutions the understandings reached when forming the rules may be as significant as the actual rules themselves.

Institutional Change

Much the same can be said for arguments about how institutions change. These ideas do not appear to have been particularly well developed. Again, in some versions of rational choice analysis institutional change is not particularly important, given that the analytic purpose is to assess the impacts of structure on behavior and policy. This is another statement of the fundamental analytic difference between variance theories and process (institutionalization) theories of institutions (Mohr, 1982). Institutional change is simply exogenous to a model in which the purpose is to explain outcomes and therefore generally is ignored, except as a new modeling problem once it does occur.

To the extent that change is conceptualized in these models it is a discrete event, rather than a continuing process of adjustment and learning. Change appears to occur when the existing institution has failed to meet the requirements for which it formed. The definition of 'failure' is not clear either, but is probably related to the definition of a 'good institution' described below. What is most important is that change is a conscious process, even if it involves tinkering with existing institutions, rather than the continuous process assumed in most other theories of institutions. This reliance on the emergence of a new set of institutions appears to beg the usual functionalist question, however, of how this adaptation will take place.

It is important to contrast institutional change in such versions of institutionalism with that arising in the March and Olsen version. They each answer half of the basic question. The rational choice version of change is good at identifying why change may occur in a world of stable preferences[14] and institutional failures. March and Olsen, on the other hand, think of change as occurring more through the reshaping of preferences and adaptation of preferences and possibilities within the institution. As in the garbage can preferences may change to correspond with what the institution has

found that it can accomplish, and both the institution and the individuals change.

Individual and Institutional Reaction

The third question we will be addressing is how individuals and institutions interact. As demonstrated above this interaction is bidirectional. On the one hand, institutions are argued to shape the behavior of individuals; the central purpose of existence for this approach appears to be to demonstrate how structures outside the individual shape the behavior of individuals within them. On the other hand, individuals are also assumed to shape the behavior of institutions, and by definition individuals must be the cause of institutional activities. Unless we engage in personification and assign the properties of humans to institutions then institutions must be the product of human action.

In the rational choice perspective another way to think about the linkage of individuals and institutions is to inquire about the status of individual preferences in the theories. As pointed out above the usual way to think about institutions is that they map the preferences of their members (or other individuals) into a set of outcomes. In such a model individual preferences are assumed to be exogenous to the model. It may also be that institutions create preferences, very much as was argued by the normative version of institutionalism discussed already.

Again, the answers provided by the five subspecies of rational choice institutionalism will be somewhat different, especially for the manner in which individuals shape institutions. One of the five approaches has as its central question the manner in which individuals' choices create institutions, as well as their capacity to mold institutions effectively to produce desired outcomes (see pp.50–1). The other four, however, tend to be almost silent on the question of the origins and design of institutions. Even though the rules that shape behavior must come from somewhere, there is little specification of that source, and the rules appear at times simply to be.

For example, Ostrom's analysis of rules goes into great details concerning the nature of the rules and the various types of rules which exist within an institution, but does not say how and from where those rules do emerge. There appears to be a functionalist assumption in the analysis, e.g. that rules are created as and when they are needed by the institution (or by society), and that there is a rather close temporal correspondence between the social need for a rule and its appearance. Further, there appears to be an implicit assumption that the rules selected will be functional and will address the decision-making situation effectively. These are happy assumptions but not ones necessarily borne out in fact. Other students of organizations and institutions (Crozier, 1962) have argued that often formal rules are dysfunctional responses to the problems created by the formalization of

organizations, and that the more institutions are formalized through rules the greater will be the attempts to evade those rules.[15]

One more general argument about individuals and institutions in institutional theory is that the purpose of the structures is to shape individual decisions. This shaping can be done through rules, through constituting contracts, or through shaping the pay-offs offered in an analytic (or possible real) game. Thus, the generalized methodological individualism serving as the basis of the rational choice approach appears in institutional analysis. The decision-makers in the scheme remain individuals seeking to maximize their utilities. Individuals shape the institutions and then have their decisions shaped by the previous institutional choices. The paradoxical element (Grafstein, 1992) of this linkage is that humans design and create institutions, but then are constrained by them.

Institutional Design

One important dimension of the formation of institutions within rational choice is the conscious design of institutions. We said above that rational choice theory was not very good at describing where institutions come from, and why they emerge. That statement was potentially unfair, given that more than any of the other approaches to institutions the rational choice advocates admit, and even encourage, explicit thinking about the conscious design of institutions (Kliemt, 1990; Goodin, 1995; Weimer, 1995). In some ways the principal purpose of understanding institutions in this approach is to be able to manipulate outcomes in subsequent rounds of design. Although there is a concern about design there is little in the way of explanation about what choices would be made. The assumption appears to be that if people understand the consequences of institutional choices there will be little doubt about the decisions to be made.

The concern with designing, and alternative approaches to institutional design, corresponds rather neatly with the schools of rational choice institutionalism we have already discussed. For example, the rule-based analysts think about ways to design superior rules, e.g. property rights, and ways to make those rules more readily enforceable in order to obtain their desired outcomes (Moe, 1984). They are especially concerned with creating desired outcomes that can persist across time. One thing that may distinguish the rules approach from other versions of rational choice institutionalism is the former's willingness to think about incremental adjustment of rules, rather than more fundamental redesigning. Rules may be absolute statements, but they also are almost infinitely adjustable to changed demands and to new information. This is in marked contrast to the more fundamental changes associated with other forms of rational choice institutionalism.

Similarly, scholars more committed to the ideas of principal–agent theories pursue some of the same issues, e.g. an outcome that will persist, but

believe that goal would be achieved through the creation of contractual relationships, and information sharing (Banks, 1995) among the relevant actors. The principal–agent school of scholarship has even had the opportunity to design institutions in the real world. For example, much of the large-scale reform of the civil service system in New Zealand was guided by rational choice logic, especially the idea of creating principal–agent relationships in government. The main argument on behalf of this approach was its capacity to serve as a means of controlling public bureaucracies (Boston, 1991; Horn, 1995). To some extent this is simply formalizing relationships that existed within the bureaucracy already, but if nothing else it has the advantage of making the existing relationships more apparent to the participants, and therefore perhaps more enforceable.

Game theorists are concerned with designing institutional games that will enable the players to reach equilibria that produce the socially desired outcomes. As with much of the other game-theoretic discussion of institutions, this design task must be conceptualized in the context of an extended series of games in which the players have the opportunity to punish any defectors on one iteration of the game. The budget 'game' is a particularly good example of this characteristic (Wildavsky, 1992; Kraan, 1996). Bureaus must come back to the legislature each year for funding, so that any deception or misuse of funds in one year is likely to be punished in the following year(s). Therefore, organizations may be willing to accept short-term losses in order to maintain the confidence of the central agencies responsible for the budget.

The rational choice approach to institutions, or economic approaches more generally, also remind us that creating institutions is not a cost-free activity. The creation of an institution requires the investment of time and talent, and may require the use of other more tangible resources if a design effort is to be successful (see Hechter, 1990). Thus, one part of the rationality in this approach to institutions is determining whether the investment of resources is worth the possible benefits derived from the institution once created.

The Good Institution

The rational choice perspective on institutions purports to be a formal, analytical statement about institutions, but that scientific pretense obscures a strong normative element at the heart of most versions of this approach. Institutions, in the rational choice perspective, are designed to overcome identifiable shortcomings in the market or the political system as means of producing collectively desirable outcomes. Therefore, a good institution is one which performs that assigned task well and efficiently, usually while maintaining commitment to other powerful norms such as democracy. Given the link between the diagnosis and the prescription of failures within

other structures, it is not surprising that a good institution may have different meanings for different versions of rational choice analysis.

The problem that Ostrom and her colleagues set about solving was that of the frequent disjuncture between individual and collective rationality. Their argument is that the rules that define an institution are the best mechanism for integrating the two forms of rationality. Rational individuals become willing to accept constraints on their own behavior because they know that other actors are also constrained, and that there is an organizational means of enforcing these limitations on individual utility maximization. Given that perspective on rationality, a good institution is one which is capable of making rules that constrain individual maximization when maximization is collectively destructive, and which can enforce its rules once they are made.

The capacity to enforce rules is also an important element of the principal–agent model of rational institutionalism. In this setting, however, the basic purpose of the rules may differ from those in Ostrom's analysis. In the principal–agent model of institutions rules are essentially 'meta-rules' about how to make fair and binding deals between those two sets of actors. Once those deals are made then there must be some means of enforcing the arrangements, just as the courts enforce private contractual agreements that have the same principal–agent nature. In the public sector the enforcement of rules may be difficult to obtain, given the difficulty in detecting all forms of shirking and defection,[16] and the difficulties in punishing either individuals or organizations. Further, the concept of *commitment*, or the capacity to ensure that the same rules are enforced in the future, is crucial to the assessment of these principal–agent relationships.

Finally, given the economic basis of these rational choice models of institutions, one of the primary considerations in their evaluation is efficiency. This attribute need not necessarily be strict market efficiency, although for some institutions, e.g. the public bureaucracy and its constituent organizations, it may well be conceptualized as such (Niskanen, 1971; but see Self, 1995). Rather, in an institutional context, efficiency refers to the capacity of a political organization to map a set of preferences expressed by the public into a policy decision in a way that produces the least unacceptable decision. At a minimum an efficient political institution will produce decisions that do not threaten the overall legitimacy of the political system.

The rational choice literature on institutions has tended to concentrate on two types of institutions – the public bureaucracy and legislative committees – and the types of decision problems faced by those collective actors. The efficiency questions may, however, be different for the two types of institutions. For bureaucracies the basic question is finding ways to ensure that these unelected actors do not 'shirk' or adopt their own views of policy. For legislative committees the question is how to take a set of disparate preferences and reach a decision that its members can accept, that does not

violate rules of democracy, and that will be acceptable to the larger legislative body from which the committee is drawn.

SUMMARY

A simplistic characterization of rational choice theory would not see any place for institutions in the approach. Even perceptive critics of the approach, such as March and Olsen, do however recognize that there is a place for both formal and informal structures as a means of channeling individual rational action. Further, even the harshest critics must admit that the blending of rational choice perspectives and a general institutional outlook on political life can supply a number of important insights into politics. In particular, more than the other views of institutionalism this approach tends to provide a lucid analytic connection between individuals and their institutions through the capacity of institutions to shape the preferences of individuals and to manipulate the incentives available to members of the organization.

The approach is not, however, without its problems. The most daunting of these is the difficulty in falsifying the predictions coming from this mode of inquiry. It is very difficult to find any situation in which individuals could be said not to be acting rationally in the context of some possible set of incentives or another. Despite the apparent formalization, the predictions of rational choice analysis are rarely so specific that they are subject to unequivocal tests. Further, most scholars working within this technique appear more interested in the logical analysis than in the applications of the results of that analysis so that there is little direct confrontation of theory and evidence.

In addition to the basic problem of analysis, there are several other issues that limit the utility of the rational approach. One such issue is that there is sometimes little relationship between the institutions described in theory and the institutions with which the members of those structures are familiar. The need to create abstractions and simplifications in order to facilitate the construction of models removes much of the detail that defines life in an institution. Further, the models are largely incapable of generating the type of predictions of policy outcomes that would be required if these models are to be more than interesting representations of the complex realities that they are meant to describe.

NOTES

1. By this distinction Dunleavy is contrasting scholars who work on the 'puzzles' of individual behavior as opposed to those who are concerned with the more constrained behavior of individuals within institutions.

2. This model does appear to reside very clearly in the March–Simon school of bounded rationality, as opposed to that of the more dogmatic rational choice maximizers.
3. For example, some of the major opposition to trucking and airline deregulation in the United States came from the affected industries themselves (Derthick and Quirk, 1985). This pattern appears to have been repeated in a number of other national settings.
4. It can be argued that in normative institutions individuals are assumed to acquire the same values in an institution and hence behave in certain ways, while in the rational choice version they all have *ab initio* the tendency to maximize personal utility and therefore respond similarly to incentives.
5. Kenneth Arrow argued that in most choice situations differences among individual preferences will prevent the formation of a social welfare function that can satisfy conditions such as transitivity of outcomes and non-imposition. Institutions are argued to offer a way out of that trap.
6. Of course, some members may be born into a set of institutions and cannot make that free choice – more on that later.
7. Buchanan won the Nobel in 1986.
8. See *Greater Boston TV Corp. v FCC*, 444 F2d 841.
9. This is, in fact, a more benign view of legislators than is seen in other rational choice models of legislative behavior. See, for example, Fiorina (1982).
10. The Prisoner's Dilemma is one of the classic games. In it two actors are assumed to benefit from cooperation, but one is punished if the other defects for his or her self-interest.
11. Many scholars of institutions would argue that few if any political institutions in real life are so stable that they could be treated in quite this way. One of the important research questions is how do institutions evolve, whether by accident or design.
12. One exception to this generalization is some game-theoretic analysis that assumes that institutions can learn across time and are 'path dependent' (Arthur, 1988), very much like the assumptions guiding historical institutionalism in political science.
13. The ability to impose their will into the future may be an important element of this activity, as with the framers of constitutions.
14. Stable preferences are one of the underlying assumptions of these models, so that what is rational at one point in time is still rational at a subsequent point (see Eggertsson, 1996).
15. Theories of 'autopoesis' (Luhmann, 1990; in 't Veld, 1991) argue that society is more efficient at self-organization than at the creation of effective rule-making from central institutions.
16. Unlike the private sector there is no clear metric (money) to measure performance so that determining adequate performance may be more difficult. This problem is exacerbated when government contracts for commodities such as policy advice (Boston, 1991).

CHAPTER 4

THE LEGACY OF THE PAST: HISTORICAL INSTITUTIONALISM

Another of the dominant approaches to institutions in political science has been self-described as 'historical institutionalism.' Although they acknowledge borrowing the term from Theda Skocpol,[1] Steinmo, Thelen, and Longstreth (1992) were central in making a coherent statement of the approach and in advocating the broader application of historical institutionalism in the discipline. The basic, and deceptively simple, idea is that the policy choices made when an institution is being formed, or when a policy is initiated, will have a continuing and largely determinate influence over the policy far into the future (Skocpol, 1992; King, 1995). One way of describing this argument is 'path dependency' (Krasner, 1984); when a government program or organization embarks upon a path there is an inertial tendency for those initial policy choices to persist.[2] That path may be altered, but it requires a good deal of political pressure to produce that change.

Presented in such a straightforward manner the concept of historical institutionalism is indeed very simple, but there is a great deal more to the concept. Several analytic questions that we have raised about all the various forms of institutionalism appear in an extreme version in this particular version. Further, it is difficult to separate this version of institutionalism from the others, and some rational choice institutionalists also have attempted to document the pervasive effects of early choices about property rights and other rules of economic interaction (Alston, Eggertsson, and North, 1996). Indeed, in their development of the idea of historical institutionalism Steinmo, Thelen, and Longstreth appear quite comfortable with the rational choice versions of institutionalism and feel compelled to find some way of differentiating their own work from that of the more economics-based researchers.

In addition to the explicitly rational choice versions of institutionalism in economics there are strands of economic institutionalism that also have a pronounced historical element. For example, Douglass North earned a Nobel Prize for his contributions to economic history that focused on the way in which economic institutions have enduring effects and shape economic outcomes long after the initial decision to create those institutions. Similarly, the work of Coase (1937), Posner (1993), Williamson (1985; 1995), and other scholars (Milgrom and Roberts, 1988; Hart, 1995) on the theory of the firm has a decided institutional element. The basic argument

advanced by these institutional economists is that firms have been developed as a means of reducing the transaction costs that exist in an open market, and that careful design of economic structures is as central to generating efficiency as is the market itself. These works also argue that, once created, institutional structures (including the structure and behavior of private sector firms) are difficult to alter.

Historical institutionalism was virtually the first version of the new institutionalism to emerge in the discipline of political science.[3] One of the earliest research statements was Peter Hall's (1986) analysis of the development of economic policy in France and the United Kingdom. Hall did not refer to 'historical institutionalism' *per se*, but he did point to the importance of institutions in shaping policies over time. His analysis of the impacts of institutions did contain all the basic components of the historical institutionalist approach. The basic argument being advanced by Hall was that to understand the economic policy choices being made in these two countries (or any others) it was necessary to understand their political and policy histories. The choices being made during the 1970s and 1980s reflected very clearly (in Hall's analysis) the long-established patterns of economic policy-making in those two countries.

Despite the importance of Hall's analysis this was not an influential or explicit statement of the virtues of institutional theory for the discipline of political science as was the somewhat earlier March and Olsen attack on the direction of the discipline (1984). Hall made a clear statement that policies at any one time are influenced by policy choices made earlier, but was relatively less clear about the institutional nature of those choices. The same outcomes could be the result of normal incremental patterns of policy-making found in most industrialized democracies, rather than an explicit influence of institutions over those policies. One factor that did emerge very clearly, and which was to become a principal part of Hall's subsequent (1989; 1992) published work, was the crucial role that ideas play in shaping policy. This independent role for ideas also was to become a major part of the historical institutionalist approach seen more generally.

Based on Hall's research, as well as the accumulation of evidence concerning policies in a number of socio-economic policy areas, the more explicit statement of the approach emerged. As already noted this statement of historical institutionalism focused on the influence that a variety of institutional factors can have over policy choices and over the performance of governments. It is argued in this approach that once governments make their initial policy and institutional choices in a policy area the patterns created will persist, unless there is some force sufficient to overcome the inertia created at the inception of the program; this is referred to as 'path dependency' in historical institutionalism. Given that public organizations do tend to routinize their activities and to create Standard Operating Procedures (perhaps even more than do private sector organizations), the forces of inertia are likely to be substantial in government.

One of the more interesting extensions of historical institutionalism is that path dependency does not have to occur only in the simple, straightforward manner described above. Just as students of organizations have argued that one rule tends to beget another rule to compensate for the inadequacies of the first rule (March and Simon, 1957; Crozier, 1962), so too can institutional rules and structures generate attempts to solve the problems that they themselves have caused. Similar to the concept of 'sedimentation' in the sociological institutional theory (Tolbert and Zucker, 1996), this view of organizational life provides a more dynamic way of conceptualizing path dependency in operation (see Cheung, 1996; Kreuger, 1996). It also makes the impact of institutional choices across time all the more interesting for analysis.[4]

Pierson (1996) has identified a similar pattern of response to past decisions in the institutionalization of the European Union, and in the response of the governing structures of the Union to seemingly dysfunctional choices made during the formative stages (see also Krasner, 1988, p.67). This adaptive process provides historical institutionalism with a more dynamic conception of policy than might have been expected from the name or the initial formulations of the approach. In particular, if the initial choices made by the formulators of a policy or institution are inadequate, institutions must find some means of adaptation or will cease to exist (see Genschel, 1997).

Historical institutionalism in this view implies a course of evolution, rather than a complete following of the initial pattern. Path dependency in this view is not a mortmain on institutions and their policies. Rather it is (as the phrase implies) a path that must be followed. There will be change and evolution, but the range of possibilities for that development will have been constrained by the formative period of the institution. The intellectual question that arises is whether even the punctuations in the equilibrium of the institution are constrained by those choices or if there is a wide (or unlimited) set of possibilities open.

What is an Institution?

The most basic question in the consideration of institutional analysis is what constitutes an institution in each of the approaches. In some ways the answer for this basic question provided by historical institutionalism is more vague than in most approaches. Thelen and Steinmo (1992, pp.2–4) define institutions by means of examples, ranging from formal government structures (legislatures) through legal institutions (electoral laws) through more amorphous social institutions (social class), and appear willing to accept all of this disparate set of structures as components of the institutional apparatus that they will use to explain political phenomena. They also stress the point that the institutions in which they are interested are

'intermediate,' meaning residing somewhere between the generality of states as entities (and actors at least in international politics) and individual behavior which served as the focus of behavioralism in political science. While for March and Olsen (see pp.26–8) the nemesis that motivated them was rational choice theory, for Thelen and Steinmo the archenemy appears to be behavioralism and an excessive (in their eyes) focus on individual behavior and individualized motivations for action in politics.

Interestingly, some other scholars (as cited by Thelen and Steinmo) provide definitions somewhat closer to a stipulative definition of the term. Peter Hall (1986, p.7), for example, argued that institutions were 'the formal rules, compliance procedures, and standard operating procedures that structure the relationships between people in various units of the polity and economy.' Rather than focusing on formalized structures, this definition provided a sense of institutions as rule and procedures – in line with both Ostrom's versions of rational choice institutionalism and some aspects of March and Olsen's perspective. Likewise, Ikenberry (1988, pp.222–3) argues that the range of institutional concerns extends from 'specific features of government institutions to the more overarching structures of state, to the nation's normative social order.' Even these definitions, however, tend to define institutions by example rather than by their fundamental, denotative characteristics.

One element of the operational definition of institutions that stands out in the historical institutionalist literature is the role of ideas in defining institutions. Although there is some discussion of formal structures, and of the procedures within those structures, in much of the literature using the approach the concept of the influence of ideas comes through strongly. Take, for example, Ellen Immergut's analyses (1990; 1992a; 1992b) of health care policies in a number of European countries. She is very clear in the influence that ideas concerning the practice of medicine have on the public programs that are adopted. There is certainly some discussion of the formalized structures of government involvement in health care, and the difficulties that multiple 'veto points' present. The dominant factor in her analysis of what determines health policy, however, is what medical practitioners in the different countries believe is best practice.[5]

Similarly Peter Hall's later work (1989; 1992) turns from more structural explanations of economic policy to examine the influence that ideas have on those policies. He is especially concerned with the impact of Keynesianism and monetarism on policy. These ideas are the functional equivalents of the logic of appropriateness in normative institutionalism; they constrain the limits of acceptable action of government. More particularly, the ideas tend to provide a set of ready solutions for policy problems that arise within their domain. As Hall points out (1989) for much of the post-war period Keynesian ideas provided solutions for policy problems, while a revolution in policy ideas in the 1970s meant that later monetarism became the

conventional source of those economic policy solutions, with supply-side concepts also vying for recognition and dominance.

Arguing that ideas are central components in defining institutions can go only so far in solving the problems raised by the historical institutionalism. On the one hand, historical institutionalists focus on commonsense concepts of formal institutions, e.g. legislatures or bureaucracies, similar to the focus of the empirical institutionalists (see pp.78–80). On the other hand, they rely on a vague concept such as 'ideas' to define the existence of institutions. In some cases, e.g. the U.S. Forest Service or the Canadian Mounted Police, bureaucratic agencies embody particular ideas that shape the behavior of their members and are central to training.[6] Gronnegaard Christensen (1997) demonstrates that organizations have powerful weapons to maintain their existing patterns of behavior, even in the face of determined efforts at reform.

Institutional Formation

The emphasis of historical institutionalism is much more on the persistence of organizations after they are formed than it is on the facts of their initial creation. To some extent the emphasis on embodying ideas in the structures that support institutions may be taken as a definition of the formation of institutions. It can be argued that when an idea becomes accepted and is embodied into a structural form then the institution has been created. As with the case of the normative institutionalism, however, this may be almost a tautology; the institution exists when an idea is accepted, but that acceptance is indicated by the presence of a structured institution.

What may be more important for the question of formation in the historical institutionalism is the definition of when that creation occurs. The choice of the relevant date from which to count future developments will be crucial for making the case that those initial patterns will persist and shape subsequent policies in the policy area. For example, when King (1995) was considering the development of welfare politics in the United States and the United Kingdom he began the analysis from the passage of major pieces of legislation in 1909 (United Kingdom) and in 1932 and 1935 (United States). In at least the case of the United Kingdom the story could have begun with the Poor Laws (Himmelfarb, 1984), with the laws adopted in the early twentieth century being in some ways extensions of those laws. Or, if the analysis began with the creation of the 'welfare state' during the post-World War II Labour government, then the path that we would expect policy to follow would be substantially further left of center than that being discussed by King.

The question of what is a defining event, or what changes are incremental and what changes are fundamental, is a familiar one in political science (Hayes, 1992). Dempster and Wildavsky (1980), for example, ask the simple

question of what constitutes an increment, as opposed to a more fundamental shift in policy or a budget. The familiarity of this question, however, does not make it any easier to resolve. For purposes of understanding historical institutionalism, the question becomes whether the movement away from a presumed equilibrium position occurs by evolution or revolution. The answer may be that both types of change occur, but accepting the revolutionary concept of change does require somewhat more justification in a theory premised upon stability and continuity.

Institutional Change

The one area that historical institutionalism might be expected to have a particularly difficult time coping with is the question of institutional change. The entire analytical framework appears premised upon the enduring effects of institutional and policy choices made at the initiation of a structure. Thus, the approach appears much better suited to explain the persistence of patterns than to explain how those patterns might change. That having been said, there are within the approach some promising avenues for exploring change. Further, other scholars have begun to link institutions to other aspects of political change in ways that may help historical institutionalism out of the trap of apparent immobility.

Historical institutionalism has treated change through the concept of 'punctuated equilibria' (Krasner, 1984). As this phrase implies, there is an expectation in the approach that for most of its existence an institution will exist in an equilibrium state, functioning in accordance with the decisions made at its initiation, or perhaps those made at the previous point of 'punctuation.' These policy equilibria are not, however, necessarily permanent and institutions are considered capable of change within the context of the approach. Just as economic theory points out the existence of multiple equilibria in markets, so too for political institutions there may be a number of points of stability that are equally viable. The same concept of punctuated equilibria has been used in more general studies of public policy, and agenda change as a contribution to policy change (Baumgartner and Jones, 1993).

Although institutions are permitted to change within this conception of institutionalism, there are several problems with the conceptualization of change within the historical institutionalist model. One problem is that there appears to be little or no capacity to predict change. The concept (or metaphor) of punctuated equilibrium was borrowed from neo-Darwinian evolutionary theory in biology, and implies some environmental dependency for institutional change. The punctuations in the equilibrium are assumed to occur when there are 'rapid bursts of institutional change followed by long periods of stasis' (Krasner, 1984, p.242). That punctuation can be a sufficiently clear explanation *after* the fact, but it also comes very

close to being tautological. That is, when a major institutional (evolutionary) change does occur then, after the fact, it can be argued that there was a sufficient force available to produce a movement away from the equilibrium and inertia affecting an institution. How do we know? The change surely did occur, so there must have been sufficient pressure to generate the observed shift. There appear to be no a priori criteria for determining when there is sufficient political or environmental 'pressure' to generate a change.

Let us take one specific institutional change as an example. As almost the first act of the new Labour government in the United Kingdom in 1997, Chancellor of the Exchequer Gordon Brown granted considerable autonomy to the Bank of England, long directly controlled by the government of the day (Busch, 1994). This was an institutional equilibrium that clearly had been punctuated, but it is not at all clear that it could be explained by the logic of institutional analysis. If we take Peter Hall's discussion of the roots of British economic policy then this shift appears to go against established patterns. It also contradicts other versions of historical institutionalism, given that the older institutional arrangement presented fewer veto points to a political leader than does the new structure. In short, here is a major institutional change that does not appear explained well at all by historical factors, but yet after the fact can be made to appear almost inevitable given what we learn about the values of the new government by their having taken the action.

Another, although very similar, way to look at the process of change in historical institutionalism is the idea of 'critical junctures' (Collier and Collier, 1991) that has been used to describe and explain change in Latin American governments during much of the twentieth century. The argument is very much like that those governments did indeed have a great deal of inertia and that change would not occur unless there were a conjuncture of a variety of internal political forces that individually were not capable of generating significant change but which together could produce such movements. The agenda-setting literature (Baumgartner and Jones, 1993; Bohte, 1997) has discussed some of the same phenomena in the guise of 'critical institutional events.'[7]

Institutions also appear capable of change through learning and can move among equilibria by responding to new information. That information may come from experiences as they move along their own 'path,' or the information may come from the experience of other institutions. Hugh Heclo (1974), for example, has argued that social policy in the United Kingdom and Sweden during the 1950s and 1960s could be explained by the differential capacity of bureaucracies in those two countries to learn from their own and other experiences. More recently, Olsen and Peters (1996) and their collaborators have examined the manner in which public bureaucracies learn from their attempts, and the attempts of other countries, to implement reforms. Here again there is a variety of degrees of success in

adaptation. Countries with well-institutionalized systems which might have been thought capable of resisting pressures for change (the United Kingdom) actually changed substantially while less institutionalized systems (the United States) actually resisted change more or less completely. If we return to our example of the Bank of England, it may be that the Labour government had learned from the relatively greater success of the Bundesbank in Germany in controlling inflation and decided that this institutional structure also could work in the United Kingdom.[8]

If we remember that the power of public ideas (Reich, 1990) is a central part of historical institutionalism, then institutional change to some extent becomes a question of how to change ideas. Policy learning more so than institutional learning examines the reframing of policy issues, and with them the possible reframing of the associated institutions. Paul Sabatier (1988; see also Sabatier and Jenkins-Smith, 1993) addresses the policy learning question as one of conflict between alternative visions of policy and a political process for resolving those differences in views.

Finally, Paul Pierson (1996) has pointed out that evolution should be an important process of change in historical institutionalist analysis.[9] The approaches to change discussed above all depend upon creating a distinct separation from past policies, while Pierson argues that more gradual change is also possible. In his view most institutional designs contain at least some unanswered or some dysfunctional elements that generate a subsequent need for change. Thus, incremental adjustment – one of the oldest identified processes in political science (Lindblom, 1965) – can be seen as a means of institutional adjustment to changing demands and to inadequacies in the initial design. Using this method, however, assumes that the status quo is not too far from some desired position; if it is then simple incrementalism may not be sufficient to general adequate change.

In summary, historical institutionalism is not a fertile source of explanations for change in organizations and institutions. We have been able to point out that change is not totally antithetical to the approach, but it is certainly not a central element. To uncover the explanations for the changes that do occur we are forced to move outside the approach itself to identify other dynamics (learning or environmental change) that can generate sufficient political pressure to produce a change. There appears to be no such dynamic element within the theory itself, unless one accepts the dysfunctions of initial design as sufficient cause.

Even if we accept the dynamic of adaptation to remedy dysfunctions, however, there must be some mechanism to recognize the dysfunction as well as a political mechanism to furnish the remedy. The sociological version of institutionalism would almost certainly argue that the cognitive constraints imposed by institutional membership would tend to make recognition of dysfunctions less likely.[10] Likewise, the assumptions of problem-solving through gradual evolution may underestimate the degree to which attempts to remedy organizational faults may actually reinforce

some of those problems rather than actually help. The stable mind-set of any institution will support only a limited range of possibilities, and most members of the institution will have a difficult time 'thinking outside the box' associated with the dominant ideas of the institution.

Individual and Institutional Reaction

Unlike several of the other approaches to institutionalism the historical institutionalists are not particularly concerned with how individuals relate to the institutions within which they function. There appears to be an implicit assumption of the approach that when individuals choose to participate in an institution they will accept the constraints imposed by that institution, but that linkage is not explored directly by the scholars working in the tradition. Indeed, there is a certain sense of *deus ex machina* in the historical institutionalist approach, with decisions taken at one time appearing to endure on auto-pilot, with individual behavior being shaped by the decisions made by members of an institution some years earlier.

That assumption is essential to being able to tell causal stories using an historical institutionalist approach. The structure–agency problem familiar in the social sciences arises in this approach in that although the structural elements of an institution may establish conditions that make certain outcomes much more likely, there is still a need for the individual decision-makers involved to translate those constraints into action. If there is not that linkage of individuals and institutions it is difficult to see what links present behavior to earlier decisions of the institution.

There is also the question about the other linkage between institutions and individuals, i.e. how are institutions shaped by individuals. This is one of the enduring questions for institutionalism, and the answer provided by this model is not at all clear. The most facile answer is that individuals make the institutional decisions that then persist throughout the future life of the institution. Still, it is not clear in all or even most cases exactly how those decisions are translated from the individual to the institutional level and how they become more than individual understandings.

In some case the formative policy choices are translated into law, and then that law functions as the basis for subsequent institutional actions. However, if that is the definition of the linkage then this can perhaps be better understood as a legal rather than an institutional model for explaining behavior. We can easily discuss law as being an institution, but that seems to drive the explanation back one more step. That is, how does law (as an institution with its stable rules and values) explain change observed in other institutions?

Finally, there is the question of the role that ideas play in shaping individual behavior. Ideas are a central aspect of the historical institutionalist perspective, and the capacity of the structures to 'sell' those ideas to

current or prospective members of the institution is crucial for making the linkage of structure and actor. Some of this linkage may result from self-selection as individuals attracted to a particular set of ideas will come into the institution ready to accept those ideas. That behavior is very similar to the behavior that any individual makes when he or she joins an organization, or accepts a position in a business, as to whether the goals of that organization and the individual's personal goals are compatible.

Institutional Design

Given that we have argued that the historical institutionalism is not very clear on the origins of institutions, or on the linkage between individual decisions and institutional choices, it is not surprising that it is almost silent on the design of institutions. It is almost silent, but not totally so. Indeed, it could be argued that design is perhaps the central question for historical institutionalism, given that the initial choices of policies and structures are argued to be so determinate of subsequent decisions within the institution.

These formative choices do not appear to be, within this version of the theory, the product of a conscious design choice or any model of designing government structures. Rather, these formative choices appear to reflect the particular confluence of political forces at play at the time of the formation of the institution. The historical institutionalist often does a good job of describing those political forces and the manner in which they produced the initial policy decisions, but that is more the product of politics than the conscious design of policy or the design of government institutions. This approach appears to eschew any ideas of rationalistic design in favor of a more political conception of policy choice.

Interestingly, consciously redesigning existing institutional frames appears to be more a part of the historical institutionalist model than does the initial design. This place for purposeful change is simply because redesign involves a conscious reaction against the existing institutional and policy frame. It may become obvious that the framework in place is no longer functional – if it ever was (Sykes, 1998) – and that there is a need for a redefinition of the nature of the institution. If there is a dominant institutional frame in place then the best way in which to generate change is to produce a superior alternative frame to replace it.

The Good Institution

The final question to be asked concerning historical institutionalism is what constitutes a good institution in this model of political life. Unlike the first two models I have discussed there is little explicit normative content in this approach. This approach to institutions is very much a statement of what is

(in the minds of its advocates), as opposed to what should be. The fundamental purpose of the approach appears to be to explain the persistence of institutions and their policies, rather than to evaluate the nature of those policies and institutions.

The above having been said, one way to think about the quality of an institution in the historical institutionalist model is adaptability. This criterion appears to be a direct contradiction of the basic premises of the model, but yet it does make some sense. In particular, the work of scholars such as Pierson (1996) points out that many initial choices are dysfunctional and hence the successful institution will have to change. Even if the initial choices were appropriate, the policy environment in almost all areas has been changing rapidly, so that adaptation becomes essential.

The other normative statement that could be teased out of the historical institutionalist version of the approach is good institutions are those that can translate their ideational basis into action. If, as scholars such as Peter Hall argue, institutions are based on ideas then those institutions should be judged on how well they are able to make effective policies that implement those ideas. This definition of the good institution may become almost tautological, like several other versions of institutional theory. That is, if institutions are defined as being based on ideas they cannot also be evaluated on how well they perform the activity of using ideas. Even then, however, the historical approach to institutions did not purport to contain a strong normative element as do several of the others, so that it may be unfair to make this assessment of its capacity in this regard.

The Limits of Explanation

One of the more interesting aspects of historical institutionalists' approach is that their explicit purpose is to deal with the demands of comparative political analysis. These scholars envisage their approach being able to explain differences across political systems. Hall (1986), for example, is quite clear in his arguments about the effects of different histories and different institutions on the economic policies, and subsequent economic performance, of France and the United Kingdom. This comparative purpose is rather different from the normative approach, and even the rational choice models of institutionalism, that appear to offer explanations that are less anchored in specific times and places. Steinmo's work on tax policy (1993) also points to the persistence of certain approaches in the United Kingdom, Sweden and the United States.

The most obvious question to be asked concerning the explanatory capacity of this body of theory is: Can objective researchers differentiate the historical institutionalist explanations from other forms of historical and inertial explanations? The answer to that fundamental question appears to differ depending upon which version of historical institutionalism one

chooses to focus attention upon. The answer further depends upon what role policy ideas are assigned as a defining characteristic of institutions, as opposed to just having an independent influence of their own over policy. Finally, the answer depends upon how well one can differentiate the arguments of the historical institutionalist from those of the empirical institutionalist discussed above.

Let me deal with those three points in turn. First, as already noted, there are several versions of historical institutionalism in use in the discipline. If we focus our primary attention on the Steinmo, Thelen, and Longstreth version that has served as the manifesto for this movement, then there may be some questions about how clearly one can separate historical institutionalism from the influences of history on policy, taken more generally. In other words, what does including the term 'institutionalism' in the title of the approach add to the explanatory capacity of the approach? The term does make the approach more respectable in a discipline that has rediscovered institutions, but it is not clear what else is added. The principal object here is that of being able to postdict decisions with 100 percent accuracy, and the difficulty in imagining history having operated any differently. Calling this persistence of policy encountered in almost all policy situations 'institutionalism' appears to convey little concerning the dynamics of the institutions themselves.

The second part of the answer to the underlying question depends upon whether ideas are seen as having an independent status and influence of their own, or are they considered simply as components of the institutions that convey and implement them? For some scholars ideas are argued to possess a significant explanatory power even without their institutional trappings. Robert Reich (1990), for example, has argued for the 'Power of Public Ideas' as a factor in explaining the development of the public sector. Martin Rein (1998) also discusses ideas as one of the three principal factors explaining policy choices in contemporary political systems. In short, the advocates of the approach of historical institutionalism must be capable of explaining why ideas are institutional and are not, at least in principal, independent of the institutions. Institutions may adopt and embody ideas, but it is not clear that they actually determine the nature of the institutions.

Finally, it is not always clear how some self-proclaimed versions of the historical institutionalism differ from the empirical institutionalist approach. Take, for example, Ellen Immergut's analysis of health policy (1992a, 1992b) using the concept of 'veto points' to define the crucial junctures that arise from institutional structures. The existence of these veto points within institutions represents an historical legacy of their founding, but they also represent enduring structural features of those institutions. As pointed out already the concept of a veto point is very little different from the earlier Pressman and Wildavsky (1974) concept of a 'clearance point' for implementation analysis. For both concepts it is assumed that a decision

must pass through a number of formal points in a chain of linked decisions before it can go into effect.

The concept of 'veto point' may be slightly more general than that of 'clearance point', referring as it does to decisions made at any point of the policy process. On the one hand, the 'veto point' idea is focused very much on structural barriers within the institution itself. On the other hand, the Pressman and Wildavsky concept places a great deal of emphasis on the blockages that exist throughout the complex chain of events required to put a program into effect, including problems arising from social actors that are involved in the policy process. If the above analysis is true then there may be little to separate empirical institutionalism and historical institutionalism.

The most difficult question to ask about historical institutionalism is whether the explanations be falsified, the standard Popperian (Popper, 1959) test for an adequate scientific theory. Just as rational choice theory can almost always develop an explanation that demonstrates that the actors were acting rationally, so too the historical institutionalist can always generate an explanation that demonstrates the impact of previous decisions and inertial tendencies. There appear to be few *ex ante* criteria of proof available here; how large a deviation from an inertial path is needed to argue that the historical explanation was not effective in a particular case? Further, there are no basic premises, e.g. maximize self-interest or act according to a set of institutional norms, that can be used to make predictions about behavior.

Historical institutionalism comes close to being just a version of normative institutionalism, given its tacit acceptance of 'logics of appropriateness' in shaping behavior. The concentration on ideas, and the routes through which ideas shape behavior, may be little more than saying that there are such logics of appropriateness within policy areas and within specific government institutions. If, however, all that these scholars are arguing is that there are such logics that have some durability over time it is not clear that there is really a distinct approach to institutions. Historical institutionalism then might as well be subsumed as a component of the March and Olsen normative approach, albeit with a well-developed interest in history and the impact of institutions across time. Given the emphasis that March and Olsen place on history, again it may make more sense just to consider this variant a part of normative institutionalism.

Further, and as noted above concerning several of the other manifestations of institutional analysis in contemporary political science, this version of the approach appears extremely effective at 'explaining' what happened and in weaving a narrative that does capture a good deal of the reality of history. At times, however, these characterizations of history come close to being functionalist accounts; things happened the way they did because they had to, given the historical and institutional forces at work at the time. The problem is that there are cases in which institutions do change in

unexpected ways and this approach appears at something of a loss to explain those changes. Further, the functionalist explanations are often not convincing, given that often there is no clear explanation for why things had to happen the way they actually did.

SUMMARY

In many ways the historical institutionalists are, when considered carefully, the most surprising of the schools of institutional theory in political science. The initial impression created is that of a static and conservative explanation of policy, and with that a prevailing assumption of hyperstable institutional structures. After a more thorough reading of this literature, however, a clear dynamic of adjustment can be distinguished, and the approach appears to offer a greater scope for explanation than might have been expected. In addition, the historical institutionalists do provide an avenue of looking at policy across time while many of the approaches are more bound in time and even in space.

There are, however, also several severe problems with the historical institutionalist explanations of policy and political life. The most basic difficulty is that this rendition of institutional theory provides little or no capacity to predict change. As pointed out above the assumptions of this model are almost certainly not as static as its critics would have us believe. The approach still appears, however, incapable of doing other than postdicting changes in the equilibria that otherwise characterize the predictions of this approach. This deficiency is not fatal, given that the model can be considered as more descriptive than explanatory or predictive, but this certainly does limit the overall scientific utility of the account of institutional theory.

Further, this version of institutionalism has some difficulties in distinguishing itself from other approaches. The historical institutionalism argues for the dominance of decisions made early in the existence of a program or organization. By attempting to overcome the critique of being excessively static, however, the advocates of the historical approach have had to rely upon explanations such as 'ideas' that make them appear like the normative institutionalists, or like cognitive theories in sociological institutionalism.

That lack of sharp distinctions, in some ways, is a strength of the historical institutionalism. If it is similar to the other approaches then the historical approach can be integrated with most, if not all, the other versions of new institutionalism, and perhaps create something of an integrated institutionalist theory for political science. As we will point out at the end of the volume there does appear to be something that can be considered to be the new institutionalism. The historical institutionalism is a central part of that body of thinking about political life. Despite that centrality, the

approach does have particular problems that limit its own capacity to explain and to predict.

NOTES

1. See Thelen and Steinmo (1992, p.28).
2. As will be pointed out below, however, it may be difficult to differentiate the impact of institutions from simple persistence and inertia of policies (see Rose and Davies 1994). See also Genschel (1997).
3. March and Olsen published their seminal article (1984) before the emergence of the earliest statements of historical institutionalism, but in fairness this was not yet as clear a statement of their theoretical perspective as later works (1989; 1994).
4. This fits closely with the idea of 'policy as its own cause' (Wildavsky, 1979; Hogwood and Peters, 1983) found in the public policy literature.
5. Some of the rational choice literature on institutionalism talks about 'veto players' rather than 'veto points.' This phrasing emphasizes the focus on methodological individualism in rational choice theory, even with the institutional context of rules and incentives (see Tsebelis, 1995).
6. For example, environmental organizations tend to embody those ideas, just as military organizations are said to embody ideas such as 'Duty, Honor, Country.'
7. The purpose of this literature is to explain policy choices, not changes in institutions, but the two types of change may be closely bound together in the operation of actual policy processes.
8. As noted, the British government also could have been said to be learning from its own past, as the Bank had enjoyed considerable independence prior to World War II.
9. For a more rational choice perspective on institutional evolution see Knight (1992).
10. Desmond King's study (1995) of the evolution of labor market policies in the United States and the United Kingdom demonstrates the forces of persistence rather than functional adaptations when dysfunctions are encountered. This is an institutional version of the familiar problem of cognitive dissonance in social psychology.

CHAPTER 5

EMPIRICAL INSTITUTIONALISM

Much of the research on institutions we have been discussing is explicitly and purposefully abstract and theoretical. There has been some attempt to test the predictions of rational choice theory and economic institutionalism (Alston, Eggertsson, and North, 1996) and the historical institutionalists utilize a base of historical experience to develop their generalizations about institutional behavior (King, 1995; Rothstein, 1996). Other institutionalist scholars, however, have attempted to test several of the prevailing conceptualizations concerning the impact of differences in institutions more empirically. This type of comparative analysis is, nonetheless, difficult to implement methodologically. On the one hand, there are relatively few countries in which institutions have varied significantly across time, so that attempting to demonstrate the effects of structure with a quasi-experimental design (Cook and Campbell, 1979) is difficult, if not impossible. There have been some interesting examples, e.g. Israel adopting a semi-presidentialist system similar to that of France with a directly elected prime minister (Susser, 1989; Diskin and Diskin, 1995), but these opportunities for testing theory directly are very infrequent.

On the other hand, the differences among countries that do appear in any cross-sectional analysis tend to be associated with a wide variety of social and cultural values that could confound any statistical findings (see Peters, 1998) presuming to document the impact of structural variables. Are differences observed between social or economic policies in the United States and the United Kingdom a result of institutional differences, or of any number of other political or socio-economic factors, or both? The probable answer is 'both,' but assigning relative weights to the various causal factors is difficult with such a small sample of countries. Attempting to apportion explained variance among institutional factors and the other relevant factors is almost certainly impossible, especially when the United States is the only true example of presidentialism among the industrialized democracies.

Despite the inherent research problems, attempts at empirical research on the impacts of structure are extremely valuable for advancing the institutionalist arguments. If institutions do have any significant effects these results should be demonstrable through the methods usually associated with empirical social science. If the expected results do not manifest themselves then we must question whether these variables, despite their face validity, are as crucial for understanding political life as their advocates would have us believe. The alternative possibility would be that institutions

are important for establishing a framework of action, but that other proximate variables, such as political interests and the decisions of individual political actors, are more directly related to policy choices.[1]

BUILDING AN EMPIRICAL THEORY OF INSTITUTIONS?

The above point is, of course, just another way of stating the familiar 'structure–agency' problem of explanation in the social sciences (Dessler, 1989; Hay, 1995). It may also be the case that, as Przeworski and Teune (1970) argued, systemic level variables – whether appearing as the proper names of countries or as institutional structures – do not have any substantial effect on political behavior. If we then utilize a variant of the 'most similar systems design,' and change only one system level variable then we should expect little difference in behavior. The remaining political relationships would be sufficiently strong, and also sufficiently persistent across time, that this one simple structural manipulation will have no real effect on patterns of decision-making.

The above argument can be illustrated by thinking about the Federal Reserve Bank in the United States. If it were transformed into a less politically independent status, would its deeply ingrained anti-inflation values in economic policy persist despite that structural change?[2] Interestingly, William Riker, generally an advocate of the institutional form of federalism, has argued that the institution itself had little or no influence over public policy decisions (1962; 1980). His argument was that individual preferences would still dominate in making public policy, regardless of institutional structure and that institutions were really little more than 'congealed preferences' from earlier policy choices. That meant that the institutions could themselves be highly mutable.[3]

Ove Pedersen's critique (1991, p.132) of several versions of the new institutionalism is particularly important here. Pedersen raises the question of the status of system level variables in an interesting way. His point is that if we argue that institutions are in essence collections of values, or of rules, or of cognitive frames, then what actually explains any observed differences in the outputs of government? Why not say that rules are the operative element rather than some superordinate entity composed from those rules? It could be argued that the longevity and predictability of those rules (or preferences) may constitute the institutional aspect of the relationship to outputs, but then there is the question of how to distinguish the long-term from the short-term impacts of the rules. In short, what is the utility of using the label 'institution', or 'new institutionalism' for empirical analysis rather than simply looking at rule-based behavior, or the impact of particular rules or norms?

Thus, when we begin to examine the impact of structural characteristics on the behavior of individuals, and on the policy outputs of government,

we want to be able to specify the dynamics by which the formal structure creates any observed differences in behavior. There is no shortage of descriptions of institutional arrangements and their presumed effects, but as valuable as these descriptions are they often do not add up to a comprehensive explanation for the behaviors of government. Nor do these descriptive accounts necessarily explain much about the policy choices made by governments. As noted above one of the powerful aspects of rational choice versions of institutionalism is that these versions could specify clearly the behavioral and causal assumptions that drove their theories. Unfortunately, few if any of the empirical institutional theories can make such a claim, so that there are often a number of credible findings without a strong theoretical basis for explanation.

VARIETIES OF EMPIRICAL QUESTIONS

There are several renditions of empirical institutionalism, just as rational choice institutionalism had a variety of different perspectives within the same approach. Rather than offering alternative theoretical perspectives, however, most versions of empirical institutionalism are asking the same question – do institutions matter? – about a number of different institutional arrangements and options. The answers are to some extent predetermined, given the institutionalist concerns of the researchers, but the variety of different questions (and similar answers) does point to the richness, and research potential, of this body of literature.

Presidential and Parliamentary Government

The most developed body of empirical literature on institutions examines the impact of differences between presidential and parliamentary regimes on the performance of political systems. This is one of the standard 'chestnuts' of political science, going back at least to Woodrow Wilson's more normative writings (1884; 1956) about American government, but the question remains important, especially during an age in which a number of countries are in the process of designing their own democracies. Although based to increasing degree on empirical observations, this literature also retains some substantial theoretical and almost ideological elements. In particular, some scholars (Riggs, 1988; Linz, 1990, 1994) are particularly concerned about the impact of the choice of presidential regimes on governments of the Third World and the newly democratized regimes in Central and Eastern Europe. These scholars appear to have concerns about the consequences of this institutional choice, including perceived problems in presidentialism (Riggs, 1988) that extend well beyond the limited evidence of differential levels of stability.[4]

The dependent variable in these analyses, 'performance,' is being con-

ceptualized in several ways. In the first place, performance may simply mean survival. One segment of the literature on presidential government, alluded to above, is concerned with the impact of regime type on the stability of governments. The argument is that presidential regimes, because of their concentration on the single executive and the absence of a means of changing incumbent governments without extraordinary actions, tend to be more fragile than parliamentary regimes. Thus, presidential institutions are argued to perform less well than parliamentary regimes, despite the long-term survival of the United States and the success of semi-presidential regimes such as France and Finland (see Pasquino, 1997). It can be argued, however, that even if presidential regimes are successful in more developed countries the institutional format may be inappropriate for the strains of Third World governments. The temptation for elected presidents to convert the office into a less democratic system appears very strong under the pressures of economic stagnation and ethnic divisions.

At a second level, the performance of presidential and parliamentary regimes can be measured by the types of policies that they enact. The articles contained in the Weaver and Rockman (1993) volume on the impact of institutions focus on the choices made by these types of regimes, as well as the impact of variations among parliamentary regimes. Coalition governments in parliamentary governments, for example, may be forced to make more 'side-payments' to member parties than would be true for governments with a single party, e.g. the United Kingdom, or with a limited number of parties in the coalition, e.g. Germany. Thus, the limited coalitions should be able to make more creative and radical interventions than would be true for larger and more diverse coalitions. Further, the capacity to manage government may depend upon other institutional variables, e.g. the strength of party discipline, rather than simply the formal nature of the regime.

Finally, the performance of parliamentary and presidential regimes can be measured by their capacity to legislate at all. The division of powers inherent in presidential government is argued to make legislation more difficult. The two branches will have their own concerns and policy styles, whether or not there are partisan differences (see below). Those institutional values may make generating the coalition necessary to pass legislation through the legislature, whether one house or two, substantially more difficult than when the executive is drawn directly from the legislature in a parliamentary regime. Having a parliamentary form of government does not guarantee effective government, but it may make achieving that easier.

Arend Lijphart (1984, 1994) also has examined the impact of choices of political institutions on the relative effectiveness of governments. He has, however, been at least as much concerned with the differences among parliamentary governments as with the differences between presidential and parliamentary regimes. In particular, Lijphart has attempted to assess

whether *majoritarian* parliamentary systems (such as the United Kingdom) are more able to govern effectively as is usually argued. The contrast is with *consensual* systems, e.g. the Netherlands, that depend upon coalitions that must trade some effectiveness in order to gain greater representativeness. Lijphart's quantitative analysis leads him to argue that consensual, coalition governments are both more effective and more representative.[5]

Lijphart's analysis in some ways begs the question that is raised by other students of parliamentary institutions. The advantage of majoritarian government may not be so much that it will make the proper policy choices but rather that the policy choices that are made are more likely to be the product of a single view of good policy, and perhaps even more directly linked to the votes of the public (but see Rose, 1974; Castles and Wildenmann, 1986). The concern is whether an executive elected to office is able to make government perform in the way that he or she wants. Although that rarely happens in an ideal manner the institutional structure of majoritarian systems appears more likely to enable a prime minister to shape policy than does that of consensual systems. Thus, differences in outputs such as economic performance may be as much a function of poor policy choices as the structural features of the system.[6]

Divided Government

A special case of the discussion concerning presidential and parliamentary systems is the 'divided government' (Sundquist, 1988; Fiorina, 1996) or 'separated institutions' (Jones, 1995) discussion in the United States. In this debate the impacts of the institutional configuration – separate but equal institutions – is compounded by the frequent control of these institutions by different political parties. Indeed, 'divided government' has been the norm for most of the post-war period, with both houses of Congress and the presidency being controlled by the same party only 16 out of 44 years during this time.[7]

The conventional wisdom is that divided government makes it difficult for government to function effectively, with gridlock the probable outcome of the arrangement. David Mayhew (1991), on the other hand, argued that the U.S. federal government has performed little differently when it was divided and when it was not. Using a set of measures of the significance of legislation, Mayhew found evidence that the bills passed during periods of division were little different than those passed during the relatively scarce times of unified government. There have been a number of critiques (Kelly, 1993; Herzberg, 1996) of the methodology that Mayhew used in supporting his contentions. In particular, the argument depends upon a coding of policy decisions as 'major' and that judgement is open to a number of interpretations.

In addition, Krehbiel (1996) has argued that gridlock can occur in a

presidential regime even without partisan division between the institutions. Unlike Mayhew's work, however, this analysis is based entirely on rational choice analysis of the possibilities of formation of coalitions. These coalitions could bridge political party lines and either facilitate or hinder policy-making. One source of this deadlock might be ideological, as when conservative Southern Democrats teamed with Republicans to block, or at least delay, social legislation during the 1950s and 1960s (Rohde, 1991).[8] There could also be coalitions based upon regional interests (farming in the Midwest or industry in the 'Rustbelt') or perhaps on minority status (both gender and ethnicity) within Congress.

Divided government is usually discussed as a peculiarly American phenomenon, but there are other interesting and important examples. The most interesting is France, where the constitution of the Fifth Republic makes a divided government possible (Pierce, 1991), and indeed this has occurred twice, referred to as periods of 'cohabitation' in French (Duverger, 1987). First in 1986–88 Socialist President François Mitterrand had a premier from the political right.[9] Later, for the period of 1993 to 1995, he again had to rule in conjunction with a rightist prime minister. More clearly in the first instance, but even in the second, government proceeded with little apparent interruption. Again, however, it can be argued that divided government can occur even with the same parties in the Elysée and the Matignon, given personal and institutional priorities of the two offices.

Australians also argue that their government has begun to behave as if it were virtually divided, given the tendency of the Senate to have no clear majority and to function as a check on the usual powers available to a prime minister in a parliamentary regime, especially in a majoritarian Westminster system (Winterton, 1983). Canada might have the same sort of division, but the different basis of selection and the senior statesman status of most of the members of the Senate tend to reduce the effective extent of division within Canadian government.[10] Although not a Westminster parliamentary system the case of Germany may also be instructive for thinking about the consequences of divided institutions (Thaysen, 1994). For the life of the Bundesrepublik there often has been a partisan majority in the upper house (Bundesrat) different from that in the lower house (Bundestag), so that German chancellors often have functioned in something like a divided government, despite the strong position accorded them in governing by the German constitution.[11]

One of the interesting questions about presidential and parliamentary regimes is the extent to which parliamentary regimes may be becoming increasingly 'presidential' (Jones, 1991; Von Mettenheim, 1996). There are a number of political and governance transformations that appear to be changing in parliamentary regimes. Electoral campaigns are increasingly centered on the candidates for prime minister, rather than on political parties and their platforms (Peters, 1997).[12] Once in government prime ministers now tend to have greater control over policy than might be

expected in a regime exercising collective responsibility – the headlines in British newspapers the day after his election referred to Tony Blair as having a 'presidential' style. This characterization referred to his desire to centralize policy-making and media coverage and since that first week he has solidified his personal control over public policy and the institutions of government. Further, notions of ministerial responsibility to parliament have also been diluted (Marshall, 1989; Sutherland, 1991a, 1991b; Bogdanor, 1994), so that executives function as much like their counterparts in the private sector, or like cabinet secretaries in Washington, DC, as they do like ministers operating within the traditional model of the ministerial role.[13]

Variations Within Parliamentary Institutions

Parliamentary democracies occur far more often among the developed democracies. Although broadly parliamentary in form, there are also important differences among these governments, and we can investigate the impacts of differences empirically as well. For example, as mentioned above Arend Lijphart (1984; 1994) has argued that there are two groups of parliamentary governments – majoritarian and consensual. Majoritarian regimes are characterized by the capacity of one or another party (or perhaps a small coalition) to win sufficient numbers of seats to form a government. Consensual parliamentary regimes, on the other hand, can only form a government through making coalitions. The process of coalition building, in turn, requires making 'side-payments' to potential coalition partners, and with that there is some lessening of the consistency of government programs.

Legislative Institutionalization

Most of the research on institutions and institutionalization has focused on the executive branch of government, especially the public bureaucracy. There has, however, been a significant amount of empirical research on the institutionalization of legislatures. This literature is based on the seminal article by Nelson Polsby (1968) on the institutionalization of the U.S. House of Representatives. Polsby (p.145; see also 1975) argued that the House of Representatives had changed over time in the direction of becoming more 'institutionalized,' meaning that it had well-established boundaries for roles, internal complexity, and universalistic criteria.

Polsby's research has been followed by a variety of other attempts to document and to measure institutionalization in a number of other legislative bodies. For example, Squire (1992) examined a series of indicators of institutionalization in the California state legislature. Hibbing (1988) applied the concept to the House of Commons in the United Kingdom, Opello (1986) did so for the Portuguese parliament, and Loewenberg (1973)

and Gerlich (1973) did so for a number of European parliaments. Not all the discussions of legislative institutionalization have praised the concept (Cooper and Brady, 1981), but the idea has been influential in the development of legislative studies. Indeed, it has become conventional to discuss institutionalization as one of the fundamental characteristics of a legislature.

This version of institutional theory concerning legislatures is labeled as 'empirical' because, unlike some other approaches, it does provide very clear ideas about the empirical indicators that can be used to measure its concepts. Further, this corpus of theory involves a dynamic conception, with institutionalization being a process rather than just an end state. If anything the approach may be excessively empirical, with the concepts seeming to be determined as much from the operations used to measure them as vice versa. This possible defect of operationism was demonstrated rather clearly by Squire (1992, pp.1027–8), who had some difficulty distinguishing the commonly used characteristics of professionalization in legislative bodies from those used to measure institutionalization. Squire consequently questioned the independent meaning of the latter concept. Despite that significant weakness, the research on legislatures does contribute another arrow to the quiver of institutional analysis, and does provide some useful ideas about measurement of the attributes of other institutions.

In short, legislatures can be conceptualized as institutions that vary in their degree of institutionalization. That is, they differ in the extent to which they are successful in imposing a set of common values on their members. Most of these values are those of professionalization, and the acceptance of the idea that a legislative office is a full-time career. The assumption of institutionalization is that there are some common conceptions about how that office is best managed, regardless of the political values the member may have. In this same manner of thinking, institutionalization implies the development of larger legislative offices and more centralized services to the legislature as a means of ensuring that the legislature can compte effectively with the information available to the political executive through the permanent bureaucracy. This conception appears based in part on the role of American legislatures as 'transformative legislatures' (Polsby, 1975) as opposed to the 'arena legislatures' found in most parliamentary regimes, but it does also indicate something about the structure and functioning of legislatures in general.

Institutions and Implementation

As well as being a question for legislatures and the formation of public policy, there are also important structural questions about how policies are implemented. This body of theory is based largely on the Pressman and

Wildavsky study of implementation first published in 1974. The argument is that the (frequent) failures of implementation can be seen in structural terms. Their analysis of the failure of an economic development program to be implemented in Oakland, California pointed to the presence of some 70 separate 'clearance points' that had to be passed successfully if the program was to go into effect as intended. Even if the probability of passage of each point is 0.99 the a priori chances of the program being implemented are less than fifty-fifty; at 0.95 percent the probability drops to 0.004.

While scholars had been aware for some time (Hood, 1976) of the difficulties associated with making programs function as they were designed, the Pressman–Wildavsky analysis provided a way of analyzing the structural causes of that problem. This problem was becoming more common as this initial study was being written, but has become endemic as the implementation of policies increasingly is brought about through partnerships, alliances, contracts, and a variety of other schemes mingling public and private organizations, and requiring complex agreements among the actors (Pierre, 1998). Those schemes are almost obligatory for political and budgetary reasons, but they do present a huge potential for implementation failures (for ways around these and other problems in implementation see Bowen, 1982).

Ellen Immergut's (1992a; see above, pp.66–7) analysis of policy-making more generally has some of the same features as the 'clearance point' concept. She talks more generally of the 'veto points' that exist in a policy-making system, and the need for decisions to clear each of these successfully if a program is to be adopted and then implemented (see also Weaver, 1992; Kaiser, 1997). The argument in comparative terms is, rather obviously, that countries with more of these points are more difficult locales in which to make effective decisions than are less complex systems. In her empirical research she contrasts the extreme complexity of the Swiss political system (Linder, 1997) with the more linear politics of Sweden in making health policy.

A final institutional, structural analysis of implementation structures is provided by Benny Hjern and David Porter (1980). They argue that the best way to understand implementation is not through a top-down conception of a piece of legislation being pursued by a 'formator' with a particular set of policy desires, with any deviation from those desires representing failure (Lane, 1983). Hjern and Porter rather conceptualize implementation as taking place through a complex structural arrangement of interests and organizations that almost by definition will adjust the meaning of any piece of legislation to fit their own conceptions and their own political interests. Policies should, it is argued, be designed to be sufficiently robust to sustain this degree of modification and still accomplish its desired goals (see also Ingram and Schneider, 1990). Their conception of the 'implementation structure' is essentially that of a group of organizations with continuing linkages, something very similar to the network idea discussed in Chapter 7.

Another interesting institutional question is the nature of central banking and the impact of alternative institutional arrangements on economic performance (Goodman, 1992). The fundamental variable here is the degree of independence of central banks from direct political control. The contrast often made is the independence of a bank such as the Bundesbank in Germany or the Federal Reserve in the United States. These banks can employ monetary policy instruments (open-market operations, interest rates, reserve requirements) regardless of the wishes of the government of the day, and often do so in direct opposition to the wishes of that government (Woolley, 1984; Alesina and Summers, 1993). The assumption is that this independence enables central banks to make decisions on strictly economic, rather than political, grounds.

Central Banks

There have been several interesting institutional experiments about the independence of banks. Almost immediately after gaining office in May, 1997 (for the first time in eighteen years) the Labour Party in the United Kingdom removed the Bank of England from direct political control and gave it a much greater degree of independence in setting monetary policy (see Busch, 1994). The institutional arrangements still are not so independent as those of the Bundesbank, but do approach that degree of independence. Although the British economy had been performing well under the previous Conservative government the Labour government wanted to ensure an independent source on monetary policy, as well as prepare itself for possible entry into the European Monetary Union (but see Rees-Mogg, 1997).

A similar change in control of the central bank occurred in Italy, if somewhat earlier. After years of massive government deficits and questionable financial support for state-owned industries the Italian government decided in 1981 to separate the Banca d'Italia from the Treasury. The deficits continued to mount, until the Maastricht requirements for entering the European Monetary Union forced the government to reduce spending drastically, but the Italian financial system may have been placed on a firmer footing by this change. In this case the structural change may have been a necessary but not sufficient change to produce the policy results desired.

The question for empirical institutionalists is, of course, whether the differences in monetary policy institutions make any real difference for economic performance. The 'quasi-experiment'[14] with the Bank of England will provide one test within a single economy. We can also look at the recent performance of the economies of countries with independent banks and those with more politically dominated central banks (see Grilli, Masciandaro, and Tabellini, 1991; Davies, 1997). As shown in Table 5.1 there is some

Table 5.1 Independence of Central Banks and Inflation[1]

	Degree of Independence[2]		
	High	Medium	Low
1980s	3.7	7.8	10.5
1990s	2.7	2.7	5.2

1 Average annual inflation rate.
2 Based on Grilli, Masciandaro, and Tabellini (1991).

tendency for countries with autonomous central banks to control inflation better than those countries with more politicized banks. On the other hand, there is almost no relationship with economic growth, or if there is one it is that more independent banks are related to somewhat slower growth.

Institutions and Development

Finally, institutions have been argued to play a major role in the process of political development, and more recently in the transition from authoritarian to democratic forms of government. This debate was actually begun some decades ago by Samuel P. Huntington (1968; see Remmer, 1997), but his views on the role of institutions and institutionalization in development have tended to be less influential than those of scholars who emphasized more cultural variables in promoting change.

This tradition of cultural studies of development has tended to persist into the present time in major works such as Robert Putnam's studies of social capital in Italy (1993), and his and followers' extensions (Perez-Diaz, 1994; Gymiah-Boadi, 1996) of the same basic logic to other geographical areas (including to the United States by Putnam (1995)). The logic of this approach to democratization is that to be effective there must be a cultural underpinning of trust, among individuals and between individuals and institutions. The concepts of 'social capital' and 'civil society' are really ways of saying that without the right set of social values structural manipulations and constitution writing will produce little positive result.

The domination of the cultural approach is being challenged, however, by more structuralist perspectives that argue that if the appropriate institutions are put into place then the appropriate values will follow.[15] For example, the work of Stepan, Linz, and others has pointed to the need to build institutions that can promote simultaneously democracy and stability in regimes undergoing change – especially those going through the joint challenges of democratization and movement to a market economy. This approach argues, although perhaps not so boldly, that if effective institutions can be constructed and managed then in time (and perhaps not very much time) the appropriate values will also be created.

We now have a better idea of the nature of the literature on empirical institutionalism. We should therefore turn to the questions that we have been applying to all bodies of institutional theory. Given that this body of literature is more empirically based than the others, the answers might be expected to be somewhat more definitive than for the other approaches. In some ways that is true, but in others the researchers often take the definitions of institutional forms as givens without clear conceptual definitions.

What is an Institution?

As already noted the research concerned with presidential and parliamentary government often takes those institutions as a fact of political life, rather than an entity in need of conceptual elaboration. For example, there has been relatively little work on the differences that exist within the category of parliamentary regimes. Those differences may, however, be quite important as when one contrasts the Westminster traditions of majority governance and adversarial politics (Kelman, 1992; Lijphart, 1994) with the traditions of minority government and party cooperation found in Norway (Strom, 1990a), or with several other countries with long experiences with multi-party cabinets. Within the presidential category there are also obvious differences between the United States as the archetype of presidentialism and the 'semi-presidential' system of France and Finland (Duverger, 1980, 1988; Pasquino, 1997), as well as the way in which presidential politics is played out in Mexico (Camp, 1996) and other non-European countries (Mainwaring, 1991).

For a great deal of the research discussed here, the absence of conceptual and even empirical elaboration is somewhat justifiable. In most cases it is clear that a regime is either presidential or parliamentary, so the researcher can simply proceed to discuss the apparent effects of those differences. There are some cases in which the differences are not so clear, e.g. the semi-presidential regime in France, or perhaps that of Finland (Nonsiainen, 1988). Further, in some countries there are sufficiently marked changes in the ethos of politics to question whether or not there are formal institutional changes as well (Foley, 1993; Peters, 1997b). For example, as the 1997 British election was being announced, all the major papers in the United Kingdom pointed out that the election would be 'presidential,' i.e. it would focus on the ideas and leadership potential of the potential prime ministers. In short, the assumptions about the obvious nature of the differences among political types are not always justified.[16] Given the normative definitions of institutions of March and Olsen a change in the style of governing may be considered as important as a change in the formal structures.

For the implementation structure version of empirical institutionalism the definition of an institution is substantially less clear. The basic orienta-

tion of this approach is similar to that of network theory, as discussed in the following chapter. In such a view the institution is formed more from interactions of the actors than from any particular conscious choice or decision, as may be expected when selecting presidential or parliamentary government forms.

Institutional Formation

This question is in most ways not relevant to this version of institutional theory. Empirical institutionalism primarily takes as given the political and social institutions of a society and then attempts to determine whether those institutions have any impact on the behavior of their members. The process of institutionalization does, however, provide some element of a dynamic within this body of theory. As noted above concerning legislative institutionalism there has been a process of change and professionalization in many legislatures, with the addition of bill-drafting organizations and more personal staff, the adoption of longer sessions, and the creation of a more differentiated and powerful committee system. Legislatures before those changes may be institutions, but they are certainly more institutionalized after those developments.

The concept of implementation structures also involves the creation of structural relationships among organizations. The passage of a new piece of legislation will require creation of a network of actors concerned with the implementation of that legislation. In some instances that legislation may mean simply reviving, or further burdening, another 'implementation structure.' New legislation frequently, however, involves the formation of a new structure to put it into effect. These patterns of relationship may have been relatively unstructured initially and may have involved the constituent organizations only tangentially, but they will require some sharing of values and some formalized patterns of interaction if they are to be effective in making a policy work.

For implementation structures the one question about formation that does arise is the now familiar debate between 'top-down' and 'bottom-up' conceptualizations of the implementation process (Sabatier, 1986; Linder and Peters, 1989). The former view argues that implementation is ultimately a question of the application of law, and therefore should be seen as a hierarchical process. This hierarchy is considered necessary to ensure the just and adequate enforcement of the law in question (Hogwood and Gunn, 1984). The alternative view is that even though implementation is about law, it is also about the relationships between public employees and their clients and is also dependent upon the knowledge of the lower echelons of the bureaucracy. In this view if an implementation structure is not designed with those relationships and skills in mind then it will not be effective.

Given that basic distinction in the way in which implementation is

conceptualized, are there also differences in the way in which implementation structures are formed? For the top-down conception the template for an implementation structure is readily available – the organization would simply reproduce the pattern found in any one of hundreds of other hierarchies in government. The creation of an implementation structure in the bottom-up view is more problematic and more variable. It would require the negotiation of a relationship among a number of organizations and their agreement to cooperate among themselves, and with the organization charged with primary responsibility for the policy, over the implementation of the policy. The structure that might emerge from such a negotiation is likely to be more of a network or partnership (see pp.116–18) rather than the hierarchical structuring that still characterizes most government organizations.

All the above having been said, one of the apparent failings of the empirical institutionalists is to have a clear conception of the origins of institutions. Karen Remmer (1997) mentions this as one of the four 'paradoxes' of contemporary institutionalism. She refers to all branches of the new institutionalism in a very undifferentiated manner, but this critique appears particularly applicable to the empirical institutionalists, given their explicit concerns with contemporary institutional structures. They argue that certain structures are more effective than others, but fail to ask why the seemingly ineffective structures are selected as often as they are.

Institutional Change

Some of the same problems encountered when asking how institutions are initially formed arise when asking how they change. The empirical institutionalists have been more concerned with the effects of existing structures than they have been with these dynamic questions about their origins or their transformation. For much of the work in this tradition institutions are a given, rather than an entity that requires any great degree of explanation.

The above having been said, there are some ideas about change in some versions. As already noted the legislative institutionalists such as Polsby are concerned with the process of institutionalization within legislatures, a process not dissimilar to those discussed by Eisenstadt and other sociological theorists in reference to bureaucratic institutions. Legislatures in most countries have become more professional and more institutionalized, often as a means of counteracting the increasing powers of political executives. This implies that in this perspective institutions change in response more to external stimuli than to their own internal values, although statements of that sort are rarely discussed.

Similarly, in the research discussing differences between presidential and parliamentary systems, one of the capabilities in question is the capacity of

the political systems to respond to innovation (Feigenbaum, Samuels, and Weaver, 1993). This does not mean that the institutions themselves will necessarily change, although most organizational theorists would tend to argue that they would have to adjust their structures somewhat to satisfy changed environmental demands. There is also some sense in several of the discussions of these institutional arrangements that some adaptation does take place, so that effective institutions will learn how better to cope with environmental challenges. So, although change is not a central question for the empirical institutionalists, there are some dynamic elements built into their conceptions of institutions that at least begin to address the question of change.

Institutional Design

The design of institutions appears more central to this version of institutionalism than to others, with the possible exception of rational choice institutionalism. Although there is little interest in any theorizing about the natural evolution of institutions, the scholars contributing to this body of literature have very real intellectual and academic interests in the subject. Further, for many of them there is also a clear concern about being able to offer effective advice to government. This is especially true for advice to governments of those countries in which democracy is a relatively new phenomenon. The discussions by Linz (1990, 1994) and Riggs (1988) of presidential and parliamentary government, for example, are clearly attempts to utilize empirical evidence from the recent past to convince governments in the process of democratic transformation what the probable outcomes of certain institutional choices would be, and therefore what their institutional choices should be.

One factor that distinguishes this version of institutional theory from most of the others (again the rational choice version may be the exception) is the sense that there is a virtually free choice of institutional forms available to institutional designers. While the historical institutionalists might argue that in most instances there are important constraints on the capacity to make such a choice, at least after an initial choice, for the 'empirical institutionalists' the choice appears to be up to political elites designing any new institutional formats. This view appears to run contrary to some of the important argument of both historical institutionalists and normative institutionalists who see constraints rather than opportunities when confronted with the design question.

The arguments of the historical institutionalists may be muted somewhat in the case of a newly formed, or reformed, political system, but those of the normative institutionalists may still have some weight. For example, even if the evidence on the effects of presidentialism were stronger than it is,[17] questions of legitimacy may prevent other constitutional choices. In Latin

America for example, the history of presidentialism – whether an unfortunate export from the United States or not – may make other forms of government appear inappropriate to the population. Further, if not familiar and legitimate in a system, parliamentary institutions may generate at least as much instability as would presidential ones. To argue otherwise would be to go against much of the inherent logic of institutionalism as it has been developing in political science.

Related to the choice between parliamentary and presidential government is the place of institutions in the development of democracy. The collapse of authoritarian governments in many parts of the world has produced a need for models of developing and sustaining democracy. While some of these models concentrate on the development of appropriate social and cultural patterns (Putnam, 1993; Armony, 1998), many other models focus on the design of appropriate institutions (Sartori, 1997; Stepan and Skach, 1993; Power and Gasiorowski, 1997). In some instances the design element required is a governing system that can bridge among previously hostile social groups (Burton and Higley, 1987; Higley and Gunther, 1992), with questions of decision-making appearing, at least in the short run, subordinate to stability. In others it is for organizations that can make decisions effectively while still being open to demands from a divided and often fractious public opinion.

Individual and Institutional Reaction

Another of the basic questions we are asking about institutions is: How do individuals and institutions interact? The general pattern encountered in institutions is one of mutual influence. Individuals may have their behaviors and their values changed by membership in an institution, but institutions also must adjust as they recruit different types of people. For the empirical institutionalists the direction of influence appears to be more unidirectional; the behavior of individuals is assumed to be largely determined by their participation in the institution. A president is expected to play the role of president, and not to act like a prime minister (although prime ministers are said increasingly to act like presidents.[18] Given its close relationships with the presidential/parliamentary debate the divided government literature posits much of the same unidirectionality.

This unidirectionality of influences can be observed in almost all the versions of empirical institutionalism we have been discussing, although in varying degrees. As the illustration above indicates, the influence of institutions over individuals can be seen very strongly in the discussion of presidential and parliamentary government, although even here strong leaders may be able to shape the office more to their own liking. The different forms of parliamentary government may constrain a leader even more than the differences between presidential and parliamentary systems.

The leaders in Danish or Norwegian systems with minority governments and strong norms of collegiality would have little opportunity to act as a president, while several British and Canadian prime ministers have been able to act in a very presidential manner.

The empirical institutionalists are therefore very close to the normative institutionalists in the importance they attach to common values existing within an institution, and in their assumptions that those values dominate individual preferences for the members of an institution. If anything, the empirical institutionalists ascribe an even less significant role to the individual, whether prime minister or legislator, than do the normative institutionalists. In particular, the empirical institutionalists appear to lack any clear ideas about how institutions might be transformed in response to different values of their members.

The Good Institution

The questions of empirical institutionalism, despite the name I have attached to it, are ultimately normative. More than perhaps any other of the institutional approaches discussed in this book the empirical approach attempts to identify 'what works.' To a great extent the empirical approach identifies the good institutional arrangement as one which meets these more operational criteria of virtue. For the empirical institutionalist the question is what impact does an institutional arrangement have on the performance of government, with different scholars being concerned with different types of performance. The most important measure for some scholars is the survival of the institution, or perhaps the regime as a whole. For other scholars the question is one of economic, rather than political, performance, so that the good government is one that produces economic success.

As well as being concerned with fundamental questions of the survival of governments or overall economic performance, other questions about the good institution, or set of institutional arrangements, have to do with the capacity of the system to make decisions. The question is not so much whether those decisions are good or bad, but rather whether the institutions are capable of making decisions. In these views of institutions, the better ones are those that can make decisions, and particularly those institutions that can make major decisions rather than just the continual series of incremental decisions. Part of the argument on behalf of parliamentary regimes, for example, is that the integration of the legislative and executive powers permits more effective decisions than in the 'separated' powers of the presidential systems.

SUMMARY

Just as there were a number of different approaches to rational choice institutionalism, there is also a variety of different empirical approaches, to institutions and institutionalism. The most common approach is to differentiate presidential and parliamentary institutions and determine their impacts. Rather than attempt to develop an alternative perspective on institutions and their nature and origins, however, these various empirical approaches classify types of institutions and then attempt to determine whether those arrangements have any real impact on the performance of government. Only rarely do they begin to offer a theory of institutions *per se*, but rather are concerned with the apparent impacts of institutional arrangements.

We should not, however, be too quick to dismiss the empirical institutionalists as atheoretical, and therefore not as significant a contribution to the discipline as other approaches to institutionalism. In the first place there is indwelling in the descriptions of institutional arrangements an argument that formal structuring of interaction does determine, or at least influence, behavior. While some theorists might argue that this structuring operates through norms, others that it comes through rules, and still others that it comes through manipulation of incentives, the empirical institutionalists argue that the important fact is simply the arrangement of the operative elements, not what those elements are.

Even if the theoretical development within this approach is not as great as in some other approaches, the literature developed does fulfill some of the goals of March and Olsen in launching the 'new institutionalism.' It has pointed out that structures and institutions do matter; if not always a one-for-one correspondence of structure and performance there does appear to be some influence. Further, the methodological and theoretical assumptions are most definitely not individualistic ones against which March and Olsen were reacting.

NOTES

1. Such a formulation is not incompatible with the rational choice version of institutionalism, given that it assumes that rational individuals will make choices in accordance with the rules and incentives structured by their institutions.
2. This is in many ways an historical institutionalist argument assuming the persistence of those values (see Chapter 4).
3. This is in part a function of Riker's commitment to rational choice analysis, and the dominance of individual preferences over institutional formats. This distinguishes his work from that of rational choice institutionalists such as Shepsle discussed in Chapter 3. For both empirical and rational choice institutionalists, however, institutions are highly mutable, in marked contrast to the historical institutionalists.

4. To some extent the findings are biased because of the large number of Latin American regimes with presidential forms of government and their independence for longer periods of time than other Third World countries.
5. Steven Kelman (1987) makes a similar argument about the difference between adversarial and cooperative styles of decision-making. Kelman's analysis is within the context of the United States, but his logic is very similar to that of Lijphart.
6. If economic performance in the United Kingdom is no better than that of the consensual systems, the cause may be as much a number of socio-economic factors as the policy choices made by government. Assuming otherwise appears to attach much too much importance to the decisions of the public sector.
7. Americans appear to prefer this pattern of government. Not only do they vote for this at the federal level but for state governments as well. In 1996, 36 of the 50 state governments had at least one house of the party other than that of the governor.
8. Even during the 'Boll Weevils', conservative Democrats (generally Southern) coalesce with Republicans to impede proposals coming from the Clinton administration.
9. These were first Jacques Chirac (himself elected President in 1995) and then Edouard Balladur.
10. Canadian senators are not elected but rather appointed for life (actually until age 70) by the governor-general. There is a tradition of keeping the Senate in partisan balance, but the divided government characterization does not appear as applicable (see Tuohy, 1992, 28–30).
11. The system is sometimes referred to as 'Kanzlerdemokratie', or 'Chancellor democracy'. The chancellor is able to exercise a great deal of control over the lower house, but is more at the mercy of the constituent states in the Bundesrat.
12. For example, on the day that the 1997 general election campaign was announced all quality daily newspapers in the United Kingdom discussed the campaign in presidential terms.
13. This is with respect to formal responsibility for action. Having to be a member of Parliament in most systems does make the role different. In systems such as Austria, Norway, and France where ministers either must or can be outside parliament the differences with an American cabinet member may be minimal.
14. It is a quasi-experiment because of the inability to control other factors in the environment. A good or a poor economic performance after this change may not really be due to this one institutional innovation, but there is no way to be absolutely sure of that.
15. In terms of the other theories of institutions this argues that the March and Olsen creation of appropriate values will stem from the creation of structures that will inculcate those values.
16. The scholars doing this work clearly understand that they are simplifying, and for good reasons. The question is what does this simplification say about the meaning of the institutions in a more theoretical sense.
17. See Mainwaring and Shugart (1997).
18. Also, after his re-election in 1996, President Clinton announced that he wanted to act more like a prime minister running a collegial cabinet system.

CHAPTER 6

SOCIOLOGICAL INSTITUTIONALISM

This book is concerned primarily with the development of the new institutionalism in political science. Despite that focus, we would be overlooking a potentially important means of understanding political institutions if we did not discuss the significant body of relevant institutionalist literature existing in sociology. This literature is important to political science, just as is the increasing role of the economic analysis of institutions in our discipline (see Chapter 3). If anything, the sociological literature on institutions and institutionalism is more fully developed than is that of economics, given that organizations and institutions have been a significant focus of attention in that discipline for some time.

The sociological literature on institutions is very rich, but it is also somewhat perplexing. This puzzlement stems from several characteristics of the literature. First, there is not always a clear distinction between institutions as entities and the process of institutionalization by which they are created. As pointed out above (see pp.33–4), Lawrence Mohr (1982; see also Zucker, 1977) has made the distinction between 'variance' and 'process' theories of institutions, or those theories that focus on the effects of different institutional formats[1] and those that focus attention on processes of creation and change of the structures themselves. There is a good deal of both categories of theory in the sociological literature on organizations and/or institutions, and the two strands of theory are not always clearly distinguished. As will be pointed out below, however, the sociological literature appears much stronger in explaining the process of creating institutions than it is in describing the characteristics of the institutions resulting from those processes. In contrast, political scientists (and especially those working within the empirical and economic approaches to institutions) are better at explaining the effects of institutions than they are at describing their creation or dissolution.

A second reason for some apparent confusion in the sociological literature on institutions is the failure to distinguish clearly between organizations and institutions. There is a rich literature on organizations and organizational theory in sociology (Katz and Kahn, 1978; Scott, 1992), and that literature has an obvious bearing on the issues of institutional behavior. Some theorizing in sociology has been very explicit in making that distinction, but the majority of the literature has tended to slide all too easily from one noun to the other (Scott, 1994). In fairness the failure to distinguish clearly between institutions and organizations has not been confined to sociological analysis of institutions, with much of institutional

analysis failing to make clear that differentiation. This weakness does, however, appear more evident in the sociological literature. This is perhaps because of the strength of organization theory in that discipline, and therefore the conceptual differences tend to create more confusion here than in other approaches.

Despite those perplexities, we should attempt to integrate the insights from this literature when we attempt to understand institutionalism in political science. First, the emphasis on the creation of meaning (Meyer and Rowan, 1977) and the relevance of values in sociological theory provide an extremely useful counterbalance to the individual maximization and utilitarian values inherent in the rational choice version of institutionalism. Further, the March and Olsen version of the new institutionalism that began the current discussion of institutionalism within political science clearly had its roots in the more sociological conception of institutions (see pp.26–7). Hall and Taylor (1996; see also Rockman, 1993; Peters, 1996), in fact, refer somewhat incorrectly to the March and Olsen version of institutionalism as 'sociological institutionalism.'[2] Certainly many of the criticisms that have been leveled at the March and Olsen version of institutionalism also can be argued to be applicable to a good deal of the sociological literature on this subject. Not least among those critiques is that the emphasis on rather amorphous normative and cultural statements assumed to function as guides for action in institutions in much of this (and the March and Olsen) rendering of institutionalism is not adequately defined and researchable. This makes these theories almost unfalsifiable, and hence suspect on theoretical grounds.

THE ROOTS OF INSTITUTIONALISM IN SOCIOLOGY

The concern for institutions within sociology can easily be traced to the leading theorists of that discipline. For example, Max Weber's theoretical work (1976) is clearly concerned with institutions and the development of 'rational' institutions to meet the demands of modernizing societies. One commentator on Weber's theory of bureaucracy and other institutions (Lachmann, 1971, p.68) argued that institutions were as central to his concepts as the idea of competition was to economics. For Weber his 'ideal type' of the rational-legal bureaucracy is the highest possible form of rationality manifested in an institutional format, even if that level of rationality is almost certainly not achievable within the real world. Even more fundamentally, Weber's analysis is concerned with the manners in which cultural values infuse and shape formal organizations, no matter the level of socio-economic and cultural development at which this process occurs. Similar to the value-based institutionalists discussed above, Weber posited a direct link between cultural values and formal structures in society, including formal institutions.

Similarly, the eminent French sociologist Emile Durkheim also developed a clear conceptualization of the role of institutions in social and political life, and referred to sociology as the 'science of institutions.' Durkheim (1922) also was concerned with the development of rational organizations, although instead of being concerned initially with the role of values he was more interested in the role of objective societal characteristics, especially the division of labor, on organizations and institutions. These 'societal facts' were, in turn, converted into symbolic systems that represented collective values for those institutions. For Durkheim, like Weber, there was a link between social forces and the nature of institutions, but the causal connection appeared much closer for Durkheim than for Weber. The linkage of symbols and institutions was more evident in part because of a greater empirical content in Durkheim's work (1986).

The American sociologist Talcott Parsons (1951, 1960) represents another branch on the tree of evolution in the sociological analysis of institutions. Parsons was one of the major proponents of functionalism in the social sciences, the basic argument of which being that societies had certain requisite functions that must be performed if they were to survive. For example, societies (it was argued) must fulfill the 'adaptive' function of extracting sufficient resources from the environment to survive.[3] The performance of these functions was then related to the existence of institutions (structures), with the comparative analysis of societies being possible through different manners of relating structure and function.

More recently, Philip Selznick had a profound influence on thinking about institutions in sociology. He focused attention on the importance of understanding organizations in institutional terms, and of understanding processes of institutionalization and institutional change. Selznick's classic study (1949) of the Tennessee Valley Authority pointed to the process through which an organization based largely on a technical process is transformed into an institution, and begins to embody values as well as merely a structural form. Thus, Selznick is interested in the process of institutionalization as much as in the institutions that result from that process. The role of organizational leadership (one of Selznick's primary foci) was to create and defend the value systems created within the institution.

Selznick's own research was supplemented by that of his students, many of whom have carried on and extended his research program on organizations and institutions. Several of these students (Zald and Denton, 1963; Zucker, 1988) focused on the processes of organizational change, and the capacity of organizations (and institutions) to persist even after their ostensible purposes have been achieved. This research reinforced the point that institutions have a capacity to defend their core values (and especially their fundamental existence) even when confronted with objective conditions that might seem to negate their utility.

Finally, S. N. Eisenstadt (1963; 1965) has been concerned explicitly with

the processes of institutionalization and deinstitutionalization in society and organizations within society. Eisenstadt accepted much of the functionalism of Parsons, and attempted to demonstrate how change could be explained using a theory that was widely regarded as static and conservative. Unlike many contemporary sociologists Eisenstadt was interested in the historical dimension of change, beginning with these processes within major empires and continuing up to the establishment of the Israeli state (1959). He argued that institutions and individuals adapted to changes in their environments through a functionalist logic so that the behavioral patterns that evolved would be compatible with the survival of the organization.

Eisenstadt further utilized role theory, and the concept of 'role crystallization' as a measuring rod for gauging the development of institutions. The argument was that institutions were, in essence, bundles of roles that individuals occupy more or less adequately. To the extent that the expectations of those roles are sufficiently clear and individuals play the roles with minimal ambiguity then institutionalization can be said to have taken place (see also Zucker, 1987). The clarity of roles and the acceptance of the roles by individuals within organizations vary over time, so that institutions can vary in their degrees of institutionalization. If we refer back to the March and Olsen ideas about 'appropriateness' this can be seen as analogous to the logic of appropriateness being more or less infused into the members of the institution.

Eisenstadt develops some of his conceptions of changing institutions within the context of bureaucratization (1959, 1963). As bureaucracies develop they acquire a richer and more complete set of values, as well as a more complete pattern of interactions. Eisenstadt's work is especially interesting in that he does not consider the process of institutionalization (or bureaucratization) irreversible. He was interested in the ways in which nominally bureaucratic organizations can become less institutionalized, especially in the context of changing 'raw materials' with which the organizations must contend. In the most extreme case he found Israeli organizations (Katz and Eisenstadt, 1960; Eisenstadt, Bar Yosef, and Adler, 1970) becoming less bureaucratized in response to having to cope with immigrant populations from North Africa that did not share the Western, bureaucratic values of most Israeli organizations.

CONTEMPORARY SOCIOLOGICAL INSTITUTIONALISM

Just as our discussion of rational choice versions of institutionalism pointed out the case of economic approaches, there is a variety of different approaches to institutions within sociology. We do not have time or space to devote to a complete treatment of each of those approaches, so we will focus attention on several of the more important ones.[4] I should also re-emphasize

here, however, that a good deal of the institutional analysis in the discipline of political science *per se* draws heavily from its sociological heritage. For example, March and Olsen's (1989; 1994) analysis of government institutions is closely allied with the strands of sociological literature that stress the central role of values and symbols in defining an institution and in guiding the behavior of its members.

Population Ecology Models of Organizations

Perhaps the most interesting sociological perspective for the study of public sector institutions is the study of organizational ecology, and the associated population ecology models of organizations (Carroll, 1984; Singh, 1990; Hannan and Freeman, 1989). This school of analysis has been applied relatively little in political science (but see Casstevens, 1984; Peters and Hogwood, 1988, 1991; Gray and Lowery, 1996a, 1996b), but it appears to hold a good deal of promise for understanding the dynamics of the public sector as a collection of institutions, as well as for understanding the behavior of the individual organizational components of the public sector.

The fundamental premise of the population ecology approach is that organizations (or institutions) and their behavior can be understood in part through an analogy with populations of biological organisms. Just as the biological ecology model provides opportunities for only so many organisms to survive, so too the environment of organizations is capable of supporting only so many structures. For example, the market provides only so many customers and employees, and only so much capital for restaurants, gas stations, newspapers, or other types of businesses.[5] Similarly there is a limited supply of public money and political support for organizations in the public sector, so the public sector can support only so many of those institutions.

Another of the concepts developed in the population ecology approach is the organizational niche. A niche is a particular mixture of resources that enables a specific type of organization to survive. For the public sector a niche might be defined by budgetary resources, legal mandates, institutional political support, and mass political support. These combinations will permit certain types, and certain numbers, of organizations to thrive while others will not be so fortunate. Some niches are 'wider' than others, permitting a wider variety of institutions to function within them successfully. For example, a policy area such as providing basic public services may be dealt with through direct public ownership and distribution.

One of the most important questions in the population ecology models of organizations is the survival of organizations in this presumably hostile environment. Without getting into the details of the various mathematical models that could be used to explain the survival of organizations (Tuma

and Hannan, 1984), there are a number of factors that are used to describe the process of survival and the rate of 'death' of organizations. One of the more important models depends upon the age of the organizations, with both very young and very old organizations being particularly in jeopardy of being terminated. Also, given the limited 'carrying capacity' of any environment, the density of the population will affect the survival of organizations.

How does this approach to organizations illuminate the study of institutions in political science? In some ways it might be thought that the environmental dependency of organizations assumed in the population ecology approach might have little to add to understanding of institutions that are largely considered volitional. The principal contribution that this set of ideas makes is to emphasize the dependence of institutions on their environment, and their 'embeddedness' in society and economy. It also points to the extent to which institutions may be in explicit or implicit competition with one another for resources and even survival, whether they be in the market or in the budgetary competition of government.

Institutionalization and Isomorphism

A second version of the sociological approaches to institutions which we will mention is concerned with the symbolic and valuative dimensions of organizations. This can be seen as a reaction of a nascent strand of rational choice reasoning in sociology that argued that organizations and their structures could be explained by the tasks being performed and by the resource base available to the organization. In such a view organizations were almost purely utilitarian, and action oriented. There was an emerging body of literature (Simon, 1947; Cyert and March, 1963) that demonstrated the difficulty of rational action in most organizational settings, but the functionalist conception of organizational behavior tended to persist.

A more symbolic conception of the character and behavior of organizations emerged from the apparent incapacity of resource-based models, e.g. contingent approaches, to explain adequately the nature of organizations. This research to some extent built on the prior work of Selznick, but emphasized more the manipulation of symbols within a successful organization as the best means of comprehending how and why the institution behaved as it did (Meyer and Rowan, 1977). Organizations certainly do have a task-oriented character, but they also have a very clear element which is not rational in the usual sense of that term.

From this concern with the extra-rational and symbolic aspects of organizations came an explicit sociological theory of organizations as institutions. The fundamental perspective being employed here is that institutions are systems of meaning and that their behavior and the behavior of individuals within them depend upon the meanings incorporated and the symbols

manipulated. In the public sector Herbert Kaufman's analysis of the U.S. Forest Service (1960) is a classic example of an organization using symbol manipulation to define itself and to create a desired pattern of behavior by its members. Kaufman points to the role of training, and the use of symbols in that training, as the way of getting members of the organization to behave 'in the public interest' even when they might be under strong pressures to conform to local wishes and give in to local economic interests.

Although the March and Olsen version of institutionalism does have its roots in sociological analysis, there are some important differences between their work and much of that in sociology (Campbell, 1997). Perhaps the most basic distinction is that March and Olsen tend to emphasize the normative basis of institutions while much of the sociological literature emphasizes the cognitive elements of organization theory. That is, the sociological literature has become more concerned with how the members of an institution perceive situations within their structure and the 'frames' that they bring to bear on those situations in order to make decisions about them (Berger and Luckmann, 1967).

This cognitive emphasis then has more to do with perception than with evaluation. Just as professional memberships may create a trained incapacity to perceive problems and evidence in other than the professional manner, so to membership in an institution is argued to create the same sort of perceptual frame. The difference from the normative view of institutions is subtle, but yet is important. The cognitive view may be more basic than the normative view, given that it determines how the member of the institutions interprets data from the environment, while 'all' the normative perspective tells him or her is what the appropriate behavior would be in any situation. Both approaches may be needed for a complete explanation of organizational/institutional behavior (Scott, 1995b). The one approach will affect the members of the organization as they receive inputs on which they make decisions. The other part of the sociological process may be more significant in explaining how decisions are made.

One question that emerges from this literature is why relatively similar forms of institutions emerge in very different social and political settings. This question of 'isomorphism' (DiMaggio and Powell, 1991) to some extent goes back to Weber (and perhaps some of the other founding fathers of the discipline), given that he argued that there would be a tendency toward convergence around a rational legal format for bureaucracy as societies developed. The famous concept of the 'iron cage' as developed by Weber has been extended by DiMaggio and Powell to relate to a number of sociological processes by which the common institutional and organizational formats emerge, even in seemingly different objective circumstances. Their version of convergence tends, however, to be more differentiated; the argument is for convergence in particular fields but not necessarily across all fields, and further that the convergence occurs for a variety of different reasons.

Sedimentation

One of the more interesting concepts to emerge from this body of sociological literature on institutions is that of 'sedimentation' (see Tolbert and Zucker, 1996). This term reflects the characteristic of human life that current practices are built on the past and that beneath current practice in an organization there may be layers of values and understandings left from earlier times. Thus, if organizations or institutions were to be presented visually they might look like rocks drawn from the seabed in which layer after layer of deposits has accumulated and been solidified.

The idea of sedimentation reflects very clearly the historical and cumulative nature of institutions. These structures may be transformed over time, but they also retain much of their past history. However, unlike being the captive of that history entirely (as they might be to historical institutionalists), the organizations are seen as redefining themselves as well as reflecting their past. This view of institutions has interesting consequences for the conceptualization of change in institutional theory. Rather than being a question of design and change that occurs for once and for all, change involves developing new understandings and symbols that are not incompatible with those that were in place before. This makes change slower but on the other hand more possible than a more absolutist position about replacing values might be.

Organizational Archetypes: A Return to Weber?

An interesting variation on the theme of isomorphism in the sociological approach to institutions is the development of archetypes of institutional forms for comparative purposes. The logic here is similar to that employed by Weber (1949; see also Page, 1992; Peters, 1998) in his development of 'ideal type' methodology for the analysis of formal organizations, as well as other aspects of social life. The variation in forms of organizations and institutions is sufficiently great that any attempt to examine them all would have the researcher bogged down in almost endless detail. Therefore, it appears more efficient to create ideal types of institutions against which to compare the institutions observed in the real world.

As well as being useful for comparative purposes, the archetype analysis is useful for speaking to questions of change in institutions (Laughlin, 1991; Greenwood and Hinnings, 1993). As we have pointed out in several places, one of the dangers of focusing on institutions for analysis is that they tend to be relatively permanent, and even inflexible, so that change is difficult to detect. The argument accompanying the use of archetypes is that institutions can only change from one archetype to another; the pressures of isomorphism may make only so many alternative forms possible or thinkable at any one time.

The movement from one archetype to the other involves then a process of

deinstitutionalization and a subsequent reinstitutionalization, as one set of structures is replaced by the new alternative. As pointed out much earlier by Eisenstadt (1959), change in an institutionalized structure involves both eliminating old structures (or systems of values and symbols) and then replacing those with new ones. This view of institutional change is almost exactly the opposite of that found in the sedimentation perspective in organizational sociology. In that view an institution will represent a succession of values, with some remnant of each persisting.

QUESTIONS ABOUT INSTITUTIONAL THEORY

We can now embark on asking the same questions about the sociological perspective on institutions that have been asked about all the other versions. As might be expected from what we have already said, some of the answers here will not be terribly different from those given with respect to the March and Olsen version. When that is the case we will say so and move on as quickly and parsimoniously as possible. At the same time, however, it is important not to be too facile in equating the two versions of institutionalism, given the different range of phenomena that the two are discussing and their somewhat different purposes.[6]

What is an Institution?

This the first and most basic question in this approach. Again, we point to the difficulties in differentiating an institution and an organization in this version of institutional theory. It could be argued, although it is probably an overstatement, that what we are discussing in sociological institutionalism is an institutional *perspective* on organizations, without a clear definition of what constitutes an institution *per se*. If this statement is true, institutions and organizations are virtually identical structures and there is little need to provide a second definition.

The above statement points to the centrality of the process of institutionalization in the sociological literature. The sociological approach to institutions appears to be somewhat more concerned with the process of creating values and cognitive frames within an organization than it is with the end state – the differences among organizations that can predict the behavior of those institutions and individuals within them. The latter characterization is something of an overstatement perhaps, given work such as that by Goffman (1961) on 'total institutions,' and Etzioni (1975) and others (see Orru, Biggart, and Hamilton, 1991) on comparative organizational analysis. There is, however, a clear difference between these scholars and the empirical institutionalists (largely in political science) who tend to focus attention almost entirely on end conditions and institutional performance and very little on process of formation and change. Certainly there is

some concern in political science with the development of institutions, e.g. the institutionalization of the U.S. Congress (Polsby, 1975).

Despite those apparent problems, Scott (1995b, p.33) does provide a definition of institutions: 'Institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior.' This is a clear stipulation of what constitutes an institution, but it also is a very broad statement and captures some of the theoretical controversy about the term within itself; almost nothing is left out. For example, the question of whether institutions are best understood as structural features of society or as cognitive features is defined away in Scott's definition. Such a broad definition is probably desirable, given the many ways in which the term 'institution' is used in both scientific and everyday language, but it does not differentiate institutions from other forms of organization or social structure.

We should, however, attempt to make some differentiation between institutions and organizations, despite the similarity of the literatures dealing with each. One useful definition coming out of the economics literature (North, 1990, p.4; Khalil, 1995) differentiates between teams playing a game and the rules of that game. That is, organizations are formed to participate within the 'institutional environment' (see Davis and North, 1971) created by entities such as markets and political systems. For example, firms are created to play within the framework created by a market, and if the rules (formal or informal) of the market change then the firms must also change.

Alternative Definitions of Institutions

Scott does identify three different ways to think about the roots of organizations: cognitive, normative, and regulative. His analysis is built on the differences among these three versions of institutions in sociology and their differing implications for how institutions function and can be understood. Scott describes cognitive institutional theories as ones in which institutions are defined by their use of symbols and systems of meaning to intermediate between the environment and behavior within the institution. In this view institutions are socially constructed by the perceptions and cognitions of their members rather than being objective entities (Scott, 1987).

The normative 'pillar' of institutionalism is very close to the normative version of new institutionalism in political science; we have already pointed out the close linkage between the March and Olsen rendering of institutional theory and some aspects of the sociological theory on organizations and institutions. Indeed Scott's description of these pillars used March and Olsen's work as a principal example of the normative version of institutionalism, and pointed to its close connections to the sociological literature.

Finally, the regulative rendition of institutionalism relies on rules and

control for defining institutions. This theoretical strand within sociology is not dissimilar to the rational choice versions of institutionalism already discussed (see pp.47–8), or to the institutionalism encountered in the economics literature, e.g. principal–agent models and the utilization of rules. As discussed in reference to that approach, the role of institutions is to regulate behavior within its confines, and perhaps also to control social behavior more generally in society. Rules define institutions and they also are the means through which those institutions have their influence on individuals.

Individual and Institutional Reaction

In some ways the crucial question for the sociological conception of institutions is how are individuals and institutions linked. This has been the source of some controversy in the discipline, and is fundamental to some differences among scholars over the nature of organizations and institutions. On the one hand, some scholars, most importantly Meyer and Rowan (1977), argue that institutions are primarily a symbolic manifestation of the needs of a society or a group in society for legitimation and can be decoupled from action. In the public arena Edelman (1992, pp.1540–2) has argued that institutions that fulfill more symbolic functions are likely to be as effective or even more effective as institutions that more closely affect behaviors.[7] Similarly, other scholars (see Preuss, 1991) have argued that in the public sector the less determinate an institution is, the more legitimacy it is likely to have. In this view, individuals and (successful) institutions tend to exist apart from one another, especially within the public sector.

On the other hand, there are scholars such as Giddens (1979) who argue that institutions are manifestly not institutions if they do not shape the behavior of individuals within them. Institutions as systems of meaning do convey a sense of how their members should behave, whether that is the profit maximization of economic organizations or the altruism of religious and charitable organizations. The view that institutions must shape behavior is the dominant perspective within the sociological study of institutions, with emphasis on the manner in which individuals within organizations become habituated to accepting the norms and values of their organization.

One perspective on this controversial issue argues that the process of institutionalization progresses through three distinct stages (Tolbert and Zucker, 1996): habitualization, objectivication, and sedimentation. Beneath all those dreadful bits of jargon there is an implied movement from institutions existing merely as a fact of organizational life to a greater and enduring acceptance of the values of an institution by individuals living within it. Those theorists did not provide any unambiguous objective indicators of the passage of an organization through these stages, but the

analysis is a useful way to think about the development of institutional structures. Further, this process is quite similar to the idea of institutionalization advanced by Eisenstadt as a way of understanding transformations of structures, especially in the public sector.

Institutional Change

We have already noted that a good deal of the concern in at least one branch of the sociological study of institutions is in the process of institutionalization. This process orientation in the discipline tends to make the study of change a natural component of the field. In this particular account change occurs through institutionalization or deinstitutionalization; that is, institutionalization increases by adding more roles and features to the institution, e.g. firmer commitments to the prevailing cognitive 'frames' of the institution or weakening those commitments.

Sociologists also can look at institutional change in a more functionalist way, and argue that institutions must, and will, find means of adapting to changes in their environment. This form of change involves recognizing challenges in the environment and then finding ways to make the institution conform to those external forces. From the cognitive perspective in sociological institutionalism there may be dominant elements in the political culture that will limit the capacity of any institution to deviate too far from the status quo. For political science the work of Karl Deutsch (1963) on social cybernetics is one approach for understanding how institutions receive and process signals from the environment and attempt to match policies with the changing nature of that environment.

The above having been said, however, there is a strand in organization theory that argues that organizations will attempt to mold their environments (Pfeffer and Salanick, 1978) to meet their own needs, rather than passively responding to those environments. That view may be especially valid for political institutions that may have the capacity to manipulate the political economy in ways that suit them. Private sector organizations also may attempt to manipulate or create markets for themselves (North, 1990). The ability of public sector organizations to build political support, however, and even to create their own clientele groups (Walker, 1983), may give those organizations even greater capacity to manipulate their environments that may not be available for private sector organizations.

Finally, the population ecology version of institutionalism would place the locus of change in the environment of the organization or institution. Organizations have more adaptive capacity than do the biological organisms on which the original theories were based, but the impetus for change still comes from outside and the organization like the organism must die. In this view change is not so important within individual organizations as it will be in the population of organizations that occupy a domain.

The Good Institution

The final question to be addressed in this chapter is what constitutes a good institution within the sociological framework of institutional analysis. The answer here is more ambiguous than for most other approaches to institutionalism. Indeed, the sociological approach appears less concerned about the normative questions presented by institutions than do the other approaches. Organizations and institutions have been so central to the development of sociological theory that many of the normative questions have been subsumed in the empirical analysis. Further, there are several alternative sociological conceptualizations of institutions, each of which may provide a somewhat different conception about what equals a good institution.

The population ecology approach to organizations and institutions stresses the adaptive capacity of institutions and their ability to adapt to their environment. In this view the longevity of an organization is perhaps the best measure of its success. In the ecology model, however, the institution (organization) appears to have little control over its own capacity to survive – the environment tends to determine whether its particular endowment of resources and goals will be successful. What may be needed, therefore, is some connection of this approach with strategic, managerial thinking about how institutions can adapt in order to survive (Singh, 1990).

The good organization in the logic of isomorphism is not dissimilar to that encountered in the population ecology models. Again, a good organization or institution is one that adapts effectively to the external pressures for isomorphism, whether the process for change is mimesis, coercion, or normative. What is perhaps different about the two components of the sociological approach to institutions is that the population ecology models tend to identify the possibility for a number of different types of organizations within the same population field, while the isomorphism approach tends to argue for a more limited range of possibilities.

Finally, the cognitive, normative, and regulative definitions of institutions proposed by Scott all present different conceptions of the good institution. The normative approach considers many of the same criteria advanced by March and Olsen, especially the capacity of an institution to inculcate its values into its members. Also, the regulative approach corresponds closely to a good deal of the thinking in the rational choice analysis, with the successful institution being one that is able to control the behavior of its participants (by rules or incentives). Finally, the cognitive approach concentrates on the capacity of institutions to process information and to reach the appropriate conclusions from that information. All these are important elements of the behavior of institutions and taken together they can define the behavior of members of institutions as well as their aggregate behavior qua institution.

SUMMARY

This chapter has looked at sociological theories of institutions within the context of the history of that body of theory, as well as some basic questions concerning sociological theory. We have not, however, addressed the question of how this corpus of theory corresponds to the goals and concerns of political science, and its own conceptions of institutionalism. As pointed out above, one obvious connection is that the sociological literature is one major intellectual root of the March and Olsen version of institutionalism (and to a much less extent several of the others). Another obvious connection is that Weber and his conceptions of bureaucracy are at least as important to political science as they are to sociology, given that the public bureaucracy is often taken to be the closest thing to his ideal type found in the real world.

There is also an increasing interest in political science in the concepts of population ecology as mechanisms for explaining patterns of organizational formation and persistence. Just as the newspapers and restaurants used as evidence in much of the sociological analysis may come and go, so too do government bureaus and interest groups. The difficulty for the public sector is specifying the environmental conditions under which institutions may be created and dissolved. Still, this body of theory provides a means of understanding and explaining the coming and going of public organizations.

The sociological approaches do provide an alternative to the rationalistic and individualistic ideas that dominate much of contemporary political science. March and Olsen began their campaign against those approaches in political science arguing that while the individualistic bias in the theories was misdirecting the discipline, the sociological approaches have maintained their connections with these more collectivist, institutionalist traditions. In particular, the cognitive and normative accounts of institutions within sociology are in direct opposition to the rationalistic roots of rational choice theory. These institutionalist traditions continue within sociology and go on developing.

NOTES

1. The obvious example would be the empirical institutionalists discussed in Chapter 5. In general political science has been more concerned with this style of institutional theory than with the process of institutionalization.
2. The most important point distinguishing between the normative and sociological approaches is the emphasis on political behavior in the March and Olsen approach, as well as its greater concern with the active molding of institutions by active political entrepreneurs. As will be pointed out below institutionalization in the sociological approach appears to be a less purposive process.

3. For a useful analysis of these Parsonian functions in a political context see Lipset and Rokkan (1967). For structural functional analysis of politics more generally see Almond and Coleman (1960) and Almond and Powell (1967).
4. For a brief and extremely insightful discussion of the variety of 'sociological institutionalisms' see the work of Richard Scott (1994).
5. The examples of firms used here are those that have served as the basis of a number of population ecology studies.
6. Although different, both versions have been reactions to a perceived over-emphasis on the rational and the utilitarian within their disciplines.
7. Yet another Edelman (1964, 1988) also has argued persuasively for the symbolic aspects of politics and political institutions.

CHAPTER 7

INSTITUTIONS OF INTEREST REPRESENTATION

The majority of the political institutions we have discussed thus far are formal structures in government, e.g. bureaucracies and legislatures. These are what we usually think of when the word 'institution' is used, but it is also important to look at the way in which other aspects of the political world are structured. Many of the aspects of politics usually conceptualized as being less formal are themselves highly institutionalized. This is true of the individual actors themselves, e.g. a single political party or interest group. It is also true of the collection of organizations and other actors, e.g. party systems or networks of interest groups, as they participate in political life. We could spend several whole books on these issues (see, for example, Sartori, 1976; Marsh and Rhodes, 1992a; Mair, 1997), but will attempt to capture some of the more important features of these organizational actors and systems of actors in this one brief chapter. We will discuss political parties in these terms relatively briefly, but spend more time on the changing conceptions of interest groups, and especially their interrelationships and their relationship to formal political actors through networks and communities.

Although the literature on political parties, as well as that on interest groups, contains a number of institutional and structural features, there appear to be no distinctive theoretical contributions to the institutionalist literature. For the most part political parties and interest groups can be understood through the more general institutional theories such as rational choice, normative institutionalism, and even the sociological perspective on institutions. The major exception to that generalization would appear in the sociological literature on networks (Broadbent, 1989; Knoke and Burleigh, 1989) in which there is at least the rudiments of a developed theory of the manner in which organizations function within larger aggregations of organizations. Even if there are no breakthroughs in institutional theory, these analyses do point to the ways in which these important components of the political system can be conceptualized in an institutional light.

The relationship between networks and institutions is particularly interesting in light of the argument that institutions and issue networks (and the related 'policy communities') are alternative explanations for some of the same phenomena (Jordan, 1990). The argument made is that the new institutionalism – at least in the normative version of March and Olsen – is too vague to provide any meaningful explanations for political phenomena

and that a greater connection to empirical research is needed to demonstrate that there are meaningful ways of explaining policy choices.

Jordan (1990, pp.477–8) argues that the 'extra-constitutional' structures that link state and society are indeed institutions. He points to the well-documented institutionalized relationships that exist between an increasing variety of organizations in society and government organizations in the United Kingdom and elsewhere. These relationships exist within individual policy sectors, rather than as relationships that span the range of government activities. Despite that segmentation, within those individual domains these structural relationships are useful as means for explaining policy choices. Further, some manner of institutionalized relationships between state and society has been documented in virtually all national settings (Knoke, Pappi, and Tsujinaka, 1996) so that networks and their ilk present important possibilities for comparative research.

We will point out below that Jordan is perhaps excessively optimistic about the utility of network analysis and its status as a superior form of institutional theory. In particular, he does not appear to be using more than a minimal definition of the term 'institutional' as a regular pattern of behavior (Huntington, 1965). As we pointed out with respect to regime approaches (see pp.129–30) and normative approaches (see pp.25–7), this variety of definitions can describe any number of social and economic relationships. It is not clear, however, that all regularized patterns of interaction should be considered 'institutionalized.' Still, Jordan assumes that this definition is adequate to argue for the existence of 'institutionalized relationships' existing within a policy network or a policy community.

Jordan concentrates on the British and American versions of network analysis (and their differences) in his discussion of the institutional features of state–society relationships. There also are some important contributions from other national research traditions. For example, although not formally discussed as a network model some French analysis of the sectorization of the State (Mueller, 1985; Le Gales and Thatcher, 1995; see also Baumgartner, 1989) is in some ways more directly institutional in its perspective on government than is the Anglo-American, pluralist tradition of studying interest groups as relatively autonomous actors.[1] There is also a very well-developed tradition of network analysis in Germany, Denmark, and the Netherlands (Marin and Mayntz, 1991; Bogason, 1991, 1996; Kickert, Klijn, and Koppenjan, 1997) that again has clearer structural and institutional elements than that found in the typical Anglo-American approaches.

PARTIES AND PARTY SYSTEMS

Political parties are one of the dominant players in the political arena and like any organizations can be conceptualized as institutions. Many of them do have the persistence that one expects of an institution; the American

Democratic and Republican parties have been the dominant parties for almost a century and a half, and in some ways the British Conservative party can trace its roots to a period well before the democratization of the political system. Those historical roots also have created a strong sense of path dependence in their behavior, with connections with the past and familiar political symbols being important for most parties.[2] Political parties also are the carriers and promoters of ideological values and provide for their members, and for their society if they are allowed by elections or other forms of achieving office, a 'logic of appropriateness' in the form of party statements and ideology.

Political parties may differ, however, in the degree of institutionalization of their structures and in the extent to which they attempt to utilize rules to control the behavior of their members. At one extreme might be communist, fascist and other strongly ideological parties that attempt to mold the behavior of their members both through formalized rules and through ideologies that could internalize those controlling values. At the other extreme would be found 'caucus' parties such as American and British parties that have few operational rules other than to win elections if possible.[3] Parties therefore employ a variety of mechanisms to integrate themselves with their potential members. The more ideological parties motivate their members through patterns of beliefs, while the caucus parties attempt to give their members, and especially their activists, the opportunity to gain office and to influence public policy by controlling government offices directly.

Given that political parties have extremely different aims and very different incentive structures, it should not be surprising that they would also have very different internal structures and institutional formats. Roberto Michels (1915), in one of the first organizational or institutional analyses of parties, argued that all political parties would tend toward oligopoly, but there are in fact marked organizational differences in party structures. Following from Michels's work there was a rich tradition of what might be termed 'old institutionalists' who examined the structure of political parties and party systems, including scholars such as Ostrogowski (1964), Duverger (1951), and McKenzie (1963). These scholars focused attention on the structural aspects of parties, and assumed that those formal characteristics would largely determine the behavior of the parties and their members.

The more rigid structure of ideological parties has now largely withered away, but the typical organizational format was hierarchical, e.g. with communist parties using the concept of 'democratic centralism' to combat potential factions within the party (Rodinov, 1988). These political parties also tended to create a large number of peripheral organizations for youth, women, sports, etc. in order to structure as much as possible of the lives of their adherents. Thus, as well as being an electoral organization, political parties in the communist tradition attempted to be more 'total institutions'

(Goffman, 1961) that shaped all aspects of behavior. As such these organizations are more comprehensible through the March and Olsen approach, e.g. as propagating a 'logic of appropriateness,' than through rational choice views of institutions.

The loose organization of caucus parties such as those typical of political organization in the United States, Canada, and the United Kingdom is very different. The American comedian Will Rogers once commented that 'I do not belong to any organized political group – I'm a Democrat.' Rogers may have overstated the point, but not by much.[4] Political parties operating in this pattern do not expect their central offices to exercise much power, and indeed they generally are more successful if they develop a strong grassroots basis of organization rather than a centralized structure. Still, they are an institution in most meanings of the term. As much as anything else parties have a 'logic of appropriateness' that may not be intersubjectively transmissible, but yet is very real to the members of the party. The party activists do know what it means to be a Republican, or to be a Progressive Conservative, and they generally know when one of their members is stepping outside the bounds of acceptable political behavior (for an excellent account of the values of Conservative party activists in the United Kingdom see Whiteley, Seyd, and Richardson, 1996).

It is also clear that parties vary over time in their degree of institutionalization (see Panebianco, 1988). When the political conflicts and tensions are familiar, and are along the dimensions in which the parties were originally formed, political parties tend to be more capable of maintaining their institutional structures and values than when there are unexpected and unfamiliar challenges. For example, in the United States, the shift of major dimensions of political cleavage from economic policy to social and cultural issues (abortion, school prayer, etc.) has unhinged the party structures to some extent. Much of this ideological debate has been played out within the Republican party, and that often vociferous debate had some impact on their presidential fortunes during the 1990s.[5]

The structure of individual parties is an interesting feature of the conduct of politics in virtually all countries, but it tells only part of the story. The individual parties function within party systems, and these systems also have some institutional features. Party systems tend to be structural and relatively stable, so that if an individual party ceases to exist for some reason, there may be a replacement that occupies the niche held by the failing party. In this way party systems are not dissimilar to the 'organizational ecologies' that are the center of population ecology models of organizations in sociological institutionalism, and in some studies of interest groups (Gray and Lowery, 1996a, 1996b). Further, the nature of the party system tends to define the limits of behavior of the individual members of the system. For example, a political party in an extreme multi-party system cannot act like a vote-maximizing, centripetal party typical of two-party systems if it hopes to survive. In addition, existing political parties and the

structure of cleavages may create niches for certain types of parties, but not others.

Finally, the party systems are to some extent determined by yet another institutional aspect of a political system – electoral laws. There is a well-established relationship between the way in which members of legislative bodies are elected and the number of parties that function within the system (Taagapera and Shugart, 1989). Laws can be manipulated and through those legal changes transformations of the party system can be produced. For example, the two-party system of New Zealand has been transformed into a multi-party system by a simple change in the electoral law (Denemark, 1997).

The way in which party systems do function as institutions can be seen by examining some of the major models of party systems. For example, Giovanni Sartori (1976) argued that party systems in Western democracies tended to come in three types: two-party, limited multi-party, and extreme multi-party. This classification was an extension of Maurice Duverger's earlier analysis (1951) that the only meaningful difference was between two-party and multi-party systems. Sartori instead argued that the dynamics and impacts of limited multi-party systems such as that of Sweden are significantly different from those of more extreme multi-party systems such as Fourth Republic France (Chapsal, 1969), or in post-war Italy (Farneti, 1985; Pridham, 1988). The moderate multi-party system has two poles (usually left–right) just as a two-party system does, so that the electoral contest is actually between two blocs; five or more parties may engage in the campaign, but the underlying dynamics of the system are those of a two-party system (Lewin, 1988).

INTEREST INTERMEDIATION

Political parties demonstrate a number of institutional characteristics, but the literature on interest intermediation, and the linkage of interest groups with the State provides an even richer setting for structural analysis. There has been a rich Anglo-American literature dealing with the relationship of groups with government institutions that extends back for decades (Finer, 1958; Freeman, 1965; Latham, 1965). Although not explicitly institutionalist, the traditional conceptualizations of interest group behavior did examine the structure of relationships between groups and government. Concepts such as 'iron triangles' in that literature definitely implied a formal and persistent interaction of groups and government.

More recently the body of writings on interest groups has been enlivened by the inclusion of the concept of corporatism (Schmitter, 1974; Wiarda, 1997), corporate pluralism (Rokkan, 1966; Heisler, 1979; Olsen, 1983),[6] and the numerous other characterizations of corporatism developed in the literature (Cawson, 1985; Williamson, 1985; Streeck, 1991). Again, although

there was not an explicit institutional analysis contained within corporatism, there was clearly a structural relationship between government and interest organizations in the society that is central to the analysis. Schmitter's definition of corporatism, e.g. included features such as 'hierarchical' and 'unitary' that posited a stable, formalized pattern of interaction between state and societal actors. Other characterizations, e.g. Rokkan's descriptions (1966; see also Olsen, 1983) of corporate pluralism in Scandinavia, also point to a stable pattern of interaction with mutual expectations about performance.

The pattern of state–society interactions within corporatism, and all its variants, could be interpreted through a variety of institutionalist perspectives. For example, given that the stable relationship between the groups and government could be seen to be rational for both sets of actors, this could be viewed as a manifestation of rational choice. The stable pattern of interaction permits rational calculations by the participants, and (as in game-theoretic versions of institutions more generally) also creates mutual constraints on the possible behaviors of the participants in the interactions so that defections from agreements are less likely.

There are also some elements of the normative version of institutionalism, given that the continued interaction of the 'partners' may create some sense of appropriate forms of behavior in the relationships. For example, Kvavik (1980) described the pattern of behavioral expectations that existed in the advisory committees in Norwegian government – a major component of Norwegian corporate pluralism. Representatives of constituent organizations are expected to cooperate with other organizations and to work toward a general consensus, rather than defend their own interests at all costs. This 'appropriate behavior' might well be in opposition to the apparent self-interest of these participants. That characterization, however, might hold only if the 'game' were conceived of as a single iteration; building trust and cooperation over many iterations of the game may be a better long-term strategy.

Even more recently there has been a greater concern with the interrelationships among those interest groups themselves, and how groups of organizations interact to influence the public sector, in part as corporatism itself declines (Hermansson, Svensson, and Oberg, 1997). The dominant conceptualization of the interrelationship between state and society have become those of 'networks' (Knoke and Laumann, 1987; Rhodes, 1988, 1997), or 'communities' of various sorts (Sabatier, 1988; Haas, 1992; Thomas, 1997). In these ideas concerning the policy-making process, government organizations are only a few of the large number of relatively equal participants, rather than being the central actor in the drama.

The terms 'network' and 'community' are sometimes used interchangeably, but there does appear to be some analytic utility in differentiating the terms. As usually discussed, the concept of a policy 'community' appears analogous to normative institutionalism, with the possession of common

values defining membership in the community. On the other hand, the idea of a network is often more mechanical, defining membership through interactions. In the institutional terms being used here this version of network analysis is more sociological, with structure being defined relationally and cognitively.

Especially in the sociological versions of network analysis the outcome of the interaction between public and private organizations is indeterminate, with public sector organizations enjoying little or no special position in these structures. Further, these interactions are definitely conceived of as structural relationships, with the several participants interacting on a predictable and regularized basis. Indeed, the sociological interpretations of networks tend to utilize structural analogies very heavily, with mathematical models being used to represent the structural relationships among the actors involved in the network (Knoke, 1990).

What is an Institution?

As noted above these bodies of literature contain only limited original and independent theoretical perspectives on institutions and organizations. That having been said, however, there are some interesting questions that arise concerning the nature and definition of these entities as institutions. In the first place, there is the question of what sort of political organizations constitute a political party. The contrast between political parties and interest groups has been articulated for some time in terms of the difference between organizations that attempt to capture political office and those that only attempt to influence policy.

The growth of social movements from the 1970s onward has, however, made the distinction between parties and interest groups somewhat less clear (Koopmans, 1996). These organizations attempt to influence policy in the way that interest groups traditionally have, but they also at times will engage in electoral politics. The Greens in European politics, for example, have remained ideologically committed to goals beyond simply holding office while at the same time running candidates for elective office (Thaa, 1994). They have even, at least in Germany, been willing to hold at least a part of the powers of government. While in parliament, however, they tend not to behave as do more conventional political parties, and attempt to prevent institutionalization of their leadership rather than facilitate as do other parties.

The other interesting and crucial definitional question is the status of the more socially or theoretically constructed institutions, e.g. epistemic communities (see also p. 136) and policy networks (Galaskiewicz, 1985; Thomas, 1997). It is clear that individual interest groups and political parties can be conceptualized as institutions, or at least as organizations. It is much less obvious to the casual observer that amorphous entities that can be identified

only by interviewing large numbers of their member organizations, or through monitoring patterns of interactions among organizations, and/or between interest organizations and government, can be said to comprise institutions in the usual meaning of the term.

It is possible, however, to make a strong case for the institutional status of networks and communities. First, there is substantial stability in their interactions, with the same groups tending to play their part in the same networks year after year. Second, there are patterns of expectation and predictability in this behavior; interest groups expect to be consulted and government organizations may even depend upon those organizations for information and advice in policy-making. Finally, there are some common values existing within many of these structures. 'Epistemic communities' that tend to share common perspectives on policy, generally based on their common scientific expertise, are especially important for governments as a continuing source of advice, if sometimes also a source of irritation.

For political parties the construct of party systems also raises questions about the definition of an institution. In many cases these collections of political organizations are basically stable, even if the individual parties may come and go. For example, even in multi-party systems with substantial creations and dissolutions of parties, the number of 'niches' for parties remains relatively constant. For example, the Danish party system has had a number of political parties at all times in the post-war period, and there have been a number of new parties formed, but the number of parties and the party system dynamics remain roughly constant.

As with almost all the forms of institutions we have been discussing, there are differences among different structures in the extent to which they conform to definitions of institutions. For example, we would expect networks in policy areas that have been functioning for a longer time to be, everything else being equal, more likely to be 'institutionalized' than those in newer policy areas. Take, for example, agriculture policy in almost every developed democracy. This area has long been a concern of government and, given that the fundamental purpose of the industry and some of the basic technology (growing plants and animals) has not changed, the patterns that have been built up over years can persist.

Institutional Formation

We will not take up the challenge of explaining the formation of individual interest groups here, there being a large and often contentious literature on that subject.[7] The question of importance here is instead how do groups that previously exist interact to form stable structural arrangements among themselves, as well as between government organizations and those aggregations of groups. This is in itself a formidable research task, and for some

versions of network and community models the formation of stable collective structures remains a central research question (see Kickert, Klijn, and Koppenjan, 1997).

The corporatist model offers several alternative models of formation, and this characteristic is central to the typification of the interactions between state and society. Schmitter (1974) distinguishes between 'state' corporatism and 'societal' corporatism. In the former model, typical of Iberian variants of corporate structures, the State initiates the process of forming corporate relationships, and encourages or demands that interest groups join with it to stabilize policy-making in an area. In the most extreme cases the State may actually mandate the creation of an interest group to assist it in organizing that sector of society.[8] In this case interest groups have no meaningful autonomy from the State and are largely extensions of the public sector.

Network formation is usually conceptualized as a more autonomous process, to the extent that it is conceptualized at all. Most studies of networks begin in the middle and identify the nature of an existing network and how it functions with little or no concern about the origins of the structure. The policy community literature (again, especially that of the epistemic community) has somewhat more to say about this issue. This is especially true given that it is based on common scientific or professional understandings and training, but even then the process of identification of common interests and developing interactions is largely left undiscussed in the theories. We appear to be left largely with a literature on the formation of individual interest groups writ large, with the principal option offered being that action of one or more entrepreneurs to create a viable network.

The major alternative to reliance on individual entrepreneurs for an explanation of the formation of networks is that the political dynamics of contemporary states are the source of the creation of those structures. The basic argument here is that states increasingly utilize the private sector, especially for the implementation of policy and also for policy formulation and policy advice (see, for example, Peters, 1997b). For example, many important public sector programs such as labor market policies, and many aspects of the personal social services, increasingly are delivered through private sector organizations (Salamon, 1995). This is to some degree a political necessity to reduce costs and the nominal size of the public sector, but it also is a recognition of the capacity of this type of organization to deliver services efficiently and effectively.

The increasing use of private sector means to implement policy and to provide policy expertise indicates in turn that governments are often in the business of creating, or at least encouraging the creation of, interest groups and networks of groups (Walker, 1983). This may not be as overt, and certainly not as draconian, as the process described above for state corporatism, but there is a role for government in the process. In some cases governments attempt to create pressure groups for segments of the society

that have been difficult to organize. For example, a number of social programs have provided funding for the less affluent portions of the population to organize and participate in the policy process concerning their neighborhoods.

The literature on political parties is somewhat less clear about the formation of parties than is that on interest groups and their initial construction.[9] The assumption appears to be that of individual entrepreneurship, or at least the actions of a small group of people are crucial for the formation of parties. For example, in the United Kingdom the 'Gang of Four'[10] were responsible for splitting off from the Labour party and creating the Social Democratic party in 1981. As political parties are being formed in the countries of the former Eastern bloc countries there are a number of examples of individuals promoting themselves through the creation of an institutionalized political party. At the extreme, individuals such as Jean-Marie Le Pen in France, Ross Perot in the United States, and Mogens Glistrup in Denmark have used a political party (or the shell of one) to promote their own highly personal views about politics.

The alternative approach to explaining the creation of political parties appears to be one of opportunity structures (Kitschelt, 1989). That is, the distribution of political cleavages and political views in a country may create an obvious opportunity for a political party to seize a share of the vote. This may occur even without major changes in the electoral system, as when the Labour party replaced the Liberals as one of the two major parties after the end of World War I. Likewise, the rapid emergence of issues crosscutting the existing party system creates opportunities for new parties to challenge existing parties. For example, in Denmark and several other countries, first resistance to taxation (Wickman, 1977) and later concerns over immigration produced a succession of new parties.

Those two explanations for party formation are actually more complementary than they are contradictory. Even with adequate or even exceptional levels of entrepreneurship, there may be little possibility for development of enduring parties without the existence of political circumstances conducive to the survival of those parties. Likewise, political opportunities may not be able to generate enduring parties without strong leadership to seize the opportunity – Mogens Glistrup in the Danish example mentioned above. Thus, party systems may have a substantial degree of persistence even in the face of major environmental change.

Institutional Change

If the arguments concerning the formation of interest groups, and particularly political parties, are somewhat underdeveloped, there is a rather stronger body of literature on the change of these institutions. The change literature in the area of political parties and party systems is particularly

well developed. At one level individual parties change much as other organizations and institutions do. These organizations can be seen as changing as their internal 'logic of appropriateness' changes; the rightward move of many parties of the political left during the 1980s and 1990s demonstrates that type of adaptation to environmental change (Shaw, 1996). Similarly, from a more sociological perspective, this can be seen as a reaction to a major transformation of the environment within which these institutions function.

As well as the individual parties changes, entire systems of parties can change. The conventional wisdom (Dalton, Flanagan, and Beck, 1984) has been that there has been substantial dealignment, and a good deal of realignment, in party systems in the industrialized democracies. More recently, Peter Mair (1997) has discussed a variety of approaches to change in the party systems of Western Europe. These changes connect the transformation of individual parties with changes in the aggregation of parties, and with changes in the socio-economic cleavage system that supports the party system. Mair argues that most party systems have been characterized by greater stability of these systems. Indeed, his analysis points to an *institutionalization* of parties and cleavages.

Further, as we have been demonstrating throughout this analysis, other theoretical approaches to institutions that we have been discussing can be applied easily to the analysis of parties and interest groups. For example, groups and, even more clearly, political parties have logics of appropriateness that link the institutions with the behavior of their members. Most of those organizations do impart to their members a sense of what they should and should not believe in, and how they should behave politically.[11] Some varieties of interest groups also can be understood through this 'logic of appropriateness,' especially attitudinal groups that are based on agreement on values (e.g. ecology) rather than on economic interests.

Rational choice theory could also be applied to the analysis of parties and networks. For example, beginning with Anthony Downs's original application (1957) of rational choice analysis to American political parties, there has been a growing body of literature using that approach (Strom, 1990b; Hermesen, 1991). This research has attempted to explain the behavior of individual parties, as well as the dynamics of party systems, in terms of the rational calculations of voters and party leaders. In the applications of these models in the American context they tend to focus on 'median voters,'[12] and the attempts of parties to position themselves so as to align their position with that of that median voter. In the West European context there has been a greater emphasis on the matching of party positions with the numerous opportunities created by social cleavages (Lane and Ersson, 1994), but an almost identical rational choice logic has been applied (Galeotti, 1991).

Perspectives on changes within a constellation of interest groups also depend in part on the initial intellectual perspective adopted with respect to these organizations. For example, if the initial perspective is corporatism

then change occurs through the interactions of the involved groups and actors in the public sector; this is a substantially more state-centric conception of these interactions than is found in many other approaches, e.g. pluralism. Likewise, if the perspective on interest groups being utilized is that of networks then change will be conceptualized as a result of the interactions of the various components of the network, both public and private. This view of change is more organic and depends upon the mutual adaptation of the members of the networks, without the validation of a state actor. One or more state organizations may be involved, but they will be only (relatively) equal partners in the network.

The Good Institution

The notion of a good institution in this collection of institutional studies is rather similar to that found in the empirical studies of institutions. That is, a good institution is one that is effective in doing what it is supposed to do. In this case, however, the expectations are perhaps not so clear as for presidential or parliamentary governments. For political parties, for example, a good institution may be one which is capable of winning elections if that party is operating in a party system that permits actually capturing government. In systems containing more parties the good party may be one that is capable of sustaining the commitment of that part of the political landscape that it represents.

If we move from the level of the individual party to the performance of party systems then we can think about their representative function. How well does the party system translate the values and political preferences of the population into active political parties? In some ways two-party systems perform this function rather poorly; the need to compromise so extensively within parties may mean that they are incapable of representing social groups and ideas effectively. Of course, performing well on this criterion may make it impossible to perform the function of choosing and creating governments.

For networks of interest groups quality can be assessed in several ways. One is its capacity to aggregate the preferences of the individual groups forming the larger aggregation. One of the functions typically assigned to political parties is interest aggregation, or bringing together a variety of potentially competing interests into a mutually acceptable resolution of differences. Unfortunately, the literature on networks does not appear particularly successful at explaining resolution of the conflicts that are inevitable within these aggregations of many groups (see Dowding, 1995). Thus, it appears that although there should be some interest aggregation within networks it is more the exception than the rule in practice.

The corporatist model of interest intermediation provides a somewhat more effective, but also more restrictive, account of the aggregation prob-

lem. The tripartite bargaining characteristic of the conventional corporatist model (Schmitter, 1974) implies a smaller number of actors involved in bargaining, with government functioning as something of a lead player bringing together the conflicting views of the two economic actors. That role as 'honest broker' may be undermined in situations in which the government of the day is identified closely with one of the economic actors, e.g. a Social Democratic party being allied with labor unions in most party systems.

The final way in which this aggregative requirement could be met is through the 'corporate pluralist' system, in which a larger array of interest groups are brought together to negotiate agreements among themselves and with government. As noted, this model is based on the experience of the Scandinavian countries in which the consensual norms of those countries often produce long negotiations before an agreement acceptable to all is reached. While this model has been extremely effective in that context, it is not clear how general that experience can be. Relatively few countries have such inclusive norms, so that the more likely outcome would be closer to imposition than to consensus.

SUMMARY

It is clear that political parties and interest groups are organizations and that their structural features are important for explaining their performances within the political system. It appears reasonable, therefore, to discuss them in institutional terms, just as we have been doing for legislatures or public bureaucracies. The real question, however, is whether there is anything distinctive about the concepts utilized to analyze these structures, or whether they are better understood through the more general approaches such as normative institutionalism that we have used for other organizations.

The best answer to the above question is that some of both possibilities are true. On the one hand, there are some approaches (especially to interest groups) that are distinctive and that distinguish the study of the organizations from other sets of organizations. For example, although the logic of network analysis is applicable to a range of issues it is largely applied to interest groups. Similarly, the concept of party systems is of little utility outside the study of parties, although it might be applied to some other populations of organizations.

On the other hand, it can be seen that these organizations are little different from others involved in government and politics. There is a tradition of analyzing political parties in organizational terms, as Michels did rather early in the history of the study of political parties. Political parties have many of the characteristics of bureaucracies, and interest groups also can be conceptualized as rather conventional organizations that

simply happen to be in the business of attempting to influence public policy. Some of the same logic of populations of organizations applies to these groups as they do to market organizations like newspapers and restaurants.

NOTES

1. This is not least because of the rather minimal conceptualization of the State in this tradition (Dyson, 1980).
2. This often can be seen in their conventions and rallies in which they invoke the successful leaders of the past, and recall their great victories and the strategies that produced those victories.
3. The attempts of the Christian Right to capture the Republican party would change this characteristic significantly if it is successful. By imposing litmus tests, e.g. opposition to abortion or support of school prayer, this might change the nature of the party significantly. The Democratic party retains much of its historical openness and lack of ideology.
4. More recently Willie Brown, now mayor of San Francisco, defined a Democrat as anyone who voted Democratic.
5. It may be that a candidate who can be nominated by the party may not be able to win the general election, and vice versa, given the disparities between the views of Republican activists and the voting population in general. Republicans in Congress, on the other hand, tend to be very similar ideologically.
6. The concept of corporatism developed well before its 'revival' in the 1970s. Schmitter's seminal article itself referred to a much earlier discussion of the 'century of corporatism' by Manoilesco (1934).
7. This literature is influenced heavily by Olson (1965) and the responses of Frohlich, Oppenheimer, and Young (1971).
8. This is found not only in state corporatism but also in pluralist regimes such as the United States where government has needed to regularize behavior in an area.
9. A major book on how political parties organize (Katz and Mair, 1994), for example, hardly mentions the initial formation of parties, but concentrates on change.
10. These were Roy Jenkins, Shirley Williams, David Owen, and Bill Rodgers all of whom had held positions of responsibility in Labour governments. See Crewe and King (1995).
11. Some 'catchall parties' that attempt to be sufficiently broad to take in a wide range of political beliefs in order to win elections do not so clearly impart such a sense of appropriateness.
12. The argument is that the median voter defines the center of gravity of the electorate so that parties in a two-party system will attempt to develop policies that appeal to that voter.

CHAPTER 8

INTERNATIONAL INSTITUTIONALISM

The final version of institutionalism we will discuss will be analyzed under the rubric of 'international institutionalism.' We argued at the outset of this book that institutional thinking was beginning to pervade the social sciences (particularly political science). It appears that a version of institutional analysis can be detected very clearly in the international relations literature. This area might have been the last place to expect such a development, given the apparent absence of enforceable rules, and the seeming absence of internalized 'logics of appropriateness' that could guide and constrain actors in most situations. At the risk of raising the fearsome specter of realism[1] in international relations theory, it appeared easier to argue that actors would be guided by national interest in international politics rather than by more collective values. The alternative view that nation states would be steered by the structural constraints of international political life we have been discussing with respect to institutionalism in other parts of the political system often appears excessively optimistic.

Before the analysis becomes carried away with the apparent anarchy of international politics (Axelrod and Keohane, 1986; Wendt, 1992), one should remember that there are indeed some formalized rules and structures that do shape interactions in this arena and that also help to provide some structure and interpretative meaning to this dimension of politics (see Snidal, 1994). These factors can be seen at work most readily at the level of regional political organizations. Organizations such as the European Union (and even the more loosely structured North American Free Trade Agreement and Association of South-East Asian Nations) function as the effective governments for at least some aspects of the lives of their member states, and for the individual citizens within those states (Garrett, 1992; Nugent, 1994; Doern, Pal, and Tomlin, 1996). At an even more international level the increasing importance of the World Trade Organization and the General Agreement on Tariffs and Trade for the economic lives of almost all countries is further evidence of the existence of some variety of international framework for governance, as is the continuing power of the International Monetary Fund in monetary policy and the World Bank for many developing countries.

Even with the existence of a number of international organizations, does it really make sense to conceptualize international politics through a structural or institutional framework? We will be arguing that this is already

being done, and has been done for some time (see Waltz, 1979; Krasner, 1983; Rittberger, 1993). The underlying logics of several approaches to international politics are perfectly compatible with the institutionalist thinking we have been reviewing to this point. The major barrier to integrating the perspective more closely appears to be the different languages that are used to describe some of the same phenomena, the different intellectual roots of the different components of the discipline, and some resistance (as described above) to think of international politics as having the capacity for enforcement of rules thought essential to institutional analysis. Even given this general tendency of international relations scholars to utilize their own vocabulary, several of them have begun to employ terms such as 'institution' more freely, even when not discussing conventional international organizations and also to conceptualize international politics in more institutional terms (Keck, 1991; Young, 1991, 1994; Milner, 1993, p.494).

This chapter will be an attempt to point out the similarities in these different components of political science, and then to ask the same set of questions of the international relations version of institutionalism that has been asked of the other versions. The major burden of the chapter is to substantiate the argument that institutional logics are applicable and useful for analysis of international politics. The second major point to be considered is if and when the particular characteristics of international politics may require some modification and refinement of the basic modes of institutional analysis that have been developed for domestic politics.

THE INTERNATIONAL SYSTEM AS INSTITUTION

Having made the rash assertion that some common perspectives on international politics could be integrated with the other versions of institutional analysis, we will now attempt to make the case more completely and convincingly. At a minimal level, we could easily argue that there are international organizations that possess all features of an organization, or an institution, existing at other levels of analysis. These institutions and organizations can be discussed effectively utilizing several of the approaches to institutions we have already discussed (Kratochwil and Ruggie, 1986; Keohane, 1989; Wendt, 1992). Thus, just as rational choice approaches and normative institutionalism can be applied to interest groups and political parties (see pp.112–16), these same approaches can be applied to international organizations.

Even though we can visualize how the models would fit the institutional approach, skeptics would argue that the models really do not fit the approach adequately. The usual critique of international institutions is that their rules are not enforceable externally as are those of other government organizations. Short of the use of force there is almost no means to ensure

that the rules or guidelines of an international organization are enforced. On the other hand, their internal rules are as viable as those promulgated by other structures, and the internal impact of rules tends to be the principal defining characteristic of institutions. Further, as international organizations have become more important in economic policy areas their rules can be enforced by the utilization of economic sanctions, without having to resort to using force.

Examining several international organizations can demonstrate how these theories could be applied. The International Monetary Fund (IMF), for example, can be seen as displaying a clearly articulated and internalized 'logic of appropriateness' that it acts like a bank rather than an international aid organization, and therefore imposes rather tough-minded economic criteria on its would-be creditors (Clark, 1996; Frenkel and Goldstein, 1996; Pauly, 1997). Likewise, a game theorist could easily conceptualize the interactions of the IMF and national monetary policy-makers as an iterative game, very much like the national budgeting games described above when discussing rational choice theory (see pp.51–2). Policy-makers at the national level realize that they must be completely open and frank with the representatives of the IMF when negotiating loans. The national policy-makers may be able to extract desirable terms by less than complete openness one time, but institutional memories at the IMF are long and they might not be able to negotiate with the organization effectively in the future if they have been devious in the past.

Analyzing international organizations in an institutional framework does not present any overwhelmingly difficult intellectual challenges. It is, however, a greater challenge to think about the interaction of nation states operating in the international arena within the institutionalist framework. We will be arguing that some aspects of regime theory, and some aspects of cognitive approaches to international relations, can be made to correspond with the general framework of institutional analysis. These theories assume that there is some continuing pattern of interaction among the participants in a regime, and they also assume that there is the development of some common patterns of meanings and interpretations among those actors (see Kratochwil and Ruggie, 1986, p.767).[2] These actors may be in adversarial relationships with one another, as well as in cooperative arrangements. The actors in most game-theoretic models of institutions (see p.51) also are assumed to be pursuing somewhat competitive goals; if they were not there would be little reason for the game. Indeed, game theory is applied even more frequently in international relations, and some of the games developed in that research tradition themselves also appear to have many general properties of institutions (Martin and Siehl, 1993; Zurn, 1993), e.g. stability and repetitive behavior.

As well as being continuous, interactions in the international arena also demonstrate the existence of some structure. Again, although the word 'anarchic' is sometimes utilized to describe international politics, there is

more cooperation, and there are more rules and more structure than is sometimes admitted or understood by people outside those operating within the international regimes (Oye, 1986). Some of those rules are imposed by international organizations and treaties, but other rules are imposed upon themselves by the state that participate.

The rules promulgated by regimes are accepted by states in order to reduce their own transaction costs, as well as the unpredictability that otherwise would plague interactions among sovereign states in the stereotypical world of international politics (Hasenclever, Mayer, and Rittberger, 1997, p.37ff.). National actors are willing to accept some constraints on their own behaviors in order to ensure that there are equal constraints on their adversaries (or even their friends). The dance of diplomacy continues even when nation states are very much opposed to each other on some fundamental issues. Even more than in domestic politics any breakdown of these patterned interactions may have significant negative consequences for the actors involved, so there are strong incentives to maintain the normative integration of international regimes even in the face of adversarial relations among the participants in the regime.

REGIME THEORY AS INSTITUTIONAL THEORY

The most obvious candidate for discussion as institutionalism in international relations is regime theory (Keohane and Nye, 1977; Keohane, 1989; Hasenclever, Mayer, and Rittberger, 1996). Regime theory has its roots in American international relations scholarship in the early 1980s. The underlying motivation was to develop a concept that would capture the patterned interactions that were increasingly observable in international politics. Several different concepts of the regime emerged at that time, and debate over the most appropriate conceptualization continues to flourish among international relations scholars. There has, in fact, been a substantial debate over the nature of regimes within the American international relations community (Krasner, 1983), as well as between American scholars and their European counterparts (Rittberger, 1993). We will now proceed to look at regime theory through the lens of the several questions we have been asking about all forms of institutionalism.

As we go through this discussion of regime theory we will also be concerned with the extent to which this body of theory offers distinctive insights into political behavior. There are some elements of regime analysis that appear very similar to broader theoretical approaches in political science. Hasenclever, Mayer, and Rittberger (1997), for example, argue that regime theories can be classified as interest-based, power-based, and knowledge-based. Each of those broad categories also contains several versions of the approach. This classification is not dissimilar to classifications of sociological institutional theory.

The above classification of regimes also points to the ways in which regime theories are similar to the versions of institutionalism found in other areas of the discipline. For example, the emphasis on common values and understandings as the method for defining regimes could be considered simply an international version of the normative institutionalism of March and Olsen (see pp.28–9), and there are some conspicuous attempts to relate rational choice analysis to regime theory (Snidal, 1991; Kydd and Snidal, 1993). The cognitive approach to international regimes is not dissimilar to that already encountered in sociological institutionalism. Is there, therefore, a distinctive regime theory, or is international institutionalism just a manifestation of other versions of institutionalism, albeit operating at a different level of analysis?

What is an Institution?

In this chapter 'What is an institution?' means 'What is a Regime?' A second question is: 'Do the characteristics of a regime correspond to the variables used elsewhere to define a political institution of a more generic nature?' There is a variety of definitions of a regime in the international relations literature. Puchala and Hopkins (1983) offered a minimalist definition, speaking of regimes as 'patterned behavior.' That definition almost certainly encompasses too much territory; habitual war-making might well be patterned behavior, while the current thrust of regime theory appears to be to provide a means of conceptualizing international politics in a more cooperative manner than has been characteristic of this subdiscipline.

There are also definitions of international regimes based on rules and the behavior of nations, definitions in many ways analogous to those found in rational choice versions of institutionalism. In particular, Robert Keohane (1989, p.4) defines regimes as:

> institutions with specific rules, agreed upon by governments, that pertain to particular sets of issues in international politics.

This is a much more demanding definition than that offered by Puchala and Hopkins. In particular, the demand that governments explicitly agree upon a set of rules is a condition that may not be satisfied in many policy areas that appear to have operational regimes. And even if its criteria are met, the rules may be understood and accepted only by the one segment of a government directly concerned with the policy, rather than government as a more collective entity. Modern states are segmented along policy lines and their relationships with international regimes and organizations – even the European Union – may also be segmented (Patterson, 1998).

Probably the prevailing definition of an international regime was provided by Stephen Krasner (1983, p.2). Krasner defines a regime as:

> implicit or explicit principles norms, rules and decision-making procedures

around which actors' expectations converge in a given area of international relations.

Like many definitions designed to mediate differences between pitched intellectual camps, this definition appears to raise as many questions as it settles. For example, how important is it that the rules that govern a regime be explicit? Or is it sufficient that we can say after the fact that rules of some sort appeared to be governing the behavior of states or other relevant actors involved in the putative regime? A concentration on explicit rules leads to excessive formalism, and acceptance of possibly meaningless rules as evidence that a regime is in place in the international arena.

On the other hand, too great an emphasis on the *ex post facto* interpretation of behavior makes falsification difficult. As Haggard and Simmons (1987) have pointed out that sort of definition may merely be a tautology; we would define regimes by observed behavior and then later use the existence of a regime to explain the same behavior. Similarly, cognitive definitions relying upon shared understandings among the participants (see Kratochwil and Ruggie, 1986) encounter the same problems of circularity. Again, the existence of a common set of perceptions is used both to define and to explain behavior within a regime. These same problems arise in other versions of institutionalism that are built on rules (see pp.47–8), but appear somewhat more severe here because of the level of analysis. That is, assessing and measuring the behavior of a state in international politics is, *ceteris paribus*, more difficult than looking at that of the individual members of a single organization in the more constrained arena of national politics.

In addition, the number of influences on the behavior of a state in international politics may be greater than in conventional domestic politics, and therefore assigning causation to the influence of a rather amorphous set of regime values may be suspect. In a number of policy areas that are argued to be regimes, especially when defined as areas of public concern, observed patterns of uniform behavior may have more to do with economic conditions or professional domination than with the existence of a functioning international regime. The actual political dynamics in these settings may emanate from national level actors who desire to ensure the perpetuation of their own well-being rather through the rules of behavior created and imposed by a regime.

Although it does raise questions of causation, basing regime theory on particular policy areas may be a substantial contribution toward understanding the dynamics of regimes. Each policy area tends to be influenced by a set of professional and substantive norms that defines what is good policy and good behavior in that regime. This is also true for institutions and organizations that may be defined by their ideas and by their connections with professional standards.

One of the more interesting approaches to understanding the formation

and implementation of norms in international politics is the concept of 'epistemic communities' (Adler, 1992; Haas, 1992, 1993). These communities are conceptualized as agreements on certain fundamental bodies of knowledge that can then function as a mechanism for pressing those professional and scientific views onto government. These structures (regimes?) are the rough equivalents of the policy communities and networks encountered in domestic politics, and already discussed in reference to the institutions of interest intermediation (see Chapter 7). The difference here is that there is agreement across countries among the participants so that there would be relatively common reactions of national governments. That common reaction depends in part, however, on the ability of scientists and other professionals to influence their national governments.

The definition of regimes as occurring within policy areas lowers some of the barriers to the creation and acceptance of international regimes. Rather than having to develop sweeping norms of behavior that would bind nations across a range of policy concerns, nations, or even segments of governments, could (within the bounds of the theory) be components of a regime. Organizations in government might cooperate with components of the private sector in their policy area, and with components of subnational governments also working in that area. Some of the same coordination and cooperation could also exist with international organizations in areas such as health (e.g. World Health Organization, Pan American Health Organization), economic management (e.g. International Monetary Fund, Organization for Economic Cooperation and Development) or almost anything else that governments do. Thus, national governments become the means for 'suturing' (Hirst and Thompson, 1996) together a series of actors within a regime, although the content of the regime may be deeply influenced by international actors as well as by domestic actors from the public and private sectors.

Other scholars have argued that governance within the international system should be conceptualized as occurring across policy areas as well as just within the individual areas (Rosenau, 1992). The concept of 'international order' is used to describe a more encompassing structure of values and rules that coordinate the overall behavior of nations, perhaps especially in security policy, as well as meshing security with a range of other international policy concerns (Ashley, 1989). Although perhaps more tenuously connected than the definitions of regimes, the concept of an international order also has some important institutional characteristics. This is especially true of the reliance on norms to regulate the behavior of its members. Those norms may be less demonstrable, and perhaps less operational, than in regimes, but they are nonetheless real.

For both the more specific and the more general conceptions of regimes in international politics it appears that some sense of common interest is required. Even supposing that there is a common policy activity and a

common collection of policy ideas, if there are fundamental differences in goals and values then the likelihood of an effective regime being formed is low. For example, despite some general agreement among the industrialized democracies about the need for a regime for environmental policy, the differences in economic goals between them and the less developed countries make the formation of a regime in this area difficult (Young, 1994). Likewise, differences in religious values make the formation of a regime in population policy perhaps even less likely at present (Crane, 1993).

Finally, the development of international entities such as the European Union raises particularly important boundary questions for regime theory. When do these regional associations cease to be regimes and become proto-states, or even real states? This distinction can be seen in the debate in the literature between the 'intergovernmentalists' (Moravscik, 1993) and 'supranationalists' (Sandholz, 1993). Further, it is easy to argue that within the European Union there are a number of other organizations that can be considered as institutions in their own right, especially in the terms of the empirical institutionalism. How far does this approach, and institutionalism in general, permit the embedding of institutions within each other while still maintaining their own institutional character? If this is permitted, as it almost certainly must be,[3] then institutional analysis will be applicable at several levels.

Institutional Formation

To some extent the definitional question concerning international institutions also addresses questions about the origins of those institutions. In order for a regime to come into existence there must be an acceptance of a common definition of a policy area or a repetitive pattern of interaction among the participants in a regime that is governed by rules (whether formal or informal). These two variables are of course closely related, as some affinity of ideas will generate greater interaction, and interaction will also tend to generate more agreement on policy definitions and policy values.

Thus, the question of becoming a regime involves defining some point at which behaviors become sufficiently common, and perhaps sufficiently governed by rules, for the regime to be said to exist. If there were a clear empirical measure of the behaviors that define regimes then this question might be a relatively simple one to answer. The trouble is that there are few if any measures of that sort agreed upon in this body of literature, and regime theorists tend to rely on impressionistic evidence more than on 'intersubjectively transmissible' evidence. In some policy areas, e.g. financial communities, there is some evidence about patterns of interaction and patterns of control, while in others the evidence is at best anecdotal.

Institutional Design

One view in most approaches to institutions is that they simply emerge from interaction, while in other views they can be the product of conscious design. The same is true of international institutions and regimes. The definitions advanced for regimes display those two options, with the minimalist Puchala and Hopkins definition implying that regimes emerge from the interactions of the actors, while the Krasner, and particularly the Keohane, definitions imply greater intentionality, and the construction of sets of rules to govern behavior.

Even in the Keohane and Krasner definitions it is not clear exactly who the actors are, and this appears to be a major question in regime theory. Even when Keohane requires that the rules of a regime be accepted by government, it is not clear whether that acceptance is after those rules are negotiated elsewhere, or is a necessary condition for the creation of the regime. For example, in environmental politics the creation of rules may be the product of discussions, lobbying, and political pressure from interest groups, and then only later validated by government. In other areas such as taxation, governments may have to be involved in the negotiations from the beginning. In some cases, e.g. the formation of a regime (by almost any definition) around land mines, the impetus may be largely individual.

As well as a question about the nature of the actors involved in the design of an institution, there is a question of how to factor the level of compliance into design. This variable is important in defining and measuring the existence of a regime. It is also important for thinking about designing institutions simply because different thresholds of compliance open and close different options for design. If there is a low threshold of compliance, and substantial variation in behavior is acceptable within a regime, then it may be sensible to go for more demanding standards. If any failure to comply represents the negation of the regime then minimal designs are more appropriate.[4] Again, it seems crucial to differentiate regimes encountered in various policy areas, with those with lower compliance thresholds being more amenable to design than those demanding more complete compliance.

Individual and Institutional Reaction

One of the questions we are asking about each version of institutional theory is: how do individuals interact with institutions within the theory? For international institutions, meaning here especially international regimes, that question becomes: How do national governments interact with the international institution, e.g. the regimes? Although given the level of analysis identifying the effects of regimes may be more difficult, the analytic question remains the same – how does the institution shape the

behavior of its component parts (states) and how do those component parts shape the behavior of the larger system?

The definition of regimes discussed above provides a part of the answer to that question, at least for the effects of an institution on the component members. The assumption behind regime theories is that the 'expectations' of the actors involved will converge through their interactions over time, so that there will be substantially less variance in values and behavior when there is an operative regime than when there is not. As already noted there is a strong suspicion that this definition of a regime could be tautological; the presumed effect of a regime also is its definition.

Leaving the potential epistemological problems aside, the basic operational element here is very much the same as that contained in the normative version of institutionalism – the institution influences the values of the components and then the values influence behavior. The principal difference from the normative approach appears to be that domestic institutions tend to be more directly involved in the shaping of the individual values of its members.[5] In contrast, regimes tend to be associated with a convergence of values of the member states (or components thereof), a seemingly less hierarchical conceptualization of the pattern of influence.

In some instances, however, that apparently benign convergence may be brought about through coercion, as when international organizations coerce potential clients to behave in certain ways. Caiden and Wildavsky (1974) documented the role of international organizations in imposing 'modern' budget standards on poorer countries, and more recently those same international organizations have imposed 'modern' styles of administrative reform. The coercion here is that if the poorer countries want resources from organizations such as the International Monetary Fund (IMF) or the World Bank they must comply with their demands.[6] That coercion is by no means a thing of the past, with these organizations (and perhaps especially the IMF) continuing to impose their own values on less developed, or less fortunate, countries if those nations want to have the money from those organizations. The experiences of several of the 'Little Tigers' of Asia in the late 1990s point to the extent of influence that these international organizations may have.

The other direction of influence in regime theory is somewhat less clearly articulated, although the notion that there is a convergence of values implies that there is at least some interaction among the component actors. This pattern may be analogous to that encountered in inter-governmental politics within nation states (Rhodes, 1988; Wright, 1988), in which there is a vertical interaction among the levels of government. This is not a hierarchical pattern of interaction, but rather one of mutual influence and indeed mutual dependency. As with the discussion of epistemic communities above this interaction often is conducted within individual policy areas that have shared orientations and values.

The shared values that are created facilitate moving the interactions from

hierarchy to cooperation and mutual influence. There are agreed upon standards of proof and styles of argument in most policy areas that enable members to interact effectively and to reach agreements on other than political grounds. Although broadly shared, there can be national differences so that politics and national interest may not be removed entirely from these interactions. Even in basic science there appear to be national styles and, with that, often substantial differences in interpreting the policy relevance of particular sets of facts (Zito, 1998), and sometimes even differences in what the facts are.

The most difficult of these interactions is attempting to determine how individual nations can shape or reshape regimes. This may be relatively easy for powerful nations such as the United States, but not for small and less influential countries.[7] Interestingly, however, the creation of the international regime on land mines appears to be more the product of non-governmental actors, and not very powerful actors at that. In that case there were important values that those actors could manipulate in order to produce agreement, at least among countries with little to lose from joining, on the formation of the regime.

Helen Milner (1997) has made a more sophisticated argument about the influence of national governments on the nature of regimes. She argues that the structure of preferences within individual countries will influence the policies that regimes adopt, and their success in implementing those regimes. She uses a game-theoretic perspective, based upon Putnam's (1988) concept of 'two-level games', to model the interactions of states and regimes in a number of policy areas, arguing that domestic preferences do matter and limit the possible outcomes for a regime.

Thus, it appears that this aspect of the institutionalist puzzle can be answered readily for international regimes. There are ways in which the two sets of actors – nation states and regimes – can interact and can affect each other's values. The reification of regimes does, of course, remain a crucial problem in this analysis. Even that nagging problem may be resolvable when there are international organizations that appear to serve as a collective memory in the policy area. The International Labour Office for employment and labor policies, the World Health Organization for health policy, and the International Monetary Fund for international financial affairs may all be seen as organizational manifestations of underlying regimes operating in those policy areas.

Institutional Change

Compared to the apparent permanence characterizing historical institutionalism, and often attributed to other forms of institutional analysis, international regimes appear to be relatively mutable. At the extreme it appears that the defection of one major actor, e.g. the United States leaving

UNESCO, can cripple a regime (Coate, 1988; Valderrama, 1995). Even in less extreme cases international regimes appear more fragile than other institutional structures. Even epistemic communities may not be stable over time as new approaches to scientific problems and differences in national styles of science create internal divisions within those communities based on agreements on common scientific principles. For example, differences between American and French scientists over the nature of AIDS (and who discovered what) threatened the early development of science and treatment in this budding international regime (Feldman, 1995). This fragility is especially marked for epistemic communities based on social scientific knowledge rather than 'hard sciences' with their more agreed upon standards of evidence.

The real question is whether there is anything specific in regime theory that can distinguish change in these international models from change in other, more general, institutional theories. The language we have been utilizing in the above paragraph is that of normative institutionalism ('values') or game theories ('defection') rather than a specific conception of change coming from international relations. We can also consider change through a process of 'institutionalization,' but again that characterization is just a version of another, broader sociological approach to institutions rather than any characteristic specific to international regime theories.

Perhaps the most important feature of change in international regimes is the fragility of international regimes. In most instances there are few binding, or even compelling, reasons for a national actor to remain a part of a regime. States will continue to play by the rules of the regime so long as it remains in their interest to do so, and will quickly withdraw from the regime (explicitly or implicitly) when it is no longer in their interest to follow those rules. Again, however, there is the problem of a tautology in regime theory and the absence of any external referent against which to compare national interests and values in a regime. That is, the only way that we can know that the regime was no longer in the interest of the nation state was when it chooses to withdraw from the regime.

The Good Institution

Finally, we must ask what constitutes a good institution within the context of an international regime. Again, at a very minimum the good or successful regime is one that survives. If we adopt the minimalist conception of regimes put forward by Puchala and Hopkins then the perpetuation of interactions and 'patterned behavior' would be sufficient for success. For some regimes, where there is little agreement on basic values, the mere continuation of discussions may be all that is possible. This continued interaction may lead to success on the more demanding criteria, simply

because continued interaction tends to create more bargaining and perhaps more mutual agreement on basic issues in the area.

As with the normative version of institutionalism a good institution in this international version of institutional theory is one which is capable of inculcating its values into the behavior of its members. In many instances propagating those common values is not such a difficult task, given that the members of the regime may have initiated their interactions on the basis of common professional or scientific values. Thus, these actors within the incipient regime can initiate their search for a new regime with a good deal of collective understanding, and this creates the opportunity for using those common values as a foundation for common rules and mutual constraints on behavior.

Another way to think of the 'good institution' in international regimes is as a regime that is successful in constraining the behavior of its members. This is, of course, somewhat related to the first conception of a good institution, given that acceptance of common values is also likely to constrain the behavior of the individual participants. Within the numerous conceptions of regimes based on enforcable rules, there are constraints on behavior even without agreement on fundamental values. These rules may be sufficient to create a successful regime with sufficient power to constrain action; recipient nations may not agree with the economic values of the International Monetary Fund, but the international financial regime is sufficiently powerful to enforce its own principles on those nations. The fund has been able to enforce its guidelines even over seemingly wealthy countries such as South Korea and, as already indicated, at one time even over the United Kingdom.

SUMMARY

International relations is often seen as the domain of anarchy, rather than an arena in which stable institutions operate. The above description should demonstrate that it is not totally unreasonable to think of regimes as the analogues of institutions at the international level. They display some of the same characteristics of stability and predictability that are used to define institutions. These regimes also have some of the same effect of molding the behavior of the individual members (in this case the nation states). Finally, some of these also are able to promulgate a set of values that are accepted as 'appropriate' for the participants in the regime.

Although the above arguments appear compelling to me, there are also some questions remaining. In particular, there are questions about the extent to which international regimes have sufficient capacity to produce changes in behavior of members to say that they are really comparable to other types of institutions such as public bureaucracies or even political parties. The most obvious concern is that there is little capacity to separate

regimes from non-regimes in other than a matter that makes it difficult to assess independently the impact of a regime. That is, regimes can be said to exist if national actors behave in certain ways. This definition then assures that a researcher will find that regimes are effective, although that finding may then be virtually meaningless.

One principal advantage of conceptualizing international politics in regime and institutional terms is that it helps to move the debate in that subdiscipline away from power politics to thinking about consonance, at least within specific policy areas. This perspective is perhaps especially important after the end of the Cold War, and with the end of the bloc system a shift toward greater internationalization of most, if not all, policy areas. The world has not become a totally benign place, but the economic and social dimensions of international politics are of increasing importance, and those policy areas appear more amenable to regime analysis.

As well as making international politics appear more similar to domestic politics, the use of institutional modes of thinking in this field directs attention to the place of values. As already noted power and conflict have tended to dominate thinking in the international arena, but there are also important values that operate in this arena. Some of these values may be specific to the epistemic communities, but others, e.g. a preference for peace over war, may be more general. Whatever the generality, values do play a part in international politics and a focus on regimes helps to make that role clearer.

I believe the case has been made that it is reasonable to think about international politics in institutional theory terms. Institutionalism is by no means the only viable approach to international affairs, nor is the regime concept applicable to all facets of world politics. There are, however, certainly some policy areas in which regimes do exist, and for which institutional thinking is appropriate and indeed even essential. The theoretical and research task, therefore, is to differentiate both regime and non-regime circumstances and to develop further the conceptualization of regimes as institutions. That conceptual development may require much closer connection between international relations and other aspects of political science (especially comparative politics) than has been characteristic of either side of the discussion.

NOTES

1. The last thing I want to do is to engage in another sterile debate concerning realism (Morgenthau, 1948), neo-realism (Waltz, 1979), and all their variations in international relations. This point is made simply because of the popularity of this theoretical view of the international system.
2. There also is a substantial literature on urban regimes, using much of the same logic to describe the interaction of actors in local government settings (Stone,

1989; Pierre, 1992; Popadopoulos, 1996), including the development of common patterns of meaning.

3. For example, a legislature would be considered an institution, but so too could the committees that operate within it (see Shepsle and Weingast, 1995).
4. For example, regimes in nuclear arms may permit little deviations from standards, while one in social security policy may permit substantial deviations and still maintain its status as a useful regime.
5. March and Olsen (1989, p.46) argue, for example, that the defining characteristic of an institution is the capacity to shape the values and the behavior of its members.
6. In fairness, some of the more affluent countries may also be coerced by international regimes. The United Kingdom, for example, was very clearly coerced by the IMF during the 1970s. Also, the Maastricht budget criteria for joining the Economic and Monetary Union of the European Union place a great deal of external pressure on national governments.
7. One exception may be smaller countries that have large quantities of crucial materials such as oil or gold.

CHAPTER 9

ONE INSTITUTIONALISM OR MANY?

To this point we have been operating very explicitly as if there were a number of different versions of institutionalism. This is a useful exercise for explicating each of the individual theories. We need, however, to think if despite the subtle and even not so subtle differences that exist among these approaches to institutions there may really be one fundamental perspective on political and social life, with a number of different variations on the same theme. Thus, is this body of theory like Elgar's *Enigma Variations* with its apparently different versions all bound together by the basic theme, or is it really a series of interesting solo pieces with few real common themes?

There are points that could be made on either side of this argument. First, it appears that all these approaches to institutionalism stress the same fundamental analytic points. The most fundamental point is that scholars can achieve greater analytic leverage by beginning with institutions rather than with individuals. Further, all the approaches point to the role that structure plays in determining behavior, as well as its role in determining the outcomes of political processes. In addition, all the versions of institutionalism argue that institutions create greater regularities in human behavior than would be otherwise found. At a practical level institutions do have the capacity to mold individual behavior and to reduce (but not eliminate) the uncertainty that otherwise dominates much of social life. To the extent that the environment of one institution is composed largely of other institutions (and hence of somewhat lesser variability), that uncertainty can be reduced even further (Meyer and Rowan, 1977; DiMaggio and Powell, 1991). For the social scientist this reduction of uncertainty makes prediction more feasible, and provides a better route for social explanation.

Finally, institutions are seen in all but perhaps the most extreme conceptualizations as the results of purposive human action, so that the fundamental paradox (Grafstein, 1992) of institutions being formed by human agents yet constraining those same actors arises in all versions of the new institutionalism. This paradox in turn requires that each of the approaches finds some means of explaining why presumably autonomous actors accept the constraints of an institution. For some visions of institutions (game theory and regime theory) this may be in order to have their adversaries constrained, while for others it may be a more normative explanation that individuals expect values and roles to be provided to them by the institutions they join.

The above points of similarity can be counterbalanced by some fundamental differences among the approaches. One is the instrument through

which constraint on the individual is exercised. In some approaches this is exercised through values and norms, while in others it is performed through rules (whether intra- or inter-institutional). Another fundamental difference among the approaches is the degree to which institutions are assumed to be mutable or relatively fixed. In some approaches the fundamental means of understanding institutions is their degree of fixity, while in others it is assumed that organizations enjoy a substantial capacity for change, planned or unplanned. Finally, there are also differences in the extent to which institutions are conceptualized as concrete objects, as opposed to more intangible collections of norms and values that have their influence primarily through the perceptions of the members of the institutions.

We will now proceed to go through the above six points about institutions to describe more fully the similarities and differences among the approaches to institutionalism. There can perhaps be no definite solution to the question of whether there is one underlying approach or not, but this exercise should help to clarify the principal points about which there would be possible disagreement and similarity. Further, it may help clarify the extent to which the differences are so fundamental that they would prevent any amalgamation of approaches as a means of creating a more unified body of institutional theory for political science. There are, of course, differences or there would not be the different approaches; the question is whether or not those differences are fatal for any integration.

SIMILARITIES IN INSTITUTIONAL ANALYSIS

The first and fundamental point of similarity for the approaches to institutions is their emphasis on institutions. This most basic, and blindingly obvious, point for all the approaches to institutional analysis is that institutional factors are the most appropriate points of departure for social analysis. This addresses a problem in social analysis – the relative importance of structure and agency in explanation (Dessler, 1989; Sztompka, 1994; Hay, 1995; see also Archer, 1997) – encountered in a number of areas in the social sciences. That is, are outcomes in social processes determined, or best predicted by, structural factors or are they more predictable by the actions of human agents? We have pointed out that to at least one major social theorist, Anthony Giddens (1981; 1984), the structure–agency distinction is largely a false dichotomy. Giddens argues that there is a duality in all social relationships, so that both factors are almost always in operation. Even if that is the case, the institutionalists would still argue that in the public sector social scientists can gain greater leverage by beginning an analysis with the structures and then thinking about the independent impacts of agency.

Given that these are all institutional theories it appears obvious that they

all focus on the impact of structure on those outcomes. Zucker (1988, p.27) argues, for example, that alone among social science theories institutionalism provides no place for individuals and their interests. All of these approaches begin with institutions of some sort or another, simply because their proponents believe that is the source of the greatest analytic leverage in the social sciences. That having been said, there are still some important variations in the way in which these approaches deal with the central role of structure in the analysis (see Easton, 1990). For example, for empirical institutionalists there appears to be little else other than structure available to provide the explanation; the only set of variables included in the analysis is structural, and even then it is largely confined to differences between presidential and parliamentary regimes. Also, the international version of institutionalism appears to allow little or no room for human agency. If, however, the nation state is used as the analogue of the individual then there is substantially more room for agency, and indeed the question of whether the regime exists at all is a question of whether there is something that distinguishes a regime from a non-regime. Finally, the rational choice institutionalists appear to provide a good deal of latitude for human agency at the inception of an institution and in its design – but then there is almost no opportunity for individual action, with those being determined largely by the rules and incentives.

At the other end of the dimension within the institutional theories would lie the March and Olsen approach. Interestingly for the seminal approach in the new institutionalism, the 'normative institutional' approach appears to depend more on human agency than any of the others. Their conceptualization of an institution, with its emphasis on the development and transmission of norms among the members of the institution, places much more emphasis on the way in which the members behave. In particular, it focuses on individual members of the institution as the unit of analysis, at least to the extent that their interpretations of the norms may vary. Thus, an objective outsider may identify a particular 'logic of appropriateness', but the members of the institution may interpret the norms very differently.

The degree of latitude for agency in the other approaches to institutional analysis lies somewhere between these two. Most interestingly the rational choice versions of institutionalism are somewhat ambiguous with respect to agency. On the one hand, the emphasis on choice and design appears to provide a good deal of latitude for human action, especially in the 'individual' version of rational choice advocated by Keman (1996a), Scharpf (1997), and their associates (Hertier, 1996). Further, the notion that individuals may defect in the game-theoretic version or that some actors may require external control within the principal–agent version implies a good deal of room for agency. On the other hand, there also appears to be little latitude for differential interpretation of rules within that one version of the approach. Thus, there appears to be a mixed scorecard for rational choice institutionalism here.

In summary, the approaches to institutional analysis all focus attention on the importance of structure in explaining political behavior. That having been said, they differ in the manner in which they posit that influence and the role which they allow for human agency. Indeed, for some approaches the role of institutions depends heavily on the actions of the members of the institution, and their perceptions of the rules of their institutions. For most approaches the structural characteristics of those institutions are the determining feature.

Regularities

All forms of institutionalism also argue that institutions create greater regularity in individual behavior than would be found without the existence of those institutions. This is true even of amorphous institutions such as the market that also constrain the behavior of individuals, and therefore produce greater predictability than would be the case if individuals were not influenced by their rules and/or incentives. The same logic holds true of regimes in international relations theory, with the behavior of individual nations being constrained by their membership in the regime. If this constraint is indeed apparent then it represents a major accomplishment in the international arena presumably characterized by the actions of sovereign and autonomous actors.

This concern with commonality of behavior within institutions is analogous to the question of agency raised above. If there is a sizeable capacity for human agency then there will not be the degree of regularity that might be expected from an institution – in any of the approaches. Although we will agree that there are some regularities in behavior, we still do not know how much regularity is sufficient to say that the institution exists. This points out, in a rather perverse way, one of the clearest commonalities in the literature – none of them provides any clear standards for reduction of variance in behavior as a means of determining the existence of the institution.

The real theoretical problem that arises here is that some of the approaches, e.g. rule-based rational choice, tend to define institutions by the creation of regularity, or by the acceptance of rules of behavior. As already pointed out, these criteria for the existence of an institution appear to approach being tautological in some instances. In other cases, however, there is a clear acceptance of continued deviations from the dominant standards of behavior within the institution. For example, in the March and Olsen approach there is an assumption that members of the institution will behave in the 'appropriate' manner, but the model is also capable of accepting that some, or even many, members of the institution will behave in inappropriate ways. There will still be an institution in that case, but it

would not be as fully institutionalized as would one with greater uniformity of values.

Measurement

A final commonality among the institutional theories, and a somewhat troubling one for any scholar advocating these theories, is the methodological problem of measurement and verification. We all know that institutions exist; our lives are influenced by them every day and in numerous ways. This is true for amorphous institutions such as the family and law as well as more tangible institutions such as a public bureaucracy. The problem is one of defining those institutions in a way that is intersubjectively transmissible and that fits with the canons of contemporary social science. It was argued early in this book that one thing that distinguishes the new institutionalism from the old is the more explicit concern with methods and theory. Unfortunately, that difference from old institutionalism is not as pronounced as it might be, and there are still major methodological problems in the new institutionalism.

Even here there are some important differences among the approaches. On one end of a dimension the sociological institutionalists appear to have made the most progress in measurement, in large part because of their close link with organization theory.[1] Almost by definition the empirical institutionalists have made some gains in measurement, but that is often at a simple nominal (presidential–parliamentary) level. At the other end of the spectrum the normative institutionalists and the international institutionalists appear to have made the least progress, given their reliance on relatively 'soft,' albeit significant, concepts such as norms and values. In all cases, however, there appears to be a great need for more rigor in conceptualization and then measurement of the phenomena that are assumed to make up institutions.

DIFFERENCES AMONG INSTITUTIONAL THEORIES: THEY ARE NOT ALL THE SAME

There are a number of common features in institutional theory, but there also appear to be a number of significant differences among these various approaches. None of the approaches stands out totally from the others, and one may align with some on various characteristics and with others on different characteristics. In general, however, the March and Olsen 'value' approach to institutions appears relatively similar to the historical institutional approach. Also, given its intellectual roots the values version of institutions is also very close to the sociological version of the approach. Similarly, the rational choice approach to institutions appears very

compatible with some aspects of the empirical approach, given the emphasis in both on the capacity to choose institutions.

Definitions of Institutions

The most basic differences among the approaches arise in the definitions of what is an institution, and the factors that operate to constrain individual behavior within the context of the organization. As has been pointed out earlier, there are three types of answers to that question. The first is that values constrain individuals, and that the nature of institutions is largely normative. The assumption for this answer is that although individuals may import some values when they join an institution[2] they are willing by virtue of joining to allow institutional values to dominate.

An alternative answer is that institutions are defined by their rules, and that what constrains individual behavior within institutions are more formal statements of what a good member of the institution should and should not do. This type of answer is typical of the rational choice approach, although it should be broadened to include positive incentives as well as the more negative constraints of rules.

Finally, individual behavior may be constrained by the regularized patterns of interaction within institutions. This is a weak criterion and (like several other arguments in institutional theory) borders on the tautological. Institutions are defined in some approaches by their capacity to constrain behavior, yet here their capacity to constrain is being assessed as a relatively independent criterion.

Preferences

Another extremely fundamental difference among these approaches to institutionalism is the source of preferences in the theories (see Dowding and King, 1995, pp.2–7). First, preferences are external, or exogenous, to the theory. In these approaches preferences are assumed to be a product of the socialization of individuals and are brought by the individuals into their institutions. For example, in rational choice theory making the choices is basic, and the roots of those preferences are irrelevant. The real question for these theories is the structure of incentives and rules that will determine behavior. Indeed, in rational choice theories of institutions the preferences of the individuals are assumed to be almost uniform, especially the preference for maximizing personal utilities.

Although much less explicit than in rational choice approaches, and in addition much less significant, preferences also are assumed to be exogenous in the empirical approaches to institutions. In these perspectives the basic preference is for a capacity to make decisions and to implement them efficiently. The often discussed differences among institutional structures

such as presidential versus parliamentary regimes are phrased in terms of their capacity to govern effectively. There is little or no attention paid to the concerns of the individuals within the governing institutions, all of whom are assumed to share this concern with effective governance.

For all the other approaches to institutions preferences are endogenous, or the product of individual involvement with the institution. For the normative approach this endogeneity is most evident. March and Olsen argue that individuals do possess sets of basic values before they become involved with institutions but that their involvement also shapes preferences. In particular, involvement with the institution shapes those values that are specifically relevant to the functioning of that institution. Given the close connections between the normative approach and the sociological approach to institutions, it is not surprising to find similar arguments about the endogeneity of preferences in these two approaches.

Although regime theory appears to argue that preferences and regimes emerge almost simultaneously, it does appear that preferences are better understood as endogenous. In particular, the need for sovereign states to negotiate among themselves to find an acceptable set of policies appears to argue strongly that preferences are endogenous. On the other hand, the importance of the epistemic communities (Thomas, 1997; Zito, 1998) in facilitating the formation of regimes points to some possible exogeneity of preferences in regimes. To some extent the degree of endogeneity in a regime may vary in different regimes, with those with a stronger technical or scientific basis having the greatest exogeneity.

As well as being important analytically, the source or preferences is also important for understanding the dynamics of institutions. We will discuss the role of change in institutional theories below, but it is important to understand that if preferences are created externally, and are also largely unchangeable, then the only way to generate change is to alter the structure of incentives and rules that exist within an institution. On the other hand, if preferences are conceptualized as mutable then transformations can be an ongoing process of remaking individual preferences through the operations of the institutions themselves.

Change

One of the most important differences among approaches to institutions is their conceptions of change and the way in which the different approaches consider change. Most fundamentally, there is the question of whether or not change is recognized as an ordinary part of institutional life or as the exception to a rule of stability, and perhaps even hyperstability. We noted early in the discussion of institutional theory that one of the common ways of thinking about the structure–agency debate in social theory is to ascribe stability to structure, and hence to institutions. Indeed in some views of

institutions, e.g. historical institutionalism, there is a judgement that institutions do not change readily. There is a fundamental assumption that institutions are in an equilibrium that will remain in place unless there is some major 'punctuation' to move them off that equilibrium position (Krasner, 1984).

The alternative conception is that institutions are almost inherently non-equilibrium structures. The argument of William Riker (1980) and other scholars operating from very different assumptions (Grafstein, 1992) is that institutions and their rules are human constructions. Institutions therefore are subject to the whims of the very people (or at least successors to these very people) that created them in the first instance. In this view rules are short-term constraints on behavior, at best, with rules to some extent always being renegotiated among the members of the institution, or perhaps among several institutions. In some societies (e.g. the United States) basic institutional rules such as constitutions can survive for a very long period of time, while in others (e.g. France) constitutions tend to be more like periodical literature rather than enduring documents (Hayward, 1982). If we move down the level of generality then the framing rules of government tend to be even less stable.

All the various rational choice versions of institutionalism share some of the same non-equilibrium conceptions of institutions mentioned above. The assumption of many rational choice theorists is that institutions are almost infinitely mutable, simply through the selection of rules or structures. This assumption makes the design of institutions a more viable activity than in other versions of institutionalism, but also makes any particular institutional choice subject to relatively easy revision and replacement. If institutions do not have values to constrain the behavior of individuals, and if the initial choices of those institutions do not tend to persist then there can be little sense of equilibrium of institutions in this model.

Individuals and Institutions

Another difference among the various theoretical approaches to institutions concerns the alternative ways in which individuals and institutions are hypothesized to interact to shape each other's behavior. In the first instance there are differences in whether an approach emphasizes the capability of an institution to shape individual behavior, or whether it emphasizes more the capacity of individuals to shape institutional performance and choices. All versions of institutionalism have something to say about both directions of influence, but there are pronounced differences in the emphasis they confer upon one direction or the other of influence.

At one extreme the empirical approach appears to assume that institutions will shape the values and/or behaviors of individuals, but that there is little reciprocal influence. For example, although there is some questioning

of whether individual presidents and prime ministers can permanently transform the office (Rockman, 1984; Jones, 1991), the real question is how these types of regimes act qua regimes to shape outcomes. Similarly, the applications of institutional theories to political parties and interest groups appears to emphasize the influence that these structures have on the behavior of individuals, rather than the ways in which individual behavior shapes these institutions. For example, it appears that individual members of political parties are virtually irrelevant to the dynamics of party systems, with the number of parties and their characteristics tending to determine the nature of systems (see Downs, 1957).

At the other extreme regime theories and other international institutional approaches tend to assume a substantial level of influence of 'individuals' – themselves collective actors – on the nature of the regime. As was argued above in relationship to preferences, regimes are sufficiently amorphous entities that they are greatly influenced by the actors taking part in them. Rational choice versions of institutionalism also tend to permit a great deal of influence for individual actors. The basic point is that institutions are the products of human agency and the structure of rules and incentives that is created to shape the behavior of the participants is a choice of the designers.

The normative approach to institutionalism falls somewhere between these two extremes. More than the other versions it permits the mutual influence of individuals and institutions. Given the central role assigned to collective norms and values in defining institutions in this approach, this might appear to be a misstatement. However, a role for individual members of the institution in shaping those values does remain in the theory. Part of the strength, and the weakness, of the normative approach is that institutions and their values are expected to continue to evolve, and much of that evolution comes about as a result of the somewhat disparate values of individuals who are recruited into the institution.

CONCLUSION: IS THERE A NEW INSTITUTIONALISM?

We now arrive at the end of the book, and a major question (or the major question) still remains: Is there sufficient commonality among the approaches to assert that there is a single, coherent 'new institutionalism' in political science? It is clear that there are a number of contending approaches and conceptions about institutions, but is there enough of a central core to the approaches to argue for the existence of *a* new institutionalism, and can that core explain the central phenomena of contemporary politics?

After going through all the various approaches it will be argued that there is a sufficient core to justify these approaches being considered one broad, if variegated, approach to politics. The fundamental issue holding all these various approaches, and their various components, together is simply

that they consider institutions the central component of political life. In these theories institutions are the variable that explain most of political life, and they are also the factors that require explanation. The basic argument is that institutions *do* matter, and that they matter more than anything else that could be used to explain political decisions.

In all the approaches something about institutions – their values, their rules, their incentives, or the pattern of interactions of the individuals within them – explain the decisions that governments make. Individuals remain as important actors in most of these theories, but there is substantially greater leverage to be gained through understanding the institutional frameworks within which they operate. Perhaps more than anything else, the individual element of policy-making comes into play as the members of the institution interpret what the rules and values of their institutions are.

Another indication of the extent of commonality among the perspectives on institutions is the number of times that a discussion of one of the approaches naturally led to a discussion of some aspect of another. It appeared in writing the book (and hopefully in reading it) that these seemingly disparate groups of scholars were talking about common questions, albeit from different angles and intellectual perspectives. Some common problems of governing – implementation, forming governments, and making effective decisions – popped up whenever we began to think and write about institutions.

What the new institutionalism does less well is to explain the institutions themselves.[3] A number of the approaches contain some conceptions about where institutions come from and how they change, but the majority are more concerned with what impacts the institutions have on policy and other political choices. For both the historical institutionalists and the empirical institutionalists the existence of an institution is largely a given. One of the requirements for the future development of these theories is to concentrate more on the formation and transformation of structures.

Another of the future requirements will be to find better ways of testing institutional theory. We have noted several times that institutional approaches often run the risk of being non-falsifiable. Institutional theories provide relatively few independent hypotheses that can be tested without the possibility of escaping by arguing that there was not really an institution in place. That is, if institutional norms are not followed it can be argued either that it was not a fully developed institution or that any institution is permitted to have some deviations from established norms. Those statements may be accurate, but with those escapes it is difficult to disconfirm any hypotheses about the impacts of institutions on individual behavior, despite the importance of that linkage of the theories.

For all the problems that we can identify in institutional theory the approach still provides an important, and indeed essential, window on political life. Most political action of real consequence occurs in institutions,

so it is crucial to understand how these bodies act and how they influence the behavior of individuals working within them. The numerous strands of the new institutionalism carry us political scientists some distance in that understanding, although no one of the versions of institutionalism can provide a complete explanation of institutional behavior. Also, there are still a number of questions that require further exploration and further elaboration. Still, the discipline has moved forward, and continues to move forward, in addressing those questions as a result of the development of the 'new institutionalism.'

NOTES

1. The sociological approach, given its greater emphasis on change and 'institutionalization,' may have greater demands for measurement than do the more static approaches coming largely from political science.
2. An individual probably would not select an institution unless its values were compatible with that person's. The obvious exception would be Etzioni's 'coercive' institutions over which the individual had no choice.
3. This point was especially obvious for the empirical institutionalists.

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INDEX