

## The New Institutionalism

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In the broadest sense, institutions are simply rules. As such, they are the foundation of all political behavior. Some are formal (as in constitutional rules) some are informal (as in cultural norms), but without institutions there could be no organized politics. Simply attempt to consider a world in which there were no rules governing social or political behavior. In this Hobbesian hell there could be no political organization, indeed no social organization at all (North 1990).. Institutionalists are those that think theoretically about institutions and their impact on behavior and outcomes.

Institutions structure politics because they: 1) define who is able to participate in the particular political arena, 2) shape the various actors' political strategies, and (more controversially) 3) influence what these actors believe to be both possible and desirable (ie. their preferences).

### Rational vs. Historical Institutionalism

There are two contending research/theoretical approaches within political science which identify themselves as Institutionalists today: Rational Choice Institutionalists and Historical Institutionalists. The role institutions play in these two analytic traditions overlaps in many ways (cf. Hall and Taylor 1996; Rothstein 1996; Thelen 1999). At the same time the theoretical, indeed epistemological, goals of scholars in these two schools separates them in some rather fundamental ways. In both schools, institutions are important for politics because they structure political behavior. Perhaps surprisingly the core difference is NOT over whether people are rational or not. Historical Institutionalists do not argue with the observation that most people act rationally most of the time. Nor do Rationalists necessarily believe that all action is motivated exclusively by short-term economic self-interest (Fiorina 1995; Weingast 1996; Immergut 1998). Rather, the key difference between these analytic traditions is found in their approach to the very science of politics.

Historical Institutionalists are primarily interested in understanding and explaining specific real world political outcomes. Building on the earlier work of Peter Katzenstein and his

colleagues in *Between Power and Plenty*, and then Theda Skocpol and her colleagues in *Bringing the State Back In*, a group of younger scholars embarked upon a variety of studies of specific historical events in widely different places and across large spans of time. They discovered that they could not explain these variations without specifically examining the way in which the political institutions had shaped or structured the political process and ultimately the political outcomes (cf. Steinmo, Thelen et al. 1992). These Historical Institutionalists came about their institutional arguments inductively after testing a variety of alternative theories (ie. Marxist, Structural Functionalist, Culturalist and Rationalist) against the outcomes they observed. In other words, Historical Institutionalists are first interested in explaining an outcome (say, for example, why France and Britain have pursued such different styles of industrial Policy (Hall 1986) or why some welfare states generate more popular support than others (Rothstein 1998) ) they THEN proceed to explore alternative explanations for the outcomes they observe.

Because theirs is not a theory in search of evidence, Historical Institutionalists do not argue that institutions are the only important variables for understanding political outcomes. Quite the contrary, these scholars generally see institutions as intervening variables (or structuring variables) through which battles over interest, ideas and power are fought. Institutions are important both because they are the focal points of much political activity and because they provide incentives and constraints for political actors and thus structure that activity. Rather than being neutral boxes in which political fights take place, institutions actually structure the political struggle itself. Institutions can thus also be seen as the points of critical juncture in an historical path analysis (see below) because, political battles are fought inside institutions and over the design of future institutions. In either case, the Historical Institutionalist is interested in developing a deep and contextualized understanding of the politics.

The goal Rational Choice Institutionalism is different. For Rationalist scholars, the central goal is to uncover the Laws of political behavior and action. Scholars in this tradition generally believe that once these laws are discovered, models can be constructed that will help us understand and predict political behavior. In their deductive model, Rational choice scholars look to the real world to see if their model is right [test the model] rather than look to the real world and then search for plausible explanations for the phenomenon they observe.<sup>1</sup> For these scholars, understanding real outcomes is not the first point -- creating, elaborating, refining a theory of politics is (Weingast 1996).

The implications of this scientific orientation are substantial. Morris Fiorina, a highly regarded RC scholar at Harvard put the issue in the following way: The most important thing to remember when reading examples of PTI [Positive Theory of Institutions, ie. Rational Choice] is that, at heart, most PTI scholars are theorists. This means, first that most PTI scholars are not as interested in a comprehensive understanding of some real institution or historical phenomenon, so much as in a deeper understanding of some theoretical principle or logic. Second, when [Rationalists] do not demand a complete understanding of an historical or institutional phenomenon. You may be quite satisfied with a partial understanding C an

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<sup>1</sup>This is why some of the most interesting work in this field look to the difficult or counterintuitive cases to test their models (ie. why do people volunteer for military service? (Levi 1997), or why do some unions pursue policies that undermine their own organizational strength? (Golden 1997)).

understanding of those parts of the phenomenon that illuminate the operation of the theoretical principle of interests. Finally, for most PTI scholars breadth trumps depth; understanding 90 percent of the variance in one case is not as significant an achievement as understanding 10 percent of each of nine cases, especially if the cases vary across time and place (Fiorina 1995:110-111).

At root, then, these two approaches suggest very different understanding of social science. Historical Institutionalists apply inductive scientific method. Rational Choice Institutionalists, in contrast, apply a deductive model of science. In RC Institutionalism general principles, logics, are invoked in terms of games (settlers, prisoner dilemma, tit-for-tat etc.) which may (or may not) be then applied to particular historical events. These scholars, in short, are interested in the game and its design: institutions are simply the rules of the game(s). Rational Choice Institutionalists try to understand what is the game and how is it played? Historical Institutionalists, in contrast, want to answer more traditional questions such as who wins, who loses and why?

### Institutional Stability and Change

One of the features noted about institutions - no matter what the analytic perspective - is that institutions do not change easily. Rational Choice Institutionalists view institutional equilibrium as the norm. They argue that the normal state of politics is one in which the rules of the game are stable and actors maximize their utilities (usually self-interest) given these rules. As actors learn the rules, their strategies adjust and thus an institutional equilibrium sets in. Though not everyone is necessarily happy with the current institutional structure, a significant coalition is --- or else it would not, by definition, be stable. Once stabilized, it becomes very difficult to change the rules because no one can be certain what the outcomes of the new structure would be: This is because institutions shape strategies, new institutional rules imply new strategies throughout the system. Change thus implies enormous uncertainty -- it become very difficult to calculate the sum effects of the rule changes. In short, the amount of uncertainty implied by a new institutional structures makes actors unwilling to change the structure (Shepsle 1986). In somewhat simpler terms: People are afraid of changing the rules because it is difficult to know what will happen after the rules are changed.

In the RC view, there may be many different alternative equilibriums, but the theory itself has no means of explaining why political systems move from one equilibrium to another. The greatest achievement of rational choice theory has been to provide tools for studying political outcomes in stable institutional settings.... Political transitions seem to defy rational forms of analysis (Bates, R.P. de Figueredo et al. 1998:604-5). This is unfortunate, because we know that human history is replete with change. A theory whose goal is to predict, but which cannot explain change has some difficulties.

The most powerful explanation offered by RC draws on the work of Steven Gould's punctuated equilibriums explanation for evolutionary change. In other words, change in any system is a product of external shocks to the system (Thelen and Steinmo 1992). Historical Institutionalists, much like most evolutionary biologists, are skeptical of the punctuated equilibrium model if offered up as the *sole* explanation for change. Indeed in both cases, change seems to be one of the few constants in world history. HI scholars do not deny that dramatic shocks to the system can invoke massive changes... this point seems rather obvious to anyone

who studies history. But, HI scholars tend to understand outcomes at any one point in time as the product of the convergence of a number of factors (Orren and Skowronek 1994). Indeed, rather than searching for specific equilibrium and their consequences, Historical Institutionalists see their inquiry as one of path analysis and/or process tracing. To continue with the analogy to evolutionary biology, the scientist in this view, is engaged in a process of understanding how and why certain organisms (institutions) have evolved, why some flourish in some contexts and/or why some die out in others. The answers to these questions (in both biology and political science) are discovered through careful historical analysis which examines the ways in which a number of factors have intersected and affected one another over time.

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