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**Interrogating Institutionalism Interrogating Institutions:
Beyond "Calculus" and "Cultural" Approaches***

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Abstract

Peter Hall and Rosemary Taylor's recent article, "Political Science and the Three New Institutionalisms" (published in *Political Studies*), provides a balanced and meticulous review of the many faces of the "new institutionalism" and a distinctive contribution to the growing literature in this area in its own right. Though deeply sympathetic to the analysis presented by Hall and Taylor, our aim in this response is to draw attention to, and to reflect upon, some of the key theoretical and conceptual issues that they leave largely unresolved. We suggest that the fundamentally different (and, we argue, profoundly antithetical) ontological assumptions of rationalist and sociological institutionalism make any attempted synthesis that aims to transcend this divide undesirable and ultimately fruitless. Indeed, we suggest, the ontologies underpinning both rational choice and sociological institutionalism (a calculus and a cultural logic respectively) militate against the development of an institutionalism sensitive to institutional change over time. Consequently, the further development of institutional theory necessitates a distinctive social ontology itself grounded in a clearly articulated view of the complex relationship between structure and agency. Such a social ontology can be discovered in certain of the more generic comments of some historical institutionalists. It is, nonetheless, profoundly at odds with both the "calculus" and "cultural" logics which Hall and Taylor claim to identify within the historical institutionalist oeuvre. Accordingly, we reject the temptation to forge a synthetic institutionalism capable of transcending the limitations of each distinctive perspective, emphasising instead the potential offered by a reinvigorated historical institutionalism that can differentiate itself both analytically and ontologically from rational choice and sociological institutionalism. We outline an alternative interpretation of the social ontology on which this might be premised.

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*Interrogating Institutionalism Interrogating Institutions:
Beyond 'Calculus' and 'Cultural' Approaches**

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As befits two of its principal exponents, Peter Hall and Rosemary Taylor's recent article 'Political Science and the Three New Institutionalisms' provides a meticulous, measured, perceptive and provocative review of the many faces of the 'new institutionalism' and a distinctive contribution to the growing literature in this area in its own right.¹ Published in the house journal of the Political Studies Association of the UK at a time of mounting interest in institutional analysis amongst British political scientists, it provides an important opportunity to consider again the strengths and weaknesses, merits and demerits of contemporary institutionalism and to raise the question of how its many insights might be more fully incorporated within the British political science mainstream. It is in this spirit that the present contribution is intended.

Though deeply sympathetic to the analysis presented by Hall and Taylor, our aim in this response is to draw attention to, and to reflect upon, some of the key theoretical and conceptual issues that they leave largely unresolved, fail to resolve adequately, or fail to address altogether. Rightly, they identify two issues as crucial — the relationship between institutions and behaviour, and the origins and subsequent development of institutions over

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¹ Peter A. Hall and Rosemary C. R. Taylor, 'Political Science and the Three New Institutionalisms', *Political Studies*, 44, 4 (1996), 936-57.

time.² Nonetheless, the presentational separation and stylistic demarcation between these concerns exhibited in Hall and Taylor's review is, we think, ultimately unhelpful. In its mutual isolation of these complexly interwoven themes, it can only serve to preserve and reproduce the tendential structuralism that has so often plagued institutionalist analysis (a structuralism reflected in the very term 'institutionalism' itself). This structuralism, we suggest in turn, has its origins in a failure to apply consistently the social ontology that can be uncovered in the more programmatic statements of the historical institutionalists (Hall himself not withstanding). It concerns the relationship of institutions and behaviour, structure and agency, and has been applied unevenly by institutionalists to questions of institutional change.

Our argument throughout will be that none of the strands of institutionalism identified by Hall and Taylor, despite their obvious promise, constitute as yet a coherent and consistent approach to institutional analysis. Moreover, the fundamentally different (and we would argue, profoundly antithetical) ontological assumptions that underpin rationalist and more sociological variants of institutionalism make any attempted synthesis that aims to transcend this divide undesirable and ultimately impossible. Indeed, we suggest, the ontologies underpinning both rational choice and sociological institutionalism (a calculus and a cultural logic respectively) militate against the development of an institutionalism sensitive to institutional change over time. Consequently, the further development of institutional theory needs to be underpinned by a distinctive social ontology itself grounded in a clearly articulated view of the complex relationship between structure and agency. Though we argue such a social ontology can be discovered in certain of the more generic comments of some historical institutionalists, it is nonetheless profoundly at odds with both the 'calculus' and 'cultural' logics which Hall and Taylor claim to identify within the historical institutionalist *oeuvre*.

The argument proceeds in four stages. First, we seek to identify the generic form or common core of the widely identified new institutionalism — a core capable of unifying the various specific institutionalisms (rationalist, historical and sociological) that Hall and Taylor distinguish. This we find to reside in a decidedly thin institutionalism, incapable of generating and sustaining a distinctive research agenda in its own right. This thin

² Although not explicitly identified as such, a concern with the role of ideas in institutional change is, rightly, almost as important in their account as the analysis of institutional(ised) conduct, institutional context and institutional change.

institutionalism also exhibits a common structuralist tendency that must be exposed and corrected if the institutionalist approach is to develop further. In subsequent sections we seek to (re-)establish the link between the questions of institutions and behaviour on the one hand the origins and transformation of institutions on the other. We consider rational choice, sociological and historical institutionalism in turn. Special attention is devoted to the treatment of 'ideas' and the ideational in each variant of the new institutionalism. In the final section we reject the temptation to forge a synthetic institutionalism capable of transcending the limitations of each distinctive perspective, emphasising instead the potential offered by a reinvigorated historical institutionalism that can differentiate itself analytically and ontologically from both rational choice and sociological institutionalisms. We outline an alternative interpretation of the social ontology on which it might be premised. In so doing we suggest one route out of the impasse of contemporary institutionalist analysis.

Is there a new institutionalism?

The term 'new institutionalism', as Hall and Taylor note, has come to suffuse discussions within contemporary political science, especially within the US. Yet despite this and the appeal to a distinctive approach that the use of the term would seem to imply, it is not at all clear in what this new institutionalism consists. It is certainly tempting, and perhaps no less so in the light of the discussion of the three new institutionalisms that Hall and Taylor provide, to conclude that all that is in fact new is the sheer diversity of positions identifying themselves as institutionalist, and the proliferation of the senses of the term 'institution' to which they appeal in so doing.³ Whilst it might then be useful to identify a certain novel

³ Thus whereas historical institutionalists tend to define institutions as "the formal or informal procedures, routines, norms and conventions embodied in the organisational structure of the polity or political economy" and rational choice institutionalists define institutions as (in Douglass North's terms) "the rules of the game in a society" or "the humanly defined constraints that shape human interaction", sociological institutionalists understand institutions more broadly to include "the symbol systems, cognitive scripts, and moral templates that provide the 'frames of meaning' guiding human action". Hall and Taylor, 'Political Science..', pps. 938, 947; Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge, Cambridge University Press, 1990), p. 3; 'Institutions and a Transaction-Cost Theory of Exchange', in James E. Alt and Kenneth A. Shepsle (eds.), *Perspectives on Positive Political Economy* (Cambridge, Cambridge University Press, 1990), p. 182.

(or at least renewed) taste for institutionalist analysis (in its various guises) amongst political scientists, there would appear little evidence to support the claim that this taste has (as yet) converged on a clear and unambiguous new institutionalism. Or would there? For despite their differentiation between strands of contemporary institutional analysis, the catholic and conciliatory tone that Hall and Taylor adopt would certainly seem to indicate that they see historical, rational choice and sociological institutionalism as variants on a new institutionalist theme — indeed as potential allies in the forging of a transcendent and renewed institutionalism — rather than as mutually incompatible and antithetical frameworks sharing only a claim on the contested term ‘institution’.

In so far as the identification of a single and common core to the new institutionalism can be discerned as a central claim of their argument (and though it remains implicit we think it can),⁴ it is important that this is exposed to critical scrutiny. For whilst we share Hall and Taylor’s obvious concern for a genuine institutionalist *approach* to political analysis, we remain far more sceptical both about the *prospects* for a synthetic super-institutionalism forged from the variants they identify (something about which they are themselves somewhat ambivalent)⁵, and moreover of the *value* of a more hybrid and eclectic check-list of institutional insights and formulations that might guide political analysis.

The common ‘essence’ of the new institutionalism identified by Hall and Taylor (albeit again largely implicitly) is decidedly thin, if it is held to provide a defining institutionalist ‘core’ capable of unifying the various specific forms it takes when attached to different social ontologies. What the new institutionalisms in fact seem to share (and, accordingly, what renders them a new institutionalism in the singular) is a common reaction and resistance to the behaviouralist orthodoxy of the 1960s and 1970s (at least within American political science) and a perhaps unremarkable emphasis upon institutional variables (however understood) in the determination of political outcomes. Stripped to its basic tenets in this way, new institutionalism hardly constitutes a very distinctive analytical approach. Yet this is nonetheless a useful exercise, if only to reveal the dangers of a pared-down and reactionary institutionalism — of institutionalism reduced simply to a *reaction* against behaviouralism. All too frequently institutionalism takes the form of a residual

⁴ See for instance Hall and Taylor, ‘Political Science..’, p. 955.

⁵ It is important here to note the ambivalence of Hall and Taylor’s concluding comment, “we are not arguing that a crude synthesis of the positions developed by each of these schools is immediately practicable or even necessarily desirable”. Hall and Taylor, ‘Political Science..’, p. 957.

explanation or compensating *addendum* — anything that cannot be explained adequately by other factors is attributed, arguably arbitrarily, to institutions. In militating against the behaviouralist tendencies of much existing political science, analysts animated by this ‘institutionalist imperative’ merely point religiously to the significance of institutional factors, tirelessly posing Weaver and Rockman’s question ‘do institutions matter?’ and refusing to rest until it has been answered in the affirmative.⁶ Such a discussion demonstrates that a generic institutionalism, characterised only by its emphasis upon the over-riding significance of institutional factors, is both insufficient to establish a distinctive analytical approach and incapable of animating a research agenda.

The new institutionalisms may, however, share something beyond this reactionary core. We believe that an implicit and tendential structuralism can be identified in much institutionalist analysis, and in each of the three traditions. Much institutionalist analysis seems to rely upon, and reproduce accordingly, a conception of institutions as constraining rather than facilitating factors — impeding change and securing continuity. Institutions are only rarely considered the object of change themselves. In short they are viewed as immutable and inertial. Though something of a caricature, this it is perhaps the type of analysis most frequently conjured by the generic label ‘new institutionalist’ — as good a reason as any for dispensing with it. The argument of this paper is that it is only by rendering explicit, and moving to centre stage, the question of structure and agency that this tendency can be resisted.

Hall and Taylor’s perceptive review of the three new institutionalisms identifies and details several of this literature’s basic problems in accounting for institutional change: its emphasis on institutional creation at the expense of institutional evolution; its tendency towards functionalism in accounting for institutional innovation and change; its much greater facility in accounting for institutional rigidity, inertia and stasis than evolution or transformation; and its failure to identify the conditions under which significant institutional innovation and/or rapid change is likely to occur. We believe that these difficulties are even more acute than Hall and Taylor suggest and that they reflect and reveal a tendential structuralism — and thus an inadequate theorisation of the relationship between structure and agency in institutionalist theories. In order to salvage what we see as valuable in the institutional imperative, we argue that it is important to supplant the perhaps understandable

⁶ R. Kent Weaver and Bert A. Rockman (eds.), *Do Institutions Matter? Government Capabilities in the United States and Abroad* (Washington, D.C., Brookings, 1993).

desire to fashion a super- or generic institutionalism for a concern to establish a consistent social ontology grounded in a sophisticated understanding of the relationship between structure and agency, institutional(ised) conduct and institutional context. This, in the end, means that we must make a choice between rational choice, sociological and historical variants of institutionalist analysis rather than seeking the final and as yet elusive synthesis. It is to the promises and limitations of existing perspectives to institutional analysis that we turn in the following sections.

Rational Choice Institutionalism

The rational choice approach embodies the principle of methodological individualism, positing a rationally-calculating strategic utility-maximising subject reflexively monitoring her conduct and weighing up alternatives. Rational choice institutionalism is broadly deductive in approach, and, in form at least, intentionalist and voluntarist. Its focus is on the choosing subject. The long standing remark about micro-economics (and the basis for the Austrian critique of neoclassicism) — that despite its putative concern with individual choice, it strips away all distinctive features of individuality, replacing women and men with calculating automatons — applies equally to rational choice institutionalism. Accordingly, rather than account for what a situated subject actually chose, rational choice institutionalism provides a description of what any utility maximising chooser would do in a given situation. In other words, rational choice analysis oscillates from an apparently agent centred individualism exhibited in choice⁷ to a deep structuralism, deriving action from context.

This has not gone unnoticed by some of its principal proponents. Tsebelis, for instance, seems to celebrate the structuralism of rational choice. He argues that

‘the rational-choice approach focuses its attention on the *constraints* imposed on rational actors — the institutions of a society. That the rational-choice approach is unconcerned with individuals seems paradoxical. The reason for this paradox is simple: individual action is *assumed to be* an optimal adaptation to an institutional environment, and the interaction between individuals is assumed to be an optimal response to one another. Therefore, the prevailing institutions (rules of

⁷ This is the way that Hall and Taylor present rational choice institutionalism, see ‘Political Science ... 1996, p. 951.

the game) *determine* the behaviour of the actors, which in turn produces political or social outcomes'.⁸

Nevertheless, even Tsebelis vacillates between this structuralism and a more actor centred view, suggesting elsewhere that rational choice analysis is concerned with (presumably individual) political actors, working hard to distinguish it from 'theories without actors'⁹

Douglass North has gone further in recognising this problematic understanding of the relationship between structure and agency within rational choice institutionalism. His analysis makes great play of a distinction between institutions and organisations. In effect, he identifies institutions as structures and organisations as agents.¹⁰ It is surprising that organisations — collective agents — are never fully broken down into the 'essential' individual units from which a methodologically individualist rational choice analyst would argue they were constructed. However, even North's account, by strongly differentiating structure from agency, is predicated upon, and therefore reproduces, an unhelpful dualism of structure and agency. Rational choice institutionalism's reliance upon a thoroughly pared-down and unapologetically simplistic conception of the subject and its deductive mode of explanation, mean that it is neither capable of identifying, nor is it interested in, the processes and mechanisms of institutional change operating in any given context. As such it is hardly surprising that its theory of institutional change is limited.

Hall and Taylor suggest, 'rational choice institutionalists have produced the most *elegant* accounts of institutional *origins*, turning primarily on the functions that these institutions perform and the benefits they provide'. They go on to argue that the 'approach has real strength for explaining why existing institutions *continue to exist*, since the persistence of an institution often depends on the benefits it can deliver'.¹¹ This reading is overly generous. The 'elegance' of rational choice institutionalists' accounts of institutional innovation is indisputable; it resides in their parsimony. However, whether such accounts can be regarded in any sense as explanations (as opposed to *post hoc* rationalisations) is surely debatable. Moreover, Hall and Taylor themselves describe a profound problem in

⁸ George Tsebelis, *Nested Games: Rational Choice in Comparative Politics* (Berkeley: University of California Press, 1990), p 40 - first emphasis in the original, latter two added.

⁹ Tsebelis, *Nested Games*, p. 19.

¹⁰ North, *Institutions, Institutional Change and Economic Performance*, pp. 3-6.

¹¹ Hall and Taylor, 'Political Science..', p. 952, emphasis added.

rational choice accounts of institutional change: the strength of Nash equilibrium models in accounting for institutional continuity is sufficient to render the explanation of institutional change 'even more perplexing'. This argument, we would add, applies at least as strongly to institutional origins, rendering the elegance of such pared-down models beside the point. Three interconnected issues — functionalism, equilibrium analysis and the treatment of ideas — are important here.

Rational choice institutionalists tend to account for institutions as ways of making (more or less optimal) interaction possible in a world in which problems of trust and uncertainty exist. By highlighting the problems institutions solve, the approach relies on a residual functionalism. Rationalist institutionalism generally proceeds through a process of deduction — specifying the functions an institution must perform — to the formulation of explanations couched in terms of the value such functions have for rational actors. Institutions thus appear in rationalist accounts as functional relays miraculously conjured to structure and indeed optimise social interactions. Within such a schema institutional change (when considered) tends to be seen as a functionally-determined process of adaptation. The precise mechanisms or processes connecting the functional consequences of institutional creation or indeed maintenance to motivations and hence actions, which achieve such convenient functional fixes remain unspecified. As a consequence, rational choice institutionalism has at best a highly partial (and inadequate) theory of institutional change.

Rational choice theory offers no differentiated analysis of institutional change capable of identifying moments of crisis and institutional discontinuity, since its basic assumptions effectively minimise or even exclude the possibility of such moments of disequilibria arising in the first place.¹² Indeed, for many rational choice theorists, fruitful theoretical endeavour (that capable of producing 'law-like statements' in the form of 'predictive hypotheses' about the world) can only exist under conditions of equilibrium.¹³ The rational choice

¹² Some rational choice analysts, including North, do suggest that most change is likely to be incremental and show little interest in disequilibrium analysis.

¹³ See for instance Peter C. Ordeshook, 'Political Disequilibria and Scientific Enquiry', in Peter C. Ordeshook and Kenneth A. Shepsle (eds.), *Political Equilibria* (Boston MA, Kluwer-Nijhoff, 1982); for a fuller discussion of these issues see Colin Hay, 'Political Time and the Temporality of Crisis: On Institutional Change as Punctuated Evolution', paper presented at the Institute on Western Europe, Columbia University, January 23 1997.

treatment of ideas also bears an awkward relationship to notions of equilibrium and change. The introduction of 'ideas' into the analysis involves two forms of '*ad hocery*'. First, ideas are said to be important in the selection of an equilibrium, when multiple potential equilibria exist. Within such a formulation, we are invited to start from a point of suboptimality and disequilibrium. To render this plausible, it might be assumed that we require at the outset a theorisation of how we came to inhabit such a condition of disequilibrium. Yet no such theory is provided. Instead, where causal factors are appealed to at all, rational choice theorists tend to conjure untheorised exogenous factors, particularly 'shocks', as the forces precipitating disequilibrium. Second, if ideas are to help in the selection between potential (future) equilibria, we require an account of the nature or origins of the ideas themselves, and of why they should enter the analysis only at this relatively late stage. Without such an account, the 'equilibrium selecting' function of ideas can only be regarded as arbitrary and *ad hoc*.

Sociological Institutionalism

Sociological institutionalists tend to situate the subject within the context of pervasive conventions and norms, determining, if not the specific content of actions, then the broad parameters of legitimacy, decency and desirability within which such conduct is conceived. They generally use inductive methods, and are often fairly explicitly structuralist in orientation. Institutions are understood more inclusively as providing moral and cognitive filters and frameworks privileging certain forms of action over others. If rational choice theory is undermined by its narrowly restrictive conception of the subject, then arguably sociological institutionalism lacks a developed conception of the subject at all, save except as a bearer of cultural convention. As an institutionalist theory then, it tends to emphasise institutional regularities, the pervasiveness and obduracy of cultural conventions, norms and practices, and hence institutional inertia, rigidity and stasis. Once again, though for somewhat different reasons, the casualty is a genuine theory of institutional innovation, evolution and transformation capable of linking the subject in a creative and interactive relationship with an institutional environment.

Much of the difficulty with the conception of the relationship between institutions and behaviour in sociological institutionalist analysis can be traced to a tendency to assimilate the institutional with the ideational and the cultural. Thus, the institutional and the cultural are both defined in essentially ideational terms — institutions as 'the cognitive scripts,

categories and models that are indispensable for action, not least because without them the world and the behaviour of others cannot be interpreted' and culture as 'a network of routines, symbols or scripts providing templates for behaviour'.¹⁴ Moreover, 'institutional forms, images and signs' do not simply guide the behaviour of individuals, they actually constitute them.¹⁵ To understand the ideational or the cognitive in cultural and institutional terms and to view the very cognitive constitution of subjectivity as institutionally and culturally borne illustrates the assimilative tendency of this approach. Moreover, the cultural and institutional are often presented as tightly constraining the cognitively possible — what it is possible to think, or indeed to be. To counterbalance these tendencies, sociological institutionalism requires a clear image of the active subject, one which is strategic and relational.

It is important to acknowledge that there is considerable debate within the canon of sociological institutionalism concerning the relationship between institutions and behaviour, structure and agency. Some sociological institutionalists argue strongly for a conception of the subject which depicts her as skillful — able to work within and around institutions and ideas.¹⁶ As Hall and Taylor acknowledge, 'many sociological institutionalists emphasize the highly-interactive and mutually-constitutive character of the relationship between institutions and individual action.'¹⁷ We have considerable sympathy with such an approach. Indeed, it may be unfair to associate all sociological institutionalists with a conception of social subjects as bearers (*träger*) of social conventions institutionally inscribed within the organisational and cultural architecture of modern society. However, in so far as sociological institutionalism *does* adhere to a 'bloodless' and *socio*-logical conception of institutions and institutional change (attributed to it in Hall and Taylor's review, as elsewhere) this is inimical to the fruitful development of institutionalist theory.

Sociological institutionalists, as Hall and Taylor note, approach the question of institutional change in a manner altogether different to rational choice analysts. Yet their approach is hardly less problematic for this. What we learn of institutional genesis and change is that it

¹⁴ Hall and Taylor, p. 948.

¹⁵ Hall and Taylor, p. 948.

¹⁶ See, for example, Neil Fligstein, 'Social Skill and Institutional Theory' *American Behaviouralist Scientist*, 40, 4, (1997).

¹⁷ Hall and Taylor, p 948.

occurs in a world replete with institutions. These institutions may be understood as structuring or organising the realm of the possible. They delimit the ‘field of vision’ or, better, what is cognitively possible or meaningful. Institutions provide, but are also to some extent themselves constituted by, the frames of meaning, scripts and symbols by, and with respect to which, we orient ourselves. Insights of this sort suggest that individual agents can be meaningfully conceived of as socially (perhaps linguistically or communicatively) constructed. The importance ascribed to the social and discursive constitution of identity in this approach may also help to explain why agents sometimes seem to vanish from these accounts to be replaced by ‘processes without subjects’. Relatedly, existing institutions also serve as ‘templates’ for the creation of new institutions. Two principle reasons for this can be identified. First, where the process of borrowing is intuitive, this reflects pervasive and largely unquestioned social conventions regarding the appropriateness of particular institutional forms, practices and procedures. Where such borrowing is more explicit, the reasons for deploying existing institutional templates in this way are largely cognitive. They result from the expense of searching for new models and the potential ‘costliness’ in terms of unintended (and often undesirable) consequences of creating genuinely novel institutional forms where existing templates could be adapted.

Important though insights of this sort may be, they tend to rely on a more or less vicious circularity of propositions. In order to explain institutional change, and perhaps more strangely still, the very origins of institutions themselves, an appeal is made to the character of existing institutions — namely the density of contemporary institutional arrangements. Yet this does not exhaust the problems of such a formulation. For, whilst such a theory might account comfortably for institutional replication, emulation and the diffusion of institutional forms across space and time, and even perhaps the adaptation of institutions to somewhat different contexts (drawing on a common template), it cannot cope adequately with genuine institutional innovation save except as an error in institutional replication. Accordingly, while the problems of sociologically-informed institutionalism are somewhat less intractable than those of rational choice institutionalism — certainly when it comes to explaining and accounting for institutional innovation and reform — it too offers no more than a partial theory of institutional change.

Hall and Taylor begin their analysis by identifying ‘historical institutionalism’, a position it should be noted with which Peter Hall is particularly closely associated,¹⁸ as distinctive, displaying a particular concern with contingency, the unintended consequences of strategic action and on institutional change as path dependent. However, when it comes to the crucial relationship between institutions and behaviour, historical institutionalists adopt one of two positions: (i) the ‘calculus approach’; and (ii) the ‘cultural approach’.¹⁹ Although offered as a way of differentiating between positions *within the historical institutionalist canon*, the distinction between calculus and cultural approaches is, ironically, precisely that between rational choice and sociological institutionalisms. That this is so is indicated in Hall and Taylor’s discussion of the explanations offered within the two approaches for the persistence of institutions over time. In referring to the calculus-logicians’ emphasis on the existence of Nash equilibria as the reason for institutional persistence, they cite Shepsle and Calvert, both unapologetic rational choice institutionalists;²⁰ whilst in referring to the cultural-logicians’ emphasis upon taken-for-granted and institutionalised convention, they cite Graftstein, an author equally unflinching in his sociological institutionalism.²¹ This makes it all the more surprising that Hall and Taylor should identify such a distinction at the heart of the historical institutionalist perspective, an approach which they (rightly) identify as ‘pivotal’ in any (future) dialogue between rationalist and sociological perspectives. This distinction is crucial to contemporary institutionalism, and Hall and Taylor are surely right to place it at centre stage in their discussion. However, we would contend, this distinction is in fact somewhat *more* significant than Hall and Taylor assume and allow. For in contrast to their interpretation, it presents, we suggest, an intractable divide between two

¹⁸ A defining statement of historical institutionalism is provided by Kathleen Thelen and Sven Steinmo. See Kathleen Thelen and Sven Steinmo, ‘Historical Institutionalism in Comparative Perspective’, in Sven Steinmo, Kathleen Thelen and Frank Longstreth (eds.), *Structuring Politics: Historical Institutionalism in Comparative Analysis* (Cambridge, Cambridge University Press, 1992).

¹⁹ Hall and Taylor, ‘Political Science..’, pp. 938-9.

²⁰ Kenneth A. Shepsle, ‘Institutional Equilibrium and Equilibrium Institutions’, in Herbert F. Weisberg (ed.), *Political Science: the Science of Politics* (Cambridge, Cambridge University Press, 1992); Randall L. Calvert, ‘The Rational Choice Theory of Social Institutions’, in Jeffrey Banks and Eric A. Hanushek (eds.), *Modern Political Economy* (Cambridge, Cambridge University Press, 1995).

²¹ Robert Graftstein, *Institutional Realism: Social and Political Constraints on Rational Actors* (New Haven, CT, Yale University Press, 1992).

contending and incompatible approaches to institutional analysis. Our interpretation has profound implications for any attempt to fashion a synthetic institutionalism capable of spanning the divide, or indeed of a less ambitious cobbling together of institutional insights from differently-informed institutionalisms.

The move of placing the distinction between the calculus and cultural approaches at the heart of their account of historical institutionalism has profound and somewhat unintended consequences for their analysis. It suggests that historical institutionalism is not a distinctive approach to institutional analysis at all. For, in such an account, it lacks a specific conception of the relationship between institutions and behaviour save for that which it borrows, imports or inherits from either rational choice or sociological institutionalism.²² Moreover, if this is indeed the case, it suggests that Hall and Taylor may be wrong to identify historical institutionalism as pivotal in the further development of institutional analysis, mistaking vacillation between rationalist and more sociological considerations as evidence of its ability to transcend the dualism of intentional and deterministic institutionalisms. However, although these are implications of Hall and Taylor's account, neither is warranted. We hope to demonstrate that historical institutionalism can sustain a distinctive view of the relationship between institutions and behaviour, indeed of context and conduct and, ultimately, structure and agency. Nevertheless, we believe Hall and Taylor's analysis does capture important characteristics of some historical institutionalist analysis, from which it needs to be freed, if it is to develop fruitfully in the future. Unless historical institutionalism is clearly founded on a distinctive social ontology, its claim to offer a more adequate and complete theory of institutional formation, evolution and transformation (that might counter new institutionalism's characteristic creational bias and its emphasis on institutional inertia), is limited. It should perhaps be noted that a close reading of Hall and Taylor's article does not provide grounds for much optimism. First, the seeming desire of historical institutionalists to discover putatively surprising continuity suggests a tendential structuralism within this tradition. Second, the equivocation of historical institutionalists over the treatment of institutional change and the vacillation between calculus and cultural approaches may disguise but cannot ultimately hide such residual structuralist tendencies.

²² Incidentally, that variants of historical institutionalism can be differentiated, for Hall and Taylor, in terms of their reliance on rationalist or sociological insights seem to fly somewhat in the face of their comment that the three new institutionalisms "have incubated in relative isolation from each other". Hall and Taylor, 'Political Science..', p. 957.

The structuralism of historical institutionalism often results from the emphasis placed on the way in which institutions differentially empower particular individuals or groups. Thus those occupying positions of institutional power are privileged when the creation of new institutions occurs, a process which may in turn further entrench their institutionally-inscribed power and their access to strategic resources. However, to account for institutional change in terms of the power of the powerful is also somewhat tautological: to enjoy power is to be privileged institutionally; to be privileged institutionally is to be able to influence the course of institutional change; to influence the course of institutional change is to be able to remain powerful.²³ The emphasis on continuity in historical institutionalism is manifest in particular in attempts to explain how apparent change in fact masks 'real' or underlying continuity. Thus even in the subject area where historical institutionalism is best developed — social policy or welfare state analysis — much of the best recent research is precisely concerned to demonstrate why apparent change masks deeper continuity. Pierson's account of the politics of social policy retrenchment is an obvious case in point.²⁴ Given the emphasis on the power of the powerful, there may be a general tension within historical institutionalism between the emphases on path dependence and unintended consequences.²⁵ The notion of path dependence is often deployed to explain the continued power of the powerful (though this is by no means the only way in which it *might* be used), while unintended consequences are conjured to account for the failure of the powerful.

Historical institutionalism presents change as largely momentary rather than evolutionary, occurring during formative or creational periods and in moments of crisis. Understood in this way, change is caused by forces or events *external* to the institutions themselves. On the other hand, if these moments internalised within institutions, this may merely reaffirm the tendential structuralism of historical institutionalism. The ambivalence and equivocation

²³ Here historical institutionalism seems to echo sociological institutionalism.

²⁴ Paul Pierson, *Dismantling the Welfare State? Reagan, Thatcher and the Politics of Retrenchment* (Cambridge, Cambridge University Press, 1994).

²⁵ Interestingly, rather than emphasising the power of those who construct institutions, a recent institutionalist account of European integration, explains change as a consequence of 'institutional and policy reforms' carried out by 'actors ... in a strong initial position' who 'seek to maximise their interests' with the consequence of 'fundamentally transform[ing] their own positions (or those of their successors) in ways that are unanticipated and/or undesired'. Pierson, 'The Path to European Integration', p. 126.

of some historical institutionalists on this point, however, allows the appearance of an escape from the deterministic trap this might otherwise imply. The dominant tendency of historical institutionalism is to emphasise the power embedded in (particularly government) organisations. However, determinism is avoided by asserting that the institutionalist approach has a special affinity with ideas and the economic. Hall and Taylor imply that factors other than institutions play a key role in 'historical institutionalist' analysis of change. Although not wholly distinct from one another, the factors they identify include the role of ideas, socio-economic development and war. If 'critical junctures' are given a central importance, then, as Hall and Taylor acknowledge, the question of what precipitates these moments moves to the centre of the analysis. They suggest that 'economic crisis and military conflict' are the main candidates here, while accepting that this remains a crucial and underdeveloped aspect of the approach. Moreover, it is clear from some of Peter Hall's other work that he regards ideas as crucially related to change.²⁶ The broad issue that needs to be raised here concerns the connection of these factors to institutions and institutionalism. Historical institutionalists in seem ambivalent on this point, either using them as *ad hoc* external factors or treating them as institutions.

On the one hand, it often seems that these factors are regarded as resting outside institutions. They are brought in to provide a dynamism to an otherwise potentially static analysis, or to provide crucial extra explanatory power. Of course, the difficulty with an analysis of this sort is that a variety of factors can be appealed to in an *ad hoc* and *post hoc* way. No systematic account of the dynamics of ideational change, of socio-economic change and crisis, or of the precipitation of a 'critical juncture', never mind of the relationship among them and between them and institutions is provided.²⁷ On the other hand, some of them might be analysed in institutionalist terms or brought back into the 'sphere' of institutionalism. The economic, for example, is amenable to institutionalist analysis.²⁸ Ideas can be brought back into the realm of institutionalism by defining

²⁶ Hall, 'Policy Paradigms, Social Learning and the State'.

²⁷ For a criticism of the institutionalist account of ideas along these lines see Mark Blyth, "'Any More Bright Ideas?'" The Ideational Turn of Comparative Political Economy', *Comparative Politics*, 29, 1 (1997), 229-50.

²⁸ Hall himself has demonstrated the structure and interplay of economic and political institutions in France and the UK. See Peter Hall, *Governing the Economy* (Cambridge, Polity, 1986). For a further discussion of this point see John Ambler, 'Ideas, Interests and the French Welfare State', in John Ambler (ed.), *The*

institutions ‘sociologically’. The difficulty with the reincorporation of ideas into the sphere of institutionalism is precisely that they might tend to lose their capacity to free institutionalism from its bias towards detecting continuity as a consequence.

Finally, to the extent that historical institutionalism vacillates between calculus and cultural approaches to the relationship between institutions and behaviour, its structuralism may again be disguised. The impression may be gained that historical institutionalism can balance the ‘sociological’ subject weighed down by the social structures she ‘bears’ against the stripped down ‘choosing agent’ of rational choice theory. While we agree that a more balanced view of the agent is required, we do not think it can be generated from a combination of the calculus and cultural views, which both, ironically, suffer from a tendential structuralism. If institutionalism is to resolve this dilemma and not merely to degenerate into a quasi-structuralist (re-) assertion of the significance of institutional factors in the face of behaviouralist tendencies, then it is the relationship posited between institutions and behaviour (and, we suggest, of context and conduct, structure and agency) that must distinguish between varieties of institutionalism. The political, the economic and the ideational — as world views, cognitive frames, and/or ‘bright ideas’ — all require analysis in terms of structure and agency. Historical institutionalism must to confront one of the perennial issues or dilemmas of social science — the relationship of structure and agency — directly and develop its own distinct social ontology.²⁹ It is only if historical institutionalism can transcend the unhelpful dualism of institution and intention, context and conduct, structure and agency that it can it be identified as a coherent and consistent approach to institutional analysis in its own right. In the section that follows, we begin to demonstrate how this undoubted potential might be realised.

Beyond the dualism of structure and agency: the specificity of historical institutionalism

There are at least three ways of interpreting the seeming emphasis upon stasis within the new institutionalism writ large. The first is to suggest that the potential offered by the more explicitly theoretical attempts to map out a consistent and distinctive historical

French Welfare State: Surviving Social and Ideological Change (New York, New York University Press, 1991).

²⁹ As Hall and Taylor note briefly, new institutionalisms can be viewed as particular attempts to manage this key metatheoretical issue. Hall and Taylor, p. 939.

institutionalist analytical approach have not as yet been fully realised in more substantive institutionalist research.³⁰ The second is that a residual concern to demonstrate that: (i) ‘institutions matter’; (ii) that complex political institutions and organisations such as the welfare state are, by and large, inertial; and that (iii) institutional inheritance significantly circumscribes the realm of the politically possible; together with (iv) the specific nature of the subject matter, has conspired to produce albeit highly sophisticated analyses, but which nonetheless tend to overstate the influence of inertial institutional factors. A third is to suggest that the potential of historical institutionalism to develop an integrated and rounded approach to institutional formation and transformation is largely illusory. Our own view is that there is something in both of the first two explanations and that as a consequence the third can be rejected.

This takes us to the crucial, though largely unacknowledged, question of the relationship between structure and agency within the new institutionalist *oeuvre*. Our central argument is that different institutionalisms reflect different social and/or institutional ontologies — different conceptions of the relationship between structure and agency, context and conduct, institution and behaviour; and that it is useful to render these basic ontological assumptions explicit. In their review of the three new institutionalisms, Hall and Taylor identify two such social ontologies (though it should be noted this is not a term they deploy): the *calculus approach* which we prefer to associate with rational choice institutionalism; and the *cultural approach* which we similarly associate with sociological institutionalism. By locating both approaches within the historical institutionalist canon, Hall and Taylor seem to attribute to the latter the hybridity that they espouse for new institutionalism more generally. Yet alluring and enticing though this formulation is, the consequence is that they overlook historical institutionalism’s own distinctive social ontology. For although it has been somewhat unevenly applied (where it has been applied at all), the more theoretical and self-consciously defining statements of historical institutionalism — most notably those of Thelen and Steinmo, Rothstein and, ironically, Hall himself³¹ — do offer at least the outline of a distinctive view of the relationship

³⁰ Though here we would point to the pioneering work of Peter Hall on social learning and paradigm shifts which, surely for reasons of modesty, Hall and Taylor do not discuss in their review. See Hall, ‘Policy Paradigms..’.

³¹ Thelen and Steinmo, ‘Historical Institutionalism..’; Sven Steinmo, *Taxation and Democracy: Swedish, British and American Approaches to Financing the Modern State* (New Haven CT, Yale University Press, 1993), pp. 6-13; Bo Rothstein, ‘Labour-Market Institutions and Working-Class Strength’, in Steinmo et al.

between structure and agency. This view, we contend, is highly sophisticated and at considerable odds with both rational choice theory *and* sociological institutionalism. In other words, such an historical institutionalism does offer a route out of the inertial impasse that has tended to characterise the new institutionalism. Yet that potential is as not yet fully realised, at least in part because self-avowed historical institutionalists have tended to revert to calculus or cultural approaches to the explanation of institutional change in their more substantive research.

Historical institutionalists reject — in the case of Thelen and Steinmo quite explicitly³² — the view of the rational actor on which the calculus approach is premised. Whatever else their characteristics, actors cannot simply be assumed to have a fixed (and immutable) preference set, to be blessed with extensive (often perfect) information and foresight, and to be self-interested and self-serving utility maximisers. Historical institutionalism then rejects as much the intentionalist and voluntarist *form* of rational choice theory (reflected in its pervasive methodological individualism) as much as it does its structuralist and often functionalist *content* (reflected, respectively, in its assumption that all actors inhabiting a similar social location have an identical set of preferences, and its explanation of institutional innovations in terms of their effects). As Thelen and Steinmo note, ‘the two perspectives [rational choice theory and historical institutionalism] are premised on different assumptions that in fact reflect quite different approaches to the study of politics’.³³

Yet if this would seem to imply a far greater natural affinity between sociological and historical institutionalism then this apparent similarity must also be treated with considerable caution. Sociological institutionalism certainly spans a far greater variety of social ontologies than the more ontologically restrictive rational choice theory. Moreover, many of them are quite close to that espoused by Thelen and Steinmo, Skocpol, Pierson and other historical institutionalists. Sociological institutionalism is often characterised as ‘bloodless’, having a *socio*-logical conception of change and underplaying the role of

(eds.), *Structuring Politics*; Hall, *Governing the Economy*, esp. ch. 1; ‘Policy Paradigms, Social Learning and the State’; see also Paul Pierson, ‘When Effects Become Cause: Policy Feedback and Political Change’, *World Politics*, 45 (July 1993), 595-628; ‘The Path to European Integration’; Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge MA, Belknap Harvard, 1992), ch. 1.

³² Thelen and Steinmo, ‘Historical Institutionalism..’, pp. 7-10.

³³ Thelen and Steinmo, ‘Historical Institutionalism..’, p. 7.

agency. In so far as this characterisation is accurate it is equally at odds with the formulation which we would advocate and believe can be discerned within historical institutionalism.

Set in this context, the basic (ontological and foundational) premises of historical institutionalism are highly distinctive. They represent a considerable advance on their rationalist and sociological antecedents.³⁴ Actors are conceived of as strategic; as seeking to realise certain complex, contingent and constantly changing goals; as doing so in a context which favours certain strategies over others; and as having to rely upon perceptions of that context which are at best incomplete and which may very often prove inaccurate after the event. Like rationalist variants of institutionalism, the context is viewed in largely institutional terms. Yet institutions are conceived of less as functional means of reducing uncertainty, so much as structures whose functionality or dysfunctionality is an open — empirical and historical — question. Indeed, considerable and growing emphasis has been placed by historical institutionalists in recent years on the ineffective and inefficient nature of social institutions; on institutions as the subject and focus of political struggle; and on the contingent nature of such struggles whose outcomes can in no sense be derived from the extant institutional context itself.

The distinctive character of the relationship within the historical institutionalist framework between institutions and behaviour is well captured by Thelen and Steinmo,

‘institutional analysis ... allows us to examine the relationship between political actors as objects and as agents of history. The institutions that are at the centre of historical institutionalist analysis ... can shape and constrain political strategies in important ways, *but they are themselves also the outcome (conscious or unintended) of deliberate political strategies of political conflict and of choice*’.³⁵

It is also echoed in Skocpol’s pithy maxim ‘politics creates policies, policies also remake politics’.³⁶

³⁴ Though, rational choice theorists note, such sophistication is bought at the ultimate expense of parsimony and predictive capacity.

³⁵ Thelen and Steinmo, ‘Historical Institutionalism..’, p. 10, emphasis added.

³⁶ Skocpol, *Protecting Soldiers...*, p. 58.

The strength of such a formulation is the *potential* it offers, as yet perhaps largely unrealised, to transcend the limitations of both rational choice and sociological institutionalism (and indeed of much work to date within the historical institutionalist tradition). To do so it must be developed into a theory of institutional innovation, evolution and transformation capable of linking the subject in a creative relationship with an institutional environment. In its more theoretical guises, historical institutionalism offers the basis for such a theory. Within this perspective, change is seen to reside in the relationship between actors and the context in which they find themselves, between institutional ‘architects’, institutionalised subjects and the institutional environment. More specifically, change occurs in and through the *same time* inter-relationship between strategic action and the strategic context within which it is conceived and instantiated, and in the *later* unfolding of its intended and unintended consequences. Such a formulation is *path-dependent*: the order in which things happen affects how they happen; the trajectory of change up to a certain point itself constrains the trajectory after that point; and the strategic choices made at a particular moment eliminate whole ranges of possibilities from later choices while serving as the very condition of existence of others.³⁷ ‘Strategy’ is crucial within such a framework. Its analysis encompasses calculation, action informed by such calculation, the context within which that action takes place and the shaping of the perceptions of the context in which strategy is conceived in the first place. The theoretical distinctiveness of such an approach can be simply stated.

Change is seen as the consequence (whether intended or unintended) of strategic action (whether intuitive or instrumental), filtered through perceptions (however informed or misinformed) of an institutional context that favours certain strategies, actors and perceptions over others. Actors then appropriate a structured institutional context which favours certain strategies over others, and they do so by way of the strategies they formulate or intuitively adopt. Such strategies are in turn selected on the basis of an always partial knowledge of the structures (the institutional context) within which the actors find themselves and the anticipated behaviour of others.

Since individuals (and groups of individuals) are knowledgeable and reflexive, they routinely (often intuitively) monitor the consequences of their action. In so doing they

³⁷ This conception of path dependency is drawn largely from Charles Tilly, ‘The Time of States’, *Social Research*, 61, 2 (1994), 269-95, p. 270. See also Paul Pierson, ‘Increasing Returns, Path Dependence and the Study of Politics’, *Jean Monnet Chair Papers*, 44 (1997).

assess both the immediate and unfolding impact of their prior strategies in relation to earlier intentions and anticipated outcomes in the light of strategic assessments of the conduct of others, and with the benefit of a degree of hindsight. In this sense then, strategic action yields both:

- (1) *direct effects* upon the institutional and institutionalised contexts within which it takes place and within which future action occurs — producing a partial transformation of that institutional environment (though not necessarily as anticipated) and altering the course of its temporal unfolding (however marginally); and
- (2) *strategic learning* on the part of the actors involved — as they revise their perceptions of what is feasible, possible and indeed desirable in the light of their assessments of their own ability to realise prior goals (and that of others), as they assimilate new ‘information’ (from whatever external source), and as they reorient future strategies in the light of such ‘empirical’ and mediated knowledge of the context as a structured terrain of opportunity and constraint.³⁸

Such a formulation, which we contend underpins the distinctiveness of the historical institutionalist approach though is rarely rendered this explicit, has a number of conceptual, theoretical and analytical advantages over the calculus and cultural approaches detailed by Hall and Taylor. First, structure and agency are conceived of as comprising not a dualism but a complex duality linked in a creative relationship. Rendered in more institutionalist terms this implies a dynamic understanding of the relationship between institutions on the one hand and the individuals and groups who comprise them and on whose experience they impinge on the other. Such a formulation then has no problem in dealing with institutional innovation, dynamism and transformation, offering the potential to overturn the new institutionalism’s characteristic emphasis upon institutional inertia. At the same time, however, such a schema recognises that institutional change does indeed occur in a context which is structured (not least by institutions and ideas about institutions) in complex and constantly changing ways which facilitate certain forms of intervention whilst militating against others. Moreover, access to strategic resources, and indeed to knowledge of the institutional environment, is unevenly distributed. This in turn affects the ability of actors to transform the contexts (institutional and otherwise) in which they find themselves.

³⁸ For a much more detailed and extensive elaboration of this conceptual framework for a historical and dialectical institutionalism see Hay, ‘Political Time’.

Finally, it is important to emphasise the crucial space granted to ideas within this formulation. Actors appropriate strategically a world replete with institutions and ideas about institutions. Their perceptions about what is feasible, legitimate, possible and desirable are shaped both by the institutional environment in which they find themselves and existing policy paradigms and worldviews. It is through such cognitive filters that strategic conduct is conceptualised and ultimately assessed. Historical institutionalism must then give due attention to the role of ideas in shaping institutional trajectories.³⁹

Conclusion

Our aim in this paper has been to consider the strengths, weaknesses and above all the potential offered by contemporary institutionalist analysis in the light of Hall and Taylor's important article. Though broadly sympathetic with their differentiation between rational choice, historical and sociological variants of the new institutionalism, and what we would see as their ultimately more fundamental distinction between calculus and cultural approaches to institutional analysis, we are somewhat more sceptical about their laudably conciliatory attempt to suggest a rapprochement between the 'three new institutionalisms'. The calculus and cultural approaches they identify are, we have suggested, premised upon fundamentally different and indeed mutually incompatible social ontologies. This we argue militates against any attempt to forge a hybrid or synthetic institutionalism from the insights of each institutionalist strand. Moreover, Hall and Taylor's desire to attribute to historical institutionalism the hybridity they espouse for new institutionalism more generally, leads them to overlook the distinctive ontology of historical institutionalism. Though as yet largely unrealised, such an approach offers the potential for a consistent and coherent institutionalism capable of transcending the related dualisms of institution and intention, context and conduct, structure and agency that have tended to plague the new institutionalism to date. A truly historical institutionalism, as we have sought to demonstrate, might counter the structuralist tendencies of rational choice and sociological institutionalism alike, which lead to an emphasis on institutional formation and subsequent institutional inertia. Whether this potential will be realised, however, depends ultimately on the willingness of institutionalists on both sides of the Atlantic to pose again the

³⁹ On the role of ideas in the explanation of institutional change see in particular Hall, 'Policy Paradigms'; Blyth, "Any more Bright Ideas?"; Hay, 'Political Time'.

fundamental and difficult questions of the relationship between agents and structures, between institutional architects, institutionalised subjects and institutional environments.

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