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INSTITUTIONAL CHANGE FROM A HISTORICAL INSTITUTIONALIST PERSPECTIVE

In this article, I argue that historical institutionalist concepts such as ‘path dependency’, ‘critical junctures’ and ‘feedback mechanisms’ are vital for explaining institutional change. First, I describe the emergence of different ‘new institutionalist’ approaches as a reaction against the domination of behavioralism in political science. Moreover, I show that new institutionalists transcend the limits of old institutionalism, as they include in the analysis both formal and informal institutions, and elaborate theories of institutional emergence and change. In the second section of the article, I discuss the main assumptions of historical institutionalism and its conception of institutional change. To grasp the distinctive character of the latter, I compare it with the conception of institutional change in rational choice institutionalism.

Key words: institutional change, historical institutionalism, path dependency, critical junctures, feedback mechanisms

INTRODUCTION

Institutions re-emerged as part of the social science research agenda in the late 1970s and early 1980s. In that period, an approximately 40-year-long domination of behavioralism within political science and political economy was challenged and academics again turned their attention to the role of political and economic institutions in structuring behavior of social actors and generating distinctive social, political and economic outcomes. However, as Peter Hall and Rosemary Taylor (1996: 936) note, ‘new institutionalism’ in political science did not emerge as a “unified body of thought”, but included at least three distinctive analytical approaches to the study of institutions: “historical institutionalism”, “rational choice institutionalism” and “sociological institutionalism”. These approaches differed, among others, in their conceptions of institutions, interpretations of relations between political institutions and behavior, and explanations of institutional emergence and change.

In this article, I discuss historical institutionalism as a distinctive approach to the study of political institutions and institutional change in particular. First, I situate new institutionalism within a broad theoretical context including “old institutionalism”, rational choice theory and behavioralism. I describe its emergence as a reaction against the prevalence of behavioral

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analysis within political science. Moreover, I show that new institutionalists transcend the limits of old institutionalism, as they include in the analysis both formal and informal institutions, and elaborate theories of institutional emergence and change. In the second section of the article, I discuss the main assumptions of historical institutionalism, focusing on its conception of institutional change.

ORIGINS AND DEVELOPMENT OF NEW INSTITUTIONALISM

To understand the specificity of new institutionalism, it is necessary to situate it in relation to a broad theoretical context including old institutionalism and dominant theoretical approaches within political science at the time of its emergence. It is now widely acknowledged that the turn towards institutions was a reaction against the behavioralism which dominated social sciences from the early 1950s to the late 1970s (Hall and Taylor 1996; Steinmo and Thelen 1998), although some authors see it as also a response to the prevalence of rational choice theory in political science (Djelic 2010; Peters 1999). In fact, these approaches have similar assumptions about individuals and relations between individuals and political institutions, so it is possible to view them in terms of family resemblance. As Guy B. Peters (1999: 1) notes:

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.

In short, behavioralism and rational choice theory share a commitment to methodological individualism.

However, before behavioralist and rational choice approaches became dominant, political scientists were concerned mainly with the role of formal political institutions in structuring behavior and generating distinctive political outcomes. So-called old institutionalism was a prevalent approach both within American and European political science from the late 19th century (emerging as a distinctive academic discipline at that time). Its primary object of analysis was a relationship among formal institutions of government, law, and individual behavior. In particular, institutionalist analyses were focused on relations among formal institutions of government, their historical development and current political, cultural and socio-economic contexts, and relations between structures and human behaviour (Peters 1999: 3–11). Political institutions were interpreted in this approach as the main determinants of the behavior of political actors and citizens. As W. Richard Scott (1995: 6) notes in a passage devoted to leading representatives of this current in American political science, such as John William Burgess, Westel Woodbury Willoughby and Thomas Woodrow Wilson, their work “involved painstaking historical examination of the origins, controversies, and compromises producing specific regimes; some analyses were explicitly comparative, detailing how central problems or functions were variously managed by diverse governance mechanisms”. The main aim of old institutionalism, in turn, was to contribute to the development of “good institutions” (it should not, therefore, come as a surprise that many political scientists at that time – including

Woodrow Wilson and Willoughby – were active politicians and civil servants). Finally, in contrast to new institutionalists working within the field of comparative political analysis, old institutionalists tended to compare whole political systems, which had its consequences in a limited capability to generalize and develop theory (ibid., 8–9). Early institutional analyses were, therefore, mainly descriptive.

The general orientation of political science changed radically with the advent of the “behavioral revolution”, when interests of political scientists shifted from institutions towards observable attitudes, beliefs and behaviors of political actors: “behavioralists argued that, in order to understand politics and explain political outcomes, analysts should focus not on the formal attributes of government institutions but instead on informal distributions of power, attitudes, and political behavior” (Steinmo and Thelen 1998: 4). In contrast to old institutionalism, this perspective was much more concerned with issues of theory-building, data collection and developing concepts which could be applied in a variety of disparate contexts. One example of such a perspective in comparative political analysis is structural functionalism: “this approach argued that all political systems must perform certain requisite functions and comparison therefore consisted of comparing which structures performed the tasks, and perhaps how well they were performed, in various countries” (Peters 1999: 12). However, focus on functions did not have a normative component as in the case of old institutionalism – behavioralism rejected normativism in favour of developing a ‘value-free’ science. Furthermore, instead of focusing on formal institutions of governments, administration and legal structures, it was predominantly concerned with “inputs from society”: “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” (ibid., 14). However, it is not to say that during the period of domination of behavioralism political institutions and collective actors were not considered to be relevant objects of inquiry. They were still present within political analysis, but behavioralists reinterpreted them in individualistic terms. The form of political institutions, their development and collective action were explained through reference to choices and characteristics of individuals. At the same time, questions of differences in political behaviors, attitudes and distribution of resources among contending groups across countries remained unanswered: “(...) interest group theories that focused on the characteristics and preferences of pressure groups themselves could not account for why interest groups with similar organizational characteristics (including measures of interest-group “strength”) and similar preferences could not always influence policy in the same way or to the same extent in different national contexts” (Steinmo and Thelen 1998: 5).

Behavioralism’s inability to account for neither diversity of behavior nor differences in political and economic outcomes was made evident during the economic crisis of the 1970s. In the late 1970s and early 1980s its dominant position within political science and political economy was challenged, individualistic assumptions of behavioralist perspective came under fire, and political analysis was again redirected towards questions related to the nature of institutions and the role of institutional factors in political, economic and social life (ibid.). Out of the critique of behavioralism grew a number of distinctive approaches to political analysis,

which were gathered together under the umbrella term ‘new institutionalism’. Notwithstanding significant differences, all of these approaches shared a number of common concerns and general assumptions about political institutions and relations between institutions, politics and society. In opposition to behavioralists, who focused their analyses on general patterns and attempted to develop relatively universal concepts, new institutionalists underscored diversity within political, social and economic contexts. As an example, one can take the research of new institutionalists working within the field of comparative politics. As Steinmo and Thelen (1999: 5) note, in contrast to academics associated with traditional interest-group theories and Marxist approaches “these theorists wanted to know why interest groups demanded different policies in different countries and why class interests were manifested differently cross-nationally”. Thus, in order to explain such differences, new institutionalists refer to institutions, as they are supposed to structure the behavior and goals of individual and collective actors as well as distribution of power among them. As Peter Hall asserts, institutions include “the formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the polity and economy” (Hall in: Steinmo and Thelen 1999: 2). Institutions include, therefore, both formal and informal structures (including roles, norms and procedures) which are marked by relative stability over time and whose members share a set of basic values and goals (Peters 1999: 18–19; Mahoney and Thelen 2010: 4). New institutionalists assume, therefore, primacy of institutions over individuals and agree that institutions have a certain degree of causal efficacy. However, they differ to a greater or lesser extent in their definitions of institutions, understandings of institutional development and change, explanations of emergence of institutions, and interpretations of the relation between individuals and institutions (Hall and Taylor 1996; Peters 1999: 22).

HISTORICAL INSTITUTIONALISM

In general, the main focus of historical institutionalism in political science is the mediating role of institutional context in political struggles (Steinmo and Thelen 1998: 2). Peter Hall argues that this role manifests itself in two forms, as political institutions structure the relations of power and impact upon actors’ self-interpretations of interests:

On the one hand, the organization of policy-making affects the degree of power that any one set of actors has over the policy outcomes...On the other hand, organizational position also influences an actor’s definition of his own interests, by establishing his institutional responsibilities and relationship to other actors. In this way, organizational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure (Hall in: Steinmo and Thelen 1998, 2–3).

Thus, in this view, the importance of institutions stems from their ability to structure political processes through shaping distribution of power and identities of political actors. With regard to the latter, Hall and Taylor (1996: 940) claim that historical institutionalists are divided between supporters of two approaches: “calculus” (in which an actor’s identity is treated as defined exogenously and reduced to utility maximalization) and “cultural” (where

institutions play the role of “filters for interpretation” for actors). Moreover, as Gregory Jackson (2010: 72) notes in his comment on developments within the studies of industrial relations, relations between institutions and identities should be interpreted in terms of “mutual interaction”, not as a unidirectional process:

(...) causal sequences do not only run from identity to interest to organization, but also vice-versa so that different institutions influence the success of different forms of union organization, as well as perception of employee interests and even the socialization of employees into different identities.

Secondly, it is argued that the impact of institutions on policies and politics is not limited to a particular temporal context, but extends over long periods of time: “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” (Peters 1999: 65). This particular understanding of institutions can be traced back to the origins of historical institutionalism. As Hall and Taylor (1996: 937) assert, despite the fact that it has developed in opposition to group theories of politics and structural functionalism, it also shares some affinities with these approaches. The two most important include the contention that conflict between groups for resources is at the core of politics and that the latter has to be interpreted in systemic terms. However, instead of focusing on similarities between different contexts, historical institutionalism underscores differences in institutional arrangements and national political outcomes. Moreover, it views the institutional organization of polity and political economy as the two main determinants of behavior and outcomes, rather than interpreting their operation in terms of disparate characteristics of individuals (*ibid.*). These assumptions and analytical strategies are reflected at the level of research problems of historical institutionalist analyses which include, among others, the role of the state in structuring group conflict as well as the role of employer organizations and trade unions in structuring interactions and generating distinctive political and economic outcomes (*ibid.*, 938).

Similarly, the structuring role of institutions is acknowledged by rational choice institutionalists, but it is interpreted in a different way. According to Peters (*ibid.*, 44), within the rational choice version of institutionalism institutions are defined “(...) 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”. It seems, therefore, that the importance of the structuring role of institutions is acknowledged, because they are interpreted as constraints on behavior of political actors (in fact, this is the primary focus of rational choice institutionalism, while questions of institutional emergence and change are given less attention). However, the role of institutions in shaping identities of political actors is neglected, as the latter are simply reduced to rational utility-maximizers.

If institutions are crucial in structuring political, economic and social life, then questions of institutional emergence and change become the most important problems for political analysis. Despite the common tendency to interpret institutions in relational and systemic terms, it seems that historical and rational choice institutionalist interpretations of institutional change are incommensurable. The shape of historical institutionalist conception can be viewed as a consequence of interpretation of political institutions as phenomena which are embedded in particular temporal contexts. Thus Thelen (1999: 382) states that “[in historical

institutionalism – T.L.] the emphasis tends to be on political development as a (structured) process and on the way institutions emerge from particular historical conflicts and constellations”. In contrast, rational choice institutionalism tends to describe and explain the emergence of institutions in functional terms, as the latter are viewed as coordinating mechanisms which originate from the need to sustain or establish systemic equilibria. As Terry Moe 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” (Moe in: Peters 1999: 54).

Differences in definitions of institutions in historical and rational choice institutions are related to distinctive understandings of political and socio-economic systems in these two approaches. From a historical institutionalist perspective, systems are viewed as relatively complex, contradictory and heterogeneous entities which are driven by group conflict and tensions between different institutional arrangements. It stems from the fact that systems are constituted by institutions which have diverse temporal origins: “the various institutional arrangements that make up a polity emerge at different times and out of different historical configurations. For this reason, the various ‘pieces’ do not necessarily fit together into a coherent, self-reinforcing, let alone functional, whole” (Thelen 1999: 382). This, in turn, results in a picture of political and economic realms, in which relations between different institutions are driven by conflicts and tensions. The latter might ultimately result in institutional and, more generally, political change. Thus historical institutionalists view politics “(...) as a dynamic process that frequently produces unintended consequences as different, ongoing processes interact” (ibid., 384). Rational choice institutionalism, on the other hand, tends to focus on homogeneity and consent, while downplaying the role of conflict and contradictions between institutions: “institutional politics appears as ‘normal’, as politics as usual, explicitly or implicitly opposed to an extraordinary politics, in which equilibria are upset, norms break down, and new institutions are generated” (Orren and Skowronek in Thelen 1999: 381). Here, institutional change is viewed as a succession of systemic equilibria, in which more “effective” institutions replace those identified as dysfunctional (in the process of so-called “competitive selection”), rather than a dynamic and ongoing process. As one example of such an approach, one can take transaction cost theory. According to Oliver Williamson (1981: 550), one of its founders, among the most important inspirations for the transaction cost approach was the Commons’ idea that new economic institutions arise in order to “harmonize relations between parties” (or, in other words, reduce transaction costs and make every kind of exchange more efficient). Institutional change is, therefore, interpreted by rational choice institutionalists in teleological terms. On the other hand, the work of Douglas North complexifies this picture, as North, another advocate of rational choice institutionalism, proves that “new institutions may or may not emerge and, if they do, they may or may not be more efficient” (Campbell 2010: 94).

In their descriptions and explanations of the historical process and institutional change, historical institutionalists refer to three interrelated concepts: “path dependency”, “critical junctures” and “feedback effects”. The concept of “path dependency” is employed to describe and explain “the logic and self-reinforcing properties of particular national trajectories over time” (Thelen 1999: 388). According to Hall and Taylor (1996: 941), “path dependent”

understanding of history “rejects the traditional postulate that the same operative forces will generate the same results everywhere in favour of the view that the effect of such forces will be mediated by the contextual features of a given situation often inherited from the past”. Within the historical institutionalist approach, political and economic institutions are identified as the most important components of this context, because they are supposed to structure the subsequent policy choices and behavior of political and economic actors in different ways. As Hall and Taylor (*ibid.*) note, “past lines of policy condition subsequent policy by encouraging societal forces to organize along some lines rather than others, to adopt particular identities, or to develop interests in policies that are costly to shift”. Thus “path dependency” is used within historical institutionalism as a broad concept which captures the general logic of the political process. In contrast, rational choice institutionalists advocate less deterministic conception of politics and institutional change, in which institutions are described in instrumental and functional terms, as products of deliberate political strategies or, in other words, strategic interactions: “the process of institutional creation usually revolves around voluntary agreement by the relevant actors; and, if the institution is subject to a process of competitive selection, it survives primarily because it provides more benefits to the relevant actors than alternate institutional forms” (*ibid.*, 945). Thus, although rational choice institutionalism acknowledges that institutions constrain individual behaviour, it seems to implicitly assume that history is driven by rational individuals willing to pursue their goals. For example, Itai Sened proposes viewing institutions as constructions of individuals who want to “impose their will on others” and have “the capability to manipulate the political structure” (Peters 1999: 55).

Apart from the conception of “path dependency”, historical institutionalists also invoke more specific concepts to account for institutional emergence, reproduction and change. These include “critical junctures” which are understood as “crucial founding moments of institutional formation that send countries along broadly different developmental paths” (Thelen 1999: 387). Thus, critical junctures are employed mainly to account for the emergence of particular institutions and diversity of outcomes in different political and social contexts which, as already indicated, is supposed to be an effect of political struggles, cleavages and crises as well as of interactions between different institutions and institutional domains. Cleavages and tensions between institutions are assumed to have major importance in politics, because they might lead into emergence of new actors and groups or reorganization of political relations, followed by critical junctures during which particular new institutional arrangements are developed and alternative possibilities are foreclosed (Collier and Collier 1991: 33). To explain how these new institutional arrangements are later reproduced, historical institutionalists employ the concept of “feedback effect”. According to Thelen, two broad types of feedback mechanisms which support the reproduction of institutional arrangements can be identified. Functionalism mechanisms point to the self-reinforcing logic of institutions: “once a set of institutions is in place, actors adapt their strategies in ways that reflect but also reinforce the ‘logic’ of the system” (Thelen 1999: 392). They are, thus, reinforcing particular institutions and whole political and socio-economic systems through structuring the behavior and strategies of political and economic actors. The second feedback mechanism is related to distributional effects of institutions, questions of power and political mobilization: “political arrangements and policy feedbacks actively facilitate the organization and empowerment

of certain groups while actively disarticulating and marginalizing others” (ibid., 394). For example, in *Shaping the Political Arena*, Collier and Collier (1991) describe and explain the evolution of the 20th century politics in Latin America in terms of changing relations between the state and the labour movement. According to them, conflicts between workers and owners as well as between workers and the state in the late 19th century led ultimately into the “incorporation of the labour movement”. The latter process constituted a critical juncture which took diverse forms in Latin American countries and resulted in distinctive forms of national politics (ibid., 28–29). Thus political conflicts and broad historical context are seen in this perspective as primary determinants of the political process and institutional change in particular. As opposed to this approach, rational choice institutionalists either take institutions as givens and focus on their impact (the idea of “exogenous institutions”) or view their construction in intentional terms. Thus, as Djelic (2010: 29) argues, “rational-choice neo-institutionalism interprets institutions as ‘humanly devised’ rules of the game that reflect and reveal human agency, intentionality, and rationality” (although she also underlines that in contrast to neo-classical economics, rational choice institutionalism acknowledges bounded rationality of actors and context-dependency of their actions).

CONCLUSION

The main aim of this article was to examine a historical institutionalist account of institutional change. As I showed in the first section of the article, this perspective and other new institutionalist approaches developed as a reaction against behavioralism. The latter redirected political analysis in the post-war period towards questions of observable attitudes, beliefs and behaviors of political actors, while neglecting the problem of diversity of political outcomes and the question of the relation between broader political context and behavior. These issues, in turn, were to become crucial for scholars associated with new institutionalism, which emerged in the late 1970s. However, new institutionalism was not a monolithic tradition – scholars associated with it differed in their conceptions of institutions and institutional change, among others. Thus, in the second section of the essay, I looked at historical institutionalism as one way of studying institutions and institutional change in particular. As I was trying to argue, historical institutionalism provides a persuasive account of institutional change, founded on the argument that institutional change is an ongoing process, which is driven by conflicts among different institutions, among institutional domains, and among political actors. From this point of view, identity of institutions and political actors is a result of political conflicts and struggles. In contrast, rational choice institutionalism provides a functionalist and intentional account of institutional change, in which institutional change is viewed as a product of deliberate political strategies. This idea is highly problematic, as actors can, and in fact do, often hold conflicting preferences; they are not clear about which goals to maximize and what are the best ways to pursue their goals (Steinmo and Thelen 1998: 21). Moreover, it suffers from problems that are characteristic for all forms of functionalism, which were so well described by Jon Elster. More specifically, it is not able to account for the emergence and development of particular forms of social phenomena.

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ZMIANA INSTYTUCJONALNA W PERSPEKTYWIE HISTORYCZNEGO INSTYTUCJONALIZMU

W artykule tym dowodzę, że historyczno-instytucjonalne pojęcia „zależności od ścieżki”, „momentów zwrotnych” i „sprzężenia zwrotnego” są niezbędne do zrozumienia zmiany instytucjonalnej. Najpierw opisuję pojawienie się różnych podejść neoinstytucjonalnych jako reakcję na dominację behawioralizmu w naukach politycznych. Co więcej, wskazuję, że neoinstytucjonalisci wychodzą poza ograniczenia „starego instytucjonalizmu”, gdyż uwzględniają w analizie zarówno formalne, jak i nieformalne instytucje, a także proponują teorię powstawania instytucji i zmiany instytucjonalnej. W drugiej części artykułu omawiam główne założenia instytucjonalizmu historycznego oraz interpretację zmiany instytucjonalnej. Aby uchwycić odmienność tej koncepcji, zestawiam ją z rozumieniem zmiany w instytucjonalizmie racjonalnego wyboru.

Słowa kluczowe: zmiana instytucjonalna, instytucjonalizm historyczny, zależność od ścieżki, momenty zwrotne, sprzężenie zwrotne