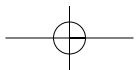
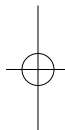
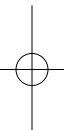


Part 1

THEORY AND METHOD IN COMPARATIVE POLITICS



1 Theory, Institutions and Comparative Politics

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CHAPTER OUTLINE

This chapter defines the nature of political institutions and discusses three theoretical frameworks for the comparative analysis and explanation of how institutions work in modern democratic states. These approaches, derived from the 'new institutionalism', are rational choice institutionalism, cultural institutionalism and structural institutionalism. In each case discussion focuses on three elements – ontology, explanation of why institutions matter and explanation of origins of institutions and institutional change. The chapter concludes with a discussion of how elements of the three approaches might be synthesized in order to enhance explanation and analysis.

Introduction: Why Comparative Politics?

As its name suggests, comparative politics is concerned with the comparative study and analysis of political systems. It aims to overcome the shortcomings of approaches focused purely on case studies of individual countries and of those that build purely abstract theoretical models of decision-making. Comparing the similarities and differences between political phenomena across countries allows social scientists to judge if and how the experience of some states is similar to that of others and to assess whether theoretical models of how people make decisions are able to claim universal validity.

The primary focus of both theoretical and empirical work in comparative politics is on the comparison of institutional practices *between* states. It examines how institutions vary between states and the effect that different institutional practices have on the *outcomes*

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of the political process in different societies. More important, perhaps, it aims to develop an understanding of *how and why* different institutions have the effects on political outcomes that they do. Within this context, the role of institutions has assumed pride of place in contemporary comparative politics with the wider rise across the social sciences of what has become known as the ‘new institutionalism’. Under the slogan ‘institutions matter’, a broad range of work has been conducted exploring the ways that institutions affect political outcomes. The term ‘new institutionalism’, however, conceals a considerable amount of disagreement between political scientists with regard to what exactly it is about institutions that affects the nature of the political process.

Three ‘schools of thought’

Broadly speaking, it is possible to identify three distinct schools of thought within the new institutionalism (see, for example, Hall and Taylor, 1996). These are:

- Rational choice institutionalism
- Cultural institutionalism
- Structural institutionalism

Distinguishing the key characteristics of these different schools of thought within comparative politics will be the main task of this introductory chapter and is a unifying theme that runs throughout the course of this book. Familiarity with the *general* principles that define the different elements of new institutional analysis is crucial to developing the more *specific* aspects of comparative analysis (such as comparative electoral systems, or comparisons of the role of bureaucracy) that will be engaged in subsequent chapters. Before we explore the ways in which these different perspectives analyse and account for the role and significance of institutions, however, it is important to define exactly what is meant by the term *institution*.

What Is an Institution?

Lane and Ersson define an institution as, ‘a rule that has been institutionalized’. Within this general definition, however, it is possible to distinguish two different ways in which ‘rules may be institutionalized’ (1999:23).

‘Hard’ institutions

‘Hard’ institutions comprise those formal rules (the political equivalent of driving on the left rules) that characterise a political system such as the rules of the electoral

process (first past the post voting rules versus proportional representation, or federalism versus a unitary state, for example). These 'hard' aspects of the political apparatus also include fundamental characteristics of the social system, such as laws pertaining to the existence or non-existence of private property, the existence or non-existence of monarchy and the absence or presence of the basic institutions of liberal democracy. Such 'hard' institutional practices are typically enforced by formal law, with infringements of the rules punished by way of legally recognised sanctions, such as fines and terms of imprisonment.

'Soft' institutions

'Soft' institutions, conversely, include those practices that are institutionalised via informal rules and practices rather than in the letter of the law. These may include the cultural traditions and linguistic modes that characterise forms of political address, such as the manner in which political demonstrations are conducted, or the social acceptability of discussing ones political beliefs in public. They may also include general belief systems and the sense of identity, which govern the expectations that people have about the way that others will or should behave. Soft institutional rules are not enforced by formal sanctions, but are usually maintained through force of habit and by the exercise of informal sanctions against those who 'break the rules'. These may include ostracism and a general unwillingness to engage with those who fail to conform to culturally accepted practice.

Institutional practice in reality

Societies may differ in terms of both their hard and soft institutional practices. It is important, therefore, to be aware that countries, which appear superficially similar in terms of hard institutions, may have dissimilar soft institutions and this may, or may not, be a significant factor in explaining the outcomes of the political process concerned. Likewise, societies exhibiting similar soft institutions may be characterized by different hard or formal rules.

Whether it is the hard institutional framework of formal law or the soft institutional norms embodied in habits, traditions and beliefs, the unifying theme of the new institutionalism is that *institutions matter*. Where the proponents of this view differ is in their account of precisely *how* institutions matter. Disagreements between political scientists on this question arise from fundamental differences in world-view, or ontology, concerning the nature of the relationship between the individual and society. The major purpose of this chapter is to examine the different ontological frameworks of the three branches of new institutional research in contemporary comparative politics.

Rational Choice Institutionalism

Ontology

Rational choice institutionalism in comparative politics represents an attempt to apply micro-economic models of rationality to the analysis of the collective choices that are made in the political process. Its central focus is the purposeful individual and her motivations and beliefs. As such rational choice theory adheres to the principle of *methodological individualism*. From a rational choice perspective individuals always make deliberate and conscious choices in pursuit of their personal goals. Even when action takes place in a collective setting such as interest group or the state, the individual actor must always be the focus of concern. As Buchanan and Tullock put it, ‘collective action is nothing more than, the action of individuals when they choose to accomplish things collectively rather than individually. Institutions such as the state, therefore, are nothing more than the set of processes, the machine, which allows such collective action to take place’ (1962:13).

Centrality of the individual

If individual action forms the core of rational choice institutionalism then the following primary assumptions about the nature of individual choice are central to rational choice ontology.

- Individuals are predominantly self interested – they choose how to act on the basis of achieving their personal goals, whether these are of a material or non-material nature.
- In pursuit of these goals, individuals act as ‘maximisers’ who seek the biggest possible benefits and the least costs in their decisions.
- The chosen course of individual action will be affected by changes in the structure of costs and benefits at ‘the margin’. The marginal principle implies that other things being equal, any increase in the cost of an action will decrease the likelihood of that action, taking place.

Why institutions matter

Building on these primary assumptions, rational choice institutionalism analyses how different institutions affect the pattern of costs and benefits – the *incentive structures* – that face individual political actors. Individual action always takes place in context of institutional practices whether ‘hard’ or ‘soft’, and the different incentive structures

which people face under different regimes may fundamentally affect the outcomes of the political process. According to this view, individuals always make their choices in the same way, that is, they act as maximisers of benefits over costs, but the *outcomes* of these choices will be affected by the institutions that are present.

The major concern of rational choice institutionalism is on the propensity for different institutions to channel the self-interested choices of political actors towards outcomes, which are positive or negative from a collective point of view. The origin of this approach derives from micro-economics and Adam Smith's notion of the invisible hand. In *The Wealth of Nations* Smith sought to demonstrate how, if institutions are properly structured, the pursuit of self interest by actors within society can lead to beneficial social results, even if those results are *not* the specific intent of the actors concerned. Smith did not, as is sometimes implied by critics, maintain that the pursuit of self-interest *always* produces the best results, but focused on the crucial role of the institutional context and in particular the existence of private property and competitive markets as the key factor in determining whether this is so. Following in the wake of Smith, contemporary neo-classical economics has developed a sophisticated framework to explain how self-interested behaviour in the economic marketplace is able to generate outcomes beneficial from the view of society as a whole, and those contexts where 'market failures' are likely to be prevalent (Sandler, 2000).

Lessons from economics

In economic theory 'market failures' are usually thought to derive from the existence of free-rider or collective action problems and/or from principal versus agent problems. The former occur when individuals are able to derive benefits from a particular good without paying their full personal share of the costs. Collective goods include such things as the maintenance of clean air. The benefits of a clean atmosphere may accrue to all individuals within a given area, *irrespective* of whether they make a personal contribution to the reduction of pollution. In this situation, the rational choice for the individual is to 'free ride', consuming clean air without making a contribution to its provision, while hoping that others will be willing to foot the bill. If all individuals reason in this way, however, then no one will contribute, the air will remain polluted and choices, which are rational from the viewpoint of the individual, will turn out to be collectively *irrational*.

Principals and agents

Principal versus agent problems, refer to the difficulties that occur in monitoring relationships between individual actors both within and between organisations. If individuals are predominantly self-interested it cannot be taken for granted that

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they will fulfil their responsibilities to those with whom they have economic or political relations. Other things being equal the propensity for actors to shirk their responsibilities will be dependent on the ease with which 'principals' may monitor the performance of their 'agents'. In economic theory principal versus agent problems often refer to the difficulties for the shareholders (the principals) of companies to exert effective control over the managers (their agents) who are contractually responsible for increasing the value of the company stock. Shareholders need to know that managers are not paying themselves salaries and other benefits unwarranted by company performance. Such problems may also occur within companies in terms of the relationship between managers and workers. Managers need to ensure that workers are meeting the terms of their contracts by, for example, arriving at work on time, meeting production targets and so on. The capacity of managers to discourage workers from shirking on the job will be affected by the relative ease or difficulty of monitoring their performance. The costs involved in the monitoring of others behaviour in this context are usually referred to as transaction costs.

Collective goods

Rational choice institutionalism is primarily concerned with the existence of collective action and principal versus agent problems in the political process and the extent to which different institutions in different societies exacerbate or help to overcome such dilemmas. Following the work of Mancur Olson (1965, 1982), collective action problems in politics have been a particular concern for rational choice theorists. According to this perspective, many of the outcomes of the political process have the character of collective goods – they are provided to everybody, irrespective of the contribution that actors make and hence are subject to the free-rider problem. Olson uses this analysis to explain a variety of political phenomena. In *The Logic of Collective Action* (1965), he explains that the existence of a shared interest between members of a particular group or social class does *not* guarantee that groups or classes will be able to act politically owing to the prevalence of the free-rider problem. Group or class interests have the character of a collective good where what is individually rational for members of the group or class concerned may not accord with the interests of the group as a whole.

In the *Rise and Decline of Nations* (1982), Olson furthers this analysis to account for the greater propensity of producer interests in industrial democracies to overcome the collective action problem than consumer interests. The former, having a smaller potential membership may find it easier to identify potential free-riders and to enforce sanctions against them, whereas the latter being so numerous find it difficult to distinguish free-riders from the population at large.

Dealing with 'free riders'

Both 'hard' and 'soft' institutions are analysed by rational choice theorists in terms of their contribution to raising or lowering the costs of collective action and the likelihood of overcoming free-riding behaviour. Hard institutions may increase the severity of collective action problems if they operate to raise the costs of organisation. Thus, the existence of laws restricting the right to assemble and to engage in public demonstrations may intensify the free-rider problem by adding to the costs of collective action in terms of the risks of fines and potential imprisonment facing potential participants (Chong, 2002). Tullock's (1974) account of the incentives or lack of incentives to engage in revolutionary politics provides a useful example of this approach. According to Tullock revolutions in politics are relatively rare phenomena precisely because they constitute the ultimate form of collective action problem. For many forms of political revolution to be successful requires the participation of large numbers of people. The scale of the numbers required, however, provides considerable opportunities for free-riding, an incentive that is reinforced by the considerable costs afflicting participants should the revolution fail. The latter may be especially pronounced in totalitarian regimes where the punishment for failure may be death. Soft institutions may be equally significant in this regard. If cultural conventions in a particular society discourage 'taking to the streets' then this will constitute an additional barrier that may reinforce the problem of free-riding.

Principal versus agent problems in the political process typically focus on the relationships between voters (the principals) and politicians (their agents). Voters in democracies elect politicians, but the capacity for voters to ensure that politicians keep their promises in the period between elections is seen as a function of the relative difficulty of monitoring politicians behaviour and in the final analysis the costs of voting itself. Complex procedures for the registering of voters may, for example, raise the costs of monitoring politicians, discouraging people from exercising their vote, relative to societies where voting is a much simpler exercise.

Similar problems are also analysed in the relationship between politicians and bureaucrats or civil servants. From a rational choice perspective, different institutional arrangements will affect the capacity for politicians to ensure that the public bureaucracy is delivering services in a properly efficient manner (see, for example, Tullock et al., 2002).

The origin of institutions and explaining institutional change

Recognising that institutional factors operate to condition the incentives that individuals face is to leave open the question of how the institutional arrangements concerned were arrived at in the first place. It is at this point that the rational choice paradigm splits into what might best be described as 'strong' and 'weak' versions.

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'Strong' versus 'weak' rational choice

Strong rational choice maintains that the prevailing set of political institutions at any given time is itself the product of the interaction between individual agents pursuing their personal interests. Those who see such processes resulting in positive social outcomes include members of the Chicago School of political economy such as Becker (1985) and Wittman (1995). They maintain that institutions are chosen rationally by self-interested agents and constitute an efficient response to the solution of collective action and monitoring problems. Seen in this light, inefficiencies owing to the existence of 'market failures' prompt policy responses from the state to ensure that an efficient societal equilibrium is achieved.

'Weak' versions of rational choice theory allow greater scope for the role of ideas in the process of institutional choice. According to this view, ideas that are *not* reducible to self-interest can play an independent role in building institutions. Ideas are seen to influence the institutional context of decision-making and owing to errors in institutional design may lead to the creation of deficient incentive structures. Adherents of the Virginia School of public choice theory such as James Buchanan (1991) subscribe to this view. They argue that the process of institutional choice is subject to human error, in part owing to imperfect information and in part because of collective action and principal versus agent problems involved in the process of institutional design. As a consequence, the decision structures that emerge from such processes will often be sub-optimal from a societal point of view. Thus, 'market failure' will often be replaced or even worsened by 'government failure' (Tullock et al., 2002).

Ideas and interests

With regard to the interrelationship between ideas and interests, consider the Russian Revolution of 1917. Whereas 'strong' rational choice may interpret this event as a rational response by self-interested agents to replace an inefficient set of social structures, a weaker variant would point to the significance of ideas in shaping what people *think* is an efficient response to their interests, that is, *the idea of socialism*, as a key factor influencing the character of events. The latter would nonetheless emphasise that ideas have ultimate consequences for the incentives that individuals face. Thus, the idea of socialism helped to create socialist institutions, which resulted in a set of incentives that many would argue, was responsible for the inefficiency of the Soviet economy and the chronic difficulties of reforming the system from within (see, for example, Kornai, 1992). Working in this vein, the most sophisticated versions of 'weak' rational choice emphasise the dynamic interplay between ideas and the interests they help to create as the driving forces of institutional and political change (North, 1990).

Cultural Institutionalism

Ontology

The role of ideas and beliefs as recognised by the ‘weaker’ variants of rational choice theory plays a still larger role in the ontology of cultural institutionalism. From the perspective of cultural theory individuals always make decisions in a manner that reflects the prevailing ideas and beliefs widely shared by members of the communities of which they are a part. This does not require that actors necessarily agree with all the ideas and beliefs concerned, but that action is informed by reference to a set of common practices and norms.

Group processes

Seen in this light individual perceptions are largely a product of the social environment and hence it is the belief structures that constitute the latter that form the focus of political analysis. In contrast to the methodological individualism of rational choice theory, the focus on group level processes by cultural theorists is often described as a form of methodological holism or collectivism. Thus:

- People define their interests according to conceptions of meaning, symbols and traditional practices derived from the cultural environment.
- In order to act within society, people internalise cultural norms and practices without subjecting these to rational scrutiny.
- The manner in which people make their decisions, will be affected by the context of cultural norms in which they are operating.

Why institutions matter

Institutions matter to cultural theorists because institutional practices, whether of the hard or soft variety, are the embodiment of cultural values and beliefs. Hard institutions, such as parliaments and courts, and soft institutions, such as dress codes and modes of speech, are a reflection of historically shared legacies and experiences, which people define as part of their ‘way of life’ and ‘who they are’. Thus, what it means to call oneself ‘British’, ‘German’, ‘French’, ‘working class’, ‘middle class’, ‘rural’ or ‘urban’, is a reflection of shared experiences and meanings that have been forged through a particular set of historical events.

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Values, beliefs and symbols

It is cultural values and beliefs that help individual agents to make sense of the world around them. Owing to the complexity of the social world people cannot always think through in a strictly rational manner what their interests are and how best to pursue them. Just as one often relies on brand names when choosing between products in a supermarket rather than checking the prices and quality of each potential purchase, so cultural identifications and symbols act as a sort of 'short cut' allowing actors to operate more effectively and to situate themselves in the political world. Individuals act in ways that advance their image of cultural identity and affiliation, which is transmitted via the process of socialisation in families, schools, political parties, and religious or ethnic groups.

For cultural theorists such as Almond and Verba (1963), social symbols and traditions help people to define the boundaries of what constitutes reasonable behaviour. Issues such as the attitude to public demonstrations and the use of political violence will be reflective of historical traditions, which have evolved in response to shared memories and interpretations of political events. Similarly, the manner in which political debate and argument is carried out and even attitudes towards the electoral process itself will be shaped by a shared sense of historical experience. In societies that have lived under periods of authoritarian or totalitarian rule, for example, and where democratic reforms have been bought at a considerable sacrifice, voting rights may be reified in the cultural imagination to a far greater extent than in societies where open elections have long since been the established norm.

For cultural institutionalists the meanings associated with particular traditions and practices also form the stuff of political conflict. While cultural symbols provide a shared set of historical reference points within a society, these meanings are fundamentally *contested* (Scott, 1985). Cultural practices help to define those groups that are powerful from those which are less so. The status granted to particular occupations and professions may, for example, vary across societies depending on the prevailing stereotypes and historical associations in the countries concerned. From a cultural perspective, people mobilise and act politically in accordance with symbols either in opposition or support of cultural norms and traditions that operate to include some groups to the exclusion of others. Symbols such as the use of language and mode of dress are fundamental aspects of political communication. Thus, national flags, anthems, legal practices and modes of speech and dress will tend to occupy symbolic status in the political imagination either as representative of success and inclusion or as symptomatic of exclusion or historical oppression.

Reflecting norms and practices

It is the sheer variety of cultural experience throughout the world that is, for cultural institutionalists, central to the enterprise of comparative politics. Rational choice theorists

assume that most people make their decisions in a similar manner, that is, a calculation of benefits over costs, with institutions providing constraints which affect the margins of the costs and benefits concerned. Cultural theorists, in contrast, see institutions as decisive in determining *how* people make their decisions, that is, whether or not they act rationally at all. Thus, from a cultural perspective, political action motivated by institutions that symbolise, nationalism, patriotism, religion or the struggle against some form of oppression is seldom driven by rational choice, but is more likely to reflect an emotional response to a shared set of meanings that define one's identity. Issues such as the distribution of power or the ability to overcome collective action problems cannot be predicted according to the existence of formal structures, but require a deeper attempt to understand the meanings attributed to such practices and how the relevant meanings differ between one society and the next.

Notwithstanding its focus on the sheer variety of political phenomena, there are divisions within the cultural perspective in terms of the capacity of political scientists to generalise from their results. For many proponents of cultural institutionalism, and especially those associated with a 'postmodern' world-view, cultural research is primarily concerned with the meanings and values that exist in *unique* cases, meanings which may not be interpreted in the same manner outside of the very *specific* context concerned. It is, therefore difficult, if not impossible to generate universal theories about the likely nature of political behaviour on the basis of culture, let alone any other phenomena.

For survey researchers such as Almond and Verba, however, while culture should be the primary focus of political behaviour, rather than individual rationality or some form of structural determinism, the identification of cultural variables *does* enable the analyst to engage in precisely the sort of generalization that post-modernists reject. Thus, the same cultural traits exhibited in different societies would be expected to produce similar political outcomes across the countries concerned.

The origin of institutions and explaining institutional change

Just as there are disagreements within the cultural camp about the capacity to generalize from individual studies, so too there are disputes about the appropriate manner in which to account for the origin of different institutional practices. This tension within cultural theory is evident in the changing emphases to be found within the work of the French social theorist Michel Foucault, who is often considered to be the primary influence on the emergence of 'post-modern' cultural and political analysis.

Foucault's contribution

In works such as *Madness and Civilization* (1965) and *Discipline and Punish* (1979), Foucault documented the manner in which language or discourse had been used to

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'normalise' certain types of behaviour and to label previously unproblematic, though minority forms of life, as 'deviant'. At the core of Foucault's social theory is an anti-essentialist or 'de-centred' conception of the human self. In stark contrast to the insistence of rational choice theorists on the primacy of the rational individual who is seen to have a stable set of preferences which accord with an underlying essence, Foucault sees individual identity as a fluid property that emerges from the conflict between competing discourses or representations of reality. The sense of self, therefore, does not accord with an objective individual essence, but is 'imprinted' on the human body by the various modes of thought to which it is exposed. It is the combination of historical events and their discursive interpretation that shapes the self and that creates the sense of identity by, for example, the labelling of certain types of behaviour as 'normal' or 'deviant'.

Closely related to this view of the human self is Foucault's conception of the manner in which discourse operates as the primary source of social power. For Foucault it is the socio-cultural process of labelling via discourse and in particular the effect of dominant discourses, which operate to privilege certain practices and modes of thought and to marginalize others.

The power of language and discourse

In works such as *Discipline and Punish*, Foucault adopts an approach to the formation of institutions and cultural practices, not dissimilar to the structuralist or functionalist approach of Marxist theorists such as Gramsci discussed below. On this view, specific discourses and cultural modes are adopted by ruling groups in society precisely because they benefit from the forms of social control concerned. Power in this sense is seen in thoroughly negative terms with dominant interests acting to repress other sections of society via the imposition of exclusionary discourses. Towards the end of his life, however, Foucault increasingly rejected this functionalist account. While its potentially repressive character is not ignored, power is seen as a potentially positive force, which can create actors of particular kinds and enable them to do things that they could not otherwise have accomplished. According to this view, power in the sense of rules that facilitate certain forms of behaviour to the exclusion of others is an essential component of *any* functioning society (Foucault, 1991).

In his work on 'governmentality' and the 'care of the self', Foucault (1988, 1991) no longer views power as being 'imposed' on individuals by dominant social actors. While the origins of power can sometimes be traced to the deliberate intent of actors seeking to establish particular discursive norms, powerful discourses are just as likely to owe their existence to historical accidents and to have emerged as the unintended consequence of responses to particular historical events. In adopting this line of tack in his later works, Foucault follows a long line of cultural theorists who maintain that in order to operate in society individuals *must* to a large extent operate within institutions and practices that

they have *not* sought consciously to create or invent. Individuals must accept certain rules, such as those of language without consciously thinking about them. Rather than being the result of deliberate invention by a particular individual or group cultural rules and practices are better seen as a product of complex evolutionary processes. In the case of language, for example, new words and phrases are often spread by a process of imitation and adaptation in which their initiators are not consciously aware of how they will be used and adapted by others. Similarly, the users of words and phrases are typically unaware of the multiple different actors that have initiated such symbols and the 'reasons' for their adoption. What matters is that by following certain rules and traditions individuals are able to communicate and understand other actors on the social stage to a much greater extent than if they sought somehow to 'invent' a new language for themselves. From a cultural institutionalist perspective, many political practices and institutions evolve in a similar way and are to a significant degree, the legacy of historical accidents.

Structural Institutionalism

Ontology

The structural variant of institutional theory differs from both the rational choice and cultural modes of analysis in fundamental ways. It differs from rational choice in denying that it is individuals who are the principal actors on the social stage. While adopting a form of methodological holism, it differs from cultural theory by rejecting the view that the significance of institutions can only be understood with reference to the cultural meanings that individuals and groups ascribe to them. For structuralist theorists institutions and social structures exercise power *in their own right* with both individual interests and the meanings that actors attribute to institutions being largely the product of their place in the over-riding institutional structure of the society concerned. Institutions actually create the beliefs that individuals and groups have. Thus, for structural institutionalists:

- Institutional structures determine the content of people's interests and beliefs.
- Action on the social stage is primarily a reflection of the relationships between the functional parts of institutional structures.
- Different institutional structures are governed by different 'laws of motion'.

Why institutions matter

Institutions matter to the proponents of structural institutionalism, because it is they that determine the interests and beliefs of different social actors. Macro-structures matter because it is the internal logic of institutional systems that determines the nature of

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the political process and the outcomes it produces. Actors in this sense are seen as the bearers of functional roles and a correspondent set of political beliefs in an overall structure that operates according to a logic of its own. Both 'hard' and 'soft' institutional practices are seen to reflect the overall logic of larger scale structures such as 'capitalism', the 'nation-state' and more recently 'globalisation'. Seen in this light, the task of the political scientist is to identify the underlying dynamics or laws that govern social systems *as a whole*.

In functionalist accounts it is 'the system' itself (whatever the particular 'system') that is the primary actor on the political stage. Social structures and institutions are conceived as having a purposive function of their own, *independent* of the beliefs that actors hold about the nature of these structures. Individual agents and even collectives such as interest groups, social classes or states do not, according to this view, choose the social arrangements within which they operate, and neither are such arrangements the product of historical accidents. Rather, institutions have a purpose 'of their own' and it is these 'system requirements' that determine the course of political events. Structuralist theorists, therefore, pay relatively little attention to the 'micro-details' of the political process and concern themselves with comparison between larger groups of countries governed by similar systems or with the comparative role played by different countries in larger macro-structures such as the international economy. Differences in electoral rules, between federal systems and unitary states and between presidential and cabinet forms of government, for example, are thought to constitute minor variations in political practice relative to the fundamental similarities between *all* societies characterized by macro-structures – such as capitalism and the nation-state – of which they are a part.

Marxist structuralism

Marxist and neo-Marxist theories have traditionally formed the mainstream of structuralist political science. In Marxist theories institutional practices reflect the underlying nature of the prevailing 'mode of production', such as 'capitalism', or 'feudalism'. The interests of social actors are defined in terms of their functional relationships to the structures concerned. Thus, the interests of capitalists as owners of means of production are functionally separate and in conflict with those of the proletariat whose interests are defined by their lack of access to industrial capital. From a Marxist perspective the interests of proletarians and capitalists are not defined by the subjective views of individual members of these particular groups, but with regard to their objective relationship to the means of production and the functional requirements of the economy in its particular stage of development.

Marxist accounts of liberal democracy are predicated on a very specific account of how capitalism operates as a social order and of its 'system requirements'. Central to

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this perspective is the labour theory of value and the 'falling rate of profit' thesis. For Marx and his followers, the value of commodities is determined by the number of labour hours taken to produce them, or more specifically, the number of labour hours deemed to be 'socially necessary' for their production (Marx, 1906). 'Living' labour power, according to Marx, is the *only* source of economic value, with the profits that capitalists make from the employment of labour constituting a form of 'exploitation'.

Capitalists as a class are, owing to their control of the means of production, able to extract 'surplus value' from the proletariat without making any addition to the social product. According to Marx, since the value of commodities is a product of labour alone the capacity for capitalists to extract a surplus from the proletariat declines as the component of capital used for the employment of machinery increases. Individual capitalists are impelled by the forces of market competition to invest in labour saving technology, for fear of being driven out of business by their rivals. As they do so, however, their capacity to extract a surplus declines since machinery constitutes a form of 'dead' labour which cannot add anything to the social product on its own. The latter constitutes an 'internal contradiction' within the logic of the capitalist system and it is the functional role of the capitalist state to ameliorate this contradiction via the introduction of policies designed to boost the rate of profit.

Critiquing Marxist structuralism

Most contemporary analysts, even socialists, consider Marx's labour theory of value and the notion of 'surplus value' entirely discredited by the subjective or marginalist theory of value (see, for example, Dunleavy and O'Leary, 1987; Elster, 1985) developed by writers such as Wicksteed (1933) and Bohm-Bawerk (1959). The latter contends that the relative scarcity of commodities (that is, how much of a particular commodity there is, in relation to how much people want it) and the availability of substitutes, is the major determinant of their value rather than the amount of 'labour' used in their production. According to this view, *all* factors of production – labour, land *and* capital, contribute to the value of commodities.

Under competitive market conditions, each factor of production tends to be paid its 'marginal product', that is according to the increase in yields induced by the addition of an extra unit of the factor concerned, up to the point where yields cease to increase (an outline of this theory can be found in any basic textbook on microeconomics). Marginalist economics calls into question the entire Marxian analysis of the structural properties attributed to capitalism. According to this view, since labour power is *not* the only source of value there is no inherent tendency for the rate of profit to fall and hence the functional role of the capitalist state in responding to this supposed 'contradiction' is redundant.

Rejecting Marx's theory in the above vein does not however, discredit a structuralist account of capitalist institutions or other social systems per se. The defining feature

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of structuralism is not the commitment displayed to any *particular* account of how social structures operate, but an insistence that structures have some sort of logic or purpose of their own, independent of the actors that populate the systems under study. The task of the political analyst is to identify what the structural dynamics are – though there is clearly considerable room for disagreement between theorists when it comes to identifying the structural properties concerned.

Non-marxist structuralism

Non-Marxist versions of structural theory focus less on ‘capitalism’ as the primary force and more on other systems such as the nation-state. The primary theme of this work is the manner in which macro-structural parameters such as class structure, demography, technology or geographical conditions interact to produce particular political outcomes. In the more thoroughgoing versions of this perspective individual actors have little if any significance to the course of political events. One example of a structural approach which is highly deterministic, but does not develop an explicitly Marxist analysis is Skocpol’s (1979) account of the factors that led to large-scale political upheavals in France, Russia and China. According to Skocpol, the revolutions that occurred in these societies were essentially revolutions ‘without revolutionaries’. Background structural conditions, such as external stress upon the state, a breakdown in the ability to maintain internal order and the existence of strong community structures among peasants constituted *sufficient* structural factors to *cause* revolutionary action, irrespective of the subjective beliefs about the appropriate response to such conditions held by individual agents.

Until recently, many structuralist writers conceived of institutions operating in accordance with ‘historical laws’. Marxists in particular, saw society progressing through a series of historical epochs, each with its own mode of production, which would eventually collapse under the strain of structural tensions, giving way to a more progressive social form. The culmination of this process would see the replacement of market capitalism (itself seen as a progressive advance on the feudal era) with a socialist mode of production. The ‘purpose’ of capitalism as an historical structure, therefore, was to bring about the conditions under which socialism could arise.

The experience of state socialism in the 20th century and the fact that many societies appear to have moved *away* from socialism towards the adoption of a more or less market-oriented economy has undermined the faith of many structuralist theorists in the validity of Marx’s ‘laws of history’. Nonetheless, the defining characteristic of structuralist thought continues to be the view that it is structures that determine the course of social events. Non-Marxist structuralists continue to search for the particular macro-parameters that drive the process of social evolution. Goldstone (1991), for example, attempts to explain the breakdown of state structures in terms of deteriorating demographic conditions.

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According to this view when financial emergencies, divisions within the ruling elite and the mobilisation of protest movements coincide with a worsening of the ratio of resources to population then the structures of the state will crack. The over-riding implication of this analysis is that *any* state faced with a similar array of macro-forces would succumb to the same fate. It is, therefore, structural variables such as population to resources ratios which are responsible for the pattern of political development and not the 'choices' exercised by individuals or cultural groups.

The origin of institutions and explaining institutional change

From a structuralist perspective, institutions themselves are not the product of individual rational choice, or of cultural and historical accidents, but owe their existence to underlying economic and technological conditions. According to this view societies do not choose the institutions they have. Rather, institutions are in a sense 'chosen for them' by historical and technological factors largely outside of their control. Particular economic and technological conditions give rise to particular institutional forms. Marx's theory of historical materialism, for example, maintains that the 'superstructure' of society, that is, both the 'hard' institutions of formal law and the 'soft' institutions embodied in cultural symbols and meanings, are determined by the economic and technological 'base' of the society concerned. In the strongest versions of this thesis, there is little if any independent role for ideas in the process of institutional development. The prevailing climate of opinion is seen as subordinate to the underlying structural/technological conditions that determine the content of ideas.

Neo-Marxist explanations of Thatcherism

A typical example of this approach is found in neo-Marxist accounts of the rise of Thatcherism and the 'neo-liberal' policies, introduced in its name. According to writers such as Aglietta (1979) and Jessop (1990), the shift towards a policy agenda based on de-regulation and the creation of flexible labour markets reflected an underlying shift in the technological base of the capitalist economy. As the dominance of so-called 'Fordist' mass-production techniques, which had required a large state bureaucracy, and Keynesian demand management policies to maintain consumer demand gave way to more flexible 'post-Fordist' production processes in the 1970s, Thatcherism represented a functional response to the 'system requirement' for administrative structures correspondent with these technological developments. Taking this view, the market liberal philosophy of the Thatcher administration had relatively little role in shaping the policy agenda in the 1980s, with the clear implication that even a nominally socialist administration would have been 'forced' to implement policies of a similar type.

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Marxist theories of politics are invariably of a structuralist nature. Again, however, it is important to recognise that not all structuralist theories are, or need necessarily be, Marxist. It is possible to support the view that changes in political systems are driven by changes in technology, such as the effect exercised by the invention of the printing press on political communication, without subscribing to an ideology that sees society progressing on a structurally determined path towards socialism.

Non-Marxist accounts of nationalism

Gellner's (1983) non-Marxist account of nationalism as a largely modern phenomenon falls into this category of analysis. In contrast to cultural accounts, which emphasise the deep historical roots of nationalism in shared customs and traditions, Gellner contends that the nation-state is a relatively recent phenomenon that was made possible by a very particular set of technological and economic circumstances. These included industrialisation, capitalism, the spread of the mass media and systems of public education, all of which facilitated the development of shared cultural consciousness on a scale that had not previously been possible. Gellner's account is structuralist (though not Marxist), because it implies that it is the coincidence of structural variables such as capitalism and the mass media that 'caused' the nation-state to develop, rather than the subjective beliefs about the virtue or otherwise of the nation-state held by individuals and groups.

Synthesising Theories of Institutions in Comparative Politics

The analysis thus far has treated the variants of institutionalist thought as distinct approaches to comparative political analysis, each with their own particular view on the nature of the relationship between the individual and society and of precisely how it is that 'institutions matter'. While there are some irreconcilable differences between the various theoretical paradigms there are, nonetheless important areas where there is room for compromise and where some analysts have sought to combine and synthesise elements of the different traditions. Arguably some of the most important work in the 'new institutionalism' has been engaged in precisely this sort of theoretical synthesis and it is to this potential that attention now turns.

Ontology

One of the most fruitful areas for a synthesis between different ontological viewpoints is that between rational choice and cultural theory. 'Hard core' proponents of rational

choice theory typically assume that individual actors possess certain interests and preferences that exist *independently* of the social context in which they are situated, and have been attacked for neglecting the manner in which cultural norms condition people's perceptions of what their interests are. A less rigid version of rational choice theory, however, may be accommodated with a cultural perspective in this regard. More nuanced versions of rational theory, exemplified in the work of Chong (2002) recognise the role played by socialisation in shaping an individual actors sense of identity, so long as it is not suggested that people are constituted *wholly* by their cultural surroundings. What matters for rational choice is that individuals have the capacity to challenge elements of the prevailing cultural norms 'at the margin' and via such agency can contribute to the evolution of *new* cultural forms.

Synthesising culture and rationality

Institutions such as the traditions and practices that constitute a sense of cultural identity can be explained partly in terms of the instrumental benefits they provide to those who adhere to the relevant rules. According to this view people subscribe to common norms and values in order to gain access to the material and social benefits associated with membership of an identifiable reference group (Hardin, 1995). These may be followed out of habit, but equally may result from deliberate choice. In the latter case, individuals may consciously shift their cultural practices and subscribe to new values in order to access benefits that would otherwise be unavailable, as for example when immigrants from rural areas adopt urban mores in order to access employment and other social benefits (Chong, 2002).

Consider in the above light the cases of language and fashion. The majority of the words that people speak and the style of clothes that people wear are not, for the most part, the product of rational reflection but stem from the unconscious adoption of social rules and traditions derived from the cultural environment. Nonetheless, such cultural norms are constantly undergoing a process of incremental adaptation as actors introduce new words or phrases, or adapt styles of dress – modifications, which may subsequently be spread via a process of emulation and imitation. Actors, therefore, are affected by the whole of which they are a part, but are simultaneously involved in shaping and *changing* the content of that whole.

For rational choice theory *accounting for social change* is the interesting part of social analysis. The incentives facing individual actors when considering a challenge to established norms are what matter. Are there incentives to challenge particular norms and what sort of people and situations are likely to produce a challenge to social and political phenomena? These are the sorts of questions that a culturally informed version of rational choice theory seeks to address.

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Chong (2002) presents such an account in his analysis of changing attitudes to racism in the American Deep South. Northern whites engaged in business frequently adopted racist attitudes having moved to the South in order to maintain good relations with local suppliers and buyers. Southern whites who challenged racist norms in contrast, tended to be those who were independently wealthy and who could afford to isolate themselves from the community of which they were a part. Working in a similar vein Posner (1992) accounts for the concentration of groups such as gays and ethnic minorities in metropolitan centres as a reflection of differential incentives to challenge norms.

According to this view, minority groups are unlikely to challenge established practices in rural areas or small towns that are characterised by relative cultural homogeneity, owing to the capacity of close knit communities to monitor their neighbours' behaviour and to enforce the power of ostracism. In large number metropolitan contexts, by contrast, cultural minorities are better able to escape the effect of social pressure, owing to a combination of high monitoring costs (the greater the number of people, the greater are the difficulties involved in 'checking up' ones neighbours) and the greater capacity of minorities to 'exit' from economic relations with individuals and groups who disapprove of their behaviour and to 'enter' into relations with alternative social groups.

Synthesising culture and structure

Another possible area for theoretical synthesis occurs between cultural analysis and the less rigid forms of structural institutionalism. The Italian neo-Marxist theorist Antonio Gramsci is held by some, to have enriched Marxian analysis in his attempt to reassert the role of individual agency and of cultural ideas in understanding the process of social change. Gramsci (1971) sought to move Marxism away from the crude form of economic determinism, which views the role of ideas as epiphenomenal to the determining role of the economic base. For Gramsci, orthodox Marxism was incapable of explaining the support for Fascism from the working class in Italy and more generally the apparent diversity of political responses to be found across capitalist states with similar levels of technological and economic development.

Gramsci's contribution

According to Gramsci, while the economic structure of capitalist society is based on the structural conflict of interest between the proletariat and the bourgeoisie, the specific manifestation of this conflict will be dependent on the *particular* cultural circumstances

of the country concerned. Economic forces affect the interests that particular classes in a given structure possess but *do not* determine how actors will subjectively perceive these interests. On the contrary, for Gramsci the Marxian notion of class struggle is one that is frequently conducted in the realm of culture and ideas. Politics is seen primarily as a struggle for cultural hegemony in which subordinate classes are subject to competing interpretations of their structural position and where power is exercised when the dominant class is able to convince the proletariat that its interests are coterminous with those of the ruling elite.

Seen in this context, there is no inevitability that the proletariat will acquire the appropriate ideological consciousness necessary to bring about the transformation from capitalism to socialism – they may come to be convinced by cultural appeals to alternate arrangements such as fascism or social democracy. Gramsci, therefore, while maintaining a broadly structural Marxist account of class conflict under capitalism, allows greater room for the role of ideas in shaping the future direction in which the character of that conflict may be expressed.

Bringing the three approaches closer together ...

Recognising the role of institutional rules provides some overlap between a culturally informed rational choice theory and elements of a more structural analysis. Put simply, different institutional structures provide different incentives and opportunities for actors to challenge prevailing cultural norms. Structures are simply the set of rules that govern the relations between actors. These rules affect the interests held by actors and also their access to resources. Crucially, however, different rule structures affect the capacity for actors to *transform* the rules *from within*. What this implies is the need for a comparative account of the extent to which different rule structures allow or prevent scope for the exercise of individual agency and both the intended and unintended consequences that follow from it. Arguably, this sort of ‘structuration’ analysis (see Giddens, 1984) is what informs the ‘weaker’ variant of institutional rational choice with its comparison of incentives facing actors under monopolistic as opposed to more competitive rule structures (see, for example, North, 1990).

... But not completely

At the ontological level, the residual difference between the major variants of institutionalist thought that prevents a complete synthesis between the perspectives centres on the significance of individual action to the understanding of social phenomena. For rational choice theorists, while culture and institutional structures may condition individual action, in the final analysis it is still the incentives and

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beliefs of *individual* actors that drive the explanation of how social structures are to be understood and how they are maintained or changed. Rational choice theory is incompatible with any account that posits the existence of cultural groups or structures as independent actors on the social stage. Those holding this view may share common interests with other actors derived from cultural allegiance or from a structural position in society but this does not mean that the relevant groups are actors in any meaningful sense. Group based action or inaction may, for rational choice theorists only be understood in terms of the incentives that individuals face to participate in such action and the beliefs they hold about it. For many cultural and structural theorists however, albeit in different ways, groups and social institutions *can* exercise a form of agency within the political process.

Why institutions matter

The potential theoretical affinities between a weaker variant of rational choice theory and a cultural perspective again become evident when attempting to understand why it is that ‘institutions matter’. At issue here is the significance of cultural institutions and the manner in which they enable actors to cope with conditions of complexity and what Herbert Simon (1957) has termed ‘bounded rationality’. According to Simon, individuals cannot always base their decisions on a cool computation of benefits over costs. The human brain is fundamentally limited in its capacity to process information and to make computations and must, therefore, resort to habits, traditions and rules of thumb. Making use of traditions provides regularity in peoples’ lives and while rarely leading to optimal or ‘perfectly efficient’ results, provides for ‘adequate’ outcomes and enables ‘effective’ behaviour by reducing the amount of information that must be processed. Seen in this light, the cultural conventions and belief systems that form the core of cultural analysis are compatible with a weaker strain of rational choice. Whilst habitual behaviour cannot be considered as fully rational, neither does such action represent evidence of an irrational or purely emotional basis to human decisions.

On the contrary, traditional rules can act as important *aides-memoire*, which make it easier for those who follow them to achieve their objectives under conditions of complexity. Rule guided or habitual action is still *purposeful* action and is thus compatible with a rational choice approach which recognises the problem of imperfect information and the need for actors to adopt ‘satisficing’ strategies to deal with such conditions. Many political institutions can be analysed in these terms. Constitutional traditions such as monarchy, for example, may be maintained owing to the risk that in trying to design a more efficient set of arrangements, imperfect information may lead to a choice of still less effective procedures.

Making choices about behaviour

To recognise that people adopt rule following strategies does not, it should be emphasised, necessarily undermine the principle of methodological individualism. It is a mistake common to adherents of both 'hard core' rational choice theory and of some cultural theorists to suggest that methodological individualism implies that all actors make their decisions in precisely the same way – that is, according to the rational calculation of advantage. For strict rational choice theorists, on the one hand, a focus on habits and traditions ignores people's *universal* responsiveness to incentives and relative prices and is to be rejected precisely because of the focus on *group level* factors such as culture. For some cultural theorists, on the other hand, recognition that actors make decisions in ways other than the cool calculation of benefits over costs is to concede the case for some form of methodological holism – and is to be welcomed as such (March and Olsen, 1989).

A commitment to methodological individualism, however, need not specify *how* people make choices. Individuals may be perfectly rational, boundedly rational, habitual rule followers, or even automatons. All that matters for the methodological individualist is that it is *individuals* who makes decisions – *in whatever way* – and not 'cultures' or 'structures' (Agassi, 1960, 1975; Whittman, 2004).

The latter may only be understood in terms of the individual agents that make them up. In the case of culture, for example, the adherence of people to traditions may be explained in terms of the propensity of *individuals* to be 'rule following' actors who imitate the behaviour of their fellows and of the relationships between individuals who are seen as leaders, entrepreneurs or trendsetters, and those actors who are the led. It is, therefore, possible to have a form of cultural analysis that *does not* subscribe to methodological holism. Recognition that individuals make their decisions in a variety of different, though interconnecting ways, may thus result in a culturally informed variant of institutional rational choice.

Cultural-rational approaches using path dependency

A further area where the concerns of rational choice and cultural analysis overlap is the focus on the manner in which institutional rules may operate to block certain forms of social change. The concept of 'path dependency' is of particular relevance in this context (Alston et al., 1996; Steinmo et al., 1992). This suggests that societies may become 'locked in' to institutional arrangements owing to random historical accidents and what economists describe as 'network externalities'. The latter occur where the benefits of consuming a good depend positively on the number of other individuals who do so. The value of learning a particular language, for example,

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often depends on how many speakers there already are. Likewise, products or services, such as membership of a telephone network, may be chosen on the basis of the number of actors already consuming the good concerned.

What matters, is that beyond a critical threshold, people may opt for a product on the basis of the number of other consumers using the good, rather than on the superiority of the product itself. As a consequence, the choices that people make will often be affected by random contingencies resulting from the previous choices of other actors. In this sense, random cultural and historical events might account for the existence of particular institutional rules, but individual rational choice may help to explain whether or not adherence to these rules is likely to be stable. At issue here would be the extent to which actors have sufficient incentives to opt for an alternative set of arrangements.

Structural analysis and path dependency

The concept of path dependency might, in a similar vein, be combined with a more structural analysis (Granovetter, 1985). Thus, in situations where institutions and traditions have persisted for long periods of time and become deeply entrenched, to speak of people having a 'choice' of how to behave in such situations may be to stretch the meaning of the word to breaking point. Much of the work described as 'historical institutionalism' falls into this pattern of analysis.

Notwithstanding the room that exists for synthesis between the various approaches it is again important to highlight the central points which preclude the existence of a fully integrated approach. The fundamental issue in this context is whether the nature of how people make their decisions is the product of particular cultural and structural institutional forms. Following the works of Karl Polanyi, it has long been the claim of theorists in both the cultural and structuralist camps that the model of economising behaviour depicted by rational choice theorists is limited to the cultural and structural context of the modern market economy. According to this view, responsiveness to prices and incentives, and questions of scarcity is not a universal characteristic of human action but the product of a very specific set of cultural and institutional practices that have existed since the late 18th and early 19th centuries (Polanyi, 1944). The implication of this stance is that under a different set of cultural or structural conditions individuals would *not* behave in the manner depicted by the rational choice approach. For rational choice theorists, however, scarcity is a fundamental aspect of human existence and hence people will respond to incentives *irrespective* of the institutional context in which they are embedded. Different institutional structures simply alter the incentives that people face. The cultural values that form the basis of those incentives may vary across societies – in some societies actors may strive for material wealth, whilst in others the pursuit of leisure may be their primary objective. Either

way, individuals must make trade-offs and be responsive to incentives in pursuit of the goals concerned. Culture and institutions condition the parameters of rational choice, but they do not, on this view, determine the existence or non-existence of rational self-interested action.

The origin of institutions and explaining institutional change

Rational-structural approaches

Turning finally to the question of how and why particular institutions exist, some surprising theoretical overlaps are discernible. At first glance, perhaps the most improbable of these occurs between the 'strong' version of rational choice theory and structural Marxism. Notwithstanding the individualistic base of the former and the holistic structuralism of the latter, there are remarkable similarities between the way that these approaches analyse the origin of institutions and the process of institutional change. For the 'hard core' rational choice theorist, institutions arise and are chosen owing to their efficiency-enhancing properties. According to this perspective, assuming that individuals are rational utility maximisers then they will opt for those institutional forms that maximise both individual and social utility. Institutions, therefore, are always efficient – because if for some reason they were not, then utility maximising actors would change them accordingly. Viewed through this lens, the process of institutional change is driven by shifts in technology and relative prices. Individual actors will respond to changing technologies and shifts in the relative scarcity of goods by adapting political institutions to the new conditions concerned in order to maintain efficiency (see, for example North and Thomas, 1973).

While this account focuses on the responsiveness of utility maximising agents, the parallels with structural Marxism are nonetheless clear. In classical Marxist accounts it is the underlying nature of the economic base that determines the institutions of society at any given time and which drives the process of institutional change. According to this view, developments in technology, in the 'forces of production' to use Marxist terminology, will bring about changes in the institutional rules of society, that is, changes to the 'relations of production'. If there are structural tensions between a given set of forces of production and the prevailing relations of production, then some form of societal revolution will be necessary to bring social structures back into line.

The implication of strong rational choice and structural Marxism is that social institutions have a tendency to approach optimality; either they represent an efficient response to the utility maximising behaviour of individuals (rational choice), or they are seen to fulfil a necessary role commensurate with a particular historical

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stage in societal development (Marxism). As such, both these schools allow little, if any room for the role of ideas and the possibility of human error in understanding the process of institutional development. The assumption is that people or 'structural forces' know what the optimal set of social arrangements actually is. Weaker variants of rational choice theory and the culturalist perspective would reject this view, arguing that the process of institutional change is affected by the ideas held by individuals and groups about desirable institutional forms. These ideas may turn out to be erroneous but this does not undermine the independent role of ideas in the process of institutional development. On the contrary, 'incorrect' ideas about appropriate institutional changes are just as likely to prevail as are 'correct' ideas. There is as a consequence no inexorable tendency for social systems to approach optimal or efficient forms.

Rational-cultural approaches

Seen in the above light, there is again considerable scope for theoretical synthesis between the weaker version of rational choice theory and a cultural perspective. This approach may in turn find some affinity with a non-Marxian form of structural institutionalism. Such an approach would focus on the relationship between ideas, the structural rules that these ideas help to create or set up and the incentives or lack of incentives to change the relevant institutional structures should they turn out to contain errors and inefficiencies. North (1990) adopts precisely this kind of framework in an attempt to explain the persistence of inefficient institutional forms.

According to North prevailing institutional practices, may owe their origins to a combination of historical accidents and misguided attempts at deliberate institutional design. Inefficient institutions may persist according to the incentive structure that they create. Even inefficient rules may operate to the benefit of some groups in society who will seek to maintain the status quo, preventing moves towards a more efficient set of practices. What matters to the prospects for efficiency enhancing improvements is the extent to which those who would benefit from institutional change have sufficient incentives to bring the necessary modifications about. According to North inefficient institutions may often survive precisely because the relevant incentives are skewed in favour of inertia. On the one hand, those with ruling interests who benefit substantially from the status quo will use all of their powers to resist institutional change. On the other hand, if the gains from institutional reform are likely to be widely spread across a large number of dispersed agents then agents are unlikely to mobilise in favour of new rules owing to the prevalence of collective action problems. In this situation even though the total gains to society at large may exceed the benefits currently flowing to ruling interests, efficiency-enhancing reforms are unlikely to be enacted (North, 1990).

SUMMARY

This chapter has outlined the basic principles underlying three theoretical approaches derived from the 'new institutionalism' in political science and their relevance to comparative political studies. Understanding these basic analytical principles is crucial to an appreciation of the more specific aspects of comparative political analysis explored in the chapters that follow:

- The ontology of each approach has been examined, together with their defence of why institutions matter and their explanation of the origins of institutions and institutional change.
- The discussion has focussed in abstract terms on the general principles that distinguish different branches of institutionalist theory from one another.
- Potential areas where theoretical synthesis may be possible have been considered.

FURTHER READING

Alston, L. Eggertsson, T. and North, D. (1996) *Empirical Studies in Institutional Change*. Cambridge: Cambridge University Press.

A useful series of case studies exploring the dynamics of political and institutional change, from a 'soft' rational choice perspective.

Chong, D. (2002) *Rational Lives: Norms and Values in Politics and Society*. Chicago, IL: Chicago University Press.

This is a theoretical work which explores the interaction between individual incentives and socio-cultural norms – it attempts to bridge the gap between rational choice analysis and more cultural theories that emphasise the role of socialisation in shaping political behaviour.

Lichbach, M. (2003) *Is Rational Choice Theory All of Social Science?* Ann Arbor, MI: University of Michigan Press.

Primarily a defence of rational choice theory, but also contains useful discussions of both cultural and structural explanations in political science.

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March, J.G. and Olsen, J.P. (1989) *Rediscovering Institutions*. New York: Free Press.

A key text, widely credited with having revived interest in exploring how cultural norms act as ‘institutions’ and the effect of cultural norms on political outcomes.

Skocpol, T. (1989) *States and Social Revolutions: A Comparative Analysis of France, Russia and China*. New York: Cambridge University Press.

An empirical work conducted from a broadly structuralist perspective which explains the dynamics of revolutionary political change in terms of macro-structural forces.

QUESTIONS FOR DISCUSSION

- (1) What is the likely impact on a political system when the ‘hard’ or formal rules of political interaction conflict with the ‘soft’ cultural norms in the society concerned? Historically, in what situations do we observe conflicts between hard and soft social norms?
- (2) Does support for the principle of ‘methodological individualism’ equate with support for rational choice accounts of individual behaviour?
- (3) How does rational choice theory account for the way in which people pursue ‘non- material’ goals in politics?
- (4) Are cultural theories in comparative politics purely descriptive?
- (5) With reference to examples, how might technological change affect the development of political institutions?

Key Words for Chapter 1

cultural norms/free-rider/individual/institution/new institutionalism/principal-agent/ rational choice/structuralism/structuration theory