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Elaborating the
"New Institutionalism"

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1

Abstract

To sketch an institutional approach, this paper elaborates ideas presented over 20 years ago in *The New Institutionalism: Organizational Factors in Political Life* (March and Olsen 1984).

Institutionalism, as that term is used here, connotes a general approach to the study of political institutions, a set of theoretical ideas and hypotheses concerning the relations between institutional characteristics and political agency, performance and change. Institutionalism emphasizes the endogenous nature and social construction of political institutions. Institutions are not simply equilibrium contracts among self-seeking, calculating individual actors or arenas for contending social forces. They are collections of structures, rules and standard operating procedures that have a partly autonomous role in political life.

The paper ends with raising some research questions at the frontier of institutional studies.

An institutional perspective

An institution is a relatively enduring collection of rules and organized practices, embedded in structures of meaning and resources that are relatively invariant in the face of turnover of individuals and relatively resilient to the idiosyncratic preferences and expectations of individuals and changing external circumstances (March and Olsen 1989, 1995). There are constitutive rules and practices prescribing appropriate behavior for specific actors in specific situations. There are structures of meaning, embedded in identities and belongings: common purposes and accounts that give direction and meaning to behavior, and explain, justify and legitimate behavioral codes. There are structures of resources that create capabilities for acting. Institutions empower and constrain actors differently and make them more or less capable of acting according to prescriptive rules of appropriateness. Institutions are also reinforced by third parties in enforcing rules and sanctioning non-compliance.[1]

While the concept of institution is central to much political analysis, there is wide diversity within and across disciplines in what kinds of rules and relations are construed as "institutions" (Goodin 1996: 20). Moreover, approaches to political institutions differ when it comes to how they understand (a) the nature of institutions, as the organized setting within which modern political actors most typically act, (b) the processes that translate structures and rules into political impacts, and (c) the processes that translate human behavior into structures and rules and establish, sustain, transform or eliminate institutions.

Institutionalism, as that term is used here, connotes a general approach to the study of political institutions, a set of theoretical ideas and hypotheses concerning the relations between institutional characteristics and political agency, performance and change. Institutionalism emphasizes the endogenous nature and social construction of political institutions. Institutions are not simply equilibrium contracts among self-seeking, calculating individual actors or arenas for contending social forces. They are collections of structures, rules and standard operating procedures that have a partly autonomous role in political life.

Institutionalism comes in many flavors, but they are all perspectives for understanding and improving political systems. They supplement and compete with two other broad interpretations of politics. The first alternative is a *rational actor* perspective which sees political life as organized by exchange among calculating, self-interested actors. The second alternative is a *cultural community* perspective which sees political life as organized by shared values and worldviews in a community of common culture, experience and vision. The three perspectives – institutional, rational actors and cultural community - are not exclusive. Most political systems can be interpreted as functioning through a mix of organizing principles. Nor are the perspectives always easy to distinguish. True believers in any one of the three can reduce each of the other two to the status of a "special case" of their preferred alternative. Pragmatically, however, the three perspectives are different. They focus attention on different aspects of political life, on different explanatory factors, and on different strategies for improving political systems.

The key distinctions are the extent to which a perspective views the rules and identities defined within political institutions as epiphenomena that mirror environmental circumstances or predetermined individual preferences and initial resources; and the extent to which a perspective pictures rules and identities as reproduced with some reliability that is, at least in part, independent of environmental stability or change.

Within an institutional perspective, a core assumption is that institutions create elements of order and predictability. They fashion, enable and constrain political actors as they act within a logic of appropriate action. Institutions are carriers of identities and roles and they are markers of a polity's character, history and visions. They provide bonds that tie citizens together in spite of the many things that divide them. They also impact institutional change, and create elements of "historical inefficiency".

Another core assumption is that the translation of structures into political action and action into institutional continuity and change, are generated by comprehensible and routine processes. These processes produce recurring modes of action and organizational

patterns. A challenge for students of institutions is to explain how such processes are stabilized or destabilized, and which factors sustain or interrupt ongoing processes.

To sketch an institutional approach, this paper elaborates ideas presented over 20 years ago in "The New Institutionalism: Organizational Factors in Political Life" (March and Olsen 1984). The intent of the article was to suggest some theoretical ideas that might shed light on particular aspects of the role of institutions in political life. The aspiration was not to present a full-blown theory of political institutions, and no such theory is currently available. The ideas have been challenged and elaborated over the last 20 years,[2] and we continue the elaboration, without making an effort to replace more comprehensive reviews of the different institutionalisms, their comparative advantages and the controversies in the field.[3]

Theorizing political institutions

The status of institutionalism in political science has changed dramatically over the last 50 years - from an invective to the claim that "we are all institutionalists now" (Pierson and Skocpol 2002: 706). The behavioral revolution represented an attack upon a tradition where government and politics in which primarily understood in formal-legal institutional terms. The focus on formal government institutions, constitutional issues and public law was seen as "unpalatably formalistic and old-fashioned" (Drewrey 1996: 191), and a standard complaint was that this approach was "relatively insensitive to the nonpolitical determinants of political behavior and hence to the nonpolitical bases of governmental institutions" (Macridis 1963: 47). The aspiration was to penetrate the formal surface of governmental institutions and describe and explain how politics "really works" (Eulau and March 1969: 16).

Theorizing political institutions, Polsby, for example, made a distinction between seeing a legislature as an "arena" and as "transformative". The distinction reflected variation in the significance of the legislature; its independence from outside influence and its capacity to mould and transform proposals from whatever source into decisions. In an arena-legislature, external forces were decisive; and one did not need to know anything

about the internal characteristics of the legislature in order to account for processes and outcomes. In a transformative-legislature, internal structural factors were decisive. Polsby also suggested factors that made it more or less likely that a legislature would end up as an arena, or as a transformative institution (Polsby 1975: 281, 291-2).

More generally, students of politics have observed a great diversity of organized settings, collectivities and social relationships within which political actors have operated. In modern society the polity is a configuration of many formally organized institutions that define the context within which politics and governance take place. Those configurations vary substantially; and although there are dissenters from the proposition, most political scientists probably would grant that the variation in institutions account for at least some of the observed variation in political processes and outcomes. For several centuries, the most important setting has been the territorial state; and political science has attended to concrete political institutions, such as the legislature, executive, bureaucracy, judiciary and the electoral system.

Our 1984 article invited a reappraisal of how political institutions could be conceptualized, to what degree they have independent and endurable implications, the kinds of political phenomena they impact, and how institutions emerge, are maintained and change.

> First, we argued for the relative autonomy and independent effects of political institutions and for the importance of their organizational properties. We argued against understanding politics solely as reflections of society (contextualism) or as the macro aggregate consequences of individual actors (reductionism).

> Second, we claimed that politics was organized around the interpretation of life and the development of meaning, purpose and direction, and not only around policy-making and the allocation of resources (instrumentalism).

Third, we took an interest in the ways in which institutionalized rules, norms, and standard operating procedures impacted political behavior, and argued against seeing political action solely as the result of calculation and self-interested behavior (utilitarianism).

Fourth, we held that history is "inefficient" and criticized standard equilibrium models assuming that institutions reach a unique form conditional on current circumstances and thus independent of their historical path (functionalism).

In this view, a political order is created by a collection of institutions that fit more or less into a coherent system. The size of the sector of institutionalized activity change over time and institutions are structured according to different principles (Berger and Luckmann 1967, Eisenstadt 1965). The varying scopes and modes of institutionalization affect what collectivities are *motivated* to do and what they are *able to do*. Political actors organize themselves and act in accordance with rules and practices which are socially constructed, publicly known, anticipated and accepted. By virtue of these rules and practices, political institutions define basic rights and duties, shape or regulate how advantages, burdens and life-chances are allocated in society, and create authority to settle issues and resolve conflicts.

Institutions give order to social relations, reduce flexibility and variability in behavior, and restrict the possibilities of a one-sided pursuit of self-interest or drives (Weber 1978: 40-43). The basic logic of action is rule following – prescriptions based on a logic of appropriateness and a sense of rights and obligations derived from an identity and membership in a political community and the ethos, practices and expectations of its institutions.[4] Rules are followed because they are seen as natural, rightful, expected, and legitimate. Members of an institution are expected to obey, and be the guardians of, its constitutive principles and standards (March and Olsen 1989, 2006).

Institutions are not static; and institutionalization is not an inevitable process; nor is it unidirectional, monotonic or irreversible (Weaver and Rockman 1993). In general,

however, because institutions are defended by insiders and validated by outsiders, and because their histories are encoded into rules and routines, their internal structures and rules cannot be changed arbitrarily (March and Olsen 1989, Offe 2001). The changes that occur are more likely to reflect local adaptation to local experience and thus be both relatively myopic and meandering, rather than optimizing, as well as "inefficient", in the sense of not reaching a uniquely optimal arrangement (March 1981). Even when history is relatively "efficient", the rate of adaptation is likely to be inconsistent with the rate of change in the environment to which the institution is adapting.

Institutional impacts on political actors and outcomes

Although it is argued that much of the "established wisdom" about the effects of political institutions is very fragile (Rothstein 1996: 155), scholars who deal with political institutions are generally less concerned with *whether* institutions matter, than to what extent, in what respects, through what processes, under what conditions, and why institutions make a difference (Weaver and Rockman 1993, Egeberg 2003, 2004, Orren and Skowronek 2004). In this tradition, institutions are imagined to organize the polity and to have an ordering effect on how authority and power is constituted, exercised, legitimated, controlled and redistributed. They affect how political actors are enabled or constrained and the governing capacities of a political system. Institutions simplify political life by ensuring that some things are taken as given. Institutions provide codes of appropriate behavior, affective ties, and a belief in a legitimate order. Rules and practices specify what is normal, what must be expected, what can be relied upon, and what makes sense in the community, i.e. what a normal, reasonable and responsible (yet fallible) citizen, elected representative, administrator, or judge, can be expected to do in various situations.

It is commonplace to observe that the causal relation between institutional arrangements and substantive policy is complex. Usually, causal chains are indirect, long and contingent (Weaver and Rockman 1993), so that political institutions can be expected to constrain and enable outcomes without being be the immediate and direct cause of public policy. The same arrangement can have quite different consequences under different

conditions. The disentanglement of institutional effects is particularly difficult in multi-level and multi-centered institutional settings, characterized by interactions among multiple autonomous processes (Orren and Skowronek 2004, March and Olsen 2006).

One cluster of speculations about the effects of institutions focuses on rules and routines. The basic building blocks of institutions are rules, and rules are connected and sustained through identities, through senses of membership in groups and recognition of roles. Rules and repertoires of practices embody historical experience and stabilize norms, expectations and resources; they provide explanations and justifications for rules and standard ways of doing things (March and Olsen 1989, 1995). Subject to available resources and capabilities, rules regulate organizational action. That regulation, however, is shaped by constructive interpretations embedded in a history of language, experience, memory and trust (Dworkin 1986, March and Olsen 1989). The openness in interpretation means that while institutions structure politics and governance and create a certain "bias" (Schattschneider 1960), they ordinarily do not determine political behavior or outcomes in detail. Individuals may, and may not, know what rules there are and what they prescribe for specific actors in specific situations. There may be competing rules and competing interpretations of rules and situations. Indeed, the legitimacy of democratic political institutions is partly based on the expectation that they will provide open-ended processes without deterministic outcomes (Pitkin 1967).

A central theme of organization theory is that identification and habituation are fundamental mechanisms in shaping behavior. In institutionalized worlds actors are socialized into culturally defined purposes to be sought, as well as modes of appropriate procedures for pursuing the purposes (Merton 1938: 676). Members of an organization tend to become imbued not only with their identities as belonging to the organization but also with the various identities associated with different roles in the organization. Because they define themselves in terms of those identities, they act to fulfill them rather than by calculating expected consequences (Simon 1965: 115, 136).

Observing that political actors sometimes deviate from what rules prescribe, institutional scholars have distinguished between an institutional rule and its behavioral realization in a particular instance (Apter 1991). They have sought an improved understanding of the types of humans selected and formed by different types of institutions and processes, how and why different institutions achieve normative reliability (Kratochwil 1984), and under what institutional conditions political actors are likely to be motivated and capable of complying with codes of appropriate behavior. The co-existence of the logic of appropriateness and the logic of consequences, for example, also raises questions about how the two interact, which factors determine the salience of different logics, and the institutional conditions under which each logic are likely to dominate.[5]

With whom one identifies, is affected by factors such as how activities are subdivided in an organization, which positions individuals have and their responsibilities. It makes a difference how interaction, attention, experience and memory are organized, the degree to which goals are shared and the number of individual needs satisfied by the organization. Identification is also affected by tenure and turnover, the ratio of veterans to newcomers, opportunities for promotion and average time between promotions, job-offers from outside, external belongings and the prestige of different groups (March and Simon 1958, Lægreid and Olsen 1984).

Strong identification with a specific organization, institution, or role can threaten the coherence of the larger system. It has, in particular, been asked to what degree political order is achievable in multi-cultural societies where it is normatively problematic and probably impossible to create common identities through the traditional nation-building techniques (Weber 1977). For example, in the European Union, national identities are dominant. Identities are, nevertheless, increasingly influenced by issues and networks that cross national boundaries and there is no single center with control over education, socialization and indoctrination (Herrmann, Risse and Brewer 2004, Checkel 2005). The vision of "constitutional patriotism" reflects a belief in the forming capacity of shared institutions and that political participation will fashion a post-national civic European identity (Habermas 1994). Still, it is difficult to balance the development of common

political institutions and the protection of cultural diversity. It is argued that the EU will face deadlock if governance aims at cultural homogeneity and that the EU needs institutions that protect cultural diversity as a foundation for political unity and collective identity, without excluding the possibility of transforming current identities (Kraus 2004).

Over the last few years, students of political institutions have over the last few years learned more about the potential and the limitations of institutional impacts on policy and political actors. More is known about the processes through which individuals are transformed into office-holders and rule-followers with an ethos of self-discipline, impartiality and integrity; into self-interested, utility maximizing actors; or into cooperating actors oriented towards the policy-networks they participate in. More is also known about the processes through which senses of civic identities and roles are learned, lost and redefined (March and Olsen 1995, Olsen 2005). Still, accomplishments are dwarfed by the number of unanswered questions about the processes that translate structures and rules into political impacts and the factors that impinge upon them under different conditions. This is also true for how institutional order impacts the dynamics of institutional change.

These interests in describing the effects of institutions are supplemented by interests in designing them, particularly in designing them for democratic political systems. The more difficult it is to specify or follow stable rules, the more democracies must rely on institutions that encourage collective interpretation through social processes of interaction, deliberation and reasoning. Political debates and struggles then connect institutional principles and practices and relate them to the larger issues, how society can and ought to be organized and governed. Doing so, they fashion and re-fashion collective identities and defining features of the polity - its long-term normative commitments and causal beliefs, its concepts of the common good, justice, and reason, and its organizing principles and power relations.

Legitimacy depends not only on showing that actions accomplish appropriate objectives, but also that actors behave in accordance with legitimate procedures ingrained in a

culture (Meyer and Rowan 1977, March and Olsen 1986). There is, furthermore, no perfect positive correlation between political effectiveness and normative validity. The legitimacy of structures, processes and substantive efficiency do not necessarily coincide. There are illegitimate but technically efficient means, as well as legitimate but inefficient means (Merton 1938). In this perspective, institutions and forms of government are assessed partly according to their ability to foster the virtue and intelligence of the community. That is, how they impact citizens' identities, character and preferences - the kind of person they are and want to be (Mill 1962: 30-35, Rawls 1993: 269).

Institutional order and change

The dynamics of institutional change include elements of design, competitive selection, and the accidents of external shocks (Goodin 1996: 24-25). Rules, routines, norms, and identities are both instruments of stability and arenas of change. Change is a constant feature of institutions and existing arrangements impact how institutions emerge and how they are reproduced and changed. Institutional arrangements can prescribe and proscribe, speed up and delay change; and a key to understanding the dynamics of change is a clarification of the role of institutions within standard processes of change.

Most contemporary theories assume that the mix of rules, routines, norms, and identities that describe institutions change over time in response to historical experience. The changes are neither instantaneous nor reliably desirable in the sense of moving the system closer to some optimum. As a result, assumptions of historical efficiency cannot be sustained (March and Olsen 1989, March 1994). By "historical efficiency" we mean the idea that institutions become in some sense "better" adapted to their environments and quickly achieve a uniquely optimum solution to the problem of surviving and thriving. The matching of institutions, behaviors and contexts takes time and have multiple, path-dependent equilibria. Adaptation is less automatic, less continuous, and less precise than assumed by standard equilibrium models and it does not necessarily improve efficiency and survival.

The processes of change that have been considered in the literature are primarily processes of single-actor design (in which single individual actors or collectivities that act as single actors specify designs in an effort to achieve some fairly well-specified objectives), conflict design (in which multiple actors pursue conflicting objectives and create designs that reflect the outcomes of political trading and power), learning (in which actors adapt designs as a result of feedback from experience or by borrowing from others), or competitive selection (in which unvarying rules and the other elements of institutions compete for survival and reproduction so that the mix of rules changes over time).

Each of these is better understood theoretically than it is empirically. Institutions have shown considerable robustness even when facing radical social, economic, technical and cultural change. It has often been assumed that the environment has a limited ability to select and eliminate political institutions and it has, for example, been asked whether governmental institutions are immortal (Kaufman 1976). In democracies political debate and competition has been assigned importance as sources of change. Yet, institutions seem sometimes to encourage and sometimes to obstruct reflection, criticism and opposition. Even party structures in competitive systems can become "frozen" (Lipset and Rokkan 1967).

The ideal that citizens and their representatives should be able to design political institutions at will, making governing through organizing and reorganizing institutions an important aspect of political agency, has been prominent in both democratic ideology and in the literature. Nevertheless, historically the role of deliberate design, and the conditions under which political actors can get beyond existing structures, have been questioned (Hamilton, Jay and Madison 1787; 1964:1, Mill 1861; 1962:1). In spite of accounts of the role of heroic founders and constitutional moments, modern democracies also seem to have limited capacity for institutional design and reform and in particular for achieving intended effects of reorganizations (March and Olsen 1983, Goodin 1996, Offe 2001). Constitutions limit the *legitimacy* of design. The *need* for major intervention may be modest because routine processes of learning and adaptation work fairly well and the

capability may be constrained by inadequate causal understanding, authority and power (Olsen 1997).

The standard model of punctuated equilibrium assumes discontinuous change. Long periods of institutional continuity, where institutions are reproduced, are assumed to be interrupted only at critical junctures of radical change, where political agency (re)fashions institutional structures. In this view, institutions are the legacy of path dependencies, including political compromises and victories.[6] Massive failure is an important condition for change.

The assumption, that institutional structures persist unless there are external chocks, underestimates both intra- and inter-institutional dynamics and sources of change. Usually, there is an internal aspiration level pressure for change caused by enduring gaps between institutional ideals and institutional practices (Broderick 1970). Change can also be rule-governed, institutionalized in specific units or sub-units, or be generated by routine interpretation and implementation of rules. Typically, an institution can be threatened by realities that are meaningless in terms of the normative and causal beliefs on which it is founded, and efforts to reduce inconsistency and generate a coherent interpretation are a possible source of change (Berger and Luckmann 1967: 103). As people gradually get or loose faith in institutional arrangements, there are routine switches between institutional repertoires of standard operating procedures and structures. Reallocation of resources also impacts the capability to follow and enforce different rules and therefore the relative significance of alternative structures (March and Olsen 1995).

Thus, a focus on "critical junctures" may underestimate how incremental steps can produce transformative results (Streeck and Thelen 2005). For example, in the post World War II-period most western democracies moved stepwise towards an intervening welfare state and a larger public sector. The Scandinavian countries, in particular, saw a "revolution in slow motion" (Olsen, Roness and Sætren 1982). Since the end of the 1970s most western democracies have moved incrementally in a neo-liberal direction,

emphasizing voluntary exchange, competitive markets and private contracts rather than political authority and democratic politics. Suleiman, for example, argues that the reforms add up to a dismantling of the state. There has been a tendency to eliminate political belongings and ties and turn citizens into customers. To be a citizen requires a commitment and a responsibility beyond the self. To be a customer requires no such commitment and a responsibility only to oneself (Suleiman 2003: 52, 56).

Institutions face what is celebrated in theories of adaptation as the problem of balancing exploitation and exploration. Exploitation involves using existing knowledge, rules and routines that are seen as encoding the lessons of history. Exploration involves exploring knowledge, rules and routines that might come to be known (March 1991). Rules and routines are the carriers of accumulated knowledge and generally reflect a broader and a longer experience than the experience that informs any individual actor. By virtue of their long-term adaptive character, they yield outcome distributions that are characterized by relatively high means. By virtue of their short-term stability and their shaping of individual actions, they give those distributions relatively high reliability (low variability). In general, following the rules provides a higher average return and a lower variance on returns than does a random draw from a set of deviant actions proposed by individuals. The adaptive character of rules (and thus of institutions) is, however, threatened by their stability and reliability. Although violation of the rules is unlikely to be a good idea, it sometimes is; and without experimentation with that possibility, the effectiveness of the set of rules decays with time.

It is obvious that any system that engages only in exploitation will become obsolescent in a changing world, and that any system that engages only in exploration will never realize the potential gains of its discoveries. What is less obvious, indeed is ordinarily indeterminate, is the optimal balance between the two. The indeterminacy stems from the way in which the balance depends on trade-offs across time and space that are notoriously difficult to establish. Adaptation itself tends to be biased against exploration. Since the returns to exploitation are typically more certain, sooner, and more in the immediate neighborhood than are the returns to exploration, adaptive systems often

extinguish exploratory options before accumulating sufficient experience with them to assess their value. As a result, one of the primary concerns in studies of institutional change is with the sources of exploration. How is the experimentation necessary to maintain effectiveness sustained in a system infused with the stability and reliability characteristic of exploitation (March 1991)?

Most theories of institutional change or adaptation, however, seem to be exquisitely simple relative to the reality of institutions that is observed. While the concept of institution assumes some internal coherence and consistency, conflict is also endemic in institutions. It can not be assumed that conflict is solved through the terms of some prior agreement (constitution, coalition agreement or employment contract) and that all participants agree to be bound by institutional rules. There are tensions, "institutional irritants" and antisystems, and the basic assumptions on which an institution is constituted are never fully accepted by the entire society (Eisenstadt 1965: 41, Goodin 1996: 39). There are also competing institutional and group belongings. For instance, diplomacy as an institution involves an inherent tension between being the carrier of the interests and policies of a specific state and the carrier of transnational principles, norms and rules maintained and enacted by the representatives of the states in mutual interaction (Bátora 2005).

Institutions, furthermore, operate in an environment populated by other institutions organized according to different principles and logics. No contemporary democracy subscribes to a single set of principles, doctrines and structures. While the concept "political system" suggests an integrated and coherent institutional configuration, political orders are never perfectly integrated. They routinely face institutional imbalances and collisions (Pierson and Skocpol 2002, Olsen 2004, Orren and Skowronek 2004) and "politics is eternally concerned with the achievement of unity from diversity" (Wheeler 1975: 4). Therefore, we have to go beyond a focus on how a specific institution affects change and attend to how the dynamics of change can be understood in terms of the organization, interaction and collisions among competing institutional structures, norms, rules, identities, and practices.

Within a common set of generalized values and beliefs in society, modernity involved a large-scale institutional differentiation between institutional spheres with different organizational structures, normative and causal beliefs, vocabularies, resources, histories and dynamics. Institutional interrelations varied and changed. Institutions came to be specialized, differentiated, autonomous and autopoietic – self-referential and self-produced with closure against influence from the environment (Teubner 1993). There are strains and tensions and at transformative points in history institutions can come in direct confrontation. In different time periods the economy, politics, organized religion, science etc. can all lead or be lead and one can not be completely reduced either to anotheror to some transcendent spirit (Gerth and Mills 1970: 328-57, Weber 1978: 489).

A distinction, then, has to be made between change within fairly stable institutional and normative frameworks and change in the frameworks themselves. For example, there are routine tensions because modern society involves several criteria of truth and truth-finding. It makes a difference whether an issue is defined as a technical, economic, legal, moral or political question and there are clashes between, for instance, legal and scientific conceptions of reality, their starting assumptions, and methods of truth-finding and interpretation (Nelken 1993: 151). Likewise, there are tensions between what is accepted as "rational", "just" and a "good argument" across institutional contexts. Different institutions are, for instance, based on different conceptions of both procedural fairness and outcome fairness and through their practices they generate different expectations about how interaction will be organized and different actors will be treated (Isaac, Mathieu and Zajac 1991: 336, 339).

There are also situations where an institution has its *raison d'être*, mission, wisdom, integrity, organization, performance, moral foundation, justice, prestige, and resources questioned and it is asked whether the institution contributes to society what it is supposed to contribute. There are radical intrusions and attempts to achieve ideological hegemony and control over other institutional spheres; as well as stern defense of institutional mandates and traditions against invasion of alien norms. An institution under

serious attack is likely to reexamine its ethos, codes of behavior, primary allegiances, and its pact with society (Merton 1942). There is rethinking, reorganization, refinancing and possibly a new "constitutional" settlement, rebalancing core institutions. Typically, taken-for-granted beliefs and arrangements are challenged by new or increased contact between previously separated polities or institutional spheres based on different principles (Berger and Luckmann 1967: 107-108).

Contemporary systems cope with diversity in a variety of ways. Inconsistencies are buffered by institutional specialization, separation, autonomy, sequential attention, local rationality and conflict avoidance (Cyert and March 1963). Inconsistencies are also debated in public and a well functioning public sphere is seen as a prerequisite for coping with diversity (Habermas 1994). Modern citizens have lost some of the naïve respect and emotional affection for traditional authorities and the legitimacy of competing principles and structures have to be based on communicative rationality and claims of validity. Their relative merits have to be tested and justified through collective reasoning, making them vulnerable to arguments, including demands for exceptions and exemptions that can restrict their scope (Kratochwil 1984: 701).

In general, the Enlightenment-inspired belief in institutional design in the name of progress is tempered by limited human capacity for understanding and control. The institutional frames within which political actors act impact their motivations and their capabilities, and reformers are often institutional gardeners more than institutional engineers (March and Olsen 1983, 1989, Olsen 2000). They can reinterpret rules and codes of behavior, impact causal and normative beliefs, foster civic and democratic identities and engagement, develop organized capabilities, and improve adaptability (March and Olsen 1995). Yet, they can not do so arbitrarily and there is modest knowledge about the conditions under which they are likely to produce institutional changes that generate intended and desired substantive effects.

The frontier of institutionalism

As the enthusiasm for "new institutional" approaches has flourished over the last twenty years, so also has the skepticism. It has been asked whether institutional accounts really present anything new; whether their empirical and theoretical claims can be sustained; whether their explanations are falsifiable; and whether institutional accounts can be differentiated from other accounts of politics (Jordan 1990, Peters 1999).

It has, however, turned out to be difficult to understand legislatures (Gamm and Huber 2002), public administration (Olsen 2005), courts of law (Clayton and Gillman 1999) and diplomacy (Bátora 2005) without taking into account their institutional characteristics. It has also been argued that the study of institutions in political science has been taken forward (Lowndes: 2002: 97); that "there is a future for the institutional approach" (Rhodes 1995); and even that the variety of new institutionalisms have "great power to provide an integrative framework" and may represent the "next revolution" in political science (Goodin and Klingeman 1996: 25).

The "new institutionalism" tries to avoid unfeasible assumptions that require too much of political actors, in terms of normative commitments (virtue), cognitive abilities (bounded rationality), and social control (capabilities). The rules, routines, norms, and identities of an "institution", rather than micro rational individuals or macro social forces, are the basic units of analysis. Yet the spirit is to supplement rather than reject alternative approaches (March and Olsen 1998, 2006, Olsen 2001). Much remains, however, before the different conceptions of political institutions, action and change can be reconciled meaningfully.

The fact that political practice in contemporary political systems now seems to precede understanding and justification may, however, permit new insights. Political science is to a large extent based upon the study of the sovereign, territorial state and the Westphalian state-system. Yet the hierarchical role of the political center within each state and the "anarchic" relations between states are undergoing major transformations, for example in the European Union. An implication is that there is a need for new ways of describing

how authority, rights, obligations, interaction, attention, experience, memory and resources are organized, beyond hierarchies and markets (Brunsson and Olsen 1998). Network institutionalism is one candidate for understanding both intra- and inter-institutional relations (Lowndes 2002).

There is also a need to go beyond rational design and environmental dictates as the dominant logics of institutional change (Brunsson and Olsen 1998). There is a need for improved understanding of the processes that translate political action into institutional change, how an existing institutional order impacts the dynamics of change, and what other factors can be decisive. The list of questions is long, indeed (Thelen 1999, Orren and Skowronek 2004, Streeck and Thelen 2005). Which institutional characteristics favor change and which make institutions resistant to change? Which factors are likely to disrupt established patterns and processes of institutional maintenance and regeneration? What are the interrelations between change in some (parts of) institutions and continuity in others, and between incremental adaptation and periods of radical change? Under what conditions does incremental change give a consistent and discernable direction to change and how are the outcomes of critical junctures translated into lasting legacies? Which (parts of) political institutions are understood and controlled well enough to be designed and also to achieve anticipated and desired effects?

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Endnotes

[2] This paper is prepared for R.A.W. Rhodes, S. Binder and B. Rockman (eds.): *The Oxford Handbook of Political Institutions*. Oxford: Oxford University Press (forthcoming). We thank Robert E. Goodin for constructive comments.

[2] March and Olsen 1984, 1986, 1989, 1995, 1989, 2006. Some have categorized this approach as "normative" institutionalism (Lowndes 1996, 2002, Peters 1999, Thoenig 2002). "Normative" then refers to a concern with norms and values as explanatory variables, and not to normative theory in the sense of promoting particular norms (Lowndes 2002: 95).

[3] Goodin 1996, Peters 1996, 1999, Rothstein 1996, Thelen 1999, Pierson and Skocpol 2002, Weingast 2002, Thoenig 2003.

[4] "Appropriateness" refers to a specific culture. There is no assumption about normative superiority. A logic of appropriateness may produce truth telling, fairness, honesty, trust and generosity, but also blood feuds, vendettas and ethnic conflicts in different cultures (March and Olsen 2006).

[5] March and Olsen 1998, 2006, Fehr and Gächter 1998, Isaac, Mathieu and Zajac 1991, Olsen 2001, 2005.

[6] Krasner 1988, Thelen 1999, Pierson and Skocpol 2002, Orren and Skowronek 2004, Pierson 2004.