INSTITUTIONAL SOURCES
OF CHANGE AND CONTINUITY

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The problem of institutional change

It is commonplace to argue that political institutions are a source of inertia and resistance to change. Institutions are excessively static and likely to remain on the same path unless some effort is made to divert them. It is also commonplace to claim that the "New Institutionalism" as an approach to politics is not useful for making sense of change because it is overly structuralist and does not grant political agency, conflict and power a proper role. Therefore it can not account for deliberate institutional design as a political instrument.

"New Institutionalism", however, is used for a variety of approaches that understand change differently and the aim of this lecture is to use one specific institutional approach, with roots in studies of formal organizations, to explore how we may think about the mechanisms through which institutions arise, evolve, and decline. What conditions are likely to sustain or undermine change, and what is the significance of existing institutional arrangements?

I call attention to aspects usually neglected by approaches giving primacy to large-scale societal forces or deliberate design. Within the first, institutional arrangements are determined by the external environment through competitive selection stemming from advantageous traits and differential survival and growth. Within the

second, institutional arrangements are malleable and a matter of choice and change is driven by actor strategies. In contrast, an institutional approach, as understood here, assumes that institutions are not pawns of external forces or obedient tools in the hands of some master. They have an internal life of their own, and developments are to some degree independent of external events and decisions. Change is an ordinary part of political life. It is rule-bound and takes place through standard processes, as institutions interpret and respond to experience through learning and adaptation.

Focus is on the relations between institutional characteristics and change in governmental institutions in modern democracies. Accounting for how and why institutions emerge and change, however, requires a rephrasing of the questions an institutional approach should aspire to answer. The task of democratic government is not to maximize change. It is to balance order and change, and the scholarly challenge is to account for how and why institutions remain stable as well as how and why they change.

First, the problem of change is reformulated and it is observed that institutions have a role in generating both order and change and in balancing the two. *Second*, the concepts of institution and institutionalization are elaborated. *Third*, institutional sources of change and continuity are explored. *Fourth*, some implications for

how democratic change and order can be conceived are spelled out, and, *finally*, some challenges are suggested.

Neither Newton nor Heraclitus

Portraying institutions as unable or unwilling to adapt to new contingencies and tasks has long historical roots. A standard argument has been that political institutions lag behind economic, technological and social change – a claim that has been frequently repeated as a premise for reforms in the public sector during the last three decades. The argumentation seems inspired by Newton's first law: the law of inertia. Political institutions, like any material body, will remain at rest or keep moving at a constant speed unless they are acted upon by a force.

Historically, however, political thinking has been as much concerned with the conditions for legitimate order and rule, as with change. Ordered relationships have been viewed as a precarious achievement, always threatened by entropy and chaos that endanger life and property. The point of departure for this strand of analysis -the indeterminacy of political life- is closer to Heraclitus than to Newton. Everything is in flux under the pressure of shifting situations. Organizational arrangements are changeable and always in transition, and it is a Sisyphean job to create and maintain political order.

ELEMENTS OF ORDER. An institutional approach assumes that political life is neither deterministic (caused by external forces and laws) nor random (governed by the laws of chance) and that political institutions are neither completely static nor in constant flux. In contrast with the heirs of Heraclitus, institutions are assumed to create elements of order and predictability in political life. Institutions organize actors, issues and resources in or out of politics and structure patterns of political struggle. They make less likely pure "garbage can"-processes, temporal sorting where decision opportunities, actors, problems and solutions flow together solely as a function of time. In contrast with the heirs of Newton, political institutions are assumed to have dynamics of their own. The assumption, that institutional arrangements persist unless there are external chocks, underestimates both intra- and inter-institutional sources of change.

IMPERFECT PROCESSES. Through what processes, then, do institutions emerge and change and to what extent are forms of government a matter of choice? To answer this question, students of political institutions have borrowed metaphors from both engineering and biology.

Political engineering and rational design assume that institutions are deliberately created and reformed in order to achieve substantive ends. Some actors have a vision of a better society. They have a diagnosis of

what is wrong and see institutions as partly causing the problems. They have a prescription for better ways of doing things and know how institutions should be changed in order to achieve better results. They also control the resources required to implement the prescription.

An alternative to rationalism is to see institutions as social organisms that evolve over time as an unplanned result of historical processes. Institutions grow as an artifact of interaction, cooperation and competition and embody the experience of a population. Surviving institutions are those that have proved their worth through the test of time.

An institutional perspective conceives political actors neither as engineers with full control nor fatalists with no range of choice. Institutional developments are neither a direct product of will, planning and design, nor a mere haphazard by-product of chance events and uncoordinated actions. Institutionalism emphasizes the endogenous nature and explanatory power of political institutions. The organization of political life makes a difference and institutions have dynamics of their own.

In contrast with standard equilibrium models, "historical inefficiency" implies that institutions rarely are perfectly adapted to their environments and that the matching of institutions, behaviors and

contexts takes time and has multiple, path-dependent *equilibria*. The receptivity towards external pressure varies and institutions affect the rate of change by the ways in which they adapt their internal structures and processes, by creating actors and providing them with premises of action, and by ignoring or modifying external pressures and influencing environments and thereby future environmental inputs.

Institutionalists then need to identify processes and determinants that increase or hamper the ordering effect of political institutions. For an elaboration of this approach, there is a need to specify in more detail what is meant by "institution" and "institutionalization".

Institutionalization, de-institutionalization and re-institutionalization

Formally organized political institutions have for a long time been important research sites for students of politics. But what makes an approach to politics "institutional"? The simple answer is that an institutional approach assigns more explanatory power to the organization and legacies of institutions than to properties of individual actors and societal contexts.

A parliament, ministry, or court of law, like any formal organization, can be conceived as a rational instrument for a dominant center; as an

arena for struggle and bargaining among contending groups; as an artifact of environmental forces, or as a transformative institution. Each conception demands different kinds of knowledge. An instrumental perspective and an arena perspective require knowledge about the preferences, beliefs, resources and strategies of (respectively) the dominant decision-maker(s) and the participants negotiating and re-negotiating the terms of order. An environmental perspective demands knowledge about broad economic, technological and social forces and movements. An institutional perspective requires knowledge about the internal success criteria, structures, procedures, rules, practices, career structures, socialization patterns, styles of thought and interpretative traditions, and resources of the entity in focus. An institutional perspective also requires concepts of "institution" and "institutionalization" beyond everyday language.

RULES, REASONS AND RESOURCES. 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 changing external circumstances. Constitutive rules structure behavior by prescribing appropriate behavior for specific actors in specific situations. Structures of meaning, involving standardization, homogenization and authorization of common purposes, reasons, vocabularies and accounts, give direction to, describe, explain, justify and legitimate

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behavioral rules. Structures of resources create capabilities for acting, empowering and constraining actors differently.

Institutionalism involves purposeful human agency, reflection and reason-giving. Yet, in contrast with models assuming a logic of consequentiality and strategic action, institutionalism assumes that the basic logic of action is rule-following. Behavior is governed by standardized and accepted codes of behavior, prescriptions derived from an identity, role, or membership in a political community and the ethos and practices of its institutions.

INSTITUTIONALIZATION. The scopes and modes of institutionalized activity vary across political systems, policy areas, and historic time and institutionalization is both a process and a property of organizational arrangements. Institutionalization as a process implies that there are:

   (a) Increasing clarity and agreement about behavioral rules. Standardization and formalization of practice reduce uncertainty and conflict concerning who does what, when and how. There is less need for using incentives or coercion in order to make people follow prescribed rules.

   (b) Increasing consensus concerning how behavioral rules are to be described, explained and justified. There is a decreasing need to explain and justify why modes of action are appropriate in terms of problem-solving and normative validity.

(c) Increasing shared conceptions of what are legitimate resources in different settings and who should have access to, or control, common resources. It takes less effort to get the resources required to act in accordance with behavioral prescriptions.

Corollary, *de-institutionalization* implies that existing rules and practices; descriptions, explanations and justifications, and resources are becoming contested and possibly discontinued. There is increasing uncertainty, disorientation, and conflict. New actors are mobilized. Outcomes are more uncertain, and it is necessary to use more incentives or coercion to make people follow prescribed rules and to sanction deviance. *Re-institutionalization* implies either retrogression or a transformation from one order into another, constituted on different normative and organizational principles.

Institutionalization is not an inevitable, irreversible, unidirectional or monotonic process, and institutionalization, de-institutionalization and re-institutionalization can follow a variety of patterns. Can, then, knowledge about intra- and inter-institutional properties contribute to an improved understanding of how formally organized governmental institutions maintain a certain kind of order and nonetheless change?

Institutional sources of continuity and change

Democratic government consists of a conglomerate of partly autonomous and powerful large-scale formal organizations that operate according to different repertoires of rules and standard operating procedures. Governmental organizations usually do what they are trained to do and know how to do, and government can, at least in the short run, deliver only what large-scale organizations (military, police, administrative, health and educational systems, etc.) are capable and motivated to do. Government actions and institutional developments can then be understood by uncovering how organizations enact standard operating procedures.

Rules and standard operating procedures define satisfactory performance (targets, aspiration levels) and organize attention, interpretation, recruitment, education and socialization of personnel, resource allocation, action capabilities, and conflict resolution. Governmental organizations also avoid uncertainty by stabilizing relations to other significant actors, for example through developing shared understandings about turfs, jurisdictions, and budgets. There is normally limited flexibility in organizational targets and aspiration levels, frames and traditions of interpretation, total budgets and internal allocations, and in external relationships. Resistance to change increases the more organizations are institutionalized, so that

structures and processes have value and symbolic meaning beyond their contributions to solving the task at hand, and change is seen as threatening institutional identities, the sense of mission, and emotional attachments.

Institutions are, nevertheless, not static. Rules and practices are modified as a result of experience, organizational learning and adaptation. Routines, identities, beliefs and resources can be both instruments of stability and vehicles of change and institutions do not always favor continuity over change. The question is when, how and why routines are challenged and how institutional characteristics affect developments and the likelihood of change.

RULES. In institutionalized contexts foundational rules impact the mix of continuity and change. Constitutions, treaties, laws, and institution- and profession-specific rules are carriers of accumulated knowledge. They define fairly stable rights and duties, regulate how advantages and burdens are allocated, and prescribe procedures for conflict resolution. Institutions may, however, carry the seeds of their own reform. There are rules of constitutional amendment and for who is responsible for initiating and implementing reforms, for example specific departments for planning and organizational development. Change can also be driven by explicit rules institutionalized in specific units or sub-units, prescribing routine shifts within an existing repertoire of rules.

For example, constitutional rules protect *Rechtsstaat* values and limit the legitimacy of sudden, radical change. However, constitutional rules and routines also facilitate and legitimate change such as the transfer of power from one government to another, and the instrumental strand of democratic theory holds that citizens and their representatives should be able to fashion and refashion political institutions at will. Change is furthermore supported by the institutionalization of critical reflection and debate, legitimate opposition and the rights for citizens to speak, publish, and organize, including civil disobedience, against the incumbent government. The mix of rules constraining and facilitating change varies across political systems, and the more heterogeneous a polity the more likely it is that priority is given to rules protecting individuals and minorities.

IDENTIFICATION. Institutionalists see identification and the internalization of accepted ways of doing things as a key process for understanding rule-following. Institutions affect individuals, their normative and causal beliefs, and not only their environments. Rules are followed because they are seen as legitimate and not solely because of external incentives, and belief in a democratic order and commitment to democracy's institutions may be generated through socialization, education, and participation. Humans are born into a world of institutions where normative and causal beliefs are handed down from generation to generation, and the main institutions of the

culture are (at least for a period of time) taken for granted. Humans are prepared, and prepare themselves, for different offices and roles. They may be recruited to specific positions on the basis of their normative and causal beliefs, and they are fashioned through on-the-job training and selective exposure to information.

People's habits of mind, including their beliefs in legitimate political organization and rule, may be more difficult to change than formal rules and incentives. However, cultures and sub-cultures may inculcate respect for traditions or emphasize innovation and change, and some institutions, for example the university, are organized around skepticism to existing knowledge, beliefs and practices.

The ways in which individuals are differently selected and fostered can also be a source of change as well as continuity. Like all organizational processes recruitment, socialization, education, participation, and identification are more or less "perfect" in the sense that they to different degrees successfully select or mold people's mind-sets. Socialization agencies are weak or strong, and institutional cultures are more or less integrated. Participants are "social but not entirely socialized" (Wrong 1961: 191) and non-conformity is always a possibility. People also have more than one identity, and change depends on which identity and rules of appropriateness are evoked in different contexts.

Socialization is, for example, affected by organizational growth rates, internal careers and the length of apprenticeship for top positions, the frequency of promotions and rewards, the turn-over of personnel, and the ratio of veterans and newcomers. Institutional identities and memories are enhanced by a permanent civil service, compared to a spoil system such as the United States public administration where identities are weakened, memory is removed, and the ability to learn from experience is reduced because many key actors leave with changes in government.

INTERPRETATION AND SEARCH. The impact of rules and identities depends on how they are interpreted. Core assumptions within the "bounded rationality" tradition in organizational studies are that all humans act on the basis of a simple model of the world and that the office one holds, and the organizational setting in which one acts, to a large extent provide the premises for action. Existing meaning systems and traditions of interpretation can be a source of inertia. However, thoughtful and imaginative reasoning about current and historical experience and the meaning of behavioral codes, causal and normative beliefs, and situations can also generate change – even a re-interpretation of an institution's mission and role in society. External impulses may also be interpreted in ways that increase or constrain their impacts. For example, global prescriptions of administrative reform have consistently been interpreted and

responded to differently depending on national institutional arrangements and historical traditions.

Change can follow from shifting institutional attention. An organization will usually enact the program believed to be most appropriate for the case at hand among the repertoires of options available. Most of the time actors attend to the tasks, targets and task environments they are responsible for. Bounded rational actors do not constantly attend to institutional issues, if that is not their specific responsibility. Because time, energy and attention are limited, the organization of attention affects whether pressure for change accumulates, so that sudden change may follow from an internal re-focusing of attention. The better democratic politics and organizational routines work as feedback mechanisms, ensuring collective learning and continuous adaptation to feedback, the less need there is for comprehensive reform and the less likelihood of sudden breakdowns.

Institutional routines are developed for fairly well-structured and recurring problems and situations and may look inappropriate when applied to ill-structured and non-recurring problems and situations. Searches for alternatives, innovations and change are initiated when available standard operating procedures are perceived to be unsatisfactory to solve problems, resulting in search in the neighborhood of problems or current alternatives. Search and

innovation can be driven by an internal aspiration-level pressure caused by enduring gaps between high institutional ideals and self-decided targets and actual practices. An example is unattainable democratic ideals that are never completely fulfilled in any society. Institutional ideals can also be deliberately mobilized for change, as illustrated by the development of the European Parliament. While the EP started out with few of the functions and competencies usually found in national parliaments, the vision of "Parliament" has been used, in particular in crises situations, to enhance the status and power of the EP.

Search and innovations can, furthermore, follow because people gradually lose faith in institutional arrangements or as a result of sudden performance failure. There can be not only external but also internal disenchantment, discontent, and a loss of faith in the institution and the authoritative interpreters of its mission, history and future. Typically, taken-for-granted beliefs and arrangements are challenged by new or increased contact between previously separated entities based on different normative and organizational principles. Institutionalized beliefs can then be threatened by realities that are meaningless in terms of the beliefs on which an institution is founded. Unexplainable inconsistencies and incoherence cannot be dealt with by standard operating procedures, and change follows from efforts to reduce inconsistency and generate a more coherent interpretation of

existing difficulties. An important aspect of such processes is change in beliefs about what is inevitable and what it is possible to do.

RESOURCES. Institutions are defended by insiders and validated by outsiders and cannot be changed arbitrarily. Institutional resources can be mobilized to inhibit externally induced efforts to change as well as to amplify such impulses or initiate change. Institutionalists, therefore, have to attend to how internal redistribution of resources, authority and power may impact change. How much authority and power are the result of winning a majority in popular elections? What are the resources available for those who occupy institutional command posts? Resourceful, organized groups in society may initiate change and overwhelm and capture political institutions. Institutions, however, are to varying degrees vulnerable to external changes in available resources, generating budgetary bonanzas or enduring austerity where expectations and demands are excessive compared to available resources.

Slack institutional resources may work as shock absorbers against environmental change and contribute to continuity. However, slack resources may also create surpluses that generate search, innovation, and change. Slack resources may, furthermore, support institutional autonomy so that everyday-life inconsistencies and tensions are buffered by specialization, separation, sequential attention, and local rationality. Budgetary starvation or reduced slack are likely to

generate demands for joint decisions and coordination, and such demands tend to make conflict and change more likely.

Arguably, institutional specialization, separation and autonomy are mechanisms that help democracies cope with tensions that create conflicts and stalemates at constitutional moments. Constitutional decisions often generate struggles over the identity of the polity or specific institution. Due to their catch-all character, constitutional decisions easily become "garbage cans" for a variety of ill-structured issues, characterized by competing or ambiguous goals, weak means-end understanding, and fluid participation. Simultaneously, the demands for consistency and coherence become stronger. Institutional routines are challenged and it is more difficult to make joint decisions. Therefore, one hypothesis is that democratic systems work comparatively well *because* their political orders are not well-integrated. Rather than subordinating all other institutions to the logic of one dominant center, democracies reconcile institutional autonomy and interdependence. Problem-solving and conflict resolution are disaggregated to different levels of government and institutional spheres, making it easier for democracies to live with unresolved conflict.

UNRESOLVED CONFLICT. Institutions are not merely structures of voluntary cooperation and problem-solving that produces desirable outcomes, and institutional change is not necessarily an apolitical,

harmonious process. It cannot be assumed that conflict is solved through social integration and shared values, political consensus, or some prior agreement and "governing text" (constitution, treaty, coalition agreement or employment contract). Except at the level of non-operational goals, organizations most of the time exist and thrive with latent conflict. Change assuming a single, unitary designer with well-specified objectives therefore has to be supplemented with processes involving conflict and unequal power. Tensions and change may follow because those deciding, implementing and being affected by rules are not identical, or because the dynamics of rules, beliefs and resources are not synchronized.

Conflicts over the form of government and how society is to be constituted politically can be destructive as well as a source of innovation and improvement. Key questions are under what conditions democracies are successful in channeling discontent and protest into institutionalized conflict resolution and how different institutions influence how disputes are coped with. For example, political processes produce more or less clear winners and losers, and losers are often supposed to mobilize politically and demand change. "Winner-take-all" systems are then more likely to generate institutional oscillation with shifting political majorities while incremental change is more likely in political systems that routinely aim at sharing benefits and costs, including compensation for the losers.

Destroying the *ancient régime* is often perceived as a precondition for clearing the way for a new set of institutions. However, democratic polities are uneasy about excessive change and the uneven distribution of gains and losses following; they usually try to reach compromises that modify the pace of change, compensate losers, and maintain social peace. The main European pattern has also been that new institutions have supplemented rather than replaced national institutional arrangements. New institutionalization has taken place at the European level without the predicted de-institutionalization (non-viability, withering, and demise) of the nation-state.

Tensions within and among institutions, nevertheless, provide a challenge to coherence and stability, as institutions organized upon competing principles and rules create problems for each other. While "political order" suggests an integrated and coherent institutional configuration, polities are never perfectly integrated and monolithic. No democracy subscribes to a single set of doctrines and structures, and no grand architect has the power to implement a coherent institutional blueprint. Institutional arrangements usually fit more or less into a coherent order and they function through a mix of co-existing organizational and normative principles, behavioral logics, and legitimate resources.

Even a Weberian bureaucracy harbors competing claims to authority and logics of appropriate behavior. Bureaucrats are supposed to follow commands rooted in a formal position and public mandates generated through competitive elections. They are expected to be governed by rules, laws and *Rechtsstaat* principles, and they are assumed to be dictated by professional knowledge, truth claims, and the democratic doctrine of enlightened government. Likewise, diplomats face competing claims because diplomacy as an institution involves a tension between being the carrier of the interests of a specific state and of transnational principles, norms and rules maintained and enacted by representatives of the states in mutual interaction.

Polities, then, routinely face institutional imbalances and collisions and some of the fiercest societal conflicts have historically been between carriers of competing institutional principles. There are transformative periods characterized by major institutional confrontations and resource mobilization. An institution may have its *raison d'être* questioned, and there are radical intrusions and attempts to achieve external control over the institution. There are also stern institutional defenses against invasions of alien norms, combined with a re-examination of the institution's ethos, codes of behavior, primary allegiances, and pacts with society.

However, while disagreement over inter-institutional organization is a possible source of change, change is unlikely to take the form of an

instant shift from a coherent equilibrium to a new one. For example, strong relationships with other institutions make it difficult to redesign institutions, and in tightly coupled systems, change is likely to involve several institutional spheres and levels of government. The more loosely coupled a political order, the more likely are institution-specific processes of change. Adaptation may be myopic and meandering.

Democracy: A complex institutional ecology

The long list of mechanism and factors suggests why it has been difficult to build simple models that explain institutional change and continuity. Have then democracies a unique ability to learn from experience and adapt to shifting circumstances? If so, through what institutional mechanisms is learning and adaptation taking place? How do democracies adapt to and also adapt environments? How do they fit themselves to changing environments and also fit external environments to themselves?

Institutionalism does not deny that the electoral channel is important and that a central authority sometimes has considerable organizing power. Nor does it deny or that individual autonomous adjustment is a significant process in contemporary democracies. Nevertheless, in contrast with decentralized (aggregative) approaches, institutionalism

assumes that institutions can be integrative. A core task for democratic institutions is to translate a heterogeneous and pluralistic society into a viable political community and to provide long-term, agreed-upon principles and procedures that have normative value in themselves.

Democratic politics is a fundamental process of interaction and reasoning that involves a search for collective purpose, direction, meaning and belonging. Citizens are educable and preferences, measures of success and identities evolve over time. Democracy's challenge is "to construct institutions and train individuals in such a way that they engage in the pursuit of the public interest [...], and at the same time, to remain critical of those institutions and that training, so that they are always open to further interpretation and reform" (Pitkin 1972: 240).

In contrast with approaches giving primacy to the electoral channel and the political center, institutionalism assumes that modern democracies are characterized by institutional *differentiation*. Over time new institutional spheres have split off from older ones and developed their own identities: politics, economics, administration, law, civil society, religion, science, art, and the family. Partly autonomous institutions are constituted on different normative and organizational principles, defining different actors, behavioral logics, arguments, resources and distributional principles as legitimate.

Normatively the idea of centralized, monolithic power in a single branch of government has been attacked as the very definition of majority tyranny and electoral despotism and modern democracies aspire to balance effective problem-solving and protection of the rights of individuals and minorities from misuse of political power. Shifting conceptions of the appropriate mix are reflected in institutional arrangements.

Therefore, while centralized approaches link learning and power to the formal decisions of a law-maker, it is unrealistic to assume *à priori* that some aspects of governing (e.g. making formal decisions) are "political" while others (e.g. preparing and implementing decisions) are "apolitical". For example, public administration cannot be relegated to solely a non-political instrument – a rational structure established to achieve coordination and maximize pre-determined purposes. This view "must be rejected as empirically untenable and ethically unwarranted" (Long 1962a: 79) and in the literature public administration is portrayed as a core institution of modern government, staffed with professionals with their own ethos and rules of appropriate behavior. Administrators have substantial discretion, control vast resources, and exercise power. They are active participants in the preparation, formulation, implementation and enforcement of public policy. Public administration is a major point of contact between citizens and the state, a target of citizens' influence and important in creating an image of government in the popular

mind. Public administration also has a constitutive dimension: explicating collective interests; protecting values such as universality, equality and legal security; providing fair implementation of laws and policies; securing predictability, accountability and control, and reducing corruption and favoritism.

An institutional perspective, then, holds that modern democracies form a complex ecology of partly autonomous yet interdependent and interconnected institutions with separate origins, histories and traditions and different internal and external organization. There are many, and not necessarily synchronized and coordinated institutionalized processes of will formation, decision-making, experiential learning and adaptation. Therefore, the whole configuration of institutions across levels of government and institutional spheres has to be taken into account. Understanding change requires information about how different types of institutions fit together, their interdependencies and interactions and how change in one institution is linked to change in other institutions.

A hypothesis is that in routine and calm periods learning and adaptation largely take place in parallel, fairly autonomous institutional spheres, yet in the shadow of somewhat shared basic understandings or political pacts. Institutions interpret and respond to external impulses through standard operating procedures and simple models of the world, taking into account only selected parts of the

environment. Institutionalized behavioral rules, understandings and available resources are incrementally modified on the basis of experience, and individual institutions have a reservoir of rules and procedures, and therefore sources of internal variability. However, feedback from the environment is in particular important when large-scale performance crises generate demands for coordination. Then institutional developments are more likely to be influenced by the interaction, collisions, conflicts, meta-rules, and power struggles between several institutional spheres, adapting to each other, and it becomes less fruitful to study learning and adaptation in each sphere in isolation.

Much remains …

It is easy to agree that "[N]ew institutionalists should specify more rigorously the factors that change institutions and explicate the links between these factors and institutional change" (Gorges 2001). There are many unanswered questions left for you – the young generation. Why are institutions what they are; how do institutions matter and why do some matter more than others? How do institutions unleash processes of stability and change simultaneously? Is change in some institutions dependent on continuity in others? What is the relationship between incremental adaptation and radical change and between the decline of one institutional order and the rise of another? What is the

role of intention, reflection and choice in the development of institutions?

The belief in the explanatory power of political institutions among students of politics has varied over time. Theorizing is frustrated by the need to reconcile the mutual influence of partly autonomous institutions, human agency, and macro-historical forces. Yet, institutionalism simply claims that knowledge about the functioning of formally organized institutions adds to our understanding of continuity and change in democratic contexts.

An institutional approach assumes that institutional developments are better understood by analyzing the basic underlying processes than by specifying a (long) list of factors for a comparative static analysis of change. Attention has been concentrated on how intra- and inter-institutional properties may affect the processes through which institutions emerge and change. Routine processes of rule application, identification, interpretation, attention, search, resource allocation, and conflict resolution have been used to explore possible "inefficiencies" in processes of change and how institutions may enable and constrain human agency and modify external impulses.

An institutional approach invites further exploration of the processes through which institutional structures and processes affect human behavior and change and of how human action is translated into

change in governmental institutions. There is a need to specify in more detail the latitude of purposeful institutional reform, environmental effectiveness in eliminating sub-optimal institutions through competitive selection, and the abilities of institutions to adapt spontaneously to deliberate reforms and environmental change. Under what conditions – if any – are environments perfect enough (little friction, perfect knowledge, easy entry, many actors, no externalities) to eliminate non-competitive governmental institutions? For which institutions are there clear, consistent and stable normative standards and adequate understanding and control so that institutions can be deliberately designed and reformed and actors achieve desired effects? Under what conditions are institutions perfectly adaptive, changing themselves or their environments in ways that create a fairly stable order?

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