

# Structure, Agency and Historical Institutionalism

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As befits two of its principal exponents, Hall and Taylor's recent article 'Political science and the three new institutionalisms' provides a meticulous and provocative review of the many faces of the 'new institutionalism' and a distinctive contribution to the growing literature in this area in its own right.\* It provides an important opportunity to consider again the strengths and weaknesses of contemporary institutionalism and to raise the question of how its many insights might be more fully incorporated within the British political science mainstream.<sup>1</sup>

While careful to distance themselves from the idea that a 'crude synthesis' of rational choice, sociological and historical institutionalism is 'immediately practical or even necessarily desirable' (p.957), they suggest that a dialogue between them is both necessary and crucial. We argue that the prospects for such a dialogue are more limited than Hall and Taylor suggest. For, rational choice and sociological institutionalisms are based on mutually incompatible premises or 'social ontologies'. Moreover, in identifying two social ontologies – the *calculus* and *cultural* approaches – within the historical institutionalist canon (and hence in reconstructing historical institutionalism in rational choice and sociological terms), we argue that Hall and Taylor do a considerable disservice to this distinctive approach to institutional analysis. While this view of historical institutionalism makes it appear 'pivotal' to future dialogue between institutionalisms, such a reading neglects the potentially distinctive social ontology of this approach. This may leave historical institutionalism prone to precisely the tendential structuralism characteristic of much institutionalist analysis, while giving a superficial impression that the approach has already overcome this problem. We argue that if institutionalism is to develop to its full potential, it must consider the relationship between structure and agency, on which Hall and Taylor merely touch, as a central analytic concern.

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<sup>1</sup> P. A. Hall and R. C. R. Taylor, 'Political science and the three new institutionalisms', *Political Studies*, 44, 4 (1996), 936–57.

### The Tendential Structuralism of Neo-institutionalism

The claim that sociological institutionalism is structuralist in orientation is widely accepted by political scientists. Indeed, it pervades Hall and Taylor's account. It is nonetheless important to recognize that some sociological institutionalists argue strongly for a conception of the subject which depicts her as skilful – able to work within and around institutions and ideas.<sup>2</sup> However, in so far as much sociological institutionalism *does* adhere to a 'bloodless' conception of institutions and institutional change it is overly structuralist. The idea that rational choice theory is structuralist is more controversial, as its focus is apparently upon the calculating (and hence autonomous) subject (p. 951). Yet despite its putative concern with individual choice, rational choice strips away all distinctive features of individuality, replacing political subjects with calculating automatons. Rather than accounting for the choices of a situated subject, it describes what any utility maximising chooser would do in a given situation. In this way, rational choice analysis moves from an apparently agent-centred individualism exhibited in choice, to a deep structuralism, deriving action from context. As Tsebelis notes,

the rational-choice approach focuses its attention on the *constraints* imposed on rational actors – the institutions of a society. That the rational-choice approach is unconcerned with individuals seems paradoxical. The reason for this paradox is simple: individual action is *assumed* to be an optimal adaptation to an institutional environment, and the interaction between individuals is assumed to be an optimal response to one another. Therefore, the prevailing institutions (rules of the game) *determine* the behaviour of the actors, which in turn produces political or social outcomes.<sup>3</sup>

We believe that a latent structuralism can also be discerned in much historical institutionalism, although we think that the approach has the potential to overcome this flaw.

### The 'Social Ontology' of Historical Institutionalism

Hall and Taylor emphasize the distinctiveness of 'historical institutionalism' (a position it should be noted with which Hall is particularly closely associated). It is characterized by a particular concern with contingency and the unintended consequences of strategic action and with a focus on the path dependency of institutional change. However, when it comes to the crucial relationship between institutions and behaviour, historical institutionalists, they suggest, adopt either the 'calculus approach' or the 'cultural approach' (pp. 938–9). Although offered as a way of differentiating between positions *within the historical institutionalist canon*, the distinction between calculus and cultural approaches is precisely that between rational choice and sociological institutionalisms. Thus, when referring to the calculus-logicians' emphasis on the existence of Nash equilibria

<sup>2</sup> For example, N. Fligstein, 'Social skill and institutional theory', *American Behavioural Scientist*, 40, 4, (1997). Indeed Hall and Taylor themselves state, 'many sociological institutionalists emphasize the highly-interactive and mutually-constitutive character of the relationship between institutions and individual action' (p. 948).

<sup>3</sup> G. Tsebelis, *Nested Games: Rational Choice in Comparative Politics* (Berkeley CA, University of California Press, 1990), p. 40 – first emphasis original, latter two added, elsewhere he distinguishes his approach from 'theories without actors', p. 19.

as the reason for institutional persistence, they cite Shepsle and Calvert, both unapologetic rational choice institutionalists;<sup>4</sup> whilst in referring to the cultural-logicians' emphasis upon taken-for-granted and institutionalized convention, they cite Graftstein, an unflinching sociological institutionalist.<sup>5</sup>

That Hall and Taylor place this distinction at the heart of historical institutionalism is significant. It represents an intractable divide between two contending and incompatible approaches to institutional analysis. This interpretation has profound implications for any attempt to fashion a synthetic institutionalism capable of spanning the divide, or even for a less ambitious cobbling together of institutional insights from differently-informed institutionalism.

By locating both approaches within its canon, they imply that historical institutionalism is not a distinctive approach to institutional analysis in its own right. It lacks a specific conception of the relationship between institutions and behaviour save that which it borrows from either rational choice or sociological institutionalism. Hall and Taylor are in danger of mistaking a vacillation between rationalist and more sociological considerations as evidence of historical institutionalism's ability to transcend the dualism of intentionalism and determinism that plagues contemporary institutional analysis. Unless historical institutionalism is clearly founded on a distinctive social ontology, its claim to offer a more adequate and complete theory of institutional formation, evolution and transformation (that might counter new institutionalism's characteristic 'creational' bias and its emphasis, subsequently, on institutional inertia), is limited.

If institutionalism is not to degenerate into a quasi-structuralist (re-) assertion of the significance of institutional factors in the face of behaviouralist tendencies, then it is the relationship posited between institutions and behaviour (and between context and conduct, structure and agency) that must distinguish varieties of institutionalism. Historical institutionalism must then directly confront one of the perennial issues or dilemmas of social science – the relationship of structure and agency.<sup>6</sup> The political, the economic and the ideational – as world views, cognitive frames and/or 'bright ideas' – all require analysis in terms of structure and agency. It is only if historical institutionalism can transcend the unhelpful dualism of institution and intention, context and conduct, structure and agency that it can be identified as a coherent and consistent approach to institutional analysis in its own right.

Although it has been somewhat unevenly applied (where it has been applied at all), the more theoretical and self-consciously defining statements of historical institutionalism – most notably those of Thelen and Steinmo, Rothstein and Hall himself<sup>7</sup> – do offer at least the outline of a distinctive view of the

<sup>4</sup> K. A. Shepsle, 'Institutional Equilibrium and Equilibrium Institutions' in H. F. Weisberg (ed.), *Political Science: the Science of Politics* (Cambridge, Cambridge University Press, 1992); R. L. Calvert, 'The Rational Choice Theory of Social Institutions' in J. Banks and E. A. Hanushek (eds), *Modern Political Economy* (Cambridge, Cambridge University Press, 1995).

<sup>5</sup> R. Graftstein, *Institutional Realism: Social and Political Constraints on Rational Actors* (New Haven CT, Yale University Press, 1992).

<sup>6</sup> As Hall and Taylor note briefly, new institutionalisms can be viewed as particular attempts to manage this key metatheoretical issue (p. 939).

<sup>7</sup> K. Thelen and S. Steinmo, 'Historical Institutionalism in Comparative Perspective' in S. Steinmo, K. Thelen and F. Longstreth (eds), *Structuring Politics: Historical Institutionalism in Comparative Perspective* (Cambridge, Cambridge University Press, 1992); B. Rothstein,

relationship between structure and agency. This view, we contend, is highly sophisticated and at odds with both rational choice theory *and* much (if perhaps not all) sociological institutionalism. Such an historical institutionalism does offer a route out of the inertial impasse that has tended to characterize the new institutionalism. Yet that potential is not as yet fully realized. This is, at least in part, because self-avowed historical institutionalists have tended to smuggle in calculus or cultural assumptions in their more substantive research when accounting for institutional change.

Historical institutionalists reject – in the case of Thelen and Steinmo quite explicitly – the view of the rational actor on which the calculus approach is premised. Actors cannot simply be assumed to have a fixed (and immutable) preference set, to be blessed with extensive (often perfect) information and foresight and to be self-interested and self-serving utility maximizers. The intentionalist and voluntarist *form* of rational choice theory (reflected in its pervasive methodological individualism) is rejected as much as its structuralist and often functionalist *content* (reflected, respectively, in its assumption that all actors inhabiting a similar social location have an identical set of preferences, and its explanation of institutional innovations in terms of their effects). Rational choice and historical institutionalism are, as Thelen and Steinmo note, ‘premised on different assumptions that in fact reflect quite different approaches to the study of politics’.<sup>8</sup>

Yet, if this would seem to imply a far greater natural affinity between sociological and historical institutionalism, then this apparent similarity must also be treated cautiously. Sociological institutionalism certainly spans a far greater variety of social ontologies than the more ontologically restrictive rational choice theory. Moreover, many of them are quite close to that espoused by Thelen and Steinmo, Skocpol, Pierson and other historical institutionalists. However, to the extent that sociological institutionalism can be characterized (as by Hall and Taylor) as underplaying the role of agency, it is equally at odds with the formulation which we would advocate and believe can be discerned within historical institutionalism.

Set in this context, the basic (ontological and foundational) premises of historical institutionalism are highly distinctive. They represent a considerable advance on their rationalist and sociological antecedents. Actors are strategic, seeking to realize complex, contingent and often changing goals. They do so in a context which favours certain strategies over others and must rely upon perceptions of that context which are at best incomplete and which may very often reveal themselves inaccurate after the event. In common with rationalist variants of institutionalism, the context is viewed in largely institutional terms. Yet institutions are understood less as functional means of reducing uncertainty, so much as structures whose functionality or dysfunctionality is an open – empirical and historical – question. Indeed, historical institutionalists have in recent years placed considerable and growing emphasis on the ineffective and inefficient nature of social institutions; on institutions as the subject

‘Labour-Market Institutions and Working-Class Strength’ in Steinmo *et al.*, *Structuring Politics*; P. A. Hall, *Governing the Economy* (Cambridge, Polity, 1986), esp. ch. 1; ‘Policy paradigms, social learning and the state’, *Comparative Politics*, 25, 3 (1993), 175–96.

<sup>8</sup> Thelen and Steinmo, ‘Historical Institutionalism’, p. 7.

and focus of political struggle; and on the contingent nature of such struggles whose outcomes can in no sense be derived from the extant institutional context itself.

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

institutional analysis ... allows us to examine the relationship between political actors as objects and as agents of history. The institutions that are at the centre of historical institutionalist analysis ... can shape and constrain political strategies in important ways, *but they are themselves also the outcome (conscious or unintended) of deliberate political strategies of political conflict and of choice.*<sup>9</sup>

It is also echoed in Skocpol's pithy maxim: 'politics creates policies, policies also remake politics'.<sup>10</sup>

Potentially such a formulation can transcend the limitations of both rational choice and sociological institutionalism (and indeed of much work to date within the historical institutionalist tradition). To do so, it must be developed into a theory of institutional innovation, evolution and transformation capable of linking the subject in a creative relationship with an institutional environment. In its more theoretical guises, historical institutionalism offers the basis for such a theory. Within this perspective, change is seen to reside in the relationship between actors and the context in which they find themselves, between institutional 'architects', institutionalized subjects and institutional environments. More specifically, change occurs in (and through) the *same time* inter-relationship between strategic action and the strategic context within which it is conceived and instantiated, and in the *later* unfolding of its intended and unintended consequences. Such a formulation is *path-dependent*: the order in which things happen affects how they happen; the trajectory of change up to a certain point itself constrains the trajectory after that point; and the strategic choices made at a particular moment eliminate whole ranges of possibilities from later choices while serving as the very condition of existence of others.<sup>11</sup> 'Strategy' is crucial within such a framework. Its analysis encompasses calculation, action informed by such calculation, the context within which that action takes place and the shaping of the perceptions of the context in which strategy is conceived in the first place. The theoretical distinctiveness of such an approach can be simply stated.

Change is seen as the consequence (whether intended or unintended) of strategic action (whether intuitive or instrumental), filtered through perceptions (however informed or misinformed) of an institutional context that favours certain strategies, actors and perceptions over others. Actors then appropriate a structured institutional context which favours certain strategies over others and they do so by way of the strategies they formulate or intuitively adopt. Such

<sup>9</sup> Thelen and Steinmo, 'Historical Institutionalism', p. 10, emphasis added.

<sup>10</sup> T. Skocpol, *Protecting Soldiers and Mothers: the Political Origins of Social Policy in the United States* (Cambridge MA, Belknap Harvard, 1992), p. 58.

<sup>11</sup> This conception of path dependency is drawn largely from C. Tilly, 'The time of states', *Social Research*, 61, 2 (1994), 269–95, p. 270. See also P. Pierson, 'Increasing returns, path dependence and the study of politics', *Jean Monnet Chair Papers*, 44 (1997).

strategies are, in turn, selected on the basis of an always partial knowledge of the structures (the institutional context) within which the actors find themselves and the anticipated behaviour of others.

Since individuals (and groups of individuals) are knowledgeable and reflexive, they routinely (often intuitively) monitor the consequences of their action. In so doing they assess both the immediate and unfolding impact of their prior strategies in relation to earlier intentions and anticipated outcomes in the light of strategic assessments of the conduct of others, and with the benefit of a degree of hindsight. In this sense then, strategic action yields:

- (1) *direct effects* upon the institutional and institutionalised contexts within which it takes place and within which future action occurs – producing a partial transformation of that institutional environment (though not necessarily as anticipated) and altering the course of its temporal unfolding (however marginally);
- (2) *strategic learning* on the part of the actors involved – as they revise their perceptions of what is feasible, possible and indeed desirable in the light of their assessments of their own ability to realise prior goals (and that of others), as they assimilate new ‘information’ (from whatever external source), and as they reorient future strategies in the light of such ‘empirical’ and mediated knowledge of the context as a structured terrain of opportunity and constraint.<sup>12</sup>

Such a formulation has a number of advantages over the calculus and cultural approaches detailed by Hall and Taylor. First, structure and agency are conceived of as comprising not a dualism but a complex duality linked in a creative relationship. In institutionalist terms this implies a dynamic understanding of the relationship between institutions on the one hand, and the individuals and groups who comprise them (and on whose experience they impinge) on the other. Such a formulation emphasizes institutional innovation, dynamism and transformation, as well as the need for a consideration of processes of change over a significant period of time. In so doing it offers the potential to overturn new institutionalism’s characteristic emphasis upon institutional inertia. At the same time, however, such a scheme recognizes that institutional change does indeed occur in a context which is structured (not least by institutions and ideas about institutions) in complex and constantly changing ways which facilitate certain forms of intervention whilst militating against others. Moreover, access to strategic resources, and indeed to knowledge of the institutional environment, is unevenly distributed. This in turn affects the ability of actors to transform the contexts (institutional and otherwise) in which they find themselves. Finally, it is important to emphasise the crucial space granted to ideas within this formulation. Actors appropriate strategically a world replete with institutions and ideas about institutions. Their perceptions about what is feasible, legitimate, possible and desirable are shaped both by the institutional environment in which they find themselves and existing policy paradigms and worldviews. It is through such cognitive filters

<sup>12</sup> For a much more detailed and extensive elaboration of this conceptual framework for a historical and dialectical institutionalism see C. Hay, ‘Political Time and the Temporality of Crisis: on Institutional Change as Punctuated Evolution’, paper presented to the Conference on Institutionalism, Sophienberg Castle, Denmark, August 1997.

that strategic conduct is conceptualised and ultimately assessed. Historical institutionalism must then give due attention to the role of ideas in shaping institutional trajectories.<sup>13</sup>

As we hope to have demonstrated, historical institutionalism, not least that espoused by Hall and Taylor, offers great potential. Whether that potential will be realized, however, depends ultimately on the willingness of institutionalists on both sides of the Atlantic to pose again the fundamental and difficult questions of the relationship between agents and structures, between institutional architects, institutionalised subjects and institutional environments.

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<sup>13</sup> On the role of ideas in the explanation of institutional change see in particular Hall, 'Policy paradigms'; M. Blyth, "'Any more bright ideas?' The ideational turn of comparative political economy', *Comparative Politics*, 29, 1 (1997), 229–50; Hay, 'Political Time'.