History's Heavy Hand

Institutions and the Politics of the State

G. John Ikenberry

The University of Pennsylvania

1 October 1994

Paper prepared for a conference on "New Perspectives on Institutions," University of Maryland, October 1994. To be published in a conference volume.

1 October 1994

History's Heavy Hand:

Institutions and the Politics of the State

Introduction

Max Weber argued that politics and society run on "tracks" that are laid down at critical moments in a country's history. Occasionally, new ideas or "world images" emerge that transform the terms of struggle among societal interests. But aside from these rare moments, groups and individuals in society pursue their interests along established tracks -- by which he meant a country's political institutions. In Weber's view, political institutions mediate -- and at times shape -- the character and pursuit of material interests.[1]

In some sense, Weber's claims are just a statement of the conventional wisdom. Social scientists have long sought to understand how institutions facilitate or constrain the activities of groups or individuals -- and how institutions create incentives that shape group or individual action. But one cluster of scholarship -- what has recently been called "historical institutionalism" -- has gained prominence in recent years in its self-conscious efforts to explore the impact of institutions and political structures on political and policy outcomes. In the last decade or so it has

---

[1] Max Weber, "The Social Psychology of World Religions," in From Max Weber: Essays in Sociology, ed. H.H. Gerth and C. Wright Mills (New York: Oxford University Press, 1946), p. 280.

developed into a more or less coherent research program -- which can be assessed for its strengths and limitations.[2]

Historical institutionalism, as an approach that seeks to explain the broad sweep of policies and political outcomes within advanced industrial and developing countries, has many arguments and hypotheses. But it is united by three basic claims. First, policy outcomes and orientations of a polity are mediated in decisive ways by its core political structures -- such as the institutional configurations of government and party. The structures of a polity shape and constrain the goals, opportunities, and actions of the groups and individuals that operate within it. Second, to understand how these institutional constraints and opportunities are manifest, they must be placed within an historical process -- timing, sequencing, unintended consequences, and policy feedback matter. Third, institutional structures have an impact as they facilitate or limit the actions of groups and individuals -- which means that institutions are never offered as a complete explanation of policy outcomes. The impact of institutions, therefore, tends to be assessed as they interact with other factors, such as societal interests, culture and ideology, and new policy ideas.

Most importantly, historical institutionalism argues that the goals and actions of individuals, groups, and classes are "problematic" -- they are shaped in various ways by the setting in which they operate. Actors pursue their interests, but how those interests get defined and pursued must be part

---

[2] Recent reviews of this literature include Kathleen Thelen and Sven Steinmo, "Historical Institutionalism in Comparative Politics," in Steinmo, Thelen, and Frank Longstreth, eds., Structuring Politics: Historical Institutionalism in Comparative Politics (New York: Cambridge University Press, 1992), pp. 1-32; and Paul Pierson, "When Effect Becomes Cause: Policy Feedback and Political Change," World Politics (July 1993), pp. 595-628.

of the explanatory exercise. As a result, analysts have no choice but to pay close attention to the specific historical and political setting.

Historical institutionalism, as these claims suggest, is both theoretically ambitious and limited. It is ambitious in its claim that polities have structures that mediate political struggle and that limit the realm of the possible. But it is limited in that it stresses the role of variables that ultimately must be combined with others to provide an explanation. Institutions tend to matter as part of a longer causal chain: as an independent variable effecting whether and how interests will be conceived, organized, and positioned within a polity, and/or as an intervening variable facilitating or limiting the ability of individuals and groups to realize their interests in the policy process.

Driven primarily by historical debates and empirical puzzles, a huge literature has emerged dealing with the comparative political economy of industrial and developing societies. These investigations include: the differing strategies and styles of postwar trade and macroeconomic policy in the advanced industrial world; divergent patterns of social welfare provision in 19th and 20th century Europe and the United States; variations in the capacities of governments to foster technological and industrial development and cope with rapid economic change; continuities in American employment and social policy; and differing policy responses to innovations in economic thinking.[3] What unites this disparate body of work is a focus on the impact

---

[3] Peter Katzenstein, ed., Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States (Madison: University of Wisconsin Press, 1977); John Zysman, Government, Markets, and Growth: Financial Systems and Industrial Change (Ithaca: Cornell University Press, 1982); Peter Hall, Governing the Economy: The Politics of State Intervention in Britain and France (New York: Oxford University Press, 1986); John H. Goldthorpe, ed., Order and Conflict in Contemporary Capitalism (New York: Oxford University

of the structured character of polities on policy outcomes -- best revealed in careful historical and comparative studies within and across polities.

This approach to institutions challenges several other bodies of work. One debate is with societal-centered theories, which see class or pluralist interests within society as the more or less straightforward determinants of policy.[4] In this view, policy outcomes -- and indeed the political institutions that generate them -- are ultimately reflections of the distribution of power among and the activities of societal interests. Historical institutionalists do not deny the significance of societal forces, but their analysis of how classes and groups matter is less direct and more complicated. In some cases, the societal distribution of power (i.e. configuration of coalitions and resources of groups) in particular policy settings is shaped by underlying and pre-existing institutional structures. In other cases, policy outcomes are not found to reflect the distribution of power among societal classes or groups because of the intervening and constraining role of political institutions.

Press, 1984); John Ikenberry, Reasons of State: Oil Politics and the Capacities of American Government (Ithaca: Cornell University Press, 1988); Kathryn Sikkink, Ideas and Institutions: Developmentalism in Brazil and Argentina (Ithaca: Cornell University Press, 1991); Jeffrey Hart, Rival Capitalists: International Competitiveness in the United States, Japan, and Western Europe (Ithaca: Cornell University Press, 1992); Margaret Weir, Politics and Jobs: The Boundaries of Employment Policy in the United States (Princeton: Princeton University Press, 1992); Judith Goldstein, Ideas, Interests, and American Trade Policy (Ithaca: Cornell University Press, 1993); Theda Skocpol, Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States (Cambridge, MA: Harvard University Press, 1993).

[4] This debate, as it related to American foreign economic policy, was explored in G. John Ikenberry, et al, eds., The State and American Foreign Economic Policy (Ithaca: Cornell University Press, 1988).

The other -- and more fundamental -- debate concerns how best to think about institutions as social constructs. Although the dividing lines are not altogether distinct, historical institutionalism embraces a view of institutions that challenges two competing views -- which are sometimes called "rationalist" and "constructivist" theories of institutions.[5] The "rationalist" theory argues that institutions are essentially functional or utilitarian "solutions" to problems encountered by rational actors seeking to organize their environment in ways that advance their interests. Shepsle describes institutions as "agreements about a structure of cooperation" that reduce transaction costs, opportunism, and other forms of "slippage."[6] Institutions are explained in terms of the problems they solve -- they are constructs that can be traced back to the actions of self-interested individuals or groups. Institutions are self-imposed constraints, and therefore they are explicable in terms of the interests of some actors.

The "constructivist" theory argues that institutions are actually the crystallization of shared systems of identity and meaning. Institutions are overarching patterns of relations that define and reproduce the interests and actions of individuals and groups. In its strongest version, institutions envelope individuals and groups within society -- they give individuals and

---

[5] There are various ways to classify and distinguish these traditions. Robert Keohane refers to these views as "rationalist" and "reflective." See Keohane, "International Institutions: Two Approaches," International Studies Quarterly 32 (December 1988), pp. 379-96.

[6] Kenneth A. Shepsle, "Institutional Equilibrium and Equilibrium Institutions," in H. Weisberg, ed., Political Science: The Science of Politics (New York: Agathon, 1986), p. 74.

groups their identity and define their interests.[7] As Alex Wendt argues, "constructivists are interested in the construction of identity and interests and, as such, take a more sociological than economic approach" to theory.[8]

Historical institutionalism challenges both these views. Rationalist theories of institutions are too "thin" -- they are too much agency and not enough structure. They also do not put on the table what historical institutionalist argue lies at the heart of how institutions matter, namely the impact of institutional structures on the interests and goals of individuals and groups. Constructivist theories, on the other hand, are too "thick" -- they do not allow for enough agency, and they have problems explaining institutional change. They render universal and deterministic what is really only a contingent outcome, namely the impact of institutions on the way people conceive their identities and options.

In this essay, I attempt to lay out the logic and the core hypotheses of historical institutionalism. I make several arguments. First, there is a robust theoretical core to historical institutionalism -- if not fully unpacked and developed. That is, there is a "third way" between rational and constructivist theories of institutions. Second, historical institutionalist analysis is better at tackling some types of problems than others. Third, this approach does need more precise theoretical formulations of various aspects of its logic -- particularly the specification of how "constraints" are manifest

---

[7] See Walter W. Powell and Paul J. DiMaggio, eds., The New Institutionalism in Organizational Analysis (Chicago: University of Chicago Press, 1991); and George M. Thomas, John W. Meyer, Francisco O. Ramirez, and John Boli, eds., Institutional Structure: Constituting State, Society, and the Individual (Beverly Hills, CA: Sage Publications, 1987).

[8] Alexander Wendt, "Collective Identity Formation and the International State," American Political Science Review, 88, 2 (June 1994), pp. 384-85.

on the activity of groups and individuals and how the goals and interests of actors are shaped by institutions. In the final analysis, historical institutionalism has all the virtues and limitations of a theoretical literature that attempts to provide multicausal explanations for complex real-world empirical problems.

Historical Institutionalist Analysis

The struggle over policy in modern polities is mediated by the institutional setting in which it takes place. That institutional setting is the outcome of a confluence of historical forces that shape and reshape the state's organizational structure. Historical institutionalism seeks to uncover the historical dynamics that shape and transform the organizational structures of states and society, and the way these structures shape, constrain, inhibit, and enable societal and governmental actors.

Assumptions and Claims

Historical institutionalism makes a variety of assumptions and claims.[9] First, there is the structuralist claim -- that institutions shape and constrain the goals and capacities of groups and individuals who operate within them. "Institutions" refer to both the organizational characteristics of the polity and to the rules and norms that guide the relationships between actors. These institutional structures can vary widely in their scope and character. According to March and Olsen, these structures can be understood as "a collection of institutions, rules of behavior, norms, roles, physical

---

[9] In this section I draw upon an earlier attempt to sketch the basic institutionalist claims. See G. John Ikenberry, "Conclusion: An Institutional Approach to American Foreign Economic Policy," International Organization 42 (Winter 1988).

arrangements, buildings, and archives that are relatively resilient to the idiosyncratic preferences and expectations of individuals."[10] But the claim is that these institutions have a more or less fixed character -- at least from the perspective of groups and social forces operating within the polity. As a result, Peter Hall argues, "organization does more than transmit the preferences of particular groups, it combines and ultimately alters them."[11] Theda Skocpol echoes this same basic claim, that "political activities, whether carried on by politicians or by social groups, [are] conditioned by the institutional configurations of government and political party systems" -- and these institutional effects are felt on the "identities, goals, and capacities" of social groups involved in the struggle over policy.[12]

A second claim is that institutional change is episodic and "sticky," rather than continuous and incremental. Institutional structures, once established, are difficult to change even when underlying social forces continue to evolve. Historical institutionalists rely on a variety of arguments to account for the persistence of institutional structures. One is simply that institutions tend to create privileged positions for groups and individuals who work to perpetuate those institutions, even after the interests that created the institutions have gone or changed. Within formal organizations, individuals seek to preserve and protect their missions and

---

[10] James G. March and Johan P. Olsen, "The New Institutionalism: Organizational Factors in Political Life," American Political Science Review 78 (September 1984), p. 735.

[11] Peter Hall, Governing the Economy: The Politics of State Intervention in Britain and France (New York: Oxford University Press, 1986), p. 233.

[12] Skocpol, Protecting Soldiers and Mothers, p. 41.

responsibilities, often in the face of a radically changed environment.[13] Across more diffuse institutional structures, the same logic seems to apply.

Others have explained institutional persistence -- even when a majority of groups and individuals would benefit from new institutions -- in terms of costs and uncertainty. As Krasner argues, "even if there is widespread societal dissatisfaction with a particular set of institutions, it may be irrational to change them. The variable costs of maintaining the existing institutions may be less than the total costs of creating and maintaining new ones."[14] The uncertainly concerning whether the actual institutional reforms would generate the desired benefits also creates countervailing incentives for keeping the existing institutions. Thus even if actors can calculate their interests and conceive of options, consideration of costs and risk may weigh heavily against change.

The "sticky" character of institutions is also stressed in literatures on political sociology and political development -- particularly in the work associated with Weber, Hintze, and Bendix. Reacting to notions of the convergence and homogeneity of industrial societies within modernization theory, this work has emphasized the stubborn and embedded character of cultural, political, and social structures. The point is captured by Schumpeter: "Social structures, types and attitudes are coins that do not readily melt. Once they are formed they persist, possibly for centuries, and since different structures and types display different degrees of this ability

---

[13] This is explored in the huge literature on organization theory. See James Q. Wilson, Political Organizations (New York: Basic Books, 1973); and James G. March and Johan P. Olsen, Rediscovering Institutions: The Organizational Basis of Politics (New York: Free Press, 1989).

[14] Stephen Krasner, "Approaches to the State: Alternative Conceptions and Historical Dynamics," Comparative Politics 16 (January 1984), p. 235.

to survive, we almost always find that actual group and national behavior more or less departs from what we should expect it to be if we tried to infer it from the dominant forms of the productive process."[15]

The "push" of industrialism and transforming productive relations within society is matched by the "pull" of political institutions and traditions. Great Britain may have pioneered liberal capitalism, but Oxford and Cambridge have never established business schools -- they have never fully adjusted to or serviced modern industrialism. Institutions are sticky. Change is slowed by culture and tradition, habit and custom, and simple inertia.

As a result, change is likely to be episodic -- often after wars or depressions or other moments of crisis or upheaval. At these junctures, the old institutional structures are most likely to be discredited or broken down. The discontinuities between underlying distributions of power and interests, on the one hand, and institutional structures, on the other, are most likely to be thrown into relief.[16]

A third claim is causal complexity. One reason for causal complexity is that there are interactive lines of causation between the social and economic environment and institutional structures. At one moment, major crises or political upheaval are likely to have a profound impact on the institutions of the state. At a later moment, politicians and other government officials may be in a position to influence or mediate the goals and efficacy of societal groups and individuals. From this perspective, historical sequencing and

---

[15] Joseph A. Schumpeter, Capitalism, Socialism and Democracy, 3rd ed. (New York: Harper and Row, 1950), p. 12.

[16] The logic of discontinuous institutional change is explored at the international level in Robert Gilpin, War and Change in World Politics (New York: Cambridge University Press, 1981).

phasing become crucial in explanation. A dependent variable at T1 may become an independent variable at T2. Choices made at one juncture limit choices made at subsequent junctures. The other reason for causal complexity is that institutional structures are only part of the explanation of policy outcomes. Institutions mediate the struggle among groups and individuals over policy. They constrain, channel, and bend the play of societal interests, and they can also shape the identity and goals of groups and individuals -- but they do not, in themselves, determine policy.

Both these considerations complicate the theoretical enterprise, and they suggest the necessity of what might be called contingent historical analysis. The institutional structures of polities emerge from distinct historical experiences. As a result, explanations must remain historically grounded and sufficiently contingent to allow for variations in institutional structures. Explanations are necessarily multicausal -- which means that theory must exchange some parsimony for a sort of rough and ready theoretical openness.

The fundamental premise of this approach is that political outcomes are not simply the result of instrumental behavior by groups and individuals nor are they explicable in terms of functional or efficient social processes.[17] Historical institutionalism focuses on the preexisting structures of social relations and their often unintended consequences. Past historical circumstances weigh heavily on what is possible and what is perceived as desirable at specific moments.

---

[17] See March and Olsen, Rediscovering Institutions.

Varieties of Institutional Structure

Historical institutionalists have tended to talk about institutions in three ways: as governmental institutions, arrangements, and rules; as the broader social and political structures of the polity; and as the polity's diffuse normative order. Each carries with it a specific set of arguments about how institutions matter.

The narrowest view is simply the array of governmental institutions -- the administrative, regulatory, and electoral rules that define the formal aspects of the policy-making process. These are rules of procedures, channels of action, and venues of decision that provide the context for individuals and groups to contest policy. As such, it is claimed, these institutional structures channel and constrain the role of private interests and public officials throughout the policy process.

This conception and impact of government institutions is seen in studies of American trade policy. Goldstein, for example, argues that the persistent "liberal" biases in policy -- as well as policy variations across sectors -- are not explicable simply in terms of the economic interests and positions of those groups that struggle over policy. Rather the accumulation of administrative procedures, rules, and standards impose a constraint on what trade-impacted industries can do and get. Anti-dumping and countervailing trade law, once enacted, has persisted and evolved -- it is not best seen as an instrument of specific sets of interests, but rather as an intervening factor altering what organized interests can obtain or accomplish. Trade law and administrative procedures provide an encrusted institutional terrain that

weighs heavily on trade policy outcomes -- and hence the "liberal" continuities and biases in American policy.[18]

These complexes of governmental rules and institutions also shape and constrain what government leaders can do. During the oil shocks of the 1970s, for example, government leaders in the major industrial countries had at their disposal different sets of policy tools and channels of action -- differences that reflected divergent political histories, prior energy problems, and economic and geographical circumstances. These different institutional circumstances gave these leaders different options and capacities for action, and policy responses to the oil shocks within these countries moved in different directions and experienced different levels of effectiveness.[19] Taken together, the myriad government rules and procedures provide the institutional bulwark within which social groups and government officials must contend. Institutional structures of this sort make some potential actions unavailable or unacceptable and make others possible.

A broader conception of institutions refers to the core structural characteristics of the state and society -- and terms such as centralized, decentralized, unitary, and federal are often used. These characteristics are seen as crucial in determining the power and standing of groups and classes

---

[18] Judith Goldstein, Ideas, Interests, and American Trade Policy (Ithaca: Cornell University Press, 1993). See also Robert E. Baldwin, The Political Economy of U.S. Import Policy (Cambridge, MA: MIT Press, 1985).

[19] G. John Ikenberry, Reasons of State: Oil Politics and the Capacities of American Government (Ithaca: Cornell University Press, 1988). See G. John Ikenberry, "The Irony of State Strength: Comparative Responses to the Oil Shocks in the 1970s," International Organization, 40 (Winter 1986); and, more recently, Harvey Feigenbaum, Richard Samuels, and R. Kent Weaver, "Innovation, Coordination, and Implementation in Energy Policy," Weaver and Bert A. Rockman, eds., Do Institutions Matter? Government Capabilities in the United States and Abroad (Washington, D.C.: Brookings Institution, 1993).

within society as well as the capacities of bureaucrats and politicians. In Katzenstein's pathbreaking comparative framework, the advanced industrial countries exhibit different organizational characteristics of state and society. The French and the Japanese have centralized states and societies, the United States is decentralized along both dimensions, and the others have combinations of these types. These basic organizational characteristics have implications for the organization of interests (such as labor and business), the autonomy and coherence of government bureaucracies, and the "policy networks" that span state and society.[20] Institutional structures shape the power, position, standing, and relations among actors within the polity.

This conception of institutional structure is also crucial in Peter Hall's comparative scheme -- which also emphasizes the "relational" character of institutions. Institutions are the organizational features of the polity, and they matter as they "structure the interactions of individuals."[21] They set the terms of interaction between actors in the polity, such as labor, capital, and the state itself. Institutional features of the polity give groups and classes distinctive organizational characteristics and capacities and also mediate the terms of their interaction -- particularly in the struggle over policy.

A final conception of institutions refers to the diffuse normative order of a polity. Rather than identify concrete rules and procedures or characteristics of the polity's organizational structure, this level focuses on the often implicit normative and ideological sentiments that cling to a

---

[20] Peter J. Katzenstein, "Introduction" and "Conclusion: Domestic Structures and Strategies of Foreign Economic Policy," in Katzenstein, ed., Between Power and Plenty (Madison: University of Wisconsin Press, 1978).

[21] Peter Hall, Governing the Economy, p. 19.

polity and influence relations among participants in politics and policy making. Polities obviously differ in terms of their reigning political beliefs about what is appropriate and acceptable behavior -- both by citizens and the state. In understanding the far-reaching and enduring differences in the way that governments manage modern industrial economies, for example, it is difficult to explain variations without resort to such diffuse and qualitative factors as political norms, traditions, and ideology.[22]

A polity's normative order can be used to explain outcomes in a more or less deterministic way. Its impact can be seen primarily as a constraint: some types of proposed political or policy actions are ruled out of bounds by prevailing normative standards. Its impact can also be seen in instrumental terms: in struggles over policy, groups and individuals can invoke the polity's norms and values as resources, much as money and political access are resources.

The normative and value standards of a society can also matter in a more fundamental way: as the crystallization of conceptions of class or elite interests. Barrington Moore argues, for example, that the reason why China had a revolution and India did not -- even though the economic plight of peasants in India was much worse -- had to do with different societal conceptions of justice and fairness.[23] Conceptions of class interests -- indeed even whether interests should be defined in class terms -- were shaped profoundly by longstanding and ingrained social and political values and standards. These

---

[22] See Andrew Shonfield, Modern Capitalism: The Changing Balance of Public and Private Power (New York: Oxford University Press, 1965).

[23] Barrington Moore, Jr., Social Origins of Dictatorship and Democracy (Boston: Beacon Press, 1966).

values and standards, in turn, were highly consequential for the political trajectory of these countries.

What is clear is that historical institutionalists are willing to range widely in their conceptions of structure. They share the view that polities are structured, and they are able to find such structures in many places, sizes, and shapes. It is useful to look more closely at the specific arguments that are offered about the dynamics and consequences of institutional structures.

Hypotheses and Lines of Analysis

Historical institutionalism can also be broken down into its various hypotheses and arguments. These range from the macroanalytic hypotheses about punctuated and phased political development to specific arguments about policy feedback, unintended consequences and state capacity.

(a) Critical Junctures and Developmental Pathways

A core claim of historical institutionalism is that polities pass through certain founding moments or critical junctures that fix into place basic political orientations and institutions. Polities do evolve, of course, but the historical institutional claim is that the basic organization logic gets established at certain critical moments -- and subsequent changes tend to be variations or extensions on that logic. The argument is not simply that societies tend to go through certain stages of development or phases of industrialization, although such arguments are also embraced within historical institutionalism. The argument is more far-reaching -- that certain basic characteristics of polities "get decided" at critical moments. Seemingly small

decisions at specific historical moments can take polities down long pathways -- pathways that are difficult to alter or reverse.[24]

The strongest versions of this sort of argument are found in the general theories of political development and state formation. Barrington Moore, for example, argues that the basic trajectories of development -- the branching points that lead to democracy or dictatorship in the modern world -- were determined at very specific moments in a country's movement from agrarian to industrial society.[25] The past determines the present, but not necessarily in a continuous way. For Moore, the branching points ultimately involve the fixing of relations between modernizing industrial and agrarian social classes and political structures. Once set, they tend not to change -- not because they are "costly" to change, but because class interests get defined and entrenched in the polity's political culture.

The critical junctures argument has also been used to explain distinctive patterns of American political development. Katznelson argues that the absence of a labor-based, social democratic party of the sort found in Europe is traced to the early moments of political and industrial development. The emergence of an American working class took place within an already existing 19th century system of electoral democracy and local urban patronage

---

[24] It is this path-dependent argument that has led some social scientists to seek inspiration in Stephen Jay Gould's work on evolutionism, which stresses the role of chance or accident at critical moments in the early evolution of life. Gould argues that if certain life forms had been destroyed or others survived at key historical transitions, subsequent life would have taken a very different path. See Wonderful Life: The Burgess Shale and the Nature of History (New York: Norton, 1989). Also see the discussion of other social evolutionary theories in Stephen K. Sanderson, Social Evolutionism: A Critical History (London: Basil Blackwell).

[25] Barrington Moore. Jr., Social Origins of Dictatorship and Democracy (Boston: Beacon Press, 1966).

politics. The result was a fundamental separation of community and ethnic-based political life and the work place. Struggles in the work place were not linked to struggles in the political sphere.[26] At the moment when social democratic parties were forming in Europe, the American working class was directing its activities elsewhere. Although organized labor and the Democratic Party forged a working relationship during the New Deal and after, the party never became a class-based party of labor. The argument is that the early moments in the development of a country's working class are of watershed importance as a relationship with the prevailing political order is established. Once the separation between work and politics was crystallized in the United States, the pathway was largely set.

Critical junctures have also been identified in the incorporation of labor into Latin American polities. Collier and Collier argue that most Latin American countries passed through relatively well defined historical moments in the early 20th century when the relations between organized labor and the state were defined. At these junctures, labor was brought into politics in either one of two forms: either by the state, seeking to control and subdue the labor movement, or by a political party or political movement, seeking to mobilize support of the working class. How labor incorporation was accomplished -- either by state or party -- at these transitions had watershed importance for the future trajectory of politics. "[T]he incorporation periods constituted a critical juncture that occurred in distinct ways in different

---

[26] Ira Katznelson, City Trenches: Urban Politics and the Patterning of Class in the United States (New York: Pantheon, 1981). See also Katznelson and Aristide Zolberg, eds., Working Class Formation: Nineteenth-Century Patterns in Europe and the United States (Princeton, N.J.: Princeton University Press, 1986).

countries," and these differences "played a central role in shaping the national political arena in the following decades."[27]

Path dependent arguments have also been used to explain European and American state formation. Variations in the sequencing and timing of political and economic development and the state-building responses to economic crisis and war are seen to have decisively shaped the organizational features of the state and society. Many European polities, for example, constructed powerful administrative organizations in advance of the spread of democratic institutions, which served to strengthen the role of executive officialdom and provided government capacities to actively engage in subsequent rounds of state-building and economic intervention.[28] These early bureaucratic capabilities were later expanded upon during periods of war and economic turmoil.

In the United States, political development took a different path. The loose federal system and dispersed sovereignty across nation and state and across branches of government were in place prior to the state-building demands of industrialization and war. The 19th century system of "courts and parties," with its highly competitive parties and patronage-oriented domestic politics reinforced a congressional-centered government. Unlike their European counterparts, the spread of a mass-based democratic political system in the

---

[27] Ruth Berins Collier and David Collier, Shaping the Political Arena: Critical Junctures, The Labor Movement, and Regime Dynamics in Latin America (Princeton, N.J.: Princeton University Press, 1991), p. 29.

[28] A huge literature has emerged exploring these connections. See Charles Tilly, ed., The Formation of National States in Western Europe (Princeton, N.J.: Princeton University Press, 1975); Gianfranco Poggi, The Development of the Modern State (Stanford: Stanford University Press, 1978); Michael Mann, The Sources of Social Power, Vol. II (Cambridge: Cambridge University Press, 1993).

United States preceded the establishment of centralized administrative institutions, and this sequencing of political development constrained bureaucratic centralization throughout the 19th century.[29] Likewise, when new socioeconomic struggles appeared in the 20th century, the decentralized American polity gave a distinctive shape to how, what, and when reform would take place.

This developmental logic contains the claim that a polity's basic institutions tend to get established at critical moments, and that once set in motion a polity's pathway of development are difficult to alter. Certain basic relationships (for example, between the political parties and an emerging working class) tend to get organized and fixed in a set of structures that last for generations. But how these structures and relationships get "locked in" is less clear. Several possibilities exist. One argument is simply that "founding" political institutions tend to establish or codify a particular distribution of power and authority, which tends to reproduce itself. Institutions, as Stinchcombe argues, can create "vested interests" that perpetuate the institution long after the original interests that created them are gone or changed.[30] Another argument is more functional -- that a particular set of institutions create "sunk costs" that are difficult to overcome. This is what Stinchcombe calls the "liability of newness." When circumstances prompt the need for institutional change, the newer organization has to be "much more beneficial than the old before the flow of benefits compensates for the relative weakness of the newer social structure." For this

---

[29] See Stephen Skowronek, Building a New American State (New York: Cambridge University Press, 1982).

[30] See Arthur L. Stinchcombe, Constructing Social Theories (New York: Harcourt, Brace and World, 1968), p. 108-18.

reason, successful organizational change tends to take place "only when the alternatives are stark (generally in wartime)."[31] A great deal of work remains in understanding the nature and dynamics of the mechanisms by which large-scale institutional structures are reproduced and impact on policy making.

(b) Institutions and Political Alliances

An important argument within historical institutionalism is that political alliances are shaped in critical ways by the institutional structures of the polity. Alliances are not based on preexisting preferences, but are the product of political process -- including process shaped by political institutions. Weir argues that one of the most important factors that shapes political alliances is the "organization of political institutions," including the party system and Congress. "By channeling the way groups interact in politics and policymaking, these institutions greatly affect the possibilities for diverse groups to recognize common interests and construct political alliances and often determine whether such alliances are necessary."[32] A polity's basic institutional structure influences both the conceptions that groups have of common interests, and therefore their inclination to form alliances, and the practical possibilities and resources that make alliances more or less viable.

In the case of employment policy, Weir argues that the narrowly defined and limited character of employment policy in postwar America is explicable in terms of the shaping and constraining impacts of the country's distinctive

---

[31] Arthur L. Stinchcombe, "Social Structure and Organizations," in James G. March, ed., Handbook of Organizations (Chicago: Rand McNally, 1965), p. 148.

[32] Margaret Weir, Politics and Jobs, p. 24.

political institutions. Particularly telling were the absence within the federal establishment of bureaucratic units that could conceive, champion, and build more far reaching social policies and the inability of working class and labor groups to unite and build a constituency for such programs. In effect, Social Keynesianism did not come to the shores of America because the institutional preconditions were not present. The manner in which problems were defined and policy making took place were "channeled" by the prevailing institutional structures of government -- which were themselves anchored in the longstanding circumstances of American political development. Not only did there not exist capable bureaucratic champions of full employment policy nor programmatic political parties linked to organized labor to support it, but other coalitions did come together to push employment policy in other directions. Weir argues that the rise of the civil rights movement during the Kennedy and Johnson administrations pushed social policy in the direction of poverty programs and the provision of social services -- and away from more encompassing employment policy.[33] The American institutional terrain helped shape what groups were organized and involved in policy struggles, what channels of policy making were available, and ultimately how employment policy emerged.

Institutional structures have a more general impact on what interests in society get organized and what mix of competing interests struggle over policy. Skocpol and others have argued that America's decentralized and nonprogrammatic party system gives added influence to groups that can organize across political districts -- so-called "federated" interests. Chief among these are agricultural interests, whose organized groups have played an

---

[33] Weir, Politics and Jobs, pp. 165-66.

unusually active role across the domains of social and economic policy. Agricultural groups, according to Skocpol, have been "ideal coalition partners for nationally focused forces that might want to promote, or obstruct, or rework social policies, especially when proposals have had to make their way through the House of Representatives."[34]

The impact of institutional structures on political coalitions and alliances is at least three-fold. In the first instance, the state's structures can help shape how groups and individuals perceive and define their interests -- which contributes to what interests get organized. Second, structures can encourage certain types of political organizations or coalitions and discourage others. Third, structures can shape how policy issues get defined and what array of groups and sectors within society actually compete over policy.

(c) Policy Feedback and Capabilities

An important focus of historical institutionalism is the developmental character of state policies. Each episode or stage of policy development is conditioned by earlier policy controversies and outcomes. The concern is with untangling the logic of policy feedback -- that is, how the resolution of policy struggles at one moment impact on the institutional setting and the interests and capabilities of groups and individuals at later moments.[35]

Skocpol argues that policy feedback can be consequential in two ways. First, the passage of new policy can transform government capabilities within

---

[34] Margaret Weir, Ann Shola Orloff, and Theda Skocpol, "Understanding American Social Politics," in Weir, et al, eds., The Politics of Social Policy in the United States (Princeton, N.J.: Princeton University Press, 1988), p. 23.

[35] For an extended discussion of this issue, see Pierson, "When Effect Becomes Cause," World Politics.

a particular area. Policy can "change the administrative possibilities for official initiatives in the future, and affect later prospects for policy implementation."[36] New policy commitments by governments often carry with them the expansion of administrative capacities -- and these changes in the government apparatus can create new expertise and advocates of policy change at a later juncture. Second, the enactment of policy can also have a transforming impact on the identities and interests of societal groups and individuals. Conception of societal interests are not fix and nor are they always "prior" to the policies that governments produce.

Both these arguments -- if pushed very far -- have serious implications for how one thinks about the relationship between societal interests and the political process. It has an impact on where it might be best to start tracking the causes and consequences of policy outcomes. At the very least, it suggests that analysis that begins with societal interests and ends with policy outcomes is likely to be misleading. It also suggests that when looking at policy outcomes within a particular country, it is important to take a developmental approach -- to place specific government decisions into a longer stream of policy and institutional transformations.

(d) Institutions and Preferences

That the goals and interests of individuals, groups, and classes are shaped by the institutional setting in which they operate is perhaps the most important claim of historical institutionalism -- and also the most difficult to pin down. But the basic claim is that the institutional terrain not only influences the strategies and choices of actors, it also influences the

---

[36] Skocpol, Protecting Soldiers and Mothers, p. 58.

conceptions of their interests. How and under what circumstances institutions shape goals and interests remains difficult to specify.

Historical institutionalists tend to be unsatisfied with two alternative ways of thinking about interests, preferences, and institutions. One view -- associated with rational choice theory -- is that actors have well defined preferences that can be assumed for purposes of analysis, and institutional structures primarily have an impact on the strategies of actors. The other view is that institutions have an overwhelming impact on actors -- providing and reproducing the basic conceptions of identity and interests that actors embrace. Historical institutionalists argue that the impact of institutions is typically somewhere in between these extremes. Institutional context shapes more than strategies -- but they do not envelop and determine interests.[37] Analysis must consider the interplay between interests, institutions, and ideas to understand how preferences get shaped and reshaped.

Historical institutionalists tend to describe the impact of institutions on the goals and interests of individuals and groups in two ways. One view is that institutions create relationships and situations that alter the way that actors conceive of their objectives -- and this includes how groups come to think of themselves (if they do) as a group or collective. Whether it is useful to think of policy struggle in terms of regional or sectional interests, classes, racial groupings, or some other set or type of collective entity is not predetermined. The character of the actors is contingent -- and it is partly contingent on the nature of the institutional structures that facilitate or impede particular types of social groupings and alliances.

---

[37] See discussion of this point in Kathleen Thelen and Sven Steinmo, "Historical Institutionalism in Comparative Politics," p. 8.

A second view sees institutions shaping the way the goals and interests of actors are defined as they shape and interact with the flow of ideas and knowledge. Institutions do more than just constrain the actions of individuals and groups, they also are structures that shape the way information, ideas, and resources are spread throughout the polity. This can be true in fairly concrete ways. In explaining the rise of postwar Keynesian economic policy and unemployment policy, it mattered if a country had bodies of experts and policy intelligence situated at the highest levels of government.[38] The array of policy ideas and the options that individuals and groups have in defining their interests are partly traceable to the institutional setting in which ideas and knowledge are generated and presented. The polity's institutional structures can also matter in more diffuse ways in the shaping of goals and interests as they crystallize and reproduce basic values and norms -- values and norms that actors more or less embrace.

(e) Unintended Consequences

The importance of historical sequence in explaining policy outcomes is evident in arguments about the unintended consequences of institutional change. Specific state structures, created for one policy purpose, can be taken over by other groups seeking to establish policy capabilities in a different area. Old institutional creations can provide unanticipated "toe holds" for groups with new agendas. More generally, preexisting structures can provide resources and opportunities for some groups who otherwise would be at a disadvantage as they compete with other groups over policy outcomes. Just as importantly, once established, some institutions can endure and evolve in ways

---

[38] Peter Hall, ed., The Political Power of Economic Ideas (Princeton: Princeton University Press, 1989).

unanticipated by the societal interests that pushed for their creation. The result is unexpected and often ironic outcomes that would be less comprehensible without an historically oriented analysis.

The unintended consequences of institutions are important in explaining the trajectory of social welfare policy in Europe and the United States. Skocpol argues that the Civil War veteran pension system became an unintended institutional device through which mid and late-19th century politicians and social reformers could build and legitimate an early program of social welfare provision.[39] The institutional legacies of war also had an impact on patterns of welfare state development in the early 20th century. In Britain, World War I recruitment offices were used after the war to expand unemployment and pension programs. Institutional capacities were found in preexisting and intended places -- and without these unanticipated residual institutions, state building would have unfolded differently.

The ability of "developmental states" in East Asia to pursue market and trade-oriented policies has also been traced, at least in part, to preexisting and seemingly unrelated institutional structures of the state. Evans, Haggard, Wade, and others argue that an important characteristic of the rapidly developing countries in East Asia is the ability of their state bureaucracies to rationalize markets, engage in very selective interventions, and deflect predatory and patrimonial relationships. Behind these capacities are highly organized and professional bureaucratic structures -- meritocratic, coherent, highly educated, and widely respected. But in important respects, these Weberian-type state structures were not created to pursue rational economic development policy, but are artifacts of earlier military and authoritarian

---

[39] Skocpol, Protecting Soldiers and Mothers.

rule.[40] Moreover, the bureaucratic entities continue to maintain their coherence in part by the ongoing presence of deeply entrenched and closeknit networks of military and party organizations.[41] Preexisting structures provided unanticipated capacities for government elites to pursue developmental policies.

Institutional structures can have unanticipated consequences in another way -- through the extension or unfolding of a logic of organization that is embedded in the institution but not seen by its creators. A reoccurring dynamic in various capitalist developing polities has involved the initial support by the bourgeoisie of the creation or extension of democratic institutions -- to dampen conflict and legitimate power relations within society. Yet, after the creation or extension of those institutions, the democratic process evolves in unanticipated ways and impinges on the interests and capacities of its early supporters. Once created, democratic institutions become strikingly independent of the specific social forces.[42] Democratic institutions are not easily preserved as instruments of specific class or group interest. They -- and other types of political institutions -- have an internal logic of structure that is difficult to contain. Other societal groups can become attached to the new institutional creation. The results are

---

[40] Robert Wade, Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization (Princeton, N.J.: Princeton University Press, 1990); Stephen Haggard, Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries (Ithaca: Cornell University Press, 1990).

[41] Peter Evans, "The State as Problem and Solution: Predation, Embedded Autonomy, and Structural Change," in Stephan Haggard and Robert R. Kaufman, eds., The Politics of Economic Adjustment (Princeton, N.J.: Princeton University Press, 1992), p. 163.

[42] See Dietrich Rueschemeyer, John D. Stevens, and Evelyn P. Stevens, Democracy and Economic Development.

often unintended outcomes that are highly consequential for the evolution of politics within a polity -- and that cannot be understood simply in terms of the instrumental interests of groups or classes.[43]

Conclusions

Politics and policy making in modern societies bear the marks of history's heavy hand. The argument made by historical institutionalists is not just that "history matters" -- to which most social scientists would solemnly nod their agreement. The argument is that the limits and possibilities of policy and political change within a polity is shaped by the structural setting in which individuals and groups find themselves. The structural setting in which actors operate differs from place to place and across time. As a result there are severe limits on how abstract and universal the theoretical enterprise can be. This does not mean that the theoretical enterprise need be any less rich or coherent or far-reaching -- only that it must remain sufficiently rough and ready and open-ended to appreciate the shifting and time-bound character of the structures within which actors operate.

In probing the dynamics of institutional structures, historical institutionalism makes provocative claims. The most basic is the path dependent hypothesis. Stinchcombe captures this notion in his distinction between "constant causes" and "historical causes." Constant cause arguments explain continuity in activity in terms of the ongoing presence of a set of

---

[43] This argument echoes the old claim of neo-functional integration theory: that functionally-driven cooperation in a specific area can or is likely to lead to cooperation in adjacent areas. The hypothesis is based on the assumption that there are underlying and inherent functional interdependencies between various otherwise separate realms.

pressures and incentives. Historical cause arguments explain patterns in terms of an original ordering moment -- where activity is reproduced without the original cause being present.[44] Historical institutionalism's claims about structure rest on a notion of historical causation. Efforts to fully comprehend how large-scale political structures get "fixed" and reproduce themselves remain an unfinished agenda. The various explanations for the reproduction of structures rely on both "sunk cost"-type arguments and "socialization" arguments. Untangling which are most important or how they work together remains an important theoretical project.[45]

A similar problem exists in another major area that historical institutionalism concerns itself -- namely, the exploration of the nature and logic of institutional constraints. Constraint-type structural theory has always had this problem. How are the constraints manifest or felt?[46] Are they best explained in terms of the array of "costs" that are attached to different options that an actor confronts or are constraints more deeply embedded in the goals and identities of the actor? Historical institutionalism wants to make both types of arguments. Again, untangling what are more fundamental or how they work together remain important questions.

The focus on institutional constraints suggests two types of explanatory problems that historical institutionalism is best suited to attack. One

---

[44] Stinchcombe, Constructing Social Theories, pp. 103-118.

[45] Of course, determining what constitutes a "critical juncture" is also highly problematic. Collier and Collier have taken this line of inquiry to a new and more sophisticated level. See Collier and Collier, Shaping the Political Arena.

[46] This basic question also confronts structural types of international relations theory. For a recent discussion, see Robert Powell, "Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate," International Organization, 48 2 (Spring 1994).

problem is simply explaining continuity in policy within a country over long periods of time -- particularly over periods when the external environment and underlying social forces undergo great shifts. As the large literature in this area suggest, the impact of the structured character of polities can also be explored in disciplined comparative cross-country investigations. It is in both these areas that broad-gauged, yet focused, investigations have most fully yielded results concerning the impact of institutional structures -- that is, where we can weigh the impact of history's heavy hand.