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**Nine or so...questions to Institutional Theory.  
A Revised Note on Understanding Institutional Change  
Ove K. Pedersen**

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© Ove K. Pedersen<sup>1</sup>**

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## **Prologue**

This is a slightly revised version of an article I published in 1991 (Ove K. Pedersen, 1991, “Nine Questions to a Neo-Institutional Theory in Political Science”, *Scandinavian Political Studies*, vol. 14, no. 2, p. 125-148). The purpose of the article 16 years ago is the same as the purpose of presenting this note today - to point to a number of methodological and theoretical problems which have to be discussed in connection with a *theory of institutional change*. No analytical approach for the study of institutions will be presented. No description of actual institutions or institutional change will be given. Rather, nine philosophical-methodological questions rarely raised and never answered in institutional theory will be asked.

For this note I have done nothing to update the “old” literature but kept references as they were; and for two rather important reasons. To point to the fact that - then as well as today - the basic challenges for institutional theory rest the same; and that it is probably because that none of the nine following questions has been dealt with since then in a systematic – and philosophical – way, that institutional theory still seems trapped in a set of “dead end” discussions regarding the role of discourses and interpretation already raised by our forefathers in social sciences (see Max Weber, 1963, *Economy and Society. An Outline of Interpretive Sociology*, Berkeley: University of California Press, vol.1, p. 11ff.).

I apologize for at least one important inconvenience in doing so: that the concept of state and not institutions are put at the forefront of the presentation. In the 90s “the state” and not institutions was at the center of debates and by keeping it there I want to emphasize two important arguments. Firstly, that institutional theory always (then as well as today) has been about how authority is organised and how power is distributed, i.e. how societies have come to be ordered ensembles of institutionalised behaviour.

Secondly, that institutional theory for that same reason (then as well as today) is all about the old classical questions within social science as such – how do we come to understand individuals as social creatures, and how do creatures come to understand themselves as social?

### **Changes and Processes of Change**

It is common knowledge that theories of change are studded with methodological pitfalls. And it is probably no exaggeration to claim that the history of social sciences - in particular - is stuffed with both comic and tragic examples of predictions that never came true; with prognostications that turned out to be wrong; and with hopes and fears that later proved to be either too optimistic or too pessimistic. Still, even on this background political scientists as well as other social scientists keep raising the old question: how to study change and processes of change?

Since "the behavioural revolution" of the 1950's, mainstream political science has taken it for granted that "the state" can be looked upon as a given and static object, with constant external boundaries and a stable internal organization. Importance has been attached to studying individual and collective action within *given* institutional frameworks, to describing institutional change in *retrospect*; and to analysing political structures as *static* patterns in terms of the conduct of individuals or organized groups. What might be called "the myth of the state", i.e. a belief in the state as a sovereign, society-forming, goal-directed, rational, and unitary actor, has prevailed (Olsen 1988a, 1988b; Almond 1988, Fabbrini 1988, Lowi 1988).

This neglect of the state as an object of study of its own was criticized in the 70s and throughout the 80s. Within this period at least three – on many accounts different but also converging – alternatives were formulated: (1) a state-centered theory (Skocpol

1979; Evans et al. 1985; Nordlinger 1981, 1987, 1988); (2) a strategic relational theory (Jessop 1990); and (3) and –neo-institutional theory (March & Olsen 1984, 1989; Olsen 1985).

It is possible to identify at least five theoretical points where these theories converge:

- They tend to view politics more in terms of rule, control and order than of allocation.
- They tend to view the state as an actor in its own right with its own principles of organization.
- They tend to view political actions as shaped by institutional environments (values, norms and preferences) and not merely by the values, norms and preferences of political actors.
- They tend to view political phenomena in an historical perspective rather than as actions occurring at the present.
- They tend to view institutional alternation and innovation both as results of open conflict and of incremental processes of learning and adaptation.

In short, at least two major points of convergence can be identified among the three alternatives. (1) They do not take "the state" as an a priori object of analysis. Instead, they present it in both *diachronic* terms (i.e. as a historical construct), and in *synchronic* terms (i.e. as an arena for simultaneously rule oriented actions). (2) They do not regard "the state" as a static pattern of conduct. Instead, they present it both as a *structured* ensemble of values, norms, rules, and institutions; and as an *arena* of competing interests.

However, the three contributions are also in many respects very different. Skocpol, Nordlinger and others translate their awareness of the state into a *state-centered theory* endowing the state with real and important autonomy vis-à-vis pressures and processes located in civil society. They argue that the state is "a structured field of action" with a

unique centrality and autonomy both in national and international formations. Jessop, by contrast (Jessop 1990, 379-93), presents a *strategic relational theory* and refuses to accept the state as a self-determining object in distinct opposition to civil society. He describes the state in terms of multiple centers of legal, paralegal and informal authority, with its own (relatively) autonomous position in relation to other social subsystems. He looks at the dichotomy between state and society as false and tries to analyse how structure (extra institutional and institutional conditions) and strategy (meaningful, willed and striven for projects for fixing the state's role and functions) are related over time. March and Olsen, from their point of view, introduce an *institutional theory*. They, too, look at the state as multiple centers of authority, but also present the state as a distinct political order with its own organizing principles. In contrast to Jessop, however, they draw an analytical line between institutional arrangements and their environments. Relations between the two are only dealt with as questions of internal mechanisms for how organizations can adapt to, imitate and learn from external processes. Extra institutional environments are described in abstracto.

So, the three contributions converge in some respects, but are also very different in others. They are particularly different in their way of presenting "the state" as an independent actor and as an independent variable. While the statist theory look at the state as an object in singular, both Jessop and March & Olsen refuse to deal with the state as such. Neither Jessop nor March & Olsen assign the state any necessary analytical priority. Instead they are looking at "the state":

- as a complex set of concrete institutions;
- as an emerging, tendential phenomenon with no pre-given external boundaries;
- as a symbolic or fictional unit with constant problems of how to secure its unity and its ability to function as "a multicentered whole"; and

- at its environmental features and their impact on the dynamics of the boundaries and the organization of the political order.

By doing so, they go beyond the existing paradigm in political science and demand an eclectic reinterpretation of political science, sociology, discourse theory, communication theory, economics, history and anthropology. Their merit is to direct attention to at least four features neglected in political science for the last decades:

- Institutions and not the state is the prime object of analysis;
- Institutional history more than patterns of conduct are to be explained;
- Meaning and interpretation and not behavior is the phenomenon to be understood; and
- Learning and adaptation, and not blind responses to direct stimuli or motives (interests or preferences), are the driving forces behind change.

Accordingly, the result is very ambitious. It implies a major effort to change the theoretical focus of political science but also of organization theory and other social sciences. In the following, these four features will be discussed in terms of the identification of nine questions which, in my opinion, any theory of institutional history, must give its undivided attention, if it is to develop from a research-programme into an actual set of descriptive and interpretative theories.

Three books all believed to represent cutting edge within institutional theory in the 90s will be used as points of reference. All three – then as well as today - either represent widely debated positions in economic theory (Etzioni 1988); in organizational theory (March & Olsen 1989); or in state theory (Jessop 1990). All three present critiques of behavioural paradigms in political science as well as in economics; all three tries to develop analytical strategies for theories of institutions and institutionalization; and finally, all three can be said to represent fundamental alternatives (then as well as today) in a neo- (or new) institutionalist attempt to reformulate the purpose and the boundaries between social sciences.

## QUESTION ONE

The first question is meta-theoretical by nature and by all accounts the most abstract of the nine. Thus, how it is answered is of vital importance for the other eight. The question actually consists of three very closely related problems: the ontological, the epistemological and the methodological.

In logical terms the ontological problem comes first, dealing as it is with the question of how reality "is". Ontological questions have not commonly been discussed in political science for decades. In the behavioural paradigm it has been taken for granted that the question was solved once and for all by the way logical empiricism in philosophy of sciences answered the question with a methodological reference to observable (i.e. positively given) individual or collective acts (Lecourt 1981). Reality was identified with concrete, observable acts, (eventually) aggregated to the level of clusters of conduct, and again (eventually) understood as expressions of underlying values or norms. When meaning (and not behavior) is chosen as the phenomenon to be understood, the ontological question becomes more complicated. Only Jessop appears fully to take this into consideration.

Etzioni accepts that every observation is systematically biased. His starting point is an observer; not a "natural" observer, but a observer supported, affected, formed or influenced by social contexts (ibid. xif., 5, 179, 186). The way he then treats the ontological question is twofold: he affirms the pregiven existence of an I (ibid. ixf., xii, 5,9,13f.) and claims that every observation is systematically affected by communicative considerations; i.e. normative and affective WE considerations (ibid. 95). He claims that the observer cannot reach beyond the mere appearances of reality (ibid. 123). All reality is intracultural; all observations are distorted by cognitive limitations (ibid. 115, 122f.,

189, 202f). He is a subjectivist and a relativist. March & Olsen, on their part, are more difficult to label. They acknowledge the possibility of an objective reality, but treat "reality" as a term in abstracto (ibid. 41). On the other hand, they acknowledge that individuals see what they can see and see what they want to see, and that reality is formed by interpersonal and affective beliefs. (ibid. 45) They, in contrast to Etzioni, acknowledge the existence of an extra institutional reality but, just like Etzioni, approve of a pre-given observer (a subject in abstracto). They are both realists and relativist. Jessop, in contrast, is a realist. He chooses the position of realistic ontology. He assumes the existence of a real world but claims that this justifies only a realist ontology in general. It cannot provide guarantees for any specific variant of the real world, i.e. for a realist ontology in particular. We are all participants in the real world in general. Our position as participants is socially constructed (as subjects in concreto) and can be analysed as such. As subjects we are also, of course, observers in the real world in particular. As observers we have no direct access to reality. Our observations are both constrained and facilitated by normative properties. Jessop is a realist. Accordingly, the main difference between the four is the position of the subject. Two different possibilities are chosen. Etzioni and March & Olsen choose to accept the subject as pre-given in methodological terms. The individual is a priori accepted as an observer. The world is out there to be observed and interpreted; understood and explained. Jessop, in contrast, chooses to see the subject as given in theoretical terms. The subject is a participant before he is an observer. The subject is a social construct; he can only observe because he is "socially constituted" to be a participant. That he is able to observe and to interpret, to understand and to explain is a function of the world and not of the subject.

Even if the differences between the four at first glance can seem rather superficial, they do point to the fact that institutional theory cannot avoid making - implicitly or

explicitly - some fundamental claims about ontological questions. The following ontological questions have to be asked:

*- When meaning and not behavior is the phenomenon to be understood, how - if at all - can one distinguish between exogenously given realities and endogenously given interpretations?*

*- When actors are acknowledged to be in the world through interpretations and not through their conducts, is it then possible to identify the subject as the smallest unit of analysis?*

The epistemological problem is very closely related to the ontological one. So closely that only March & Olsen and Jessop as realists can formulate it. The epistemological problem is twofold: First, it concerns the question of how the world generally must be for knowledge to be possible; i.e. by which cultural conditions individuals are "constituted as subjects" with possibilities to observe and to interpretate, to understand and to explain (Douglas 1986: 100ff.; Edelman 1988: 9,34,36,45). Secondly, it concerns the question of how knowledge can be accepted as scientific knowledge; i.e. under what cultural conditions one discourse (between many alternative discourses) is accepted as scientific (Foucault 1969; Lecourt 1972; Bhaskar 1975).

Only Etzioni looks at the problem in subjectivist terms. The epistemological problem is seen as a "natural" claim laid upon the individual scientist to mirror the reality as correctly as possible, and laid upon every individual as an ethical claim to take a moral stand in life as such. (Etzioni 1988, 2-3,12; 1990) The epistemological problem is turned into a normative claim and not raised to the level of a theoretical problem. March & Olsen, according to their ontological viewpoint, raise the question as to, why a

growing number of scientists - including themselves - are concerned today with institutions and institutional change (March & Olsen 1984:734; *ibid* 1989:2) Their answer, is only descriptive however: scientists today are forced to do so, because institutions over the years have become larger, more complex and more important in collective life. (1984: 734). Jessop, in contrast, opts for a theoretical answer to the epistemological question. For him the question can only be formulated and answered in theoretical terms (Foucault, 1969, 232-55). Looking, as he is, at subjects (e.g. political scientists) as socially constituted participants in structured contexts, the question, accordingly, cannot be answered by a normative claim or dealt with only in descriptive terms. So, whereas Etzioni is erasing the epistemological problem by a "methodological trick"; and March & Olsen are dealing with it in descriptive terms; Jessop looks for a theoretical formulation and answer. The differences, however, highlight the fact that institutional theory simply cannot avoid a profound attitude to epistemological questions. At least, it has to bring a theoretical answer to these two questions:

*- Why have institutions and institutional change again become interesting scientific questions?*

*- And why - on this account - should a institutional theory be accepted as scientifically more appropriate than other competing theories?*

The methodological question is closely related to both the ontological and the epistemological one. It concerns what research techniques (procedures and remedies) should be adopted in order to ensure the validity of knowledge in terms of the institutionally given rules and norms for scientific discourse. The problem is not just technical. It is rather a question of how, in methodological terms, to solve problems raised by answers given to ontological and epistemological questions. One of the major

problems in this connection is that the very object of inquiry is "reality"; i.e. "reality" interpreted and experienced and not reality in its crude extra discursive form. At our disposal for inquiry we have a large number of sources: statistics, blueprints, reports, laws, accounts, interviews, observations, descriptions, theories, etc. None of these are unaffected by normative and institutional contexts; and none of them are immediately trustworthy. On the contrary; every single utterance has to be seen as an element in a wider system of meaning and seen as deliberately used in on going power games between a few or several actors. What methods can be used to analyse and evaluate such sources, when we have to assume that every utterance is encoded in a wider system of meaning and that every utterance is used deliberately in power games to distort or omit, to emphasize or extol? How can we break the code, and how can we expose the game?

Two methodological questions have to be asked:

- *How can we analyse sources, which are "encoded interpretations" of cognitively limited experiences?*

- *How can we evaluate utterances deliberately used in power games to distort or to extol?*

## **QUESTION TWO**

The second question deals with the concept of institutions. From reading March & Olsen in particular you could get the impression that the concept of institution is a term of art, even perhaps another worthy addition to classic residual categories like "the state", "the political system" and so on. In Etzioni the term only plays the role of a metaphor. In Jessop institutions and organizations are taken for granted. The terms are

there, but the theory is missing. March & Olsen, however, offer a theory of institutions and institutional change. They define institution as arenas for contending social forces; as collections of standard operating procedures; and as structures that define and defend values, norms, interests, identities, and beliefs (March & Olsen, *ibid.*:17f.,24). Two questions are raised here. First, as a matter of definition: What is actually meant by institution? March & Olsen are pointing to values and norms as the dependent variable and institution as the independent variable. What, then, defines institution? Secondly, as a matter of how to study the historical constitution of institutions. March & Olsen discuss - in great many details - how institutions are changing (*ibid.* ch. 4,5,6,7), never how they are constituted; only processes of change, and not processes of institutionalization are discussed. The term institutionalization is only used twice, and then without any substance (*ibid.* 38, 53). Treating institution as the independent variable makes it a non-historical term, and raises the question: In what way does institution constitute a specific variable compared to other variables such as values, norms, rules, procedures, rituals, and symbols, normally (also in March & Olsen, *ibid.*, 22) used to describe traits of institutions? Is it possible to define institution, simultaneously, by including values or norms as dependent variables, and to regard institutions as something more, probably different? Is it possible to distinguish between unstable, short-term or even idiosyncratic preferences and stable, long-term or commonly accepted values or norms, and - on an analytical continuum - to establish at what point a "break" between the two occurs?

These questions, anyhow, indicate that institutional theory, in whatever form, cannot avoid making basic assumptions about, how to define institution as a dependent variable.

*- It is worth asking whether institutions can be defined both as already existing entities (an independent variable), and as entities in the making (a dependent variable)?*

*- It must also be considered, how institutionalization can be defined - on a continuum - as comprising both stable or unstable, short-term or long-term, formal or informal, idiosyncratic and commonly shared values and norms?*

*- But also how institutions can be distinguished from values, and values from norms; norms from rules; rules from procedures; procedures from roles? And thus to identify when an institution becomes an institution and not something else: e.g. a value, a norm, a rule, a role etc.*

### **QUESTION THREE**

The third question links up with the second and concerns the concept of formal organization. From studies in theory of organization, sociology of law and political economy a systematic differentiation between institution and formal organization is clearly becoming a major analytical problem. The question is not immediately one of definition. It touches rather on, how a long list of new types of institutions and organizations since the 1950's and onwards have been established, and how this multi-centered setting has been coordinated by the use of both formal authoritative and informal normative means (Pedersen 1988; 1990).

Where as behavioural theories in the 50s and in the 60s took it for granted that political decisions could be studied under the assumption that political institutions were relatively few and stable, hierarchically controlled and easily identified, institutional theory takes the opposite stand. Both March & Olsen and Jessop claim that the political order must be perceived as an increasingly complex mixture of competing,

complementary and even contradictory institutional arrangements. At the same time, our understanding of mixed orders and composite institutional settings, have become inadequate (Olsen 1988c). Still, neither Jessop nor March & Olsen reflect upon the fact that concurrently, it has become more difficult to distinguish between institutions and organizations; and more difficult to apply an unambiguous concept of institutions and formal organizations (even so, see Brunsson and Olsen 1990). In sociology the concept of institution refers to commonly shared values repeated in rather stable patterns of conduct. The concept of formal organization, on the other hand, refers to (partly) formalized norms, either expressed in positively formulated rules or commonly accepted as such. Formal organizations are defined as one of many possible forms of institutionalization.

Weber only used the term institution in a very restricted sense. In contrast he developed other terms (tradition, ethics etc.) covering phenomena later described as institutions, and concentrated on defining organization in details (including formal organization) (Weber 1978, 48-56). Modern social theory, on the other hand, attempts to create a more precise delimitation of the two. Habermas, for example, applies the concept of institution in a broad sense. He regards institutions as being established through communication, and understands language as the only medium for the creation of normative agreements (i.e. institutions), able to encompass and integrate systems of actions (Habermas 1984, vol. 1, 85-101). On the other hand, Habermas more than Weber has a delimited conception of formal organization. He regards formal organizations as generated by positive law and organizational actions as premised by legal regulations (Habermas *ibid.* 342ff.). What Habermas does not seem to consider, but March & Olsen on their part seem to emphasize, (see also Eriksen 1987; Tuori 1988) is the growing interdependence between communicative actions oriented towards mutual understanding and purposive-rational actions oriented to formal-legal

regulations. Today politics are just as concerned with the generation of commonly possessed political values as the generation of organizations by positive law (Nielsen and Pedersen 1989; Berrefjord, Nielsen, and Pedersen 1989).

Interorganizational studies show how formal organizations have become parts of institutionalized environments and how they have become institutionalized organizations themselves (Brunsson and Olsen 1990). Interorganizational studies, too, describe how institutional networks get established over time through communicative actions managed by certain professions and specialized institutions, with the deliberate purpose to produce commonly shared worldviews and to transform these into normatively binding discourses (Pedersen 1988). Accordingly, boundaries between formal organizations and institutionalized environments are growing increasingly blurred. Any organization participating in institutional networks must be able to formulate and propagate worldviews and self-identities and be able to mobilize other organizations to make decisions in the image of these. To secure commonly shared worldviews has become an important precondition for the coordination and control of institutionalized environments. Organizations have to look upon other organizations as institutions; and have to identify themselves by institutional traits.

This, at least, generates three questions:

- *How in mixed orders and composite institutional settings can one delimit formal organizations from institutionalized environments?*
  
- *How are interorganizational interplays developed into institutional networks, and how, accordingly, are formal organizations transformed into institutionalized organizations?*

*- Finally, is it possible, in more analytical terms, to distinguish between institution and organization and - on a continuum - to recognize when a social process becomes a formal organization and not something else: an institution, for example?*

#### **QUESTION FOUR**

The concept in question is "the state". March & Olsen, but also Jessop, have created serious problems for themselves by proclaiming that the state can be looked upon, both as a multiple center of legal, para-legal and informal authority, as well as an order in its own right with its own integrative properties. In Etzioni "the state" is not discussed in any substantial way. One major problem can be formulated from the stance taken by Jessop, March & Olsen. It concerns the distinction between political and non-political institutions.

March & Olsen claim that the political order (polity) fundamentally seen is partitioned into relatively independent domains (1989, 26, 27ff., 167). But also that it has become increasingly fragmented into small and autonomous constituencies weakening the integrative aspects of polity (ibid. 97f., 112f., 135f., 165f.). The unity of polity, therefore, cannot be taken for granted and cannot be understood as exogenously given to any study of political action. Thus, the political order defies simple description. The delimitation of the political order has become an important analytical problem. Jessop, in his terminology, looks at "the state" as an emergent, tendential phenomenon. Far from being pre-given, "the state" must constantly be constituted politically. He suggests that the unity of the state only can be defined through state projects; i.e. discourses infusing meaning to what can be understood as "the state", but also assigning roles and functions to the state as such. The State emerges because there is a state project (Jessop 1990, 11ff., 357, 366, 463, 474, 495).

All three authors, then, regard polity as a social construct and its unity as a theoretical problem. Neither "the state" nor its unity can be taken for pre-given. Recognizing that the state is socially defined leads to a series of basic questions about the social context of the polity. Logically, it also leads to questions about how "the economy" and other social subsystems are defined (Stern 1990, 39ff.). And, finally, it leads to questions about where the boundaries between political science and its scientific neighbours can be drawn?

None of these questions can be solved by referring to the state as the legitimate executor of enforceable sanctions. Neither is any answer to be found in the proclamation of "natural" (pre-given) boundaries between state and market. No boundary can be taken for pre-given, and no proclamation for indisputable. Answers are only to be found in studying the constant political struggle around the setting and changing of boundaries between political and non-political institutions and in defining where - on an analytical continuum - to place the "break" between political and non-political institutions.

Three questions, then, can be asked:

- *How are boundaries between the state and the economy determined, and how are they altered?*
- *What are the effects of boundary (dis-)placement, particularly on how subjects are constituted and power is distributed?*
- *Finally, how is it possible, in more analytical terms, to distinguish between*

*political and non-political institutions and - on a continuum - to recognize when a social process becomes a political institution and not something else: an economic institution, for example?*

#### **QUESTION FIVE**

The fifth question concerns the concept of language and the construction of discourses. Neither Etzioni, nor March & Olsen or Jessop substantially call into question language and communication. In Etzioni meaning is not discussed, but only looked upon as commonly shared beliefs, values and norms (ibid. 5). In March & Olsen great emphasis is put on meaning. They see meaning as a socially constituted interpretive order (ibid. 3, 48) and the development of meaning as the creation of instruments for individuals to make sense of the world they are living in (40f., 51f., 91f., 94). Jessop, just like March & Olsen, emphasizes that social conflicts evolve around the development of meaning (ibid. 473, 478f., 481ff., 494f., 500). He also argues that meaning has to be expressed through discourses and therefore cannot be understood as a "free-floating" medium for values, norms and beliefs (ibid. 393, 405; March & Olsen, ibid. 25). Social relations are not endowed with meaning per se, but only through discourses; i.e. - in my definition - syntactically ordered speech-acts used for communication. Besides this important addition, Jessop, in opposition to March & Olsen, distinguishes between the extra discursive and discursive moments of social order: in his ontology social phenomena can have definite extra discursive properties and liabilities (ibid. 401-11); and in his (just as in March & Olsen's) epistemology, knowledge about the world can be experienced through practice and learning and not only through a discursive formation (ibid. 403ff.; March & Olsen, ibid. 66f.).

Although Jessop treats discourses as endowing social relations with meaning, he - in common with March & Olsen - never regards language or communication as such as an

independent object for analysis. The three are equally treating communication as exogenously given any theory of how meaning can be shared, of how political values can be commonly possessed, and of how obligations to a political order can be collective. No theory of language or communication is developed to explain how language can endow social relations with meaning or to explain how communication in and through language sets possibilities for and limitations to how to participate in and interpret the world (Habermas 1984 vol. 1, 37-42).

Once again the question appears to be twofold: (1) It is a question of the systematic place of language and communication in any theory trying to deal with the connection between actors participating in and communicating about the world. It is a question of how a common political culture can be "materialized" in language and of how this language in itself involves specific validity claims for any communication about political values and institutions. Meaning is not a free-floating medium, but a collective understanding in language, setting concrete claims on any process of communication. (2) Also, it is a question of how communication is institutionalized in knowledge regimes (or public spheres) setting limits for who can communicate about what with what kind of arguments. Language are not to be dealt with in abstracto but to be understood as discourses scattered in competing and distinct public spheres with an independent set of participants and validity claims (March & Olsen 1989, 40f., 51f., 91f., 94, 129ff., 155f.; Jessop 1990, 408f.; Pedersen 1990; Nielsen and Pedersen 1990).

So, the following questions have to be asked:

- *How does language endow social relations with meaning and how does communication set possibilities and limitations for participation in the world?*

*- How are knowledge regimes constituted and how do they set institutionalized possibilities and limitations for who can communicate about what with what kind of arguments?*

## **QUESTION SIX**

This question concerns the individual and the institution. The most important paradigmatic issue currently debated in political theory, is how to deal with meaningful actions and institutional structures in a comprehensive way. Neither Etzioni nor March & Olsen refute analyses rooted in atomistic individual actors; neither do they want to carry analyses too far that stress structures as determining or shaping individual actions (Etzioni 1988, 9f., 14f.; March & Olsen 1989, 4f., 8f., 23.). They wish to avoid structural determinism as well as atomistic reductionism. The path they are stressing is one of reaction against treating institutions simply as epiphenomena of self interested individuals and groups (Etzioni, *ibid.* xif., 4f., 181-98, 244f.; March & Olsen, *ibid.* 4f., 40-46, 162-6), but also one of reaction against treating behaviour as epiphenomena of the functional needs of social systems (Etzioni, *ibid.* 9ff.; March & Olsen, *ibid.* 66). Jessop, in line with realist ontology, is more eager to argue against structural determinism than he is to criticise others for methodological individualism. He argues against what he calls ""the customary but unhelpful distinction between "structuralist" and "instrumentalist" approaches"" (*ibid.* 342), and emphasizes that ""structural constraints can only be meaningfully defined in relation to specific agents pursuing particular strategies."" (*ibid.* see also, 408f).

Such statements, however, contain a number of important problems for all four authors. The first problem is that they all seem to take for granted (1) that individuals and institutions can be separated a priori as well as be treated as autonomous; and (2) that this autonomy is generally valid and can be applied exogenously to all societies. The

second problem is a particular aspect of the first. None of the four really make it possible to distinguish analytically between physical individuals on the one hand and role-carrying actors on the other. None of the four consider the "constitution of roles" and the institutional conditions for turning physical individuals into "actors in structure" (Pedersen 1989) as a theoretical question. The whole question of how individuals are "made up" as individuals is not dealt with in any substantial way (Douglas 1986, 100ff.; Edelman 1988, 9,34,36,45).

Jessop is the one who comes closest to raise the question in theoretical terms. Though, generally he too seems to take for granted that individuals and institutions can be separated as autonomous. He only plays lip service to the question of how individuals are "made up" (or interpellated) as individuals (*ibid.* 405, 408f.). Etzioni, on his part, takes for granted that individuals a priori can be separated from institutions; also that individuals a priori are individuals. He proclaims that individuals are placed by structures (*ibid.* 5); but in substance he argues that social contexts support individuals in being free (*ibid.*, xif.); provide them with possibilities to make individual choices (*ibid.*, 186); or affect, form, or influence them (*ibid.*, 5, 179f.). He does not deal with questions relating to interpellation or analogous mechanisms. The same can be said about March & Olsen. They proclaim that institutions define individual identities (*ibid.*, 17, 161, 164); but in substance they argue that rules constrain and dictate behavior (*ibid.*, 22); define appropriate actions (*ibid.*, 23); specify who has access to what institutions (*ibid.*, 22); and puts obligations on a certain role (*ibid.*, 161). The question of how individuals are constituted is avoided.

So, none of the four actually enquire how institutions constitute individuals by labelling them as autonomous in relation to institutions, and of how in various ways they ensure that individuals will conform to their freedom (Douglas 1986, 100; Pedersen 1989).

The question can be formulated in a more paradoxical way: how do institutions constitute individuals as free from institutions? Or: on what conditions and with what effects will individuals in "flesh and blood" be interpellated as actors and placed in a certain institutional structure? All this seems to boil down to the conclusion that Etzioni and Jessop, just like March & Olsen, assume that individuals a priori are endowed with autonomy, and that individuals a priori carry roles.

Anyway, the lack of any analytical argument seems to justify the interpretation that they are avoiding the issue of a theory of institutional role making. This is probably also why they make themselves vulnerable to the criticism traditionally raised by behavioural theory against classical institutionalism: that properties of individuals should be researched empirically and not taken for granted, and that the performance of individuals can be quite different from the customary values and norms defining their conditions for action.

Two sets of questions, then, can be asked:

*- How can we study the processes and mechanisms by which individuals in empirical terms are made into individual "actors in structures", and thus avoid the assumption that all individuals are individual actors?*

*- How can we study the processes and mechanisms by which individuals in empirical terms are made into individuals with autonomy vis-à-vis institutions, and thus avoid assuming that all individuals possess autonomy?*

## **QUESTION SEVEN**

Question number seven concerns choice and rationality. This question is not usually dealt with in mainstream political science. In economics and organization theory the most decisive question discussed for years, in contrast, has been the relation between collective rationality and individual choice. Two principal lines of argument have been followed in these discussions: one guided by rational choice theory and one oriented towards the theory of bounded rationality. None of these can be described in singular or unilateral terms. Being crude, anyhow, it is possible to claim that rational choice theory (with an influence from methodological individualism in neo-classic economic theory) is basically deductive. The smallest unit of analysis is claimed to be "the natural human being", equipped with a set of pre-given conditions for action (will, needs, information and preferences etc.). The theory of bounded rationality, in contrast, is basically inductive. Influenced by social psychology, computer science and cultural theory it claims that the ability to make fully rational choices is bounded by constraints inherent in the technical, individual and institutional conditions for choice. In my opinion only the theory of bounded rationality (Simon 1957) offers a serious theoretical challenge to institutional theory; mainly, of course, because it reflects upon empirical conditions for rational choices.

In Jessop's theories problems connected to collective rationality and individual choice are not - surprisingly enough - discussed. Jessop, probably more than anyone, has introduced the concept of strategy into state theory; and even in two ways: first, in describing the state as the site and the object of strategic elaboration by classes and other forces (ibid. 13); and secondly, in treating the state (its structures and functions) as having a differential impact (its strategic selectivity) on how classes and other forces can pursue their own strategies (ibid.). If asked, Jessop would probably argue that it is no accident that the question of rationality is marginalized in his theory. Taking into account his ontology, rationality has to be understood as socially defined and not a free-

floating medium for anybody to use for any purpose. Even so, serious questions remain to be answered by Jessop.

What, for example, in his terms, is to be understood by strategy? Is strategic calculation an expression of rational behavior? If so, is it an expression of a certain type of rational behavior? Were he to answer yes on both accounts, what then is to be understood by rational behavior (as one of several types of behavior) and by strategic rationality (as one of several types of rational behavior)? Questions like these are probably not solved by the mere proclamation of rationality as socially defined. For one must also explain, what can be understood as rational in opposition to non-rational behavior and strategic in opposition to non-strategic behavior.

It is by no means an easy task to disentangle if and how Etzioni or March & Olsen manage, if at all, to clarify questions like these. Anyhow, all three of them appear to use the term rationality in a non-defined way. A possible distinction between rational and non-rational behavior is not discussed, only that choices neither can be completely rational nor non-rational but just rational and non-rational in varying degrees (see Etzioni, *ibid.* 93, 144f.). In contrast to Jessop, both Etzioni and March & Olsen put great stress on discussing institutional conditions for individual choice. They mainly do so in opposition to rational choice theory (Etzioni *ibid.* 93ff., 115ff., 144ff.; March & Olsen *ibid.* 4-16, 22, 59, 66, 118, 128, 132), but how they do so is quite distinct. Etzioni differentiates between normative-affective (N/A) contexts from logical-empirical (L/E) considerations (*ibid.* 93ff.). He claims that the majority of choices are largely based on N/A considerations and those L/E choices, when they occur; themselves are defined by N/A factors (*ibid.*). He even brings examples of institutional zones from which L/E considerations are banished (*ibid.* 154f.). March & Olsen distinguish between a logic of appropriateness (logic I) and a logic of consequences (logic II) (March & Olsen, *ibid.*

23f., 160ff.). First, they arrange the two logics in a hierarchy according to empirical studies which have revealed that "even in extreme situations like war... individuals seem to act on the basis of rules of appropriateness rather than rational consequential calculation."(ibid. 22). Second, they try to combine the two logics according to a general postulate that "although the (decisions) processes are certainly affected by considerations of the consequences of action, it is organized by different principles of action, a logic of appropriateness and a comparison of cases in terms of similarities and differences." (ibid. 26).

Such statements, however, raise important problems. It seems to me that (1) while Etzioni takes it for granted that there can be two different zones for choice-making (the N/A and the L/E zone); March & Olsen, on their part, claim that there can be two forms of logics (logics I and II); and (2) that it empirically is possible to distinguish between the two. Both Etzioni and March & Olsen prioritize the background structures over the intelligible free choices of identifiable political actors, and see the free flow of rational choices as bounded by values and beliefs. But while the purpose of this position is clear, the consequences, anyhow, are at least disputable. The purpose, of course, is to claim that individual choices are neither without preconditions or limits, nor mere mirrors of institutional forces. The consequences, however, are twofold: first, while it is discussed in great details how the N/A considerations and the logic of appropriateness (logic I) inextricably are bound up with values, norms, rules, procedures etc.; second, it is not discussed if L/E considerations or the logic of consequentiality (logic II) are bound up the same way too.

In my opinion an important problem is hereby created. It appears as if the authors regard the logic I and N/A considerations as endogenous and the logic II and L/E considerations as exogenous to the institutional analysis, and therefore assume that logic

II and L/E considerations are pre-given (natural?) features. This perhaps is a misinterpretation of what the authors would argue if asked. But the lack of any analytical differentiation between rational and non-rational behavior seems to justify the interpretation that they believe logic II and L/E considerations to be pre-given (exogenous) features to any institutional analysis. A solution to this problem might involve viewing both logic I and N/A considerations and logic II and L/E considerations as endogenous to the institutional analysis. And thus to claim that institutions not only stake out norms and rules for appropriate and non-appropriate choices, but also constitute norms and rules for rational and non-rational behavior. This would imply that we have to look for how norms and rules enable actors to act as if they are determined by their own will (express independent attitudes) and as if they are not; as if they are goal-oriented (participate in social relations in order to realize self-interests) and as if they are not; as if they are provident (able to calculate consequences of their own behavior) and as if they are not. This, further, would imply that the distinction between the two zones and the two logics analytically is abandoned. Logic II and the L/E considerations would become one of several aspects of logic I and the N/A considerations. Rational and non-rational behavior would become examples of appropriate and non-appropriate behavior.

On the other hand, if both these implications are accepted, then the prime question will no longer be how technical, individual and institutional contexts are setting boundaries for fully rational choices, but how discourses and institutions are contexts for what is appropriate and non-appropriate (e.g. rational and non-rational) behavior. This, as far as I understand, is how Habermas too understands the problem, when he distinguishes between communicative, strategic, and instrumental rationality, and claims that they all are connected to validity claims (*Geltungsansprachen*) only to be met in a through communication (Habermas, *ibid.* vol. 1).

So, an institutional theory:

- *Has to explain how appropriate and non-appropriate behavior is made possible by discourses and institutions.*
- *How rational and non-rational behavior are examples of appropriate and non-appropriate considerations.*
- *How individuals and collectivities can act as if they are both rational and non-rational.*

Only by doing so, we will be able to regard logic II and L/E considerations as endogenous to an institutional analysis. And only by doing so, we will be able to make our terminology one of both obligations and codex, of artistry and creativity, criminality and anomie, and even of constructive and unconstructive destruction.

Two questions, then, are to be asked:

- *How can we analyse discourses and institutions as contexts for different types of (appropriate or non-appropriate; e.g. rational or non-rational) behavior?*
- *How can we demonstrate that the actual discretion of particular choices are appearances of (as if they were) rational and non-rational behavior?*

## **QUESTION EIGHT**

This question concerns processes of change and the design of change. For several centuries now, the belief in science as a distinct remedy for knowing the true nature of the physical world has been closely related to macrophysics - the science of sciences in the realm of positivistic epistemology. Since at least the 1840`s (Auguste Comte, 1963, *Discours sur l'esprit positif*, Paris: le Monde en 10/18) social sciences have submitted to the paradigm of macrophysics, asserting that the universe consists of small elements whose motions are highly predictable, determined as they are by universal laws of motion. One of the latest examples is rational choice theory within political economy.

In accordance with this ideal of scientific endeavour rational choice theories are often unconcerned about whether their models really describe the richness, complexity and confusion of decision processes. Usually they are more interested in whether the models prove able to predict future conduct (Posner 1977, 12ff.). In this connection Etzioni and Jessop, like March & Olsen, occupy a special position. They are just as interested in analysing the empirical conditions for particular choices as in deducing consequences from axiomatic laws of motions (e.g. pre-given needs and preferences). They do not exclude the possibility that concrete political choices may prove to have important, intended or unintended, consequences. Neither do they exclude that a correct link can be established between past choices and subsequent effects (March & Olsen *ibid.* 41; Jessop, *ibid.* 409). Thus, they maintain that just as the organization of polity makes a difference, so do individual or collective choices. And just as institutions are expected to shape the conduct of political actors, so are actors expected to reshape institutions. In Jessop's discussion a whole series of mechanisms for change are identified; e.g. struggles for hegemony, conflicts over state projects, strategic selectivity, experiences, learning processes, adaptation and autopoietic self-description etc. (Jessop, *ibid.* 405-11, 437-46). In Etzioni's discussion change happens through adaptation, experimentation, learning and experience. But it also happens through fundamental and innovative

decisions setting the pace and direction for further decisions (ibid. 130-35). A theory of mixed scanning is developed in opposition to both rational and incremental descriptions of change (Etzioni, ibid. 122-35, 157, 159f.). March & Olsen operate with several mutually incommensurable theories of change. They distinguish between (a) long-term incremental adaptation to changing problems with available solutions within gradually evolving structures of meaning (ibid. 94); (b) short-term ad hoc reorganization where reorganization depends less on properties of projects and efforts than on random political attention (ibid. 81); (c) intentional transformation where change cannot be controlled with any great precision (ibid. 56-67); and (d) the design of institutions as a question of how to shape citizen preferences and construct democratic political institutions (ibid. capt. 7).

A major difference between the four can, then, be located in the way they are dealing with questions of change. Etzioni, just like March & Olsen, maintains that institutional contexts can shape the conduct of political actors, but also that actors are able to reshape institutions through innovative decisions or designing. Actors are not only "blind" participants in processes of change (through experimentation, learning, adaptation and conflicting) but also capable of designing institutions in the image of their proper ideals, interests or preferences. Jessop only hints at, but never fully affirms (in the concept of strategic calculation), the possibility for actor to design institutions. Thus, all four authors emphasize the complexity of processes of change and the combination of different motives (strategies), thereby raising the question of determinism, incrementalism, and blind chaos.

The result is a number of questions and paradoxes. One of the main questions is logically connected with problems described in QUESTION SIX and SEVEN. Firstly, both Etzioni and March & Olsen assume that actors can deliberately design or invent

conditions for future developments. In the reciprocity between structure and actors they assume that the basis for a general theory of architectural design or innovative construction is already there. Secondly, all four of the author's postulate that a theory of change must operate with a fundamental unpredictability of systems that otherwise behave partly deterministic. They claim that a system, which otherwise is composed of single and partly predictable elements, may experience a complex order (chaos). So, they postulate that it is possible (1) to apprehend partial causal relations between structure and actions; and that it likewise (2) is possible to apprehend chaotic relations, although such relations not causally can be referred to distinct actions.

Questions and paradoxes like these immediately call forth very fundamental problems.

*- How can we identify the institutional possibilities for specific actors to design the future or invent fundamental decisions?*

*- How can we describe the coherence in societies which are supposed to reproduce and change themselves aimlessly through deterministic, incremental and even chaotic processes?*

Neither March & Olsen nor Etzioni or Jessop try to answer questions like these. They take for granted that actors, through their creative skills, judgment, and innovative faculty, are capable of making designs and taking fundamental decisions. An institutional theory of design or entrepreneurship is left open.

Thus, the questions are:

*- How can we identify the institutional conditions for actors being endowed with the will and the possibility to change the array of inherited values and norms?*

*- How can we maintain that architectonic designs make a difference, when the consequences hereof are partly unpredictable in a system changing through deterministic, incremental and even chaotic processes?*

### **QUESTION NINE**

The ninth question concerns the relationship between descriptive studies and normative or prescriptive motives. In the last ten to fifteen years it has once more become appropriate to take a normative and/or prescriptive stand in political science (Lundquist 1988; Smith 1988). This development is in great contrast to the ideal of scientific endeavour dominant in political science since the 1950's. Etzioni, just as March & Olsen, is among the first to demand either a normative stand and/or a prescriptive element in political theory. Jessop does not deal with the question at all.

The whole purpose of Etzioni's book is to remind scholars that they are responsible for the ethical consequences of their ontological, epistemological and methodological choices (Etzioni 1990). His purpose is deliberately normative. March & Olsen do not explicitly take a normative stand. They, in contrast, emphasize the possibility for scientists to make prescriptive recommendations on behalf of their analytical results. They see scientific knowledge as an important element in designing democratic institutions. They want to formulate principles for a reasoned debate between alternative ideas. Programmatically, then, March & Olsen undertake a role which has not been appropriate in political science since classical institutionalism: to unify positive analysis with prescriptive concerns. Even then, their attitude seems to be more prescriptive than normative and more based on analytical insights than scientific ideals.

They urge us to begin with the values we hold and the political world we inhabit. To them, the primary normative problem is not analytical choices but the disintegration of polity into multiple centres for segmented and professionalized handling of interests. Likewise, their primary normative objective is not to discuss ethical consequences of analytical choices, but to further such a distribution of personal rights and institutional autonomies that a reasoned public debate can be created (or recreated) and a unified democratic culture can be established (or re-established).

Their way of doing this, however, causes problems. Firstly, March & Olsen distinguish between aggregative and integrative political processes (ibid. 117ff.). Secondly, they present criteria for how to evaluate such processes (ibid. 119-29). Finally, they claim that such an evaluation can be implemented in two ways: (1) to compare "... alternative institutional utopias - models of hypothetical institutions in hypothetical worlds." (ibid. 129); and (2) to compare "... the realized consequences of pursuing alternative utopian visions in a real political system." (ibid.). Both comparisons, however, are to be based on a question of efficacy; i.e. "... whether an institution produces in an imperfect world what it promises in an imagery one ... ." (ibid.) and on a question of virtue; i.e. whether "... pursuing a specific virtuous vision brings good citizens closer to, or more distant from, the good life - justice, a moral society, beauty, harmony." (ibid.). Thus, they occupy two positions. They want to understand existing institutional processes, but also to evaluate alternative visions or utopias. They want to interpretate inherited values as a manifestation of different types of processes, but also to assert that it is possible to evaluate these in the light of a model for "a moral society". This at least causes two problems:

- We have already indicated the first one. It is related to one of the questions in QUESTION EIGHT. It is: how can we identify the institutional conditions for actors being endowed with the possibility to formulate visions or utopias?

- The second problem concerns the selection of criteria of evaluation and the idea about the good citizen living a good life in a moral society. It is: How can we select criteria for evaluating the "good" citizen, the "good" life and the "moral" society?

March & Olsen neither identifies institutional possibilities for how visions can be formulated, nor asserts on which premises to base a choice of criteria. Perhaps once again the authors would be able to argue otherwise if asked. But, for me anyhow, it seems that they begin just as A. MacIntyre does by assuming that "... morality is always to some degree tied to the socially local and particular." (MacIntyre 1981, 119) but then end otherwise, by claiming that their normative ideals of an open and democratic society are exactly so essential that they can be taken for granted as both possible and necessary. Of course the dilemma is not new. On the contrary, the dilemma is classic: can visions or utopias be scientifically argued for? The answer is probably both yes and no, and will, in the last instance, also have to be "solved" by taking a normative stance. But because the problem only can be partly dealt with in scientific terms and in the last instance probably also will have to lean heavily on normative doctrines, it anyhow can be raised as a fundamental question: how through interpretation and reflexivity is it possible to criticise the array of existing and inherited values?

Then, what is probably lacking in institutional theory is a critical dimension. How can we interpret and criticise existing values and norms? How - by our interpretations - can we expose (or discover) possibilities for visions and utopias? Questions like these have

been central in western philosophy at least since Immanuel Kant. And once again we are brought back to QUESTION ONE. The methodological question can now be turned into a genuine theoretical one. We can ask:

*- How can we evaluate existing values or norms without prescribing what we already know, and without inscribing what we just imagine to be possible?*

*- How can we evaluate dominating values and norms without overlooking or underestimating alternative visions and objectives pushed aside or censored by these?*

## EPILOGUE

These were the nine questions. Ten or eleven ... or many more, just as relevant, could have been asked. The shift from behavioural to institutional theory forces political theory again to raise basic problems. Above I have tried to show that the first and foremost question for institutional theory has to be: how can we "liberate" ourselves from the array of dominating worldviews through a critical interpretation of existing values and norms?

The problem is ontological, epistemological and methodological. It is a question of how to answer basic problems. In concrete (or analytical) terms the question has already been asked: how can we criticise encoded meaning? And how can we interpret discourses as deliberately used in power games to distort or to extol? How, in other words, can we break the code and expose the game? Problems of this kind must be paid undivided attention in institutional theory. Only through a critical theory of meaning can we break the code and expose the game, but also - and probably more important - point at alternative visions and possibilities in the values we hold and the political world we inhabit.

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