

General introduction to the theme in the context of development studies

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The aim of this first lecture is to provide a general introduction to the theme in the context of development studies. Basically, what I will do is to elaborate a little on the preliminary programme description - which I hope you are all familiar with. The elaboration will include a summary presentation of trends concerning the place and perceptions of institutions in social sciences since the beginning of this century.

This will lead us to a brief discussion of selected definitions and conceptualizations of 'institutions'. Based on this discussion I will try to sum up some of the considerations behind selecting political and cultural institutions as focal points for our programme and at the same time propose how to view institutions in a broader societal context.

Trends regarding the place and perceptions of institutions in the social sciences

It is, of course, very difficult to talk about clearly discernible trends in the social sciences where paradigms and theoretical frameworks tend to accumulate in a competing environment, rather than replace each other. Nevertheless, I think it is warranted to conclude that the social sciences in this century have passed through at least three stages with respect to the priority assigned to institutions in research and theory construction. This is perhaps most evident in political science, but it shall be maintained - at least for the moment - that similar trends and patterns can be observed in economics and sociology.

For purposes of convenience we may refer to three competing approaches which have played very different roles in each of the three periods:

1. Classical institutionalism played a prominent role at the beginning of the century and remained influential through the 1940s.

2. Behavioralism (in political science and sociology) and mainstream neo-classical economics attained dominant positions from around 1950 and may probably still be regarded as the prevailing approaches in Western social sciences. Since the late 1970s, however, they have come under increasing pressure from a new form of institutionalism. This third "force" is simply referred to as:

3. The new institutionalism.

If we focus on political science approaches we may characterize **classical institutionalism** in the following manner:

It tended to treat political institutions, particularly the state, as independent factors important to the ordering and understanding of social life.

It tended to view institutions as determining, ordering, or modifying individual motives, and as acting autonomously in terms of institutional needs.

It emphasized the ways in which political behaviour was embedded in an institutional structure of rules, norms, expectations and traditions that severely limited the free play of individual will and calculation.

Behaviouralism, on the other hand, suggests that political institutions are merely epiphenomena, that is they derive from exogenous social processes and factors. Institutions are regarded as arenas within which political behaviour, driven by more fundamental factors, occurs. Besides, from a behavioural point of view the state and other formally organised institutions have lost their centrality.

Behaviouralism - as well as mainstream neo-classical economics - tend to emphasize strongly the behaviour at the individual or group level. March and Olsen summarize some of the implications of the position in this way:

"Outcomes at the system level are thought to be determined by the interactions of individuals acting consistently in terms of the axioms of individual behavior, whatever they may be. Thus, we make assumptions about individual consumers to understand markets, about voters to understand politics, and about bureaucrats to understand bureaucracies."(p 736).

Formulated somewhat differently, behaviouralism tends to portray human behaviour as choice and deliberate decision making based on exogenous and stable preferences.

The new institutionalism presents itself not as an all-out alternative to behaviouralism, but more as a necessary correcting perspective. This is particularly so with respect to the new institutionalism in economics. In this sense the revival of institutions as focal points for research and theory construction is not a return to classical institutionalism.

The new institutionalism de-emphasize the dependence of political institutions on external processes and factors in favour of interdependence between relatively autonomous institutions and the rest of society.

"Without denying the importance of both the social context of politics and the motives of individual actors, the new institutionalism insists on a more autonomous role for political institutions" (March & Olsen, p. 738).

Political institutions are not only products of the rest of society, but also affects that society. Institutions may be arenas for conflicts between contending social forces, but they are also collections of standard operating procedures and structures that define and defend interests and shape behaviour of individuals and groups. Institutions thus play a causal role in addition to their dependent part in economic, social, political and cultural life. They are actors in their own right and may thus significantly influence the outcome of social conflicts and power struggles.

In their form and mode of functioning institutions may be regarded as products of exogenous forces, as the outcome of social conflicts. But when established these institutions often acquire a certain degree of autonomy - partly because by nature they impose a specific order, standard operating procedures, etc., partly because they often create groups of citizens dependent upon the continued existence of the institutions concerned.

These points may be easily illustrated with reference to civil and military bureaucracies.

The degree of relative autonomy may increase over time in the sense that institutions reflecting past norms, ideologies, patterns in the distribution of power, etc., may survive in markedly changed circumstances, where they may then act quite independently.

This point could be illustrated, for instance, with the role played today by the *ulama*, the religious intelligentsia in Islam.

It should be noted in passing that the said points can be derived from the new institutionalism within political science. But they may also be extracted from an analysis carried out within the theoretical framework of Marxism, particularly within approaches focusing on social classes and the state. I will return to this matter in another lecture and thus leave it for the moment.

The observation - or the contention - that bureaucracies and other institutions influence societal development with a certain degree of autonomy is one of the major considerations behind the theme of our Ph.D. programme. The basic reasoning may be summarized in this way:

It is the general impression that political and cultural institutions play major roles in development processes in the Third World - directly and through the shaping of individual and group behaviour.

It is, furthermore, the impression that institutions are not paid sufficient attention in contemporary development research and theory construction.

Accordingly, we have decided to try to stimulate that kind of research and theory construction which is attentive to institutions. We believe that by doing so we may also stimulate the utilization of approaches and methodologies which places the unique features of the individual developing countries at the centre of enquiry, and yet aims at acquiring a more general understanding of the very complex structures and social forces shaping development.

The proposed conceptualization of institutions

It should be added right away, however, that we do not propose that institutions be studied as separate entities. I think we can benefit a lot from the new institutionalism in political science and economics as well as from other approaches which emphasize institutions, but only if we continue to view institutions in their proper context.

By context, I do not mean environment in the ordinary sense of that term, that is context viewed as something outside, something external and completely separate from. Instead, I propose a perception of the context as something which is both external to and reflected in the institutions. The interrelationship is not between separate entities but between overlapping or intertwined components of the same system or societal formation.

In order to stress that I suggest we conceive of institutions as - and that is really just a summing up of the conceptualization already presented:

- **products** of conflicting interests and power struggles and reflections of hegemony in terms of ideology and discourse (this will be elaborated in subsequent lectures)

- **manifestations of structures** which impose a certain order in society or aspects of society and shape behaviour.

This may call for a brief explanation: Constitutions, laws, contracts, customary rules and institutional arrangements make many potential actions or considerations illegitimate, exclude issues from the agenda (the so-called non-decisions), etc.

Markets and systems of property rights may be regarded as institutions which entail in a prominent fashion this characteristic.

- **arenas** for interaction and conflict between contending social forces, which in combination with the previous characteristic implies that institutions are not neutral in the sense that they provide equal access for all social forces. On the contrary, any institution is expected, a priori, to embed certain biases providing some social forces easy access, constraining others and perhaps even completely excluding some social groups from participating or influencing the mode of functioning of the concerned institution.

- **actors** in their own right which by their form of organisation and mode of functioning exert a relatively autonomous influence on outcomes of conflicts and other processes in society.

This particular characteristic does not apply to all institutions. Markets, for instance, do not act in this manner but more as 'manifestations of structures' as referred to a few minutes ago.

Conceived of in this more complex manner it becomes evident that any analysis of institutions must consider these in their broader context.

It also becomes evident that institutions are viewed as a sort of intersection points where the past interacts with the present, where the outcome of previous conflicts of interest are reflected and contemporary battles fought, where issues are selected for attention or non-decision, and where - consequently - certain interests are immanently realized while others are excluded.

It is probably reflected in my formulations here that I am myself more acquainted with political rather than cultural institutions. Other lecturers will compensate for that shortcoming later during the seminar series. But I want to emphasize that the basic reasoning applied here is just as valid for cultural institutions as it is for political institutions.

Let me now turn to a brief discussion of selected definitions of institutions as a concept. I do that with some hesitation and reservation, because I don't really want to propose any particular definition. Besides, I think that we should not waste too much time with formal definitions, but rather concentrate on institutions as a vaguely defined and thus open epistemological perspective.

Selected definitions of the concept 'institution'

Nabli and Nugent (In World Development, p 1334) note that the consensus on the centrality of institutions to development among adherents of the new institutionalism has not been matched by similar agreement on the definition of institutions. The two authors refer to a number of characteristics or aspects which vary considerably from one definition to another.

There is no need to repeat these aspects here. But there summary presentation of characteristics that may be considered basic to all social institutions are, perhaps, worth stating.

The first such characteristic is the rules and constraints nature of institutions. They embed "prescriptions commonly known and used by a set of participants to order repetitive, interdependent relationships. Prescriptions refer to which actions are required, prohibited or permitted." (From Elinor Ostrom, 1986).

The second characteristic of institutions is their ability to govern the relations among individuals and groups.

The third characteristic concerns predictability. Agents should expect institutionalised rules and constraints to have some degree of stability.

Based on these observations Nabli & Nugent define an institution "as a set of constraints which governs the behavioral relations among individuals or groups" (p. 1335).

Douglass North arrives at essentially the same definition (World Development, p. 1321). He states that institutions are "rules, enforcement characteristics of rules, and norms of behavior that structure repeated human interaction."

North goes on to emphasize that he is not interested in institutions *per se*, but in their consequences for the choices individuals actually make.

Most sociological definitions resemble these conceptions in that they have in common the general idea of an institution as the locus of a regularized or

crystallized principle of conduct, action or behaviour that governs a crucial area of social life and that endures over time.

But when we look a bit closer at the various definitions, particularly at their application in research and analyses, it becomes clear that the emphases vary a great deal. At one extreme there is a tendency to equate the term institution with the behaviour of individuals and groups. At another extreme 'institution' simply denotes the organisational arrangements - like a political party or a state apparatus. The definitions just mentioned refer to something in between, but it should be noted that they all emerge from some kind of behaviouralism.

A somewhat different approach may be found in several theories of the state - Marxist as well as others. These theories also use either organisational definitions or functional definitions - or a mixture of these two. But the definitions here are different from those evolved in the behaviouralist tradition in the sense that their primary focus is on macro phenomena. This is particularly evident with respect to functional definitions which conceive of the state as that set of institutions which perform particular functions. That may - and most probably will - imply the governing of the behavioural relations among individuals and groups, but it entails much more than that.

We will come back to this approach in the lecture on the treatment of institutions in Marxist theories.

I have included this brief presentation of selected definitions just to illustrate the variation in the conceptualisation of institutions. I do not propose that we spend a lot of time discussing the formal definitions. Actually, I suggest that we assign very low priority to the word-oriented - or semasiological - approach to concept construction, i.e. the approach whereby a link is created between definiendum (what is to be defined) and definiens (what defines it). Instead, a more concept-oriented - or onomasiological - approach should be applied. That approach starts with a context and a text describing and defining the phenomenon which one may want to investigate more closely. The concept is named afterwards.

We have used a particular term, 'institution', in the presentation of our programme. But this should not be regarded as a concept with a precise definition. Besides, we do not envisage the construction of theories concerning institutions *per se*. That is impossible because institutions - unless very narrowly defined - do not belong to a specific, let alone homogenous category of phenomena. This is evident even from this introductory presentation. What we do envisage is that institutions and processes of institutionalisation are given more attention in research and theory construction under our programme than in development studies in general. We also expect that this may result in the elaboration of theories attentive to the very different types of institutions and their roles in societal reproduction or change.

We have already, in the Preliminary Description..., emphasized the broad range of formal and non-formal institutional arrangements which we believe could become focal points for research and theory construction under the programme. Other types of institutions could be added like markets in the broader sense of the term, i.e. including stock exchanges, labour markets, capital markets, wholesale markets, or traditional bazars. These are all institutions in the sense that they embody rules and regulations, formal or informal, which govern their operations, affect behaviour and influence the outcome of exchange processes.

My main point here really is to stress that the programmatic statement concerning political and cultural institutions should not be regarded as a straitjacket, but as a source of inspiration, - as an epistemological perspective. As such it can, hopefully, supplement or challenge the predominant conceptualisations, methodologies and language of mainstream development studies today.

Selected references

The works listed below are those referred to - explicitly or implicitly - in the presentations by J. Martinussen above and later in this occasional paper.

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