Sovereignty: An Institutional Perspective

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Contemporary social science analysis is dominated by utilitarian or functional approaches in which institutional structures are assumed to adapt in an optimal fashion to changing environmental conditions, and the preferences and capabilities of individual actors are ontologically posited. In contrast, an institutional perspective insists that past choices constrain present options; that the preferences and capabilities of individual actors are conditioned by institutional structures; and that historical trajectories are path dependent. Institutional structures persist even if circumstances change. In a world of nuclear weapons and economic interdependence, any adequate analysis of the nature of sovereignty operationalized with regard to transborder controls and extraterritoriality must be informed by an institutional perspective.

SOVEREIGNTY
An Institutional Perspective

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> Organisms are not putty before a molding environment or billiard balls before the pool cue of natural selection. Their inherited forms and behaviors constrain and push back; they cannot be quickly transformed to new optimality every time the environment alters.
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> —Stephen Jay Gould (1985b: 53)

ALTERNATIVE PERSPECTIVES

Over the last 500 years, the sovereign state has been a powerful instrument of human progress, or, at a minimum, human progress has

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occurred while sovereign states have been the dominant mode of political organization. The existence of an international system composed of many states facilitated economic development by preventing the consolidation of a single absolutist empire that would have stultified private initiative and by providing an environment sufficiently orderly to permit rational economic calculations.[1] This sovereign state system, however, also has some less benign consequences. Because the state system as a whole lacks a sovereign, wars are an imminent possibility. The severity of wars has increased over time, as measured by casualties rather than the frequency of conflict (Goldstein, 1985). With the advent of nuclear weapons, major interstate conflict threatens to destroy human existence. Moreover, even very large states may not be able to cope with economic and other disturbances emanating from the international environment, and the opportunity cost of pursuing autarky is increasing, in part because technological changes in communication and transportation have reduced the transactions costs of international commercial activities (Cooper, 1968). It is no longer obvious that the state system is the optimal way to organize political life.

The existence of a suboptimal institutional structure presents an anomaly for most of the theoretical orientations that inform social science research. These perspectives adopt a static viewpoint that is either utilitarian or functional. For both of these orientations, actors are adaptive and outcomes are optimal. History is not particularly important; institutional structures and policies will change if environmental incentives change. A social fact is explained by some other social variable that belongs to the same time period. For contemporary social science, this is a "natural" mode of explanation (Harsanyi, 1960: 136).

In investigating the basic mode of political organization in the contemporary world, the national state, these conventional approaches are not likely to provide either adequate prescriptive guidance or satisfactory explanations. It will be necessary to deploy an institutionalist perspective to construct a suitable explanation for the development and persistence of the sovereign state. An institutionalist perspective regards enduring institutional structures as the building blocks of social and political life. The preferences, capabilities, and basic self-identities of individuals are conditioned by these institutional structures. Historical developments are path dependent; once certain choices are made, they constrain future possibilities. The range of options available to policymakers at any given point in time is a function of institutional capabilities that were put in place in at some earlier period, possibly in response to very different environmental pressures.

CONVENTIONAL APPROACHES

James March and Johan Olsen have argued that in one form or another, utilitarian or functional approaches dominate American social science. These orientations see political activity as an integral part of civil society. Outcomes are the result of individual choice. History is understood as functionalist in the sense that anticipated outcomes result in one single, most-efficient equilibrium. And finally, these perspectives are instrumentalist in that allocation is viewed as the major concern of political activity (March and Olson, 1984: 735). The pervasive impact of these orientations, especially utilitarian arguments, is particularly apparent in political science and economics.

In microeconomic theory, market outcomes are a product of the behavior of individual firms and consumers whose preferences and capabilities are taken as given. The realism of the assumption of egoistic individualism is not part of the inquiry of modern economics (Sen, 1977: 322; Moe, 1984: 741). The most pristine and imperialistic form of this argument, exemplified in the work of the Chicago School, applies microeconomic analysis to all aspects of human behavior. It assumes that preferences are universal. Gary Becker (1976) argues that since "economists generally have had little to contribute, especially in recent times, to the understanding of how preferences are formed, preferences are assumed not to change substantially over time, nor to be very different between wealthy and poor persons, or even between persons in different societies and cultures" (p. 5). Customs and traditions, which might from other perspectives be thought of as determinants of values, are seen as devices for dealing with imperfect information (Stigler and Becker, 1977: 82). Stigler and Becker (1977) argue that the assumption of unchanging and common preferences makes it possible to avoid the intellectually flaccid position of explaining changes in behavior in terms of unexplained changes in tastes and to abstain from appealing to "whoever studies and explains tastes (psychologists? anthropologists? phrenologists? sociobiologists?)" (p. 76). (Stigler and Becker, of course, realize how much other social scientists cherish being identified with phrenologists.)

For the Chicago School, institutions play very little role either because they accept Coase's theorem that states that in the absence of transactions costs optimal allocation can be achieved through the market, or because they believe that in the not so long run, institutions, like any other outcome of behavior, must reflect the preferences and capabilities of individual actors (Moe, 1987: 276-277). A shift in

incentives or resources will quickly lead to a shift in behavior. In such a fluid environment, the concept of institutional structures becomes illusory and meaningless. The utilitarian perspective has also produced arguments that are more sympathetic to the importance of institutions and that potentially complement the perspective elaborated in this article. Moe (1987) has referred to this line of argument as the positive theory of political institutions. This mode of analysis treats institutional structures, which cannot be easily changed, as constraining individual actors by eliminating the viability of certain options and influencing resource availability. A stable outcome is one in which none of the individuals actors have an incentive to change their behavior (Ferejohn, 1987: 2). But even this more institutionally oriented utilitarian perspective must be distinguished from an institutional perspective because it takes preferences and the nature of actors as given. Institutional structures are seen as constraining actors rather than constituting them.

The utilitarian perspective, whether in its more or less institutional version, does not have much to say about failure. It cannot explain why some actors fail while others succeed, except to say that those who fail did not act to maximize their utility. Actors may not adjust to environmental opportunities or institutional constraints. Some firms go bankrupt while others thrive. Failures have to be written off as random events (Hogarth and Reder, 1986: S187, S190). Violations of basic assumptions, such as transitivity of preferences, are glossed over by arguing that, in the long run, there is learning or that, in any event, outcomes are not affected because market forces act as a corrective (Tversky and Kahneman, 1986: S273).

Moreover, even those utilitarian approaches that are sympathetic to institutions regard them as being always up for grabs. Institutions are not taken for granted. Violating some established pattern of behavior is merely one cost among others. The principal agent literature is the clearest example of this perspective. Even actors in formal hierarchical relationships are presented as calculators and connivers—weasels always looking for a way to increase their utility if principles fail to monitor them effectively. Hence utilitarian theory describes a world in which actors are given and unproblematic and in which behavior is fluid and, for the Chicago School, constrained only by resource availability and relative prices.

Examples of this approach abound. In interest group pluralism, public policy is understood as a product of the pulling and hauling of particular societal groups. These groups are taken as a natural component of the political landscape. Human activity constantly produces changes in power, privilege, and welfare. Political and social

structures are never permanent and never the starting point for an analysis. Institutions are at best arenas within which group activity takes place (Binder, 1986: 7-10; March and Olson, 1984: 735-36).

In structural or realist theories of international politics, behavior is analyzed as a function of the distribution of power among states and the relative position of a given state. Shifts in the distribution of power will lead to changes in foreign policy and outcomes. The state, understood as a bundle of capabilities within a given territory that are deployed as if they were under the control of a unified rational actor, is taken as a given (Waltz, 1979). Institutional constraints are entirely absent from this analysis. For realists, international politics is a self-help system in which individual states autonomously determine their own actions.

While utilitarian approaches, in various guises, are now the prevailing perspective in American social science, functional arguments still exert some influence, particularly in sociology and, to a lesser extent, in political science. Such theories also posit a world that is fluid and optimizing. Structures, although they may not always be readily visible, develop to fulfill different functions. Change is the result of adaptation to environmental incentives. Prevailing modes of analysis in organizational theory explain organizational structures as rational adaptations to environmental circumstances. They differ more in their descriptions of the environment than they do in their analyses of how the environment affects organizations: Weberians see rational bureaucratic modes of organization as functionally optimal in complex modern societies; Marxists argue that organizations change in response to the needs of capitalist society (DiMaggio and Powell, 1983: 156). Although functional theories have been applied to social aggregates and utilitarian theory to individuals, they share a view of human behavior in which the struggle to maximize utility is pursued through adaptation of one form or another to environmental incentives.

Adherents of neoclassical economic theory, interest group pluralism, structural realism, and structural functionalism have modified their basic arguments in a variety of ways that attempt to take account of factors such as property rights, asymmetrical information, political institutions, and international regimes. But these departures do not violate the Lakatosian hard core of the actor-oriented approach. Even very sophisticated presentations take actor preferences as given, rather than as an endogenous product of an institutional structure, an assumption that makes it possible to understand actors as searching for an optimal outcome. If preferences are endogenous, this mode of analysis makes little sense. Furthermore, even arguments such as principal agent analysis in the new economic theory of the firm, or the

investigation of equilibrium political institutions (Shepsle, 1986), or the examination of international regimes (Keohane, 1984; Krasner, 1983) tend to be static in that independent and dependent variables are drawn from the same time period.

From an actor-oriented utilitarian or functional perspective, unambiguously dysfunctional behavior presents an anomaly. The most spectacular historical examples of such behavior occur when polities collapse in the face of pressure from some external force that could have been resisted given available material resources, but these resources could not be deployed because of institutional or cognitive constraints. At the end of the eighteenth century, the Polish nobility was unable to overcome a legislative system that gave every member of parliament a veto. Even in the face of extreme external threats, coherent and unified military action was impossible and the Polish state was dismembered and disappeared from the map of Europe for 120 years.

At the end of the nineteenth century, the Balinese ruling class failed to effectively unite despite pressures from the Dutch. The indigenous system collapsed when one of the major noble houses appealed to the Dutch for support in 1899, a policy which could not be reconciled with the hierarchical cosmology upon which the Balinese theater state was based (Geertz, 1980: 39). The indigenous civilizations of the Western hemisphere were unable to comprehend the Spanish. They had only two classifications for human beings, the sedentary civilized and the barbarians. The Spanish were neither one of these, therefore they had to use the only other category available to them, the sacred. They thought the Spaniards were gods because they had no cognitive alternative, and Aztec civilization was destroyed. (Paz, 1987: 7) The nation state system has not yet presented quite so extreme an example of dysfunctional behavior, but one is not hard to imagine, and military conflicts and state repression in the 20th century have taken millions of individual lives even if they have not destroyed the nature of the state system itself.

AN INSTITUTIONAL PERSPECTIVE

This article is an effort to spell out an alternative approach to understanding how the sovereign state, and social structures more generally, might be understood, an approach that focuses on institutional change and inertia as a major explanatory variable. Institutional arguments have been given greater attention by political scientists in recent years. The basic characteristic of an institutional argument is that prior institutional choices limit available future options. There are two

basic reasons why outcomes at some given point in time cannot be understood in terms of the preferences and capabilities of actors existing at that same point in time. First, capabilities and preferences, that is, the very nature of the actors, cannot be understood except as part of some larger institutional framework. Second, the possible options available at any given point in time are constrained by available institutional capabilities and these capabilities are themselves a product of choices made during some earlier period. Thus an institutional perspective requires, first, a careful delineation of the nature of particular institutional arrangements because such arrangements are both a dependent variable at time t and an independent variable at time t+1; and second, an explication of how institutional arrangements perpetuate themselves across time, even in situations where utilitarian calculations would suggest that they are dysfunctional.

An institutionalist perspective implies that it is necessary to unpack the notion of the sovereign state. What precisely does sovereignty mean and how has this meaning changed? More precisely, how have issues of extraterritoriality and transborder control varied across states and over time? Have state assertions to the exercise of final authority within their own territorial boundaries been challenged by external actors? What kind of transborder movements have states tried to control and how successful have they been? Once unpacked and made problematic, it is necessary to examine how the particular institutional structures of sovereignty regenerate themselves and delimit the range of available policy options and institutional changes.

While social science understands actor-oriented utilitarian and functional perspectives very well, institutional approaches are more illusive.[2] Cooper and Brady (1981) point out that "institutional analysis has lagged behind behavioral analysis since the advent of the behavioral revolution in the early 1950s. Our ability to handle questions that posit individuals, whether in small numbers or large aggregates, as the units of analysis is far greater than our ability to handle questions that posit institutionalized collectivities in complex environments as the units of analysis" (p. 994).

There is no commonly agreed definition of what an institution structure is. Oran Young (1986) states that "social institutions are recognized practices consisting of easily identifiable roles coupled with collections of rules or conventions governing relations among occupants of these roles" (p. 107). Sidney Verba (1971) argues that institutions refer to "generally accepted regular procedures for handling a problem and to normatively sanctioned behavior patterns" (p. 300). Alford and Friedland (1985) are more expansive, stating that the "concept of

'institution' refers to a pattern of supraorganizational relations stable enough to be described—polity, family, economy, religion, culture" (p. 16). Finally, Stinchcombe (1968) says that an institution can be defined as "a structure in which powerful people are committed to some value or interest" (p. 107).

Despite their differences, these statements do suggest that there are two interrelated characteristics that are central to an institutionalist perspective: the derivative character of individuals and the persistence of something—behavioral patterns, roles, rules, organizational charts, ceremonies—over time. Sociologists have frequently argued that individuals are extremely sensitive to consensual norms. These norms are internalized through socialization. Behavior cannot be understood by examining atomized individuals. At the very least, individuals are confronted with a limited repertoire of social roles and values from which to choose. A particular role or enduring pattern of behavior can be comprehended adequately only as part of a larger social structure. Preferences are developed through involvement in political activity that is structured by institutional arrangements. Routinized procedures for hiring, promotion, and dismissal based on qualifications and performance would, for instance, be standard operating procedure for any formally established corporation in late twentieth-century America; such procedures would have been incomprehensible in medieval Europe (Katznelson, 1986: 319-320; Granovetter, 1985: 483; Alford and Friedland, 1985: 7-8). John Meyer and his colleagues (1987) have asserted that "a central concern of our analysis is the way in which the institutional structure of society creates and legitimates the social entities that are seen as 'actors.' That is, institutionalized cultural rules define the meaning and identity of the individuals and patterns of appropriate economic, political, and cultural activity.... They similarly constitute the purposes and legitimacy of organizations, professions, interest groups, and states" (p. 12). Alex Wendt (1987), applying structuration theory that more explicitly focuses on the interaction between macro and micro phenomena, maintains that behavior can be understood only in terms of the interaction between social structures that constitute individual actors and are, in turn, constituted by the actions of these actors.

Second, an institutionalist perspective implies that something persists over time and that change is not instantaneous and costless. If patterns of behavior, roles, collectivities, or formal organizations change rapidly and frequently, then there is little use in invoking an institutionalist argument. It is better under such circumstances to focus on individuals without regard to some larger context. Invoking some notion of

enduring institutions can only obscure understanding in an environment where patterns of behavior and what are commonly termed institutions are rapidly changing in response to environmental pressures. While an institutionalist argument does not maintain that such rapid change never occurs, it does imply that such episodes are infrequent and are followed by long periods of either relative stasis or path-dependent change. Changes, from an institutionalist perspective, can never be easy, fluid, or continuous, and are more likely to occur at the level of the whole population of organizations, as some types are selected out, than as a result of individual adaptation (Carroll, 1984; Hannan and Freeman, 1977).

DIMENSIONS OF INSTITUTIONALIZATION

Institutionalization, the tendency of patterns of behavior, norms, or formal structures to persist through time, depends on two dimensions, vertical depth and horizontal linkage. Depth refers to the extent to which the institutional structure defines the individual actors. Breadth refers to the number of links that a particular activity has with other activities, to the number of changes that would have to be made if a particular form of activity were altered.

The definition of actors involves a specification of (a) endowments in the form of property rights, (b) utilities in the sense of preferences, (c) capabilities in the form of material, symbolic, and institutional resources, and (d) self-identity in that the way in which individuals identify themselves is affected or determined by their place within an institutional structure. Holding environmental pressures and horizontal links constant, the more individuals' basic self-definitions are determined by a given institutional structure, the more difficult it will be for that institution to change. Such an institution may collapse because it fails to adapt to changed environmental circumstances, but it will not be undermined by its own members.

With regard to sovereignty, the notion of citizenship is one example of institutional depth. The state bestows citizenship. The very notion of citizen in the modern world is intimately linked with the existence of sovereign states. Without such political entities, citizenship as we know it would have no meaning. The depth of citizenship, the extent to which it becomes an important part of an individual's self-definition, varies both across and within countries. Nevertheless, it is a powerful source of identity for many people, powerful enough to make many subject

themselves to the dangers of violent death, Hobbes's baddest of the bad. States also constitute political communities that define what Michael Walzer (1983) has called spheres of justice. The conception that individuals have of what is just, a basic component of any preference structure, is determined by membership in a particular political community.

Other examples of institutional structures defining the identity of individuals are even more compelling. Geertz's description of the Balinese aristocracy marching into Dutch machine guns because this was more consistent with their cosmology than capitulation to foreign rule is a powerful illustration of the ability of particular self-identities to lead individuals to accept death rather than what would be, for them, dishonor (Geertz, 1980). The long list of martyrs shows that violent death is not, for some individuals, the worst possible outcome.

The concept of organizational depth reflects an epistemological stance that is skeptical of assertions of objective reality. It views reality as a social construct. This construction may arise either from the interaction of individuals who attribute meaning to certain events or from a general consensus on the meaning of events that is produced by shared paradigms or shaped by roles. In an uncertain or even unknowable external environment, meaning does not simply present itself in the form of some objective social reality. It is contingent on individual cognitions and possibly, with regard to the depth of institutionalization, on the extent to which these cognitions are determined by the immediate institutional environment within which the individual functions (Meyer et al., 1987: 5).

Horizontal linkage refers to the density of links between a particular activity and other activities. If a particular activity can be changed without altering anything else, then there is no linkage. If one modification requires changes in many others, then a particular activity is densely linked. Holding other things constant, the greater the number of links, the higher the level of institutionalization. For instance, the legal requirements for changing the American Constitution are much more stringent than those needed to promulgate a law; that is, many more individuals and legislative bodies must be involved to alter the Constitution. These legal demands do correspond to our commonplace understanding of what we mean by stating that a particular practice or norms is institutionalized. We mean that it is hard to change.

The breadth of institutionalization will be influenced by the way in which a particular institution fits into a broader institutional framework. In the case of sovereignty, there are two relevant sets of networks or links. First, national arrangements related to the scope and nature of

authoritative control are tied to other arrangements within that same country. States may, for instance, assert control in some areas but not in others because of national legal arrangements, bureaucratic structures, or policing capabilities. The United States, for instance, has been very reluctant to move toward a system of identity cards to control illegal migration because this would conflict with liberal values that are deeply enshrined in individual beliefs and embedded in the legal system. The treatment of women's issues in Sweden and Great Britain has reflected more general attitudes toward social welfare (Ruggie, 1984).

Second, the authority claims of a particular state are also linked to international regimes and the practices of other states. National actions that are consistent with the principles and norms of existing international regimes, and that are reinforced by the behavior and policies of other states, will be more difficult to change than assertions of sovereign authority that are antithetical to existing regimes and contradict or undermine the practices of other states. Some actions inevitably require agreement between two or more states, such as the setting of exchange rates; others are not necessarily contingent on the behavior of other actors but enforcement may be facilitated by general agreement, such as establishing the limits of the territorial sea.

In sum, institutionalization can be conceived of along two dimensions, breadth and depth. Breadth refers to the number of links an institution has, the number of other changes that would have to be made if that institution were to be changed. Depth refers to the extent to which the self-identities of individuals are determined by their participation in some larger social arrangement. This discussion is illustrated in Figure 1.

With regard to both breadth and depth, sovereign states have become increasingly formidable institutions. They influence the self-image of those individuals within their territory through the concept of citizenship, as well as by exercising control, to one degree or another, over powerful instruments of socialization. With regard to breadth, states are the most densely linked institutions in the contemporary world. Change the nature of states and virtually everything else in human society would also have to be changed. Hence, even though environmental incentives have dramatically changed since the establishment of the state system in the seventeenth century, there is little reason to believe that it will be easy to replace sovereign states with some alternative structure for organizing human political life.

Institutions that have high degrees of breadth and depth, that define the nature of actors and have many links with other institutions, are not up for grabs. They are taken for granted. Support does not have to be

		Breadth: Density of Links	
		Low	High
Depth: Extent of Vertical Embeddedness	Low	Medieval Long Distance Luxury Trade	Urban Traffic System
	High	Pennsylvania Dutch	The Modern State

Figure 1: Dimensions of Institutionalization

continually mobilized to sustain them. They are not challenged, either because actors accept them as if given by nature (they do not even conceive of alternatives), or because particular behaviors and outcomes seem so fixed that the costs of changing appear to be prohibitive (Jepperson, 1987: 4-6). It is exactly this taken-for-granted quality that distinguishes institutional analysis from even those utilitarian perspectives that recognize the importance of institutions but regard that as being constantly under challenge, constantly subject to the rational maximizing calculations of their members.

AN EVOLUTIONARY ANALOGY

Metaphors and analogies cannot be a substitute for analysis; that is, for specifying the relationships between clearly conceptualized variables (Snidal, 1985). But when theoretical conceptualizations are weakly developed, metaphors and analogies can clarify the underlying logic of an argument. One analogy that does help to illuminate the reasoning of an institutionalist perspective is offered by the evolutionary theories of Stephen Jay Gould and Niles Eldredge.

Gould and Eldredge have argued that evolutionary change is characterized by what they term *punctuated equilibrium*. They contrast their position with the Darwinian synthesis. An evolutionary process characterized by punctuated equilibrium is one in which long periods of stasis are broken by short, in geologic time, episodes of rapid speciation. This allotropic speciation occurs in geographically isolated subpopulations usually living at the environmental margin of a particular species.

Sharp breaks occur in fossil records because one variant of a species quickly replaces its ancestor as a result of shifts in environmental conditions (Eldredge, 1985: chap. 3, 148-150; Gould, 1982: 383; Gould and Eldredge, 1977: 116-117).

In the Darwinian synthesis, change is slow, steady, and gradual. Darwin's commitment to gradualism reflected his social environment and his theories parallel those of Smith, Bentham, and other nineteenth-century European thinkers who saw history as a pattern of moderate evolution. The Darwinian synthesis, like Adam Smith's political economy, also focused attention on the individual. The mechanism for change was mutation in particular individuals, rather than changes in whole species more or less at the same time. Adaptation would be optimal because individual variations provided a very rich repertoire of possible solutions that could be selected in response to changed environmental incentives. Alterations in the environment would ultimately produce the most functionally efficient biological stock as different responses were played out slowly over a long period of time (Gould, 1982: 381; Gould and Eldredge, 1977: 145; Eldredge, 1985: 21-22).

Eldredge and Gould have criticized such adaptationist arguments on several grounds. The Darwinian synthesis ignores constraints imposed by previous choices. An optimally adaptive response may not be possible because the gene stock necessary for such a change is simply not present. Earlier adaptations, or even elimination of certain species, channel subsequent developments. The constraints of this channeling must be placed alongside environmental incentives to explain evolutionary change. Gould argues, for instance, that "we should not conclude that Darwinian adaptation to local environments has unconstrained power to design theoretically optimum shapes for all situations. Natural selection, as a historical process, can only work with material available. . . . The resulting imperfections and odd solutions, cobbled together from parts on hand, record a process that unfolds in time from unsuited antecedents, not the work of a perfect architect creating *ab nihilo*" (Gould, 1985a: 34-35).

Adaptationalist arguments also ignore the possibility that some changes are fortuitous. They may have occurred because two particular structures were genetically bound together and change in one inevitably induced change in the other. Structures originally developed for one purpose may ultimately come to serve another. One of Gould's most fascinating examples is that wings developed from protuberances, the initial purpose of which was to facilitate heat regulation for warm blooded animals. Indeed, it is difficult to imagine, Gould argues, how

wings could have developed in any other way, for they are too large to have sprung full blown as it were from the skeletal structures of terrestrial animals (Gould, 1982: 383; Gould, 1985b).

Gould and Eldredge developed their theory of punctuated equilibrium in response to these and other problems, as well as in reaction to the fact that the fossil record was more incomplete than the Darwinian synthesis suggested that it should be. If the Darwinian synthesis were correct and change was constant, gradual, and optimally adaptive, then it should be possible to find more or less complete fossil records. But this has not been the case. Missing links are typical rather than the exception. Such gaps in the fossil record are more easily explained by a pattern of development in which change takes place rapidly over a limited period of time and often in a limited geographic area. Evolutionary paleontologists would have to be extremely lucky to construct a complete fossil record.

Gould notes that the gradualist-punctuationalist debate in the largest sense "is but one small aspect of a broader discussion about the nature of change: Is our world (to construct a ridiculously oversimplified dichotomy) primarily one of constant change (with structure as a mere incarnation of the moment), or is structure primary and constraining, with change as a 'difficult' phenomenon, usually accomplished rapidly when a stable structure is stressed beyond its buffering capacity to resist and absorb" (Gould, 1982: 383).

Punctuated equilibrium is not a perfect analogy for an institutionalist argument. There is no parallel between the concept of allotropic speciation, with its focus on alterations in geographically isolated subpopulations as the driving mechanism for change, and an institutionalist perspective. Evolutionary theory does not claim that biological structures can consciously alter their environments in ways that enhance their viability. But other aspects of Gould and Eldredge's approach are extremely germane. First, an adequate explanation must take into consideration both structures (institutions or biological stocks) and environmental incentives.[3] Second, change is difficult; once a particular institutional structure (biological stock) is established, it tends to maintain itself—or at the very least to channel future change. Third, optimal adaptation is not always possible because the institutional stock is not available. Features selected during one point in time impose limits on future possibilities. Fourth, historical origin and present utility may require different explanations. A particular structural feature that evolved for one reason (or an institution that was established to cope with certain environmental incentives) may later be put to very different uses. "These evolutionary shifts," Gould (1983) argues, "can be quirky

and unpredictable as the potentials for complexity are vast" (p. 63). Credit cards can be used to open doors. The balancing fins of fish became the limbs for land-based vertebrates. Roman law became one of the pillars upon which notions of private property essential for capitalism were based (Anderson, 1974).

Finally, punctuated equilibrium suggests that explanation rather than prediction ought to be the primary objective of science. In a world of organisms in which present behavior is constrained by structures that evolved in response to past conditions, adaptation will be imperfect and therefore unpredictable. Chance and quirkiness heavily influence the organic universe (Gould, 1983: 65). This orientation does not imply that all search for regularities should be given up, that history, whether evolutionary or human, can only be a collection of individual stories. It is possible to delineate general principles and regularities that underlie a variety of unique responses. But a recognition of the importance of *fortuna* does suggest that prediction will inevitably be very difficult. Knowledge of existing institutional stock delimits a range of possible responses to environmental incentives, but does not necessarily determine any particular path. The punctuated equilibrium approach to evolutionary theory of Gould and Eldredge is a better model for social science than the logical deductive, determinative, and predictive orientation of theoretical physics to which many social scientists aspire, if only rhetorically.

INSTITUTIONAL PERSISTENCE

Species reproduce themselves biologically; we know something about how genes work. An institutionalist perspective must delineate mechanisms that account for the perpetuation of institutions over time. Arthur Stinchcombe (1968: 102-103) describes historicist causal imagery in the following way: "Some set of causes *once* determined a social pattern (e.g., the Reformation determined Protestantism in North Europe, Catholicism in South Europe). Then ever since, what existed in one year produced the same thing the next year (e.g., each year each country has the same dominant religion it had the year before)." In such an approach, Stinchcombe goes on to argue, the problem of explanation "breaks down into two causal components. The first is the particular circumstances which caused a tradition to be started. The second is the general process by which social patterns reproduce themselves."

Arguments about how particular institutions originate are familiar enough in political science. Certainly, the most conventional are actor-

oriented utilitarian or functionalist analyses. The explanation for how institutions or enduring patterns begin is no different from explanations for policy change or other, more transitory phenomena. Such explanations are not inconsistent with an institutionalist perspective. But an institutionalist perspective suggests that they must be supplemented with an examination of how preexisting structures delimit the range of possible options. An effort to explain origins would have to take account not only of environmental incentives but also of extant institutional structures—of the genetic stock, not just external conditions.

The second task of an institutionalist perspective involves explaining how institutions persist over time, even though their environments may change. If institutional arrangements change readily when environmental conditions change (or, in the language of the Chicago School, when prices change), then there is little use in invoking an institutionalist perspective; indeed, under such conditions it is not even clear that the very concept of institutions is of any use because the study of what would commonly be called institutions would be no different from the analysis of other social phenomena such as policy choices, congressional voting, or profit maximization.

A number of mechanisms can contribute to institutional persistence and inertia. One factor is the ability of an institution to alter its environment. Statist and corporatist explanations have emphasized such possibilities. Legal rules and administrative regulations affect the barriers to entry and exit in different sectors of the economy, and, therefore, the political capabilities and external legitimacy claims of actors (Hannan and Freeman, 1977: 932). Public officials actively cultivate support from private groups, and in doing so may alter not only the balance of capabilities but also conceptions of self interest. Central decision makers can invoke symbols of national unity and thereby influence the attitudes of individual citizens toward specific policy issues. At the very least, there is likely to be a symbiosis between public and private institutions in which preferences and organizational structures are conditioned by long-standing relationships and shared political values (Katzenstein, 1985; Stepan, 1978; Badie and Birnbaum, 1983). Hence, at least at the national level, the depth and breadth of public institutions may increase over time as a result of conscious policies to alter the distribution of power in civil society or to reinforce existing patterns of behavior.

Institutions may also increase their depth through effective recruitment of personnel. In highly professional state agencies with selective recruitment, socialization into the bureaus' ethos can be intense. The more the individuals governing an institution can socialize and select

their successors, control the conditions of incumbency, and depict themselves as models for subsequent generations, the easier it is for an institution to be effectively maintained (Poggi, 1978: 138; Stinchcombe, 1968: 112).

An institution may persist because it can mitigate problems associated with incomplete information. Decisions in complex environments inevitably must be made without full information. Institutions can increase information and distribute it more symmetrically. Robert Keohane has argued that such activities are a central purpose of international regimes, some of which reduce the probability of cheating by establishing monitoring mechanisms and reducing suspicion. This is, as Keohane (1984) notes, a purely functionalist explanation, although one that recognizes that sunk costs can lead to a situation in which all members of an organization might prefer different arrangements but none has the incentive to initiate changes. Oliver Williamson (1975) has made similar arguments with regard to the relative merits of hierarchical, as opposed to market, forms of organization. Hierarchical forms of organization, such as the firm, may be more efficient than markets when there is incomplete information because firms can more easily develop internal mechanisms that diminish or overcome the problems posed by bounded rationality (p. 25).

But such functional analyses do not necessarily imply that organizational structures can be easily adapted if environmental circumstances change. Once commitments are made regarding expertise and standard operating procedures, certain kinds of information processing will be facilitated, but others kinds will be inhibited. In large organizations, many different procedures have to be coordinated. Coordination can be accomplished only if the rules are stable, but such stability may lead organizations to persist in behavior that appears to be stupid or counterproductive (Steinbrunner, 1974: 78; Nelson and Winter, 1982: 37). Locked-in standard operating procedures can potentially yield catastrophic outcomes if environmental conditions rapidly change (Bracken, 1983).

Mark Granovetter (1985) offers a different argument about the way in which organizations contribute to resolving problems of bounded rationality. He argues that the level of shirking, cheating, and dissimulation that occur in economic relationships (although there is no logical or empirical reason to limit his argument to such activities) is heavily influenced by the extent to which transactions are embedded in a network of personal ties. These personal relationships provide information. They also spill over into noninstrumental activities. The relationships become valued as an end in themselves and they become freighted

with concerns that extend beyond short-term utility maximization. Such embedded structures tend to persist because they are functionally useful and become valued in their own right.

Internal resistance to organizational restructuring is another cause of inertia. Such restructuring is designed to benefit the whole organization over the long term. But in the short term it will disadvantage particular subunits by changing their ability to control resources and invoke legitimating norms. Disadvantaged groups are likely to resist change, and their objections will be particularly telling in environments characterized by high levels of uncertainty because the beneficial consequences of change cannot be persuasively demonstrated (Hannan and Freeman, 1977: 931).

Nelson and Winter (1982) make an explicit analogy between their theory of the firm and evolutionary theory. They argue that a "routine" is a regular and predictable pattern of behavior. For business firms, routines are applied to all aspects of the activity, including production and personnel policies. These routines are the equivalent of genes in evolutionary theory. "They are a persistent feature of the organism and determine its possible behavior (though actual behavior is determined also by the environment); they are heritable in the sense that tomorrow's organisms generated from today's (for example, by building a new plant) have many of the same characteristics, and they are selectable in the sense that organisms with certain routines may do better than others, and, if so, their relative importance in the population (industry) is augmented over time" (p. 14)

Institutions may also persist because they follow path-dependent patterns of development. Path-dependent patterns are characterized by self-reinforcing positive feedback. Initial choices, often small and random, may determine future historical trajectories. Once a particular path is chosen, it precludes other paths, even if these alternatives might, in the long run, have proven to be more efficient or adaptive.

Alexis de Tocqueville finds America a fascinating case because the initial conditions, which he sees constraining future patterns of development, are so evident. He argues that:

> If we were able to go back to the elements of states to examine the oldest monuments of their history, I doubt not that we should discover in them the primal cause of the prejudices, the habits, the ruling passions, and, in short, all that constitutes what is called the national character. We should there find the explanation of certain customs which now seem at variance with the prevailing manners; of such laws as conflict with established principles; and of such incoherent opinions as are here and there to be met with in society, like those fragments of broken chains which we sometimes

> see hanging from the vaults of an old edifice, supporting nothing. This might explain the destinies of certain nations which seem borne on by an unknown force to ends of which they themselves are ignorant. [de Tocqueville, 1945: 28]

Increasing returns of various kinds lead to path-dependent patterns of development in which random initial choices preclude future options, including those that would have been more efficient over the long run. Path dependency can arise for several reasons. There may be increasing returns to adoption: Once particular routines are adopted they may become more efficient over time. Because potentially more efficient routines were not chosen in the first place, there is no opportunity to ride them down a learning curve. The system is locked in by small initial choices (Arthur, 1985: 5).

Path dependency may also result from network externalities. The more people that choose a particular institutional structure, such as a given telephone system, the more efficient that structure becomes. Other possible routines are frozen out. Over time, the changeover gap—the amount that would have to be spent to make some alternative routines equally attractive—increases. Initially, decisions may also be locked in by economies of agglomeration. Once a choice is made, other institutions reorient themselves or new services are created. Once particular forms of economic activity, for instance, become concentrated in a Silicon Valley or Route 128, it is difficult to relocate them because of the network of financial, legal, and other services that have been created (Arthur, 1984: 10; Arthur, 1986: 2).

W. Brian Arthur has summarized, in Figure 2, the differences between constant returns, diminishing returns, and increasing returns for different kinds of technological regimes. The same differences could also exist for institutional structures.

With increasing returns institutions are not necessarily efficient or flexible. Once initial choices are made, it is difficult to explore alternatives because their competitive positions are weakened by the increasing efficiency over time of the initial choice. Final outcomes are not predictable because processes are nonergodic; that is, initial small random shocks do not average out but rather establish long-term trajectories.

Finally, there are circumstances in which classes of institutions, if not particular members of that class, are very likely to persist, namely, situations in which competition is limited, survival is not an issue, and the most important element of the environment is other organizations. Under such circumstances, institutions tend toward isomorphism, not

	Necessarily Efficient	Necessarily Flexible	Predictable	Ergodic
Constant Returns	yes	yes	yes	yes
Diminishing Returns	yes	yes	yes	yes
Increasing Returns	no	no	no	no

SOURCE: W. Brian Arthur (1984).

Figure 2: Consequences of Increasing Returns

because of competition over limited material resources but because of their need to fit into a larger organizational environment. DiMaggio and Powell (1983) point to three mechanisms for what they term *institutional isomorphic change*: First, coercion arising either from political pressures from other organizations or from widely shared expectations about legitimate modes of action. Second, mimetic processes in which organizations imitate existing forms, a pattern that is likely to be particularly powerful when goals are unclear. Third, normative pressures that are often embodied in professional associations and selective mechanisms of recruitment (pp. 150-154). In the vocabulary developed earlier in this article, institutional isomorphism refers to a situation in which the density of links among organizations is high, implying that structural change will be difficult.

In sum, from a functionalist or utilitarian perspective, organizations persist so long as they contribute to the achievement of some desired goal. An institutionalist perspective need not ignore such considerations. But at a minimum an institutionalist argument must assert that institutions will not change in lock step with every change in environmental conditions, including prices. An institutionalist perspective also points to some more ambitious lines of reasoning. First, institutions may alter their own environment. States (here meaning central decision-making institutions) may, for instance, be able to alter the distribution of power among groups in civil society. Second, institutions may persist because in a world of imperfect information, altering established routines will be costly and time consuming and the consequences of change cannot be fully predicted. Third, certain institutional choices may determine the future trajectory of developments because of path dependencies generated by increasing returns. Institutional structures are locked in, even though there might have been some more efficient alternative. Finally, institutional structures may persist because the

material environment is permissive; horizontal links with other organizations then constrain the range of institutional possibilities.

SOVEREIGNTY

Sovereignty is a term that makes the eyes of most American political scientists glaze over. It has lost meaning and analytic relevance. Scholars now do talk of the state, by which they usually mean either a central administrative and legal apparatus, including especially central decision-making institutions, or a polity, the network of institutional ties, behavioral regularities, and values that knit together public and private actors who play some role in formulating the implementing authoritative decisions.[4] Analysts interested in comparative politics in particular have illuminated the relationship between the state apparatus and civil society and the rules that govern interactions between different components of the polity. Students of international relations have been content to take the state, here often defined as a bearer of power capabilities in the international system, as a given. Few international relations scholars have made the nature of the state problematic.[5]

The growing disjuncture, however, between the nature of sovereignty in the contemporary world and functional objectives—both security and economic—suggest that it is time to reflect on the nature of sovereignty, to make problematic for the study of international relations what has previously been taken as an analytic given. More specifically, it is necessary to examine how the authoritative claims of states (taken here to mean the central administrative and legal apparatus), and their ability to implement such claims, have changed with regard to international or transnational, as opposed to domestic, activities. Two issues are involved: First, the assertion of final authority within a given territory; second, efforts to control the transborder movements of people, goods, capital, and culture.

The assertion of final authority within a given territory is the core element in any definition of sovereignty. Strayer (1970) avers that "sovereignty requires independence from any outside power and final authority over men who live within certain boundaries" (p. 58; also see Finer, 1974: 79; Dyson, 1980: 34). The alternative to sovereignty is either a world in which there are no clear boundaries or a world in which there is no final authority within a given territory. Empires offer an example of the first form of political organization. Empires have borderlands but not boundaries and demand varying kinds of deference from groups within or even beyond these borderlands. The Roman and Chinese

empires are two examples of political entities that did not recognize clear territorial boundaries (Kratochwil, 1986: 33-36). Feudalism is an example of a polity in which authority varies across issue areas (the church for some questions, the nobility for others), and in which there is not necessarily a transitive ordering of authority within a given issue areas. To assert, however, that the core of sovereignty is final authority within a given territory does not exhaust the problem either behaviorally or conceptually. Behaviorally, final authority within a given territory has been challenged in one way or another throughout the history of the state system. This issue was not resolved in the late medieval struggle between secular rules and religious authorities. In the nineteenth and even the twentieth centuries, the European powers and the United States asserted extraterritorial rights in China, the Ottoman Empire, Egypt, and areas of the Persian Gulf, as well as dictating the customs policies of several Latin American states and Japan. The United States has affirmed the right to issues authoritative directives to the foreign subsidiaries of American corporations, sometimes with success, as with the freezing of Iranian assets on deposit in the overseas branches of American banks, and sometimes without success, as in the attempt to prevent the European subsidiaries of American corporations from providing material for the natural gas pipeline from the Soviet Union.

A second problem with simply treating final authority within a defined territory as unproblematic is that there are territories and spheres of human activity in which only partial sovereignty—that is, control over only some issues—is claimed. The exclusive economic zone agreed to in the Law of the Sea Treaty, and accepted even by those states that have rejected the treaty itself, give littoral states economic control over an area extending out at least 200 miles but denies them the right to regulate shipping in this same area. Here is a form of territorial control that is not fully sovereign. The signatories to the Antarctic Treaty have sidestepped the issue of whether states have the right to assert sovereign claims over parts of Antarctica. The European Convention on Human Rights gives individual citizens of the European Community countries the right to appeal directly to the European Court. Conceptually, the core definition of sovereignty is not concerned with explaining the actual claims that states have made with regard to the exercise of final authority. It is one thing to say that states will deny any other entity final authority within their territory; it is another to delineate the actual scope of activities over which states have asserted authority. The public debate over abortion and welfare in the United States illustrates the depth of passion that questions related to the scope of state authority can arouse, because such issues affect not only specific

instrumental outcomes but also basic conceptions about the nature of political life.

Questions related to transborder control, as opposed to purely domestic issues, have also exercised states. The claims that states have made with regard to the authoritative control of movements of people, commodities, investments, and information, ideas, or culture across their international boundaries have changed across time and over countries. In some issue areas all states have accepted the same rules; in others they have followed different norms and practices. One example of variation is the rules governing the entry and exit of people. While there is general agreement that states can regulate entry, there is no agreement on rules of exit, with some states advocating free exit and others denying that individuals are entitled to such a right. The variation can be explained by a utilitarian calculus: National laws reflect either ethnic preferences or economic interests (Weiner, 1985: 443-445). Institutionalist arguments hardly seem germane for this issue. But consider a possible counterfactual. What if all states save one had opted for migration rules that provided for the free movement of individuals across borders? It would, then, be difficult for the last state to promulgate regulations that prohibit entry because the costs of enforcement could be high. On the other hand, if all states save one have adopted rules that prohibit exit, it would be less costly for the last state to enforce a rule prohibiting entry. Rules governing the exit and entry of people do involve network externalities: The utility of a particular policy does depend on the choices that have been made by other states.

More generally, if externalities are significant, and choices are irreversible, then small random events at the beginning of a process may be very important in determining the final outcome. For instance, if one or two states opt for a certain pattern of control in a given issue area, and there are substantial network externalities, then all other states may eventually make the same choice, even though they would have chosen a different option had they had the opportunity to go first. If there are path-dependent sequences, then initial institutional choices can determine final institutional and behavioral outcomes. Choices that at first blush appear to be fully explicable in terms of a utilitarian calculus, such as policies toward the entry and exit of individuals, may be better understood if the impact of sequences and externalities are investigated.

In other issues, the impact of institutional constraints on available policy options are more readily apparent. The use of mercenaries offers one example. Such forces often dominated European armies during the early modern period. But their importance decreased over time for a variety of reasons, some more utilitarian, such as the fact that they were

too dangerous to the rulers that hired them, others more institutional, such as the fact that states were increasingly held responsible for the actions of individuals as the conception of *citizen,* as opposed to *subject,* became widely accepted (Thomson, 1987).

But, does the present situation make sense from a utilitarian perspective? At the very least, it poses a problem because there are countries with material and financial resources whose citizens are reluctant to fight, for instance, the United States; mercenaries would seem to be an optimal solution for such states. The United States can support rebellious citizens, the Contras, in Nicaragua. American policymakers do not have the option of buying a regiment or two of Gurkhas. The use of mercenaries is constrained by institutional structures that do not produce an optimal result for at least some powerful actors in the contemporary international system. The virtual absence of mercenaries in the present world system is not so easily explained by a utilitarian calculus.

Finally, consider the dominance of the state system itself, the notion that political life must be territorially organized with one final authority within a given territory. Even if this vision is sometimes challenged, no alternative has been effectively articulated and legitimated. Can the dominance of the sovereign state in the late twentieth century be explained from a utilitarian/functionalist perspective? I began this essay by suggesting that such an approach posed difficulties because nuclear weapons and economic interdependence made it impossible for even the most powerful states to guarantee the lives and, possibly, the well being of their citizens. But the triumph of sovereignty over other possible forms of political organization in the recent past is even more striking. Efforts to convert colonial empires into commonwealths have failed. The Soviet effort to base relations in Eastern Europe on transnational functional agencies rather than state-to-state agreements has eroded over time, despite the continued material domination of the Soviet Union. Most strikingly, decolonization has led to the creation of a large number of states with only the most limited resources and populations. The existence of these states can hardly be explained by their material capabilities. Their survival and being are a function of the larger institutional framework in which they are embodied. Their most potent asset is not their tax base, population, or army, but rather the juridical sovereignty that is accorded by the international community; that is, by the willingness of other states to endorse their existence and the absence of any alternative legitimate form for organizing political life (Jackson and Rosberg, 1982).

The triumph of the sovereign state cannot be understood from a utilitarian/functionalist perspective. The breadth of the state in terms of its links with other social entities, and the depth of the state reflected in the very concept of citizenship as a basic source of individual identity, make it very hard to dislodge. Path-dependent patterns of development have been important; once Europe was committed to a form of political organization based on sovereign states, other possibilities were foreclosed. In earlier historical periods, this was a result of the imposition of the state system, or derivatives thereof, such as colonialism, through conquest. More recently, it has reflected the unwillingness to consider other forms of political organization as fully legitimate. The problem of the West Bank, for instance, would be easier to resolve if there were some legitimate option to either full sovereignty for the Palestinians or continued Israeli occupation; but no such possibility is acceptable, not simply because of the utilitarian calculus of the actors involved but also because the sovereign state is the only universally recognized way of organizing political life in the contemporary international system. It is now difficult to even conceive of alternatives. The historical legacy of the development of the state system has left a powerful institutional structure, one that will not be dislodged easily, regardless of changed circumstances in the material environment.

NOTES

1. Such arguments are made by authors from a wide range of political perspectives. The importance of an international system composed of independent states, as opposed to a world empire, is a central component of the world systems perspective associated with the work of I. Wallerstein (1974). For similar arguments from a neoclassical economic perspective, see D. North (1981), and from a sociological perspective putting considerable weight on shared values, see M. Mann (1986) and J. A. Hall (1985).

2. There is variation across different social sciences with regard to the frequency with which institutionalist perspectives are invoked. They almost never appear in economics. They are also rarely invoked in political science. They are, however, much more prevalent in sociology in which the work of the founders of the discipline, especially Durkheim and Weber, rejected static utilitarian arguments, including the notion that the market could be self-regulating. Organizational sociologists have come to take for granted the notions that organizations are not fully flexible and cannot respond instantaneously to changes in environmental conditions, and that existing organizational strategies constrain the options open at any given point in time (Carroll, 1984: 1272).

3. For a similar argument by a social scientist concerned with institutions, see Moe (1984).

4. For a description of various definitions of the term *state,* see Benjamin and Duvall

(1985). For analyses that focus on the state as administrative apparatus, see Evans et al. (1985). My own use of the term *state* in Krasner (1978) also used this approach. Corporatist arguments focus more on the state as polity. See especially Katzenstein (1985).

5. The major exceptions to this generalization are John G. Ruggie, Friedrich Kratochwil, and Richard Ashley. The work of these scholars has greatly influenced my own thinking on these matters, making problematic for me questions that I had earlier taken for granted. See, for instance, Ruggie (1986), Ashley (1986), and Kratochwil (1986).

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