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How Institutions Evolve

INSIGHTS FROM COMPARATIVE HISTORICAL ANALYSIS

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I. Introduction

This essay explores the question of how formal institutions change.[1] Despite the importance assigned by many scholars to the role of institutions in structuring political life, the issue of how these institutions are themselves shaped and reconfigured over time has not received the attention it is due. In the 1970s and 1980s, a good deal of comparative institutionalist work centered on comparative statics and was concerned with demonstrating the ways in which different institutional arrangements drove divergent political and policy outcomes (e.g., Katzenstein 1978). In addition, scholarship in the comparative historical tradition has yielded important insights into the genesis of divergent (usually national) trajectories. Works in this vein include some classics such as Gerschenkron (1962), Moore (1966), and Shefter (1977), but also significant recent contributions such as Collier and Collier (1991), Skocpol (1992), Spruyt (1994), Ertman (1997), Gould (1999), and Huber and Stephens (2001). Finally, we have a number of analyses that address the issue of "feedback mechanisms" that are responsible for the reproduction of various institutional and policy trajectories over time (e.g., Pierson 1993; Skocpol 1992; Weir 1992b).

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[1] Following Pierson (2000b), I limit my discussion in this essay to formal political institutions that are the products of conscious design and redesign.

Ongoing theoretical work centering on the concept of path dependence by Mahoney, Pierson, and others has lent greater precision to previous formulations based on the dual notions of "critical junctures" and "historical trajectories" (Mahoney 2000; Pierson 2000a).[2] As these authors have shown, some of the major works in comparative historical analysis can be read as illustrations of path dependence in social and political development. Mahoney has contributed to analytic clarity by specifying various mechanisms of reproduction that may be sustaining different institutions – invoking and distinguishing utilitarian, functionalist, power, and legitimation arguments (Mahoney 2000). His treatment of path dependence returns to insights from Arthur Stinchcombe that note that the factors responsible for the genesis of an institution may not be the same as those that sustain it over time (Stinchcombe 1968).

But path dependence as currently conceptualized tends to encourage a rather strict separation of the issues of institutional innovation and institutional reproduction.[3] Much of the work that invokes this concept is premised on a punctuated equilibrium model that emphasizes moments of "openness" and rapid innovation followed by long periods of institutional stasis or "lock in" (e.g., Krasner 1988). The implication is that institutions, once created, either persist or break down in the face of some kind of exogenous shock. Certainly, this kind of punctuated equilibrium model captures one important mode of change in political life. In my own work (Thelen 1999), I have suggested that the analysis of critical junctures (mostly about institutional innovation) and the study of feedback effects (mostly about institutional reproduction) could be brought into a more sustained dialogue. By examining the specific mechanisms of reproduction behind particular institutional arrangements, we will gain insights into the kinds of exogenous events or trends that would be most likely to bring about institutional breakdown or decay.

But what about institutional changes that fall short of breakdown? It seems to me that one reason we are drawn to the study of institutions is precisely that, frequently, particular institutional arrangements are incredibly resilient and resistant even in the face of huge historic breaks (revolutions, defeat in war); in other words, exogenous shocks of just the sort that one would expect to disrupt previous patterns and give rise to institutional

[2] The work of Collier and Collier (1991) has also been very important in rendering these concepts more rigorous and precise.

[3] For a more extended discussion, see Thelen (1999).

innovation. But this is not what we find empirically, at least not always. One thinks, for example, of how specific institutions facilitating employer coordination reemerged in Germany and Japan after the Second World War, in some cases despite explicit efforts by the Allies to prevent this.[4] Or the way in which the institutional arrangements that developed in Eastern Europe before and under communist rule remain salient even after the disjuncture of 1989 and continue to shape distinctive trajectories in the postcommunist period.[5] Or the persistence of particular modes of interest intermediation ("liberal" in the United States, "corporatist" in some northern European countries, "statist" in France) through major macrohistorical transformations such as industrialization and democratization that completely reconfigured the political and economic landscapes around them.[6]

Conversely, we are also often struck by the cumulative effect of ongoing but often subtle changes in institutional arrangements that persist over long stretches of time. The British House of Lords, for example, has exhibited tremendous staying power and in some ways is a powerful illustration of institutional "stickiness" or "lock in." But it also seems clear that this is a quite different institution today than it was two centuries ago, and political scientists and sociologists are likely to be at least as interested in the way it has changed over time as they are in the forces that have sustained it. The U.S. Supreme Court is another institution that, while preserving many of its core attributes, has nonetheless undergone an enormous transformation over the last several decades. In the nineteenth century, the Court played a very different – much more limited – role in American politics, dealing mostly with federalism cases, disputes over commerce, and occasionally, the issue of presidential power. In the course of the twentieth century, the role and function of the Court within American politics have been substantially transformed, particularly and perhaps most consequentially through its emergence as an important forum for the defense of minority rights and individual freedoms.[7]

[4] See, for example, Shonfield (1969) on cartel legislation in Germany and Aoki (1988) and Aoki and Patrick (1994) on the parallels between postwar *keiretsu* in Japan and prewar *zaibatsu*. Herrigel (2000) also makes an argument about the reconfiguration of prewar political-economic structures in both countries in the postwar period.

[5] See, for example, Stark and Bruszt (1998), Kitschelt et al. (1999b), Grzymala-Busse (2002), and Ekiert and Hanson (in press-b).

[6] For example, Lehmbruch (2001), Levy (1999), and Manow (2001).

[7] Thanks to Ronald Kahn for this example.

In fact, if one thinks about it, there are many political institutions that are interesting precisely because if we look at them today we are struck, simultaneously, by how little *and* how much they have changed over time.[8] Some of the institutions mediating gender relations in the developed democracies come to mind, and further examples could be found in the institutions defining relations between subnational and national governments in many federal systems. From the perspective of a punctuated equilibrium model, there often seems to be too much continuity through putative breakpoints in history, but also often too much change beneath the surface of apparently stable formal institutional arrangements.

The contemporary literature on institutions does not yet offer very good conceptual or theoretical tools for addressing these phenomena. Some of the early literature on diverse national trajectories tended to obscure the issue by conceiving of institutions as the "frozen" residue of critical junctures or as the static, sticky legacies of previous political battles (e.g., Lipset and Rokkan 1968). More recent literature on path dependence and increasing returns effects has pushed the debate forward by specifying the *dynamic* processes that sustain institutions over long periods of time (e.g., Pierson 2000a). But increasing returns arguments tell only part of the story; they are better at articulating the mechanisms of reproduction behind particular institutions than they are at capturing the logic of institutional evolution and change. Moreover, in some cases, explaining institutional persistence itself may require us to look beyond arguments about increasing returns. This is because as we scan the political and political-economic landscapes, we find that institutional survival is often strongly laced with elements of institutional *transformation* to bring institutions in line with changing social, political, and economic conditions.

This essay proceeds as follows. I begin with a brief review of various perspectives on institutions and explore how their different premises lead to divergent views of how institutions emerge and evolve over time. I first consider three prominent approaches – utilitarian-functionalist, power-distributional, and cultural-sociological – that see institutions as brought about and sustained by particular, specified causal factors – whether a set of functional requirements, an underlying balance of societal or political power, or a shared cultural understanding of what organizational forms are

[8] Comments by Peter Katzenstein at a conference in Cologne on the origins of the German and Japanese political-economic "models" prompted me to think about it in this way.

considered legitimate or appropriate.[9] As such, each of these perspectives contains an implicit theory of change: if institutions rest on and reflect a particular foundation (whether efficiency-based, power-based, or cultural) then they should change as a result of shifts in those underlying conditions.

Path dependence perspectives draw on the same causal arguments as the first three perspectives, but where they differ is that they do not necessarily look for "constant causes" through time and space.[10] As Mahoney points out (2000, p. 515), path dependence perspectives posit that the factors responsible for the genesis of an institution may well be different from those that sustain it over time. Such perspectives see institutions as the products of specific historical episodes or turning points that result in configurations that then set constraints on subsequent developments (see especially Collier and Collier 1991, pp. 35–8). In terms of their approach to questions of institutional genesis and change, contemporary arguments about path dependence often emphasize moments of institutional innovation in which agency, choice, and contingency figure prominently. Such moments are then followed by periods of institutional reproduction where the importance of strategy and choice recedes relative to processes of adaptation to institutional incentives and constraints. Institutional change, in this view, is often seen to be a function of exogenous shocks that disrupt previously stable arrangements and open the door again for institutional innovation.

The literature on path dependence and policy feedback has yielded important insights into the ways in which "history matters" and has also produced some compelling accounts of enduring cross-national differences in political trajectories. However, the most precise conceptions tend to yield a somewhat narrow view of how the past weighs on the present. The focus on what Haydu calls "switch points" and "lock-in mechanisms" sometimes suggests an overly contingent view of the "choice points" and a rather deterministic view of institutional reproduction (Thelen 1999).[11] The idea seems to be that institutions either persist and become increasingly entrenched or are abandoned. There are few hints or insights here into the

[9] See also James Mahoney (2000), who develops a similar though not identical typology, in some ways more nuanced than this one.

[10] See Stinchcombe (1968, pp. 101–4) on "historicist" versus "constant cause" explanations. Also see Collier and Collier (1991, pp. 35–7).

[11] This varies across authors, and Mahoney (2000) intentionally embraces a very strong version of the argument in the interest of analytic and conceptual clarity. I return to these issues later.

question of how institutions themselves change and evolve in more subtle and sometimes more interesting ways over time.

In order to appreciate fully the causal weight of the past, we need to complement analyses of path dependence and punctuated equilibrium models with conceptual tools that can capture the logic of institutional evolution and change.[12] Specifically, we need to take account of the way in which crises or turning points can be generated endogenously, including through the working out of the logic of previous switch points. We also need to consider the way in which new problems are conceived and solutions sought are themselves products of the past rather than historical accidents (Haydu 1998). This amounts to a call for introducing somewhat more structure at the "front end" of the analysis of institutional development than most path dependence arguments do – by attending to the way in which historically evolved structures limit the options of political actors even at critical choice points. It also calls for injecting somewhat more agency and strategy at the "back end" of such arguments – by emphasizing the way in which institutions operate not just as constraints but as strategic resources for actors as they respond to changes in the political and economic contexts that present new opportunities or throw up new challenges.

The issue of institutional change is an enormously complicated one, and my aim in this essay is relatively modest. I introduce two ways of conceptualizing the problem of institutional evolution that overcome the current zero-sum view of institutional innovation *versus* institutional reproduction that has been characteristic of much of the literature in this area to date. Arguments about institutional change through *layering* and through *conversion* incorporate elements of increasing returns arguments from the path dependence literature, but they embed these elements in an analysis of ongoing political contestation over institutional outcomes. In doing so, they highlight the processes through which institutional arrangements are renegotiated periodically in ways that alter their form and functions.

What the approach advanced here shares with path-dependence perspectives is that it embraces a strong "historicist" and temporal dimension and provides a way of understanding why, over time, institutional arrangements

[12] For punctuated equilibrium models, of course, "equilibrium" is itself an analytic concept, and how it is defined will vary. What for one scholar is a change in the equilibrium will for another scholar simply be a minor adjustment without an equilibrium shift. But the concept of equilibrium, however defined, suggests a self-reinforcing "resting point" – and as such does not give us much leverage on degrees of change or, more central here, on different modes of change from one such resting point to the next.

may come to serve functions that are quite remote from those originally intended by their designers, how they can affect (rather than simply reflect or reinforce) the prevailing balance of power among societal groups, and how they can become resources for (rather than just constraints on) actors engaged in contests over the types of practices that are coded as appropriate or desirable. But unlike most contemporary path dependence frameworks, the perspective offered here goes beyond the logic of positive reinforcement and increasing returns to address the question of how institutions also continue to evolve and change over time. I provide illustrations of my arguments from the comparative historical and institutionalist literatures, and I close with a brief consideration of the advantages of such a perspective for understanding institutional evolution and change.

II. Approaches to Institutions and Institutional Change

There exist in the literature a number of general approaches to understanding institutions, each of which suggests a somewhat different set of answers to the core questions of how institutions are created, reproduced, and changed. The premises and logic of some of the most prominent perspectives are sketched out briefly in this section. I establish a broad distinction between arguments resting on a logic of "constant causes" and path-dependence explanations of institutional genesis and change. Constant-cause explanations can come in several varieties – functionalist, political, cultural – but all would suggest that the same factors that account for the genesis of an institution will also explain institutional change over time. Path-dependence perspectives, by contrast, suggest that institutions may outlive the forces that brought them into being; that is, the factors responsible for the reproduction of an institution may be quite different from those that account for the existence of the institution in the first place.

Constant-Cause Explanations

Constant-cause perspectives on institutional genesis and change can rely on a variety of causal arguments, including functionalist-utilitarian, power-political, and cultural. *Functionalist/utilitarian perspectives* view political institutions in terms of the functions they perform, particularly their role in solving collective action problems and allowing actors to achieve joint gains through cooperation and exchange. This view is prominent in the work of some social choice theorists, for whom institutions are important in reducing uncertainty, underwriting commitments, providing focal points,

facilitating trade-offs, providing enforcement mechanisms, and the like. For example, Weingast and Marshall (1988) see the committee system in the U.S. Congress as having been designed to deal with problems of uncertainty that otherwise make it hard for legislators to negotiate trade-offs and enforce promises they make to one another – something that each of them needs in order to deliver benefits to his or her own constituency. The international relations literature provides further examples – for example, the studies that suggest that international regimes or organizations are set up to allow countries to achieve joint gains through cooperation in an anarchic international system (Keohane 1984).

Regarding institutional evolution, this literature suggests that institutions may evolve as a consequence of repeated interactions and learning effects as individuals "craft tools – including rules – to improve the structure of the repetitive situations they face" (Ostrom 1999, p. 496). This would amount to incremental change within an overall stable institutional context. However, change need not be incremental, and by the logic of utilitarian/functionalist arguments, we might expect institutions to break down as a result of a shift in environmental or other conditions that rendered existing institutions dysfunctional. Such disruptions would presumably drive the search for new solutions to coordination and other problems.

Functionalist and utilitarian explanations can be quite powerful. As Pierson points out, "in a world of purposive actors, it may indeed be the case that the effects of an institution have something to do with an explanation for its emergence and persistence" (Pierson 2000a, pp. 13–14). However, whether the origins of a given institution in fact go back in a straightforward way to efforts by its designers to fulfill certain functions is ultimately an empirical question. As Knight has argued, "one of the most significant mistakes made by proponents of rational choice explanations of institutional change is the practice of working back from identifiable institutional effects to determine the initial preferences of the actors involved in the institutionalization process" (Knight 1999, pp. 33–4). Or as Pierson insists, we cannot assume a connection between effects and intentions; instead, "we have to go back and look" (Pierson 2000a, p. 14).

Power-distributional accounts provide an alternative approach to institutional creation and change, placing the distributive effects of institutions front and center in the analysis. In this view, social institutions emerge not out of a shared concern with achieving joint gains through cooperation, but rather out of political conflict and strategic bargaining among social actors: "institutional development is a contest among actors to establish

rules which structure outcomes to those equilibria most favorable for them" (Knight 1999, p. 20). Social institutions, in short, reflect power asymmetries in a society, for it is such asymmetries that allow more powerful actors to impose their institutional preferences on the less powerful actors. Jack Knight's work exemplifies such a perspective within the context of a rational choice approach, but much of the Marxist tradition is also built upon this foundation. To give one example, Walter Korpi traces differences in the welfare state – both cross-national variation and variation within countries over time – to the relative strength of labor and capital (Korpi 1983).

If institutions are forged out of political struggles, and if the particular shape they take on reflects the prevailing balance of power in society, then this perspective suggests that they should change in response *either* to changes in the balance of power among various social actors *or* to changes in the preferences or interests of the most powerful actors. Thus, for instance, many contemporary arguments concerning the effects of globalization on welfare state arrangements hinge on arguments about the relative strength of the working class, for the balance of power between labor and capital (or Left and Right) is what affects the Left's ability to defend previous gains (Garrett 1998; Kurzer 1993; Stephens, Huber, and Ray 1999).

Like functionalist accounts, power-distributional perspectives can be extremely powerful and parsimonious. However, such explanations are subject to the same cautionary critique as that leveled previously against functionalist theories. Contemporary institutions that appear to rest on a particular balance of power may or may not have been created by the constituencies that now benefit from those institutions. In the example of the U.S. Supreme Court cited earlier, the fact that the Court has become a vehicle for defending the rights of women and minorities (admittedly, more under certain courts than others) does not mean that the institution was created with those constituencies or concerns in mind. Sometimes power begets power and institutions reinforce and magnify the position of their creators; but sometimes institutions provide interesting and unintended opportunities for marginal groups to exercise leverage well beyond their apparently meager power resources (e.g., Clemens 1993; Skocpol 1992).

The new institutionalism in sociology has produced a third, *cultural-sociological perspective* on institutional genesis, reproduction, and change. Whereas the utilitarian models cited earlier see institutions as the creation of rational actors pursuing their shared material interests, this perspective sees institutions as embodying collectively defined cultural understandings of the way the world works (Meyer and Rowan 1991; Scott 1995). In this

tradition, institutionalization is seen as "the construction over time of a social definition of reality such that certain ways of action are taken for granted as the 'right' if not the only way to do things" (Scott and Meyer 1994, p. 234).

Sociologists in this school emphasize the overarching cultural scripts and see specific organizational forms as generated and sustained by such institutions.[13] In this literature, organizational forms do not reflect solutions to collective action dilemmas (as in functionalist/utilitarian accounts), nor do they reflect the distribution of power in society (as in bargaining and distributive models); rather, they reflect shared cultural understandings of what is efficient or moral or legitimate or "modern." It follows from this that change will occur when a prevailing "script" is replaced or superseded by another. Such processes have been observed in a number of realms. For example, Neil Fligstein has explained changes in corporate practices (e.g., the diffusion of lean production techniques or the new emphasis on shareholder value) as a function of changes in dominant ideas about the modern or rational way to conduct business. These innovations diffuse widely, and their adoption by large numbers of firms, as he shows, proceeds quite independently of their real efficiency effects (Fligstein 1991).

This approach usefully draws attention to the cognitive and normative aspects of social action, and has yielded important insights into sources of institutional continuity that are missed by the other two perspectives outlined previously. However, the notion of institutions as shared scripts tends to obscure strategy and conflict among groups. The most commonly cited mechanisms of change in this literature are imitation and transposition. While these processes are clearly important, they may well work best in concert with more political approaches, since it turns out that in many cases changes in power relations hold the key to creating the openings in which new scripts (or scripts previously only on the margins of an organizational field) can become more central (e.g., Powell 1991, pp. 27, 31).[14]

Path-Dependence Explanations

Each of the perspectives just considered treats institutional origins, persistence, and demise as all derived from a single basic causal process (whether

[13] Just as North, from a rationalist perspective, insists on a strict separation of institutions (the rules of the game) and organizations (the players) (1990, p. 5), institutional sociologists see institutions (scripts) as distinct from organizations.

[14] Powell and Jones (in press) represents an important effort to elaborate mechanisms of institutional change from a sociological perspective.

efficiency-based, power-distributional, or cultural). Less careful applications of these arguments sometimes suggest that the origins of the institutions can be "read backward" off their current functions or features. But this is not inherent in the approaches, and indeed each perspective also contains an implicit theory of change: institutions will evolve in response to (for functionalist theories) changes in the basic purposes around which politics is organized, (for power distributional theorists) a shift in the balance of power or in the goals of the powerful actors, and (for cultural theories) a change in the cultural script that defines what constitutes legitimate or modern organizational forms and routines.

Path-dependence perspectives do not necessarily reject the arguments associated with the first three perspectives, and in fact, they draw on functional, utilitarian, political, and cultural arguments to explain institutional genesis and persistence. However, scholars of path dependence emphasize some contingency at the moment of institutional innovation, and suggest that the forces behind the creation of a particular institution may be quite different from the forces that sustain it over time (see especially Mahoney 2000; also Stinchcombe 1968, pp. 101–29).[15]

While path-dependence theorists as a whole tend toward a "historicist" view (Stinchcombe 1968) of institutional genesis, evolution, and change, there are important differences in how various authors understand and apply the concept of path dependence. William Sewell, for instance, defines path dependence in very broad terms as the idea that "what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time" (Sewell 1996, pp. 262–3). This definition is obviously quite open, and unlike most of the other conceptions of path dependence to be discussed, it does not even necessarily suggest a view of development in which an early move in a given direction generates pressures that push further along the same track.[16]

At the other end of the conceptual spectrum, James Mahoney provides a much more precise (and far more restrictive) definition that applies to an interesting but quite rare set of phenomena: "path dependence characterizes specifically those historical sequences in which contingent events set into motion institutional patterns or event chains that have deterministic

[15] Collier and Collier (1991, pp. 35–8) contains a very useful discussion of this difference. See also McDonald (1996).

[16] Again quoting Sewell: "contingent, unexpected, and inherently unpredictable events . . . can undo or alter the most apparently durable trends of history" (1996, p. 264).

properties" (Mahoney 2000, p. 507). For Mahoney and others (see especially Pierson 2000a), this combination of some contingency at the front end and some degree of determinism at the back end of path-dependent processes is what gives rise to the most interesting features of path-dependent social and political processes. These include unpredictability (i.e., outcomes cannot be foreseen ex ante), sensitive dependence on initial conditions (i.e., early events are more important than later events), nonergodicity (i.e., contingent events do not necessarily cancel out), and inertia (i.e., once in motion, processes tend to stay in motion until an equilibrium or final outcome is reached) (Mahoney 2000).[17]

The core ideas behind this conception of path dependence were inspired by the work of economic historians, particularly those interested in technological trajectories. The QWERTY keyboard is the paradigmatic case, but the general argument made by David (1985) and especially by Arthur (1989) holds that certain technologies, for idiosyncratic and unpredictable reasons, can achieve an initial advantage over alternative technologies and prevail despite the fact that in the long run the alternatives would have been more efficient. In this literature, being "first out of the gate" is crucial because once a technology is chosen, it is subject to significant increasing returns effects (Kato 1996; Krasner 1988; North 1990; Pierson 2000a). These processes translate an early (and perhaps idiosyncratically induced) advantage into a stable trajectory of development as firms adapt to the prevailing standard, investing in it in ways that reinforce the initial choice (e.g., people learn to type in a particular way, firms make products that fit the industry standard, and so on). Through these developments, the initial choice gets locked in, making it hard to shift the standard even if a competing technology is revealed to have been the more efficient technology.

What political scientists have taken from this is the intuitively attractive idea that politics, like technology, involves some elements of chance (agency, choice) but that once a path is taken, once-viable alternatives become increasingly remote, as all the relevant actors adjust their strategies to accommodate the prevailing pattern (Levi 1997; Pierson 2000a).[18] North

[17] Pierson's usage is less restrictive, emphasizing mostly that positive feedback processes that set in after some critical juncture make the path not taken ever more remote.

[18] In a way, path dependence arguments reverse the causal logic of the first three perspectives. In functionalist, political-distributional, and cultural accounts, institutions are shaped by their environment and reflect some "deeper" organizing principle. However, path dependence arguments specifically suggest that they do no such thing; in fact, the claim is that the emergence of a particular institution (for whatever reason) prompts shifts in the

has applied the notion of increasing returns to the divergent trajectories of Britain and Spain, suggesting that the early emergence of Parliament in Britain set it on a fundamentally different path (in terms of secure property rights, etc.) from that of Spain. Once in place, the different institutions then developed according to their own internal logic and became entrenched through coordination and learning effects that stabilized expectations and thus contributed to the perpetuation of specific kinds of behaviors and strategies. Institutional development, North emphasizes, is subject to increasing returns; thus, although "specific short-run paths [may be] unforeseeable . . . the overall direction . . . is both more predictable and more difficult to reverse" (North 1990, p. 104).

The emphasis in much of the historical-institutional literature on critical junctures and developmental trajectories accounts for the attractiveness of the concept of path dependence, which is being invoked by a growing number of scholars. But, as alluded to earlier, this term has been used in a number of different ways and sometimes has been invoked less carefully than one might hope. Whereas virtually all historical-institutional analyses conform easily (though also somewhat vacuously) to Sewell's expansive definition of path dependence, very few of them in fact fit Mahoney's much more specific version.[19] Empirical analyses in the comparative historical-institutional tradition have certainly shown that institutions forged in particular historical conjunctures may exhibit considerable "staying power" even in the face of developments that alter the set of conditions that originally brought them about. However, it is hard to think of a single case in which institutions are completely "up for grabs" even in what may look like a critical juncture situation, nor one in which they are unalterably locked in in any meaningful sense subsequent to these critical junctures. Rather, most empirical studies in this tradition paint a picture in which politics (and institutions) evolve in ways that – even if not predictable ex ante – nonetheless follow a particular logic that makes sense only against the backdrop of the institutional context in which the "next steps" are inevitably negotiated. Most historical-institutional studies, in other words, are organized around the analysis of what Margaret Weir has called "bounded innovation" (Weir 1992a) and

environment (in the expectations and strategies of key actors, for example) to adjust to the logic of the institution, rather than the other way around.

[19] Thanks to James Mahoney for pointing this out to me. The differing conceptions of path dependence embraced by different authors may also account for why some authors (e.g., Pierson) see path dependence in politics as pervasive, while others (Mahoney, for example) see it as relatively rare (Mahoney 2000, p. 508).

in which developmental pathways are characterized by elements of continuity that channel but do not preclude change (including institutional change).[20]

We do not have very good conceptual tools for characterizing, let alone explaining, such phenomena. The notions of developmental pathways and historical trajectories restate the problem without unpacking exactly what is changing and what is staying the same. One way to deal with this might be to embrace a definition of path dependence that is situated between the expansive and restrictive versions.[21] However, Mahoney makes a strong case that looser definitions simply muddy the conceptual waters (where do we draw the line?) and, in doing so, rob the concept of its analytic "bite." An alternative tack is to focus on specific parts of path-dependent arguments, for example, increasing returns effects, and try to identify the kinds of empirical phenomena that are (and are not) subject to such processes (e.g., Pierson 2000a). A third approach, advocated here,[22] is to distinguish more clearly at both an empirical and an analytic level between the *mechanisms of reproduction* and the *logic of change* at work in particular instances, and to suggest modes of change going beyond the familiar but perhaps ultimately empirically quite rare cases of institutional "breakdown" or wholesale replacement as implied in a punctuated equilibrium model.

For understanding institutional reproduction, increasing returns arguments offer an excellent starting point. As I have argued elsewhere (Thelen 1999), by identifying the feedback mechanisms at work behind particular institutions, we will gain important insights into the specific exogenous events and processes that might disrupt the stable reproduction of these

[20] See also Kitschelt et al. (1999a), where the emphasis is also on the analysis of choice within historically evolved constraints. Ekiert and Hanson (in press-b) usefully distinguish different levels of analysis, such that contingent events at one level of analysis (country-specific) can be related to structural constraints (not necessarily country-specific) at other levels. In other words, there is no need to choose between deterministic models and contingent ones, only a need to frame the analysis and the comparisons so as to draw out each element clearly.

[21] Thus, we could think of path dependence in politics as involving some significant (though not unlimited) openness at the choice points and some degrees of freedom in the subsequent trajectory, but where reversals are unlikely. This is a reasonable position (one that I associate with Pierson, for example) that tries to steer a course between definitions that are so restrictive that they simply don't apply to most of what we are interested in studying and those that are so expansive that they don't provide much guidance in the analysis.

[22] And not incompatible with the second approach; in fact, as I argue later, the two complement one another in important ways.

institutions, and in so doing open up possibilities for change.[23] Since different institutions rest on different foundations, the analysis of the specific feedback processes that sustain them will provide insights into *what aspects* of institutions are renegotiable and *under what conditions*. These kinds of considerations will also help explain why common international trends or events frequently have such diverse domestic consequences, disrupting previously stable patterns in some countries while washing over others seemingly without effect (see also Locke and Thelen 1995).

However, while such an analysis can provide clues as to *when* institutions might be susceptible to change, it needs to be complemented with other lines of analysis that can provide insights into *how* they might change. In other words, to understand the kind of "bounded change" to which North, Weir, and others have directed out attention, we need to weave together insights about institutional reproduction from path dependence perspectives with new tools to understand the modes and mechanisms through which institutional evolution and change occur. Although this second issue has begun to attract more attention, much work remains to be done to lift out the lessons that comparative historical studies yield in terms of general insights.

I begin by sketching out the kinds of empirical puzzles I have in mind, drawing on my own work for concrete examples that can ground this discussion. On this basis, I suggest ways of framing the issues at stake and propose two concepts – institutional layering and institutional conversion – that in my view represent fruitful ways forward in the discussion of institutional evolution and change.[24]

III. A Brief Empirical Example

In the literature on the political economy of the advanced industrial democracies, Germany's vocational training system is commonly held up as an exemplary solution to a number of knotty coordination problems that typically plague private-sector training regimes.[25] The German system encourages

[23] This argument is elaborated in detail, and with empirical examples, in Thelen (1999, esp. pp. 396–9).

[24] The concept of layering comes directly out of the work of Eric Schickler (1999, 2001), and the term "conversion" for the other mode of change described later was suggested to me by Wolfgang Streeck.

[25] This example is drawn from a much more extended analysis of the historical development of vocational training in Germany and elsewhere. See Thelen (2002).

firms to invest in worker training (by protecting them from poaching, for example) and guarantees that apprentices will receive high-quality training (through monitoring and enforcement mechanisms). More generally, vocational training institutions are seen as part of a larger institutional package that, along with centralized collective bargaining, strong bank–industry links, and encompassing employer associations and labor unions, underpins Germany's high-skill, high-wage, high-value-added ("high everything") economy.

This system has been invoked as a classic illustration of each of the first three perspectives sketched out earlier. Thus, for example, from a utilitarian/functionalist perspective, German vocational training institutions are seen as facilitating employer coordination around a "high-skill equilibrium" (Finegold and Soskice 1988). From a power-distributional perspective, it has been assumed to be a reflection of working-class strength (Gillingham 1985). And from a cultural perspective, it has been seen as one of many institutions that embody a distinctively German mode of self-governance that operates through the country's social partners and without much direction from the state (Lehmbruch 2001).

Looking at these institutions from today's vantage point, we can see that each of these characterizations contains an important element of truth. However, historically speaking, they are all somewhat wide of the mark. The core institutional innovation around which the German system came to be built was a piece of legislation passed in 1897 – the so-called Handicraft Protection Law – that was designed to stabilize Germany's large and highly diverse artisanal sector. A key political motive on the part of the authoritarian government of the time was to shore up a reactionary artisanal class that could serve as a political bulwark against the surging and radical working-class movement. Thus, against functionalist arguments, these institutions were not designed with the interests of the industrial sector in mind (indeed, the law bypassed industry altogether); against the power-distributional perspective, labor really played no role in the genesis of these institutions (in fact, the Social Democratic Party opposed the original legislation); and against the cultural perspective, the kind of social partnership of which these institutions are (now) seen to be a part was really nowhere on the horizon.

How did we get from there to here? Not, it seems, through a wholesale breakdown of the old institutions and their replacement with new ones. Indeed, one of the striking features of the system is the resilience of core elements even in the face of enormous disruptions over the twentieth

century, including several regime changes, the incorporation of labor, defeat in two world wars, and fascism. These are precisely the kinds of break points that most punctuated equilibrium models might hypothesize to be central.[26] While changes certainly occurred at these junctures, what is in fact remarkable and in need of explanation are some striking continuities in the core features of this system despite these disjunctures. This case, in short, calls for an analysis *both* of the mechanisms of reproduction that sustained these institutions *and* of the mechanisms behind their functional and distributional transformation over time.

For understanding the continuities, the kinds of positive feedback and increasing returns arguments advanced by Pierson and others provide a useful starting point, for these can tell us a great deal about how key actors were constituted and the kinds of strategies they would pursue. The existence in Germany of a system for skill formation centering on the artisanal sector in the early industrial period, for example, shaped the kind of labor movement that would emerge. It did so, among other things, by hastening the demise of skill-based unions by denying them any hope of controlling the market in skills – a function that had been specifically and authoritatively (by the state) delegated to the artisanal associations. However, as the number of skilled workers certified under the artisanal system grew – and especially as these workers joined the social democratic unions – the German labor movement developed a strong interest in democratizing rather than dismantling the system, though this goal would elude them until after World War II.

However, if one told this purely as a tale of positive feedback, one would miss much of what is in fact interesting and important about the way in which these institutions were *transformed* through politics, and specifically through the incorporation of groups whose role in the system was unanticipated at the time of their creation. For example, although the original system covered only the artisanal sector, its existence created pressures among key industrial sectors to develop and seek state recognition for their own training institutions. The 1897 law instituted a system of training for the handicraft sector *with and around which* industry was subsequently forced to work. Key industries such as machine building and metalworking developed their own training practices alongside and in interaction with the artisanal system. The resulting industrial system mimicked some features

[26] Indeed, I see this as a case – like so many others – in which it is not at all obvious how institutions forged at critical junctures in the sometimes very distant past actually *make it* to the present, given the magnitude of some of the intervening events and developments.

of the handicraft system, but without reproducing it precisely. Indeed, the differences and especially the interaction between the two *altered* the trajectory of the system as a whole, driving it away from the decentralized artisanal system toward the centralization, standardization, and uniformity that are now considered defining features of the German system.

Perhaps even more importantly, the function and role of the vocational training system in the German political economy were transformed through the eventual incorporation of labor. Although the Social Democratic Party had opposed the 1897 legislation, as the ranks of social democratic unions filled with workers whose skills had been certified through this system, the labor movement developed a strong interest not in dismantling it, but in comanaging it. The political incorporation of the working class in the early years of the Weimar Republic, and especially the later incorporation of unions into a variety of parapublic "corporatist" institutions – including vocational training institutions – after World War II, recast the purposes of these institutions even as they contributed to institutional reproduction by bringing the system in line with new economic and political conditions. The general point is that institutional survival depended not just on positive feedback, but also on a process of institutional transformation, to accommodate powerful new actors and to adapt the institutions to address new imperatives, both economic and political.

IV. Toward a Specification of Some Common Modes of Institutional Change

This example suggests that it may not be very useful to draw a sharp line between institutional stability and change, for when the context shifts dramatically – as it did (several times) in Germany between the late nineteenth century and the present – institutional stability may involve a major dose of institutional adaptation. We have some useful concepts for making sense of the mechanisms behind institutional reproduction – increasing returns, for example. But we lack similar tools for understanding institutional change. The literature does contain some promising starting points, however, and this section introduces two concepts that may constitute fruitful ways forward in this debate. One is the notion of institutional "layering" which involves the partial renegotiation of some elements of a given set of institutions while leaving others in place (Schickler 2001).[27] The other is what we

[27] See also the discussion of layering in Orren and Skowronek (2000, p. 20).

might call institutional "conversion," as existing institutions are redirected to new purposes, driving changes in the role they perform and/or the functions they serve.[28] Let me say in advance that these two modes of change are but two possibilities among many, and in that sense, the following discussion is but a first foray into a very complex set of issues.[29]

Institutional Layering

The process of institutional evolution through layering figures prominently in the work of Eric Schickler (1999, 2001), whose research on the U.S. Congress illustrates a pattern of institutional change that combines elements of lock-in and innovation. Schickler argues that congressional institutions have evolved through a "tense layering of new arrangements on top of preexisting structures." As he puts it, "new coalitions may design novel institutional arrangements but lack the support, or perhaps the inclination, to replace preexisting institutions established to pursue other ends" (Schickler 1999, p. 13). Some aspects may be locked in in the way that path dependence theorists emphasize, by the power of the constituencies they have created. But in the case of Congress, institution builders "worked around this opposition by adding new institutions rather than dismantling the old" (ibid.). The dynamic is similar to the one described previously in the example of German vocational training – specifically, industry's response to the handicraft training system. In both cases, institutional innovators accommodated and in many ways adapted to the logic of the preexisting system, working around those elements they could not change. However, in both cases – and this is crucial – their actions did not push developments further along the same track, as suggested by increasing returns arguments.

A similar mode of change can be observed in contemporary developments in the welfare state regimes of some developed democracies.[30] As Pierson has suggested, public pension systems (especially pay-as-you-go systems) are subject to significant lock-in effects, creating as they do constituencies and vested interests that pose formidable political obstacles to retrenchment efforts (Pierson 1994). However, even though conservative parties may be incapable of (or uninterested in) dismantling the old

[28] See also a short discussion of related ideas in Thelen and Steinmo (1992).

[29] For example, Steven Vogel reminds me that institutions also evolve through atrophy and drift.

[30] This example was suggested to me by Gerard Alexander, who is writing on this subject.

system, in some cases they can effect changes in the overall trajectory of social security by actively promoting the development of privately funded pensions alongside the public system. The "layering" of an alternative private system onto an existing public system can affect the interests of key constituents, with enormous implications for the overall trajectory of social security in a given country.[31] Rothstein (1998) makes a parallel argument about the potentially transformative effects of individualized private-sector social services that emerge alongside standardized universalistic programs in Scandinavia. The growth of private alternatives can undermine support for universal programs among the middle class, on whose "contingent consent" the whole public system rests.

Elements of layering appear also to be in evidence in transitions to democracy in Eastern Europe. A large number of studies have pointed to significant continuities across the precommunist, communist, and postcommunist periods (e.g., the contributions in Ekiert and Hanson in press-a). Campbell and others have characterized institution building in the post-1989 period in terms of "bricolage" (Campbell 1997), where key actors are not building from scratch but rather "reworking the institutional materials at hand" (Stark and Bruszt 1998, p. 7). As Stark and Bruszt emphasize, institutional innovators in 1989 confronted neither the institutional void that some hoped for nor a landscape completely occupied by the "dead weight of the past" that some feared; innovation was possible, but the innovators had to work with and around existing institutions (Stark and Bruszt 1998, pp. 6–7). Thus, for example, in the case of public administration (especially civil service reform), analysts find such countries continuing to operate "with obsolete organizational structures or government 'machinery' left over from the communist past," with old and new institutions "grafted" together in various ways (Nunberg 1999, pp. 237–8). In the area of social policy as well, many postcommunist countries have constructed new institutions and practices that represent a "blend of old and new structures, institutions, and policy legacies" that "shape opportunities for government action" in the contemporary period (Inglot in press, p. 6).[32]

[31] Myles and Pierson (2001) develop an argument based on cross-national trends that provides a number of empirically verifiable hypotheses concerning the kinds of changes that are possible within particular types of pension systems. They argue that opportunities to shift course in the way described here varies inversely with the maturity of the public pension system.

[32] These arguments bear a family resemblance to arguments made by Jonathan Zeitlin (2000, pp. 34–41) about "hybridization" in the reconstruction of the European and Japanese

Processes of institutional evolution through layering are pervasive, and further examples are not hard to identify. Many constitutions, for example, have evolved over time through a layering process that adapts inherited institutions and practices to emerging new circumstances. In fact, constitutions seem to be a prime case of what many authors have defined as institutional stickiness by design – for example, as amendment processes requiring supermajorities build in a bias against change (Moe 1990; Pollack 1996).[33] But while institutional designers who want their creations to last may do well to make change difficult, they do well *not* to make it impossible. This is because the survival of an institution often depends also on a degree of flexibility and adaptability. Thus, constitutions often evolve through a layering process that preserves much of the core while adding amendments through which rules and structures inherited from the past can be brought into synch with changes in the normative, social, and political environments.

Institutional Conversion

Another way that institutions change is through processes of institutional conversion, as institutions designed with one set of goals in mind are redirected to other ends. These processes can be set in motion by a shift in the environment that confronts actors with new problems that they address by using existing institutions in new ways or in the service of new goals. Or – as in the case of labor's incorporation into corporatist oversight of German vocational training cited earlier – it can be a consequence of the incorporation of groups, previously on the margins, who turn existing or inherited institutions to new ends.

An illustration of institutional evolution through conversion can be found in the history of Argentine federalism (Gibson and Falleti in press). Edward Gibson and Tulia Falleti challenge conventional functionalist accounts that see federalism as a negotiated solution to the need of regional governments for common defense against external threats (e.g., Riker 1964). Instead, their account stresses ongoing contests among regional interests that shaped and reshaped federal institutions in unforeseen ways over time. Argentine federalism was originally created as an institutional infrastructure through which one state – Buenos Aires – was able to dominate the interior. However, once it was in place, the weaker provinces worked

political economies in the wake of the American occupation after World War II. See also Herrigel (2000).

[33] See also the discussion in Pierson (2000b).

with and through federal institutions in ways that allowed them ultimately to bring Buenos Aires itself to heel. As Gibson and Falleti tell it, Buenos Aires had been the architect of a system of "hegemonic federalism" as a means for consolidating its domination over the other states, but by the end, the triumph of "plural federalism" had turned the system on its head. "The federalist provinces which had once seen a strong central authority as the agent of their domination by the union's giant, now embraced it as their deliverer from that domination" (Gibson and Falleti in press, p. 19).[34]

Margaret Weir's characterization of poverty and employment programs in the United States provides another illustration of a similar conversion dynamic, in this case the redirection of existing social policy institutions and instruments to new ends. Weir charts the rise of Lyndon Johnson's Great Society program and shows how its unexpected intersection with the rise of the civil rights movement shaped its political fate. While the poverty program as originally conceived was nonracial in character, its inauguration coincided with an upsurge in racial unrest. As Weir writes, "as riots began to shake northern cities, President Johnson looked to the poverty program as a way to funnel resources into the affected black communities" (Weir 1992a, p. 205). As in the case of private pension "layering" cited in the previous section, the conversion process in this case did not reinforce and in fact undermined the reproduction mechanisms on which previous institutions and policies were based. The more the poverty programs became associated with the plight of African Americans, and the more they became dissociated from economic and employment policies that could link them to broader constituencies, the more vulnerable the programs became to the kind of antigovernment ideology that triumphed later, under Reagan.

Other examples could be culled from the literature on the political economy of the advanced industrial countries. There are many cases, for example, in which institutional arrangements developed under wartime conditions survive through their conversion to peacetime purposes; for example, institutions developed for military production during World War II in some cases were converted to active industrial policy after the war. In a similar vein, Andrew Shonfield characterized some of the institutional arrangements linking state and economy in Italy as "left-overs of Fascism which

[34] Another case of evolved changes in federalism is Canada. Canadian federalism was originally designed as a highly centralized system. Over time, however, it was transformed along more decentralized lines because the founders had delegated to the states functions that were trivial at the time but grew in importance later. This example comes out of Pierson (2000b). For the full analysis, see Watts (1987).

[were] turned to positive purpose" under the postwar democracy (Shonfeld 1969, p. 179). Likewise, Steven Vogel's analysis of changes in many aspects of the political-economic infrastructure in Britain under the Thatcher administration contains many examples of existing institutions being redirected toward goals quite remote from those for which the institutions had originally been created (Vogel 1996).

Finally, the literature on labor provides additional examples of institutions being functionally and politically turned on their heads – as, for example, a system of works councils originating in a few highly paternalistic (and anti-union) companies in imperial Germany was transformed over time into one of the strongest systems for union representation and power in plant decision making in Europe (Thelen 1991), or as the system of job classifications that some large American employers introduced in the 1920s as a tool for exercising unilateral managerial control over internal labor markets later became the key institutional support for union influence over personnel policy on the shop floor (Lichtenstein 1988). Anyone interested in the impact of these kinds of institutions on political and political-economic outcomes can scarcely afford to ignore such changes.

V. Conclusions and Agendas for Further Research

All of these examples combine elements of lock-in with new developments that do not push further in the same direction but rather alter the overall trajectory of policy and politics. Taken together, they do not suggest a world in which institutional form necessarily follows function in any straightforward sense.[35] Moreover, many of them suggest that for almost any institution that survives major socioeconomic transformation (industrialization, democratization) or political disjuncture (revolution, conquest), the story of institutional reproduction is likely to be strongly laced with elements of institutional transformation – through layering, conversion, or some other mechanism. For this reason, formal institutions will often *neither* accurately reflect the "congealed tastes" of their creators (Riker 1980) *nor* simply mirror the present prevailing power distribution (Knight 1992).

[35] But nor do they point to an absolute rejection of utilitarian, functional, political, or cultural arguments. For example, regarding functional accounts, all these examples suggest that one cannot infer origins from current functions, but the idea of conversion nonetheless does describe a process in which actors recast institutions or their strategies within institutions in order to adapt these to new purposes, i.e., to serve new functions. I am grateful to Peter Hall for pointing this aspect out to me.

Moreover, as the foregoing examples make clear, one can make sense of the forms and functions these institutions have taken only by viewing them, as Pierson and Skocpol recommend, in the context of a larger temporal framework that includes the sequence of events and processes that shaped their development (Pierson and Skocpol in press).

Where Do We Go from Here?

What does this mean for how we conduct research on institutional change? Pierson and others emphasize increasing returns, and the preceding examples confirm that this is a promising starting point. But they also suggest the need to go further. Increasing returns arguments focus mostly on the winners and on adaptation effects (after an institution has been "selected") that reinforce a particular trajectory. But this emphasis obscures ongoing political contestation over the form and functions of institutions forged at (often distant and receding) critical junctures. Increasing returns cannot tell the whole story because, in politics, losers do not necessarily disappear and their "adaptation" to prevailing institutions can mean something very different from "embracing and reproducing" those institutions, as in the worlds of technologies and markets. Precisely in the political realm, we should expect institutions to be not just the site but also the object of ongoing contestation (see, for example, Alexander 2001).

Thus, while path dependence models based on increasing returns effects clearly have a place in the analytic "toolbox" we bring to the study of institutional development, we must have a healthy appreciation of the limits of this model and a few other tools to go with it.[36] One analytic task, therefore, may be to distinguish more clearly between cases (such as major entitlement programs like Social Security and associated institutions) where each new constituent added to the system increases the number of stakeholders and thus further entrenches it, and other cases (industrial policy institutions might be an example) where expanding the institution's constituency or "reach" might well open up conflict over the goals and purposes, thus very possibly introducing new pressures for change. In addition, even if particular institutions or policies are subject to increasing returns and lock-in, we need to ask whether or not this "crowds out" the creation of parallel institutions (layering) or prevents the conversion of existing ones.[37]

[36] As Pierson himself (2001) has argued.

[37] I am grateful to Gerard Alexander for this formulation. And this is in fact how Myles and Pierson (2001) frame the question in their analysis of pension reform.

Another, complementary, task will be to distinguish the types of empirical phenomena that are associated with different modes of change. Institutional layering, for example, may be associated with situations in which the context shifts and new challenges emerge but the main actors by and large remain the same – or, as Pierson has put it, where the losers in one round of institutional innovation stay around to contest the next. The U.S. Congress (Schickler's case), for example, is not a place where the winners vanquish the losers in any absolute sense and the latter disappear (Schickler 2001, p. 255).[38] Similarly, but in a very different context, institutional innovators in Eastern Europe often confronted a situation in which former communist parties were transformed but by no means eliminated.

By contrast, it may be that conversion processes are more associated with the incorporation of new or previously excluded groups (pursuing different, perhaps, though not necessarily entirely contradictory goals) into a preexisting institutional framework.[39] This possibility reminds us that studies of institutions and institutional development need to be attuned to processes unfolding on the periphery. As Schneiberg and Clemens point out, institutions do not just generate positive feedback, they also "generate grievance (through political exclusion) . . . [and] actors who are aggrieved but not co-opted are an important source of pressure for institutional change" (Schneiberg and Clemens in press, p. 35). Where the institutions that prevail do not generate significant positive feedback effects among the aggrieved, their later empowerment is likely to spell institutional breakdown.[40] However, as the previous vocational training and federalism examples show, it is also important to look at whether actors who are initially on the periphery themselves become invested in the prevailing institutions and if so, in what ways. In such cases, shifts in the balance of power that go their way may result in institutional conversion rather than breakdown.

The general point is that we need to develop a somewhat more differentiated set of conceptual tools to understand processes of institutional evolution and change. The notions of critical junctures and developmental

[38] Schickler thus suggests that his model of layering may apply best to cases such as these where there is considerable continuity in terms of core constituencies but where members have diverse goals and can each influence the organization's rules and structure – for example, universities or professional associations (Schickler 2001, pp. 255, 268).

[39] I thank Gerda Falkner for her insights on this point.

[40] In the case of Weir's analysis (earlier), for example, the failure to link poverty programs to broader economic and employment policies narrowed their base of support and left them more vulnerable to political attack.

pathways around which a good deal of historical-institutional work has been organized capture something important about institutional development over long stretches of time. However, at the highly aggregated level at which they are often invoked, these concepts also sometimes obscure some of the most interesting questions of all, regarding surprising institutional continuities through apparent break points, as well as "subterranean" but highly significant changes in periods of apparent institutional stability.

The preceding discussion and examples take us beyond the prevailing punctuated equilibrium model by suggesting that it may not be so useful to think of institutional development in terms of a sharp dichotomy between periods of institutional innovation and institutional stasis. For these same reasons, it may also be unwise to draw too sharp distinctions in history between "settled" and "unsettled" times (cf. Katznelson, this volume). Instead, to understand how institutions evolve, it may be more fruitful to aim for a more fine-grained analysis that seeks to identify *what aspects* of a specific institutional configuration are (or are not) renegotiable and *under what conditions*. As Ekiert and Hanson point out, this may involve distinguishing continuities and changes at different levels of analysis (Ekiert and Hanson in press-b). As I have emphasized here, it can also build from the analysis of increasing returns effects and feedback mechanisms, to gain insights into the kinds of events and processes that are most likely to disrupt stable institutional reproduction, and, in so doing, open the door for change (Pierson 2001; Thelen 1999). Finally, and especially for the latter, understanding institutional evolution will require us to be on the lookout for modes of change that do not conform to a classic breakdown or replacement model. These include but are not limited to the processes of institutional layering and institutional conversion discussed earlier, and an important analytic task ahead will be to identify the factors or conditions that facilitate different modes of change along the lines of the hypotheses previously suggested.

Summing up

There has been a great deal of talk recently about the search for "mechanisms" in political analysis, defined by Elster as "frequently recurring ways in which things happen" (Elster 1989; see also Scharpf 1997). Paul Pierson has usefully adapted and applied the notion of increasing returns to politics, and this certainly qualifies as a mechanism (in Elster's sense) that can be quite useful in the analysis of institutional reproduction.

We have fewer tools, however, for making sense of institutional evolution and change. The dual ideas of institutional evolution through layering and through conversion may provide a starting point for making sense of the kinds of incremental or bounded changes that appear to constitute a common way that institutions change in politics. Both of these conceptions open the door for a more nuanced analysis of *when and how* particular institutional arrangements can be expected to change and why some aspects may be more amenable to change than others. As such, these conceptualizations provide a way of thinking about institutional reproduction and change that steers a course between deterministic lock-in models, on the one hand, and overly fluid "one damn thing after another" models, on the other hand.

The perspective offered here has several advantages. First, it avoids facile functionalist approaches that read the origins of institutions off the functions they currently perform. The notion of institutional conversion, in fact, provides an analytic point of departure for understanding how institutions created for one set of purposes can come, in time, to be turned to new ends. In this sense, the idea provides a framework for a tractable approach to the issue of "unintended consequences." In doing so, it addresses concerns raised by Pierson and others for devising a way to think about this problem that "turns on more than a retrospective judgment that particular actors involved 'screwed up'" (Pierson 2000c).

Second, notions of institutional evolution through layering or conversion are "genuinely historical" in the sense on which Skocpol rightly insists, looking at social processes as they unfold over time and in relation to other processes. Models of path dependence appropriated from economics tend to focus on a single process in isolation, bringing history in only as bookends – at the critical juncture moment and then again at the end of a reproduction sequence. By contrast, the models of institutional change suggested here overcome the sharp distinction that is commonly drawn between the analysis of institutional creation and institutional reproduction. They do so by specifically drawing attention to the ways in which adaptation to *other* ongoing processes (and not just positive feedbacks generated by the process itself) contributes to institutional and political continuities over very long periods of time.[41]

[41] In a way, the notion of institutional conversion as elaborated here might help to ground the otherwise extremely abstract argument of Orren and Skowronek concerning the way in which "change along one time line affects order along the other" (Orren and Skowronek 1994, p. 321).

Third, such a perspective provides some insights into why it is that societies seem indeed to exhibit some cohesion across organizational domains and over time. There is an apparently deep contradiction between the view of societies that institutional sociologists like Dobbin (1994) represent (where culture and isomorphism encourage convergence across organizational domains) and the highly fluid view of society embraced by other theorists such as Orren and Skowronek (1994) (where institutions created at different historical conjunctures embodying very different political settlements coexist and continually collide and abrade). I think that there is something to both of these views, and perhaps one reason that the kinds of collisions and contradictions that Orren and Skowronek's view predicts are not, in fact, as pervasive and debilitating as one might suppose is that the process of conversion brings organizational forms that were created in the past broadly into synch with currently prevailing power relations and cultural norms.

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