

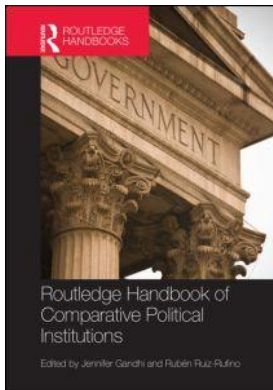
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Introduction

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INTRODUCTION

Jennifer Gandhi and Rubén Ruiz-Rufino

Introduction

“Institutions matter” has served as a mantra for the social sciences for almost thirty years. In political science, scholars in the subfield of comparative politics embraced this intellectual agenda by first “bringing the state back in” (Evans *et al.* 1985). Since then, comparative politics has focused much attention on institutions, and at this point, it seems appropriate to ask: What is our accumulated knowledge about political institutions in the comparative context, and how have we acquired it? Where have debates in the study of institutions emerged and how have scholars resolved them? What remains to be done in the comparative study of institutions? In this volume, we address these questions by having leading scholars in the field discuss their areas of substantive and methodological expertise.

The volume is organized into three parts. Part I focuses on broad theoretical and empirical challenges affecting the study of institutions. The six chapters of this part highlight the major issues that emerge among scholars defining and analyzing institutions. The chapters discuss how these challenges have been handled since the “institutionalist revolution” in political science and highlight the open questions that still bedevil the study of institutions. Part II of the volume consists of fifteen chapters, each of which handles a different substantive institution of importance in comparative politics. In this part, we cover institutions, such as electoral rules and federalism, whose study is well established in the field. But we also expand our focus to include areas that traditionally either have attracted less attention or have not been aggregated as a separate area within comparative politics. These include authoritarian institutions, the military, and electoral management bodies. The final part, Part III, encompassing seven chapters, examines the relationship between institutions and a variety of important outcomes, such as political violence, economic performance, and voting behavior. The idea is to consider what features of the political, sociological, and economic world we understand better because of the scholarly attention to institutions.

Because our contributors discuss the state of our knowledge and what constitutes the research frontier in their specific areas, each chapter offers its own answers to the questions posed above. But on the basis of these chapters, we also can offer a more synthetic account of what we broadly know about institutions, how we know it, and what remains to be studied. We begin by discussing how comparative scholars have developed institutionalist theories: how they have borrowed from other subfields, confronted the tension between generalist and more time- or place-specific

claims, and used a variety of tools to craft their arguments. We then go on to discuss two recurring themes in the volume that highlight how many comparative scholars view institutions: first, the use of institutions to address strategic dilemmas and, second, how institutions both incentivize behavior and are created by purposive action. Understanding institutions both as rules and as equilibria opens up a host of theoretical and empirical challenges. We review these challenges that confront the general study of institutions before discussing the open debates surrounding some of the specific substantive institutions that have been highlighted by authors in the volume. These last two sections clearly show that while we have accumulated substantial knowledge about comparative institutions, there is still much work to be done.

The sources and scope of our institutional theories

In developing theoretical arguments about the emergence and effects of institutions, it is clear that many areas of comparative institutional analysis have borrowed and built upon the frameworks first developed in the study of American politics. In his chapter on legislative organization and outcomes (Chapter 11), Eduardo Alemán discusses the rationale for legislative rules as well as their impact in distributing gatekeeping and agenda-setting powers which, in turn, influence passage rates and the substantive content of legislation. Many of the theories—explaining both why a majority of legislators would adopt organizational arrangements that occasionally make them worse off and how such organizational rules can pull policy outcomes away from the median legislator’s preferences—have been developed in the context of studying behavior in the U.S. House of Representatives. As Alemán notes, scholars in comparative politics are using these theoretical frameworks to make sense of legislative behavior and outcomes in other places around the world, and in the process they are able to comment on the extent to which these theories are generalizable beyond the American context.

Similarly, in his chapter on fiscal institutions (Chapter 20), Joachim Wehner points out that much of the early empirical work on budget institutions focused on the American states. These works focused on the effects of institutions such as formal budget rules and legislative committee structures on fiscal adjustment and policy outcomes. Due to the variation in institutions and outcomes across a large number of comparable units, the American states serve as a good laboratory to investigate the effects of fiscal institutions. In recent years, as comparative scholars have increasingly accumulated cross-national data on budget institutions, policies, and outcomes, they have been able to test theories that were developed within the American context as well as others that take into account comparative institutional differences.

In some contexts, this crossover continues to be influential in the development of comparative studies. In other cases, scholars are questioning to what extent institutional theories or theories of institutions developed within the context of established democracies (e.g. the US, Western Europe) are helpful in understanding these same types of institutions in other areas of the world. In his chapter on party politics (Chapter 10), Noam Lupu tackles this issue by noting that the variation in how parties emerge, how they persist or change over time, and how they differ in their strategies for appealing to voters in many parts of the world cannot be fully accounted for by extant theories of parties that were developed in the context of American and Western European parties. The discrepancy between received theories and empirical realities can be handled in two different ways. *Splitters* argue that theories derived from the experiences of the advanced democracies fail to apply to other places, and as a result alternative explanations must be developed. *Lumpers*, in contrast, attempt to generate broad theoretical frameworks that incorporate prior theories of party politics but still enable us to make sense of diverging empirical patterns.

The challenge, of course, is in building theories that are general but that still account for historically and contextually distinct paths. The difficulty of the endeavor should not be underestimated, as noted by Gabriel Negretto in his chapter on electoral systems (Chapter 9). Most explanations of the origins and reform of electoral systems draw from the experience of Western European states at the beginning of the twentieth century that underwent a shift from majoritarian to proportional systems. But, as Negretto argues, it is clear that outside of Western Europe, proportional representation (PR) was adopted under historical conditions that were quite different: greater uncertainty over which systems would benefit established parties, political elites without full control over the reform process, and other goals of reform besides short-term partisan interests. As a result, while the adoption of PR in places such as Latin America can be considered within the general framework of actors behaving strategically to achieve their interests, historical specificities may render impossible any attempt to generate a general theory of electoral reform.

Of course, there are sometimes very good contextual reasons for limiting the scope of our research questions and theories. In their chapter on the military (Chapter 18), Aurel Croissant and David Kuehn observe that the research questions surrounding the study of the military vary by regime type. In authoritarian regimes, the focus has been on understanding military coups and military regimes. In new democracies, the most significant issue is how to establish civilian control over the military, while in established democracies scholars examine how civil–military relations play out when norms and institutions already have established civilian primacy over the military. That the research agenda is segmented by regime type is, in part, a reflection of real-world concerns. Establishing civilian control, for example, is a critical question for many new democracies, but less so for established democracies. But since these research foci are interrelated and countries sometimes transition across regimes, scholars studying the military under different regimes still have much to learn from each other. In investigating how contemporary new democracies might establish civilian control, for example, the historical experience of established democracies in tackling this issue may be instructive.

Moreover, that contextual differences exist is not a reason to cease thinking and conversing broadly about institutions. For one, the substantive context studied by scholars in one subfield may have explicit relevance for phenomena under investigation by scholars in another subfield. James Raymond Vreeland (Chapter 22) directly addresses this type of symbiosis between comparative politics and international relations scholars. Governments must be incentivized to join international organizations (IOs). Interstate relations may strongly structure their incentives, but so do domestic factors. So in order to understand why states join IOs, how IOs are structured and operate, and what are their effects, it is critical to know something about the domestic politics of these states. Comparative scholars, in turn, will have a better understanding of some features of domestic institutions, policies, and outcomes if they factor in the effects of IOs.

More broadly, as the examples in this chapter and across the chapters in the Handbook illustrate, the structure of the problem confronting actors in one substantive context often resembles the one that emerges in a very different environment. The challenge for scholars, then, is to consider how specifics of a place or time require modification of extant institutional theories to account for the specific phenomena of interest. In order to do so, they must know about those existing theories which may require knowledge about an institution in another time and place. For this reason, in their chapter on the study of institutions (Chapter 3), Tom Clark and Jennifer Gandhi call for more collaboration not only across subfields, but also across substantive areas. To take one example: if the object of study is the agency problem among parties within a coalition government, it is useful not only to know how coalition governments operate in many parts of the world, but also to learn about how the agency problem functions in other substantive contexts (e.g. bureaucrats and legislators, elected officials and voters).

Formal theory, as Milan Svobik argues in his chapter (Chapter 6), is well placed to enable scholars to engage in this type of inquiry across substantive areas. Institutional rules usually delineate the participants, their available actions and information, and the procedures by which their actions translate into outcomes—all elements required in a game theoretic model. Furthermore, the participants often have conflicting interests, requiring them to behave strategically to get what they want. Whether this means making strategic decisions within the constraints established by institutional rules or making them about the choice of institutions, the rationality assumptions underpinning formal theory are reasonable even if models necessarily require some abstraction from reality.

Institutions as solutions to strategic dilemmas

Because institutions are explicitly rules, incentives, and constraints on individual actors, scholars studying institutions have become more attuned to the microfoundations of their explanatory accounts. As Diermeier and Krehbiel (2003: 126) point out: “The crucial link between *institutions* (as contextual constraints) and *outcomes* (as consequences of collective choice) is *behavior*.” In order to determine that institutions affect outcomes and how they do so, it is critical that we draw as sharp a line as possible between institutions and behavior, and specify and show how these incentives and constraints influence actions. Theoretically, scholars have been thinking carefully about the strategic dilemmas that confront political actors and how institutions address (or do not address) them. Throughout the work on a variety of different substantive institutions, the problems of coordination, commitment, and agency appear, and institutions serve as solutions to these dilemmas.

Coordination

Actors may be better off coordinating their actions, but individual rationality frequently does not lead to collective rationality. In such situations, institutions may act as a coordinating device. It is possible, for example, to organize the structure of government in a variety of ways, but constant renegotiation over it is detrimental to political life. Institutional instability inhibits the formation of plans and expectations and prevents actors from solving “lower-order” problems. Constitutions, as Tom Ginsburg points out in his chapter (Chapter 8), may address this problem by laying out a structure of government that serves as a focal point for actors. By offering a blueprint for how government works, a constitution enables individuals to coordinate their beliefs, expectations, and actions. Besides enabling action, however, constitutions can serve to constrain government within limits. By generating an intersubjective understanding of what constitutes appropriate state action, constitutions may help coordinate citizens so that they can credibly threaten punishment of a government that exceeds its limits.

In his chapter on judicial institutions (Chapter 14), Julio Ríos-Figueroa observes that courts may serve a similar function. Courts may convey relevant information about government misconduct and signal when rulers have overstepped constitutional bounds. Thus, judicial rulings serve an important informational role that aids citizens in determining when government has committed a transgression, which is the first step in developing a coordinated response to restrain it.

Commitment

When actors’ preferences are time inconsistent, institutions may enable them to make credible commitments. As Ríos-Figueroa points out, judicial institutions play this role as well. Courts can

serve as a commitment device for an executive or legislature interested in signaling its intention to protect property rights. He points out that courts can serve as such a commitment device, however, only in so far as their rulings command compliance—not a trivial detail given that courts lack enforcement power.

The problem of enforcement also plagues institutions as a means for resolving conflict. The problem is that peace agreements—like constitutions and laws—are just pieces of paper. So any promises to disarm or refrain from violent actions made now may not appear credible in the future, especially if the actors involved retain their capacity to use force. In her chapter on the relationship between institutions and political violence (Chapter 26), Laia Balcells notes that there are domestic and international institutions that can alleviate this commitment problem among civil war combatants, influencing the likelihood of war termination and the duration of peace. But there is no “one size fits all” solution, and as a result, “there are a lot of context-dependent factors that affect their likelihood of success” (p. 381).

Agency

When actors delegate authority to an agent, problems of hidden information or hidden action frequently emerge. Institutional structure often determines the extent of agency loss. In their chapter on federalism (Chapter 15), Pablo Beramendi and Sandra León point out that the degree to which the regions are able to shirk or the center “overawes” them depends on the precise nature of federal institutions, including their fiscal authority as well as the interdependence between the national and regional electoral arenas. As a result, the variance in outcomes among federal countries is often as large as what exists between federal and unitary states.

In some cases, institutions are able to directly minimize the degree of agency loss. Lanny Martin and Georg Vanberg in their chapter on parliamentary government (Chapter 13), for example, discuss the agency problem among parties within a coalition government. Parties must figure out how to insure that their coalition partners will enact policy that is acceptable to the coalition as a whole for the ministries that they control. Martin and Vanberg highlight the importance of strong legislative institutions in enabling coalition partners to monitor and enforce policy agreements and thus mitigate the moral hazard problem.

Institutions-as-rules and institutions-as-equilibria

Institutions and their effects

If actors use institutions to address particular strategic dilemmas, it must be true that they believe that institutions have important effects on behavior and outcomes. Otherwise, there would be little point in employing such institutions as solutions. So it seems appropriate that much of the literature on institutions examines how they serve as rules or constraints on behavior and, as a result, have important effects on a variety of outcomes.

Institutions often shape the opportunities available for political mobilization. In her chapter (Chapter 25), Erica Chenoweth points out that one of the most noteworthy findings of the literature on mobilization is that significant extra-institutional action takes place in precisely those countries with many formal, legal, and viable institutional channels through which people can express their preferences. In support of her point, Chenoweth reviews several hypotheses and the scholarly work behind them, examining the effects of institutions, such as regimes, electoral rules, and political parties, on protest activities.

Similarly, Ian McAllister (Chapter 23) observes that voting is “not simply a personal choice, but one that is shaped by the context within which the choice is made” (p. 333). Institutions play an important role in determining whether individuals vote, whether they vote strategically or sincerely, whether they develop partisan identification, and for whom they vote. And the range of institutions that play a role in structuring this choice is large, including voter registration laws, ballot structure, electoral systems, and legislative structure. The challenge is in uncovering the interaction between system-level and individual-level characteristics in determining these decisions.

Institutions shape the choices not only of individuals, but also of governments. In her chapter on institutions and economic development (Chapter 29), Luz Marina Arias focuses on the ability of governments to credibly commit to refrain from opportunistic behavior; to protect private property rights and enforce contracts; and to provide public goods and infrastructure. She argues that these three features of state behavior are critical in accounting for the substantial variation in economic performance across countries and also are heavily influenced by institutions.

Institutions as outcomes

If institutions address strategic dilemmas, however, it also means that they are human constructs, chosen under constraints and incentives. They cannot exist—at least, not with any stability—unless critical actors agree to their existence. As such, institutions are endogenous and can constitute equilibria.

International organizations, for example, are composed of member states, and there often are domestic reasons why states do (or do not) join these organizations and covenants. As Vreeland discusses (Chapter 22), governments may join international organizations or agreements to solve domestic problems, marginalize opposition, or deflect blame for unpopular policies. As such, the focus is on understanding the domestic factors that contribute to making international organizations stable institutional equilibria.

For new democracies and states recovering from domestic conflict, transitional justice institutions offer a way for their societies to deal with their authoritarian and violent legacies. There are normative reasons for establishing these types of institutions, but, as Monika Nalepa discusses in her chapter (Chapter 27), the process by which these institutions emerge is purely political. Consequently, in order to understand why some countries adopt transitional justice institutions and the different forms they take, it is necessary to focus on the electoral incentives that mold parties’ preferences for these institutions and the partisan and legislative features that influence their abilities to establish them. In Nalepa’s account, institutions play an important role in shaping the emergence of other institutions.

Challenges and opportunities in studying institutions

Numerous chapters in the volume make clear that the study of particular substantive institutions has included both lines of inquiry—to varying degrees. What is less clear is how to think about the joint implications of the fact that institutions influence outcomes and that they are endogenous. Thinking about institutions-as-rules and institutions-as-equilibria generates significant theoretical and empirical challenges for the study of institutions. The fundamental problem lies in establishing that institutions exhibit a true causal effect in the face of critical issues such as epiphenomenality, selection effects, and reverse or simultaneous effects.

Institutions may be epiphenomenal, or, at the very least, have a more modest role to play in influencing behavior and determining outcomes. In their chapter on authoritarian institutions

(Chapter 19), Clara Boulianne Lagacé and Jennifer Gandhi discuss the many reasons why autocrats govern with institutions that are familiar to students of democracy: legislatures, parties, elections, courts. One claim in the literature is that these institutions can constrain autocrats so that they can credibly commit to share power with elites or desist from predatory behavior. It is unclear, however, to what extent the institutions—or the balance of power behind them—act as the real constraint on autocratic behavior since such institutions appear to be malleable. The difficulty in sorting out the issue exists also at the empirical level due to the difficulty of measuring the balance of power between leaders and their supporting coalitions in autocracies.

Selection effects also may render the relationship between an institution and an outcome spurious. Susan Hyde and Kevin Pallister (Chapter 17) discuss two institutions that *potentially* have a significant influence on election quality: electoral management bodies (EMBs) and election observation missions (EOMs). EMBs are the institutions that run elections: they carry out essential tasks such as registering voters, regulating campaigns, conducting the polling and counting of votes, and resolving electoral disputes. By performing these tasks in ways that do not advantage one side over the other, EMBs can increase the quality of elections. But in describing the effect of these institutions on election quality, the use of the word “potentially” is intentional. As Hyde and Pallister point out, scholars have not yet uncovered why some countries adopt “better” EMB models than others. As a result, it may be the case that countries that are more likely to adopt “good” (e.g. non-partisan) EMB structures are the same ones that are likely to hold high-quality elections. Because EMBs are a choice, the factors driving that choice may be more determinative of electoral outcomes than the EMBs themselves.

Finally, reverse or simultaneous causation may characterize the relationship between an institution and an outcome. In his chapter (Chapter 16), Victor Lapuente reviews the factors that contribute to the rise of a merit-based bureaucracy. In doing so, he tackles the difficult relationship between economic development and a well-functioning state apparatus. Does development lead to the rise of a meritocratic bureaucracy? Or does such a bureaucracy encourage the flourishing of the economy? The answer to both questions is most likely “yes,” complicating efforts to determine the independent impact of bureaucracy on important economic outcomes.

But the fact that institutions are, at the same time, the product of choices and act as incentives for other choices opens up other large promising areas for research: institutional change and institutional bundles. We discuss each topic in turn.

First, institutions may have effects which sometimes provide incentives for actors to maintain or change these very same institutions. In his chapter (Chapter 4), Adam Przeworski examines this type of endogenous institutional change in a notoriously difficult context—that of economic development. In some situations, endogenous change may occur through a decentralized process. Przeworski claims that Marx was one of the first to provide such a theory in explaining how the actions of individual capitalists would result in the downfall of their economic system. In other cases, elites who control resources and political power make conscious choices—in response to economic conditions—that result in a more centralized process of change. But complications may emerge because new institutions do not always “take.” As Przeworski notes: “often reforms are futile: institutions change and life goes on as before” (p. 52). This may occur because, as Przeworski observes, institutions may not map onto outcomes one to one. But it raises the question of why some institutional arrangements are respected while others are not.

One answer may lie in acknowledging that formal institutions exist beside informal ones. In his chapter (Chapter 5), Hans-Joachim Lauth discusses the nature of informal institutions and points out that the relationship between formal and informal institutions is particularly thorny when political change is involved. When change occurs—for example, in the case of regime transitions—it may consist of changes in the formal rules of the game, but also in informal

institutions. When informal institutions undermine new democracies, Lauth argues, it is relatively straightforward to observe. But it is much more difficult to assess their influence when they support formal democratic institutions. In this case, scholars may end up attributing greater causal impact to formal institutions than they deserve.

Second, while scholars often examine individual institutions, it is important to keep in mind that institutions exist in bundles. Depending upon the procedures governing institutional choice, existing institutions may play an important role in determining the origins of other institutions. In her chapter on transitional justice (Chapter 27), Nalepa explores this route, discussing how legislative and partisan institutions in new democracies influence the choice of transitional justice institutions.

Indeed, it may be the case that we cannot understand how any one institution functions without considering its place within the larger institutional setting. Beramendi and León (Chapter 15) argue that this is the case with federalism. The degree to which central and regional governments cooperate, for example, may depend on the degree to which their electoral fates are tied, making the interaction between federalism and party systems critical for determining the types of outcomes that are produced. Similarly, Ginsburg (Chapter 8) observes that in order to understand the endurance and change of constitutions, it is important to consider not only its content (e.g. amendment procedures), but also institutions of constitutional review. To the extent that courts and other institutions can interpret a constitution's meaning and application, they play a decisive role in determining that institution's effect on behavior and outcomes.

Not only do institutions influence the choice and operation of other institutions, but there is clearly more room to understand how institutions work together as substitutes or complements in addressing various strategic dilemmas facing political actors. Martin and Vanberg (Chapter 13), for example, suggest that there are many institutional ways in which parties within a government coalition can police their policy bargains. Similarly, in their chapter on authoritarian institutions (Chapter 19), Boulianne Lagacé and Gandhi discuss how autocrats use legislatures, parties, and courts to solve problems of commitment while they use some of these same institutions along with elections and decentralization to improve their efforts at information-gathering. These cases (along with others) raise several questions: Why do some countries use one type of institutional solution while others use different ones? Why do some governments address a problem with multiple institutional solutions while others use one? Are various institutions—that may work together or at cross-purposes in addressing a problem—chosen together intentionally? Most scholars study a particular substantive institution, imparting a rudimentary understanding of how bundles of institutions operate.

The challenges and opportunities of institutional analysis lie not only in our theories and explanations, but also in our empirical strategies. As is evident from several of the chapters in the Handbook, the bulk of scholars' empirical efforts have centered on assessing the effects of institutions. The focus on institutions-as-rules is due, in part, to the difficulty of explaining institutional origins and change, but perhaps in equal measure to the scarcity of comparative historical data.

Recent efforts to improve contemporary cross-national data have enabled scholars to focus more closely on the effects of institutions on a variety of outcomes. Wehner (Chapter 20), for example, notes that for many years the major impediment to comparative work on fiscal institutions was the paucity of cross-national data. But in the early twenty-first century, scholars have compiled detailed and consistent information on budget institutions in fifteen European Union countries as well as increasingly better data on these institutions in Latin America. Similarly, the study of institutions and voting behavior received a significant boost from the Comparative Study of Electoral Systems (CSES) project, which coordinates the operation of more than fifty national election studies across the world. McAllister (Chapter 23) notes that this data collection

effort insures that information about citizens' behavior and attitudes gathered in each country is comparable and can be matched with information about institutional arrangements.

With observational data, there also has been a move towards examining variation within countries, relying upon sub-national data. In their chapter on institutions and political corruption (Chapter 28), Miriam Golden and Paasha Mahdavi discuss many of the reasons for this trend. At the sub-national level, scholars may be able to collect fine-grained measures to more precisely test theoretical arguments. In addition, within a single country there may be more variation in the relevant variables (e.g. institutional structure) while still enabling scholars to better “control” for important contextual factors. In the study of political corruption, the fact that studies based on cross-national and sub-national data produce conflicting results is impetus enough for demanding more within-country analysis.

Observational data—whether at the national or sub-national level—carries its own challenges in assessing the effects of institutions. Because we know that actors purposively choose or change institutions due to the outcomes they generate, disentangling the effects of institutions and the conditions under which they exist is difficult (Przeworski 2004). It is also then likely that the universe of institutions that we observe does not contain all of the counterfactuals that we need to adequately assess causality (King and Zeng 2007). The end result is that the use of observational data creates a variety of inferential problems.

In response—following the trend more generally in political science—there is a small but growing literature that uses experimental methods to understand the effect of institutions. In their chapter on the use of field experiments to study institutions (Chapter 7), Guy Grossman and Laura Paler discuss the introduction of participatory institutions or the provision of information to improve the functioning of existing electoral mechanisms at the local level. The experiments enable scholars to empirically assess whether institutions influence individual-level behavior. The experimental design avoids the messiness of observational data, and the zeroing-in on microfoundations allows for close testing of particular theoretical linkages. But Grossman and Paler observe that, as with all things, there are trade-offs: field experiments may not allow us to get at questions associated with “big” institutions, such as regimes or executive–legislative relations.

Do institutions matter?

Careful theoretical and empirical work has furthered our understanding of institutions, but it also has led to continued debate on many substantive questions. What may have stood as conventional wisdom is often revisited, with more precise theorizing to account for more empirical patterns. This volume highlights a number of these debates, ranging from the sources of instability in presidential democracies to the class origins of economic and social policies. Some of these substantive debates also highlight that “institutions matter” may still be considered a question rather than a statement.

In his chapter on executive–legislative relations (Chapter 12), Sebastian Saiegh revisits the Linzian argument about presidentialism and democratic stability. Saiegh argues that there are good theoretical reasons to think that presidential regimes are no more dysfunctional than parliamentary ones, and he shows empirically that presidents form government coalitions and, more significantly, are successful at passing their policy agendas through the legislature at a frequency approaching that of parliamentary governments. His findings demonstrate that presidential regimes are not inherently prone to deadlock and instability. But the fact that presidential democracies die at a higher frequency than parliamentary ones still remains, leaving scholars with an open puzzle.

Similarly, Rubén Ruiz-Rufino (Chapter 24) discusses the complex relationship between ethnicity and elections. There is a large, still unsettled, debate over whether elections serve as a peaceful mechanism through which groups can process their conflicts or whether they serve to incite mobilization and/or conflict along ethnic lines. The answer depends, in part, on the way the election is structured. Certain types of electoral rules may encourage party formation or post-electoral behavior that reflects ethnic peace or conflict. And as scholars are learning more about how candidates and parties use fraud and manipulation, Ruiz-Rufino argues that we should expect these aspects of electoral behavior to affect whether elections quell or foment ethnic conflict.

Finally, in their chapter on labor market institutions (Chapter 21), Irene Menendez and David Rueda trace the evolution of institutionalist arguments designed to account for variation in macroeconomic outcomes such as unemployment and inflation. Scholars emphasized the role of corporatist and partisan institutions as a corrective to an earlier consensus on the role of labor market rigidities in influencing such outcomes. Yet concertation bargaining along class lines and left partisan control of government go only so far in accounting for historical patterns because the emphasis on these institutions assumes that workers and employers engage in zero-sum conflict while the interests of labor and Social Democratic parties are static and homogenous. Because cross-class alliances do sometimes emerge and workers are often divided between “insiders” and “outsiders,” Menendez and Rueda call for a focus on these dynamics as well as different institutions to explain labor market policies and outcomes.

The above examples are just some of the substantive areas, highlighted in the Handbook’s chapters, where scholarly debate continues and research frontiers remain wide open. More broad is the debate over whether institutions are even as important as we think they should be in accounting for various outcomes. There are some areas in which it is clear that the “institutional revolution” has made a measurable impact on our understanding of some political outcomes. Martin and Vanberg (Chapter 13), for example, observe that the study of coalition government used to be “institution-free” in that scholars focused on how non-institutional factors such as party ideology influenced coalition formation. Due to the turn towards institutions, we have learned that institutions, such as investiture requirements and the continuation rule, influence the government formation process, and we are just now beginning to understand how institutions affect governance under coalitions.

Similarly, Balcells (Chapter 26) argues that institutions are critical in understanding political violence for a number of reasons. Institutions themselves are often the target of political violence; they also shape the opportunities and capacities for using violence. The institutional means by which actors can advance their goals, for example, may influence the decision to use violence. Institutions also may be critical for the resolution of commitment problems among combatants, influencing the extent of inefficient conflict.

In reviewing institutionalist approaches, Margaret Levi and Victor Menaldo (Chapter 2) generally observe that “we have established that institutional variation explains a big share of the observed variation in economic growth, regime types, and public policies” (p. 16). This understanding of institutions has been hard won. As Levi and Menaldo explain, it has required not only the careful development of theoretical mechanisms and empirical strategies to assess them, but also the creativity and imagination to consider rare or non-existent institutional forms. Given the importance of institutions for explaining such big, important outcomes, it becomes all the more imperative to understand why most of the world still lives under “bad” institutions.

But there are other areas in which the importance of institutions is still unclear—both in theoretically disentangling their effects from non-institutional factors and in empirically uncovering substantively important effects. In examining party systems, for example, Negretto (Chapter 9)

makes clear that electoral rules matter, but he also points out that so does social heterogeneity. While much of the literature on electoral and party systems treats cleavages as a priori fixed within a society, we know that social cleavages must become political cleavages in order to be relevant. But this happens only if political parties take action, and, being strategic actors, when parties try to activate cleavages they probably also consider electoral rules. As a result, the interaction between electoral rules and social heterogeneity in determining party systems is probably more complicated than currently acknowledged.

In examining political corruption, Golden and Mahdavi (Chapter 28) adopt a significantly more pessimistic view. They review the recent scholarship that has examined the effect of regimes, electoral rules, executive–legislative relations, the judiciary, and federalism on corruption, and conclude that “[I]nstitutionalist approaches are surprisingly ineffective in understanding corruption” (p. 416). One problem is that cross-national empirical studies have produced a tangle of conflicting results. The other issue is that any institutional effects are dwarfed by those generated by economic development. Poor countries—whatever their institutional makeup—tend to be more corrupt than wealthy ones. If institutions matter, they do so only at the margins. For other chapters in which the authors are more reticent in stating an opinion on whether institutions truly matter, readers will have to be the judge. But it should be clear from the work in this volume that there is still ample room for further research.

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