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Institutionalism: On the Need to Firm up Notions of Social Structure and the Human Subject

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Within (old) institutionalist theorizing there has been a widespread tendency for institutions and technology to be treated in a somewhat dichotomous fashion, with the former regarded as synonymous with constraint, rigidity, or stasis and the latter associated with change and dynamics. Very often this dichotomy is associated with Thorstein Veblen (being referred to as the "Veblen dichotomy") even though on close scrutiny of Veblen's texts it is easy enough to find commentaries seemingly at odds with it.

Reliance upon the dichotomy in question has been most apparent within the dominant North American strand of institutionalist thinking, with some contributors even prepared to argue that it constitutes the tradition's central analytic tool or defining core (see, e.g., Waller 1982; Munkirs 1988; Klein and Miller 1996). However, not all institutionalists have accepted the dichotomy as formulated, even within the North American movement. Indeed in recent years, especially,[1] there appears to be a significant amount of dissent within this grouping (see, e.g., Ramstad 1995; Wisman and Smith 1999) as well as endeavor to reformulate aspects of the dichotomy (see, e.g., Tool 1979; Miller 1992; Bush 1987, 1989; Waller 1987; Dugger 1995).

I think it is fair to say, though, that most dissenters and reformers have rested content largely with identifying substantive limitations of the dichotomy as traditionally formulated or else with questioning the legitimacy of associating it with Veblen. Rather less effort, it seems to me, has been directed to explaining the widespread acceptance of the dichotomy within the institutionalist tradition or for the commonplace association of it with Veblen.

Here I want to focus on these latter two issues in particular, starting with the question of why the dichotomy has emerged and been as widely accepted as it has. I believe

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there are numerous good reasons for contrasting institutions and technology along the lines many institutionalists do. But I am not sure there are good reasons for the sharpness of the contrast that is often found—for the widespread rendering of the distinction specifically as a dichotomy.[2] Here I focus especially on the sharpness of the contrast as widely canvassed and seek to account for it.

The explanation I advance is largely philosophical. Specifically, I suggest that the dichotomy is ultimately a consequence of a failure throughout much of old institutionalism to sustain in a consistent way conceptions of the human subject and especially social structure that are ontologically irreducible to features of human behavior.

This "failure," in its turn, is likely explained by a fairly general neglect of explicit and sustained ontological elaboration, including of the presuppositions of positions adopted. This leads me into the second of my explanatory pursuits. For this neglect proves to be particularly significant in the context of the endeavor, inspired by Veblen, to reconstruct economics as an evolutionary science. This ultimately bears, I believe, on why Veblen has been interpreted as supporting the noted dichotomy.

It is important that I add a cautionary remark before proceeding further. Although I shall indeed suggest that there has been a "failure" consistently to sustain irreducible notions of the human subject and social structure, I do not intend to argue that such notions never figure (even where they are explicitly denied). Indeed I believe it is impossible consistently to do without them. Rather my claim, as I say, is that such notions are not consistently sustained, and indeed, that they tend to disappear from view at significant moments in the analysis. As it happens I believe a failure consistently to maintain such notions gives rise to problems in social theorizing quite widely (Lawson 1997). Here I focus on how this feature has figured in contributions to institutionalism specifically, ultimately underpinning the widespread recourse to the rather sharp distinction known as the Veblenian dichotomy.

I advance and illustrate my various contentions by way of considering David Hamilton's excellent *Evolutionary Economics*, the subject of this symposium, which seeks to systematize the (North) American strand of the institutionalist theorizing that seems most relevant here.[3]

The Dichotomy

According to those who accept the dichotomy to which I refer, social life, or more specifically culture, is decomposable into two components: technology and institutions. Or rather it is decomposable into technology and the ceremonial features of life, where prominent among the latter are institutions. And these two components are interpreted as very different indeed. The former serves as a continuous internal impulse to change; the latter acts merely to constrain, to render everything static: without technology there would be no change.

Mainstream economics is perceived as static precisely because it keeps technology outside the economic system. Because the mainstream project reduces economics to rationalizing the institutional, or ceremonial, side, the impulse for change is all but overlooked. At best change results only from external shocks. For, it is argued, institutions and other ceremonial aspects do nothing but stabilize and are themselves neither subject to processes of continuous change nor stimuli to novelty elsewhere in the economy. Rather once they have outlived their purpose they are not transformed or even replaced but left merely to fade away (as other institutions serving new needs are created).

I have presented a rather stark version of the theorized contrast between the role of technology and institutions here to draw out features of it that I believe to be open to question. There are various interpretations of the dichotomy, and some are more sophisticated, qualified, or nuanced than others. But I think at least some of the features just emphasized appear in just about all of the accounts with which I am familiar.

As is well known, institutionalists who take the view described draw significantly on the (early) writings of Clarence Ayres in particular, for whom the following summary statement is perhaps characteristic:

> The history of the human race is that of a perpetual opposition between . . . the dynamic force of technology continually making for change, and the static force of ceremony—status, mores, and legendary belief—opposing change. (1944, 176)

For the detail of the position in question, though, I here turn to the important contribution of Hamilton. In so doing let me first run through various relevant conclusions that Hamilton draws to indicate that the sketch just drawn is not an overly unreasonable representation.

The Dichotomy and Hamilton's Systematization

To move immediately to the relevant part of the discussion, Hamilton at some point raised the "enigma" that social life, including especially culture, reveals both continuity and change. And his explanation was simply that technology provides the latter while institutions impose the former, that once the distinction between technology and institutions is recognized the enigma to which he referred is clear:

> Once this distinction is clearly seen, the seeming enigma of the dynamic and static aspects of culture becomes clear. Culture is made up of dynamic and static elements that appear "in some sort of symbiosis." Veblen and other institutional economists call the static element institutions; the dynamic element is called technology. (1991, 84)

According to this conception institutions are said to be static, or rigid, because they are enforced by a system of authority, one that is not open to critical examination:

> What makes institutions static is the fact that the ultimate test of authenticity for any institutional pattern rests on authority—the authority of magic, religion, habit, and custom reinforced by a mythical efficacy. The institutional pattern is tied closely to the system of status of the community to which is attributed great significance. All groups have been graded into positions of higher and lower status in accordance with an imputed efficacy to perform feats of prowess, whether religious, military, pecuniary, or scientific. (Hamilton 1991, 84)
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> Thus, it comes about that there are various roles in society which give to those fulfilling them a particular status within the institutional framework. These status positions are defined by mores which prescribe what is construed to be appropriate behavior within any given role. Such mores define status-relationships within the institutional fabric. The whole process is justified by myth and has the authentication of the ancestors. As such it is not subject to empirical verification and is believed to be true beyond the necessity of further inquiry. In fact inquiry would be impertinent. This supposition gives to the ceremonial behavior pattern its peculiar rigidity. Hence it is the rigid aspect of culture. (85)

Technology, though, is dynamic, and it is this feature that forms the relevant focus of an evolutionary economics:

> But this is by no means all there is to culture. Of course, it is a significant part of culture, for it influences and puts a brake on technological development. On the other hand, a large part of culture is made up of matter-of-fact knowledge and behavior of just the kind described by Malinowski. It is these patterns of behavior that have been neglected by those students of culture who have been more concerned with the dramatic aspects of human culture. When the cultural anthropologist speaks of the instability of culture and its tendency to grow, it is the technological aspect that he has in view. For it is the nature of technology to grow and expand. Technology, or patterns of tool using, expand by a process of cumulative growth. . . .
>
> . . . It is this aspect of culture that the institutionalist has in mind when he speaks of developing an evolutionary economics. Traditionally this process has been thought to be beyond the limits of economic inquiry, as the classicist has focused his attention on that more dramatic institutional fabric, the price system. Yet the technological aspect of western culture is held by the institutionalist to be its dynamic aspect. (Hamilton 1991, 85)

Once new technology has disrupted existing institutionalized patterns of behavior, institutions are not transformed or replaced but basically seen to fade away:

> New technology is disruptive of old institutionalized patterns of behavior. It is modern technology that is breaking up the old homestead-family, not a disappearance of "moral fiber."[4] Nor is the problem one of creating new institutions. Institutions to the institutionalist are not replaced, but somewhat like old soldiers, "they just fade away!" (Hamilton 1991, 87)

In short, Hamilton found that the basic framework of institutionalists (such as—in Hamilton's assessment—Veblen and Ayres[5] and to some extent John R. Commons) can be expressed as follows:

> Growth and development through technological process take place in culture when the institutional framework is not such as to stifle that growth completely. Where growth is possible, the technological development will erode the institutional encumbrances. . . .
>
> Taking culture as the basic framework for economic inquiry, the institutionalists, such as Veblen and Ayres and to a lesser extent Commons, have found a dynamic force in technology and a static element in institutions. (1991, 88)

The claimed advance of institutionalism over other more mainstream approaches (the latter being systematized by Hamilton as *classicism*) consists wholly in recognizing technology as imparting an internal dynamic to social life. But no such dynamic originates within the institutional aspect per se. Because the classicist has ignored technology and concentrated on rationalizing the institutional aspect, the basis for understanding change as cumulative causation, wherein the social order itself can change, does not exist:

> The economic theory of the classicist has been worked out within a fixed social framework which is not subject to change as it is a part of the status system associated with the price system. Since the classicist has concerned himself with "rationalizing" this ceremonial aspect of culture, he has not developed an evolutionary concept of social organization, for ceremonial behavior is essentially static. On this ground, then, it is proper to call the classicist pre-Darwinian. To the extent that he accepts this ceremonial aspect of culture as a part of a larger whole, the "natural order," his concept of social organization is essentially "Newtonian." What change does take place occurs within a fixed and natural order. It is mechanical change.
>
> On the other hand, all institutionalists, starting with culture, look upon the social order as a changing thing but one that is subject to an evolutionary process of cumulative change. Culture is held to be dynamic and to grow by trait combination. But the part of culture that grows by such a process is that which some institutionalists have called technology. (Hamilton 1991, 89)

Questioning the Dichotomy

A significant limitation of this perspective, of course, is that the dichotomy involves notions of technology and the institution that are rather impoverished.

This is especially clear with regard to the "non-technological," so-called ceremonial, features of social life including institutions. In reality these are not merely fixed until such times as they fade away. Indeed they undergo continuous processes of change and are essential components of an impetus to change elsewhere (Tool 1979). Consider political movements, the continual transformation of trading regions, the gradual evolution of language (including the development of slang by young people), the opening up of some religions (for example, the admission of female priests in some), the continuous development of heterodox groups and organizations in economics, the move to Sunday trading in the United Kingdom, and so on. It can be accepted that these sorts of institutional changes often involve technological inputs. But such developments are not really the result of technological developments constrained by the institutional features. Indeed many of the changes take their impetus from individuals acting within institutional positions, drawing on institutionally conditioned forms of power (Stanfield 1986; Dugger 1980, 1989a, 1989b, 1995), and mostly involve a transformation of institutions, rather than their being left to fade away.[6]

On the other hand, developments in technology itself can impede processes of change (Miller 1992). Technological potentials may not be pursued, and even those that are realized can become locked in (think of keyboards, music systems, computer systems, railway tracks) and inhibit change and rule out developments that might otherwise have occurred. Certainly technology can be manipulated (Bush 1987, 1989; Waller 1987).

In addition, of course, technological change not only contributes frequently to transformations in the ceremonial, including institutional, aspects of social life but presupposes the latter as conditions as well (Klein 1995). The real task is to determine how precisely to distinguish technology and institutions and how the two items interpenetrate or interact. In fact, some modern day (old) institutionalists do emphasize this as Philip Klein (1995, 1195) has observed. However, Klein seems justified in also concluding even of this latter group that, despite intentions, "too often still the institutions-as-inhibitors view is all that comes through in institutionalist assessments" (1195).

I am not suggesting that the drawing of a distinction between technology and other aspects of social life is not meaningful. Nor even do I want to suggest necessarily that drawing a distinction between the two categories in question in terms of their suggested contributions to change and stability is out of place. But I am questioning the validity of more or less defining institutions and technology in terms of resistance to, and forces for, change. By so defining institutions as the "static element" of social life and technology the "dynamic element," Hamilton, like Ayres before him, did seem to be oversimplifying the conceptions of both technology and institutions and thereby rendering the distinction between the two overly sharp.

My question is, does such a simplified account and so sharp or dichotomous a differentiation have to be drawn by those who have defended it? My answer is that it is an understandable move to have made. Or at least it is an understandable theoretical maneuver once certain features of the institutionalist framework as described by Hamilton are accepted. Specifically the simplification and resulting sharp distinction is almost inevitable given the failure, in the end, consistently to sustain conceptions of the human subject and social structure that are ontologically irreducible to human behavior. Let me indicate what I mean by this. I start by defining my terms.

Structure

By social structure I mean something fairly specific. To say of any domain of reality that it is *structured* I mean just that it consists in more than one ontological level. Elsewhere (Lawson 1997) I have indicated that reality is seemingly everywhere structured in this sense.

Consider the natural realm. I have argued that this does not reduce to actual outcomes, such as events and states of affairs, for it also comprises underlying powers, mechanisms, and tendencies and the like that govern or facilitate actual or surface phenomena. For example there is more to the movement of autumn leaves than their patterns of rise and fall. Among other things there are gravitation, thermal, and other mechanisms or tendencies governing these patterns. But these causal mechanisms are just as real as both the leaves themselves and their patterns of rise and fall. However, because the patterns and their causes are out of phase with each other we can see that each is ontologically irreducible to the other.

Now the social realm, too, can be seen to be structured in the sense described. I take social reality to be the realm of all phenomena that, for their existence, depend, at least in part, on us. And by asserting that the social realm is structured I claim, in particular, that it consists in far more than actualities such as (actual) human behavior including its observable patterns. It also consists in features such as social rules, relations, positions, processes, systems, values, and meaning and the like that do not reduce to human behavior. Nor (I shall argue) do features such as these exist just in their instantiation or manifestation in behavior. Rather they are ontologically distinct from behavior. This is what I mean by referring to particular features as ontologically irreducible. Such features which do not reduce to behavior can be termed *social structures,* constituting, in their entirety, *social structure.*

Why, though, do I suggest that social reality includes structure that is ontologically irreducible to human agency or behavior? How do I defend this claim? I go into this at length elsewhere (e.g., Lawson 1994, 1997, 2003). Basically the answer is that a conception of social reality as structured is required if we are to render intelligible numerous widespread features of everyday life.

Most clearly the distinction is required to make sense of the widespread observation of a gap between cultural norms or stipulations and patterns of individual behavior. The distinction is necessitated if we are to render intelligible practices in which rules affect action but are systematically contravened in it. For example, workers in conflict with their employers or management could not threaten to "work to rule," as they do in the United Kingdom, if the rule just reduces to the norm or average form of the work activities they undertake already. Nor could the workforce make such "threats" if they did not have the power or agency to do so, a power that is not reducible to what in the event happens (whatever the outcome).

Also in the United Kingdom, not all, but some, motorway drivers regularly exceed the recognized speed limit. In some cities of the world (for example, Naples) most drivers pass some (but rarely all) red lights and so on. In short, rules and the practices they bear upon are sometimes aligned but at other times are systematically out of phase. This is a feature of reality we can render intelligible only by recognizing that social structures and the practices they condition, though presupposing of each other, are irreducible each to the other. For it is only because they are ontologically distinct and irreducible that they can be aligned on occasion or that any threat (promise or request) to align them makes sense.

Once this framework is accepted it is advantageous, I have elsewhere argued, to interpret *institutions* as (ontologically irreducible) systems or structured processes of interaction (collecting together rules, relations, and positions as well as habits and other practices) that are relatively enduring and recognized as such (see Lawson 1997, 318). An advantage of this conception is that it fits with widespread usage of the term and, most significantly, gives a name to a category that warrants being identified. After all, we already have the categories of social structure, rules, practices, systems, and social causation, with their widely understood social referents. Given the experience that some structures, and specifically structured processes of interaction, are both enduring and regarded as familiar, in other words, are recognized as enduring social systems, a category label is required to express this feature. And the term institution, which widely performs this role in common parlance, can usefully serve the social-theoretic terminological need as well.

Human beings too are structured. Individual agents have capacities and dispositions, for example, that are irreducible to the behavior patterns we produce. Each of us has capacities which may never be exercised. And, individually, we are continually reflexive, even having both conversations with ourselves as well as other first person experiences that are not open to inspection by others. These clearly have their conditions of possibility, presumably including processes in the brain. But the subjective aspects appear irreducible to any neurobiological activity. Most clearly what we can do does not reduce to the patterns of behavior that others can observe nor even does all of what we actually do.

Emergence

If it is accepted, then, that the human subject and social structure are ontologically irreducible to human practice, what now follows for understanding social change? This is the matter I want to get to. But before doing so it is important that I emphasize that irreducibility of social structure and human subjectivity can be rendered intelligible only if we recognize the reality of processes of emergence, underpinning emergent social and psychological realms in particular (see, e.g., Lawson 1994; 1997, especially chapters 6 and 13, 2003). Let me briefly elaborate.

A strata of reality can be said to be emergent, or as possessing emergent powers, if there is a sense in which it (1) has arisen out of a lower strata, being formed by principles operative at the lower level and (2) remains dependent on the lower strata for its existence but (3) contains causal powers of its own which are both irreducible to those operating at the lower level and (perhaps) capable of acting back on the lower level. Thus organic material emerged from inorganic material. And, according to the conception I am defending, the social realm is emergent from human (inter-) action, though with properties irreducible to, yet capable of causally affecting, the latter.

So interpreted, the theory of emergence commits us to a form of materialism which ultimately entails the unilateral ontological dependence of social upon biological upon physical forms coupled with the taxonomic and causal irreducibility of each to any other. Thus, although, for example, the geo-historical emergence of organic from inorganic matter and of human beings from hominids can be acknowledged, when we come to explain those physical and biological states which are due, in part, to intentional human agency it is necessary to reference properties, including powers, not designated by physical or biological science (again see Lawson 1997).

Social Change: The Transformational Model of Social Activity

So the social realm consists, in part, of social structures and human subjects that are reducible neither to each other nor to human practices. What does this imply about social change? Specifically, how does social change fit with this picture? The question is important here in that my underlying thesis, to repeat, is that it is in part because institutionalism has lacked an explicit and sustainable account of ontologically irreducible social structure and human agency that the questionable features of it noted at the outset arise.

Consider a social structure such as system of language. Clearly we are all born into language systems. None of us create them. At the same time, being social phenomena, language systems depend on us and specifically on transformative human agency. So they do not determine what we do; they do not create our speech acts; they merely facilitate them. So the categories of creation and determinism are out of place here. Rather we must view matters in terms of the categories of transformation and reproduction.

For any given language system, its structure of rules, and so on, is given to the individual when he or she comes to speak, and it is reproduced and/or transformed through the sum total of individuals engaging in speech acts. The social structure in question, then, is the (typically unacknowledged) condition of a set of practices, just as its reproduction and/or transformation is the (typically unintended) result of these practices.

In short, social structures, including, of course, institutions, exist as a process of reproduction and transformation. This is their mode of being. A market or a university or a language system does not exist in a primarily static form subject at most to moments of change (due to new technology or whatever). Rather change is essential to their modes of being; they exist as continuous processes of transformation and/or reproduction. Even where aspects of certain social structures appear a posteriori to remain intact, this is only and always because they have been actively (if mostly unintentionally) reproduced. On this conception, which has elsewhere in economics been systematized as the *transformational model of social activity* (Lawson 1997), no aspects are fixed and out of time. All are subject to processes of transformation. So there is no ontological prioritization of continuity over change (or vice versa); continuity and change are ontologically equivalent. And each, when it occurs, is open to, and for understanding necessitates, (a causal) explanation (see, e.g., Lawson 1994, 1997, 2003; Clive Lawson 1994, 1995, forthcoming; Clive Lawson et al. 1996; Pratten 1993; the contributions in Fleetwood 1999).

Social structure, then, is reproduced and transformed through human practice. But the same can be said of (the embodied personality of) each individual. For, as I say, it is easy enough to show that the human individual too is structured. To speak a language such as English presupposes the capacity to do so. To possess the capacity to speak English presupposes the more basic capacity for language acquisition, and so on. Human individuals are far more than their behaviors. And the ways in which capacities and dispositions are developed and maintained or transformed depends on individual practices. The same applies, of course, to tastes or preferences, long-term and short-term plans, other features of social identity, psychological makeup, and so forth. So the individual agent, just like social structure, is continually reproduced and transformed through practice.

The social world, including both structure and human agency, then, turns on human practice. Social structure is a condition of human agency and vice versa, although neither can be reduced to the other nor to the practices through which both are reproduced and/or transformed.

One further component of this transformational conception that I might mention here (although it is hopefully obvious from what has been said) is that there are both synchronic and diachronic aspects to agency-structure interaction. It is, of course, human beings that make things happen. And it is only through the mediation of human agency that structures have a causal impact. Now if a person who speaks only English makes a short (possibly unplanned) visit to a region where English is not spoken, the inability to speak the local language (or the existence only of languages other than Eng-

lish) will be experienced by the traveler as a constraint. It forces her or him to seek a translator. If, however, English is spoken as a second language, this will be experienced by the traveler as an enabling (as well as constraining) feature of the local social structure. Here, with the momentarily enabling and/or constraining aspects of social structure we have the synchronic aspect of agency-structure interaction.

However, if the individual who speaks only English decides to settle in a non-English-speaking region, it will be necessary to acquire the local language (and indeed to become competent in numerous aspects of the local culture). The process through which this happens is the diachronic aspect of agency-structure interaction. If at a point in time structure serves to constrain and enable, over time it serves more to shape and mold. As new practices are repeatedly carried out, they become habitual as dispositions are molded in response. This, of course, cannot happen without the collusion of the individual in question (and the mediation of his or her practices). If the individual remains for a long time in the new language or culture zone, he or she may even lose the capacity to speak English or at least to do so competently. Just as human capabilities can be transformed via the relocation, so the maintenance of those previously held may require active reproduction. Experience suggests that individuals can lose a significant degree of competence in languages with which they once were fluent (also, of course, what is true of capabilities and dispositions applies equally to tastes, preferences, and the like).

The foregoing is a brief overview of aspects of the realist transformational model of social activity. It is a model that is required once social reality is conceptualized as being structured. And a conception of social reality as structured is found to be a requirement of explaining familiar aspects of everyday experience. The overall transformational conception is a thoroughly non-reductionist account of linked or co-development. Neither structure nor agency has analytical priority, for each depends irreducibly on the other. And although each develops at its own ontological level, it does so only in conditions set by the other. Thus each is significantly dependent on, though not created or determined by, the other. Social life, then, is intrinsically dynamic and interdependent.

Cumulative Causation in Social Life

It will be clear how the transformational model grounds a conception of cumulative causation. It does so by viewing social reproduction and transformation as a sequential process in time. Certainly, the transformational conception is not one of simultaneous determination. Rather social structures are given to us at a point in time, and through our then acting on the basis of them these structures come, in turn, to be reproduced or transformed. At each stage, the outcome is conditioned by what went before it. Because social structure is irreducible to human agency and vice versa, each can serve as the facilitating condition of the other through time. In this way, too, the

embodied personality of each individual can come to be transformed over time through human practice.

If cumulative causation is sustained, the transformational model does not, however, reduce reality to processes of cumulative causation. Human beings are intentional, and, at the level of individual projects, teleology is always implicated. Some events are of momentary significance. But from the view of broader structures and processes, such as that of language, the result at each stage is a condition of what follows next.

The relative contribution of structure to a particular outcome depends, of course, on context. The role of social structure in affecting how an individual takes a walk along an empty beach will typically be minimal; its role in affecting how, or even whether, an individual takes a walk in a high security prison is likely extremely constraining. It is a clear error to reduce all of agency-structure interaction to either of the polar extremes suggested by these contrasting examples. To reduce all to the extreme of which the former is an approximation is akin to making society an epiphenomenon of individual agency. This is a tendency found in modern mainstream economics. But it is equally erroneous to reduce all interactions to the extreme approximated by the second example, that is, to render the individual human agent a mere product of her or his conditions, or, in some versions, culture. There are various polar configurations imaginable depending on precisely the specifications accepted. But none of these are sustainable as generalities.

I now want to suggest that it is a version of the second tendency, of reducing agency to its conditions, and furthermore doing so in the context of a failure to maintain in a consistent way social structure as irreducible, that is evident in the relevant strand of old institutionalist writings and ultimately accounts for the over-sharpness of the dichotomy in question. Let me briefly elaborate.

Hamilton's Social Ontology

I have already noted Hamilton's institutionalist position that change in the social framework (whether cumulative or otherwise) is down to the feature systematized as technology. The rest of the cultural framework is regarded as essentially static or rigid in nature. Hamilton rationalized this latter feature, let us recall, by reference to the unquestionable authority of magic, religion, and other ceremonial items. Yet the idea that the non-technological features change only when provoked by developments in technology must always have seemed questionable even to Hamilton, Ayres, and other institutionalists. Why, then, are such formulations accepted? Are there other features of the institutionalist framework of analysis that render this sort of substantive emphasis necessary? I believe so.

Before examining how technology imparts its dynamism, then, it seems appropriate to examine more closely how the remaining components of culture come to be viewed in such a rigid fashion. My contention, as I say, is that the explanation is a failure

to sustain adequate accounts of either the human subject or of ontologically irreducible causal structure. Let me consider how these two aspects, or "failures," are manifest.

The New Psychology

The problems arise, I believe, with the very attempt by many institutionalists to conceptualize the social system as intrinsically dynamic. Part of the goal here is a revised theory of psychology. For, as Hamilton made clear, institutionalists have long recognized that, as social life changes, human nature does as well. To accommodate the latter insight it is necessary to abandon the classicists' theory of hedonistic psychology whereby human beings are fixed in nature. And, in fact, the institutionalist replaces the atomistic "conception of the human being as a passive agent, a mere receptor of pleasures and pains" (1991, 42) by a conception of the human agent as involved in continuous activity:

> [T]he common-sense psychology [accepted by the classicists] viewed the human agent as a receptor of sensations who was moved to action by these sensations. Without the sensations or feelings, no action took place. The "new psychology," or psychologies, conceived the human agent as an actor, and activities rather than sensations became the center of attention. Sensation was held to be something that accompanied action and was held not to cause action. . . .
>
> From this conception of human nature it follows that motive is no longer of such importance as it was for the older psychologies, especially hedonism. Since man is a creature of constant activity it is activity itself that is of significance." (44)

Clearly if the transformational model is correct, the recourse of de-centering the human subject in the recognition that everything turns on practice is quite legitimate.

Now in emphasizing the centrality of action the institutionalist, according to Hamilton, goes further in seeing the individual as conditioned and shaped by the social environment. The point of interest here, however, is that the way this is done results in the human subject more or less disappearing altogether as both the human agent and her or his behavior become not merely conditioned by, but determined by, a product of, the cultural situation.

Actually Anne Mayhew (1980, 1990, 1998) has already drawn attention to this tendency as a fairly general phenomenon. Commenting on relevant developments (particularly in anthropology) in the first part of the twentieth century, Mayhew observed:

> When racial explanations of cultural variation and a universal sequence of cultural variation was discarded, human variation was explained by culture.
>
> . . . Although it was recognized that individuals could and did vary the ways in which they acted, there was a tendency (now much denounced) to see

> humans as creatures of their culture. This tendency to focus on cultures, not on individuals was shared by institutionalists. . . .
>
> Ironically, among those who followed most closely in the Veblenian tradition, the importance of the active human in Veblen's analysis was reduced by the emphasis given to one of Veblen's most important claims: that human tastes, preferences beliefs and purposes were indeed the product of culture" (1998, 456)

Hamilton provided reasoning of this sort:

> To the common-sense psychology, the social universe was a reflection of a constant human nature. But to the "new psychology" human nature was a product of the social order. (1991, 45)

This new psychology is behavioralist. Hamilton is explicit on this:

> Institutionalism has absorbed this behavioralistic psychology. In fact, institutionalist economics and behavioralistic psychology have developed out of the same environment and have had a parallel development. It is not strange then that the institutionalist psychology is that of behavioralism. (1991, 46)

The result is that, with the development of a concept of culture, the latter is employed not to inform an analysis of human agency but, in effect, to supplant it. Human action, it seems, must be explained only in cultural terms:

> Since the development of the concept of culture, man's whole way of viewing society has changed. In the older way, the focus of attention was on men as individuals. Men did things and it was the repetition of "doing things" by men that constituted society. . . .
>
> To the modern social inquirer, man is a social animal. The basic framework of social analysis is now found in culture rather than in individual "human nature." If the forms of behavior in which human action manifests itself are to be explained, they must be explained in terms of culture. (Hamilton 1991, 69–70)

In effect, indeed, the idea of individual behavior drops out of the analysis:

> [T]o the institutionalist, behavior cannot be explained on an "individual" basis. There is no such thing as individual behavior. All behavior is cultural . . . (Hamilton 1991, 54)

so that attention is

> centered . . . on human behavior that is culturally determined. (55)

Here Hamilton was clearly echoing the view of Ayres who, on occasion at least, asserted that "there is no such thing as an individual" (1961, 175).[7] Elsewhere Ayres insisted that:

> Human beings are social phenomena. Social patterns are not logical consequents of individual acts; individuals, and all their actions, are the logical consequents of social patterns." (1951, 49)

It might be suggested that assessments such as these do not reflect the sort of cultural determinist position I am in effect imputing to Hamilton, Ayres, and others; the claim is only that culture or social factors make a difference, not that there is no contribution from individual subjects at all. But if "making a difference" is what is meant by a phrase like "are logical consequents of," we would have to apply this meaning to the first usage of this particular phrase in the passage above as well. The negation involved would still imply a rejection of any individual contribution and in this case would render the whole remark incoherent. The passage is coherent on its own terms if understood only as supporting an approach which sees itself replacing an orthodox position in which asocial individuals determine social patterns by one in which individuals and their actions are the determined product of the latter.[8]

In short, to return to Hamilton:

> To the institutionalist, the actor is subject to permanent alteration by a cumulative series of actions. In fact the actor becomes the product of the cumulative sequence." (1991, 56)

Structure as Patterned Behavior

The second feature of this strand of institutionalism to which I want to draw attention is an inability to sustain in any clear fashion a notion of ontologically irreducible social structure. This is especially the case where the ceremonial or institutional side of culture is concerned. Certainly there are many references to institutions and social organizations and the like. And the rhetoric used often gives the impression that these are more than aspects of practice. But when it matters, these cultural determinants of behavior, including institutions, are conceptualized only as the patterns of the behaviors they are said to determine.

Actually, before illustrating with passages by Hamilton I might stress that Hamilton, if he has made this move, is certainly not alone in doing so. Although even within a given author's work impressions of what is understood by an institution can vary, the passages which are defining of the category very often describe an institution as a form of, or a pattern in, behavior. Commons, for example, observed that—

> [t]he difficulty in defining a field for the so-called institutional economics is the uncertainty of meaning of an institution. . . . All of [the often found] notions are doubtless involved in institutional economics, but they may be said to be metaphors or descriptions, whereas a *science* of economic behavior requires analysis into similarities of cause, effect or purpose, and a synthesis in a unified system of principles. And institutional economics, furthermore, cannot sepa-

rate itself from the marvelous discoveries and insight of the classical and psychological economists. It should incorporate, however, in addition, the equally important insight of the communistic, anarchistic, syndicalistic, fascistic, co-operative and unionistic economists. Doubtless it is the effort to cover by enumeration all of these un-coordinated activities of the various schools which gives to the name institutional economics that reputation of a miscellaneous, nondescript yet merely descriptive, character of so-called "economic behavior," which has long since relegated the crude Historical School.

If we endeavor to find a universal circumstance, common to all behavior known as institutional, we may define an institution as collective action in control, liberation and expansion of individual action. (1931, 648–9)

Numerous others follow suit in different fashion. J. Fagg Foster (1981) referred to institutions as "prescribed patterns of correlated behavior" (908). Marc Tool, seemingly connecting with both Foster and Commons, suggested that "[t]he term *institution* means any prescribed pattern of correlated behavior or attitude widely agreed upon among a group of persons organized to carry on some particular process" (1979, 73–74). And Walter Neale (1994), in the (only) entry on the term *institution* in the recent authoritative *Elgar Companion to Institutionalism and Evolutionary Economics* (edited by Geoffrey Hodgson, Tool, and Warren Samuels), formulated the term as follows:

"Institutions" is the word that evolutionary (institutional) economists use for the regular, patterned behavior of people in society and for the ideas and values associated with these regularities. Various phrasings have been used to define institutions or an institution: a usage that has become axiomatic by habituation; a collective action in control of individual action; widely prevalent, highly standardized social habits; a way of thought or action embedded in the habits of a group or the customs of a people; prescribed patterns of correlated behaviour. (402)

While most of these interpretations focus on recurrent activities or habits, Neale himself linked them to social rules, albeit with the latter understood as "regularities or patterns" (Neale 1994, 403).

Returning to Hamilton, we find him likewise accepting that "institutions are 'composed of simpler patterns of behavior called conventions, customs, or folkways'"(1991, 73)[9] or elsewhere enquiring, "[I]s social organization nothing but customarily sanctioned behavior?"(78). He added, "Or is there another aspect to human behavior that has been overlooked?" The conflation of structure with behavior is continued in his answer. In fact, Hamilton suggested the best place to find the more developed account of institutional analysis is in Veblen, particularly Veblen's concept of the social organization, which is borrowed from anthropologists and interpreted by Hamilton as decomposable into forms of behavior:

> Veblen's concept of social organization is closely related to his psychological concepts, which were treated in the last chapter. In his system social organization can be broken down into institutional patterns and instrumental or technological patterns of behavior. (Hamilton 1991, 82)

As this latter passage suggests, even technology is perceived as a form or pattern in behavior. And the ultimate reduction of structure to behavioral patterns is also apparent if we expand the passage noted at the outset, where technology and institutions become almost defined as respectively the dynamic and static components of culture:

> Once this distinction is clearly seen, the seeming enigma of the dynamic and static aspects of culture becomes clear. Culture is made up of dynamic and static elements that appear "in some sort of symbiosis." Veblen and other institutional economists call the static element institutions; the dynamic element is called technology. Both are patterns of behavior. The two are found in a "symbiotic" relationship. (Hamilton 1991, p. 84)

Such assessments, then, reveal that culture, according to the framework systematized by Hamilton, is not easily conceptualized apart from the patterns in behavior it is said to determine. As I say, many other institutionalists have concluded likewise.

The Dynamism of Culture

Now the real puzzle of this framework is that change can occur at all. For if culture is determining of behavior, yet ultimately ontologically indistinct from patterns in that behavior, how does change of any kind occur? Or at least how does change occur in a manner that is not external to the system?

More specifically, if the introduction of culture in the institutionalist framework has caused the individual and specifically the idea of individual behavior in effect to disappear, with both the individual and his or her behavior effectively culturally determined, how do the cultural features themselves experience change? After all, if they determine behavior, it is difficult to maintain they are simultaneously open to change through behavior in a manner that is itself not a cultural determination. So how can any change occur? And how can cumulative change in particular be sustained?

The answer has to be that culture itself must be somewhere possessed of an autonomous component for change, a component indeed that gives rise to changes in other such components. But with the ultimate reduction of seemingly all culture to patterns in behavior, it is difficult to see how this is possible. Hamilton is critical of some institutionalists and others who make the source of change external by leaving technology out of culture. But by bringing it into culture, yet failing simultaneously to render technology something ontologically distinct from the patterns of behavior it determines, it is difficult to see how cultural change can be accounted for by Hamilton either. How in fact, then, is it achieved?

Hamilton seemed to note the difficulty himself, emphasizing that in a framework where "human behavior . . . is culturally determined" a major task is to find a way of accounting for cultural change:

> Since the institutionalist has centered his attention on human behavior that is culturally determined, he has developed a Darwinian science in which change is of central importance. This could not have been done until the tools for recognizing cultural change were available. In fact it was not until the second half of the last century that the concept of "culture" was available for use in social analysis. But once the concepts of culture and of the cultural trait and culture complex, as well as of folkways and mores, were developed, the tools were available for recognizing the process of cumulative change in human behavior as well as the static side of that behavior. Culture is subject to cumulative change. Thus, human behavior changes and what has traditionally been subsumed under "human nature" is likewise subject to change. Institutionalism developed at a time when these tools were still being refined and the institutionalist used them effectively to analyze human behavior. (Hamilton 1991, 55).

The clue to Hamilton's institutionalist solution is also found in the preceding passage, and specifically in the category of cultural trait. This, it emerges, is a feature of technology, so that, despite various explicit assertions to the contrary, technology, at least at some points in the discussions, is treated as ontologically irreducible to behavioral patterns after all. That is, although Hamilton himself concluded in places that technology is a pattern of behavior, and although he never seemed to reflect on the ontological presuppositions involved, he was implicitly forced to depart from this conclusion when, and as, he faced up to the goal of sustaining an account of change, and specifically cumulative causation:

> To the institutionalist, taking culture as his field of inquiry, it is apparent that the dynamic aspect of culture is technology. . . .
>
> But what makes technology dynamic? Why is it subject to change? This is the aspect of culture that is subject to growth through trait combination or invention and it is this process of growth that makes technology dynamic. (1991, 109)

Elsewhere Hamilton elaborated:

> Culture is held to be dynamic and to grow by trait combination. But the part of culture that grows by such a process is that which some institutionalists have called technology. . . . Thus culture grows in complexity by trait combination, through an evolutionary process of cumulative growth from simple to more complex forms. In this sense the institutionalist theory of social organization is Darwinian. Nothing is fixed; there is cumulative growth; and there is no transcendental end towards which the process is oriented. (1991, 89)

And elsewhere:

> For it is the nature of technology to grow and expand. Technology, or patterns of tool using, expand by a process of cumulative growth. This accumulation comes about by the combination of old traits into new. Thus the automobile is the combination of the carriage and the internal combustion engine. (1991, 85)

This last passage, echoing arguments of Ayres,[10] captures the contradictions of the position rather plainly. For technology is not only a pattern of behavior but something that has a nature, one that is to grow and expand. And it can do this because it possesses traits that are irreducible to behavior patterns, traits that can be combined. Thus, focusing on Hamilton's example, features of the carriage and the internal combustion engine that combine in the production of a car do not reduce to human behavior, even though certain human practices are a condition of such combining, and a revised set of practices are a facilitated outcome. It is the implicit (if unrecognized) presupposition of the ontological irreducibility of the traits that renders the combining of them amenable to analysis as a process, as a cumulative sequence in time.

So at this point Hamilton no longer sustained the conception of technology as a mere pattern of behavior. The latter conception arose when Hamilton focused on culture more abstractly. At this level the need to maintain a conception that was ontologically irreducible to practice was mostly overlooked.

Notice that, even with the incorporation of ontologically irreducible social structure in the form of technological traits, the framework remains one of cultural determinism. The individual, in this framework, still carries little or no autonomy, and specifically the question of whether or not, or how, traits are to be combined is hardly left as a matter of choice or context. Rather the technological achievements of any one point in time are held more or less to determine what follows next. In particular, institutionalists, according to Hamilton, reject "hero theories" (xv) whereby individual motives and creativity make a difference in technological development. Rather such developments in technology as occur are regarded as almost inevitable, producing rather than responding to, specific needs:

> As Veblen was wont to reiterate, invention was the mother of necessity rather than the other way around. Tools had a way of insidiously working their way into the social fabric and thus weaving their own necessity. (Hamilton 1991, xvi)

Whether or not this was Veblen's view, Ayres seemed reasonably explicit in maintaining it:

> The combination [of technological traits] occurs almost "of itself," often quite anonymously. That is one reason why the history of mechanical inventions is so difficult to trace. No one has bothered to record the event because no one is aware that an act of "heroism" has been committed. It remains for later histori-

> ans gradually to become aware of the transcendent importance of these almost surreptitious developments. Regarding them, as it is their habit to regard all history, as the sum of acts of individual men, they are at a loss for an adequate explanation. But on the cultural level of generalization, regarded as combinations of physically existing devices, these innovations are not only explicable but inevitable. (Ayres 1944, 118)

In sum, on closer scrutiny the reason (or anyway one reason) for the overly dualistic or dichotomous nature of the framework is apparent. A fundamental feature of the problem is a failure to sustain a clear or coherent conception of social structure or culture and of human subjectivity that are ontologically irreducible. This is always going to cause problems. In the cultural determinist framework that Hamilton attributed to North American institutionalism, wherein structure is determining of behavior and yet existing only as patterns in behavior, the emphasis on stasis or rigidity seems inevitable. This is circumvented only by separating off a specific component of culture, giving it an ontologically irreducible aspect, and interpreting this separated component as the motor for change. This is technology. The total outcome is the seemingly unavoidable dichotomy. The dilemma then is apparent. With the separation of the latter component the result is a dichotomy; without it the result is a cultural system where nothing changes. Given that the accepted goal is the development of a framework that can sustain the phenomenon of cumulative causation, it is clear which of the options was always going to be preferred.

From the way I have set things out, however, it is clear how cumulative change can (and I believe does) enter the social system without such a dichotomous separation. Achieving a sustainable conception requires a reconstruction of the basic ontological presuppositions of the institutionalist project. The sustainable position is something like the realist transformational model described above. Incorporating it within institutionalism, though, requires a significant reorientation toward explicit ontological elaboration and analysis.

The Association of the Dichotomy with Veblen

Before examining various implications of the above discussion for modern day institutionalism, it is of interest to examine the legitimacy of associating the dichotomy with Veblen. For, given that I indicated at the outset an assessment that this association was not especially appropriate, I ought now to give my reasons for holding to such a view.

One reason I conclude as I do is that it is easy enough to find passages in Veblen that appear to be inconsistent with the dichotomy. Consider the feature (or condition) of the dichotomy on which I have here focused the most. This is the (mistaken) idea that institutions do not develop but are more or less fixed until such time as they are super-

seded, whereupon (in due course) they fade away. Against this Veblen wrote of the growth and mutations of the institutional fabric:

> The growth and mutations of the institutional fabric are an outcome of the conduct of the individual members of the group, since it is out of the experience of the individuals, through the habituation of individuals, that institutions arise; and it is in this same experience that these institutions act to direct and define the aims and end of conduct. It is, of course, on individuals that the system of institutions imposes those conventional standards, ideals, and canons of conduct that make up the community's scheme of life. (Veblen 1909, 243)

Further, Veblen seemed clear that not only does individual behavior or conduct not disappear but scientific inquiry must deal with individual conduct as (among other things) it bears on both change and continuity of the institutional fabric:

> Scientific inquiry in this field, therefore, must deal with individual conduct and must formulate its theoretical results in terms of individual conduct. But such an inquiry can serve the purposes of a genetic theory only if and in so far as this individual conduct is attended to in those respects in which it counts toward habituation, and so toward change (or stability) of the institutional fabric, on the one hand, and in those respects in which it is prompted and guided by the received institutional conceptions and ideals on the other hand. (Veblen 1909, 243)

For Veblen, then, at least in passages such as these, institutions are found not to be static but to experience change as well as stability. Moreover, they appear to be irreducible to practice or conduct including habit. And the individual, including individual behavior, does not disappear but is regarded as a factor bearing on habituation, and so stability and change, in the institutional structure. In turn, the individual is not determined by the institutional structure but only prompted and guided by (conceptions of) it.

Even if we turn to Veblen's earlier *The Theory of the Leisure Class* (1899), we find that it clearly treats institutions as subject to change and development:

> For the present purposes, however, the question as to the nature of the adaptive process—whether it is chiefly a selection between stable types of temperament and character, or chiefly an adaptation of men's habits of thought to changing circumstances—is of less importance than the fact that, by one method or another, institutions change and develop. . . . The development of these institutions is the development of society. (Veblen 1899, 190)

Moreover, in a book review appearing two years even before publication of *Leisure Class,* Veblen clearly recognized the need to avoid viewing the individual as merely the product of social forces (even if he mistakenly [or unreasonably] associated the

reductionist position he was criticizing with Marx or the materialist interpretation of history):

> While the materialistic interpretation of history points out how social development goes on—by a class struggle that proceeds from maladjustment between economic structure and economic function—it is nowhere pointed out what is the operative force at work in the process. It denies that human discretion and effort seeking a better adjustment can furnish such a force, since it makes man the creature of circumstances. This defect reduces itself . . . to a misconception of human nature and of man's place in the social development. The materialist theory conceives of man as exclusively a social being, who counts in a process solely as a medium for the transmission and expression of social laws and changes; whereas he is, in fact, also an individual, acting out his own life as such. (Veblen 1897, 137)

Despite the apparent emphasis of this passage, Veblen took a position very similar to Marx's own, as captured, for example, by Marx's summarizing assessment that individuals

> make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given, and transmitted from the past. (1977, 300)

In any case, the point of interest here is that, in passages such as those noted above at least, Veblen did not embrace the idea of social or cultural determination in a manner such that the individual or individual behavior disappears from view. Rather the passage gives the impression that Veblen retained the individual qua individual as a fundamental element of the social process and (thereby) legitimate object of social explanation.

The Nature of Veblen's Contribution

Why, then, have so many formed a conception of Veblen as taking a position bearing presuppositions at odds with passages such as those extracted above? Although I think the interpretation I am advancing is the more sustainable, there is no doubt that I am reading Veblen's writing through the lens of someone familiar with modern realist social thinking and specifically the project of critical realism in economics. For although I think it can be argued that a distinct feature of Veblen's orientation is its ontological presuppositions and that a rudimentary version of the transformational model can be found in Veblen, hinging on a conception of social reality as structured (indeed this is something I do argue in Lawson 2002 and 2003), it has to be acknowledged that Veblen did not at all present his contributions in this fashion. Nowhere did he present his contribution as one in social ontology. Certainly, he rarely elaborated in a clear and sus-

tained way how he conceived the various components of social structure. It is doubtful, indeed, that he reflected on the ontologically irreducible nature of the conception he needed to support the passages extracted above.

But in addition to this I do not think Veblen was consistent on these matters over time. My assessment is that his later methodological assertions (such as those extracted above from his *The Limitations of Marginal Utility*) are somewhat different from, and provide a development of, his earlier views, and specifically those found in *The Theory of the Leisure Class* (which may have been formulated significantly prior to its publication in 1899). This assessment, if correct, would not be surprising. The most that can be aspired to by any open and creative thinker is developmental consistency, a process in which ideas held at one point become transformed in the light of new understandings.

The significance of the observation, though, is that it is the early *Leisure Class* to which many adherents of the Veblenian dichotomy refer. For this is a place where Veblen discussed at a substantive level various major forces working to promote, and others serving to undermine, industrial change. As such it is the implicit ontological framework of *The Theory of the Leisure Class* that is likely to have been most assimilated. In my view, however, this contribution is the least mature of Veblen's philosophical contributions. Elsewhere (Lawson 2003) I have criticized Veblen's emphasis on the natural selection metaphor in this work. The feature of it to which I want to draw attention here is precisely Veblen's early tendency to run together institutions and forms of behavior or conduct as though they are essentially the same type of thing.

In particular, at this stage, Veblen seemed to regard institutions not as irreducible social-structural conditions and consequences of habitual practices but as specific forms of habit, namely habits of thought. I have argued elsewhere that, for Veblen, habits, including habits of thought, are repeated aspects of behavior (Lawson 2003). I might note, too, that although a few interpreters have assumed that Veblen followed James and Dewey in using the term to denote human dispositions, most old institutionalists appear to have read Veblen according to the interpretation accepted here, or anyway proceeded with this conception as if it were the only one in contention.[11] But for current purposes it matters little which of these two interpretations is correct. For the point, here, is that it is difficult to attribute to Veblen a yet further interpretation, namely that a habit, and specifically a habit of thought, is an irreducible feature of social structure. Thus given the apparent identification of institutions with habits of thought, it is difficult to see how Veblen can sustain a notion of institution as a form of irreducible social structure. Veblen wrote:

> Institutions must change with changing circumstances, since they are of the nature of an habitual method of responding to the stimuli which these changing circumstances afford. The development of these institutions is the development of society. (Veblen 1899, 190)

> The institutions are, in substance, prevalent habits of thought with respect to particular relations and particular functions of the individual and of the com-

> munity; and the scheme of life, which is made up of the aggregate of institutions in force at a given time or at a given point in the development of any society, may, on the psychological side, be broadly characterized as a prevalent spiritual attitude or a prevalent theory of life. As regards its generic features, this spiritual attitude or theory of life is in the last analysis reducible to terms of a prevalent type of character. (Veblen 1899, 190)

> The institutions—that is to say the habits of thought—under the guidance of which men live are in this way received from an earlier time; more or less remotely earlier, but in any event they have been elaborated in and received from the past. (Veblen 1899, 191)

With institutions effectively equated with habits of thought, they are viewed as features which tend to persist. For Veblen they are conservative factors which tend to change only through coercion from without:

> It is to be noted then, although it may be a tedious truism, that the institutions of today—the present accepted scheme of life—do not entirely fit the situation of today. At the same time, men's present habits of thought tend to persist indefinitely, except as circumstances enforce a change. These institutions which have thus been handed down, these habits of thought, points of view, mental attitudes and aptitudes, or what not, are therefore themselves a conservative factor. This is the factor of social inertia, psychological inertia, conservatism. (Veblen 1899, 191)

> A readjustment of men's habits of thought to conform with the exigencies of an altered situation is in any case made only tardily and reluctantly, and only under the coercion exercised by a situation which has made the accredited views untenable. The readjustment of institutions and habitual views to an altered environment is made in response to pressure from without; it is of the nature of a response to stimulus. (Veblen 1899, 192–3)

> Any change in men's views as to what is good and right in human life makes its way but tardily at the best. Especially is this true of any change in the direction of what is called progress; that is to say, in the direction of divergence from the archaic position—from the position which may be accounted the point of departure at any step in the social evolution of the community. Retrogression, reapproach to a standpoint to which the race has been long habituated in the past, is easier. This is especially true in case the development away from this past standpoint has not been due chiefly to a substitution of an ethnic type whose temperament is alien to the earlier standpoint. (Veblen 1899, 196)

If habits are understood by those who followed Veblen as features of conduct, as aspects of behavior with conservatism built into them, being subject to change mostly from pressures without, and where such pressures likely emanate from the technological process, it

is perhaps not so surprising that Veblen has been interpreted as supporting the conditions which (whatever the desire or attendant rhetoric) give rise to the dichotomy.

Veblen's Neglect of Ontological Elaboration

Although there are other issues of interest that arise with this early work, I do not need to dwell on them here. For, as I say, Veblen's mode of social theorizing does appear to evolve. And specifically, the quoted extracts from his later work do not suggest a reduction of institutions to habits of thought. It is surely his more developed contributions, if any one subset of this thought, that warrant being systematized as Veblenian.

It is fair to ask, though, why Veblen did not seek to clarify the seemingly more developed aspects of his later thinking. Why in particular did he not engage in more sustained ontological elaboration, analysis, and critique, if his implicit presuppositions had become more coherent? If he had engaged in such an enterprise it would likely have made a difference to the course of institutionalist theorizing.

I suspect there are several reasons. Clearly at the turn of the twentieth century ontology or metaphysics was somewhat out of fashion (to say the least). Second, ontology does not appear to have been Veblen's motivating concern, even though his insights and commentaries frequently presuppose an implicit ontological conception at odds with the mainstream of the tradition. Third, a single person cannot be expected to do everything. But fourth, and I suspect the most significant factor, Veblen appears to have been diverted from the possibility of accepting the task of a significant amount of ontological elaboration and analysis (however inclined or not he was toward this end) by virtue of his accepting one particular challenge too many. Not only did Veblen support the idea of economics becoming an evolutionary science but he also sought to provide an evolutionary account of how it was happening. I think the latter step was both mistaken (see Lawson 2002) and, in the circumstances, misleading. It was misleading in the following way.

Veblen's understanding of evolutionary science was that it deals with non-teleological processes of cumulative causation. Now if Veblen were consistently to maintain that the evolutionary method is gaining the ascendency in economics via an evolutionary process, he needed to maintain that this latter process is itself non-teleological as well. Thus he could not argue, and did not want to give the impression of arguing, that the evolutionary method is being taken up in economics because its ontological presuppositions everywhere hold in the social realm, i.e., because it is the most relevant approach to adopt, even if he believed it is. Thus Veblen was reduced to keeping his ontological comparisons and elaborations to a minimum and mostly in footnotes (see Lawson 2002, 2003). It is in this sense that Veblen's strategy is misleading. It encourages the impression that his ontological commitments are less important than they are. No doubt, too, a knock-on effect has been that Veblen himself gave his ontological precon-

ceptions less thought and attention than would otherwise have been the case, and certainly thereby rendered them less developed than would have been useful.

So for various reasons, and in particular in the light of his presentational orientation necessitated by his desire to provide an evolutionary theory of the development of economics into an evolutionary science, the result is that Veblen's writings too are characterized by a degree of ontological neglect. Nowhere are his ontological presuppositions elaborated in any systematic fashion. In such circumstances it is not at all surprising that many readers of Veblen have fastened upon the notion of cumulative causation, without appreciating that concepts of irreducible social structure and human agency are necessary for sustaining the idea of causally efficacious, constantly changing, institutions, among other things.[12]

Let me be clear on what I am suggesting. The ontological conception of Veblen, with its emphasis on cumulative causation, is a significant advance over the more restricted (basically atomistic) presuppositions of the projects in economics he rejected. But for various reasons Veblen did not engage in ontological elaboration. And although his later account of how institutions develop often presupposes a conception of irreducible social structure and constitutes a rudimentary version of the transformational model, these features are never fully developed in Veblen. Indeed it is likely that the necessity for an ontologically irreducible category of structure in particular was unrecognized. Certainly Veblen never showed evidence of reflecting explicitly on such matters. It is thus not surprising that many close readings of Veblen overlooked such presuppositions of (aspects of) Veblen's contribution. But it is a direct consequence of this oversight that the emphasis on the Veblenian dichotomy arose.

The Project of Old Institutionalism

If all this is correct, various implications can be drawn. Here I want to focus on the implications for the modern project of (old) institutionalism. Specifically, I want to concentrate on the implications regarding the two issues considered throughout, namely the dichotomy and the interpreting of Veblen in regard to other issues raised. In both cases I urge a non-radical, or accommodating, orientation.

In the case of the dichotomy, the warranted response, I believe, is not a denial of the contrasting tendencies observed but a less sharp, less categorical, rendering of them. Actually, where before we had a less than compelling overly sharp conclusion, we now more clearly have a set of interesting questions. Is it the case, for example, that technology is always such a stimulus for change? If not, what are the conditions under which it is and is not? Is it the case, indeed, that technology can reasonably be distinguished from social structure and even from institutions? Elsewhere (Lawson 1997) I have suggested that technology, or at least those aspects that are irreducible to technological practice, must be distinguished within social structure by terms of its content being not social but natural. In short, technology has natural content but social form (unlike, say, social

rules and relations which have social content and form). Now once, or if, this conception is accepted, a conception which allows that technology can figure as (possibly integral) aspects of institutions, we can see that the relevant reformulation of the central question is whether, and how, natural content allows greater fluidity than social content.

Questions of the sort pointed to here, and many more, are currently being explored in the realist project to which I and numerous others have been contributing (see especially Clive Lawson, forthcoming), and I mention them here merely to indicate the difference it makes. The point, though, is that any insights captured by the dichotomy need not be lost but are rather are open to further elaboration by adopting a less reductionist perspective.

How about the warranted interpretation of Veblen? Here I think that both of two polar responses are best avoided. The first is to infer that, given Veblen's failure to elaborate, or to give much attention to defending, his ontological position, we should more or less disregard the latter as overly primitive or without interest. The second is to suppose that because various extracts can be found that are consistent with the insights of modern realist social theorizing, we should conclude that "it's all in Veblen."[13] Such presentations of Veblen, as containing nothing or everything (of value) are (I hope it is clear) far from coherent with the impressions I have been wanting to convey.

Let me elaborate a little. Institutionalists, of course, are unlikely to swing toward the former pole. However, the opposite tendency of seeking to locate everything in Veblen may be a danger. And such a tendency would be unhelpful. Perhaps I myself have erred on this side (see especially Lawson 2003). I worry that others do so rather more clearly. Hodgson (1998a) seems to be an example (and a very relevant one in context of the current discussion) when he implies that Veblen in effect held a theory of social emergence. Recently, Hodgson has moved to explicitly identifying his position too as realist. And a danger we both face, I believe, is that of interpreting identified ontological presuppositions with which we agree (or for that matter disagree) as revealing a more explicit stance by the contributor in question than may be the case. Indeed a major task of philosophy is to render clear and more coherent ideas or concepts that are already given but confused (Lawson 1997, 45). In portraying Veblen as holding to a conception of emergence it is very difficult indeed to explain his lack of explicit and sustained attention to elaborating a category of social structure ontologically irreducible to that of human agency or practice.[14] As it happens, Hodgson's evidence that Veblen somehow understood emergence is a bit tenuous. Hodgson establishes no more than that Conway Lloyd Morgan, a professor of geology and zoology at University College in Bristol, who eventually wrote on emergence, visited Chicago in 1896, when Veblen was employed at that university and gave a lecture, which Veblen may or may not have attended, and which may or may not have mentioned the idea of emergence—and more likely did not [Morgan himself mentioned it in writing only many years later, and as far as I can discern never did so in the context of social development]. It is true that Hodgson eventually noted that "Veblen never developed the philosophical concept of

emergence sufficiently" (1998a, 427), but it seems more accurate to conclude that he never developed it all, or even mentioned it.

I raise these issues for methodological reasons. For the problem with exaggerating the achievements of Veblen's contributions is not just the misleading impression thereby (unnecessarily)[15] conveyed but, more importantly, the obstacle that is thereby created to laying the groundwork for developing the project of old institutionalism.

Certainly, an exaggerated account of what Veblen achieved will likely render many developments within old institutionalism over the last century simply unintelligible and makes their formulators appear unavoidably rather foolish. To assert that Veblen was clear on the issues in question, and specifically that he maintained ontologically irreducible conceptions of structure and human subjectivity or agency throughout, backed up by a theory of social emergence, is ultimately to belittle the contributions of Veblenians who had "failed" to notice this and emphasized instead the conditions from which the rather rigid dichotomy ensues. Indeed, it renders much of the development of the institutionalist project since Veblen, not to mention the widespread interpretation of these developments as Veblenian, an inexplicable mystery.[16]

But just as unhelpfully it obscures the project of identifying the features of Veblen that are in need of clarification and development and indeed the features of the wider project that might usefully be retained. More specifically, the strategy of finding it all in Veblen (and for example adapting our categories to fit with this prior restriction), if taken to an extreme (which I do not want to suggest anyone does), could give the impression not only that (contra to the arguments of this paper) the call for an ontological turn in institutional theorizing is misguided but that the modern project of (old) institutionalism need be little more than an exercise in the history of economic thought.

The alternative to such polar responses is to accept as legitimate the goal of pursuing a continuous transformation in the institutionalist project. It is quite legitimate for a program or tradition to recognize that it derives from Veblenian and other institutionalist insights but yet be open to transformation in line with new insights such as are developed whatever their source. Of course, it can be expected that a developing institutionalism will reciprocally supply insights facilitating transformations in other projects, including those in modern realist social theorizing. But just as the development of old institutionalism can clearly profit from a reexamination of its own history it also stands to gain from going well beyond such endeavor (which of course it already is—for good overviews of relevant aspects see Dugger 1995; Hodgson 1998b; also see Mayhew 1998; Samuels 2000; Jennings and Waller 1995; Waller 1999).

If modern old institutionalism is indeed to be significantly more than a program in the history of thought, how might we conceive of its place in the context of modern economics? Elsewhere I have argued that the feature that distinguishes the majority of heterodox traditions from the current mainstream is an acceptance, albeit mostly in an implicit and unacknowledged manner, of a more sustainable ontology. Specifically, I have maintained that, in broad outline at least, the various heterodox traditions presuppose, in their substantive and methodological contributions, much the same implicit

social ontology (one at odds with that of the mainstream). The features that distinguish the separate heterodox projects from each other, then, are not primarily ontological in nature. Certainly they are not a set of explicit and competing ontological assessments. Rather, the distinguishing features are, I believe, the different substantive and epistemological issues addressed or focused upon because they are considered of most interest to the projects members. The nature of the specific substantive concerns do, though, direct attention to specific aspects of the shared ontological preconceptions, albeit in ways that are often implicit or unacknowledged (see Lawson 2003 on all this).

Thus Post Keynesians have focused on situations of (decision making under) fundamental uncertainty (and so implicitly emphasized an ontology of open systems), feminist economists have emphasized matters such as connectivity (implicitly drawing attention to internal social relations), and so on. The primary traditional institutionalist focus has been on methods for dealing with (evolutionary) social change. Thus accounts of social change and specifically cumulative causation in the socio-economic world have inevitably come to the fore. And this brings us back to Hamilton's contribution. For Hamilton, I believe, is more than justified in systematizing the institutionalist contributions under this head.

The result has been a major advance in understanding. However, with the benefit of hindsight and in particular abreast of insights of more recent social and philosophical theorizing, we can discern aspects of Veblen's contribution which, because overly implicit, underdeveloped, and not in any case consistently maintained, have been partly neglected in systematizations which followed, including the excellent contribution of Hamilton. As a result it seems both feasible and desirable to transform the institutionalist project further in the light of current understandings. My basic thesis here is that a turn toward explicit, systematic, and sustained ontological reasoning will likely prove essential to such a process. In particular I suggest that the strategy of putting a greater focus on notions of ontologically irreducible social structure and aspects of human subjectivity as systematized in modern realist social theorizing is far from redundant at this stage and, with respect to certain aspects of institutionalist theorizing, may even provide the basis for a non-insignificant reconstruction.

Notes

1. Although not only in recent years—see the contributions systematized in Samuels 1977.
2. A dichotomy usually means a division into two mutually exclusive parts, classes, or genera. This, we will see, is indeed how the term is interpreted in parts of old institutionalism.
3. This is indeed Hamilton's focus:

   It is therefore necessary to state that for purposes of this study institutional economics will be limited to the work of those economists in the United States who have been clearly recognized as institutional economists. . . . As defined here, institutionalism has been almost exclusively an American development. Indeed, one writer [Allan Gruchy] considers it the "the American contribution" to economic theory. (1991, 5)

> Nor do I think this interpretation is outdated. I note that a recent critical institutionalist commentary on the Veblenian dichotomy, particularly on the conception of technology involved, refers to its topic (in the title of the paper) as "American Institutionalism on Technological Change" (Wisman and Smith 1999). In fact, these authors reported that "even a cursory overview of recent American institutionalist writings on technology suggests that the dichotomy remains central to institutionalist analysis in this area. (888)

4. Hamilton referred here to chapter 8 of Clarence Ayres' *Science, the False Messiah* (1927).
5. Hamilton was certainly correct in viewing some of Ayres' output in this manner. The latter wrote:

> The history of the human race is that of a perpetual opposition of these forces, the dynamic force of technology continually making for change, and the static force of ceremony—status, mores and legendary belief,—opposing change. (Ayres 1944, 176)
>
> By virtue of its peculiar character, the institutional function is essentially static. In the process of social change, institutional function plays a negative part. It resists change. (Ayres 1952, 49)

6. Consider too my own university, which has been around for about 800 years. In all that time it has been devoted to teaching and research. Certainly it has undergone change. The place and role of women, for example, has changed considerably. New departments have arisen while others have dwindled. The degree of specialization has changed completely. But it would be wrong to see any of this as resulting only from technological advance.
7. This view, however, is not so clearly that of Commons: "Since institutional economics is behavioristic, and the behavior in question is none other than the behavior of individuals while participating in transactions, institutional economics must make an analysis of the behavior of individuals" (Commons 1931, 654). According to Commons the human will is involved in choice. And because "institutional economics is volitional it requires an institutional psychology to accompany it. This is the psychology of transactions [or] negotiational psychology" (Commons 1931, 655). Commons deemed individualistic any psychology that treats all agents simply as nondescript individuals rather than as parties to the transaction intent on modifying the behavior of others.
8. Of course, I am not the first to find a cultural determinist emphasis in Ayres and others. David Miller long ago characterized Ayres in this manner and criticized the position Ayres adopted. See, for example, Miller 1958, 1966. For an overview of the "controversy" between Ayres and Miller see Hill 1989.
9. These words were quoted by Hamilton from Dixon 1941, but Hamilton was in evident agreement with them.
10. In similar vein Ayres wrote, for example:

> An automobile is a combination of a buggy with an internal combustion engine. The internal combustion engine itself is a combination of the stream engine with a gaseous fuel which is substituted for the steam and exploded by the further combination of an electric spark. (1944, 112)

11. Commons, for example, took the view that "[h]abit is repetition by one person. Custom is repetition by the continuing group of changing persons" (Commons 1934, 155).
12. The lack of ontological discussion or elaboration is sometimes explicitly observed in institutionalism, albeit rarely. It is interesting to note that, even when it is, the commentators have focused mostly on the passages of Veblen that reduce institutions to aspects of behavior. Consider the following entry on the "Veblenian Dichotomy and Its Critics" found in *The Elgar Companion to Institutional and Evolutionary Economics*:

> One particular manifestation of Veblen's categorization schema has subsequently been adopted as archetypal; that is, the contrast between institutions and technology. Veblen sees institutions as settled patterns of behavior repeated habitually and using the past or

tradition for their warrant. Technology is behavior governed by matter-of-fact knowledge, meaning mechanical cause and effect of the kind Veblen identified with the machine-based technology of his day. In the particular behavior analysed by Veblen, technology—meaning behaviour warranted by matter-of-fact knowledge—was the source of change and institutional behavior was past-binding and resistant to change or progress. Neither the ontological nor the analytic status of these concepts is expressly discussed by Veblen; consequently, usage by his followers has varied considerably. (Waller 1994, 368)

Ayres' formulation of the Veblenian dichotomy somewhat clarified its analytical status. Ayres argued that social behavior had both ceremonial and technological aspects, though notably he referred to the behavior, rather than the aspects, as being ceremonial or technological (Waller 1994, 368).

13. Equally of course we should resist the view that it's all in anyone else, whether Marx, Keynes, Hayek, Marshall, or whomever. Note that the position I am suggesting be avoided here is not made better by criticizing (just those) aspects of Veblen that are largely inessential to his philosophical position and relatively unimportant to modern substantive theorizing.
14. Veblen could almost be charged with willfully misleading all those, including Ayres, Hamilton, and others, who have been unable to avoid ultimately reducing institutions and so on to forms (or patterns of) behavior.
15. In my book, certainly, Veblen stands as one of the greatest economists of all times with or without maintaining the sorts of modern realist insights here in question.
16. Even those prepared to criticize Ayres mostly suppose that the problems noted originally derive from the nature of his drawing from Veblen. Philip Klein (1995), for example, is concerned to develop a more realistic conception of institutions than provided by Ayres but in the process takes the view that "Ayres's attitude toward institutions was almost entirely a relentless mirroring and elaboration of Veblen's view" (1190), later concluding that "Ayres followed Veblen too slavishly in his essential orientation toward the role of institutions" (1194).

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