

# UNDERSTANDING INDUSTRIAL POLICY CHOICES: A CONSTRUCTIVIST APPROACH

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## I. INTRODUCTION

Prevailing social-science paradigms suggest that public policy choices reflect either the preferences of powerful interest groups or the economic requirements of the situation at hand. These paradigms are consonant with central tenets of the modern, rationalized, worldview: that the political world is composed of primordial interest groups that pursue policies that materially advantage them, and that universal economic laws drive policy choices. However, both tenets are contradicted by empirical evidence that policy choices are remarkably consistent within countries and remarkably diverse across them. If France adopts *dirigiste* policies whether the Gaullists or Socialists are in power, then what does it mean to say that interest groups determine policy outcomes? If the United States adopts pro-competition policies for economic spheres as distinct as electronics and air transport, then what does it mean to say that economic requirements govern policy choices?

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The inability of conventional political and economic theories to account for continuity in national policy styles across regimes and policy spheres spawned the "new institutionalism" in political science, an approach that emphasizes the structural inertia of state institutions. Institutionalists suggest that the same state structures that constrain policy options at time  $t$  also constrain options at time  $t + 1$ . While intuitively appealing, this theoretical approach does not get at why institutions persist over time. To say that nations' policy approaches persist because they are *institutionalized* is to offer a synonym for persistence, not an explanation.

In this chapter I argue that prevailing social theories suffer from inattention to the issue of *meaning* of rationalized social realms such as policy. The modern tendency to view rationalized, instrumental institutions as acultural is largely to blame. The purpose of this chapter is to explore the cultural nature of cross-national differences in rationalized public policy institutions. First, I identify the role of the modern worldview in the tendency of the social sciences to define rationality as acultural. Next, I review the theoretical lacunae left by the dissociation between culture and structure and between cultural and instrumental activity in social theory. Finally, I outline a social constructionist approach to rationalized institutions that underscores the role of meaning.

### Culture and Continuity

Cross-national differences in policy strategies have long been recognized, but until fairly recently scholars treated these differences as relics of an earlier age that would disappear with time. Nations retain certain traditions, however, as rationality restructures the modern world those traditions should fade away. This was an explicit premise of modernization theory, but it was also implicit in social science theories ranging from neo-Marxism to pluralism. It provided a rationale for generalizing about politics and economics from the experiences of Britain and the United States, because the most "advanced" nations presage the future for others (Marx 1964) and have come furthest in removing remnants of history from "modern" social life.

The notion of the "withering away of history" is integral to the modern worldview, which holds that social life, like nature, is structured by invariable laws that obtain everywhere. Since the time of the Enlightenment social thought has been premised on the ideas that the social world was fathomable and that a unified canon of knowledge about society would emerge through experience (Berger and Luckmann 1966). Such a unified canon could emerge only because the social world, like the natural world, was structured by a set of transcendental laws. The process of rationalization was a matter of apprehending those laws and employing them to achieve prosperity. Through rationalization, the idiosyncratic, local, relics of history would give way to fully instrumental social practices that would look substantially similar everywhere.

Political conflict and economic determinist paradigms in the social sciences formalize some of the common-sense tenets that go along with this view, namely that the industrialized social world is made up of primordial interest groups with objective goals and that society is structured by universal laws of economic efficiency. These paradigms have taken for granted the very socially constructed premises of action that are the foundation of institutional and social continuity. A sociology of rationalized meaning systems that problematizes the ideas that social institutions are structured by the objective material interests of naturally-occurring groups and by economic laws offers a very different take on contemporary policymaking. Imagine how different cultural anthropology would be if its practitioners started with the premise that local worldviews accurately depicted the character of the local natural and spiritual world—if anthropologists were constrained to believe that the spirits their informants perceived in fact acted upon them. Anthropologists would be left with little to explain if they took such key socially-produced phenomena to be produced by nature. This is exactly what students of modern politics do.

The approach I propose might best be described as a cultural anthropology of public policy. Policy choices are made by actors with complex cognitive structures that derive from experience. Those cognitive structures contain highly stylized and rationalized causal designations that are not perceived by actors as *cultural* at all, but as self-evident, transparent, reflections of objective reality. Actors do not think of the means-ends designations they hold in their heads as *socially* produced, they think of them as immutable and natural. In fact, actors in all kinds of social systems—mystified, rationalized, and religious systems alike—take their own common-sense ideas to reflect objective reality, rather than cultural beliefs (Geertz 1983).

When defined as institutionalized means-ends designations, culture has obvious effects on policy. Policymakers necessarily make presumptions about causality when designing policies, and for the most part they depend on “common-sensical,” rationalized, ideas. These rationalized ideas tend to be pervasive at the national level, so that groups that espouse markedly different interests will nonetheless concur on matters of causality. Different groups may dispute the *goals* of policy, and they may dispute the details of how to effect goals, but at the national level groups tend to hold certain common beliefs about causality.

While actors in rationalized social systems believe that immutable, rationalized, laws govern social life everywhere, and that those laws will cause growth-oriented public policies to converge, in fact nations do not appear to be converging on any one set of rationalized policies. In some policy realms we have seen parallels across countries that might suggest that universal laws do exist. In mass education, the models developed by advanced countries diffused relatively rapidly to underdeveloped nations (Meyer, Ramirez, and Soysal 1992). In macroeconomic policy-making, Keynesianism diffused across

developed nations in relatively short order (Hall 1989). And in new realms such as environmental policy, strategies often spread across countries at a fairly rapid rate (Strang and Meyer 1993). However, in these cases, it is contagion rather than simultaneous development that produces similarities across nations. This suggests that mimesis plays the biggest role in creating parallels across countries. In other policy realms, national differences are quite resistant to change. In their approaches to industrial policy, developed nations show no particular trend toward convergence (Dobbin 1994). When they do adopt common industrial rhetorics, as in the recent case of "privatization," their actual practices often vary dramatically (Starr 1989). In their approaches to citizenship, immigration, and work, European nations have been quite resistant to policy convergence despite the growth of common international norms (Soysal 1994). Modernization theorists predicted substantial convergence in all sorts of national policies (Inkeles and Smith 1974; Inkeles 1975), however, as institutionalists have pointed out, suprisingly little convergence has emerged.

What is striking, then, about policymaking by rational actors following immutable laws is that in different countries actors follow very different laws. Actors believe that universal economic laws govern the world, but in practice they tend to use localized prescriptions for achieving ends. Thus while Americans believe that market mechanisms create efficiency in all sorts of realms—witness airline deregulation, the breakup of AT&T, antitrust litigation against IBM, "managed competition" in health care, and "school choice"—the French believe that central coordination by technocrats creates efficiency—witness the nationalized Air France, nationalized telecommunications, state concertation of the computer industry, public health coverage, and the national school curriculum. These different national beliefs about causality are at the very core of cultural meaning in the modern world. Culture is what leads American and French citizens to hold different, rationalized, understandings of cause and effect, just as culture is what leads the Ndembu and the Tzintzuntzan to hold different, mystified, understandings of cause and effect (Turner 1967; Foster 1967).

Those understandings of cause and effect shape contemporary policy choices in palpable ways, and they account for the lion's share of national policy continuity. Why, for instance, did the United States impose price competition on the railway industry in 1887, with the passage of the Interstate Commerce Act, and then on the computer industry in the 1960s, with antitrust litigation against IBM? Why did France, by contrast, orchestrate rail development by coordinating private regional monopolies from 1852, and then orchestrate the development of the computer by nationalizing major firms and creating a "national champion" beginning in the 1960s? Economic determinist arguments do not explain the reproduction of pro-market policies in the United States and pro-orchestration policies in France, because these industries were as different as night and day. Political power arguments do not explain these

parallels, because in each country governments with dramatically different ideologies supported both policies. Institutional arguments can be concocted to explain this continuity, for elements of American and French state structure survive from the nineteenth century. However, institutional arguments cannot account for policy shifts—the fact that the United States reversed course to pursue government orchestration of industry during the Great Depression, while France was reversing course to pursue *laissez faire*. The cultural approach I outline below offers a means to understand both continuity and change in national policy strategies.

In this chapter I discuss the limitations imposed on our understanding of rationality by the tendency to isolate culture from structure and cultural activity from instrumental activity. I argue that these distinctions are integral to the modern worldview, and as such they are important to understand historically. However, by employing these distinctions to analyze rationalized policymaking social scientists naturalize distinctions that are socially produced and thereby circumscribe the potential range of their understanding. This has prevented analysts from investigating the core precepts of constructed reality. I end by outlining a cultural approach to rationality and discuss its implications for understanding public policy choices.

## II. CULTURE VERSUS STRUCTURE

Analysts have neglected the role of culture in modern policymaking in part because they have taken structure and culture to be distinct and distinguishable. Since the 1950s culture has meant either norms and values expressed at the individual level or expressly symbolic institutional domains such as education, religion, and the arts. Structure has meant institutionalized social practices in most other domains, where patterns of behavior are thought to be unaffected by patterns of meaning. The distinction between culture and structure can be traced far back in history, but in the 1950s and 1960s Talcott Parsons' (1951; 1971) structural-functionalism fortified it in American social science in the process of remaking American sociology. Because the social sciences had been integrated at Harvard, where Parsons spent most of his career, Parsons' thinking affected political science, economics, anthropology, and psychology as well. Culture and structure became increasingly dissociated *within* social science disciplines (for instance, in the separation of the sociologies of "education" and "formal organizations") as well as *between them* (to wit, the compartmentalization of anthropology and economics) (Eisenstadt et al. 1987, p. 291).

Students of policy and politics have neglected culture not only because Parsons' schema and the modern worldview encouraged them to, but also because the last cultural theory they flirted with, the "national character"

approach, had the causal arrows reversed and hence did more to obscure than to illuminate the role of culture. The "national character" approach suggested that social institutions reflect the cognitive maps individuals hold rather than vice versa. Proponents implied that shared character traits, such as authoritarianism, were passed down from generation to generation and shaped national political institutions from below (Almond and Verba 1963; Inkeles and Smith 1974; Bell 1980). The implication was that consciousness generates social structure rather than vice versa. Mary Douglas places some of the blame for this kind of reductionism on Durkheim for portraying society as mind writ large, when it is more in the spirit of his work "to think of the individual mind furnished as society writ small" (Douglas 1986, p. 45).

### The "New Institutionalism" and the Reification of Structure

Political science reacted strongly against cultural reductionism in the middle of the 1970s, and so when students of public policy became concerned that the dominant paradigms did not explain continuity in national policy styles they developed a structural remedy that denied the salience of culture. The statist variant of the "new institutionalism" emerged from a number of historical studies that documented continuity in national policy styles over time. Stephen Krasner's (1978) study of American raw materials policy demonstrated a longstanding preference for maintaining international market competition over protecting domestic firms. John Zysman's (1983) comparative study of financial systems and industrial policy found remarkable consistency in national strategies over time and across industries. David Vogel's (1986) study of British and American environmental protection policies charted consistent patterns of policymaking and consistent policy outcomes. Stephen Skowronek's (1982) study of American federal administration in three distinct realms found that federal administrative weaknesses produced parallel administrative outcomes in each setting.

Conventional political and economic arguments could not account for such continuity. A structural approach to institutions held greater promise (March and Olson 1984). Stephen Skowronek (1982) suggested that the absence of a strong administrative branch during the nineteenth century made ambitious policies impracticable in America, and virtually forced policymakers to adopt patchwork solutions to governing an increasingly complex society. Theda Skocpol and Kenneth Finegold (1982) found that the National Recovery Administration failed during implementation because the American state lacked the institutional capacities to make it work, and contended that such episodes reinforced American antistatism. John Zysman (1983) argued that existing public and private financial institutions constrained nations' industrial policy options. John Ikenberry (1988) found that America's oil policy options during the 1970s were highly circumscribed by existing institutional channels

for governmental action. Peter Hall (1986) found that French and British policies were delimited not only by the institutional configurations of their states, but also of unions, capital, and the international economy.

These studies treated existing institutional arrangements as independent variables that shaped future institutional arrangements. They depended on a "branching" analogy, whereby early policy choices cause institutions to branch in one direction or another and thereby limit later policy choices. Change, in Krasner's "punctuated equilibrium" view, came about when crises opened up opportunities to remake institutions: "Institutional change is episodic and dramatic rather than continuous and incremental ... During periods of crisis politics becomes a struggle over the basic rules of the game rather than allocation within a given set of rules" (1984, p. 234). For the followers of this approach, structural inertia was unproblematic. What was important was that institutional structure at the time of policymaking constrained policy options, and institutional structure at the time of implementation determined whether a policy would survive. The predictive power of this approach was substantial. Statist analysts predicted that new policies would be made in the mold of existing policies. Because the main drawback of prevailing political and economic paradigms was that they did not explain the continuity of idiosyncratic policy styles, the statist approach appeared to resolve a major dilemma.

However, the institutional/statist approach did this by bracketing the issue of institutional continuity per se, which meant that while the predictive power of the paradigm was considerable, its explanatory foundation was weak. The paradigm did not offer a satisfactory explanation of the persistence of institutions—of social practices carried out by individuals. What keeps social practices going? What causes them to change? By paying attention to the meaning of social structures—to culture—we can better answer these questions. Why, to take the case we began with, did the United States and France reject their traditional approaches to growth during the Great Depression and embrace contradictory approaches? The explanation is simple. Antitrust policy was in force when the economic decline began. As a strategy for, and theory of, economic growth, antitrust was thereby disproven by the depression. Because antitrust now appeared to have generated economic decline rather than growth, Roosevelt proposed that a reversal in policy might produce a reversal in the nation's economic fortunes. Something similar happened to the traditional industrial policy paradigm in France. In both cases, notions of causality embedded in traditional industrial policies are key to understanding recovery policies. In both cases, *industrial policy* traditions were unleashed when orthodox *macroeconomic policy* was blamed for the downturn—when another cause for the downturn was identified (Dobbin 1993).

While institutionalists were denying the role of culture state institutions, social theorists were arguing that social customs were sustained by shared

meaning even in rationalized realms of life. Their theories reintegrated culture and structure.

### The Synthesis of Culture and Structure in Social Theory

Sociological and anthropological theorists were, in the meantime, addressing this very issue: the link between structure and meaning in developed societies. The problem posed by existing theories was that they treated premodern and modern social systems differently. Their postulates were not generalizable across settings. There was substantial agreement among social scientists that practices in premodern societies generate cultural frameworks that are shared by members. This idea drives cultural anthropology, which seeks to understand how cultural practices and meanings that vary by locale create local frames of awareness. In premodern social settings, intersubjective meaning was taken as evidence of a common culture. Yet when analysts of rationalized societies discovered intersubjective agreement about the nature of reality, they concluded not that it reflected a common culture but that it reflected reality. In rationalized domains, the intersubjectivity of meaning was taken as evidence of its ultimate truth.

In the wake of structural-functionalism, social theorists sought to develop frameworks that would place premodern and modern social systems on the same footing. In general, they argued that cultural meaning is endemic to social life. All social systems incorporate social customs that have meaning to actors, and these two elements—practices and their meanings—are the components of culture. Culture refers to the practice of using a plow inscribed with a totemic image and simultaneously to the collective association between that totem and agricultural abundance. It refers to the practice of antitrust litigation and simultaneously to the collective association between antitrust law, price competition, and economic growth. Social institutions thus carry cultural meaning even when that meaning is oriented to instrumental rationality.

A number of analysts promoted the view that rationalized meaning was parallel in form and in origin to premodern mystified meaning. Peter Berger and Thomas Luckmann's seminal, *The Social Construction of Reality* (1966), depicted rationalized social institutions as constitutive of meaning just as religious or mystified social institutions were. Berger and Luckmann's insight that social customs, or institutions, are reproduced over time *even in rationalized social systems* only insofar as they hold intersubjective meaning for actors was widely cited among social theorists.

Clifford Geertz came to similar conclusions, if from the opposite starting point. In his study of the Balinese "Theatre-state," Geertz (1980) brought the insights of cultural anthropology to the study of state structure. Yet while Geertz made a compelling argument for the symbolic and dramaturgical roles of the traditional Balinese state that, in effect, challenged rationalist



interpretations of all preindustrial states, students of modern politics took the Balinese state Geertz depicted to be a museum piece that did not offer lessons about modern states. Later, in *Local Knowledge* (1983), Geertz reiterated many of the insights of Berger and Luckmann and again insisted that the process of the formation of collective meaning was the same in mystified and rationalized social systems.

In *Meaning and Moral Order* Robert Wuthnow (1987) drew parallels between the institutionalization of meaning in religious and rationalized social systems in the developed West. Because social practices only persist to the extent that their meaning is collectively understood, all social structure is necessarily imbued with meaning—otherwise it would not appear with the kind of regularity that enables us to call it “structure.” Rationalized social systems may be modeled more on science than are religious systems, but they are imbued with, and held together by, meaning nonetheless.

Many of the leading social theorists of the 1980s drew similar conclusions about the role of meaning in modern social life. Pierre Bourdieu's *Outline of a Theory of Practice* (1977) detailed the material bases for class consciousness, reviving cognitive structures as an outcome of primary importance and locating their origins squarely in social structure. Anthony Giddens' *The Constitution of Society* (1984) was a deliberate attempt to reunite structure and meaningful action in social theory. In *The Theory of Communicative Action* Jurgen Habermas (1984) restored intersubjective, socially constructed, meaning to a prominent place in materialist analysis. In a series of articles, William Sewell Jr. (1985; 1992) sought to revive agency in social theory by recoupling the material and meaningful dimensions of social structure. Ann Swidler's influential article, “Culture in Action: Symbols and Strategies” (1986), sought to restore agency in cultural theory by highlighting the institutionalization of cultural strategies and the capacities of actors to self-consciously choose among them.

In sum, students of politics and policy have moved away from treating culture as a part of structure despite movement in the opposite direction among sociologists, and despite the longstanding integration of the two among anthropologists. The statist variant of the “new institutionalism” in political science builds a wall between structure and culture, but lacks an explanation of why people enact and thereby reproduce social institutions, which are after all merely customs. Perhaps actors enact social institutions because they believed it to be in their self-interest. Perhaps they do so because they recognize those institutions as ultimately rational. The new institutionalism is mute on the point. Social theorists were concerned with theorizing the role of meaning in the sustenance of rationalized social institutions. They sought to explain how institutionalization worked—how practices gain the collective meaning that sustains them—but they often failed to provide empirical evidence and their insights were not incorporated by students of policy.

### III. THE CULTURAL VERSUS THE INSTRUMENTAL

Perhaps the defining collective ambition of Western rationality has been the effort to vanquish tradition, or culture, and replace it with pure instrumentality at the individual and collective levels. In Britain's transition from feudalism to capitalism, to take the emblematic case, emergent bourgeois elements struggled to erase institutions that reinforced traditions. Agricultural traditions were supported by the Corn Laws, which provided protection against imports, the Poor Laws, which prevented the displacement of agricultural workers, and anti-enclosure factions, which stalled the shift from farming to ranching (Moore 1966; Hobsbawm 1968). Britain created markets by taking positive political action to eradicate traditions in each of these realms (Polanyi 1944). Culture, then, came to mean the polar opposite of instrumentality because culture was associated with the traditions of the prerational world. Here is the origin of today's unfortunate juxtaposition of the cultural against the instrumental.

Yet, in the pursuit of rationality, industrializing nations generated diverse instrumental traditions that were essentially cultural themselves. Social systems are now largely organized around notions of rationality rather than ideas about deities or spirits, but they are organized around *different* notions of rationality just as earlier social systems were organized around different ideas about spirits. These notions are essentially cultural.

As rationality became dominant as a meaning system, culture was defined in the social sciences, as in lay discourse, as its antithesis (Meyer 1988). *Homo scientificus* carries around a cognitive structure that is purportedly produced by nature, not by culture. This antithesis is embodied, in its purest form, in neoclassical economics and rational choice theory, which treat human behavior as a matter of simple calculation. Culture may determine individual preferences, but once preferences are known behavior is completely predictable because actors will perceive and pursue the strategy that is objectively most efficacious. Strategies are given by nature then, and do not represent the messy socially-constructed scripts for action that sociologists describe.

As a result of this distinction between the cultural and the instrumental, the central components of rationalized, scientized, social structure came to be defined as acultural. Culture came to refer to the aspects that are not subjected to rationality and science, and hence to aspects that are peripheral in rationalized social systems.

Rationalized societies came to deny the role of culture in instrumentally rational individual and collective practices in part because rationality is a comprehensive meaning system that induces a form of myopia—it renders socially constructed meaning indistinguishable from perceived reality. Direct perceptions blur into constructed explanations. Much like religious meaning systems, rationalized meaning systems purport to capture the only reality there is. Like devout followers of Catholicism, disciples of instrumental rationality

deny that their beliefs about the world are "cultural," and hence socially produced. Thus St. Thomas Aquinas saw Christianity not as a meaning systems at all, but as reality. Likewise Milton Friedman sees his particular market-centric version of rationality not as a meaning system, but as reality. From the inside, meaning systems are invisible because actors believe they simply see the world as it is.

Actors often recognize *alien* meaning systems as meaning systems, but in so doing they seldom gain the insight that their own worldviews are generated by socially-produced meaning systems as well. Thus, the Old World Catholic Church recognized the spiritual beliefs of New World cultures as so much hand-waving, or worse as Satan's deception, but the Church never engaged in anything approaching cultural relativism vis-à-vis the status of its own doctrine. Similarly Americans today recognize that the French have some foolish Louis XIV-penchant for nationalizing industries that is a product of their idiosyncratic past, but have more difficulty seeing antitrust law in the same light. While we readily perceive the role of belief in foreign social structures, we tend to think of our own social structures and practices as devoid of belief.

Modern social systems thus treat rationality and the nation-state as natural and inevitable products of history. They thereby render the nation-state unproblematic, and instrumentality self-evident.

### The Nation-State as Instrument

Since the time of the Enlightenment the *raison d'être* of the Western state has been transformed. Where the state was once devoted to the enrichment of the crown and glorification of God's chosen ruler through territorial expansion, it is now devoted to the enrichment of the nation through capital accumulation. In the process of this change, the modern nation-state was divided into two parts. *Nation* came to mean local traditions in food, decor, dress, and pastimes that were unambiguously cultural. *State* came to mean decision-making and governing practices that were purely instrumental. Like preceding systems of social organization, the modern nation-state became inevitable and natural in the minds of those who fell within its purview. It was produced not by happenstance but by some larger historical force.

Whereas the instrumental state had been built to serve the nation, soon the nation was reconceived in service of the state. Collective sentiment was now mobilized as a foundation for the new instrumental state. This was perhaps most conspicuous in France, where the crown deliberately imposed a common culture on diverse regions (Hoffman 1963; Tocqueville 1955), but it was evident wherever nation-states emerged. Nationalism came to serve instrumental rationality by providing a system of attachment and meaning that took the place of the community of faith. The idea of the nation came to have metaphysical significance, "[N]ationalism has to be understood by aligning it,

not with self-consciously held political ideologies, but with the large cultural systems that preceded it, out of which—as well as against which—it came into being” (Anderson 1983, p. 19). The nation became more than a territory whose boundaries were drawn by historical accidents, it became the primordial, natural, social unit. The modern state came to be not part of the mundane human history arising out of the negotiations over the Treaty of Westphalia, but part of natural history (Krasner forthcoming).

In brief, the state came to be an instrumental realm in Western thought—the natural locus of collection action—as it was defined against nation and culture. As a consequence, social science has tended to treat the state and its activities as acultural.

### Economic Laws and Instrumental Rationality

The variants of economic determinism found in the social sciences share the premise that economic laws produce modern social institutions. They presume that actors glean economic laws from experience, or from economic tracts based on experience, and that they subsequently act with full knowledge of those laws. Sociological approaches to economic life turn the tables, to argue that while actors indeed glean economic laws from experience, those laws represent glosses on social practices with sociohistorical rather than natural origins. From this perspective, economic laws are the *products* of social institutions, rather than the *producers* of them.

Natural selection has become the central metaphor for the evolution of entire social systems under these inescapable economic laws. It explains the inevitability of the progression from inefficient to efficient social practices and thereby explains why religious and other nonrational systems are doomed. Modern institutions arose historically as natural selection extinguished less efficient social forms and retained more efficient forms. Social scientific thought and lay discourse suggest that natural selection proceeds simultaneously at the collective and individual levels. It happens from above as the global economy selects for survival those national institutions best adapted to capital accumulation. It happens from below as actors express their innate inclinations to accumulate and fight for increasingly efficient property rights regimes. These immutable laws doom Islam and communism as collective forms that are not oriented to instrumental rationality, and they doom spirituality and collectivism as individual forms oriented to something other than rationality.

*Macro* approaches to rationalized institutions emphasize the environmental forces that support the survival of efficient institutional forms. Modernization theory detailed the institutional prerequisites to economic development, suggesting that nations would experience institutional convergence as they discovered optimal strategies for growth (Bell 1980). The logic-of-development

thesis suggested that at each stage of development, certain institutional patterns would be optimal—though those patterns might depend on international context (Gerschenkron 1962). Key political outcomes, such as democracy, were themselves products of particular stages of economic development (Huntington 1968). Some dependency theorists argued that a nation's location in the international economy, and internal trajectory, would predict its policy approach (O'Donnell 1973). Neoclassical theorists took America's institutional structure to most closely approximate the ideal, and presumed that other countries would develop like institutions. Critics of neoclassical theory frequently challenged the particular ideal-type—for instance Shonfield (1965) heralded French planning as the most efficient institutional arrangement for the complex national economies of the future—without challenging the metatheoretical assumption that there was an optimal institutional form that was given by nature. In short, those who challenged the universality of economic laws tended to argue that optimal institutional structures would vary as a result of conditional variables, but did not challenge the notion that universal laws structure economic institutions.

Empirical evidence that institutional forms long heralded as optimal are not uniquely efficient tends to undermine these macro approaches. Many economies that break neoclassical rules have seen unprecedented growth rates—Singapore, Hong Kong, South Korea, Taiwan, Japan (Chiu 1992; Orrù, Biggart, and Hamilton 1991). And these economies have not been organized according to a unified set of alternative economic principles, so that taken together they seem to suggest either that no simple rules of institutional efficiency exist, or at the very least that we have not a clue as to what such rules might look like. This has not stopped the likes of Milton Friedman (1962) and Jeffrey Sachs (1989) from claiming knowledge of the rules.

The principal theoretical flaw in these macro theses is that they posit *exogenous trans-historical social laws*, and hence smack of a cosmology. Social laws are not truly endogenous to social life, in this system of thought, rather they are universals that are *revealed* to humanity through trial and error. While the modern worldview certainly posits the existence of such exogenous laws, the presence of such laws in a social theory seems strangely metaphysical. Economists try to evade the issue of the origins of the laws they identify by claiming that their findings rest on the *mimimalist metatheoretical* assumption that actors are goal-oriented, yet their substantive theories belie this position by identifying particular institutional arrangements as optimal (e.g., Sachs 1989).

*Micro* approaches locate the driving force of institutional rationalization in individual maximizers. Microeconomics, the new institutionalism in economics, transaction cost theory, and choice-theoretic approaches in political science build institutions up from the interaction patterns of individuals. Douglass North (1981), for instance, argues that free self-interested

actors promote economic institutions that advantage them, and thereby promote the increasing rationalization of state structures and social institutions generally. Rulers are self-interested as well, and seek to maximize aggregate income so as to maximize their own rent. These approaches take utility maximization to be an innate human trait. Actors oriented to fulfilling material interests drive institutional history.

The idea that material "self-interest" is innate has been undermined by studies that show its historical contingency. Weber described self-interested material rationality as an outcome of the peculiar history of the West. He took instrumental rationality to be a social ethic that demanded historical explanation, rather than an innate, immutable, human trait, because he found entirely different ethics in different social systems (Weber 1951; 1952; 1958a; 1958b). If societies shared any kind of self-interest, it was an orientation to the pursuit of salvation, not accumulation. Albert Hirschman (1977) depicted the historical rise of the idea of interest in the West, which came to replace "passion" as the foundation of human action. Like Weber, he concludes that even in the West, "interest" is a relatively recent historical construct.

The problem that these two broad variants of economic determinism pose when it comes to policy-making is that they do not offer a way to understand persisting differences *across industries* at the national level. To return to the cases we began with, why did the United States pursue pro-competition policies for both railroads and computers while France was pursuing state orchestration for both? Differences within nations are frequently explained by the economic requirements of industries, but such persisting differences between them are more difficult to account for. Economists argue that the rail industry is naturally monopolistic, due to its high fixed costs and asset specificity. It should, in principle, benefit from policies that create stable regional monopolies, but only France pursued such a policy. The United States struggled from 1887 to 1970 to reinforce competition, and created a passenger monopoly, Amtrak, only as a last resort. By contrast, economists argue that the computer industry is naturally competitive, due to its low entry costs and dependence on innovation. It should, in principle, benefit from pro-competition policies, but only the United States pursued such a policy. In comparative perspective it seems clear that industrial policies in these two realms were driven much more by national traditions than they were by economic necessities.

In brief, because the project of modern, rationalized, society is to apprehend the laws of the economic universe, those who study instrumental behavior became convinced that rationality was oriented to transcendental laws and not to culture at all. Hence such institutions as the economy, science, and management do not succumb to cultural explanation because they are structured by extrasocietal principles. Skeptics have argued that such exogenous principles are in fact abstractions from particular institutional

settings. Of management theory, Mayer Zald argues, "Many of our major theories and theoretical schemas have in fact been conceptual abstractions from concrete historical and civilizational events and trends" (forthcoming, p. 8). Of economic theory, Andrew Shonfield argues, "Classical economics, which was largely a British invention, converted the British experience—or rather what the British hoped would eventually emerge from the trend which they had detected in their own story—into something very like the Platonic idea of capitalism" (1965, p. 71).

### The Synthesis of the Cultural and the Instrumental

Social scientists in several different fields have abandoned the assumption that exogenous laws drive social practices to ask the prior question of how we came to construct such laws and believe in them. They treat rationalized beliefs as the subject of sociological study, rather than treating those beliefs as if they constituted *explanations* of social life.

Peter Berger and Thomas Luckmann's *The Social Construction of Reality* (1966) suggested that rationalized social and economic laws are subjective social phenomena that are derived from experience rather than objective natural phenomena that are revealed through experience. In this tradition, recent phenomenological approaches to the rationalized realms of the economy, science, and management have replaced a guiding assumption of prevailing theoretical paradigms—that modern society is constantly improving its understanding of objective physical and social laws—with the narrower assumption that modern institutions are organized around a quest for ultimate, demystified, truths and that they symbolize the world as governed by such truths. A quick sketch of new approaches in these realms will provide a backdrop to the constructionist approach to policy outlined below.

#### *The Economy*

Both the old institutional economics of Thorstein Veblen (1904) and John Commons (1934) and the new economic sociology of Harrison White (1981), Mark Granovetter (1985), and Viviana Zelizer (1988) treat economic principles as the outcomes of local social processes rather than universal economic laws. For Veblen and Commons, the evolution of economic institutions is not determined by transcendental economic tenets, but by endogenous social dynamics. As a result, for early institutionalists, economics was an evolutionary science that aimed to understand the origins of the socially-produced logics of economic behavior that emerged in different times and places. Douglass North has come a step closer to this view in his recent (1990) work, emphasizing the path dependence of economic institutions and hence their historical contingency. Likewise economic sociologists use terms such as "varieties of

markets" and "multiple markets" (White 1988; Zelizer 1988) to depict economic institutions as sets of social practices organized through particular historical circumstances. Different varieties of markets carry different logics of economic behavior. Economic sociologists (White 1981; Granovetter 1985) emphasize the social origins of economic behavior, and see economic behavior patterns (i.e., institutions) as based on intersubjective understandings of economic processes and mutual expectations of the behavior of other actors. For these economists and sociologists, it is not economic laws that generate institutions; rather the opposite is the case.

### *Science*

Constructionist approaches to science focus on scientific epistemology and the constitution of proof. Scientific knowledge is founded on a method for uncovering reality and scientists are formally agnostic about the truth of any particular scientific claims—always ready to accept a new theory that better explains empirical evidence. It was thus that the Copernican revolution could make the sun rather than the earth the center of the universe without undermining science as a meaning system. Science provides the epistemological norms used in the other rationalized realms, such as the norm of falsifiability (Wuthnow 1987). Bloor (1976) argued for the use of scientific methods to study the practice of science, suggesting that sociological explanations of science should be *causal*, in that they should analyze the origins of knowledge; *impartial* vis-à-vis the truth of scientific claims; *symmetrical*, in that they should use the same approach to analyze both "true" and "false" knowledge claims; and *reflexive*, or applicable to social science knowledge. Bruno Latour's (1987; 1992) actor-centered ethnographic approach addresses the tendency of constructionist works to neglect agency by analyzing how interested actors employ social networks to transform particular interpretations of evidence into scientific facts. Scientists deliberately invoke others' interests in the facticity of knowledge claims, and in causing them to make use of those knowledge claims they cause the claims to become routinized, institutionalized, and accepted. In short, these analysts bracket the issue of whether scientific knowledge is correct to explore how it is socially produced and institutionalized.

### *Management Practice*

Early management theorists set out to reveal a set of universal, rational, laws, and took the existence of such laws as an article of faith. Neo-institutional students of management (Meyer and Rowan 1977; Zucker 1977; DiMaggio and Powell 1983; Scott 1987), by contrast, ask how new practices come to be socially constructed as efficient and spread among organizations. For them, managers with common organizational problems deliberately scan the



interorganizational horizon for plausible solutions. They construct certain solutions as rational by linking those solutions to existing managerial laws or by formulating new laws around them. To legitimate the practices they create anew, managers often appropriate principles from existing practices.

Constructionist approaches to these three realms share the notion that rationalized laws—of economics, science, or management—are products of social processes. In each case, human laws and theories are treated as *representations* of the world. They also share the notion that rationality is a belief system, and hence is necessarily cultural.

In sum, whereas recent institutional theories in political science reinforce the culture-structure distinction that has plagued students of policy, social theorists have called for greater attention to the semiotic, or meaningful, dimension of structure as a way to reintegrate the two. Similarly, whereas recent neoclassical and choice-theoretic approaches reinforce the cultural-instrumental distinction that has characterized policy studies, constructivists who study other rationalized realms have called for greater attention to the socially constructed nature of rationality as a way to reintegrate the cultural and the instrumental. Like those who challenge the culture-structure distinction, those who challenge the cultural-instrumental distinction have moved away from the realism of traditional political conflict and economic determinist perspectives. Both also move away from traditional approaches to culture, which treat it either as a direct reflection of material reality or as a deliberate ruse to conceal the nature of material reality (Gramsci 1971). Both move away from a concern with the self-conscious manipulation of symbols in politics and policymaking (Edelman 1988) and toward a concern with the semiotic nature of seemingly mundane social practices. And both move away from anthropological approaches to political culture that emphasize institutionalized values (Rohrlich 1987) and toward an approach that emphasizes institutionalized causal representations.

#### IV. POLICY PARADIGMS AS CULTURAL SYSTEMS

I have been arguing that policy theorists neglect meaning and culture. This is not to say that in their empirical work they ignore it. Students of policy often bring culture in through the back door to account for cross-national differences in policy choices. When they use terms like policy style, legacy, tradition, and custom to explain French industrial concertation or British policies that shield entrepreneurs from market mechanisms, policy analysts are describing cultural differences. Yet because prevailing political and economic theories of policymaking are *themselves* rationalized accounts of the policy process, theorists are constrained to treat culture as peripheral to policymaking.

Prevailing political theories posit a world composed of rational actors who pursue objective material interests. Policy choices are the result of struggles among groups with divergent interests. Economic determinist theories posit a world governed by overarching laws that produce positive institutional evolution toward increasingly efficient forms. Policy choices are shaped by these laws. These theoretical perspectives permit tradition little role in current policymaking, though they admit that it may have shaped the policies that have survived from the past. New policies are driven by instrumental rationality so that the future will be more pristinely rational.

These perspectives fly in the face of overwhelming evidence that "tradition" is the best predictor of national policy choices in many realms. "Tradition" frequently explains the lion's share of cross-national variance in empirical studies despite the fact that it is relegated to a minor position in theory. The fundamental flaw in these theories is the premise that rationality and rational behavior are *universal and uniform* rather than *culturally contingent*. Modern actors certainly believe that their own behavior follows their objective material interests and that universal laws determine what kinds of institutional arrangements are efficient. However, ideas of self-interest and efficiency vary substantially across nations, and this suggests that ideas about rationality are actually products of culture rather than of nature.

Scholars who make comparisons across broadly different types of social systems normally give cultural meaning a prominent role. Between Hindu and secular-rational social systems they find dramatically different institutionalized notions of the relationship between humans and the natural world (Weber 1958a; 1958b). Between totemic and religious settings they find dramatic differences in the meaning of action (Durkheim 1961). Between feudalism and capitalism they find substantially different forms of collective consciousness (Marx 1964). Yet analysts typically put down differences *between* rationalized institutional systems to objective material or technical differences—they develop rationalist accounts of why rationalized social systems vary. For instance, to explain differences in the institutionalized role of the state in the economy between Britain and Continental nations, Gerschenkron (1962) interpreted the legacy of absolutism—strong, activist, states (Anderson 1974)—to be a rational response to late industrialization.

The teleological assumptions of the modern worldview, which make all of human history into a prelude to the rise of reason and rationality, make this view almost inescapable. The same laws of natural selection that apply to modern institutions have governed institutional evolution for all of human history, so that every historical social arrangement that persisted must have served some function. The project of economic historians, then, is to chart this evolution and identify the functions served by each institution. Evidence that any institution that coincided with economic growth might have been *dysfunctional* is taken to be exceptional because the universe so forcefully

encourages functionality (e.g., Fogel 1964; Fishlow 1965). The neoclassical view, then, leads analysts to explain modern institutional variance in functional terms. Nations embrace different policies because they face different functional needs, as policymakers themselves contend. The approach fails principally because it is embedded in the object of study. In essence, *analysts* explain variance in modern institutions with rational myths that are indistinguishable from the myths produced by *informants*.

### The Epistemology of Instrumental Rationality

If rationality is a highly variable and contingent meaning system rather than a set of exogenous principles that drive human history, then understanding its epistemology is key to comprehending how it operates in modern policy realms. Institutionalized meaning affects all varieties of human action by signifying cause-effect relationships in the world. For Weber, human activity was either "action," for which the "individual attaches a subjective meaning to his behavior—be it overt or covert, omission or acquiescence," or "reaction" in the physiological or psychological sense (Weber 1978, p. 4). Economic determinists, with their natural-science deductive epistemology, treat decision-making and activity in rationalized domains as *reactive* rather than *meaningful*. Or at the very least, economic determinists treat the meaning involved in policy decisions as true in some absolute sense, and as Weber insisted, meaning for social scientists can never refer to "an objectively 'correct' meaning or one which is 'true' in some metaphysical sense. It is this which distinguishes the empirical sciences of action, such as sociology and history, from the dogmatic disciplines" of jurisprudence, ethics, and esthetics (Weber 1978, p. 4).

Rationalized meaning systems carry epistemological rules that differ in important ways from other meaning systems. By contrast to mystified or religious meaning systems, rational systems are organized around sets of predictable, universalistic means-ends designations from which spiritual content have been systematically exorcised. Unearthing and revising those designations becomes a central project of rationalized societies (Wuthnow 1987). Such meaning systems operate on the model of science, in that they promote the search for universal rules of social life (Douglas 1986). The institutional means used to achieve particular goals are thought to work until experience disconfirms them.

In rationalized meaning systems evidence that contradicts current dogma may bring about new causal designations without threatening the meaning system, because such systems are based more on a method for discovering reality than on particular substantive precepts about reality (Douglas 1986). While all meaning systems include principles for establishing truth, and hence for falsification (Geertz 1983), in rationalized systems knowledge is particularly susceptible to disconfirmation because actors are constantly surveying the

world for experiences that confirm or disconfirm accepted precepts (Wuthnow 1987). Evidence that disconfirms accepted truths actually bolsters the meaning system by demonstrating its objectivity and antiparochialism.

Much as each religious community held particular theological beliefs, each modern nation-state has come to hold particular rational beliefs. In explaining such differences in the realm of policy, analysts often fall into the same trap that early students of science fell into, namely that of explaining discredited ideas with "culture" and explaining proven ideas with "nature." But as Bloor would argue, a common process produces these beliefs. In economic life, these rationalized beliefs take the form of industrial cultures and the policy paradigms that reinforce them.

### Industrial Cultures

Principles of rationality look dramatically different across modern nations, and those principles permeate all sorts of formal and informal social institutions. At the national level, different realms of social life frequently contain isomorphic principles of rationality. If efficiency is created through competition and natural selection (Douglas 1986), these principle of competition may be institutionalized in diverse social domains—in education, housing, the arts, and in industry. If efficiency is created by the orchestration of social life by knowledgeable experts, expert orchestration may likewise be found across social domains. *Industrial culture* (Dyson 1983) refers to the institutionalized principles of organization found in the economy. America's industrial culture is organized around notions of the efficiency of natural selection processes in free markets. France's uses organic imagery in which the state plays the role of the nervous system, providing vital direction to the separate spheres of the economy. Britain's makes individual entrepreneurs, rather than market or technocrats, the agents of growth.

Industrial cultures are both structural and ideal, like all elements of culture. They comprise the rationalized practices found in industry and the common-sensical accounts of those practices. In most cases their causal tenets are taken for granted—they are part of what Albert Hirschman, following Polanyi, calls the "tacit dimension"—"propositions and opinions shared by a group and so obvious to it that they are never fully or systematically articulated" (1977, p. 69). As a result, adherents frequently fail to recognize the tenets of industrial cultures as beliefs. When industrial cultures face empirical or theoretical challenges, however, adherents may systematically spell out underlying propositions in order to defend industrial practices.

### Policy Paradigms

Policy paradigms consist of the institutionalized tenets of governmental action in any policy arena. The role of government is generally reducible to

a few key principles of action, in that each nation's diverse policies usually follow a common overarching logic. That role must be compatible with industrial culture, and hence it must be oriented to the same principles of causality. As Peter Hall describes policymaking, "decision-makers are often guided by an overarching set of ideas that specify how the problems facing them are to be perceived, which goals might be attained through policy and what sorts of techniques can be used to reach those goals. Ideas about each of these matters interlock to form a relatively coherent whole that might be described as a policy paradigm. Like a gestalt, it structures the very way in which policy-makers see the world and their role within it" (1992, pp. 91-92). These ideas are highly institutionalized. They may be part of an explicit economic doctrine with identifiable proponents, as in the case of Keynesianism, or they may be part of a more implicit doctrine that is nevertheless widely shared, as in the case of French industrial *concertation*.

Policy paradigms influence policy choices at the stage of legislative agenda-setting and at the stage of policy formulation. At the stage of agenda-setting, paradigms determine the kinds of social activities that will be defined as problems that demand governmental solutions. For instance, in the United States price competition is at the core of the policy paradigm—it reduces prices for consumers, spurs technological innovation, and is the driving force behind economic expansion. Because the industrial policy paradigm depicts industry practices that thwart price competition as inimical to growth, such practices appear as problems to be solved on the legislative agenda. Identical industrial practices may never receive legislative attention in countries, such as Japan and France, where the industrial culture does not identify price competition as the motor of growth.

At the stage of policy formulation, policy paradigms offer specific prescriptions for problem-solving. Once a problem, such as the impending bankruptcy of a large firm, has been identified, policy paradigms offer sets of viable solutions. The solutions that are conceived may have been used in the past, or they may simply follow general principles established in previous policies. Hence when faced with the impending bankruptcy of an important firm, South Korean policymakers may propose a capital infusion and French policymakers may propose to nationalize the firm. The United States is more likely to define bankruptcy as a problem beyond the state's purview, but if it does take action it is more likely to relax antitrust laws to permit a merger with a healthy partner. In each case, the policy paradigm renders plausible only solutions that are consonant with existing causal designations. For instance, government control of private enterprise is inefficient according to America's industrial culture, and so nationalization is almost never broached as a solution to industrial inefficiency.

## National and International Paradigms of Instrumentality

Policy paradigms exist at the international level as well as at the national level, and in many policy arenas international paradigms prevail (Strang and Meyer 1993). In macroeconomic policy, the policy regimes of developed countries have closely followed international trends since the nineteenth century. In the second quarter of this century, macroeconomic orthodoxy, which prescribed currency stabilization and budget-cutting in hard times, was replaced in developed countries with Keynesian neo-orthodoxy, which prescribed currency devaluation and countercyclical spending (Hall 1989; Gourevitch 1986). Macroeconomic dogma is constantly changing, and for the most part nations embrace new revisions.

By contrast, industrial policies have retained more of their national character over the past century. This is not to say that countries do not experience internal changes. For instance, America's early policy regime of local promotion was revolutionized at the end of the nineteenth century when the federal government imposed an anti-subsidy/antitrust regime (Hartz 1948; Dobbin 1994). However, nations' industrial policy strategies do not evolve along parallel paths. While there are certain fashions in industrial policy, such as French-style planning in the 1960s and privatization in the 1980s and 1990s, those fashions tend to have little lasting effect. Britain, for instance, embraced industrial planning several times during the 1960s and 1970s but today shows no sign of it.

The existence of distinct national policy paradigms seems an anomaly in a world where transcendental economic laws supposedly govern policy decisions. Three reasons for the persistence of national industrial strategies stand out. First, industrial policies are not easily transformed because they configure industries, which then come to depend on them. For instance, antitrust law has such widespread implications for industry structure that to suspend it would be to restructure all of American industry (Dobbin 1993; Zysman 1983). Second, policy experiments typically occur during economic crises, when states have meager resources for implementing changes and when the likelihood that a new policy will meet with success is slim (James 1989). Third, industrial policies emerged historically as part of the democratizing effort to guarantee individual economic liberties. Policies originally designed to protect economic freedoms were constructed as prescriptions for growth *post hoc*, but because they were originally envisioned as measures to protect liberty they became highly entrenched. In America, for instance, the Sherman Act of 1890 was designed to prevent "restraints of trade" that would hinder liberties (Wilson 1980). Only later did it become part of a positive prescription for economic growth. French technocratic rule of industry followed the Saint Simoneon principle of preventing powerful aristocratic firms from coming between citizen and state (Peyret 1949). Industrial policies thus came to support

liberty and growth simultaneously, and could not readily be replaced as new international prescriptions for growth emerged. Today, foreign growth strategies are frequently trotted out before Congress, only to be shot down as inimical to the democratic traditions embodied in antitrust law (Stowsky 1989).

At the outset I argued that prevailing economic, political, and institutional theories failed to explain the persistence of market-oriented policies in the United States and state orchestration in France, from the turn-of-the-century rail policies to recent computer industry policies. They also fail to explain the abrupt reversals in policy in both the United States and France during the Great Depression. By contrast, the policy paradigms approach I have advocated helps to explain both phenomena. Early rail policies helped to construct particular processes as vital to economic growth—market competition in the United States and expert coordination of industry in France (Dobbin 1994). In both settings, the policy paradigms were disproven by the Great Depression—much as scientific paradigms are disproven—and in both countries, politicians sought to effect recovery by adopting contrary policies. Thus, Roosevelt embraced state-led cartelization to turn antitrust on its head, and a series of French premiers embraced *laissez faire* to turn state *dirigisme* on its head. However, traditional policy paradigms were exonerated everywhere when macroeconomic orthodoxy and weak banking regulation were identified as the causes of the economic downturn (Dobbin 1993). By the 1960s, the antitrust and concertation paradigms had spread across American and French industries respectively, and thus when governments sought to bolster growth in the emergent computer industry they adopted these traditional means to promoting efficiency (Dobbin 1992).

## V. CONCLUSION

Differences across institutionalized meaning systems were the focus of the earliest sociological studies. Karl Marx, Max Weber, Emile Durkheim, and their contemporaries sought to explain the changes that accompanied industrialization, capitalism, and democratization. To that end, they sought to understand how and why social institutions and collective meaning systems varied. They studied the many ways religious, totemic, and mystified social systems could organize reality, and the broad differences between those systems and rationality. Their task was in part to classify assorted precapitalist meaning systems. It was in part to define modernity against these other meaning systems. Much of this work rested on the assumption that precapitalist meaning systems were myriad and messy but that rationality promised a singular, scientific, explanation of, and model for, the social world. By contrasting modernity as a single system with myriad antiquity, these authors downplayed the great

variability among rationalized social systems and reinforced the Enlightenment notion that a unified system of natural and social laws would be revealed to humanity—and the implication that social practices would converge.

Social scientists have failed to explore some of the most intriguing questions about contemporary decision-making by nation-states because they have taken for granted that the trend toward rationalization was inevitable and inexorable, and that it was driven everywhere a single set of exogenous economic laws. Today, understanding the origins of nations' rationalized economic strategies is key to understanding contemporary meaning systems more generally, because these strategies are at the heart of rationality.

Social scientists have neglected the role of rationalized culture in contemporary policymaking and their theories have been impoverished by this neglect. At a commonsense level we can predict with fair accuracy what American, South Korean, or German policy toward a new industry will look like, yet at a theoretical level we lack a good way to capture this commonsense understanding. The key to theorizing this kind of knowledge is to abandon the idea that institutions can be divided up into instrumental and symbolic components and to treat all of their aspects as fundamentally symbolic, because institutions are symbolic even when, in the last analysis, the relationships they represent are borne out. Policy paradigms are essentially cultural even when they work.

To say that the categories "economics," "politics," and "institutional structure" are social inventions is not to say that they should not be treated as causal factors in analyses of policymaking. On the contrary, actors think and behave in accordance with these categories. The problem is that existing paradigms tend to turn these categories back on modernity *uncritically* as analytic tools, and thus they devolve into a sort of realism that produces theories that are little different from rationalized accounts of policymaking.

*Economic* factors may determine the broad functional problems nations face, but they do not determine how these problems will be solved. Cross-national evidence makes this abundantly clear. First, economic universals have not prevented nations from adopting radically different solutions to the problem of promoting industry. Second, it is also clear that different solutions can function about equally well. If economic universals exist, they appear to impose few general constraints on what is efficient. This is not to suggest that all policies and economic behavior patterns are functionally equivalent, but that efficiency is highly conditioned by context and that many different kinds of systems may be equally efficient.

*Political* analysts maintain that groups struggle to win policies that materially advantage them, and that these struggles determine policy choices. Two pieces of empirical evidence suggest that this way of thinking is not particularly useful in comparative analyses. First, *perceived* "objective material interests" vary considerably across nations. Capitalists in Japan, Sweden, and Italy express



very different interests. Group interests are so significantly shaped by national context that groups do not have "objective" transnational interests in any meaningful sense. Second, competing interest groups within nations often concur on broad policy strategies. While political analysts pose existing interest groups as primordial social units that have transparent, stable, and universal material interests, sociologists contend that realms of political conflict and consensus are results of social and historical processes, and more broadly, that interest groups and their perceived interests are the *outcomes* rather than the *causes* of social structure.

New *institutional* and *statist* approaches in political science treat state organizational resources as the source of overtime policy continuity. In effect, organizational resources serve as selection mechanisms that favor the adoption of new policies that are isomorphic with old policies. I have argued that it makes more sense too conceptualize institutions as comprising both organizational resources and meaning. While the use of the term "structure" to describe social practices seems to deny the semiotic side of those practices by making them analogous to physical structures, social institutions (practices) must be actively reproduced by individuals. Only collective meaning can cause individuals to enact institutions.

Economic laws, political forces, and institutional realities are central components in contemporary commonsense explanations of policy-making. For any explanation to achieve face validity in the journalistic world, it must account for each element. However, social scientists are not journalists. Our mission is not to explain social phenomena in their own terms, but to understand the foundations upon which collective explanations are built. Economic laws, political forces, and institutional realities are products of social life, and as such they deserve our attention as outcomes, rather than as theories. To understand persisting cross-national differences in economic policymaking, we must treat policy strategies as cultural artifacts and the modern nation-state as a cultural realm that creates shared meaning, albeit rationalized meaning. Without this insight, students of policy are doomed to reiterating native explanations of social phenomena. They should be treating those explanations as objects of study rather than formalizing them as social theories.

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