APSA-CP

Newsletter of the APSA Organized Section in Comparative Politics

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Letter from the President

Farewell

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Dear Members:

When becoming President of the Section in Comparative Politics, I sought counsel from those who had organized it. Comparative Politics was rapidly changing, they emphasized, and the Section should actively explore new departures and emerging perspectives. While striving to be inclusive, its leadership should be proactive. Before departing, I wish to express my thanks to those who have provided leadership for the Section and preserved and strengthened its sense of mission – the officers and members of the Executive, Nominating and Awards Committees, the Program Chairs, and the Editors of the *Newsletter*.

Over the last year, we have broadened the mandate of the Awards Committee to include not only books but also articles, thereby giving recognition to contributions of a more technical nature. The *Newsletter* now works in concert with the Program Chair, such that debates initiated in the pages of the *Newsletter* now form the focus of theme panels in the Annual Meeting. The *Newsletter*, under the leadership of Miriam Golden, remains provocative and accessible, and is regarded by the leadership of the Association as a model of what the Sections can achieve.

What do I rue? The unhelpful intervention of *The Chronicle of Higher Education* dominates the list. Even that otherwise infuriating incident yielded benefits, however; it contributed to my education. In the future, I will be less dismissive of 'real' Presidents when they rail against the fourth estate.

And now, David Collier, over to you. Enjoy!

Bob Bates

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Letters to the Editor

MADAM – Bob Bates's comments on area studies in the *Newsletter* are needlessly harmful and a disservice to comparative politics, political science, and the humanities because they unfairly disparage the work of many of his colleagues, reflecting an inappropriately *verkrampte*, parochial perception of each of these fields. He fails to acknowledge (1) that abstract theory and genuine knowledge in the social sciences, as in any science, must be validated by empirical testing; (2) that valid theory in the field of comparative politics must be empirically testable on a multi regional basis, not just in U.S. or Western settings; (3) the extent to which science and theory in comparative politics continue to rest implicitly disproportionately upon U.S. and European experience—notably in the area of democratic transitions; (4) theoretical work in languages and the humanities and its potential contributions to theory in the social sciences; (5) that while rational choice theory has much to offer the social sciences, it has its own limitations, e.g. its tendency to reductionism; and (6) the continuing need for healthy competition among theoretical approaches as the path to the true advancement of knowledge. He is outrageously unfair in disparaging as non-rigorous the contributions of a great many of his colleagues in the comparative politics subdiscipline, political science as a whole, and in the languages and humanities to theoretical approaches other than the one he prefers. He asserts that specialists in non-Western areas resist new theoretical approaches in the social sciences. In my experience, however, those working in American or western European settings often appear to deny even the potential for contributions of research on non-Western experiences, particularly those of sub-Saharan Africa, to the advancement of theory in the social sciences.

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Correction

In the Winter 1997 [Volume 8, Issue 1] issue of the *Newsletter*, Figure I of Gary King's article should have appeared as follows:

Figure I. Given these marginal percentages from Louisiana in 1990, what are the cell entries?

	Voted	*Absent*	
Black	?	?	***26.6%***
White	?	?	***73.4%***
	68.5%	***31.5%***	

The 1997 business meeting of the Organized Section in Comparative Politics will be held on Thursday, August 28, 1997, at 5:30 pm in the Maryland C room of the Sheraton Washington. All are welcome to attend.

Section Prizes

Section prizes will be conferred during the Business Meeting. See page 2 for details.

The **Luebbert prize for best book in comparative politics** has been awarded to J. Mark Ramseyer and Frances Rosenbluth for *The Politics of Oligarchy: Institutional Choice in Imperial Japan* (Cambridge and New York: Cambridge University Press, 1995).

The Politics of Oligarchy attempts to explain the evolution of the Japanese political system between 1868 and 1932. This includes both broad patterns of institutional evolution, and two striking episodes: the rise of electoral politics in the 1910s and the collapse of democracy in the 1930s. Ramseyer and Rosenbluth argue that both broad trends and specific events can best be understood with the tools of cartel theory. The Meiji oligarchy's opening to political competition stemmed from its inability to control competition among the oligarchs themselves. Intra-oligarchical conflict also contributed to weakness in electoral institutions, and to the unusual independence the oligarchy was willing to grant the military. Both results were central to the collapse of Japanese democracy in the inter-war period.

Ramseyer and Rosenbluth's provocative case is presented cogently and defended conscientiously. They are careful to provide the logic of their theoretical argument, and to show how its empirical implications are borne out by the evidence. The book is sure to be controversial among Japan scholars, and comparativists more generally. Yet it stands as a model of clear argumentation, theoretical grounding, and empirical evaluation.

The **runners-up for the Luebbert book prize** are:

- Miriam Golden for *Heroic Defeats: The Politics of Job Loss* (New York: Cambridge University Press, 1997).
- John Huber for *Rationalizing Parliament: Legislative Institutions and Party Politics in France* (New York: Cambridge University Press, 1995).
- Stathis N. Kalyvas for *The Rise of Christian Democracy in Europe* (Ithaca: Cornell University Press, 1996).

The **Luebbert Prize for the best paper in comparative politics** goes to James D. Fearon and David D. Laitin for their article "Explaining Interethnic Cooperation" (*American Political Science Review* 90 (December 1996): 715-735).

Laitin and Fearon examine an issue of relevance to many sub-fields in comparative politics: the nature of ethnic

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Section Prizes

conflict. While interethnic tension is pervasive, they demonstrate empirically that interethnic relations are much more often characterized by cooperation than conflict. Accordingly, they focus on how ethnic cooperation is *sustained* (by decentralized mechanisms of social control rather than by state action) in the face of the inevitable misunderstandings that arise as individuals from various groups interact. In Fearon and Laitin's view, interethnic tension often stems simply from the lower density of social networks across ethnic boundaries, which makes it difficult to evaluate and trust members of another ethnic group or to punish them when they transgress conventional norms of behavior. They identify two different mechanisms by which one ethnic group might police the behavior of another's members, consider the conditions under which each might emerge, and trace out how each handles actual transgressions. Using a formal game-theoretic model, they show that the two mechanisms they identify have very different implications when they fail – one more likely to allow periodic outbreaks of ethnic conflict to spiral out of control, the other more likely to contain such outbreaks. By examining which mechanisms can effectively sustain interethnic cooperation, Fearon and Laitin further an area of research with potentially important social scientific and real-world payoffs. Theirs is a particularly effective use of formal modelling, since it both makes explicit heretofore underanalyzed relationships in the empirical record and links theoretical insights to evidence drawn from a wide range of cases.

The three **runners-up for the Luebbert Prize for best paper** are:

- Geoffrey Garrett and Peter Lange. "Internationalization, Institutions and Political Change" (*International Organization* 49:4 (Autumn, 1995): 627-55).

- Kathryn Firmin-Sellers. "The Politics of Property Rights" (*American Political Science Review* 89 (1995): 867-881).

- Lupia, Arthur, and Kaare Strom. "Coalition Termination and the Strategic Timing of Parliamentary Elections" (*American Political Science Review* 89 (1995): 648-668).

The **Sage Publications Prize** for best paper at the annual conference will be divided and awarded jointly to:

- Professor Duane Swank of Marquette University for his paper "Funding the Welfare State, Part 1," an outstanding comparative study of globalization influences on domestic tax regimes. Swank employs sophisticated techniques and brings rigor to the subject of globalization.

- Professor Isabela Mares of Harvard University for her paper: "Negotiated Risks: Employers and the Development of Unemployment Insurance," an imaginative and original contribution to comparative studies of welfare state formation. Mares' study of Bismarck Germany is a significant contribution to historical institutional analyses of the welfare state.

News & Notes

International Industrial Relations Association (IIRA) 11th World Congress in Bologna, Italy, 22-26 September 1998

SPECIAL SEMINAR SERIES on "Change and Continuities in Industrial Relations"
(Coordinator: Marino Regini, University of Milan)

General theme: *Globalization and National Differences: the role of markets and institutions in IR trends*

Rationale. The six forums around which the IIRA Congress are organized are focused on either specific issues selected for their current relevance and crucial presence in the international debate, or new key sectoral developments. While this choice has many merits, it cannot provide enough room for the more traditional themes of industrial relations, which a World Congress must be able to accomodate. In fact, these themes allow us to provide more balanced pictures of what is actually changing and new in industrial relations versus what is part of long-term trends or of cyclical re-occurrences.

This "special seminar series" will consist of four sessions. Each of them will address a major traditional theme of industrial relations systems by asking two questions. First, to what extent does recent change represent a dramatic rupture with the past or lead instead to minor modifications? Second, to what extent can such a change be captured by outlining general trends or does it instead point to different directions depending on pre-existing national institutions?

(continued on page 21)

Notes from the Annual Meetings: Culture and Rational Choice

The debate below is the second in our continuing series linking the Newsletter *and Section panels at the APSA meetings in a more explicit fashion. Tentatively scheduled on Friday, August 29, at 10:45 am, the panel "Can the Rational Choice Framework Cope with Culture?" will further explore the issues addressed in these articles.*

Joining Tables?

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In 1988, in a widely read article in the *APSR*, Harry Eckstein suggested that the "single most important item on the agenda of political science" was "determining whether 'culturalist' or 'rationalist' modes of analysis [were] likely to give better results." (*APSR* 82:3 (1988), p. 789) In the years since Eckstein made his assertion, hundreds of scholars have taken sides on the debate. We have willingly rushed for seats at what Gabriel Almond eloquently described as "separate tables" and often limited bilateral contacts to heated discussions over hiring and tenure positions. In an effort to join some tables together and to examine some of the assumptions that brought us to different positions in the first place, I took advantage of my position as head of the Comparative Politics section for the 1997 Annual Meetings to organize a Roundtable entitled , "Can the Rational Choice Framework Cope with Culture?" Summaries of two of the roundtable presentations by Robert Bates and Ian Lustick appear below, along with additional contributions solicited by Miriam Golden, the *Newsletter's* Editor. Ian Shapiro and Ronald Inglehart will join the APSA Roundtable in August in what promises to be a lively debate.

Rational Choice and Political Culture

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When Weiner and Huntington reviewed the field of political development, they noted the renaissance of religious and ethnic politics and viewed it as signaling the inadequacy of rational choice approaches to politics.[1] Cultural conflict suggests a lack of regard for calculating decisions, they argued, and recent history has provided ample reason to agree. In the former Yugoslavia, people have incurred massive costs for doubtful gains. In committing acts of martyrdom, individuals sacrifice their own lives for 'greater' causes. Wherever the politics of community arises, hot-blooded emotion displaces reasoned discourse The more prominent this kind of politics, the stronger the credibility of Weiner and Huntington's position.

The arguments advanced by Weiner and Huntington resonate with earlier intellectual traditions. On the one hand, they echo the discord that accompanied political collapse of the age of reason. Weiner and Huntington play Edmund Burke to, say, Peter Evan's Thomas Paine. On the other hand, their arguments echo the legacy bequeathed by the defeat of Weimar. The behavioral sciences were forged, after all, to explain the rout of reason in Germany. The research accumulated by the behavioral movement demonstrated the power of the need for social acceptance. It demonstrated the impact of social anchoring on human judgments. It emphasized the role of emotion and psychological forces. The tradition thus attacked the premise of radical individualism and discounted the significance of reason.

As the study of political culture arose within the behavioral tradition, it shared many the latter's orientation toward the study of politics. It too affirmed the primacy of the social and viewed the roots of human conduct as lying as much in emotions and identities as in the faculty of reason.

In recent years, postmodernist forms of theorizing have joined in studying the politics of culture and in doubting the possibility of its rational apprehension. While discordant in their ranks, postmodernists too challenge the premise of rationality, viewing it as a conjunctural product of a particular place and time; they too emphasize the role of community and the political power of symbols, rhetoric and the mass media. When addressing the politics of identity, they, like the 'old style' theorists of culture, reflexively discount the significance of rationality in choice.

Rational choice theory and the study of political culture thus appear to occupy "separate tables" in the study of politics.[2] But in the study of politics, as shown in this *Newsletter*, increasing numbers seek

to span the divide.

Ironically, perhaps, many who seek to extend game theoretic tools to the study of culture have been inspired by the arguments of post-modernists. Few are as sensitive as they to the relationship between culture and power or as aware of the manner in which 'universal' values have been appropriated for private purposes. Emotional, communal politics is also guileful, they contend. Joining anthropologists and social historians, contemporary scholars explore the creation of tradition[3] and the construction of community.[4] The politicization of identity, they recognize, is a strategy that can be chosen or, perhaps with greater difficulty, abandoned.

References

[1] Myron Weiner and Samuel P. Huntington, *Understanding Political Development* (Boston: Little, Brown, and Co., 1987).

[2] Gabriel Almond, *A Discipline Divided* (Newbury Park, CA: Sage, 1990).

[3] Eric Hobsbawn and Terence Ranger, eds. *The Invention of Tradition* (Cambridge: Cambridge University Press, 1993).

[4] Elizabeth Colson, *Tradition and Contract* (Chicago: Aldine, 1974).

Symbol *and* Strategy in Comparative Political Analysis[1]

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Introduction

Culture and politics are related in important, pervasive, intimate ways that, while intuitively obvious, resist systematic analysis. That said, the subject of this symposium may well strike many political scientists as quite improbable. What can rational choice theorists conceivably say about the relations between culture and politics? This judgement reflects a theoretical impasse in which advocates and critics of rational choice theory defend mutually reinforcing but largely mistaken positions. I first sketch this impasse and then propose one way beyond it.

Rational choice theorists typically adopt one of three attitudes toward the role of cultural factors in political explanations. Many are dismissive. George Tsebelis, for example, identifies "culture" as among the very many factors that simply "do not enter directly into any rational choice explanation." Others adopt a reductionist posture. Robert Bates, for instance, speculates that "contemporary game theory" affords the apparatus necessary "to provide formal structure for kinds of symbolic displays" that occupy the intersection of politics and culture. On this view cultural factors can be reduced to signals in games of incomplete information. Finally, some are accommodationist. For example, while he suggests that rational choice theory and cultural analysis are "complementary," John Ferejohn argues they are engaged in dissimilar endeavors, and so, can be pursued along parallel, largely independent tacks. On his view the two sorts of analysis *may*, but need not, inform one another. In what follows I argue that each of these positions is misguided. I show that cultural considerations enter directly, if usually tacitly, into game theoretic models of strategic interaction. I suggest that such considerations currently are not reducible to the formal apparatus that game theorists have developed. I conclude that comparative analysis necessarily must attend to both symbolic and strategic factors.

Critics of rational choice theory range from the more or less dyspeptic (Chalmers Johnson, Harry Eckstein) to the reasonably measured (Gabriel Almond, Ronald Inglehart). Such critics, however different their tone, agree on one point: rational choice theory contributes little or nothing to analyses of the relation between culture and politics. Some claim that rational choice theories (for some typically mysterious reason) *cannot* contribute anything to such analyses. Others complain by turns that rational choice theories "ignore cultural factors" and that they treat such factors "as constant." These criticisms seem warranted precisely to the extent that rational choice theorists invite them in ways that I just mentioned. Nevertheless these criticisms are either wrong or insufficiently nuanced. They surely warrant nothing like the wholesale repudiation of rational choice theory that the critics propose.

Although rational choice theorists might like to circumscribe or even eliminate cultural considerations in political analysis they cannot, and presently do not, do so. Critics of rational choice theory may think this claim vindicates their views. Yet I actually offer them little support. For even if we concede that rational choice theories *currently* do not offer much explicit aid in analyzing the interaction of culture and politics, critics of rational choice have not done much better. David Laitin noted a decade ago (in a view endorsed by anthropologist David Kertzer) that "the systematic study of culture and politics is moribund." The situation (recent revivals of Durkheim and Parsons, or enthusiasms for 'social capital' notwithstanding) has not changed markedly. Despite both their own misconceptions and the skepticism of their critics, rational choice theorists offer theoretical ingredients – namely a well-developed theory of strategic interaction – crucial to any remedy to this predicament.

A Theoretical Problem

At this point political scientists must resist their initial impulse – which is to treat everything as an empirical problem. The difficulties that plague efforts to analyze the nexus of culture and politics are, at bottom, theoretical ones. This point is not new. Nor is it simply the carping of an impertinent political theorist. A quarter century ago anthropologist Clifford Geertz offered a remark that still resonates as both description and diagnosis.

"Culture . . . is . . . the structures of meaning through which men give shape to their experience; and politics is . . . one of the principle arenas in which such structures publicly unfold. The two be-

ing thus reframed, determining the connection between them becomes a practicable enterprise, though hardly a modest one.

"The reason the enterprise is immodest, or anyway especially venturesome, is that *there is almost no theoretical apparatus with which to conduct it*; the whole field . . . is wedded to an ethic of imprecision. Most attempts to find general cultural conceptions displayed in particular social contexts are content to be merely evocative . . . Explicit argument is rare because *there are, as much by design as neglect, hardly any terms in which to cast it,* and one is left with a series of anecdotes connected by insinuation, and with a feeling that though much has been touched little has been grasped."

As description Geertz captures the intimate relation of culture and politics. As diagnosis he rightly insists that what we lack are the proper theoretical tools with which to analyze that relation.

Geertz provided one crucial component of the "theoretical apparatus" that we need to analyze the relation of culture and politics in a systematic way. He elaborated a revisionist conception of culture as consisting in publicly shared symbols and the cultural practices (i.e., tradition, ritual, and so on) that social and political actors wield in their ongoing efforts to impose conceptual order on otherwise indeterminate experience. Political scientists, by and large, ignored this conceptual advance. This partly was due to Geertz's notorious pronouncements on interpretive method. His claims on that score have been misconstrued and exaggerated and are, in any case, only contingently related to his conception of culture. Nothing in my argument here rides on received assessments of Geertz's methodological views. The major reason that political scientists ignored Geertz's theoretical views, however, is that they became infatuated with survey methods and conveniently defined 'political culture' in ways that purportedly make it susceptible to analysis through survey research. Ironically, just at the point that anthropologists reconceptualized culture in ways that rendered it public and observable, political scientists defined 'political culture' in subjective, psychological terms that rendered it unobservable. All of that is, for present purposes, largely beside the point, so I leave it to one side.

Geertz's conceptual revision involved "cutting the culture concept down to size." Instead of focusing on cultures writ large, we should, on his account, focus on symbols and the varieties of symbolic practices through which social and political agents deploy them. The problem, as his critics point out, is that neither Geertz nor his intellectual progeny ever developed much in the way of a theory of what he calls "symbolic action." I argue that an adequate conception of symbolic action has a prominent and unavoidable strategic dimension. Indeed, instead of worrying about culture and politics we should, I suspect, focus on the inescapable intersection of symbol and strategy in politics. I first show how models of strategic interaction tacitly trade upon symbolic considerations. I then argue that symbols have an unavoidable strategic component. In this way I both identify the limits of current analyses of strategic interaction and indicate how the domain of symbolic interaction invites an extension of strategic analysis.

Symbolic Action Among the Rational Choice Theorists

Samuel Popkin supplies an unlikely example here. Many treat his book *The Rational Peasant* as an exemplary empirical study by a rational choice theorist. Early on in the book Popkin proclaims that he will treat cultural considerations as "givens" in order to advance an exclusively rational choice analysis of peasant politics. Toward the end of the book, however, Popkin reflects briefly on the decisive role leaders played in facilitating collective action among Vietnamese peasants. He suggests that the success or failure of these leaders depended crucially on their competence and credibility. But, somewhat surprisingly, Popkin insists that those leaders established credibility on "cultural bases." He attributes the variable success of religious and political leaders over time to their differential ability "to utilize cultural themes" to orchestrate "terms and symbols" that resonate with their potential constituents. In short, on Popkin's account, political leaders create and sustain credibility through symbolic action. They seek to coordinate and mobilize relevant constituencies by more or less skillfully deploying symbolic forms that have force over them. Here, Tsebelis notwithstanding, symbolic action emerges uncomfortably but centrally in a purportedly austere rational choice explanation.

Symbolic action also emerges centrally, if still implicitly, much closer to the 'core' of the rational choice research tradition. Specifically, non-cooperative game theory tacitly incorporates 'symbolic action' at at least two junctures. First, and most obviously, there is the unresolved problem of indeterminacy in those very common instances where a game generates multiple equilibria. Thomas Schelling long ago suggested that this problem requires that game theorists attend to two seemingly irrelevant issues. The first is what game theorists consider "incidental detail" such as symbols and traditions. The second is the way that such incidental detail provides actors with a resource upon which to rely as they make "strategic moves" aimed at defining or redefining the context of their interactions. Despite misgivings about the elusiveness of these observations, game theorists have yet to improve upon the suggestion that social and political actors engage in *symbolic* action – that they exploit what Schelling calls the "symbolic contents of the game" – in their efforts to resolve the pervasive equilibrium selection problems that game theoretic models highlight. Conversely, this symbolic action has an inescapable strategic dimension because, insofar as such coordination problems typically are asymmetrical, success at endowing one or another option with salience will have distributive consequences.

Second, and less obviously, game theorists tacitly incorporate symbolic action into their standard technique for trans-

forming games of incomplete information into equivalent, technically more tractable, games of complete but imperfect information. This procedure is complex. For analytical purposes it reduces all forms of uncertainty to mutual uncertainty about the payoff functions characteristic of players in the game. Players then construct conditional probabilities over the 'types' of player that they might encounter based on common knowledge of an initial objective distribution over possible types. Game theorists regularly attribute this initial distribution to 'nature.' Geertz, by contrast, notes that "the everyday world in which members of any community move, their taken for granted field of social action, is populated not by anybodies, faceless men without qualities, but by somebodies, concrete classes of determinant persons positively characterized and appropriately labeled. And the symbol systems which define these classes are not given in the nature of things — they are historically constructed, socially maintained and individually applied." As anthropologists recognize but game theorists typically do not, it is not 'nature' but social and political agents engaged in symbolic action who construct the range of possible 'types' in any population. Here we see that symbolic considerations are analytically prior to, and indeed are a precondition for, the sort of signalling processes that Bates analyzes.

For the actors who populate stark game theoretic models, then, both the range of strategic options they confront and the range of identities available to relevant players are constituted and constrained symbolically. Absent some such symbolic constraint the strategic interactions that game theorists seek to capture in their models remain highly indeterminate. Yet because symbols constrain indeterminacy in partial, contested ways, because, that is, they render some ranges of options and identities available at the expense of others, political actors have a powerful incentive to contest them for strategic advantage. This, as I will now argue, is not a contingent feature of symbolically constituted options and identities.

Symbolic Force

Culture, according to Geertz, affords social and political actors with a sort of "symbolic strategy for encompassing situations," for imposing conceptual order on otherwise indeterminate processes of interaction. A symbol, in turn, is "any object, act, event, quality, or relation which serves as a vehicle for a conception – the conception being the symbol's 'meaning.'" To see how symbols work we must, as anthropologist Sherry Ortner rightly notes, identify a "comprehensible mechanism" that can account for the ways that they influence social and political interaction. This mechanism, on Ortner's account, must allow for "a kind of elastic distance" between symbols and relevant populations in the sense that it enables us to see how symbolic forms affect social and political interaction without programming it.

Geertz differentiates for analytical purposes between the "scope" of symbolic forms and their "force." The *scope* of a symbol or a cultural practice consists in "the range of social contexts" to which relevant actors consider it to have "more or less direct relevance." Its *force* refers to its "centrality or marginality" in the lives of relevant actors, to the "psychological grip" it exercises over them. The efficacy of a set of symbolic forms clearly depends on the scope that actors attribute to it. Yet force takes analytical priority over scope. Claims about the scope of particular symbols or practices presuppose that they have force. If symbols lacked such force they would not be relevant to *any* social context.

The force of symbolic forms is at bottom cognitive or conceptual. Symbolic forms, deployed in cultural practices of various sorts, structure the ways that actors understand social and political life. They provide actors with, in Geertz's words, "extrinsic sources of information" not in the sense that they convey detailed messages, but in a broader sense of imparting a view of how the world actually is and how it operates - the sorts of entities it contains, how those entities can be expected to behave, and so on. Symbolic forms establish the focal categories of social and political interaction and, thereby, establish parameters on belief formation. They do not (contrary to the views of political scientists from Almond and Verba through Wildavsky) directly determine beliefs or values. Instead, symbolic forms help delineate the range of things over which actors might have beliefs (or, for that matter, which they can invest with emotion or value). In this way they constitute the realm of social and political possibility for relevant actors in at least two analytically separable if empirically related ways.

In the first place, symbolic forms operate indicatively to focus the attention of actors, directing it toward certain ranges of alternatives and away from others. They allow relevant actors to impose order, relation, and predictability in the face of indeterminacy. They *foreclose* possibilities. This process is not naive. Symbolic force discriminates. By calling attention to certain identities and options, thereby defining them as viable or feasible, it forecloses others. It constitutes social and political interactions on particular, partial terms. If symbolic forms operated only indicatively they would have an unvaryingly constraining, conservative impact on social and political interaction. But symbols also operate subjunctively to *disclose* possibilities often not immediately discernable in mundane existence. They thus open options and identities that might go otherwise unconsidered. Orchestrated in more or less complex cultural practices such as ritual, for example, symbolic forms give palpable existence to as yet unrealized possibility. They nourish the imagination of social and political actors. Thus, this process is not naive either. By imaginatively disclosing and exploring possibilities actors can, within limits, redefine their options and identities.

Symbolic forms, then, exert force over social and political actors by commanding their attention and capturing their imagination. They govern the mental capacities with which actors delimit the

possibilities embodied in their extant situation and envision those that lie beyond it. Two points are important here. First, because symbolic force does not directly instill beliefs, values, attitudes, orientations or whatever, it incorporates precisely the sort of distance that Ortner demands. Second, anthropologists regularly complain that if social and political actors hope to use them for strategic purposes, symbols must have independent force. They typically neglect to notice that just insofar as symbols do have force and just insofar as that force discriminates in the ways that I suggest, they offer a nearly irresistible strategic resource. Here we see why accommodationist approaches are unsatisfactory - symbol and strategy are mutually implicated in our explanatory accounts. And while existing game theoretic analyses do not fully capture symbolic considerations, they, potentially at least, do offer a systematic way of thinking about the strategic dimensions of symbolic action.

Conclusion

Consider two hopefully familiar examples. First, the peasants in the Malaysian village where James Scott did fieldwork engaged in "a struggle over the appropriation of symbols . . . over how the past and present should be understood and labeled." They transformed two villagers, Razak and Haji Broom, into "symbols," "social banners" that they deploy in an ongoing contest over the definition of just and decent social relations. Razak and Haji Broom (poor and rich respectively) each in his own way upsets prevailing expectations and therefore embodies notions of behavior that is unacceptable because it transgress the "symbolic order" of the village. Each is a central character in the cultural practices, the cycles of gossip, rumors, and tales that, "suitably embroidered, elaborated and retold," are the media through which more and less prosperous villagers continually seek to define or redefine the bounds of that symbolic order to their relative advantage.

Second, according to Popkin, the political entrepreneurs who sought to coordinate the collective activities of the Vietnamese peasantry encountered the daunting prior problem of projecting comprehensible, credible "visions of the future." This required that they recast a world populated by "rational peasants" into one in which other "types," specifically credible, committed entrepreneurs, were genuinely possible. And it required them to articulate this possibility in "terms and symbols" that had force for relevant constituencies. Popkin argues that Communist organizers did not enjoy success comparable to that of religious leaders until they learned to articulate their vision of the future in indigenous cultural idioms. Prior to that point the "peasants *did not understand* why organizers were offering to help them and were reluctant to join with them for even small local projects." Their world was symbolically constituted in such a way that it could not accommodate the entrepreneurial "type" as a genuine possibility.

Scott's peasants and Popkin's competing organizers, like many social and political actors, are parties to what Geertz calls the "struggle for the real." Those engaged in this struggle seek, with differential proficiency and success, to exploit symbolic force in the hope of defining the context of their ongoing interactions. Their objective is to establish as authoritative a particular and partial conception of the world and the possibilities it contains. This struggle is not a contingent aspect of culture. Cultures afford relevant actors both ample opportunity and strong incentives to engage in symbolic contests. First, because symbols can accommodate multiple meanings they obviously invite discordant interpretations. Second, "cultures" are not seamless. They inevitably contain interstices that provide openings for strategic improvisation. Finally, although the force of symbolic forms does not directly instill individual values, beliefs or preferences it does circumscribe the range of possibilities over which actors might express preferences, values or beliefs. Moreover, it does so in a discriminatory manner. Symbolic force sustains particular conceptions of political possibility at the expense of others and so constitutes a potent strategic resource.

My argument here is obviously incomplete and preliminary. It nevertheless has several virtues. It outlines a way to analyze the relation of culture and politics that allows, indeed requires, that we attend to *both* symbolic and strategic considerations. It identifies a "comprehensible mechanism" that can generate explanations of observable events. It grounds "cultural" accounts of politics in a systematic theory of action. It allows us to see conflict and change (and their bases) as central to "cultural" explanation. It provides a theoretical rationale for generalizing beyond particular cases. (All of these things are notorious shortcomings of survey based studies of "political culture.")

These virtues are all theoretical. They may not appeal either to resolute defenders or devoted critics of rational choice theory. Yet by indicating how we both can and must extend existing rational choice models in profitable ways, my argument challenges defenders and critics alike to reconsider rather than simply reiterate their views.

[1] Due to considerations of format and length I provide no citations or notes to substantiate the claims that I make in this essay. I gladly will supply relevant references to any reader upon request.

Game Theory and Culture

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There is an elective affinity between "culture" and "game theory." The study of the former through the techniques of the latter should do far better than the godforsaken marriages in Goethe's satiric novel *Elective Affinities.*

Culture has two faces. Its first face reveals the "points of concern" (for example, individual versus group interests

in American society) that people who share a culture understand as the core questions that are worth debating. It is through debates on these points of concern that people form preferences and beliefs about their world. Culture's second face reveals the symbolic resources inherent in culture (language, religion, rituals) that are available to political entrepreneurs who can exploit those symbols in order to enhance group cohesion and power. To those who gaze at culture's first face culture looks "primordial;" to those who gaze at culture's second face culture looks "instrumental." Theories that appreciate only one face, but ignore the other, will fail to account for culture's richness and its ambiguities.[1]

Because of culture's symbolic content and its Janus-faced ambiguities, anthropologists such as Geertz have insisted that culture must be "interpreted" rather than put into some kind of mechanical causal framework.[2] I agree with this admonition, and wish to argue – giving James Johnson's insight a new spin[3] – that game theory is a powerful interpretive tool well-positioned to reconcile culture's two faces. To support this rather unconventional view, I shall here take three separate lines of attack.

Stability and Change

Consider the situation of a culturally distinct population that faces assimilatory pressures as the region in which its people live gets progressively incorporated into a nationalizing state, whose dominant cultural group is distinct from the culture of the regional population. From the point of view of the cultural virtuosi in the region (Gellner calls it "Ruritania") it would be criminal for their members to assimilate into the culture of the state (Gellner's "Megalomania").[4] Yet from the point of view of a Ruritanian peasant, migration to a great Megalomanian city, getting a working class job there, matriculating his child into a Megalomanian school, and watching his grandchildren become Megalomanians is a bright prospect. If a critical mass of peasants is similarly induced, Ruritanian culture could practically disappear. In this case, cultural shift based on economic and status incentives looks simple. Yet, if a Ruritanian cultural movement were able to organize politically, raise the costs of migration, and provide government jobs to speakers of Ruritanian, mass assimilation of Ruritanians into Megalomanian culture would seem impossible, like bridging a Huntingtonian civilizational divide.

These scenarios of linguistic and cultural assimilation can be modeled as a Schelling "tipping game."[5] In it, there are two equilibria: nearly all Ruritanians becoming Megalomanians, and virtually no Ruritanians becoming Megalomanians. The beauty of the tipping model is that it can account for both the instrumental or constructed nature (to those who study it and those who wish to change it) and the primordiality or naturalness (to those who live it) of cultural identities. The tipping game, by showing both the sources of stability (after all, that is what an equilibrium points to) and of change (the micro-incentives of individuals to seek assimilation), gets us beyond the unproductive instrumental and primordial divide.

Beliefs

An important aspect of culture's first face is that people who share a culture have a tacit understanding of what fellow members of their cultural community would do in new situations, and they would thus find it easy to coordinate with members of their own culture even without specifying precisely the operant norms. When we are invited to celebrate occasions for the first time (maybe an anniversary of a divorce), we are often surprised at how well we coordinate our dress with other invitees. Each of us was trying to assess what each other would wear; that entails assessing what each of the others thought we would be wearing; that entails assessing what each of the others thought that we thought they would be wearing; and so forth. Because our beliefs are largely correct about each others' beliefs within a cultural community, this type of coordination is possible.

Game theorists, whether they analyze "focal points" (Schelling) ,"beliefs about off the equilibrium path behavior" (Greif), or the creation of "common knowledge" (Chwe) are intensely interested in knowing how these beliefs get formed and how they are sustained. It is no surprise, then, that a few pioneering game theorists have gone to the literature in anthropology – with field methods uniquely able to discern people's beliefs about their neighbor's beliefs – in order to examine the dynamics of beliefs and how they impact upon equilibrium selection.[6]

The promise of this approach is that it provides a new realm for the isolation of culture. If by definition "off the equilibrium path" situations never (or rarely) occur, beliefs about what others will do in such situations can never (or hardly ever) be updated. Therefore, cultural beliefs about off the equilibrium path behavior – although they may drive equilibrium selection – can be derived from symbolic imagining, or perhaps from bizarre events ("man bites dog") that occur within a society and become part of cultural memory, but they cannot be derived from empirical generalization. Such beliefs, because of their imagined or memorialized source, help outline culture's first face. Since ethnographic description is a powerful way to get at these beliefs, this point powerfully illustrates the affinity between game theory and anthropological interpretation.

Mechanisms

My third line of attack is that the macro study of culture has largely run its course. It will not likely make new advances until a new generation works out the micro-mechanisms that underlie the macro patterns. The real divide in the discipline, therefore, is not "area studies" vs. "social science"[7] – as the best area studies scholars were always engaged in macro theory – but rather between identifying causal patterns among variables (the macro approach) and specifying the underlying mechanisms that drive behavior.[8]

The study of political culture, going back for a century to Weber, has been dominated by macro theorizing. Research has sought to identify the broad

historical and ideological forces that influenced individuals living within a society. Whether the independent variable is "the Protestant ethic" or "American liberalism," the methodological challenge has been to trace the causal impact of a cultural variable on social, political or economic behavior. In his recent diatribe against rational choice, Chalmers Johnson has identified a generation of classic works in comparative politics that find patterns between macro historical variables and political, social and economic outcomes.[9]

While the macro tradition has had a glorious era in comparative politics, it has been egregiously weak in working out the micro mechanisms that translate values on the independent variable to their corresponding values on the dependent variable. It is in the specifying of these mechanisms that game theory has a comparative advantage. We all know the power of sacred symbols to mobilize populations for enormous acts of courage (for example, the Shi'ite symbology used by the Ayatollah Khomeini); yet we are dimly aware of such symbols flying like lead balloons (images of the Great Motherland War used to hold together the Soviet Union in 1991). Macro theory can tell us how powerful those symbols can be; a new generation of micro theorists, relying on signalling theory, seek to specify the conditions when sacred symbols can successfully coordinate behavior.[10] If our goal is to specify mechanisms, the model of causal inference may have to give way to a new model of thick description – far closer to anthropology than to demography.

Conclusion

Game theory holds promise for the future study of culture. Its models allow us to get beyond the primordial/instrumental divide of culture's two faces. It has an elective affinity with anthropological interpretation, in that both are hungry for information on beliefs, and beliefs about others' beliefs. And it promises to complement a generation of macro theory with a focus on micro mechanisms

Footnotes

1. This is the principal argument of my *Hegemony and Culture* (Chicago: University of Chicago Press, 1977). A gloss of that argument is available in my "Political Culture and Political Preferences" (*American Political Science Review* 82:2 (June, 1988), pp. 589-93).
2. See "Thick Description" in *Interpretation of Cultures* (New York: Basic Books, 1973).
3. "Rational Choice as a Reconstructive Theory," in K. Monroe, ed., *The Economic Approach to Politics* (New York: Harper Collins, 1991), pp. 113-42.
4. Ernest Gellner, *Nations and Nationalism* (Ithaca: Cornell University Press, 1983).
5. Thomas Schelling, *Micromotives and Macrobehavior* (New York: Norton, 1978). This argument is developed in my *Identity in Formation* (Ithaca: Cornell University Press, 1998).
6. Thomas Schelling, *Strategy of Conflict* (Cambridge: Harvard University Press, 1960). Avner Greif, "Cultural Beliefs and the Organization of Society" (*Journal of Political Economy* 102:5 (October, 1994)). Michael Chwe, "Culture, Circles, and Commercials: Publicity, Common Knowledge, and Collective Action" (*Rationality and Society*, forthcoming).
7. This is the way Robert Bates sets the terms of debate in "Area Studies and The Discipline" (*PS* 30:2 (June 1997)).
8. The best statement of causes and mechanisms in Jon Elster, *Alchemies of the Mind* (forthcoming).
9. "Perception vs. Observation" (*PS* 30:2 (June 1997), pp. 170-74).
10. This is one goal in Robert Bates and Barry Weingast, "Rationality and Interpretation: The Politics of Transition" (paper presented at the 1995 American Political Science Association Annual Meetings, San Francisco).

Culture and the Wager of Rational Choice

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Concepts, hypotheses, theories, paradigms...what are these? Most fundamentally they are tools available for doing what scientists, including social scientists, do, namely learning about the world. Because they are good for some things and not for others, tools are tools and not magical devices. They may well have uses beyond the purposes for which they were designed, but they will always be better for some things than for others. For many, if not most, tasks they will actually get in the way. Try using a saw to hammer a nail.

This is all very well and leads easily into homilies on the need to match the conceptual and theoretical tools one employs to the problems one wishes to solve. One problem, however, is that at the level of paradigms science operates by endowing one tool with an appearance to those who use it that it is not, in fact, a tool, but the template of reality itself. This is what happens when a research program, with a fecund positive heuristic, achieves hegemonic status within a scholarly or scientific community – a community in which some participants may lose all consciousness of the program's negative heuristic.

For what may be termed "hard core" rational choice theorists, that is for those who experience rational choice theory as "theory" rather than as a form of theory, the question of what rational choice can contribute to the study of culture takes on a special aspect. Either rational choice can contribute to the study of culture or it cannot. If it can, then it is capable of uncovering everything we, as political scientists at any rate, would wish to know about the subject. If it cannot, then whatever "culture" might be, it would not, for these hard core rational choicers, be relevant to the world of politics.

But we may leave this approach aside.

Adopting the view that no particular research program is hegemonic, or should be, at this stage of the discipline's development, we may turn to the homiletic mode and ask about the comparative advantages of the tools provided by rational choice practioners for the study of political behavior associated with "culture."

This requires a definition of culture. Only by defining "culture" can we proceed to ask what about the character of rational choice theory would make this tool useful or not for studying culture in relation to politics. I define culture as the array of symbols, shared expectations, and interactive patterns that limit and stabilize the boundaries of variation observable within groups as individuals within those groups perform life functions. With this conception in mind there are three aspects of rational choice theory that suggest its disutility for the study of culture.

First, because of the focus on choice, the approach discourages attention to algorithmic processes – sets or sequences of behaviors performed without those so engaged making any decisions or choices. To be sure, rational choice might consider such processes as routines or recipes chosen at some previous point over either non-routinized behavior or other routines and recipes. The claim of culture, however, is that however the routines and recipes arose, they can operate over time, across generations, and across individuals, without any conscious relationship (and perhaps without any interesting relationship at all) to rationales that could putatively have been involved in some discrete and original choice.

Second, because of its focus on the formalization of rationality, or even the formalization of bounded rationality, the rational choice approach has very little if anything to do with claims about the actual cognitive processes experienced by, reported, and/or observed in human beings when they make choices, or about the actual discursive and deliberative practices observable within organizations engaged in choice behavior. Accordingly, rational choice scholars are often drawn to models of individual behavior that are not only very wrong, but known to be very wrong, as depictions of what political subjects actually do, think, and feel.

For example, the well-known Ferejohn and Fiorina model of voting is based on never-observed individual calculations about minimization of maximum regret. Defending their argument, the authors reaffirmed their commitment to "joust with our critics about the descriptive accuracy of various decision-theoretic models" and conclude that "the available data provide no empirical basis for rejecting the minimax regret model *as a descriptive model of the turnout decision*." But the data they treat as "available" are patterns of correlations among survey respondent estimates of how close a coming election is likely to be, how prospective voters perceive the importance of issues in the election, and turnout. An elaborate array of inferences and imputations then connect these correlations to claims about the motivation of individuals. But the real disinterest of the authors in the descriptive accuracy of their rationality model at the individual level (compared to their real interest in the explanation of patterns in aggregate data) is apparent from the fact that no evidence to test the argument is sought or given from cognitive psychology, survey research about subjectively experienced rationales for voting, discussions with informants, or reporting of the authors' own experience of voting.

The analytic wager represented by this and most formal theories of rationality is that despite their inability to illuminate behavior at the individual level, analysts using such theories can account for aggregate behavior by *pretending* their models have versimilitude at the individual level and by relying on market mechanisms and the laws of large numbers to produce distributions of outcomes conforming to predictions. By contrast, cultural explanations are intrinsically attempts to connect group-level social and political phenomena to motivational and psychological mechanisms which produce individual behavior. Therefore only if a cultural or psychological analysis yielded evidence that, in a particular setting formalist-rational calculations were driving actual choices by individuals, would rational choice theory be positioned to make substantive contributions to the 'content' of that culture.

Finally, it can be noted that no matter how rational choice theorists imagine the aggregate outcomes which are their dependent variables (whether as a uniform, optimizing behavior throughout the population or as a normal distribution of variation surrounding the optimal strategy), the approach directs little or no attention to the character of the variation within the aggregate and to the possible significance of the 'non-dominant' strategies which comprise that variation. This is a severe hindrance for any study of culture and cultural change based on processes of interaction, selection, and evolution within a cultural repertoire, that is among similar but not identical codes, symbols, or routines. This is not to say that formal, deductivist theorizing about cultural change is impossible, only that formal approaches of the rational choice variety are likely to be severely handicapped when used for this purpose. For example, formal theory and computer simulations show great promise for the analysis of processes of cultural change.

These techniques, however, reflect a 'bottom-up' evolutionary approach (as in the work of Robert Axelrod, and Joshua M. Epstein and Robert Axtell), in which cultural traits are emergent properties of complex adaptive systems. They stand in sharp contrast to rational choice's 'top-down' approach, focused on intended consequences of deliberate, 'rational' decisions or retrospective identifications of optimal strategies.

These three characteristics of rational choice theory limit its usefulness for the study of culture. There are a variety of ways, however, in which the specific tools of rational choice can help pose and answer important questions about politics and culture. Consider the designer of an institution who understands that in addition to competition within the insti-

tution, actors will also be involved in coordination games. The task of the institutional architect is to identify norms (constituent elements in the 'culture' of the institution) that can be fashioned and promoted to encourage strategies leading to relatively efficient outcomes in these games. Rational choice theory is a useful way to anticipate these games, probe their dynamics, contribute to the specification of norms that would lead to relatively efficient solutions, and account for the consequences of failures to solve coordination problems via appropriate codes and standards.

Within a broadly functionalist perspective, rational choice theory can also help explain traits, dispositions, and norms as responses of a population that have been "selected" via market mechanisms, dynamic patterns of increasing returns to scale, or other evolutionary processes, as effective survival strategies within a particular mix of environmental constraints and opportunities (i.e. within a particular incentive structure). As noted above, the key here is to understand the role of rational choice as a non-descriptive heuristic strategy for seeing patterns in cultural variation – patterns identifiable as such only if emergent properties reflecting the interaction of countless small decisions by individuals are imputed to have been drawn from sets of available 'strategies' for non-existent 'rational' entities at higher levels of abstraction, e.g. nation, tribe, gender, or Mother Nature. Thus changing standards for sexual behavior in postwar America, for example, including changing norms regarding divorce, can be seen as rational responses to the changing role of women in the economy, even though no 'choice' was ever made to change these standards and norms *qua* attributes of American culture. That is, no one imagines the operation of a 'gender high command' charged with deciding how to refashion gender roles in the new socioeconomic context. From this same heuristic perspective, rational choice theory can also be used to highlight the effects of culture by identifying gaps between observed outcomes, or the pace of change in culture, and that which might be predicted as rational from an economistic or otherwise narrowly conceived formula of self-interest.

When rational choice theorists do claim ecological validity for their models they specify lists of conditions under which it can be expected that the calculations imputed to individuals are actually made and are actually determinative of behavior. One list is provided by Stanley Kelly: "uncomplicated goals for agents, widely available knowledge about ways and means to achieve these goals, choices that continually repeat themselves, agents who care a great deal about their goals, and situations that reward (appreciably) choices of efficient means and punish (severely) choices of inefficient ones." For the most part students of culture will seldom find all or even most of these conditions fulfilled, especially in view of the habitualized nature of culturally conforming practices. But many of these conditions are fulfilled when considering the choices which entrepeneurs of culture make as they devise gambits and full-fledged strategies in the kind of war of position that is also referred to as 'Kulturkampf.' David Laitin's game theoretic work on the language politics strategies available to state-builders and those who would resist their efforts is an excellent example of how rational choice techniques can be used, in this particular kind of domain, to model and explain the actual behaviors and strategic commitments of political agents using cultural resources for political purposes.

In an earlier issue of this *Newsletter,* I indeed argued that rational choice theorists themselves were involved in such a war of position over the culture of political science as a discipline. I identified specific discursive practices as elements in an ambitious strategy to make rational choice hegemonically institutionalized as 'political science' and rational choice theory naturalized as 'theory.' In this way I suggested, and here again suggest, that rational choice makes yet another contribution to the study of culture by presenting itself, and its career, as an instance of how politics problematically produces and is reproduced by culture. Indeed applying rational choice to the explanation of its own culture highlights its particular capabilities, even as the exercise illuminates rational choice's comparative disadvantages measured against other available theories.

Rational choice thus does have much to offer the study of culture, once it is understood that what it has to offer focuses attention on very specific parts of the cultural 'elephant.' For much of what we would want to know about culture and politics is not directly accessible via rational choice. After all rational choice must, at some level, take preference orderings as *a priori*. Culture, on the other hand, pertains directly to the production of preference orderings without the presumption that change in those orderings can themselves be reduced to higher level, inherited, or otherwise antecedent orderings. But this very point also means that understandings of culture can make a vital contribution to the rational choice approach. If cultural analysis can help explain the stability of a structure of incentives for a community and also help explain patterns in the change of such a structure, then rational choice theory can be applied in full force for the duration of that stability, within what can quite comfortably be understood as the boundaries of the bounded rationality that make any choice possible.

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Rational Choice as a Weberian View of Culture

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Rightly, rationalists have rejected culturalist explanations' frequent tautology and untestability – their propensity to "explain" instances of German authoritarianism or Japanese insularity by invoking alleged underlying propensities toward authoritarianism or insularity in those respective cultures remains on a par with Moliere's physician, who proudly attributed opium's narcotic effects to the drug's "dormitive power." To restate an attribute is to explain nothing.

Wrongly, rationalists long dismissed also in culturalist accounts (a) the observation that different groups of people sometimes respond quite differently, yet predictably, to identical incentives and (b) the serious efforts of the best students of culture to provide 'covering law' explanations of how such differences arise, persist, and (sometimes) are overthrown.

Inevitably rationalists have come up against these very issues in their own work. Trying to explain why much of sub-Saharan Africa has failed to develop economically, or even to accumulate the human capital that would permit development, analysts as diverse as Robert Barro and Adrian Wood have found themselves invoking unknown, but possibly cultural, peculiarities of the region. So have some students and participants in the effort to revive the post-Soviet economies. More dangerously, the persistence of sociopathologies among disadvantaged groups within states (e.g., growing rejection of education and acceptance of early single motherhood among inner-city underclasses in many advanced economies) is increasingly attributed, even among otherwise devotedly rationalist scholars and policy analysts, to irreducible cultural differences – so much so that some, as Joe Klein notes in a perceptive recent *New Yorker* article, now accept religious conversion as the most effective remedy.

But of course the best students of culture addressed precisely these issues. Max Weber, the great German sociologist who argued explicitly that one should always seek a "goal-rational" explanation first, was nonetheless inspired to some of his greatest work by the observation that German Catholics around 1900 exhibited a lesser propensity to invest in human and physical capital than their identically-situated Protestant counterparts. (Students of management at Heidelberg, he initially noticed, were overwhelmingly Protestant, students of art history – then as now an unremunerative specialization – disproportionately Catholic.) Yet closer study convinced Weber that it was the European *Protestants* who were actually history's odd ducks, and whose intense propensity to invest required explanation.

But modern culturalists too often forget that Weber's *Protestant Ethic and the Spirit of Capitalism* emphatically does *not* argue that people of different cultures differ irredeemably, does *not* suppose that socialization is destiny, and *does* investigate above all how culture changes. Taking culture not as individual predispositions but as a socially shared and logically interrelated set of symbols, codes, and norms – something that such early students as Parsons and Shils rightly analogized to a language – Weber noted how powerfully medieval Catholic culture anathematized investment (which it normally characterized as 'avarice'), privileged specific kinds of consumption (lavish altarpieces, monastic endowments), and encouraged transfers from the industrious to the idle (almsgiving). A normative structure so strong and so multiply reinforced, Weber contended, would have interdicted the development of modern capitalism. Economic transformation would have had as its necessary precondition a religious revolution like the Reformation – or, more specifically, the Calvinist theology that bizarrely regarded extreme propensity to work and invest as proof of salvation.

It seems no great stretch to interpret Weber as portraying a situation of dual cultural *equilibria*, which modern-day rationalists could readily translate, without great loss of meaning and probably with some gain in precision and deductive fertility, into different notation and a more formal model. An example that comes very close, and that to me is the most impressive demonstration to date of how rationalists can and should deal with culture, is Avner Greif's "Cultural Beliefs and the Organization of Society," *(Journal of Political Economy* 102 (1994): pp. 912-50). Considering the cultural requisites for successful long-range trading (including use of physically remote agents) in the Mediterranean of the early Renaissance, Greif models a situation in which identical actors would coordinate on one of two equilibria: one (roughly typified, he believes, by Jewish merchants resident in the Muslim world during the early Renaissance) that depended on personal knowledge, mutual trust, and a "grim trigger" strategy of excommunicating any agent who betrayed any principal's trust; or an alternative (exemplified, perhaps, by the nascent

Genoese non-Jewish merchant class) that employed one-shot contracts, was more accepting of occasional betrayal, and demanded less extensive information about potential partners. Among the many rich (and, to me, Weber-like) implications of Greif's argument is this: that the first, more 'traditional,' culture will have been more stratified and will have offered less opportunity for social mobility.

Whether one finds Greif's particular approach congenial or not, it illustrates the three things that any social-scientific treatment of culture must do:

1. regard all actors as governed by the same fundamental laws of behavior (and not invent one social science for Americans, another for Russians, yet a third for Iranian fundamentalists, etc.);
2. understand culture not as a set of individual propensities but as a coordinator of strategies and expectations among independent but mutually reliant actors, i.e. as a *social* institution akin to language; and
3. offer a coherent explanation of what sustains, and hence also of what can change, culture even among fully socialized adults.

Again, some of the earlier students of culture tried to do exactly this. Gabriel Almond's pioneering 1956 article on political culture in the *Journal of Politics*, or David Laitin's Gramscian attempt of the mid-1980s to explain the absence of religious conflict among the Yoruba of Niger (*Hegemony and Culture* (University of Chicago Press, 1986)), sought true covering-law explanations of cultural variety, survival, and change. It is a thread that too much of mainstream culturalist theory has subsequently ignored and that now must be re-addressed. Currently, the most promising way of doing so is as part of a multiple equilibrium story among rational actors.

Rational Choice and Culture

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"Why did the dinosaurs disappear?" I asked my three year old son. He did not understand that it was a rhetorical question and answered with conviction, "Because they died." There are lots of arguments in political science stated with equal seriousness and with similar tautological qualities.

Consider the answers to the question of why people vote. Several decades ago, this was not a question in the minds of political scientists. At that time, empirical studies concluded that people with higher income or more education were more likely to vote than people of lower socioeconomic status, but all of these studies took voting (as well as non-voting) for granted. Only after the seminal work of Olson did political scientists (particularly those subscribing to the rational choice research program) ask the question, "Why do people vote?" There is no shortage of rational choice 'explanations' of voting. I focus on one in particular, which claims that people vote because they derive satisfaction from the act of voting. There are several variants of this 'psychic income' approach: 'consumption value,' 'D term' and other versions. One thing is certain: having heard such explanations, the enquiring mind knows nothing new. While it may be true that people vote because they like to, this does not constitute an explanation (rational choice or any other kind) of voting. The reason is that the added value introduced by the statement "people vote because they like to" is nil, or very little.

Added Value As An Evaluative Criterion

I submit that the major criterion by which we should evaluate scientific work is not whether it is theoretical, empirically valid, consistent with what we know already or iconoclastic. These are important criteria, but they are subordinate to whether and how much a piece of work affects our prior beliefs. Whether our beliefs are falsified (as with the paradoxes of social choice, starting with Arrow's Theorem) or corroborated (as with evidence that the composition of committees in Congress affects policy outcomes), important work significantly affects our priors. It makes us understand something that we did not understand before, informs us of something that we did not know, changes our minds about how the world works or reinforces beliefs that are otherwise diffuse and/or unjustified.

This is the yardstick that I will apply in the remainder of my argument, so the reader should try to evaluate the criterion at this point. Does the work that you like provide significant added value, and the work that you dislike little or none? When we hear fascinating presentations, can we not readily summarize the main points while with trivial work we leave the room saying, "So what?" If this is the case, then added value is the most important evaluative criterion, and we are on safe ground when we apply it to any field of work, including the variants of rational choice analysis that deal with political culture.

The purpose of any 'analysis' including rational choice is not to say *what* happens, but to explain *why* known events or empirical regularities happen. For example, we know that plurality electoral systems are associated with two party systems (Riker has traced statements of this association back some 150 years). An analysis (known as 'Duverger's law') explains that this association is not accidental, but due to two effects: the mechanical (that plurality electoral systems favor big parties) and the psychological (that voters who understand the mechanical effect will avoid 'wasting' their votes on small parties). Duverger did not use rational choice terminology, but the essence of his argument is that voters perform expected utility calculations and don't vote for parties which have a low probability of winning. Duverger's account has significant added value, because he persuasively explains the mechanism underlying a long

recognized but little understood association. He organizes our beliefs about the world such that we expect plurality electoral systems to lead to two party systems. This new prior is so strong that when we find countries where the association breaks down (like Canada or India), we need to explain why these violations of Duverger's law occur.

Culture, Rational Choice and Added Value

What is the role of culture in rational choice analysis? There are three significantly different ways that culture appears in rational choice arguments. The first (and most frequent) is to use culture as a *constraint* along the equilibrium path, the second is to use culture as *information* for equilibrium selection (in both these cases, culture is used as an independent variable) and the third is to use culture as a *dependent variable*. I will argue that there is an hierarchy of added value among these three variants. The first approach – even in the best case – provides little added value, the second adds significantly in our understanding of the world and the third best combines rational choice and culture.

1. Culture as independent variable

Rational choice analysis assumes that individuals are goal-oriented and try to maximize the achievement of their goals, given existing constraints. The basic concept for rational choice analysis is 'equilibrium.' Equilibrium is a situation from which no rational actor has an incentive to deviate. If a rational actor had an incentive to deviate, then she would not select that option and we would not observe that outcome as an equilibrium.

From the above discussion, it is obvious that the selected actions depend on the existing constraints. What is the nature of these constraints? Some of them may be imposed by existing *institutions.* For example, in parliamentary systems most of the bills considered by the parliament are introduced by the government. Similar rules may define what kind of amendments (if any) are permitted, who is recognized from the floor, whether discussion will be made on the basis of the government proposal or of the corresponding committee report, and so on. Institutional approaches to politics (rational choice or not) focus on institutions as the independent variables that explain human action.

Other constraints may be imposed by the *choices of other actors*. For example, the government may not admit a parliamentary amendment, or a witness may be treated as hostile (different rules will apply to her) or you may be late for an appointment because of a traffic jam.

Finally, constraints may be imposed by some person's *beliefs, ideology or culture*. I may be not be allowed to bear arms by my religion. I may believe (as Christians did long ago) that asking for interest on a loan is immoral because it is equivalent to charging for time, which is a gift from God. Such restrictions (for the people who believe in them) are no less real than those in the previous categories. I may not violate the law because the police are present, or I may obey because I believe that compliance has an inherent moral or transcendental value. My beliefs predict my behavior as well as institutional constraints do; in some cases, they may provide more accurate predictions.

While cultural accounts of human action may be true, there is a significant difference in their explanatory value. Explanations by culture or ideology may be trivial. Under what conditions will a cultural explanation be trivial, as opposed to non-obvious? The crucial difference is whether culture is used to define an actor's choice directly (as a constraint on an actor's behavior) or to define an actor's response to the constraints of other actors (in which case culture is used as information for equilibrium selection).

a. Culture as a constraint along the equilibrium path

Suppose that a model predicts some (maximizing) set of actions, but that some actors do not follow the prescribed behavior. The cultural explanations that they did not think of it, did not have the cognitive capacities, were prohibited by their ideology or culture from acting in this way or 'reacted spontaneously' are *ad hoc*. Even if true, these assertions don't explain anything, and worse yet they often seem invented just to save the model. We do not account for behavior by identifying the categories of actors (whether our categories are ethnic groups, genders, races or even ideologies). Arguing that 'Italians' have 'subject' culture, as Almond and Verba do, even if accurate, does not constitute an explanation of their behavior, merely a relabelling.

I am afraid that this is too often the pattern in scholarly articles, not only those that belong to the rational choice tradition. For example, explanations of voting on the basis of 'party identification' have an unpleasant tautological ring to them (people with Democratic identification vote Democratic). Similarly, genetic explanations (Germans behave differently than Italians because they have always done so) certainly don't push the limits of imagination. So tautologies are not exclusive to rational choice analysis. What is particular to poorly wrought rational choice articles is that they dress up tautological arguments with a rational choice vocabulary. But familiar vocabulary does not mean that we understand the phenomenon better – as the initial example of voting indicates.

I have tried to distance myself from this use of culture in rational choice analysis in *Nested Games*. This kind of analysis gives rational choice approaches a bad name among scholars who study culture. They justifiably believe, after reading a tautological 'explanation,' that they have learned nothing new. Fortunately, this is not the only intersection of culture and rational choice.

b. Culture as an equilibrium selection mechanism

Andre Malraux was General de Gaulle's Minister of Culture. He contributed not only to the content of the General's speeches but also to the selection of the time and place that the General delivered his speeches. He made his selections to maximize the cultural impact of each speech. Today, media consultants advise candidates to package themselves

in order to have maximum impact, given the preferences, biases, stereotypes, beliefs, ideologies and cultures of the public. The scholarly works of Tarrow and Popkin describe how revolutionary leaders study and incorporate the culture of their followers into their strategies. In all of these examples, beliefs about the culture of other people affect the optimal strategies of some actors. Culture helps answer the question of why particular actors select particular courses of action as optimal.

I emphasize that cultural reasons may explain not only the *selection* of strategies, but also their *avoidance*. One of the procedures used by the European Union for legislative decisions is the cooperation procedure. The important feature of this procedure is (I simplify here for the sake of the argument) that a proposal emanating from the Commission and the Parliament can be accepted by the Council with a qualified majority, while it can be modified only with unanimity.

Consider the figure below. The status quo (SQ) is outside the area defined by the ideal points of the members of the Council (the numbers), while the Parliament (EP) and the Commission (C) that make the proposal fall on the other side of the Council. The required qualified majority in the Council is 5 of 7.

What proposal will the Parliament and the Commission (hereafter denoted P+C) make, knowing that the Council cannot modify their proposal except by unanimity? P+C will make the proposal X that makes the pivotal member of the Council (3) almost indifferent between X and the status quo. Indeed, in this case 3 will prefer X to the status quo, and so will all the members to his right (4, 5, 6 and 7). Note that in this example we did not use the power of the Council to modify the proposal.

Suppose now that we learn from the empirical literature on the European Union that the Council is a consensus-oriented body which tries to reach decisions by unanimity whenever possible, and that most of the time there are no formal votes. (This information is readily available in the EU literature.) Does this information about the culture of the Council affect the proposal of P+C? Yes, because unless they make a proposal that makes every member of a qualified majority better off than *any* possible unanimous decision, some potential member of the qualified majority will successfully make that unanimously favored proposal.

Follow my reasoning in the figure. The Council can unanimously approve anything in the area [SQ, SQ'] where SQ' is symmetric to the status quo with respect to the ideal point of the voter pivotal for unanimity (1). The new P+C proposal Y makes the qualified majority pivotal member of the Council (3) just shy of indifferent between it and SQ' (which he can get by unanimity). So the restriction of the off-equilibrium beliefs of P+C leads us to the selection of equilibrium Y rather than X.

Note that had the empirical literature on the Council found that one country was always in the minority and that the others never tried to incorporate it into their bargains (same institutional rules but different culture), X would emerge again as the predicted equilibrium.

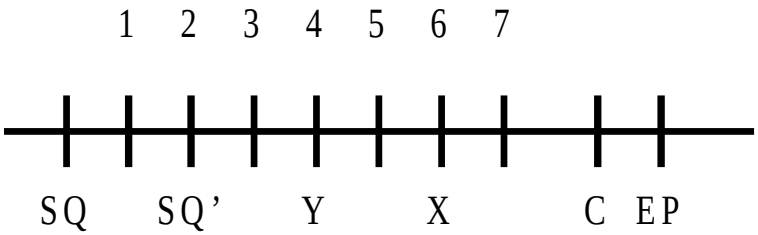
The reason that this use of culture produces added value is that the selection of strategy is not intuitively obvious. The actor did not select this course of action because of some constraint on his own beliefs or capacities, but because of the information he possessed about the other actors' cultures and, therefore, their likely courses of action.

2. Culture as a dependent variable

An even more interesting way of looking at culture is as a dependent variable. In general, the assumption of rationality and the use of game theory does not restrict the number of equilibria very much. Indeed, under conditions of incomplete information (the norm in politics) or repeated play (also quite frequent), equilibria are infinite and the real question is how to select among them. For example, while the outcome of a confrontation with complete information may never be a war (a point raised as an argument against rational choice analyses by uninformed critics), war becomes a possible equilibrium with incomplete information.

One way of understanding 'cultures' is as such manifold equilibria. In this conceptualization, different equilibria come from different antecedent condi-

Figure. Equilibrium Selection on the Basis of Different Off-Equilibrium Beliefs



$\overline{SQ1} = \overline{1SQ'}$, $\overline{SQ'3} > \overline{3Y}$, $\overline{SQ3} > \overline{3X}$

Restricting off-equilibrium beliefs to a consensus council leads to the selection of Y as the equilibrium. Restricting off-equilibrium beliefs to a divided council leads to the selection of X as the equilibrium. See the text for details.

tions. If one wants to explain why certain rural cultures practice female infanticide, she may assert that parents consider their children to be assets or liabilities; if physical strength leads to survival, parents will keep male babies.

Another example will make my point more clearly. Suppose that two people are to divide a dollar. Any division of the dollar that leaves no residual is an equilibrium. If the amount to be divided is significant, disputes among individuals can last forever.

Up to the 1970s, bargaining was a branch of cooperative game theory in which criteria of 'fairness,' symmetry and mathematical elegance produced different solutions. Ariel Rubinstein brilliantly produced a game which simulated real bargaining: Player One makes an offer for a division of the dollar to Player Two. If Player Two accepts, the game ends; if not, he makes a counter-offer to player one. If Player One accepts the counter-offer, the game ends; if not, the game goes continues until the two players agree. To bring the game to an end, Rubinstein endowed his players with 'impatience' – that is, a preference for the game to end sooner rather than later. He thereby calculated a unique perfect equilibrium as a function of who makes the first offer and the levels of impatience of the players. If we call the level of impatience (the time discount factor) of each player d, the final division of the dollar gives the first player $x=(1-d_1)/(1-d_1d_2)$.

What is interesting in this approach is that if both players are infinitely patient (d_1 and d_2 tend to 1), the final outcome is x=1/2. So the familiar Western habit of splitting the difference evenly can be *derived* as the equilibrium outcome of a game if both players are infinitely patient. The same outcome results if the players are not infinitely patient, but equally patient and equally likely to move first. If in a different society men made the first move, the split of the dollar would not be symmetric but would favor men. I suppose (although I do not know it for a fact) that in some cultures men and women do not split dollars (or other currencies) equally.

This is an example where 'culture' is the equilibrium corresponding to a series of exogenous conditions (sequence of moves, impatience). Rubinstein selects the unique perfect equilibrium from the infinite possible equilibria, and this is what gives power to his result. It may, however, be the case that the set of perfect equilibria is infinite, in which case analysts will look for some additional refinement that further restricts the predicted outcome.

Conclusions

Cultural studies produce a wealth of information about how different people – from Africa to Capitol Hill – think and behave. If these reports yield beliefs, behaviors and rituals that we did not previously recognize, then they produce added value. Their existence does and should alter the way we analyze these societies. Rational choice does not have anything to offer to such studies, but much to learn from them. Repetition of these studies with a rational choice vocabulary helps neither tradition. Rational choice contributes by incorporating these cultural findings into the rational calculations of actors. Even better, it enables researchers to understand the reasons why particular cultural patterns emerged as equilibria from the wide variety of possible behaviors.

Cultures and Modes of Rationality

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Rational choice theory has made remarkable contributions to two subfields of comparative politics. It has deepened our understanding of political economy issues – especially the politics of economic growth and distribution. And its ability to explain behavior in highly institutionalized settings – as in the rule-governed universe of a Western bureaucracy, legislature and executive – has been strikingly impressive. Politics, however, is not just political economy, nor are all forms of politics highly institutionalized – especially in the developing world.

Consider how different ethnic conflict is from legislative or bureaucratic battles over economic policy. Ethnic conflicts are a form of mass politics marked by highly risky or costly forms of behavior in which ethnic partisans not only kill but are willing to die. Just as it is hard to explain – given rational calculations of cost and benefit, why people vote – it is also hard to understand – with tools of rational choice – why so many people in the world demonstrate ethnic fervor or embrace nationalism. From an individual perspective, the instrumental benefits of participating in nationalist mobilization are obvious only under two strict conditions: (a) when nationalists are already close to capturing power and much can be gained, or anticipated losses cut, by joining the bandwagon; or (b) when law and order have broken down, ethnic animosities have soured group relations, and even neighbors of longstanding belonging to a different ethnic group can't be trusted, creating a "security dilemma" for individuals (Posen, 1993) and making preemptive violence against neighbors of a different ethnic group an exercise in personal security (Hardin, 1995).

These extreme conditions constitute a rather small proportion of the universe of ethnic conflict. The former Yugoslavia, Rwanda and Burundi are not typical; they are simply the most dramatic and gruesome cases of ethnic conflict. Violence may be common in ethnic conflicts, but a complete disintegration of the state is not. The latter breakdown has seldom marked ethnic conflicts in Asia, Europe and North America. This does not mean that there are no risks or costs associated with participation in ethnic mobilizations in societies where the state has not collapsed. Risks of incarceration, injury and death remain, but in the absence of state disintegration, ethnic conflicts don't produce security dilemmas. By and large, the situation from an individual perspective can be summarized as follows: the benefits of participation – a better job, a political office –

may accrue far into the future or not at all, but the likely costs – incarceration and injury, if not death – are often far too obvious. Still, a large number of people participate in ethnic mobilizations. Moreover, martyrdom remains a widely noted phenomenon in such conflicts. A strictly rational choice explanation can't explain why, given the risks of participation on the one hand and the distance and uncertainty of benefits on the other, such movements or mobilizations take off and gather momentum. Once they have gathered momentum, it is easier to explain, in a rational choice framework, why people join them.

Ethnic partisanship is just one example of culturally driven behavior. Less dramatic forms of politics – withdrawal from mainstream politics by some groups, or demand for a certain conception of school education – can also be rooted in culture. Can rational choice make a contribution to the study of the less dramatic forms of cultural behavior? If so, in what ways?

To answer these questions, we first need to ask what rationality is. Are the terms 'rational choice' and 'rationality' interchangeable? We need to inquire whether rational choice theories, as opposed to rationality, can explain why cultures exist, and how they might determine human behavior.

It is not often realized that the three disciplines that have dwelt most on the nature of rationality – economics, psychology and philosophy – perceive it very differently. In economics, rationality has two meanings. First, it means consistency of choice: if I prefer A over B and B over C, then I must prefer A over C. The second meaning is identical with self-interest. Action is rational if it is aimed at realizing self-interest. If costs of an action outweigh benefits, self-interest would not be served; hence a cost-benefit calculus accompanies analysis based on self-interest. Following the economic concept of rationality, we not only have theories of *individual* rational behavior (utility theories) and models of rational behavior of *two or more interacting individuals* (game theory), but theorists have moved from behavior under certainty to that under risk, uncertainty and incomplete information, especially with the use of subjective probabilities under Bayesian decision rules.

Cognitive psychology heavily critiques the economic concept of rationality. On the basis of experimental data, this critique suggests that rationality, as specified in economic models, is impossible. In making decisions, human beings react excessively to current information (ignoring prior information, thereby making Bayesian probabilities irrelevant), are insensitive to sample size (thereby making reliability of information irrelevant to decisions), and respond to how the choice-set is framed rather than what the choice-set is. Thus, economic rationality is a normative, not a descriptive, notion. The leading proponents of this view are Amos Tversky and Daniel Kahneman (1990). Some of the seminal rational choice scholars in economics have become quite favorable to these psychological theories (Arrow, 1982).

The concept of rationality in philosophy is still different. In philosophical discussions, rationality refers to "reasoned assessment as the basis of action" (Sen, 1982). Such an assessment can be based on self-interest, but also on larger values. Self can be broadly defined – in terms of group goals, religious values, aesthetic considerations, etc. This is not simply a philosophical abstraction. Philosophers claim also that many in real life are driven by such considerations.

These three concepts of rationality have come to acquire different labels. The economic view has become synonymous with the term 'instrumental rationality,' the psychological view with 'bounded rationality,' and the philosophical view – or the view in that branch of economics which remains aligned with philosophy and is today most commonly associated with Amartya Sen – is simply called 'rationality' with no prefixes attached. Instead, in philosophical treatments, the various forms of rationality are, more often than not, freely admitted. This larger view would also include what Max Weber called "value rationality". In *Economy and Society*, Weber had categorized social action into four types: instrumental-rational, value-rational, norm-oriented (based on conventions and traditions without critical deliberation) and affective or impulsive (expressing anger, envy, love, etc.).

The alternatives to instrumentally rational behavior are, thus, not simply emotional or irrational behavior. Of the four Weberian categories of human action, the first two are goal-directed; only one is instrumental-rational. Instrumental rationality entails a strict cost-benefit calculus with respect to goals, necessitating the abandonment or adjustment of goals if the costs of realizing them are too high. Value-rational behavior is produced by a conscious "ethical, aesthetic, religious or other" belief, and is more or less cost-inelastic. Behavior, when driven by such values, can entail great personal sacrifices. Some spheres of life – value-rational individuals would argue – are not up for sale or compromise.

Value-rationality does not mean that the values expressed by such behavior are necessarily laudable. Indeed, the values in question may range from historical prejudice *vis-a-vis* some groups or belief-systems to goals such as dignity, self-respect and commitment to a group or a set of ideals. Likewise, value-rational acts can range from long-run sacrifices to achieve distant goals on the one hand to violent expressions of prejudice on the other.

Which of these categories of behavior is represented by the term 'rational choice?' Almost without exception, it is instrumental rationality with which rational choice theorists identify. They either do not speak of goals, concentrating instead on the means; or they assume that self-interest is the goal of human action. Some other standard positions also mark rational choice. Proponents of rational choice theories believe that universal theories of human behavior – including political behavior – can be formulated without consideration of cultural contexts. Moreover, considerable resistance remains to the idea that different motivations can underlie behavior in differ-

ent spheres of life: that it may be perfectly rational for human beings to be instrumentally rational when buying a car, but value-rational when examining questions of national liberation or of gender balance, affirmative action, and multiculturalism in the universities. Finally, rational choice also remains highly skeptical of the notion that individual action can be rooted in group values or interests rather than in self-interest.

Can rationality conceptualized as instrumental rationality explain the role of culture (or religion) in human life? Can it explain why and how culture might shape behavior?

As already stated, instrumental rationality is used in two ways: either it is deployed as a conception of the means, not of the ends, while the ends remain unspecified; or self-interest is assumed to be the end of human life. In either case, rational choice cannot explain some of the fundamental puzzles of human life with which cultures deal. Can societies live without notions of right and wrong? Can human beings live without ideas that can guide them as to how to relate to the family, the community and loved ones? Students of culture would claim that these are some of the central questions in their field. Many also claim that dominant cultural practices concerning the family and the community, and, somewhat less so, the dominant notions of right and wrong tend ultimately to be rooted in religious traditions. Secular homes and societies do have cultures; even secularized cultures owe a historical debt to their religious foundations. Religion and culture are not interchangeable terms, but they have had a deep interrelationship historically.

Very few religious traditions of the world elevate self-interest and worldly matters into the highest moral obligation of human beings. Sikhism and the Puritan sects of Protestantism come readily to mind. In such traditions, self-interest begins to acquire a moral status. In other traditions, self-interest can at best give human beings their *immediate or intermediate* ends, not their *ultimate* ends or values. In these traditions, self-interest may be seen as a necessity in several spheres of life, but not in all, nor do these traditions view self-interest as a higher end or value.

Instrumental rationality, in short, is not about values. Moreover, there may be spheres of life where most human beings can't do without such values. This idea has been very effectively expressed by some of the greatest rationalists of the century. Albert Einstein, for example, has written insightfully about the relationship between rationality on the one hand and religion and cultural traditions on the other. To illustrate what is at issue here, let me quote from Einstein at length:

> "Knowledge of what *is* does not open the door directly to what *should be*... One can have the clearest and most complete knowledge of what is, and yet not be able to deduct from that what should be the goal of human aspirations. Objective knowledge provides us with powerful instruments for the achievement of certain ends, but the ultimate goal itself and the longing to reach it must come from another source. And it is hardly necessary to argue for the view that our existence and our activity acquire meaning only by the setting up of such a goal and of corresponding values... Here we face, therefore, the limits of the purely rational conception of our existence..."
>
> "To make clear these fundamental ends and valuations, and to set them fast in the emotional life of the individual, seems to me precisely the most important function which religion has to perform in the social life of man... And if one asks whence derives the authority of such fundamental ends, since they cannot be stated and justified merely by reason, one can only answer: they exist in a healthy society as powerful traditions, which act upon the conduct and aspirations and judgments of the individuals; they are there, that is, as something living, without it being necessary to find justification for their existence..."
>
> "[A] conflict arises when a religious community insists on the absolute truthfulness of all statements recorded in the Bible. This means an intervention on the part of religion into the sphere of science; this is where the struggle of the Church against the doctrines of Galileo and Darwin belongs. On the other hand, representatives of science have often made an attempt to arrive at fundamental judgments with respect to values and ends on the basis of scientific method.. . These conflicts have all sprung from fatal errors." (Einstein, 1954. pp. 42-5)

Seen this way, rationality and religion belong to two different realms of human experience – the former having little to do with the ends of life. For those uninspired by religion and some of its excesses, however, culture – a set of institutions and normative practices that we live by – has been a source of such values. Culture replaces religion in the agnostic or unbelieving homes.

A rational choice theorist may say that individuals create culture (or religion). What appears as an inheritance today was created by individual acts in the past, making it possible for a methodological individualist to explain the existence of culture instrumentally. In a fundamental sense, this view cannot be correct. Culture may indeed have been created by individuals, but each individual engaged in such acts of creation also acted in relation to an inherited set of practices. In order for an individual to create, affirm, deny or innovate a set of cultural practices – and a good deal of that happens in everyday life – there has to be a pre-existing set of normative practices in the framework of which the creation, affirmation, denial or innovation acquire meaning. As philosophers of language are fond of saying, a sentence or word has no meaning until a language exists. The acts of creation, innovation or denial draw their rationale, negative or positive – from an existing set of values. Cul-

ture, in this sense, is *embedded* in our life; it *exists* as a framework of meaning within which human deliberation and rationality operate. That is why it is not a privately underprovided public good, as we should expect if we are true to rational choice. Rather, to borrow a phrase from Charles Taylor (1995), it is an "irreducibly social good."

To conclude, cultural choice or behavior is different from buying a car or a house on the one hand and forming political strategies to defeat adversaries for political office on the other. Rational choice theories may be more applicable to *marginal* decisions – or to decisions about political strategies in legislatures or elections, and less so to decisions about how people choose *fundamental* values. And for those spheres of life where these values guide us – in many but not all families, in many but not all communities, and in many widely practiced religions of the world – we need to rework our view of rationality. Behavior that appears to be highly principled or risky may be value-rational – i.e., rational with reference to these values — but irrational by rational choice canons of judgment. Finally, whether or not culturally driven behavior is rational, such behavior exists in plenty.

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News & Notes

(continued from page 4)

Session titles and invited participants

1. Trade unions and employers' associations: towards greater dependence on the market or institutionally-based variations in power?
Chair and introduction: Jelle Visser (University of Amsterdam)
Invited papers and discussants: Miriam Golden (UCLA), Janine Goetschy (Université de Paris X), Colin Crouch (European University Institute), Torben Iversen (Harvard University), Jesper Due (University of Copenhagen)

2. New and old sources of work force segmentation (by gender, ethnicity, occupational structure, stability of employment) and the fate of solidarity.
Chair and introduction: David Marsden (London School of Economics)
Invited papers and discussants: Gösta Esping-Andersen (University of Trento), Fausto Miguélez (Autonomous University of Barcelona), Richard Locke (MIT), Rainer Zoll (University of Bremen), Martin Gannon and Stanley Nollen (University of Maryland and Georgetown University)

3. Industrial relations in the workplace: collective representation versus direct employee participation, conflict versus cooperation.
Chair and introduction: Wolfgang Streeck (Max-Planck-Institut, Köln)
Invited papers and discussants: Keith Sisson (University of Warwick), Ida Regalia (University of Turin), Kathleen Thelen (Northwestern University), Paul Marginson (Leeds University), Alain Chouraqui (LEST, Aix-en-Provence), P. Gunnigle (University of Limerick)

4. Industrial relations and the political economy: decline versus re-emergence of tripartite concertation.
Chair and introduction: Marino Regini (University of Milan)
Invited papers and discussants: Philippe Schmitter (European University Institute), Franz Traxler (University of Vienna), Peter Lange (Duke University), Michael Shalev (Hebrew University of Jerusalem), Anton Hemerijck (University of Rotterdam), Dieter Sadowski (University of Trier)

(continued on page 24)

Continuing Debates

Peter Hall responds to the presidential column of Robert Bates in volume 7, issue 1 of the Newsletter. *The original column is available on the* Newsletter's *web site. See page three for details.*

Comparative Politics and Area Studies

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The active discussion in the *APSA-CP Newsletter* and elsewhere about the appropriate relationship between area studies and the study of comparative politics is an important one with serious institutional implications. Many departments are rethinking how they hire scholars in comparative politics. Foundations are reconsidering their support for area studies, and interdisciplinary centers for area studies face intellectual and financial challenges in many universities. At stake is the future both of comparative politics and area studies, and on this outcome will depend America's knowledge-base about other nations in an increasingly interdependent world. For that reason, lively debate should be welcomed.

However, if "truth proceeds more readily from error than from confusion," as Francis Bacon asserted long ago, there is a risk that this debate will founder, since it is marked by pervasive ambiguities about both the nature of area studies as practiced today and the alternative forms that the study of comparative politics might take. Whether area studies deserves our support depends very much on how we define it, and the outlines of a comparative politics divorced from area studies remains as yet unclear.

The concept of 'area studies' has three quite distinctive connotations. First, it is sometimes used to refer to studies that provide detailed description of a national or regional case but remain uninterested in generalizing beyond the case at hand, i.e. to studies that do not seek to provide or address general propositions that might illuminate the politics of other nations or regions. Second, it can refer to the acquisition of a relatively deep and context-rich knowledge of the politics of a specific nation or region that is then used as the basis for developing propositions of more general applicability across nations or regions. Third, the term is sometimes used to refer to the organization of teaching or research via interdisciplinary clusters of scholars grouped together, more or less loosely, in a program or center oriented towards the politics, history and social complexion of a particular region.

The value of 'area studies' to comparative politics, and to the social sciences more generally, depends heavily on which sense of the term one is using. In my view, even area studies in the first sense of the term, namely, the study of a particular nation or region for its own sake, has value. There is much to be learned from studying a culture on its own terms; and those who fail to do so are fated to misunderstand other nations and peoples, a potentially serious problem in an era when the prosperity and security of all nations depend heavily on interchange with other peoples. As several contributors to this debate have pointed out, even those social scientists most committed to the development of 'portable truths' must rely on such work if they are to generate accurate generalizations.

However, it is important to recognize that, in political science, economics and sociology at least, area studies in this first sense of the term ceased for the most part to be practiced many years ago. An attack on area studies of this sort was mounted and largely won in the 1950s and 1960s on the grounds that research in social science had to be oriented toward generalizations that would be useful for understanding politics or society in many national contexts. As a result, the kind of 'area studies' that predominates in political science today is strongly oriented toward producing general propositions capable of informing our understanding of politics across nations. In some cases, that involves the development of causal propositions meant to hold across societies; in others, the generation of concepts and categories of potentially wide applicability. Some exceptions can still be found, but it would be a profound disservice to the vast majority of scholars in comparative politics not to recognize that what they practice is an area studies in the sense of the second definition given above.

Defined in this sense of the term, area studies has great value for comparative politics and the social sciences more generally. To those who have done work in this vein we owe some of the most fruitful propositions to emerge from the discipline of political science as a whole and much of our understanding of nations other than the United States. Indeed, it is the study of American politics that seems to have been relatively limited, at least from time to time, by a failure to ask whether and how the propositions it generates might apply across other nations.

The value of area studies defined in the third sense – with regard to area centers – is a slightly different issue because it speaks to the fruitfulness of alternative ways of organizing teaching, research and intellectual interchange in the social sciences. If discipline-based academic departments did not exist, I would argue for their invention because, although it is a contestable proposition, I believe that undergraduate and graduate teaching should reflect the 'discipline' that such disciplinary organization provides. However, in most institutions, such departments do exist and the issue, then, is whether it is useful to have area centers in addition to them.

This can appropriately be the subject

of debate since area centers are not costless in either financial or intellectual terms. Their central purpose is to enhance interdisciplinary exchange among scholars interested in a specific region of the world. To the degree that it succeeds, it diminishes the intensity of interchange within the separate disciplines. However, a number of considerations argue strongly for the value of area centers. First, much of the cutting-edge work in the social sciences has long been generated by scholars working on the border of one discipline and another, informed by precisely the kind of interdisciplinary exchange that area studies facilitate. Second, given the strong hold that disciplines exercise over virtually all the other modalities of scholarly organization, the presence of area centers seems a small incursion beyond such boundaries; and it is my experience that the insights colleagues bring from such interdisciplinary forums tend to enrich interchange within departments more than they detract from it. Third, the visiting scholars and speakers that area centers attract from the regions that they study provide students and faculty members alike with direct insights and information from the region that might otherwise be very difficult to acquire.

The other set of issues implicated in this debate about the relationship between area studies and comparative politics centers on the conception of comparative politics invoked, explicitly or implicitly, as an alternative to what is practiced today. By and large, those who criticize area studies do so in order to advance another conception of how comparative politics should be studied. But, again, it is useful to distinguish among the different images of this alternative that have become jumbled together in the current debate.

First, there is the image of a comparative politics oriented toward the generation of fruitful cross-national generalizations. Those who associate area studies with a purely descriptive or idiographic endeavor frequently argue for such an alternative, but, as noted above, this is a battle that was fought and largely won twenty years ago. To invoke it again seems to be little more than a rhetorical exercise. Most area specialists in comparative politics already value and pursue research based on cross-national generalization.

Second, one might construe the alternative as a comparative politics based predominantly on the framework of enquiry associated with rational choice analysis. Many of those who are currently critical of area studies seem to have this alternative in mind. However, there is a danger here of confusing two separate issues: the demand for generalization on the one hand, and the demand that those generalizations be couched in terms of rational choice analysis on the other. Rational choice analysis is by no means the only framework capable of generating general hypotheses or propositions in political science, and its advantages or disadvantages as a framework for enquiry should be assessed independently of the debate about area studies. In my judgment at least, these advantages are by no means firmly established enough for one to assume that the only good kind of analysis in comparative politics is an analysis founded on rational-choice precepts.

Third, some suggest that comparative politics should ideally be defined as involving comparison across regions. Here, the issue seems to be how hard one wants to press this particular demand. Cross-regional studies are clearly valuable and we have too few of them, but this is not a coincidence. Apart from large-scale statistical studies, which exist in some number but are appropriate only for some problems, cross-regional comparisons are inordinately expensive and difficult to do with any degree of accuracy – expensive because of the time and funding required to gather primary data in multiple sites and difficult because of the effort required to acquire accurate information, including relevant contextual information and the associated language skills, across regions. Precisely for these reasons, we should consider such studies valuable and worthy of support but perhaps not press them on everyone interested in doing comparative politics.Whether cross-regional research should be privileged over cross-national research or even over national case studies (often comprehending sub-national cases) involves the assessment of some complex heuristic issues that are beyond the scope of this brief note. However, it is important to observe that, when it comes to the selection of cases in a context of scarce research resources, more cases and more regions are not automatically superior to fewer. There are many topics for which a comparison of Latin American nations may be more suitable than a research design that compares a Latin American nation to an African nation. In instances in which the results of the analysis depend heavily on the intensive gathering of data, a single national case may even produce superior results, provided the case selection and framework of analysis is defined in suitably comparative terms. The issues that such choices pose have been with the field for some time and are addressed by a long and distinguished literature.

In sum, the debate about the role of area studies in comparative politics is likely to make progress only if it remains clear about the multiple issues that are involved and about the labels attached to them. In particular, while area centers undoubtedly vary one from another, it would be wrong to associate them exclusively with the kind of old area studies that concentrates on purely idiographic enquiry. Large numbers of them contain and nurture scholars who are actively contributing to disciplinary agendas and to the formulation and testing of general propositions of the sort that have long been central to advance in the social sciences.

Similarly, while it is important that doctoral students whose work focuses on areas of the world other than the U.S. acquire the theoretical knowledge and methodological tools that are central to the discipline, it is also important that they have intellectual and logistical support for securing an adequate knowledge of the countries about which they write; and

area studies centers have long been crucial to the provision of such support. In their absence, we risk graduating students who know a great deal about the arcane details of our writings but very little about the part of the world that is supposed to feature in their own.

As for the future of comparative politics, I suggest that we should distinguish more clearly between three separate questions. The first asks: how much knowledge of the region one studies does good work require? The second asks: is interdisciplinary knowledge of the sort promoted by area studies centers useful for social science enquiry? And the third asks: what kind of theoretical frameworks offer the most promise for advancing our knowledge of the political world? The answer to the first question will depend upon the issues and range of one's research but, in general, comparative politics will be impoverished if those who study other nations of the world do not have a good first-hand knowledge of their politics and society. The answer to the second may be a matter of taste but I remain of the view that interdisciplinary interchange can be of great value to political science. Although many political scientists currently prefer to engage in such interchange with economics, there are also insights to be found on the borders of history, sociology and anthropology, not to mention several other disciplines. As to the last question about the choice of theoretical frameworks, all I will say here is that we would be well advised to remember that it is a perennial one, which should concern us all, but not one that is likely to be advanced by neglecting or abjuring detailed knowledge about the politics of other nations.

News & Notes

(continued from page 21)

Recruiting Possible Authors for Chapters in Forthcoming Volumes on the Parties of Asia, Africa, and the Middle East

The Workgroup on Parties and Elections is a sub-group of the Committee for Political Sociology which is affiliated with both the International Political Science Association and the International Sociology Association. Nearly 300 of the world's parties scholars are enrolled. The Workgroup is presently sponsoring the publication of a series of volumes on contemporary political parties, with an emphasis on the internal life of parties. The first volume, *How Political Parties Work* (edited by Kay Lawson), was published by Praeger in 1994, and includes studies of parties from around the world. Subsequent volumes are devoted to the parties of a single region, including *The Organization of Political Parties in Southern Europe* (edited by Piero Ignazi and Colette Ysmal) and *Political Cleavages and Parties in Eastern and Central Europe* (edited by Kay Lawson, Andrea Rommele, and Georgi Karasimeonov), which are under contract to Praeger and are expected to appear in late 1997. Planning for a fourth volume on parties in the Middle East is underway, as is that for a fifth on Asian parties. A sixth, on the new political party systems in Africa, is planned for the more distant future.

A key feature of all the Workgroup volumes devoted to particular regions is that the scholars who write the individual chapters are themselves citizens and residents in the nations whose parties they cover. Each chapter covers a single nation, but more than one party may be discussed in that chapter – and there may be more than one chapter per nation. The organization and theme of each book is up to its editors to decide.

Indigenous parties scholars in the Middle East, Asia and Africa who are interested in exploring the possibility of taking part in this project are invited to write to the Workgroup Organizer, Kay Lawson, Department of Political Science, San Francisco State University, San Francisco, California 94132 (except January through May: Departement de Science Politique de la Sorbonne, 17, rue de la Sorbonne, 75005 Paris France), or to the Newsletter Editor, Andrea Rommele, Mannheimer Zentrum für Europaische Sozialforschung, Universitat Mannheim, Steubenstrasse 46, D-68131 Mannheim, Germany. Please enclose a *vita* and a letter saying which party or parties are of interest to you. We would also be pleased to hear from party scholars from other regions who have names (and addresses, please!) to recommend.

The *Newsletter* appears twice annually.

The deadline for the winter issue is December 15.

The deadline for the summer issue is June 15.

Data Sets & Archives

International Financial Regulation for Twenty-one Countries, 1950-1994

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National economic policies have changed remarkably over the past fifty years. Some of the most dramatic changes have occurred in the regulation of international finance. Scholars have been hampered, however, in studying changes in international financial regulation by the absence of adequate data measuring regulation across time and space.

We offer a catalogue of data measuring both the forms and degree of restrictiveness of domestic laws that regulate international financial transactions. The catalogue allows us to compare across countries over time the restrictiveness of government regulations on inward and outward current and capital account flows. Data are available for 21 member countries of the Organization for Economic Cooperation and Development for the years 1950-1990. The catalogue describes which nations regulated international finance, when and by how much. The source for the data is the text of the International Monetary Fund's *Annual Report on Exchange Arrangements and Exchange Restrictions*.

Our systematic description of international financial regulation offers two major benefits to interested scholars. First, the data describe precisely over time and space variation in magnitude and form of regulation. Second, the data series have enough observations so that it may be used in either cross-sectional or individual country regression analyses, which will assist political economists in sorting through some widely varying hypotheses about the origins and effects of financial liberalization.

The Data Source

Since 1950, the International Monetary Fund (IMF) has issued its *Annual Report on Exchange Restrictions* (later re-titled, *Annual Report on Exchange Arrangements and Exchange Restrictions*), which reviews the restrictions governing international financial transactions found in the laws and international agreements.

The laws reviewed in the annual report are those that regulate either the payments to or receipts from non-residents by residents. Some reported laws govern the proceeds of transactions (e.g., exchange surrender requirements); others govern the underlying transactions themselves (e.g., license requirements for direct foreign investment). Trade restrictions are covered by the text only "insofar as they are closely integrated with exchange restrictions." (IMF 1950, p. 1) Both current and capital account restrictions are reviewed in *Exchange Restrictions*.

In the initial 1950 volume, the IMF distinguished between "exchange payments" and "exchange receipts." Under "exchange payments," the IMF separately reported restrictions on payments for imported goods, restrictions on payments for "invisibles" (i.e., internationally traded services such as insurance or legal services) and restrictions on payments or transfers of capital abroad. Under "exchange receipts," the IMF separately reported restrictions on the proceeds from exports, the proceeds from services (invisibles) transactions, and the proceeds from inward transfers of capital (e.g., foreign direct investment).

The treatment of the laws regulating international financial transactions is consistent across time and space: *Exchange Restrictions* has used almost all the same categories regarding legal regulation from 1950 to the present. This consistency and continuity allowed us to systematically convert the qualitative text to quantitative indicators of each nation's level of financial openness in each year.

Coding

We developed coding rules based on the regulatory taxonomy described by Arrow (1973) and IMF (1950). Arrow suggests that, in general, regulations and administrative rules that forbid or limit behavior are inherently more restrictive than is taxation of the same behavior. In their initial assessment of government laws regulating international finance, the authors of *Exchange Restrictions* conclude similarly, noting in particular that the quantitative or administrative regulation of international transactions are more restrictive than are multiple currency practices (i.e., taxation) (IMF 1950, pp. 4, 13).

In coding and assigning scores to the laws reported in *Exchange Restrictions*, we follow the six category format devised by the IMF in assessing financial restrictions: three describe restrictions on exchange payments (imports, invisibles, capital) and three describe restrictions on exchange receipts (exports, invisibles, capital). For each of the six categories, we score on a scale of zero to two with half-integer intervals (i.e., 0, .5, 1, 1.5, 2). Zero represents the most severe financial restriction and 2 represents the absence of restrictions, with half-integer increments representing intermediate cases.

We present separate scores for capital account transaction restrictions (*CAPITAL*) and current account transaction restrictions (*CURRENT*). *CAPITAL* is scored on a 0-4 scale (the sum of the scores for capital exchange payments and capital exchange receipts), and *CURRENT* is scored on a 0-8 scale (the sum of the scores for imports, exports, payments for invisibles, and receipts of invisibles).

We also include a measure of international laws and agreements that constrain a nation's ability to restrict exchange and capital flows (on a 0 to 2 scale). The measure *AGREE* reflects, for example, agreements among member nations of the OECD and the European Union (EU), and acceptance of other binding rules (e.g., acceptance of the IMF's Article 14 status). We include this measure because, when nations agree to join the OECD, IMF, or EU, they also agree to liberalize some aspects of their financial markets. *AGREE* may therefore be interpreted by international investors as implying commitments that they find to be more credible than changes in domestic laws in isolation. (See Pindyck 1991.)

Adding *AGREE, CAPITAL,* and *CURRENT* produces a 0-14 measure of international financial regulation, with 0 representing a closed economy, and 14 representing a fully open economy. The full measure is called *OPENNESS*.

Other Indicators of International Financial Regulation

The IMF provides a rough measure of the presence or absence of financial restrictions, using a "-,." indicator in a table, "Summary Features of Exchange and Trade Systems in Member Countries," which appears at the back of *Exchange Restrictions* from 1967. A dash, "-", shows the absence of restrictions on either current payments or capital payments; a vertically centered period, "·", shows the presence of a restriction of some type on either current or capital payments. Many scholars have converted the IMF's "-,·" indicators into a "0,1" measure, and used it in regression analysis.

The 0,1 measure has serious deficiencies as a measure of international financial regulation, a point readily acknowledged by most scholars using it. We mention a few here. (See Quinn and Toyoda 1997 for a more comprehensive review of these limitations.) First, the indicator of the presence of regulation contains no information about the magnitude of a nation's financial restrictions on current or capital payments. This presents a particularly severe limitation because the majority of reported cases are those where government laws impose some restrictions on international financial transactions, but where the economy is neither fully closed nor fully open. Second, the table does not contain information about important aspects of financial openness. The most important omission is that restrictions on inward capital or current flows are not reported. A third problem is that, in a few cases, the laws reported in the text of the document do not appear to match what is recorded in the table. A fourth, particularly severe, problem involves the use of the categorical 0,1 measure as a dependent variable in regression analysis, which is almost always done using techniques like logit or probit. The data are characterized by inertia, which implies the presence of serial correlation in regression analysis. The estimation of standard errors in logit and probit analysis is biased downward in the presence of serial correlation. Strategies for correcting for serial correlation are less developed in logit and probit analysis, however, than in ordinary least squares analysis. The measure reported here has enough information to allow for use of least squares procedures.

Haggard and Maxfield 1996 devised a measure of international financial regulation for four countries, 1970-1990, from the same source. Their measure is not directly comparable, however, as it contains information about domestic banking laws.

Data Availability

The catalogue, a complete description of the coding rules, and related papers are available from the authors. Address inquires to either Dennis Quinn or A. Maria Toyoda.

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Book Reviewers Welcome

Doctoral students at any institution are welcome to submit proposals for book reviews. To do so, contact the editor and/or assistant editor with the name of the recently published book that you wish to review and a short (approximately 200 word) discussion of the book's importance and why you wish to review it. Reviewers are responsible for procuring their own copies of books.

Book Reviews

Open Economy Politics: The Political Economy of the World Coffee Trade

Robert H. Bates
Princeton University Press
Princeton, 1997

Reviewed by Matthew Kocher
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As with many good books in the social sciences, the excellence of Robert Bates's *Open-Economy Politics: The Political Economy of the World Coffee Trade* is driven by the brilliant identification of empirical puzzles. Bates takes a handful of geographical and temporal slices from the recent history of the international coffee trade, and shows that, in crucial instances over the course of the twentieth century, the behavior of states involved in the coffee trade has deviated substantially from what systemic theories of the international economy, on their own, would predict. Bates makes a compelling case that, for Brazil, Colombia and the United States, domestic political institutions, and the structure of incentives they created, were at least as significant as determinants of behavior in the international coffee market as systemic causes and constraints.

Brazil's response to the conditions of the international coffee market in the early part of this century represents a critical case for systemic theories of international political economy. Following the leaf rust epidemic which devastated Asian coffee production during the late nineteenth century, Brazil became a veritable market hegemon, controlling between 70% and 90% of world exports during the interval 1900-1920. Systemic theories predict that states occupying a monopoly position in international markets should employ their market dominance to manipulate prices. For a significant portion of the time that it enjoyed a monopoly on coffee production, Brazil failed to exploit its position to fullest advantage.

Bates shows that Brazilian political institutions and the structure of domestic interests limited the ability of coffee producers and their political allies to forge a domestic coalition responsive to the conditions of the international market. Brazil under the Old Republic was highly federalized, with individual states controlling their delegations to the national legislature. Coffee production was concentrated in a small number of states which, while politically powerful, could not by themselves muster a legislative majority. Thus, coffee interests were compelled to tie market regulation to economic reforms benefiting other domestic interests in order to secure a winning coalition.

In particular, the appreciation of the national currency which would accompany an increase in the international price of coffee threatened the interests of food producers by making imports more competitive. By tying export restrictions to currency valorization, Brazilian coffee producers were able to secure the legislative coalition necessary to carry out their economic program. On the other hand, artificially maintaining the value of the national currency entailed substantial risk of inflation, which was damaging to the interests of other crucial political interests, notably the military. In the event, Brazilian coffee interests were unable to act on the strategic opportunity presented by their hegemonic position in the international coffee market until 1906, and they periodically failed to sustain a program of export restriction until the rationalization of coffee policy under Vargas.

To the extent that Brazilian coffee interests did succeed in artificially maintaining the international price of coffee, it provided a public good to the free-riding competitive fringe of coffee-producing nations. Colombia, in particular, aggressively exploited its advantage by undercutting the price of Brazilian coffee and rapidly expanding both production and market share. Although this outcome is consistent with the predictions of systemic theories, Bates shows that Colombia's competitive market rationality was also the product of a domestic political game, one which raises important empirical puzzles as well.

Unlike the relatively concentrated production of Brazil, Colombia's coffee growers were mostly small peasant producers. How did they overcome the costs of organization and avoid government predation to secure a favorable program of export promotion? Bates shows that coffee producers occupied a pivotal median voter niche in the electoral competition of republican Colombia. Thus, the structure of political institutions created incentives for politicians not only to pursue the votes of peasant producers, but also to pay the costs of organizing coffee interests into a national federation which was capable of pursuing an aggressively competitive trade policy.

At times, Bates may press his case against systemic theories too strongly. For instance, he argues that U.S. participation in the International Coffee Organization (ICO) was inconsistent with systemic rationality because it fostered a cartel which ultimately raised the price of coffee for U.S. consumers. U.S. security concerns over Castroism during the late 1950s and early 1960s explains why the US would agree to help the coffee-producing nations restrict production: the International Coffee Agreement offered the U.S. a way to subsidize the economies of Latin American states, which were perceived to be under siege by Communism. However, security does not explain the timing of U.S. action, which was postponed by a recalcitrant Congress through some of the worst periods of U.S./Soviet secu-

rity competition. On these grounds, Bates argues that systemic theories "don't work."

Nevertheless, on Bates's own account, it appears that two systemically determined national interests explain almost everything about U.S. participation in the ICO: both the impetus for a coffee-consuming nation to commit itself to production limits and the initial resistance of the U.S. Senate to such an agreement. Political pressure from U.S. coffee roasters may have helped to tip the balance in favor of the ICO (as Bates argues), but it is equally clear that, absent the perceived Soviet threat, the ICO would never have come into being. A more sympathetic interpreter of this data might argue that systemic theories of international politics and political economy fare well here, though they fail to exhaustively explain some of the details of U.S. participation. Indeed, the U.S. case is characteristic of the findings of this book: for each case examined, it is not so much that systemic causes were not operative, but rather that political actors on the international stage were simultaneously constrained by their need to play domestic political games.

In the concluding chapter of *Open-Economy Politics*, Bates reveals his methodological anxiety over a study which seeks to make generalizable inferences from the study of a single commodity and a single institution. He worries that a study of this sort may be useful only as a set of disconfirmatory counterexamples to existing theory (which, indeed, is its greatest virtue), rather than being a contribution in its own right to the theory of the international political economy. This concern prompts Bates to provide three supplementary empirical vignettes intended to improve the reader's impression of the robustness of the book's findings by increasing the sample size. In general this concluding material is not of the same high quality as the balance of the book; much of it could have been folded into earlier chapters.

Furthermore, this concluding move belies Bates' commitment to an 'analytic narrative' methodology, in which historical events of intrinsic interest are micro-modeled in order to provide a rich set of predictions concerning the individual 'case.' In effect, analytic narrative is itself a form of empirical disaggregation which increases the number of observations which can be drawn from a single temporal or geographical unit. The models developed to explain particular cases may well not apply cross-sectionally because they formalize peculiar domestic institutions. Instead, Bates's analytic narratives suggest a rich set of tools which students of political economy will find useful to employ in the investigation of other cases and topics in IPE.

Remaking the Italian Economy

Richard Locke
Cornell University Press
Ithaca, 1995

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Despite prolonged periods of rampant inflation, high unemployment and political instability, the Italian economy has performed exceptionally well in the post-war period, outperforming many other OECD member countries on numerous macro-economic indicators. Disparities between the North and the South and even within the regions, however, have undermined traditional cross-national comparative studies. Few studies that offer national level explanations can accommodate the Italian case within their framework. On the other hand, Italian area specialists have long recognized the importance of regional differences, and have sub-divided Italy into two, three or more regions in order to develop more nuanced understandings. While comparative studies have generally failed to capture many of the varied details that occupy Italy specialists, the latter group have typically found their work of limited applicability to other states. Into this gap steps Richard Locke's *Remaking the Italian Economy*, which proposes an alternative framework for the study of political economy.

Rather than view Italy as an exceptional case, Locke proposes that it merely exhibits more clearly the heterogeneity that exists within all countries. Therefore, instead of viewing nations as homogenous units, we should study the differences within them since they are at least as significant as those among them. Locke's sub-national, yet comparative, study of the local social and political factors that affect economic reform and industrial transformation provides a convincing portrayal of Italian economic and political developments in the '80s, and retains a level of generalizability lacking in many single-country case studies. Although Locke's book focuses on one country, its relevance extends to scholars whose interests include industrial transformation, industrial relations, and the social embeddedness of economic actors in the advanced industrialized countries.

After citing various economic measures that demonstrate the Italian economy's laudable performance, Locke sets about to prove his argument that nations should be treated as heterogeneous rather than homogenous units. He does this by studying several failed attempts by the Italian central government to impose unifying economic reforms and the incapacity of various sociopolitical actors to transform the industrial relations system in an orderly and predictable fashion. These efforts not only failed to import and institutionalize systems existing in Italy's seemingly more successful neighbors, but actually exacerbated intranational differences in some instances. The diversity that characterizes Italy not only continues to exist, but is crucial to understand why companies adjusted differently to comparable economic challenges despite being similarly situated. Following others (Putnam, *Making Democracy Work*, 1993), Locke finds that these initiatives unintentionally fostered regional differences, but that deregulation has not necessarily led to free markets' unfettered rule (Regini, *Uncertain Boundaries*, 1995).

Locke moves beyond these and other scholars, however, by treating administratively demarcated regions as complex and internally differentiated units that do not conveniently correspond to cultural boundaries, and by bringing to the fore the political factors that influence particular firms and industries' adjustment strategies. Through a detailed, compelling analysis of specific instances of actors dealing with industrial transformation, Locke clearly illuminates the causal mechanism that links micro-political factors to labor and management's strategies, and shows how local sociopolitical networks can outweigh macro-variables such as national wage bargaining accords.

In the latter part of the book, Locke presents detailed case studies of the automobile manufacturing and textile industries efforts to restructure in the 1980s, which further demonstrates the influence of local sociopolitical networks. To demonstrate that the same technology can be harnessed in different ways, providing varying amounts of benefits for capitalists and labor, Locke examines the historical experiences and worldviews, as well as the material and institutional settings, of different groups. The type of sociopolitical network, which can be one of three ideal types – policentric, hierarchical, and polarized, affects actors' constraints and opportunities. While FIAT and Alfa Romeo share the same ownership, utilize similar technologies and interact with the same unions, the local context shaped management and labor's choices and led to radically different strategies and outcomes. Whereas disagreements in the FIAT plant, located in Turin, escalated into pitched battles in which neither side was willing to back down and the unions were eventually crushed, Alfa Romeo and its employees benefited from Milan's more conciliatory environment. In Milan sociopolitical networks are organized in a policentric fashion, in which power and information are more evenly distributed; this fosters consensual agreements. In Turin, however, the predominance of polarized relations led to a zero-sum approach between the contending parties. While differences in labor organization matter, it is the dense social networks that connect different actors that play the key role. While the outcomes in neither case were predetermined and sociopolitical networks are not immutable (as Locke explicitly demonstrates in a chapter on the Biella textile industry), local sociopolitical networks do impose limits on actors' choices. These networks and limits typically change only slowly and in ways that cannot be guided or foreseen by government programs.

Besides the prodigeous amount of research and lucid synthesis of complicated material, Locke also expertly navigates methodological issues and fully exploits the economic, political and social diversity within Italy that has dismayed many scholars who employ national level explanations. By conducting a subnational comparative approach, Locke holds a greater proportion of factors constant, which increases the reliability of his findings. He demonstrates further methodological adroitness by systematically employing, within the same industry, matched pairs of companies that display radical differences in the way that they handled industrial transformation (Locke's dependent variable). In addition, comparing two diverse industries that differ radically from one another and share little in common enables Locke to exclude a number of alternative hypotheses, such as technological requirements, since each industry employs substantially different methods. Despite and because of the tremendous differences between these two industries, Locke's claim that "the strategic choices of company managers and local union leaders were shaped by the local economic order in which they were situated" (Locke, 175) is fully sustainable. The type of sociopolitical networks that exist for a company affects unions and companies' strategies by influencing information flow, strategies, and goals, and favoring distinct patterns of behavior.

Particularly in Europe, where the regions' roles are expanding in many policy areas – and not just industrial policy, Locke's subnational comparative approach should find wide applicability. Even if the European Union fails to reach its most ardent backers' goals, the general ideological movement towards *laissez faire* ensures that the existing social environment will play a comparatively significant role as central governments devolve power to the market and local institutions and increasingly restrict industrial policies.

While Locke makes a convincing argument and provides a firm footing for further study, the Italian case is one of the easiest ones for him to make his argument with since Italy has historically been disunited and lacks strong unifying national-level institutions. The next step would seem to be a similar study of a country with a less heterogeneous background and stronger national-level institutions, such as France or Sweden, or a subnational comparative analysis across different countries. Nonetheless, *Remaking the Italian Economy* deserves to be widely read as it achieves the benefits of the comparative approach without sacrificing the attention to detail that attracts area specialists, and it provides a theoretical perspective that could usefully be applied elsewhere.

Book Reviewers Welcome

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Making and Breaking Governments: Cabinets and Legislatures in Parliamentary Democracies

Michael Laver and Kenneth A. Shepsle
Cambridge University Press
Cambridge, 1996

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In *Making and Breaking Governments*, Laver and Shepsle offer a theory of government formation and duration that is distinct from previous coalition theories. Whereas much research has viewed government formation as a game among legislators deciding on how to divide the spoils of office, Laver and Shepsle adopt a portfolio allocation approach in which the political parties are the key actors and specific cabinet positions and the policy authority they entail are the parties' goals. The authors base the portfolio allocation approach on an assumption of policy motivated parties. While the stance taken toward the issue of policy versus electoral motivations has distinguished earlier coalition theories, the authors argue that policy may influence the strategies of political parties as either an instrument in pursuit of electoral gain or as an end in itself. Thus, politicians will attempt to implement those policies with which they are associated if the opportunity presents itself.

Given that political parties adopt policy positions which differentiate the parties in the electoral arena, and given the degree of party discipline that is usually found in parliamentary regimes, it is possible for parties to rationally forecast the policy implications of different cabinet portfolio allocations. The policy positions adopted by the political parties on issue dimensions – dimensions which are presumed to correspond with cabinet ministry jurisdictions – provide a "lattice of policy positions," the intersections of which provide the "feasible governments" that can potentially form. The authors assume that the dimensions are separable and that the control over a particular portfolio by a political party does not influence the control over other portfolios by other parties in the government. Both assumptions could be considered somewhat controversial to many because of the convention of 'collective responsibility' that stipulates that the parties in government adopt a common public stance regardless of differences between the parties over policies in cabinet deliberations. However, collective responsibility is not the same as collective decision-making. Laver and Shepsle suggest that the complexity of ministerial responsibilities is sufficient to warrant a division of labor in which each minister sits at the apex of his or her ministry and is able to draw upon the careerists' knowledge and expertise of issues that fall within the domain of the ministry. This ministerial expertise leads to ministerial discretion, or control, over that part of the policy agenda that falls within the domain of a particular ministry held by a specific political party. Such ministerial discretion substantially reduces the feasible policy positions that may be adopted by the cabinet.

Since political parties can forecast the policy positions of other parties on the issue dimensions, given the presumption of ministerial discretion, Laver and Shepsle are able to derive distinct predictions of which governments, with particular policy outputs, are likely to form. This is perhaps the greatest contribution of the Laver and Shepsle model. Whereas cooperative game spatial theories 'predict' governments and policies within vague, continuous policy space, Laver and Shepsle can make 'point' predictions that can more readily be tested by empirical data such as that produced by the Comparative Manifestoes Project. The predictions are based on Black's median voter theorem as expanded to *n*-space by Kadane. Political parties that are potential partners in a government realize the need to attain majority support and look to the median party on each dimension. The dimension-by-dimension median is the most likely to produce a "cabinet equilibrium" in which no party with the ability to bring down the government has an incentive to do so.

Unlike some earlier theories, non-empty policy win sets do not indicate government instability in the Laver and Shepsle model. Rather, it is when an intersection of party policy positions, a "feasible government," is present within the cabinet win set that stability might break down. However, instability might be curbed by the presence of a "strong party," a party that is included in every feasible government preferred by a majority. Since it is assumed that each political party possesses veto power over any cabinet in which it is a potential member, strong parties are those with veto power over all feasible governments preferred by a majority. Such a strong party could then veto all governments other than its ideal point (in which it receives all portfolios) and a standoff between parties would ensue. A "very strong party" on the other hand is one whose ideal point is the dimension-by-dimension median with no alternative government majority-preferred to it. Strong parties are then key actors in the government formation process.

In computer simulations based on their WINSET program, the authors find that strong parties are more likely in party systems with a smaller number of parties, fewer policy dimensions, and in situations in which one party is substantially larger than the other parties. One potential criticism of the simulation is that the number of policy dimensions varied only between two and four while in the real world the number of cabinet positions is much larger. The finding that increasing the number of policy dimensions substantially reduces the probability of an equilibrium cabinet to near zero would seem to suggest that the Laver and Shepsle model could not pass the test of prediction. However, Laver and Shepsle relax the assumption of separable dimensions and show that higher correlations between a particular party's positions on different jurisdictional dimensions increases the probability of equilibrium cabinets forming. Thus, by focusing on

a few key portfolios equilibrium predictions are possible. The authors also subject their model to more orthodox empirical tests, qualitative and quantitative, and find tentative support for their theory.

Curiously, Laver and Shepsle all but neglect the role of prime ministers. While the authors note that prime ministers nominate cabinet ministers, dissolve legislatures, and call new elections, it is only in passing that they mention the decisional power of prime ministers. In their earlier edited volume, *Cabinet Ministers and Parliamentary Government* (1994), Laver and Shepsle concluded that prime ministers are central actors in cabinet deliberations and that prime ministers possess effective veto power over many cabinet decisions. It is not exactly clear how the latter view of prime ministers, with veto power, would fit in their portfolio allocation model. Prime ministers, after all, do not hold control over a specific ministry but rather exercise jurisdictional discretion over the cabinet as a whole.

Making and Breaking Governments offers several novel changes to the existing coalition literature and is sure to be an important book for future research. The book is written in clean, easy-to-follow prose without the heavy reliance on Greek notation that is often found in formal work. Such progression in coalition theory in tandem with the recently collected data of the Comparative Manifestoes Project will provide significant gains in our understanding of government formation and termination in parliamentary democracies.

The Political Economy of Democratic Transitions

Stephan Haggard and Robert R. Kaufman

Princeton University Press
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Challenging 'choice-based' approaches to the analysis of political transitions, Stephan Haggard and Robert Kaufman employ an extensive case-study examination of political and economic reforms in twelve middle-income developing countries. In doing so, they stress the importance of both economic conditions and political institutions in determining the nature of regime transitions, as well as in shaping the economic performance and future prospects of new democratic regimes.

Focusing on transitions from authoritarian rule in the first part of their book, Haggard and Kaufman point out that either economic crisis or economic success can contribute to the demise of authoritarianism, albeit with different consequences for the subsequent political transition. Economic crisis can cause the bargain between state elites and supportive interest groups to become "unglued," while economic success will eventually lead to the rise of new middle income groups which will seek to check the power of the state. But authoritarian withdrawals during crises differ significantly from "non-crisis" cases, as state elites departing in crisis situations are less able to delay and structure democratic transitions to their benefit. Therefore, democratic transitions in "crisis" cases are more likely to lead to open political competition over a short period and encourage greater political polarization. Moreover, such crises tend to empower strong leftist or populist parties, which tend to threaten not only subsequent democratic consolidation, but desperately needed economic reforms.

Whether new developing-country democracies can make the sacrifices required for successful economic reform constitutes the topic of the book's second section. In addressing this question, Haggard and Kaufman again make a clear distinction between crisis and non-crisis cases. They argue that since non-crisis cases must only sustain previously instituted policies, and they often enjoy the support of private-sector groups with vested interests in neo-liberal reforms, they are better able to foster the development of a market-based economy. But in both crisis and non-crisis cases, Haggard and Kaufman find that strong executive authority and a centralized party system aid the initiation and maintenance of neo-liberal reforms. Yet, the impact of such institutional factors is also shaped by economic circumstances. Indeed, in many crises, reforms were delayed following initial transitions toward democracy and were instituted only after further economic decline. As the authors say, it was the dire economic conditions of many developing countries during the late 1980s which allowed newly elected presidents to finally take the initiative to impose harsh economic reforms, while simultaneously eroding the social base of interests opposed to these reforms.

In their third section, Haggard and Kaufman conclude that economic circumstances are also crucial for the successful consolidation of democracy. Though they admit that many new developing-country democracies are at least "surviving," they posit that economic crisis will tend to undermine democratization, albeit by an "indirect" route. More precisely, they point out that considerable tensions between concurrent economic and political reforms do exist. Strong executive authority, though conducive to economic adjustment, tends to impede institutionalized consultation with elected legislators and social groups over the long-run. Moreover, a centralized party system may not be sufficiently accountable to previously neglected societal groups, and may thereby increase the appeal of extremist groups, which may destabilize tentative steps toward democracy.

Seeking solutions to these tensions between economic and political reform, Haggard and Kaufman then propose four party-system options for effectively managing developing economies under democratic rule. All four systems – two-party systems, consociationalism, and multiparty systems dominated by a center-left or a center-right party – present potential problems of their own, depending on the historical legacy and socio-economic circumstances of each country. In conclusion, however, the authors

tentatively contend that multiple viable paths to the successful maintenance of democracy and a stable market economy in developing countries appear possible.

While this book constitutes an ambitious and praiseworthy effort at examining political transitions, its analysis lacks sufficient rigor. The case studies themselves, though detailed, are not particularly well focused. Much of the information tends to be anecdotal and does not develop any falsifiable hypotheses. What constitutes a fragmented party system or a centralized executive in one case, for instance, is not systematically compared across case studies. In addition, Haggard and Kaufman often fail to define their central terms. At what point, for example, does a democracy become "consolidated?" It remains unclear whether any of Haggard and Kaufman's cases have successfully completed their transition to democracy, or seem poised to do so.

Finally, Haggard and Kaufman's analysis falls short because it remains dependent on the very choice-based framework whose inadequacy it seeks to demonstrate. Though few would dispute Haggard and Kaufman's central contention that economic conditions and political institutions shape the nature of both political transitions and economic policymaking, this does not run counter to choice-based analysis. Indeed, several prominent choice-based analysts of developing-country politics have increasingly incorporated the role of economic and institutional factors into their work. The authors themselves, in fact, describe all political regimes as a "bargain between political leaders and key support groups" (p. 7). Though the terms of this bargain are undoubtedly subject to both economic and institutional constraints, it still represents an explicit choice of self-interested political actors.

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