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HISTORICAL INSTITUTIONALISM AND EXPERIMENTAL METHODS[1]

Historical Institutionalism grew out of an interest in explaining variation. When we began asking ourselves why policies and politics differed so much across nations and over time, political institutions forced themselves into the center of the analysis. Institutions, we argued, *structured* politics. By now, this basic insight has become commonplace. Even if this was once an innovative contribution, today few would argue against the proposition that institutions are important because they structure strategic incentives and constraints.

But we also know that institutions do not *determine* outcomes (nor do they determine the path of history). This is not only because humans create and can change institutions, but also because human beings come to the institutions they inhabit with prior expectations and cognitive biases that affect how they will work within these institutions and adapt them to their local circumstance. We know, for example, that you cannot simply plant a set of institutions on a population (whether mid-20th century Japan or early 21st century Afghanistan) and expect to easily predict how these institutions will be interpreted, used and/or manipulated.

I believe that to understand the actual policy choices made in different countries, we must examine the *interaction* between history, political institutions, public policies, and citizen's preferences. In my past work I have largely focused on two sides of these complex relationships – public policies and political institutions. I have been cognizant of the fact that both what the state actually does, and how it does it, must affect citizens' attitudes and perceptions of what their state *ought to do*. The truth, however, is that political scientists have never really been able to test this argument.

In this essay I argue that one way of testing HI theories is to integrate some of the methods and techniques of experimental social science into our analysis. Certainly, much of what historical institutionalists are interested in is not available to field or laboratory experiments - precisely because they are in the past. But for those who would use history to explain outcomes and variation in the modern world, experimental methods and reasoning may be an appropriate addition to our tool kits.

In my view, at the core of *Historical* Institutionalism is the insight that history matters not just because it provides different contexts in which rational actors made choices, but because history affects actors' beliefs, values and preferences. History matters for our understanding of politics because history

[1] Draft chapter for, *Oxford Handbook on Historical Institutionalism*, Orfeo Fioretos, Tulia Falleti and Adam Sheingate, (eds), Oxford University Press, Forthcoming.

provides experience and experience can change the beliefs and preferences of citizens and their elites. But, if we are honest with ourselves, we typically do not have the tools to test these propositions.

Willing to Pay? Combining HI and Experiments in the Study of the Welfare State

Let me try to clarify what I am after through a simple example that motivates my current research:

All modern welfare states face a set of very difficult challenges as they adapt to the demographic, economic and fiscal pressures of the early 21st century. These include: a) fiscal pressures of an aging 'core' population; b) political challenges of maintaining public support for adequate social welfare and education in the context of growing ethnic diversity; c) growing public frustration with and even distrust of bureaucratic state institutions and political authority; d) intense pressures to reduce (or at least not increase) taxes for politically powerful constituencies; and e) the continuing pressures to move from manufacturing-based economies towards service-based economies. These competing pressures deeply constrain the political choices available to policy makers in all advanced democratic nations. It is simply not true, however, that these forces push all democratic states in the same direction. Quite the contrary: the empirical evidence suggests that modern democracies are maintaining quite different policy trajectories - even in the face of broadly similar political, economic and fiscal pressures.[2]

We know that citizens in different countries respond differently to the question: "Are you willing to pay higher taxes in order to provide better health or education services to those who need them?" (Svallfors 2011; Taylor-Gooby 1995). But the fact is that we do not truly know why citizens in different societies respond differently to this question. It is reasonable to *assume* that they answer differently because they have different expectations of how their tax money will be spent. It is also possible that they have different perceptions of the fairness of the tax system, beliefs about how consistently it is enforced, and/or there are different social norms with respect to tax compliance. These all seem like reasonable assumptions. But the fact is we do not know which of these explanations are correct because while we can make correlations between attitudes and policy outcomes and/or we can rely on anecdotal evidence in support of our claims, no one has actually been able to test the ways citizens in different countries *think about* policy choices, and how different institutions shape these choices.

The current state of traditional welfare state research, (within which we find taxation policy) focuses on a) public policy comparisons of regime types (eg. how taxes and public spending are structured in different countries) and their evolutionary histories, and, b) citizens' attitudes towards

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[2] For example, despite intense 'tax competition' in Europe, tax burdens have not fallen in recent years: Indeed, the average tax burden in the OECD grew from 33.5% in 1990 to 38.5% in 2007. Even in the heavily taxed EU-15 countries tax burdens have remained quite stable, growing from 38.2% in 1990 to 38.7% in 2007. Similarly, there is great pressure on health spending in the OECD, and while we have seen the introduction of some privatization in several countries there is no evidence to suggest that the various systems are 'converging' on a common policy.

taxation. But we do not know how to link these related issues, as surveys cannot give us a fine enough measure to understand perceptions of taxes or the real trade-off citizens are willing to make. At the same time, while we have made assumptions that try to draw linkages between the structure of a given nation's systems and citizens' willingness to pay for them in different national contexts, we have not been able to test these assumptions. In short, we do not really know *why* citizens' willingness to pay taxes varies in different countries. We have even less purchase on the questions of what types of taxes citizens might be willing to pay in different countries, and/or on what kinds of trade-offs they are willing to make to help fund social security.

These are very basic questions which, in my view at least, have hugely important implications for all advanced democracies as we enter an era of increased competition, ever tighter budgetary constraint and, finally, aging demographics.

In order to test these relationships I am now conducting a series of experiments in different countries in which we examine the different trade-offs individuals in different societies make under different conditions. Specifically, we focus on two sets of redistributive policy issues: Taxation and public pensions. Space does not permit a full elaboration of the precise questions asked in each experiment, but the chief purpose is to build a series of scenarios that will allow us to test how different institutional contexts frame or shape citizens' decisions and thereby better understand how they perceive and process different policy choices and trade-offs.

To be sure, developing nuanced tests of these basic propositions in different national contexts takes time and a rather subtle understanding of the national context itself. In short, to effectively test these ideas we need to understand the workings of the national political institutions, tax and welfare systems as well as their history and political cultures.

Pension systems provide an excellent example: All welfare states today feature some mix of various pension systems (often called 'pillars') in which a basic public pension can be combined with various occupational pension systems and various tax subsidized private savings schemes. We also know that there is very widespread support for social spending on pensions and the aged in all advanced countries. At the same time it is quite clear that the enormous costs of these pension systems demands fiscal restraint. I submit that in order to better understand what I will call "the room for maneuver" available in different polities, we need to better understand the citizen's beliefs and expectations about how collective action problems are best managed, and the extent to which norms of equity and responsibility are assumed and reinforced. In short, some policy choices may be available in Sweden that are not available, politically, in Italy, for example, *because of the ways citizens think about these public policies and the political institutions which produce them*.

A distinctive feature of the study is that historical institutionalist country specialists are working intensively with the experimentalists, both so that we can refine the experiments in ways that make them more realistic within different national contexts, but equally importantly so that we can build experiments that test the specific hypotheses generated by the country specialists. The strength of the comparative institutional scholar is that he or she has a much deeper understanding of not only the formal institutions in a given country, but also the informal norms and expectations that are likely present in that country. The strength of the experimental scientist is that he or she is better positioned to design specific experiments that will enable us to test for differences in norms, expectations, perceptions of fairness, attitudes toward redistribution, and willingness to pay. The foundational idea of this project is that by combining these strengths we will be able to build better models to test the arguments and assumptions made by historical institutionist country specialists, and thereby build better and more verifiable theories for explaining cross-national variation. It is my experience that different institutional and policy structures have different implications – or at least salience – in different national contexts. We want to know if this is true and how they are perceived.[3] Economists and psychologists have attempted to conduct experiments in diverse cultural and institutional settings, but absent the substantive historical and institutional knowledge which the historical institutionalists bring to bear, such experiments remain too abstract. Indeed, many economists remain surprised that there is variation in behavior that cannot be explained by purely institutional incentives and constraints.

EXPERIMENTS AND INSTITUTIONS – NEW METHODS, NEW ANSWERS

In recent years significant advances have been made using experimental methods in the social sciences that have helped researchers better understand the cognitive processes that individuals use when making choices. Early work using these experimental technologies was developed by psychologists, but economists were quick to realize that these techniques could be used to test many of their assumptions about human decision making (Smith 2008). The bulk of research has not supported the simple notions of man as a rational self-interested decision maker (Gintis et al. 2006; Kahneman, Slovic, and Tversky 1982) and has instead led to a far more nuanced and complex understanding of how and why individuals come to their decisions. The evidence points quite clearly to the claim that most humans are motivated by several forces including self-interest, the desire for social acclaim, and respect for hierarchy, for example. The empirical evidence also demonstrates that there are different distributions of these basic patterns both within populations and between different populations.

[3] An important distinction is "between-subject" and "within-subject"-designs. Between subject design applies one treatment to all subjects and compares them. Within-subject design applies many different treatments to each subject. We conduct both between *and* within subject design in order to attempt to single out both individual differences and manipulate the data by holding more variables constant.

Early experimental research by economists tried to explore the base preferences of individuals across time and space. At first they thought they had discovered “multiple equilibria,” but soon they also realized that these ‘equilibria’ were dynamic. These works have led to growing interest in the ways in which different cultural national ‘contexts’ affect the decision processes of individuals (see, for example Cummings et al. 2004). The most interesting work in this area is currently being done by those who have accepted the overwhelming empirical evidence showing that human rationality is not only bounded (Simon) but also framed by a complex set of other considerations and/or limitations. Vernon Smith, one of the founders of this field (and Nobel Laureate for his work here) has argued that rationality is “ecologically bounded.” In other words, even what is ‘rational’ is framed cognitively by the ecology in which we make decisions. James Alm, one of the leaders in the field puts the matter rather bluntly: “These are all issues for which the standard neoclassical paradigm gives clear-cut theoretical answers. However, these ‘answers’ are often misleading or wrong. Testing behavioral public economics notions in the laboratory presents the possibility of demonstrating behavioral responses that are more accurate and realistic, that show the relevance of social context and social process in decisions, and that have the “external validity” necessary for policy formulation.” (Alm 2010, : 648).

It is precisely ‘context’ which political science (and especially Historical Institutionalism) can bring to the table. Historical Institutionalism, specifically, is the study of the “ecology” of political decisions. Economists and psychologists have become skilled in design and have developed these experimental methods to a greater extent than we have done in political science. Political scientists, however, have paid much closer attention to examining and understanding the specific institutional structures, decision-making processes and historical contexts that frame these choices. In my view, both our understanding of how institutions frame and/or structure individual choices, and our understanding of the real institutional choices available in different polities will be greatly enhanced if we can bring these different kinds of expertise together.

Thus, what I hope to accomplish with this line of research is to bring together the basic insights and methods of comparative historical and institutional analysis with the insights and methods of experimental research design. I am precisely interested in how political institutions and public policy regimes, as well as citizens’ experiences, *shape the ways they think about political choices.*

Comparative historical analysis has furnished us great insights into the relationship between political institutions and public policies in different countries. Furthermore, work in comparative historical tax policy and fiscal sociology has provided significant insight into how and why different political systems have developed different tax systems (Prasad 2006) (Peters 1991; Peters 1979) (Steinmo 1993, 2002). However, a number of important questions remain regarding the relationship between citizens’ attitudes towards taxation and the state which comparative historical analysis simply cannot answer. To take a specific example: we know that Swedes have a higher rate of tax compliance than Italians. We can speculate as to why this is, but comparative historical analysis cannot disentangle the multiple plausible explanations or variables. For example, it is plausible that different compliance rates are related to any or all of the following factors:

- Italians may have less fear of being caught for tax evasion than Swedes.
- Italians may believe that no one else pays their taxes and therefore they do not develop the social norm saying that they ought to pay.
- Italians, even more than Swedes, may believe that they do not receive adequate benefits for the taxes they pay and therefore are more hostile to paying their taxes.
- Italians may believe that their politicians are corrupt, or more corrupt than the Swedish believe theirs to be, and therefore are not willing to pay their taxes.
- Italians may have more negative experiences from their interactions with the state than Swedes do.
- Italians may believe that the rich get away without paying their taxes (even more than Swedes) and therefore feel that the tax burden is unfair and are hence unwilling to pay their taxes.

Indeed, it may be some combination of all of these variables that explains Italy's low tax compliance rate. It is my hope that by controlling for specific variables and testing them in a laboratory setting can we know which of these variables is the most salient and under which conditions. Up to this point, no one that I am aware of has attempted to systematically test and compare the underlying understandings of political choices in countries as diverse as Italy, Sweden, or the United States. As above, we may *think* we know what is going on in citizens' minds when they consider political choices or their willingness to pay taxes, or the choice about which kind of pension reforms they are willing to accept, but we do not know much about their real perceptions. Similarly, we can construct narratives that attempt to explain why some Americans today seem willing to bankrupt their country out of a visceral disgust for 'politicians' and/or the current president. But I think we should be careful before we assume that we know what is going on in their minds (Frank 2004). Perhaps we should even have a look?

Are Italians more "selfish" or more like individualistic utility maximizers than Swedes, for example? I do not think so. But it does seem that many Italians have come to believe a narrative about their country and its leaders. Consequentially, reformers and leaders are trapped into sub-optimal choices. In a country in which an estimated 30% of GDP is hidden in the black, it is difficult to raise the revenue to balance the budget. In a country where public servants believe their bosses are *ladri,* (thieves) how should they behave? When the Prime Minister Marion Monti denounced in 2011 that "Italians do not pay their taxes," many Italians asked themselves 'why should I?' It is not that Italians do not follow rules, or abide by norms, nor is it that they do not care for each other. It is instead that social rules and norms are not necessarily coincident with country's laws.

I, like many reading this volume I suspect, am quite uncomfortable with national stereotypes and simplistic "culturalist" arguments. I am very much an institutionalist. I strongly believe that institutions can and do shape behavior and that most of the time people can and do respond to incentives and constraints. But at the same time, I am no longer satisfied with institutional explanations that give short shrift to people's beliefs and biases and/or pretend as if material interests and institutional constrains/incentives can tell us enough. It is impossible to live in Italy for five years, as I have now done, and not believe that citizens' perceptions of their society, and their behavior towards the collective are a part of Italy's governance problem. In short, it is *not* just "The Institutions, Stupid!" (Watts and Steinmo 1995).

I think we can and should go further towards empirically testing the relationship between institutional rules, historical/cultural context and policy choices. Doing so will allow us to move beyond the tired debates pitting these interests vs. ideational explanations against one another and towards a better and more nuanced understanding of the ways in which institutional rules structure policy choices, and the ways in which cognitive frames shape how institutions are perceived, manipulated and interpreted. Finally, moving in this direction and looking at the interactive relationship between ideas, interests and institutions will enable us to develop a better understanding of institutional change generally and why welfare states appear to maintain their distinctiveness despite pressures for convergence.

The few cross-country studies done by cognitive economists to date have shown that differences in tax compliance are related to differences in social and institutional factors. Experimental studies have shown that the willingness to contribute in public good scenarios increases when individuals believe that they will receive a 'fair' return. (What is 'fair,' of course, can vary across cultural contexts as well as according to the rules through with the redistribution is made.) Interestingly, analysis of horizontal equity has produced mixed results in different national contexts. We know that part of the explanation for this variance has to do with variation in sanctions (the risk of being caught), perceptions of others' behavior, social norms, and tax rates,, (Torgler 2002) (Gerxhani and Schram, 2006). There is also evidence to suggest that high trust societies are more likely to be high tax-compliant societies. "More experiments should be done to get better insights," Torgler concludes. "It would be interesting to expand the cross-country studies to analyze equity considerations" (Torgler 2002). Indeed, as Feld and Frey point out, "most studies treat 'tax morale' as a black box without discussing or even considering how it might arise or how it might be maintained. It is usually perceived as being part of the meta-preferences of taxpayers and used as the residuum in the analysis capturing unknown influences to tax evasion. The more interesting question then is which factors shape the emergence and maintenance of tax morale" (Feld and Frey 2002, :88-89).

James Alm, perhaps the world's leading scholar using experimental economics to explore tax policy issues, summarizes the major findings in the tax compliance literature as follows: a) Perceptions of audit rates affect compliance; b) tax rates affect compliance (e.g., perceptions of fiscal inequity); c) simplicity versus complexity affects compliance, and finally; d) process (versus outcomes) affects compliance — in other words, the decision making institutions used to build or design the tax system in the first place seem to also affect citizen's willingness to comply. "Compliance is driven by far more than the purely financial considerations of detection and punishment, but in ways that are not yet fully understood." (Alm 2010, : 647) Equally importantly for our purposes here, Alm's survey of this literature indicates that citizens' perception of the benefits side of the state may also affect compliance rates: "[e]ven though individual behavior in uncertain environments has been extensively studied in the laboratory, the broader behavioral implications of government-provided social insurance have been almost completely neglected. Linking the public good aspects of social insurance programs with their uncertainty effects seems an especially promising area of research…. In short, I believe that the future prospects for the application of experimental methods to behavioral public economics are exciting and unlimited. The challenge here is to design precise experiments that parallel the essential elements of the naturally occurring world that are of interest, so that the experiments can demonstrate the external validity necessary to inform policy" (2010, p. 649).

Political scientists have generated substantial evidence indicating that there is wide variation in the willingness to pay taxes (and also the proclivity to avoid taxes) across countries (Edlund 1999; Svallfors 1997; Taylor-Gooby 1995). These differences are correlated with levels of social trust (PIPA 2006; Rothstein 2005) as well as with perceptions of the benefit side of the budget (Coughlin 1980; Svallfors 1997; Taylor-Gooby 1995). Svallfors and Edlund for example, have argued variously that Swedes' willingness to pay high taxes is a result of the fact that they believe that they get more out of the taxes they pay than, for example, Americans or Italians (Scholz and Lubell 1998) (Edlund 1999; Svallfors 1997; Taylor-Gooby 1985). It is also reasonable to expect, as some scholars have argued, that citizens are willing to pay taxes if they believe that public spending is allocated fairly and efficiently (Rothstein 1998). But the truth is we do not know if this is correct or not.

The key problem for political science is that institutions are endogenous to the political system (Steinmo 2010). Using experiments, we may be able to isolate specific institutional variables and thereby unravel the endogeneity problem. In order to test these assumptions we need to conduct experiments that can control for the multiple intersecting variables that contribute to citizens' willingness to pay taxes. In so doing we will learn much more than the general perceptions or attitudes towards government and taxation.

We can also learn what kinds of tax systems citizens have the greatest hostility to, and why. Moreover, by conducting these experiments as trade-offs, especially intergenerational and inter-temporal trade-offs, we can learn which kinds of trade-offs (taxes and benefits) are more or less acceptable or preferable, in different national welfare state context, and why.

HISTORY, INSTITUTIONS AND COGNITIVE FRAMES

Institutional theory has advanced significantly over the past several years. As I noted above, the argument that institutions structure interests and shape strategic choices is by now well accepted in political science. We understand the dynamics of path dependence, the role of critical junctures, and the importance of timing. But it is widely recognized that we still lack a clear and coherent understanding of the relationship between actors, "ideas" (eg. beliefs, values and norms) and the institutions in which they work and live. Indeed, to date the institutionalist literature has been somewhat split between institutionalist scholars who emphasize the role of ideas (or more specifically policy ideas (Blyth 2002; R. Lieberman 2002) and those who have emphasized the role of interests (cf. Levi 2006; Weingast 1996) even while virtually all scholars believe we need to understand the relationships between ideas, institutions and interests (Katzenstein 1996; I. Katznelson and B. Weingast 2005; North 2006; Weingast 2005).

Understanding how institutions shape and frame people's preferences and consequently their choices should be at the heart of explaining variation. Moreover, developing a better understanding of how and to what extent specific institutions shape and modify people's decisions may allow us to reform and adapt institutions in a more effective and measured way. While it is widely acknowledged that 'ideas' are important, the relation between institutions and people's understanding or 'cognitive mind' is far less well known (Conte and Castelfranchi 2006; D'Andrade 1993; Jacobsen 1995). Institutions are rules allowing people to solve collective problems (North 1990; Thelen 2003). In order to grasp how these informal rules can change and evolve, the cognitive properties and patterns behind individuals' (inter)-actions must be taken into account (Bowles, Choic, and Hopfensitzd 2003; Hall 1997; R. Lieberman 2002).

The mind is not a blank slate on which cultural, normative and social information is simply recorded: different individuals have different beliefs, values and preferences and these internal representations affect the way in which information is stored and organized (Checkel 1999; Young 1998). This social information is not simply copied and passively stored in people's minds: when information is transmitted from an individual to another, several – even though slight – modifications take place and these differences allow institutions to change and evolve.

Curiously, however, few scholars to date - from either 'side' of the institutionalist camp - has specifically been able to test empirically the relationship between institutional rules, historical/cultural context and policy choices. Doing so will allow us to move beyond the sterile debates pitting these interests vs. ideational explanations against one another and towards a better and more nuanced understanding of the ways in which institutional rules structure policy choices, and the ways in which cognitive frames shape how institutions are perceived, manipulated and interpreted. Finally, moving in this direction and looking at the interactive relationship between ideas, interests and institutions will enable us to develop a better understanding of institutional change generally and why welfare states appear to maintain their distinctiveness despite pressures for convergence.

WHY EXPERIMENTAL METHODS?

There can be no gainsaying that experiment methods are rapidly gaining entrance into political science (Green and Gerber 2002). Still, many political scientists will find the proposition that we can bridge Historical and Behavioral traditions strange… or perhaps even objectionable. But if we consider that each of these approaches is centrally interested in causation, the *why* questions, perhaps this proposition is not so strange after all. In Morton et al.'s (2010) recent survey of the field they credit the New Institutionalism itself for the recent growth of experiments and experimental reasoning in political science. "Political science research has also begun to focus more the effects of institutions on political behavior. The 'new institutionalism' contends that institutions matter and influence norms, beliefs, actions of individuals." They suggest that, "*[i]n some cases,* experimental research is a better way to evaluate these institutional differences." (Morten et al, 2010, p. 15, my emphasis).

In my view there is an affinity between experimental political science and Historical Institutionalist scholarship precisely because they share what Morten et al. call "experimental reasoning." The very point of comparative historical analysis is to examine the alternative routes taken, the counterfactuals, and the junctures in which policies and institutions change. What made HI distinctive from traditional institutional analysis was the use of comparative historical analysis - not description. What makes experimental political science different from traditional behavioralist approaches is in fact the same thing: Both are interested in the "why?" questions. Each offers a distinctive approach to developing and testing *causal* theories.

John Gerring and Rose McDermott recently argued that qualitative research is at its best when it conceptualizes case studies "according to an experimental template." Furthermore, they suggest, "We wish to enlist the experimental ideal as a way of identifying the strengths and weaknesses of all research into causal analysis…. In particular, we have suggested a reconceptualization of research design in terms of the extent to which projects deviate from the classic experiment" (2007, p. 698). But why should we stop here? It strikes me that the ideal "multi-method" approach would combine institutional analysis and experiments precisely so that we can test the propositions generated in our historical work.

Suzzanne Mettler's recent book, *The Submerged State*, is an excellent example of just such an approach. Her deep historical analysis offers rich examples of how Americans' perceptions of governmental activism have been clouded by the subterranean ways in which the government often pursued its policy goals *and* how these perceptions become traps which ensnare policy makers who would reform and change these structures. She convincingly argues that this government by "smoke and mirrors," has perceptual and even cognitive consequences (p.24) and then tests these propositions using some of the techniques suggested here. "Survey research and experiments" she concludes, "enable us to examine questions such as which types of policy designs make the workings of government evident to citizens; how citizens can be informed about policies such that they can form opinions about them; and what kinds of information permit them to establish view in keeping with their values and interests" (Mettler 2011, : 30).

Theda Skocpol concluded her oft cited essay "Why I am an Historical Institutionalist" saying, "I believe that causal analysis and hypothesis testing about variations are the way to proceed methodologically. It is not enough just to explore how people talk or think. We must also find patterns in what they do" (Skocpol, 1995, p. 105). Certainly, Skocpol was referring to historical patterns of behavior, but I submit that experiments can be another way that we examine how people actually behave in different conditions.

To be sure, the 'conditions' of an experiment (especially in a laboratory experiment) are different from the real world. To start off with, the "subjects" know that they are participating in an experiment and this may itself alter their behavior. Additionally, the subject pools for most experiments (with perhaps the exception of so called "Population Based Survey Experiments") may represent biased samples from the whole population (Mutz 2011). This is why, good experimental work needs to be driven by both good theory and sound empirical observation. Experiments are a data generating process where the researcher manipulates different environments and situations (the so-called "experimental treatment") in order to test the treatments' influence on the outcome. These methods allow the researcher to test relationships, whereas other more conventional research methods have shown significant problems isolating and identifying causality. Where for example survey research provides us with an insight into covariance, it does not provide us with causality. In experiments we can intervene in the actual data generating process, thereby enabling ourselves to identify and hold causal links constant. This is not possible with regular, already generated observational data (Gerber & Green, 2002). But absent the foundational questions and insights drawn from "observational data" experimental research can fall into the trap of demonstrating the obvious. At first, it was interesting to see how experiments demonstrated the inadequacy of thin rational choice models, but by now even economists are interested in situating their experiments in the real world. As these techniques and methods advance they move closer to the social scientist that has long studied real institutions and the people who populate them.

Nobel Laureate and APSA's President, Elinor Ostrom frequently argued in favor of adding experimental to the social scientist's toolkit. "When conducting field research, one of the frustrating aspects is that so many variables are involved that one is never certain that one has isolated the specific variable—or limited set of variables—that causes an outcome. A good way to understand which components of a common-pool resource situation affect behavior and outcomes, and how, is to study a simplified version in an experimental laboratory. In the laboratory, the researcher carefully establishes the specific components of the theoretical situation to be studied and controls other variables so they do not confound the analysis… To test theory adequately, we need to use methods that together combine external and internal validity."[4]

She concluded, "we always learn more from multiple research modes than we learn by relying on one method alone. Further, experimental research enables us to test the impact of specific variables in repeated controlled settings—something that is not available to scholars studying only field settings" (Ostrom 2007, : 1). One gains external validity in doing field research, but internal validity in the laboratory. When political scientists use both methods related to one set of theoretical questions, advances in our understanding are multiplied" (Ostrom 2007, : 1) In a recent paper by Falk and Heckman (2009), titled, "Lab Experiments Are a Major Source of Knowledge in the Social Sciences," they argue similarly that:

> Causal knowledge requires controlled variation. In recent years, social scientists have hotly debated which form of controlled variation is most informative. This discussion is fruitful and will continue. In this context it is important to acknowledge that empirical methods and data sources are complements, not substitutes. Field data, survey data, and experiments, both lab and field, as well as standard econometric methods can all improve the state of knowledge in the social sciences. There is no hierarchy among these methods and the issue of generalizability of results is universal to all of them (cited inRoth 2010, : 22).

Like Ostrom, my interest is not in replacing classical methods in political science with experimental work. Quite the contrary, I believe that we can and should augment our work with these techniques because these methods can help us gain purchase on several kinds of questions that more traditional methods (eg. the ones I have used in my career) cannot. It should be noted that historical institutionalism has always been sensitive to causal inference. Comparative case study methods have been a preferred tool for these scholars precisely because they are one way of controlled variation. However, HI has traditionally operated at a macro- or meso-level of aggregation.[5] But, if we are considering what

[4] One criticism of experiments is that they can suffer from reduced external validity (for example in lab experiments people are removed from their national environment, and may behave differently in the real world).
[5] I thank Adam Sheingate for this observation.

steps we might want to take next and/or how we can build onto our foundations, adding behavioral and even micro-level analysis may be one way to go.

History, Institutions and Cognitive Frames

Many institutionalist scholars have already taken steps towards integrating social, cognitive and institutional analysis and thus offer less reductionist perspectives that view institutions as "complexes" of rules rather than unified, seamless and consistent constraints. Instead of focusing exclusively on either structure or agency, scholars increasingly recognize how interactions between the two drive change.

Thelen cites Ferejohn's work as an example, arguing that "culturally shared understandings and meanings" are crucial to selecting among the many possible strategic equilibria (1991:285).

> In social action, human agents make strategic or allocative choices while simultaneously enacting (ontologically) prior understandings about the nature of the strategic situation in which they find themselves, the characteristics or identities of the players (including themselves), and the common understandings or expectations as to how the game will be played. Thus, when it comes to explaining action, rational accounts, no less than interpretive ones, must appeal to principles external to the individual agents. (Ferejohn 1991: 285) cited in (Thelen 1999) p. 376.

As Blyth, Lieberman, Lewis and Steinmo, Mahoney, Streeck and Thelen and many others have pointed out in multiple publications in recent years, institutionalists have revised their conception of institutions from one that viewed institutions as independent, self-reinforcing and essentially stable constraints on behavior to one that views institutions as sets of rules embedded within the broader institutional milieu of a polity. In order to better explain change, institutionalists have also embraced their complexity (Blyth 2002; Lewis and Steinmo 2012; R. Lieberman 2002; Mahoney and Thelen 2009; Streeck 2009)

These scholars are giving increasing attention to the "interaction" between institutional structures and agents. For example, Henry Farrell (2009) focuses on the interaction of agent strategies with institutional rules by looking at the conditions under which agents take actions promoting institutional change. In general, rational-choice scholars have developed a more nuanced bottom-up view of agent preferences and the complexities of decision making, in part because they are more attuned to the ways that agents interact with and respond to institutional stimuli (I. Katznelson and B. R. Weingast 2005; McDermott, Fowler, and Smirnov 2008). It seems to me that the interaction between individual's perceptions and preferences and institutions that are at the core of concepts such as "positive and negative feedback" (Pierson 2000), "friction" (R. C. Lieberman 2002), "layering and conversion" (Thelen 2004), and "informal adaptive institutions" (Tsai 2006) are becoming commonly understood mechanisms of change.

An earlier generation of comparativist scholars examined differences in preferences and implicitly argued that policies varied in different democratic countries because the citizens in those countries wanted different outcomes. (Almond and Verba). These scholars argued essentially against the broader historical and/or Marxist traditions, believing that in democracies at least, governments respond to the preferences and opinions of their citizens. The institutionalist scholars, along with more power base rational choice scholars took issue with this, perhaps naïve, set of assumptions. As “new” institutionalists we argued that politics and policy outcomes were rarely the product of expressed public preferences. Moreover, we cleverly pointed out, citizens’ preferences are rarely clear. Indeed, what citizens want, even in a democracy, cannot be so easily separated from the policies that their governments pursue.

Farrell and Finemore as well as Blyth’s essays (in this volume) speak to the biases in our own historical institutionalist tradition, pointing out that the ‘ideational’ side of the HI tradition has not been well represented in the mainstream. Perhaps this is because historical institutionalists did not have the tools or methods to test the basic propositions that an ideational account suggests. It is indeed ironic that scholars from both the behavioralist and rationalist traditions have begun to use these methods and to test what I, frankly, consider to be historical institutionalism’s basic insights - that in order to understand how institutions work and change, we need to better understand what people who constitute these institutions believe and how they behave.

In short, to test the proposition that ideas and institutions are inter-related, we need to look into the black box. Before we can really understand how institutions really work, how they change, and why that change can be so difficult we need to understand more about the human mind (or more accurately, human mind*s*). Instead of seeing actors as rational decision makers constrained and incentivized by institutional structures, we should specifically explore the iterative relationship between human preferences and the institutions in which they are raised. Combining diverse research traditions and methodologies will allow us to better examine the dynamic relationships between ideas, interests and institutions and thus help us better understand variation in policies and preferences across cultures and over time.

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