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**Dysfunctional Institutions?  
Towards a New Agenda in Governance Studies**

A symposium under consideration at  
*Regulation & Governance*

**Guest Edited by**

*Aseem Prakash*, University of Washington, Seattle  
*Matthew Potoski*, University of California, Santa Barbara

Institutions are the rules for structuring economic, political, and social life. When fulfilling their promise, institutions create win-win outcomes by stabilizing actors' expectations and identifying what actions are permitted, prescribed, and prohibited. However, institutions may reflect asymmetries in power and perpetuate inequities. Over time, even well-functioning institutions can begin to fail or become dysfunctional.

There is a wide-spread perception among academics and commentators that institutional dysfunctions have become increasingly common in important social, political, and economic arenas. For some, the core of the problem is that the hitherto well-functioning states have become less effective in aggregating and acting upon citizens' preferences. Many policy initiatives of the 1990s – deregulation, privatization, new public management, private regulation, regional integration, civil society, and so on – seemed to have failed to meet expectations. The European Union is in trouble and the Arab Spring is listing in illiberal directions. Others see this institutional malaise or sclerosis extending beyond the political sphere. Businesses seemed to have failed not only in their economic roles but also in their broader social roles. The 2005 Enron scandals foreshadowed a years of corporate scandals, leading up to the most preeminent banks charged with manipulating the fixing of the all-important LIBOR interest rate. Civil society is not immune to institutional failure, as evidenced by the Catholic Church's struggle with sexual abuse charges from all corners of the globe. Nonprofits and NGOs are losing credibility as more and more they seem to be part of the overall problem, serving as interest groups with narrow agendas.

While the examples above come from different areas, and with few obvious connections, it seems that we may be approaching the point where declining confidence in social, political, and economic institutions is reaching critical proportions. New social movements and counter movements are grounded in the frustrations of common citizens, some valid and others misguided, with political, social and economic elites and institutions.

By and large, the academic enterprise has not offered a systematic narrative for understanding the emergence of dysfunctionalities in the hitherto well-functioning institutions. This claim may draw objections from the legions of scholars studying institutional success, and for whom failure is the absence of success. There are obvious measurement issues for institutional performance: how do we measure failure and success; do we seek our dependent variable in terms of institutional outputs or outcomes; given the asymmetrical impact institutions have on different populations, how we might aggregate their impact? These are important issues and we hope the contributors to this symposium will speak to them. However, we have also have in mind a broader agenda and seek to push the discussion on institutional dysfunctionalities in a new direction. In some cases, the causes of failure may be different than the absence of the ingredients for success. If so, then which ones and why? Is there a structural force that is leading to institutional dysfunctionalities across issue areas, and no actor -- governmental, for profit, or non-profit, seems immune to it.

*Regulation & Governance* has emerged as a leading journal for policy studies, political science, and law. Given its agenda setting role, we have proposed a special symposium to carefully examine the subject of institutional failure, especially in the context of advanced industrial democracies, and the extent to which such analyses can lay the foundation for a more complete approach to the study of institutions. We want the discussions to move beyond particular subjects such as failed states or areas of limited statehood which have focused on developing countries. Rather, we are interested in exploring how there is widespread (real or perceived) institutional failures, across actors and issues areas, in societies which seemed to be functioning reasonably well in the post-World War two era.

We have commissioned essays that address important theoretical and empirical questions about institutional failure: Why do institutions fail? Why are they not self-correcting even in advanced industrial democracies? To what extent are contemporary theories of institutional evolution and design are useful in examining institutional restructuring and institutional renewal? While these issues could also be examined in terms of institutional success, we want to focus the scholarly attention on pervasive institutional dysfunctionalities. We are not looking for grand narratives. But we believe that careful theoretical analyses can contribute to policy solutions.

In summary, we have posed the following questions to our contributors:

1. What are useful theoretical approaches to understand institutional failure, especially in the context of hitherto well-functioning institutions? Are the theories of institutional efficacy sufficient for this task? Some suspects are:
  - (a) Poor institutional design. Institutional are not performing their assigned tasks because their rule structures have not been carefully thought through.
  - (b) Institutional obsolescence whereby changes in structural conditions have

made the well-functioning institutions less effective. (c) Agency conflict whereby new agents have emerged or existing agents have acquired new capabilities to outmaneuver their principals. (d) Institutional sclerosis reflecting the capture of governance structures by interest groups.

2. How might we assess or measure institutional failure? Is there something new and different in the current period of governance turmoil? Are there deeper structural shifts which scholars have not adequately recognized? Are there historical analogies such as the inter-war period or the Vietnam period which can help us understand the current state of affairs?
3. Would the above approaches to understand institutional failure suffice to illuminate the design or modification of existing institutions so that they can become more effective? Given the difficulties in creating new institutions, what practical advice can our theories offer in this regard?

We have recruited leading social scientists and thought leaders to contribute 4,000-5,000 word essays addressing the above issues. These essays will primarily be theoretical but can include illustrative examples. While essays might focus on specific realms, we are not looking for case studies of governance failures.