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# Reflexive Self-Organization and Path Dependency in Institutionalization Processes

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## Zusammenfassung

Die Absicht dieses Artikels ist es, einen Beitrag zur Entwicklung evolutionärer Analyse in der Sozialwissenschaft zu leisten. Dabei wird dafür argumentiert, die künstliche Trennung der Sozial- und Naturwissenschaften mit dem Ziel zu überwinden, Verhalten an sich besser zu verstehen. Wir plädieren dabei für einen entwicklungs- und kultursensiblen Blick auf lange bestehende Institutionen und ihre Basis – individuelles Verhalten. Im Lichte der unbefriedigenden Antworten aus der Forschungsdiskussion über Struktur und Handlung betonen wir die Bedeutung von Resonanz für Evolution und Stabilität. Dazu werden länderbezogene Fallstudien genutzt, in denen der Vorteil einer Sichtweise verdeutlicht wird, der von einem evolutionären Zugang zu Institutionen ausgeht und dadurch zu einem besseren Verständnis institutioneller Pfadabhängigkeit beiträgt.

## Summary

The purpose of this paper is to work toward developing evolutionary reasoning in the social sciences. Along with that, we argue to overcome the artificial divide of natural and social science for the sake of understanding behaviour. We make the case for an evolutionary and culturally sensitive view on long-surviving institutions and its base - individual behaviour. By taking into consideration the unsatisfying answers in the debate on structure and agency, we emphasize the importance of resonance for evolution and stability. We use case studies to make the point for an evolutionary understanding of institutions and to reflect on institutional path dependency.

## Introduction

The course of the paper is as follows: Our starting point is the fundamental question of evolutionary epistemology for the reason and degree of consistence of recognition and real categories. We point out the importance of a comprehensive and evolutionary view that integrates vertical (aggregated levels) and horizontal (different sciences) fields into a consistent frame of logic and marries social with natural sciences. Taking the debates in social science about structure and agency as well as macro- and micro-level focus into account, we proceed with an analysis of successful and unsuccessful examples of institution building in different cultural environments. Following on from that, we discuss the case studies in the light of the introduced interpretive schemes and draw up promising questions for future research. We start our quest at the level of meta-physics due to its principal significance for the consistency of reasoning.<sup>1</sup> And we consider reality as a network-like complex system consisting of open coupled-systems characterized by thresholds, buffers, back-coupling, repair mechanisms, multifunctional and function-changing features as well as optimization strategies within self-organized

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<sup>1</sup> „... metaphysics investigates the most general aspects of reality, it is the discipline to which it falls to supply key presuppositions of the special sciences; which are, therefore, based on - though not derivable from - the underlying metaphysics.” Haack, S. (2005), p.5

hierarchies.<sup>2</sup> By introducing the idea of universal evolution<sup>3</sup>, we use evolutionary epistemology<sup>4</sup> as a frame to gain higher consistency in our argumentation across sciences. By doing so we also argue for a re-naturalized reasoning about human behaviour, culture, and institutions.

Among the research questions that precede the process of argumentation are the following. In a modern complex world where different levels of functioning of society co-exist and interact in an intricate way, to what extent is an institution-building an open-end, ad-hoc creation process or a “path-dependant” one? Which factors are responsible for both structurization and stabilisation of institutions and their practices? What is the heuristic value of social performance to a researcher? Are traditional sociological dichotomies able to fully encompass and elucidate the dynamic nature of social behaviour? Is there any key to resolving this categorial tension and reconciling the general with the particular, at least at the theoretical level? Could the consideration of a specific case of cross-institutional interaction give us any answers to the questions raised? What are the social lessons one can learn when analysing such phenomena? Do they teach us to better understand, predict and guide our own evolutionary path?

### **Theoretical Framework**

Starting from the idea of coincidence and evolution, C.S. Peirce emphasized the need to have a distinct idea of continuation and proposed the term synechism<sup>5</sup>. Synechism does not only connect processes, it also rejects the idea of duality! And his insistence on agapism (love as a sole moral imperative) can be considered to be complementary to synechism, since it provides individual sense and motivation to embody one’s beliefs and ideas in selected individual successors by transferring information and resources.<sup>6</sup> The very place for this individual capacity is inextricably linked to the way how human brain has evolved. The leeway, that one has to be able to perceive somebody as a member of a functional community with variable borders of sense, has a neural

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<sup>2</sup> Vollmer, G. (1995), p.23

<sup>3</sup> Vollmer, G. (1995), pp.62

<sup>4</sup> Evolutionary Epistemology makes specific „that it subscribes to the idea that cognition is to be understood primarily as a product of biological evolution. What does this mean exactly? Biological evolution is regarded as the precondition of the variety of cognitive, cultural, and social behavior that an organism, group or species can portray. In other words, biological evolution precedes (socio-)cultural (co-)evolution. Conversely, (socio-)cultural (co-)evolution originates as a result of biological evolution.” Gontier, N. (2006)

<sup>5</sup> Synechism as a synthesis of tychism and pragmatism, and „tendency of philosophical thought which insists upon the idea of continuity as of prime importance in philosophy.” For more see <http://www.helsinki.fi/science/commens/terms/synechism.html> (09.03.2010)

<sup>6</sup> See in detail with reference to the natural disposition to cooperate: Bauer, J. (2007)

equivalent that enables one to handle the resulting challenges, i.e. the risk to be cheated, the necessity to find common symbols (e.g. common language and spiritual symbols), and the ability to emphasize (and finally even love) another one. The „biological base of sympathy’’<sup>7</sup> was found to be in mirror neurons within a reflexive and self-organizing (active and passive) disposition towards inward- (the observer in the brain)<sup>8</sup> and outward processes. Coupled with the high correlation of group size<sup>9</sup> of primates with their respective cortex volume it suggests a functional relationship between both.<sup>10</sup> And by exploring the biological base of social behaviour we approach the question of the evolution and nature of social norms and what kind of behaviour these norms trigger in individuals. Evidence also suggests that the mechanism of the neural base of behaviour is comparable to the way we communicate and interact with others. It is the „symphony of the living’’<sup>11</sup> with resonance as a core principle.<sup>12</sup> There seem to exist behavioural correlations<sup>13</sup> of neural synchronizations and therefore good reason to include these findings in an analytical framework for individual and group behaviour.<sup>14</sup> In this picture social structures appear to follow function. And we have to interpret the function of social structures in the light of their evolution, which is after all a „gene-culture co-evolution’’<sup>15</sup>

The long debate of the duality of structure and action in social science has neither so far resulted in convincing empirical evidence nor has it increased the explanatory power to support this divide. Based on the dualism of Descartes, it argues along the line of Descartes’ „res cogitans - res extensa’’<sup>16</sup>, with (social) structure being either mind or matter.<sup>17</sup> And fatally enough, it creates the so called body-mind problem and impedes a reflexive, consistent evolutionary view!

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<sup>7</sup> Rizzolatti, G.; Sinigaglia, C. (2008)

<sup>8</sup> Singer, W. (2002)

<sup>9</sup> The maximum group size results from the maximum number of group members, among which social relations still can be maintained by individual contact.

<sup>10</sup> Ploog, D. (1997), pp.235

<sup>11</sup> Cramer, F. (1998)

<sup>12</sup> Resonance as an integrative and cooperative strategy of the central nervous system can be considered evidenced. Cramer, F. (1998), p.137. If a certain area of neurons gets in resonance with each other, there emerges an innovative operational structure for the solution of a concrete cognitive task. This reassembly by neural synchronization is called „Use-dependent-Plasticity of Assembly Forming Connections“. See: Singer, W. (1990)

<sup>13</sup> Singer, W. (2003)

<sup>14</sup> See graphics 1) in the end of the paper.

<sup>15</sup> Boyd, R.; Richerson, P.J. (2008)

<sup>16</sup> Weick, E. (2006)

<sup>17</sup> Calef, S. (2005)

As opposed to this, we assume that a continuous world requires a consistent and comprehensive view that marries all aggregation levels and all dimensions without neglecting the fact that we need a great deal of „Demut der Wahrnehmung’’<sup>18</sup> in our (non)scientific quest of sense-making. Firstly, because of the fact that we know much, at the same time our non-knowledge is unlimited. Secondly, we should reflect on our conclusions because we are intertwined with the world in a reflexive way. And, thirdly: we are a product of nature. Therefore the rules that govern us cannot be fundamentally different from the rules which have created us. As Ostrom<sup>19</sup> pointed out recently, community spirit, biophysical conditions and rules-in-use have to be included into a feedback-like framework to explain the permanently changing action situations and the respective social interaction.

In search for an appropriate think tool to represent the dynamic relation between actors and their social constructs, which shape their behaviour and decisions, the „actor centred institutionalism’’ has proved to be viable<sup>20</sup>, although it is a research heuristics rather than a theory.<sup>21</sup> It gives an actor a specific analytical value and connects actor, action and concrete institutional settings as framings for actors’ cognition on a rational choice basis. It often gives sufficient explanations for institutional choices in which actors rationally apply reconstructed, institutionally-constituted strategies, and also those in which they do not. However, discourse can be considered to be the missing link in actor centred institutionalism,<sup>22</sup> and therefore the process of communication as an analytical object seems to have been undervalued. Discourse introduces a reflexive component to the analysis and links decision and behaviour to the results of communication!

Thinking processes holds great potential for understanding aspects of (self) organization, such as complexity, stability and change. It provides a think tool on how things become, and therefore a way to understand evolution better. But the contingency of the evolutionary process itself requires not to be too certain about its features. Mainly for this reason we need a think tool that reflects this fundamental insight, i.e. we need a

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<sup>18</sup> von Weizsäcker, C.F. (1991), pp.53. „Demut der Wahrnehmung’’ shall be understood as „humility of recognition’’.

<sup>19</sup> See graphics 1) in the end of this paper.

<sup>20</sup> Kümpel, A. (2005)

<sup>21</sup> Mayntz, R.; Scharpf, F. W. (1995), p. 39

<sup>22</sup> Schmidt, V. (2003)

methodology that avoids the pitfalls of induction being aware of the „Black Swan”,<sup>23</sup>. The low level of scientific prediction of the breakdown of the so called communist system in the 80’s of the 20<sup>th</sup> century raises the question why one should attribute the label „consistency” to those assumptions and theories which were, in their explanatory power, at best weak, and, in fact, simply proven wrong to reality. The breakdown of Communism seems to be like a „Black Swan”-event for social science and a major blow to the respective theoretical frameworks. Interestingly enough, the financial market crash in 2008 proves the fundamental fragility of knowledge<sup>24</sup> and is based on the same „overconfidence bias”, including a major blow to standard economic theory, that generalizes behaviour and therefore excludes major features of humans.<sup>25</sup> And the common characteristic of both events results from the fact, that both were sudden realizations of the potential created by a misguided understanding of human needs and nature. However, they eventually share common metaphysical commitments, which might result in the reproduction of the same errors.<sup>26</sup> And it is noteworthy that economic theory failed to seize the instability of the economic base of the communist bloc and hence any signal for its historically sudden disappearance. Although on a system-logical rather than empirical justification level, it was the system theory of Luhmann that predicted the breakdown of the dysfunctional socialist system,<sup>27</sup> but it could not however generate a timeframe for this.<sup>28</sup>

One of the most striking features of the transition in the CEE and the CIS is the recurrence of religion as a base of faith and community spirit. As the Marxist ideology was discredited, many people were in search of faith and spiritual sense of being. They either never had truly lost their faith in religion, or they rediscovered it as a source of relief<sup>29</sup> or still had lost the memory of belonging to church. Fundamentally, there is a meta-physic demand for relief in situations which put extreme stress on individuals.<sup>30</sup> Since religion provides an independent source of procedural and cognitive utility for a

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<sup>23</sup> As Socrates, Galilei, Hume, and Albert Einstein all rejected the idea of induction, Karl Popper makes the case with his criticism on induction with his „Black Swan” argument. For the induction problem see: Zalta, E.N. (2010)

<sup>24</sup> Talib, N.N. (2007)

<sup>25</sup> Talib, N.N. (2008)

<sup>26</sup> For details about this contention see Weick, E. (2006)

<sup>27</sup> Luhmann, N. (1984), p.11

<sup>28</sup> von Beyme, K. (1994)

<sup>29</sup> For a recent study on Russia see Burgess, J.P. (2009)

<sup>30</sup> Heinsohn points out, that the regular reduction of stress can be reached much more effectively within procedures to celebrate common beliefs. It started with the creation of gods. See: Heinsohn, G. (1997)

person, it makes one cognitively less sensitive towards economic shocks.<sup>31</sup> And empirically, there is strong evidence for a significant contribution of religion to the sustainability of communities and the respective institutions.<sup>32</sup> With the Polish case we provide evidence for the impact of religious beliefs on social structures and institutions.

### **Country Cases**

Our concern is the process of structural development and institutionalization in the sphere of cooperation between state and non-state actors, in particular voluntary sector organizations. If one seeks to understand the complex nature of relations between those organizations and the state, one needs to look at historical patterns of development of the social sphere which is typically defined as different from the market and the state, i.e. the civil sphere. The consideration of this sphere shows one whether and how state and non-state actors approach each other, whether and how they seek each other's support and whether cooperation between them facilitates or undermines the activity of voluntary actors. In this respect it is interesting to compare the situations in the countries of Western and Eastern Europe.

The importance of the contextual analysis in studying the third sector has been emphasised by various researchers.<sup>33</sup> Relationships with the state will be expressed in a specific form depending on whether the prevailing institutional culture of the country is that of corporatism or pluralism.<sup>34</sup> In a corporatist context, voluntary organisations and governments come into closer contact with each other and jointly discuss important policy issues, as is the case with Scandinavian countries. Whereas in the US, a country with strong pluralist traditions, "fear of socialism and a fundamental mistrust of government action ... encouraged wealthy industrialists ... to establish philanthropic foundations as an alternative to government. ...American voluntarism was based on a rejection of government control and a resistance to consensus."<sup>35</sup>

The case of Denmark is a typical example of a Scandinavian corporatist context that facilitates formation of healthy institutions and institutionalisation processes. Nordic

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<sup>31</sup> See for Hungary: Lelkes, O. (2002)

<sup>32</sup> See graphics 2) in the end of this paper.

<sup>33</sup> Italy has practically become a classical example of how historical development of particular regions and welfare politics in general resulted in mutual accommodation with the state. See Putnam, R. D. (1992) and Ranci, C. (1994)

<sup>34</sup> Smillie, I. (1994)

<sup>35</sup> Ibid., p.161

third sector organisations have historically played an important role in the making of the Scandinavian welfare state.<sup>36</sup> Governments in these countries were not viewed as the enemy to be opposed to. The state was perceived as a “rational arrangement to solve collective needs as long as it struck the golden mean and allowed private initiatives”<sup>37</sup> Considering the Danish case, Meldgaard stresses that “a direction from below and a direction from above have met in a type of society that has created a ‘big government’ and a no smaller civil society.”<sup>38</sup> The Danes have created an enormous law and circular letter machinery, but at the same time personal freedom is a holy cow, and the civil initiative is praised and supported by politicians”.<sup>39</sup> Within this context, high governmental subsidies do not deprive NGOs of their independence and ability to criticise government. Their role of both welfare services providers and democratic institutions is still significant. Situations may slightly vary in some countries. However, as Henriksen<sup>40</sup> indicates on the basis of the Danish case, voluntary and governmental organizations seem to be co-actors actively engaged in creating new paradigms and practices in social policy. The issue of possible competition between NGOs themselves in the described situation is diminished due to a well-established tradition and capacity to negotiate with the government.

The same question of dependency on governmental funding and, at the same time, independence from the government will have a different answer outside the Scandinavian context. For example, in the US, whose corporatist status is regarded as the lowest among Western countries, high levels of governmental funding have significantly reduced the independence of action and voice.<sup>41</sup> A similar situation has been observed in the UK where the governmental practice of contracting and financing NGOs made the latter “beholden to government, less willing to pioneer new ideas which might endanger their receipt of government grants, less able to stand bulwarks against the concentration of political power, and less capable of serving as schools of

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<sup>36</sup> Klausen, K.K.; Selle, P. (1996)

<sup>37</sup> Meldgaard, O. (2001), p.15. Describing the situation in Denmark, Meldgaard mentions that the state supports a lot of civil voluntary work, and interference mostly takes the form of auditing the accounts. The basis for relations is trust: “The Danes don’t necessarily like each other, but with the state building process they have succeeded to act as if they all belong to the same family.” Meldgaard, O. (2001), p.16

<sup>38</sup> Meldgaard, O. (2001), p.18

<sup>39</sup> Governmental contribution to social well-being in Denmark is essential. Approximately one third of the national product is spent on social services and close to one-half of all public revenue is used in the social sector. Bjorkoe, J. A. (2009), p.98

<sup>40</sup> Henriksen, L. S. (1996)

<sup>41</sup> Smith, S.; Lipsky, M. (1993)

citizenship”.<sup>42</sup> Green<sup>43</sup> estimates this outcome as “the unintended result” of the “contract culture” and admits that the British social structure had been weakened by state centralism. Taking the country’s pluralist context into account, however, one could call this the expected consequence of coming too close to the state. Thus, governments could look upon NGOs as convenient and inexpensive delivery mechanisms. A number of organisations, to protect their independence, try to reduce the reliance on the government.<sup>44</sup>

When discussing the case of Eastern European countries one needs to take into account three significant factors. First, all those countries are going through the process of transition and share a set of common “socialist” or “communist” cultural characteristics. Second, historical and geographical settings are unique for each country. 3. Western bilateral and international non-state actors play an essential role in catalyzing the process of voluntary initiatives’ mobilization and their further institutionalization. As is the case with Western countries, specific cultural, historical and geopolitical conditions are responsible for how and what institutions will emerge and develop. The state monopoly on the independent articulation of civil concerns, or, in other words, suppression of civil society and its free development by the state was directly or indirectly challenged by the people in Eastern Europe. In each country, for various reasons, the striving for, and the movement of, the civil society towards emancipation from the state takes its original form.<sup>45</sup> This specific content/form affects the relationship of non-state actors with the state.

Talking about Poland, for example, one should bear in mind that the Polish civil society’s continuous negotiations with the state administration were a feature of the country’s public life during the Soviet rule. It is not surprising that during the earliest stage of transformation of the old regime non-state actors were actively involved in state policy decision-making. Civil society associations, in particular trade unions, had an important impact on “the emerging constitutional order in the country in 1990.”<sup>46</sup> The first law on privatisation, for example, underwent considerable amendments “as a result of negotiations between trade unions, employers associations, and representatives of the state, within the framework of the so called Tripartite

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<sup>42</sup> Green, D.G. (2000), p.2

<sup>43</sup> Ibid.

<sup>44</sup> In the US, Oxfam relies almost exclusively on private funding. See Oxfam (2010)

<sup>45</sup> For the details of our approach see Bobrova, M. (2004)

<sup>46</sup> Skąpska, G. (1997), p. 217

Commission.”<sup>47</sup> Poland was among the first former Warsaw-bloc countries to initiate and legitimize the Charter on co-operation of non-state actors with the state, thus emphasizing the necessity of the governmental support for social programmes and independence of non-state actors in pursuing their missions.

At the same time, the role of more traditional institutions such as the Catholic Church has been counterproductive to this cause of independence. Stanosz<sup>48</sup> points out the pressure the Church has been exercising on the Polish government after the collapse of the Warsaw bloc to ensure that, constitutionally, there is no clear division between the Church and the State. She finds any compromise concerning the relations between the State and the Church very dangerous for democracy in the country.<sup>49</sup> Historically Catholicism played an important role in the process of civil society mobilisation in Poland. The topic of Catholicism united workers and peasants as well as Polish intelligentsia who traditionally associated themselves with the Catholic faith and looked to the Church as the symbol of national unity and, later, anti-communist protest. The Church, for centuries “the sole organisation through which the Polish nation could hope to survive” (Grabska, quoted from a conversation with Potel<sup>50</sup>,) had the advantage, as Potel suggests, of “stressing the solid bond that existed in Poland between nationalist sentiment and the religious institutions. It is in this bond, reinforced by the ups and downs of the nationalist struggle in the course of more than a century, that one must look to find one of the deepest reasons for the hold of religion.”<sup>51</sup>

The Church was successfully used by Solidarity intellectuals and workers as a source of support and a mediator between their interests and those of the state. Under the changed circumstances, when it is possible to relate to the state directly on a legitimate basis, attempts are made by independent organisations to get rid of the formerly helpful mediator that starts dictating the rules of the game to others. Michnik notes in this respect that the Catholic Church has a problem with Polish democracy, and democracy has a problem with the Polish Catholic Church.<sup>52</sup> It is not surprising that, on the disintegration of the Warsaw bloc, the Church did not confine its role to a mere

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<sup>47</sup> Ibid.

<sup>48</sup> Stanosz, B. (1993)

<sup>49</sup> Stanosz admits that in the parliamentary election, for the first time in her life, she voted for the left-wing coalition (coalition of former communists) just because they were the only ones who “declared that there is a necessity to end the Church's domination in Polish public life.” Stanosz, B. (1993)

<sup>50</sup> Potel, J. -Y. (1982), p. 85

<sup>51</sup> Ibid., p.85

<sup>52</sup> Michnik, A. (2001)

religious practising institution, but has remained actively engaged in both social and political life.<sup>53</sup>

One can compare the situation in Poland to those of other Warsaw bloc countries, in particular the USSR that had 15 different Republics as its constituent states. Under the Soviet regime, e.g. in the Republic of Russia, the institution of the Church, in spite of an official independence of the state, suffered irreparable 'human resources' damage and had to peacefully co-exist with the institutions of the state. Any proselytising activity was forbidden and fraught with dangers of repression. Popular participation in religion ceremonies was considered to be a direct threat to the regime. Contrary to the Polish case, the Church was not looked to and used as an institution that could mediate between the civil society concerns and the interests of the state.

After the collapse of the USSR, religious institutions enjoyed both authority and trust in society. However, as an institution which had gradually regained power, as we mentioned before when discussing the recurrence of religion, the Church began to directly or indirectly exercise its influence on political life in the country. Thus, during the election campaign in 1996, the Orthodox Church unambiguously supported the acting president despite its declaration of non-preference principles in relation to any state order or political doctrines. Widespread is its participation in the ceremony of consecration of various state institutions (e.g. the White House consecration). Among its growing spheres of influence are the army and educational institutions.<sup>54</sup>

If one turns to other cases of state/church actors' interaction in the USSR and considers, for example the Republic of Armenia where the role of the Church was similar to that in Poland<sup>55</sup>, one encounters yet another unique configuration of cultural and historical factors that shape the process of this interaction. Traditionally non-state social protection activity in Armenia has been associated with the institution of the Church. After the adoption of Christianity in the early 4<sup>th</sup> century Armenian religious representatives committed themselves to the principles of Christian morality and under the head of the Church, Catholicos Nerses the Great, asylums for lonely and disabled

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<sup>53</sup> Millard, F. (1997)

<sup>54</sup> In mass media and sermons one can hear priests talking about granting the Orthodox Christianity the status of a state religion. For forms of interweaving of politics and religion see: Mchedlov, M. (2000)

<sup>55</sup> Contrary to Poland, however, it was not the forum for anti-communist protest.

people were founded adjacent to churches. Under the Soviet regime, the institution of the Church was not allowed to carry out religious proselytising work among population and enjoyed only a nominal autonomous status.

It can be noted, however, that the Armenian Gregorian Church enjoyed a greater freedom than, e.g. its Orthodox counterpart in Russia.<sup>56</sup> Historically perceived as crucial for national survival the Church still performed an important function in a nation unification process.<sup>57</sup> Church attendance, even if for a number of people its symbolic meaning was reduced to a mere 'candle lighting ritual' was widely practiced. Having lit a candle and seeing hundreds of other candles burning around one could experience a moving feeling of being part of a bigger unity. Armenian Soviet authorities, though engaged in anti-religious propaganda, viewed the phenomenon likewise and, unlike their counterparts in Russia, did not regard going to church as a direct threat to the regime. The post-Soviet institutional history of the Armenian Apostolic Church and its relation to the state is similar to its Russian counterpart.

When discussing the process of emancipation of the civil society from the state and the role the International and Western voluntary actors play in this process it would be interesting to look at the Yugoslavian case as an example typical of certain sectoral space of the former Warsaw bloc. As has been noted above, non-state actors play a significant role in catalyzing the process of NGO-formation. They have their distinctive influence on their emergence and functioning, on the one hand, and forming the culture of conducting a dialogue and establishing co-operation with the government sector, on the other. One can, however, raise a question of the nature of this process, the future viability of such organizations and whether they will be able to adhere to their original mission, especially when the financial support is no longer ensured by indigenous organizations themselves, in the way which is counterproductive to the original grass-roots practices.

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<sup>56</sup> Bourdeaux, M.; Rowe, M. (1980)

<sup>57</sup> Thus, concerned about the national unity and survival agenda, the Armenian Gregorian Church supported the cause of peaceful action in Nagorno-Karabakh conflict which broke out after the collapse of the USSR.

Thus, Large considers the example of the two Yugoslavian organisations ‘Suncokret’ and Centre for Peace in Osijek.<sup>58</sup> Suncokret was founded in 1992 by students and peace activists in response to the needs of refugees and was characterised by social radicalism and an anti-war attitude. After three years of functioning, however, it transformed into a well-managed, UNHCR-affiliated organisation engaged in rebuffing public opposition to Operations ‘Lightning’ and ‘Storm’. The Osijek Centre for Peace had to take a pause in its activity in 1995 when it realised that the change in its original role and status had been taking place. Commenting on the situation, Large notes that even if “lamenting the loss of a community/volunteer support base, they [the mentioned NGOs] could boast USAID funding and centre members having received training in NGO development and management in the USA, Sweden and Germany.”<sup>59</sup>

The further analysis of the situation in former Yugoslavia, the consideration of the role played by organisations like the EU, their involvement in Western NGOs activity, geographical factors in those NGOs placement and their impact on local voluntary organisations leads Large to a rather gloomy conclusion: “If there was a ‘voluntary sector’ in ex-Yugoslavia it existed briefly in 1991 and 1992. As the war moved ‘Next Door’... the emphasis shifted on social reconstruction; self-chosen or donor-led.”<sup>60</sup> In this context, the term NGO itself has been perceived to be imbued with negative overtones: “What had been a peace group was now a fully fledged NGO”<sup>61</sup>. Thus the case considered can make one raise the question of possible institutional convergence in the process of state/non-state sector interaction when the latter is aided by well-established foreign NGOs.<sup>62</sup>

## Conclusions

It is important to look at the history and culture of relationships between the state and non-state actors in each country in order to draw adequate conclusions as to whether non-state actors’ independence is influenced by proximity to the state. In the countries where corporatist patterns of relationship prevail, financial assistance from the state does not interfere with their independence in tasks and methods of project

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<sup>58</sup> Large, J. (1995)

<sup>59</sup> Ibid., p.122

<sup>60</sup> Ibid, p.124-125

<sup>61</sup> Ibid. p.125

<sup>62</sup> This does not mean however that the nature of such interaction is considered to be universally malignant.

implementation. In the pluralist context, financing from the government reduces the independence of voluntary action and is thus counterproductive to healthy institutional performance.

When judging the nature of state and voluntary actors' interaction in the countries of Eastern Europe, it is important to look at how civil society's concerns were articulated throughout the history of each country. This perspective allows one to explore how voluntary initiatives are formed and channelled in the process of the emancipation of civil society from the all-inclusive sphere of the state and further affect the interaction with the state. In the process of this interaction such factors as cultural-historical legacy and familiar patterns of institutional behaviour begin to loom large.

Understanding institutional evolution and its diversity requires, therefore, a sound view on the evolution of values, discourse (communication) and institutions. Tabellini<sup>63</sup> points out that consistence of individual values and „generalized’’ morality is a feature of well-functioning institutions.<sup>64</sup> The institutional effect of individual values and the trustworthiness which one attributes to another is, hence, complementary, because only consistence of values of many group members leads to a stabilizing group behavior and therefore to stable institutions as a set of role expectations.<sup>65</sup> There is striking evidence that trust is constitutive for the efficiency and effectiveness of institutions.<sup>66</sup> However, Fehr highlights the importance of risk and social preferences as well as individual beliefs about other people's trustworthiness for trusting behavior.<sup>67</sup> Additionally, Ostrom stresses the importance of the level of trust for cooperation levels and, in turn, for the net benefits of collective action.<sup>68</sup>

History also shows the relative advantage of religious communities over secular ones.<sup>69</sup> Luhmann points out that religion reduces complexity and, hence, facilitates the orientation for individual behavior.<sup>70</sup> This is complemented by the joint procedures which create a procedural utility. Additionally, since common religious beliefs create a more or less strong sense of community spirit, group members attribute trustworthiness

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<sup>63</sup> Tabellini, G. (2008)

<sup>64</sup> Ibid., p.257

<sup>65</sup> See graphics 2 in the end of the paper.

<sup>66</sup> See for a comprehensive summary on this question Fehr, E. (2009)

<sup>67</sup> Fehr, E. (2009), p.262

<sup>68</sup> See graphics 3 in the end of the paper.

<sup>69</sup> See graphics 2 in the end of the paper.

<sup>70</sup> Luhmann, N. (2000)

to other group members easier, thus enhancing mutual cooperation. This in turn creates trust and decreases institutional costs (e.g. control costs as transaction costs). Tabellini even claims a causal effect from shared values and institutional outcomes under certain identifying assumptions.<sup>71</sup>

It shows that the stability of communities heavily influences the path which institutions choose in their evolution. Institutional choice is based on coherent individual behavior, which is mainly driven by an innate capacity to cooperate. This potential is best realized for a common goal of action, since it provides procedural utility and net benefits for individuals and reinforces the social norms which require that behavior. Long surviving institutions obviously accomplish to maintain a critical level of community spirit that enables their members to act constructively based on faith and trust. It also includes a substantial degree of self-reference: The more corporatist an individual is, the more he/she might benefit procedurally from a corporatist mode of action, as pluralists gain from pluralist modes. The „sensitivity under starting conditions“ can be considered a major source of path dependency, since it sets the primary marker for the self-reference of the group and their respective institutions.<sup>72</sup>

Along this evolutionary path, declined were those institutions which did not fit the socio-ecological context, i.e. their activity not result in a solution for their context-specific, functionally differentiated task for collective action to handle risk, scarcity and conflict.

However, whatever the specific mode might be, collective action is based on a neural/genetic capacity that was itself subject to evolutionary selection. Besides, culture evolves much faster than genes and can faster track changing environments (contexts). This is the reason why we see plenty of space for future research here. It could be promising to investigate the co-evolutionary interaction between culture and genes in the context of the evolution of institutions. Another question in our context is what impact migration has on social change and respective social institutions. Finally, since the discourse dimension is largely undervalued in institutional analysis, an investigation into the relation between discourse and path dependency of institutional development would be highly promising.

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<sup>71</sup> Tabellini, G. (2008)

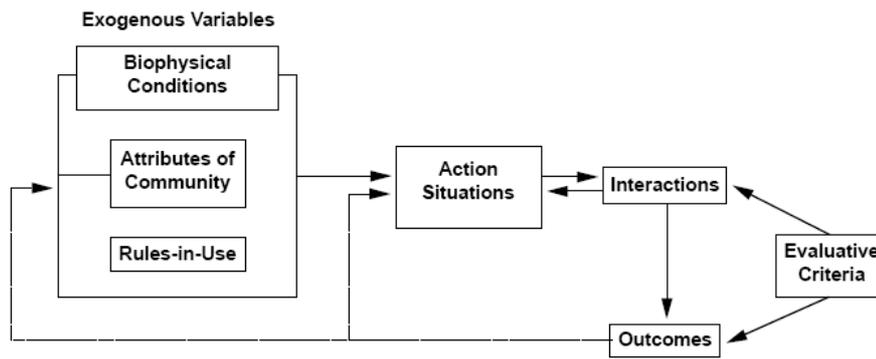
<sup>72</sup> See for a respective comparative case study on China and Europe: Greif, A.; Tabellini, G. (2009)

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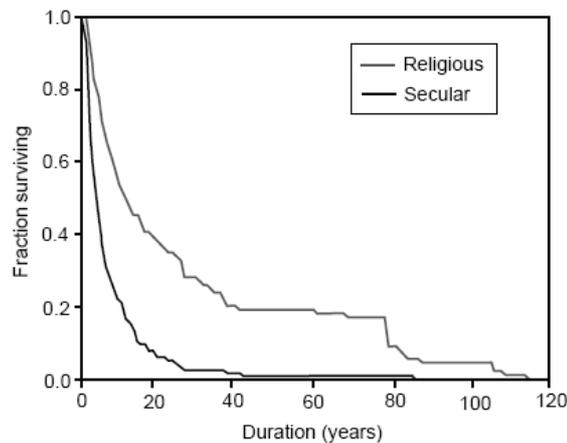
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**Graphics 1) A framework for institutional analysis**



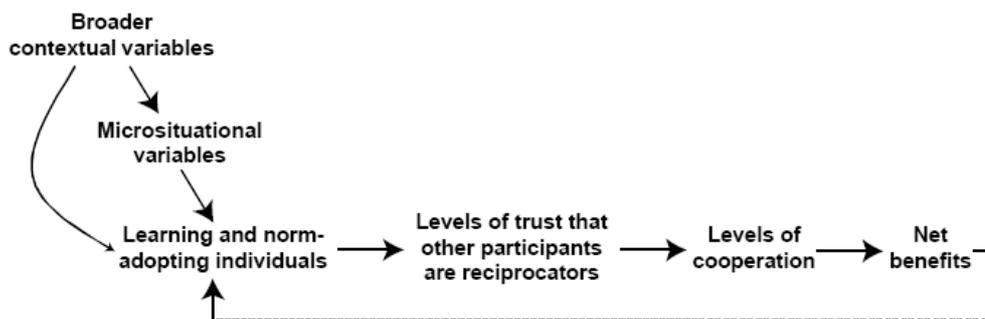
Source: Ostrom, E. 2005 *Understanding institutional diversity*. Princeton, N.J., in: Ostrom, E.: *Beyond Markets and States: Polycentric Governance of Complex Economic Systems*. Nobel Price Lecture 2009, p.15, accessed at: [http://nobelprize.org/nobel\\_prizes/economics/laureates/2009/ostrom-lecture-slides.pdf](http://nobelprize.org/nobel_prizes/economics/laureates/2009/ostrom-lecture-slides.pdf) (09.03.2010)

**Graphics 2) Proportion of communes surviving as a function of time since the founding of the commune**



Source: Sosis, R. 2000 *Religion and intra-group cooperation: preliminary results of a comparative analysis of utopian communities*, in: *Cross-Cultural Research* Vol.34, No.1, p.77, accessed at: <http://www.anth.uconn.edu/faculty/sosis/publications/SosiscommunesCCR2000.pdf> (09.03.2010)

**Graphics 3) Microsituational and broader context of social dilemmas affects levels of trust and cooperation**



Source: Poteete, A.; Janssen, M.; Ostrom, E. 2010 *Working Together: Collective Action, the Commons, and Multiple Methods in Practice*. Princeton, N.J., in: Ostrom, E.: *Beyond Markets and States: Polycentric Governance of Complex Economic Systems*. Nobel Price Lecture 2009, p.28, accessed at: [http://nobelprize.org/nobel\\_prizes/economics/laureates/2009/ostrom-lecture-slides.pdf](http://nobelprize.org/nobel_prizes/economics/laureates/2009/ostrom-lecture-slides.pdf) (09.03.2010)