

Understanding Europe's historical institutional diversity.

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Our present-day Western society is highly regulated and institutionalized: formal agreements are made at various levels within society to make things run smoothly, from driving a car, to disposing waste, to taking part in local and national elections, whereby breaching a rule usually carries a sanction. However, if rules are simply added without attention to the internal coherence of the regulations, contradictory situations may emerge within the regulations and rules may become ineffective: they may no longer be understood by the stakeholders, or simply be ignored (freeriding), with sanctions no longer being applied. In order to avoid inertia of the institution, adequate action to reduce complexity and complementarity are needed, as in e.g. the Dutch “Programma Regeldruk en Administratieve Lastenvermindering”, which aims at reducing superfluous and contradictory regulation for government professionals in the field of a.o. education.¹ Today's examples of over-regulation, both at state and local administrative level, are the result of a long-term development whereby rules have been added, without sufficient attention to coherence with pre-existing regulations. Nevertheless, institution-building has been one of the core features of Western society; according to some, like Nobel-prize winner Doug North, it was even a vital part of the rapid and sustained economic growth of Europe; economic historians (e.g. Greif, van Zanden) have shown how this process of institution-building started long before the probably most well-known economic “event”, the Industrial Revolution came gave that economic boost to (certain parts of) Europe. But, even though Europe's economy still benefits from institutional frameworks that have been developed over hundreds of years, we have to take care that such institutions are set-up in the most efficient and effective way: the costs of running our institutional framework should not overtake the benefits. At the same time – in particular as a consequence of the economic crisis – our European society is struggling with the often problematic relationship between the state and the market. Only one, but an important, issue is the question to what extent the state should help banks in trouble. The risk our society runs is the break-down of institutions that have been functioning well for decennia, because they seem to be unable to answer today's economic and social problems. The alternative may lay in a greater institutional diversity, with a greater role and responsibility for the citizen and with this goes a more accessible, efficient and effective way of rule-making and institution building.

As with many present-day issues, the long-term history of Europe can be a most inspiring source of inspiration. Only 200 years ago Europe could rely upon a much greater institutional variety, whereby not the – already quite developed – market and the – burgeoning – state were the choices for dealing with societal problems. Much of the institutional building in Europe was set-up by cooperating stakeholders themselves, without much involvement of the state. Around 1800 most national governments in Europe decided to dissolve institutions such as guilds, commons, local waterboards and irrigation systems, as these did no longer fit in the new top-down model of the nation state. Much earlier, during the late middle ages (11-13th century), such local, bottom-up, self-governed formed institutions for collective action popped up all over Europe, but most notably in North-Western Europe, in the areas that were to be in the centuries thereafter the core of economic development, and today still play a vital role in Europe's economic and social activities. But today, such institutions for collective action, also still play a vital role in many developing countries, and they offer a viable, equitable and

¹ See the website www.mijnechtewerk.nl

useful alternative to market and state, as has been amply demonstrated by Elinor Ostrom, 2009 Nobel prize winner in economics.

With our team we aim at opening Pandora's box of institutional diversity, by studying the emergence, change (some merged, others split up; some grew enormously, others simply remained small) and dissolution of institutions for collective action, and understanding these dynamics by linking them to exogenous changes – political, economic, demographic, natural, social, religious, cultural – in society. Moreover, we strive to understand how these institutions functioned internally, what made them resilient institutions, and how local, self-organised cooperation can work, even without much involvement from the state.

For more information on the project and the results: www.collective-action.info

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