



Published online on 21 November 2013 in
Atomium Culture
Il Sole 24 Ore
El País

The Power from Below: Understanding Europe's Historical Institutional Diversity

TINE DE MOOR (University of Utrecht) – giovedì 21 novembre 2013 - 14:53

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. 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 the rules may become ineffective: they may no longer be understood by the stakeholders or they may simply be ignored (leading to freeriding), with sanctions no longer being applied. Some governments do realise that in order to avoid the inertia of an institution, adequate action is needed to reduce complexity and complementarity, e.g., the Dutch “Programma Regeldruk en Administratieve Lastenvermindering”, which aims to reduce superfluous and contradictory regulation in the field of education with the help of the stakeholders (teachers, government professionals, etc.). With evermore levels of institution being added at the national level, special attention needs to be given to avoid further problems.

The key to building good institutions lies in Europe's rich history of institution building, which is one of the core features of Western society. According to some, like Nobel Prize winner Doug North, building institutions was even a vital part of the rapid and sustained economic growth of Europe over the past few centuries. Economic historians like Greif and van Zanden have shown how the process of building institutions started even long before the Industrial Revolution, which was probably the most well known economic “event” in history. 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 frameworks 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 oft-problematic relationship between the state and the market. Only one issue (but an important one) is to what extent the state should help banks in trouble. The risk our society runs is the breakdown 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 lie in greater institutional diversity, with a greater roles and responsibility for European

citizens, and with this comes 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 relied upon a much greater institutional variety, with a much more important role set aside for the citizens, the true stakeholders themselves; the already quite developed market and the burgeoning state were not the only 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, and often in attempt to avoid the negative side effects of the market. Around 1800 most national governments in Europe decided to dissolve institutions such as guilds, commons, local waterboards and irrigation systems, as these no longer fit in the new top-down model of the nation state. Much earlier, during the late Middle Ages (11–13th centuries), such local, bottom-up, self-governed formed institutions for collective action popped up all over Europe, but most notably in northwestern Europe. These were the areas that were to be, in the centuries thereafter, the core of economic development, and today they still play a vital role in Europe's economic and social activities. And although we don't have many such institutions left in the West today, such institutions for collective action still have a vital role in many developing countries. In those regions, they still offer a viable, equitable and useful alternative to market and state, as has been amply demonstrated by Elinor Ostrom, 2009 Nobel Prize winner in economics. There are more venues beyond the state and the market for managing our resources, but we seem to have forgotten that in Europe. Elsewhere they still thrive, but how can and will we learn from that?

With our team we aim at unraveling the wealth of institutional diversity Europe once had by studying the emergence, change and dissolution of institutions for collective action (see www.collective-action.info). By linking these changes to exogenous changes—political, economic, demographic, natural, social, religious, cultural—in society, we hope to understand better why our current European institutions exist, and how we can—with our knowledge about the past—reinforce them. Moreover, we strive to understand how these institutions functioned internally, what made them resilient institutions, and how local, self-organised cooperation could work, even without much involvement from the state. Understanding the history of our institutional past, though some have already long disappeared, can strengthen tools we have to reform the old and build the new European institutions.

Tine De Moor
University of Utrecht
www.atomiumculture.eu