IDEOLOGY AND CULTURAL CHANGE: A THEORETICAL APPROACH

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INTRODUCTION

This article deals with the role of ideology in cultural change. It doesn’t underestimate the plurality of definitions of culture (Kroeber and Kluckhol, 1952) and ideology (Samuels, 1977, Melki, 2011), but considers that recent literature provides the means to escape from the woolly vagueness generally attributed to these notions.

Based on the work of Boyd and Richerson (1985, 2), North (1990, 37) defines culture as « the « transmission from one generation to the next, through teaching and imitation of knowledge, values, and other factors that influence behaviour » (North, 1990, 37). Culture is an informal constraint socially transmitted. It refers to social norms, customs, traditions or religion (Williamson, 2000, p.597). Guiso, Sapienza and Zingales (2006, 2) suggest a very similar definition in which « culture is the customary beliefs and values that ethnic, religions, and social groups transmit fairly unchanged from generation to generation » (Guiso, Sapienza and Zingales, 2006, 2). Three words define culture: transmission, beliefs and values.

The initial definition of the word ideology and its recent history lead us to define ideology as being a set of ideas able to justify a practice (legitimate) and filling the gaps left by science and knowledge in general in order to provide a consistent interpretation of the environment in which the individual evolves. “Idea” refers to ideologists (Destutt de Tracy (Mémoire sur la faculté de penser 1796), “justification” to the Marxist tradition (Althusser, 1965, Geertz, 1964) and the “gap” and interpretation work to the contribution of contemporary economic sciences and especially the institutionalists (Samuels, 1977, 470, North, 1990, 23, footnote 23, North, 2005, 16, 14, Denzau et North, 1994, Facchini, 2000) and to sociology of knowledge (Mannheim, 1929, Dumas, 1984, Loewenstein, 1953, 55, Aron, 1965, 1968). Because man wants to understand world, he develops an ideology. Based upon these positive definitions of ideology (North, 1981, 55) and culture, we can tackle the issue of cultural change. Cultural change corresponds to evolution of informal constraints, e.g. beliefs and values of a group. Why do we want to explain the evolution of norms and customs? Because henceforth economic theory accepts that a large part of growth and economic development differentials between countries is explained by the institutions’ quality and because the question to know why some countries adopt good institutions for development should be explained. But also because some countries succeeded in adapting the institutions of capitalism to their culture while others failed.

It is accepted that richer countries have more resources per capita, more human, physical and technical capital because their institutions incite individuals to accumulate (North, 1990, 133-134), and to engage in productive activity and not orient their resources towards unproductive activity (Baumol, 1990). The cultural differences are, in this perspective, considered to be the cause of institutional differences. Beliefs and norms establish the formal institutions (Williamson, 2000, p.597). They explain countries’ economic performance (North and Thomas, 1973, North, 1981, North 2005, Hayek, 1973, 86). Econometric analysis also concludes that property rights which are better defined with better security are favourable for economic growth (Besley, 1995, Keefer et Knack 1995, Dawson, 1998). The question then becomes why certain countries fail to adopt better definition of rights. Since Adam Smith’s theory of moral sentiments (Smith, 1759, 1999), the market is not purely auto-created, it stems from cultural or normative pre-conditions; “Justice, on the contrary, is the main pillar that uphold the whole edifice. If it is removed, the great, the immense fabric of human society, that fabric which to raise and support seems in the world, if I may say so, to have been the peculiar and darling care of Nature, must in a moment crumble into atoms” (Smith 1976, 86). The ultimate foundation of formal institutions would be, under these conditions, culture (Williamson, 2000, 597; North, 1990, 7) and in non secular societies, religion. (Annex 1). Some countries fail then to position themselves on their highest production possibilities frontier because they are enclosed within an institutional path which makes costs of specification and securing property rights prohibitive (North, 1990, 7). Culture explains the resistance to changes in law aside from-1-the costs of disobedience to norms (Akerloff, 1984), -2- the cerititude of reform costs and the incertitude of profit (Rodrick et Fernandez, 1991), -3- the importance of free rider strategies (Frey, 1990, North, 1981, 31) and -4- interests of
The first two consequences of this cultural constraint are that cultural change is a condition, on the one hand, for economic development through evolution of law (formal institution) and, on the other hand, of the success of reforms. The failure of the World Bank’s liberalisation policies in Africa, South America (Rodrik, 2008, p.6)\textsuperscript{XIV} and in some central and eastern European countries during the transition process towards market economy (Coase, 1992, p.714\textsuperscript{XV}) is attributed to the non-adaptation of informal institutions to those institutions which were responsible for the economic success of western economies (Pejovich, 1994, 2003\textsuperscript{XVI}, 2008\textsuperscript{XVII}). The third consequence of this cultural constraint is that if culture slowly changes while the political institutions can rapidly change (Roland, 2004\textsuperscript{XVIII}), difficulties can appear in the institutional transplantation strategies and a more or less assumed form of what literature refers to as cultural fatalism (Chang, 2007, 25\textsuperscript{XIX}, Zweyner, 2009, 347). If institutions originate in immutable determinants such as climate, natural resources endowment and culture, government is impotent. The culturalist thesis then runs the risk of Hayekian anti-constructivism. Culture is a given factor for individual. It is only very marginally the result of a deliberate maximisation choice (Williamson, 2000, 597) and evolves very slowly for this reason. It however possesses a long lasting hold on formal institutions (Williamson, 2000, 597). It blocks evolution which is favourable to economic growth and therefore the material wellbeing of entire generations of individuals. The condition to escape from this dead-end is improvement of our knowledge of cultural change. How do culture change? How do the beliefs and norms of a society and the individuals which compose it change?

Despite the efforts of numerous specialists of the social sciences, the answer to this question remains a difficult question, still largely unexplored (North, 1989, 1324, 1984\textsuperscript{XX}, 1990, 43\textsuperscript{XXI}, 84\textsuperscript{XXII}, 87\textsuperscript{XXIII}, 2005, 156\textsuperscript{XXIV}). Initially ideology interfered at this stage. Understanding institutional change means a better explanation of the role played by ideas and ideology (North, 1990, 86). New ideas were the basic driving force of the human condition (North, 2005, 18-19\textsuperscript{XXV}, 18\textsuperscript{XXVI}, Hume, 1788, 1972, p.316\textsuperscript{XXVII}, Keynes, 1936, 1968, p.383\textsuperscript{XXVIII}, Hayek, 1933a, p.121\textsuperscript{XXIX}, Sternhell, 2005\textsuperscript{XXX}, Mantzavinos, North et Sharig, 2004, 80, 2009).

The central role of ideology and new ideas in the formation of formal institutions echoed a recent econometric work. Indeed there exist numerous confirmations of the role of government ideology in growth differentials between countries (Bjornskov, 2005, 2008, Bjornskov and Potrafke 2010, Facchini and Melki, 2011)\textsuperscript{XXXI}, increased public spending (Tellier, 2006)\textsuperscript{XXXII}, the degree of economic opening (Duti, et Mitra, 2005)\textsuperscript{XXXIII}, income inequalities (Bjornskov, 2008)\textsuperscript{XXXIV}, the rigidity of employment market, and so on... A country’s political ideology thus became a prominent explanatory variable of classical macroeconomics. Initially however the role of ideology in institutional change was modelled by North (1981, 1992\textsuperscript{XXXV}), Ruttan et Hayami (1983)\textsuperscript{XXXVI}, Ruttan (1989)\textsuperscript{XXXVII}, and Yong (1992\textsuperscript{XXXVIII}). In the more recent works of North (2005, North, Wallis et Weingast, 2010), ideology no longer appears\textsuperscript{XXXIX}. It has given way to a theory of genesis of beliefs and norms (Axelrod, 1997\textsuperscript{XL}, Shelling, 1978\textsuperscript{XLI}, D.C. North (2005, Chapter 3. Belief Systems, Culture and Cognitive Science, 23-37) accounted for the genesis of beliefs due to recent developments in connectionism (Hayek, 1952)\textsuperscript{XLII} and neuroscience (Damasio, 2005\textsuperscript{XLIII}). He (North, 2005, 18, 69, 75, North, Wallis, and Weingast, 2010, 58\textsuperscript{XLIV}) also sometimes refer to the work of Avner Grief (2006)\textsuperscript{XLV}, who discusses the formation of beliefs in specific institutional contexts without referring to the ideology theory, initially considered as central. The belief issue thus progressively replaced research on ideology. Henceforth, evolution of society’s institutions is explained by a change in the dominant belief system (Zweyner, 2009, 340)\textsuperscript{XLVI}.

The objective of this article is, in this context, to pursue the ideology of the theoreticians of institutional innovation to better understand the role that it plays in cultural change, and more particularly, the punctuated changes. By insisting mainly on the diffusion process, and abandoning the moment of innovation, the institutional theory perceives the long diffusion time and the mobilisation, but abandons the short invention time. It means then developing the different mechanisms which generate change in order to better apprehend the conditions in which a punctual change occurs. A punctual change is an historic moment of rapid change (Denzau et North, 1994, 25)\textsuperscript{XLVII}. It defines itself in opposition to slow and progressive change.

The article is structured in the following manner. It disassociates ideology and beliefs and presents, first, the economic ideology theory and its role in institutional change (2). It then shows how cultural change is generated by the appearance of cognitive dissonances. Its originality is that it describes dissonance as a situation in which the costs of justifying the knowledge, crystallised in the norms and beliefs, become prohibitive. The causes of deviance, of demand for cultural change are then to be found in the increased justification costs, otherwise stated, in the obsolescence of arguments which justify the individuals’ culture. This theory of renewed ideologies at the origin of cultural change is used to bring to light a new manner in which a punctual change appears (4).
The article concludes then with the manner in which economic ideology theory can limit the fatalistic bias and bring cultural economy out of the circle culture-law-development (5).

2. DISASSOCIATING BELIEF AND IDEOLOGY TO EXTEND THE ECONOMIC THEORY OF IDEOLOGY

2.1 Disassociating belief and ideology. Economic institution theory puts aside the issue of ideology to focus its attention on beliefs (Aoki 1990, North, Wallis et Weingast, 2010, North, 2005, Grief, 2008). Beliefs and ideology do not however describe the same reality and do not play the same role in the culture of a human group.

To distinguish belief from ideology, we can extend the preliminary thoughts of Sartori (1969, Friedrich, 1963, 89). If a political ideology serves to give an “ideal justification” to existing political societies (Loewenstein, 1953, 56, citing M. Billy), it only represents a certain class of belief system. Justification is ex ante or ex post (false conscience). Ideology is the justifying part of the belief system. Each belief system rests on a base which is ideology. Each ideology is organised around a founding principle (one God, a God incarnated and saviour, solidarity, freedom, efficiency, etc.). Once institutionalised, the beliefs are organised around this idea and do not question the founding idea (Sartori, 1969, 401). Ideology as a particular kind of beliefs is then included into culture. It is not distinct, but plays a specific role therein. This is the point this article tries to discover.

Figure 1 (Williamson 2000 : 597 - extended)

Relationship of inclusion and genetic causality between culture and ideology

This cultural plurality within a group will not be without consequences with regard to the manner in which one must understand ideology’s role in cultural change, as the cultural plurality logically corresponds to an ideological plurality. An ideology in other words a justifying theory corresponds to each culture (norms and beliefs).

2.2 The role attributed to ideology in economic institutional theory: a brief reminder. Ideology is then a particular belief. For this reason it plays a singular role in social order and the formation of institutions which structure it.

Culture or informal institutions are crystallised knowledge according to the rules (Hayek, 1960, 27). It enables man to use more knowledge than acquired alone and to widely cross over the frontiers of ignorance by profiting from all the experiences of their group without explicitly experiencing it (Hayek, 1994, 24, Hayek, 1949, 7). It also limits the possibilities (Heiner, 1983), incertitude (Hayek, 1986, 46), ignorance (Hayek, 1986, 15) and also facilitates cooperation (Hayek, 1986, 45) and agent coordination. When a group breaks away from its culture it bears an opportunity cost. It opens to the world of unknown possibilities. It places itself in a more uncertain and less known world. It increases its costs of coordination and cooperation with others. Because of informal institutions have cognitive and coordination functions, they are composed of belief systems and norms which prohibit certain behaviour and define others as normal. These systems prevent deviation by enforcement mechanisms such as physical violence and/or rules of trust and solidarity, intimidation mechanisms or mind pressure (Akerlof, 1984). Ideology participates in this system of implementation of norms and beliefs. It is the argument which legitimizes the norms and beliefs -role 1-, acts upon mobilisation costs and free-rider strategies -role 2- and generates change -role 3-.

2.2.1 Role 1 – Ideology and inertia: legitimacy. First of all, ideology legitimizes culture, and more generally institutional order. Political legitimacy is defined as acceptance by individuals of political authority (Gallarotti, 1989). Legitimatisation is the process by which the beliefs and norms are justified. It makes the institutions good and desirable. Man produces ideology to limit the contestability of social order and thus
reduce implementation costs of institutions and facilitate cooperation. Ideology minimises the implementation costs of norms and laws (North, 1981, 52). It is, for these reasons, a factor of institutional inertia because it increases the cost of disobedience and deviance (North, 1981, 52, Dixit, 1998, 43-44\textsuperscript{1xxx\textdegree}). Individuals are dependant in their decisions, or in their interpretations of the world and their environments, upon their ideology. Ideology plays then the normal science role in the Kuhnian theory of scientific revolution (Denzau et North, 1994, p.25). Inertia of a politico-economic system can find its origin in resistance of purist ideologies to changes of ideology. This resistance can create a crisis when information acquired by individuals incites them to change ideology. Denzau and North (1994, p.25) use the example of the gap between Castroist utopia and Cuba’s current social and economic reality. A change in ideology generates a punctuation effect, meaning a relatively rapid change. This crisis at the origin of ideological change can also stems from a lack of logical coherence of the normal ideology or the discovery of new implications which are perceived as being not understandable within the framework of the previous ideology. All these elements can thus be used by an ideological entrepreneur to provoke a punctuated change. The ideological entrepreneur learns from the inconsistencies or incomprehensible implications and proposes a clearer manner of thinking and interpreting the world (Denzau et North, 1994, p.26).

Ideology, by favouring inertia and conformism, increases predictability of behaviour and in \textit{fine} reduces coordination costs. For example, using of the word class struggle reduces speech identification costs. This means that the more the words have narrow and strict meaning, the lower the communication costs are. Ideology reduces ambiguity of words and limits identification costs. It enables individuals to create a community at the origin of a cut in coordination costs because it enables everyone to intellectually position themselves and/or upon the political spectrum (Facchini, 2000\textsuperscript{xxx}, Slembeck, 2004, p.131\textsuperscript{xxx\textdegree}). In this way, it plays the role of money on market. It normalises speech and its interpretation costs (Facchini, 2000). Higgs (2008, p.548) develop the same idea emphasizing the rules of conduct. Ideology has a 'programmatic aspect'.

\subsection*{2.2.2 Role 2 – Ideology and change: reducing social consensus by increasing behavioural costs of the free rider.} If ideology works upon the costs of implementing norms and beliefs of a group, institutional change is facilitated by prior modification of its content in favour of proposed institutional innovations (Ruttan and Hayami, 1984, 214\textsuperscript{xxx\textdegree}). Ideology is an input in the same way as work and capital for the political entrepreneur which wants to implement institutional innovation (Ruttan and Hayami, 1984, 215\textsuperscript{xxx\textdegree}). It reduces costs of obtaining a consensus by lowering the benefits of the free-rider strategy in the presence of collective decisions (Ruttan and Hayami, 1984, 205\textsuperscript{xxx\textdegree}). For this reason, North (1981) initially introduced the theme of ideology in the theory of institutional change. Its introduction completes the neoclassical theory of institutional change by relative prices variation (North and Thomas, 1973, North, 1981, 7\textsuperscript{th}, 208\textsuperscript{xxx\textdegree}, 31).

In the economic theory of institutional change based on evolution of relative prices, once there is a variation in relative prices, individuals adapt themselves. This means that preferences and tastes are stable and indifferent to explanation and that individuals modify their behaviour only because the hierarchy of relative prices changed. Relative prices hierarchy evolves under the effect of exogenous or endogenous shocks. North and Thomas (1973) insist mainly on the demographical factor\textsuperscript{xx}. Population increase favours the price rise of agricultural products, provokes institutional imbalance and changes which leads to the occurrence of private land holdings. So that imbalance transforms into institutional change, it is however necessary that the community reaches a consensus as the diffusion of a new practice requires. Reaching this consensus is very costly (organisation costs) and the benefits are collective (free-rider). This explains why good institutions will not necessarily be chosen. Ideology is a lock-in factor. This also explains why resolution of the paradox of collective action suggests obtaining a consensus to reduce mobilisation costs and limit the free rider phenomenon (North, 1981, Chapter 5 \textit{Ideology and the Free-Rider}, 47\textsuperscript{xxx\textdegree}). Ideology limits free-rider behaviour because it imposes the sense of collective interest upon individuals. It leads the individual to think further his own interests. To change institutions, one must, for this reason, first modify the ideology which is the basis of these institutions. This is costly and slows the speed of change which is however necessary.

\subsection*{2.2.3 Role 3. Ideology as a factor of change.} Ideology can also be at the origin of change even in the absence of any modification of relative prices. It is however necessary that the costs of expression and ideology be relatively low (North, 1990, 85). Abolitionist ideology -anti-slavery- for example developed all the more as its expression was not costly. Expression and defence of ideology are even more important when the institutional environment reduces their cost (North, 1990, 85\textsuperscript{xxx\textdegree}). Democratic voting allows such a reduction of agents’ costs. This idea is close to the theory of preferences falsification Timor Kuran (1985\textsuperscript{xxx\textdegree}). Individuals are even more ready to defend their ideology when the institutional conditions reduce their expression costs. If the costs of expressing a deviant ideology are prohibitive, individuals will not reveal it. The individual is ideologically, then culturally deviant, if the expression costs of this deviance are prohibitive.
This brief reminder of the role of ideology in economic institutional theory raises several comments. First of all, ideology has an effect on institutional change because it modifies exchange costs and the manner in which individuals perceive opportunities coming born from changes in relative prices (North, 1981, xcvi, 208xcvii, xcviii). Ideology is then a useful concept to compensate the limits of substantive rationality and the quality of its predictions (North, 1981, 11xcix) by providing a solution to the paradox of collective action. Ideology, lastly, explicitly introduces the topic of institutional legitimacy into economic theory and allows then articulation of the economy and sociology of institutions which made legitimacy the heart of its theory of institutions (Suchmann, 1995). The role of ideology in North’s theory is not however perfectly clear since, in 1981 (North, 1981, 50), he supports that changes in ideology can be explained in mere economic terms while in 2005 (North, 2005, 23) he argues that the agents’ choice is determined by his beliefs (Zweynert, 2009, 340). Like Zweynert (2009, 340), we think that North’s position needs to be clarified, but we add that this means a renewal of his ideology theory and a theory of belief.

Moreover the renewal of ideology has appeared as one of the necessary conditions for change. While change is caused by a variation of relative prices, ideology plays on mobilisation costs related to belief or deviant norm. If change is caused by the ideology itself, it is difficult meanwhile to keep with the theory of expression costs. For instance, why the abolitionist ideology emerged or why the Maoist ideology progressively disappeared in front of a form of renewed capitalism without political freedom must be explained. The thesis of this article is that the moment of shift is when the group’s beliefs and norms are obsolete. Because the group culture becomes problematic for the individual, he chooses to become deviant and breaks away from a part of his culture. To better understand the problematic nature of an ideology, we can refer to the economic perspective of scientific progress suggested by Gérard Radnitzky (1987a, 1987b, 1980). He treats the moment of deviance by insisting on the level of justification costs. We can use his analysis of the “problem of the empirical basis” of a scientific theory to better understand how an ideology, or some of its elements, becomes problematic and some basic statements must be questioned and replaced by a new manner of understanding the world.

3. JUSTIFICATION COST AND GERM OF CULTURAL CHANGE

If we sum up what has just been developed, we can assess that the institutions provides man with more knowledge than he acquired by himself. These institutions generate sanction and reward mechanisms which allow them to carry on and to limit the costs of deviant behaviour. Deviance here is understood as being a new inference, a new paradigm or a new way of doing things (Choi, 1999, 256)xc. A deviant man develops an ideology distinct from his group. He sees the world in a different way. He is able to give up the conventional manner of seeing the world (Choi, 1999, 256). Conditions for absence of deviance are -1- the impossibility to question the social construction of the reality -2- the existence of a perfectly efficient incitation mechanism, meaning without transaction cost. A culture is then inert if the knowledge therein is not questioned and if the sanction and reward mechanism makes the deviance costs prohibitive.

This is impossible to reach both conditions, on the one hand, because a world without transaction cost is unrealistic, and on the other hand, because human experiences irremediably modify human knowledge of the world. Culture then produces man’s way of knowledge but ideas “are autonomous factors of socio-economic evolution” (Mantzavinos, North et Shariq, 2004, p.80)cii. We should not underestimate “the potential for relative autonomy, in the heart of all cultures, of individuals’ minds” (Morin, 1991ciii, 22). This potential originates from the obsolescence of knowledge and the implementation costs of common beliefs and norms. The generating factor of change is obsolescence of the knowledge contained in the informal institutions, while conditions for change are prohibitive costs of perfect sanction and reward mechanisms able to adapt to all the new profit opportunities perceived by the deviants. The factor generating deviance is not to be found in its expression costs but in the justification costs of some of the existing informal institutions.

3.1 The contribution of Radnitzky’s philosophy of science to the economic ideology theory

Radnitzky (1987a, 1987b, 1980), by applying the theory of rationality in the uncertain universe of the Austrian school (non substantive rationality) to the question of basic statements, allows us to pinpoint this idea and to develop it. The question of cultural change arises, as does the revision of basic statements, from a process of reassessment of the arguments which support the old world. Individuals who question basic statements or social norms if they become problematic (Radnitzky, 1987a, 185). As long as man considers that a given norm does not create problems, simply because he is so convinced, culture remains inert. This is when a norm becomes problematic that the possibility of abandoning it enters the individual’s world of possibles. Deviance stems from a problematic situation. A norm or belief, like a statement, is non-problematic as long as no concrete reason imposes its revision.
Beliefs and legitimate norms are then destined to evolve. They become illegitimate, unacceptable, when cost to justify them becomes prohibitive. The individual can be convinced that God is the source of all morality. This suggestion becomes unacceptable if the knowledge produced by the holy texts is contradicted by a scientific discovery such as Darwin evolutionism. The individual could believe in real socialism - an economy centrally planned- and in the existence of an alternative to capitalism which is fair and believable, but would have to adjust his stance at the fall of the Berlin wall in 1989. This is when culture becomes problematic that it will be tested, otherwise stated, that individuals will seek to get rid of it because it doesn’t seem to be sufficiently justified to be acceptable. Prohibitive justification costs explain deviant behaviour, e.g. changes of ideology.

The causal scheme is then the following: Increase in justification costs → crystallised knowledge in the beliefs and norms become problematic → demand for ideological change (mental deviance) → cultural change (behavioural change).

3.2. Variation in justification costs and mechanisms which generate ideological change. What is at the origin of the justification cost?

To know this, we must list all the mechanisms which generate the obsolescence of ideologies which have been incorporated to support the common norms and beliefs. These generating factors make the dominant culture illegitimate. Social order, product of the application of norms and beliefs, are perceived as unfair. It is unfair because during changes, individual retributions are no longer considered to be in harmony with his contributions. Illegitimacy of the social order originates from a perturbing event. An event is what creates discontinuity in the individual’s life (illness, birth, death, failure, wadding, and so on) or in the life of a community (war, revolution, natural catastrophe, etc.) This disturbing event reduces the credibility of a belief. It creates cognitive dissonance in the sense of Festinger (1957). An event ruptures its cognitive consonance because it is non justifiable without a renewal of the ideology which supports its norms and beliefs. It leads the individual to reconsider his values and beliefs (Brady, Clark et Davis, 1993, 37). Four kinds of event can be at the origin of dissonance: -1- evolution of individual knowledge, and -2- a problem faced during the decision making process, are external dissonances while -3- incoherence of proposed justifications and -4- the possibility of mental experiences, are internal dissonances.

3.2.1 External Dissonance. During the decision process, the individual can face a situation that makes him question the trust he has in his beliefs and norms. New information can also create dissatisfaction. The individual evaluates, for example, the costs and benefits of placing his trust in the Roman Catholic religion. He discovers that Communism doesn’t succeed in either wiping out misery or favouring the greater good. This information makes his religious practice problematic. For instance, a leftwing militant goes to Cuba. He observes that Communism doesn’t succeed in either wiping out misery or favouring the greater good. This information breaks his cognitive consonance. The more contradictory information circulates and is shared, the greater the probability of ideological crises is (Morin, 1991, 30). Freedom of speech increases, for this reason, the probability of an individual being confronted with dissonance phenomena. This joins the thesis expressed by North (1990, 85) and Morin (1990,41) according to which democracy and trade favour the expression of deviances, but also their appearance and according to Coyne et Leeson (2008; 3), the media can create institutional changes by cognitive shock. The role of electronic networks in the Arab political movements of 2011 is an appropriate illustration of it.

3.2.2 Internal Dissonance. Internal dissonances are incoherence and mental experiences. Incoherence is an endogenous cause. Knowledge crystallised in the norms and beliefs becomes problematic because the individual discovers that certain norms or beliefs are contradictory. The believer for example is confronted with the paradox of evil which casts doubt on God’s benevolence (Denzau et North, 1994, 25). This lack of coherence of the ideological system places the individual in a situation of dissonance, of crisis in the sense of Denzau and North (1994, 25). In the absence of any new information (media, education, individual experiences), the individual faces with a contradiction. These beliefs are incoherent. The individual is placed despite himself in situation of crisis. He is hit by a psychological reality which he doesn’t control. The dissonance stems from his own intelligence. This internal incoherence creates tension between the string of selves which makes up his identity (Pizzorno, 1986, 367). It dulls his will to believe and incites him to join a new “circle of reconnaissance” to reduce the provoked incertitude.

Mental experience has the same effect as incoherence. This experience reflects the intellectual dimension of human life. A simple mental experience can provoke cognitive dissonance, a gap between what common ideology imposes as the manner in which to see the world and the ideal which appeared to the individual
following his day dreams. There are not always connections between “events” and cognitive dissonance. They are sources of dissonance and variations in justification costs of the world order. They lead the individual to ask himself a critical question. Why do norms and beliefs dictate such behaviour when another world seems possible? These dissonances are the result of an individual’s activity “alone, even solitary, who brings an idea which revolutionises the whole picture of belief or knowledge” (Galilée, St Paul, Jesus and Judaism, Newton, Pasteur, Einstein, Planck, etc.) (Morin, 1991, 34).

Incoherence and the life of thoughts are mental events. These events are not visible but prepare the ideological change. They do not necessarily lead to concrete deviant actions but participate in the formation of a larger and larger gap between the constructed social reality and individual reality, imagination and logic of each individual. We can probably seize this gap from the life of art and artists’ capacity to seize the general atmosphere without necessarily having any political power over the transformation. We can also consider intellectuals as the origin of bringing contradictions in the ideological systems to light because of their knowledge of science, art, philosophy, etc. Edgar Morin (1991, 63, see also Manheim, 1956) speaks of “general intellectual aptitude for decentralising and seeking a meta-point of view in relation to values and reigning ideas”. The intellectual tries to place himself in dissonance. He tries to test the coherence and the quality of motives which incite a group to follow the norms and beliefs which are theirs. He does this because he is pushed by his own particular relationship to the world and because he may obtain the benefit of notoriety. He is one of those individuals who have a taste for transgression, imagination and the conception of a new world (Morin, 1991, 48). Generally these individuals “are natural children, cultural bastards divided between two origins, two ethnocentrisms, two types of thought, or the relegated, aliens, exiles, etc.” (Morin, 1991, 49). It is because their cultural heritage is different from the majority that they have a greater propensity for deviance. Migration is, together with democracy and globalisation, a condition favourable for dissonance. The causes of the deviation is not only the existence of new information, such as political or economic crises, poverty, military conflict, redundancy, an unfair act, etc., but the specific adoption of a critical position with regard to the social reality. This is this position that the control of freedom of expression tries to limit.

Dissonance, whatever its origin, questions the basis for acting according to the transmitted norm. It leads the individual to use resources to re-establish cognitive consonance. Dissonance is then at the same time, experienced and provoked. It is provoked because man can seek to go beyond the constructed reality (search for truth, beauty, and/or justice). It is experienced because some events (shocks) make apparent the incoherence, the injustice, the vulgarity and/or the falseness of a system of norms and beliefs. Dissonance is the germ of ideological change.

3.3. Dissonance and evolution of ideology. The relationship between dissonance and ideological change is not automatic, because as upheld by Akerlof and Dickens (1983, 307) \(^{18}iii\), individuals can attempt to manipulate their beliefs to avoid dissonance costs. Such an attitude suggests that individuals deny the value of having real beliefs, otherwise stated successful representations (Radnitzky, 1987a, 95). It puts aside the revision of beliefs hypothesis. It is not impossible that a certain number of ideological entrepreneur in the sense of Denzau and North (1994, 25\(^{14}\)) have an interest in resisting ideological change caused by the appearance of incoherencies and more generally dissonance. The existence of justification costs is even a good reason to adopt dissonance avoidance strategies, meaning to collect only the information which confirms the knowledge transmitted by culture (Wohlgemuth, 1999, 184)\(^{14}\). This dissonance avoidance strategy explains why a certain number of individuals try to limit freedom of expression and migration (cultural diversity) because they increase the probability of dissonance and in fine an increase in justification costs.

The existence of events, situations or beliefs and norms proves to be inapplicable; incoherencies and deviant individuals however make this strategy imperfect. The existence of a group of deviants, that is to say, individuals who have a taste for transgression, explains partly why the implementation costs (incitation mechanisms), the norms and beliefs make any social control system imperfect. Even the notion of event is at the origin of non consented dissonance. An event by definition breaks with routine, monotony, repetition. The “great events” are civil wars (the glorious revolution of England of 1688), occupation (following the Second World War) perceived threats (the Meiji Revolution), ruptures (Eastern Europe and the ex Soviet Union), military coups (Chili) (Williamson, 2000, 598). The 1929 crisis is a typical major event which served as a model for generalised understanding of the crises which followed (Shiller, 1991)\(^{15}\).

The dissonance theory provides an accurate definition of the great event. The event is so great that it is difficult for the individual to ignore it. It is so great that it places a large number of individuals at the same time and in the same place in a situation of involuntary dissonance. It creates a favourable situation for ideological change, as it makes the justification costs of old ideologies vary. Incoherence is also at the origin of non consented
dissonance. The individual discovers that the articulation of these different beliefs and norms is illogical. He is faced with a contradiction, he cannot ignore without risking error. He believes that A causes B and that B causes C, but that the assumptions are based on contradictory arguments. The individual risks always to be confronted with cognitive dissonance. He is then obliged to assess the opportunity cost of a manipulation strategy. He knows that to not revise his beliefs and not wonder about the legitimacy of his norms risks to block access to successful representations and place him systematically on the side of injustice. He also knows that having a successful representation before the others can be the origin of profit. Scientific progress is a means of reducing uncertainty linked to the environment. Knowledge of the hypothetic-deductive law of the type if $p$ then $q$ enables reduction of anticipation errors. For these reasons, nothing can prevent the questioning of norms and crystallised knowledge in culture and based on ideology.

Dissonance then increases justification costs of knowledge crystallised in norms and beliefs. It causes a process of de-institutionalisation. It is because the norms and beliefs are no longer legitimate that they are abandoned and replaced. The economic ideology theory renews then the theory of punctuated cultural change by defining the latter as moments of generalised dissonance. Then politicians can recapture a certain control over institutional reality if they succeed in creating dissonance. That does not suggest the direction of change but can cause it and thus unblock situations which are supposed to be unsatisfactory by the majority.

4. IDEOLOGICAL AND CULTURAL CHANGE

The theory of institutional change suggests imagining the change on the basis of two criteria: fast versus slow and steady versus unsteady (Roland, 2004, 110). Values, beliefs and social norms would evolve slowly. Attitudes regarding the death penalty and tolerance of corruption slowly evolve. For instance, political institutions would, on the other hand, be able to evolve rapidly, following a revolutionary movement for example, or an insurrection (Roland, 2004, 116). Institutional change must, under these conditions, shape interaction between the slowness of cultural change and the potential rapid change of formal institutions (Roland, 2004, 118).

The theory of emergence of ideas by dissonance can be integrated into this general problematic and contribute to the explanation of situations where institutional changes are not longer in the long-run but the short time of argumentation and the will to believe in acting otherwise. Generally this process is all the more rapid as there exist believable alternatives. Either because they are intellectually attractive or because they seem to have proved to be right for other groups (successful representation). The theory of dissonance however allows a situation where there is rejection and consensus, not of an ideology in particular, but on the rejection of the old ideology and the system of beliefs and norms that it supports.

4.1 Incremental evolution of ideology and cultural change. A slow and continuous change of ideology can prepare a cultural change which is punctuated or steady. Experimentation of new practices (utopia) and imitation appear as the two great processes of transformation of informal institutions. Gabriel Tarde, in his book *Les lois de l'imitation* (1890), also suggests a theory of inter-subjective propagation of ideas from the notion of “imitative radiation”. The game theory, (model of informational cascade), (Aoki, 2001, Greif, 2005, 2008) and the evolutionist trial-error models (Hayek’s theory of cultural change also explains how new ideology spreads. The theory of justification costs explains how a new idea emerges. The theory of innovation diffusion explains at the same time how it transforms into a cultural fact and why this takes time and makes the culture’s time indifferent to political time (fatalist bias). Change of ideology only translates into cultural change because the agents’ beliefs about the manner in which the game is altered by a mass effect (Aoki, 2001, 231). So that the mass effect occurs, the new ideology requires adepts and impose itself in the competition between the ideological undertakers (theory of institutional competition). This takes time and explains why informal institutions (culture) do not change as rapidly as formal institutions (law) (Roland, 2004).

4.1.2 Incremental evolution of ideology and punctuated change. Change is not, however, always progressive because part of population can try and defend the old ideology to protect its practices. It engages resources to defend its beliefs and norms (North et Denzau, 1994, 25). When finally the ideology changes, because the justification costs are prohibitive, there appears a punctuated change, e.g. “a relatively rapid change”. It is as if the change had been initiated over a long period but it had only been able to translate itself abruptly. The great event here is the moment of crisis. It makes toppling over inescapable. It makes the justification of old practices prohibitive. The number of deviants is greater than the number of defenders of the old culture. Cultural change is “like a ripe fruit” harvested at the right time. The French revolution is a good example of punctuated change prepared by an ideological revolution (the French lights). A majority, or at least a very large minority, more or less enlightened, identified the flaws of the political regime, the limits of a certain religious practice and the
benefits of the scientific mind (Mornet, 1933, 2010, 1)\textsuperscript{cxxvii}. They prepared the masses for change and gave it direction.

4.2 Dissonance, « great events » and punctuated change. Reinterpretation of the theory of great events by the theory of justification costs provides a model of change by simultaneous generalisation. The time of dissonance is the same as that of diffusion. For this to be possible one must just dissociate the question of change from that of its direction. Williamson’s idea (2000, p.497) according to which certain events can be reinterpreted to become account for this kind of change. The “great event” creates a “window of opportunity” for change because it invalidates the beliefs and values which are the basis of the informal institutions (culture). It creates a situation of generalised dissonance, increased justification costs of the old norms and social practices and in fine increased justification costs of the old knowledge. It makes the ideologies of a large number of individuals obsolete at the same time. The social reality becomes problematic at the same time.

It is however not necessary that there is a social consensus about the replacement ideology for there to be change. No solution needs a consensus to impose itself. Any imagined worlds become, on the other hand, possible as part of the social reality is de-constructed. It no longer makes sense. It can be replaced by another reality. The speed with which dissonance can make individual mental models obsolete then explains why there are punctuated changes where institution entrepreneurs have the possibility to impose their choices in a hurry. In the presence of generalised dissonance, this is not necessary that individuals agree over what they don’t want. They know from material or mental experience that part of their knowledge is obsolete and that they must substitute it with another. They are ready to experiment new possibilities because the solutions they have accepted until then have been shown to be bad representations of the reality. This is not necessary that there is a consensus. There must, on the other hand, be a crisis and this is experienced as such by the greater number and at the same time. At these moments in history, men incarname change and use their imagination and their creativity to build an alternative world. Their ideology will impose itself as the solution although it was not at all diffused at the same time. The social reality becomes problematic at the same time.

The revolutions of October 1917 and the arrival of Maoism in China provide good examples of this type of change. They were not prepared by diffusion of an alternative ideology, but by misery and strong ideological instability. It was satisfied by the advent of Chinese communism. This Communism was a Chinese version of Leninism. It justified the reforms by guaranteeing a policy of grandeur (nationalist ideology) and the agrarian reforms (Schram, 1963, 39 cited by Yong, 1992, 396)\textsuperscript{Cxxviii}. The masses then accepted the acculturation and indoctrination not only because it was already convinced (Yong, 1992, 396) but because they were ready to experiment another institutional system, another game. The revolution of 1917 is not a revolution of a group of conspirators. It was supported by the population’s dissatisfaction with regard to the institutions which governed the Tsars’ Russia (Carrière d’Encausse et Schram (1970, 17)\textsuperscript{cxxxvii}. A form of Communism imposed itself and determined the institutional trajectory and the content of the Soviet propaganda during almost a century in Russia. Cultural evolution can then be slow and progressive (incremental model) or punctuated.

Punctuated change is aroused by a great event. Punctuated change is either the result of a change prepared over time or a change improvised around a rejection. The moment of rupture is then either the beginning of a process of experimentation of new practices or the beginning of a new cultural era. Punctuated equilibrium can then be at the origin of a simple or double process of legitimatisation.

There is a double process of legitimisation when the de-legitimisation of old institutions is accompanied by a process of institutionalisation of new norms and beliefs based upon a new ideology. There is simple movement of de-institutionalisation when the punctuated change is simply the time of an experimental process. The effect of mass only occurs if the experimentation succeeds. In the opposite case, the ideology remains unsteady and the political power weak, as it is not based on a stable, well founded culture. It is obliged for these reasons to use violence to compensate for weak arguments which justify its reason for being. Whatever the model for change, (incremental or punctuated) and its speed, its first cause is not economic development but the intellectual innovation arising from increased justification costs of certain norms and at the origin of practices uselessly and unfairly constraining. Men revise their ideology and demand cultural change because the events and their intelligence have made the old practices too costly to justify.
5. CONCLUSION

The explanation of cultural change by dissonance and increased justification costs abandons exogenous explanations of change (social or geographical determinism) to focus attention on a theory of reasons to act. These reasons arise from a subjective rationality and are determined in a context of ignorance and incertitude about the consequences ex-post of the ex ante-choices. It has then been supposed that the individuals always had good reasons to revise their ideological system and/or adopt another.

Culture maintains a relationship of inclusion and causality. Ideology is included in culture because it is a particular class of belief (Figure 1). It justifies norms and beliefs and inspires the practice. Any variation in justification costs is a potential carrier of evolution of the practices. Ideology is then a genetic cause of culture (Mayer, 1932, in Kirzner, 1994, Cowan et Rizzo, 1996)\textsuperscript{cxxii}. It is that by which the beliefs and the norms exist because it provides good reasons for adhering to it. Ideology awards this place to intelligence. It is the intellectual dimension of culture. In this way, we can arrive at the relationship between man and his culture. For these reasons it is impossible to explain the change of ideology by a cultural change. We cannot for example explain the discovery of Einstein’s law of relativity by a cultural change. We can, on the other hand, describe the manner in which the law of relativity modified our techniques, our relationship with the world, our culture and in fine our institutions. We could wish to explain scientific invention by a system of beliefs and values which reject irrationality and magic of religious beliefs. It would be nonetheless the role of new ideas and men who carry them, incarnate them. Only the human mind has the capacity to imagine future unreal worlds but susceptible to become real if men have the will to believe and create them. The introduction of ideology thus permits an exit from the problem ‘of the chicken and the egg’ which characterises the relationship culture-law-development (Voigt, 1993\textsuperscript{cxxiii}, Chang, 2007, p.27\textsuperscript{cxxiv}, Hayek 1973, 1980\textsuperscript{xxxv}) from the book \textit{L’esprit de lois}\textsuperscript{cxxvi} de Montesquieu (1758, Livre XIX). At the beginning, there is always the individual’s perception of dissonance. This dissonance originates either internally or externally, but it is the germ of change. It causes evolution of mentalities and in fine the institutions which surround productive or unproductive entrepreneurial activity. The new idea also gives the direction of change.

Re-introduction of ideology in the theory of cultural change also has the effect of limiting the range of fatalist bias because it describes the conditions of transformation of culture. Norms and beliefs which represent the culture are respected because they are legitimate, comprehensible and coherent. In this sense there is no fatalism. It is only necessary that a suggestion for change be believable and answer individuals’ expectations. It must use a valid argument capable of persuading the greatest number. To break away from fatalism it suffices then to imagine how a coherent speech, critical of existing norms and beliefs, can provoke exchange. The change must be perceived as being positive, that the justification costs of the old norms be prohibitive, that the deviants can express themselves in opposition to the guarantors of status-quo and that the cross-cultural dialogue be intense. There is no fatality because human intelligence creates the conditions for man to progress toward truth, good and new ways of serving their interests. The class of deviants appeared then as a remarkable generating factor of change. We can compare this with the theory of the creative class of Richard Florida (2005)\textsuperscript{cxxvii}.

The future of new institutional economics is then to effectively recognise the way in which ideas and ideology determine economic change and performance (Mantzavinos, North et Shariq, 2004, p.80, Tan, 2005, 175\textsuperscript{xxvii}). This article tried to contribute to this research programme.
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ANNEX 1

Culture now occupies a very important place in the theory of institutional change of the new institutional economics (North, Williamson, Ostrom). The institutions are the rules of the game. They are formal and informal (North, 1991). They are generally defined as being sanction and reward system. They create constraints upon individuals’ choices and transform in practice. The formal institution par excellence is the law. It is defined and implemented by the State. Informal institutions are defined by the culture. The culture is a reflection of social norms, customs, tradition and/or religion (Williamson, 2000, p.597). Culture is the ultimate foundation of formal institutions, laws (Williamson, 2000, p.597). Greif (2008) uphold also that they are the cement which holds the formal institutions together. Figure 1 derived from Williamson (2000, p.597) models this thesis simply. At the origin of the evolution of laws there is cultural evolution. Culture possesses a durable hold on the formal institutions (Williamson, 2000, p,597). It slows evolution of institutions nevertheless necessary for improving a country’s economic performance and is responsible for the failure of a certain number of reforms.

Figure 1
Institutional economics (Williamson 2000 : 597)

Figure 1
Economics of institutions (extracted from Williamson, 2000, p.597)

changes in the formal rules as correctives to perceived failures of the policies enacted, the adaptive efficiency of the institutional matrix and the limitations of predictable behaviour … The human agent in the face of such a gap will construct rules to restrict the flexibility of choices in such situations. We know these rules as institutions.
Econometric analysis concludes that better specified or less attenuated property right and the rule of law are associated with higher economic growth rates.


Smith A. (1976). *The Theory of Moral Sentiments*, reprint Oxford University Press, Liberty Press/ Liberty Classics, « Justice, on the contrary, is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society, that fabric which to raise and support seems in the world, if I may say so, to have been the peculiar and darling care of Nature, must in a moment crumble into atoms” (Smith 1976, 86).

« In North and Thomas (1973), we made institutions the determinant of economic performance and relative price changes the source of institutional change. But we had an essentially efficient explanation: changes in relative prices create incentives to construct more efficient institutions. (…) In Structure and Change in Economic History (North, 1981) I abandoned the efficiency view of institutions. Rulers devised property rights in their own interests and transaction costs resulted in typically inefficient property rights prevailing. As a result it was possible to account for the widespread existence of property rights throughout history and in the present that did no produce economic growth” (North, 1990, 7).

ANNEXE 1

« The increasing returns characteristics of an institutional matrix that produces lock-in come from the dependence of the resultant organizations on that institutional framework and the consequent network externalities that arise » (North, 1990, 7-8, see also Chapter II, Part II, The path of institutional change).


« The costs to the individual of opposing the coercive forces of the State have traditionally resulted in apathy and acceptance of the state’s rules, no matter how oppressive” (North, 1981, 31).

« The state will encourage and specify efficient property rights only to the extent that they are consistent with the wealth-maximizing objectives of those who run the state ».


Coase, R. (1992, 714). “The value of including […] institutional factors in the corpus of mainstream economics are made clear by recent events in Eastern Europe. The ex-communist countries are advised to move to a market economy […] but without the appropriate institutions no market economy of any significance is possible.”


North, D.C. (1984). “Transaction Costs, Institutions, and Economic History », *JITE*, vol. 140, 7-17. NEI explains only changes in secondary institutions and not changes in such fundamental systems of values such as

« However norms pose some still unexplained problems. What is it that makes norms evolve or disappear – for example, duelling as a solution to gentlemanly differences?” (North, 1990, 43).

« Rather, I would like to explore the much more troublesome and more difficult problem of changes in tastes” (North, 1990, 84).

« How do informal constraints change? Although we are not yet able to explain precisely the forces that shape cultural evolution, it is obvious that the cultural characteristics of a society change over time and that accidents, learning, and natural selection all play a part “(North, 1990, 87).

« The degree to which such heritage is “malleable” via deliberate modification is still very imperfectly understood. At any time it imposes severe constraints on the ability to effectuate change” (North, 2005, 156).

“ In turn, improved understanding of institutional change requires greater understanding than we now possess of just what makes ideas and ideologies catch hold” (North, 1990, 86).

“ Despites the fact that uncertainty associated with the physical environment has been radically reduced the residual that leads to non-rational beliefs plays a major role in the world today as it has all through history. The history of and the widespread belief in religions is illustration. Religious belief systems such as Islamic fundamentalism have played and continue to play a major role in shaping societal change; but equally significant is the critical role of secular ideologies and belief system in decision making, as the rise and decline of the Soviet Union so vividly illustrates” (North, 2005, 19).

« As for changes in beliefs, it is finally ideas and their creation which for good and sometimes for evil are the fundamental driving force of the human condition and are the major focus of this study » (North, 2005, 18).

« Quant aux modifications des croyances, ce sont en définitive les idées et leur création, qui pour le meilleur et parfois pour le pire, sont la force motrice fondamentale de la condition humaine et le sujet principal de la présente étude » (North, 2005, p.36).

Hume, D. (1788, 1972, p.316). Essais Politiques, Paris, Vrin. « As no party in the present age, can well support itself, without a philosophical or speculative system of principles, annexed to its political or practical one ; we accordingly find, that each of the factions, into which this nation is divided, has reared up a fabric of the former kind, in order to protect and cover that scheme of actions, which it pursues ». Hume D. Political Essay, édités par Knud Haakonssen, Cambridge, Cambridge University Press, 1994, p.186, essai 23.

Keynes, J.M. (1936, p.383), The General Theory of Employment, Interest and Money, Macmillan. “The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interest is vastly exaggerated compared with the gradual encroachment of ideas”.

Hayek, F. (1933, 121). “The Trend of Economic Thinking”, Economica. « The views at present held by the public can clearly be traced to the economists of a generation or so ago. So that the fact is, not that the teaching of the economist has no influence at all; on the contrary, it may be very powerful. But it takes a long time to make its influence felt, so that, if there is change, the new ideas tend to be swamped by the domination of ideas which, in fact have become obsolete”.


Economics is the study of individual behavior and choice. It is a science of action, a science of human behavior in pursuit of ends that are limited and imperfect. The central problem of economic theory is how the individual’s pursuit of ends can be reconciled with the individual’s limited ability to achieve those ends. The individual is faced with a world of scarcity, characterized by limited resources and unlimited desires. The individual must make choices, trade off one good for another, in order to satisfy their desires. Economic theory is concerned with the nature of individual choice and the consequences of those choices. It is a science of action, a science of human behavior in pursuit of ends.
contracting parties. Without in any way minimizing the difficulties, a positive theory of ideology is essential for the further development of transaction cost analysis” (North, 1981, 56).


“...The idea of studying the political process in the transaction-cost mode originate with North, (1990). His main focus is on a particular facet of transaction costs, namely, a failure of “instrumental rationality”, for participants in the process. The information feedback is inadequate to convey to these participants the correct theory of how their world operates; this affects the individual’s decisions and in turn the outcome of the process and the information it generates” (Dixit, 1998, 44-45). Dixit, A.K. (1998). The Making of Economic Policy. A transaction-cost Politics Perspective. Munich Lectures in Economics, CES, The MIT Press. Cambridge, Massachusetts, London, England.


« The supply of institutional innovations is strongly influenced by the cost of achieving social consensus (or of suppressing opposition). How costly a form on institutional innovation is to be accepted in a society depends on the power structure among vested interest groups. It also depends, critically on cultural tradition and ideology, such as nationalism, that make certain institutional arrangements more easily accepted than others » (Ruttan and Hayami, 1984, 205). « Cultural endowments, including religion and ideology, exert a strong influence on the supply of institutional innovation. They make some forms of institutional change les costly to establish and impose severe costs on others” (Ruttan and Hayami, 1984, 214). The aspiration of new ideology may reduce the cost to political entrepreneurs of mobilising collective action for institutional change”. For example Jeffersonian concept of agrarian democracy provided ideological support for the series of land ordinances culminating in the Homestead Act of 1862, etc.).

“Ideology can be critical resource for political entrepreneurs and an important factor affecting the supply of institutional innovations” (Ruttan and Hayami, 1984, 215).

 « In our view, the supply of institutional innovations is strongly influenced by the cost of achieving social consensus (or of suppressing opposition)” (Ruttan et Hayami, 1984, p.205).

I have simply drawn down from the existing literature on demographic change. Changes in the stock of knowledge are explored in the context of the changing structure of incentives incorporated in institutions. The building blocks of this theory are : 1. theory of property rights that describes the individual and group incentives in the system, 2. a theory of the state, since it is the state that specifies and enforces property right; 3. a theory of ideology that explains how different perceptions of reality affect the reaction of individuals to the changing objective situation” (North, 1981, 7).

A changing relative price affects the bargaining position between principals and between principals and agents. Changes in military technology affect the size of the state and the bargaining position of rulers vis-à-vis constituents and other rulers. Further, ideology is altered by changing individual perceptions of the justice or injustice of exchange relationship; hence, the costs of enforcement of the rules are also altered” (North, 1981, 208).

L’augmentation de la population favorise la raréfaction des terres et rend le facteur travail abondant. La baisse des rendements nui au revenu des aristocrates qui sont rémunérés par les paysans, ce qui les conduit à libérer de leur statut de serf (leur offre de racheter leurs libertés), le serf a désormais la pleine propriété de son travail, il n’a cependant pas de terre. Il va demander au seigneur de lui louer une partie de son fief (loyer annuel). C’est l’apparition de la rente féodale. Les coûts pour le seigneur de l’obligation militaire deviennent aussi importants. Les seigneurs cherchent alors à se défaire de leurs obligations et payer leur souverain en monnaie. Se développent alors des armées de salariés.

“I am discussing the values inculcated by the family and by schooling that lead individuals to restrain their behaviour so that they do not behave like free riders” (North, 1981, 46).

“the structure of institutions, in this case the electoral process, makes it possible for people to express their ideas and ideologies effectively at very little cost to themselves. Thus, in Britain in the 1830s, as in the United States in 1860, voters did just that on the slavery issue. The key here is that there was no method in the institutional structure by which the Southern slave owners could somehow bribe or pay off the voters to prevent them from voicing their beliefs …I do not mean to imply that there are not occasions in which people are willing to engage insubstantial sacrifices for their idea and ideals; indeed the degree to which people feel strongly about their ideological views may frequently lead them to engage in very substantial sacrifices, and such sacrifices
have played a major role through history. But a major point of this study is that institutions, by reducing the price, we pay for our convictions, make ideas, dogmas, fads, and ideologies important sources of institutional change. In turn, improved understanding of institutional change requires greater understanding than we now possess of just what makes ideas and ideologies catch hold. Therefore, we are still at something of a loss to define, in very precise terms, the interplay between changes in relativities of power, the ideas, and ideologies that form people’s perceptions, and the roles that the two play in inducing changes institutions” (North, 1990, 84-85).


“ I have simply drawn down from the existing literature on demographic change. Changes in the stock of knowledge are explored in the context of the changing structure of incentives incorporated in institutions. The building blocks of this theory are : 1. a theory of property rights that describes the individual and group incentives in the system, 2. a theory of the state, since it is the state that specifies and enforces property right; 3. a theory of ideology that explains how different perceptions of reality affect the reaction of individuals to the changing objective situation” (North, 1981, 7).

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“Individuals may also obey customs, rules and laws between of an equally deep-seated conviction that they are legitimate. Change and stability in history require a theory of ideology to account for these deviations from the individualistic rational calculus of neoclassical theory » (North, 1981, 11).


“ In his 1981 work, North had still been convinced that « we should be able to predict a good deal of change in ideology in strictly economics terms (North, 1981, 50). In contrast, in his latest book he claims that “the belief that humans hold determine the choices they make” (North, 2005, 567) .... It is fair to say that North has so far delivered two explanations of institutional change without having integrated them into a unified theoretical framework” (Zweynert, 2009, 340).


“Each deviant, however, represents a new inference, a new paradigm, and a new way of doing things. ... A deviant, an individual with a different perspective may see something of significance where conventionalists see none, or recognize the possibility of new combinations that the majority with their conventional blinders neglect” (Choi, 1999, 256). Choi, Y.B. (1999). « Conventions and Economic Change: A contribution toward a Theory of Political Economy », Constitutional Political Economy, 10, 245 – 264.

Mantzavinos, C., North, D.C. and Shariq, S. (2004). “Learning, Institutions, and Economic Performance”, Perspectives on Politics, 2, (1), pp.75 – 84. “The feedback mechanism form outcomes to reality runs through the human mind; and because the mind interprets reality actively, we have a very limited knowledge of how outcomes will be perceived and interpreted by agents. This is the main reason why mechanistic, deterministic models of economic change cannot work; ideas are the autonomous factors of socioeconomic evolution, and if we want to learn more about this process, we need to know more about the way our minds construct reality”.


Festinger, L. (1957). A theory of cognitive dissonance. Stanford: Stanford University Press. “Cognitive dissonance is defined as psychological discomfort or annoyance that may exist when an individual’s choice is not consistent with his values and beliefs. Dissonance may cause an individual to reconsider values and beliefs, enter new choices with different parameters, react to constraints, or change their individual preference function. For example, when an individual who believes strongly in the importance of a healthy life style chooses to smoke and it exposed to anti-smoking information, he may experience dissonance and change his behaviour” (Brady, G.L. Clark, J.R., Davis, L.D. (1993). “The political economy of dissonance”, Public Choice, 82, 37 – 51.
What is often called culture, including values, beliefs, and social norms, can be classified as a slow-moving institution. Schram (1963, 69) said, Mao's road can thus be summed up as revolutionary welfare waged in the countryside, generating a crisis for a different reason. The basis for this crisis would be the discovery of a lack of logical consistency in the ideology, or the discovery of a new set of implications which are viewed as disturbing by adherents of the ideology... Many individuals can understand the inconsistency among three statements, e.g; God is desirous of humans living in happiness, God is Omnipotent, and evil exists and make human unhappy. These three statements, interpreted naturally, result in a logical inconsistency that has been termed the Paradox of Evil" (Denzau and North, 1994, 25-26).

An ideological entrepreneur who learns of an incoherence or a disturbing implication of the ideology could utilize this in order to reinterpret that ideology in ways more suitable to the entrepreneur's goals » (Denzau and North, 1994, 26).

Political institutions, for example, have the potential for centralized decisional changes in large steps. In this sense, they can be fast-moving institutions, which change nearly overnight when there are revolutionary moments. While some social norms and values can change very rapidly in historical terms (e.g. a society’s tolerance for cigarettes), in general, social norms and values change slowly. Even individual social norms, such as attitudes towards the death penalty or acceptance of corruption, tend to change rather slowly, possibly because many norms are rooted in religions whose basic precepts have changed remarkably little for centuries and even millennia” (Roland, 2004, 12, 116).

Roland proposes to view institutional change as the interaction between slow-moving institutions, culture in particular, and fast-moving institutions such as political and legal institutions. It is this interaction that drives institutional change, and it is the interaction between institutional change and technology that drives economic growth” (Roland, 2004, 14, 118).

When ideology finally changes, as it does, it would generate a punctuation, i.e., a short relatively rapid change” (North and Denzau, 1994, 25).


Hayek, F. (1973, 1980, p.114). Law, Legislation and Liberty, vol.1, rules and order. Chicago: University of Chicago Press. “L’esprit humain (mentalité) serait autant le produit de l’environnement social dans lequel il a grandi, et qu’il n’a point fait, que quelque chose qui à son tour a agi sur ces institutions et les a modifiées » (Hayek, 1973, 1980) “In the mainstream theories, where individuals are seen as being born with a pre-determined “preference”, the causality runs from culture/institutions to economic development. However, once we accept the “constitutive” role of institutions, we begin to understand that the causality could run the other way – from economic development to institutional changes to individual “preference” (Chang, 2007, p.27, Chang and Evans, 2005).

