

# INFORMATIONAL CONSTRAINT AND FOCAL POINT CONVERGENCE

## THEORETICAL IMPLICATIONS OF PLURALITY- RULE ELECTIONS FOR THE NEW INSTITUTIONALISM

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### ABSTRACT

Plurality-rule national Baha'i elections are an anomaly among democratic elections, providing the opportunity for novel insights into institutional theory: while the pool of candidates consists of several thousand individuals, there are tight institutional constraints on information and communication regarding voters' preferences – nominations and campaigning are banned. Contrary to the expectations of received rational choice institutional theory, however, no institutional mechanisms facilitating organizational forms such as parties have arisen to yield Pareto-superior outcomes via explicit vote coordination. To address this anomaly, an analytical constrained-information model of Canadian Baha'i elections with endogenous preference formation is used to develop the notion of focal point convergence, and to defend sociological institutionalism's view of instrumental rationality as socially constructed and only one among several possible cultural meanings that may constitute institutions.

KEY WORDS • Baha'i • focal points • informational constraint • new institutionalism • preference formation

This paper examines four issues central to the 'new institutionalism', an enterprise that has recently gained prominence in the social sciences:<sup>1</sup> the impact of information and communication on strategic interaction and sociopolitical outcomes, the role of ideas and meaning in sociopolitical life, the origins of institutions and factors facilitating institutional change and stability, and endogenized processes of preference formation. Part of the insight of the

new institutionalism is that these issues are best examined in relation to concrete institutions, and, as such, I explore them via an analysis of the practices and institutions employed in the election of the National Spiritual Assembly (NSA) of the Baha'is of Canada, the governing body of the Canadian Baha'i community.<sup>2</sup> This choice is warranted by the unique informational and communicational constraints that characterize Baha'i electoral practice, and the anomaly that it poses for received institutional theory, analysis of which yields two specific theoretical contributions to the new institutionalist literature.

Section 1 begins by developing and solving for a simplified game-theoretic model of NSA elections under conditions of perfect information. The chief finding is that voters in NSA elections face a mixed-motive game with multiple Nash equilibria, and thus with a significant coordination element. However, we are confronted with the peculiarity that Baha'i NSA elections fail to produce the traditional mechanisms of voter coordination, such as parties and voting coalitions, normally found in other voting situations and predicted by contemporary variants of rational choice new institutionalism. On the contrary, we find institutional mechanisms with quite the opposite character. The puzzle we are faced with is why the Baha'i case poses an anomaly for institutional theory. To clarify the problem, Section 2 refines the simplified model by relaxing its restrictive assumptions and introducing focal point analysis. In Section 3, I begin by examining the effects of endogenizing preferences, an examination that yields the first contribution to institutional theory: identification of a phenomenon I call 'focal point convergence'. I argue that those features that have been traditionally identified with rational choice focal point analysis in fact not only serve to enable the strategic coordination of action as traditionally thought, but also serve in the process of endogenous preference formation – an issue regarding which rational choice theorists have been roundly criticized. By producing a model of endogenous preference formation, I intend to specify the circumstances under which rational choice institutionalism can (and cannot) respond to historical institutionalists' challenge to endogenize preferences. Section 3 continues by considering refinements and challenges to traditional rational choice theory – particularly its treatment of institutions as solutions to collective action or coordination problems – in light of our findings in the Baha'i case. There I contrast the received theory with Knight's

treatment of institutions as by-products of distributional conflict, and end up deploying the Baha'i case to defend sociological institutionalism's insight that instrumental rationality is a social construct, and that cultural meanings, far from being the dichotomous counterpart to institutions and organizations, must be seen as constitutive of them.

### **1. A Simplified Model of Canadian Baha'i NSA Elections: A Theoretical Puzzle about Coordination**

Because the Baha'i faith does not have any clergy, community affairs are governed at the national level by the nine-member National Spiritual Assembly (NSA), an elected governing body that exercises considerable executive and legislative powers, not only determining national policy but also administering the national budget. The current formal institutional rules for the election of the Canadian NSA are found in its by-laws (NSA of Canada 1978).<sup>3</sup> The elections involve a two-step process. First, the Canadian Baha'i community elects 171 delegates to the annual national convention convened to elect the members of the NSA. Delegates are selected by plurality voting in predominantly single-member, geographically based, electoral units drawn in proportion to the number of adult resident Baha'is who make up that unit's set of voters. The set of candidates includes all the voters in that electoral unit.

The members of the NSA are selected at the national convention by the plurality vote of the 171 delegates. The number of seats on the NSA is nine; the type of plurality rule employed is a bloc vote: the number of votes given to each delegate voter is equal to the number of seats (nine), and each delegate must split his or her votes among nine candidates. The set of candidates includes all adult Baha'is resident in Canada (approximately 30,000). Those nine candidates are selected who receive the greatest number of (unspoiled) votes once all votes are counted. (In the case of ties, additional ballots are taken on the persons tied, but I shall ignore this complication.)

With the formal rules of actual Canadian Baha'i NSA elections as background, I here develop and solve a highly simplified game-theoretic model of an electoral process that shares some, but certainly not all, features with Baha'i NSA elections, with the aim of demonstrating important features of actual NSA elections.

I make the following assumptions about the preferences of the voters. First, I assume that [P.1] voter preferences over individual candidates are separable. Second, I assume that [P.2] voters divide candidates into two mutually exclusive and exhaustive categories: a set they like and a set they do not like (call  $L_i$   $v_i$ 's 'like-set', and  $M_i$  her 'dislike-set').<sup>4</sup> A voter's like-set consists of all candidates she deems qualified for office; a voter's dislike-set consists of all those she does not deem qualified. I will solve the model under two different assumptions about the voters' like-sets: first, I assume that [P.3a] a voter is indifferent between individual candidates in her like-set; second, I assume that [P.3b] liked candidates are ranked in order of strict preference by each voter.<sup>5</sup> I also assume that [P.4] a voter is indifferent between individual candidates in her dislike-set.<sup>6</sup> The model further assumes that [P.5] a candidate is included in a voter's dislike-set if that candidate is not (sufficiently) known to the voter. Hence, a voter's like-set consists of candidates who are known and liked by the voter, while her dislike-set consists of two types of candidate: those who are known but disliked, and those who are simply not (sufficiently) known to be liked.<sup>7</sup>

I assume four simple electoral parameters. There is [E.1] a set  $V = \{v_1, v_2, v_3\}$  of  $v = 3$  voters (delegates) who need to select one individual to fill [E.2] a single vacant seat ( $s = 1$ ), via plurality bloc voting from among [E.3] the set  $K = \{k_1, k_2, \dots, k_k\}$  of  $k$  candidates. To construct a germane model, I assume that [E.4] of the  $k$  candidates, there are nine who are in the like-set of at least one voter: three are liked by all three voters, three by only two voters each, and three by a single voter. The rest of the  $k$  candidates are in the dislike-set of all voters.<sup>8</sup>

In addition, I initially assume, in the simplified model, that [B.1] voters are sophisticated, in Farquharson's (1969) sense. It follows that [B.2] a voter always votes only for candidates in her like-set. The simplified model also begins with the assumption that [I.1] each voter has complete knowledge of the elements in each other voter's like-set, and that [I.2] each voter knows that other voters vote only for candidates in their like-set (i.e. that [B.2] is true).

Eliminating dominated and weakly dominated strategies<sup>9</sup> yields, under assumption [P.3a], 58 pure strategy Nash equilibria, 39 of which yield an outcome in the like-set of all three voters, and the remaining 15 of which yield a Pareto-inferior outcome (in the strong sense)<sup>10</sup> in the like-set of only two voters. Solving under assumption [P.3b] yields 22 pure strategy Nash equilibria, 3 of

which are Pareto-inferior in the *weak* sense that *all voters* prefer an outcome different from the one reached. Thus the multiplicity of Nash equilibria, and the existence of some that are Pareto-inferior, are both important results even in this highly simplified model. In particular, they indicate that voters, despite their different preferences, are facing a mixed-motive game with a *significant coordination element*: all voters, even those with substantially *different* preferences, have incentives to coordinate their votes on a *particular* (Pareto-superior) equilibrium outcome. And this element is of course in addition to the obvious coordination incentives facing groups of voters with *similar* preferences.

As Ikenberry notes, new institutionalists emphasize that institutional structures encourage certain types of political organization or coalition (1994: 23). Similarly, Ware argues that 'the logic of electoral competition provides incentives for those with shared interests to collaborate and organise' (1987: 60). In the face of a coordination problem such as that faced by Canadian Baha'i delegates, traditional rational choice theory would predict the emergence of organizational forms developing under institutional rules that facilitate cooperation on Pareto-superior outcomes. This is in line with much of contemporary theory's treatment of institutions as providing solutions to collective action problems (Bates 1987: 391; Knight 1992: 4, 9–10; Ikenberry 1994: 5). Shepsle, for example, conjectures that 'the development of political institutions and specific ways of doing things is partly a response to cooperation problems . . . they develop mechanisms that enable positive collective action' (1986: 73). Stronger versions of the theory (what Knight calls 'naive' variants,<sup>11</sup> which assume historical efficiency in the development of institutions) would predict that the institutional rules and consequent organizational forms that would emerge would be optimal in terms of facilitating cooperation (e.g. Schotter 1986).<sup>12</sup> And faced with such a coordination problem, the most instrumentally efficient organizational form would appear to be voting coalitions formed via explicit communication. Indeed, this is how analysts have treated parties and voting coalitions in other contexts: as coordination mechanisms and as ways to capture gains from exchange. As Shepsle and Weingast note, in studies of the US Congress, 'Parties were theorized as solutions to collective dilemmas facing kindred legislative spirits' (1994: 153, cf. 164). For example, Cox and McCubbins argue that, in the American context,

parties are invented, structured, and restructured to solve a variety of collective dilemmas that legislators face . . . situations in which the rational but *unorganized* action of group members may lead to an outcome that all consider worse than outcomes attainable by organized action. (1993: 83–4, my emphasis)

But now we are faced with a puzzle: contrary to the expectations of received theory, neither parties nor explicit voting coalitions are formed among delegates during Baha'i NSA elections. Furthermore, instead of institutional rules that *facilitate* organizational forms such as parties or voting coalitions, we find a ban on communication to coordinate votes, an explicit ban both institutionally and informally sanctioned: Baha'i electoral rules and norms discourage and sanction against reference to 'particular individuals' or 'to personalities before the election'. Implied by this is the institutional ban on nomination of candidates (NSA of Canada 1978: Article XVI), campaigning, 'canvassing' or 'electioneering', practices that normally characterize other elections. Shoghi Effendi characterizes the Baha'i policy as requiring 'the utmost vigilance so that the elections are carried out freely, universally and by secret ballot. Any form of intrigue, deception, collusion or compulsion must be stopped and is forbidden' (Universal House of Justice 1991: 316–17). The question is why Baha'i practice presents an anomaly for the theoretical expectation that, in an electoral system with multiple equilibria such as the Baha'i one, incentives to coordinate votes would lead to the emergence of institutions facilitating the formation of parties or voting coalitions.

Of course, the congressional or parliamentary contexts in which rational choice institutionalists have traditionally theorized the emergence of parties have invariably been voting situations characterized by (1) sharp conflicts of interest or value and (2) high stakes. But *even if* it were the case that Baha'i elections lacked sharp conflicts of interest or value (i.e. that they approached a pure coordination game), this would not preclude a theoretical prediction in favor of the emergence of voting coalitions, precisely because in large part traditional rational choice theory treats institutions and their concomitant organizational forms as solutions to collective action or coordination problems; thus sharp conflicts are *not* a necessary condition for their emergence. (And in any case the unusual ethnic, cultural, class, geographical, and even ideological

diversity of the Canadian Baha'i community greatly mitigates the homogeneity one would otherwise expect among people who share a common religion.)

What *does* matter is the stakes, the expected benefits: if little were at stake for the actors involved in national Baha'i elections, there would be little surprise if the costs of organizing were forgone. The question is, what resources and values are at stake in Baha'i NSA elections? Obviously, because there are no campaigns or candidate platforms, we cannot approach this question fruitfully in the traditional way – for example, by trying to model each candidate's expected 'payoff' to each voter according to the campaign promises he or she has made to the electorate. But we must avoid making the mistake of concluding that because Baha'i elections are not structured in the same way as traditional political elections, there is *ipso facto* nothing at stake (or that there are no conflicts of interest or value). The fact that the stakes are relatively high for the actors involved is a result of two factors: first, who the relevant actors are, and, second, the importance of the NSA to Baha'i community life. First of all, the delegates elected to the national convention tend to be, not surprisingly, Baha'is who are among the most engaged in Baha'i community life, and who consequently have a large investment in its character. The fact that the vast majority of elected delegates travel from across the country at their own expense to attend the national convention for several days is simply the most materially tangible indicator of the elections' importance to them.<sup>13</sup> That the personal costs of time and travel do not prevent delegates from attending the national convention is a strong indicator that explicit vote coordination and the costs of organizing are not forgone because there is little at stake.<sup>14</sup> Secondly, the fact that the stakes are high for delegates is a result of the significant impact of the NSA on the day-to-day lives of engaged Canadian Baha'is, thanks to the broad decision-making latitude it enjoys and the resources at its disposal: the Canadian NSA administers the national budget, determines national policy, serves as a court of appeal to resolve conflicts between members of the Baha'i community, and, either directly or via its appointed committees and officers, directs many of the primary organs of Canadian Baha'i community life.<sup>15</sup>

Thus the relevant theoretical puzzle remains: why does Baha'i practice belie theoretical expectation?

## 2. Beyond the Simplified Model

Faced with that discrepancy, in this section I further refine the model of Baha'i elections to clarify the challenge that the Baha'i case raises for institutional theory. Drawing on Schelling's focal point analysis, I argue that, rather than institutions facilitating explicit vote coordination, the incentives for coordination faced by Baha'i voters result in a system of *tacit* coordination of votes via focal points (even though explicit coordination might lead to Pareto-superior outcomes). In Section 3, I consider the implications for institutional theory.

### 2.A. *Relaxing the Assumptions*

Given the nature of constraints on information and communication in Baha'i elections, it should be obvious that further analysis requires that we drop the informational assumption [I.1] of complete information over preferences. Indeed, we have, thanks to the constraints on communication, an intriguing situation in both informational and coordination terms. Besides there being no campaigning, there is no medium of communication equivalent to the mass media's role in most other democratic electoral practices to relay information about (a) candidates and (b) the electorate's voting intentions. What remains, then, is general but uncertain information about the approximate popularity of candidates.

Once we drop the assumption [I.1] of complete information over preferences, serious questions are raised as to whether we can assume, as the simplified model does, that [B.1] voters can act in a sophisticated fashion in Farquharson's sense. Felsenthal (1990: 4), for example, argues that models of sophisticated voter behavior must make three assumptions: that (1), there are at least three blocs of voters with different preference orderings among three or more alternatives; that (2), voters are informed about the true preferences of all other voters; and that (3), voters are willing and able to perform the necessary mental computations resulting in a decision that maximizes utility. So, once we have dropped the assumption [I.1] of complete information, Felsenthal's second condition no longer holds, and this would suggest that voters would simply revert to sincere voting in the face of strategic uncertainty. However, I would argue that this condition as stated is much too severe, and this is in fact evident from Felsenthal's other remarks. For example,

when defining sincere and sophisticated voting, Felsenthal states that voters are

said to vote sincerely if they do not consider what the remaining voters are likely to do, and to vote strategically if they consider how the remaining voters are likely to vote before deciding how they themselves should vote. (1990: 5)

This remark seems more accurate, and it is *not* the case that to consider how others are likely to vote a voter need be fully informed about the true preferences of all other voters. Sophisticated voting can proceed on the basis of partial information about other voters' preferences, and my task here will be to develop an account, of relevance to the Baha'i context, of sophisticated voting with *incomplete* information.<sup>16</sup>

To proceed, we must first consider the particular electoral parameters presumed by the simplified model. By reducing the number of voters to three, and the number of open seats to one, the simplified model effectively reduces plurality rule to a model with simple majority rule: only that candidate is elected who gets at least two of three votes. This represents a considerable loss of verisimilitude because there are many important strategic features of plurality voting that are simply not captured. Importantly, for example, under plurality voting with many voters and multiple open seats, a small minority of voters constituting a plurality could ensure the election of a liked candidate by strategic coordination. Furthermore, the plurality threshold for election is not exogenously given as it is for majority rule, but endogenously determined; and that threshold itself is subject to variation by strategic coordination. In other words, the minimum number of votes it takes to be elected to one of the nine NSA seats varies from election to election according to the circumstances. Now, unlike the case of majority rule, what number actually constitutes a plurality is endogenously determined, thereby increasing uncertainty about the electability of a particular candidate.

We are now in a position to characterize our refinement of the informational and behavioral assumptions. Under plurality voting, with a large number of open seats, voters, and candidates, there are three 'necessary conditions' that must be met for a sophisticated voter to vote for a given candidate. First, I retain the assumption that [B.2] the candidate must be in the like-set of the voter.

Second, [B.3] the voter needs to have some confidence that the candidate is actually in the like-set of a plurality of voters, including her own.<sup>17</sup> In other words, the voter must have some subjective confidence that the candidate is *objectively viable*, where a candidate who is objectively viable is defined as a candidate who is in the like-set of a plurality of voters. The strategy of voting for unviable candidates is weakly dominated; if the candidate is not objectively viable, then any vote for such a candidate would be a wasted vote regardless of circumstances, and a sophisticated voter would prefer to cast her vote elsewhere, where her vote might have some opportunity to secure an outcome that she judges to be preferable. I define a candidate as *subjectively viable* for a particular voter if and only if the voter believes that the candidate is objectively viable. I also add the informational assumption that [I.3] each voter knows that all voters vote for a candidate only if the candidate is subjectively viable for the voter.

Third – and this is the point of interest with respect to coordination – if the first and second necessary conditions are satisfied (i.e. the candidate is liked by and is subjectively viable for the voter), [B.4] a voter further needs to have some confidence that something close to a plurality of voters will *in fact* vote for that candidate – i.e., that the candidate is *objectively coordination-viable*. If this were not the case, then any vote for such a candidate, for whom well below a plurality of voters would vote, would again be wasted, and would be avoided for reasons similar to those for objectively unviable candidates. The related informational assumption I add is that [I.4] each voter knows that all voters vote for a candidate only if the candidate is subjectively coordination-viable for the voter (i.e. the voter believes that the candidate will in fact receive close to a plurality of votes). Note that it is not the case that the second condition – that [B.3] the candidate is believed to be liked by a plurality – is sufficient to establish the third – that [B.4] the voter believes that the candidate will receive close to a plurality of votes. This is simply because there may be many more candidates in a voter's like-set than the bloc of votes that a voter is allowed (nine in reality). The point is that the bloc of votes a voter can cast is limited, and hence scarce over the number of candidates in her like-set.

But in Baha'i elections, voters cannot coordinate their votes with other voters with similar preferences (i.e. ensure that their votes are not wasted) via open communication. And the 'defects' of plurality voting – for example its violation of both Sen's properties  $\alpha$  and

$\beta+$ , and its general susceptibility to strategic voting (Sen 1977: 64, 66; Riker 1980: 133-4; Niemi and Frank 1982: 151)<sup>18</sup> – mean that such coordination is imperative for voters trying to ensure that their votes secure the best possible outcome.

One possibility might be that instead of formal coalitions, *informal* voting coalitions develop among the delegates at national convention. But under circumstances in which both formal institutional rules and strong informal norms sanction against even the *discussion* of a delegate's own preferences or views about particular candidates, even under the assumption that such discussion does nonetheless occur, the least implausible scenario – especially in light of the fact that I have not found any independent evidence for such discussion – is that it takes place only in private form between delegates with extremely close personal relations. Such relations are unlikely to be shared by more than two or three given delegates at a time (who, it will be recalled, come from across Canada), a number too insignificant to serve as a true voting coalition meeting the incentives for coordination.

The remaining possibility is the *tacit coordination* of votes. In other words, to ensure that their votes are not wasted, voters look to vote for those candidates in their like-set whom other voters (a number close to a plurality) will also vote for. But in fact each voter is in a similar position. This leads to the classic 'I think that she thinks that I think ...' regress involved in non-communicative coordination with a group of voters, each of whom is trying to vote with the other voters, knowing that the others are trying to do the same. The situation exists because, as the simplified model suggested, there is no unique equilibrium – and, in the absence of communication, voters need some tacit conventional mechanism by which to coordinate their votes to ensure a desired (pure strategy Nash) equilibrium outcome. Such tacit coordination occurs via the instrumentality of focal points: voters seek a plausible signal that they know other voters will similarly take to be a plausible signal for the coordination of voting strategies. Thus, in the ubiquitous cases where there exist multiple equilibria, the third necessary condition [B.4] for voting for a given candidate obtains *only if that candidate possesses some focal point characteristic that signals to voters that other voters (close to a plurality in number) will try to coordinate their votes on that candidate*. This point (call it [B.4']) is vital to understanding the dynamics of current Baha'i NSA elections.

I present here, in summary form, the preference, behavioural, and informational assumptions of the refined model.

*Assumptions Regarding Voter Preference Orderings.* [P.1]: Voter preferences over candidates are separable.

[P.2]: Voters divide candidates into two mutually exclusive and exhaustive categories (a like-set  $L_i$  and a dislike-set  $M_i$ ), all the elements of the first being lexically preferred to all the elements of the second.

[P.3a]: A voter is indifferent between the candidates in his/her like-set.

OR: [P.3b]: A voter ranks the candidates in his/her like-set in an ordering of strict preference.

[P.4]: A voter is indifferent between the candidates in his/her dislike-set.

[P.5]: A candidate is included in a voter's dislike-set *if* that candidate is not (sufficiently) known to the voter.

*Behavioral Assumptions.* [B.2]: A voter votes for a candidate only if that candidate is in his/her like-set.

[B.3]: A voter votes for a candidate only if that candidate is subjectively viable for that voter, i.e. the voter believes that the candidate is included in the like-set of a plurality of voters (objectively viable).

[B.4]: A voter votes for a candidate only if that candidate is subjectively coordination-viable for that voter, i.e. the voter believes that a plurality of voters will in fact coordinate their votes on that candidate (objectively coordination-viable).

[B.4'] : A candidate is subjectively coordination-viable only if s/he enjoys some relevant focal point characteristic (where there is no unique equilibrium solution).

*Informational Assumptions.* [I.2]: Each voter knows that [B.2] all voters vote for a candidate only if the candidate is in the voter's like-set.

[I.3]: Each voter knows that [B.3] all voters vote for a candidate only if the candidate is subjectively viable for the voter.

[I.4]: Each voter knows that [B.4] all voters vote for a candidate only if the candidate is subjectively coordination-viable for the voter.

## 2.B. *Tacit Coordination of Votes via Focal Points: Hypotheses of the Refined Model*

If, as the refined model suggests, Baha'i elections involve the tacit coordination of votes via focal points, what exactly are the relevant focal points in Baha'i elections? The conventional literature on tacit vote coordination in democratic elections emphasizes three mechanisms:

Before voters cast their ballots in an election, they typically have access to several pieces of public information that serve to differentiate the candidates. Such information includes the results of previous elections (and, in particular, whether one candidate is incumbent), the candidates' standings in pre-election polls, and the positions of the candidates on the ballot. Public information can serve to facilitate tacit coordination between groups of voters who might otherwise split their votes among several similar candidates, allowing the election of another who is much less preferred (Forsythe et al. 1993: 223-4).

In the Baha'i case, we can rule out pre-election polls, because they do not exist, and ballot positions, because the ballot that confronts a voter has no list of candidates on it. Thus the conventional literature on tacit vote coordination suggests that election history will be an important source of public information for the coordination of votes.

Indeed, the literature places particular emphasis on incumbency to increase a candidate's probability of election (Cain et al. 1987: 10, 28, 174). However, some of the mechanisms that those studies identify as the source of the incumbency effect, for example campaigning effects, are not applicable in the Baha'i case. So we need to be clear that the mechanisms by which the incumbency effect operates may be different in the Baha'i case. Ware suggests exactly what we should be looking for when he notes that 'Not surprisingly . . . knowledge about individual candidates in nonpartisan elections has always tended to be very low, and the result has been that the best-known candidates, the incumbents, would usually win' (1987: 62). Ware's observation is of direct relevance to the Baha'i case because we do have before us a non-partisan electoral process with significant informational constraint.

Indeed, it is my thesis that in Baha'i NSA elections *there is no other single focal point that is as effective as the quality of being a member of the outgoing NSA* – i.e. an incumbent. Why? Incumbency fulfils four characteristics that, at the theoretical level, contribute to the

effectiveness of a focal point: *publicity*, *prominence*, *uniqueness*, and the provision of *information* about prevalent (e.g. voting) strategies. First, for a characteristic to serve as a mechanism for the tacit coordination of votes, it must provide information to voters in general, information known by voters to be public. Second, to be effective it must be, in Schelling's words, 'prominent' – i.e. in some sense 'visible' and known to be visible to voters in general. Third, uniqueness facilitates *differentiating* one voting strategy from others (otherwise voters would have little confidence that others will coordinate on *this* characteristic rather than *that*).<sup>19</sup> And finally, under conditions of incomplete information, if a particular characteristic provides public information about others' preference orderings or probable voting strategies, then this information further serves to overcome barriers to coordination.

I advance three specific hypotheses that I derive from the refined model.

#### [H.1]: The Incumbency Effect

Incumbent NSA members will almost always be re-elected to office (barring some major structural change between elections).

This hypothesis follows directly from the premise that incumbency is the single most effective focal point in NSA elections. That premise is justified in part because incumbency is the only characteristic in Baha'i elections that fulfils *all* four theoretically required characteristics. First, previous membership in the NSA is public knowledge; second, it is a prominent organizational position; third, incumbency includes only a small number of candidates (nine), and hence approximates uniqueness closely; and finally, NSA membership provides scarce public information about the electorate's voting intentions. In terms of our refined model, given that [B.2] a voter includes a candidate in her like-set, barring a catastrophe, if the candidate is an NSA incumbent, it is virtually ensured that conditions [B.3] and [B.4] obtain for the voter as well. This is because, first, the fact of previous election signals to the voter that a plurality of voters includes that candidate in their like-set [B.3] – a signal that the candidate is objectively viable. Second, the fact of previous electoral selection signals to the voter that a plurality of voters is in fact coordinating on that candidate [B.4]. And third, the fact that each voter knows that all other voters are also privy to this same information – information they are not privy to with respect to other candidates who may in fact be objectively viable – means that

each voter expects a plurality of voters to *continue* to coordinate on that candidate [B.4].<sup>20</sup>

These considerations suggest that [H.1] will remain robust even under great variations of the number of non-incumbent candidates in the objectively viable set, particularly where that number is not exceedingly minuscule. Structural change, which may result in an incumbent not being re-elected, may take several forms. An NSA member might emigrate, die, or simply resign or be unable to take office. Or, voter preferences about an NSA member may change drastically; for example, because of some serious misconduct known to delegates, or because an incumbent is revealed to have an ideological agenda that the delegates consider damaging to the community.

#### [H.2]: The Bandwagon Effect

If a non-incumbent *is* elected to the NSA, in future elections the candidate will be re-elected with a significantly greater number of votes than the number with which he or she was originally elected.

This will occur because there may very well have been many voters who included that candidate in their like-set [B.2], but who previously did not think to coordinate on that candidate (i.e. [B.4] and even perhaps [B.3] were not satisfied). But the fact of previous election to office provides the relevant focal point, and secures conditions [B.3] and [B.4] for the future.

#### [H.3]: The Reversal Result

Any important *increase* in the number of objectively viable non-incumbent candidates (e.g. an increase in non-incumbent candidates known and liked by almost all delegates) will *decrease* the likelihood that any of the objectively viable non-incumbent candidates will be elected to office.

This occurs because an increase in objectively viable non-incumbent candidates increases the salience of the incumbency focal point (i.e. it contributes to incumbency's relative 'uniqueness'). So, for example, if there were only a single objectively viable non-incumbent candidate (known and liked by all), the likelihood of the election of a non-incumbent would be much greater than if there were a multitude of such objectively viable non-incumbents, simply because in the first case voters can much more easily coordinate their votes on the non-incumbent if they desired some turnover. So where there are *more* non-incumbent candidates whom the delegates deem qualified

for office, it is *less* likely that any will get elected! For example, the set of all candidates is larger in the United States than in Canada, which suggests that the US delegates will, on average, include a greater number of candidates in their like-set, simply because the United States should produce a larger number of individuals deemed qualified for office. In any case, the set of objectively viable candidates will be larger. That being so, hypothesis [H.3] leads us to expect greater incumbency re-election in the United States than in Canada, all other things equal, according to the model developed here.

This is not to say, of course, that voters can never coordinate on other focal points, and that non-incumbents will never be elected to office. Other focal points may certainly arise and provide voters with the opportunity to tacitly coordinate their votes on candidates who are non-incumbents. In the Canadian Baha'i community, another set of important focal points has to do with sociological characteristics of individuals, such as ethnicity. This is because, all other things equal, a Canadian Baha'i voter typically prefers assemblies to reflect the ethnic diversity of the community at large, *and each voter knows that other voters will typically share this preference* (and they know that she knows that they know . . .). Two other sociological characteristics that may serve as focal points in this way are gender and linguistic community membership.

Besides sociological characteristics, a second type of focal point arises from organizational position. Of course NSA membership (i.e. incumbency) is the most salient one here, but others also exist. These include service in an important national committee or membership in the 'appointed branch' of Baha'i administration (see Smith 1987: Ch. 8), or conducting a countrywide speaking tour with official blessing from the National Centre. A recent change in Canadian Baha'i institutions is the election of regional councils, and insofar as the membership of these councils will produce viable focal points, and constrict the coordination of votes to a smaller number of candidates, we ought to expect some mitigation of hypothesis [H.1] (because of the effects suggested in [H.3]).

A third and important type of focal point may arise in the context of the process of national convention itself. The casting of ballots for the election of the NSA is not the only event at national convention; indeed, one of the functions of the national convention is to allow the delegates collectively to raise and consult upon issues of relevance to the community, as a deliberative body and in an advisory capacity to the future NSA (Shoghi Effendi 1980: 78-80).

The elections themselves take place *midway* during the convention sessions, which are generally held over the span of four days. According to the by-laws, first, the presiding officer of the NSA calls the delegates together; second, s/he conducts a roll call; third, the convention elects a chair; and fourth, a convention secretary is elected. (The Canadian practice has been to elect an assistant for each officer as well.) Then there are usually reports by various officers of the NSA, such as the secretary and the treasurer, and possibly committee reports by committee members, presentations by others, as well as sessions of consultation by the body of delegates and outgoing NSA members. Hence the national convention process itself provides ample opportunity for the formation of focal points. The first and most obvious focal point consists of the participants at convention itself – the set of delegates and outgoing NSA members. It is plausible to assume that delegates will attempt to coordinate their votes by restricting them to mostly this set. A much more focused focal point is provided by the election of officers by delegates (chair, secretary, and an assistant for each) for the national convention. (In fact, these ‘elections before the election’ might serve to function in similar ways that a poll might in other electoral practices.) Moreover, the program of presentations, speeches, and consultation itself provides the occasion for events that will ‘signal’ to voters a relevant focal point. For example, an individual who is in the like-set of a plurality of delegates (i.e. is objectively viable) may even be subjectively viable for that plurality (i.e. the candidate meets, for that plurality of voters, the conditions that [B.2] each includes the candidate in her like-set and that [B.3] each is confident that a plurality of delegates include the candidate in their like-set as well), but nonetheless fail to meet the third necessary condition that [B.4] each such delegate is confident that other such delegates will in fact coordinate on that candidate. A stirring speech during consultation by that individual may provide the relevant focal point, and fulfil condition [B.4] by ‘signaling’ to the delegates that others will now coordinate on that candidate (indeed, it may help fulfil condition [B.3] if that was also lacking).<sup>21</sup> Of course, the example of a ‘stirring speech’ is not the only possible focal point; chairing the convention, merely giving a presentation, etc., may also provide the needed focus for coordination.

Having outlined three types of focal point that may play a role in NSA elections I need to make several observations. First, if one type of focal point, such as ethnicity, does not single out a very

limited number of candidates, then it will be difficult for voters to coordinate on any one of the individuals, unless a focal point of a different type singles out one (or a limited number) of those candidates. For example, if there is only one objectively viable aboriginal Canadian candidate, it will be quite easy for delegates to coordinate their votes on that individual. However, if there is a high number of objectively viable aboriginal Canadian candidates, then coordination on any one of them will be difficult; but if one of those candidates also enjoys a further focal point that singles him or her out (e.g. she, and only she from among that group, gives a stirring presentation, or she is also the only aboriginal Canadian who is a woman), then voters will more easily coordinate their votes. The lack of the uniqueness property is one of the weaknesses of gender as a focal point,<sup>22</sup> and is also a weakness of membership on committees and the new regional councils, since there are many candidates who fit both categories. However, being the secretary or chair of a particularly prominent committee may further narrow down the focal point status of a candidate and enable voter coordination. Second, incumbents who also enjoy a further reinforcing focal point, such as membership in an ethnic minority, will almost never be voted out of office, under normal circumstances.

Detailed voting records of Canadian national conventions from 1987 through 1998, coupled with comparison with US voting outcomes, indicate the *prima facie* plausibility of the hypotheses. (The Canadian data set (Raynor 1987–98) records the number of votes received by the highest vote-receiving candidates in this period.)

Regarding [H.1], there were only nine cases of turnover out of a possible 99. Furthermore, three of the nine cases are clearly due to exogenous shock: the incumbent either resigned or left Canada. A fourth case may also be attributed to exogenous shock: the incumbent moved to Whitehorse, which, although in Canada, is remote enough to preclude her from regularly attending NSA meetings. In a fifth case, the non-elected incumbent actually only lost in a tie-breaking vote. In the remaining four cases, the non-elected incumbents ranked 10th, 10th, 11th, and 12th. (And in two of these four cases the incumbent was replaced by a non-incumbent *former* NSA member.) The comparative American case supports [H.1] to an even greater degree: the first case of an endogenous turnover since 1961 occurred in 1998 (i.e. one case out of a possible 333).

Moreover, all nine cases where non-incumbents were elected dovetail quite nicely with the focal point model developed here.

Three were former NSA members (fulfilling condition [B.3]), even though not incumbents that year. A fourth, an aboriginal woman, had been elected the convention chair. A fifth was an African-American man. A sixth was a female francophone Quebecker. A seventh was a woman who had been elected secretary of the convention. An eighth, elected when an outgoing NSA member announced his departure from Canada, was the only non-incumbent who had been elected as a convention officer (vice-secretary) that year, thereby helping to fulfil conditions [B.3] and [B.4] (and she had previously served in an organizational position as a staff member at the National Baha'i Centre). Furthermore, the number of votes she received (37) was in fact the lowest plurality with which anyone was elected to the NSA during this period (the highest was 138). The ninth non-incumbent, also a woman, had been the secretary of the convention, and had ranked 10th the previous year.

The bandwagon hypothesis [H.2] is born out in *all* cases from this sample period: in all cases ( $n = 7$ ) an NSA member's votes were greater the second time he or she was elected than the first. A simple dependent sample two-tailed  $t$ -test ( $\alpha = 0.05$ ,  $df = 6$ ,  $t_{crit} = 2.447$ ,  $t_{obt} = 2.741$ ) yields a statistically significant increase in votes (i.e. reject  $H_0: \mu_2 - \mu_1 = 0$ ). The sample yields a mean increase of 26.00 ( $\pm 23.21$ ) votes the second time around.

The Canadian data set does not allow for the testing of hypothesis [H.3], which requires comparison with other countries. But the comparison of Canada with the United States and the United Kingdom anecdotally supports [H.3]. The United Kingdom has a smaller Baha'i community (about half that of Canada), and the US community is approximately three times larger than the Canadian. While the United Kingdom and Canada occasionally do experience endogenously induced turnover, as in the Canadian examples cited above, the United States almost *never* does: as indicated, since 1961, the first incumbency turnover not due to exogenous shock occurred in 1998.

### 3. Implications for Institutional Theory

The refinement of the simplified model has shown that, while there are indeed incentives for explicit vote coordination in Baha'i elections, coordination remains at the tacit level, and not the (Pareto-superior) explicit coordination that received institutional theory

suggests. In this final section, I consider refinements and challenges to rational choice theory in light of this finding. I first canvass the widespread criticism that rational choice institutionalists take preferences as exogenously given. I suggest that while endogenizing preferences does not resolve the problem the Baha'i case poses, the Baha'i case does help to identify the notion of 'focal point convergence', which can be used to test the theoretical significance of endogenizing preferences, and hence the historical institutionalists' challenge to rational choice. Second, I contrast received rational choice institutionalism, which conceives of institutions as coordination mechanisms whose origin lies in their capacity to solve collective action problems, with a variant of rational choice theory defended by Knight, which conceives of institutions as a by-product of distributional conflict. And finally, I argue for the relevance of a more sociological institutionalism that emphasizes the role of ideas and social meanings.

### *3.A. Endogenous Preference Formation under Informational Constraint: Focal Point Convergence*

A wide range of critics has charged that the lack of a theory of preference formation is one of the most important shortcomings of rational choice theory. They argue that by treating the issue of preference formation as exogenous to the theory, rational choice fails to account for an important facet of the political process – endogenous preference formation (Krasner 1988: 70; March and Olsen 1989: 6; Smith 1992: 14–15; Koelble 1995: 239). The problem is acknowledged by rational choice theorists themselves (Knight 1992: 18), and it is particularly salient when we deal with institutional theory. Historical institutionalists such as Hall (1986: 19) and Ikenberry (1994: 25–26), for example, emphasize the way in which institutions shape actors' conceptions of their own interest. Indeed, Thelen and Steinmo (1992: 8–9) go so far as to identify the issue of preference formation as a crucial issue separating rational choice institutionalism from historical institutionalism. Two problems face this critique. First, rarely do the critics themselves actually provide an account of endogenous preference formation. Second, granting that preferences are in fact endogenous to the political process, it is not self-evident how endogenizing preferences would enrich a given model's explanation of sociopolitical behavior.

It is my intention here to demonstrate that endogenizing preferences would *not* resolve the anomaly that the Baha'i case poses for received rational choice institutional theory. That is because the Baha'i case is characterized by what I call 'focal point convergence', which refers to a situation under which the endogenous process of preference formation yields results observationally indistinguishable from traditional focal point coordination given exogenous preferences. Furthermore, it is my intention here to use the case of the Canadian Baha'i NSA elections to show *under what circumstances* focal point convergence may occur. This is theoretically significant, since where focal point convergence obtains, a static model that endogenizes preference formation will yield observationally equivalent results to one with exogenous preferences. In other words, such an analysis points to the circumstances under which rational choice theories do and do not suffer due to an assumption of exogenous preferences.

The preferences that I endogenize are the preferences over candidates, employed in the model. I aim to show how the *institutional rules* help to shape these delegate preferences. My starting point is to treat preferences over candidates as strategic preferences somehow derived from quasi-ultimate preferences over abstract candidate qualities.<sup>23</sup> I treat the latter as exogenous, and endogenize the translation of quasi-ultimate preferences into preferences over candidates. Treating these quasi-ultimate preferences as exogenous is unproblematic because they are extremely abstract and open to interpretation, meaning that it is the process of translation itself that largely accounts for the nature of preferences over candidates. I assume that Baha'i delegates have quasi-ultimate preferences that conform to the norms expressed in the authoritative and influential writings of Shoghi Effendi, writings that delegates regularly study collectively in a day of preparation before the national convention. In his writings, Shoghi Effendi enjoins voters to consider the following criteria when electing individuals to office: 'the qualities of unquestioned loyalty, of selfless devotion, of a well-trained mind, of recognized ability and mature experience' (1980: 87–8). I assume, then, that Baha'i delegates' quasi-ultimate preferences conform to these norms. (Note that the reference to 'mature experience' also suggests the plausibility of the assumption that delegates are risk-averse in the sense that they prefer to elect individuals to office whom they know, as reflected in assumption [P.5] of the model.)

The process of endogenous preference formation is governed by two institutional features in Baha'i elections: (1) the vast number of candidates and (2) the constrained nature of information about candidates. *Baha'i institutions help shape preferences over candidates by their regulation of electoral communication.* These institutions regulate not only information available to delegates about other voters' preferences (information that is relevant for the coordination of votes), but also information about the candidates themselves (information that is relevant for preference formation). What is salient about the Baha'i electoral process is that those features that help make a particular attribute a focal point for coordination *also provide information that helps shape the preferences of delegates.* I call the convergence of these two analytically distinct functions that focal points perform in constrained information games of this type 'focal point convergence'. In this case, focal point convergence means that the same focal point may serve to fulfil both [B.4] and [B.2] in a way that leads to observationally indistinguishable results. Let me make clearer my meaning here by examining the two institutional features in turn.

The fact that there is a vast number of candidates means that a voter, in deliberating about his or her preferences over candidates, must find some way of making the process of translation of quasi-ultimate preferences into preferences over candidates manageable. Each voter must begin her consideration of desirable candidates by narrowing down the candidates to a psychologically manageable set of voters for consideration to include in her like-set. An idea of how voters might go about doing so is given by informal interviews that I have conducted with national convention delegates, as well as voters in local assembly elections, who informed me that they would often first start off with the list of previous assembly members (i.e. incumbents) and ask themselves one by one whether they thought each candidate was fit for re-election, and *then* would go on to consider other candidates where necessary. But notice what is happening in this anecdotal example: the same feature – incumbency – that played a role as a focal point for vote coordination (condition [B.4]) is also playing a role in the actual process of preference formation itself (condition [B.2]). This dual role is 'focal point convergence'. Why does it occur? The answer here lies in the two institutional features I have identified: the number of candidates and the constraints on information. In the case of *coordination*, voters look to *publicly shared information*

about candidates to overcome the restraints on explicit coordination. In the case of *preference formation*, voters will also partially look to the same public information about candidates to ascertain whether or not the candidate is fit for office. The single source of information plays a role in both cases. Since the results of the process of preference formation converge with the results of strategic coordination, they are observationally equivalent, meaning that one cannot tell, simply by examining the results, whether the focal point characteristic is affecting voting results because it is forming preferences *or* because it is coordinating strategic action (or both). For that reason, in the Baha'i case, endogenizing preferences would not resolve the challenge posed to institutional theory, because the predictions of the model would either not change or simply be reinforced.

We are now in a position to go further and state one set of conditions under which endogenizing preferences would not add theoretical leverage to our models. Besides the general conditions for traditional focal point analysis to obtain (i.e. the conditions for tacit coordination), focal point convergence in addition requires the following conditions: (1) preferences over a set of alternatives are dependent on some set of information about those alternatives; (2) actors in general know that (1) is true and in what way that information would shape preferences; (3) this set of information is constrained, and to the extent that it is available, it is *publicly* available to all actors from roughly the same sources and; (4) these sources of information are the very same sources that help form focal points for the coordination of action. Under these circumstances, the historical institutionalist critique of rational choice would seem to lose some of its force.

However, it should be noted that, paradoxically, the 'focal point convergence' response to the historical institutionalist critique *requires* acknowledging that, in fact, preferences are being formed endogenously. This is because focal point convergence occurs only where the same source of information serves *both* to formulate preferences *and* to coordinate strategic action, *and the reason why it coordinates action is because it is known by actors themselves that it is formulating preferences in a particular way*. Furthermore, this analysis suggests that where focal points do not serve to coordinate social action, then endogenizing preferences may prove crucial for sociopolitical analysis, as historical institutionalists have argued.

### *3.B. A Reconsideration of Rational Choice Institutional Theory*

So endogenizing preferences would *not* meet the challenge that our refined model of Baha'i elections poses for traditional rational choice institutionalism, a theory that treats institutions in terms of coordination mechanisms whose origin lies in their capacity to solve collective action problems. In this section, I turn to Knight's defense of a rational choice theory that emphasizes distributional conflict, and to a more sociological institutionalism that emphasizes the role of ideas and social meanings. In particular, I use the model of Canadian Baha'i NSA elections developed in this paper to explore two key theoretical issues: the origin of institutions and institutional change and stability, and the role of ideas and meanings in institutional theory.

Knight characterizes contemporary institutional theory's emphasis on the problem of collective action as follows. First, an institution's ability to produce collective goods such as efficiency, social optimality, stability, and the minimization of transaction costs is invoked to explain maintenance and stability. Naive variants assume that social institutions produce optimal outcomes; sophisticated variants admit suboptimal outcomes, but emphasize collective benefits nonetheless. Second, the mechanism for institutional change is usually an evolutionary account – either a theory of spontaneous emergence, market-coordinated exchange, or social selection (Knight 1992: 10).

One of the more prominent criticisms of institutions-as-coordinating-mechanism theory has come from Robert Bates, who has argued that this literature faces the problem that while a particular institution may indeed solve a collective dilemma, the supply of the institution itself is subject to a second-order collective action problem. In other words, the institution itself is something like a collective good, and the question then becomes what incentives individuals have to supply the institution, rather than attempting to free-ride off the collective benefits it would provide once supplied. Bates rightly points out that this literature, while 'furnishing a credible portrayal of the role of institutions', 'encounters grave difficulties as a theory of their origins' (1987: 394).<sup>24</sup> Keohane draws attention to a similar problem in his discussion of rational choice theory's treatment of institutions, warning that the functionalist tendency to attempt to explain the origins of an institution in terms

of the function it performs lapses into the *post hoc ergo propter hoc* fallacy (1984: 80–2, cf. Knight 1992: 40). Hall makes a related point in his criticism of structural-functionalist theory, pointing out that while it may be possible to infer functions from institutions, one cannot derive institutions from functions (1986: 7). That is because – and this is a point emphasized by many scholars (Keohane 1984: 81; Bates 1987: 394; Knight 1992: 25–16) – many institutional arrangements may fulfil the same functional imperatives. The question then becomes, why this particular institution?

Following in the steps of Marx, who had often explained social institutions in terms of their serving the interests of particular social classes, this question has led some scholars to highlight the differential distributional consequences of different institutions, each of which may solve the same collective action problem (Bates 1987: 394; Przeworski 1991). Knight's rational choice version of the argument develops a distributional conflict theory of institutions. His prime thesis is that '*the ongoing development of social institutions is not best explained as a Pareto-superior response to collective goals or benefits but, rather, as a by-product of conflicts over distributional gains*' (1992: 19).

Adopting Knight's theory, which also allows one to drop the assumption of optimality, one might construct an argument about the Baha'i case as follows. It is a mistake to predict the emergence of institutions facilitating parties or voting coalitions simply because they would yield Pareto-superior outcomes. Rather, what would be required to produce institutions facilitating such organizational forms would be differential incentives for particular actors who have the capacity to ensure the supply of such institutions. (In other electoral systems they might emerge, for example, because there are political 'entrepreneurs' who have incentives to provide them.)<sup>25</sup> In the Baha'i case, such incentives are lacking. In fact, the argument would go, the incentives that exist lead to institutions of precisely the opposite nature. Knight's distributional theory might explain the existence of institutional rules that bar campaigning, nominations, coalition formation, and explicit communication regarding preferences, as an equilibrium outcome in the interests of those actors who are in a position to implement and enforce such rules. Our model of NSA elections has already noted the strength of the incumbency focal point, and hypothesis [H.1] emphasized the probability of incumbency re-election. Assuming that NSA members have a preference for re-election, then the prevention of

explicit coordination of votes via coalitions, leaving tacit coordination in its stead, is in the interests of precisely those individuals who are in a legislative and executive position to enact and implement different institutional rules. Campaigns are extremely costly, a cost that, other things equal, actors would prefer not to have to incur; tacit coordination dispenses with the costs of organization. Further, nominations and campaigns would mitigate the singularity of incumbency as a focal point under plurality rule. And non-incumbents seeking to by-pass the explicit institutional rules and supply such organizational forms would face not just the cost of sanctions imposed by the NSA itself, but also informal sanctions by individuals who find community norms violated. Therefore, in this theory, once the institutions barring voting coalitions and communication are in place, they enjoy stability because they coincide with the preferences of actors who are in a position to change them.

So Knight's emphasis on the differential distributional effects of institutions appears to provide us with the resources to answer the puzzle about why no institutions that facilitate voting coalitions arise. Indeed, Knight's theory allows us to go further and construct an argument accounting for the stability of the institutions that *do* exist in the Canadian Baha'i community. At this point, I want to consider three objections to the account just given. The first is an objection that Knight's theory might be able to accommodate, the second is more serious, and leads to the third objection, which fundamentally calls into question Knight's account at the methodological level.

A first criticism might be that the argument I have constructed wrongly assumes that NSA members prefer to be re-elected. Although from Downs (1957) onward the assumption of election seeking is standard in the literature on electoral systems, it might be argued that it is inappropriate in the Baha'i context. This is because, unlike other electoral systems, the individuals who are elected in the first place to the Canadian NSA were not individuals who had expressed a preference for election, precisely because there are no campaigns and nominations. Hence we have no reason, as we have in other contexts, to assume that the incumbents prefer (re)election. Now, at least three rejoinders are available. First, in the Baha'i context, as I have argued in the account of preference formation, preferences for candidates are in large part a function of the amount of information or knowledge that a person has about the candidate. In particular, under informational

constraint, for risk-averse voters, preferences over candidates will to a large extent be shaped by the desire to avoid the uncertainty of candidates not well known to the individual in question. NSA members, like all individuals, have a good deal of information about themselves. And given that there are no norms in the Baha'i community mitigating against seeing oneself as being qualified for office, and hence including oneself in one's own like-set, there is good reason for risk-averse NSA members to come to prefer their own re-election. Second, given what we know about the sunk costs or lock-in effects that are involved in learning processes in organizations (Pierson 1993), once an individual has invested a good deal of resources and time to 'learn the ropes' specific to a particular organization, those sunk costs provide individuals with incentives to prefer continuing their relationship with that organization in that form. And finally, given the hypothesis [H.1] that incumbents will rarely be unseated in NSA elections, and adding the plausible assumption that NSA members themselves realize this, the individuals who prefer not to be re-elected may simply resign or decline to take office. (And indeed, some do.) That an individual does not resign provides some evidence, admittedly not conclusive, about their preference for re-election.

So perhaps Knight's theory is capable of overcoming the first objection. However, as Josh Lincoln has pointed out to me, the three rejoinders just provided are at least partly undermined by what he terms the 'burdens of office', referring to the fact that accepting to take office in the Baha'i case is generally a voluntary service to the community, a service that often exacts a high personal cost from NSA members. And even if Knight's theory can overcome the first objection, it does not seem capable of meeting the second. The theory may help explain, in terms of incentives facing positional leaders, the formal sanctions imposed in Baha'i elections by the NSA against campaigning and voting coalitions; however, it cannot explain the *informal* sanctions imposed by the members of the community themselves. I am here referring to the fact that in Baha'i political culture if any individual in Baha'i elections did take it upon himself or herself to engage in active campaigning, the vast majority of voters would remove that person from their like-sets, independent of any sanctions imposed by the NSA. Furthermore, Knightian theory not only would leave these informal sanctions unexplained, but in fact would predict quite the opposite state of affairs.

This leads to the third and most fundamental theoretical objection. Simply put, Knight, in line with almost all rational choice theorists, fails to take into account the social constructedness of instrumental rationality. (And for this reason, his theory cannot account for the informal sanctions imposed by non-incumbent voters.) While Knight eschews explanation that relies on the collective rationality of institutions, he still appeals to individual instrumental rationality. According to Knight's account, individuals have certain ends and lend their support to those institutions that, *conceived as instruments*, are the most efficient means to achieving their individual ends. What this ignores is that institutions are embedded in a symbolic order in which intersubjective meanings help constitute the nature of those very institutions, and that instrumental rationality is only *one* among a range of possible intersubjective meanings available. Dobbin points out, for example, that 'the modern worldview presents instrumental institutions as non-symbolic, on the principle that they reflect universal economic laws rather than local social customs' (1994: 118). Dobbin instead argues that

rationalized social and economic laws are subjective social phenomena that are *derived from* experience rather than objective natural phenomena that are *revealed through* experience . . . [To suggest] that instrumental rationality is just one in a series of constructed meaning systems . . . problematizes foundations of rationality that most social scientists thought they did not have to explain. (1994: 122)

While Knight rightly recognizes the difference that the distributional effects of different institutions make, he fails to recognize the difference that different institutional *meanings* make. Here I aim to construct an argument about the Baha'i case that takes a cue from Charles Taylor's (1985) discussion of a hermeneutical approach to the human sciences.

When examining the puzzle of why no institutions facilitating parties or voting coalitions arise, why such organizational forms fail to arise in Baha'i elections despite the institutional rules, and why non-incumbent voters would themselves impose informal sanctions against campaigners, it is imperative for the social scientist to first understand what intersubjective *meaning* such institutions and organizational forms would have for the actors involved.<sup>26</sup> It would be a mistake for the analyst simply to impose on the actors involved a meaning that rational choice theory constructs for an institution – that it is an instrumentally rational means for attaining gains from

coordination, etc.<sup>27</sup> What is crucial to any explanation here is to realize that, in the Baha'i context, the meaning that such an institution would carry for the actors involved, and for the community at large, would be as a facilitator of *faction disruptive of the construed spiritual and sacred nature of the election process itself*.<sup>28</sup> In the Baha'i context, a party or a voting coalition is *not* understood as an instrumentally rational means for attaining Pareto-superior outcomes. It is an organizational form that is understood to violate the very nature of what it is to conduct a Baha'i election. To fail to recognize the intersubjective meaning embedded in institutions and organizations is to fail to understand the institutions and organizations.<sup>29</sup>

Several more general theoretical points should be made in this connection. First, Dobbin draws attention and objects to the tendency in much of the institutional literature to dichotomize organizations and culture. The argument here attempts to show that culture is not the residual left over once we account for institutionally rationalized organizations; rather, cultural meanings help constitute what institutions and organizations in fact are for the persons involved.<sup>30</sup> Second, socially constructed meaning here has to be understood as intersubjective. In attempting to deal with the importance of culture and social meanings, behaviorists have often done so by treating culture as internalized in 'attitudes' by individuals who then externalize these in their behaviour.<sup>31</sup> Rational choice scholars often treat culture as a source for focal points for strategic coordination and/or bargaining, and as a source for preference formation.<sup>32</sup> But beyond this, rational choice scholars often misleadingly construe the issue of the role of ideas as a debate between advocates of instrumental rationality and advocates of norm-driven, rule-following behavior (e.g. Elster 1989: Ch. 3). Both the behaviorist position, and the rationality-versus-norms debate, ignore the important argument made by Taylor some time ago that what is important about culture is the way in which meanings help *constitute* social events and institutions.<sup>33</sup> They also ignore the developments in social theory now being incorporated into the literature on institutions by sociological institutionalists, a literature that is highly critical of a Parsonian social theory of norms (DiMaggio and Powell 1991: 14 ff.; Meyer et al. 1994: 12). I have intended, in the Baha'i example, to provide an illustration of how a hermeneutical 'constitutive meaning' argument might work in practice, and besides having

little to do with the rationality-versus-norms debate, it is fundamentally different than the behaviorist approach. Ideas matter not because one can causally link subjectively held attitudes with certain outcomes, events, institutions, etc. but rather because those events, institutions, etc. are partly constituted by shared intersubjective meanings. Ideas do not enter as independent causal variables here; they identify the character of the dependent variable. And to get the intersubjective meanings wrong is to misspecify the dependent variable.<sup>34</sup>

In the Baha'i case, the lack of institutions facilitating voting coalitions must at least partly be understood with reference to the socially constructed meaning that these would have in the Baha'i community – as disruptive factions. That was the hermeneutical point, to which I now add an argument derived from Knight's theory. The *stability* of that particular construction of meaning is ensured by the structural incentives that face those individuals in positions of legitimate authority. In other words, where the authority of the NSA enjoys legitimacy in the Canadian Baha'i community, and the members of that body are not confronted with incentives (which the Knightian argument assumes they lack) for changing the intersubjective meaning of a voting coalition, that set of meanings remains stable barring some exogenous shock. This argument is of relevance to institutional theory once we recognize that institutions are themselves constituted by intersubjective meanings, for what is being explained here is the persistence of a particular institutional form. I am almost tempted to say that the set of institutional meanings is in equilibrium.

#### NOTES

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1. This new institutionalism comes under three guises (Koelble 1995): first, rational choice new institutionalism (e.g. Shepsle 1986, 1989) and new institutional economics (Langlois 1986a; North 1990); for surveys, see Milgrom and Roberts (1990) and Moe (1984); second, 'historical institutionalism' (for

surveys, see Ikenberry (1994) and Thelen and Steinmo (1992); and third, sociological institutionalism (Powell and DiMaggio 1991; Scott and Meyer 1994).

2. The Baha'i Faith is an independent world religion (Fazel 1994) that, after Christianity, is the most geographically widespread religion in the world (Barrett 1993) and has approximately 30,000 followers in Canada (six million worldwide). An informative and concise introduction to Baha'i teachings in general, and the Canadian Baha'i Community in particular, is found in Martin (1991). See also Smith (1987), Smith and Momen (1989), and van den Hoonard (1996).
3. The foundations for Baha'i institutions were laid out in the writings of Baha'u'llah (1817–1892), the founder of the Baha'i Faith, and his appointed successor, 'Abdu'l-Baha (1844–1921). The institutional details were later developed under the leadership of Shoghi Effendi (1897–1957), the guardian and head of the Baha'i community (until his death and the subsequent election of the international governing body of the Baha'i world, first elected in 1963). For the historical development of Baha'i institutions in North America, see Bramson-Lerche (1982); see chapter 8 of Smith (1987) for an international overview.
4. Such that: [P.2]  $k_i P_i k_j, \forall k_i \in L_i, k_j \in M_i, h. . . j.$
5. Such that: [P.3a]  $k_i I_i k_j, \forall k_i \in L_i, k_j \in L_i, h. . . j;$  or [P.3b]  $k_i P_i k_j, \forall k_i \in L_i, k_j \in L_i, h < j.$
6. Such that: [P.4]  $k_i I_i k_j, \forall k_i \in M_i, k_j \in M_i, h. . . j.$
7. 'Not known' (or 'not sufficiently known') does not mean that the voter does not know the candidate exists; it means that the voter deems his/her knowledge of the candidate insufficient to judge the merit of the candidate in question. Assumption [P.5] holds, then, that voters place these candidates in their dislike-set. In modelling the individual preference relations as a weak ordering, rather than a quasi-ordering (Arrow 1963: 15, 35), I innocuously assume that knowledge of the existence of each candidate is open to each voter. All that this requires is that we assume each voter knows the number of candidates there are.
8. More formally, I have assumed the following voter preference orderings:  
 $L_1 = \{k_1, k_4, k_5, k_7, k_8, k_9\}$                        $M_1 = \{k_2, k_3, k_6, k_{10}, k_{11}, k_{12} \dots k_R\}$   
 $L_2 = \{k_2, k_4, k_6, k_7, k_8, k_9\}$                        $M_2 = \{k_1, k_3, k_5, k_{10}, k_{11}, k_{12} \dots k_R\}$   
 $L_3 = \{k_3, k_5, k_6, k_7, k_8, k_9\}$                        $M_3 = \{k_1, k_2, k_4, k_{10}, k_{11}, k_{12} \dots k_R\}$
9. Cf. Niemi and Frank (1982: 154) and Felsenthal (1990: 10). Felsenthal presents experimental support for the assumption that voters do not vote for their least preferred alternative (1990: 80–1).
10. The strong Pareto criterion: 'that if everyone unanimously regards one alternative as at least as good as another and at least one strictly prefers it, society must strictly prefer it. If everyone is indifferent, then so is society' (Sen and Pattanaik 1969: 184). The weak Pareto-inferiority criterion is 'that if everyone unanimously prefers one alternative to another, then so does society'.
11. See Knight (1992: 11) for examples from the literature.
12. Schotter treats institutions as restrictions (in a repeated game) on the set of all physically feasible strategies – i.e. an institution exists if for some reason actors rule out (i.e. treat as out of bounds) a certain subset of physically feasible strategies. His analysis yields a Pareto-optimal institutional outcome if the actors have a full capacity to distinguish between different (physically feasible) institutions in practice. The institutions that obtain will be merely Pareto-superior

only if, for example, given that an actor chooses a particular strategy (which thereby signals that the actor considers the strategy as in bounds or not institutionally ruled out), other actors are incapable of determining whether the actor *thereby* considers another particular strategy (or strategies) as also in bounds for future repetitions of the game, or not. For misgivings about the functionalism that this seems to imply, see Langlois (1986b: 250–1) in the same volume. In this paper, the ‘naive’ expectation of optimality serves as a benchmark for analysis. In Section 3.B, I consider a more sophisticated rational choice account that does away with the optimality assumption.

13. Though it should be noted that in the event a delegate cannot financially afford the trip, the Baha’i community will subsidize his or her expenses.
14. Compare the Baha’i case with regular political elections, where many political scientists have puzzled over the apparent ‘paradox’ of why voters bother voting at all. I have data for 1992 through 1998, where the mean number of delegates who cast ballots was 162.3 (with a sample standard deviation of 2.06), and the mean number who attended the national convention to vote in person was 152.7 ( $s = 4.49$ ). (Though theoretically the number of possible delegates is 171, in practice the number ranged from 169 to 170.) Two facts are relevant. First, the voter turn-out rate in Baha’i NSA elections is extremely high compared to national political elections. Second, the ‘costs’ of voting, for those delegates who vote in person (the vast majority), are much higher than regular elections: it is a personal investment of several days and travel costs.
15. The NSA owns and administers numerous Baha’i properties across Canada (including the Maxwell International School in BC, whose board of directors consists of the nine NSA members plus two other NSA appointees), publishes and freely distributes the monthly *Baha’i Canada* magazine, provides financial support and resources for community projects, arranges for conferences and traveling speakers, and gives a specifically national character to the regular events of Baha’i community life, such as holy days. (For example, the Canadian NSA has directed that celebrations of Baha’i new year (March 21), one of the most important Baha’i holidays, be celebrated across the country in conjunction with Race Unity Day). As the highest national Baha’i authority, the NSA has jurisdiction over all other Canadian Baha’i associations, including the elected Local Spiritual Assemblies (whose decisions can be appealed to the NSA, and who must seek NSA approval for major financial undertakings such as the purchase of local Baha’i centers), and the Association for Baha’i Studies, whose board members it appoints (in conjunction with the US NSA). The personnel resources at its disposal include around a dozen offices, including External Affairs (which, for example, represents the Baha’i community to other NGOs), the Office of the Baha’i Community of Canada (which maintains relations with the Canadian government, and assists in settling Baha’i refugees), the Counselling Department (which assists the NSA in settling marital, business, or other disputes among Baha’is), the Office of Legal Affairs, the Treasury, Archives, and Secretariat (among others). The personnel are selected by the NSA, and their offices receive their mandates directly from the NSA.
16. As Krehbiel and Rivers (1990) argue, while classical sophisticated voting does indeed assume perfect information, it is quite possible to develop models of sophisticated voting under incomplete information, and they in fact develop

- such a formal model. See their article for a review of literature on sophisticated voting.
17. Or, alternatively, and more weakly, [B.3'] it is not the case that the voter has confidence (even if mistakenly) that the candidate is *not* in the like-set of a plurality of voters.
  18. Felsenthal (1990: 31) notes that plurality voting violates the Weak Axiom of Revealed Preference (WARP) on both sophisticated and sincere voting assumptions.
  19. See Schelling (1980: 57–8) on the importance of prominence and uniqueness.
  20. This sequence of considerations echoes the standard significance attributed to a Nash equilibrium: a historically dependent outcome that, *once achieved*, will continue to be the outcome in future repetitions of the game.
  21. As I point out in the section on preference formation, this focal point argument, with respect to condition [B.4] (and possibly even [B.3]), should be kept analytically distinct from a different consideration – namely, that such a ‘stirring presentation’ may in fact help *formulate* the preference orders of delegates in that candidate’s favour (thus helping to meet [B.2]). Where both considerations produce similar, observationally equivalent results, I call this ‘focal point convergence.’
  22. This weakness is offset by another consideration, which is that Baha’i delegates will typically not just expect *one* female on the NSA, but several. Thus, voters have some ‘coordination breathing space’, in that they do not have to find a candidate with a focal point that narrows the focus to just her, but can find a weaker focal point narrowing it to several.
  23. I say *quasi*-ultimate preferences deliberately. Whether or not there are such things as ultimate preferences, or in the parlance of philosophers, ultimate values, is a deeply vexed question (for Aristotle, *eudaimonia* was such a value). I take it that at the level of the problem with which we are dealing here, none of the preferences are ultimate. So, preferences over candidates are strategic preferences with respect to those abstract values I take as exogenous, but in turn these latter are not truly ultimate preferences. Perhaps having those preferences is, for these actors, simply *constitutive* of what it means to be a Baha’i, and in turn, the preference for being a Baha’i may be either constitutive of a more ultimate value of leading the good life, or a strategic preference in relation to a more ultimate preference of leading a happy life. Thus, the objection that I have simply endogenized strategic preferences, and hence have failed to do what historical institutionalists are asking, is a non-starter, because that objection falsely assumes that at this level, or at the level of ‘interests’, we are or could be dealing with truly ‘ultimate’ preferences. See Raz (1986) for the distinction made by philosophers between instrumental (i.e. strategic), intrinsic, constitutive, and ultimate values.
  24. Bates himself suggests that the solution to the problem lies in taking into account the force of uncertainty, the role of signalling, and ideas of community (p. 398). Ostrom (1990: 137–41) suggests that where there are incremental sequential institutional changes, rather than an all-or-nothing approach to institutional supply, then incremental benefits may in fact gradually alter incentives in favour of further provision.
  25. Though, see Bates (1987: 395–6) for a critique of accounts relying on third-party entrepreneurs.

26. March and Olsen (1989: 47–8) argue that there are many examples from organizational decision-making processes that cannot be explained solely by reference to instrumental rationality to the exclusion of symbolic meaning.
27. See Jürgen Habermas's (1996: 6) distinction between an 'objectivating' as opposed to a 'performative' stance adoptable by the social scientist.
28. Evidence of this interpretation is found, for example, in the notes on the proceedings at Canadian Conventions by Raynor (1987–98).
29. It might be objected that in constructing a game-theoretic model of Baha'i NSA elections, I have similarly assumed that Baha'i delegates understand the *act of voting* in instrumentally rational terms. This objection points to an important limitation of the model developed in this paper. This being said, the difficulty is mitigated to the extent that Baha'i delegates do understand the act of voting in instrumental terms, as an act intended to secure the most preferable voting outcome. I believe that the instrumentality assumption with respect to voting is much more justified than the (almost certainly false) contention that they view a *voting coalition* in instrumental terms.
30. Compare with the definition offered by Meyer et al. (1994: 10): 'We see *institutions* as cultural rules giving collective meaning and value to particular entities and activities, integrating them into the larger schemes.'
31. E.g. Almond and Verba (1963); see Taylor (1985: 31) for a critique of this approach.
32. See Schelling (1980) for the former; see Ferejohn (1991) and Smith (1992: 26) for the latter.
33. 'What we are dealing with here . . . [are] intersubjective meanings. It is not just that people in our society all or mostly have a given set of ideas in their heads and subscribe to a given set of goals. The meanings and norms implicit in these practices are not just in the minds of the actors but are there in the practices themselves' (Taylor 1985: 36)
34. Holsti (1991) shows that this methodological point is not restricted to institutional theory, but has bearing on sociopolitical outcomes in general. He criticizes previous attempts to learn about the origins of war via statistical analyses which correlated war to a series of independent variables, noting that 'to obtain statistically sufficient universes of the dependent variable', these studies 'must remain fairly insensitive to different kinds of war'. Holsti's argument questions the meaningfulness of the statistical results by suggesting that the observations that are placed under a single dependent variable – war – do not constitute a single category of events. He asks whether it wouldn't 'make a difference in terms of war incidence whether decision-making elites view it [war] as a duel, an avenue for fame, glory, and honor, an act of self-defense, the execution of a judgment, a crime, a technique of persuasion, or as an act of mutual suicide' (1991: 10). He notes that there is a profound difference between a war of survival by a nation-state, and a war embarked upon by Louis XIV as a sort of fun hunting expedition, because human actions are constituted by the meanings attributed to them by the actors involved and their own self-interpretations. To explain the first type of war requires a different set of arguments than the second.

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