

PRINCIPAL DIFFERENCES BETWEEN “OLD” AND “NEW” INSTITUTIONAL SCHOOLS

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Abstract. This article presents the fundamental differences between the “new” and “old” institutional schools, the foundations of their study, and the issues of institutional research through the creation of formal, legal, and administrative structures in institutionalism. In particular, the theories of foreign scholars such as Rhodes, Hirsch, Thelen, and Steinmo are studied in implementing these processes.

Keywords: institutionalism, “old” school, “new” school, political science, democratic norms, institutional structures, historical context, social institutions

Аннотация. В данной статье представлены основные различия между «новыми» и «старыми» институциональными школами, основы их изучения, а также вопросы институционального исследования через создание формально-правовых и управленческих структур в институционализме. В частности, при реализации этих процессов были изучены теории зарубежных учёных, таких как Родс, Хирш, Телен и Стейнмо.

Ключевые слова: институционализм, «старая» школа, «новая» школа, политология, демократические нормы, институциональные структуры, исторический контекст, социальные институты.

In the late nineteenth and early twentieth centuries, political scientists undertook institutional studies. They began by describing and mapping the formal institutions of government and the modern state on a cross-country and comparative basis. Along with constitutional studies (a branch of political science) by law and public administration students, this type of “old” institutionalism in political science focused on the formal, legal, and administrative structures of government. From a modern perspective, old institutionalism was less concerned with theory-building (Shepsle 1989: 132; Easton 1971: 77; Eckstein 1979). The emphasis was on description rather than explanation or theory-building. Studies also often relied on an evaluation framework that attempted to assess the extent to which certain institutions conformed to democratic norms or principles of responsible government (Rhodes 1995). However, old institutionalism is not dead. The description of institutional structures remains an important aspect of political science, and formalism is still important in areas such as constitutional studies and public administration. When the old institutionalists attempted to explain it, they assumed that political behavior was structured by more or less institutional rules or procedures. On this front, there is some overlap between old and new institutionalism (Hirsch 1997).

New institutionalism refers to the "reintroduction" of institutions, a process that has been ongoing since the 1980s, and the resurgence and expansion of this approach. There have been several reasons for the renewed interest in institutions in political science. First, "social, political, and economic institutions have become larger, more complex, and more capable, and have

become more important in the first place for collective life" (March and Olsen 1984: 734). Second, there has been a renewed interest in the "state" in a number of schools of political analysis, including Marxism and "statism" (Krasner 1984; Skocpol 1985; Bell 1997). Third, institutional factors play an important role in explaining why countries have been so different. Responses to the general economic problems of the 1970s and 1980s (especially the oil crisis, inflation, and rising unemployment) (Thelen and Steinmo 1992: 5). Fourth, major revisions of public policy to address such challenges since the 1970s have involved wholesale institutional restructuring, particularly affecting the role of the state and involving major reform of the public sector.

The old and new institutional schools occupy an important place in economic theories and social sciences. Their main differences are as follows:

Old institutional school

1. Historical context: The old institutional school was formed in the late 19th and early 20th centuries. It focuses on studying economic processes in a historical and social context.
2. Social institutions: This school studies the influence of social institutions, traditions, and culture on economic life. It sees institutions as the main elements of economic activity.
3. Decision-making: In the old institutional school, the decision-making process is more dependent on social and cultural factors. Human behavior and social relations are important in this process.
4. Economic theories: This school is familiar with classical and neoclassical economic theories, criticizes them, and develops its own theories.
5. Changes: The old institutional school understands changes through the interactions between social and economic systems. It studies the evolution of social institutions and their impact on economic processes.

New Institutional School

1. Focus: The New Institutional School emerged in the mid-20th century and aimed to enrich economic theories with new approaches. It focuses on economic institutions and their functions.
2. Competition and Efficiency: This school studies the impact of economic institutions on competition and efficiency. It emphasizes the role of institutions in increasing economic efficiency.
3. Decision Making: In the New Institutional School, the decision-making process depends more on economic and strategic factors. In this process, the competitiveness of agents and the ability to manage resources are important.
4. Economic Theories: The New Institutional School focuses on the study of economic theories, in particular the role of institutions in a changing environment. It understands economic theories through interrelated institutions and their changes.
5. Change: The New Institutional School understands change through the evolution of economic institutions and their impact on economic activity. It studies the change of institutions and their impact on economic processes.

If we consider the advantages and disadvantages of the differences between the "old" and "new" institutional schools, we can conclude the following:

According to theoretical foundations, the advantage of the old school is that classical theories offer stable economic models and concepts. The disadvantages of both schools are studied and the following conclusion can be drawn. In this case, the "old school" believes that competition should sometimes lead to monopoly, while the "new school" can delay or complicate the process of changing laws and regulations.

These differences, advantages and disadvantages show how much the approaches of the old and new institutional schools change and how they affect economic processes.

There are, however, some major stumbling blocks in trying to sustain such a clear-cut distinction between the institutional environment and organizations. For one thing, the institutional environment of organizations includes other organizations, such as the state. Moreover, organizations themselves are made up of rules. Organizations and institutions are interlinked or vested within one another. They are not entirely separable species. Hodgson (2006) has argued that treating organizations simply as individual actors is problematic to the extent that organizations are defined as actors. If, however, it simply represents an abstraction from the internal relationships and mechanisms within organizations, he considers the treatment of organizations as individual players a legitimate analytical exercise. This abstraction, according to Hodgson, is legitimized by North's "primary interest in economic systems" and "on interactions at the national and other higher levels".

Concerning the second demarcation, North (1994) exemplifies that "formal rules" are "(property) rules, laws, constitutions", and that "informal constraints" refer mainly to "norms of behavior, conventions, self-imposed codes of conduct". This suggests that an alternative is to view the formal-informal distinction as similar to the distinction between explicit and tacit rules.

In conclusion, the main differences between the "old" and "new" institutional schools are manifested in their approaches, the factors they focus on, and the ways of understanding economic processes. While the old school focused more on the social and cultural context, the new school focuses on economic institutions and their effectiveness. Both schools are important to economic theory and the social sciences.

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