

# **INSTITUTIONS AND INSTITUTIONAL DESIGN**

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## **Part II: The social construction of reality**

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# Literature:

- Searle, John R. 1995 “The Construction of Social Reality”, New York, The Free Press

# The construction of social reality

From last lecture: De Soto (2000) insists

- that property rights must conform to the rights people believe they have
- to write good law the government must study people's law: the law people use in day to day dealings with each other

People's law is a social reality

It is created by the people for the people

# Two important theses

- This lecture: Important parts of institutions – even the most formal - exist only in the minds of people (Searle 1995)
- Next lecture: The strongest institutions exist **only** in the minds of people (Douglas 1987)
  - Usually at a subconscious level
  - Or disguised as “nature”

# Searle 1995: Institutional facts

- Some facts exist only by human agreement
  - Money
  - Property
  - Governments
  - Marriages
- Yet they are objective, not depending on yours or mine preferences, evaluations, or moral attitudes

# Ontology based on

- The atomic theory of matter
- The evolutionary theory of biology

## Objective-subjective

- Epistemic judgements, a matter of degree
- Ontological statements, either objective or subjective

Searle(1995:7) “Here, then, are the bare bones of our ontology: We live in a world made up entirely of physical particles in fields of force. Some of these are organised into systems. Some of these systems are living systems and some of these living systems have evolved consciousness. With consciousness comes intentionality, the capacity of the organism to represent objects and states of affairs in the world to itself. Now the question is, how can we account for the existence of social facts within that ontology?”

Epistemic – of or relating to knowledge or knowing: cognitive

Ontology – a branch of metaphysics concerned with the nature and relations of being, modes of existence

## A footnote on different kinds of truths

	Subjective	Objective
Epistemic judgements	Truth depends on attitudes and feelings	Truth independent of attitudes and feelings
Ontological Existence	Truth depends on being felt by subjects	Truth independent of any mental state

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(Searle 1995:7) “Much of our world view depends on our concept of objectivity and the contrast between the objective and the subjective. Famously, the distinction is a matter of degree, but it is less often remarked that both “objective” and “subjective” have several different senses. For our present discussion two senses are crucial, an epistemic sense of the objective-subjective distinction, and an ontological sense.”

# Features of the world

May exist

- intrinsic to nature
- relative to the intentionality of observers, users, etc.

Whether a feature is intrinsic or observer relative is not always obvious (e.g. colours)

Test:

- could the feature exist without sentient beings?

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- A physical object with mass and chemical characteristics that do not depend on the observer
- Its characteristics as a screwdriver depends on the intentionality of the observer, it is observer-relative.
- Observer-relative features are ontologically subjective
- Some of the ontologically subjective features are epistemically objective



# Acts of observing and using are intrinsic features of agents

- Mental states are intrinsic features of the world
- Intrinsic features of reality are those that exist independently of all mental states, except for mental states themselves, which are also intrinsic features of reality

Searle (1995:5): “Intrinsic features of reality are those that exist independently of all mental states, except for mental states themselves, which are also intrinsic features of reality”

# Accounting for social reality

## Requires

- Assignment of function
  - A feature of intentionality, observer relative
- Collective intentionality
  - A biologically primitive phenomenon (p24)
- Constitutive rules
  - Regulative rules vs. constitutive

Statements about functions in nature impose a system of values on nature. Values which have to be taken for granted if the statement is to be meaningful.

Searle (1995:16) “Either “function” is defined in terms of causes, in which case there is nothing intrinsically functional about functions, they are just causes like any others. Or functions are defined in terms of the furtherance of a set of values that we hold – life, survival, reproduction, health – in which case they are observer relative.”

- Agentive functions (intentional/ manifest functions)
- Non-agentive functions (naturally occurring/ latent functions)
- A class of agentive functions is to symbolize, stand for, represent – to mean something.
- Social facts will refer to collective intentionality (p26)
- Institutional facts are a subclass of social facts.
- Regulative rules govern activities which may exist independent of the rules.
- Constitutive rules creates and defines the activities they regulate.

# Social concepts

- Concepts of social facts are self-referential
- Types and tokens
- Institutional facts are
  - Created by declarations
  - Created on top of brute facts
  - Exists in relationship to other IF
- Social facts are created by social acts
- Linguistic elements are partly constitutive of a social fact

“Brute facts” : objects, utterances, marks on paper – even thoughts in people’s heads

Attitude taken toward a social fact is partly constitutive of the phenomenon (cocktail party)

(tokens= individual instances of types: type=money :: token= each bill)

# From collective intentionality to institutional facts

1. Commodity money: gold
2. Contract money: promissory notes
3. Fiat money: declared value

Formula: “X counts as Y in context C”

Searle(1995:40) “But the truly radical break with other forms of life comes when humans, through collective intentionality, impose functions on phenomena where the function cannot be achieved solely in virtue of physics and chemistry but requires continued human cooperation in the specific forms of recognition, acceptance, and acknowledgement of a new *status* to which *function* is assigned.”

(p47) “The sorts of functions and statuses that can be assigned by the Y term, therefore, are seriously limited by the possibilities of having functions where the performance of the function contains an element that can be guaranteed simply by collective agreement or acceptance. That is, perhaps, the most mysterious feature of institutional facts, and I will have a good deal to say about it later.”

(p51) “The point is that the Y term must assign some new status that the entities named by the X term do not already have, and this new status must be such that human agreement, acceptance, and other forms of collective intentionality are necessary and sufficient to create it.”

The linguistically expressed concept, such as “money”, becomes part of the fact created.

(p57) “The priority of process over product also explains why, as several social theorists have pointed out, institutions are not worn out by continued use, but each use of the institution is in a sense a renewal of that institution.”

# Language and social reality

- IF essentially contain some symbolic element
- Language dependent thoughts
- Language dependent facts

## Example

- Rule of football: “touchdown counts six points” – a thought depending on linguistic symbols

Money or property or other IF can only exist as facts if people collectively have certain sorts of beliefs and other mental attitudes.

Thus If are ontologically subjective, even though they in general are epistemically objective. (p63)

# Essential features of linguistic symbols

- They symbolize something beyond themselves
- They do so by convention
- They are public

Searle(1995:68) “At the lowest level, the shift from the X to the Y in the move that creates institutional facts is a move from a brute level to an institutional level. That shift, as I have emphasized over and over, can exist only if it is represented as existing.”

This representation is impossible without language since the status-function of the IF exist only by way of collective agreement. There is no prelinguistic way to represent it since the Y element has no natural prelinguistic features in addition to the X-element that would provide the means of representation. (p70)

Thus the status Y cannot exist without markers, and the markers become partly constitutive of the status.

More on language and institutional facts:

- Language is epistemically indispensable
- The facts in question, being inherently social, must be communicable
- In real life the phenomena in question are extremely complex, and the representation of such complex information requires language
- The facts in question persist through time independently of the duration of the urges and inclinations of the participants in the institution

# Iteration, Interaction and Logical Structure

- The structure “X counts as Y in C” can be iterated
- There can be interlocking systems of such iterated structures operating through time
- Status indicators are required

Iterations of status creation provide the logical structure of complex societies. (p80)

Searle(1995:85) “I said that the institutional structures enable brute physical possession in the case of property, or brute physical proximity in the case of marriage, to be replaced by a recognized set of relationships whereby people can be married even though they are not living with each other, and people can own property even though the property is far away from them. To achieve this remarkable intellectual feat, we must have what I have called *status indicators*.”

# Codification, Motivations

- Test: IF iff we can codify the rules explicitly
- Brute force cannot maintain IF
  - The system of acceptance (of IF) cannot be assumed to be backed by a credible system of force
- No single motivation for continued acknowledgement of IF

Searle(1995:88) “The characteristic institutional move, however, is that the form of collective intentionality that constitutes the acceptance, recognition, etc., of one phenomenon as a phenomenon of a higher sort by imposing a collective status and a corresponding function on it. The function is always internally related to the status in the sense that it could not be that status if it did not have that function. The criterion is always this: Does the assignment of the label carry with the assignment of some new functions, for example, in the form of rights and responsibilities, which can be performed only if there is collective acceptance of the function?”

Searle(1995:92) “It is tempting to some to think that there must be some rational basis for such acknowledgement (of institutional facts, my addition), that the participant derive some game theoretical advantage or get on a higher indifference curve, or some such, but the remarkable feature of institutional structures is that people continue to acknowledge and cooperate in many of them even when it is by no means obviously to their advantage to do so.”



# Conventional Power

- Status-functions are matters of power
- Creation of IF is conferring some new power.
- But only such forms of power where collective acceptance of the power is constitutive of having it.
- It requires the the ordinary collective intentionality of the street, so to speak.

Searle(1995:94) “One lesson to be derived from the study of institutional fact is this: everything we value in civilization requires the creation and maintenance of institutional power relations through collectively imposed status-functions. These require constant monitoring and adjusting to create and preserve fairness, efficiency, flexibility, and creativity, not to mention such traditional values as justice, liberty, and dignity. But institutional power relations are ubiquitous and essential. Institutional power – massive, pervasive, and typically invisible – permeates every nook and cranny of our social lives, and as such it is not a threat to liberal values but rather the precondition of their existence.”

# Types of powers?

- Symbolic: creation of meaning
- Deontic: creation of rights and obligations
- Honour: status for its own sake
- Procedural steps on the way to power and honour
  
- In the end it all reduces to deontic powers

Searle(1995:110) “The upshot is that from the point of view of logical structure, we cannot maintain the categories of Symbolic, Deontic, Honorific, and Procedural. We simply have creation and destruction of conventional powers.”

“Deontology” – study of moral obligations

# The logical structure of conventional power

There is exactly one primitive logical operation by which institutional reality is created and constituted. It has this form:

- We collectively accept, acknowledge, recognize, go along with, etc., that (S has power (S does A))

# Creation and maintenance of IF

- The institution
  - The creation of institutional facts
  - Their continued existence
  - Their representation by status indicators
- Creation of IF
  - X counts as Y in C (constitutive rules)
  - Iterations of this process for complex IF
  - Practical advice: Act as if the IF existed

## Repetition:

Searle(1995:114) “The Y term imposes a new status on the phenomenon named by the X term, and the new status carries with it a function that cannot be performed just by virtue of the intrinsic physical features named by the X term. The function requires the status in order that it be performed and the status requires collective intentionality, including a continued acceptance of the status with its corresponding function. Typically the associated function is definitionally implicit in the expression that name the status.”

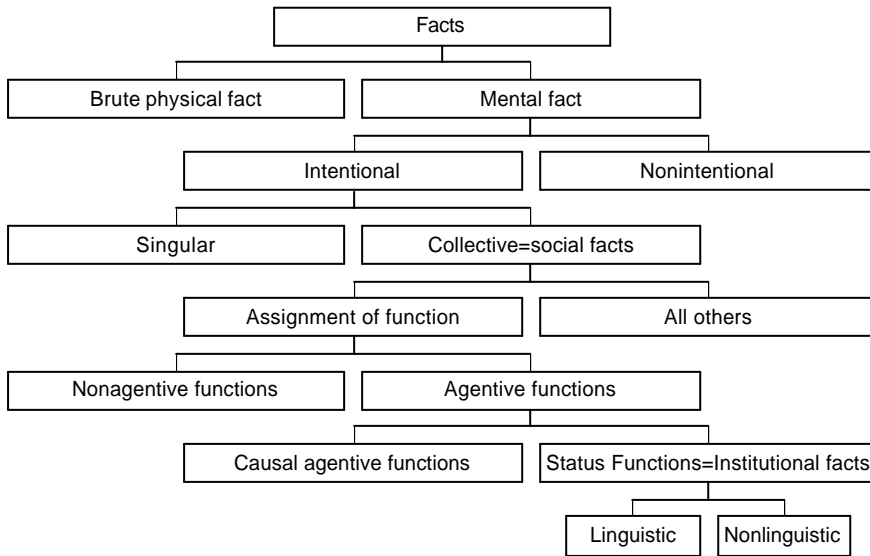
# Maintenance of IF

- Continued existence of IF
  - Require that the individuals directly involved and a sufficient number of the members of the relevant community must continue to recognize and accept the existence of the IF
- Honour and prestige are used to secure recognition and maintain acceptance of IF

# Status indicators

- IF cannot be read off from brute physical facts
- Need of official representation
  - Passport
  - Drivers licence
  - Signature (persist in time unlike speech acts, etc.)
- Function of status indicator is epistemic

Searle(1995:121) Figure 5.1 Hierarchical taxonomy of facts



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Examples:

Mental fact: I am in pain (non-intentional)

Intentional: I want a drink of water (singular)

Social facts: hyenas are hunting a lion (all other social facts than those assigning functions)

Assignment of function: the heart functions to pump blood (non-agentive function)

Agentive function: this is a screwdriver (a causal agentive function)

Status functions: this is money (non-linguistic)

Linguistic: this is a promise

# IF and background capacities

- IF usually are not a result of a deliberate act or set of actions
  - Except for special cases where legislation is passed or authorities change the rules of the game
- Creation of IF is typically a matter of natural evolution



# The background

- A set of nonintentional or preintentional capacities that enable intentional states of function
  - Capacities: abilities, dispositions, tendencies (generally causal structures)
  - Enabling: causing
  - Intentional states: - taken as unproblematic
  - Function of background: see next page

Searle(1995:132)'s "background" related to Wittgenstein's later work  
Also to Bourdieu's work on habitus

# Functions of background (1)

- Enables linguistic interpretation
- Enables perceptual interpretation
- Structures consciousness
- Structures temporarily extended sequences as narrative or drama
- Provides a set of motivational dispositions conditioning the structure of our experiences

Structuring consciousness by finding the familiar so that the aspectual character of intentionality makes experiences possible

# Functions of background (2)

- Facilitates certain kinds of readiness
- Disposes for certain kinds of behaviour

## Background causation

- Not like intentional acts of causation  
(rational decision making)
- Not like brute physical causation  
(behaviourism)

# Background causation

May be more like

- Evolutionary theory in biology
- Because institutions are there, people thrive and prosper by getting good at conforming to the rules in their behaviour without actually learning or consciously following the rules

Searle(1995:142) “The basic idea, which I will now explain, is that one can develop, one can evolve, a set of abilities that are sensitive to specific structures of intentionality without actually being constituted by that intentionality. One develops skills and abilities that are, so to speak, functionally equivalent to the system of rules, without actually containing any representations of internalisations of those rules.”

# Of course there are rules

- But rules are never self interpreting
- They are never exhaustive
- In fact, in many situations, we just know what to do, we just know how to deal with the situation.
  - We do not apply rules consciously or unconsciously

Searle(1995:144) “Instead of saying the person behaves the way he does because he is following the rules of the institution, we should say, First (the causal level), the person behaves the way he does, because he has a structure that disposes him to behave that way; second (the functional level), he has come to be disposed to behave that way, because that’s the way that conforms to the rules of the institution.”

# Comments

- Searle's use of "background" is not only close to Wittgenstein and Bourdieu
- It is also close to what Mary Douglas calls "thought worlds" or "thought collectives"
- And on a more general level: close to central features of the concept "culture"
- Background dispositions are easily translated into Douglas' "natural behaviour"

The point of departure for Mary Douglas are the ideas of Emil Durkheim, and Ludwik Fleck's (1935) "The Genesis and Development of a Scientific Fact" (Fleck is a medical doctor and bacteriologist writing about typhus and syphilis).

Durkheim emphasised the social origin of individual thought. Fleck went further and postulated what he called a **thought collective with a distinct thought style** (equivalent to Durkheim's **collective representations**). Both of them means that this leads and trains perception and produces a stock of knowledge.

Today their concepts are more often called **thought worlds**.

Both Durkheim and Fleck have been criticized for assuming something like a collective mind, presumably like and individual mind writ large.

Another objection raised is that they are using loose functional explanations (Durkheim: religion maintains solidarity of the group. Fleck: the structure of the thought collective makes the communication of thoughts corroborate the thought structure).

A third problem is the rational basis for collective action. Do they ever sacrifice on behalf of the group? If so, what kind of motivation would explain it?

The fundamental problem both grapple with is **the emergence of social order** itself

# Main points

- Institutions are social facts
- They exist if and only if the relevant group of people agree that they exist
- Formal institutions are founded on “background capabilities”
- Background capabilities can be seen as a system of informal institutions, or more general, as culture