

RESISTANCE TO CHANGE IN GOVERNMENT: ACTORS AND FACTORS THAT HINDER REFORM IN GOVERNMENT

Ibrahim Demir, PhD

Arnold School of Public Health
University of South Carolina
915 Greene St.
Columbia, SC 29208 USA
demiri@mailbox.sc.edu

Coskun Can Aktan, PhD

Faculty of Economics and Management
Dokuz Eylul University
Dokuzcesmeler, Buca
Izmir, Turkey
ccan.aktan@deu.edu.tr

ABSTRACT

This study provides a review of the factors and actors that can hinder and resist to change or reform in economic and political system. The study reviews and explains the preference toward change or resistance within an expected costs - expected benefits framework. Basically, individuals are assumed to resist to change and reform if they do not foresee specific net private benefits from the change or reform in question. In reviewing the resistance to change or reform, the study takes the welfare-improving change as benchmark and evaluates the position, attitudes, and characteristics of various decision-makers in the society around this benchmark. The study is expected to motivate additional discussions, organize thoughts, and prompt empirical tests of the assertions made regarding resistance to change or reform.

Key Words: change, reform, government reform, active resistance, passive resistance,

JEL Classification: D73, D78.

I. INTRODUCTION

“There is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than the creation of a new order of things.”

Niccolo Machiavelli

Change and reform in economic and political systems have always been at the center of attention. This, perhaps, is due to high and constant attention that self-interested individuals pay to their own share of economic benefits and political power in the society. Therefore, as this study attempts, explaining the dynamics of change or reform in a society is crucial because the societies that can bring about welfare-increasing changes and implement them efficiently will rise.

Economic and political systems can evolve through a natural order or “biological evolution” (Alchian, 1950) that works through the dynamics of their own nature without any major external and guided shocks. Alternatively, they can be deliberately intervened, influenced, or reformed for a certain outcome in a designed and planned fashion. Both types of changes have been observed in the history of nations. In the last century and beyond, for instance, what and how much people consume, where they make purchases, and how production is made have gone through dramatic changes in markets. From water wheels to steam engine, from horse carriages to automobiles, from film rolls to digital imagery, and from land-lines to smart phones, as examples, many markets have experienced some sort of “creative destruction” (Schumpeter, 1942) that were driven by invention and innovation. Similarly, the use of fertilizers, plastic, air-conditioning, global positioning systems, new drugs, advanced medical technologies, advanced management techniques, and the use of Internet have changed our lives in the areas that range from agriculture to education, health, defense, communication, transportation, entertainment, and so on. Major economies have shown business cycles, political business cycles, and cycles of *laissez faire-laissez passer* and government intervention as outlined by Keynes (1936). While some economies have become more open naturally or purposefully, some others have become more protective. While new protected monopolies and multi-national corporations have emerged and become dominant in many markets, many markets have become more competitive. This list of economic changes can go on and on. Political markets and systems have experienced similar changes and shifts, as well. Nations and societies have been trying to govern themselves with regimes that shift and swing between the variants of dictatorship and democracy as two extremes. Starting from the late 18th century, societies in Latin America,

far Asia, Middle East, Europe, and elsewhere have gone through major political transitions and shifts in power and institutions. The collapse of the Soviet Union, merging of East and West Germany, and formation of European Union can be cited as examples for this. Even though it is not always easy to draw a clear line between how much of these economic and political changes have been due to pure evolutionary or designed-interventional processes, understanding the dynamics of change and reform either as a result of natural processes or deliberate acts and efforts is of importance for an improved social-welfare.

Explaining and analyzing change or reform in economic and political markets is a complex task. The long-term and short-term nature of economic dynamics; involvement of multiple time periods, sectors, and parties; and, the distinction between allocation and re-distribution make the attempts to analyze change or reform only more complex conceptually, theoretically, and historically. Acknowledging this complexity, Kingston and Miguez (2009) tackle change within an institutional framework by comparing various theoretical approaches (collective-choice, evolutionary, mixed, equilibrium, institutional inertia, and bounded rationality) to institutional change. For the same purpose of explaining change or reform, we will attempt to list and review the factors and actors that may hinder (facilitate) change or reform.

Economic and political markets in a society are assumed to clear and maintain long-term equilibria while there can be short-term disequilibria. In addition to the allocation that is made by market forces, resources are re-incentivized and power is re-distributed by policy. Thus, any change effort is assumed to affect resource allocation through altered incentives and political power through re-distribution. This means that any change or intervention will come with new set of allocation and distribution patterns, and change or reform will create winners and losers. While the prospective winners of the change or reform are expected to be in support of change, the prospective losers are expected to be in resistance. The optimum amount of resistance (support) to change or reform from relevant parties will be determined by the expected marginal costs and expected marginal benefits of exerting resistance (support) to change. This commonly used economic rational decision assumption, given the mentioned complexity of analyzing change or reform, can serve as a general positive behavioral analysis tool in analyzing change or reform in economic and political systems. In this study, the actors, structure, and dynamics of resistance to change or reform in political and economic systems will be discussed and a review of surrounding issues regarding change in government sector will be provided based on this rational decision assumption. The subject matter will be tackled within a behavioral economics

framework that incorporates the micro foundations of macro analysis under the lights of neo-classical economic views, mainly.

The study is laid out as follows: the next section is for sketching out an anatomy of resistance and discussion of factor and actors that are more likely to be an obstacle to change and reform. Section three will address active and passive resistance to change. Section four will review the timing of change and resistance. Section five is for conclusions.

II. THE ANATOMY OF RESISTANCE TO CHANGE

What we mean by change or reform here is the processes that result in a new allocation and distribution of economic resources and political power in a society. We claim that any change or reform will have economic reflections in terms of benefits and costs (burden) that interest rational individuals. Later, we will normatively relate this to welfare economics and argue that change should be welfare-improving to note that not all types of change is necessary. Our review is macro and it mostly pertains to the government sector. Under the assumption of full employment of resources, it is impossible to make one better-off without making someone else worse-off [the Pareto (1906/1972), efficiency]. Thus, change in a given equilibrium is expected to bring about winners and losers in terms of economic resources, benefits, and political power or influence. Schumpeter (1942) had a sharp portrayal of the losers and gainers from change with his creative destruction. As in creative destruction, those who are likely to become economically and politically worse-off will be more likely to resist the change or reform. Acemoglu and Robinson (2012) argue, for instance, that the elites will try to maintain their “extractive” position and power in the society.

Economic and political systems can be improved by making conscious, appropriate, and timely changes and reforms. The role and share of government in the economy; the type of political system; incentive mechanisms and workings of markets; and, rules and regulations in a society are subject to change at the expense of the benefits of forgone stability. Roles and responsibilities of decision-makers and participants can be redefined, incentive mechanisms can be redesigned, and burden and benefits can be redistributed. The societies and nations that have experienced economic and political development and rise owe some of the improvements to the timely and appropriate, i.e., welfare-increasing, changes and reforms in their history, or vice versa.

In order to analyze change, reform, and resistance to reform, one needs to explore the economic and political structure, the environment, of a society. A society

usually consists of three sectors: public sector (government), private sector, and non-profit sector. Economic resources of a society are allocated and utilized within these three sectors. These sectors have their own actors (decision-makers), decision (maximization) objectives, incentive mechanisms, and production rules and systems. Among others, the government, as a usual major economic player, enabled with the power and ability to make allocative and distributional decisions on behalf of the society based on a given political structure, can effectively influence the decisions and incentives in other sectors as an influential actor in economies. Thus, it will be appropriate to discuss the anatomy and dynamics of resistance to change from a government's perspective even though the assertions and explanations that we make will be applicable to the other sectors within the society.

The identification of decision-makers and their maximization objectives in public sector can help sketch out the anatomy of resistance to reform. In democracies, the government sector usually consists of the legislative branch, executive branch, and judicial branch. Politicians, bureaucrats, and judiciary are main actors in these branches. While politicians are assumed to promote changes that will maximize votes for election and re-election (Downs, 1957), bureaucrats are believed to maximize office budget, promotion and comfort (Niskanen, 1971). The judiciary is assumed to maximize independence, as it is instrumental in making durable 'legislative deals' for politicians that are lobbied by interest-groups (Landes and Posner, 1975). Politicians, bureaucrats, and judiciary will demand and support change or reform as long as change or reform is expected to contribute to their maximization objectives.

Driven by a given state of benefits and costs, demand for change can spring from different segments of the society. The public, academia, the elite, the industry, the bureaucracy, the armed forces, religious entities, unions, or the media can demand or promote change. However, since each segment will try to promote its own interest, reconciliation of the conflict of interest will not come easy under scarce resources and current state of allocation and distribution. Change or reform can be supplied by various groups in the society. Political parties, the academia, the press, religious entities, labor unions, various professional associations, and the like can supply change or reform. The equilibrium amount of change or reform will be determined by the marginal utilities of demanders of change and marginal production costs of suppliers of change or reform.

The ultimate aim of a society is the maximum social welfare and satisfactory economic development. Living long, healthy, and quality life; freedom; peace;

justice; and, prosperity are the self-reinforcing reflections of social welfare in a society. The establishment of a social order for this inclination and the restructuring of the state in this direction are possible even though it has been proven to be challenging. In this context, why change does not come easy, is a crucial question. In answering, we will attempt to list and briefly review the actors and factors that may hinder change or reform in democratic societies as follows (see, O'Toole, 1995: 160-163, and, Aktan, 1999: 45-50, for additional discussion):

Ignorance and Lack of Awareness: Change or reform is initiated and carried out by conscious and knowledgeable decision-makers who see and acknowledge a need for a change or reform in economic and political markets. The subjects of an economic and political system, first, should be aware of the need for a change or reform. Ignorance and lack of awareness regarding the need for a change and lack of knowledge regarding how the change or reform will be carried out will hinder change. Collecting and processing information about change and public affairs are costly and creating awareness is subject to collective action problem (Olson, 1965). Either due to lack of information or due to rational ignorance (Downs, 1957), being unaware and being unconscious about change can impede change or reform [see a debate between Somin and Levinson (2009: 243, 244, especially), on the issue]. In societies where the overall level of formal and informal education is lower and the flow of information is distorted, the need for change can go ignored. Somin (2013/2016) explores the rationality of political ignorance, why political ignorance matters, how the debate over political ignorance evolved historically, and whether voter knowledge can be increased. Change in the right direction, the direction that maximizes social welfare, requires deep knowledge of history, knowledge of the workings, processes, and outcomes of the relationships between the government, public, businesses, and interest groups in a society. Change requires openness and being able to incorporate alternative views, theories, and applications. Therefore, bigotry and dogmatism can hinder the change that can promote social welfare (Aktan, 1999: 47).

Lack of Critical Mass: Change or reform must be backed up by the critical mass of constituents of an economic or political system. The critical mass can be measured by a sort of a majority rule, support and buy-in of powerful actors, or support of gate-keepers depending on the environment and the issue in question. The formation of critical mass for change or reform will mainly be determined by the severity, magnitude, and extent of the problem; whether institutional structure promote gathering and congregation for a cause; and, costs of information, coordination, and communication.

Lack of Leadership: Even if there is a conscious need and public awareness for change or reform, without a successful leader, change or reform may not be carried out successfully. Creating awareness, organizing and coordinating masses for a cause are costly and are subject to the problems of collective action (Olson, 1965), agency (Jensen and Meckling, 1976), team production (see, Lazear and Shaw, 2007, for a review). Leadership can be solution to these problems. Trust, belief, correctness or choosing the right direction (Lazear, 2010), and charisma in leaders can minimize opposition, help create public awareness, unite and mobilize masses, and implement welfare-improving changes.

Status Quo: Status quo in a political and economic system is a collection of beneficiaries and institutions from a given set of allocation of resources and distribution of power at any given point in time in a society. As a state or order, it consists of a nexus of persistent actors, choices, institutions, and given allocation of resources and distribution of power. Given the status quo, change or reform is propositional. The status quo is expected to support and promote the changes that most likely will benefit it and resist otherwise. That is, the beneficiaries of the status quo will try to maintain the current order if the change is not likely to advance the interests of status quo. Due to uncertainty and risks regarding the expected benefits and costs of change or reform, the status quo may prefer doing nothing or maintaining the current or previous situation or decision (Fernandez and Rodrik, 1991; Samuelson and ZeckHauser, 1988: 7; see, Dziuada and Loeper, 2016, also for how endogenous and exogenous nature of status quo affect decision making). Status quo is certain as it has been experienced through. Change, however, bears uncertainties, and, hence, risks. The uncertainties that surround change can create fear that some parties may worry that they will become worse off with change. For instance, party leaders, bureaucrats and state officials may fear of losing their seats and positions and avoid radical decisions (O'Toole, 1995:161).

Political Instability and Coalition Governments: In building capacity, consensus, awareness, and support for change, change or reform may require a steady long-term political stability in a society. However, political instability and formation of coalition governments can hinder change and reform. Coalitions may decrease cabinet durability and result in political instability (Doad, 1976). It is difficult for governments to implement their agenda for change if regular election periods are not followed and disrupted by interventions such as military coups and frequent early elections. Coalition governments can generate opportunistic behavior among the member of the coalition and threaten the stability of political order in a country. While coalition members can try to claim the benefits of right policies,

they may try to blame the consequences of incorrect policies on other member(s) of the coalition. This leads to suppression of information and free ridership within coalition. Political polarization as opposed to political cohesion may also hinder economic reforms and has a strong impact on economic vulnerability (Bussiere and Mulder, 1999).

It should be noted here that coalition governments may affect the efforts for change or reform positively as well as negatively. For instance, coalition governments can improve participation and build a social consensus over reforms in a society. Helm and Neugart (2013) argue that coalition governments may be more successful in implementing a reform agenda because of better signaling between the voters and member parties of coalition governments (see also, Lindvall, 2009 and Lindvall, 2010, for power sharing, coalition governments, and reform capacity).

Interest and Pressure Groups: As the elements of the status quo, interest and pressure groups can resist changes if they foresee a potential reduction in their interests with potential change. Interest and pressure groups (associations, private companies, holdings, commerce and industrial chambers, unions, etc.) can support reforms that will advance their interest and resist the ones that will diminish it (Becker, 1983; Becker, 1985). Interest and pressure groups can either resist or support change or reform based on their specific (group appropriable) cost-benefit calculations (see, Tollison, 2012, and Congleton et al. 2008, for a review of rent-seeking behavior interest groups). Interest groups and pressure groups provide safety in numbers and, thus, can lead to a sort of group blindness. Being raised and living in a protective and closed social group or environment may hinder change and negatively affect the implementation of changes.

The Culture of Contentment: The culture of contentment, coined by Galbraith (1992), may lead to myopic standing of the content group. Content group consists of those who are satisfied with the current allocation of resources and distribution of power. Content group may not worry about future conditions and it only cares about the current and immediate satisfaction. It ignores the 'underclass'. For instance, those who do not have to struggle in hospital lines, health reform may not be a priority or of great importance. Similarly, the implementation of the education reform is also not of great importance to those who can afford to send their children to expensive private schools. In short, depending on the magnitude of their influence, the satisfied may not demand much change.

Conservatism and Tyranny of Customs: Conservatism, with an implication of 'who should rule', is a mode of 'counterrevolutionary' practice to preserve

hierarchy and power (Robin, 2011). As the meaning and experience may vary from society to society, conservatives desire to retain traditional religious, economic, and social institutions. They may consider change or reform as doubtful and resist it actively or passively. On the other hand, as argued by many, conservatism is not about resisting change and defending the status quo. Conservatism defends and respects the collected wisdom of human experience. The rational decision framework for change or reform is applicable to conservatives that if they anticipate larger net present value specific benefits from change or reform, they may be in support of it. Change or reform requires being able to think freely and flexibly about the current situation. Customs, for instance, as coined by Russell (1912), can trap and enslave mind like a tyrant and thus hinder change or reform by undermining the mind power of human beings and leading to inertia. Apart from religion, the customs and traditions of a society may cause doubt on changes and lead to active rejection of change (Jost, 2015: 607).

Chauvinism: Chauvinism, which can be defined as exaggerated, sloganic, and excessive patriotism and loyalty. As blind devotion, chauvinism lacks real will and power for change or reform when needed. Chauvinists can have strong belligerent patriotic intentions with strong words and slogans; however, they may lack rational and well-designed solutions due to single-mindedness. More importantly, chauvinist arguments that relate to superiority and national pride may remain locale and may not appeal to global support. According to the chauvinists only the national and local values are the truth. They may not have the same sympathy to the concepts of “global” or “universal” as they do to the concepts of “national” or “domestic”. This type of attitude can create external reaction and limit change in a society depending on the extent of chauvinism.

Etatism: If the government is believed to be the only supreme mechanism that can lead to maximum social welfare and when there is heavy government presence in the economic and political spheres of a society, those who support total economic and political control of government over the citizens may want to maintain the status quo and limit the change. Mises (1944) discusses how Germany moved from liberalism to etatism as a ‘malignant ideology’ that promotes the role of government for national power and prosperity. Etatism can mobilize nations effectively and may lead to change easily. However, as Mises (1944) points out, it lacks sound economic principles and can lead to a wrong direction such as the belief of conquest and expansion, rather than free trade, as the source of prosperity. Privatization and deregulation will be hard to achieve in the societies where etatism is the mainstream political and economic idea (Aktan, 1999: 48).

Institutional Inertia: As in physics, political and economic structures can resist to change or reform unless there is an external shock or substantial force for change. As ‘humanly devised’ informal constraints and formal rules, institutions coordinate choices and structure markets (North, 1991). They encourage or discourage certain behaviors. Sanchez (2015) explains why sub-optimal solutions persist within an institutional inertia framework applied to water rights change that came after seven hundred years in farm communities in Spain. Heinrich and Schwardt (2013) explore the dynamics of institutional inertia and institutional change and how groups coordinate when there are new solutions within a game theoretic approach. They found that inefficient institutions could dominate populations with a slow progress for replacement as institutional change follows regular patterns. They also found that a minimum certain pay-off and critical mass are needed for institutional change and a mix of institutions coexist in clusters.

Habits and Comfort: Habits and comfort can contribute to status quo and hinder change or reform. Hodgson (2004) characterizes the mechanisms of habit as largely unconscious with pressure on our awareness (see, Hodgson, 2004, for further definitions and reflections of habits and institutions in connection with Veblen and Dewey). In our economic explanation, habits are consciously formed as they have been tested, and, hence, repeated, as the low-cost ways of maximizing utility and managing daily affairs. Apart from their positive or negative nature, habits lower the costs of making-decisions, especially, under complex situations. Both economic and political markets respond to the habits of individuals as they themselves also face with switching costs and profit uncertainty of innovations and inventions. Thus, market response to habits and comfort can lead to stability, inertia, and conservatism as change or reform comes with discomfort and switching and adaptation costs. Therefore, given the costs and benefits of living through the status quo, individuals will quit their habits only if they foresee net present value specific benefits. Otherwise, as James (1893) pointed out, habits can become “the most precious conservative agent” in the society and prevent change. In an industry setting, for instance, those who are used to a typewriter may resist to a computer (Jost, 2015: 607), thinking their skills will become obsolete. The impact of habits in preventing welfare-enhancing change or reform will depend on the persistence of habits, critical mass, and the level of collective consciousness of the society.

Political Myopia: The potential benefits of change may occur in the future to the extent that the initiators and supporters of change may not enjoy the benefits at all. Thus, change or reform is subject to intertemporal decision-making. Those who have short-sightedness and attain higher value to immediate benefits relative

to the future ones may not prefer to promote change. This is one of the reasons that the policies and applications of short-sighted policy-makers live short and require frequent changes and amendments. This brings about instability at the expense of short gains of myopic policy-makers and bureaucrats (Congleton, 2003; Aktan, 2005).

Disbelief in Change: Some in the society may believe that there will never be a real change. This disbelief and pessimism can create political apathy and by-standers and limit the support for a change. Continuation of state policies may support the idea that short-term changes will not change the distribution of resources and power in the long-run. The saying of the Roman poet and satirist Horace “changes are usually useful for the rich” is very true and meaningful for some.

Mediocrity: Societies, groups, and classes can differ regarding their productivity, capabilities, and abilities. The highest performance in a group or society can be praised in itself; however, it can be way lower than the average of other groups. When political and economic systems lack incentivizing well-measured and comparative high performance and work discipline, they can slip into a persistent low-preferences state. Thus, assessment of relative performance among similar groups or societies and relative performance to a benchmark is more meaningful than looking at absolute performance. With self-propelling widespread mediocre performance, change may not be accomplished as it won't be praised and assessed properly (O'Toole, 1995: 160).

So far, we have listed and briefly reviewed some of the actors and factors that may potentially hinder change or reform. What is apparent from our review is that equilibrium change will mainly be determined by the magnitude, size, and intensity of the problem (burden); the acceptance and openness of political system of change; and critical mass of the resisters and supporters of change or reform. The outcome regarding change will be a product of interactions between the supporters and opponents of change given institutions. As change will be initiated and carried out by rational actors, rationality assumptions play the key role. When it comes to maintaining the status quo, joining in an interest or pressure group; or, when it comes to being and ignorant by-stander, rationality assumptions provide the micro ingredients to understand how change come about in free market societies. Other economic and political orders may call for different type of explanations such as, autocratic explanations of change. In this context, the saying of “each society is governed by administrations it deserves” does make sense as where a society stands cannot greatly differ from the standing of the individuals

that it consists of. It needs to be added here that, the existence and level of democracy in a society play pivotal role in terms of change in positive direction. Democracy brings transparency, competition, and efficiency. It enables the flow of good ideas and productive resources across the political and economic markets of the society. Without a satisfactory level of democracy, political markets will lose their 'inclusiveness' (Acemoglu and Robinson, 2012) and be dominated and controlled by few influential parties or groups. Both political and economic markets will become less competitive. Thus, neither political nor economic markets will work smoothly in reaching the welfare-maximizing equilibria.

III. ACTIVE AND PASSIVE RESISTANCE TO CHANGE

The active and passive nature of resistance to change or reform is an important aspect of change or reform. Legitimate and peaceful resistance to change can be in the forms of agreeing, sharing the feelings, providing financial support, and providing labor support. Even though it is difficult to differentiate between active and passive resistance (support), agreeing and sharing the feelings but doing nothing can be considered as passive resistance (support), while provision of financial support and labor (mentally and physically) can be considered as active resistance (support). At this point, answering the question of why some choose to resist (support) actively (passively) can help explain the dynamics of resistance to change or reform. Active and passive resistance can also be explained within a rational decision framework. The expected costs and benefits from change or reform will differ for those who resist (support) actively or passively. Thus, the type of resistance (support) is endogenous to expected costs and benefits of change. Devotion and commitment for a collective cause is subject to the collective action problem (Olson, 1965). The gainers from the status quo are usually 'strong' but the losers are usually weak, and this 'nonneutrality' may prevent the adoption and implementation of change (Fernandez and Rodrik, 1991). Active (passive) resistance (support) will be determined by the severity of private burden; group dynamics; and, probability and magnitude of expected pay-off. Political parties specialize in identifying and rewarding active and passive resisters (supporters). They have certain incentive mechanisms in place for both active and passive supporters. Why some choose to actively resist while others may prefer to resist passively needs further empirical investigation.

IV. TIMING OF CHANGE AND RESISTANCE

The support or resistance to change or reform can vary over time during different stages of economic development, wars, elections, or during crisis. For instance, resistance to change can vary with the stages of economic development. Using

Rostow (1959)'s stages, for instance, while the press or unions can actively resist the change in a particular issue during the "take-off", they can actively support it during "drive to maturity", or during the "age of high consumption". In terms of timing and delay of reform or change, Alesina and Drazen (1991) and Alesina et al. (2006) in their war-of-attrition model application to inflation and unemployment (or economic stability) argue that reform efforts will be correlated with the times of crisis, newly formed governments, strong incumbency, and less constraints on executive branch. Within a "rational delay" framework, they claim that each group wait-out the others for change until one of the groups disproportionately share the burden. Olson (1982) also argued that stable democracies could lead to accumulation of concentrated economic and political power and wars could bring change by dissolving the pre-war structure of concentrated power and changing the distribution in a society. Avi (2011) estimates the timing of reform in relation to consensus among regulators and interest groups, intensity of opposition, and concentration of coalition. Political business cycles (Nordhaus, 1975) can also explain the strategic timing of change or reform that incumbent politicians may adopt policies that will enable them to be re-elected. Berksoy and Demir (2004) showed, for instance, that overall tax burden was systematically lowered prior to elections in Turkey.

V. CONCLUDING REMARKS

In this study we have reviewed the actors and factors that can potentially hinder change or reform in government sector in societies. Change or reform is a complex issue. The complexity of economic and political markets and systems only add to the complexity of change or reform discussions. To simplify, we adopted an economic approach and normatively argued that not all change is necessary and change or reform must be welfare-increasing. Around this benchmark, we reviewed the actors and factors within a rational decision-making model in which economic agents choose change or reform if they foresee net specific private benefits. As it may not be a perfect tool, without this assumption, it is very difficult to predict the direction of the standing of actors regarding change or reform. We listed ignorance and lack of awareness; lack of support; lack of leadership; status quo; political instability and coalition governments; interest and pressure groups; culture of contentment; ignorance, bigotry, and dogmatism; conservatism and tyranny of customs; chauvinism; etatism; inertia; habits and comfort; myopic decision-making; disbelief in change; group blindness; and mediocrity as the actors and factors in relation to change or reform in a society. We also reviewed the active-passive nature of resisting change and

timing of change. The list of actors and factors that can hinder change or reform can be expanded. However, the crucial point here is that exploring the behavioral dynamics of all actors (decision-makers) regarding their position and standing for change or reform and timing of it in a society can help develop and implement welfare-increasing changes or reforms more efficiently.

REFERENCES

- Acemoglu, Daron and James Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. Crown Business. New York.
- Aktan, Coskun Can. 2005. *Perspectives on Economics, Politics and Ethics*. Ankara: Seçkin Yayınları.
- Aktan, Coskun Can. 1999. *Toplumsal Dönüşüm ve Türkiye*, İstanbul: Milliyet Yayınları.
- Alchian, Armen A. 1950. "Uncertainty, Evolution, and Economic Theory". *Journal of Political Economy*. Vol. 58. No. 3 (Jun.). pp. 211-221.
- Alesina, Alberto and Allan Drazen. 1991. "Why are Stabilizations Delayed?". *The American Economic Review*. Vol. 81. No. 5. (Dec.). pp. 1170-1188.
- Alesina, Alberto, Silvia Ardagna, and Francesco Trebbi. 2006. "Who Adjusts and When? The Political Economy of Reforms". IMF Staff Papers. Vol. 53. Special Issue. pp. 1-29.
- Becker, Gary S. 1983. "A Theory of Competition among Pressure Groups for Political Influence". *Quarterly Journal of Economics*. 98(3). pp. 371-400.
- Becker, Gary S. 1985. "Public Policies, Pressure Groups and Dead Weight Costs", *Journal of Public Economics*. Vol: 28. Issue 3. Pages 329-347.
- Ben-Bassat, Avi. 2011. "Conflicts, Interest Groups, and Politics in Structural Reforms". *The Journal of Law and Economics*. 54. No. 4 (November): 937-952.
- Berksoy, Turgay and Ibrahim Demir. 2004. "Political Tax Cycles: Political Effects on Tax Burden". In: *Türkiye'de Vergi Kayıp ve Kaçakları, Önlenmesi Yolları (Tax Evasion, Tax Erosion, and Prevention Methods in Turkey)*. XIX. Türkiye Maliye Sempozyumu. 10-14 May. Belek/Antalya. Yaklaşım Yayıncılık. Ağustos. 513-532.
- Bussiere, Matthieu and Christian Mulder. 1999. "Political Instability and Economic Vulnerability". IMF Working Paper. WP. 99/46. 1-37.

- Congleton, Roger D. 2003. "Informational Limits to Democratic Public Policy", 11-09-03. www.soc.nii.ac.jp/jepa/2003/40t2.pdf
- Congleton, R., Hillman, A. L. and Konrad, K. (editors). 2008. 40 Years Of Rent-Seeking Research. Springer. Heidelberg.
- Dziuda, Wioletta and Antoine Loeper. 2016. "Dynamic Collective Choice with Endogenous Status Quo". *Journal of Political Economy*. No. 4 (August). 1148-1186.
- Dodd, Lawrence C. 1976. Coalitions in Parliamentary Government. NJ: Princeton University Press.
- Downs, Anthony. 1957. An Economic Theory of Democracy. New York: Harper.
- Espín-Sánchez, José Antonio. 2015. "Institutional Inertia: Persistent Inefficient Institutions in Spain". DT SEHA Working Paper 64. Available at: <http://repositori.uji.es/xmlui/handle/10234/140945>
- Fernandez, Raquez and Dani Rodrik. 1991. "Status Quo Bias in the Presence of Individual-Specific Uncertainty". *American Economic Review*. Vol. 81, Issue 5, (Dec.). 1146-1155.
- Galbraith, John K. 1992. The Culture of Contentment, Houghton Mifflin. New York.
- Heinrich, Torsten and Henning Schwardt. 2013. "Institutional Inertia and Institutional Change in an Expanding Normal-Form Game". *Games*. 3. 4. 398-425. doi:10.3390/g4030398
- Helm, Carsten and Michael Neugart. 2013. "Coalition Governments and Policy Reform with Asymmetric Information". *Journal of Institutional and Theoretical Economics*. Volume 169. Number 3. September. pp. 383-406(24).
- Hodgson, Geoffrey M. 2004. "Reclaiming habit for institutional economics". *Journal of Economic Psychology*. 25. 651-660.
- James, William. 1893. Psychology: Briefer course. Holt. New York.
- Jensen, Michael and William H. Meckling. 1976. "Theory of the firm: Managerial behavior, agency costs and ownership structure". *Journal of Financial Economics*. 1976. Vol. 3. Issue 4. pages 305-360.
- Jost, John T. 2015. "Resistance to Change: A Social Psychological Perspective". *Social Research*. Vol 82. No 3. 607-636.

- Keynes, John Maynard. 1936. *The General Theory of Employment, Interest and Money*. MacMillan. London.
- Kingston, Christopher and Gonzalo Caballero Miguez. 2009. "Comparing theories of institutional change". *Journal of Institutional Economics*. Vol. 5. Issue 02. Pages 151-180.
- Landes, W. and Posner, R. 1975. "The Independent Judiciary in an Interest-Group Perspective". *Journal of Law and Economics*. 18(3), 875-901.
- Lazear, Edward. 2012. "Leadership: A Personnel Economics Approach," *Labour Economics*". Volume 19. Issue 1. January. Pages 92-101.
- Lazear, Edward P. and Kathryn L. Shaw. 2007. "Personnel Economics: The Economist's View of Human Resources". *Journal of Economic Perspectives*. Volume 21. Number 4. Fal. Pages 91-114.
- Lindvall J. 2010. "Power sharing and reform capacity". *Journal of Theoretical Politics*. 22(3): 1-18.
- Lindvall, J. 2017 (forthcoming). *The reform capacity of coalition governments*. Oxford: Oxford University.
- Mises, Ludvig von. 1944. *The Omnipotent Government The Rise of the Total State and Total War*. Yale University Press. New Haven.
- Niskanen, William. 1971. *Bureaucracy and Representative Government*, Chicago: Aldine-Atherton.
- Nordhaus, William D. 1975. "The Political Business Cycle". *The Review of Economic Studies*. Vol. 42. No. 2 (Apr.). pp. 169-190.
- North, Douglass C. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge University Press. Cambridge.
- Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Harvard University Press. Cambridge.
- Olson, Mancur. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. Yale University Press. New Haven.
- O'Toole, James. 1995. *Leading Change, Overcoming the Ideology of Comfort and the Tyranny of Custom*, San Francisco: Jossey Basas Publ.
- Pareto, V. 1906/1972. *Manual of Political Economy*. (Translated by Ann S. Schwier. Edited by Ann S. Schwier and Alfred N. Page). MacMillan.

- Robin, Corey. 2011. *The Reactionary Mind: Conservatism from Edmund Burke to Sarah Palin*. Oxford University Press. Oxford.
- Rostow, W. W. 1959. "The Stages of Economic Growth". *The Economic History Review. New Series*. Vol. 12, No. 1. pp. 1-16.
- Russell, Bertrand. 1912. *The Problems of Philosophy*. Henry Holt and Company. New York.
- Samuelson, William and Richard Zeckhauser. 1988. "Status Quo Bias in Decision Making". *Journal of Risk and Uncertainty*. (1). 7-59.
- Schumpeter, Joseph A. *Capitalism, Socialism and Democracy*. Harper and Row. New York. 1942.
- Somin, Ilya and Sanford Levinson. 2009. "Democracy, Political Ignorance, and Constitutional Reform," *University of Pennsylvania Law Review Online*. Vol. 157: Iss. 1, Article 5. Available at:
http://scholarship.law.upenn.edu/penn_law_review_online/vol157/iss1/5
- Somin, Ilya. 2013/2016. *Democracy and Political Ignorance Why Smaller Government is Smarter*. (2nd ed.). Stanford Law Books. Stanford University Press. Stanford, California.
- Tollison, Robert D. 2012. "The economic theory of rent seeking". *Public Choice*. Vol. 152. No.1/2. The intellectual legacy of Gordon Tullock (July). pp. 73-82.