

Abstract

In social science the concept of 'institution' plays a very important role. There are, however, significant differences in the way the concept is interpreted by the different schools of thought. Within economics is a divide between Original Institutional Economics and New Institutional Economics. Within sociology the Classical Sociology approaches the concept differently compared with the way Micro-Sociology is interpreting it. Serious methodological differences make a fruitful confrontation between the different approaches almost impossible. This paper shows that a methodological synthesis is possible. The method of isolated abstraction, as applied by orthodox economics has the potential to offer a synthesis by adding social and psychic logic to the analysis of economic logic. Moreover, the application of methodological institutionalism can overcome the divide between the typical micro and the typical macro methodology.