

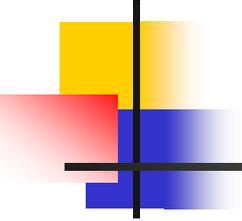
The Workshop in Political Theory and Policy Analysis:

A Thematic Overview

Michael D. McGinnis

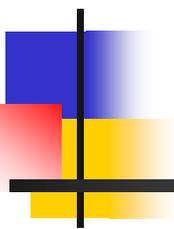
Indiana University, Bloomington
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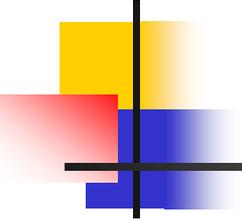
Outline of Presentation

- **History:** Established in 1973 at IU-Bloomington
 - Faculty, students, and visiting scholars
 - Collaboration with many institutions
- **12 Steps Toward Understanding the Workshop Perspective**
- **Workshop Research Programs**
 - Diverse topics, common approach to research
- **Methodological Approach**
 - Institutions from Methodological Individualism
 - Combine Scientific Rigor and Policy Relevance



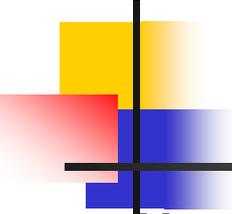
12 Steps Towards Understanding the Workshop Perspective

Integrating Assumptions, Values,
Methods, and Lessons Learned



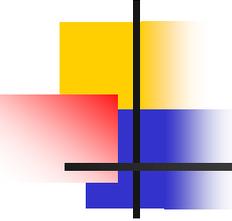
The 12 Steps: Assumptions, Values, Methods, and Lessons Learned

1. **Humans are boundedly rational**, subject to cognitive and social constraints.
2. **Institutions are human artifacts** that both facilitate and constrain behavior.
3. **Governance** determines **who** can do **what** to & for **whom**, when and where.
4. **Community self-governance** *is inherently desirable on normative grounds.*
5. Using **local knowledge** makes governance arrangements more sustainable.
6. Self-governance requires a **supportive institutional context**, at all levels.
7. **Polycentric systems of order** can best sustain community self-governance.
8. Polycentricity does not emerge automatically; **entrepreneurs** are required.
9. **There are no panaceas**: markets can fail and small is not always beautiful.
10. Tendencies and flaws can be identified by applying a form of **institutional analysis** that pays attention to multiple levels and uses multiple methods.
11. *Institutional diversity is as valuable as biological and cultural diversity.*
12. *Policy analysts should help sustain capacity for community self-governance.*



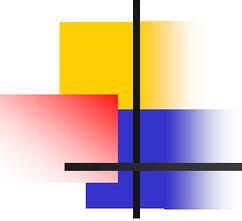
Steps 1-2: Individual Choice and Institutions

1. **Humans are boundedly rational**, under cognitive, social constraints.
 - Cognitive constraints in form of fallibility, limited information-processing capacity, tendency to rely on heuristics, short-cuts, biases in perception, beliefs, emotions.
 - Social constraints from evolutionary pressure for ability to cooperate in groups, esp. to observe cheating and derive satisfaction from punishing cheaters.
 - Assumes human groups are capable of constituting & reconstituting conditions of their own existence.
 - Goal-directed behavior, and many goals require concerted action with others.
2. **Institutions are human artifacts** that both facilitate and constrain behavior.
 - Perspective of methodological individualism, yet institutions matter.
 - Norms and rules emerge from concerted action and open up new opportunities.
 - Individual incentives to take advantage of others are ubiquitous in all institutional settings, so safeguards (monitoring, etc.) must also be ubiquitous.
 - Establishing and maintaining institutions takes effort and entrepreneurial leadership.



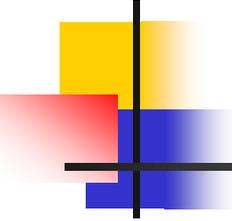
Step 3: Governance Networks

3. **Governance** defines institutions of authority in society.
 - Determines **who** can do **what** to & for **whom**, when and where.
 - Norms and rules empower some agents to act in name of others (do what *for* whom), which often requires them to take or authorize actions that may hurt or harm others (do what *to* whom).
 - Responsibilities delineated in terms of time span, geographic scope.
 - **Governance** as broader term than **government**
 - **Governments are formal organizations** with agents assigned the authority to make decisions for some group
 - **Governance is relational**
 - **Governance networks** include public, private, community, and voluntary organizations, all of which contribute to rule-making and enforcement



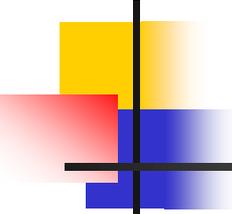
Step 4: Self-Governance as a Normative Value

4. *Community self-governance is inherently desirable on normative grounds.*
- Ideally, communities should be able to establish the rules under which they define who can act in their name and what authorities can and cannot do. In short, communities *should* be able to govern themselves.
 - This normative assertion may seem self-evident to many, but it would not be appropriate under conceptualizations of the human species as being divided into classes or races of unequal capability or intrinsic worth.
 - Other normative values also need to be taken into consideration; in an ideal world, no community would prosper from exploitation of other communities. Community practices need to comport with general standards of morality.



Steps 5-6: Requirements for Self-Governance

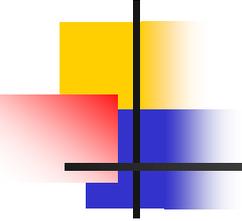
4. Communities must have have access to **local knowledge** that can make governance arrangements more sustainable.
 - Self-governing communities can more effectively match institutions to local time and space contingencies.
5. Self-governance requires a **supportive institutional context**, at all levels.
 - Maintaining this capacity for self-governance at the community level requires that individual members of that community are sufficiently autonomous.
 - Higher levels of governance must allow sufficient room for choice to be effective and enough capacity for agency to be meaningful.
 - Local practices will face pressures to remain consistent with general standards of morality.



Step 7: Polycentricity

7. **Polycentric systems of order** can best sustain community self-governance.
 - A system composed of multiple centers of authority, with overlapping jurisdictions.
 - Just having multiple centers is not enough: “polycentric” regions with multiple urban centers or “multipolar” international systems are merely *multi-centric*.
 - Dynamic system, with new units added whenever deemed necessary.
 - **Federalism with enhancements**, combining ALL of the following components
 - **Multi-Level**: Local, provincial, national, regional, global units of governance
 - **Multi-Type**: general purpose and specialized, cross-jurisdictional political units
 - **Multi-Sectoral**: public, private, voluntary, community-based and other kinds of organizations, each correcting for “failures” of others
 - **Multi-Functional**: specialized units for provision (selection of goals), production (or co-production), financing (taxes, donors), coordination, and dispute resolution
 - The **normative goal of sustaining self-governance** can be separated from **empirical claims about the relative benefits of polycentricity**.
 - **Polycentricity serves** as a means towards the goal of sustainable self-governance.

Varieties of Governance Systems

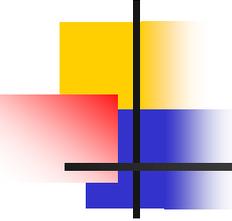


If Governments Monopolize Authority

- Unitary State
- Federal
 - Nested general-purpose jurisdictions
 - Overlapping special-purpose jurisdictions
- Multi-Centric System
 - No common authority
 - Ex. : balance of power system

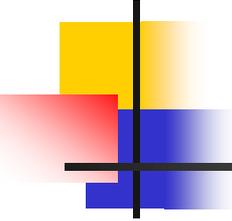
Governance Networks

- Dominant Hub Network
 - Ex: totalitarian party-state
- New Public Management
 - Cross-sector networks coordinated by public officials
- *Polycentricity*



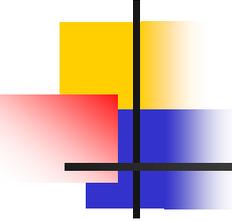
Step 8: Public Entrepreneurship

8. Polycentricity does not emerge automatically; **entrepreneurs** are required.
 - Public entrepreneurs are artisans that craft institutions in much the same way as artists work in wood, clay, metal, paint, etc.
 - Institutional artisans begin with a vision in their mind but they must adapt that vision to the reality of the material with which they are working.
 - No “invisible hand” solution can be presumed to work in all circumstances.
 - No central planner responsible for creation of all new component units, and yet coordination among existing units requires constant attention and leadership.
 - The entrepreneurial skills required to craft effective institutions can only be sustained if these traditions are passed on to new generations.
 - Common knowledge greatly facilitates sustainable governance.



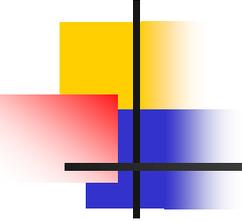
Step 9. No Panaceas

9. **There are no panaceas:** markets can fail and small is not always beautiful.
 - Local tyranny is a real danger and locally based oppression can be severe.
 - Not all traditional or indigenous practices are normatively desirable.
 - Effective governance makes full use of the economies of scale present at all levels of aggregation; all levels have roles (example: redistribution for equity or fairness)
 - Even polycentricity has its downside, especially its high transaction cost. But this cost can be justified as an investment in future opportunities.
 - A polycentric system of governance may be overwhelmed by incursions from powerful militaries or states, intrusive economic forces, and cultural changes that undermine the capacity for community self-governance.



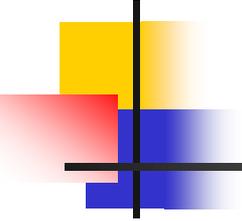
Step 10: Institutional Analysis

10. Tendencies and flaws can be identified by applying a form of **institutional analysis** that pays attention to multiple levels and uses multiple methods.
 - Institutional Analysis and Development (IAD) framework combines choice-action situation with contextual conditions and consequences of choice
 - Biophysical conditions, cultural attributes, and broader institutional contexts must all be taken into consideration (as detailed in later slides).
 - Institutional arrangements can best be understood as linguistic constructions that are complexly and reciprocally linked to each other.
 - Actor evaluations of policy outcomes feed back into revised behavior and rules under which they interact: can change conditions of own existence
 - This methodological and constructivist perspective on institutions generates unique analytical insights (as detailed in later slides).



Step 11. Realizing the Value of Institutional Diversity

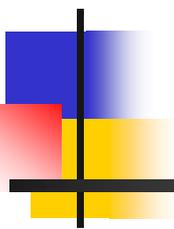
11. *Institutional diversity is as valuable as biological and cultural diversity.*
 - In context of polycentricity, few if any opportunities for collective gain are unrealized, provided actors have access to low-cost mechanisms for collective action.
 - Diverse institutional arrangements are the natural consequence of this process
 - Instrumental value of institutional diversity: more likely to be able to design an effective response to newly arising problems or opportunities
 - Intrinsic value should not be overlooked.



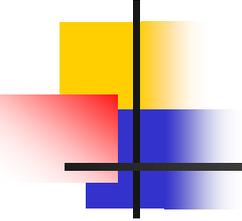
Step 12: Moral Responsibilities of Institutional Analysts

12. *Policy analysts should help sustain capacity for community self-governance.*
- Analysts must simplify to understand complexity, but even simple theories should allow for diverse outcomes under divergent conditions.
 - Policy analysts *should* fulfill both their professional duty to give good advice to their clients and a broader responsibility to reinforce and amplify capacities for institutional innovation, rather than offering simplistic solutions (or slogans).

Workshop Research Programs

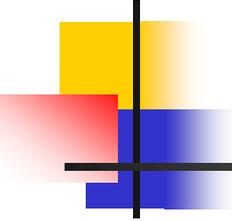


Changing Subjects,
Recurring Themes



Basic Characteristics of Workshop Research Programs

- **Problem-centered research**, with equal importance given to both scientific rigor and policy relevance
- **Focus on informal institutions** and their effects
- **Multiple methods of analysis**: formal models, statistics, case studies, field research, meta-analysis, lab experiments, simulations, remote sensing
- **Collaborative research teams**, involving faculty, students, visiting scholars, practitioners
- **Multi-disciplinary research teams**, which often re-visit the sites of previous research projects

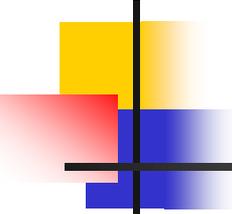


Workshop Research Programs: An Overview

1. **Local Public Economies and Metropolitan Governance:** Water, Police Services, Networks
2. **Management of Common Pool Resources:** Watersheds, Irrigation, Fisheries, Forests
3. **Constitutional Order, Governance, and Development:** Federalism, Democratization, Reform, Rural Infrastructure, Foreign Aid
4. **Collective Action, Social Capital, and Trust**
5. **Sustainability of Social-Ecological Systems**

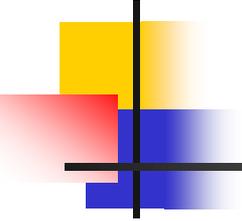
1. Local Public Economies and Metropolitan Governance

- Began as response to reform programs focusing on consolidation in U.S. metropolitan (urban) areas
- Conceptual foundations laid in 1961 Ostrom-Tiebout-Warren article
- Comparative case studies: Indianapolis metro area
- Analysis of police services, using multiple measures: official records, surveys, and physical data
- Findings: smaller jurisdictions had many advantages (especially if extensive co-production)
- Cases of complex systems of metropolitan governance
- Recent resurgence of interest in network governance, new public management (definitely not new to Workshoppers!)



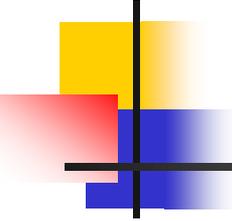
Conceptual Foundations

- In 1961 *APSR* article OTW contrast consolidated metropolitan governance (*gargantua*) with *polycentricity* (alternative term: multi-nucleated communities)
- They claim polycentricity is more common and has many benefits.
- They distinguish *provision* (selecting a bundle of public goods for a collective consumption unit) from *production* (which may be undertaken by the same unit or contracted out or via process of *co-production*, in which consumers actively participate in production).
- Efficiencies of scale can best be captured by producing different public goods at different levels of aggregation, and by different units.
- *Financing* may be arranged in many ways, including financial transfers from other jurisdictions or donations from other sources.
- *Coordination* and *dispute resolution* as pivotal aspects of polycentricity.
- Generalize Tiebout's model of competitive production of local public goods (voting-with-the-feet), since citizens don't have to move.



Police Studies

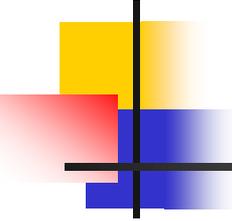
- Initial project emerged from 1973 seminar on measuring public goods, in which students selected police services as focus
- Indianapolis had recently undergone reform to a consolidated system known as *uni-gov* (combining city of Indianapolis and Marion County)
- Consolidation was incomplete, since some small communities chose to remain outside Indianapolis
- Researchers matched communities with comparable neighborhoods within Indianapolis, focusing on three matched pairs of cases
- Analysis of police services using multiple measures (crime statistics, surveys, interviews, participant observation)
- Results demonstrated benefits of smaller jurisdictions, esp. regarding citizen satisfaction with policies of smaller police departments
- Continuing research on related programs of “community policing”



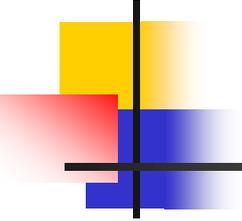
Metropolitan Governance

- Expanded scope of research to cover consider public service delivery as a whole, with each sector comprising a *public economy* of inter-linked public, private, and voluntary actors
- St. Louis and Allegheny County (Pittsburgh) as examples of complex metropolitan governance that seem to work well
- Evidence that different functions were most efficiently handled at different scales (Example: local patrols, regional coordination of emergency dispatch, state-level training)
- Continuing policy debates over relative benefits of consolidation vs. retaining existing complexity, including recent push for further consolidation in Indianapolis
- Ongoing research on policy networks of public, private, and non-profit organizations

2. Management of Common Pool Resources (CPRs)

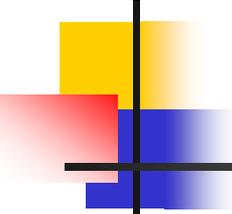


- Foundations in pre-Workshop research by Vincent and Elinor Ostrom on water laws and watershed management in western U.S.
 - Resource management systems seen as complex “public economies,” part of broader polycentric systems
 - Rules crafted to match local conditions
 - Equity jurisprudence played pivotal role in resolving conflicts
- Workshop researchers applied similar principles to resource issues in countries throughout the world
- Continuing relevance to Western water issues, including updated analyses of groundwater in southern California



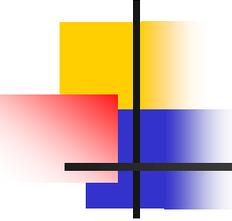
Conceptual Foundations: CPRs and the Tragedy of the Commons

- **Common Pool Resources (CPRs)** combine subtractability/rivalry of private goods with high costs of exclusion of public goods
- Under **Open access property regime**, CPRs tend to be depleted, via **tragedy of the commons**
 - Individual resource users (herders, fishers) have incentives to extract as many resource units (graze cattle, catch fish) as possible, even if the collective result is degradation of the resource as a whole
 - Hardin famously concluded that the only viable solutions were based on markets (privatization, enclosure) or states (central management)
- Yet other outcomes can occur if CPRs are treated instead as **common property** and **collectively managed** by user groups
 - Difficult collective action problems must be addressed to do so
 - **Drama of the commons** as a more appropriate term, allowing for tragedies to occur, but only under some circumstances



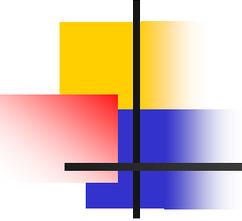
Governing the Commons

- Elinor Ostrom's 1990 book based on comparative evaluation of case studies throughout the world
 - Irrigation systems, fisheries, common grazing areas, other forms of commons
 - Many (but not all) user groups managed to avoid tragedy of the commons; if not, they would not have been around to study
 - Communities have developed many alternatives to state and market solutions
 - Demonstrable advantages of local management (esp. clear for farmer-managed irrigation systems in Nepal)
- Inductive generalizations about sustainable systems
 - Few failures were available for study, except for those recorded in historical accounts



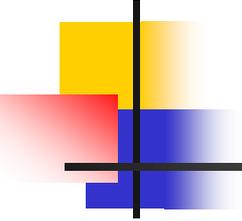
Findings: Sustainable CPR Management Regimes Satisfied Design Principles

1. Clearly defined **boundaries** (members, resources)
2. Wide **participation** in institutional design and processes of collective choice
3. Rules congruent with **physical conditions** and with **community values** (example: reward is commensurate with contribution)
4. Incentives for regular **monitoring**
5. **Graduated sanctions** applied to rule violators
6. Easy access to **dispute resolution mechanisms**
7. **Nested** within supportive institutional context
8. **Recognition of rights** to organize at all levels



Example: Lobster Fisheries in Maine

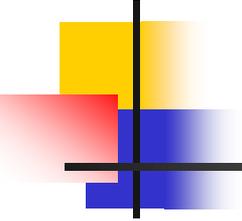
- Lobster beds tend to be located close to shore, with relatively fixed locations; so physical boundaries can be more easily demarcated and protected than for migratory fish species in open seas.
- Maine lobster fishermen in tightly-knit communities; members discuss rules endlessly, closely monitor each other and exclude newcomers.
- Rules (such as not interfering with lobster traps of other fishermen) can be enforced by social sanctions from very observant neighbors.
- Innovative rules include returning to sea pregnant females after cutting a notch in tail; no female with notched tail can be sold in local markets. This procedure helps insure future generations.
- State and federal governments have, for the most part, left these communities to govern themselves, yet they face pressure from outside fisherman.



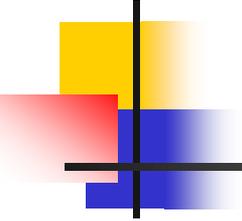
Implications of Resource Management for Good Governance

- Initial skepticism: any broader political relevance?
 - Many cases were located in remote regions or isolated communities, far from centers of political or economic power
 - Yet these were critical resources for the relevant communities, as their livelihoods depended on successful long-term management
 - Cases demonstrated feasibility of community-based management
- Challenges for sustainable governance of resources
 - Conflicts among multiple user groups with divergent interests
 - Pressures from expansion of state, global economy, international NGOs, environmental degradation
- More research needed to understand governance of multiple resources over long periods of time

IFRI: International Forestry Resources and Institutions

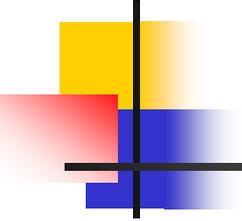


- Forests as surprisingly complex “public economies” -- multiple resources and overlapping user groups
- Researchers developed systematic coding form (physical, social, economic, and institutional data)
- Extensive field research
- Training program for scholars and practitioners
- Coordination with some dozen Collaborating Research Centers (CRCs) around the world
- Developing time series data on forestry resources and institutions
- Example of findings: protected forests sustainable only if local resource users treated as full participants



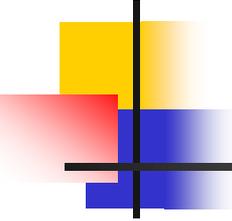
CIPEC: Center for Study of Institutions, Population, and Environmental Change

- NSF-funded multi-disciplinary research program (Anthropology, Geography, Political Science, Economics)
- Originally focused on deforestation and environmental change in Latin America, as driven by patterns of land use change
- Expanded to cover cases from other areas of the world
- Combine biological and demographic data with political, economic, social, and institutional measures
- Extensive use of remote sensing and GIS



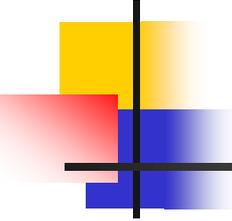
Research on the Commons

- **International Association for the Study of the Commons (IASC)**
 - Workshop a leader in establishment of new interdisciplinary association, originally International Association for the Study of Common Property (IASCP)
 - Global conference every two years
 - Renewed emphasis on new forms of commons
- Workshop established **Digital Library of the Commons**, based on extensive collection of unique materials on commons research at IUB



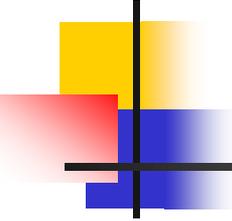
3. Constitutional Order, Governance, and Development

- Grounded in normative political philosophy (esp. Vincent Ostrom)
- Historical studies of macro-level systems of constitutional order in different cultures and historical eras
- Critiques of the overly centralized nature of the modern state, especially in Africa
- Evaluation of specific policies of decentralization & development
- Evaluation of programs implemented by international NGOs and local community organizations, esp. in resource management
- Case studies of international development agencies, both in terms of internal incentives and overall program effectiveness
- Analysis of conflicts and the international organizations that respond to them, esp. in Southern Sudan and Somalia
- Practical efforts to implement reform, esp. in Liberia



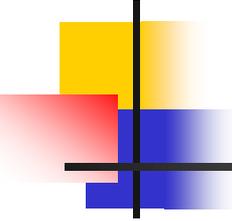
Conceptual Foundations: Vincent Ostrom on Political Theory

- *Political Theory of a Compound Republic* reveals logic of design underlying the theory of limited constitution in *Federalist*
- Polycentric governance generalizes/extends the basic logic of federalism
- **Hobbes' *Leviathan*** articulates a mono-centric logic of unitary sovereignty, but his conclusion results from mis-application of valid techniques of methodological individualism
- **Democratic self-governance** is possible in diverse cultures, but **under diverse institutional arrangements** needed to match local time and space contingencies
- *Tocqueville* highlights social and cultural foundations for sustainable democracy, and its potential long-term weaknesses
- Developing and sustaining a basis of **shared understanding** is critical for any sustainable system of constitutional order



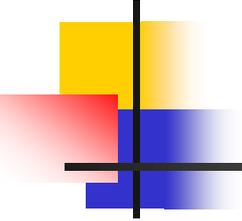
Key Research Themes

- Identifying potential **foundations for democracy and polycentric governance** in diverse cultural and historical settings
- Special concern with overly centralized nature of the modern African state, and the potential of bottom-up reform
- **Consortium for Self-Governance in Africa (CGSA)**
- **Rural infrastructure** sustainable only if local communities deeply invested in selection, production, and maintenance
- Foreign **development agencies** pursue their own interests, esp. “move the money”
- To be sustainable, governance reform, economic development, and environmental management all have to be well-grounded in local cultural traditions and local communities have to be not just “owners” but also co-producers of desired ends
- Ongoing research on **conditions for sustainable democracy**



Re-Thinking Development

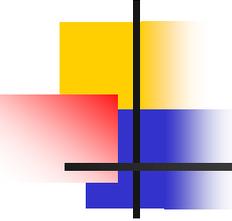
- Development sector is itself a “**public economy**,” a network of international and domestic public, private, and voluntary organizations
 - Example: International Development Assistance Octangle
- Research should combine models, field studies, interviews
 - **Perverse Incentives** for International Development Agencies: “move the money” (*Samaritan's Dilemma*)
- It's not enough to fill **gaps** in money or capital or missing markets; focus instead on building social capital and other **missing institutions**
- **Ownership**: local participation (or **co-production**) is essential for sustainable development
 - Examples: farmer-managed irrigation systems in Nepal and other forms of local rural infrastructure



Ownership in IAD Terminology

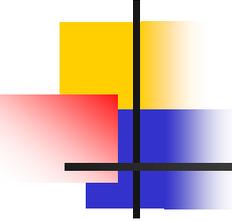
- **Provision:** are priorities for projects selected by donors only, jointly with local beneficiaries, or by local communities themselves?
- **Production:** are projects implemented by non-local contractors or via some process of co-production?
- **Financing:** do donors set the terms of the project (and perhaps require only “sweat equity” from recipients) or are recipients expected to tax themselves to support the project?
- **Consumption:** do benefits accrue to donors (via contractor support or tourist enjoyment) or do local communities fully share in increased value?
- **Alienability:** does project end when donors leave or are local communities expected to take responsibility for its future status?

Prospects for sustainability improved by the latter, in each component



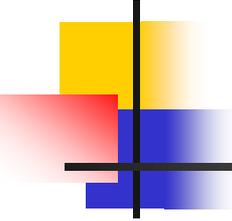
Re-Thinking Decentralization

- Decentralization widely touted as important reform for development and good governance
- Varieties of decentralization programs
 - **Deconcentration**: authority to implement programs given to lower level units, but usually without authority to change policy
 - **Delegation**: includes policy-making authority, but programs are often funded by higher level units
 - **Devolution**: Lower level units allowed to allocate resources and given authority over policy
- **Polycentricity** adds other bottom-up options **beyond devolution**
 - **Co-production**: communities fully engaged in production process.
 - Communities with authority to **tax themselves** to support programs.



Re-Thinking Political Reform

- Disappointing results of democratization reform suggest misplaced emphasis on such things as
 - Rapid movement to divisive and competitive elections
 - Massive privatization without controls on distribution or subsequent operation of markets
 - Decentralization too often rewards local strongmen
 - Civil society organizations too often ephemeral
 - Communal property rights underappreciated
- Reform can be assisted from outside, but needs to be grounded in local cultures
- External donors monitor *outputs* at expense of real *outcomes*



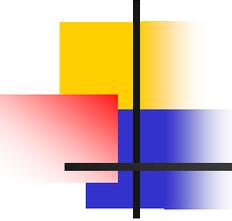
Contrast Between Two Approaches to Governance Reform: Specific Policy Areas

International Community Approach to State-Building	Workshop Approach to Helping Build Polycentric Governance
Hold national elections ASAP, nurture ideological parties	Do local elections first; accept some patronage in parties
Devolve responsibility to local officials, under central directives	Encourage local officials to build their own local tax base
Privatize government assets ASAP	Monitor distribution of assets
Privatize communally held property and settle pastoralists	Respect communal property and livelihoods
Protect environment with national directives, NGO programs	Involve local population in all programs, incl. protected forests
Impose uniform system of law, with full respect for human rights	Allow for regional variations legal pluralism, social reconciliation
All security services provided by a professionalized military, police	Encourage local self-defense forces to work with national police

Contrast Between Two Approaches to Governance Reform: General Characteristics

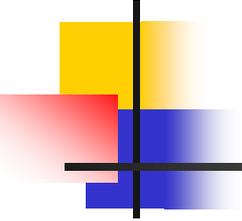
<i>International Community Approach to State-Building</i>	<i>Workshop Approach to Helping Build Polycentric Governance</i>
Focuses on <i>political</i> institutions (courts, parties, elections, bureaucracies, etc.)	Stresses <i>social</i> institutions as foundation for governance (Tocqueville)
“Decentralization” empowers local extensions of central government, with limited connection to communities	Decentralization builds upon indigenous institutions; nested within supportive structure built from the bottom up
Leaders exploit top-down institutions (presidents, rebel leaders, warlords)	Public entrepreneurs build institutions that enhance local capabilities
Ethnicity as tool for partisan political mobilization and conflict	Ethnicity as source of social capital and collective action
A common language is imposed by ruling elites for nation-building	Language diversity is encouraged and well utilized by public, private actors
Treats diplomacy and peacekeeping as typical response to conflict situations	Learns from the ways in which local communities resolve their own conflicts

*Note: These approaches are presented in “ideal type” form to highlight fundamental differences. In practice, their characteristics need not be mutually exclusive.



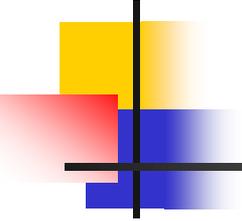
No sector can achieve its potential without support from other sectors

- **Efficient markets** require secure property rights, production of other needed public goods, the availability of voluntary self-regulation, and socio-cultural limits on commodification and exploitation.
- **Accountable governments** require the involvement of an informed and vigilant citizenry embedded in dense networks of social capital, assisted by voluntary watchdogs and private sources of power.
- To insure the continued success of self-governance, **voluntary associations** need to be recognized as legitimate political actors and holders of property, provided they do not deviate too far from socially acceptable norms of behavior.
- **Sustainable communities** require easy access to peaceful means of resolving conflicts, reasonable exit options, and at least a minimal economic rationality.



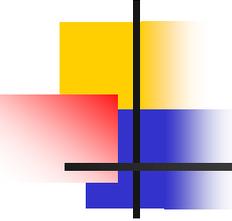
Look Beyond “Missing Markets” to Find Other Missing Institutions

- **Meaningful ties** between local governments and local communities
- **Accountability of national leaders** via taxes, elections, civil society, personal accountability
- **Limits** on executive power, security guarantees
- **Accountability of international NGOs** to local populations
- **Cross-border institutions**, regional governance
- **Global mechanisms to smooth out inequities**
- **Monitor actual outcomes** not just policy outputs



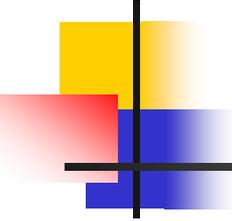
Effects of Globalization

- **Globalization challenges** self-governing communities
 - Global market pressure towards homogenization
 - Extension of reach of state authorities
 - Environmental degradation and NGO activism
- Yet local cultures are often re-vitalized under **globalocalization**
 - This combination is often seen as puzzling
- **From Workshop perspective:**
 - Local communities have **always** been innovative,
 - Local innovations are more widely noticeable now because of dense communication networks
 - Connections among local communities facilitated by lower communication and transportation costs



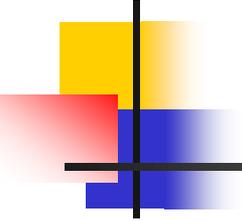
4. Understanding Collective Action, Social Capital, and Trust

- **Topics of fundamental concern** in public economy
 - Game theory predicts non-cooperation and sub-optimal public goods, except in favorable conditions
 - Use laboratory experiments as “nano-level” testbeds for alternative institutional arrangements
 - Can evaluate conditions that can facilitate collective action beyond small group size and homogeneity
- **Inter-disciplinary Experimental Laboratory** is a state-of-the-art facility in Woodburn Hall
 - Allows simulation of neighborhood and network effects, based either on physical or social connections



Key Findings

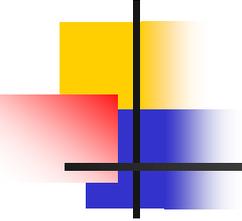
- Experiments reveal systematic deviations from expectations of standard game theory
 - Many subjects willing to cooperate and to sanction
 - “Cheap talk” is often sufficient to start cooperation
- Cross-cultural comparisons reveal common patterns of interactions among trust, reputation, reciprocity, social capital
 - Ongoing development of a “second generation” of rational choice theory that incorporates effects of visual and verbal cues, norms of reciprocity and fairness, and willingness to sanction rule violators



5. Sustainability of Social-Ecological Systems (SES)

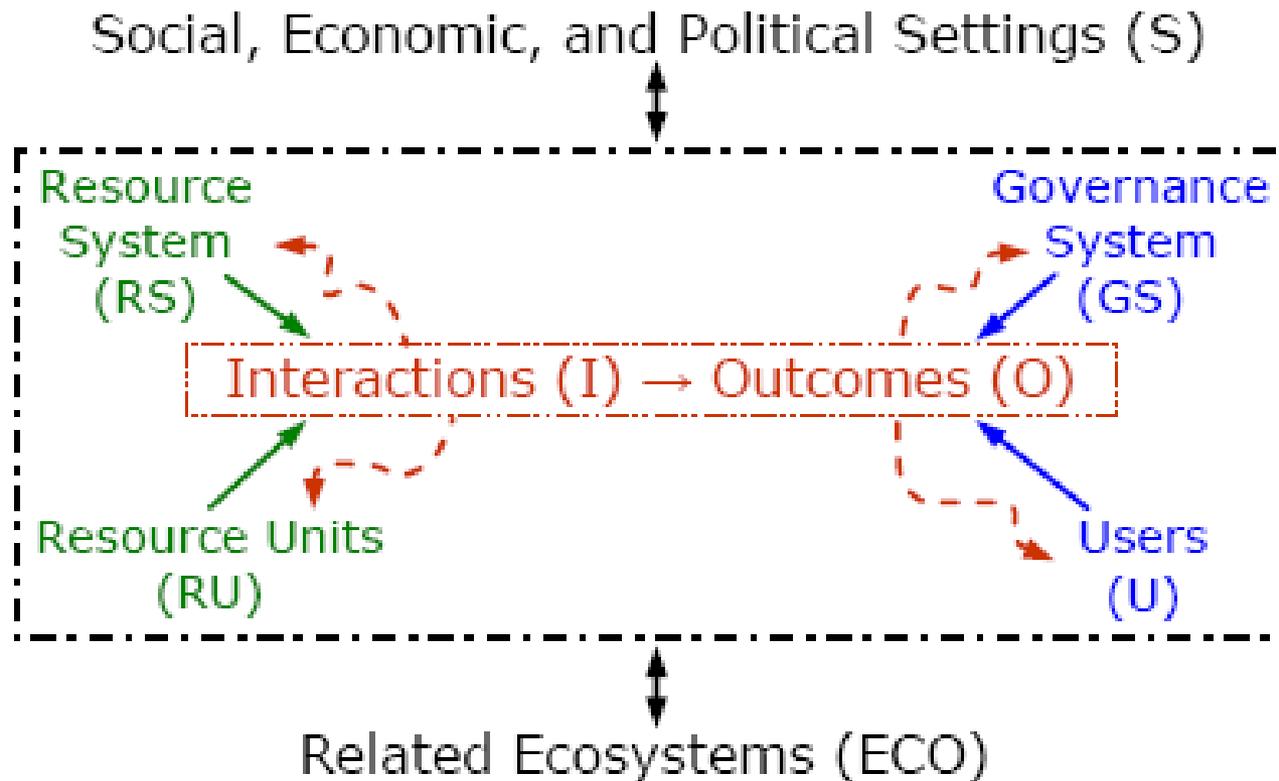
- Global impact of human activities is shaped, in fundamental and systematic ways, by
 - individual incentives
 - governance systems
- Analysts need long-term monitoring of economic factors, environmental conditions, and institutional arrangements
 - Individual researchers typically have short time horizons
 - So do most funding agencies
- Agent-based models as an especially effective tool in exploring the aggregative consequences of simple processes in complex systems

Computational Models of Nested Institutions



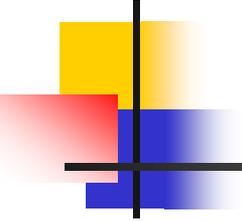
- Ongoing research, still in early stages
- Working towards a web-based representation of layers of complexity inherent in institutional diversity
- Factors at any one **focal level** are affected by choices and outcomes at other levels, especially adjacent ones above and below
- Systematic arrangement of first, second, and third tier factors that influence
 - **resource units** and **resource systems** and
 - **user groups** and **governance systems**

A Multi-Tier System for Analyzing a Social-Ecological System



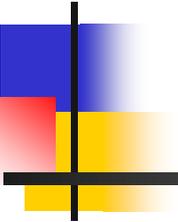
(Straight arrows represent direct causal links; red, curved arrows represent feedbacks)

Implications for Research on Social-Ecological Systems

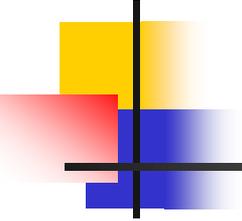


- This framework helps recognize comparable levels of complexity in both ecological and social sides
- From any focal level, analysis requires digging down at least one tier to understand configuration of variables at that level
 - Each variable can itself be decomposed into lower-tier indicators
 - Similar outcomes can be generated by different combinations of factors
- Research direction: go beyond exogenous institutions
 - Given existing ecological and social conditions, what types of institutions are likely to be endogenously generated?
 - Under what conditions will these endogenously generated institutions prove to be sustainable?

Methodological Approach

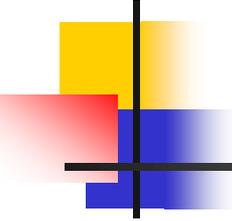


An Overview of the Terminology
Used in Institutional Analysis



Workshop researchers tend to be

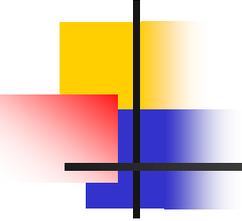
- Driven by practical policy problems;
- Open to contributions from multiple methods;
- Concerned with both rigor and policy relevance;
- Eager to share results with local communities;
- Pre-occupied with institutions other than firms, markets, elections, or national governments;
- Deeply appreciative of institutional diversity;
- Inductive in practice, yet grounded in deductive theory and research methods



Rational Choice Theory and Institutional Analysis

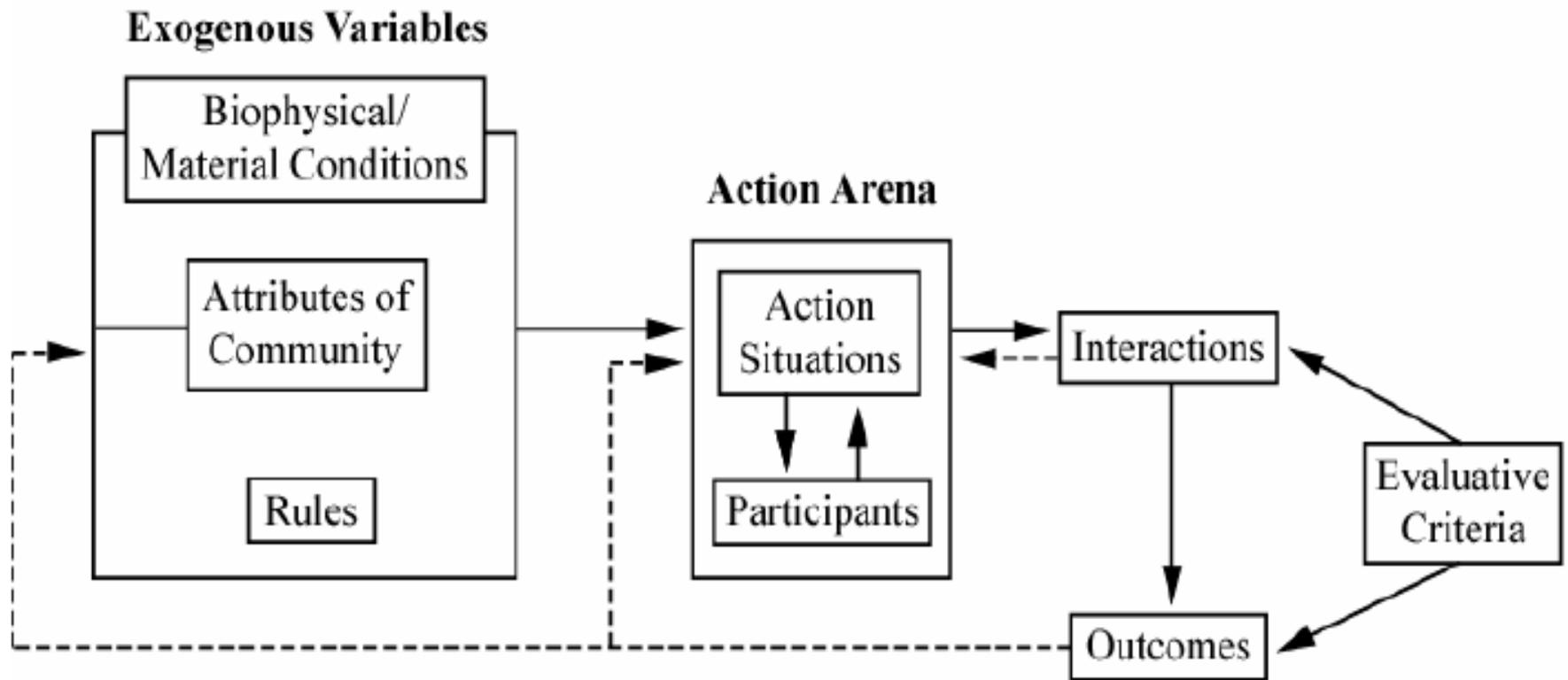
- **Methodological individualism**, with individual behavior shaped by institutional contexts and effects
- **Institutions as human artifacts**
 - Crafted to resolve particular problems
 - Rules are “social facts” that change behavior, outcomes
 - Multiple levels of rule-ordered relationships
- **Bounded rationality a critical assumption**
 - Learn by doing, trial and error
 - Selection occurs, but rarely reach optimal efficiency
 - “Second generation” behavioral rational choice

Framework, Theory, and Model



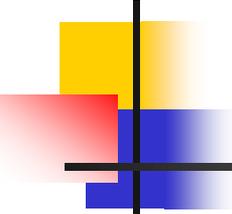
- **A Framework** identifies, categorizes, and organizes those factors deemed most relevant to understanding some phenomena
- **A Theory** posits general causal relationships among these factors and/or categories of factors, thereby designating some types of factors as being especially important and others less critical
- **A Model** specifies the specific functional relationships among particular variables or indicators that operate in some well-defined set of conditions
- **IAD Framework** developed by Workshop researchers
 - **Institutional Analysis and Development**, with *development* interpreted broadly as referring to dynamic changes within institutions and changes in their effects over time
 - Sometimes known as Institutional Analysis and **Design**, but development has become the preferred usage

IAD Framework (One Level/Arena)



Institutional Analysis and Development

IAD Framework



- **Levels of analysis (or arenas of choice):**
 - **operational choice:** the process of implementing practical decisions in the real world
 - **collective choice:** the process through which policies (as collective decisions) are made, according to existing institutions
 - **constitutional choice:** the process through which collective choice procedures are defined, including constituting all relevant collective entities involved in collective choice
- **Relationships among the levels**
 - Each “higher” level sets the constraints under which choices must be made at the next “lower” level
 - Different expectations are in play for each level/arena
 - Further levels/arenas can be added if necessary, such as a meta-constitutional level/arena that sets the conceptual terms under which constitutional choices are made

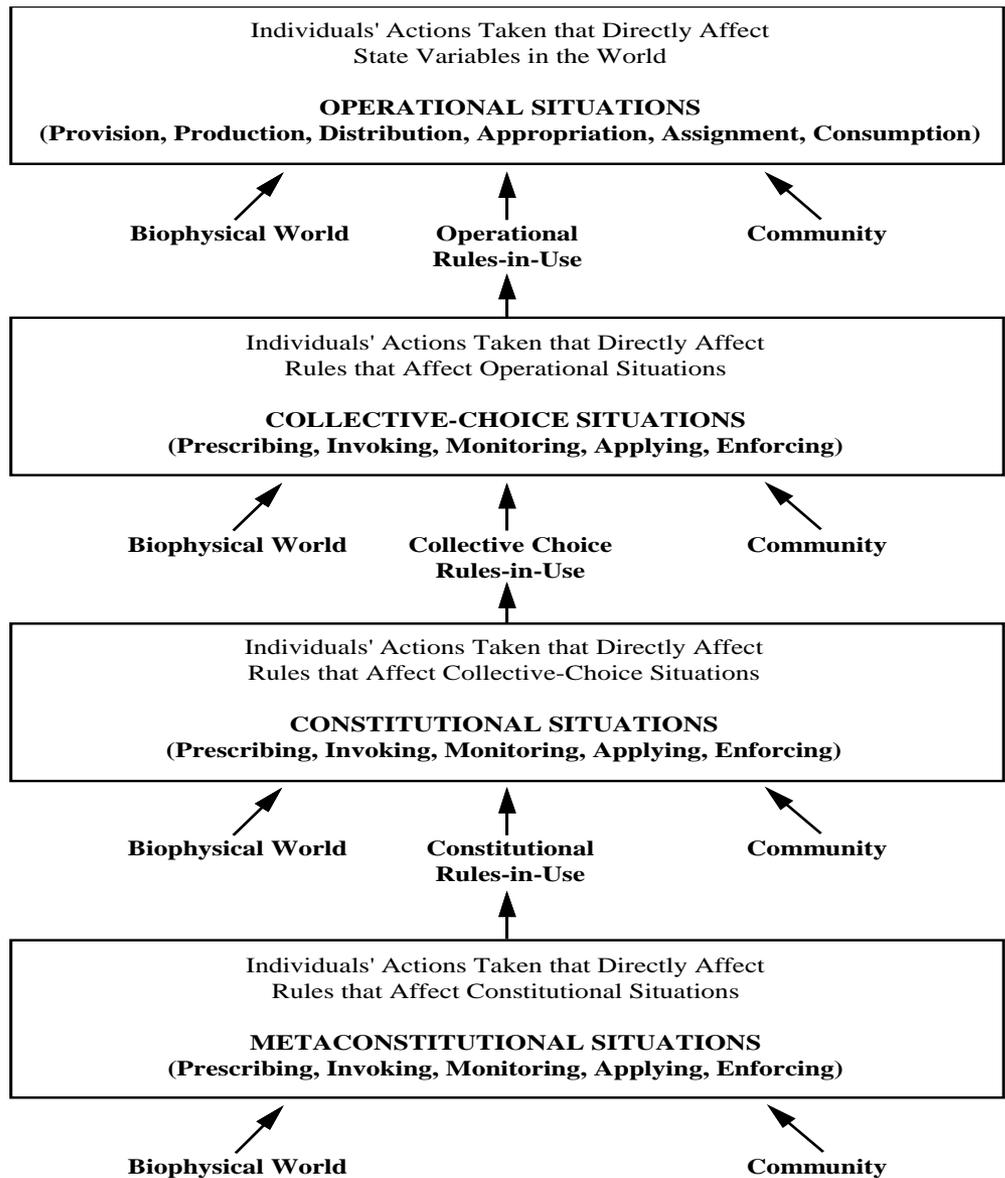
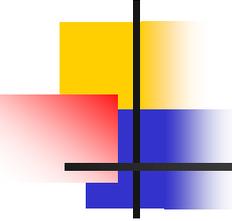


Figure 2.3 Levels of analysis and outcomes. *From E. Ostrom [1999, 60].*



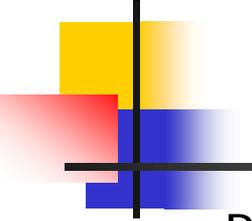
IAD Framework (Origins)

- Emerged as a response to **general systems theory** as typically applied to the policy process:
 - **Inputs** are somehow processed by “**policy-makers**” into **outputs** that have real **outcomes** that are **evaluated**, with **feedback** effects
- **Inputs** include physical conditions, attributes of relevant communities, and institutional context
- **Policy-makers** are fallible, boundedly rational individuals influenced by norms and role expectations
 - Who interact strategically in some cases, less so in others
- Many of their decisions re-shape the conditions for later choices, by them and by other actors
 - **Multiple levels of linked decision arenas**: operational, collective, constitutional, meta-constitutional

IAD Framework (continued)

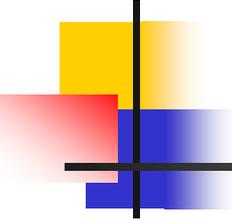
- Distinguish **among three sets of factors that set the context for choices at any one level**
 - Nature of the good (physical conditions, natural dynamic processes, etc.)
 - Rules-in-use (how formal rules are implemented in practice)
 - Attributes of the community (social and cultural context, shared understandings, etc.)
- Nature of goods, rules-in-use, and attributes of community jointly construct **action situations** (i.e., games)
- As interactions occur over time, actors re-adjust their own behavior and rules to better match up with contextual conditions
- **Rules, norms, strategies** emerge from action situations, and they interact in a configural manner to produce policy outcomes and complex systems of governance

IAD Framework (continued)

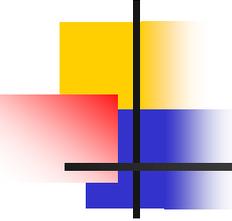


- Policy **outputs** and patterns of **interactions** generate **outcomes**
- Actors **evaluate outcomes** and react by changing choices, rules, crafting new actors and new institutions, etc.
- **Multiple evaluative criteria** are relevant:
 - Economic efficiency
 - Equity (and other redistributive considerations)
 - Participation
 - Legitimacy
 - Conformity with cultural values
 - Accountability
 - Sustainability (robustness, resilience)
- **Sustainability** of outcomes requires easy adjustment of outputs

Innovative Analytical Perspectives in the IAD Framework



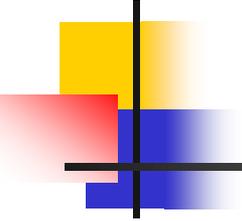
- Foundational Concern with the Nature of the Good
- Provision, Production, and Co-Production in Public Economies
- Components of Property Rights: Goods, Rights, and Owners
- Integration of Private, Public, and Voluntary Sectors
- Games as Action Situations Defined by Categories of Rules
- Grammatical Structure of Institutional Statements
- Organization as a Configural Arrangement of Institutional Statements
- Implications for Organizational Structure and Behavior
- Located within Context of Closely Related Perspectives: Other Institutionalisms and Other Perspectives on Public Policy



Foundational Concern with the “Nature of the Good”

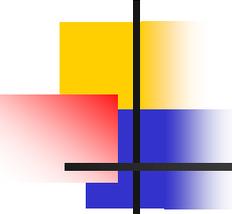
- Fundamentally different processes are associated with goods & services that are private or public (pure or impure)
- Two basic distinctions:
 - Subtractability: Does A's consumption lower B's enjoyment?
 - Exclusion: How costly is it for A to exclude B from consumption?
- Four types of goods (typically arrayed in 2x2 table)
 - Private goods are subtractable and easily excludable
 - Pure public goods are neither
 - Toll or club goods are easily excludable but not subtractable (except in cases of co-gestion)
 - Common pool resources (CPRs) are subtractable and costly (although not impossible) to exclude others

The Concept of a Public Economy



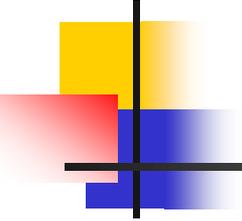
- A substantive policy sector interpreted as a **public economy**
 - “Political economy” includes political and economic organizations, and a “market economy” only private ones
 - Public economy as a generalization, with diverse actor types
- Production, distribution, and consumption of **public goods**
 - *Public* in sense of Dewey: a *group*, of any size, that is affected by some substantive problem or issue
 - There may be *public actors* responsible for overall outcomes, but these authorities cannot determine outcomes on their own
- Related to concepts of policy networks or subsystems
 - Can differ in degree of openness to new actors, from exclusive iron triangles to inclusive issue networks

Provision, Production, and Co-Production in Public Economies

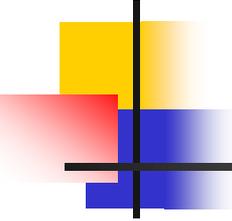


- Functional types of collective entities:
 - Production (may be private, public, voluntary, or hybrid)
 - Provision (choose goods for collective consumption unit)
 - Source of financing (taxes, grants, donations, etc.)
 - “Owner” (right of alienation, responsible for consequences)
- Production a physical process, provision political choice
- Production at operational level, provision at collective choice
- Different types of production processes
 - Regular production: consumer purchases good or service
 - Co-production: consumer is intimately involved in process of production (examples: health, education, security)

Components of Property Rights



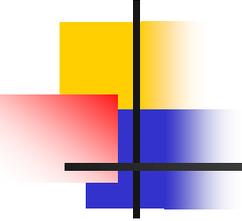
- **Property rights** are complex bundles of components:
 - Rights of access, withdrawal, participation in management, exclusion, alienation
 - Different combinations define status of user, claimant, owner
 - No one component can always be used as definitive
 - User, owner etc. can be individual or corporate entities
 - Common property is NOT the same as open access
- Property rights are **legal and institutional** in nature, whereas nature of the good is defined by physical nature (and logical relationships among potential consumers)
 - Common pool resources (CPRs) and common property are NOT the same thing; indeed, they fall into logically different categories



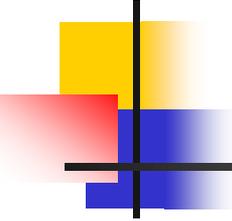
Dimensions of Ownership in IAD Terminology

- **Example: usage in development assistance**
 - **Provision:** are projects selected/designed by donors or by recipients?
 - **Production:** are projects implemented by non-local contractors or via some process of co-production?
 - **Financing:** do donors set the terms of the project (and perhaps require only “sweat equity” from recipients) or are recipients expected to tax themselves to support the project?
 - **Consumption:** do benefits accrue to donors (via contractor support or tourist enjoyment) or do local communities fully share in increased value?
 - **Alienability/Responsibility:** does project end when donors leave or are local communities expected to take responsibility for determining its future status, including evaluating its success and when to terminate it
- Prospects for **sustainability** improved by latter, on each dimension

Goods, Rights, and Owners

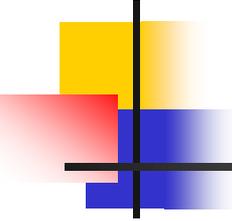


- Many combinations of nature of good and property rights can be imagined: a private good can be owned as common property by a collective actor, or a public good owned by some private firm, etc.
- Private and public can be distinguished in at least three ways:
 - **Nature of good:** public, private, toll goods, CPR
 - **Property rights system:** public, private, common property, open-access
 - **Owner:** Representational claims of entity claiming property rights: individual, corporation, voluntary association, public (governments of all types and at all levels)
- We can't expect to always observe or be able to enforce a direct one-to-one correspondence across these distinctions



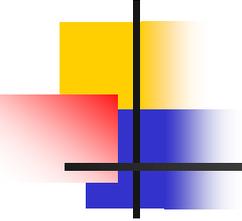
Integration of Private, Public, and Voluntary Sectors

- If a private, public, or voluntary **sector** is defined as aggregation of private, public, or voluntary actors, then none of these terms corresponds to reality
- The “third sector” (composed of nonprofits, NGOs, voluntary associations, civil society organizations, community-based organizations, etc.) is generally seen as not making analytical sense, but neither do any other sectors
 - Virtually all private markets require some form of regulation or protections of property rights by public authorities
 - No system of public agencies can govern all by itself; even totalitarian regimes must fail in eliminating all potential rivals



No sector can achieve its potential without support from other sectors

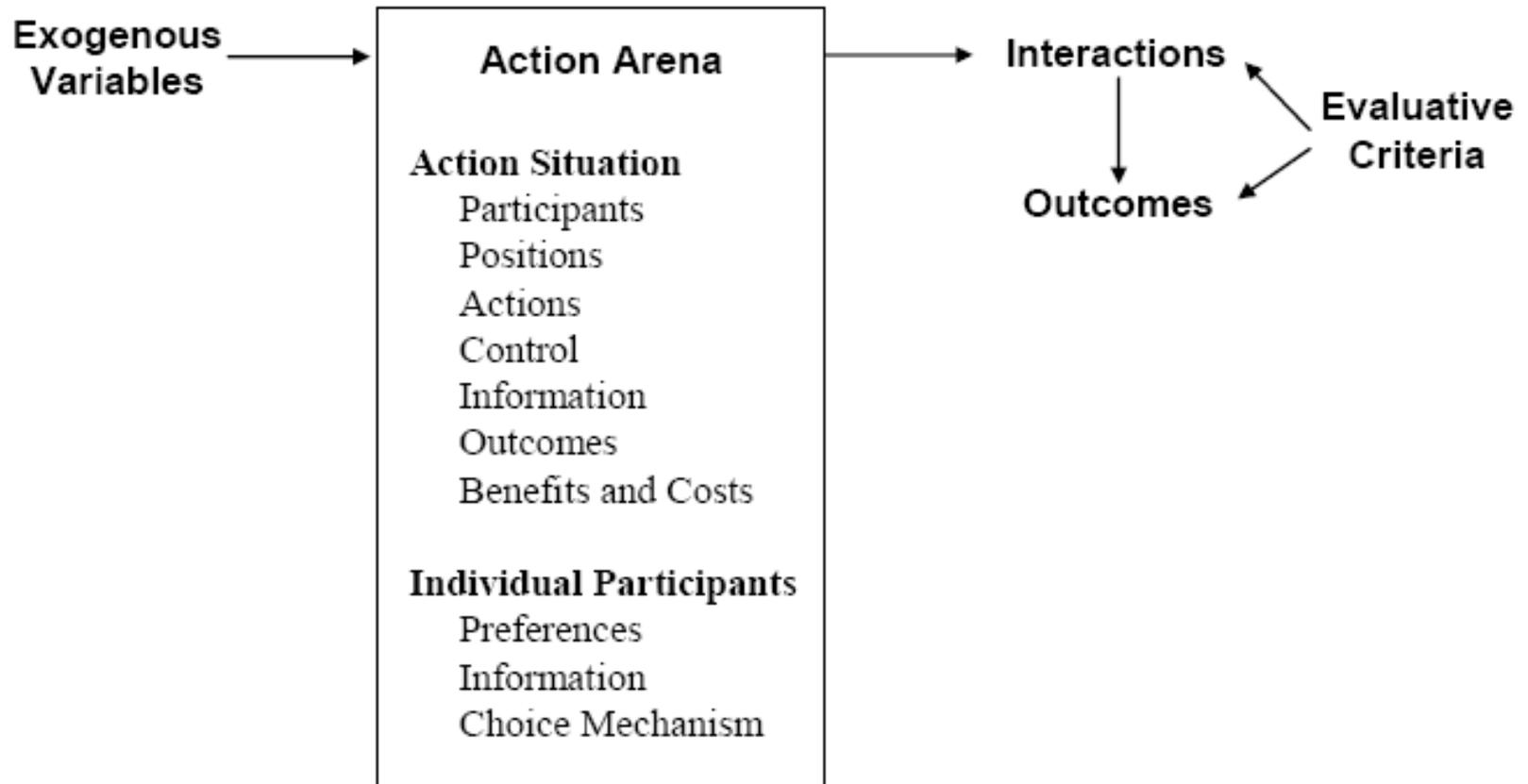
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- **Sustainable communities** require easy access to peaceful means of resolving conflicts, reasonable exit options, and at least a minimal economic rationality.



Games as Action Situations Defined by Categories of Rules

- Sets of rules determine structure of strategic interactions (action situations or games)
 - Participants
 - Positions (with feasible action options)
 - Outcomes
 - Action-outcome linkages
 - Control of participants over outcomes
 - Information generated and available to participants
 - Costs and benefits assigned to action and outcomes
- Actors and their options, preferences, resources are defined by rules chosen and/or implemented at other “levels of analysis”

Unpacking the Action Arena



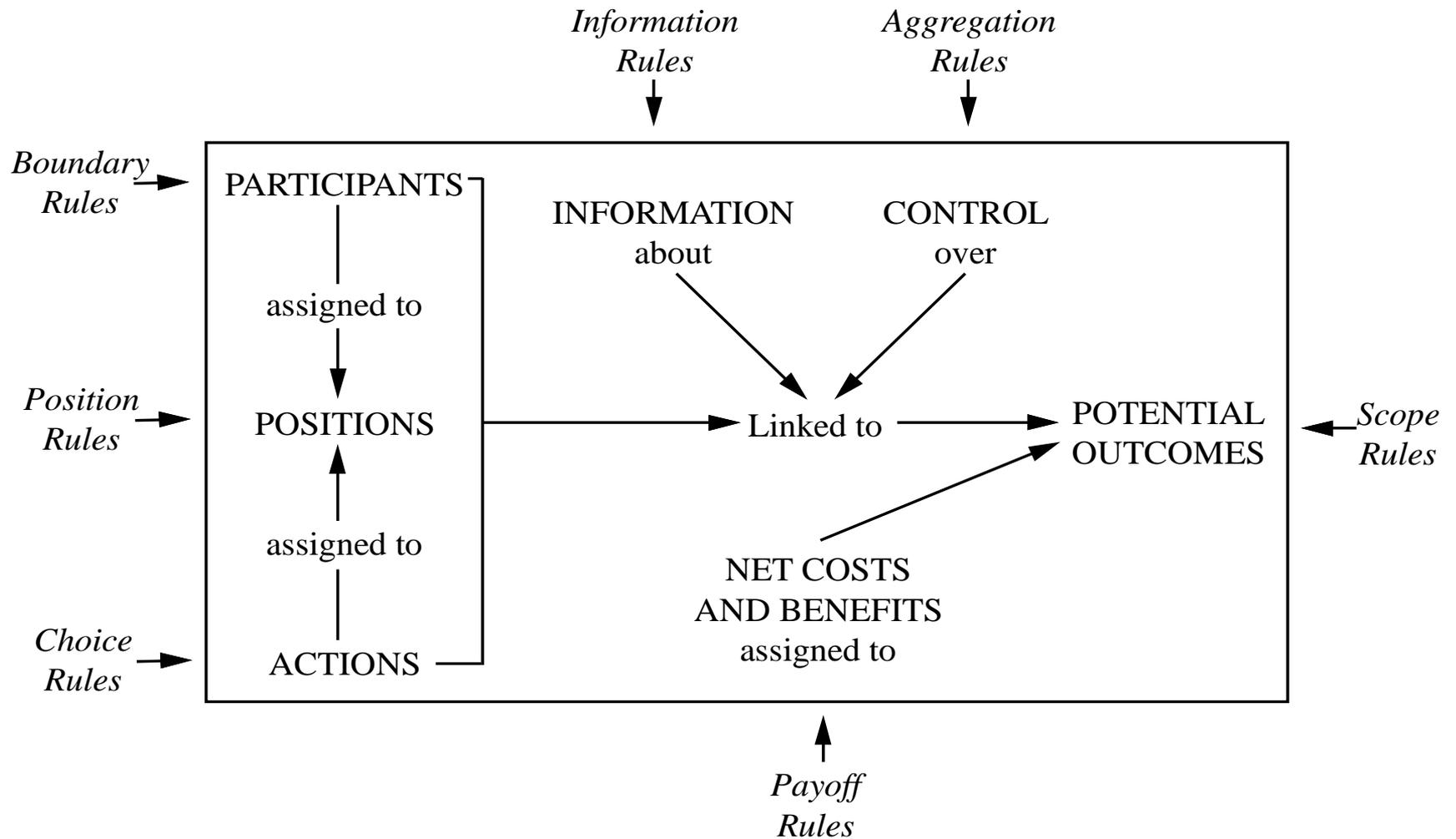
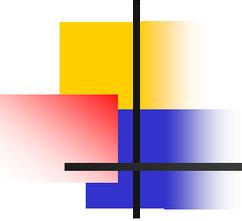
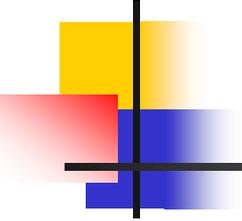


Figure 7.1 Rules as exogenous variables directly affecting the elements of an action situation (E. Ostrom 2005: 189).



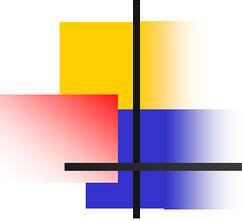
Grammatical Structure of Institutional Statements

- **ADICO grammar of institutions**
 - All institutional statements constructed from a core set of grammatical elements
 - Attributes, Deontic, Aim, Conditions, Or Else
- Distinguish shared strategies, norms, and rules
 - Strategies encompass Attributes, Aim, and Conditions
 - Norms also encompass Deontic component
 - Rules add the Or Else component
 - Some other actor has to be assigned, through a norm or a rule, the responsibility to implement the Or Else
 - In practice, the norm/rule distinction is difficult to implement, esp. for informally enforced expectations



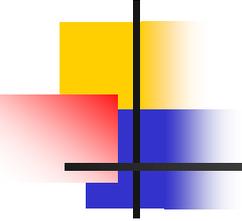
An Organization as a Team Networked within a Configurational Arrangement of Institutional Statements

- **Organization: a team of player-agents**
 - Connected together in a network of relationships, each monitoring or otherwise affecting the behavior of others
- Team members operate within a **configuration of mutually defining norms and rules**
 - Specific role expectations, capabilities, and responsibilities are assigned to each agent by these institutional statements
 - Team members are likely to share some goals or beliefs in common, but not necessarily everything
- In this way, an organization can be constructed by locating a network of inter-related team members within a complex configuration of ADICO statements



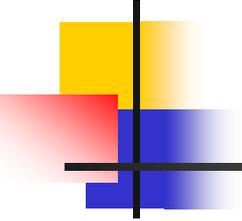
Implications for Organizational Structure and Behavior

- Institutional statements are constructed from terms that are meaningful within broader cultural repertoire
 - So similar types of organizations may take very different specific forms in different cultures or historical eras
- Each team member faces a unique configuration of beliefs, strategies, norms, rules
 - All share some (but not all) aspects in common
 - Leaving plenty of room for contrasting interpretations, tension
- In some cases, the institutional environment generates pressures for conformity to common expectations
 - Yet selection for isomorphism is never perfect nor complete
 - There is always room for innovation by public entrepreneurs



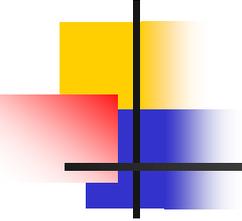
Closely Related Approaches: Other Institutionalisms (1)

- **Virginia School:**
 - Public choice (Stigler, Tiebout)
 - Constitutional economics (Buchanan and Tullock)
- **Rochester School:**
 - Social choice (Arrow, Riker)
 - Models of electoral competition (Downs, Aldrich)
- **Bureaucracies: Agent-Principal Relations in**
 - Hierarchical Organizations (Niskanen, Gary Miller)
 - Democratic Political Systems (McNollgast)
- **Rational choice institutionalism** in political science (Bates, Jack Knight, Tsebelis' veto players)



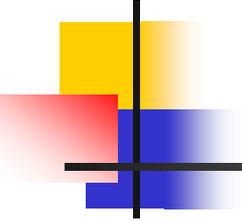
Closely Related Approaches: Other Institutionalisms (2)

- **Transaction Cost Economics** (Coase, Williamson) and New Institutional Economics (North)
- **“Old” Institutionalism** (esp. John R. Commons on transactions)
- **Collective action** (Olson, Lichbach)
- **Social Capital** (Putnam, etc.)
- **Sociological institutionalisms**
 - Constitutive norms, social constructivism
 - Organizational isomorphism
 - March and Olsen’s **logic of appropriateness**
- **Historical institutionalisms** (path dependence)



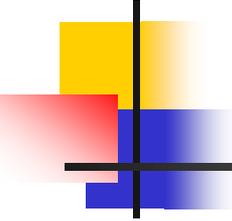
Closely Related Approaches: Other Perspectives on Public Policy (1)

- Wilsonian **public administration** (vs. Vincent Ostrom's democratic administration)
- **New Public Management** (of markets not hierarchies) and third party government (Salamon, Goldsmith-Eggers, etc.)
- Many varieties of **federalism** and **inter-governmental relations**, including fiscal federalism (Weingast)
- Governance systems in the EU
 - **Actor-centered institutionalism** (Scharpf)
 - Functional overlapping competing jurisdictions (**FOCJ**) (Frey and Eichenberg)
 - **Multi-level governance** (Hooghe-Marks)
 - **Subsidiarity** as valued goal



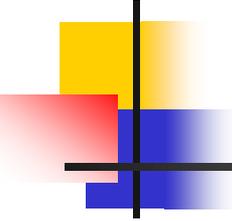
Closely Related Approaches: Other Perspectives on Public Policy (2)

- **Lasswell's policy sciences**
- **Policy feedback** and inter-generational transmission
- **Simon**: design of administrative organizations to cope with nearly decomposable systems
- Governance networks as **complex adaptive systems**
- **Policy subsystems** and advocacy coalitions (Sabatier)
- **Policy instruments** as institutional configurations, with unique actor networks implementing each instrument
- **Implementation** as top-down, bottom-up, and every which way in-between, and it never ends (see IAD)



Implementation and the IAD Framework

- IAD Framework denotes dynamic, ongoing, never-ending *process*
 - Implementation primarily at operational level, policy at collective choice, but these two levels are closely linked
- To understand implementation, **Follow the information!**
 - Output/outcome measures, evaluation, feedback, adjustments
 - Any program has **multiple dimensions**, each of critical importance to some actors, and relative importance of evaluative criteria may differ
 - Any **policy instrument** includes multiple levers, points of control and adjustment wielded by different actors
- **Learning** may take place only in collective choice arena, or it can be built into operational procedures.



Key Steps for Application of Institutional Analysis

- First, identify the key actors, their goals and capabilities, and the biophysical, institutional, and cultural contexts within which they interact.
- Then address each of the following questions:
 - What pieces of evaluative information are routinely monitored, and by whom, and with what incentives to share this information with others?
 - Who has the capacity to make meaningful changes, and who can most effectively block any changes? In other words, who has taken effective ownership of this process?
- Finally, assess the overall ability of this process to observe, evaluate, learn from and adapt to changing circumstances.