The Course

Our readings and discussions in this introduction to Institutional Analysis and Development will draw from a number of disciplines including anthropology, economics, law, political science, public administration, political philosophy, and sociology. We start from the assumption that there are several core problems of organization that face all societies and cultures. Although the dilemmas that a particular group, association, or society may face can manifest as different "issues" according to different cultural understandings, periods of institutional development, and so forth, we can step back from the specifics to think about general problems of, for example, coordinating our individual activities in ways that produce some mutually beneficial results. Thus, people in any association or society have a stake in how the relationships of the group are constituted and, if there are some general principles about constituting relationships that can be know, we all have an interest in thinking about what those principles might be. As you can see, another premise of the course is that people do constitute their relationships; we have choices the rules and so forth are not simply given and it is important to develop our understanding of individual and collective choices, rules, and the constitution of relationships. There are a variety of institutional designs available for dealing with various categories of problems; how do we begin to think about why we might take one approach over another? To think about how different sorts of rules (especially rules structuring the basic conversations about what to do when rules of language as rules shaping our foundation-making choices, that is, our constitutional choices) establish parameters of choice we necessarily make some assumptions about the people making the choices. For example, many institutional analysts picture a rational actor responding to the various incentives established by rule-ordered relationships. This is a description of individual people that deserves a great deal of attention, so we will spend several sessions thinking about the various things people mean when they talk about making rational choices. As we move on from thinking about why we might expect or predict a certain behavior or choice in a given situation, we will enter the complex world of "given situations" or institutional structure. We will examine some of the basic choice situations that seem to come up again and again, the various collective approaches that organized groups seem to take, and compare different organizational structures, given the different conditions that may face a group. All of these interactions become even more complex as associations and individual interact in a matrix of relationships. At the conclusion of the course we will look at some cases where scholars have used the framework of institutional analysis to examine complicated interactions.

Readings

The readings for the course have been drawn from a number of books and journal articles available on reserve at the library. You may make copies for your personal use.

Assignments

In addition to coming to class prepared to discuss the readings and topics listed for each meeting below, you will write two essays discussing a particular issue raised by each main sections of our readings. The first essay will cover topics from the first two parts of the course the construction of the "rational actor" and various ways of understanding the problems that result when the individual actions of rational actors sum to unintended and undesirable results. The second essay will cover the third and fourth parts to the course. In part three we see that dealing with "the individual" is just the beginning we also have to deal with the various "authority" or rule enforcers that we constitute to address the problems examined in parts one and two. Institutional analysis offers
an approach to constitutional design that will highlight the strengths and weakness of four major categories of rule ordered relations: markets, centralized authority (hierarchies), decentralized authority (including center-periphery designs), and polycentric designs (including federalism). For four of our sessions, I offer you the choice of reading in greater depth about a specific institutional form (centralization, decentralization, and polycentricity) and the moral implications of institutional development, as compared to other measures of institutional performance such as efficiency, effectiveness, sustainability, etc. Each of you will do the depth reading for one of these four options (we’ll make assignments according to your interests in class). One of the choices for your final essay will be to tackle the "depth" reading assignments for additional topics, so that you can write a comparative essay about institutional designs or evaluate one of our case studies (part four) from some angle that examines (critiques, augments, whatever) the analysis given by our authors.

Grades will be computed as follows:

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**Part 1: Cause, Order, and Pattern: Ideas about Nature and Culture and Implications for Institutional Design and Development**

**Thur Jan 3** The Study of Institutions--two (related?) perspectives


**Tues Jan 8** Common sense as ordering principle


**Thurs Jan 10** Knowledge as Pattern: Implications for Design


**Part 2: The Idea of "Rationality" and Reasonable Expectations of Rational Actors Collective Action and Assurance Problems, Uncertainties and Asymmetries of Information and other Resources**

**Tues Jan 15** Rational Choices, Non-exclusion, and the "free rider"


Thurs Jan 17 Leaving the "State of Nature" is just the beginning: Imperfect Information and "Bounded Rationality"


Tues Jan 22 More on Uncertainty and Rationality


Thurs Jan 24 More Problems with our Models of Exchange: Contractual Uncertainties, "Friction," Transaction Costs, and increasingly complex, yet rational interactions


***************Topics for Essay 1 Discussed***************

Tues Jan 29 Networks, Goodwill, and Information Asymmetries


Thurs Jan 31 Summary: Micro-motivation and aggregate actions: Implications for Institutional Development


**Part 3: The Institutional Basis for Constructive Conflict and Cooperation**

Tues Feb 5 Individual Choice is only one issue: Rent seeking and tyranny of other sorts


***************Essay 1 Due in Class***************

Thurs Feb 7 The Problems of Scale and Scope in Institutional Design


Tues Feb 12 A Framework for Institutional Analysis


*******Assignment of Depth Reading; Discussion of Topics for Second Essay ******

Thurs Feb 14 Analyzing Centralized Institutional Arrangements

Read: E. Ostrom, *Institutional Incentives* Ch 7

For more depth read: Hobbes *Leviathan*. Ch 3-7; 10, 11; 13-16; 17-19

Tues Feb 19 Analyzing Decentralized Institutional Arrangements

Read: E. Ostrom, *Institutional Incentives* Ch 8


Thurs Feb 21 Analyzing Polycentric Institutional Arrangements

Read: E. Ostrom, *Institutional Incentives* Ch 9


Tues Feb 26 Moral Philosophy and Institutional Design


Part 4: Cases Studies in Institutional Analysis and Development

Thurs Feb 28 Institutional Development and Natural Resource Management Possibilities in Self-Government


Tues Mar 5

1. An institutional approach to regulated monopoly

   Read: Oliver Williamson "Franchise Bidding for Natural Monopolies

2. An institutional analysis of Centralization and Sovereignty


Thurs Mar 7 The Uses of Institutional Analysis Our Summation

**************************************************Essay Two Due in Class**************************************************