



Daniel J. D'Amico on Austrian Economics, Law Enforcement, Crime and Punishment, and much more...

## Vincent Ostrom rocks my face off!!!

By [Dan](#) on November 15, 2005 11:52 PM | [Permalink](#) | [Comments \(0\)](#)

I recently read [Vincent Ostrom's The Meaning of Democracy and the Vulnerability of Democracies](#) for Pete's [Constitutional Political Economy Class](#). He wrote up a comment on the [Austrian Economists](#).

I would like to comment on a feature of Vincent Ostrom's proposed research design for the investigation into political economy. As it has been explained to me the Ostroms (both Vincent and Elinore) assert that the proper structure of intensive education in political economy is one of artisanship over repetitions and reiteration. Graduate students learn best by doing and should view their degree seeking years more as apprenticeships in which they hone the tools and skills of their craft.

The craftsmanship theme runs throughout not only their advice and strategic suggestions but also in the messages of their scholarly assertions as well. Take for example the use of the term applied to the tasks of creating good governance, sustaining democratic structures and drafting of successful constitutions. Ostrom refers to such a task as "constitutional craftsmanship."

The implication of the dual presence of craftsmanship in both strategy and investigation is that theories of political economy gain epistemological accuracy by being derived from direct interaction with political dilemma. Political theory is best understood in the context of political economy. This is a very Hayekian point. Say it however you like. The social process in its complexity responds to the needs of diverse individuals by effectively coordinating knowledge through the pricing system. This information is intrinsically time and place contingent. Context matters. Ostrom's point is essentially a methodological point which holds onto the same truism. Interacting within the context of political dilemma is one of "defining" and tracing the "distribution of the problematic."

There are problems in the world, perhaps it has been so obvious for so long that we have forgotten it. As social scientists our essential purpose is to gain understanding of such problems so as to better address them if not solve them entirely. Mises worked in such realism into his cognitional claims about the structure of human decision making stemming from the drive to action as it is understood by an attempt to alleviate felt uneasiness.

Ostrom's description of democracy draws a picture of a disjuncture existing between the perceived problematic with the responsive action addressing the problematic. This disjuncture is perpetuated and perhaps even magnified by the structuring of centralization.

When the knowledge problem is applied to the purely theoretical realm as it is in Hayek's description it

serves useful and intuitive to revealing the unintended consequences of centralized collective action. Ostrom's application of the knowledge problem into the methodological realm gives a clearer structure to defining and forming successful research agendas in political economy. In this sense we expand the notions of political economy outside the realm of mere academia and into the realm of industrialism or physical real productivity.

Maybe this is not a methodological point in regards to economics as it is narrowly defined as catallactics but it is certainly integral to forming theories pertinent to political economy. Essentially Ostrom is taking head to the suggestion of the Public Choice School by endogenizing the notion of governance. This endogenization is crucial to understanding the notion of choice and action, critical elements to economics approached as praxeology, a notion much broader than catallactics. For clarity let's just define catallactics as the study of exchange and praxeology the study of purposeful action.

Truth revealed through theory as it bears relevance to our social structure requires a finger on the pulse of society, a toe dipped in the chilly waters of reality, a finger in the pie so to speak. The methodological and epistemological implications of an applied research agenda become even more valuable. The process of research production is no longer an un-romantic drudgery of looking out the window only to quell the demands of a relentlessly competitive profession characterized by elitism. Opening the window means opening oneself to the omnipresence of opportunity for improvement in the conditions of reality.

The development of an accurate description of societal institutions, problems and solutions is a process started by the showing of the unworkable tendencies of existing faulty institutions. By elaborating the characteristics of such inefficiencies, faults, and inhibitions we are forced to recognize the context within which they exist. Restating and continually repeating the characteristics of malfunctioning processes we better understand the unique characteristics of functioning ones.

Combining the knowledge point of Hayek with Ostrom's craftsmanship description of investigating political economy, parallels Kirzner's notion of entrepreneurship as a process of discovery. Building a systematic theory of political economy is a process being in tune to the political happenings. The extent that the political economy is intricately complex is the extent to which division of intellectual labor is needed to investigate the implications of applied policies.

Returning to the concern of motivated professionals in search of placement at top education institutions is a matter of joining the table of mainstream debate. This table is made and set in the area of growth theory, and perhaps rightly so. It forces us to focus our attention back on catallactics within praxeology, not to say we allocate focus away from either field but we retain clarity of both if only because the concept of growth is intrinsically relevant to and dependent upon an understanding of exchange as it concerns real productivity.

The process for designing a research agenda enlightened by Ostrom's notions of political economy is straightforward. First identify an existent social phenomenon with acknowledged negative consequences. Second, describe and explain that which falls within the realm of the negative title. Third, be conscious of the characteristics which are being interpreted as losses and utilize them to describe the hypothetical construction of functioning society absent of those identified negatives. The notion of intelligible and tractable growth becomes one of describing the forgone opportunities of unsuccessful social action. Showing the tractable complexity of coordination that the probability of achieving is enhanced by deregulation is where potential for giving advice to non developed countries lies.

The benefit of being exposed to Ostrom's thesis in the context of a graduate program is the placement of his theory within a broader lineage of thought. The general thread of our class this semester has been the introduction, description and progression of liberty minded constitutional construction. The

implications seem to be pointing toward the parallel if not synonymous notions of polycentricism and anarcho-capitalism. One of the critical elements of sustainable self governance as is all market process theory is the important role played by competition. Critical to maintaining competition is free entry and exit, or an open-systemness.

A free competitive environment for the production of self-governance provides the atmosphere for ineffective systems to fail and effective one to maintain, develop and succeed. In a polycentric system institutional boundaries and borders are malleable by the degree to which people opt towards exit and entry similar to the way death is relevant to biological evolution implicitly within all animal survival. In a functioning setting of competition we see people getting what they want out of their societal institutions, and we see the "aggregate" appearance of society change from one of exposing the problematic through social planning to one of recognizing and responding to the contingent problematic entrepreneurially.