

Path Dependence: An Uncomfortable Institutional Design Axiom

By:

Eric Alston - University of Colorado Boulder

Amber Case – Calm Tech Institute

Michael Zargham - BlockScience

Abstract: In governance systems, path dependence means the trajectory to an ideal configuration defines the attainability of that ideal. For example, while decentralization is a common ideal, most real-world systems must start from a centralized point and decentralize progressively. Yet path dependence means there is not a clear path to every idealized institutional choice set. Thus, while idealists focus on describing perfect futures, builders must pragmatically chart trajectories given initial conditions. Path dependency forces us to acknowledge the necessity for pragmatic concessions in order to deliver outcomes. Our design and chartering of an innovative data trust, Superset, has brought this uncomfortable axiom into stark relief. Currently governed by a board of Trustees, Superset coordinates data governance spanning digital, legal and financial contexts. Yet this same centralized trustee authority creates more representative data governance relative to the status quo. This highlights how path dependence's inescapability in complex polycentric systems means institutional design in practice must be Ostromian: tailored to its specific context including the constraints inherent thereto. This paper explores Superset's initial path of bootstrapping a new data governance model towards a more equitable and representative future from a starting point anchored in the possible given current legal, technical, and financial constraints.