



INSTITUTIONAL DIVERSITY and POLITICAL ECONOMY

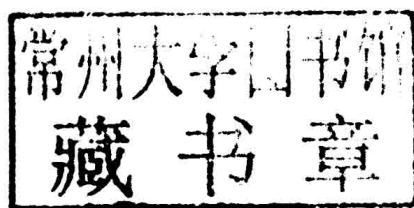
The Ostroms and Beyond

Paul Dragos Aligica

Institutional Diversity and Political Economy

The Ostroms and Beyond

PAUL DRAGOS ALIGICA



OXFORD
UNIVERSITY PRESS

OXFORD
UNIVERSITY PRESS

Oxford University Press is a department of the University of Oxford.
It furthers the University's objective of excellence in research, scholarship,
and education by publishing worldwide.

Oxford New York
Auckland Cape Town Dar es Salaam Hong Kong Karachi
Kuala Lumpur Madrid Melbourne Mexico City Nairobi
New Delhi Shanghai Taipei Toronto

With offices in
Argentina Austria Brazil Chile Czech Republic France Greece
Guatemala Hungary Italy Japan Poland Portugal Singapore
South Korea Switzerland Thailand Turkey Ukraine Vietnam

Oxford is a registered trademark of Oxford University Press
in the UK and certain other countries.

Published in the United States of America by
Oxford University Press
198 Madison Avenue, New York, NY 10016

© Oxford University Press 2014

All rights reserved. No part of this publication may be reproduced, stored in a
retrieval system, or transmitted, in any form or by any means, without the prior
permission in writing of Oxford University Press, or as expressly permitted by law,
by license, or under terms agreed with the appropriate reproduction rights organization.
Inquiries concerning reproduction outside the scope of the above should be sent to the
Rights Department, Oxford University Press, at the address above.

You ~~must not~~ circulate this work in any other form
and you ~~must~~ impose this same condition on any acquirer.

Library of Congress Cataloging-in-Publication Data
Aligica, Paul Dragos
Institutional diversity and political economy : the Ostroms and beyond / Paul Dragos Aligica.
pages cm
Includes bibliographical references and index.
ISBN 978-0-19-984390-9 (alk. paper)
1. Institutional economics. 2. Social institutions. 3. Public institutions. 4. Ostrom,
Elinor. I. Title.
HB99.5.A47 2013
306.3—dc23
2013011721

3 5 7 9 8 6 4 2
Printed in the United States of America
on acid-free paper

Acknowledgments

THIS PROJECT OWES immensely to the advice and encouragement I have received over the years from my professors at Indiana University Bloomington and from my colleagues at George Mason University. Needless to say, Vincent and Elinor Ostrom top this list. I am deeply indebted to Brian Hooks, Claire Morgan, Pete Boettke, and Tyler Cowen and their efforts in creating a hospitable and productive setting at the Mercatus Center at George Mason University for an entire research program, to which this book is just a small contribution. Pete Boettke, the Director of the F. A. Hayek Program for Advanced Study in Philosophy, Politics and Economics at the Mercatus Center, has inspired and incessantly fuels this research program with new ideas. I acknowledge with gratitude his multifaceted influence. Special thanks to Claire Morgan for her belief in this project, which in fact started as a result of a conversation with her.

The book project had the privilege of being the beneficiary of a book manuscript review conference in August 2012, at George Mason University, organized and sponsored by the Mercatus Center. I am profoundly grateful to the participants: Jack Goldstone, Barbara Allen, William Blomquist, Peter Boettke, Roberta Herzberg, Marco Janssen, James Johnson, Jack Knight, Mike McGinnis, Margaret Polski, Hilton Root, Filippo Sabetti, Amy Stabler, and Richard Wagner. My gratitude also goes to Claire Morgan and Erica Christensen for coordination and organizing the event. Individual chapters of the book or ideas and arguments expressed in sections and fragments of various chapters were read and most helpfully commented on by Nicholas Rescher, Xavier Basurto, Bill Blomquist, Peter DeLeon, Mike McGinnis, Ron Oakerson, Roger B. Parks, Edella Schlager, Karol Soltan, Bruno Grancelli, Janos Matyas Kovacs, Eileen Norcross, Christopher Weible, and Bruno Dallago. Their feedback and help is gratefully acknowledged.

An initial version of chapter 1 was discussed at the 2011 American Political Science Association Annual Meeting, Seattle, and at the 2011 Southern Economic Association Annual Meeting, Washington, DC. The comments

received on these occasions from Jessica Green, David Victor, Liliana Andonova, Robert Keohane, Emily Chamlee-Whright, Jayme Lemke, Peter Calcagno, and Virgil Storr are hereby acknowledged with gratitude. Chapter 2 includes material published in “Polycentricity: From Polanyi to Ostrom and Beyond,” coauthored with Vlad Tarko for *Governance: An International Journal of Policy, Administration, and Institutions*, vol. 25, March 2012. I thank John Wiley & Sons for permission to reprint this material. Two sections of chapter 3 were part of “Institutional and Stakeholder Mapping: Frameworks for Policy Analysis and Institutional Change,” *Public Organization Review*, vol. 6, June 2006. I thank Springer for permission to reprint this material.

The help of my research assistants, Vlad Tarko (assisting the work in chapter 4) and Sathya Mathavan (editing the bibliography) is gratefully acknowledged. A different sort of debt is owed to Terry Vaughn, Cathryn Vaulman and Bharathy Surya Prakash. They supported the project with professionalism, easing the progress of the book from submission to the final stage. I remain responsible for any errors or omissions. Last but not least, I would like to express my deepest gratitude to Lin Ostrom. In the difficult month of May 2012, she found the resources to read the manuscript with astonishing care, offering invaluable feedback with a level of attention and intensity that reached the point of fixing minor typos. As an alumnus and affiliate of the Ostroms’ Workshop in Political Theory and Policy Analysis at Indiana University in Bloomington, I was familiar with the amazing dedication Lin and Vincent always had for their students and collaborators. Yet I was totally unprepared for this last gift, received in such tragic moments.

I dedicate this book to the memory of Elinor and Vincent Ostrom.

Introduction

ONE OF THE most profound but not always fully understood challenges to modern political economy and institutional theory is the diversity of institutional forms that give substance and structure to political and economic life. Diversity shouldn't be a surprise. Institutional arrangements are intricate clusters of rules and human interactions, shaped in large measure by the variety of situations of social life. The mere diversity of situations is enough to create a wide variety of possible arrangements. If we add to all that the variety of individuals' possible preferences, beliefs, interpretations, and strategies, all leading to possible new rules and situations, we start to grasp the huge range of potential combinations in their evolving dynamism. All of the above suggest the measure in which institutional diversity is indeed messy and complex. It doesn't lend itself easily to analysis. When it comes to institutions, "carving nature at its joints" and arranging it in classes is not a simple and straightforward process. And yet, more often than not, in our institutional theories and in our designs we tend to brush off this profound challenge. More often than not, homogeneity is assumed or expected, while heterogeneity is considered as marginal, unessential, of limited relevance. The limits of this strategy may not be so obvious as long as one is operating mainly as a social scientist, following the notion that social scientists produce generalizations and test them, while the burden of applying the insights thus gained to practical problems and social dilemmas is the business of "practitioners."

But what happens if, instead of the typical approach, which gives a position of preeminence to theoretical generalizations and considers the applied level an extension of peripheral interest, we start by focusing on tangible, applied problems and puzzles, and we consider institutional theory in the light of its instrumental value to contextualized analysis and institutional design? Elinor and Vincent Ostrom's lifework is a case study giving many clues and some possible answers to this question. Their approach is well known for aiming not for grand generalizations but for understanding the nature and

possible solutions to specific problems of collective action, governance, and social dilemmas in various settings and circumstances. Making governance dilemmas and the applied dimension the starting point, as well as the filter of our interest, reveals a different configuration of concepts and themes marking and linking the practice-to-theory continuum. And it is noteworthy that at the core of this configuration the problem of diversity and heterogeneity emerges as salient and pivotal.

"The presence of order in the world," writes E. Ostrom (1998), "is largely dependent upon the theories used to understand the world. We should not be limited, however, to only the conceptions of order derived from the work of Smith and Hobbes." That is to say, we should not limit our approaches to theoretical frameworks of the State and to theoretical frameworks of the Market. We need theories that match the extensive variety of institutional arrangements existent in the world. In response to that need, the Ostroms have charted and explored a novel domain of the complex institutional reality of social life: the rich institutional arrangements that are neither states nor markets. Small and large, multipurpose or just focused on one good or service, they display a daunting variety of functions and structures: suburban municipalities, neighborhood organizations, churches, voluntary associations, and informal entities like those solving the common-pool resources dilemmas the Ostroms studied and documented around the world. In their work they identified the functional principles behind them, tried to find out whether their very diverse forms could be understood as parts of broader patterns, and charted the logic of the institutional process involved. In many cases they found that such institutional arrangements may be related to, and yet different from, both "the state" and "the market." They also found that, irrespective of what one may call these arrangements, in order to analyze them one needs theoretical lenses that do not well fit the classical dichotomy, defined by two and only two major institutional models. This is the reason why the Ostroms' perspective is so difficult to categorize. Rooted in economics, public policy, and political science, recognized by the most prestigious awards in political science and public administration as well as a Nobel Prize in economics, their work develops new approaches to both familiar and unfamiliar social phenomena, while transcending the constraints and simplifications imposed by existing disciplinary boundaries.

And thus, the Bloomington scholars' work, by drawing our attention to the phenomenon of institutional diversity and its implications for governance and public policy, reminds us at the same time that our theoretical lenses are simplifying devices that allow us to see some things in profound ways but, at the same time, obscure others. We are reminded why in political economy, as

in any other social science, the methodological tension between generalization and specification is so intense and consequential and cannot be simply assumed away. In addition to that, we learn that, lured by the beauty and parsimony of our theories and models, we may be missing the remarkable facts of institutional diversity. The Ostroms' studies warn us that a predisposition toward homogenization is profoundly rooted in our models of man, action, and institutional order. The homogenization, super-simplification, and formulaic conceptualization in our theories of institutions is in many respects a function of a parallel homogenization of human agents that we practice at the micro level.

For instance, in her studies on collective action, Elinor Ostrom has repeatedly drawn attention to the problem of actor and social heterogeneity and its implications for institutional order and institutional theory. One of her major concerns has been that in the relevant literature, although "the assumption of homogeneity was made for theoretical reasons," it has been too often used as a close approximation of reality, despite the fact that "heterogeneity is a preeminent aspect." Even more important, although "heterogeneity has been obvious to empirical research," too little work has focused on it and its consequences" (Ostrom and Keohane 1995; Poteete, Jansen, and Ostrom 2010). Her take in this respect is both eye-opening and challenging.

What would happen if we started to look at social order through the twin lenses of heterogeneity and institutional diversity? In a sense, this book is an attempt to chart and explore several avenues entailed by this challenge. Its premise is that whether one likes it or not, the related problems of heterogeneity, institutional diversity, and pluralism are a major (and more often than not, unacknowledged) issue in the literature dedicated to institutionalism, governance, and institutional design. Revisiting this challenge opens up a window into the core of the institutionalist contemporary research agenda and implies an assessment of the state and promise of institutionalism, broadly defined as a family of research programs in which institutional emergence, structure, and change are programmatically used as key dependent and independent variables in the conceptual reconstruction of a discipline, field, or thematic area. The re-examination in this light of some of the key themes and concepts of the Ostroms' contribution becomes thus a vehicle for a discussion not only of their research agenda but also of the future of institutionalism, political economy, and, for that matter, any research program in which the problem of governance and the theory of collective action are central.

The Ostroms' distinctive approach was considered from the very beginning an evolving part of the "public choice revolution" exploding in the 1960s. As William C. Mitchell framed it in his 1988 *Public Choice* article, "Virginia,

Rochester, and Bloomington: Twenty-Five Years of Public Choice and Political Science,” the Ostroms’ school has established itself rapidly as one of the pre-eminent centers of the movement. Three distinct schools of thought have appeared, he wrote, changing the ways we understand the economic and political reality. These schools could be labeled based on their geographical locations: Virginia, Rochester, and Bloomington. “At each of these institutions one or two dominant figures led . . . the effort to construct theories of collective choice: Riker at Rochester, Buchanan and Tullock at various Virginia universities, and the Ostroms at Indiana.” In the years after Mitchell’s article was published, Bloomington has not only consolidated its position as one of the preeminent centers of the public choice but also transformed its blend of public choice into a unique form of institutional theory. In the process, it created a unique research agenda, becoming one of the most dynamic and productive centers of scholarly work in social sciences in general. The fact that Elinor Ostrom was a recipient of the 2009 Nobel Prize in Economics was a telling recognition of Bloomington school’s important contributions to the study of institutions and economic governance.

Yet, in the celebratory and retrospective mood created by such honors and public recognition, the Bloomington agenda is far from making its closing arguments. This book argues that if followed consistently, the logic intrinsic to the agenda developed in the last four decades by Elinor and Vincent Ostrom is leading to a unique brand of institutionalism, a research program taking seriously and dealing systematically with the theoretical, empirical, and normative problems of heterogeneity and its consequence and condition, institutional diversity.

The Ostroms started in the 1960s with a theory of collective action based on a theory of goods, theories that were emerging at that time from the mantle of neoclassical economics as major building blocks of the new, modern political economy. In time, their work on governance created one of the main channels of the transition from public choice to the new institutionalism. Today, looking back to the broad field covered (and in many cases created) by them and revisiting the insights growing from the theoretical and empirical studies of collective action and governance done by a large number of scholars in several disciplines, the main conclusion is that the results are in many respects not quite what one may have desired or expected initially, in the light of the theories and conjectures advanced by authors such as Mancur Olson, Garret Hardin, or even Gordon Tullock. Generalizing proved to be very difficult. A key variable like heterogeneity (of preferences, beliefs, or endowments) may both facilitate and impede collective action, as a function of circumstances and situational logic. What goes for heterogeneity goes for other comparable variables. That

may well explain why no general theory of collective action has been offered and may not even be possible: The situational logic circumstances require an approach that goes beyond the simple and global and deals with complex, interactive, and conditional “theoretical scenarios.” These results—one may like them or not—have momentous implications. They invite a rethinking of institutional theory and, more generally, any form of political economy or social theory in which collective action is central. We have a situation in which one of the most intense and carefully studied domains in political economy and social sciences leads us to the conclusion that there is an increasing mismatch between, on the one hand, the theoretical-epistemological frameworks used and the expectations based on them, and the phenomena in question, on the other. The process of the growth of knowledge requires a midcourse adjustment.

And thus, exploring the pluralist lines opened by the Ostroms becomes an alternative by necessity. Their thrust is leading to a substantial departure from the conventional wisdom built around theories assuming or expecting homogeneity, “normalization,” and “consensus.” Indeed, one of the major lessons of the Ostroms’ work has been that it is both necessary and possible to deal constructively with the numerous situations in which homogeneity is not assumed, existent, or anticipated. That is to say, it demonstrates the institutional complexity and diversity of possible answers to the problems of governance in conditions of heterogeneity.

In all this, the Ostroms’ views converge with a new and innovative agenda advanced in political economy, social philosophy, and political theory: the study of the problem of governance and social order in circumstances of deep heterogeneity, which lack consensus or correspondence of preferences, beliefs, or information. The fact that most authors involved in these efforts happen to be at the same time in search of an alternative to the epistemological credo embraced by the mainstream makes things even more interesting. This book is, in a sense, precisely about this path toward convergence, as seen from the Ostromian side. As such, it shows how, exploring the themes of the Bloomington school, we could both contribute to the contours of the emerging perspective and identify the measure in which the Ostroms provide a core analytical and empirical dimension to this increasingly vibrant agenda.

Needless to say, an approach that makes out of the reality of heterogeneity a key point is more relevant today than ever. Diverse values, identities, principles, and cultures clash in the global arena. Emigration, increasing diverse populations within the boundaries of nation-states, demography and culture, increasing technology-driven social segmentation and cultural heterogeneity—all challenge governance systems not only at the global and national

levels but also, increasingly, at the local level. All these phenomena revive the theme of pluralism, diversity, and collective action with an unprecedented intensity. The increasing preoccupation with it in current political and economic theory is unavoidable once heterogeneity is recognized as a key feature of social reality and as a genuine political and economic practical challenge. In what measure is it possible to have an institutional order defined by freedom, justice, prosperity, and peace in an increasingly interdependent world of diverse and conflicting views, beliefs, preferences, values, and objectives? This is a discussion about the fundamental nature of governance (both domestic and international) in the new era. With it, we are at the core of the major political and economic challenges of our age. And at the same time, we are at the cutting edge of contemporary social science and political philosophy. The empirically grounded, applied institutional analysis of the possibility of social order, governance, and economic performance in extreme conditions that lack consensus or convergence of beliefs, preferences, and values seems to be indeed the new frontier.

This project started as an attempt to look at a set of promising concepts and themes that have emerged within the framework of the Ostromian research program and that had a double characteristic. First, they had a central position in the deeper architecture of the Ostromian system. Second, they were still a work in progress, inviting further discussion and elaboration. The plan was to introduce and further elaborate them, while exploring their analytical and operational implications, and thus to offer the reader an introduction to both the existing state and the potential of this important school of institutional theory. An additional thought was at work in this plan: Bloomington institutionalism is better known today mainly for the empirical work on governance and collective action, with specific applications to public economies in metropolitan areas as well as to the management of diverse common-pool resources. However, that is only part of the story. Those lines of research are rooted and embedded in a complex research program, a multifaceted system of ideas that span from social philosophy to applied political economy. Hence the intention was to go beyond the more salient and publicly visible pieces of the research produced by the Bloomington scholars and to identify several concepts that, at a more foundational level, reflect that less-known facet. The assumption has been indeed that those concepts continue to be the bearers of a significant potential for the renewal and advancement of the agenda.

However, as the book project grew, a larger pattern started to take form, a pattern that went beyond the initial objectives, adding a new dimension to the book. The initial plan remained embedded in the project (and the chapters could still be read as separated concept-based vignettes of a broader intellectual

landscape). Yet the underlying logic uniting these concepts and their interpretation become more and more salient in the economy of the manuscript, and the emphasis shifted slowly toward it. The broader vision and the logic that gives these key concepts their most profound meaning became, in the end, the tacit theme. Out of it came the implicit conjecture that the emerging perspective toward which the Ostroms' work leads may be one of the boldest and most profound propositions advanced in current social sciences. That is to say, it is a sustained theoretical and analytical effort that (a) captures and addresses the structural and functional variety of social institutions, seen as a function of heterogeneity, and (b) follows up to the logical conclusion the normative implications of that variety, in a pluralist philosophy of governance.

The two themes, heterogeneity and institutional diversity, are, accordingly, two facets of the same problem, while the Ostrom type of institutionalism is a foundational pillar of the research program that unites these two facets, under a pluralist cupola. This is a pluralist perspective that goes beyond the state-centered views, beyond the markets-versus-states dichotomy, and indeed, beyond the policy models and solutions that assume the presence of large areas of consensus and centralization. Notions such as "polycentricity" or instruments such as the Institutional Analysis and Development (IAD) framework, developed and advanced by Elinor and Vincent Ostrom, are thus to be seen as ways by which this type of institutionalist political economy tries to chart and analyze the complexity and diversity of human institutional arrangements emerging from social and individual heterogeneity.

The book starts with a fresh and perhaps surprising interpretation of the place and significance of the Ostromian perspective in the context of the relevant intellectual developments in the political economy and social philosophy of the second half of the 20th century. Then chapter 1 moves to overview the research agenda focused on heterogeneity and its impact on collective action. The findings growing out of this research line are interpreted and used as an indicator for the current state of institutionalism and, by extension, of a large part of contemporary political economy. The idea is that the evolution of that agenda has reached a point where cumulated theoretical, normative, and epistemological challenges are opening up the way for a novel stage in thinking and theorizing about collective action, governance, and institutional arrangements. The rest of the chapters may be read in a double key: (a) as a look at how the Ostromian perspective responds to these theoretical, normative, and epistemological challenges and (b) as a presentation, interpretation, and elaboration of several major underlying themes defining this perspective, while placing these themes in the broader context of the relevant literature.

Chapter 2 focuses on one of the ways the Ostroms have tried to conceptualize the complex problem of governance in conditions of heterogeneity and diversity: the notion of polycentricity. Chapter 3 looks at how they have tried to respond to the methodological and epistemological challenge of heterogeneity and institutional diversity via the development of an original instrument: the Institutional Analysis and Development (IAD) framework. Chapter 4 makes a step further and introduces the issue of resilience as a nexus of institutional processes that offers a unique window from the macro level into the inner functioning of complex socioecological systems. The chapter illuminates how institutional diversity and polycentricity serve systemic resilience and reveals how in dealing with this issue, the Bloomington perspective is bringing together the domains of environmental science, economics, and institutionalism. Chapter 5 replicates the approach of the previous chapter, this time from the micro level, and uses as an inside window the problem of institutional design and its agents, a tacit but constant presence in the previous chapters. The chapter looks at this problem through theoretical lenses highlighting the role of ideas, expectations and predictability in social cooperation, notes the crucial position predictability has in the emergence and the study of institutional order, and then explores its implications for the ways we understand the relationship between institutional theory (ideas), institutional theorists, and social reality. Chapter 6 concludes by noting that the overview of Ostroms' work in the light of some of its pivotal concepts (such as polycentricity, institutional diversity, the IAD framework, institutional resilience, institutional design) reveals two things. The first is that this work sets up the stage for a reconstruction of our very approach to institutional theory by challenging us to rethink assumptions, methods, and entire theoretical perspectives. The second is that a certain philosophical profile, unmistakably associable to the pragmatist intellectual tradition, seems to be latent in it, both as an assumption and an implication. The chapter is a first attempt so far to probe and elaborate the link between a foundational pragmatist perspective and Ostromian institutionalism.

The book closes refocusing on the major underlying theme uniting all the chapters: the idea that Ostroms' work has, *in nuce*, all the attributes needed to inspire and contribute to a powerful agenda, both innovative and consistent with distinguished traditions of theorizing in modern political economy and social philosophy. It is an approach whose defining feature is that it follows steadily the logic of heterogeneity, institutional diversity, and value pluralism up to its epistemic implications and that accepts the normative challenge posed by it. In this respect, it is a natural extension to the next level or the next stage of the current cycle of research on institutions, governance, and collective action. Read in this light, the volume is a contribution to the efforts

to further outline the contours of this next stage of debates and intellectual investigations.

Before concluding these introductory comments, I must note that this book tries to capture something of the spirit, not just the letter, of the Ostromian perspective. The Bloomington research agenda has always had a trace of the unconventional, the unorthodox. It has always managed to maintain a certain detachment from the mainstream, sufficiently large to be intriguing, but not large enough to place itself in the domain of the marginal. Now that institutionalism is mainstream and that the specific type of institutional theory the Ostroms have advanced is increasingly accepted and embraced in economics, political science, and social science, it is natural to ask in what measure this spirit of unconventionalism, such a subtle but pregnant feature of the school, may be preserved. This book may be seen as an attempt to articulate one of the possible answers. The major themes discussed in it all point toward some less-traveled paths. They reflect parts of the Ostromian universe that continue to operate at the boundaries of the mainstream. While many ideas advanced by the Ostroms have made it to the current mainstream, none of the themes addressed in this book (from polycentricity and institutional resilience to institutional mapping and the reassessment on pragmatist grounds of the philosophical basis of institutional theory) has reached that level yet. They all imply rich, intriguing, and potentially controversial research agendas that, in some cases, in their further elaborations may even move away from the letter of the original Ostromian line. However, in all cases they retain the bold spirit defining Vincent and Elinor Ostrom's attitude toward science, scholarship, and the life of the mind.

*Institutional Diversity and
Political Economy*

Contents

| | |
|--|-----|
| <i>Acknowledgments</i> | vii |
| <i>Introduction</i> | ix |
| 1. Institutional Diversity, Heterogeneity, and Institutional Theory | 1 |
| 2. Institutionalism and Polycentricity | 30 |
| 3. Institutional Mapping and the Institutional Analysis and Development Framework | 71 |
| 4. Institutional Resilience and Institutional Theory | 101 |
| 5. Institutional Design, Ideas, and Predictability | 134 |
| 6. Institutionalism and Pragmatism | 166 |
| Conclusion | 200 |
| <i>References</i> | 205 |
| <i>Index</i> | 227 |

Institutional Diversity, Heterogeneity, and Institutional Theory

ELINOR AND VINCENT Ostrom's affinity for the themes of institutional diversity, pluralism, and heterogeneity comes from two major sources. The first is foundational. The Ostroms operate from the perspective of what in social philosophy has been called a pluralistic worldview or paradigm. For them, diversity, pluralism, heterogeneity are "social facts," an inescapable condition of the social world. Similarly, for them the institutional arrangements people generate in response to this inexorable and irreducible feature of the world are and need to be pluralist. In other words, when it comes to organizing human coordination and interdependence in diverse circumstances, with diverse preferences, endowments, and beliefs, institutional pluralism is a fact, a challenge, and a *prima facie* normative answer. If that is the case, then the pluralism of criteria and values should as well define the way institutions and their performance are assessed. Last but not least, all of the above encourage a pluralist approach to the methods and theories used to analyze and explain the nature and functioning of institutions and social order. All in all, Ostromian institutionalism seems to have a strong pluralist bent.

When situated in the context of modern social philosophy, the Ostroms stand indeed in the category of thinkers who subscribe to the view that social heterogeneity and the divergence of values, beliefs, and preferences are the crucial elements of an adequate understanding of the central problem of social, politic, and economic order. Even more interesting, if we follow authors such as Lukes (2003), Tallise (2012), Gaus (2003), and Lassman (2011) we may even distinguish between two different branches or views of pluralism, among the broad range of pluralist scholars.

On the one hand, toward one end of the spectrum, are the "moderates," authors who while acknowledging the profound challenge of diversity and