

Paul Dragos Aligica and Peter J. Boettke: *Challenging Institutional Analysis and Development: The Bloomington School*  
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The Metropolitan Reform Movement debates of the 1960s and 1970s serve as the primary cause of the development of the Bloomington Research Program in Institutional Analysis and Development (IAD). Founded by Vincent Ostrom, the research program is an attempt to bring into contemporary social science the analysis of thinkers like Hume, Smith, and Tocqueville. The IAD program has become a well-recognized and productive center within the New Institutional Theory movement. Its bold combination of interdisciplinary theoretical approaches and hard-nose empiricism has led to the program's success as a research program, as evidenced by Elinor Ostrom's winning of the Nobel Prize in Economics in 2009.

*Challenging Institutional Analysis and Development: The Bloomington School* outlines and analyzes the research program and framework created by the Ostroms. The book contains three distinct sections and concludes with a post-script. Part I describes the origin of the school and the main themes of the research framework. Part II expresses the main ideas of the research program that were developed by Vincent Ostrom. Part III contextualizes the theoretical work of The Vincent and Elinor Ostrom Workshop in Political Theory and Policy Analysis. Along

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with these three sections, the authors provide an interesting post-script that includes separate interviews with each of the Ostroms. The interviews discuss their personal work in redefining commonly “misused” political terms.

The authors are both members of the faculty at George Mason University, with Aligica being a faculty fellow at the James Buchanan Center and Boettke a University Professor of Economics. Their main objective is “to explore, map, reconstruct and outline the essential conceptual and theoretical building blocks as well as the broader philosophy that shape, inspire and define the Bloomington IAD program”. This book demonstrates the importance of Elinor Ostrom’s work on governance that led to her jointly-receiving the Nobel Prize and Vincent Ostrom’s work on building a philosophical foundation for the Bloomington School that differed from the standard rational choice paradigm.

Part I of the book focuses on the development of the IAD framework within the Bloomington Research Program. The origins began through the heated debate on American municipal government and the need for reform that began in the 1960s.

Questions at the center of the debate included:

- Whether in each major urban area there should be only one local government
- Whether the complete abolition of the separation of powers in local government is desirable
- Whether the administration should be organized as a single integrated system upon the hierarchy principle: tapering upward and culminating in a single chief executive officer

This movement was based on the “problem” of chaos through the use of many jurisdictions within a singular metropolitan area. At the time, the spoken “solution” to the fear of a perceived administrative disaster, was a unitary power system to a large metropolitan area.

The Ostroms contested the key arguments of the reformers through the lens of diversity. Societies that vary under time and place under various scales of governmental issues require diverse patterns of organization to endure. Bloomington scholars argue that centralization of governance units cannot be the universal problem solver because “there can be no universal problem-solver capable of addressing diverse problems as applying to societies as a whole” (pg. 5). Trying to reduce the assortment of management to one prototype would create practical and analytical issues. Another issue the Ostroms noticed during the debate was the improper use of self-governance and decentralization theories and vocabulary. Vincent Ostrom goes into detail about this issue within the post-script, “For example, when some “market” economists speak of “capitalism,” they fail to distinguish open, competitive market economy and a state-dominated mercantile economy” (pg. 142).

This created the need to “reconstruct the conceptual framework” to counter the misleading perceptions brought on by the view of the state is monolithic single entity that rules over citizens with providence. For Vincent, it was the equating of democracy with a infallible problem-solving central government that was the analytical problem. In that framework, problems had only one solution: “the government.” What if the solution was many governments? Or no government? Or a combination of local governments and the voluntary sector? The creation and evolution of institutions of a self-governing society are what interested Vincent and what was ruled out by a focus only on monocentric systems. It is this emphasis on modes of governance which the Bloomington School shares with New Institutional Economics. The distinction between polycentric and monocentric systems and correction of terminology became the motivational drive for the development and research of the school.

The second part of the book, which is seen to be the driving force of Vincent Ostrom’s work, ignores the details of the empirical and analytical advancements of the institution. Part II

does however, draw more attention to the unexplored theoretical foundation of the Workshop. The authors define this part of the book as the “social philosophy of institutional order and change,” and also discusses the building blocks that help form this type of framework. This section is devoted to illuminating the issues and theoretical work that formed the core of Vincent Ostrom’s plan for the Bloomington research program.

Aligica and Boettke summarize Vincent Ostrom’s work by introducing Vincent’s theory on choice behavior as being the foundation for humans and the social order created by them. He believes choice creates an adaptive behavior that promotes assessment of selection. It builds to the development of ideas that encourage re-assessment of possibilities, rules, and institutions. Ideas represent ontological and epistemological theoretical keys to social order. Vincent Ostrom also re-defines institutions as a method of adapting to different “threats” and challenges. The threats created by ideas that institutions face are outlined as: potential chaos, tyranny, uncertainty and ignorance and error. Highlighting the attributes learning, knowledge and ideas as the leaders of social order and change creates a new path of development for institutions.

Part III of the book clarifies for the readers the mindset and theories of Vincent Ostrom as a paradoxical statement through a “birds-eye-view” experience of the intellectual setting. His work on one side seems to be “outdated” and “unfashionable” by some, however it is claimed as “fascinating” and “cutting edge” by others. The framework of his research provides the classical knowledge along with the need of new approaches. Policy issues should be analyzed through the “philosophical or normative speculations about human nature and the human conditions,” but should also remove itself from the mainstream conceptual ideas of “markets” and “states”. One has to go beyond rational choice theory to analyze the dilemmas faced by people in a community or society.

The last section of the book provides a very interesting interview with both Vincent and Elinor Ostrom. They each describe how the program constitutes the need for change in the use of incorrect terminology and misused economic theory based on the current installation of public policies by society. They both stress the need for fieldwork to grasp the understanding of local development and the need of redundancy to cope within actions of external shocks and disorder. Vincent Ostrom discusses the need for redefining the terms of choice. Elinor Ostrom describes the need for rethinking governance systems and challenging disciplinary boundaries. Governmental institutions usually miss the key issues that vary within different cultures to maximize production, causing some locally or privately managed to be superior. For example, Elinor Ostrom's research on the irrigation systems in Nepal found that the systems built by the local farmers performed more efficiently and created more productivity than the systems managed by government agencies. Theoretically, this occurs due to the personal incentives the local face to optimizing their workflow based on their physical and cultural setting. Local governances increase community development, which in-turn promotes polycentricism and complex adaptive systems. These theories are the basic framework of the research program and the Ostroms' work.

This book creates a unique assessment of the Bloomington School research program due to the introduction of the foundational core of the program that it provides. It defines the basic assumptions and themes of the program along with the building blocks of the foundation. It stresses the need of adapting to a new science but also re-considering a traditional analysis of political and economic thinking. The school combines historical aspects with contemporary development through the analysis of the social sciences. The Bloomington School continues to distance itself from traditional neoclassical economic theory but still utilizes it while building off of Tocqueville and Adam Smith. With the focus on Vincent Ostrom's work on theoretical development of

choice and social order and Elinor Ostroms's analysis on common-pool resources, a new framework of analysis on polycentrism is described.

This book is recommended to students and scholars of social science, particularly those within the fields of economics, political sciences, sociology and public administration. The theoretical development portrayed in this book could increase the quality of the research methods and the theoretical and empirical approaches used by graduate schools within these fields. Within economics in particular, students of Public Choice and Austrian economics would both benefit from reading this volume for different reasons. Public Choice economists would benefit from better understanding the philosophical differences between the Virginia School of political economy and the Bloomington School. Students of Austrian economics will find common ground with Vincent's rejection of strict rationality within a given ends-means framework. In addition, Austrian economists interested in better understanding real world problems (as opposed to those interested in pure theory) will find the interdisciplinary, mixed empirical methods approach of the Bloomington School to be of value in deciding what types of evidence they consider to be appropriate or valid in their own research.