

Introduction

The political economy and institutional theory associated with the Bloomington School, created by Nobel Prize in Economics recipient Elinor Ostrom and Public Choice Political Economy cofounder Vincent Ostrom, has been widely recognized for its contributions to a whole range of domains, from the fields of institutional design and public administration to the study of collective action, social cooperation, and common pool resources management. There is, however, one aspect of their work that, despite its centrality, has seldom attracted the attention it truly deserves: the pivotal and intriguing place the issues of public entrepreneurship and citizenship have in their writings. The Ostroms' interest in public entrepreneurship and citizenship as well as their institutional corollary – the idea of a polycentric domain of voluntary associations and enterprises as an intrinsic component of a viable self-governance system – is rather unique among the new institutionalism scholars who, in the second half of the twentieth century, reinvented and rebuilt institutional theory using political economy and public choice economics.

Public entrepreneurship not only had a special place in the Ostroms' work but the Ostroms were also genuine pioneers of its social scientific investigation. Elinor Ostrom's 1964 UCLA doctoral dissertation "Public Entrepreneurship: A Case Study in Ground Water Basin Management" is probably the first major study undertaken in this respect, while Vincent Ostrom's 1950s and 1960s writings on competitive and democratic governance systems (some of them together with Charles M. Tiebout and Robert Warren) have prepared the grounds for one of the most fruitful theoretical frameworks incorporating and conceptualizing the public entrepreneurship function. In a sense, in the Ostroms' view, public entrepreneurship is a governance ideal and an important political virtue, a feature of citizenship. It is sufficient to

recall, in this respect, Vincent Ostrom's lecture occasioned by the receipt of the 2005 John Gaus Award conferred by the Public Administration Society "to honor the recipient's lifetime of exemplary scholarship in the joint tradition of political science and public administration." The lecture summing up his lifetime contribution was tellingly entitled "Citizen-Sovereigns: The Source of Contestability, the Rule of Law, and the Conduct of Public Entrepreneurship." In it, Vincent Ostrom made unmistakably clear the crucial position of public entrepreneurship in his view of governance: our intellectual challenge, he explained, is to convert as much as possible of what is known as "public administration" into "public entrepreneurship." Even more tellingly, one can find instances in Elinor Ostrom's writings of truly passionate pleas for public entrepreneurship, with a strong normative connotation:

To unlock human potential, we must unlock the way we think about non-market institutional arrangements. We need to open the public sector to entrepreneurship and innovation at local, regional, national, and international levels . . . Given that the benefits of public goods and common-pool resources are dispersed within a community, many scholars ignore the possibility of local public entrepreneurs devising effective ways of providing, producing, and encouraging the co-production of these essential goods and services . . . The presumption made by many policy analysts is that without major external resources and top-down planning, public goods and sustainable common-pool resources cannot be provided. This absolute presumption is wrong. While it is always a struggle to find effective ways of providing these services, public entrepreneurs working closely with citizens frequently do find new ways of putting services together, using a mixture of local talent and resources. (E. Ostrom 2005b)

In a similar way, the Ostromian vision of governance and normative political economy is strongly anchored in a notion of civic competence and a well-defined view of citizenship and civic behavior (Levine 2011; Soltan 2011; Sabetti 2011; Sabetti, Allen, and Sproule-Jones 2009; Aligica and Boettke 2009). Once the themes of political competence, citizenship, and civic knowledge get introduced into the picture, the Ostroms' work instantly gains an entirely new dimension. It is, hence, a great loss that their contribution in this regard has seldom been recognized, although in the end, it occupies just such an essential position in their theoretical system. After all, the Ostroms defined the very mission of their work in terms of a direct contribution to an "art and science of association" to be used by citizens in the exercise of democracy:

One of our greatest priorities at the Workshop has been to ensure that our research contributes to the education of future citizens, entrepreneurs in the public and private spheres, and officials at all levels of government. We have a distinct obligation to participate in this educational process as well as to engage in the research enterprise so that we build a cumulative knowledge base that may be used to sustain democratic life. Self-governing, democratic systems are always fragile enterprises. Future citizens need to understand that they participate in the constitution and reconstitution of rule-governed polities. And they need to learn the “art and science of association”. If we fail in this, all our investigations and theoretical efforts are useless. (E. Ostrom in Aligica and Boettke 2009, 159)

The most remarkable and important aspect of the Ostroms’ work in this respect is that their interest went beyond identifying and isolating public entrepreneurship and citizenship as two phenomena of concern in the effort to understand institutional order and change. In their view, the two are part and parcel of a broader theory of governance. The Ostroms have advanced a specific approach to governance that builds on political economy and public choice elements but also goes beyond them. It is an approach that constantly puts citizens at the center of the governance system, while simultaneously trying to extend the analysis of entrepreneurship in nonmarket and collective action settings. The result is a unique way of reinterpreting and reconstructing the theory of governance as one of self-governance. It is a theory of both positive (explanatory) and normative (applied) relevance. Self-governance (the problem, its analyses, and the institutional dimensions) is the major underlying theme of the Ostroms’ work and is often recognized as such by commentators and followers of the Ostroms, but its assumptions, nature, and implications are seldom systematically explored.

The theory of self-governance is, by its very nature, unavoidably centered on social actors. Although heavily inspired by political economy and public choice, the problems of actors’ heterogeneity, imagination, capabilities, skills, values, cultures, contextual decision-making, etc. are essential. Self-governance is about actors operating in diverse and complex dynamic circumstances, using the resources available to them in trying to solve collective action and coordination problems. That requires an approach making use of basic rational choice models (*homo economicus* and related models of man and action), but it also has to move beyond those models. The Ostromian system tries to balance the tension between, on the one hand, the structural factor as conceptualized by the political economy/institutionalist dimension and, on the other hand, the agency factor as

conceptualized by the social actor and the human capability dimension. The problem of citizenship and public entrepreneurship emerges naturally at the interface between structure and agency.

The ultimate question motivating the intellectual endeavor to construe a self-governance system, explains Vincent Ostrom, is straightforward and could be expressed in almost individualized, personalized terms: “If you and I are to be self-governing, how are we to understand and take part in human affairs?” (V. Ostrom 1997, 117). In response, the Ostroms advanced an approach

in which a science and art of association rather than a science of command and control was viewed as constitutive of democratic societies. This fundamental difference of perspective has radical paradigmatic implications in addressing the question “Who govern?” in the plural rather than “Who governs” in the singular. A minor distinction in language may have radical implications for theoretical discourse in the same way that a shift in perspective from a revolving sun to a spinning and orbiting earth had profound implications for many different sciences, professions, and technologies. (V. Ostrom 1997, 282)

In brief, the Ostroms place at the core of their research program an issue that combines positive analysis with a straightforward normative stance: self-governance. Governments should not “exercise tutelage over Societies and steer and direct those Societies.” And if “people are to rule,” then “members of society should know how to govern themselves” (V. Ostrom 1997, 3, 271). The Ostroms’ work is avowedly meant to contribute to the creation of a collective cumulative knowledge base for citizens to apply in governance processes. In fact, they saw their efforts as part of “the central tradition of human and social studies,” contributing from today’s perspective (i.e., using the intellectual tools of the age and the historical insights gained so far) to a long tradition of creating relevant knowledge about self-governance (Aligica and Boettke 2009).

This book is an attempt to revisit the theme of self-governance and advance the approach to it from an Ostromian perspective. The objective is to contribute to the theory of self-governance along the lines defined and inspired by the Ostroms’ work. At the core of the effort will be the focus on what is considered in the book to be two essential elements of the theory of self-governance around which the entire Ostromian system pivots: public entrepreneurship and citizenship. The book pinpoints, clarifies, and further develops these key concepts and the cluster of issues and phenomena they designate and illuminate. In doing so, it will be revealed that the two imply an entire theoretical apparatus and conceptual system. They entail and are entailed in a theoretical dimension defined by notions such

as polycentricity, collective action, and competitive governance. Following the logic of exploration of and elaboration on this concatenation of issues, notions, and models, the very theory of self-governance advances naturally on both its analytical-conceptual and its normative sides. The book presents the insights thus emerging, and in so doing, elaborates and refines the ways we think about self-governance. The result is not only a reassessment and rearticulation of the theoretical apparatus constructed by the Bloomington School of Public Choice, but also a fresh approach to several cutting-edge research domains and contemporary debates relevant to governance studies and applied institutional theory.¹

When it comes to the contemporary debate, the argument of this book could be read first and foremost as a contribution to the defense of a certain form of liberal democracy, the ideal of a system of governance centered on a normative individualist recognition of the primacy of citizens' values, interests, and preferences and pivoting on the institutional and epistemic processes generated by the citizens' participation in governance endeavors. To fully understand the magnitude and relevance of the challenges to which the arguments advanced in the book aim to respond, one needs to be more explicit about what is at stake.

A self-governance doctrine assumes that the tension between the notion of government by experts – or “guardians” as Robert Dahl (1989) calls this model – on the one hand, and government by adult citizens who take responsibility for the collective decisions in their communities and societies, on the other, has already been settled in favor of the second. Hence, the emphasis is on citizens and civic action, seen as both the normative sources and as the main causal drivers of political order and change. This citizen-centered governance theory pivots on the interrelationship between the institutions of governance and civic and political competencies (i.e., the skills, values, strategies, knowledge, and beliefs needed by citizens to operate the institutional and procedural apparatus and to generate and maintain the social relationships necessary for good governance).

¹ The term *public choice* is used in this book in two ways. The first designates an activity, a social phenomenon in real-life public affairs. The second meaning designates the discipline, the area of study and inquiry, a domain of academic and public discourse. We refer to, on one hand, “public choice,” and on the other hand, “the field of public choice” or “Public Choice.” The first denotes the activities and institutions by which a society makes collective choices – how people make choices in groups as opposed to individually. The second denotes the academic field at the interface between economics and political science that studies how collective choices can be made efficiently.

To locate the citizen-centered approach on the conceptual map of governance doctrines and systems, one should imagine their range on a continuum. At one end, “tutelage” and “guardian” systems, “seeing like a state” structures, pivot on the ruler-ruled relationship. At the other end, systems in which power, authority, and hierarchy are more fluid and modular, broken into polycentric countervailing structures and forms of association and in which “seeing like a citizen” is the dominant governance vision. Obviously, these are ideal types. But they capture well what is at stake. The image could be translated rather coherently into the terms of a conceptual framework: the closer one moves on the continuum to the citizen-centered perspective, the more citizens’ competence and an institutional and social environment of voluntary action and association take the forefront, while the hierarchies of power, authority, and control shift to the background. The reverse move leads to reversed saliences.

Turning from the analytical to the normative side, the citizen-centered approach gives expression to the perspective of “seeing like a citizen” as opposed to the “seeing like a state” perspective. The result is an ideal theory, a model of a governance system and a direction for practical aspiration. The normative exercise is meant to drive political reality as much as possible in that direction. The analytical exercise is meant to illuminate the factors that may be supporting or hindering that drive. Thus, both analytically and normatively, it indeed represents a distinctive and significant approach to current political philosophy and governance theories.

The assumption is that rule by the citizens is both desirable and feasible. But crucial for the very idea of a self-governance system is the fact that it is considered that social actors have the political or civic competence on a scale and scope that makes self-governance possible. It is further considered that an affirmative answer has already been given to a particular set of foundational questions: Do social actors, when assuming the roles of citizens, have the capacity to play that role effectively? Do citizens have the knowledge and skills to put facts, values, and strategies together in effective ways, given their self-governance objectives? Do they have what it takes to self-govern? In brief, these are questions regarding the very *competence* of citizens at mastering facts, values, and strategies while aiming in rational and moral ways toward certain social and political objectives. The entire architecture of this approach hinges on this feasibility assumption; it places the entire discussion in the realm of the possible as opposed to the realm of the utopian.

The problem is that recent developments in behavioral economics and political philosophy have profoundly challenged the very foundation of the self-governance argument. The ideal of rational, active, and informed democratic mankind was subjected to a variety of empirical and conceptual criticisms. The realism and feasibility of self-governance were questioned on the grounds of the very limits of citizens' competence. The emerging view suggests that any governance theory based on citizens' capacities and on expectations of public entrepreneurship is doomed to be unrealistic and unfeasible – the epistemic and competence resources of citizens are rather limited, and public entrepreneurship is far from able to effectively overcome collective action problems. In fact, it is rarely triggered, given the incentive structure of the public action arenas and the ways social actors perceive and react to those incentives. And, thus, a revival of revamped antidemocratic doctrines shifts attention toward various forms of epistemic-asymmetry-based alternatives to liberal democracy.

The growth of a new form of paternalism is not just a figment of the speculative and theoretical imagination. The literature already features concrete applied formulas that materialize it: at the most basic level is the so-called nudge technology of public policy, as an example of the elemental policy intervention unit (basic building block) of the approach. Then there is “libertarian paternalism,” as the theory justifying the technique and the intervention. And finally is the so-called epistocracy, as a larger doctrine of governance, within which technical social engineering interventions on the architecture of choice, such as nudging, or normative justifications, such as paternalism, combine to generate a model or ideal of a defensible system of governance (Thaler and Sunstein 2003; Brennan 2016a, 2016b, 2016c). There is no doubt that the idea of self-governance is seriously put on the defensive in light of the theories and doctrines noted above, as well as of the resurgence of more traditional, authoritarian, and collectivistic views, reasserting in the global arena.

Confronted with this massive challenge, the defenders of the self-governance tradition are left with basically two reactions: The first is containment and accommodation, admitting the veracity of the challenge and acknowledging that all one can do is try to minimize the scale and scope of the epistocratic paternalist designs on the private sphere of citizens' lives. More concretely, the response can be to try to encourage, out of the many paternalist designs, just those that are comparatively less intrusive in an attempt to preserve as much as possible some space for individual choice and responsibility. The second reaction is bolder: to try to push back, to renew the citizen-centered vision, to update the conceptual

and normative stance behind it in light of the newest developments in social science and philosophy, and to redouble efforts to bolster the institutions and civic capacities needed for self-governance. One might say that it is very difficult to draw a line between the first approach and the second approach. And indeed, there is a vast overlapping space between them. Yet, in the end, even if it is a matter of degree and emphasis, one still has a clear choice between the strategy of accommodation and the strategy of pushing back.

In this respect, probably the most constructive approach is one where before succumbing to the middle ground of pragmatism (which means accommodating and tinkering within a broad climate of opinion and institutional designs dominated by epistocracy, paternalism, and even authoritarianism), the supporters of self-governance have the duty to push back first. Their strategic task is to articulate new arguments for the viability of the self-governance, citizen-centered approach. They need to update and upgrade the theoretical and normative framework supporting the desirability and feasibility of governance systems that are democratic in the traditional (Tocquevillian) sense, not epistocratic or technocratic. Even if, in the end, one is just strategically positioning for making concessions from a better position when adjusting to the policies and reforms inspired by epistocratic paternalism or authoritarianism, one still needs a renewed vision to orient the effort. “Seeing like a citizen” (not like a state, an enlightened despot, or an expert advising the latter) needs to be operationalized in the process of negotiated accommodation and pushback. If one gets into this process sharing with the other side the “seeing like a state” vision, then the results are easy to anticipate.

If that is the case, then the question is what should the main directions of this response be? What ideas, conceptual instruments, and normative notions should be used as vehicles of first order? This book will address this challenge from a perspective shaped by the Ostroms’ work. Their approach can offer resources and lessons in this regard in a way that few authors working at the interface between foundational and applied theory could. It is well known that the Ostroms have contributed to the empirical side (metropolitan governance, common pool resources, public services provision, etc.) of the themes that are at the core of that discussion. Yet, in addition to these empirical and analytical aspects, they have also dedicated ongoing attention to a dimension that is foundational and normative. In fact, it is precisely this normative engagement that is ultimately motivating the analytical and empirically focused efforts. Responding to the

challenges of paternalism means that, sooner or later, one has to search for resources in this area in which theoretical framing, normative ideals, and institutional design principles intertwine. It is a complex and messy domain in which it is very hard, if not impossible, to draw a line between the theoretical and the applied.

The special relevance of the Ostroms' work comes from the fact that their empirical and analytical contributions are deeply permeated by a normative dimension solidly bolstered by a social philosophy of civics in which citizenship, public entrepreneurship, and self-governance are intertwined. They approach things from the perspective of the applied level, defined by an unmitigated interest in institutional design and policy intervention. Such a position bridges the theoretical world and the world of practice. Its distinctive feature is that it mobilizes and uses the relevant insights from foundational work – theoretical, normative, and empirical – and does so with a view not to solve theoretical puzzles or empirically test some hypothesis generated in the workings of one research program or another, but to orient feasibility and desirability judgments and to bolster the analytics and heuristics of applied-level approaches. This type of position is usually associated with the notion of applied theory or, when the normative and conceptual framing dimension has a decisive role, of applied philosophy. Seen from a political philosophy angle, this type of perspective could be associated with the increasingly influential debate and literature on “nonideal theory.” It is a messy area in which philosophical and theoretical matters overlap and combine with empirical and operational aspects, intertwining in complex ways in multiple dimensions (Gaus 2016, 1–2). Yet it is a crucial area to chart and explore because it is the very area where the relevance of our philosophical and scientific endeavors is decided. This is the space where the debates about the desirability and feasibility of self-governance and its alternatives have to be settled.

This book will show that many of the questions and doubts that are salient – and perhaps impossible to respond to – if public entrepreneurship and citizenship are approached separately and in isolation as distinct phenomena, have to be reconsidered as soon as one grasps the bigger picture of the theory of self-governance that is connecting them to the other elements of the theoretical framework: polycentricity, coproduction, competitive governance, voluntary association, etc. The Ostromian approach both encourages the analysis of these particular phenomena and, at the same time, shifts the emphasis to this broader systemic view and the process aspect related to it. That, as Vincent Ostrom has explained, “has paradigmatic implications.”

The core insight is that a self-governance system is not mainly about the framing and channeling of preexisting social actors' skills, knowledge, and political competencies and entrepreneurship. It is also about generating them. The participation of social actors as citizens in the governance process is essential. Self-governance is about the interrelationships between the institutional structure and processes and the psychological, attitudinal, and epistemic features of social actors interacting with those institutional arrangements. At this point, one could recognize the contours of the Tocquevillian participatory democracy paradigm within which the Ostromian self-governance theorizing has deep roots. In this intellectual tradition, citizens' competencies are endogenous to the governance process, not exogenous conditions reflected in abstract assumptions that are easy to question anytime by simply evoking the real-life, concrete, empirical evidence. As Carole Pateman put it:

One might characterize the participatory model as one where maximum input (participation) is required and where output includes not just policies (decisions) but also the development of the social and political capacities of each individual, so that there is feedback from output to input. (Pateman 1970, 4–5)

The participatory democracy paradigm responds to the problem of the limits of citizens' capacities – information, rationality, resources – and by implication, the concerns for the stability, resilience, and feasibility of a self-governance system by pointing to the process itself.

Thus there is no special problem about the stability of a participatory system; it is self-sustaining through the educative impact of the participatory process. Participation develops and fosters the very qualities necessary for it; the more individuals participate, the better able they become to do so. Subsidiary hypotheses about participation are that it has an integrative effect and that it aids the acceptance of collective decisions. (Pateman 1970, 42–43)

In this paradigm, public entrepreneurship and citizenship become pivotal elements of the system. At the same time, they are effective ways of conceptualizing and translating in applied terms the very idea (or ideal) of “participation.” The Ostromian approach could thus help the response to the paternalist and epistocratic challenge through its contribution to the reconstruction of the Tocqueville–Mill–Popper tradition that links institutional structures, political acts, and habits of mind and heart, while placing them at the core of a dynamic model of democracy (as an open society) and of democratization (as an open process).

This book does not harbor the ambition of offering a complete or general theory of self-governance, much less “The Theory” of self-governance. It is