

## Timeline

Date		
18.2.	Institutions	
25.2.	Institutions II	
4.3.	Classical Institutionalism and New Institutional Economics	
11.3.	Property rights and resource regimes, Commons	
18.3.	Doughnut Economics: From Planetary Boundaries to thinking how an economy can be regenerative by design (Claudio Cattaneo)	
25.3.	Application of the doughnut at the city scale with Barcelona as an example (Claudio Cattaneo)	
1.4.	Ecological Resource Economics	
8.4.	Applications: water, forests, fisheries	
15.4.	<Great Friday>	
22.4.	The Water–Energy–Food Nexus in India	
29.4.	Q&A, discussion	
6.5.	Presentations I	
13.5.	Presentations II	
20.5.	Debate, Open Space, Experiment	

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## Classical Institutional Economics

- **Thorstein Veblen** (economist and sociologist): leisure class, conspicuous consumption (lifestyle?) (prestige / status consumption of the new rich, not the wealthy)
  - **John Dewey** (philosopher, psychologist, educational reformer): trans-action versus inter-action – relational approach (founder of pragmatist philosophy, ..)
  - **John R. Commons** (institutional economist): managerial, rationing & bargaining transactions (fair regulation, political economics, collective action, ..)
- Institutional Economics aims to highlight that economics is always also political (e.g., also markets need rules)

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## Institutional Economics and other sub-schools

- **Law & Economics:** Application of economic/neoclassical theory to law, mostly formal, mathematical analysis and experimental research
  - **Public Choice:** Application of economic theory to political institutions, mostly formal, mathematical analysis and experimental research
  - **New Political Economy:** Interdisciplinary, rejects neoclassical theory, reflects economics assumptions
  - **Convention Theory:** French school of organizational institutionalism
- The education of lawyers and other social scientists is usually separated. More integration needed?

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## Greeting institutions

- **Handshakes / Namaste / Chinese greeting / ...**

- Why do greetings exist?  
 ➤ Is greeting a convention or a norm?



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## Types of institutions

- Conventions
- Norms
- Legal rules

Table 3.1 The four basic legal relations

	Alpha	Beta	
Static correlates	Right Privilege	Duty No right	e.g., property rights & forest fruits
Dynamic correlates	Power Immunity	Liability No power	e.g., institutional change

Source: Hohfeld (1913, 1917).

Vatn 2005, p. 65

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## Property Rights

- Property rights are formal and informal institutions that define „who has access to which resources [object] or benefit streams and under what conditions“ (Vatn 2005)
- Property rights are **socially defined** and **may differ from the actual physical possession**

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## Bundle of Rights

- **Property rights** with respect to a particular resource **are usually highly differentiated (= ,bundle of rights’)** (Bromley 1991):
  - Right to use (usus)
  - Right to appropriate the returns (usus fructus)
  - Right to change form, substance or location (abusus)
  - Right to exclude other actors from access and use
  - Right to transfer part or all of the above rights

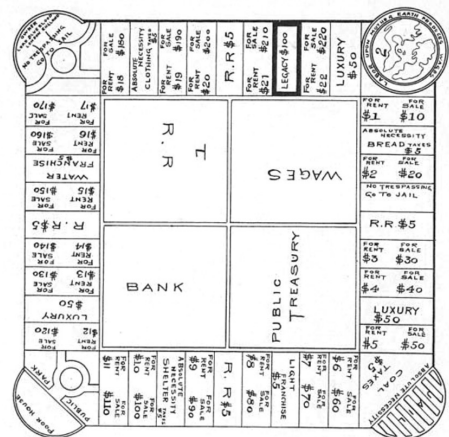
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➤ The Landlord’s Game - Henry George

No. 748,626. PATENTED JAN. 5, 1904.  
 L. J. MAGIE.  
 GAME BOARD.  
 APPLICATION FILED MAR. 23, 1903. 2 SHEETS—SHEET 1.



Witnesses  
*F. L. Ormond*  
*M. H. Ormond*

Inventor  
*Lizzie J. Magie*  
 by *John A. Calkins*  
 Attorney

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## Bundles of Rights and Positions of Actors

- Different parts of the **bundle of rights** of a particular resource can be **assigned to different actors** or actor groups (Ostrom & Schlager 1996: 133):

	Owner	Proprietor	Claimant	Authorized User	Authorized Entrant
<b>Access</b>	X	X	X	X	X
<b>Withdrawal</b>	X	X	X	X	
<b>Management</b>	X	X	X		
<b>Exclusion</b>	X	X			
<b>Alienation</b>	X				

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## Grammar of institutions: ADICO

Alpha's animals must not feed on Beta's cultivated land during the growing season or else Alpha will be fined.

This formulation consists of five elements (Crawford and Ostrom 1995):

A: An *Attribute* is the characteristics of those to whom the institution applies. In this case the attributes concern owners of animals.

D: A *Deontic*<sup>4</sup> defines what one *may* (permitted), *must* (obliged) or *must not* (forbidden) do. In our case the deontic is 'must not'.

I: An *Aim* describes actions or outcomes to which the deontic is designated. The formulation above implies that the forbidden action is feeding on others' cultivated land.

C: A *Condition* defines when, where, how or to what extent an *Aim* is permitted, obligatory or forbidden. In our case the condition is 'during the growing season'.

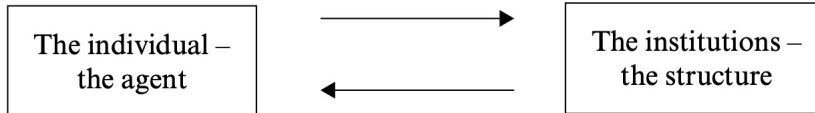
O: An *Or Else* defines the sanction for not following the rule – that is, a fine will be issued.

Vatn 2005, p. 67

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# The individual and society

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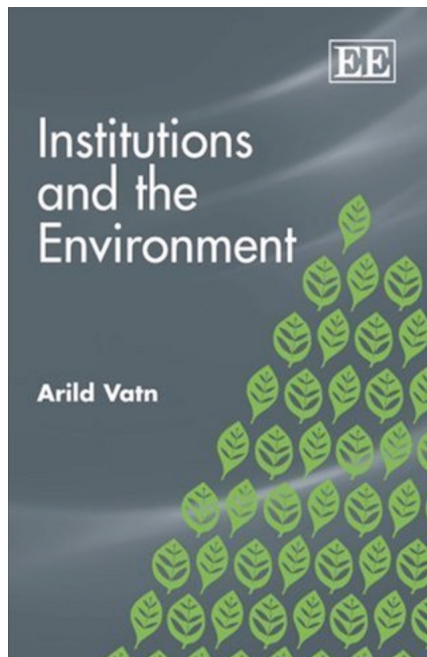
*Understanding institutions*

*Figure 2.1 The individual and the institutions*

Vatn 2005, p. 26

- Positivist, Constructivist, Realist
- Methodological Individualism vs. Holism: Systemism/Relationism/Institutionalism
- Structuration and Critical Realism (Anthony Giddens, Roy Bhaskar, Margaret Archer)
- Different types of structures (property rights, money, etc.)

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