

Editorial introduction to the Elinor Ostrom memorial issue

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Abstract: This introduction considers the overall character and impact of the work of Elinor Ostrom (1933–2012). Her work is not only inter-disciplinary in character; it also bridges ‘original’ and ‘new’ traditions within institutional economics. Her studies of the governance of common-pool resources inspired multiple lines of enquiry in economics and other social sciences. It also carves out a policy approach that surpasses the market–state dichotomy. This broad impact is evidenced in the seven essays collected and introduced here.

Elinor Ostrom (née Awan) was born in Los Angeles in 1933. In 1963, she married Vincent Ostrom, who was a leading political scientist in his own right. Together in 1973 they founded the Workshop in Political Theory and Policy Analysis in Indiana University. In 2009, she became the first woman to receive the Nobel Prize in economics ‘for her analysis of economic governance, especially the commons’. The prize was shared that year with Oliver Williamson. She died in 2012. Her husband expired a few days after her.

Her most famous work is on the problem of managing and maintaining common-pool resources, such as common (shared) land, fisheries, forests or irrigation facilities. Like public goods, common-pool resources exist when it is difficult to exclude other potential beneficiaries; but unlike public goods, common-pool resources are depleted by use and hence users are put in a rivalrous position.

The so-called ‘tragedy of the commons’ (Hardin, 1968) emerges when (say) shared land is over-used and over-depleted by a community. Because usage cannot be restricted, everyone can have an incentive to use the land, and it would degrade through over-grazing or other excessive use. A widely alleged solution to this problem is to establish individual private property rights in the land so that use can be restricted or a rent can be charged to restrict use. Others have proposed that common-pool resources should be taken into public ownership, and their use planned and managed by a political authority.

In contrast, extensive empirical studies by Ostrom (1990, 2000) showed that in practice, including in the underdeveloped world, communities typically establish

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effective rules for managing common-pool resources. These systems of rules often evolve as customs or traditions, without prior overall design. These rules often alleviate problems of over-use and fulfil obligations of maintenance. She looked at examples in varied contexts, around the world. In some of her cases the management rules had endured successfully for centuries.

Her work thus pointed to a ‘third way’ that relied neither on central planning nor on individual property and markets. Ostrom (1990, p. 1) argued that ‘neither the state nor the market is uniformly successful in enabling individuals to sustain long-term, productive use of natural resource systems’. Her evidence suggests that many successful common-pool resource management systems ‘are rich mixtures of “private-like” and “public-like” institutions defying classification into a sterile dichotomy’ (ibid., p. 14). Her attempt to transcend the debate between public and private provision is evidenced in the following critical passage, where Ostrom (1990, p. 22) emphasises the importance of institutional details rather than ideologically motivated dogma:

Both the centralizers and the privatizers frequently advocate oversimplified, idealized institutions – paradoxically, almost ‘institution-free’ institutions. An assertion that central regulation is necessary tells us nothing about the way a central agency should be constituted, what authority it should have, how the limits on its authority should be maintained, how it will obtain information, or how its agents should be selected, motivated to do their work, and have their performances monitored and rewarded or sanctioned. An assertion that the imposition of private property rights is necessary tells us nothing about how that bundle of rights is to be defined, how the various attributes of the goods involved will be measured, who will pay for the costs of excluding nonowners from access, how conflicts over rights will be adjudicated, or how the residual interests of the right-holders in the resource system itself will be organized.

Her forensic, empirically grounded research led to generalised principles of institutional design of common-pool resource management systems. She also applied her ideas to problems of political governance and climate change (Ostrom, 2005, 2009, 2010). Driven by detailed empirical research, her theoretical work on rules and institutions is of enormous importance (Ostrom, 2005). She paid attention to key definitions and sharp concepts. For example, Ostrom (1990, p. 51) defined institutions as

sets of working rules that are used to determine who is eligible to make decisions in some arena, what actions are allowed or constrained, what aggregation rules will be used, what procedures must be followed, what information must or must not be provided, and what payoffs will be assigned to individuals dependent on their actions.

In her final years, she became increasingly interested in how rule-systems (or institutions) evolve, publishing a paper in the *Journal of Institutional Economics* on this theme (Ostrom and Basurto, 2011).

Ostrom's major contribution to the study of institutions is often described as part of the 'new institutional economics'. But if the latter is defined as the application of neoclassical economics to institutional analysis, then her work ill-fits this description. Furthermore, her emphasis on trust and culture puts her in profound contrast with Oliver Williamson and others. Without developing this point extensively or mentioning Williamson explicitly, Ostrom (1990, p. 22) hinted that the assumption of ubiquitous opportunism may be unrealistic. While the problem of opportunism is real, trust and other mechanisms must supplement costly monitoring, to ensure compliance with rules of governance.

Work that is gathered together under the 'new institutional economics' label is highly diverse in both theoretical and policy terms. The frequent emphasis placed on information problems situates the field at some distance from traditional neoclassical theory. Such diversity is also found in other schools. The original institutional economics was also highly varied in both theoretical and policy terms. Many of the concerns and approaches of the new and the original institutional economics overlap (Hodgson, 2004; Rutherford, 2011). Consequently, it is now difficult to draw a clear demarcation line between the two traditions of institutional economics (Dequech, 2002).

In some respects – including her emphasis on the evolution and customary nature of rules – Ostrom's work resembles aspects of the earlier contributions of Thorstein B. Veblen and John R. Commons, as well as being redolent of the later work on institutional and cultural evolution by Friedrich A. Hayek. Yet, however, she is labelled, her contribution to social science has been gigantic. We have lost an enormously creative scholar and a warm and wonderful person.

As a tribute to Ostrom, this issue has been put together by the editors of this journal and additional guest editor Professor Tine De Moor of Utrecht University. The contributions to this special issue cover a range of topics related to Ostrom's work.

Frischmann (2013) explores some enduring lessons drawn from her rich contribution to the social sciences. He stresses her acknowledgement of complexity and her creative synthesis of different methodologies, simultaneously and strongly interacting with empirical enquiry. These lessons are illustrated through a discussion of her work on the environmental commons and its extension to other spheres.

Boettke *et al.* (2013) offer some more detailed reflections on Ostrom's empirically grounded research methods. Before her extensive studies of common-pool resources she researched the provision of public safety by a police force. Boettke, Lemke and Palagashvili show how she pioneered a field work-based framework for measuring police services using consumer surveys. They argue that although she demonstrated the importance of multiple methods, her most enduring contributions and legacy came from on-the-ground empirical research. Only in this way is it possible to understand the evolution of institutional diversity.

Janssen and Anderies (2013) discuss how an Ostrom-inspired, multi-method approach may be used to study the robustness of socio-ecological systems. They review a series of studies on small-scale irrigation systems involving case studies, experimental methods in laboratory and field settings, and mathematical models. They argue that experimental work adds to the understanding of the importance of trust relationships, low levels of inequality, and low transaction costs of coordination. The integration of case studies and modelling can help to understand key problems of successful institutional design and function.

Pennington (2013) locates Ostrom's work on common-pool resources within a broad tradition he describes as 'robust political economy', in the sense that her analysis of evolved governance institutions establishes arrangements, which although imperfect, can deal effectively with 'imperfections' such as bounded rationality and deal with problems of incentive compatibility. At the same time, he argues that her work lacks an adequate account of when, if ever, top-down governance arrangements are to be preferred.

Also inspired by Ostrom's ideas, Rothstein and Broms (2013) develop a novel argument in an attempt to help explain the relative historical absence of democracy in the Arab-Muslim world. They argue that explanations such as values, culture, economic development, natural resources or colonial legacy, have been refuted. They present a novel explanation for this puzzle, based on historical variations in institutions for financing religion. In Arab-Muslim countries, they point out, religion has been financed by private foundations lacking systems for representation and accountability.

Beltrán Tapia (2013) addresses the role of common land in the economic development of Spain, from 1860 to 1930. He provides evidence to suggest that common lands positively contributed to achieving significantly higher levels of both schooling expenditure and literacy rates. As with other developing countries, the active intervention of the government was crucial to promote education, but this effort was not enough to prevent Spain lagging behind other European countries in that period.

De Keyzer (2013) examines the impact of different distributions of power on access rights within institutions governing common-pool resources. She performs a comparative analysis of three European cases bordering the North Sea: namely the Campine area within the Low Countries, the Brecklands in England and the Geest area in Schleswig Holstein. She argues that only communities with relatively balanced distributions of power retained an inclusive access regime throughout the early modern period, while more polarised societies evolved towards more restrictive access to the common wastelands.

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