



Universidade Federal do ABC

# **Success... for whom? Methodological individualism and power relations in Ostrom's approach to commons**

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# Summary

1. Ostrom: down with *homo economicus*...
2. ...up with bounded rationality
3. What did not change,  
and how can it go wrong?
4. Case in point: CA groundwater basins
5. Why does this matter to Latin America?

# A few caveats

- based on literature review
  - E. Ostrom, c. 1965–2004
  - ◆ noteworthy “absences”:
    - Ostrom’s writings on SES
    - *Working Together* (w/ Poteete & Janssen, 2010)
- my love / hate relationship

# 1. Ostrom: down with *homo economicus*...

- Hardin’s “tragedy of the commons” was based on the *homo economicus* assumption
  - a model of how rational individuals make choices, based on cost-benefit analysis
  - rationality here means maximizing immediate self interest... (Hardin: and thus, commons lead to ruin)
- Ostrom: powerful empirical refutation
  - *Governing the Commons*: not always so...
    - enduring commons exist, so that model must be wrong
  - a lasting contribution!

## 2. ...up with bounded rationality

- another model of human rationality, taking into account that individuals:
  - have limited information (and cognitive capabilities)
  - are influenced by:
    - beliefs, trust, reputation (internalized norms)
    - time considerations (discount rate)
- bounded rationality;  
more generally, *behavioral* rational choice
  - “2nd generation” to rational choice theory

### 3. What did not change, and how can it go wrong?

- rational choice (“1<sup>st</sup> generation”) is based on *homo economicus*...
- the behavioral version of the individual’s model also relies on cost-benefit analysis
  - but more “variables” are added to every individual’s equation

# Model for individual choice in *Governing the Commons*

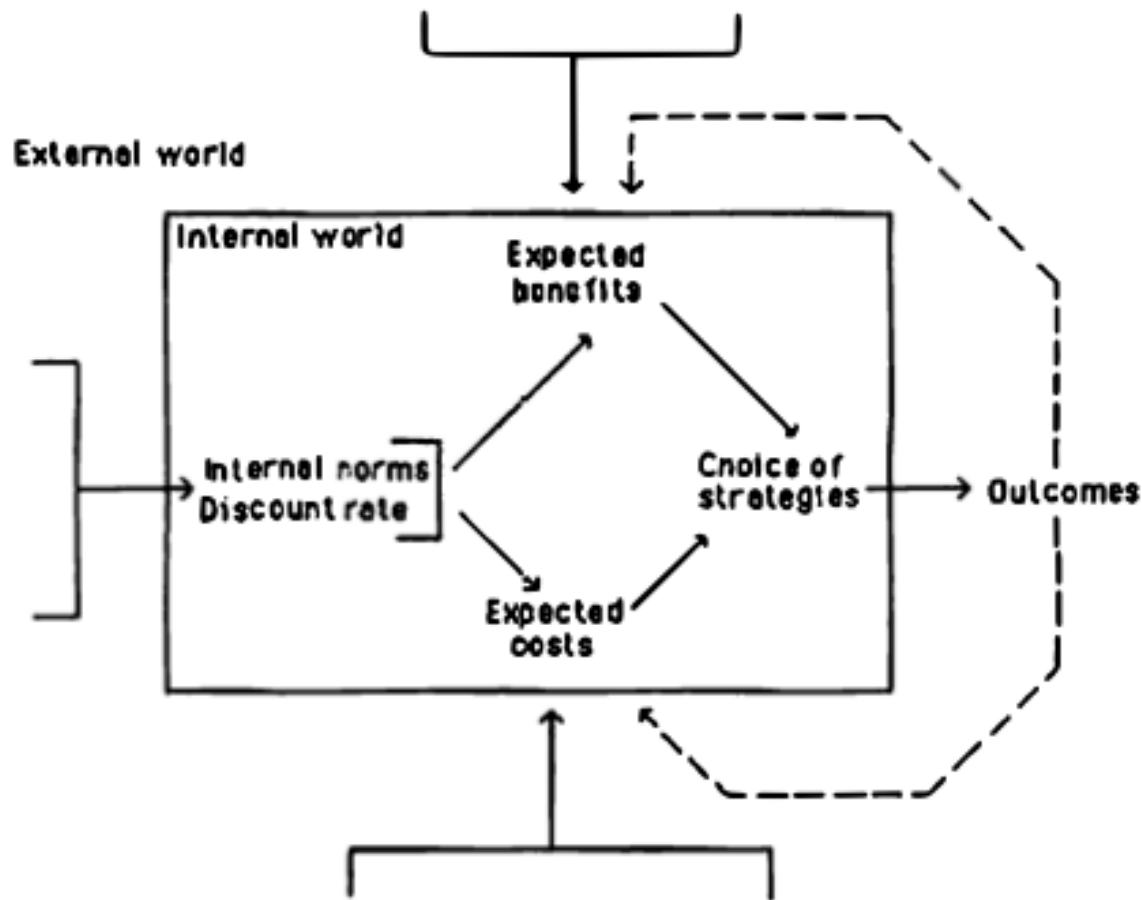


Figure 2.1. The internal world of individual choice.

Source: Ostrom (1990, p. 37)

# Methodological individualism: not such a radical departure?

- both “generations” of rational choice are based on methodological individualism
  - individuals are the atomic unit of analysis
  - the “whole” (society) can only be explained by its “atoms” (individuals)
- is individualism an adequate approach to investigate... *commons*?
  - possible blind spots with regard to wider issues: inequality, power relations, class...



## 4. Case in point: Hawthorne

- CPR: California groundwater basins
  - Ostrom:
    - PhD thesis (1965)
    - *Governing the Commons* (1990)
  - actors of different types  
(municipalities, small companies, corporations)
  - an agreement was reached to place limits on use, but the city of Hawthorne surpassed them

# Case in point: Hawthorne (Ostrom, 1990)

- Hawthorne's justification:

“Instead of viewing the basin as something jointly owned by all water producers, Hawthorne viewed its needs to serve a municipality with water as superior to the needs of industry in the area... [they] saw the agreement as favoring the industrial producers, an effort to take away water rights that should be devoted to public use.”

# Case in point: Hawthorne (Ostrom, 1990)

- Ostrom reports Hawthorne's defeat, and presents the case as successful
  - the city's arguments *are not* discussed
    - but it would be too possible to do so, and with empirical data:
      - proportion of water for industrial / public uses?
      - could Hawthorne access reasonably-priced water?
      - ratio of non-industrial users in negotiating fora?
      - how relevant was industry use to local population?

# Case in point: Hawthorne (Ostrom, 1965)

- PhD: longer treatment; could discuss those issues?
  - a footnote to the previous quote was slashed:

“In particular, some Hawthorne officials were suspicious of Standard Oil. Standard Oil encourages its employees to enter into active political life in the communities in which they live. As a result, several Standard Oil employees have held influential positions within their own cities [and] in the association [...]. The mayor of El Segundo for many years was a Standard Oil employee. *During the last years of the interim agreement, the mayor of Hawthorne, who was also a Standard Oil employee, attempted to change Hawthorne's strategy from one of hostility to one of cooperation with other water producers in the basin.*”

# Case in point: Hawthorne (Ostrom, 1965)

- Ostrom knew that:
  - to favor its interests, one of the private actors lobbied and interfered in political processes
  - it got employees in mayors' offices; including Hawthorne, where he reversed the city's stance
  - Hawthorne authorities saw that as confirmation that the company got “preferential treatment”
    - Standard Oil: today, Chevron

# Case in point: Hawthorne

- “successful” CPR: but for whom?
- why was this not mentioned (in 1990)?
- why the differences / power imbalances between actors were not accounted for?
  - my argument: Ostrom’s approach is not very conducive to that because of its individualist underpinning

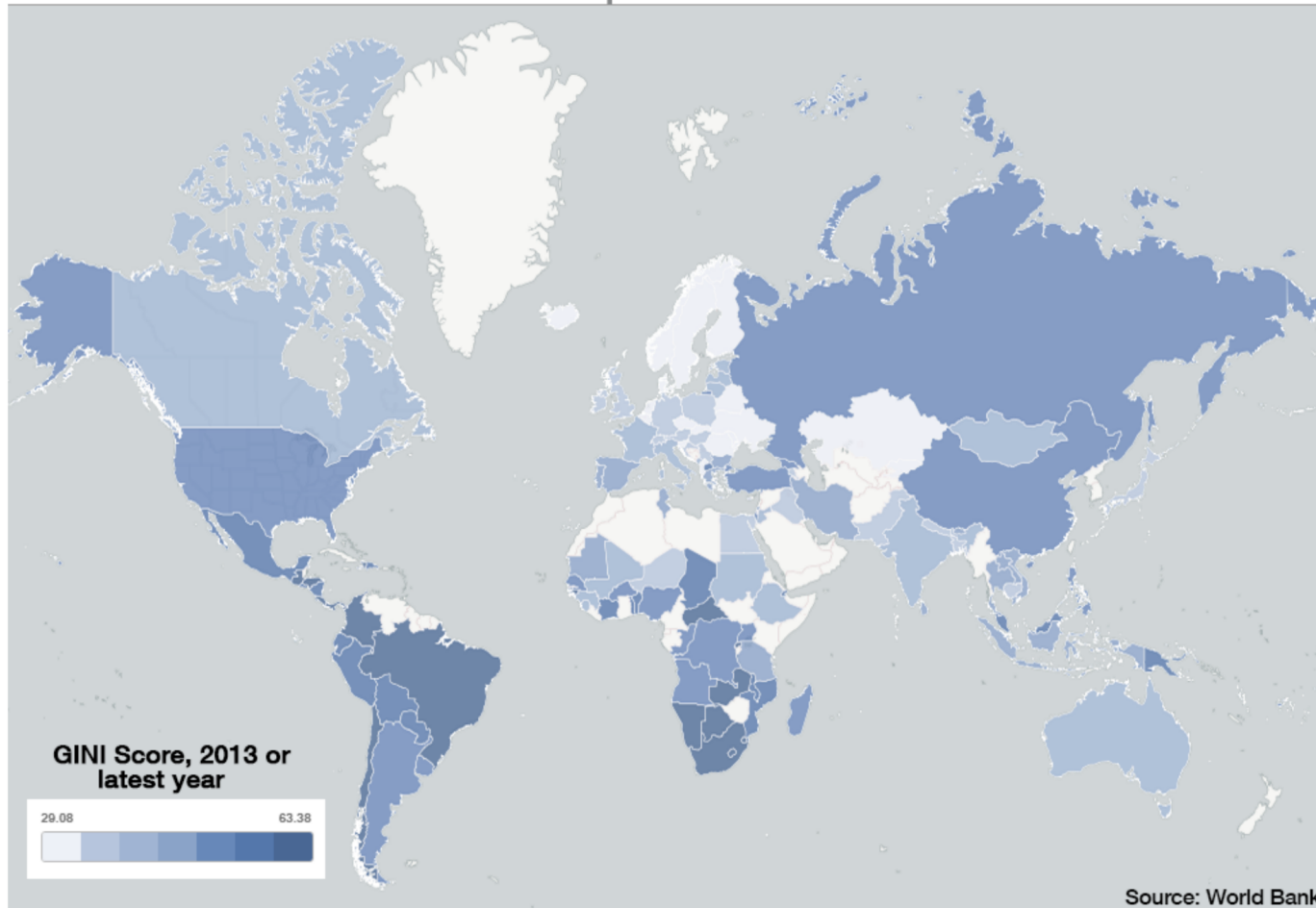
# 5. Why does this matter to LA? Inequality

**What does inequality look like around the world?**



Darker countries are more unequal

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OF THE WORLD



# 5. Why does this matter to LA? Power and roles of corporations





# Thank you!

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