

# Book Review: The Sustainable Economics of Elinor Ostrom: Commons, Contestation and Craft by Derek Wall

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*The threat posed by global warming and environmental degradation are the most pressing examples of what has become known over the past several decades as the 'tragedy of the commons'. In this book, Derek Wall explores the work of the late Nobel Laureate, Elinor Ostrom, on how humans can overcome this problem, and sustain the commons over the long term. Chris Shaw finds that this book is an accessible presentation of Ostrom's ideas.*

**The Sustainable Economics of Elinor Ostrom: Commons, Contestation and Craft. Derek Wall. Routledge. 2014.**

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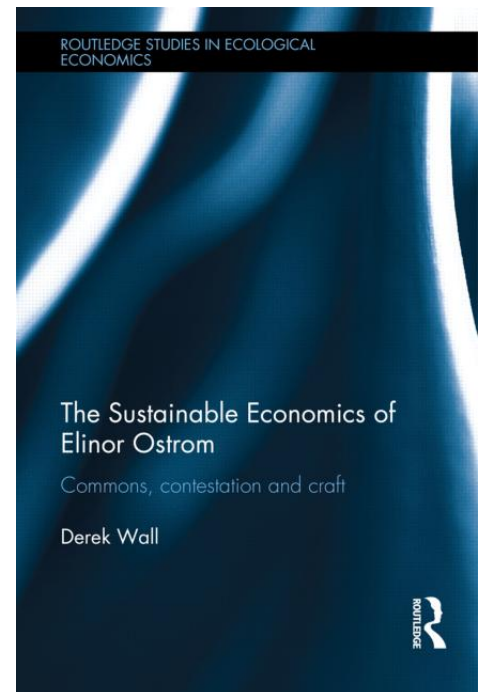
Derek Wall has been an important figure in the [Green Party](#) for a number of years and also works as Associate Tutor in the Department of Politics at Goldsmiths, University of London. He has written extensively on the subject of green politics and green economics. In *The Sustainable Economics of Elinor Ostrom: Commons, Contestation and Craft*, he examines what the idea of the commons can contribute to the building of an ecologically sustainable future. He approaches this analysis through an overview of the work of the late Elinor Ostrom (who [died in 2012](#)), the first woman to win a Nobel Prize in economic sciences.

Ostrom's principal interest was in how institutions worked or failed to sustain collective resource use. Ostrom noted that self-governing entities exist at a variety of scales and can be found in both the public and private sphere. The key question for Ostrom was: 'How can *fallible* human beings achieve and sustain self-governing ways of life and self-governing entities as well as sustaining ecological systems at multiple scales?'

Ostrom's answers to these questions were influenced by a range of classical liberal economists such as Joseph Schumpeter and Friedrich Hayek, with whom she shared a scepticism about governing through centralised state power. Her scepticism stemmed from the belief that state actors do not have perfect knowledge of the issues being faced by communities geographically and culturally distant from policy elites. But Ostrom also recognised that local knowledge on its own is insufficient because it is not always correct.

After sketching out the highlights of Ostrom's career and the thinkers who influenced her, Wall then devotes considerable space to exploring the methodological individualism Ostrom employed to understand how commons might be sustained over the long term. Ostrom defined institutions as a set of rules; organisations are players, institutions the rules they play by. She developed an Institutional Analysis and Development (IAD) framework to understand these rules. The IAD framework is drawn from game theory, which assumes people are rational maximisers who will try to predict how others are going to act in order to gauge their own best move.

The [prisoner's dilemma](#), however, shows that this can often lead to sub-optimal behaviour. If the police hold two suspects in separate cells, but do not have enough evidence to convict either of them, the police might promise each suspect shorter sentences if they each confess. Both prisoners may separately calculate that it is best if they



confess. Given that they would have both walked free if neither had confessed this is a sub-optimal outcome. Whilst the prisoner's dilemma is often used to illustrate the kind of social relations that lead to the tragedy of the commons, Ostrom's experiments and research showed that in real life there are often high levels of co-operation, communication and information sharing. This co-operative set of social relations allows people to work collectively to achieve long term optimal outcomes for the resource users.



Following this overview Wall devotes a chapter to critiquing Ostrom's methodological individualism. Wall sees Ostrom's individualism as a position which poses questions about the usefulness of her work. Rather than a micro analysis of interactions between individuals Wall suggests what is needed in the study of the commons is macro analysis of powerful actors taking what belongs to others.

Wall compares Ostrom's analysis with autonomist Marxism, which recognises the ability of the working class to organise themselves against capital rather than relying on centralised state apparatus to achieve this. Whilst Wall argues methodological individualism does not give sufficient attention to structuralist explanations, he believes Ostrom's approach does at least recognise our ability as individuals to make decisions and deepen democratic control, and thus help overcome practical governance dilemmas.

Wall's overview of Ostrom's life and work offers a welcome extension of a debate that too easily accepts that the fate of all commons, including the atmosphere, is tragedy. Humanity has survived and thrived for so long in no small part because of the ability of communities to successfully govern commons. Despite introducing too much unnecessary complexity into commons scholarship, Ostrom's work provides a valuable framework for understanding how the commons can support the building of a sustainable future.

Derek Wall, in presenting an accessible account of Ostrom's ideas, and placing them within the context of the economics thinkers who influenced her, provides a useful and productive insight into how a reconsideration of the historic and present manner in which people have governed commons can provide valuable ideas about what role the commons can play in building a sustainable future.

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**Christopher Shaw** is a Knowledge Exchange Fellow at the Environmental Change Institute, University of Oxford. He holds a DPhil from the School of Law, Politics and Sociology, University of Sussex. His thesis was entitled 'Choosing a Dangerous Limit for Climate Change; How the Decision Making Process is Constructed in Public Discourses' (Oct 2006-April 2011). He is currently working on a book due for publication by Routledge in March 2015, examining public representations of dangerous climate change and the implications of these representations

for building climate citizenship. [Read more reviews by Chris.](#)

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