

The Contested Commons

*Conversations between Economists
and Anthropologists*

Edited by

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Commentary 2: Sociologists and Economists on "the Commons"

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Economists and Sociologists are surprised by very different things.¹

For an economist, a well-maintained commons is a puzzle, something that cries out for an explanation. Since people are *naturally* rational self-interested actors always trying to minimize their contributions to public goods, it is surprising when they robustly cooperate with each other. A well-protected commons thus calls for an elaborate explanation. Somehow the incentive structure must be such that individuals experience real costs when they defect from cooperation and abuse the commons. Perhaps this is an iterated prisoner's dilemma with no known termination date, so something like tit-for-tat enforces compliance. Perhaps the participants in the commons recognize the potential for a tragedy of the commons and therefore, in good Hobbesian fashion, hire an enforcer to punish violators. But then, who guards the guardian? How is the collective action problem of regulating punishments solved? As a last resort, when all else fails, the economist might reluctantly invoke norms, values, and culture as part of the explanation. The appeal to norms is reluctant since the explanation seems lazy and circular – people cooperate because they hold cooperative norms. How do we know they hold cooperative norms? Because they cooperate. So, to avoid the taint of circularity, something like evolutionary game theory is invoked to explain how cooperative norms could develop from the interactions among naturally rational self-interested actors.

For a sociologist, a devastated commons is a puzzle. People are naturally social actors, born and raised in a web of social relations infused with norms and values. Cooperation is an intrinsic feature of human sociability, part of what makes social reproduction possible. Because of the naturalness of norm-regulated sociability, sociologists have invented

¹ In the spirit of a "think piece" this chapter will make broad statements about "economists" and "sociologists." I do this with some trepidation since there are many sociologists who place interests and incentives at the center of their analyses in a manner very much like economists, and a few economists who treat norms and values as something other than simple elements of preferences.

a special term for the condition of normlessness – "anomie." The atomized, rational, self-interested actor who acts in all contexts solely on the basis of implicit calculations of self-directed incentive-based costs and benefits is pathological, and when this occurs as a general characteristic of a social setting, an elaborate explanation is called for. What explains the failure of socialization to norms of cooperation and social responsibility? Why have the values which underlie norms of sociability and cooperation lost their potency? There must be some force at work which is corrosive of value-laden sociability, which has narrowed the scope of the collective "we" of actors' identities so that they readily defect from cooperative solutions to collective problems. Perhaps the culprit is "the market," which contributes to a long-term transformation of culture from more collectively oriented norms of cooperation and obligation, to norms of competition and individual pursuit of self-interest. In any case, what especially needs to be explained is the low level of cooperation around the protection of a common-use resource.

More broadly, I think the contrast between economists and sociologists can be described this way: economists assign a privileged place to self-interested rational action in their micro-level explanations of social phenomenon, and thus give central weight to the problem of incentives in explaining variations across contexts. Sociologists, in contrast, deploy a menu of forms of action of which rational action is one, but only one, type of social action. In contemporary sociological analyses a variety distinct modes of social action are seen as significant: self-interested rational action, normative action, moral action, habitual action, and creative action, to name some of the more important types. Normative action means following particular rules of behavior that, typically, vary considerably from social context to context. Moral action infuses such rules with beliefs about what is right and wrong, not just proper and improper. Habitual action is action that requires little or no conscious choice: actors more or less follow internalized scripts. Creative action is action in which the actor does not have clear, specified goals to which appropriate means are chosen (as in the model of rational action), but rather engages in pragmatic problem-solving interaction with others in which ends and means co-evolve, and ends are discovered and transformed through such interaction.²

These forms of action overlap and interact; they are not hermetically sealed modules in the subjectivities of actors. For example, normative action defines some social contexts as settings within which the economists' favored self-interested rational action is entirely appropriate, but other settings in which such action is inappropriate. On the other hand, the incentive structures that frame rational action can, under certain circumstances, cross thresholds in which individuals choose to violate norms which they would otherwise find binding (as suggested in the aphorism "everyone has a price").

Of course, there are some ways of construing the idea of self-interested rational action – especially when it is framed as "utility maximization" or "preference satisfaction" – in which every conceivable form of action can be viewed as simply a subtype of a generic

² The precise theoretical status of these different forms of social action varies across traditions of sociological theory. Max Weber draws a fairly sharp distinction between instrumentally rational action and what he calls value-rational action as two forms of individual action. Emile Durkheim sees instrumental rationality as itself a result of a particular kind of individualistic value system. Hans Joas, a contemporary theorist, elaborates a refined inventory of forms of action, drawing heavily from the pragmatist tradition of social theory. The common thread in these various treatments is that individual action is irreducibly heterogeneous.

process utility maximization. Why do people follow norms and abide by moral codes? They follow norms because of the psychic costs of shame for violating them; they follow moral codes because of the "guilt fines" of acting immorally. A rational cost-benefit calculation of the consequences to the individual therefore explains action on the basis of both norms and moral codes. Most sociologists reject this amalgamation on the grounds that the cognitive processes, emotional states and behavioral patterns linked to these modes of social action do not all involve a process of "maximization" in any subjectively meaningful sense, nor are they all subjectively oriented to enhancing individual satisfactions (except in a tautological sense in which "satisfaction" is defined in such a way that everything one does must enhance satisfaction otherwise one wouldn't do it). Sociologists, therefore, broadly work within a framework of action in which qualitatively different modes of social action are not reducible to any singular form of action, while economists generally adopt a framework in which utility maximization or some close cognate is treated as a satisfactory general model of all forms of action.

This contrast in the models of action has direct bearing on how the problem of incentives in the analysis of the commons figures in the characteristic analyses of economics and sociology. In economics incentives play a pivotal role in solving empirical puzzles over the commons because of their direct impact on choices. In particular, the likelihood of punishments for violating rules governing the commons impacts directly on the choices by actors to cooperate with the protection of the commons or to act individually in ways which are collectively destructive to the commons. The variations across settings, then, are primarily in how positive and negative incentives are organized, how information around incentives is acquired, how violations of the commons are monitored, how the sanctions associated with such violations are imposed, and so on.

Incentives would also figure prominently in sociological analysis, but they would play two quite different roles, with different logics and dynamics. As with the treatment of incentives in economics, one role for incentives in sociological analysis is the direct impact on behavior via individual calculation of costs and benefits of different courses of action. But sociologists also see the issue of rewards and punishment as playing a crucial, distinct role in the social production and reproduction of norms and values, not just the direct reward structure faced by actors in making their choices. This is essentially Emile Durkheim's view of the ways in which norms and moral codes are infused with a kind of social sacredness that give them weight in people's subjectivity. The issue here is both one of *socialization* – how are norms and values effectively inculcated as serious, internalized regulators of behavior? – but also of *normative maintenance* – how are people told that particular norms and values are of deep *shared* importance to the members of the community in which they live? Rituals, punishments, and certain kinds of publicly visible rewards all serve to symbolize such shared salience. This is not because punishments instill mass fear of sanctions for violation of the norms in question, but because punishments publicly affirm both the moral salience of the norm in question and the shared, collective commitment to the norm.³ When such norms and moral codes are effectively

³ It is important to stress the two components here: salience and shared commitment. Norms vary in their salience, in the moral weight that backs them up, and in the extent to which they are shared within a given community. The *public* quality of norm-affirmation is critical for instilling and communicating this collective quality.

infused with such shared, collective salience, then actors cooperate out of duty and commitment, not because of an ongoing calculation of how best to maximize their individual self-interests.⁴

For a sociologist, then, the devastation of a commons would be, in the first instance, interpreted as a failure of the social mechanisms of inculcation and reproduction of norms and values, rather than mainly a failure of the immediate incentive structure of rewards and punishment individuals confront in making choices about compliance with protecting the commons. Many possible causes could explain such erosion of normative regulation. Rapid geographical and social mobility can increase the density of people in a community whose actions affect the commons but who have not been socialized into the specific normative order needed to protect the commons. Such mobility could also lead to a breakdown of the social networks through which informal sanctions affirm the collective commitment to these norms. Increasing heterogeneity in a community can erode a sense of collective identity, which in turn can undermine cooperative norms to the extent that such norms typically include a specification of the relevant categories of people with whom one normatively cooperates (as opposed to the category of people with whom one cooperates simply for rational-instrumental reasons). Erosion of cooperative norms with respect to the commons could also be tied to erosion of social classification systems about which domains of action require cooperation. One of the critical features of normative action in general is the definition of those social contexts for which given norms are binding. An erosion of the social classification system which signals to people which contexts are appropriate for selfish action and which are not could therefore lead to a collapse of cooperation. This is how markets might impact on the commons: the triumph of markets in the mundane economic life of people erodes the distinction between private and public normative contexts of action, and thus could make it harder to consistently evoke commons-protecting norms and values. None of these kinds of issues are likely to play much role in a self-interested rational-actor model of the fate of the commons.⁵

The contrast in underlying models of action in economics and sociology also bears on what is the most obvious, striking contrast between sociology and economics (on virtually every topic, not just the problem of the commons): the level of mathematical formalization expected in the standard piece of economics is orders of magnitude greater than in the standard piece of sociology, even in cases where sociologists do quantitative research. This is not because economists care more about causation than do sociologists and thus feel compelled to elaborate rigorous formal models of the interconnections and feedbacks among an array of causal processes. Sociologists also try to identify causal

⁴ To translate this point into the conventional language of economists in which values/norms are simply elements of preferences, punishments affect the formation of preferences, not simply the cost-benefit calculations of actors given fixed preferences.

⁵ There are some specific contexts in economics analyses in which some of the causal processes listed here would have some relevance. When the problem of the commons is seen as an assurance game, one of the key issues is satisfying the information conditions for cooperation – i.e. people need to be assured that the vast majority of people in a community share the assurance game preference order in which universal cooperation is preferred over individual defection. High levels of social and geographical mobility and the erosion of local social networks could all interfere with such information conditions. The sociological analysis adds to this an argument about how such mobility and heterogeneity might affect the preferences themselves rather than simply the knowledge of actors about each other's fixed preferences.

mechanisms and figure out effective research strategies for studying them. The key issue here, I think, is the degree of simplification embodied in the underlying assumptions that economists and sociologists feel is acceptable.

The self-interested rational actor model allows for a simple, powerful mathematical representation of choice and action. Such models were initially developed for the relatively straightforward contexts of market behavior in which rational, self-interested action is undoubtedly a pretty good first approximation for many issues (although even in the pure market context, as economic sociologists like to point out, norms play an important role – the “noncontractual foundations of contract” to quote Durkheim’s formulation). When challenged that the simplifying assumptions underlying such models are radically unrealistic, economists either say that the simplifications are strictly heuristic – that they enable one to formalize the models and see how much we can learn from them – or that, for the problem at hand, they are tapping the most important causal processes. In either case, the simplified action model of utility maximization under constraints is viewed as a sound basis on which to build both theoretical and empirical analyses.

If one believes that good social explanations should be based on a multi-dimensional concept of social action involving a variety of irreducible, interacting modes of action none of which is generically privileged, then the problem of mathematical formalization becomes much more difficult. Action is not simply the result of choice, it is also the result of habit; choices are not simply based on maximization of utility, they are also governed by norms and moral commitments; and ends are not always given prior to action, but develop through pragmatic social interaction. With that level of complexity as one’s starting point, sociologists have generally preferred to elaborate their theoretical ideas discursively rather than formally. In general, they are profoundly skeptical that knowledge of real-world problems generated by simplified one-dimensional views of social action will be meaningful. They thus opt for explanations that will be messier and less precisely specified than those of economists, but – in their view – resting on more plausible assumptions about how people really act and live their lives.

There is clearly a trade-off between these two ways of theorizing social action and studying specific social phenomena. The purported greater realism of sociological explanations often brings in its wake an ad hoc quality loaded with complexity and contingency, but not much by way of systematic theoretical argument. Economists offer precise, rigorous elaborations of a limited number of causal mechanisms that enable them to make quite specific predictions about the choices people will make and the actions they will take under specifiable conditions. Sociologists invoke a more realistic menu of logics of action, but are characteristically vague in how they think about the interactions among these models of action. Given the general unwillingness (or inability) to formalize these interconnections, the result is a style of analysis with highly developed concepts and relatively underdeveloped theory. Economists, on the other hand, work with a much thinner set of concepts, but deploy them in more rigorous, systematic theoretical elaborations.

I see no general basis for choosing between the thin conceptual menu with analytically rigorous theory in economics and the elaborate conceptual menu with analytically casual theory in sociology. Interesting, novel insights that change the way we think about the world are tough to get in either configuration.

Commentary 3: CPR Institutions

Game-theory Constructs and Empirical Relevance

Nirmal Sengupta

Among its points of inquiry, the goals of the workshop “Conversations II” included “how theoretical methods and field-based methods can best be blended.” For anthropology, research method itself is field based. Economists at the most talk of field experiences. Once in a while, experiences from the field are put to use for modifying theory. Unlike anthropology, where this is a regular occurrence, economics does not have many such examples of theory building. Theories of the commons are one area where facts from the field have contributed to modification of economic theory and models. This provides an excellent opportunity for studying the field-based methods of economists. In this chapter I describe the development of rational choice modeling of collective action on the commons, suggesting why some matters were accepted, some rejected, and some others are still awaiting judgment. The first section is about the emergence of game theories of commons as a field-based method. The second section lists a few questions raised in the field indicating the need for modifying game models in specific directions. The concluding section introduces, apart from summing up, certain recent efforts of theorizing in these directions. I will describe the evolutions through my personal experiences, in order to provide a lively picture. Many of us, who have been associated with the development of CPR theories from the very beginning, have gone through similar experiences.

The Beginning

Theory of collective action

In the early 1970s, while making a perspective plan for the state of Bihar, I had a chance to move a little away from input–output tables, matrix inversion and computer simulations. I was required to assess the local resources that might be used for making a development plan for the state. I went around the state talking to people, to know more about local resources. And this is the wonder; I did actually find some promising but neglected