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Comment on Elinor Ostrom/1. A Call for more Structure in Collective Action Theory

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A Call for more Structure in Collective Action Theory

by Luigi Curini

One thing that we can learn from Collective Action (CA) Theory (that is, from the various approaches to the study of collective action based on non-cooperative game theory) is that cooperation is a complex phenomenon that should never be taken for granted. This does not mean that free-riding or mutual defection are to be considered the only Nash-equilibriums "in town": only a trivial reading of Mancur Olson's work would lead to a similar conclusion. Indeed, the central question that CA theory investigates is not whether collective action is rational, but rather when it is rational, that is, under which circumstances individuals find that the benefit of participation exceeds their personal cost. CA theory simply suggests that we assume the worst (i.e. that cooperation is generally problematic) and then seek a solution. Common interests, after all, provide an opportunity for the emergence of collective action. The mere presence of a common interest, however, is not sufficient to define or determine behaviour. In a nutshell, the aim of CA theory is to explain the logic of collective action, rather than the logic of collective inaction.

In all her works, including this latest one, Elinor Ostrom reminds us precisely this lesson. She strives to provide formal models with an increasingly precise empirical content, showing that social dilemmas are not the same for every individual and that any attempt to make sweeping generalisations is bound to fail. Instead, the specifics of the problem and the nature of potential solutions vary depending on the nature of the collective good and the structured social contexts within which individuals make interdependent choices. What we can demonstrate (if we are lucky and talented enough) is that there are some very interesting patterns of relationships among variables. In this sense, CA theory is better equipped to explain the relative

change in the amount of participation rather than to forecast the exact number of participants in any given collective action situation. This is what a comparative static analysis is about.

"Governing the Commons" [1990], probably Ostrom's best-known book, proves this point in a stark way. In this classical work, she discusses several examples of resolution of common-resource problems at the local level (i.e., problems involving public goods that can be privately consumed and that, once consumed, disappear): from the case of a fishing community on the Turkish coast to the one of communal tenure in the meadows of the Swiss Alps or the one of an irrigation system in Sri Lanka. Some of these cases were highly successful, others were less so. The most striking feature of Ostrom's range of examples is their immense variety. Despite this variety, however, Ostrom is able to identify several common features that make the resolution of collective action dilemmas easier. These are: 1) An identifiable and stable group of potential participants. 2) Benefits of cooperation that are large enough to make it worth paying the costs of monitoring and enforcing cooperation rules. 3) Group members' ability to communicate with each another. This last feature makes the norms clear (everyone knows what the expected behaviour and the sanctions for cheaters are), it spreads information about the mechanisms for detecting cheating in an effective manner (thus building trust and removing the suspicion that, if an individual abides by the rules, the others may nevertheless get away with breaking them) and it enables the group to monitor the effectiveness of existing arrangements and thus to improve them. Quite interestingly, all these requirements look remarkably similar to those identified by game-theoretical models [Mailath and Samuelson 2006]. In this sense, starting from the same broad rational premises adopted by Garrett Hardin [1968], Ostrom reaches a less negative (and less univocal) conclusion: there is no such thing as an inevitable "Tragedy of the Commons" cursing the different communities around the world. This conviction is fostered precisely by a "more careful attention to how structural variables interact with one another", something she rightly stresses as being crucially necessary [Ostrom 2007].

This aspect is not just important for the theoretical refinement of a paradigm. "Developing a coherent theory of collective action" [*ibidem*] is also crucially important for its policy implications. Remaining with the common pool resources case, the most favoured solutions to their efficient management have been either to impose a governmental mechanism (usually by nationalising the resources in question) or else to privatise such resources. These two seemingly unrelated solutions actually share their underlying pessimism with regard to the possibility of self-governance, i.e. the possibility of solving collective action problems within loosely institutionalised contexts. On the contrary, Ostrom's works imply that both solutions may be ill-conceived

public policies. Local institutional arrangements often produce better mechanisms for solving common pool resources: not recognising this point may have a deeply negative impact on the welfare of local communities [as the management of common land in Sub-Saharan Africa sadly demonstrates: Platteau 2000].

Summing up, Elinor Ostrom's remarkable findings have been reached having always as an implicit (when not explicit) referent CA theory. This is no coincidence. Indeed, CA theory addresses both the dilemma of collective action (i.e. what is the interest of all may be the self-interest of none) as well as its paradox (i.e. people do solve their dilemmas and rational people do participate in collective action), and Ostrom's works points exactly in the same direction. Critics of rational choice theories are usually sceptical that highly restrictive assumptions about rationality can carry CA theories very far. The most successful researches within the framework of CA theory, however, have generally adopted a three-step approach that proved quite flexible [Lichbach 1996]. Firstly, they use thin CA theories as a baseline model. Secondly, they determine the extent to which the phenomenon under investigation can be explained by such theories. Finally, they can decide to assume additional micro-assumptions about individual motivations to account for those aspects of the phenomenon that have remained unexplained. CA explanations, however, are supposed to be consistent with the core tenets of rational-actor theorising. In this sense, there is nothing in CA theory that commands that the objects of beliefs and preferences of actors should be always describable in individualistic terms. Therefore, it is perfectly in line with CA theory to assume that individuals may have preferences that are not only self-regarding (i.e. directed to improve one's own welfare), but also other-regarding (meaning that affecting the "states" experienced by someone else is part of an individual's motivations). Still, to explain behaviour, both other-regarding and self-regarding preferences must be transitive: when they are, the actions they motivate are rational in a strict sense. Thus, for example, the notion that altruism, or generous behaviour, is "irrational" is based on a needless fusion of rationality and self-regarding preferences [Bowles and Gintis 2006].

Besides, CA theory explanations (like all rational-choice explanations) do not underestimate the role of the structure. Indeed, in a rational-choice explanation of an action, an individual's choice is determined by the individual's rational preferences among feasible actions. Physical, biological, social, and psychological factors determine precisely which actions are feasible. Accordingly, any rational-choice explanations typically make reference to social constraints on the possible set of actions and to social facts that determine the consequences (as well as individual's beliefs about consequences) of these actions. When they don't do it, they are probably harming since the beginning their explanatory power. So Ostrom [2007] is (once again) right

when she writes that "rational choice model is largely dependent for its power of explanation on how the structure involved is modelled". Still, this does not necessarily imply that the preferences and beliefs of individuals are imputed or determined by the structure. Even in highly competitive environments like the Alchian's markets mentioned in Ostrom's essay, the psychology of the individuals, and not the structure, is what is eventually doing the explaining. Given selective pressures, it may not matter how astute each and every manager is, but the beliefs and motivations of managers do not become irrelevant [Hausman 1995]. After all, firms make the optimal choice among the alternatives they know about.

There are, of course, other models of human behaviour besides rational choice models (models based on behavioural game theory, on evolutionary game theory, as well as agent-based models) and each of them provides useful insights "for conducting formal analysis of human decisions in highly structured settings" [Ostrom 2007]. However, few other baseline models in the social sciences have proven as productive as the rational-actor model, especially when dealing with collective action problems. From this point of view, the theory of boundedly rational and norm-based human behaviour proposed by Ostrom in her latest essay [*ibidem*] should be seen, I think, as an urge for more structure in CA theory – that is, a CA theory that takes seriously into consideration the impact of social structure into the preference ordering and beliefs of actors – rather than a (soft) dismissal of CA theory as a paradigm for the study of collective action.

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Comment on Elinor Ostrom/1

A Call for more Structure in Collective Action Theory

Abstract: Developing a coherent theory of collective action that is also relevant for practice in explaining local development is a major challenge. At the individual level, individuals do take costly actions that effectively take the interests of others into account in many field and experimental settings but this is not consistent with contemporary game theory. We need to move ahead to achieve a more coherent synthesis of theoretical work that posit variables affecting the success or failure diverse forms of collective action. The first section of this paper discusses the growing and extensive theoretical literature positing a large number of structural variables presumed to affect the likelihood of individuals achieving collective action to overcome social dilemmas. None of these structural variables, however, would change predictions if one uses the *model* of rationality that has proved successful in explaining behavior and outcomes in competitive market settings as a universal *theory* of human behavior. Thus, the second section examines how a theory of boundedly rational, norm-based human behavior is a better foundation for explaining collective action than a model of maximizing material payoffs to self. The third section examines the linkage between the structural measures first discussed with the individual relationships discussed in the second. The fourth section looks at how changing the rules of a focal dilemma in deeper arenas in efforts to improve the net benefits from collective action by affecting the structural variables of the focal arena. The conclusion reflects on the challenge that social scientists face in testing collective-action theory in light of the large number of variables posited to affect outcomes.

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