



The Common Property Resource Digest

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Common Property as Metaphor: Systems of Knowledge, Resources, and the Decline of Individualism

Presidential Address
to the
Fourth International Conference
of the
International Association for the Study of Common Property
Manila, June 16-19, 1993

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At our first international conference at Duke University I commented that it would doubtless seem strange to the uninitiated to learn that there really was an international society for the study of common property. Was this, it might be thought, a communist front organization? In an era when the magic of the market—and the extreme individualization there implied—was still being celebrated in both science and politics, was it not silly—indeed, was it not heresy—to devote valuable time, mostly at taxpayer expense, to the study of common property? Perhaps it really was true that our universities and research organizations were dominated by communist sympathizers.

We know, of course, that these fears are absurd. What we may not have given sufficient thought to is the question of precisely why so many of us find this general area of work intellectually exciting,

professionally rewarding, and generally worthy of serious attention. I suggest that four years on in the existence of this organization is quite the proper time to address this question of what we find compelling about the study of common property in general, and common property regimes in particular. Through this brief query I hope that I may define who we are as an organization, and thereby where we can expect to be in, say, a decade's time.

In thinking about those things that unite us in our interest in common property issues, I suggest that perhaps most fundamentally, we recognize that CPR problems exist—indeed persist—because of the general failure of the traditional idea of development that has ruled international affairs since the end of the Second World War. Let me comment briefly on the general poverty of the "idea of development" as we have seen it carried out for the past forty-five years.

The major economic transformations now underway in eastern Europe and the former Soviet Union provide a convenient and compelling opportunity to assess the presumptions of economic development. This re-thinking is important not only for how we in the academy regard the process of national economic transformation, but for policy guidance as well. Indeed the term economic "transformation" may be more useful than the ambiguous and loaded term "development." But while the conventional discourse on development policy has been focused on the agrarian nations of the tropics, difficult times in eastern Europe and the former Soviet Union serve to remind us of the need to think more broadly—as well as more creatively—about the so-called "development problem."

Indeed, stories in the popular press about eastern Europe suggest that the challenges there are of a fundamentally different nature than those in, say, Southeast Asia or sub-Saharan Africa. In the tropics, the tradition has been to invest in infrastructure, and in agricultural projects. It was only recently that macroeconomic conditions received much attention. The policy response to these considerations, structural adjustment, is now standard fare. In certain settings these imposed efforts at getting "prices right" have led to political unrest.

If early evidence from eastern Europe is any indication, the primary concern there is to get capital and private titles into the hands of creative entrepreneurs freed of the heavy hand of the state. From there, it is thought that markets will evolve, goods and services will materialize, and economic conditions will improve. Macroeconomic policy is central to this transformation and so attention is paid to the exchange rate of dubious currencies. Indeed, the exchange rate of the Russian ruble against the dollar has fallen by a

factor of ten in the past ten months alone. While these changes are being debated, economic and social conditions continue to deteriorate at an alarming pace. Inflation is severe, undermining not only current incomes but the value of assets recently distributed to citizens in the form of shares in private firms. Crime is increasing and we are witnessing the rise of a small class of entrepreneurs who may, if nothing else, affirm the worst propaganda of the Stalin era.

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Conventional economics has a tendency to model economic development as if fully articulated markets already exist. In the case of the transition to market economies, the tendency seems to be to suggest that spreading privatization will create its own markets *de novo*. Under this assumption, the transformation problem is taken to be one of simply reallocating factors of production to their most productive use. On this tack, the economist is modeling economic growth, with development regarded as a result of prior "growth." For instance, as incomes rise, as primary schooling rates increase, as infant mortality falls, and as diets improve, one would conclude that "development" has occurred.

However, economic development—if it is to have a coherent meaning in its own right—must be regarded as a far more comprehensive undertaking, one in which a wide range of *structural* aspects of the economy are purposefully modified as new circumstances warrant. On this approach, one undertakes explicit institutional change whose clear purpose is to get "the rules right." If we adopt this alternative view, economic transformation (or economic development) is a conscious act that causes economic growth as well as future economic development (and transformation). Notice that development is a *causal factor* rather than being a final product of a process of economic growth.

I referred immediately above to *getting the rules right*. The rules in my model are the institutional arrangements encompassing two related dimensions. The first of these reflects a regularity in human behavior based on shared preferences and shared expectations of the actions of others. We call these conventions. The second kind of rules are those based on a socially sanctioned and enforced set of expectations of the actions of others. We call these entitlements. A convention is a

regularity in human behavior that brings order and predictability to human relationships. An entitlement is a socially recognized and sanctioned set of expectations in a society with regard to *de jure* or *de facto* legal relations that define the choice sets of individuals with respect to the choice sets of others. Institutions permit us to carry on our daily lives with a minimum of repetitive and costly negotiation. *Institutions reduce transaction costs* [Bromley, 1989].

One of the most fundamental rules of interest to all of us concerns the property relations over scarce and valuable natural resources. Property relations encompass the domain of entitlements. It is here that governments, in their often pernicious pursuit of something called "development," have created serious problems for those whose livelihood depends upon natural resources used jointly by a number of decision-making units.

I classify these policy disasters under two broad categories: doing nothing, and doing the wrong things.

A. The Problem of Doing Nothing.

I have written elsewhere about the serious problems arising from the somewhat standard practices associated with what I call the "myth of management." Here I have in mind the usual practice of governments that have declared in the constitution that all natural resources are the "property" of the nation state. Having done that, governments then proceed to ignore the management and control of those natural resources. The declared ownership over vast natural resources without the capacity to manage those resources leads to incoherence and cynicism. Let me remind you that you do not own what you cannot control. By "control" I do not mean simply the presence of thousands of forest guards

armed with pistols. By control I mean the formulation and implementation of a coherent and consistent management plan for forests, for fisheries, for rangelands, for groundwater, and for other natural resources [Bromley, 1991].

This problem is one of doing nothing in a substantive way. It is resource management by proclamation, and it does not work.

B. The Problem of Doing the Wrong Things

Associated with doing nothing in the way of coherent management, governments often leave indigenous resource users to fend for themselves against the onslaught of others who are both defended and subsidized by the state. These subsidies—and the explicit policy support given to certain natural resource sectors—combine to destroy both the natural resources of such importance to small groups of peoples, and the peoples themselves.

You know the reality as well as I. Commercial fishing fleets encroaching with impunity—and with massive fishing power—on indigenous fishing areas. Irrigated agriculture receiving subsidies in the form of artificially cheap pumps and energy which then leads to the depletion of groundwater. Commercial agriculture installing fences that destroy migration patterns of herders and others. Commercial agriculture using subsidized chemicals that destroy downstream fisheries. Timber extractors degrading uplands and destroying indigenous habitats.

All of this flows from the reality of politically and economically marginal peoples being abused by the coercive powers of the state. That is, those whose interests are marginal to the purposes of the state will find themselves at the

margin of existence, and increasingly marginalized as the "imperatives of development" march forward. Many of us are caught up in the "conceit of development" in which we imagine that with enough funding, and enough time of well educated experts, we can intervene in people's lives and give them development.

However, I suggest to you that the contemporary idea of development is flawed because the prevailing notion of economics, upon which the development community draws conceptual guidance, is flawed.

The contemporary idea of economic development stems from the notion of economics as being concerned with constrained choice. That is, individuals and firms, facing myriad wants and limited means, allocate scarce resources so as to maximize an objective (or utility) function. With an emphasis on resource allocation and efficiency, economics is at its most powerful when a number of other conditions can be regarded as exogenous.

But those of us interested in larger questions—in the political economy of development—find these constrained maximization exercises unduly sterile. A broader notion of economics is that it is the *study of how individuals and groups organize themselves for their material and social provisioning*. Resource allocation is certainly important on this broader conception of economics. However, on this more expansive notion there is seen to be more to economics than mere maximization subject to a number of constraints. A meaningful economics of development cannot limit itself to the study of constrained choice problems. Nor can it only be concerned with aggregate indicators such as savings and investment, per capita income, and trade balance [Bromley, 1990].

Under a broader notion of economics, one would undertake a study of the nature of the institutional arrangements in an economy, as well as the allocation of scarce resources undertaken *within* those institutional arrangements. Those institutional arrangements of interest would include the conventions, rules, and entitlements that define domains of choice for economic agents. Recall that there are two levels of important economic transactions in a society.

The first is concerned with negotiations and bargains over the structure of *choice sets*. It is here that transactions take place over the "rules of the game." The second level of transactions, more familiar in conventional economics, concerns market transactions from within choice sets [Bromley, 1989]. As observed by Dahlman:

In the process of defining property rights, the economic system must make two interrelated decisions... The first is to decide on the distribution of wealth; who shall have the rights to ownership of the scarce economic resources even before, as it were, trading and contracting begin. The second refers to the allocative function of property rights; they confer incentives on the decision makers within the economic system... One set of decisions must be treated as endogenous for the system, and constitute the exogenous conditions for each trading agent in the resulting set of trades; the second set of decisions is made in the context of the making of these trades [Dahlman 1980, p. 85].

When we start with this broader view of economics, one that admits the institutional setup as a legitimate subject of scientific enquiry, we become concerned with the economic transactions that are

endogenous to the economic system, yet exogenous to any economic agent within that system. To a certain extent, economics that is preoccupied with constrained choice is incomplete and often badly suited to a serious discussion of national economic development.

We see this reflected in the fact that most economists address economic development through *growth* models. However, national economic development is a process in which institutional arrangements—the rules of the economy—are the conscious variables of choice. Choices with respect to rules are driven by a collective determination of the performance indicators deemed appropriate for the society under study. For example, should the nation's natural resources be owned by the state and managed by a branch of the government, or should they be sold to individuals in the private sector? If the former course is followed, how will the extraction of certain natural resources be organized? If the latter course is followed, what share of the economic rents from the sale of natural resources will be expropriated through taxation?

Answers to these logically prior questions about the nature of the institutional setup in an economy will be dominated by considerations of who is able to define the terms under which ordinary transactions will occur.

Southeast Asia is a perfectly fitting location to consider the role of the state in development. In summarizing his long experiences in economic development work, Peter Bauer noted that a few principles determined the success of development efforts:

This historical experience...was not the result of conscription of people or the forced mobilization of their resources...

Nor was it the result of forced modernization of attitudes and behavior, of large-scale state-sponsored industrialization.. It was not brought about by the achievement of political independence, by the inculcation in the minds of the local people of the notion of national identity, by the stirring-up of mass enthusiasm for the abstract notion of economic development, or by any other form of political or cultural revolution. It was not the result of conscious efforts at nation building...or of the adoption by governments of economic development as a formal policy goal or commitment. What happened was in very large measure the result of the individual voluntary responses of millions of people to emerging or expanding opportunities created largely by external contacts and brought to their notice in a variety of ways, primarily through the operation of the market. These developments were made possible by firm but limited government, without large expenditures of public funds and without the receipt of large external subventions [Bauer 1991, pp. 190-91].

From Bauer's observations on development experiences, we can conclude that there are two fundamental roles for the state: (1) to establish an institutional structure (a collective good) that will encourage industry on the part of atomistic economic agents; and (2) to create the means and opportunities for that institutional structure to be modified through time as social and economic conditions warrant.

To think of the state as an *authority system* serves to remind us that there must be a coercive force in any social setting. By "coercive force" I do not mean this in a political sense of repression or totalitarianism. I mean that entitlements—rights and duties—cannot exist, indeed they

have no meaning, in the absence of an enforcement structure to which one can turn to have their claim given protection. We must recognize that the nation-state is an authority system whose purpose is to give meaning to all transactions. When one has rights it means that the state will come to your defense in a dispute with others. To have clear contractual rights in exchange means that the state stands ready to enforce agreements surrounding that exchange. In this way the state is a party to every transaction.

I will" close with a few summary observations. Those of us who work on natural resources managed under regimes of common property find much to dislike about the conventional view of the development problem. Not only do the precepts of development economics contradict the reality we know so well out on the ground, the simplistic parameters of progress are suspect as well. Let me summarize briefly three aspects of our agnosticism about the idea of economic development.

First, by rejecting the extreme economic version of development we are rejecting the thoroughgoing individualization of both the human condition, and some disciplinary characterizations of that condition. This Association is in the forefront of documenting the reality of generally wise joint management of many natural resources. In that alone, we have contributed to a more coherent understanding of not only the status quo, but of the probable paths to improvements in the lives of millions of poor households around the world. The inexorable march toward extreme individualization of human life under the misleading banner of modernism has been shown to have its ecological limits. We have served to resurrect the group—the community—as a meaningful unit of social and economic

analysis with respect to natural resources.

This leads me to the second aspect of what unites us as a community of scholars and practitioners. That is the recognition that improvement of the human condition in many of the poorer regions of the world requires a rejection of the extreme centralization of state property regimes over natural resources. This may, on its face, seem paradoxical. Haven't I just talked of the failures of the extreme individualization of life? If governments have centralized ownership of natural resources how is consistent with the move toward extreme individualization?

The answer is to be found in my earlier comments about the myth of management. Post-independence governments in many agrarian countries have indeed declared state ownership of most natural resources. However, because of their failure to implement coherent management and control over those resources, governments have inadvertently fostered the very worst of individualistic struggles for survival against a paternalistic and often corrupt state. Many governments have declared *ownership* on the misguided belief that this will solve the problems of *management*. The work of many of you stands as a vivid reminder of the folly of this strategy.

Finally, we as an association stand as an example of the rejection of the stark disciplinary boundaries that have been imposed on the enterprise of science by the sociological aspects of knowledge creation and dissemination. Universities and government research enterprises are carved up into imaginary units, that then become both territorial and intellectually isolated. By coming together under the purpose of improving the lives of millions of people using a variety of natural resources, we reaffirm the obvious notion that human problems and human

aspirations cannot be artificially demarcated by university fiefdoms. I close with an expression of concern. While great conceptual and empirical strides have been made in the study of common property regimes, there is some risk in us being seen as overly narrow. More importantly, we run the risk of being associated too closely with a particular institutional solution to a range of natural resource problems. Why is it not fair for others to regard us with some suspicion? After all, we gain our very existence by the study of only one of several possible institutional arrangements over natural resources. We object that private property regimes are not always the proper solution to resource management problems. Similarly, we often point out the folly of centralized declarations of ownership over natural resources.

Why are we insulated from the charges leveled at those who see salvation in nationalization of all natural resources? Or in thoroughgoing privatization? We are united by our empirical understanding of the glaring flaws in decades of nationalized property regimes. We also understand the false cultural image that alleges private (individualized) resource control is the salvation. But I worry that we find refuge in common property at our long run peril. Common property is a convenient third way, but we must continue to give it more conceptual coherence. What is common property? Is it just multiple decision units exercising control over jointly used natural resources?

How can we be certain that we do not fall victims of the same institutional particularism and determinism that we find in others? Unless we undertake the hard work of understanding the interrelations of various institutional arrangements over natural resources—and unless we identify the circumstances under

which one institutional form trumps all others—then we run the danger of becoming associated with but one of several possible institutional solutions. This would be a serious mistake to the long-run viability of this organization. More importantly, we will miss the chance to continue to play a profound role in improving the lives of millions of poor families who struggle daily against a life of poverty at the extensive margin.

Bibliography

Bauer, Peter. 1991. *The Development Frontier*. Cambridge: Harvard University Press.

Bromley, Daniel W. 1991. *Environment and Economy: Property Rights and Public Policy* Oxford: Basil Blackwell.

Bromley, Daniel W. 1990. "The Ideology of Efficiency: Searching for a Theory of Policy Analysis," *Journal of Environmental Economics and Management*, 19:86-107.

Bromley, Daniel W. 1989. *Economic Interests and Institutions: The Conceptual Foundations of Public Policy* Oxford: Basil Blackwell.

Dahlman, Carl J. 1980. *The Open Field System and Beyond* Cambridge: Cambridge University Press.

Sustainable Management of Forest Resources: Issues for Common Property

Abstract of keynote address at closing session of IASCP annual meeting

Barin N. Ganguli
Senior Forest Specialist
Asian Development Bank.

Until recently, foresters in the developing countries failed in their responsibility to manage the world's forest resources on a sustainable basis. They blamed their inability on the "common property" nature of the forests. The "tragedy of the commons" has been put forward as the cause for the present poorly managed and badly exploited condition of forest resources, degraded beyond the point of biological and environmental sustainability.

This paper suggests that forest degradation in the developing countries has been largely due to the failure of public policy. Most developing countries, upon gaining independence, vested the control and utilization of forest resources hitherto managed under common ownership in government agencies. The agencies did not have the wherewithal or capacity to manage these forests. The public policy of nationalization of forests undermined erstwhile common property regimes with their structured ownership arrangements, management norms and user

responsibilities. The abolition of traditional common property ownership arrangements and their substitution by inefficient government control or inadequately supervised private management has further aggravated the degradation of forest resources.

With nationalization, erstwhile common property resources were gradually converted to open access, and the rule of utilization was governed by availability of the resource till liquidation. Much of the degradation of forest resources in developing countries can be attributed to this inappropriate public policy which has brought about the tragedy of open access.

An enlightened forest policy is required to address this problem of open access. The policy should address the following issues: how to bring back the institutional structure of common property regimes; what type of tenurial systems should be introduced to promote sustainable management of forests; how user groups should be formed to enable the development of a common outlook towards forest resources, particularly with regard to decisions on forest establishment, management and use; and the role of government and nongovernment agencies in a common property regime.

The paper concludes that developmental assistance to the forestry sector will succeed only if the projects make a deliberate attempt to bring about changes in policies which will encourage handing over the forests to the community for management and protection. Common resource ownership and management regimes are the most effective institutions for sustainable development of forests in developing countries. Forest resource development projects that do not actively involve local users will not succeed.

Grants

Biodiversity Conservation Network (BCN) of the United States-Asia Environmental Partnership (US-AEP)

The Biodiversity Support Program (BSP) announces the BCN grants program for Asia and the Pacific. BCN is a new five year program of the of the US-AEP. The BCN is implemented by the BSP and funded by the Asia Bureau of the U.S. Agency for International Development. The primary goal of the program is to support initiatives that enable people to conserve biodiversity while meeting their economic needs.

NGOs, communities, businesses, universities, and other such organizations in Asia, Pacific and the USA are eligible to apply.

For more information, contact:

Biodiversity Conservation Network
Biodiversity Support Program
c/o World Wildlife Fund
1250 24th Street, N.W.
Washington D.C. 20037
USA

Conferences

Resources and Environmental Monitoring

3-7 October 1994
Rio de Janeiro, Brazil

Contact:
Roberto Pereira da Cunha
INPE, P.O. Box 515
12201 Sao Jose do Campos, SP
Brazil

Fifth International Rangelands Congress:
Rangelands in a Sustainable Biosphere
Salt Lake City, Utah, USA

Contact:
General Secretary
Fifth IRC
P.O. Box 11637
Salt Lake City, UT 84147
USA

Tel : 801-524-5054
Fax : 801-534-4403

Twentieth IUFRO World Congress
Caring for the Forest: Research in a
Changing World

7-12 August 1995
Tampere
Finland

Contact:
IUFRO-95 Congress Secretariat
Finnish Forest Research Institute
Unioninkatu 40A
SF-00170 Helsinki, Finland

Tel : 358-0-857-051
Fax : 358-0-625-308
Internet : iufro95@metl.fi

Request for Information

Flood Water Irrigation

Frank van Steenbergen is working on a project to investigate interventions in communally managed flood water irrigation systems in Baluchistan, Pakistan's arid western province. He would like to receive literature on flood recession, hill torrents, and semi-perennial river systems to help with his research and include in a bibliography on the subject.

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BMIADP
PO Box 255
Quetta
Pakistan

Phone : 92-81-43263
Fax : 92-81-40650

Reviews

A Framework for Analyzing Institutional Incentives in Community Forestry

This document clarifies certain institutional aspects of Sahelian forestry and, on the basis of an analysis of four recent forestry projects in Niger, a more general framework for the analysis of community forestry activities is developed.

The paper is based on the concept that all institutions, from informal village level to more formal project and governmental institutions, work by sets of rules of behavior. If expectations are not being met by any of the groups involved in community forestry, this may be caused by a misfit with these rules. The rules must be understood in order for there to be success in project implementation.

Two other major points come out of this institutional approach to understanding incentives in community forestry: the need for careful attention to the diverse economic characteristics of trees, and the importance of understanding how different tenure rules create incentives or disincentives for people's participation.

Thomson J.T. 1992. *A framework for analyzing institutional incentives in community forestry*. Community Forestry Note 10. FAO, Rome.

The Building Blocks of Participation

In the 1990s, getting people to participate in more government sponsored development programs has become a priority. Such participation enhances a developing country's limited material means and human resources.

This paper discusses how to design and staff development projects that get communities involved. It focusses on the lessons learned from two extensive community participation projects: the Programa Integral para el Desarrollo Rural (PIDER) and the Decentralization and Regional Development Project for the Disadvantaged States, both in Mexico.

The author, who argues that public participation depends on social organization, describes ways in which planners can organize participation effectively. To attract participants, he calls for project designs based on the local cultural environment and suggests a methodology for this approach.

The paper looks at the results of local participatory programs and the extent to which beneficiaries are satisfied with them.

Cernea, Michael M. 1992. *World Bank Discussion Paper 166*. World Bank, Washington D.C. 76 pages. ISBN 0-8213-2136-6

New Publications

Community-based Whaling

During the 2nd Annual IASCP conference, held in Winnipeg in 1991, a symposium on *Sustainable Whaling in Contemporary Context* was held. The papers from this

symposium have recently been published as a special issue of *Arctic* 46(2) June 1993.

The collection includes an introduction (Community-based Whaling in the North, by M.M.R. Freeman) and a concluding commentary (Whales and Elephants as Cultural Symbols, by J.H. Peterson).

This issue of *Arctic* can be obtained from :

Arctic Institute of North America
The University of Calgary
Calgary
Alberta T2N 1N4
Canada

Indigenous Knowledge and Development Monitor

Published by the Centre for International Research and Advisory Networks (CIRAN), in close cooperation with the Center for Indigenous Knowledge for Agricultural and Rural Development (CIKARD), the Leiden Ethnosystems and Development Programme (LEAD), and the national and regional Indigenous Knowledge Resource Centres.

The Monitor, which absorbs CIKARD News, is the newsletter of the international community of people who are interested in indigenous knowledge. The first issue was published in early 1993. Subscriptions to the monitor are free for 1993.

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