Introduction

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As the Elbert Neese Professor of Economics, it is my privilege to introduce the fourth *Annual Proceedings of the Wealth and Well-Being of Nations*. This volume is particularly poignant as its publication marks the passing of our featured Upton Scholar, Elinor Ostrom.

Under the banner of the Miller Upton Programs, each year the Department of Economics at Beloit College features a distinguished, internationally recognized scholar who works within the classical liberal tradition. Upton Scholars are among those who have fundamentally shaped the world’s understanding of the nature and causes of widespread prosperity and human development, and Elinor Ostrom certainly fits well within this company. Professor Ostrom exemplified everything the Miller Upton Programs have sought to honor: a commitment to civil discourse, a deep respect for the power of ideas to change the world, and the emancipating potential of liberal learning. It was indeed our honor to feature Elinor Ostrom, co-recipient of the 2009 Nobel Prize in Economic Sciences, as the fourth Upton Scholar.

In addition to Professor Ostrom, we featured leading scholars whose work complements hers. Our primary goal in assembling this cadre of scholars was to demonstrate that the intellectual enterprise of understanding the nature and causes of wealth and well-being is an ongoing project. The essays collected in this volume capture in written form many of the ideas exchanged, challenges posed, and questions considered during the Upton Forum and over the course of the academic year. But as the year unfolded and it became increasingly clear that Lin’s health was failing, this volume took on a second and increasingly important purpose, which was to honor this great scholar and teacher. On behalf of its contributors, I therefore dedicate this volume to Lin’s memory and to her work that has inspired generations of thoughtful teacher-scholars dedicated to both sides of their craft.
A Pioneer in All Respects

A child of the Great Depression, a first generation college student, and a pioneer for women seeking graduate training in the social sciences, Elinor Ostrom’s story is a remarkable one. In an autobiographical account, Ostrom described the mental shift that was required to be the first in her family to pursue a college degree and the hard work that was necessary to finance it (Ostrom 2009). She described further her shock in learning that upon graduation, employers considered placement within a secretarial position as the only appropriate choice. In response to her initial inquiries, graduate programs in economics actively discouraged her from pursuing a PhD. The political science department at UCLA did admit her into its PhD program, but she recalled, not without heated debate about the wisdom of admitting and offering an assistantship to a woman (ibid.). The presumption was that upon graduation no reputable college or university would hire her, thereby damaging the reputation of UCLA’s PhD program.

It was in the course of her graduate training that she began studying the water industry in Southern California, calling upon the work of Vincent Ostrom, Charles Tiebout, and Robert Warren (1961). Ostrom became increasingly interested in the social coordination problems associated with managing what she would later recognize as common pool resources (CPRs)—resources that are subject to appropriation by a large number of community members and, if left unmanaged, are subject to over-exploitation and degradation. This work would later form part of the foundation for her seminal book Governing the Commons (1990), but that would come later.

Ostrom recalled, “In 1965, Vincent was offered an attractive position as full professor at Indiana University, Bloomington. I tagged along as it was very hard for any department to hire a woman in those days. Fortunately, the Department of Political Science later needed someone to teach Introduction to American Government on Tuesdays, Thursdays, and Saturday mornings at 7:30 a.m.” (Ostrom 2009). After a year of teaching freshmen-year American Government, she was offered a regular faculty appointment. For the first 15 years of her work at Indiana University, she focused on the provision of a key public good, namely police services, emphasizing again the importance of local provision and governance.

In the 1980s she returned to studying the commons through her work with a special committee created by the National Research Council, this time with a
clearer eye on the interdisciplinary nature such a program of study would require. Scholars from a wide variety of disciplines (political scientists, economists, biologists, sociologists, and so on) had studied common pool resource problems such as fisheries, forests, and water supplies around the globe, but few were aware of others doing similar work outside their own discipline. She attributes this work with helping her to recognize the ways in which the modern Academy “fragments our knowledge... Not only are we divided by discipline, but we are divided by the methods that scholars use. Economists using nationwide statistical data are critical of economists using the experimental lab to test theory. Scholars who do field research are critical of the use of any other method” (ibid. 2009).

It was to address this fragmentation of knowledge that she and Vincent Ostrom established the Workshop in Political Theory and Policy Analysis, which brings together scholars from economics, political science, and other disciplines and works collaboratively with researchers around the globe to understand how institutional rules of the game in the context of diverse ecological and political economy settings affect individual behavior and social outcomes. Through their workshop pedagogy, Elinor and Vincent Ostrom have cultivated the sense that science is a form of artisanship (V. Ostrom 1980), requiring a diversity of disciplinary perspectives and an integration of theory, experimentation, quantitative analysis and qualitative field methods (Poteete, Janssen, and Ostrom 2010). Over the years, the Ostroms and their colleagues in the Workshop in Political Theory and Policy Analysis developed a distinctive form of inquiry that is now commonly referred to as the “Bloomington School” of political economy.

Identifying Local Solutions to Collective Action Problems

In grappling with the challenges surrounding the provision of public goods, such as police protection and other community services, and the management of common pool resources, such as water, fisheries, and forests, Ostrom took on central questions surrounding the nature and causes of wealth and well-being. Economists have long-studied the free-rider problem in the case of public goods and the potential threat of overexploitation in the case of common pool resources. On the one hand, market exchange is not always ideally suited to such contexts. On the other hand, government provision of public goods and natural resource management can also be fraught with political problems, such as corruption and lack of accountability.
Ostrom’s research suggests, however, that many communities (in both the developed and developing worlds) have evolved varied and creative solutions to these challenges through self-governance within civil society. For example, informal norms and cultural practices, voluntary associations, and formal cooperative agreements within communities have served as effective mechanisms for managing common pool resources. This work has challenged the economics discipline to look beyond its dominant theories that focus narrowly on contexts in which individuals are entirely self-interested, and instead to focus on contexts in which individuals (self-interested though they may be) are also embedded within contexts of community that may benefit from direct cooperative behavior through well-defined rules of engagement.

Though Ostrom drew lessons of functional self-governance from local community contexts, her work does not romanticize local and indigenous solutions. Such solutions require serious attention to the incentives involved among various players, and there is no one-size-fits-all solution that is likely to work in all contexts. In fact, Ostrom was and her colleagues at the Workshop in Political Theory and Policy Analysis continue to be as interested in cases of resource management failure as success, as they are equally instructive as to the limits and possibilities that communities face. Her work has been described as “community-minded, but hard nosed” for its balanced recognition that solutions can be found within communities, but effective self-governance will not be based on community sentiment alone.

Another theme that weaves through the Bloomington School of political economic thought is the emphasis on the polycentric nature of effective self-governance. A polycentric order is one in which governance is supplied by multiple autonomous entities that can range from a local village council to a federal authority. The key elements to such a system working are that 1) each governing body possesses a sphere of autonomy that is considered legitimate and upheld by the other governing bodies and 2) the multiple governing bodies operate within a context of common overarching rules.

The successful cases of CPR management that Ostrom documented point to the central importance that local control plays in establishing rules that are effective in regulating individual behavior. Local control may be all that is needed in the context of small, relatively isolated communities. But in larger and more complex environments, such as a large metropolitan area, the self-governance that emerges at the local level may be undermined if more distant governing
bodies usurp the authority established at the local level. A polycentric model of self-governance is one in which higher levels of political authority recognize the authority vested in local-level governance and only takes on those tasks that cannot be managed at the more local level. An important feature of a polycentric model of governance is that it allows political entities to compete with one another for residents, taxpayers, or subscribers, allowing for market-like discovery to unfold in the provision of public goods (Aligica and Boettke 2009; V. Ostrom 1972; Ostrom, Tiebout, and Warren 1961).

Professor Ostrom’s work made her a leading figure in the study of polycentric systems of self-governance, a line of political economic inquiry that seeks to understand the rules of the social game that are necessary for social cooperation, widespread wealth and human well-being. In the tradition of Alexis de Tocqueville, her work also instructs us on the art and science of association. In short, her work identifies solutions within civil society that replace conflict, resource degradation, and poverty with cooperation, effective resource management, and prosperity. As such, Professor Ostrom’s life’s work addresses questions that are at the heart of the Upton Forum on the Wealth and Well-Being of Nations.

The Intellectual Journey Continues

In her keynote address offered in this volume, Ostrom discusses the tools that she and her colleagues developed to assess the likelihood of a particular social-ecological system (SES)—a common pool resource situated within a particular ecological, economic, and political environment—has for generating patterns of robust governance and sustainable development. In this piece Ostrom cautions that even though she and her colleagues have identified general principles of robust self-governance and CPR management, their research paradigm offers no panacea. Every SES requires its own multidisciplinary analysis. The analytic tools Ostrom describes do not prescribe solutions, but instead provide the research team a framework that ensures that the right questions are being asked.

The contributors to this volume extend Ostrom’s work into new territory. The first three papers explore common pool resource issues in novel contexts. Joel Mokyr examines the ways in which “useful knowledge”—knowledge that can be applied to a wide variety of practical applications—is a common pool resource, and therefore presents all the problems associated with CPR management. The incentive problem with this particular CPR is not that it will be overused,
that it will be under-produced. Mokyr describes how intellectual societies of the seventeenth and eighteenth centuries solved this problem by incentivizing the creation of useful knowledge even though there was usually no direct remuneration for doing so.

Like Mokyr, Robert Garnett also examines the commons-like properties of knowledge, but in the context of the college classroom. Garnett argues that, despite the hard work and good faith of college and university professors, the “expert-centered” model of education is a comparatively ineffective means of managing the knowledge commons. Garnett draws from Ostrom’s insights on CPR management (and the evolving dialogue on the rights and duties of instructors and students that comprises the U.S. tradition of academic freedom) to advance an alternative approach to classroom governance in which teachers and students can be understood as cooperating, not as expert and novice, but as co-occupants and co-explorers of a polycentric knowledge commons. With the right rules of the game, Garnett argues, professors and students co-create a more robust learning environment in which shared learning resources and opportunities are more effectively tapped.

Demonstrating that each year’s Upton Forum is part of a continuing conversation rather than a discrete event, Adrian Perez builds upon Ostrom’s work to criticize the work of the 2009 Upton Scholar Hernando de Soto. Contrary to de Soto and in keeping with Ostrom, Perez argues that narrowly defined private property rights are not always necessary to bring about economic progress, and that alternative resource management can be a viable and sometimes preferable alternative to privatization, especially in instances where effective alternative institutional arrangements are already in place.

The remaining papers explore the Bloomington School theme of polycentricity. Jayme Lemke deploys the concept of the polycentric order to analyze jurisdictional competition among western territories in America’s nineteenth century. Lemke argues that such territories competed with one another to leverage population growth toward statehood by offering women greater freedoms to earn wages, acquire property, and maintain control over their wealth. This case study, Lemke argues, offers an appropriate test case for evaluating the feasibility of jurisdictional competition as a means of preserving the self-governing nature of a society.

Lynne Kiesling asks why in this digital age the basic technology supporting the production and distribution of electric power has changed so little since the industry’s birth in the early twentieth century. She points out that one of the
fundamental advantages of polycentric orders is that they favor learning and innovation through continuous experimentation. Monocentric orders, on the other hand, tend to stifle innovation and experimentation. Kiesling argues that a monocentric regulatory paradigm—one that was ostensibly designed to make the electric power industry more efficient—has in fact created institutional barriers that have stymied technological growth in the industry.

David Skarbek and Andrew Marcum build on the theme of polycentrism as well, but in the context of informal governance that has emerged among gangs in the California penal system. Gangs are complex social systems held together by rules, sanctions, rights and obligations, but because they cannot rely on formal legal enforcement, adjudication often takes on perverse and surprising forms. Skarbek and Marcum’s research underscores the point made by Ostrom that in order for self-governance institutions to generate socially beneficial outcomes, they need to be nested within a governance structure that acknowledges and upholds the legitimacy of governance that emerges at the most local level.

Justin Ross and Daniel Hummel examine polycentrism in yet one more context: the arena of public administration and finance. Ross and Hummel argue that, contrary to popular opinion, real property taxes (such as taxes on land and homes) represent a highly efficient and nimble form of public finance and that these benefits are attributable to their polycentric nature. As such, Ross and Hummel argue that reforms aimed at eliminating the property tax will ultimately undermine effective public administration.

With Grateful Acknowledgement

On behalf of Jeff Adams, the Allen-Bradley Professor of Economics and the other members of the Department of Economics, I wish to acknowledge the many people who have made the Miller Upton Programs possible. First and foremost, let me say a few words about the man for whom the forum is named. R. Miller Upton was the sixth President of Beloit College, from 1954-1975. A nationally recognized leader in higher education, President Upton was known to harbor two intellectual passions. The first was a steadfast commitment to the liberal arts. He believed that the small residential liberal arts college was the ideal place to engage the “great questions,” as it is here that students are expected to acquire the intellectual habits necessary for critical thinking and open civil discourse. His second passion was for the ideals of the liberal society: political freedom, the rule
of law, and the promotion of peace and prosperity through the voluntary exchange of goods, services, and ideas. He understood that transforming the ideals of liberal democracy into real institutions was at the heart of increasing the wealth and well-being of nations and peoples. We believe that the Upton Forum represents a confluence where these enduring passions meet.

I wish also to extend our thanks to everyone who played a part in making the 2011-2012 Upton Forum and associated programs a success, including the many scholars and alumni professionals who presented during the forum and over the academic year. In particular, I would like to thank Joel Mokyr who stood in for Professor Ostrom on the day she was originally scheduled to appear. With only a few days notice, Professor Mokyr was able to develop a stunning presentation that directly addressed the themes of the Upton Forum and the ideas our students had been studying all semester.

I would also like to thank Nobel Laureate Douglass North for introducing Professor Mokyr. Professor North’s presence was a reminder that the lineage of visiting scholars that runs from Douglass North, to Hernando de Soto, to Israel Kirzner, to Joel Mokyr, to Elinor Ostrom is not five separate conversations, but is one ongoing conversation. A grand conversation like this doesn’t just happen, however. The scholars who have participated in this conversation have been willing and eager to do so because it was Doug North who started it off. Professor North’s involvement has enabled us to live up to Miller’s vision for the central role a liberal arts college can play in civil society and his trust in the emancipating power of intellectual exchange.

The students in my 2011 Senior Seminar on the Wealth and Well-Being of Nations were also integral to the success of the forum. Their willingness to dive deeply into discussions of classical and contemporary works is the lifeblood of an intellectual enterprise such as this. I would like to thank four students in particular: Mashail Malik, Michael Williams, Ashley Lanham, and You Lin. In the spring of 2012, Professor Ostrom was able to join us. Following Professor Ostrom’s address, Mashail, Michael, Ashley and Lin presented original research based on the ideas and influence of her work. Their professionalism and cutting edge research epitomizes the genuine discovery that takes place when students seize with both hands the opportunities a liberal education offers.

Special thanks go to Jennifer Kodl, Program Assistant to the Upton Programs and Managing Editor of this volume. Jennifer’s unflappable resilience and clear-headed competence are exceeded only by the generosity of her spirit.
Finally, I would like to thank the many alumni, friends, and charitable foundations who have supported the Miller Upton Programs. When we launched this effort, our goal was to create a suite of programs that would foster the kind of intense and engaged inquiry that leads to the development of liberally educated men and women. A belief in the emancipating power of critical thinking, an unapologetic passion for ideas, and a deep respect for open inquiry in which the answers are not preordained, have been our guiding principles. If we were to honor Miller’s legacy, anything less would have been unacceptable. The generosity of our contributors has allowed us to live up to the promise of those principles and has ensured that the Miller Upton Programs will serve Beloit College students and the broader community of intellectually engaged citizens for many generations to come.

This volume has personal significance for me as it represents my last official act as the Elbert Neese Professor of Economics, a professorship I have been deeply honored to hold since 2007. As I prepare to take on a leadership role at Washington College on Maryland’s Eastern Shore, I find myself overwhelmed with gratitude for all that I have learned from my Beloit College colleagues, our students, and our alumni. After nineteen years of being part of this vibrant learning community, Beloit College has become, in every sense that matters, my alma mater. I will forever be connected to this great place of liberal learning and devoted to the people who embody Beloit’s mission of engaging students’ intelligence, imagination, and curiosity.
References


