



Nobel in economics goes to American expert on sustainable agriculture

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On Monday, Elinor Ostrom became the first woman to win the **Nobel Prize in economics**, along with fellow American Oliver Williamson. In addition to being a surprise winner, Ostrom's research had a surprising inspiration: her mother's tomatoes and carrots. "My mother had a victory garden during the war," Ostrom notes in her National Institutes of Health **profile**, "so I learned all about growing vegetables and preserving them by canning."

Describing how others in her hometown of Los Angeles -- as well as other communities in the U.S. and Britain -- worked together during World War II to grow food, Ostrom used her research to demonstrate how government bodies, neighborhoods, even schools of fish can act together for the common good when they face a shortage of resources.

The **Nobel committee** chose its two winners this year for contributions that "have advanced economic governance research from the fringe to the forefront of scientific attention." Williamson's research has been on why some economic decisions are made transparently in markets, and others are made inside a corporation; despite the common belief that all decisions are best made in the open, he found that some conflicts are better resolved within the "black box" of a corporation. Ostrom's research also challenges the conventional wisdom that finite resources, unregulated by government or private

industry, will be used up.

While both economists challenge the concept that the free (regulated) market is the most efficient, Ostrom's work deals with transactions not commonly considered by financially focused researchers. Having studied water management in Los Angeles and irrigation systems in Nepal, Ostrom also has researched fisheries worldwide to discover that the most sustainable way to manage fish stocks is to let the fisheries determine how to share the resources. She found that privatizing public resources -- allowing one body to make decisions about the use of resources -- is inferior to letting a diverse group of bodies (such as a group of fishermen) make collective decisions.

Many economists were surprised by the Nobel committee's award, but some favorably compared Ostrom's lessons to those learned by participants in social networks. "With the advent of the Internet, the issue of private provision of public goods has emerged once again," said **Cato Institute scholar Arnold Kling**. "Think of Wikipedia, or perhaps Twitter, or the various task forces that monitor security issues and define software standards." Yale University professor Robert Schiller said, "Economics has been too isolated, and these awards today are a sign of the greater enlightenment going around."

It's just the kind of enlightenment we need, I think -- not just a statement of women's power, but a jolt that, like the Obama award of the Peace prize last Friday, challenges conventional wisdom. Regulation and privatization has done nothing but made a mess of our valuable public resources -- particularly in the food systems Ostrom studies. Unconventional farmers tend to make the right decisions when they rationally manage their natural resources, she has found, in conserving the soil, finding new ways to manage crops without excessive irrigation, and putting livestock on the land that sustains it most efficiently.

In that sense, the Nobel committee has awarded an economist whose work applauds sustainable agriculture and urges fewer state regulations and incentives (like petroleum subsidies and encouragement of destructive monocultures). The decision bodes well for future policy decisions by agriculture and marine-management bodies around the world -- perhaps it even foretells their disbanding. Best of all, it could ultimately result in better food for all of us.

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