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Book review

Economics for Collaborative Environmental Management: Renegotiating the Commons, by Graham R. Marshall. Published by Earthscan, London, UK, and Sterling, VA, USA, 2005, pp. xi + 171, ISBN 1 84407 095 6 (pbk), \$A59.95.

The focus of this book is on a need to ‘*renegotiate the commons*’ to address environmental problems. Marshall argues that the mainstream ‘Progressive’ view of economics is inadequate to deal with the myriad of complex environmental issues, and that a shift towards more collaborative and decentralised approaches to environmental management is warranted.

The book is structured in four parts, comprising eight chapters. The author begins by introducing what he terms the ‘collaborative vision’ for environmental management, which is based on ‘a belief that fostering collaboration between the different civil groups and government agencies with an interest in the outcomes of this management would lead them to cooperate with one another more voluntarily in implementing the decisions arising from this collaboration’ (p. 1). By posing the question of whether such a belief is indeed a ‘vision’ or a ‘hallucination’ at the outset, he quickly makes one ponder the challenges that lie ahead for advocates of this vision. Part I of the book covers a general background and historical context on the development of the ‘collaborative vision’ for environmental management, and more specifically, how this vision has come to challenge many of the traditional neoclassical views of economics. The author rightly points out throughout the book that this challenge will not be an easy undertaking given the significant ‘headstart’ of the *Progressive* camp (the term that Marshall uses to describe mainstream neo-classical theory).

In Part II of the book, the author presents an excellent consolidation of pertinent economic theory and a methodology by which economic analysis can be applied to achieving the aspirations and goals of collaborative environmental management. The discussion is first focused on mainstream economic perspectives on collective action, including how to avoid the so-called ‘tragedy of the commons’. A highlight of this section is the explanation about how the neoclassical views of market failure and Pigouvian externalities have led economists such as Olson and Gordon arguing for centralised governance arrangements to address environmental problems. The author highlights some cracks in the Progressive argument for centralised management of common pool resources, supported by Ostrom, Axelrod and others, and discusses how the motivation for continued development of collective action theory ‘stemmed from a recognition that the Progressive position is logically incomplete’ (p. 37). Of note are the importance of trust and other elements of social capital that may be destroyed by centralised and coercive controls over people.

The next section lies at the theoretical heart of the book. The author begins to shore up a foundation of relevant theory by drawing on the growing

adaptive management discourse, which has emerged as a more appropriate model to analyse complex adaptive systems that characterise the ‘. . . pursuit of the collaborative vision for environmental management . . .’ (p. 57) than the traditional ‘mechanistic’ model. In this section Marshall goes on to outline a range of complex issues that a new economic framework would need to address such as the notion of ‘increasing returns’ and path dependency implications of particular institutional choices. A critical point highlighted is how the capacity of collaborative approaches to solve complex problems is improved if they are able to develop as ‘nested’ types of organisations, characterised as ‘multi-layered systems within which organisational units at any level complement . . . the self-organising units below them’ (p. 5). A cost effectiveness framework is then presented that builds on the work of institutional economists such as Challen and North among others. The author acknowledges that there may be limited ability to apply such a framework as some cost components such as transaction costs and those associated with path dependency are difficult to measure.

Part III, ‘Lessons from the Field’, contains some key learnings from a range of national and international case studies for designing collaborative systems of environmental management. Of particular note is a detailed outline of a case study on collaborative salinity management in the Murray Darling Basin that was undertaken by the author. Marshall presents a qualitative analysis comprising a range of actual transcribed discussions between key individuals involved in community consultation. This provides excellent context to appreciate the nature of relationships and perceptions between government and farmer stakeholders at different stages of the engagement process. Although a quantitative survey analysis was also conducted and alluded to, no results were presented in the chapter. However, it would still have been useful to provide at least a general overview of these results to complement or otherwise the qualitative findings.

In Part IV, the author draws on case study learnings from the previous section to explore how governments, communities and researchers can contribute towards achieving the collaborative vision. A discussion of a possible research strategy to apply the cost effectiveness framework outlined in Part II follows.

Perhaps what sets this book apart from others is the ability of the author to not only highlight that a potential research gap exists in relation to achieving a collaborative vision, but to propose an economic framework that encompasses collaborative management. Marshall is essentially arguing that there needs to be a fundamental shift at the policy level towards collaborative approaches in environmental and natural resource management in order to achieve the goals of sustainable development, and that a different economic framework that focuses more on institutional design is needed to underpin this shift. Such an ambitious goal will not be accepted by all economists. Marshall argues that it is important to build up evidence with ongoing case study analysis to demonstrate that the vision is worth pursuing. To this effect,

this book represents a respectable attempt at reconciling and furthering the foundational economic theory of learning from complex adaptive systems tempered with relevant case studies from the field. This book will be a valuable reference for both policymakers and scholars looking to advance and empirically test economic theory in this complex, yet highly relevant area.

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