

First woman to win Nobel Economics Prize

Written by AFP / The Swedish Wire

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Elinor Ostrom and Oliver Williamson of the United States won the 2009 Nobel Economics Prize on Monday for their work on the organisation of cooperation in economic governance, the Nobel jury said.



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Elinor Ostrom is the first woman to win the Economics Prize, which has been awarded since 1969.

Their work may be seen as particularly topical in the wake of the global financial crisis and ongoing efforts to combat climate change.

"The research of Elinor Ostrom and Oliver Williamson demonstrates that economic analysis can shed light on most forms of social organisation," the jury said.

Ostrom, who describes herself as a political scientist and not an economist, won half the 10-million-kronor (1.42-million-dollar, 980,000-euro) prize "for her analysis of economic governance" especially relating to the management of common property or property under common control, such as natural resources.

Her work challenged the conventional wisdom that common property is poorly managed and should be either regulated by central authorities or privatised, the jury said.

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A professor at Indiana University whose name has circulated as a possible winner in recent years, Ostrom told Swedish television her first reaction was "great surprise and appreciation," and said she was "in shock" over being the first woman to clinch the honour.

"If we want to halt the degradation of our natural environment and prevent a repetition of the many collapses of natural-resource stocks experienced in the past, we should learn from the successes and failures of common-property regimes," the jury said.

"Ostrom's work teaches us novel lessons about the deep mechanisms that sustain cooperation in human societies," it added.

She conducted numerous studies of user-managed fish stocks, pastures, woods, lakes and groundwater basins, and concluded that the outcomes are "more often than not, better than predicted by standard theories," the jury explained.

Williamson, a professor at the University of California Berkeley, was honoured with the other half of the prize "for his analysis of economic governance, especially the boundaries of the firm."

He has studied the existence of large firms and argued that hierarchical organisations represent alternative governance structures which differ in their approaches to resolving conflicts of interest.

Williamson's work may be considered to be related to one of the basic theories explaining the purpose of a company or firm, which is to manage contracts.

A company manages contracts with a wide range of parties so as to produce a benefit beyond that which a specific customer could achieve itself. Williamson's work touches on ways in which the firm can best aggregate some contracting activities to best advantage.

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"According to Williamson's theory, large private corporations exist primarily because they are efficient ... When corporations fail to deliver efficiency gains, their existence will be called in question," the Nobel committee said.

Landis Gabel, a senior economics and management professor at top French business school INSEAD and who studied under Williamson in the 1970s, told AFP the choice of Williamson and Ostrom was "timely".

"Both the Nobel laureates this year have been working on areas that kicked off with the concept of failing markets," he said.

"In the one case (in Ostrom's work) the failure has to do with common resources and the other (Williamson's) with imperfections that have implications for the structure of business firms," he said.

"But both of these laureates have done work quite different from the more traditional, purely theoretical work that drives off of perfect markets, perfectly rational behaviour."

The Economics Prize is the only one of the six Nobel prizes not created in Swedish industrialist Alfred Nobel's 1896 will -- it was created much later to celebrate the 1968 tricentenary of the Swedish central bank and was first awarded in 1969.

The Economics Prize wraps up this year's Nobel season, dominated by Americans.

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