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Insa Theesfeld

A Common Pool Resource in Transition

Determinants of Institutional Change
for Bulgaria's Postsocialist Irrigation Sector

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Preface of the Editors

Analyzing transition from centrally planned to market economy has brought up significant insights into the working of economic systems and the dynamics of institutional change. Roland (2000) even concludes that the experience of transition has changed the way economists are used to think in favor of an evolutionary–institutionalist’s perspective. Be that as it may, the various transformations that took place almost simultaneously in Central and Eastern Europe and Asia have created a real world laboratory for institutional analysis. These opportunities encouraged the EU project “Central and Eastern European Sustainable Agriculture” (CEESA) to inquire a *two-fold transition*, the transition to a market economy and the transition to institutions of sustainability. The question how market-based reforms affect the natural environment and whether or not transition to the market and to sustainability can be achieved simultaneously was at the center of CEESA research¹.

This book by Insa Theesfeld evolved in the frame of the CEESA project and presents highly original research that offers new insights into mechanisms of institutional change by analyzing a common pool resource in transition, i.e. irrigation systems in Bulgaria. During socialist times, the irrigation infrastructure in Bulgaria was established to serve the needs of large-scale farms. Following the collapse of the Soviet Union, Bulgaria introduced a land reform policy that restituted land in physical boundaries. Land ownership was split up into the hands of many owners, and a lot of new small farms were established. In contrast to the privatization of land, the small- and medium-scale irrigation infrastructure was privatized by voucher privatization leading to ambiguous property rights. As a consequence, irrigation infrastructure was poorly maintained or even subject to spontaneous privatization and the irrigated area in Bulgaria dropped drastically. In 2000, the Bulgarian government introduced the Bulgarian Water Act to enhance the reorganization of the irrigation sector followed by the Water User Association Act in 2001 that was supposed to facilitate the transfer of rights on small- and medium-scale infrastructure to water user associations. Like in other countries, water user associations were expected to solve the problems of managing the irrigation systems in a sustainable way.

Insa Theesfeld analyzes these complex institutional changes in the Bulgarian irrigation sector, focusing particularly on the success and failure of water user associations. As it turned out, these associations often existed only on paper, served the interest of a small number of water users and did not manage to coordinate irrigation effectively. Insa Theesfeld identified theoretically and empirically important constraints on collective action in Bulgaria that have hampered the func-

¹ See Gatzweiler (2003) and Sikor (2004) for an overview of the CEESA project.

tioning of water user associations. According to Theesfeld, the core of the problem is a vicious cycle of distorted and low social capital, on the one hand, and power abuse or opportunistic behavior, on the other, that is reinforced and influenced by high information asymmetry, the incongruity of formal and informal rules and an only limited institution transfer from a cooperative tradition which existed before the socialist era. As a result, she argues that the Bulgarian privatization and market reforms have resulted in social dilemmas of common pool resource management that make it extremely difficult to develop institutions of sustainability. Institutional transplants, like water user associations that do not account for the particularities of transition, are hardly successful and may do more harm than good. It may be a paradox that supporting the establishment of self-governance may increase corruption, power abuse and distortions of social capital. This finding shows that a detailed understanding of actors and their transactions is required in order to establish effective governance structures.

Insa Theesfeld gained her insights by combining different theories and methods to study the determinants of institutional change. From the theoretical angle, she complemented the common-pool resource theory by Ostrom (1990) and others with insights from transition theory, in particular, those on social capital in transition. Furthermore, her work is inspired by theories of institutional change, namely the distributional and the public choice theories and also theories of institutional transfers or transplants. This formed a sophisticated theoretical setting in which many relevant factors could be identified. In terms of methodology, Insa Theesfeld applied a dynamic case study approach using qualitative as well as quantitative methods. That data obtained by means of participating observations, key informant interviews and surveys were triangulated, which is indispensable when dealing with opportunistic behavior and power abuse. In this context, the perhaps most outstanding contribution of Insa Theesfeld is the method she used to identify and measure power resources of different actors.

Recently, in summarizing the state of institutional economics Williamson noticed that “efficiency arguments have mainly prevailed over power interpretations because the latter are tautological, but power issues refuse to go away” (Williamson 2000: 610). This study by Insa Theesfeld challenges this view. In transition, many cases appear that can hardly be explained by efficiency logic. Power asymmetries, power abuse and opportunistic behavior are often a matter of fact and should not be ignored. It seems that the experience of transition has also reintroduced the concept of power into institutional analysis (Olson 2000; Schlüter 2001; Hanisch 2003). Certainly, many questions related to the analysis of power remain to be open, e.g. related to the measurement of power and the adequate unit of analysis. However, Insa Theesfeld has broken the ground to operationalize the concept of power in a way that future research can build upon.

Acknowledgements

My work was embedded in the CEESA research project on Sustainable Agriculture in Central and Eastern Europe (QLK5-1999-01611), sponsored under the EU 5th Framework Program. Through my collaboration with the CEESA project, I was able to see my own work in a larger context and to place it in relation to studies on sustainable resource management in other Eastern European countries. The forty participating scientists made a lively research group and a pleasant working environment. I look forward to collaborations with several of them in the future.

Besides applying them to resource management of transformation countries, my consideration of the theories of institutional change has also sharpened my perception of social contexts in my own country and often influenced the perspective from which I observe everyday situations. I wouldn't do without this insight for the world. I learned these theories in the Chair for Resource Economics at the Humboldt University of Berlin, where my enthusiasm for addressing questions of institutional change grew. My most sincere gratitude goes to Professor Konrad Hagedorn, who suggested the topic of institutional change based on the example of water resources in Bulgaria and whose own enthusiasm and interest in Bulgaria inspired and encouraged me time and again. His colleagues - in particular Dr. Volker Beckmann, Dr. Franz Gatzweiler, Dr. Markus Hanisch, and Christian Schleyer - were always available for an academic exchange and critical discussions of individual phases of my dissertation. I often asked for their constructive criticism on short notice and am very grateful for their willingness and flexibility. Through the collaborative coordination of the CEESA project, Renate Judis became my first contact for all questions concerning the execution of my own work. She actively supported me with deeds ranging from joint budget planning to editing the first draft. Her competent suggestions helped me to surmount many an obstacle.

Looking back on the process, whose development and outcomes are depicted in this book, I consider the empirical research phase the most enriching. My recurrent stays in Bulgarian villages between 2000 and 2003 enable me to view presumed defects of our affluent society in relative terms and avoid taking comfort for granted. For the opportunity to accumulate these experiences I would first like to thank my Bulgarian colleagues from the Agricultural University in Plovdiv: Prof. Alexi Alexiev, Dr. Ivan Penov, and Violeta Dirimanova. Their contacts and comprehensive knowledge of the Bulgarian agricultural sector were a great assistance to me in planning and organizing my field research. My greatest thanks is due Dr. Habil. Ivan Boevsky, not only for his role as translator but also for his talent in organization, which he employed in planning the logistics and interviews on-site. He accompanied me during

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The more I revisit my time in the villages, the more anecdotes I recall in which villagers facilitated my work spontaneously and with a great deal of inventiveness. My interview partners offered me their time and cordiality, something I never took for granted; I am particularly indebted to them. Despite the language barriers, I was able to make many friends. Nasko and Tonka Penov, residents of one of my study villages, occupy a special place in my heart. With never-ending, truly Bulgarian hospitality, they introduced me to Bulgarian culture and allowed me to participate in their life as if I were a relative.

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Berlin, February 2005

Insa Theesfeld

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Abbreviations

AICs	Agro-Industrial Complexes
BSP	Bulgarian Socialist Party
CEESA	Sustainable Agricultural Development in Central and Eastern European Countries
CPI	Corruption Perception Index
EU	European Union
H	Hypotheses
ha	Hectare
IEEP	Institute for European Environmental Policy
ISC	Irrigation System Company
LOUAL	Law for Ownership and Use of Agricultural Land
m ³	Cubic meters
MAF	Bulgarian Ministry of Agriculture and Forestry
MEW	Bulgarian Ministry of Environment and Water
MRF	Movement for Rights and Freedom
N	Sample size
NARDP	National Agriculture and Rural Development Plan
PLWs	Policy Learning Workshops
Q	Research questions
SAPARD	Special Accession Program For Agriculture and Rural Development
SNM	Simeon II National Movement
UDF	Union of Democratic Forces
UWU	Union of Water Users
WSs	Water Syndicates
WUAs	Water User Associations
WUOs	Water User Organizations