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Discussions about Energy and Our Future

Tragedy of the Commons Re-Visited

Posted by [Nate Hagens](#) on September 6, 2009 - 8:55am in [The Oil Drum: Campfire](#)

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Given recent events, I thought a revisit of "Tragedy of the Commons Restated" written by Jay Hanson [12 years ago](#), might an appropriate Campfire topic.

A "commons" is any resource used as though it belongs to all. In other words, when anyone can use a shared resource simply because one wants or needs to use it, then one is using a commons. For example, all land is part of our commons because it is a component of our life support and social systems.

A commons is destroyed by uncontrolled use—neither intent of the user, nor ownership are important. An example of uncontrolled use is when one can use land (part of our commons) any way one wants.

The last couple days have been trying. Friday I lost another of my friends from my Wall St days. My views of the future are just too dissimilar from his own. The conversation went something like this:

...truncated

Nate: William, don't you realize that social equity and environmental health, both in US and globally is needed for our system to function? What is our government supposed to do?

William: Why is it sooo hard for people to believe they made a colossal mistake by electing this guy?!

Nate: Our problems of receding physical horizons, the disparity of the haves and have nots, and declining cheap resources per capita started long before Jan of 2009. We can no longer have sustained growth without borrowing from somewhere, or using less. Who is going to give something up and/or where are we going to borrow from?

William: You live in the woods in 100% white country, you are biased. Come on nate, when all is said and done, there is 20-25% of our population that can't/wont work. You think they want more, I think they may want a little more, but not as much as you think. You see a revolution of poor people...I see a revolution of rich people. That, my friend, is a wash. Simple summary...I think I am more passionate about keeping what I earned than the poor drunk on the corner who gets plenty of satisfaction from drinking and screwing....They want money, but they don't want to work. It not only applies to urban folk....i see it in the country. My neighbors there only need food/livestock and ammo and they are fine.

Nate: I am not talking about these things as if I discovered them - there is a long history of sociopolitical concerns in the literature suggesting coming breaking points.

I'm just trying to share the ideas with you. I don't expect you to agree necessarily but this is not some historical exercise - it's happening in real time.

William: I agree with your general points, but your timing is WAY off. These things could happen in 100 years, not in next 10. Adjustments have to be made, but instead of brainwashing people (like the "I pledge" video) we should be investing in massive changes in distribution systems, specifically for food. There are areas still yet to be exploited Nate that even you cant conceive.

You and I see the same blood coming from the cut on our leg, but I am reaching for a first aid kit as you reach for the hack saw.

Nate: But what is the end game Will? Another billion? To leave to your children? Have you considered that there may not be a peaceful environment in which they could enjoy it? Have you considered that continually striving for more digital wealth is a message that would work for a smaller and smaller % each generation? Then what?

Willian: Your view of environmental and resource concerns, etc. is probably way overblown. I work hard and get compensated for my efforts - whats the problem? You are increasingly sounding like Van Jones - am I supposed to just work harder so other people will benefit?

Nate: That's a bit much. Ok I'll stop, but I don't think we are speaking the same language anymore - we'll just have to agree to disagree.

William: Goodbye.

This and similar conversations are frustrating. It is a fine line to maintain relationships and maintain ones integrity. But increasingly I see those who probably should be working towards the greatest change, resisting any change at all. Among other things, I was reminded of the central essay by Garret Hardin of the [Tragedy of the Commons](#). Which led me to perusing Jay Hansons old writings from the late 1990s. The below essays are not directly about sharing, or social equity, or limits to growth, but about a central concept to resource depletion: that of exploiting what we can for personal gain, at a loss to the overall system. These 2 essays will be a springboard into next weeks Campfire on the coming changes in social ingroups/outgroups.

Tragedy of the Commons Re-stated

by Jay Hanson -- 06/14/97

[Original](#)

"To the free man, the country is a collection of individuals who compose it ... He recognizes no national goal except as it is the consensus of the goals that the citizens severally serve. He recognizes no national purpose except as it is the consensus of the purposes for which the citizens severally strive."

—Milton Friedman, CAPITALISM AND FREEDOM

"We may well call it 'the tragedy of the commons,' using the word 'tragedy' as the philosopher Whitehead used it: 'The essence of dramatic tragedy is not unhappiness."

It resides in the solemnity of the remorseless working of things."

—Garrett Hardin, *TRAGEDY OF THE COMMONS* ,

As the 21st century races towards us like a huge wave on the horizon, we fear that we are not going to be able to ride this one out, that global currents will pull us to the bottom and tear us apart. We look to our political leadership and see that it has been corrupted by freedom—everything is for sale—and all political decisions are reduced to economic ones. In other words, we have no political system—no means to save ourselves—only an economic system (one-dollar-one-vote).

In 1944, 29 reindeer were moved to St. Matthew Island. The reindeer thrived by "exploiting" (making the best use of) their rich "commons".

The island had no natural predators to keep the reindeer population in check, so the population swelled to 6,000 animals during the next 19 years. Suddenly the commons was depleted and the population crashed until only 42 animals remained alive! The reindeer could have avoided the crash by keeping the population within the carrying capacity of the island, but reindeer politics couldn't manage it, so naturally the population crashed.

In his 1968 classic, "Tragedy of the Commons", Garrett Hardin illustrates why the reindeer crashed and why communities everywhere are headed for tragedy—it's because freedom in the commons brings ruin to all:

Visualize a pasture as a system that is open to everyone. The carrying capacity of this pasture is 10 animals. Ten herdsman are each grazing an animal to fatten up for market. In other words, the 10 animals are now consuming all the grass that the pasture can produce.

Harry (one of the herdsman) will add one more animal to the pasture if he can make a profit. He subtracts the original cost of the new animal from the expected sales price of the fattened animal and then considers the cost of the food. Adding one more animal will mean less food for each of the present animals, but since Harry only has only 1/10 of the herd, he has to pay only 1/10 of the cost. Harry decides to exploit the commons and the other herdsman, so he adds an animal and takes a profit.

Shrinking profit margins force the other herdsman either to go out of business or continue the exploitation by adding more animals. This process of mutual exploitation continues until overgrazing and erosion destroy the pasture system, and all the herdsman are driven out of business.

Most importantly, Hardin illustrates the critical flaw of freedom in the commons: all participants must agree to conserve the commons, but any one can force the destruction of the commons. Although Hardin describes exploitation by humans in an unregulated public pasture, his commons and "grass" principle fit our entire society.

Private property is inextricably part of our commons because it is part of our life support and social systems. Owners alter the emergent properties of our life support and social systems when they alter their land to "make a profit"—cover land with corn or concrete.

Neighborhoods, cities and states are commons in the sense that no one is denied entry. Anyone may enter and lay claim to the common resources. One can compare profits to

Hardin's "grass" when any number of corporations—from anywhere in the world—drive down profits by competing with local businesses for customers.

One can see wages as Hardin's "grass" when any number of workers—from anywhere in the world—can enter our community and drive down wages by competing with local workers for jobs. People themselves even become commons when they are exploited (are made the best use of) by other people and corporations. Everywhere one looks, one sees the Tragedy of the Commons. There is no technological solution to the problem of the commons, but governments can act to limit access to the commons, at which time they are no longer commons.

In the private-money based political system we have in America, everything (including people) becomes the commons because money is political power, and all political decisions are reduced to economic ones. In other words, we have no political system, only an economic system—everything is for sale. Thus, America is one big commons that will be exploited until it is destroyed. Like the reindeer population on St. Matthew Island, our population will crash too.

Will the coming global currents will pull us to the bottom and tear us apart? Our only chance to avoid it is to invent a political system that money can't buy—and then limit freedom in the commons. If we can't, we're dead.

I thought I'd include this related essay also from 1997:

BAD DRIVES OUT GOOD

By Jay Hanson (8/1/97)

"The aim of every political constitution is, or ought to be, first to obtain for rulers men who possess most wisdom to discern, and most virtue to pursue, the common good of the society; and in the next place, to take the most effectual precautions for keeping them virtuous whilst they continue to hold their public trust."

—James Madison, *FEDERALIST* #57 (1787)

"I see the White House is like a subway—you have to put in coins to open the gates."

—Johnny Chung (1997)

Systems that select for failure are often called Greshamite systems after the English financier Sir Thomas Gresham (1519?-1579). His name was given to Gresham's Law, the economic principle that "bad money drives out good." When depreciated, mutilated, or debased (bad) money circulates concurrently with money of high value (e.g., silver or gold), the good money disappears because of hoarding. As more and more people notice that good money is being hoarded, more and more good money is hoarded—runaway positive feedback. Ultimately, the monetary system fails.

American Democracy can also be seen as a Greshamite system. To understand why, first consider the theoretical premise of our political system: a government that is willing to act for the Common Good. Next, consider two very different candidates for public office. Ms. Honesty believes in the principle embodied in our Pledge of Allegiance "...

liberty and justice for all." If Honesty is elected, she will treat everyone fairly and pursue the Common Good.

Mr. Corruption is a good capitalist who is motivated to pursue his own private gain. He has studied the system carefully and knows that he can gain political power by rewarding his friends and punishing his enemies.

Which of these candidates has the advantage? Obviously, Corruption has the advantage! Here's why:

Mr. Jones is a local developer who has money, employees and influence. Philosophically, he is an average, self-interested individual who was trained by television (and to some extent by his family and formal education) to consume as much as he can. In fact, Jones can't even remember ever hearing about public goods.

Will Mr. Jones contribute to Ms. Honesty? No, why should he? If she wins, Jones will receive justice and fairness from her anyway (a public good). If she loses, Jones will be punished by Mr. Corruption for helping her.

Will Mr. Jones contribute to Mr. Corruption? Yes, because Jones has been promised a change of zoning (a private good) so he can build his new gated community. Jones writes a check for \$2,000 to Mr. Corruption and has a few dozen employees volunteer to help out on Corruption's campaign.

American Democracy tends to elect politicians who are motivated to maximize their own private gain (there are some rare exceptions). Runaway positive feedback occurs as politicians need more and more money to run for public office. As this process continues, more and more politicians are corrupt.

Bad drives out good and Corruption drives out Honesty. To what end? In the end, we do not even have a political system (one-person-one-vote), only an economic system (one-dollar-one-vote).

"Public goods" are goods and services that can be shared by a whole group of people. Some examples of public goods are national defense, police protection, government, and environmental services. As a rule, government must provide public goods for two reasons:

1. Private investors won't supply public goods because they can't make a profit on them.
2. Voluntary efforts won't supply public goods because the voluntary contribution of any one person exceeds the services received by that person. For example, suppose the cost of national defense to each taxpayer is worth the services each taxpayer receives. But if the entire cost were spread out evenly among only those who will voluntarily pay, then the individual cost will exceed the individual services. Thus, only government can supply a national defense through its taxing powers.

This same principle applies to voluntary efforts at cleaning roads, parks, and so on. Voluntary efforts will ultimately fail because those who don't contribute (called "free riders") can use the services anyway. So there is little incentive for volunteers to contribute over the long term. Ultimately, volunteers will "burn out".

[Civic-minded citizens can even be seen as a form of corporate welfare! Instead of

corporations paying for their social and environmental destruction, civic-minded volunteers donate their own time and money to keep their communities together while CEOs give themselves million-dollar bonuses!]

"Private goods" are restricted goods. A couple of examples of private goods are gated communities and toll roads (only those who pay can enjoy the services).

America's political system is based on private money: whoever can raise the most money usually wins. Our private-money political system naturally exhibits a strong bias towards private goods—and private profits. This bias towards private goods leads to less public infrastructure and more private infrastructure (e.g., private police, gated communities, etc.). Unfortunately, this leads to a two class society: one with private infrastructure and one with no infrastructure; and ultimately, these will lead to the disintegration of the state.

Campfire Questions:

- 1) Its been over 40 years since [Tragedy of the Commons](#) appeared in Science. What has changed to avert us from this tragedy in the meantime? What might be done to avert it in the future?
- 2) Would awareness of a global commons, globally among every citizen, be enough to avert individual exploitation at a cost to the commons?
- 3) As events surrounding the battle between fiat based and biophysical economics accelerate, how can well intentioned volunteers combat free riders without burning out? What is the natural institution that can effort the common good as opposed to special interests? Will Gresham's Law apply to blogs and Peak Oil outreach?



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