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# Corporate Social Responsibility and Garrett Hardin's 'Tragedy of the Commons' as Myth and Reality

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Garrett Hardin's 1968 essay 'The Tragedy of the Commons' profoundly influenced environmental thinking in the decades that followed its publication in *Science*. It proposed that the natural environment, as a commons, was in danger of destruction due to the innately self-interested behaviour of humanity, much as a common pasture might be destroyed by herders, each acting exclusively in his or her own self-interest. More recently, the credibility of the essay's premises has been undermined by both experience and scholarship. The idea that a common or shared resource to which no market value is attached will inevitably be overused and destroyed depends on the rationalist assumption that humans are innately and incorrigibly self-interested in their behaviour, and that altruism exists only in the (sentimental) minds of observers. This assumption has been strongly challenged in recent years. However, innate and implacable egoism does continue to be not only a behavioural trait, but also a defining design criterion of the economic 'persons' we call business corporations. These highly autonomous, largely self-regulating entities have recently assumed new power and autonomy, to the degree that I have coined the term 'cybercorp' to distinguish them from their early-to-mid-20th-century progenitors. To the extent that they control markets worldwide, Hardin's dire predictions carry renewed weight.

- Garrett Hardin
- Tragedy of the Commons
- Overpopulation
- Corporations
- Cybercorp
- Cyber-corporation
- Emergence theory
- Collective beings

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**T**HOMAS CARLYLE, THE SCOTTISH HISTORIAN AND CHRONICLER OF THE FRENCH Revolution, famously referred to economics as ‘the dismal science’. Though the context in which he used the phrase now seems bizarre (he was arguing for the reintroduction of slavery in the West Indies), it caught on and has since been borrowed by a thousand other writers to describe what they see as economic science defined by implacable rules of necessity. In the 1960s and 1970s the same phrase was used by editorialists to criticise nascent environmental science for raising questions about the sustainability of current economic practices. Paul Ehrlich’s *The Population Bomb*, the Club of Rome’s *Limits to Growth*, Wesley Marx’s *The Frail Ocean* and other books in the same vein did indeed make gloomy reading. As did a very influential essay by biologist and ecologist Garrett Hardin, entitled ‘The Tragedy of the Commons’. With historian Lynn White’s *The Historical Roots of Our Ecological Crisis* and Aldo Leopold’s much older book *A Sand County Almanac*, Hardin’s 1968 essay, in the journal *Science*, is often identified as one of a handful of seminal documents that launched the field of environmental ethics.

Like much of the mainstream environmental writing of that time, Hardin’s tract was firmly in the rationalist tradition. A staunch supporter of the more deterministic streams of sociobiology, his concerns about overpopulation led him to hold controversial opinions on abortion and immigration. On the former, he observed that,

a medical abortion, particularly in the early stages, costs only a fraction as much as a medically supported childbirth—not to mention the costs of education and other social services to the child for 18 years. So: when a woman elects to have a child, she is committing the community to something like \$100,000 in expenses for the bearing and rearing of that child. Is it wise to extend individual rights that far?<sup>1</sup>

He was well known for his advocacy of ‘lifeboat ethics’, which, like triage in a hospital emergency room, calculates both the costs and benefits before determining who should receive life-giving support, and on this basis he favoured tightly restricting immigration to the United States, and argued that reducing infant mortality rates worldwide would be disastrous for the human species. He and his wife were both members of the Hemlock Society, which advocated legal suicide. The two took their own lives in their California home in 2003 shortly after celebrating their 62nd wedding anniversary: she was 82; he was 88.

These details of Hardin’s life are significant in that they demonstrate his unabashedly positivist outlook, a position nowadays more frequently referred to as **scientific**, denoting an extreme rationalism expressed in an excessive belief in the power of scientific knowledge and techniques. It is helpful to have this background when looking into his most famous essay.

‘The Tragedy of the Commons’ proposes a scenario that, on first reading, seems diametrically opposed to liberal market theory’s idea of Adam Smith’s invisible hand turning individual self-interest into communal welfare. For this reason, it caused considerable excitement among 1970s counter-culture environmentalists. Here was a seemingly irrefutable argument against prevailing capitalist market ideology, proof that the consumer society was unsustainable. It also suggested that market capitalism did not provide the path to the utilitarian Utopia of the greatest happiness for the greatest number, as conventional economics insisted. What few remarked on at the time was that the only possible solutions to the dilemma that Hardin posed were autocratic in the extreme.

The essay begins with an epigraph in which Hardin quotes himself: ‘The population problem has no technical solution; it requires a fundamental extension in morality’.

<sup>1</sup> 1977 letter to the American Civil Liberties Union, quoted in Smil 2004.

Hardin is suggesting that human populations will never settle at some optimum, sustainable point as classical and neoclassical economists had suggested. 'We can make little progress in working toward optimum population size until we explicitly exorcize the spirit of Adam Smith . . .' he states. That spirit has 'contributed to a dominant tendency of thought that has ever since interfered with positive action based on rational analysis . . .'. If Smith's assumption that private self-interest leads to public welfare via the invisible hand is correct, Hardin says, 'it justifies the continuance of our present policy of laissez-faire in reproduction . . . if the assumption is not correct, we need to reexamine our individual freedoms to see which ones are defensible' (Hardin 1968).

Hardin clearly favours the second position. His rationale takes the form of a parable featuring a common pasture and a group of herdsmen who share it to graze their cattle.

Such an arrangement may work reasonably satisfactorily for centuries because tribal wars, poaching, and disease keep the numbers of both man and beast well below the carrying capacity of the land. Finally, however, comes the day of reckoning, that is, the day when the long-desired goal of social stability becomes a reality.

It is at this point, Hardin says, that 'the inherent logic of the commons remorselessly generates tragedy'.

What happens is this: each herdsman will rationally examine his position *vis-à-vis* the common pasture and see that, if he adds one more cow to his herd, all of the cattle grazing there will have a bit less to eat, and the land itself will be under a little more stress, but the loss will be more than compensated for him as an individual because he reaps the full benefit of the sale of the extra cow. In other words, the positive impact on his position will be something close to +1, while the negative impact will be only a fraction of -1. Hardin explains:

But this is the conclusion reached by each and every rational herdsman sharing a commons. [Note the use of the word 'rational'.] Therein is the tragedy. Each man is locked into a system that compels him to increase his herd without limit—in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. *Freedom in a commons will bring ruin to all* [emphasis added].

Hardin goes on to suggest that just such a tragedy is occurring because we treat the air and water as a commons, with the result that polluters continue to dump their wastes there, to the point of environmental disaster in the form of climate change and marine species collapse among other calamities. He also claims that his parable demonstrates that, without regulation, and according to the same herdsman's logic, people will continue to breed without restraint until the world's maximum sustainable population is exceeded, and population collapse ensues.

Hardin's parable has been justly criticised over the years for presenting human behaviour as highly deterministic, entirely constrained by innate 'natural' impulses in response to our environment. Note the language he uses: we are 'locked into' a system that 'compels' certain behaviour. Few scholars of any stripe would support such a position today. Most believe, on the contrary, that humans possess agency, and are capable of behaving 'irrationally' faced with a situation such as Hardin sketches, and of acting in the interest of others in the wider community. In fact, this would seem to be, by any objective standard, our normal mode of behaviour. We humans are prone to altruism, or concern for the other.<sup>2</sup> The preponderance of evidence suggests that, while we most

<sup>2</sup> For a current, comprehensive review of recent scientific evidence supporting agency and altruism, see Hauser 2006.

certainly exhibit self-serving behaviour, its extreme manifestation in modern culture is a result of the coercions of the market. In a market economy, self-preservation demands focused self-interest, even though such behaviour frequently goes against the grain.<sup>3</sup>

Nor does historical evidence support Hardin's gloomy outlook. As Jared Diamond notes in his book *Collapse*, for example, Icelandic shepherds of six centuries ago saw that overgrazing was threatening the country's sparse highland grazing ground with irreversible erosion. They responded not as Hardin would have predicted, but by joining together to determine how many sheep the land could support, and assigning quotas among themselves (Diamond 2005). The Sumerians of the 4th millennium BC, on the other hand, destroyed their civilisation—the world's first—by overexploiting their arable land. But in their case the danger was not something readily understandable. The slow process of salinisation of the land caused by too much irrigation was a complex hydrological process that would not be unravelled until the advent of modern science-based agriculture. Where the risk to communal assets is evident and understood, people historically have demonstrated a capacity and, not infrequently, a will to suppress short-term avarice and to cooperate in the achievement of a longer-term common good.

There is, however, one important actor in our market economy that *does* match Hardin's depiction of the implacably rational, self-interested economic agent. And that is the modern business corporation, for which I have coined the term 'cyber-corporation' or 'cybercorp', to reflect its cybernetic ontology. The cybercorp of today was originally conceived of by 18th- and 19th-century rationalist economists, legislators and jurists as a vehicle for the accumulation of capital. As the capitalist economy of Europe expanded and stretched its tentacles across continents and oceans to Africa, Asia and the New World in the 16th and 17th centuries, the potential for realising vast wealth through trade and commerce was matched by the enormous risks involved in such far-flung enterprises, given the state of transport and communication technologies of the day. The solution was to devise the joint-stock corporation, in which individual investors were sheltered from the full impact of financial disaster brought on by, for example, the loss of a ship, or the extermination of a colony or trading outpost by disease or hostile natives. In the new limited-liability corporation, as it was called, investors' exposure to liability for loans and other claims against the corporation was limited by law to the amount of their personal investment.

During the late 19th century, business corporations sought and were granted other privileges: they were freed from restrictive state charters which limited them to the single business for which they were incorporated; and they petitioned the courts for, and received, formal recognition of their legal 'personhood'. Leveraging their personhood in the last half of the 20th century they began an ultimately successful legal campaign to gain essentially the same human rights protections and remedies as are enjoyed by people under the US Bill of Rights and other codes of human rights and, through international trade agreements, similar human rights codes worldwide (Flynn 1987; Mayer 1990; Malcolm 1994; Korten 1995). In a parallel development, by the early 1960s the decades-long trend towards separation of ownership and management in the world's largest corporations was virtually complete, with only a handful of these mammoth entities remaining under the control of individual owners, their families or partnerships. The vast majority were by now owned by large numbers of individual shareholders, whose interests were in turn managed by institutional investors—that is, other corporations. As for the managers, these university-groomed professionals showed relatively little interest in the products or services being produced; their training, and the focus

<sup>3</sup> Two classic expositions of this position can be found in Polanyi 2001/1944: 258 and Macpherson 1985: 89. A more recent treatment is available in Bauman 1993.

of their interest, was in the management of the corporation as a generic set of challenges in such a way as to produce maximum shareholder return by the most efficient means possible.

The divorce of ownership from management functions, the single-minded goal of maximising profit, the freedom to engage in any field of business, and the ability to challenge government authority from behind the shield of human rights statutes have combined to make of the cybercorp something unique in history. Designed initially as a tool for making money, it has evolved into a highly complex social entity that is essentially autonomous and self-regulating. Its goal remains the same, but its power and influence has been enormously enlarged—not just its influence on the outside world, but on its workers and managers as well. So great is this influence, in fact, that it now seems impossible to avoid the conclusion that the corporate entity manages its managers, confining them to a Procrustean bed of behaviour that is defined entirely by the needs and goals of the corporation. Those who do not fit this mould are either reshaped through coercion and persuasion, or extirpated.

By the last quarter of the 20th century, a relative handful of these immensely rich and powerful corporate entities were in control of markets worldwide, intent on a single objective—maximising profit. I have argued elsewhere that these corporate entities had by this time reached a stage of complexity sufficient for emergent properties to appear; a defining feature of the cyber-corporation (Rowland 2006, 2008). As an emergent system, the cyber-corporation effectively governs itself, controlling the human managers it employs, constraining their behaviour in ways that serve the corporate (but not necessarily the human) interest.<sup>4</sup> The science of emergence is relatively new, and a few words of description may be in order. This is a field of study that examines the phenomenon of emergent properties of complex systems. One such property might be the vortex that appears and remains stable over a bathtub drain when the plug is pulled, much as a tornado emerges from the complexities of a weather system and its various determinants; another may be consciousness, which appears to have emerged spontaneously from the complexity of human and animal brains. A third might be life itself, spontaneously emerging from the primal soup, a complex and dynamic brew of chemicals and reagents. One very important characteristic of an emergent property is that it is capable of acting causally on the system from which it emerged. That is, emergent properties can reach back and adjust the systems from which they have appeared. A second characteristic is that the behaviour of emergent properties tends to be unpredictable and surprising—it is not strictly determined by the system that generated it, nor always predictable from an understanding of that system.

It seems to me that these traits are observable in the modern business corporation, hence my coining of the term *cybercorp*, which is meant to identify a corporate entity that is part human, part machine. The term is descriptive of the modern business corporation as an entity that is populated by human workers and managers, but whose behaviour is largely determined by the corporate entity itself, as a stable, autonomous, emergent property.<sup>5</sup> As we struggle to understand the antisocial behaviour of so many

4 The situation of humans within the corporate entity might best be described by analogy with military personnel: 'The aircrew of the Apache [attack helicopter] is expected to function reliably as an extension of such machines . . . or weapons systems generally; [as] adjunct for some limitation the machine has due to its incomplete development' (Radine 1977: 89). The analogy seems apt, given the similarly uncompromising, single-purpose intents of human-machine weapons systems and corporations. The 'machine', in the case of the cyber-corporation, is the bureaucracy structure that defines its existence.

5 In their ground-breaking study of emergence in bureaucratic systems, Minati and Pessa (2006) use the term 'collective beings' to denote complex entities such as the modern business corporation (see also Clayton 2004; Peterson 2006).

of the world's largest corporations, it helps to understand the cybercorp as an emergent entity that governs itself, and acts causally on the complex bureaucratic system from which it emerged, in such a way as to ensure the fulfilment of its design criteria—to maximise the value of the assets under its control on behalf of its shareholders. External considerations, up to and including human life, are factored into its decision-making only to the extent that they may have an impact on profit, positive or negative. Legislation is proposed and sometimes passed to protect society from the cybercorp, but in the four or five decades since corporations first successfully sought the shelter of human rights codes, these laws have been increasingly difficult to enforce against entities both inaccessible to moral suasion and able to purchase the finest legal talents and most effective lobbyists.

The cybercorp is the economist's dream of the perfect rational economic agent, always and incorrigibly egoistic. Wherever the cybercorp dominates a commons, the tragedy Hardin depicts is very likely to be the outcome. The fact that fish stocks are collapsing in the world's oceans due to overfishing is directly related to the fact that by far the biggest players in the world's fisheries are cybercorps. The 'soil mining' that results in widespread soil erosion and depletion throughout the world is carried on not by individual farmers, but by the mammoth cybercorps that dominate agribusiness. Mining of mineral deposits in ways that despoil the environment is carried out almost exclusively by the cybercorps that dominate the mineral extraction industry. Political measures to control global warming by curbing greenhouse gas emissions are resisted and actively undermined not by individual people, but by the cybercorps that dominate the energy industry. Where self-employed individuals are directly responsible for damaging the common, as, for example, in the case of farmers or ranchers using slash-and-burn techniques in rainforests, it is invariably the cybercorps that create the market conditions that encourage these practices.

This is not simply a matter of scale. Yes, the cybercorp is typically very large and powerful. But the problem is that, whatever its size and influence, it has no interest in the human interest. It is not susceptible to feelings of compassion, of shame or pride, of charity or love. Where healthy humans will voluntarily curb their behaviour if they can see that it is harming their neighbour, these corporations alter their behaviour solely according to impact on profit. While they often present themselves through their public relations divisions as caring, compassionate players in the market, concerned with human welfare at various levels, they do this quite transparently in a bid to increase profit. The cybercorp is not interested in virtuous behaviour, only in the *appearance* of virtue, which is reputation. A good reputation is profitable; a bad one is not. For this reason, the cybercorp's 'virtuous' actions never go unannounced, unpublicised, unadvertised, even though we humans consider virtue to be its own reward, and admire most that virtue which is private. And this is why the cybercorp will continue to mine the world's soils and oceans, to dump harmful chemicals into waterways and the atmosphere, to promote the use of dangerous pharmaceuticals in inappropriate conditions, to exploit adult and child workers, to profit from war and natural disaster, to expose society to the unintended consequences of inadequately tested technologies—unless faced with strictly enforced regulations that impose penalties that are greater than the savings achieved through their antisocial behaviour.

As a rational economic agent, the cybercorp will operate at and beyond the limits of law and regulation so long as it is profitable to do so. As an autonomous cybernetic entity (essentially, a machine), it is not susceptible to moral suasion, and in this sense there is no such thing as a 'good corporate citizen'. Former US Federal Reserve Chairman Alan Greenspan seemed to have belatedly recognised this fact in his November 2008 appearance before the House Committee on Oversight and Government Reform to explain his role in the financial crash of 2008. 'The modern risk-management paradigm held sway

for decades. The whole intellectual edifice, however, collapsed in the summer of last year.' When Greenspan was reminded of past Congressional testimony in which he had adamantly insisted that government regulators were less efficient than free markets in imposing discipline, and asked whether he had been wrong, Greenspan answered, 'Partially'. He conceded that 'those of us who have looked to the self-interest of lending institutions to protect shareholders' equity, myself included, are in a state of shocked disbelief'.

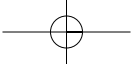
Given the ontology of the cybercorp, it is clear that corporate social responsibility (CSR) can be a reality only if it is imposed from outside, through some mechanism that affects profit. But in that case compliant behaviour on the part of the cybercorp is 'responsible' only in the narrow sense of being prudent of its own interests. It may be socially responsible in its effect, but not in its primary intent. Those who have an itch to curb the frequently sociopathic behaviour of the cybercorp should therefore focus their interest not on corporate management technique, but on public administration and politics. If the unfettered mechanisms of the market do not deliver communal welfare as promised, then no amount of management expertise will alter that reality; in fact, the more effective and efficient corporate managers become—the better they do their job—the more powerful and therefore potentially dangerous the corporations themselves become. The price of democracy really is eternal vigilance and cyber-corporations need to be kept on a very short leash. With the market chaos of 2008 coming hard on the heels of the global awakening to the inconvenient truth of climate change, the world may have begun at last to wake up to that fact.

Hardin's Malthusian gloom over rising world populations may one day prove to have been justified, although current evidence would suggest stability at a sustainable level can be attained without the draconian legislative proscriptions on child-bearing he advocated. For the foreseeable future, however, the focus of regulatory attention ought to be on the irresponsible excesses of the cybercorp in its worldwide operations. It is not overpopulation, nor any innate shortcoming in human nature, but the cybercorp that is making an alarming reality of the myth of the tragedy of the commons.

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