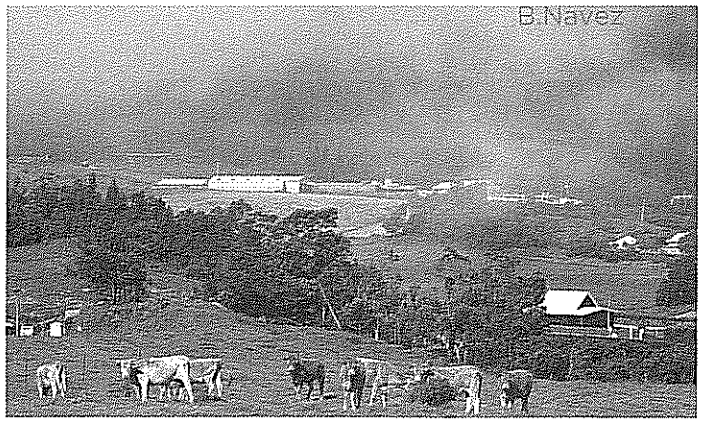
The tragedy of the so-called "commons"

By Gavin Putland



There is no such phenomenon as the "***tragedy of the commons***". The phenomenon that is usually called by that name arises because the so-called "commons" are treated not as belonging to all, but as belonging to no one — in other words, because they are not commons at all.

Consider an area of pasture (the so-called "common") surrounded by a number of small farms. Each farmer may grow crops only on his own farm, but may graze his cattle on the "common" free of charge. The total yield from grazing is maximized by a certain total number of cattle, hence by a certain number of cattle *per farmer*. But if *one* farmer grazes more than the optimum number per farmer, the increase in *his* yield due to the larger number of cattle *belonging to him* outweighs the decrease in *his* yield due to the reduced yield *per head* of cattle. If every farmer thinks that way, they all lose due to overgrazing.

Contrary to the standard terminology, this situation is *not* a tragedy of the "common", because there is no common to speak of. If the grazing land were really treated as common property, each farmer who grazed cattle on that land would be required to compensate the other farmers (co-owners) for the reduction in their grazing opportunities. In the absence of such compensation, the pasture is treated not as common land (*terra communis*) but as no man's land (*terra nullius*). Therein lies the real cause of the tragedy.

True common ownership of the pasture could be arranged as follows. The farmers form an association which charges a rent for the right to graze each animal on the common, and distributes the rent among the members. Those farmers who exercise grazing rights pay the rents and get the yield. Those who don't exercise their rights receive the *value* of those rights in the form of rent shares, with which they may purchase products from those who do exercise grazing rights. The only judgment that the association needs to make is how much rent to charge in order to produce optimal use of the common.

The modern privatization movement refuses to acknowledge this option, and instead recommends that the common be handed over to some private entity, which shall have the exclusive right to graze cattle or to charge others for doing so. The dispossession of the farmers is deemed not to matter, because the *initial distribution* of grazing rights does not affect the incentive to use those rights efficiently. This is an illustration of the celebrated Coase theorem, whose discoverer was awarded the Nobel Prize in Economics for showing that justice, although inconveniently *compatible* with efficiency, is not a *necessary condition* for efficiency. Coase's theorem is the retrospective justification for the British enclosure movement, by which grazing rights were transferred from the peasantry to the gentry with only token compensation — except that, according to the theorem, there was no need for the token compensation.

The privatization movement — that is, the modern enclosure movement — pretends that the only alternative to privatization of the "commons" is government ownership or control. This too is incompatible with *common* ownership or *common* rights, and is more correctly called **collectivization**. When a right is common, anyone may exercise it, subject only to the protection of everyone else's equal rights. When a right is *collective*, the government exercises it or determines who may exercise it.

When freedom of speech is a common right, anyone may say anything subject only to the protection of other people's equal rights (including, but not limited to, freedom of speech). When freedom of speech is a collective right, the government determines what may be said and who may say it. When freedom of speech is a private right, private entities determine what may be said and who may say it.

When access to land is a common right, anyone may use any piece of land subject to compensation for the encroachment on other people's equal rights; the compensation is by payment of the rental value of the land into a common fund which is distributed through a citizens' dividend and/or public services. When access to land is a collective right, the government determines who, if anyone, may use each piece of land and for what purpose and at what price. When access to land is a private right, some private entity determines who, if anyone, may use each piece of land and for what purpose and at what price.

In each case, notice that collective rights and private rights are more similar to each other than to common rights. By collectivizing a sufficient range of rights and calling them common rights, one can establish a Stalinist state with a name like "Democratic People's Republic of Korea". And by pretending that the only alternative to collectivization is privatization, one can establish a similar degree of despotism under the guise of property rights.

If access to land were treated as a common right, the benefits of public infrastructure, which are manifested as uplifts in the rental values of land, would be paid into a common pool and consequently made available to amortize the cost of the infrastructure. If access to land were *partly* treated as a common right, there would be a partial pooling of uplifts in rent, which would still be sufficient to finance a wide variety of infrastructure projects, while the uncollected portion of the uplifts would be windfall gains to the land owners — who, if they were at all rational, would enthusiastically support such an arrangement. But because land is almost completely privatized, the collection of uplifts in rental values is minimal, with the result that infrastructure is under-funded and under-provided. Thus, while there is no such thing as a tragedy of the commons, there is certainly such a thing as a tragedy of privatization. And the private owners are the losers. From scrapbook.lvrg.org.au.