

What's the Big Idea?

Building a Common Future

By Howard Silverman

Writing in the *Wall Street Journal* at end of 2003, Nobel-winning economist Vernon Smith laid out a plan for common ownership of Iraqi public property - including its oil wealth - by the Iraqi people. "Only an owner-people can ensure a prosperous Iraqi state," he asserted. Not private ownership, certainly not state ownership, but common ownership. Sound odd? For those of us taught to associate "common ownership" with "tragedy," the time to rethink some of our assumptions has come.¹

Tragedy has overshadowed discussion of common resources ever since Garrett Hardin's essay "The Tragedy of the Commons" appeared in 1968. The classic example of a tragic commons is a pasture open to all herders. As the theory goes, the rational desire of each herder to maximize his gain will lead to overgrazing of the common resource and inevitable disaster.

But most of us probably haven't given much thought to common ownership one way or another: "the commons" has simply fallen off our mental maps. Notions about property have been dominated for half a century now by the Cold War paradigm of state versus private. Still, if we scratch the historical surface, we'll find that our legal tradition dating back to Roman times lists, not two, but three main types of property - public, private and common.

These days, economists such as Mr. Smith are taking a page from the post-Hardin wave of academic writings on the commons, findings that show the iconic pasture to be a vast oversimplification of how common ownership can actually function. It turns out that local commons are seldom truly "open to all." More likely, resource users will develop social or legal norms that seek to manage the commons for the long term.

And the advantages of common ownership? Mr. Smith writes: "The objective is to undermine any citizen sense of disenfranchisement in the country's wealth, economic and political future, and to galvanize citizen support for a democratic regime." Sounds like we could use a dose of that over here in America as well.

One great idea for national common ownership is the Sky Trust proposal for reducing carbon dioxide (CO₂) pollution - a primary cause of climate change. Many agree that market approaches to reducing CO₂ - like the **one we described** for sulfur dioxide in this issue of SectionZ - can be effective and efficient. But plans differ in the details. "Grandfathering" the rights to pollute would effectively grant private rights to polluters, who've been using our sky to store their crud all along. Common ownership, on the other hand, would mean renting out our sky to emitters, with pollution permits sold at yearly auctions. No only would the Sky Trust put dollars into the hands of all Americans, but the research institute Resources for the Future also finds it a far cheaper way to reduce CO₂. No tragedy here.²



-- Garrett Hardin,
Author of "**The Tragedy of the Commons**"



"Who owns - or should own - the sky?... It's nothing less than a trillion dollar question."

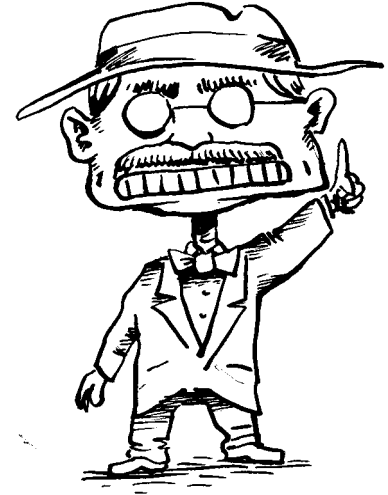
-- Peter Barnes
Author, *Who Owns the Sky?: Our Common Assets and the Future of Capitalism*

The Common Thread

In 1962, the book *Silent Spring* taught a generation to trace the effects of pesticides upon the natural world, to piece together ecological connections. Eventually, we learned to name those connections as "the environment." It's easy to forget how recent - and how important - this usage is. Without a conception of the environment to guide us, how would we have mobilized to address acid rain or ozone depletion? Where would the duck hunter and the bird watcher find common ground?

Now, it's 1962 all over again. Consider for a moment the six commons described in this issue of SectionZ. Each piece tells a similar story, stories that we might find discussed in the pages of the *Wall Street Journal*. But readers of Mr. Smith's article are not likely to make their own leap from a recommendation for common ownership of natural resources to, say, a better understanding of the public interest in broadcast spectrum policy. The common thread that binds these subjects together often remains hidden.

We live in an age when the market ventures into areas previously unimagined. Even our DNA has become a commodity. Yet at this very time, we have forgotten how to name the realm that can function as the market's natural counterweight - the commons. Learning to see the commons and to verbalize it as the vessel of our common interest is the crucial first step. Only then can we ensure that the power of the market is captured for the common good - and ensure that property remains the servant, and not the master, of our Commonwealth.



"The true friend of property, the true conservative, is he who insists that property shall be the servant and not the master of the commonwealth."

– **Teddy Roosevelt**

From: "**The New Nationalism**"

¹ Smith, V. (2003). "The Iraqi People's Fund." *Wall Street Journal*, 22 Dec.

² Burtraw, D., et al. (2001). "The Effect of Allowance Allocation on the Cost of Carbon Emission Trading." Resources for the Future.

<http://www.rff.org/Documents/RFF-DP-01-30.pdf>