

Globalization and the Tragedy of the Commons

The Limits to Freedom and Growth

The Commons





Tragedy: Overgrazing:



Why The Tragedy: Two reasons

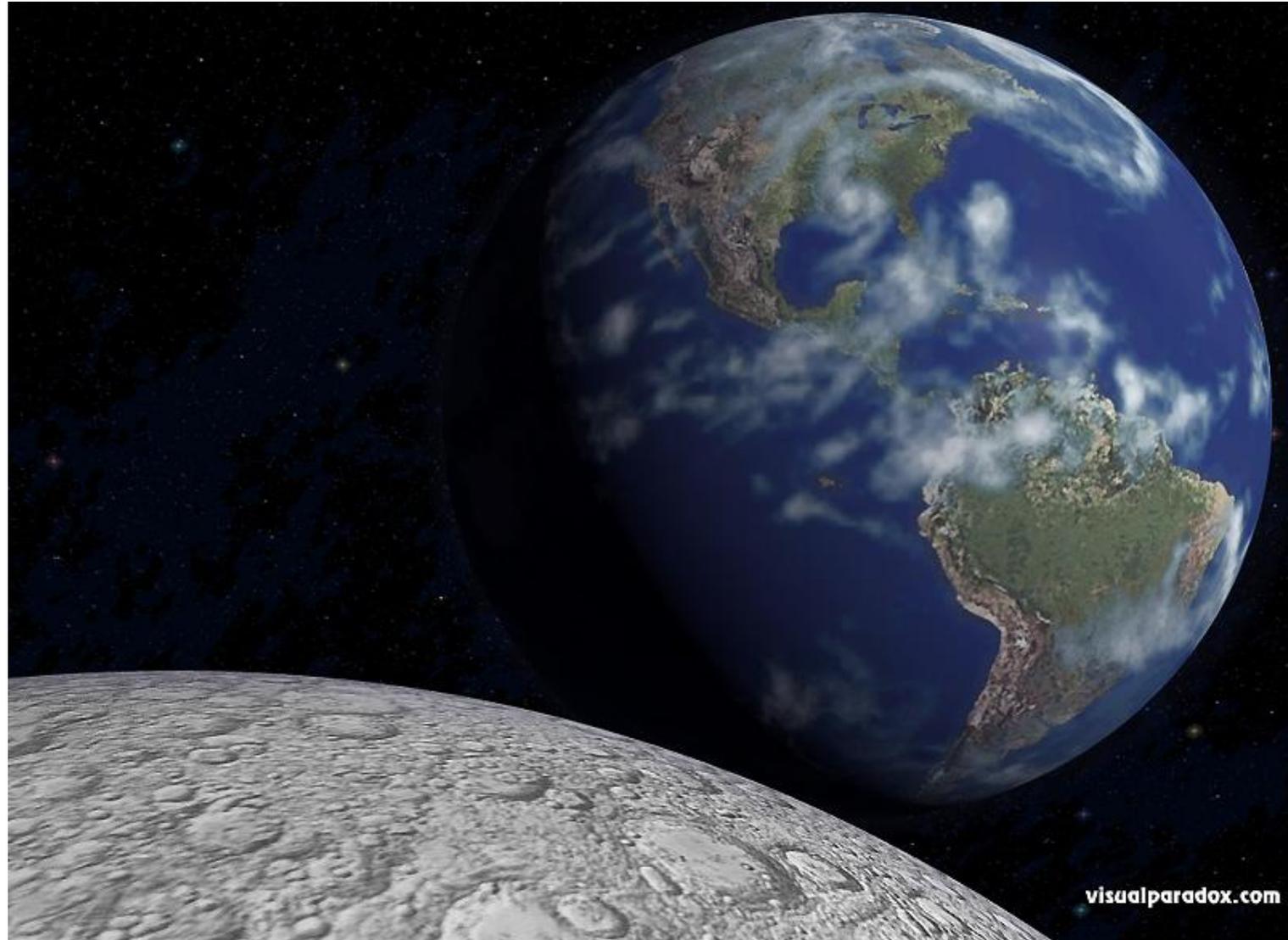
1. Freedom + Equal Access



2. Freedom + equal access combined with large group behavior

- the typical participant won't cooperate to protect the commons—it's not rational
- If cooperation to protect is tried, there will be lots of free riders. Why?
 - No social costs for narrow self-interested behavior
 - Selfless behavior is not even praiseworthy.

The Global “Commons”



Amazon rain forest: 20% of world's oxygen supply



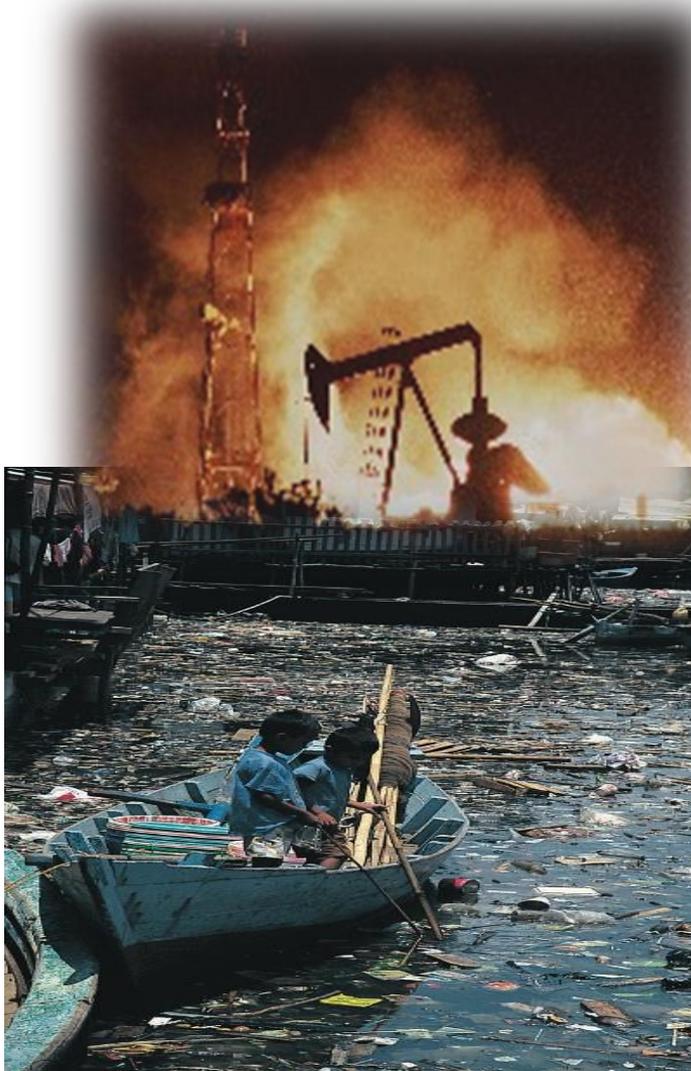
Antarctica: 70% of world's fresh water



The sea: The “Common Heritage of Mankind”



Tragedy of the global commons



Why the tragedy?: Freedom + equality + large group behavior +
Growth Imperative behind all theories of political economy

- *Belief that Nature has given us a “right of access” to the commons*
- Growth and freedom are intertwined
- Growth: the most engrained political and economic habit
- And the answer to any problem is expansion
- Why? Because it has worked.

The Commons is finite and there are
limits to Growth



In the finite global commons rational behavior within the growth paradigm is suboptimal for all

- As we maximize our gain, we undermine ourselves.
- But Maximizing gain is part of the growth paradigm
- And as long as the human political economy is structured to achieve growth, each will exercise maximum freedom, and the outcome will be suboptimal– “overgrazing”

The “overgrazing” of the commons is caused by each individual acting rationally within the growth imperative

THE PRISONER'S DILEMMA

Column Player

Row
player

	Cooperate	Defect
Cooperate With others To all stop overgrazing	R=3, R=3 Reward for mutual cooperation	S=0, T=5 Sucker's payoff and temptation to defect
Defect and Get the Most for yourself	T=5, S=0 Temptation to defect and sucker's payoff	P=1, P=1 Punishment for mutual defection

Three Tragedies (at least)

- Climate Change
- Resource Depletion
- Environmental Degradation

1. Climate Change

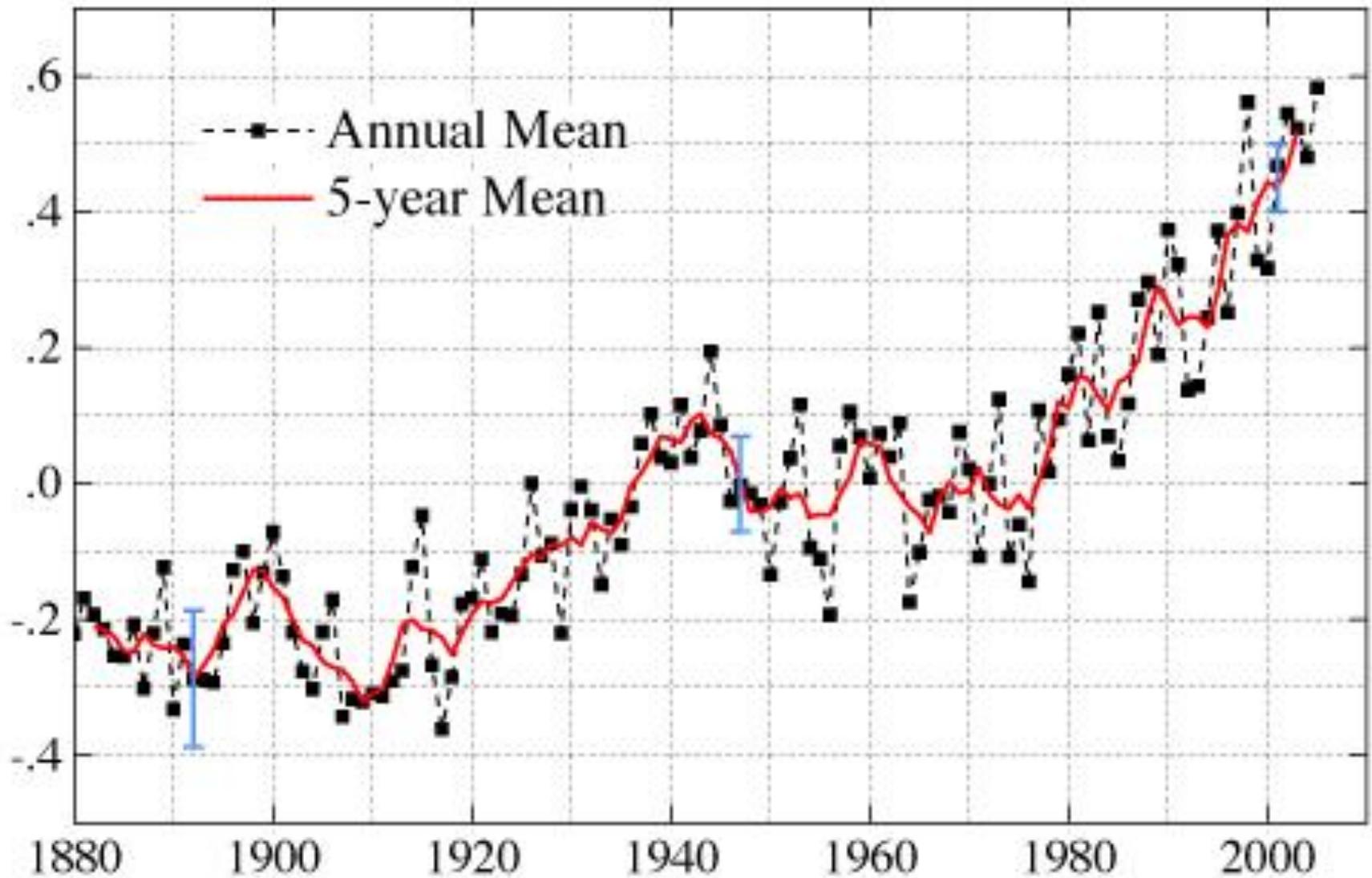


How much CO2?

<http://www.breathingearth.net/>

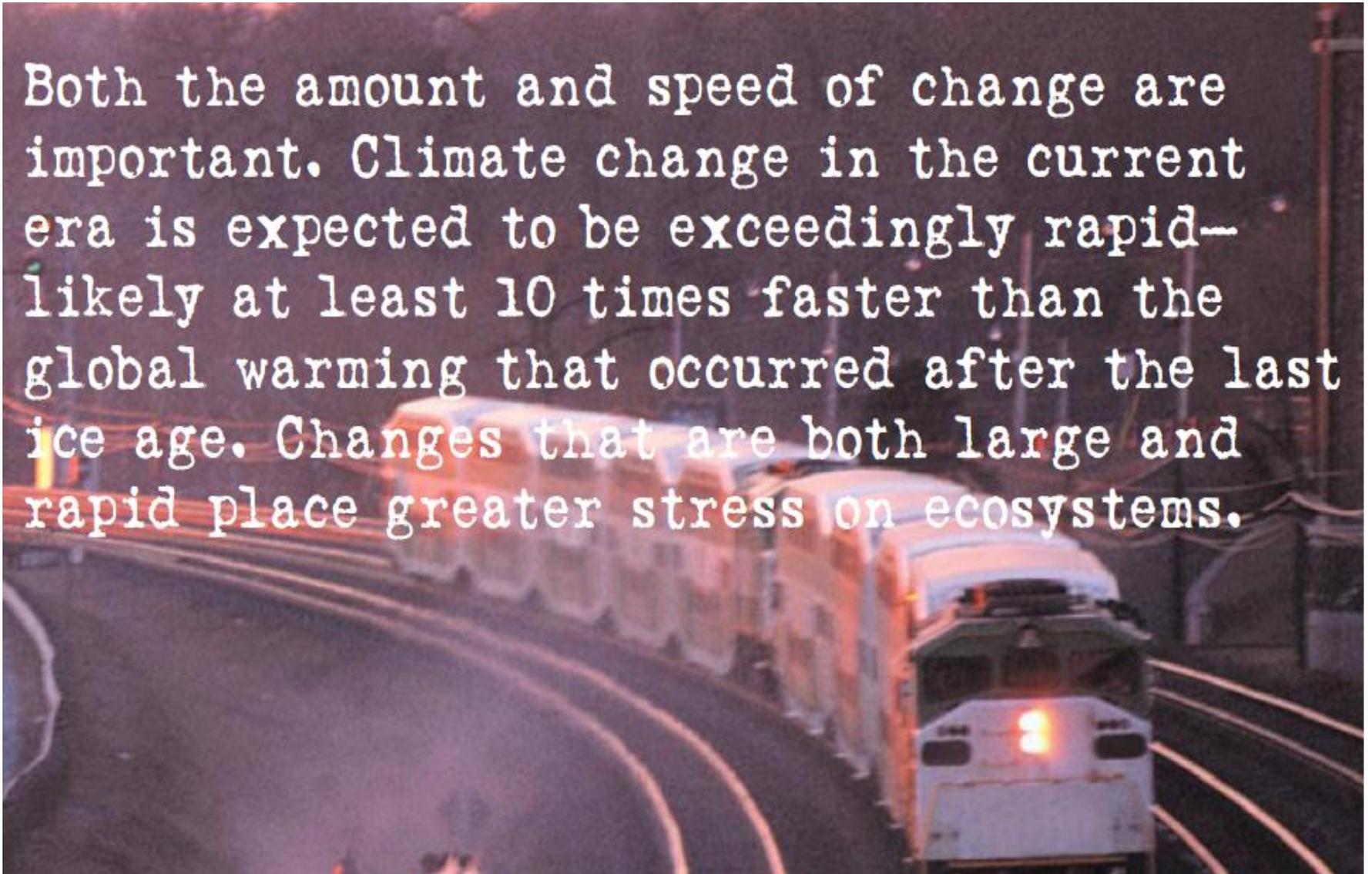


How much warming?



So What?

Both the amount and speed of change are important. Climate change in the current era is expected to be exceedingly rapid—likely at least 10 times faster than the global warming that occurred after the last ice age. Changes that are both large and rapid place greater stress on ecosystems.



Because of climate change, the Consequences of Freedom + equal access are suboptimal

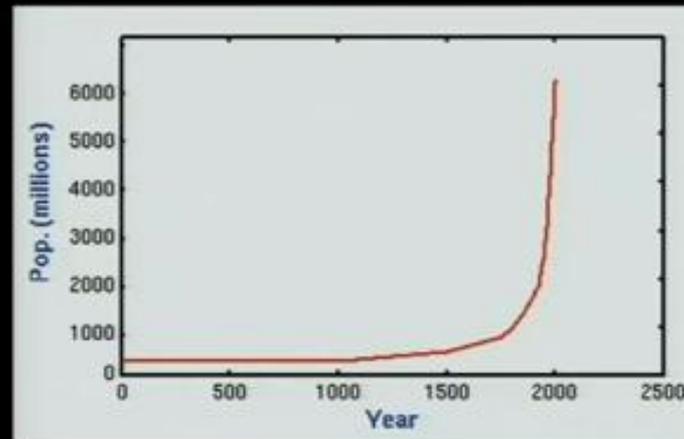


A Second Tragedy of the Commons: Resource depletion

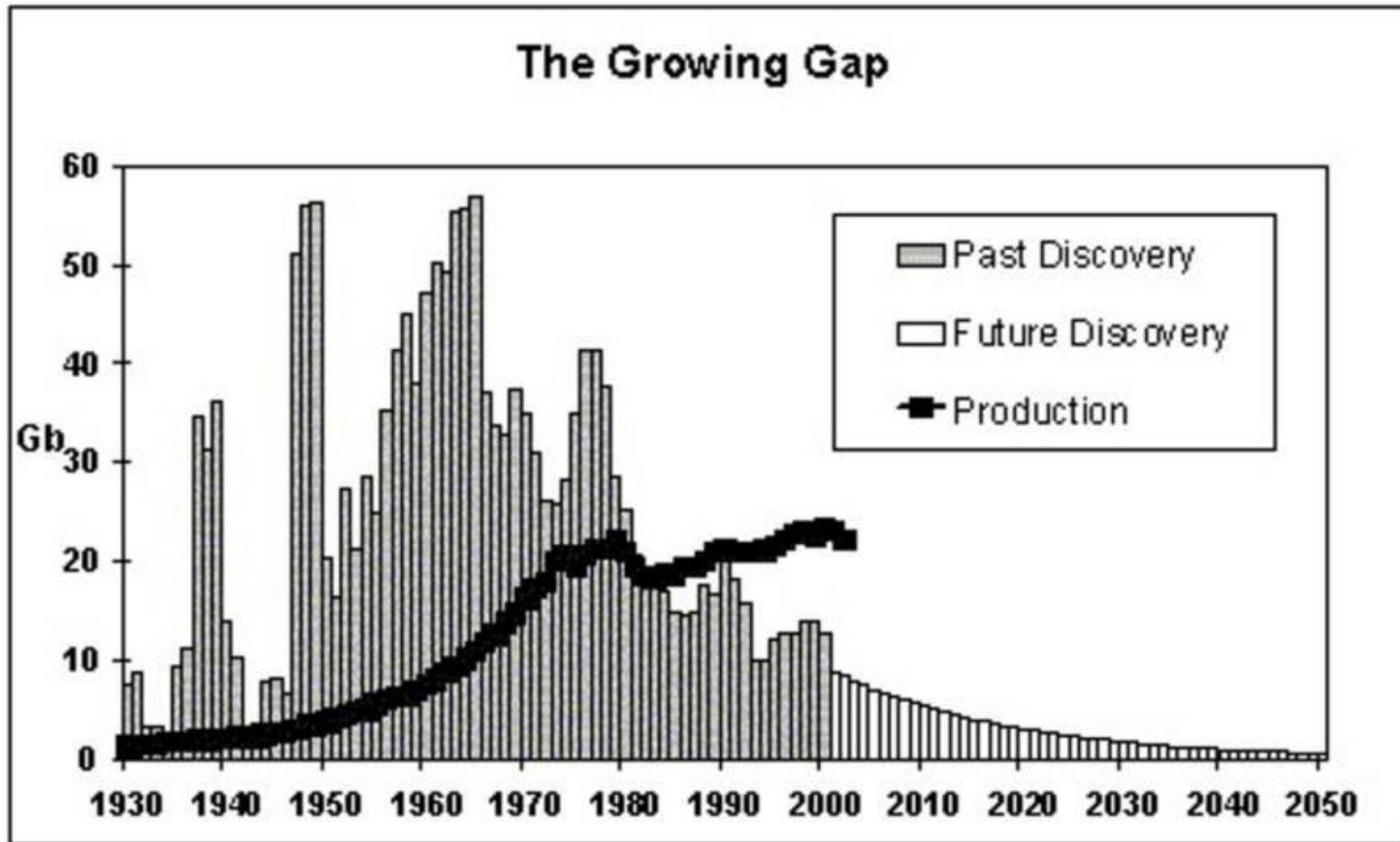


Population Growth

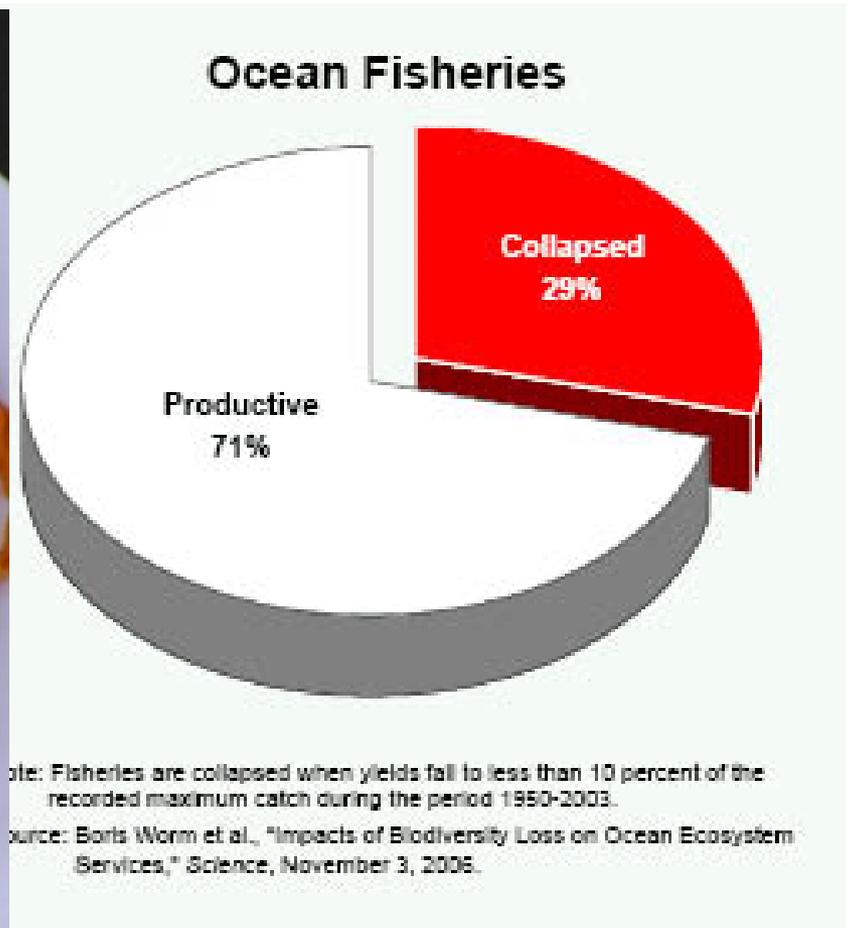
- Population growth and/or growth in rates of consumption of resources cannot be sustained.



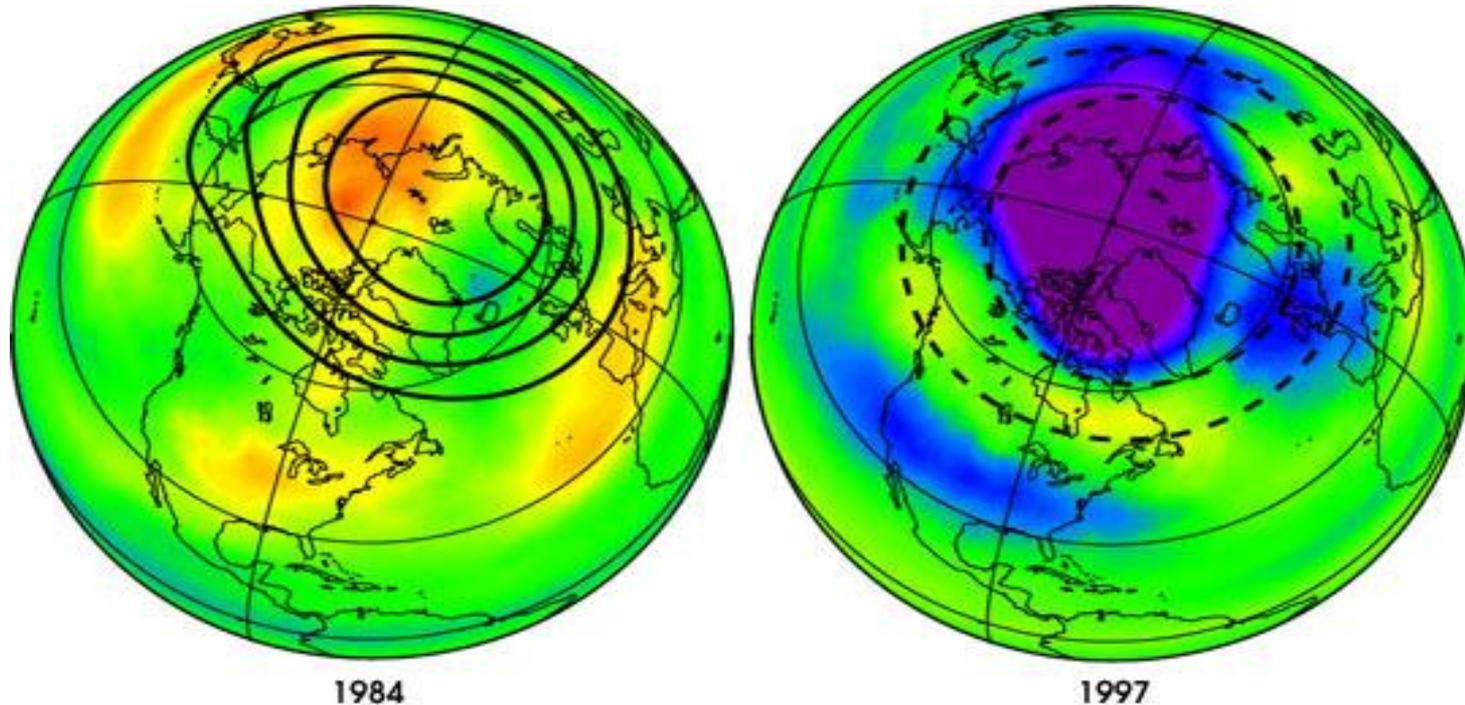
Depletion of Fossil Fuel (Oil)



Individual rational action → resource depletion...
example: Fisheries collapse

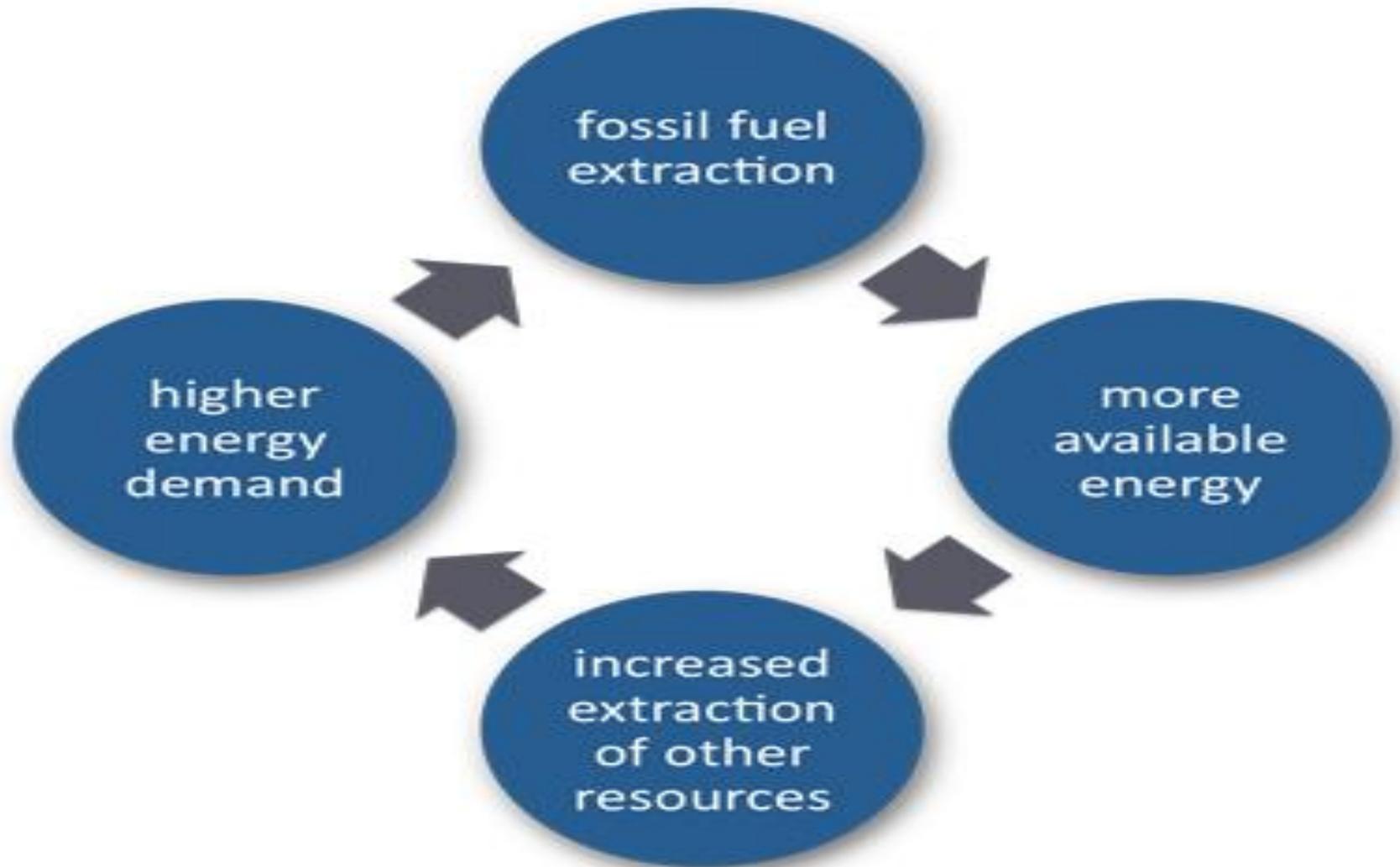


Third Tragedy: Environmental Degradation

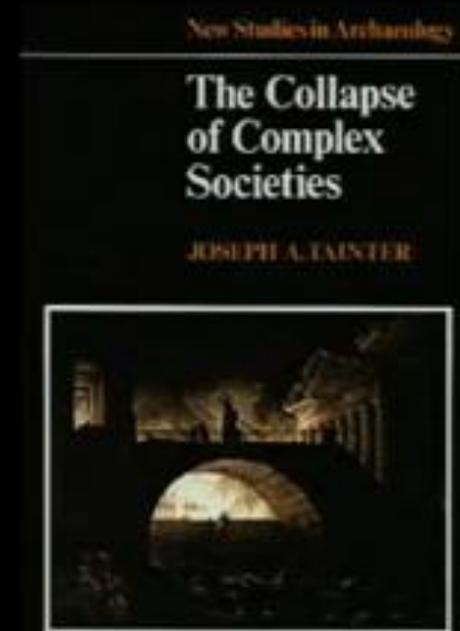
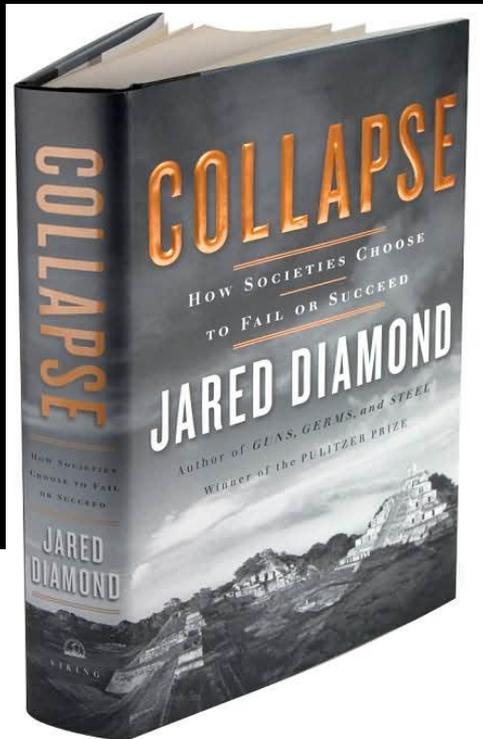


- Strong Long Wave
- - - Weak Long Wave

Feedback effects....



- A society that continues to use resources unsustainably will collapse.



A distributive justice perspective: The Story of Stuff

Intro Extraction Production Distribution Consumption Disposal Another Way

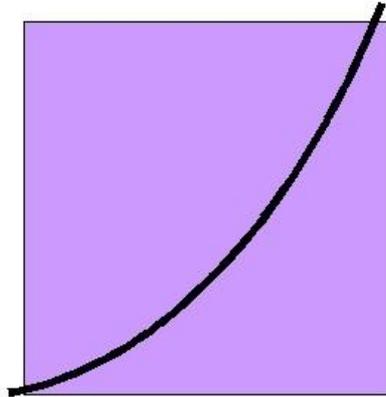
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free range studios

Mitigating the Tragedy

The Challenge

How do we reconcile this:



With this ?

How should the Tragedy of the commons be mitigated?

1. Liberal solution: Privatize
use the Coase Theorem
2. Communitarian solution: small groups
3. liberal solution: green growth
4. embedded liberal solution;
central authority

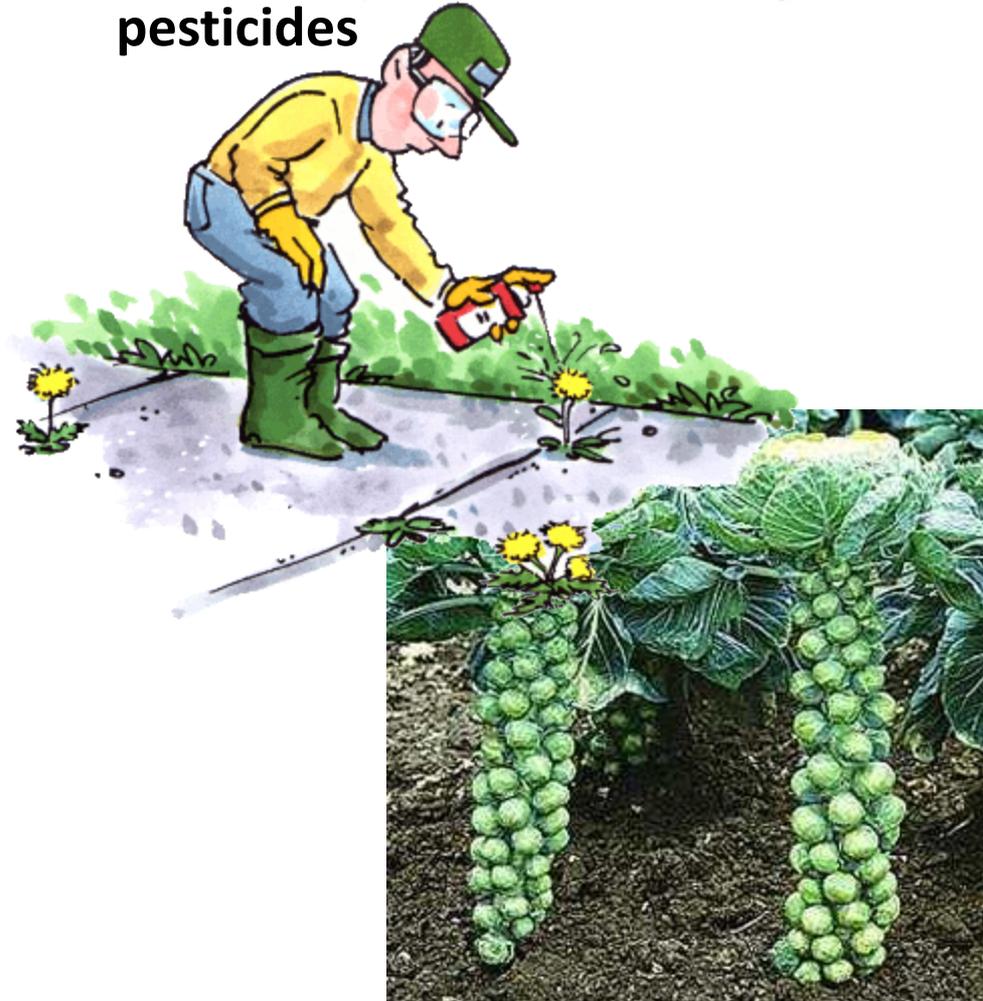


1. Continue Globalization but Divide the Commons: Privatization (Liberal solution)



1a. Apply the Coase Theorem

Brussels Sprouts Farm using pesticides



Herb Farm that wants organic certification



Reverse Globalization? → Localism

- Spike in oil prices → long distance shipping is less attractive
 - Ikea opens a plant in Virginia, closes one in China
 - US steel makers report surge in demand because price of transport from China is too high
- Spike in oil prices → growing demand for ethanol → higher food prices
 - Movement of the “locovores” – eating local food because we have no choice
- Growth imperative will likely prevent the reverse of globalization until there is a collapse

2. Revert to Small Groups....A communitarian solution

- human beings have a basic desire to develop and foster meaningful social relationships and, via this, build up a shared social identity.
- They thus create communities
- A strong sense of community identity facilitates cooperation between individuals and brings their values and goals closer to those of the community they are part of.
- communities are able to foster self-regulation among users to the extent that the community plays an important role in their lives.

How rational calculation is different depending on the size of the group

LARGE GROUPS

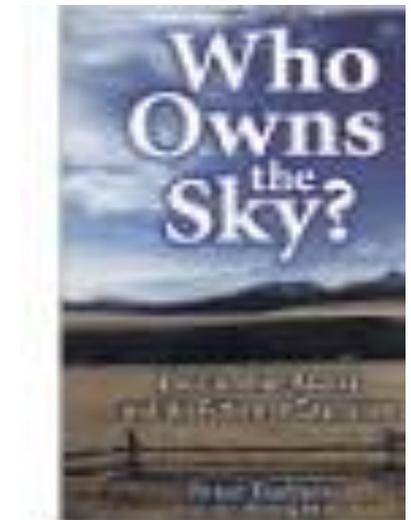
- the typical participant won't cooperate that much—it's not rational
- If cooperation is tried, there will be lots of free riders
- No social costs for narrow self-interested behavior
- Large groups trying to cooperate can't act efficiently
- Selfless behavior is not even praiseworthy.

SMALL GROUPS

- More social incentives
- Selfless behavior is rational
- Transparency
- Reputation
- Social pressure
- Interaction
- Trust
- consensus

But privatization and small groups won't always work

- But **many common goods**, such as the ozone layer, global fish populations, or the global climate would be extremely **difficult or impossible to privatize or manage in small groups**.
- And The **privatization of some resources like energy s** would not necessarily halt depletion or slow it down.

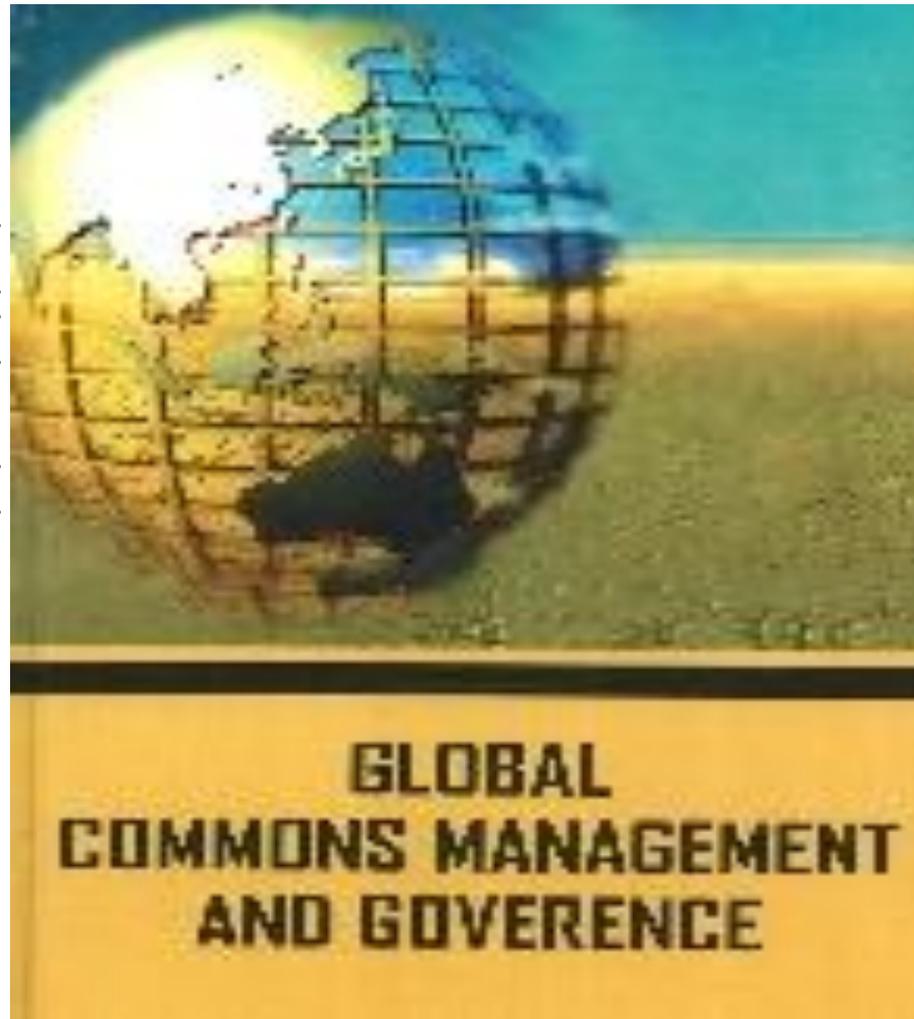


3. For the indivisible goods, another Liberal solution: Keep Freedom intact

Green
Growth



4. create a central authority to control access



The End

