

EE475: Natural Resource Economics

Discussion: The Tragedy of the Commons

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Notes

- The Tragedy of the Commons of Garrett Hardin (1968) has been the idea underlying natural resource policies for many decades. It is worth looking into it.
- Everyone's contribution to the following discussion is crucial, even if you have not read the article.
- It will summarize the article and point out some important issues from the article.

Questions from the readings

- What was the author writing about?
- Which part of it that you don't understand?
- What is the tragedy of the commons?

Questions from the readings

- What do you learn from it? Is there any connections with previous economic theories you have studied in previous courses?
- Do you agree with the author?

Questions from the readings

- What do you think the author means by “the Commons”?
 - Is it a type of goods and services?
 - Is it a property rights regime?

Types of goods and services in economics

	Excludable	Non-Excludable (or difficult to exclude)
Rival (Subtractable)	Private Goods	Common-pool resources
Non-rival (Non-subtractable)	Club goods (Toll goods)	Public goods

Property Rights

- Property rights is ...
 - a bundle of rules
 - specifying who the owner of the property is,
 - specifying what privileges and limitations of the owner are.

Resources classified by property rights regimes

- **Private-Property Resources**
 - Resources owned by individual privately.
 - In principle, private property rights should promote efficient use and sustainability of the resources because benefits and costs from owning and using the resource accrue to the owner, and only to the owner.
- **State-Property Regime**
 - Resources owned by states
 - Efficiency and sustainability problems in the management of the resources.

Resources classified by property rights regimes

- **Common-Property Regime**
 - Shared resources that are managed in common rather than privately.
 - Efficiency and sustainability of the management of the resource are varied.
- **Open-access Regime**
 - Resources that can be exploited on a first come, first served basis because no individual or group has the legal power to restrict access.
 - leads to the "Tragedy of the Commons" problem

Questions from the readings

- What do you think the author means by “the Commons”?
 - Is it a type of goods and services?
 - Is it a property rights regime?

Questions from the readings

- Other aspects
 - Does freedom of individual choice, based on self-interest, also benefit society as most economists believe?
 - Conscience vs Responsibility under social arrangement?
 - Do you agree with the author's proposition that, according to Darwinism, conscience is self-eliminating?
