

Promise From the “Commons” when Capitalism is “Failing”*

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Introduction

Well-being as an ultimate end relies upon the opportunities (services and goods) that human capital, built capital, and natural capital provide for the satisfaction of people's needs and wants (Meadows (1998); Costanza et al. (1997)). Mainstream pundits tend to point to population growth and overconsumption as the root of the problem (Meadows et al. (1972); Meadows et al. (2005); Turner (2008)), while more radical critics contend that the capitalist economy itself is incompatible with sustainability due to inherent contradictions that render it unstable if not incessantly growing (Foster (2000); Malm (2016); Næss and Høyer (2009); O'Connor (1988); O'Connor (1998)). This is particularly true of capitalism's contemporary neoliberal form.

The capacity of neoliberalism to sustain its 'non-death' in the face of persistent failure, both in the environmental realm and elsewhere, has provoked debate among critical analysts (Crouch (2011); Fletcher (2013b), Fletcher (2013a), Fletcher (2014); Peck (2010); Wilson (2014)). Most agree that the neoliberal economic system is supported by a particular ideology seeking to obfuscate apparent failure and thus allowing proponents to ignore potential critiques.

However, why and how this obfuscation occurs is a matter of contention. Marxists, represented most centrally by prolific theorist David Harvey, tend to argue that 'a benevolent mask full of wonderful-sounding words like freedom, liberty, choice, and rights' conceals 'the grim realities of the restoration or reconstitution of naked class power' (2005, p. 119) at the heart of the neoliberal project. Others, such as Peck (2010), accept that some neoliberal proponents, at least, are genuine in their desire to see their project succeed on its own terms and are merely blinded to its failure by the internal logic of their perspective.

Economy is intertwined in political, social, biological (includes nature earth) and cultural system (Figure 1) and so, the human well-being and the planetary health are an inseparable entity within the dynamicity of the universe.

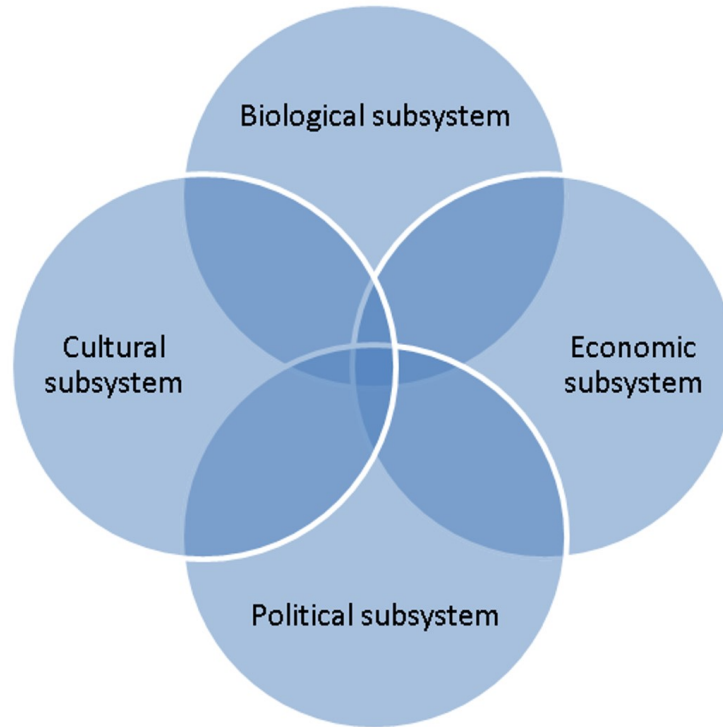


Figure 1: Subsystems Embedding Diagram. *Source:* Own elaboration based on Bunge (1996) and Bunge (2000)

Capitalism

“Capitalism” emerged from the classical and the neoclassical economics separates “market” and “state” with distinctiveness in recognising the human need and the nature’s resources without defining either any limit of consumption and / or any possible compensation for extraction of resources.

The genres of “capitalism” are (Harvey (2018)):

- (a) human frailty
- (b) institutional failures
- (c) obsessed with a false theory of belief in the efficiency of market
- (d) cultural origins of Anglo-Saxon (a synonym for “free-market.”) disease
- (e) failure of policy

Human frailty is reflected as (a) predatory instincts, (b) instincts of mastery, (c) delusions of investors and (d) greed. **Institutional failures** are experienced as corruption in the public system, inequity in

outcomes from the public policies, deprivation of opportunities for the human wellbeing recognising individual need and the ability, and transgressions of planetary boundaries (carbon and water trading). **Obsession with a false theory of belief** in the efficiency of market is well established by “Inherent instability” hypothesis of Minsky (1986).

Continental leaders are fond of using “**Anglo-Saxon**” as a synonym for “free-market.” The rationale, of course, is that free markets are not only ruthless and cold-hearted, but foreign, too; in a word, un-European. Here, we comprehend “Anglo-Saxon disease” of **cultural origins** with a few illustrations. Cultural features have led into differences with America’s fascination of “home ownership” [68% households in America are home owners (mortgage interest tax deductions/subsidy since 1930 is explicitly based on the theory, “Debt incumbent home owners cannot go on strike”) while the same is 22% in Switzerland].

In the Netherlands, the discovery of the large Groningen gas field has ushered a boom in that *resource* sector, with an abundance of - highly profitable - investment concentrating in that sector. The something that appears as good news is called a “*disease*” for the reason is that the investment in that profitable sector tends to cause a drop in investment in other industrial sectors, because of windfall profits; at the same time, there is a lot of extra revenue from the export of the *resource*, which generates new demand that cannot be fulfilled by domestic production and eventually, gives rise to increased imports. The fact that *resource* exports grow strongly also tends to cause the domestic currency to get stronger, thus further penalising other sectors’ activities in international markets. The result is a weakening of the rest of the economy, and increased reliance on the new-found *resource* sector.

This phenomenon finally becomes a problem when the emerging sector is based on finite resources, and eventually goes into decline. At that point, exports dry up, but the rest of the economy, having become uncompetitive and fallen behind, can no longer offset the slack and has become too small to carry the economy over. Thus, the overall economy suffers.

In effect, the displacement of existing activities by the emerging (new) sector is, to some extent, **irreversible**, and thus, when the *resource* dries up, the overall economy is permanently weakened. There is also a part of the “resource curse” that usually includes additional symptoms like corruption and weakening of democratic rules as a lot of money gets concentrated in relatively few hands (those that own and those that regulate the *resource* industry). In the worst cases, it can include militarisation of society (weapons being an easy way to spend a lot of foreign currency and being occasionally useful against those that might want to take that sweet spot overseeing the cash cow).

Policy failures are being caused by too much regulations of wrong sorts (Beck (2010)) and that approach of “Nanny state” is killing entrepreneurship and innovation.

Tragedy of the Commons

Hardin (1968) argued that the problem of “overpopulation” stretching the limits of the earth has no technical solution because most people being affected with the population explosion problem look for technological solutions (for instance, developing new technologies for better yielding strains of cereals or new ways of farming and so on...). When “commons” are understood as “powerless” and “deprived” non-elites in the “Tragedy of the Commons” of Garrett Hardin (1968), “commons” is captured as resources by Hyde (2010), “The Tragedy of Unmanaged, Laissez-Faire Common-Pool Resources with Easy Access for Non-Communicating, Self-Interested Individuals”. Further, Ostrom (2009) defines goods and resources from the view point in subtractability (in lieu of “rivalry”) and excludability, and accordingly, concludes that “public good” are with the characteristics of low subtractability. Ostrom continues further with “common pool resources” and “toll goods” where she argues that “common pool resources” share the characteristics of extreme level of difficulty of exclusion as with “public good”.

Politicians and main stream economists did understand that collective resources cannot be successfully managed by the community and this has led to the development of “proprietary” rights where collective resources can be consumed more responsibly because the investors presumably care for the resources, or the governments.

Investment is peculiar to “capitalism” and investment means implicit debts increases as capitalism grows, sophisticated high-tech mystified production makes workers feel empowered decision maker Nelson (2022). Digital technology not only increases consumption of unnecessary wants and goods we planned for obsolescence but also makes corporates and governments to force use of mobile phones and apps with little effects from information dissemination at the end user level. These new technologies absorb profits, create barriers (increasing returns to scale producing multiple equilibrium points), and necessary investments to keep the whole system going while creating avenues for wealth accumulation and third -party effect on pricing.

Accumulation process of capital is with number of limits and barriers, as Marx says, “Capital cannot abide a limit and it has to turn into a barrier to circumvent.” So, where the barriers lie? The “barriers” lie in the circulation process of accumulation: example: profit is recapitalised for expansion, how is the money got together at right place, at right time and right volume require “financial ingenuity”. So, capitalism rests on financial innovation and thereby, financial innovation is having the effect of empowering financiers, so, excessive empowering of financiers make them greedy as we can find from the evidence of soaring profits in financial market in 1990s while profits from manufacturing were becoming down at faster pace since 1950s. Thus, negative aspects of capitalism breed the racking up of wealth and contribute to market inefficiency (failure) in the long run.

Further, Harvey (2018) argues that the reason of “excessive power of capital, rather finance capital” was the cause attributable to wage repression (throughout 1970s, wage remained stagnant throughout OECD countries - wage as a percentage of national income had steadily fallen over the years including in China) and thus fallen “demand” (wage buys the goods and the services) has led to the evolution of “credit card” and genesis of “credit economy” – average household debt got tripled in most of the developed countries in the last 30 years. A vast amount of debt is in mortgage market (housing). Thus, the emergent theory is that “capitalism” never solves its crisis problems but it moves them around geographically. Financial crisis is sort of half solved at the expense of sovereign debt crisis.

Socialism does not address some of the contemporary challenges, specially trust and participation that is needed is more than “state centric” approach. The market / state binary has erased cultural memory of commoning. Market and State, the two significant systems of governance dealing with the problems that are diffused in “commons”.

The libertarian notion (Hyde (2010); Ostrom (2009)) considers “commons” as common resources and that itself is an error of what we understand as “commons”. On the contrary, a commons is not just a resource,...it is a living, self-organised social system. Commons has a rule, a community, a system of governance and sanctions against those who break the rules. **Tragedy of the market is of overexposing resources not caring about consequences** (Bollier and Helfrich (2019)).

Commoning

“Commoning” as verb need to be understood not as a noun “Common”, conventionally conceived in the realm of classical and neoclassical economics.

Archaic perspective: Market capitalism

- “value” = price
- “progress” = commodification / marketisation of resources
- “free trade” = extraction / dispossession.

“Value” creation is not monetising resources in market but in terms of care work, stewardship, inter-generational connection, human identity and wellbeing. Real values (actual and potential diverse values of living things) go beyond use values because it accounts every constituent’s wholistic existence for meeting the actual need and the ecological needs as well - eco-collaborative intentional community where wellbeing of both community and nature sustains in harmony.

The “commons” is about bottom-up, practical experimentation, not ideology. There is no “commons” without “**commoning**”, better understood as a verb than as a noun and that are, social practices, ethical norms, traditions and the customary practices. Commoning is “process relational ontology” where “market” and “state” is diffused and the “entity” operates at micro level (triade of commoning – “provisioning”, “peer governance” and “social life”), meso level (cooperatives: federated connectedness) and macro level (institutions: commons-public partnership).

These three patterns, “triade of commoning” (detailed in appendix) are interconnected, cannot work alone when we do commoning. Need, ability to pay and socioeconomic condition determine contribution and thereby, “equity considerations” and “wellbeing” at aggregate level (welfare economics) are embedded without creating consequential problem of allocations. The practice of “commoning” integrates the state with the community more intensely and so, public policies perform better while realising distributional efficiency of available resources. Since, “commoning” is addressing the ability to exhaust the benefit from consumption while making the rivalist nature of the “product” redundant, the classical existence with benefit / cost ratio no longer remains relevant for humanity to thrive.

Conservation and social change program of the village, Hiware Bazar (of district Ahmednagar) in India illustrates this “triade of commoning” while solving the problems of crime and scarcity of water (for irrigation). Participation of state was limited to ex-ante training to all villages on “local governance” and providing financial support for the initiatives of the villagers.

The villagers have implemented a drip-irrigation system to conserve water and soil, and to increase the food production. They avoided crops like sugarcane and bananas, which require a high use of water. The program included rainwater harvesting, digging trenches around the hill contours to trap water, afforestation and building of percolation tanks. These initiatives had been complemented by a program for social change, which included a ban on liquor, adoption of family planning, mandating HIV/AIDS testing before marriages and *shramdaan* (voluntary labour for development of the village).

In 1995, only a tenth of the village’s land was arable and 168 of its 182 families were below the poverty line. By 2010, the average income of the village did increase by twenty-fold: the grass harvest increased from 100 tonnes in 2000 to 6,000 tonnes in 2004, and the milk production rose from 150 litres a day in the mid-1990s to 4,000 in 2010 - <https://www.youtube.com/watch?v=9hmkgn0nBgk> **Provisioning, Peer governance and Social life** are well connected in “commoning”.

Commoning brings about a shift from “Production for trade” to “Production on demand” aimed at “localised collective sufficiency” based on “social and ecological values”. Decision-making focusses on views and powers that are diverse with biophysical, ecological and social measures, and values. There is enough for all contributing to collective daily tasks with lifelong security for communally meeting the basic needs

for everyone including the Earth. The community engages together respectfully to make decisions on co-production, on the terms of exchange of “compacts” with producers beyond / outside the community. Here, “compacts” replaces the “contracts” Nelson (2022). Commoning is premised on “Cooperation as economically consequential form of human behaviour” and this eliminates the root causes of market failure - information asymmetry; principal agent relationship; and uncertainty and complexity. There is no over consumption and accumulation (collective storage only for anticipated emergency situations).

Nonmonetary production and exchange can disable and dismantle capitalist forces to minimise co-option and counter transformation when the decision making is collective and is driven by “values” (beyond “utility” as is understood in conventional economics) appropriate for the harmonious sustainability of the human and the planet. When the market and the state dissolved into “commoning” where the collective provisioning using the convivial tools place *Social, Ethical and Environmental* values ahead of “economic aspirations / advantages”, production for “trade, markets and money” is replaced with “local decision-making, direct production on demand and need based distribution”. Thus, “commoning” offsets the ills of “capitalism” i.e., economic and socio-political inequities, and ecological unsustainability.

Conclusion

Finally, we conclude with the note that (1) “commoning” is beyond classical and neoclassical definition of Economy (exchange of “goods” and “services” mediated through money), (2) “commoning” begins where “capitalism” ends implying that equity is embedded in the design itself and is dynamically aligned with collective wisdom respecting human values while contributing to human flourishing in harmony with the ecological wellbeing, and (3) “commoning” is beyond socialism and also not limited to sharing of common-pool resources, rather it is regenerative and redistributive that is continuous in nature with active but noncoercive engagement of the community.

Hence, “commoning” is the reflection of symbiotic existence with synergy between community and ecology and that is existence in “eco-collaborative intentional community”. “Capitalism” thrives on extraction and exploitation of all kinds of resources when “commoning” is all about value creation for wellbeing of both community and nature with intergenerational and transboundary effects. “Commoning” is not to follow any set standards but context specific with potential generalisability / replicability through the practice of emulation and federated connectedness towards “commonverse”(Bollier and Helfrich (2019)).

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Appendix

A pattern is a sequence of things - a core of the solutions to the problem that occur over and over again, and that can be applied one million times without ever repeating twice.

Problems of localised economy

- greed,
- lack of common understanding of way of doing the things,
- loss of common vision / energy (market corrects that with penalty or regulation – pattern that makes money to rule the world).

All patterns are having something in common

1. peer governance (self – organization) i.e., collective governance respected by the state
2. social life (the way human beings relate to each other. Conflicts and methods to resolve and also prevent such conflicts)
3. provisioning (producing, making and using things through cooperation and collective governance) for meeting the human needs.

27 General patterns (Bollier and Helfrich (2019))

Provisioning

1. support care and decommodified work
2. share the risk of provisioning
3. rely on distributed structures
4. trade with price-sovereignty
5. creatively adapt and renew
6. use convivial tools
7. pool, cap and mutualise
8. contribute and share
9. make and use together

Peer governance

1. rely on heterarchy
2. relationalise property
3. share knowledge generosity
4. finance commons provisioning
5. brings diversity into shared purpose
6. assure consent in decision making
7. create semi-permeable membranes
8. peer monitor and apply graduated sanctions
9. keep commons and commerce distinct
10. ensure transparency in a sphere of trust

Social life

1. contribute freely (no coercion but different methods; me taking care of others)
2. ritualise togetherness
3. trust situated knowing
4. practice gentle reciprocity
5. reflect on your peer governance
6. deepen communion with nature
7. cultivate shared purpose and values
8. preserve relationships in addressing conflicts.