Business and the Tragedy of the Commons

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Introduction

In 1968 Garrett Hardin, a professor of biology, published in Science his by now famous article entitled ‘The Tragedy of the Commons’ (Hardin, 1968). The simple but far reaching idea in Hardin’s article was well summarized in an issue of The Economist (2008): “Open a pasture to all and every herdsman will have an incentive to add another animal to his herd. If every rational herdsman striving for its benefit goes on to add another animal, the pasture will become overgrazed and overexploited. The end of the story is a tragedy.” To prevent the tragedy of overexploitation, one of Hardin’s suggested solutions was to replace the commons by systems of private or public ownership in order to exploit the land in a more efficient way. Forty years after the publication of Hardin’s article, we may be puzzled about therightness of Hardin’s analysis and suggestions. The tragedy of the commons is still with us. Is it reasonable to believe that private or collective ownership can solve the tragedy of overexploitation? Or do we believe that good management of the commons requires a new concept of ownership and management? In this chapter I will argue that we need a new concept of management to overcome the tragedy of the commons and that business spirituality is a necessary ingredient in this new concept of management of the commons.

The case for business spirituality is laid out in five sections. First, we will extend Hardin’s notion of the tragedy of the commons to the domain of ecological and immaterial goods. Second, we will try to understand why business ethics as moral self-regulation is needed to prevent the tragedy of the commons but simultaneously why it failed to realize its mission. The third section introduces the notion of business spirituality as management of spiritual capital. The last two sections explore what type of entrepreneurship (Section 4) and what model of leadership (Section 5) are appropriate to managing spiritual capital.
1 The new tragedies of the commons

Hardin’s model of the commons was inspired by the traditional use of common pastures. In many countries in Europe there was a system of common land before the 18th century, which, during the 18th century, came to an end with the enclosure movement in England (privatization by landowners). This enclosure movement preceded the agricultural revolution. The commons were no longer accessible to everyone but only to the owners, who were interested in more efficient exploitation and a greater return on investment.

Today, we are confronted with new areas of common goods such as the Internet, the oceans or outer space. What are the characteristics of these common goods in relation to private or collective goods? Collective goods such as national defense or street lighting are indivisible and non-excludable. My use of street lighting does not restrict the use by other people. The commons have a more ambiguous state. Like a collective good, common land is open to all and non-excludable but, unlike collective goods, it is divisible or rivalrous in its use. My use of the common land can reduce the possibilities for other users or may partly destroy its nature. Hence, common goods are defined by a mix of the characteristics of collective and private goods. But this way of looking at the commons, through the conventional lens of private and collective goods, creates a blind spot. It overlooks the more specific traits of the commons as a type of goods sui generis.

Research by historians and economists illustrates that in many historical cases the commons were indeed very well managed. Swiss Alpine pastures, Japanese forests, irrigation systems in Spain and the Philippines illustrate that common goods can be managed very well by local communities without privatization or collectivization (Ostrom, 1990). In those cases, the commons are not managed either by the invisible hand of free markets, nor by government and law but by a system of conventions negotiated and accepted by all the participants and inspired by a shared awareness of the limits and the vulnerability of the common good. This seems to me the crucial feature: a common good is a non-excludable but vulnerable good. By vulnerability I mean that the existence of the good in question is dependent on its limited and responsible use by all the relevant stakeholders. It is important to stress this moral commitment as a constitutive element in the definition of a common good. Awareness of vulnerability is a necessary condition to create awareness of a common good.

Some economists refer to the new commons in the light of the ecological crisis. Climate conditions, some planetary resources, rainforests and oceans, Antarctica and outer space are considered to be global commons. But national states and multinationals try to nationalize or privatize these global resources as much as possible in order to be able to exploit them more efficiently for their own profit. The point is that privatization or