

is the primary means by which resources are managed.

However, the world today is going through turbulent times. The benefits of the market have been offset by unequal distribution and overexploitation.

Overexploitation was the topic of Garrett Hardin's influential essay "The Tragedy of the Commons," published in *Science* in 1968. Hardin argues that everyone in a commons seeks to maximize personal gain and will continue to do so even when the limits of the commons are reached. The commons is then tragically depleted to the point where it can no longer support anyone. Hardin's essay became widely accepted as an economic truism and a justification for private property and free markets.

However, there is one serious flaw with Hardin's "The Tragedy of the Commons"—it's fiction. Hardin did not actually study how real commons work. Elinor Ostrom won the 2009 Nobel Prize in economics for her work studying different commons all around the world. Ostrom's work shows that natural resource commons can be successfully managed by local communities without any regulation by central authorities or without privatization. Government and privatization are not the only two choices. There is a third way: management by the people, where those that are directly impacted are

directly involved. With natural resources, there is a regional locality. The people in the region are the most familiar with the natural resource, have the most direct relationship and history with it, and are therefore best situated to manage it. Ostrom's approach to the governance of natural resources broke with convention; she recognized the importance of the commons as an alternative to the market or state for solving problems of collective action.¹⁴

Hardin failed to consider the actual social dynamic of the commons. His model assumed that people in the commons act autonomously, out of pure self-interest, without interaction or consideration of others. But as Ostrom found, in reality, managing common resources together forms a community and encourages discourse. This naturally generates norms and rules that help people work collectively and ensure a sustainable commons. Paradoxically, while Hardin's essay is called *The Tragedy of the Commons* it might more accurately be titled *The Tragedy of the Market*.

Hardin's story is based on the premise of depletable resources. Economists have focused almost exclusively on scarcity-based markets. Very little is known about how abundance works.¹⁵ The emergence of information technology and the Internet has led to an explosion in digital resources and new means of sharing

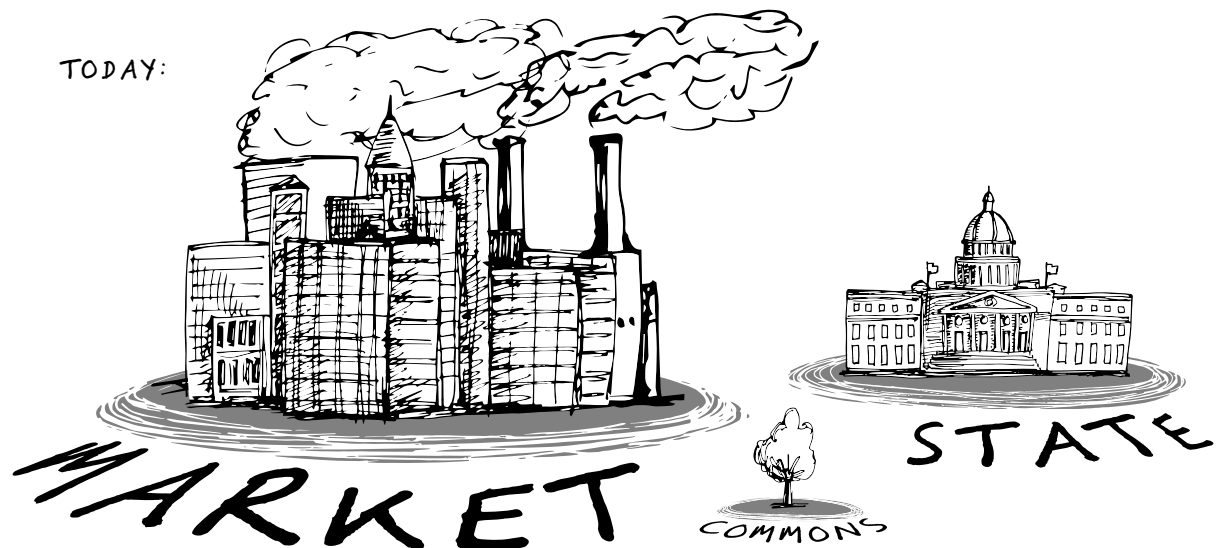


Fig. 6. How the market, the state, and the commons look today.