



Institutions that Protect the Common Interest

HUMAN DEVELOPMENT IS OFTEN CHARACTERIZED as a war between the contradictory goals of individuation and conformity. We struggle to distinguish ourselves from the herd, but we panic at the prospect of social isolation. Our social sciences, especially economics, are similarly conflicted. The cult of the individual is a dominant social meme, and this dominance is exacerbated by the rise of economic fundamentalism—the unquestioning faith in unregulated markets and the concomitant distrust of government and social systems. Starting with Adam Smith’s invisible

term results that are destructive to all. Examples include the Malthusian nightmares of famine and pestilence curbing population growth, the prisoner’s dilemma, or the tragedy of the commons, which was described in a 1968 essay by Garrett Hardin. Hardin warned about the hazards of population growth through a parable about unmanaged use of common grazing land. The inevitable over-use of the land by individual herders maximizing their flocks would destroy the land and make it unsuitable for everyone. The solution, according to Hardin and others, is some form of enclosure of the commons, through privatization or public ownership that can establish coercive mechanisms to ensure that individuals behave in ways that protect the common interest.

Luckily, most humans do not subscribe to economic theory and instead develop their own ways to reconcile these contradictions between individuation and conformity. And public intellectuals such as Elinor Ostrom, the 2009 Economics Nobel laureate (and the only woman so honored), have advanced our knowledge about the ways we mediate these two very human tendencies. We do it through institutions—groups of humans voluntarily organizing themselves to harness the benefits of individual effort while avoiding the pitfalls of isolated individuals run amok. According to Ostrom and others, various institutional arrangements—formal organizations, rules of engagement, public policies, to name a few—organically emerge to prevent unfortunate events like the tragedy of the commons. In this issue of *Land Lines*, we feature stories about a number of such institutional arrangements that have emerged to protect us from ourselves or to manifest mutual benefits. In our interview with

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hand, scores of economists built careers devising theories based on methodological individualism, the idea that “social phenomena must be explained by showing how they result from individual actions, which in turn must be explained through reference to the intentional states that motivate the individual actors,” according to the *Stanford Encyclopedia of Philosophy*. These theorists uniformly praised unfettered individuals and markets as the best way to achieve the joint goals of prosperity and fairness and promoted (or prevented) public policies buttressed by this view.

At the same time, other mainstream economists have warned about the “isolation paradox,” a category of scenarios in which individuals, acting in relative isolation and guided only by their short-term self-interest, generate long-

Summer Waters of the Sonoran Institute (p. 30), we learn about efforts to promote the economy and protect the ecology of the Colorado River watershed and reintroduce the flow of fresh water to the river's delta.

We've only begun to study systems that organically emerge to manage commons, but we know even less about how we create commons. This might be a result of our tendency to treat commons like manna—conveyed from heaven, not created by humans. However, as reported by Tony Hiss (p. 24), thousands of people have come together voluntarily to create a new commons—millions of acres of land conserved to protect vast ecosystems, to save habitat for endangered species, to provide green space for densely packed urban dwellers, and to realize a variety of other long-term goals. From the point of view of orthodox economists, it's a world gone crazy. Not only are formerly isolated individuals acting in ways that prevent the tragedy of the commons, they are taking action to create new ones.

Ironically, the story of America's first public park, Boston Common, is often used as a cautionary tale to illustrate the tragedy of the commons. Truth be told, it is one of the first examples of individuals self-organizing and subordinating their short-term interests to create a shared resource for the long term. Boston Common was created in 1634 when members of the Massachusetts Bay Colony voted to tax themselves to purchase and protect the parcel of land to train troops and graze cattle. These citizens understood that, with some 2,500 people joining the colony annually, it would not be long before all habitable land was developed and all urban open space would disappear, according to Jim Levitt in his forthcoming book, *Palladium of the People*.

Public education is another man-made commons, as are most public goods. We organize and tax ourselves to support the provision of this critically important institution. And over time, we need to revise the way we manage and maintain it, like any commons. In this issue, Daphne Kenyon and Andy Reschovsky offer a window into the analyses of the challenges cities face in financing their schools—and some ideas about how we can address these problems (p. 34). We also explore

how universities and hospitals can work with their neighborhoods and cities to pursue mutually beneficial collaborative goals, in the feature on anchor strategies from Beth Dever, et al. (p. 4).

For some economists, creation of new commons is a theoretical impossibility. In his first book, *The Logic of Collective Action: Public Goods and the Theory of Groups*, Mancur Olson hypothesized that people will endure the complications of acting together only if there is a sufficient private incentive; and large groups will not pursue collective action unless motivated by significant personal gain (economic, social, etc.). Theory and practice clearly have collided, and the impact is and will continue to be profound. As Hiss notes, in his essay on large landscape conservation, "The first thing that grows is not necessarily the size of the property to be protected, but the possibility for actions, some large, some small, that will make a lasting difference for the future of the biosphere and its inhabitants, including humanity."

It doesn't stop there. In the United States, a bastion of the free market, some 65 million citizens belong to common interest communities, such as condominiums and homeowners' associations, as reported by Gerry Korngold (p. 14). A quarter of the nation voluntarily has limited its own autonomy to protect and preserve common interests. As noted by Korngold, this wouldn't have surprised de Tocqueville, who described the U. S. as "a nation of joiners." In *Democracy in America*, in 1831, he wrote, "I have often admired the extreme skill with which the inhabitants of the United States succeed in proposing a common object to the exertions of a great many men, and in getting them voluntarily to pursue it." Perhaps it is time to organize a cult of collective action to celebrate the incredible things we are able to do when we work together. We might find that the policies, practices, organizations, and institutions that we create to mediate our internal war between individuation and conformity have contributed more to human advancement than the individual achievements we more often celebrate. 