

Notes and Questions on Barnes Capitalism 3.0: A Guide to Reclaiming the Commons

This is a terrific introduction to concepts of the commons. However, it's not a textbook. Barnes is a businessman and journalist. I don't always agree with him, and you may not agree with him either—or with me, for that matter. He is also sometimes inconsistent in his use of terms. In particular, he seems to shift between using “commons” as a term for all shared natural and social resources, or just for those that haven't yet officially been privatized. For this course, I will use the term commons for all shared resources.

P 4 “past human civilizations (Sumer, Rome, the Maya, Easter Island)...destroyed their resource bases and crashed.” To the best of my knowledge, these civilizations collapsed due to invasion, civil war and/or disease.

p. 5 What are Barnes' three forks of the commons river?

What important item is missing from Barnes' natural commons? *Hint: you're standing on it. See pp15-16.*

p. 6 “Assets in the commons are meant to be preserved...” *What about non-renewable assets?*

P 7. Tragedy of the Commons. *See my separate notes.*

p. 8 What are virtuous and vicious feedback loops? *Think of examples from biology and ecology. Virtuous: When you feel full, you stop eating. When the price of oil rises, people use less.*

Vicious: when an animal gets stuck in the La Brea tar pits it attracts predators, who themselves get stuck. During the subprime mortgage bubble, rising land prices made people more eager to buy land driving up the price further...

P 9 What are negative and positive externalities? How are they related to commons?

Externalities happen when one user of a commons positively or negatively affects another. Is poverty a negative externality?

p.12 “Poverty, pollution, despair and ill-health...are the dark side of capitalism.” *What about the dark side of feudalism or despotism or Soviet communism? We will need to sort these issues out.*

P 13. “Get the incentives right” *That's the core of good public policy. We'll spend a lot of time here.*

p. 21 “Corporations are automatons designed to maximize profit for shareholders.” *Would that were the case. Actually corporations are an association of individuals controlling a set of assets. Different members have different rights; they both cooperate and compete for income and wealth within the association. Corporations are themselves a commons, with potential tragedy from mismanagement. More later.*

P 23-25. From shortage to surplus capitalism. *This doesn't make much sense to me. If you're interested, we can discuss it when we get to supply and demand.*

P 28, “the rich are rich because (through corporations) they get the lion's share of common wealth; the poor are poor because they get very little.” *This is a pretty strong statement! What do you think?*

P 29. “Economists take as a given that consuming more goods makes people happier, not just when they’re poor, but at all times.” *That’s misreading economic theory (I hope); it’s confusing a partial analysis with the whole.*

P 33-48. Limits of government. What is regulatory capture? Why does it happen? *This is pretty standard political science. Barnes may overemphasize the incapacity of government, because he’s proposing an alternative. We will address tax and regulation later in the course.*

P 46, The Alaska Permanent Fund. *This program is Barnes’ model. Why does or should Alaska’s oil belong only to Alaskans?*

P 49. The Limits of Privatization. Barnes argues that the corporate drive for profits will inevitably trump other considerations. Is this necessarily so? If a corporation is itself a commons, whose members have conflicting interests, the results may not be strict profit maximization.

P 58. A good discussion of the Coase Theorem and its drawbacks. Why do you think it remains so popular?

P. 61. Propertize but Don’t Privatize. “Propertize” means the same as “create titles.” It’s important to separate the creation of titles from the allocation of titles to private or public entities.

p. 65. Reinventing the commons. Barnes estimates a value for the as yet unprivatized commons. Unprivatized commons in turn add great value to privatized commons. Notably, they increase value of privately owned land.

p. 79. Chp 6 Trusteeship of Creation. Here’s Barnes’ key idea: create public trusts to own and manage common resources. This is the idea he laid out for carbon emissions in his earlier book, *Who Owns the Sky?* It’s a great idea for universal commons like the atmosphere. Possibly a little more troublesome for local trusts such as the conservation trusts he describes. Can a local group set up a trust and keep everyone else out?

P. 92. “In economics, rent...is *money paid because of scarcity.*” Barnes’ definition is too broad. Rent is paid to holders of titles to common resources. The resources are scarce or it wouldn’t be worth creating titles to them. But many manufactured goods are scarce too, at least temporarily, or people wouldn’t pay money for them. As in the notes on “Commons, Titles and Rent,” economic rent is income or benefits above the cost of production. Since titles have no cost of production, by this definition all net income or net benefit from titles is unearned. For this course, rent means **unearned income accruing to holders of titles.**

p. 97. Effect on Poverty. “*sharing commons rent through per capita dividends... is also the best way to reduce poverty.*” Yes, but what about rent from commons that have already been privatized?

In Chps 7-10, Barnes builds a vision of society based on commons trusts. It is quite a vision!

p. 101 Chp 7 Universal birthrights. Barnes extends his trust concept to providing basic entitlements for citizens, children especially.

p. 108. “Land is no longer the basis for most wealth; stock ownership is.” But corporations own land! In fact the bulk of corporate assets consist titles to resources, starting with real estate. Stockholders own land, just indirectly.

p. 117. Chp 8 Sharing Culture. Barnes addresses the “cultural commons” and how it can be shared rather than privatized.

p. 135 Chp 9. Building the Commons Sector.

p. 155 Chp 10 What you can Do.