

# Commons Management: A Reflection over the Current Crisis

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**Abstract - Capitalism prevails as economic system. But often inside the system - or even emerging and going out – there are many emerging crises and there is much discussion around the system itself. Nowadays, new processes are coming to force a new vision to the economic practices. The present study presents a new vision for business and new promising ways of commitment to alternative structures but sometimes being essentially a complementary organization of society to the current standard.**

**Keywords – Commons Management, Collaborative Commons, Cooperation, Capitalism.**

## 1. Introduction

Nowadays capitalism beliefs are under discussion, being capitalism principles a target for much criticism. The recent crisis has brought many arguments favouring a new debate. The recent crisis brought many troubles that successively create new waves of economic problems. Many say that the system is not perfect but, at the same time, that there has been no alternative systems and, therefore, it is the only viable in the context of modern economies.

Anyway, new effective possibilities have been appearing, giving new support to new economic practices. As a reflex, new theoretical sights are emerging.

As defended in several papers, cooperation and coordinated activities may often promote wealth (see Filipe 2011; Filipe *et al* 2012; Filipe *et al* 2013a). Also corporate social responsibility may bring room for a new exercise on human practices in businesses and society. It is recognized that companies use a corporate social responsibility policy for satisfying multiple self purposes including the companies' aims of survival in the long term and company's image. Anyway, corporate social responsibility can be seen as the basis of a new philosophy and allows new behaviours in seeking a kind of participatory and

supportive society (Filipe *et al* 2013b).

Some views on the way business is made nowadays allow also a new perspective of what can be emerging as a new supportive businesses practice.

As so, some new perspectives of analysis grant new emphasis to the changes needed in nowadays society, preparing a new philosophy in the way of living and a new order in the society's organization. Many claims have been made by civil society in terms of economic and social policies and for the political class itself in many countries. There have been also many complaints about malpractices in large companies or related to the relationships that exist between businessmen and politicians. These placements of society vis-à-vis the current *status quo* show the great need for change that seems to be working in varied forms of a paradigm shift.

Considering the spontaneous economic movements inside the system, the example of Rifkin's (2014) "The Zero Marginal Cost Society" shows how internet may change profoundly the run of capitalism. In "The Zero Marginal Cost Society", Rifkin (2014) describes how the "emerging 'internet of things' is speeding people to an era of nearly free goods and services, precipitating the meteoric rise of a global Collaborative Commons and the eclipse of capitalism".

Considering several new theoretical formulations and the outlook in new contexts, it is possible to anticipate new considerations to encompass a new perspective of approach, on the basis of a new reality. The development of science, technology, social conscience and new economic practices allow a theoretical reformulation of society and the economy. Branches of Economic Science have provided new analysis grids such as Neuroeconomics, Chaos theory, the Commons and Anti-commons frameworks, Game theory or applied nanotechnology to be used in companies for example, bringing new advances and enabling a more integrated analysis of economic and social reality.

In the field of property rights, the discussion is old but a new perspective brings a new open door for the debate. In the last decades the discussion has been enlarged to consider new frameworks; and new perspectives are being proposed for providing a new rule for markets analysis.

As studied for commons and also for anti-commons, inefficiencies and externalities may result from free access to open resources and from too many fragmented property rights, respectively. Although there is a set of considerations needed for a correct definition of the property rights, finding correct solutions for over passing the inadequacy and bringing new contexts allows that a new society organization may be developed.

A new type of organization to society is possible, including a new democratic process of definition of production rules, involving for example the production on a communities organization basis or the “global village” based demanding by creating a spontaneous demand support for production. However, in a large extensive sense, the reorganization of the society’s structures in all strands is quite difficult to get. There are many interests involved and so a system reform is quite difficult or even impossible in a large scale.

The changes and any shake-up in the society may be seen by parts and resulting from inside, from the system itself autonomously and spontaneously. The proposed system by Rifkin (2014) is itself an example of that, or even the comeback in several parts of the world to the tradition and revivalism.

## 2. A new Production Mode Stream

Considering the usual strand of vision for production in the last centuries it seems difficult to get significant changes involving the basis of the capitalism system. Anyway, several experiences have resulted as alternatives, usually in a short scale basis. However, the system seems to fail and many are defending the need of its reformulation. Besides, some practices are working in a larger scale. Cooperation and coordination seem to get successively more importance in the management and influence of the production system.

For instance, let’s see the example of ‘commons-based peer production’ (see for example Benkler 2002, 2006 or Rifkin 2014). Benkler’s research focuses on commons-based approaches for managing resources in networked environments. He invented the term ‘commons-based peer production’ (Benkler,

2002) to describe collaborative efforts based on sharing information, such as free and open source software and Wikipedia<sup>1</sup>. He uses the examples of Wikipedia, Slashdot, the Open Directory Project, and Google to reveal fundamental characteristics of commons-based peer production, distinguishing it from the property - and contract - based modes of firms and markets. He also uses the term ‘networked information economy’ to describe a “system of production, distribution, and consumption of information goods characterized by decentralized individual action carried out through widely distributed, nonmarket means that do not depend on market strategies” (Benkler, 2006).

Commons-based peer production represents a new model of socio-economic production in which the creative energy of a large number of people is coordinated (usually with the aid of the Internet) into large, meaningful projects mostly without traditional hierarchical organization. These projects are often, but not always, conceived without financial compensation for contributors.

Benkler (2006) examines the ways in which information technology permits extensive forms of collaboration that have potentially transformative consequences for economy and society. Benkler contrasts commons-based peer production (based on sharing resources among widely distributed individuals who cooperate with each other) with firm production (in which tasks are delegated, based on a central decision-making process) and market-based production (in which tagging different prices to different tasks serves as an incentive to anyone interested in performing a task). Also refers peer production as being a subset of commons-based production practices. It refers to a production process that depends on individual action that is self-selected and decentralized. YouTube and Facebook, for example, are based on peer production.

Tapscott and Williams (2006)<sup>2</sup> suggest an incentive mechanism behind common-based peer production. “People participate in peer production

<sup>1</sup> The paper’s title “Coase’s Penguin, or Linux and the Nature of the Firm” refers to Ronald Coase, who originated the transaction costs theory of the firm that provides the methodological template for the positive analysis of peer production offered in the paper, and “Penguin” to the Linux mascot.

<sup>2</sup> According to the authors, Wikinomics is based on four ideas: Openness, Peering, Sharing, and Acting Globally. Wiki is a web application which allows people to add, modify, or delete content in collaboration with others.

communities for a wide range of intrinsic and self-interested reasons... basically, people who participate in peer production communities love it. They feel passionate about their particular area of expertise and revel in creating something new or better”.

Following this idea, Rifkin (2014) argues that the capitalist era is passing - not quickly, but inevitably. The rising ‘internet of things’ is giving rise to a new economic system - the Collaborative Commons - that will transform people’s way of life. Rifkin exposes a paradox at the core of capitalism that has impelled it to a very high stage but is now passing away - the inherent entrepreneurial dynamism of competitive markets that drives productivity up and marginal costs down, enabling businesses to reduce the price of their goods and services in order to win over consumers and market share.

The central point defended by Rifkin (2014) is that if the marginal cost of producing each additional item falls close to zero, then everything gets a tendency to become almost free. In the pursuit of profit, businesses will have irrevocably undermined their own margins: capitalism will have destroyed itself. Rising in its place, Rifkin argues that there will be a civilisation based on a new and more fulfilling communitarianism, free of the hang-ups that have characterised the materialistic individualism of the late capitalist age.

Rifkin (2014) defends that the Collaborative Commons is the first new economic paradigm to take root since the advent of capitalism - and its antagonist socialism. The Collaborative Commons is already transforming the way people’s organize their economic life, with profound implications for the future of the capitalist market.

The trigger for this great economic transformation is known as Zero Marginal Cost<sup>3</sup>. Ironically, Rifkin says that while economists have always welcomed a reduction in marginal cost, they never anticipated the possibility of a technological revolution that might bring marginal costs to near zero, making goods and services priceless, nearly free, and abundant, and no longer subject to market

forces. He stands that a formidable new technology infrastructure - the Internet of things (IoT) is emerging with the potential of pushing large segments of economic life to near zero marginal cost in the years ahead. Rifkin describes how the Communication Internet is converging with a nascent Energy Internet and Logistics Internet to create a new technology platform that connects everything and everyone. Billions of sensors are being attached to natural resources, production lines, the electricity grid, logistics networks, recycling flows, and implanted in homes, offices, stores, vehicles, and even human beings, feeding Big Data into an IoT global neural network.

Rifkin (2004) enrolls the evidences of collaborative commons benefits. Prosumers<sup>4</sup> can connect to the network and use Big Data, analytics, and algorithms to accelerate efficiency, dramatically increase productivity, and reduce the marginal cost of producing and sharing a wide range of products and services to near zero, just like they now do with information goods. They can now produce and share their own music via file sharing services, their own videos on YouTube, their own knowledge on Wikipedia, their own news on social media, and even their own free e-books on the Internet. The plummeting of marginal costs is spawning a hybrid economy - part capitalist market and part Collaborative Commons - with far reaching implications for society. Hundreds of millions of people are already transferring parts of their economic lives to the global Collaborative Commons. Prosumers are plugging into the fledgling IoT and making and sharing their own information, entertainment, green energy, and 3D-printed products at near zero marginal cost. They are also sharing cars, homes, clothes and other items via social media sites, rentals, redistribution clubs, and cooperatives at low or near zero marginal cost. Students are enrolling in free massive open online courses (MOOCs) that operate at near zero marginal cost. Social entrepreneurs are even bypassing the banking establishment and using crowd funding to finance start up businesses as well as creating alternative currencies in the fledgling sharing economy. In this new world, social capital is as important as financial capital, access trumps ownership, sustainability supersedes consumerism, cooperation ousts competition, and “exchange value” in the capitalist marketplace is increasingly replaced by “sharable value” on the Collaborative Commons.

<sup>3</sup> Marginal cost is the cost of producing an additional unit of a good or service after fixed costs have been absorbed. Businesses have always sought new technologies that could increase productivity and reduce the marginal cost of producing and distributing goods and services, in order to lower their prices, win over consumers and market share, and return profits to their investors.

<sup>4</sup> Proactive consumers.

Rifkin concludes that capitalism will remain, in an increasingly streamlined role, primarily as an aggregator of network services and solutions, allowing it to flourish as a powerful niche player in the coming era. Rifkin says that people are now entering a world beyond markets where are learning how to live together in an increasingly interdependent global Collaborative Commons.

### 3. New Ways, New Problems

The new world viewed by Rifkin (2014) brings the new spontaneous organization of societies in a very cooperative virtual world. This vision shows the perspective of mass production with zero marginal costs, in the future. For example, Rifkin anticipates that by 2030, there will be more than 100 trillion sensors connecting the human and natural environment in a global distributed intelligent network. Besides, he refers, the bulk of the energy we use to heat our homes and run our appliances, power our businesses, drive our vehicles, and operate every party of the global economy will be generated at near zero marginal cost and be nearly free in the coming decades. That is already the case for several million early adopters who have already transformed their homes and businesses into micro-power plants to harvest renewable energy on-site.

This shows in fact a tremendous improving in productivity and well-fare enhancement. However, nowadays countries are facing a problem of unemployment and a set of strong unbalances. So that, the new economic performances will depend on integrating new innovations, including organizational and logistic, with the societies trends on the systems' balances.

It is impossible to dissociate the new role of technology with the level of employment and with the level of population structure as well as the way factories perform standing on new processes technology intensives. The new arrangements for society's development need to integrate constantly the different stages of technology improvements, the collaborative commons and the societies structures.

### 4. A New Scenario

As stated in Filipe (2011), many countries are facing strong financial and debt problems as much as high unemployment rates, long term low economic growth rates and low inflation rates. The crises

scenario is conducting to significant economic, social and political problems.

There are severe difficulties generated by the measures that governments are implementing currently, particularly in some European Countries. Many regions and many families as much as many companies in many countries in Europe are dealing with severe economic and social problems.

A new model for these societies may be discussed, considering that:

- Many projects of social responsibility are being developed, involving communities in order to create value, to organize structures from which families may live from.
- People is reducing costs, by sharing resources.
- Communities projects are developed to enhance new value, with shared resources.
- Internet is allowing to get products with lower price.
- Internet is allowing to share resources and create products, with zero marginal costs.
- Internet allows to improve knowledge without significant costs.

Anyway, several perils are close and they have to be considered:

- There are many macroeconomic unbalances.
- Growth is based on monetary Add Value.
- Companies profits are the support of new investments and employment.
- The world population keeps growing and unemployment is growing as well.
- The International worldwide environment is exasperated: economically, politically and socially.

The supportive arguments of a new era for humanity show the enormous potentialities of human accomplishments. However, they are also the fundamentals for the need of a reorganization in countries structures, societies organization, for a new vision of economics regimes' orientation and an economics' system redefinition. The adjustments have to be made gradually and supported with production adjustments and supporting government's directives.

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