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Application Exercise #3

Title: Understanding the Tragedy of the Commons

Student learning outcome: Students will discuss what is meant by the tragedy of the commons as well as methods to prevent it.

Text that students see: Economics is everywhere – even in South Park. If you’re not familiar, South Park is an animated sitcom for adults featuring the adventures of four grade-school boys in the town of South Park, Colorado. In season 13, episode 14, the boys go to Pi Pi’s Water Park. Everybody is peeing in the pool and the pee concentration ends up being so high that it causes a flood that destroys the place. You can watch a clip of the episode here:

<http://www.criticalcommons.org/Members/economicstube/clips/pee_in_pool.wmv>

While this is a silly example of tragedy of the commons, there are far more serious examples. Haiti is the poorest country in the northern hemisphere. Most Haitians live on less than $2 a day, only half have access to clean water and many children suffer from the effects of malnutrition. Haiti used to be heavily forested but more than 80 percent of the country’s forests have been cut down to create charcoal used in cooking and heating. Because of deforestation, heavy rains often lead to devastating floods. The following is from a newspaper account about this situation:

“No Tree Cutting” signs hang over the park entrance, but without money and manpower, there is no way to enforce that. Loggers make nightly journeys, hacking away at trees until they fall. The next day, they’re on a truck out. Days later, they’ve been chopped up, burned and packaged in white bags offered for sale by soot-covered women. “this is the only way I can feed my four kids,” said Vena Verone, one of the vendors. “I’ve heard about the floods and deforestation that caused them, but there’s nothing I can do about that.”

There are several options to solving or preventing the tragedy of the commons. Discuss the situation in Haiti with your group and answer the following question:

What is the best policy option to address this tragedy of the commons?

1. While it might be difficult for the government of an impoverished nation, the government should strictly enforce the “no tree cutting” rule.
2. Issue permits to loggers to allow them to cut down an acceptable number of trees that would still maintain forest health and prevent soil erosion.
3. Build a high fence around the forest and have military guards posted at certain points along the fence, especially at openings.
4. Pay Haitians to replant areas of the forest with seedlings on an annual or semi-annual basis.
5. Sell the forest to a private timber or paper company who will have the resources to manage the forest properly.

Reporting will be done via simultaneous answer selection.

Resources: Textbook resources on tragedy of the commons and South Park clip from Critical Commons:

<http://www.criticalcommons.org/Members/economicstube/clips/pee_in_pool.wmv>

Facilitation Guide:

Most students are familiar with the Comedy Central series, South Park. It is a very crude, animated sitcom that has been on the air since 1997. While this show can be offensive, it is popular and often displays, in the real world, the economic concepts students are studying in class.

In just a few minutes, students can understand the concept of the Tragedy of the Commons; that is, unrestricted access to a common resource can lead to its destruction. It is probably pretty obvious why each child might choose to pee in the pool (less costly in terms of time, etc.) and even more obvious what will happen if everyone chooses to act in their own self-interest.

Prefatory remarks: Economics happens. Daily. It happens on Wall Street and on Main Street; on the trading floor and in the grocery store. It is like a word you hear for the very first time and then it pops up over and over – once you’re exposed to economic concepts they seem to appear everywhere. It even shows up in South Park. You read about the tragedy of the commons which is pretty clearly displayed in this brief South Park clip.

Today, you will be using what you know about the tragedy of the commons to discuss policy options for addressing such situations.

Discussion questions:

When the woman in the newspaper piece says “there’s nothing I can do” is this true? Why? Why not?

Can you think of any other examples (silly or serious) of tragedy of the commons?

What are some of the issues/concerns/problems with each of the possible “solutions” to the tragedy of the commons? Do you know of any examples where one of these solutions has been successfully implemented?

What other economic concepts are presented in the South Park clip and/or the paragraph about Haiti? (answer: negative externalities, everyone acting in own self-interest…)

If already covered externalities: How are externalities related to the concept of the tragedy of the commons? Are the solutions to each similar or different? How?

Closing remarks:

Top 3 takeaways

1. One of the driving forces of market economics (and human behavior) is acting in your own self-interest. When Adam Smith called it the “invisible hand” he was showing how buyers and sellers acting in their self-interest make both parties better off. However, this is NOT always the case – it can also lead to negative externalities and the tragedy of the commons.
2. The tragedy of the commons is when unrestricted access to a common resource leads to its destruction. This happened to the pool water in South Park and the forest in Haiti. In both cases, there was unrestricted access, people were acting in their own self-interest and everyone was worse off as a result because the common resource was destroyed or polluted.
3. There are ways to prevent tragedy of the commons but there is not always one clear solution. Complex problems require careful thought and analysis.