

Carol M. Rose: "Common Property, Regulatory Property, and Environmental Protection: Comparing Community-Based Management to Tradable Environmental Allowances"

Rose's chapter considers the differences between community-based management regimes (CBMRs) and tradable environmental allowances (TEAs), arguing that these two approaches "mirror" each. As such, rather than arguing that one of the approaches is superior in all circumstances, Rose posits that CBMRs and TEAs map on to different types of environmental policy concerns, and that depending on circumstances either might be the preferable public policy option.

Definitions

While acknowledging that in practice of TEAs and CBMRs can share many characteristics, Rose's article compares these two types of property-based environmental management in their "ideal" or "pure" forms in order to better understand the differences between the two.

In CBMRs, the problem of resource and environmental management is regulated at the community level through social norms, traditional practices, and monitoring at the community level. Rose notes that CBMRs stand as evidence against Hardin's assertion that environmental degradation is the inexorable result of property being held in common. CBMRs demonstrate that, "[H]uman beings are not always individual maximizers, getting themselves stuck in the endless repetition of n-person [prisoner's dilemmas]."

By contrast, TEAs more closely resemble Hardin's prescription for alleviating environmental and resource allocation problems. In fact, TEAs blend Hardin's two recommendations of transferring the commons into private property and using the regulatory power of the state to limit harmful practices. In establishing a TEA, the state creates a property interest in the ability pollute or to extract resources (e.g. the right to take up to x% of the total number of fish; the right to emit x metric tones of CO₂ equivalent). The holder of an allowance can trade it on the market, which in theory should lead to the most efficient allocation of that right.

Resource Size

CBMRs rely on the community's ability to monitor how a resource is being used or abused, which is enhanced by small group numbers and group cohesiveness. As such CBMRs are generally best suited to the management of smaller resources. It may be possible to "nest" CBMRs into larger areas and networks of communities, and irrigation systems are presented as an example of this, but Rose notes that irrigation, though it may occur over a wide area, allows for relatively straightforward monitoring that is not easily recreated with respect to resources such as clean air or widespread animals.

By contrast, increasing resource size does not diminish the effectiveness of TEAs because they rely on government regulation and enforcement rather than social norms. In fact, a larger resource size may improve the functioning of a TEA regime because it will often correlate to a larger market, ensuring efficient trading of allowances.

Some combination of the two is possible. Rose suggests that some TEAs could be allocated on a community rather than individual basis, allowing for the nesting of CBMR within a larger TEA regime.

Complexity

As with resource size, CBMRs and TEAs mirror each other in regards to resource complexity. Because the total caps in TEA regimes have to be decided through a process of negotiation and compromise, they tend to be "sticky" in that they are unresponsive to changing circumstances. Adaptation is further hampered because the property interest in a tradable allowance needs to be relatively stable and simple. Attempts to solve these problems, such as increasing regulation, could work to make TEA regimes more flexible, but at the cost of weakening the efficiency of the TEA market

CBMRs, driven by customs and norms, may be more responsive to changing conditions. Often traditional practices such as "pulse patterns of exploitation" better fit the dynamic and interdependent nature of an ecosystem.

Extraction v. Pollution

CBMRs are more common to resource extraction problems rather than pollution problems. Rose suggests a number of reasons why this might be the case. Firstly, the negative externalities of pollution generally fall on a much wider area than just the community, limiting the communities incentive to manage pollution. Secondly, monitoring pollution activities is more difficult on a community level than extracting activities

Rose suggests that TEAs are more appropriate to regulating pollution activities than extractive activities because their focus on single elements (e.g. carbon equivalents, sulphur dioxide) are less likely to lead to negative unintended feedback loops or other effects than in extraction scenarios.

Commerce

Where CBMRs are more attuned to changes in environmental circumstances, they may be less adept than TEAs in adapting to commerce and market fluctuations. TEAs, which are guided by western conceptions of property, emphasize simplicity, which allows for ease of transfer and entrance of strangers into the market. CBMRs often embrace complexity, meaning that it can be difficult for the regime to respond to pressures, such as increased demand, from outside the community.

QUESTION

Rose suggests that that state actors could build overarching TEA regulatory systems which "nest" CBMRs by reserving allotments for communities rather than individuals. Doesn't this risk transforming the community into an interest maximizing entity (albeit one with a property interest)? How might this affect the internal protections provided by the CBMR?