

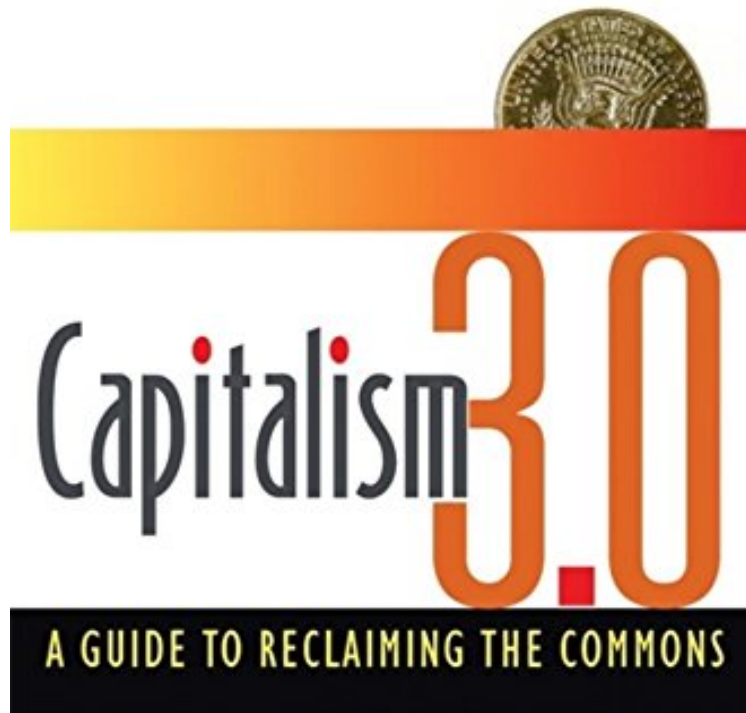
# Capitalism 3.0: A Guide to Reclaiming the Commons

*Peter Barnes*

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**Peter Barnes**  
Co-Founder, Working Assets

"In *Capitalism 3.0*, Peter Barnes makes the case for the commons in a straightforward and unsentimental way. It's an indispensable book on a critical topic."  
—Bill McKibben, author of *The End of Nature*



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**Peter Barnes : Capitalism 3.0: A Guide to Reclaiming the Commons** before purchasing it in order to gage whether or not it would be worth my time, and all praised Capitalism 3.0: A Guide to Reclaiming the Commons:

0 of 0 people found the following review helpful. Capitalism 3.0: a bridge between markets and social and enviromental concernsBy James SterlingFor a number of years environmental economists have been saying that the problem with our economic models is that they externalise the true costs of many of the products that modern society has come to depend on. For instance, the pollution from burning coal and diesel fuel causes asthma and other respiratory illnesses, but the costs of those illnesses are borne, not by the burners of fuel, but by the children and other victims of the diseases. Likewise, the true cost of greenhouse gas pollution is not borne by those burning carbon based

fuels, it is borne by the earth's ecosystem—increased heat and drought, the worsening of storms, the melting of polar ice, and the extermination of plant and animal species up and down the food chain. So, the problem of reducing these sorts of pollutants is to a large part an economic problem: how do we "internalize" those costs without wrecking the global economic system (which would result in horrible suffering and death to billions of people.) The common view (except for those who insist that global warming is a hoax) is that a cap and trade system, in which a limit to emissions should be set and then certificates for some portion of the remaining capacity would be, either auctioned by the government or simply distributed to industry according to how much business each does. Then, the certificates could be bought and sold on an open market so that those who produced the most pollutants would be forced to buy the most certificates, internalizing the cost of pollution and creating an incentive for polluters to find more efficient and less polluting ways to carry out their business, heat their homes, drive their cars, etc. This is where Peter Barnes comes in. Hold on, he says, if these certificates are being bought and sold, who gets the money? Does it just flow back to the government? Does it go to the businesses that pollute less? Essentially, this is the cost of using the atmosphere as a sink for waste products. If this were your back yard and people were throwing trash into it, wouldn't you expect this fee to come to you? So, his big question is, who owns the sky? and shouldn't that party be the beneficiary of this new stream of revenue? Well, of course, that is exactly the problem. No one owns the sky, it is a commons and, as such, it is subject to Garret Hardin's famous Tragedy of the Commons unless there is some kind of enforceable regulation. Barnes suggests that since the sky is a commons, all people should benefit as well as pay when the costs of pollution are internalized. And the system for creating this ownership is already in place in our system of laws and regulations. What we need is a trust whose mandate is to protect the capacity of the atmosphere by capping the amount of greenhouse gasses that can be emitted and holding those funds in trust for present \*and future\* generations. This trust would distribute annual dividends to the beneficiaries (that would be all of us) and invest some part for future generations. The honesty of the trustees would be assured by the entire society simply because everyone would have an interest in the honesty and transparency of the trusteeship. That is pretty much the point where his first book, *Who Owns the Sky*, ends. In *Capitalism 3.0*, Barnes takes the idea forward, identifying other common assets that are now used without payment and shows how charging for their use could not only work to distribute wealth more rationally, but also lead to an economy that would encourage the increase of happiness for all citizens, rather than simply increase the quantity of money. 4 of 4 people found the following review helpful. A germ of a good idea By Alex Tolley Barnes' idea is that we need to use a 3rd institution - "the commons" - to develop a better form of capitalism that takes into account natural resources that are used and not accounted for. This is needed, because government has failed to do a good job in this regard and is subject to capture by industry, something that is very prevalent in the USA. The commons works by being above the short term exigencies of businessmen and politicians, using the power of property rights under legal trusteeship to ensure that the commons under trust are best used for the long term. So far so good. Then we appear to run into real issues that are glossed over pretty lightly. The commons works best where the commons boundary, like any property, can be clearly demarcated and the inputs and outputs tallied. Parks and historic buildings come to mind. But the real commons we are after include the air, the oceans and the larger terrestrial land masses. And this is where the commons system may break down. Why? Barnes wants to make the commons sustainable by offering stakeholders an income based on use. If a factory owner wants to emit CO<sub>2</sub>, he must pay the commons for that right and the commons disburses some of the fees to the stakeholders. But consider another common, the oceans. The stakeholders might reasonably ask the air commons for fees for their right to add CO<sub>2</sub> to the oceans, increasing their acidity, or raising their temperature, or destroying Arctic ice cover. How would that be valued, where are the boundaries drawn? This seems to lead us back to the morass from whence we came, allowing markets to determine this, and possibly back to private ownership. As far as I can see, this is only going to be managed by global decisions and global ownership of the commons, something that I see as very hard to accomplish, given the huge differences in goals of the global stakeholders. Another goal of the commons structure that Barnes sees as desirable is the redistribution of income through stakeholder ownership, rather than by taxation. I agree this is a good goal, but I disagree the commons is the best way to solve this. Other countries have solved this at least partly through policies and taxes. Even in the US, we still have publicly funded schools, and publicly funded senior health care. That was achieved historically and has resisted attempts to dismantle it, although both are on shakier ground today than they were. Overall, I think that the central idea is an interesting one, worthy of more discussion and implementation, at least in the simpler, smaller domains. For that reason alone, this book is worth reading. 0 of 0 people found the following review helpful. Barnes book a knock-out! By William A. Barrett Barnes for president! He's nailed an approach to distributing the wealth of capitalism among us all. It's an approach that could work, and I think that Bernie Sanders would agree with him. It really is not very radical, but could easily be made to sound that way by the oligarchs that now run our country.

The commons—those creations of nature and society we inherit together and must preserve for our children—is under siege. Our current version of capitalism—the corporate, globalized version 2.0—is rapidly squandering this heritage. Now, Peter Barnes offers a solution: protect the commons by giving it property rights and

strong institutional managers. Barnes shows how capitalism — like a computer — is run by an operating system. Our current operating system gives too much power to profit-maximizing corporations that devour the commons and distribute most of their profits to a sliver of the population. And government — which in theory should defend the commons — is all too often a tool of those very corporations. Barnes proposes a revised operating system — Capitalism 3.0 — that protects the commons while preserving the many strengths of capitalism as we know it. His major innovation is the commons trust, a market based legal entity with the power to limit the use of scarce commons, charge rent, and pay dividends — in both cash and services — to everyone. In Barnes' vision, an array of commons trusts would institutionalize our obligations to future generations, fellow citizens, and nature. Once established, they'd use markets and property rights to create a better world for us all. Capitalism 3.0 offers a practical alternative to our current flawed economic system. It points the way to a future in which we can retain capitalism's virtues while mitigating its vices.

From the Publisher  
FROM THE LOS ANGELES TIMES, January 5, 2007 By Lee Drutman  
PETER BARNES is a businessman in a quandary. He's a firm believer in free markets, but he's also convinced that our current version of resource-depleting, pollution-spewing capitalism is pushing nature ever closer to collapse -- and generating a gaping divide between rich and poor that increasingly defies all conceptions of fairness. Yet Barnes is no fan of government either. It's too susceptible to corporate pressure to be effective, he argues, and besides, do we really want politicians setting prices? The co-founder and former president of Working Assets Long Distance, a telephone service that donates to nonprofit organizations, thinks he has a better idea: Establish an independent "common wealth" sector to protect shared assets like air and water, and maybe even cultures and communities. Secure these assets in a trust that belongs to everyone, he writes in "Capitalism 3.0," and profit-making corporations couldn't wantonly gobble them up. Plus, everybody would benefit equally from their use. If it sounds farfetched, maybe that's the point: "We ignore common wealth because it lacks price tags and property rights," warns Barnes, who already has incorporated a nonprofit organization called the Sky Trust to protect the atmosphere. Barnes' tale of capitalism gone mad begins with the Industrial Revolution, when the primary social problem was a scarcity of goods and the primary economic problem was coordinating limited investment capital. Land and natural resources, by contrast, appeared endless. Hence, what he calls Capitalism 1.0 developed with rules and practices that privileged capital above all else, particularly the joint-stock corporation. By 1950, scarcity was no longer a problem. But the great engines of capitalism, already programmed to maximize production and profitability, were incapable of slowing down. Instead, they entered a new phase Barnes calls Capitalism 2.0. Instead of filling human and social needs, he writes, they began creating what Dr. Seuss' villain in "The Lorax" calls "thneeds," things we didn't know we needed. Worse, corporations continue to impose their "illth," British critic and author John Ruskin's word for goods produced by an economy that don't contribute to human welfare, on a natural environment whose capacity for absorbing is far less boundless than previously thought. Barnes is at his best in diagnosing the structural maladies in today's iteration of capitalism, which has created a "world is awash with capital, most of it devoted to speculation" but "healthy ecosystems are increasingly scarce." The main problem, as he sees it, has to do with the three algorithms that drive market behavior: Maximize return to capital; distribute property income on a per-share basis, and the value, or price, put on nature is zero. And, he notes, 5% of the world's people control half the property shares. The obvious moral of "The Lorax" parable, in which the evil Once-ler cuts down all the truffula trees to make thneeds, Barnes says, is that "trees need property rights too." If the trees belonged to everyone, held in trust, their price would not be zero -- the Once-ler would have to pay (and the trust would be responsible for protecting the trees from extinction). Such a set-up, the author argues, would not only protect nature, but also allow everyone (not just the wealthy) to benefit equally from its occasional use. If such a plan were implemented properly, this would be what Barnes calls "Capitalism 3.0," in which "[w]e'll have more things we truly need -- healthier ecosystems, communities, culture -- and fewer thneeds." Barnes' new and improved capitalism is more an exploration than a detailed plan. Even if the details prove unworkable (and they may very well), he deserves plaudits for offering a way past the stale debates of statism versus privatization. Instead of chiding greedy capitalists and venal politicians, perhaps we ought to look more closely at the rules and incentives to which they are duly bound to respond. And perhaps in doing so we will discover something new right under our noses.  
About the Author  
Peter Barnes is a writer and entrepreneur who has started and run several successful businesses. He cofounded Working Assets Long Distance (now Credo Mobile) and is the author numerous other titles, including Who Owns the Sky?, Pawns: The Plight of the Citizen-Soldier, and most recently With Liberty and Dividends for All.