

Measures to Finance the Shift to a Commons-Based Economy

Suggestions from Commons Action for the United Nations and the Major Group Commons Cluster at the UN-a network of ECOSOC-accredited CSOs. Both networks are interested in showing the intrinsic relevance of a commons approach to sustainable development

It is urgent that we shift from an economy that is destroying the very means of human survival to a commons-based approach that is capable of ensuring the well-being of all people and nature. For people and nature are the very basis upon which all economies rest.

Previous briefs describe in more detail what a commons-based approach involves, why it is indispensable to a sustainable economy; and its other advantages. These are: *Measures to Shift to a Sustainable Commons-Based Economy; Measures to Eradicate Poverty, Using a Commons-Based Approach; and Measures Commoners Are Taking to Empower the Public and Private Sectors*. Related information is given in UN documents E/2010/NGO/29 and E/2011/NGO/126. These documents can be obtained by writing to the email address below.

Here we shall outline commons-based financing mechanisms that can help to fund the shift.

We are calling on Governments to create an international (High Level or UN) Panel of Experts to develop a step-by-step plan for the creation of a worldwide commons-based economy and global community. This panel would consult with Governments, and relevant IGOs, CSOs, Major Groups and other stakeholders.

Measures to Finance the Shift to a Commons-Based Global Economy

Here are 4 ways to help restore, protect, and replenish natural resources and fund the shift to a commons-based global economy.

I. Establish an Effective Institutional Framework to Shift to a Commons Based Economy and Manage and Equitably Share in the Use of the Commons

Under a Commons Approach to Sustainable Development all people must have access to those gifts of nature and society that they need to survive and prosper. These would be designated as commons goods. They can then be used to finance the shift to a commons based economy and be managed and equitably shared among all people, as follows:

- A strictly enforced cap could be placed on the use of depletable commons goods and resources;
- Trusts would then be established to oversee the caps and manage the resource. The amount of each cap would be determined and set by the stakeholders of each resource. These trusts could be located either within a state or be trans-border, depending on the extent of both the resource and the community of interest;
- Permits for the use of what is available once the cap has been put in place can then be auctioned at source enabling the cost to be spread among all subsequent users and avoiding the complex task of pricing each depletable resource;

- Income from these commons resources can then be used to protect and restore the resource; reimburse those negatively affected by the use of these resources with a small percentage going to the government for provision of the public goods; to invest in transitioning to a sustainable future; to a global trust to restore any damage to the global commons (air, water, land); and/or to provide a basic income for all people. Broadly speaking, the assessment of commons rent by trusts around the world would require three significant changes:
 - Governments could shift their primary emphasis away from issuing corporate charters and licensing the private sector and towards approving social charters and open licenses for resource preservation and social and cultural production processes through commons trusts managed by those who cultivate and protect commonly held gifts.
 - Commons trusts would exercise a fiduciary duty to preserve natural, genetic and material commons and to protect, create or regenerate solar, social, cultural and intellectual commons, yet may also decide to rent a proportion of these resource rights to businesses.
 - Businesses can then rent the rights to extract and produce a resource from a commons trust, thus creating profits and positive externalities through innovation, competitive products and services, and adjustment of the market to the actual costs of resources. However consent to the use of a Commons should first have to be granted by those that are protecting and/or whose lives depend upon a Commons resource.

Management of the Commons at the Global Level

Commons management funds could also be generated at the global level. A rental fee to finance multilateral programs and institutions could be placed on the development or use of many transborder commons, including:

- carbon emissions
- international corporate products
- international investment
- foreign exchange transactions
- international trade
- international airline tickets
- maritime freight transport
- ocean fishing
- sea-bed mining
- offshore oil and gas
- international oil trading
- satellite parking spaces
- electromagnetic spectrum use
- internet
- information flows
- military spending and arms exports
- toxic wastes
- energy consumption

II. Global Atmosphere Commons Trust.

This type of a trust could be established based on ideas from the Alaska Permanent Fund for sharing the oil commons with all Alaskans and the thirty-plus years of commons resource management research.

Feasta Sky Trust. A specific proposal has already been developed for establishing a Feasta Sky Trust. See: www.feasta.org One of the largest commons on the planet, our global atmosphere, could serve as the fulcrum to turn our unsustainable and unjust ecological, economic and political situation in a better direction for us all. Emissions permits could be used to provide a right to use of the atmosphere – a resource which would then receive a scarcity value based on the carbon price. Current schemes like the Emissions Trading System (ETS) assume the carbon scarcity rent should go to polluters or governments – but really it should be used to provide for the well-being of all of humanity.

III. Applying a Commons Management Scheme to Regulate and Equitably Share in the Use of the Global Commons

Elinor Ostrom recently won the Nobel Prize for her studies of commons management practices around the world and how they support sustainability and justice. She has developed a set of principles or rules which ought to be included and addressed in managing the commons.

These could be applied to the idea of establishing global and subsidiary commons institutions -- with cooperating climate trusts in each nation -- run by the people's trustees and supported by governments for enforcement of the carbon cap and distribution of the shares and are thus described as such below. These principles are applicable to a commons approach to financing the shift to a commons based global economy. They also apply to the implementation of most other Commons Applications as well. Applying these principles thus requires:

- 1. Clearly defined boundaries** (in this case, targeted and precise measurements of upstream carbon units that can be effectively monitored)
- 2. Effective exclusion of external un-entitled parties [or illegitimate use]** ("leaks" in the carbon measurements must be identified and primary producers of fossil fuels brought into compliance)
- 3. Rules regarding the use of common resources are adapted to local conditions** (each national climate commons institution would decide how much to pay out as dividends to citizens, for poverty alleviation for example, and how much to invest in transition projects and infrastructure)
- 4. Collective-choice arrangements allow most resource users to participate in the decision-making process** (a deliberative charter process with engagement by many citizens would set rules and governance for subsidiary in each nation, including collaboration on a global atmosphere institution)
- 5. Effective monitoring by monitors who are part of or accountable to users** (some of the global revenues would go towards monitoring and enforcement of the global cap on emissions)
- 6. There is a scale of graduated sanctions for resource users who violate community rules** (funding would be cut to national level institutions that were not adhering to the by-laws of their charters; for example companies could be fined for emitting GHG's without the needed pollution permits)
- 7. Mechanisms of conflict resolution are cheap and of easy access** (devised in the charter processes for local, national and global scales)
- 8. The self-determination of the community is recognized by higher-level authorities** (Nation States and the UN must uphold the rules set by such a global atmosphere institution and the subsidiaries in each nation... the process could begin with a few progressive countries leading the way)

IV. Placing a User Fee on the Use of and Access to Commons Resources

The commons exist and must be recognized on all scales and levels, the micro to the macro. The macro scale concerns the resources which sustain our broader ecosystem such as water, air and soil. These are interdependent and provide the tripod upon which all of life is sustained. Such resources need to be held in common as the rights of all humans.

Water quality equals quality of life.

Water and air cannot be for sale, but a graduated use fee established by the cultivators of these commonly held goods could be collected. This fee for equitably sharing in the use of and access to this commons resource should be applied instead of outright "sale" of water and air through cash or "credits". Part of the funds from this can go to ensuring the quantity and quality of the shared resource; with part going to reimburse the stakeholding community and to help provide a basic income for all people.

UN General Assembly resolution 64/292 of 28 July 2010 *recognizes the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights*. It is therefore:

- imperative that water sources, springs, head waters and aquifers be held in common by those cultivating and protecting them and
- we connect water quality to industry, access, and land stewardship to ensure that all water is kept clean and available

We urgently recommend that the same status be accorded to all other commons goods as well, without which people cannot survive and thrive.

The UN, along with government at all levels, must provide the means, mechanisms, funding and implementation needed to fully achieve all UN sustainable development agreements and ensure that our basic human right to essential goods and services is provided **for all people** as well. This will require strong governance, via the adoption and full implementation of specific conventions, programs of action, time bound and enforceable targets, and on-going periodic review processes -- which must be included in the Rio +20 Outcome Documents.

For more information: www.CommonsActionfortheUnitedNations.org or write to Dr. Lisinka Ulatowska, CommonsActionUN@gmail.com