

UPHILL TASKS IN GOVERNING COMMON PROPERTIES: FROM HARDIN TO OSTROM

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Let us start by clarifying the following terms: Governance, Self-Governance, Institutions and Governing Bodies.

1. Governance refers generally to the management of a resource under certain prescribed rules.
2. Self-Governance is the management of a resource by the participants.
3. Institutions may be described as human-designed organisations or arrangements which promote certain practices such as formal rules (the law of a country) or informal constraints (norms, culture, practices) so that a set of behaviours can be moulded in the participants.
4. Governing Bodies are groups entrusted under the law to manage a resource.

This article may be in the realm of sustainable environment, Common Pool Resources (CPR) management, urban economics or public policy.

The severity and urgency facing the governance of common properties such as high-rise condominiums, can be best illustrated by two events.

1. At the Property Management Time Bomb 2016 seminar, Datuk Pretam Singh commented that cases filed with the Strata Management Tribunal (SMT) against parcel holders for not paying service charge, rose three times from 400 cases in the July-December 2015 period to 1,192 cases in the January-June 2016 period (*The Edge Prop*, 19 July, 2016).
2. The Ministry of Housing & Local Government (KPKT) announced an increase in the number of appointed presidents from 19 to 29 as a consequence of a surge in cases filed with SMT, which numbered 2,355 for the January-June 2018 period (*The Edge Prop*, 9 July, 2018).

Due to the lack of appreciation for the need to pay service charges to the governing body, many quarters fear the reality of properties turning into urban slums. Joint Management Body Malaysia pointed out that "community living starts with the responsibility of parcel holders making prompt payment of service charges" (JMB Malaysia, 25 March, 2016).

This situation is set to worsen with no solution in sight yet. "The current ratio of landed residential property to high-rise property is 70:30, and it will be 50:50 by 2025," said Tan

Sri Eddy Chen, President of Building Managers Association of Malaysia (BMAM) (*The Edge Prop*, 9 December, 2016).

Noraziah Azmin Abd Latif Azmi (2006) commented that poor payment of service charges was due to parcel holders being dissatisfied with the maintenance work, while Dr Tiun Ling Ta (2009) cautioned that Malaysia's property management practice was in the formative stage and that more time was needed to improve it.

However, both Noraziah and Tiun represent a host of researchers who are viewing this problem of parcel holders refusing to pay service charge, from a rationality perspective. The very nature of common properties is not dealt with. Other researchers explore failures of governing common properties from the residents' satisfaction angle by putting the blame on governing bodies.

Ir. Dr Wang Hong Kok (2013) throws new light on this by equating natural commons (such as seas, rivers, fisheries, forests, air) with man-made commons (such as the common properties of condominiums) where the former has been the target of intense research in the last four decades within CPR management literature. Both commons are self-governed since the government is not involved in the day-to-day management.

This short article focuses on the nature of the commons as observed by University of California, Santa Barbara Professor Garrett James Hardin (1968) and University of Indiana Professor Elinor Ostrom (1990) as well as the experience learnt, which can be applied to the managing of common properties of condominiums. Two questions are raised here.

1. Why are commons hard to manage?
2. What are the uphill tasks in managing the common properties of condominiums?

TRAGEDY OF THE COMMONS

Unregulated grazing on common land can bring disaster to herdsmen who depend on it for a living. This was the key argument of Hardin (1915-2003), in his now popular metaphor, "The Tragedy of the Commons", adapted from William Forster Lloyd's 1883 term, which appeared in *Science* 1968.

The Concept: Consider pasture that is shared by a few cattle herdsmen. In the beginning, each keeps only a limited number and the pasture appears in good condition. However, one day, one herdsman decides to increase the

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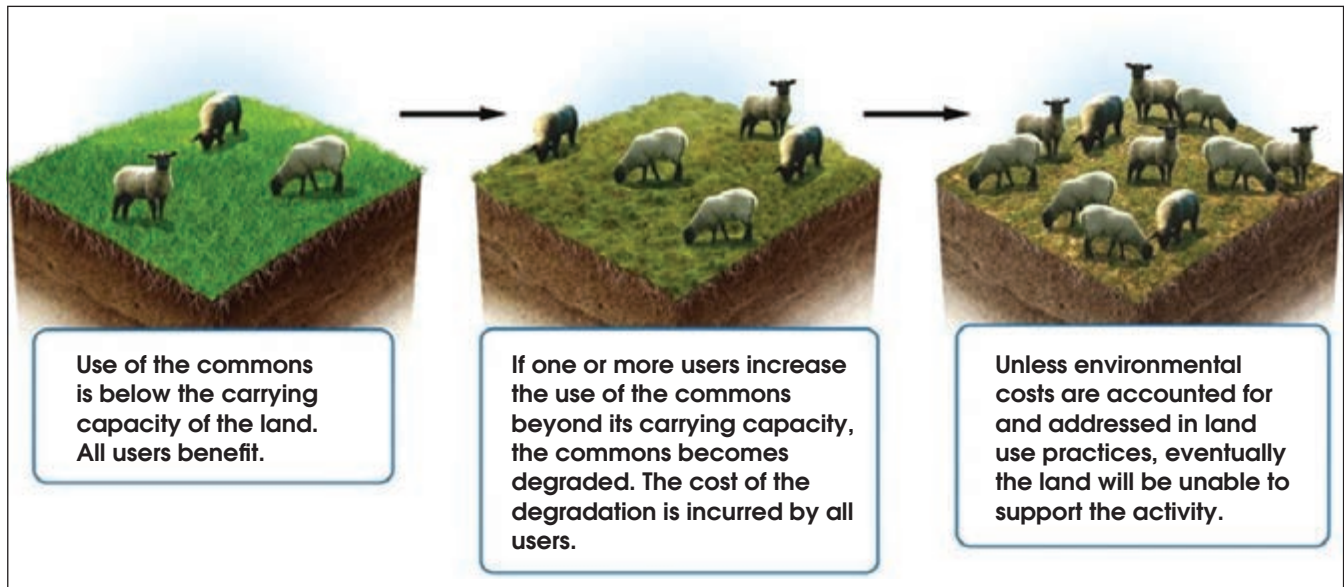


Figure 1: The Tragedy of The Commons (source: <https://usu.instructure.com/courses/444419/pages/lecture-4-tragedy-of-the-commons-and-a-land-ethic>. Accessed: 11 September 2018)

number of cattle as he will benefit from having more cattle. What if all the other herdsmen have the same thought and similarly increase their number of cattle?

It will come to a point when the pasture reaches maximum capacity and can no longer cater to the increase in number of animals; this is a case of over-exploitation of natural resources and soon the pasture is ruined.

So, freedom to use the commons (pasture) mindlessly without considering the wellbeing of the resource will bring ruin to all involved. In Hardin's words, when a common is unregulated, "inherent logic of the commons remorselessly generates tragedy". Free-riding and shirking behaviours are expectedly rampant in failed commons (Figure 1).

Relevance to Common Properties: Does the above narration also apply to the governance of common

properties in condominiums? Indeed, one can draw a parallel comparison. Herein, pastoral land takes the form of common properties. The number of tenants allowed to live in a condominium by parcel holders may well go beyond the designed capacity.

Unregulated grazing by cattle takes the form of exploitation of parcel holders/tenants who abuse common properties by disobeying rules, littering, vandalising common properties such as lifts and corridors and not subscribing to the mandatory service charge payments.

Preventing Ruin in Common Properties: Why are commons (or more precisely common goods) exploited and subjected to abuse? Hardin suggested a need for mutual coercion and enforcement among parcel holders as a means to keep the commons under control.

While it appears simple on paper, obstacles can arise from such implementation. The first challenge is the sheer number of parcel holders/tenants which makes socialising difficult. The second is making the norms, practices and rules acceptable to all that facilitate governance.

What can be learnt from these obstacles? Firstly, when parcel holders/tenants come to live together, collaboration and cooperation should be encouraged. Secondly, greater government intervention/taxation should be allowed, for example, a penalty on service charge defaulters can be enforced. Effective enforcement of SMT on defaulters is another example. Finally, informal and formal property rights can be promoted but these can bring about several challenges in implementation in newly completed projects where governing bodies may not be able to build a credible reputation so quickly.

Compared to Hardin’s pessimism about the natural commons’ conditions and the uphill task of self-governing, Ostrom and her research allies were more positive in their empirical evidence, which would be discussed in the next section.

PRINCIPLES OF GOVERNING COMMONS

Issue of Open Access: Hardin believed only private properties/private goods and public properties/public goods could be maintained. Private properties are protected by individuals while public properties are protected by the government. The commons/common goods are thus left poorly maintained since ownership is uncertain. Samuelson (1954) and Ostrom (1977) came up with a list of different property classes.

Hardin pre-supposes all commons are open access. Many researchers believe by enclosing the commons and by promoting cooperation among participants, sustainability has a chance.

Will self-governance of common properties in condominiums stand a chance since they are normally enclosed by walls? When access is not restricted but given to anybody, and turnover of membership is high, this will fail since it is still “a disguised form of open access” (Wang, 2013).

A noteworthy point, according to Patt (2017), to overcome “The Tragedy of the Commons” is not about

economics (well-maintained properties can enhance value), but more about better networking among participants (collaboration & cooperation), instilling a clear understanding about the nature of the commons among participants and institutions that set rules (seen as informal and formal property rights).

Examples of Self-Governed Natural Commons: Ostrom, a co-recipient of the Nobel Prize for Economic Science 2009, provided several cases of successful self-governed natural commons in her 1990 book, *Governing The Commons*, which debunked Hardin’s pessimism (Table 1).

Table 1: Long-Enduring, Self-Organised and Self-Governed Common Pool Resources (CPRs) [Source: Ostrom, E. (1990, pp. 61-90)]

	COMMUNAL TENURE IN HIGH MOUNTAIN MEADOWS AND FOREST	HUERTA IRRIGATION INSTITUTIONS	ZANJERA IRRIGATION COMMUNITIES IN THE PHILIPPINES
Examples	Torbel, Switzerland	Valencia	Zanjera
	Hirano, Nagaike, and Yamanoka villages in Japan	Murcia and Orihuela	
		Alicante	

Long-enduring self-governed natural commons located in Switzerland, Japan, Spain and Philippines were assessed. The youngest was 100 years old and the oldest, 1,000 years. What was the secret recipe? What were the common denominators? According to Ostrom (1990, pp. 88-91), there were six.

First, the environment in each common was complex, ranging from forests in Switzerland to irrigation schemes in the Philippines. Second, the population size in each common had remained relatively stable over a long period.

Third, established norms were accepted by all participants due to the homogeneity of participants (in terms of skills, knowledge, ethnicity and race). Fourth, rules were set but could change to suit the needs. Fifth, operational rules were devised according to local circumstances. Sixth, attributes of physical system and cultural consideration influenced the choice of rules.

In essence, self-governed commons may be studied along four dimensions: Context, physical attributes, rules-in-place and the nature of participants.

Principles of Self-Governance in Natural Commons: The role of the institution was a subject of close study by Commons (1932). A successful institution set rules, infused order and resolved conflict (Commons). See Figure 2 (central column). Ostrom’s eight governing principles are depicted in the left column, while the conditions for

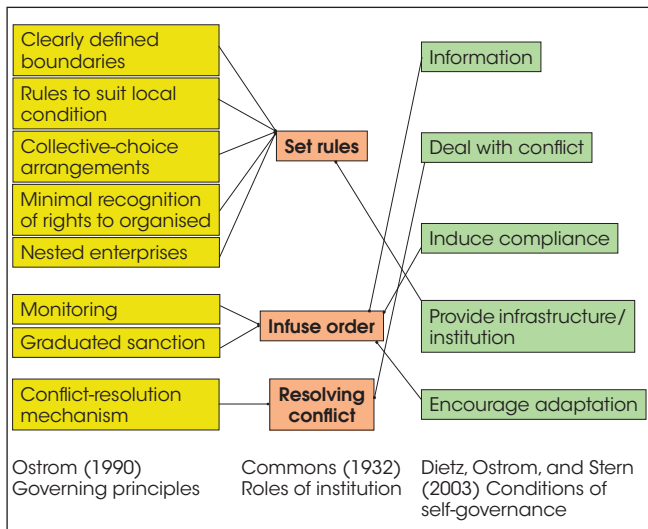


Figure 2: Governing Principles, Roles of Institution, and Governing Conditions

successful self-governed commons are shown in the right column).

In self-governed commons, the governing bodies “are deemed successful if institutions enable individuals to achieve productive outcomes in situations where temptations to free-ride and shirk are ever present,” Ostrom explained (1990, p. 15).

Ostrom, Stern & Dietz (2003) also grouped five governing principles as associated with setting the right rules, such as amount of service charge for prompt payment, no littering, no vandalism, no keeping of pets and keeping noise level down, etc.

As shown in Figure 2, infusing order within the commons requires every participant to be alert in order that a rule breaker will be reported and reprimanded; resolving conflict requires the governing body to have certain skills-experience and this takes time and effort.

Uphill Tasks in Governing Common Properties: From the above findings, self-governed common properties are likely to face three different challenges. Firstly, how can rules be set for compliance by parcel holders/tenants if most governing bodies have a short history (new institutions), unlike natural commons that have hundreds of years of existence and experienced trials and tribulations? Some governing bodies have been accused of not keeping their accounts properly. So, the first task is to install a credible institution (Dietz, Ostrom & Stern, 2003).

Secondly, adaptation of parcel holders/tenants to the local environment is key to infusing order by governing bodies (Dietz, Ostrom & Stern, 2003). On the other hand, the diversity of those living in condominiums makes consensus-building difficult. The high turnover of tenants can also exacerbate the situation. Interestingly, successfully-run natural commons have homogeneity in terms of ethnicity and race.

Thirdly, expecting the governing body to resolve conflicts among parcel holders/tenants can be difficult, due to lack of knowledge and training (Tiun, 2009; Wang, 2013).

CONCLUSION

This article has addressed the two questions raised. Firstly, commons are hard to manage due mainly to their very nature as a form of common goods, a point missed by many local researchers on condominium management. No doubt there are instances of success as described in “Governing Commons” but these are the exception rather than the rule.

Secondly, the article equates natural commons to man-made commons given their nature as common resources where ownership (property rights) is uncertain. The main uphill challenges to set rules, to infuse order and to resolve conflict by governing bodies, have been discussed. The role of institution in self-governance of common properties should also be further encouraged. ■

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