

## GOVERNING MARKETS AS KNOWLEDGE COMMONS

This volume develops a theoretical framework for the analysis of the production, reproduction, and transformation of intellectual and legal infrastructures that enable market interactions using the Governing Knowledge Commons (GKC) framework. A distinctive contribution of this volume is the conceptualization of market-supporting knowledge structures as shared goods (established through cooperation) and contribution goods (established through competition). There are four building blocks around which the edited volume revolves. First, the chapters show that markets are cultural; they depend on various kinds of knowledge, some of which are governed as commons. Second, unlike physical commons, the market-supporting knowledge commons are produced and reproduced by contributions and sharing. Third, these knowledge commons serve as economic inputs in private production processes. Finally, the volume highlights the social and cultural effects of entrepreneurship. Through innovation and slight evasions of existing rules, entrepreneurs change not merely market goods but also social conventions and cultural meanings. Building on the GKC framework, the book highlights the entanglement of markets with society and the broader culture of which markets are part.

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#### CAMBRIDGE STUDIES ON GOVERNING KNOWLEDGE COMMONS

The mission of the series is to provide an authoritative space for high quality scholarship on the governance of knowledge commons. Following the path pioneered by Elinor Ostrom, recipient of the Nobel Prize in Economics for her work on institutional analysis of commons regimes in the natural environment, and the editors' work in *Governing Knowledge Commons*, this series uses a similar framework to systematically study knowledge commons in various sectors. Readers seeking more information on knowledge commons and this series can visit <http://knowledge-commons.net>, a repository for scholarship produced by an international, interdisciplinary group of knowledge commons researchers.

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# Governing Markets as Knowledge Commons

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## Preface

New concepts have the power to open new ways of thinking, new ways of seeing the world, and new ways of inspiring us. That is precisely what the *commons* did. When Garret Hardin examined the tragedy of the commons, he argued that overuse and overpopulation would exhaust the resources of the world. But with the revolutionary work of Elinor Ostrom, and many others in her wake, the story of the commons became a story of promise. The governance mode known as the commons, in which communities succeed in finding solutions to collective action problems through self-governance, has become an essential part of thinking about economic development. Wikipedia and other crowdsourced resources demonstrated that the commons were a thing of not only the past but also the future. By now the commons are inspiring thinkers of the right and the left to think beyond the market and state dichotomy.

We believe that the potential of the commons have not been exhausted; far from it. What the commons, as a concept, has allowed us to realize is how ubiquitous cooperation is in the modern economy. For a long time, we have thought of the economy as primarily a domain of competition. So blind were economists to the idea of cooperation that when competitive markets were opposed to cooperation within firms, it was done under the banner, courtesy of Oliver Williamson's *Markets and Hierarchies*. Since then we have come to realize that firms are often quite different from hierarchies, and that between firms there is often a great deal of knowledge-sharing and other forms of cooperation. And no, we are not (merely) referring to cartel-like practices.

The study of the commons as a mode of governance has also allowed for the realization that individuals pursue a great many of their goals collectively. Within clubs, associations, churches, online communities, artistic scenes, unions, social networks, and the modern sharing economy, individuals join forces to pursue shared goals. Most of the time this does not require the public (government) provision of shared infrastructures. Instead, shared infrastructures and the rules that manage

them tend to be jointly produced and organized by these groups themselves. Sometimes access to the shared goods produced by these groups has been restricted to members; at other times they have been made available to others. The commons have enriched our view of the richness and variety of organizational forms in contemporary society.

These insights are even more pertinent in the modern knowledge economy. Knowledge has always been a difficult “thing” to theorize; its intangible and non-additive nature has made it hard to say definite things about it. This has been no different for economists who have struggled to conceptualize knowledge. On the one hand, there were those who suggested that unless subsidized by the government, there would be no reason to expect that sufficient knowledge would be produced by market actors. On the other hand, the idea of human capital suggested that the knowledge was stored up in individuals, who could employ it for personal gain.

Recent work on the knowledge commons has rightly suggested that much knowledge is shared and produced with communities and is one of the most important resources for these communities. The knowledge shared within different communities is often only partially compatible. The knowledge of one community is not simply qualitatively different from that of another community; the bodies of knowledge can also be incompatible with or contradictory to each other. These differences are directly reflected in cultural differences but are also one of the key resources on which members of these communities can draw. From the common sense instilled in them by their parents and friends, through the cultural habits that unconsciously guide their behavior, to the cultural knowledge reflected in stories and other cultural artifacts, and the social norms reflected in conventions to the more systematized knowledge acquired at school, they are all crucial elements for human action, including commercial and market initiatives.

The goal of this book is simple. We want to investigate the importance of knowledge commons for the functioning of markets. We want to understand how they facilitate trust. How market participants learn that someone is creditworthy. How they create shared frameworks of understanding that allow, for example, for the distinction between product categories, such as (single malt) scotch and other types of whisky. How they function as resources for the development of new products, or the development of new identities. How do knowledge commons help govern online platforms or meeting places for fashion designers? Or how can knowledge commons function to establish relationships between otherwise unconnected individuals through blockchain technology or crowdfunding platforms?

We have long understood that markets are places of individual action. But the commons allow us to see that they are just as much places of collective action. Markets are places where shared knowledge is produced, or indeed where conflict may sometimes prevent that from happening. When shared knowledge does get produced, it fosters cooperation as well as competition. We believe that these knowledge commons are a precondition for the emergence and continued existence of markets.

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This volume has been several years in the making and we are grateful for having met many inspiring people along the way and for the help we have received. We would like to thank the editors of the Governing Knowledge Commons series for inviting us to contribute to the project and, in particular, appreciate Brett Frischmann's continued encouragement. We thank Matt Gallaway at the Cambridge University Press for his support and we appreciate the detailed comments from the three referees. We are delighted to be a part of the Governing Knowledge Commons Research Coordination Network, a community of scholars that carries forward institutional analysis in spirit of Elinor and Vincent Ostrom. In 2018, this volume received a kickstart from the workshop in Arlington, VA generously supported by the Mercatus Center at George Mason University, and with the invaluable support from Stefanie Haeffele, Malia Dalesandry, Alice Calder, Haley Larsen, and Connor Currie. Thanks to the generous support of the Mercatus Center we were able to meet with the contributors and spend a couple of days discussing the contents of this volume together. Later that year a smaller number of contributors gathered for a workshop on Markets as Knowledge Commons in Rotterdam, generously supported by the Erasmus School of History, Culture, and Communication. Finally, Kuchař would like to appreciate the opportunity to discuss the outlines of this volume at the 2019 Workshop on Growth in the Modern World that took place at the University of Buckingham. We especially appreciate the thoughts and observations that David Gindis, Matthias Klaes, and Deirdre McCloskey shared with us.