

Examples of Social Dilemmas

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This area is in work.

This page will serve as a collection point for the many examples of Social Dilemmas as I am made aware of them. Some of these have been discussed elsewhere in these pages but are repeated here for completeness.

• Elections

There is some cost to you in voting. While it may be small for some, it is significant for others. Some people go to a great deal of effort just to vote. What return do they get for this effort? Zilch! A single vote can only impact an election when there is a tie, which has essentially zero chance of happening in a state or national election. The typical response to this is "Well, what if everyone did that?" Of course, that would be a disaster. But we are not talking about everyone, we are talking about ONE individual.

Any activity, if "everyone does it", is likely to have a major impact on society. The next time you buy or sell a few shares of stock, consider "What if everyone does it?". What if everyone flushed the commode at the same time you do? Etc.

But like the Prisoner's Dilemma, if you do "cooperate" by voting and everyone else does, society as a whole is greatly benefited. On the other hand if everyone declines to vote -- which rationally they should -- we have a disaster. Yet each individual has a greater reward by not voting! That is the paradox.

• Fisheries

Fisheries, particular those part of the earth's oceans, are an excellent example of the "Tragedy of the Commons". As a fisherman, it is certainly in my personal best interest to keep on fishing even though disaster looms for all of us. I justify this by the logic that my fishing is not likely to impact this impending disaster one way or the other.

• Insurance Fraud or Abuse

"Well, of course, I really don't need those expensive brain scans for my annoying headache, but what the heck, its my health I am concerned with, it will cost me

essentially nothing, and the millions of other insurance members will each see little increase in their premiums".

- **The Criminal Justice System**

We know that crime is out of control and that the various operatives of the legal system are a major source of the problem. So, as a judge, why don't I take necessary, but possibly radical, effort to combat this problem? Because my efforts would do no noticeable good in this massive problem and it might cost me personally dearly.

- **The National Debt**

When a politician adds to the burden of the National Debt, she realizes that incremental addition will be spread over the whole population -- which includes herself. However the rewards to her directly for spending the additional money far outweigh the small impact of the group burden.

- **Welfare**

The welfare program is a social dilemma as there is a greater payoff -- at least in the short run (most people are driven by short run incentives) -- to the freeloader than those who pay their on way. See the recent article, [The Value of Welfare](#), from the Cato Institute, from which I quote: "Since the federal welfare benefits a typical welfare family would be eligible to receive exceed the wages for the type of entry-level job that most welfare recipients could expect, welfare remains a *rational choice* for many people" (emphasis added by me). The basic study that this article references is available as "[THE WORK VERSUS WELFARE TRADE-OFF: AN ANALYSIS OF THE TOTAL LEVEL OF WELFARE BENEFITS BY STATE](#)".

- **Water Shortage**

Let's say you live in Los Angeles and one day the city announces that, due to a water shortage, everyone should cut back on consumption. In particular, the city says that you should only shower once a week. Now you have been working in the garden and you really would like a shower! What are your options? If you don't take a shower, the water situation gets no worse but you are uncomfortable and stink like a clogged sewer. If you do take a shower there is great benefit to you but the small amount of water that you consume is insignificant compared to the total in the reservoir and, in fact, no one will notice. Put another way, your consumption when spread over the millions of residents in Los Angeles is of no consequence.

In fact in late 2000, the [state of California started having major power shortages](#) and experienced this dilemma immediately! To avoid black-outs, the utilities pleaded with the consumers to restrict and economize on their usage of electric power. Of course, this was

ignored because it is simply not rational for the individual to suffer an inconvenience for the benefit of the whole state. Therefore, the blackouts commenced and California has a real disaster on its hands!

• **Employee Cooperatives or Ownership**

We often hear of some company being bought out by employees or a portion of a company being established as an employee cooperative with rewards based on production of the unit. Such an arrangement should increase production dramatically, right? Not likely. Each employee in such arrangements finds themselves in a "Commons" situation with the usual reward for freeloading. Unless something is done to correct this situation, production will more than likely go down rather than up. A typical correction would be to go back to a hierarchical organization similar to what they had before the employee ownership plan was instituted!

• **Investment Strategies for Competing Businesses**

Pat Dorsey, in his financial article, "[The Internet Is Not Yet Finished](#)" (\$\$), discusses how companies overspend in an effort to get the edge over the competition, resulting in a loss for all. A free discussion is [here](#).

• **The Internet**

Since the internet is a community -- a virtual community, we would expect problems of cooperation as in any other community. And there are. Actually, in the early days -- prior to the opening up of the internet to the masses, that is the start of the "World Wide Web" -- there was remarkable cooperation. At that time the internet was occupied by mostly technical and academic people, fully subsidized by the government or academic institution and it appears that under such conditions, the incentive can be to cooperate.

But then the WWW came along with its easy to use browsers, allowing millions of ordinary people and businesses to use the web. At that point, it was anticipated and observed that there would probably be some "social dilemmas". The primary problems on the internet that have surfaced are massive grabbing of bandwidth (such as the hundreds of radio stations now broadcasting) and the consuming of information from newsgroups, etc. without contributing any.

An early and fairly thorough online paper describing this problem is "[Managing the Virtual Commons: Cooperation and Conflict in Computer Communities](#)" by Peter Kollock and Marc Smith.

Fortunately, no real "tragedy" has yet happened since industry and the government continue to supply more and more resources that have met the demand.

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