
***The Logic Of Collective Action :
Public Goods and the Theory of Groups***
by Mancur Olson, Jr.

Summery

The aim of this book is to identify and examine "group theory" based on the notion that group of individuals with common interests are more likely to act on behalf of their common interests. The furtherance of the interests of their members is one of the most fundamental purposes of most organizations, for instance, labor unions are expected to strive for higher wages and better working conditions for their members. This view is based on the assumption that organizations can perform a function when there are common or group interests and its primary function is to advance the common interests of groups of individuals. The common or collective benefits provided by governments are basically defined as "public goods" which implies that those who do not pay for any of the public good cannot be excluded from sharing in the consumption of the good. The provision of public goods is then the basic function of organizations generally. From economic perspective, there is a traditional theory of group behavior that assumes that participation in voluntary associations is universal, and that small groups and large organizations tend to attract members for the same reasons. Nevertheless, Olson suggested that the small groups are more likely to provide themselves with a collective

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good simply because of the attraction of the collective good to the individual members. Hence, the smaller the group, the better it will further its common interests. One of the most crucial factors in determining whether or not it is possible that the voluntary, rational pursuit of individual interest will bring forth group-oriented behavior is in fact the size of the group. (Olson, 1971, pp. 5-52)

It has been concluded that small groups of people are more efficient and viable than large ones and that "action-taking" groups and subgroups tend to be smaller than "non-action-taking" groups and subgroups. Olson has argued that economic incentives are not the only incentives, for instance, people are also motivated by a desire to win prestige, respect, friendship, and other social and psychological objectives. In short, when there was no economic incentive for an individual to contribute to the achievement of a group interest, there might be a social incentive for him or her to make such a contribution. By and large, social pressure and incentives operate only in groups of smaller size, where members can have face-to-face contact with one another. (Olson, 1971, pp. 53-65)

Labor union is used to illustrate the conclusion that some form of compulsory membership is generally indispensable to union survival. In other words, when the government provides collective goods and services it restricts economic freedom; when it produces the non-collective goods usually produced by private enterprise it does not necessarily entail any loss of freedom. For example, the development of collective bargaining in the United States normally restricts economic freedom in that it implies that those who do not join the union must be deprived of the right to work in the unionized enterprise. (Olson, 1971, pp. 66-97)

Marx defined the theory of classes in terms of their economic interests, which they will use all methods, including violence, to further. Marx emphasized on self-interested individuals and self-interested classes acting to achieve their interests. It has strongly been argued that Marx's theory of social classes is inconsis-

tent as it assumes the rational, selfish pursuit of individual interests. In fact, Marx emphasized far too much on self-interest, and individual rationality. To be more specific, Marx has been heavily criticized on the ground of its consistency and basic assumption that apathy and the absence of the degree of class action are due to the lack of rational economic behavior, in fact, they could logically be due to its strength. Furthermore, pluralism is the political philosophy which argues that private associations of all kinds, and especially labor unions should have a larger constitutional role in society, and that the state should not have an unlimited control over the plurality of these private associations. Similar to that of Marx, Olson has argued that the "group theory" used by many political scientists is logically inconsistent. (Olson, 1971, pp. 98-131)

In the last section, how the largest economic pressure group in the United States are explained by the by-product theory has been shown in detail. These types of large economic lobbies obtain their support mainly because they perform some function besides lobbying. The labor union for instance is seen as one of the most important single type of pressure-group organization. Basically, the compulsory membership is central to a stable labor movement of any size and it follows that the political power of unions is a by-product of their nonpolitical activities. Just as unions, there is also a pervasive tendency towards compulsion in professional associations like the law and medicine generally. Such professional association in the United States has offered its members and potential members a number of selective or non-collective benefits. It has offered its members benefits which can be withheld from nonmembers and which provide an incentive for joining the organization. The business community is another segment of society that has the largest number of lobbies working on its behalf. The trade associations which is one of the main type of organization representing the business interests are normally small and able to derive further strength because they provide some non-collec

tive services for their members in addition to lobbying. The by-product theory of pressure groups developed in this study can be applied whenever there are rational individuals interested in a common goal. It has been concluded that the unorganized groups that have no lobbies and exert no pressure, are among the largest groups in the nation, and they have some of the most vital common interests. There is no presumption that large groups will organize to act in their common interest. Small groups which have an independent source of selective incentives will tend to organize or act to achieve their objectives. (Olson, 1971, pp. 132-167)

Critique

The Book has successfully achieved its objective to elucidate "group theory" based on the idea that groups will act when necessary to further their common or group goals from several relevant perspectives. This idea of "group theory" is supposed to follow logically from the widely accepted premise of rational, self-interested behavior. However, the author has raised one of the most critical conceptual questions concerning the relation between the size of a group and the individual incentives to contribute toward the achievement of group goals. And it has come to the conclusion that the larger the group, the less it will further its common interests. In this book, attempts have therefore been made to identify and examine the most important factors influencing the furtherance of the common interests of groups of people. Conceptually, it seems to me that the questions explored and material presented in this study is, therefore, very useful and interesting.

From my point of view, this study has provided one of the most crucial issues contributing to current and future debates about an understanding of collective action. The book not only provides a good sample of the problems addressed from economic, sociological and political science background but also the theoretic-

cal and practical contributions. I found that the methodology employed in this analysis has been logically and well constructed, since an economic analysis has been used as the tool to explore the costs and benefits of alternative courses of action open to individuals in groups of different sizes.

In talking about social incentives and rational behavior, the author has attempted to distinguish between the obstacles to group-oriented action that are due to a lack of group consensus and those that are due to a lack of individual incentives. Having done this, the author has critically evaluated both the economic and non-economic (social and psychological) incentives in detail and has shown that in the absence of economic incentive an individual could sometimes be motivated by a social incentive to contribute to the achievement of a group interest. The argument here is well supported by those social theorists who recognized the importance of social nature of organizations. For example, these early contributions include the Hawthorne studies by Elton Mayo and his groups, the hierarchy of needs theory by Abraham Maslow, theory X and Y by Douglas McGregor, the motivation-hygiene theory proposed by Frederick Herzberg, the Cooperative systems by Chester Barnard, the expectancy theory by Victor Vroom and the like. (Robbins, 1990, pp.29-44) As a consequence, it seems appropriate for me to agree with the author that we should analytically look at a number of different perspectives on the nature of group behavior in the organizations.

Another important aspect of Olson's study is that he has attempted to provide a comprehensive analysis of Marx's theory of social classes and the theories of the state developed by some other economists. Conceptually, it is quite logical for me to agree with the author that Marx's theory of social classes is inconsistent with its basic assumptions. This basic argument presented in this study has been well supported by many of the writers. For example, It has been argued that, while its focus on the inevitable and polarized class struggle in industry and

society between capitalists and the proletariat may have been a valid interpretation of nineteenth-century capitalism, it does not explain the complex economic, political and social conflict of welfare-state capitalism in the late twentieth century.(Farnham and Pimlott, 1979, p. 66) By the same token, other have criticized Marxists for their views on the role of the state. Dabscheck has argued that the Marxist analysis underestimates the independence of the state. He feels that the legislative action of labor governments in many cases is more designed to cement political alliances with the industrial wing of the labor movement than to serve the interests of capital. (Dabscheck, 1989, pp. 14-17)

Furthermore, the sequence of topics presented has been organized very logically. The author first elucidates a logical and theoretical explanation of certain aspects of group and organizational behavior then further examines the implications for groups of different size, the implications of the argument for labor unions, Marx's theory of social class, the "group theory" used by political scientists, and finally derives at a new theory of pressure groups. Although the author has set out the topic in a well ordered and logical sequence, the major weakness of this analysis I found is that, while a good survey of the topic has been provided, the detail of the analysis of the fundamental conceptual assumption of "group theory" was seriously insufficient. Suffice it to say, there was a lack of detailed empirical explanations on the existence of common interests.

For instance, it has been notably argued by Morgan that the assumption that there is a common purpose is of questionable validity or utility. Organizations are perhaps usefully understood as sites where participants interact in pursuit of a range of interests. Some of these interests will be common, others will differ; some will be complementary, some will conflict. From this perspective, organizations are characterized as political systems by both consensus and conflict, one being as natural a state as the other.(Morgan, 1986, pp. 194-198) In essence, this

does not rule out the possibility that a common purpose may develop; what it does rule out is any assumption that a common purpose is inherent in the nature of organizations.

Nevertheless, an in-depth analysis of the "group theory" has been made in this book. The author proposed a new theory of pressure groups which is more consistent with the logical relationships and which suggests that the membership and power of large pressure- group organizations does not derive from their lobbying achievements, but in fact is a by-product of their other activities. As a consequence, there is no doubt that the author has demonstrated his ability to contribute both theoretical and empirical evidence in this study and moreover produced some valuable materials of discussions on the society.

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