

INTRODUCTION: THE SEDUCTIVE POWER OF MANCUR OLSON¹

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“The Logic of Collective Action” was Mancur Olson’s Ph. D. thesis defended at Harvard University in 1963 and later published as a book in 1965 by Harvard University Press. The story behind the defense of “The Logic” is delightful. Mancur completed the first draft of his thesis under the supervision of Edward Chamberlin and had always spoken fondly about his first advisor. When Chamberlin became ill, Thomas Schelling replaced him for the final approval of the thesis. The approval was far from automatic and took a long time. Mancur was so worried whether his dissertation was acceptable to his new advisor that he had prepared a back-up manuscript in case “The Logic” was rejected. This back-up dissertation was published in 1963 as “The Economics of the Wartime Shortage.”²

I had mixed feelings about “The Logic” when I first started reading it as an undergraduate student of mathematics. I stopped in the middle of Chapter 2 since the math was so obnoxiously vague, and I finished reading as a graduate student when Mancur distributed copies of “The Logic” in his class. Only then did I learn to appreciate the depth of his insights. There was a good reason for math in “The Logic” to be unfinished: the empirical phenomenon analyzed by Mancur Olson was so rich that no single reasonably simple model could capture its wealth. Even 50 years after “The Logic” was published, it still moves the imagination of scholars and fertilizes numerous papers in sociology, political science and economics.

This special volume of *Decisions* honoring the 50th anniversary of the publication of “The Logic” includes two kinds of articles. The first part comprises informal memories of Mancur by his students, teachers and friends. The second part includes articles on collective action. The contributions come from American, Polish, South Korean, Turkish and Ukrainian authors.

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² Personal communication from Marty McGuire and Mancur Olson.

1. MEMORIES OF MANCUR

Mancur Olson made the Collective Choice Center of the University of Maryland, College Park into an outfit with the wonderful intellectual climate on par with Bertrand Russell's Cambridge or the Scottish Café of Stefan Banach and Hugo Steinhaus in Lvov. His intellectual energy was legendary and boundaryless. He tirelessly lectured and discussed his ideas in taxicabs, on stairs, in train stations and in the offices of his colleagues. Whenever he invited his students to an end-of-semester party at home he would, after brief mandatory smalltalk, always shift to explaining his new research ideas. He would just fire up his home overhead projector, blackout the room, and start showing transparencies of his freshest models. Mancur's incredible energy turned every lecture into an entertaining exchange of ideas. He taught either his own contributions or the work of other economists that was necessary to understand his most recent ideas. We – his students – called his sequence of courses in Public Choice 1 and 2 “Mancur Olson 1” and “Mancur Olson 2.” He was one of the few economists who could teach such a sequence and make it legitimately interesting and important.

This edition of *Decisions* collects the essays in which Mancur's students recall his delightful stunts. Jongseok An describes how Mancur advised him to practice his presentation skills by looking in the mirror. It is amazing how long such a supposedly minor piece of advice can stay with us. Jac Heckelman writes how Mancur assigned a standard textbook for his Macroeconomics class and then hardly made any reference to it. When Jac had to buy “The Rise and Decline of Nations” for Mancur's class, he received a refund check from Mancur for the royalty that his book generated. I got my \$2 check as well. Peter Murrell recalls long lines of students at Mancur's office waiting for their refund checks. The checks were for the “Rise.” All students in my class received “The Logic” for free since it was selling very well and Mancur had full boxes of author's copies.

Keith Dougherty tells a hilarious story about how Mancur turned a simple job of being a substitute chair for running Amartya Sen's visit into a fascinating debate on topics that interested him most. In another anecdote told by Keith, everybody who knew Mancur could easily imagine how he, being lost in a Kafkaesque building with a smart graduate student working on collective action, could entirely drop his interest in finding the way out and start discussing ideas instead. Bilin Neyapti, whose dissertation committee Mancur chaired, recalls a similar event. She discussed her research with Mancur in a taxicab going to a train station.

Peter Murrell reminds that the correct pronunciation of Mancur's first name was clearly not 'Manker'. His name supposedly meant 'victorious' in Arabic.³ Mancur tirelessly corrected the first year graduate students who, predictably, kept making the same mistake. Today, when one pronounces Mancur's name without 'k', it sends a signal of being his student, colleague, friend, or at least being well familiar with his work and personality. Peter, who knew Mancur for twenty years, paints a picture of a brilliant man who 'treated janitors and presidents alike' and whose wonderful sense of humor made the 'dismal science of economics' more enjoyable. The motif of Mancur's egalitarian demeanor returns in memories of his another long-term colleague, Piotr Swistak. Piotr describes a last-minute meeting that he organized for Mancur with a promising visiting undergraduate student who later became quite well-known. The meeting turned into an endless exchange of ideas and got Piotr stuck in his own office for hours. Piotr writes with regret that an early death robbed Mancur of the highly deserved Nobel Prize that he would have undoubtedly received had he lived a few years longer.

Marty McGuire offers a fascinating recollection of Mancur's life and work over their 43-year long friendship. He describes the influence that "The Logic" had on Mancur's joint seminal article with Richard Zeckhauser that applied its ideas to the formation of military alliances (Richard writes more on that topic in his own paper published in *Decisions*). The article was Mancur's first homerun. It provided a short and lucid introduction to "The Logic". We learn about "The Logic's" slow start and how Mancur's second opus, "The Rise and Decline of Nations," had catapulted him to academic stardom. Marty also describes how Mancur built and run IRIS, his think tank that focused on the institutional aspects of transitions to democracy.

Among many fundamental contributions that Tom Schelling, Mancur's advisor, made to game theory there are beautiful representations of various collective action problems (see Schelling 1973; his model is discussed in one of the papers in this volume). We learn from Tom's note that, surprisingly, Mancur developed his interest in collective action even before meeting him. And, of course, he communicated his ideas to his future advisor in a car, in an Air Force uniform, picking him up from an airport.

³ The details of the correct pronunciation are still mysterious. One school says 'Mantoor', one says 'Mansir' and one 'Mantzer' or 'Mancer' (Marty McGuire and Richard Zeckhauser, personal communications).

2. COLLECTIVE ACTION

The first set of longer papers focuses on empirical examples of collective action dilemmas and their large-scale consequences.

Peter Ordeshook discusses the conundrums of Ukraine's potential 'blind' decentralization or federalization that may produce many problems of collective action. Corruption-supported centralism inherited from the Soviet era doesn't work as a solution. Among local solutions there may be the introduction of large players or economies of scale, such as big casinos in the Crimea instead of plankton of tiny ones. Peter especially praises party labels as informational shortcuts that allow voters to coordinate their choices and motivate politicians to protect the strength of their labels. One institutional device to strengthen party labels is simultaneous elections that increase turnout and, due to the complexity of choices, facilitate informational shortcuts provided by party labels. Simple decentralization may fail without a careful design of the institutions that will help to overcome collective action problems.

Leszek Balcerowicz's paper reviews Mancur Olson's contribution to social sciences and then confronts some of his propositions with what we know about the political economy of reforms. For instance, Leszek observes that the performance of reforming autocrats displays substantial variation that cannot be explained solely by the distinction between roving bandits-stationary bandits, and adhering to specific ideology may be crucial. We can expect that reforms may be more successful when fewer distributional coalitions are accumulated. The best time for reforms comes in moments of 'extraordinary politics', when strong political turbulences weaken the existing structure of distributional politics. Such a moment happened after the fall of communism in 1989 in Central Europe, and led to the deterioration of local communist parties, communist trade unions and other organizations. In Poland, it enabled the introduction of a comprehensive 'shock therapy' later universally dubbed the 'Balcerowicz Plan'.

Richard Zeckhauser offers an Olsonian perspective on climate change and the phenomenon of free riding. The key observation is that the collective action problem involves many asymmetries such as the vulnerability to climate change, history of greenhouse emissions, emissions per dollar of GNP, level of economic development, and cultural environmental concerns. Emphasizing different aspects of the game generates different distributions of costs among the involved parties. It's no wonder that the negotiating countries support the particular perspective that gives them an advantage and minimizes their costs. The resulting compromises make agreements such as the 2015 Paris Accords insufficient and ineffective. Richard's article also includes a long section on his personal recollections of his early joint work with

Mancur on their famous 1966 economic theory of alliances and how he learned about Mancur's death.

The second set of papers deals with various theoretical aspects of collective action.

Marek Kaminski describes three non-standard game-theoretic formalisms that can be used to model collective action problems. Those models have distinct advantages for representing certain empirical applications and include Schelling's games, Kuran's dominos and partition function form games. Schelling's games go around certain measure-theoretic problems that make using the continuum of players hopelessly complex. Kuran's dominos nicely represent chain reactions of developing preferences and help us to infer a few enlightening predictions about the unpredictability of revolutions. Partition-function form games break with the non-cooperative framework entirely. They do not try to predict any outcome but instead evaluate the potential gains and losses from forming coalitions whose payoffs depend on the entire coalitional structure. The detailed examples of collective action problems include vaccination, the unpredictability of revolutions, and electoral coalitions.

Marianna Klochko discusses the importance of time preferences for collective action problems. In repeated games, when players attach sufficient importance to the future, cooperation may emerge as a perfect equilibrium in games such as the repeated Prisoner's Dilemma. Marianna analyzes the behavior of drug addicts from Cocaine Anonymous meetings, prisoners in Ukrainian prisons and Ukrainian students studying in the West. She argues that, while time discounting is often assumed in theoretical models to be exogenously fixed, in many empirical situations it is reasonable to assume that it is endogenous. The mechanism of change is context dependent but the time discounting changes in a coherent way that can be analyzed and understood and can even make reasonable predictions of how the changes in the environment will affect future behavior.

Marty McGuire's piece doesn't deal with collective action directly but with another theme of late Mancur, i.e., on the relationship between the form of government and incentives for redistribution. In their 1996 article, McGuire and Olson argued solely on the basis of substitution effects that governments choosing more redistribution have incentives to provide less public goods through the reduction of capital productivity associated with redistributive taxation. In the present piece, Marty argues that actually redistributive taxation may also deplete the tax base and this effect may counterbalance the incentives to invest less in public goods. As a consequence, whether governments choosing more redistribution provide less or more public goods depends on the particulars of both types of opposite incentives. Marty discusses examples of various types of governments, including a benevolent welfare-maximizer and a totally selfish autocrat.

Carole Uhlaner develops further her ingenious theory of 'relational goods' that helps to solve many problems of collective action. Such goods are produced by non-anonymous relationships with other people (i.e., their identities matter) and must be consumed jointly. They may be 'direct' – when they are based on personal contact like friendship – or 'indirect' – when a desired social identity is involved. The incentives for collective action provided this way may be sufficient to motivate participants for action even if there are no other benefits from their action. Furthermore, one can distinguish between 'consumption' and 'instrumental' goods. Examples of consumption relational goods include watching a sunset, feeling liked or being a part of a group or protest, etc. The instrumental relational goods reflect consequences, such as from an action that enhances the value of an identity. Often, political participation may be explained by the existence of relational goods.

3. MY PERSONAL MEMORIES OF MANCUR

My personal encounters with Mancur as a graduate student of political science who frequented classes in economics were full of awkward misunderstandings and gaffes. I am sure that Mancur would enjoy looking at the list of the worst blunders.

As an international student with a strong math background and weak English, I started taking more advanced classes hoping that they would be math-heavy and conversation-light. Mancur recognized my conversation fear quickly and tried to talk to me slowly. He also tried to explain to me – a newcomer from behind a freshly dismantled iron curtain – how various aspects of Western civilization work. At one of his parties for graduate students Mancur charged me with an important task of opening a bottle of red wine. When I had clear problems with using the semi-automatic corkscrew, he offered me an interesting lecture on the development of corkscrews in the Western world and finished with a practical demonstration. (I didn't know how the device worked since due to health problems I didn't drink alcohol at all.)

On another occasion, Mancur described his reminiscences from his work on transitional economies in one of the Central European countries. He was amazed to see a dustpan with no bump to stop the collected trash from coming back. With laughing tears in his eyes, he described to us the heroic efforts of a cleaning lady to keep trash inside. Then he realized that I was in the audience and that I might feel uncomfortable, so he started reciting all the marvelous achievements of the Soviet space program and the smart design of the Polish economic shock therapy by Leszek Balcerowicz who was Deputy Prime Minister. I told him that he was perfectly right laughing. The system was capable of putting the first man in space and yet unable to produce a sensible dustbin. This is why we fought so hard in Poland to get rid of it.

Mancur mentioned a few times a Polish think tank, CASE, whose work he respected. The owner and founder was my friend, so I was happy to describe to him its beginnings, its inner workings and that I had an ongoing offer to work for them. Mancur seemed very confused and mumbled “interesting, interesting, I didn’t know that...” I learned later that there were two organizations called CASE in Warsaw, and we were talking about different ones. I was talking about a market research company and Mancur meant a think tank led by Leszek Balcerowicz that focused on transition to democracy.

The biggest and most shameful blooper came when I rejected Mancur’s offer of joint work. When he presented in class a working version of his roving bandit-stationary bandit argument, I spent five days re-doing the math for his model. What resulted was simpler and more general. I showed the model to Mancur who immediately started using it in class. He also gave me a fat folder with his correspondence – hundreds of pages! – with Marty McGuire with fascinating exchanges of their ideas. After spending a couple of days reading the letters, I got some rather preliminary, but nevertheless promising, results and showed them to Mancur. He scratched his head and on the next day offered me joint work on a paper that would develop those ideas further. In a fashion quite typical for a fresh international student and completely incomprehensible for an American, I declined saying that I have plenty of other work that has to be finished. Mancur couldn’t hide his surprise but nodded his head politely and wished me good luck with the other work. It took me some time to understand that I hadn’t recognized what would have been a marvelous intellectual adventure for a graduate student. My consolation is that this was only one of many embarrassing high-caliber bloopers that I made in my student years. I am happy that the paper by Marty McGuire in this issue of *Decisions* develops some of the ideas that he discussed with Mancur in the letters that I read as a graduate student.

Mancur had a rare gift of making everybody feel special, as if your relationship with him was unique. This feeling was a by-product of his extraordinary energy that he shared with the world generously. His students and colleagues, infected by his enthusiasm, remember him fondly after so many years and often return to his themes and obsessions in their major projects (e.g., Heckelman and Coates 2003, Dougherty 2006). Always in a hurry, this is why one of Mancur colleagues called him a “bull elephant” charging tirelessly through the jungle of ideas. I experienced such a Mancur’s charge in my first year at my first job at NYU in 1996. Mancur graciously accepted my invitation and, after a talk he had at Columbia, gave not one but two talks at my Department that ended with heated debates. Then we went to spend his \$300 honorarium on a portable printer that – in the times when the Amazon.com era had just started – he couldn’t find in College Park. He was delighted to find one.

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