Olson, Mancur. 2012. "The Logic of Collective Action [1965]." ***Contemporary Sociological Theory*** **124.**

Key Points

- Asks the question of under what conditions can we expect organizations and groups to seek cooperation
- The type and size of a group matters and influences their behavior
- Are there ways to incentivize cooperation

Summary

Olson begins the book by asking what the purpose of organizations and groups are. He concludes that whether they are effective or not, organizations work to further the interests of their members. For examples, labor unions working toward greater wages and bargaining power for their members or corporations pushing for stockholder interests. These interests that organizations pursue, Olson classifies them as collective interests as in interests that the organization's constituents broadly wish to see fulfilled or stand to benefit from. We could then say that individual interests are interests that don't have such a broad benefit and therefore are most efficiently pursued and achieved by individuals. These individual interests tend to conflict with collective interests. For example, in the competitive economic market, Olson states that it's in the interests of those participating in the market to have prices high so to make the greatest margin of profit. The high profit in this case would be the collective good or collective interests. However, to keep profits high, members need participation of everyone in the market to cooperate to maintain the profit. However, there is an incentive for members to defect and undercut the competition by setting their prices below the market to maximize their own individual profit. This example shows a basic choice of individuals will either seek collective benefits vs. individual benefits. Olson states, "for these reasons, it is now generally understood that if the firms in an industry are maximizing profits, the profits for the industry as a whole will be less than they otherwise would be." In essence, much like what is seen in something like the prisoner's dilemma, without cooperation, the potential profit will be lower due to a supposed "race to the bottom" where industry members each lower prices to undercut competition to the point where profit to be gained is smaller.

Olson takes this concept and conflict and applies it to government and state behavior. Perhaps beliefs, emotions, and feelings could be tools to promote solidarity toward collective interests. However, Olson argues that the state cannot run solely through volunteerism, compulsion, and mandates to ensure success. This is due to the potential free rider effect and lack of incentive to buy-in to the overall collective good. Which then leads us to the question of what drives cooperation among partners and how can organization overcome the propensity for low-risk non-cooperation? Olson turns a rational model to explain cooperation. In a nutshell, through a process of rational evaluation, individuals seek to determine whether the supposed

common interest's payoff and the incentive for cooperation is great enough to compel participation. They evaluate whether there is a potential risk to their non-cooperation. In many ways, this reflects a sort of risk/benefit analysis and governments, state, and organizations must balance potential cost with potential risks.

Olson suggests that humans naturally seek out groups due to embedded herd instincts and the need for groups to take on potential larger threats. However, the size of a group leads to potential problems. For example, if we turn to something like the stag hunt game of cooperation, we can see that the size of the animal it beneficial to include more participants. However, if you have a lot of participants, the share in the meats and animal product is reduced. Therefore, the incentive for cooperation and to risk one's life to take down larger prey goes down. Olson believes that there needs to be greater payoff and in organizations where money is the payoff, more employees mean more dispersal of money, which means overall, the organization is making less to cover the cost of participation. The larger the group, the further it will fall short of providing an optimal amount of collective good.

Should groups need to be large to tackle complex problems, in what ways can larger groups work? The presence of selective benefits, which are benefits that can provide a more individually directed incentive could help foster cooperation. However, Olson also points to a "federal" group where the group is divided into a smaller number of smaller groups, each of which has a reason to join with the other groups to form a federation. He also suggest that the types of groups we're dealing with also have impact on the potential for cooperation and outlines three different kinds of group formations. The privileged group, where members gain more from public good than it would cost have the greatest incentive to cooperate because the cost of cooperation is relatively low compared to its benefit. The intermediate group, which has members that could reasonably withhold their cooperation, which then would have a noticeable impact on the system. It's possible that goods within this group might be provided due to the significant impact it would have should they not be. For those within the latent group, members could withhold cooperation without much of a noticeable effect. Therefore, the risk of non-cooperation for members is low and that makes it to where the goods won't be provided without significant coercion, pressure, or selective incentive.