

**Introduction to Environmental Economics**  
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**Lecture – 08**  
**Mancur Olson's Theory of Collective Action**

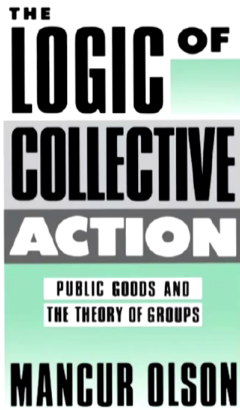
Hello everyone, today we will be discussing Olson's Theory of Collective Actions. So, this is one of the seminal theories that deal with that deals with the collective action problems, or issues related to the public goods again and basically his arguments falls in the broad area, broad disciplinary area of economics and political science.

And if you see go through this book *The Logic of Collective Action*, it provides a very original thought on the theory of group and the organizational behavior itself. So, the theory explains that most organization they do produce collective goods, or public goods and for that reason the members need to pay for it.

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**Collective Action Theory: Mancur Olson**

- Mancur Olson (1965)
- Trained in Economics and the founder of IRIS (Institutional Research and the Informal Sector) at the University of Maryland.
- Three Major Publications:
  - *The Logic of Collective Action* (1965)
  - *The Rise and Decline of nations* (1982)
  - *Power and Prosperity* (2000 )



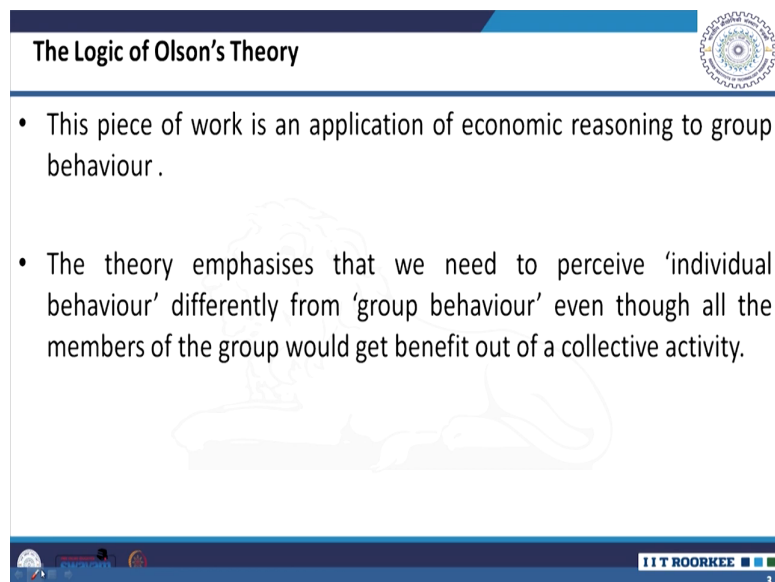
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But however, this logic is not meant for the large groups and in most of the cases in the large groups this provision the public goods it is not successfully provided, or it may not actually successfully happened. So, in this context the book is actually key document that can provide that why the group members behave in a particular manner when their size is large or size is small.

So, this is what you can say that it will be giving a kind of strategies for the performance for successful provision of the collective goods, collective actions and collective goods in the event of the size of the group and the organization itself. If you see the original idea then you can say that his book is the logic of the collective action public goods and the theory of groups.

And he has written this in 1965 and if you see the disciplinary background of the author Mancur Olson, so, he is trained in economics; however, his writings are more towards the social issues and if you see the major publications that he contributed for the society, so, they are the Logic of Collective Action in 65, Rise and Decline of nations in 82, and the Power and Prosperity he publish in 2000. So, all this major if you see this major publications, he had, so, all these ideas and arguments are actually meant for to the societal, problems and their solutions.

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The slide is titled "The Logic of Olson's Theory" and features a circular logo in the top right corner. The main content consists of two bullet points: "• This piece of work is an application of economic reasoning to group behaviour ." and "• The theory emphasises that we need to perceive 'individual behaviour' differently from 'group behaviour' even though all the members of the group would get benefit out of a collective activity." A faint watermark of a hand holding a globe is visible in the background. The slide footer includes the IIT ROORKEE logo and the number 3.

**The Logic of Olson's Theory**

- This piece of work is an application of economic reasoning to group behaviour .
- The theory emphasises that we need to perceive 'individual behaviour' differently from 'group behaviour' even though all the members of the group would get benefit out of a collective activity.

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And in this context we need to see that this piece of work the logic of collective action is an application of economic reasoning to the group behavior that what is the factors behind the group behavior, why a particular group is behaving in a particular manner in different situation, particularly in providing the case of public actions or public goods.

So, if you see this book then it actually highlights the two things differentiating that the individual behaviour is obviously, different from the group behavior. And why we are saying that individual behaviour is different from the group behavior?

Because if you see generally they the common perception is that the individual will behave rationally and that is why they will always try to maximize their self interest in order to achieve a particular objective that is self interest. And following this logic when this individual will be in a particular group they will also be guided by this rationalism, or rationality and they will also try to achieve the group objective.


This is behind the common perception we do how, but however, he has found that this very perception is wrong. Because individual behaviour in a particular situation that is in satisfying his own self interest is different from the interest of the group itself that is why maybe individual when he is actually making a force in fulfill in achieving a particular target.

So, he will be guide by guided by the principal of rationalism, but whereas, he will be one of the member in a group he will not be guided by that principles. So, that is why the individual behaviour and group behaviour for a particular individual is also different. So, this is in contrast to the popular or common perceptions regarding the group behaviour.

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**Popular perceptions about Group Behaviour:**

- When economic objectives are involved, groups of individuals with common interests, usually attempt to further those common interests.
- Example: labour unions, in Marxian theories of class action, in concepts of countervailing power and in various economic institutions.



The slide features a header with the title 'Popular perceptions about Group Behaviour:' in red text. To the right of the title is the IIT Roorkee logo. The main content area contains two bullet points. To the right of the text is an illustration of a group of colorful human figures standing on a globe. One figure is pushing another towards the globe. The bottom of the slide has a blue footer with the IIT Roorkee logo and the number 4.

So, what is the what is this popular perception or common perception regarding this group behavior? It is interesting to see that when economic objectives are involved groups of individual with common interest, usually come forward to attend this common interest.

So that means, they are self organized they automatically come forward if they do have common interest and they will form a group to attend the common group objective itself. So, in the history itself we can find so many examples the majority of the major examples we can take like your labour unions. So, in case of labour unions, the whosoever at the members the labour unions they try to safeguard the interest of each of the members.

So, that means here if the members, or if the persons they do have common objective that is how to safeguard the labour related issues, they are coming under this labour unions in order to safeguard the same. So, that is why it is the common perception is that people who are

having common interest they automatically come forward form a group to satisfy the common interest itself.

So, here is the picture of this group behaviour that if there is some shared interest, some common interest, then people; obviously, come together and form a group.

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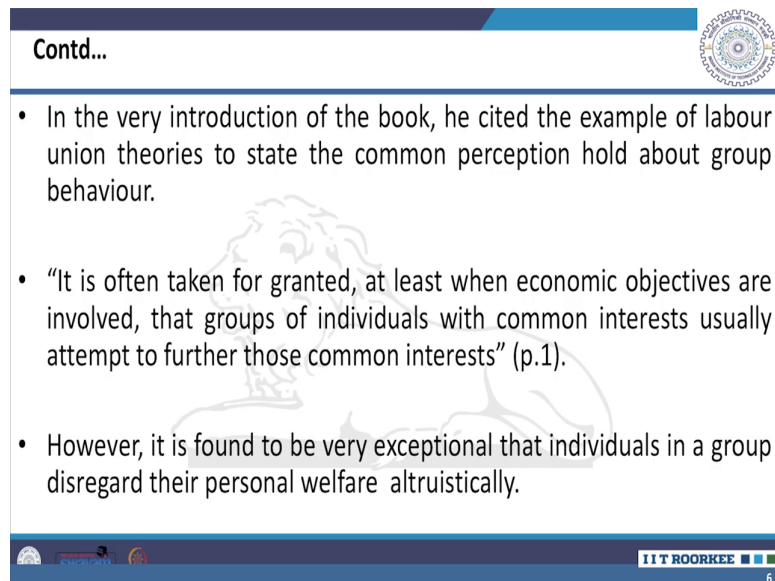
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- Olson states, however, that this is generally not the case.
- For the first time, he argued opposite to the conventional established characteristics of group behaviour- that **people having common interests automatically come together to form a group for achieving a common goal by the instinct of self-organisation.**

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However, Olson find that this perception is not generally the case. For the first time, he argued that this may be the opposite to the conventional or establish kind of group behaviour that we are right now having, that people having common interest automatically come together to form a group for achieving a shared interest or a common goal and it is out of the self instinct or self organizations. So, this is the common establish conventional establish belief on the group behaviour, but this fellow Olson he has argued that this is not.

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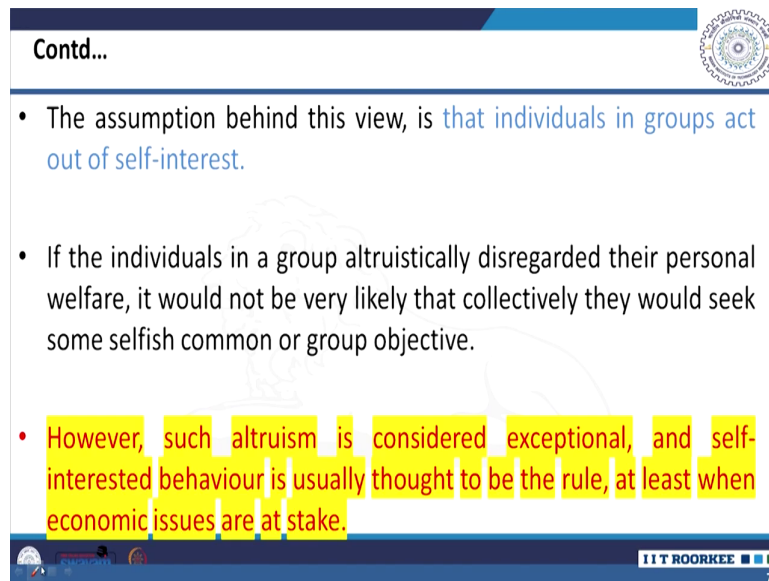
- In the very introduction of the book, he cited the example of labour union theories to state the common perception hold about group behaviour.
- “It is often taken for granted, at least when economic objectives are involved, that groups of individuals with common interests usually attempt to further those common interests” (p.1).
- However, it is found to be very exceptional that individuals in a group disregard their personal welfare altruistically.

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So, and if you are going through the first page the introductory part of the book, then we can find the example of labour union theories take into account the merchant case even. And he has written down there that it is often taken for granted at least when economic objectives are involved that groups of individuals with common interest.

Usual attempt to further these common interests and which he refuse this conventional perception and how and he also found to be the case, that it is very exceptional that individuals in a group disregard their personal welfare altruistically.

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- The assumption behind this view, is that individuals in groups act out of self-interest.
- If the individuals in a group altruistically disregarded their personal welfare, it would not be very likely that collectively they would seek some selfish common or group objective.
- However, such altruism is considered exceptional, and self-interested behaviour is usually thought to be the rule, at least when economic issues are at stake.

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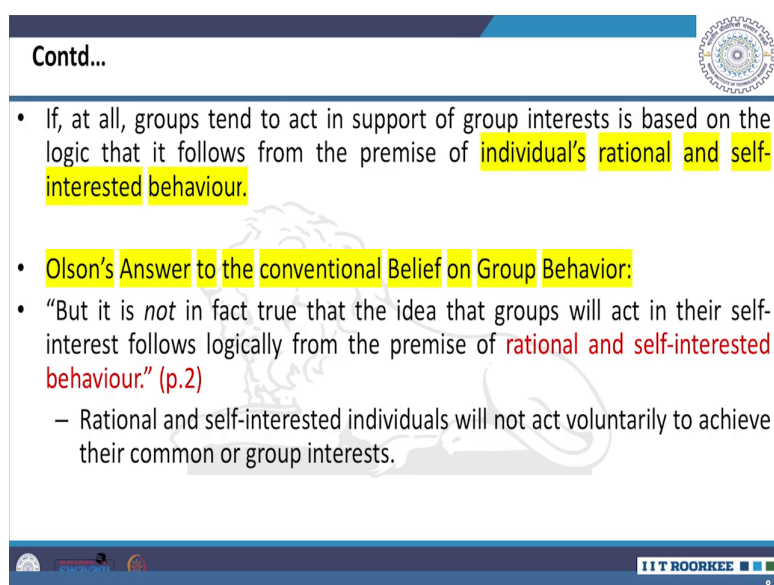
So, here it is just to highlight that individuals in the group act out of the self interest. So, it is the assumption behind this view. But however, this may not work always individuals may not be motivated by the selfless activities or be altruistic altogether.

So, if the individuals in a group altruistically disregarded their personal welfare that is maximizing their own self interest. So, it would not be very likely that collectively they would seek some selfish, and or selfish common or group objectives.

So, in this case he draw the conclusion that such kind of altruism that thinking for others, thinking from the group objectives to be satisfied is considered to be highly exceptional. And self interested behaviour is usually the rule that we are actually experiencing.



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- If, at all, groups tend to act in support of group interests is based on the logic that it follows from the premise of individual's rational and self-interested behaviour.
- Olson's Answer to the conventional Belief on Group Behavior:
- "But it is *not* in fact true that the idea that groups will act in their self-interest follows logically from the premise of rational and self-interested behaviour." (p.2)
  - Rational and self-interested individuals will not act voluntarily to achieve their common or group interests.

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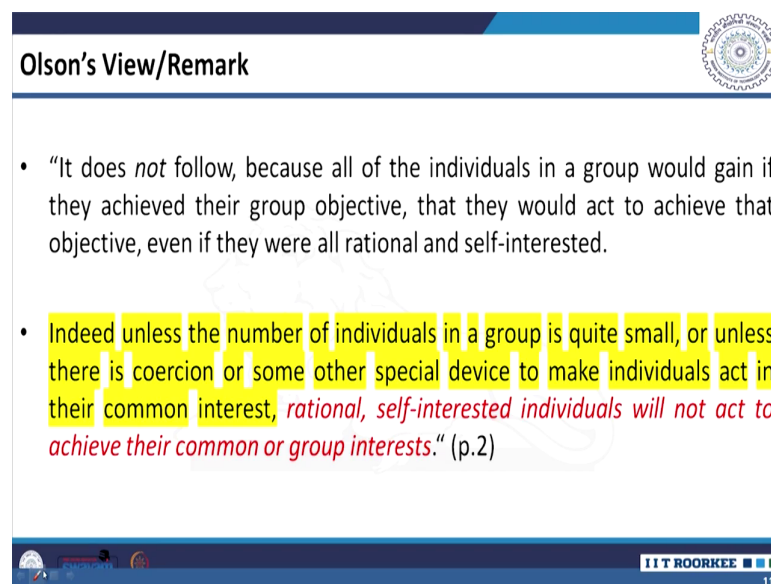
And if at all, the groups they tend to act in support of group interest that is how to achieve the group interest itself. Based on this logic that individuals are following the rationality or they are actually guided by the rational and self interested behaviour.

Then Olson's answer to this conventional belief is that he actually wrote down he opined in these book narrated in this book. But it is not in fact, that the idea that groups will act in the self interest follows logically from the premise of rational and self interested behavior.

And here we can actually take into account this rational and self interested individuals will not act voluntarily to achieve the common or group interest. So, that is what you can say that group behavior, and individual behaviour will be different based on this logic that may be in case of individual behavior.

And fulfilling their own interest they will be following this rationality and self interest motive. But; however, in the group they will not display the same motive. So, what is the reason behind that? Why they will not actually virtue this same rationality and self and self interest individuals for the group objectives as well.

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**Olson's View/Remark**

- "It does *not* follow, because all of the individuals in a group would gain if they achieved their group objective, that they would act to achieve that objective, even if they were all rational and self-interested.
- Indeed unless the number of individuals in a group is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, *rational, self-interested individuals will not act to achieve their common or group interests.*" (p.2)

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So, he proved that it does not follow because of this logic that all the all of the individuals in a group would gain if they achieve the group objectives.

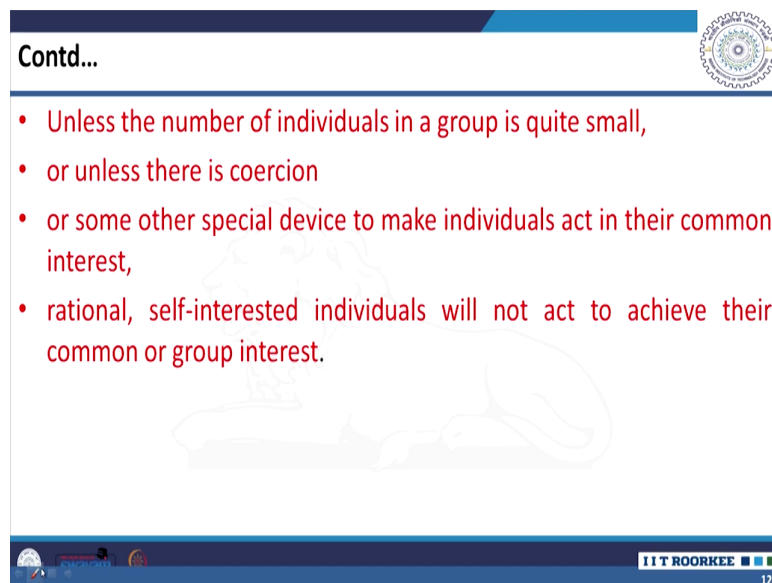
That means, if the group objectives are achieved, so obvious the benefits will be shared. If the benefits will be shared if I am not the party even to contribute for the achievement of the group objective, then only then also I can also get the benefit out of it.

So, what is the need that why I will be contributing my force for fulfilling the group interest. So, in that time and resources I can actually fulfill my other self interest or other vested interest. And the exception is that this may work; that means, the individuals may also find they find they the individuals may also be guided by the rationality the self rationality in order to fulfill this group interest.

If the number of individuals in the group is quite small, or there is a kind of coercion a force, or a monitoring a system or some special device is there who can guide the individuals. Or there is a some system which actually motivate provide some kind of incentive to the individuals to act for fulfilling the group interest. Then only this kind of rationality which are meant for the individual interest that they can also equally be applicable in achieving the group interest as well, otherwise it will not.

So, in this condition we are just highlighting that what are those conditions which you must take into account in order to see that how the individuals they can also work their rationality, or actually use their principal of rationality for attending the group behaviour is the number of individuals in a group to be very small.

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- Unless the number of individuals in a group is quite small,
- or unless there is coercion
- or some other special device to make individuals act in their common interest,
- rational, self-interested individuals will not act to achieve their common or group interest.

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And there should be some kind of coercions, or some other special devices are there which can motivate these individuals for achieving the common interest. And rational, and self interested individuals otherwise they will not act to achieve their common interest.

So, this is the three conditions if it is fulfilled then only the particular individuals they might think about fulfilling the interest of the group as well. So, these are the three conditions the conditions is that the group should be small.

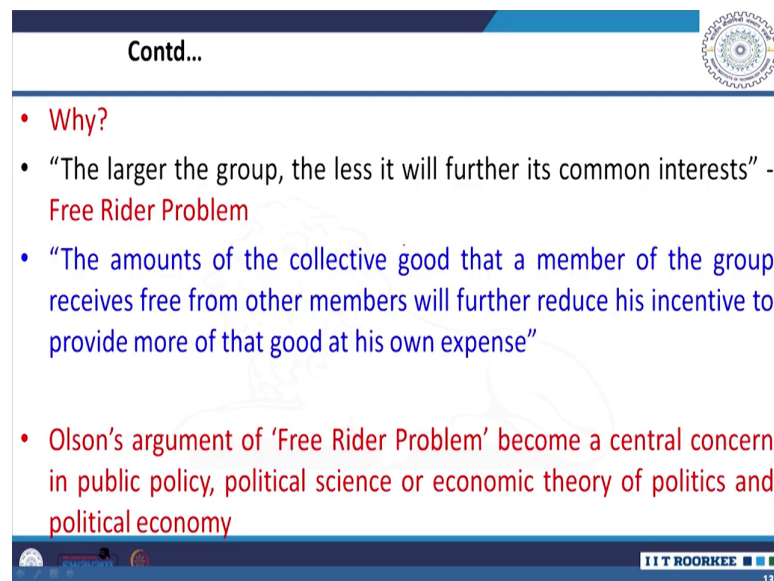
So, in this case the individuals may think to fulfill the interest of the or the group itself, or there is a provision a of a kind of coercion. Some system should be there which would be very forceful do it otherwise you will be penalized, or a some kind of a governance is there which actually guiding you which actually looking the kind of efforts you are making then only.

Or you can say that there is some kind of other device. So, may be in terms of a good co-ordinations, or the mechanisms that we are actually following. So, in this case only the individuals they will act for fulfilling the group interest.

So, being rational they can follow this rationality in fulfilling the group objectives. Otherwise they will not be interested in fulfilling the group objectives. Why this is happening? Why their behaviour is so different in this two context?

The first one is your personal interest, personal cause and the second one is your group interest, your group objectives. Why they the same individual they are behaving so differently. So, he wrote this it is because of the free rider problem the tendency of the free rider problem.

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- Why?
- “The larger the group, the less it will further its common interests” - Free Rider Problem
- “The amounts of the collective good that a member of the group receives free from other members will further reduce his incentive to provide more of that good at his own expense”
- Olson’s argument of ‘Free Rider Problem’ become a central concern in public policy, political science or economic theory of politics and political economy

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The larger the group the less is further its common interest. So, which he term that it is a case of free rider problem and it is because of this free rider problem. The individuals are motivated not to make any fought for achieving the common objectives, or group objectives.

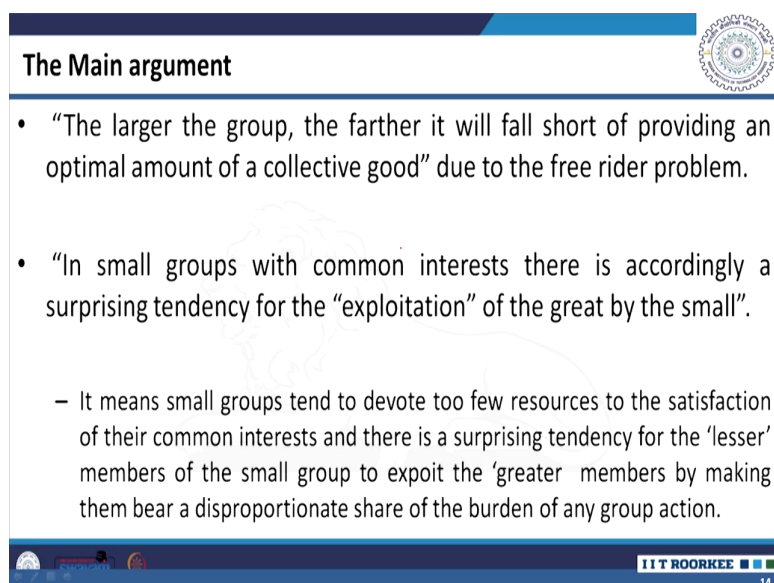
They are they always think that we can actually get the same collective good free of cost. Why we are going to make our contributions or effort in full fulfilling the group objectives. If I have at all the group objectives are to be achieved or is achieved then; obviously, the equal share can be met can be provided to the individual as well.

So, in this context he wrote that the amounts of the collective good that a member of the group receives free from the members will further reduce his incentive to provide more of that good at his own expense. And this situation is known as the free rider problem or this situation gives rise to the free rider problem.

So, if this is the situation no individual will be actually getting incentive to provide something for the achievement of the collective goods. And Olson argues that this problem of free rider is the very central problem not only in the public policy or societal issues, but also political science And economic theory politics as well as political economy.

So, the application of this free rider problem and the application of understanding the group behaviour is at most importance even in the today's world. Although we can explore that after this liberalism period, so whether this theory is also applicable to the to our context. So, this is what you can say we can explore further in understanding once you understand the very core of the theory itself.

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**The Main argument**

- “The larger the group, the farther it will fall short of providing an optimal amount of a collective good” due to the free rider problem.
- “In small groups with common interests there is accordingly a surprising tendency for the “exploitation” of the great by the small”.
  - It means small groups tend to devote too few resources to the satisfaction of their common interests and there is a surprising tendency for the ‘lesser’ members of the small group to exploit the ‘greater’ members by making them bear a disproportionate share of the burden of any group action.

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So, now let us discuss what is the main argument of this theory. The first one is that the larger the group the further it will fall short of providing an optimal amount of collective good, because of this free rider problem. So, what is the meaning of this? So that means, we need to say we are just comparing the size of the group, and the possibility for achieving the collective good.

So, if the size of the good is large group is large; that means, there are many members are existing. So, the group size is large. So, as a result the possibility for providing the optimum amount of the collective good it will be low. Again what is the reason that we have already discuss that everyone will be thinking that, if at all the public good or the collective good is provided then; obviously, they will be getting out of free.

So, they do not have to contribute anything they will automatically get the share. Because it is collective good and the benefits are shared. Because of this reason the larger the group then we will be finding that the possibility of providing this optimal amount of collective good will be low.

And; however, in case of the other groups that is where this the members group members are few in numbers. They are called a small groups they can easily actually fulfill this collective goods. And it is interesting find to find this that in small groups with common interest. So, there is a surprising tendency for the exploitation of the great by the small itself.

So, what is the meaning of exploitation of the great by the small is it possible. So, it means that in case so here we are only focusing we are analyzing the case of small groups only not the large groups. So, here members are very few and the frequency of interaction is very often. So, the interaction among the group members it occurs many times.

So, in this context, if you are talking about this small groups and we are saying that the exploitation of the great by the small; so, it means small groups tend to devote too few resources to the satisfactions, for the common interest and fulfilling or in providing the collective good.

And it is surprising to see the tendency for the lesser members of the small group itself, they will exploit the greater members by making them bear a disproportionate share of the burden of any group action.

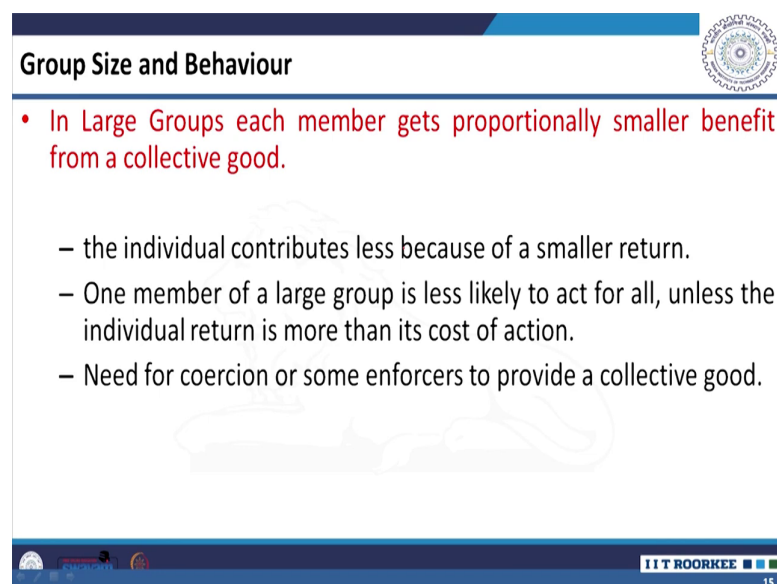
So, here we just want to say that when the lesser member they are pay actually less very less for the provision of the common interest that is collective actions. And if at all the collective goods are to be provided then the burden will be more on the large sections or large members. So, that is why when large members or the greater members they are paying the most majority of the burden for the collective actions.



So, that can be that you can in this case you can say the majority members or the greater members. They are actually bearing a heavy portion or a disproportionate portion of the burden of the collective actions in comparison to the smaller members. They are paying for the same collective actions in this small group.

So, in this context it is interesting to analyze and find the correlations, or the kind of relations that is existing between the group size and the organizational behaviour or group behaviour. So, here we are discussing between two groups one is your small groups and the second one is large groups.

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The slide is titled "Group Size and Behaviour" and features the IIT Roorkee logo in the top right corner. The main content is a bulleted list in red text. The first bullet point states: "In Large Groups each member gets proportionally smaller benefit from a collective good." Below this, there are three sub-points in black text: "the individual contributes less because of a smaller return.", "One member of a large group is less likely to act for all, unless the individual return is more than its cost of action.", and "Need for coercion or some enforcers to provide a collective good." The slide also includes a faint background image of a group of people and the IIT Roorkee logo in the bottom left corner. The footer contains the text "IIT ROORKEE" and the number "15".

- In Large Groups each member gets proportionally smaller benefit from a collective good.
  - the individual contributes less because of a smaller return.
  - One member of a large group is less likely to act for all, unless the individual return is more than its cost of action.
  - Need for coercion or some enforcers to provide a collective good.

And how the members would be behaving in these two contexts? So, let us take first case that in case of large groups. Here as you understand that members they are getting professionally smaller benefit from a collective good. Because they have to pay more, but whatever the

benefit they are getting out of this provision of the collective good the share is so small, because it is shared by shared among all the individuals or members.

And here the members are too large. So, as a result a single member here she will be getting a professionally very small benefit out of this collective good. And this is because the individual will be contributing very less because of a smaller region where a smaller return. So, in this case of large groups the individual they do understand that whatever for the provision of collective good we need to pay more.

But the benefit out of this collective good will be less, so; that means, a particular member particular individual member he or she will be getting very smaller fraction of the benefit in comparison to the cost he contributes for the for the provision of the collective good itself.

Therefore the individual member they will try to contribute less, because anticipating a smaller return out of it. And the second one is that second reason is that why their behaviour is so, the a single member in a large group he or she is likely to act for all unless individual return is more than its cost of action.

So, in that case only in that case even. So, if the individual member is not finding enough benefit. And if he is perceiving that his cost is more than the benefit he is anticipating then he will not actually participate. And therefore because of this two reason it needs for coercion or a kind of forceful something forceful should be there.

So, that it can enforce how to provide the collective goods among the members itself. So, this is the story of collective good provision for the large group itself.

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- Just there is a tendency for large groups to fail to provide themselves with any collective good at all, so there is a tendency in small groups toward a suboptimal provision of collective goods.
- The larger the group, the farther it will fall short of providing an optimal amount of COLLECTIVE GOOD.

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And if you see the very peculiar feature features that for the large groups to fail to provide themselves with any collective good at all whereas, in contrast to the large groups in case of the small groups there is a tendency towards a suboptimal provision of collective goods.

So, here we are just highlighting that how the provision of the collective goods would be different in these two groups so, but the size is concerned see in case of the large groups. So, there is always a tendency for less tendency you can say to provide the collective goods. So, it will fail the tendency will fail in case of large groups. But in case of small groups there is a tendency for achieving a suboptimal provision of collective goods.

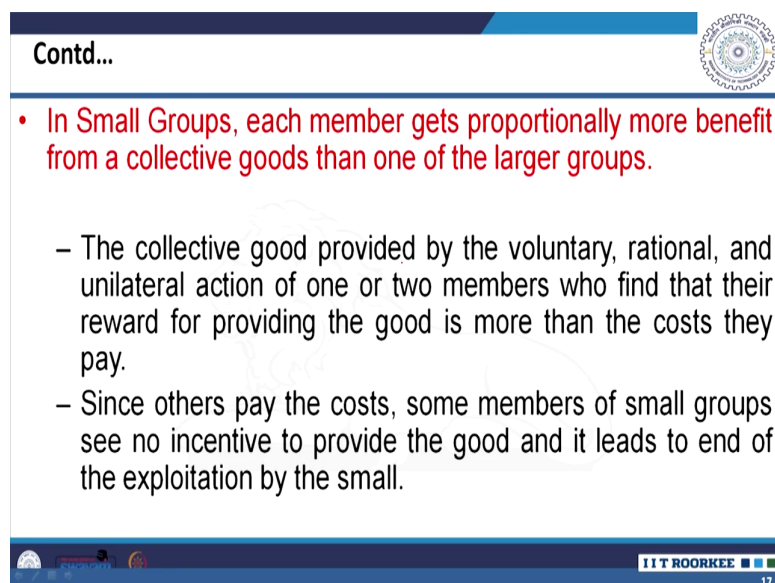
So, for the very provision of collective goods is concerned in the first case that is in case of large groups, the tendency is not enough that is why tendency is failing to provide the groups with the collective good whereas, in case of small goods there would be some tendency for

providing the collective goods, but this amount of provision of the collective goods. What you can say it is less than the optimal that is a case of the suboptimal provision of collective goods.

So, suboptimal provision of collective goods may be provided in the small groups. Whereas, as the tendency will be falling there is no tendency for providing the collective goods, so in case of the large groups the provision of collective goods is not actually possible.

Therefore, he argued that the larger the group the further it will fall short of providing an optimal amount of collective goods. So, because of this logic he has drawn this conclusion that when the size of the group increases, then the optimal amount of provision of collective good will be decreasing.

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- In Small Groups, each member gets proportionally more benefit from a collective goods than one of the larger groups.
  - The collective good provided by the voluntary, rational, and unilateral action of one or two members who find that their reward for providing the good is more than the costs they pay.
  - Since others pay the costs, some members of small groups see no incentive to provide the good and it leads to end of the exploitation by the small.

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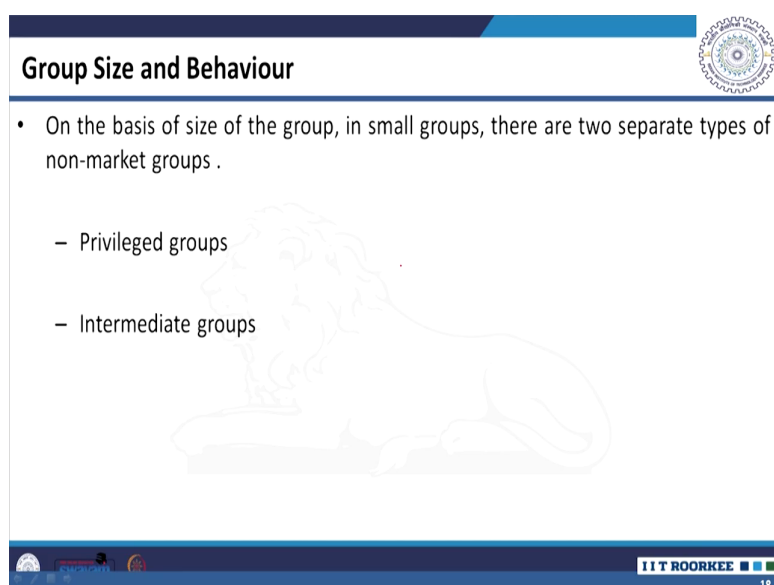
But in case of small group each member they will be getting proportionately more benefit out of this collective good provision. In comparison in comparison to the cost they will be incurring towards this provision. So, the collective good provided by the voluntary, rational, and unilateral action of one or two members who find that their reward for providing the good is enough in comparison to the cost they pay.

Then there will be coming forward for providing the public collective good itself, and that is why the collective provision collective good provision will happen. Because of this cost benefit analyses may be two members, one members, more than one, or two member.

So, but they are the minority members will be thinking that that whatever they are incurring the cost for provisioning of this collective good is less than the benefit they will be receiving for it. And since others pays the pay the cost and some members of the of the small groups they see no incentive to provide the good.

And as a result it will lead to the end of exploitation by the small itself; that means the burden is actually shared by others. So, it is a case where we can actually end the exploitation by the smaller size.

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The slide is titled "Group Size and Behaviour" and features the IIT Roorkee logo in the top right corner. The main content is a bulleted list:

- On the basis of size of the group, in small groups, there are two separate types of non-market groups .
  - Privileged groups
  - Intermediate groups

In the background of the slide, there is a faint, light-colored illustration of a lion lying down.

At the bottom of the slide, there is a footer with the IIT Roorkee logo and the number 18.

So, another logic he propounded in this context of group size and group behaviour is that based on the very size of the group. And so for the small group size is concerned there are two types of non market groups, the first one is the privilege groups and the second one is the intermediate groups. So, what exactly is the privileged group or what is the situation where you can say the privilege group conditions has arrived and where the conditions for the intermediate groups has arrived.

So, and again we are saying that this is the groups which can be actually felt in case of the small group itself. So, now, let us understand the case of the privileged groups. So, it can be characterized as or you can say this privilege group is a group such that each of its members or at least some of them has an incentive to see that the collective good is provided. So, it so it is because some of the members they do have incentive in providing the collective goods.

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- **An intermediate group:** is a group in which **no single member gets a share of the benefit sufficient to give him an incentive** to provide the good himself,
- but which does not have so many members that no one member will notice whether any other member is or is not helping to provide the collective good.
- **In such a group, a collective good may or equally well may not, be obtained,** but no collective good ever be obtained without some group coordination or organization.

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Even if the particular individual he or she has to bear the full burden of providing it by herself, or by himself. This is because the provision of the public collective good will happen and the reason is that it is because there is an incentive by a particular member or group of members.

So, in inside the a these small group itself that is why the provision of the public goods will automatically happened. And again this provision of the collective good can also be obtained without any group organization or group coordination. Because the incentive is very strong, the incentive is so, strong in case of this privilege group that the provision of collective goods will happen whether or not the individual has to bear all the burden of providing the collective good itself whereas if you see the second type of group which is also a subset of the small group is the intermediate group. So, in case of intermediate group here no single member gets

a share of benefit sufficient enough to give him, or give her an incentive to provide the good himself or herself.

So, here in comparison to the first one here we are lacking incentives, so because here we are lacking incentives. Why we are again in case of intermediate goods we are lacking incentives? It is because the share of benefits is not sufficient when the when the collective goods is provided the benefit a particular individual is getting it is not sufficient to induce him or her to provide the collective good itself.

And because the size of the group is small and that is why the members does not have a or this group does not have many members to notice that what the other members are looking to, or are doing whether any other member is helping or attempting to provide the collective good or not.

So, in such a group in these conditions there it is like that the collective goods may, or equally may not be obtained. And no collective good would ever be obtained without some group coordination or group organizations. So, in the first case in this group we are saying that that because of this lack of incentives the particular individual in this group he will not be getting enough motivation to provide the collective good.

And the second is that if at all the collective good is to be provided. Then it can be provided with the help of group coordination, or group organizations otherwise it is not possible. And the main reason behind this is that the lack of incentives because again the benefits or the proportion of the benefit is not sufficient enough to induce the individual members for providing the collective good.



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- Latent group or large groups: have no incentive to act to obtain a collective good because, however valuable the collective good might be to the group as a whole, it does not offer the individual any incentive to pay dues to any organisation working in the latent group's interest, or to bear in any other way any of the costs of the necessary collective action.
- Only a separate and selective incentive will stimulate a rational individual in a latent group to act in a group-oriented way.
- In such circumstances group action can be obtained only through an incentive that operates, not indiscriminately, like collective good, upon the group as a whole, but rather selectively toward the individuals in the group.

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So, this is the subsets two subsets of the small group itself and their characteristics that whether they will be providing, they will be providing the collective good or not. And in which conditions they would be thinking to provide thinking to act for the provision of collective good. And the second group is the latent group which you are also saying the large group.

So, in case of this large group the members do not have incentive to act to obtained the collective good itself. And what is the reason behind it that whatever the benefit that will be obtained by the provision of the collective good it will be shared by all the members itself in the group.

Therefore, this process or in this group it does not actually offer any single individual member enough incentive to pay for the organizations those who are working in this latent group interest, or to bear any other way of the costs of the necessary collective actions and only a

separate, or a special kind of incentives if it can be stimulated to this rational individual in this latent group.

Then they may act the way group is demanding or what you can say that they can actually make an effort for fulfilling the group objectives. So, here the case is that in case of the, firstly, in case of this large group or latent group it is unlikely to have the provision of collective good, because of no incentive for obtaining the collective good itself.

And second is that collective goods can be provided given the condition, that a separate and a selective incentive will be provided that can stimulate the rational individual members to act towards achieving the group oriented objectives. And in this situations that we have described in this conditions, the group action can be obtained only through an incentives that operates like collective good, and this is the only reason that how collective goods can be provided to this large groups.

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- The incentive must be selective so that those who do not join the organisation working for the group's interest , or in other ways contribute to the attainment of the group's interest, can be treated differently from those who do.
- Mobilised Latent group: the latent group that has led to act in its group interest, either because of coercion of the individuals in the group or because of positive rewards to those individuals is called as a Mobilised latent group.

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And moreover Olson argued that this incentive must be selected because you are you are you can find a large set of incentives. But we need to be selective that in which context for this latent group which kind of incentives may be provided. So, that the individuals can join hands for the for achieving the group interest. And here there is a necessity to separate these two sections that who do not join the organization working for group interest. And the groups which can be which work towards the attainment of the group objectives.

So, if you are drawing a difference and making them treated differently then there would be some kind of incentives that can be generated in this way. The way we are dealing these two persons, or two kind of persons differently. So, again he highlighted that creating incentives inside the members is really a task. And that is why we need to be very selective in making the

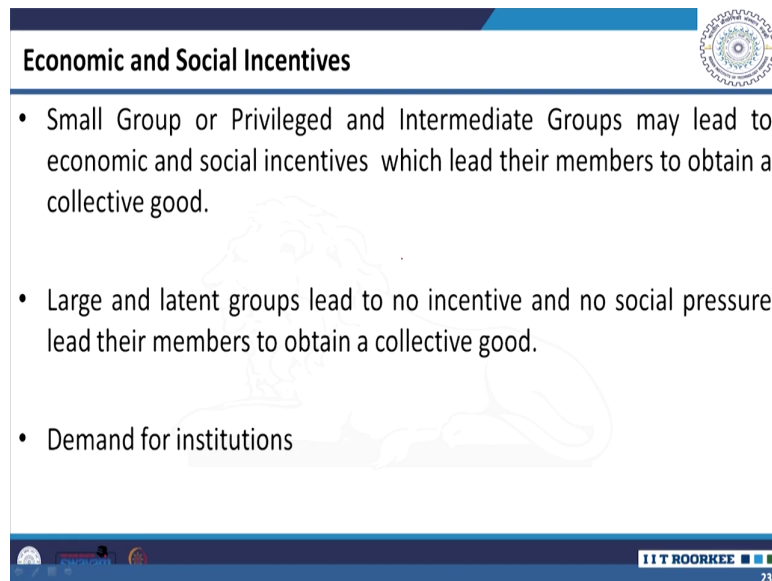
strategies that how this individual members can get enough incentives for fulfilling the group objective itself.

Under this latent groups there is a kind of subset of groups which is known as mobilized latent groups. So, what is mobilized latent groups? So, as we have already understood that in case of latent goods there is less chance that the member should get the collective good. But in case of this latent group, the collective goods can be provided because of these two factors the first one is the presence of a kind of coercions of the individuals in the group.

And the second one is the provision of incentives maybe in terms of positive rewards to those individuals who are working towards fulfillment of the collective goods in the group itself. And if it is so then these individuals are called as the mobilized latent groups they work towards fulfilling the group objectives in obtaining these collective goods.

Because of these two factors that is the coercions that are existing for the individuals and the second one is incentives in terms of positive viewers. Because of these two factors now the individuals they will be motivated to work towards achieving, the collective goods for providing these collective goods in the in the goods itself and they are known as the mobilized latent group.

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**Economic and Social Incentives**

- Small Group or Privileged and Intermediate Groups may lead to economic and social incentives which lead their members to obtain a collective good.
- Large and latent groups lead to no incentive and no social pressure lead their members to obtain a collective good.
- Demand for institutions

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So, now let us discuss about the kind of difference that we are finding. So, what the incentives are concerned? So, sometimes the small groups or privileged groups as well as the intermediate groups they may lead to economic and social incentives which lead their members to obtain the collective goods.

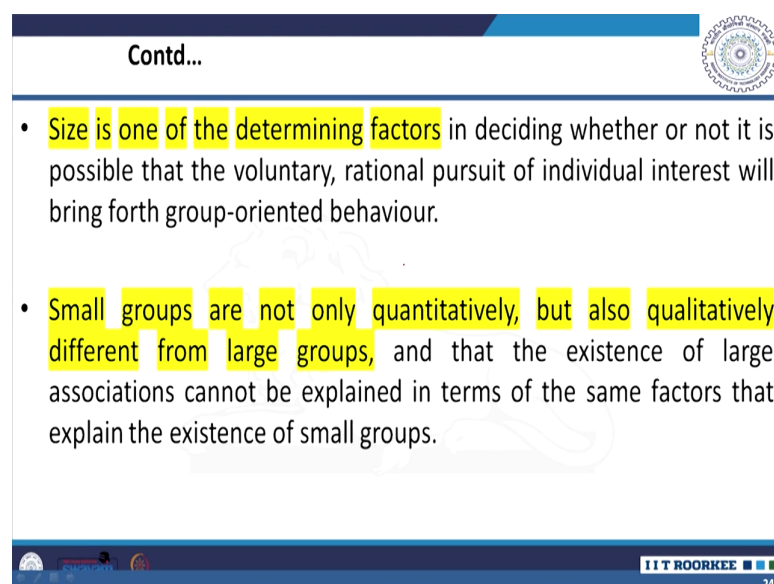
And it is not necessary that we will be getting the economic incentives always. Sometimes the social incentives can also play roles in and providing the collective goods as well. Whereas, the larger latent groups they will lead to know incentive and no social pressure lead their members to obtain a collective goods.

So, this is the distinction that the very factor incentives, or creating incentives which can actually create or which can actually create a situations for providing or not providing the collective goods to the small groups as well as the latent groups.

And in case of this large group or latent groups as we understand that there is lacking a case of incentives. And that is why economic and social pressure is almost nil and that is why the collective goods are not provided to them. So, there is a need for the kind of institutions to be created.

So, that the institutions will be forcing or providing some mechanisms in terms of coercions, or in terms of inducements, or creating incentives. So, that this members in the large and latent groups they can work towards for the achievement of the collective good.

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- Size is one of the determining factors in deciding whether or not it is possible that the voluntary, rational pursuit of individual interest will bring forth group-oriented behaviour.
- Small groups are not only quantitatively, but also qualitatively different from large groups, and that the existence of large associations cannot be explained in terms of the same factors that explain the existence of small groups.

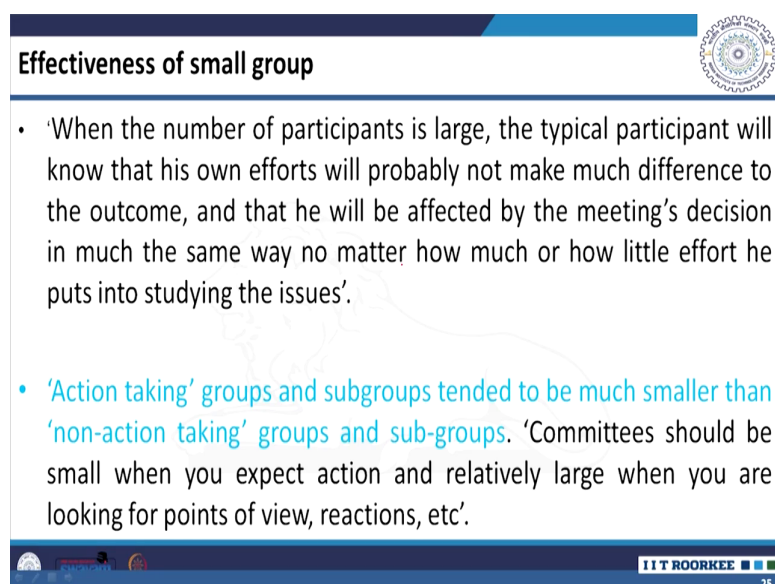
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So, the ongoing discussion that we are having it may it is leading to this conclusion is that size is one of the determining factors in deciding whether or not it is possible that the rational pursuit of the individual interest will bring forth the group oriented behaviour.

So, if the size is small then the individuals will be going towards fulfilling the group oriented behaviours. And if the size is large or latent you are saying then the likely effect for getting or the chance of getting this these group oriented behaviour is less.

So, for the two groups are concerned this small groups are not only quantitatively, but also qualitatively different from the large groups. And that is why you can say in the in the small groups, they it is easier to find and provide the collective goods, but in large groups it is very difficult.

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**Effectiveness of small group**

- 'When the number of participants is large, the typical participant will know that his own efforts will probably not make much difference to the outcome, and that he will be affected by the meeting's decision in much the same way no matter how much or how little effort he puts into studying the issues'.
- 'Action taking' groups and subgroups tended to be much smaller than 'non-action taking' groups and sub-groups. 'Committees should be small when you expect action and relatively large when you are looking for points of view, reactions, etc'.

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And so for the effectiveness is concerned then; obviously, we will be preferring this small groups. Because it is easier to find the collective goods and the size of the groups is small and the participants. So, in this context Olson actually narrated this situation that why we will be preferring a small group, or why the effectiveness of small group will be high in providing a collective good.

So, he wrote that when the number of participants is large the typical participant will know that his own efforts will probably not many not make much difference. So, if once one individuals or one individual members effort is not making any difference in terms of outcome. Then; obviously, there would be less inducement and he knows that the individual or he himself will be affected by the meetings decisions or decision that are actually binding for all.

So, in this case this situation is providing less incentives to work further in achieving the group objectives. And that is why the action taking groups if we are finding empirically, the action taken groups or this sub groups tended to be more much smaller than the non action taking groups or subgroups.

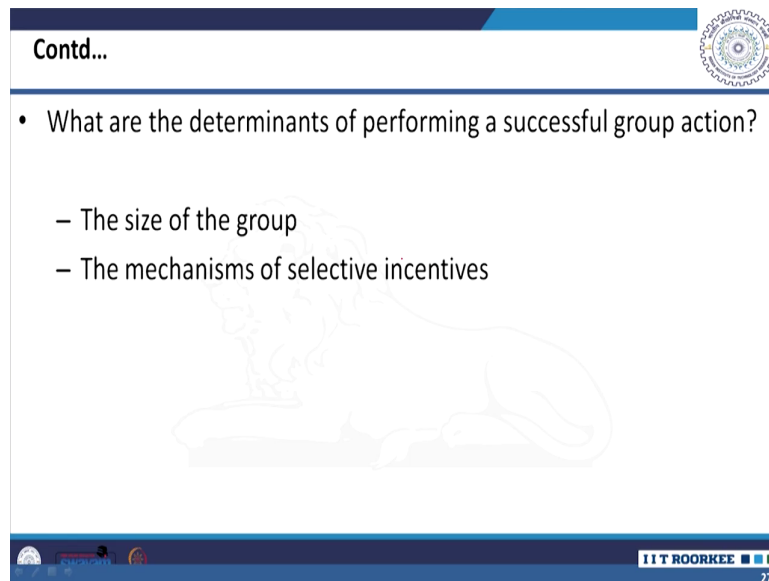
So, why we are saying that action taking groups are sub groups, sub groups they are tended to be much smaller than the non action taking groups and subgroups. Because we can take the case of a committee the committee should be small. If we are expecting action we can see that that the committee for fixing the minimum price, or the committee for fixing the minimum support price for the groups.

So, there the size of the committee is small, but if we want the non action taking groups or subgroups then it should be relatively small. Because we want or we are looking forward, the points of suggestions their views and reactions on a particular matter that is why it is it is said that if we want to know the action itself. Then action taking groups or subgroups they should be very small than in comparison to the non action taking groups or subgroups.



So, this is the example that why if we need some actions to be taken, the size should be small and that is why in this context he argues the effectiveness of the small size, and the group size should to be small.

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- What are the determinants of performing a successful group action?
  - The size of the group
  - The mechanisms of selective incentives

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And so for the social incentives and rational behaviour is concerned as he argued. And argued against the established group behaviour that rational individual will be motivated by their rationality. And that is why they will be trying to achieve the single individual objectives whereas, thus they will not follow the same rational behaviour in achieving the group objectives.

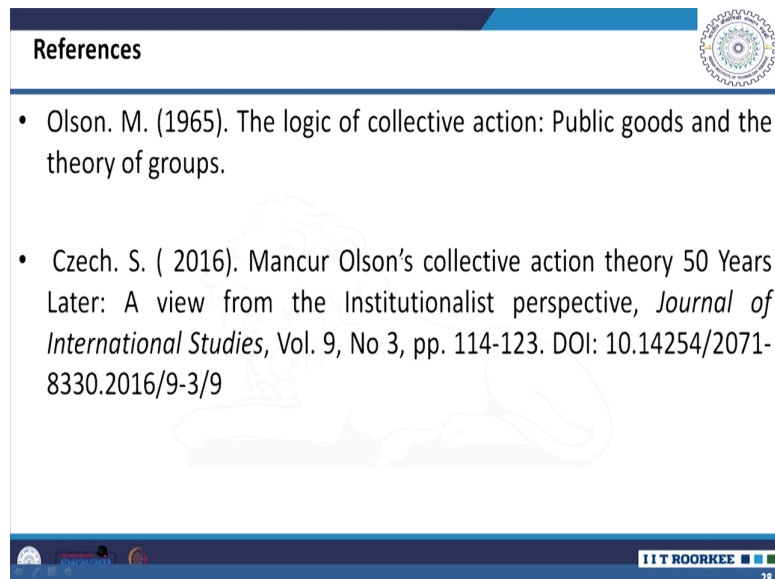
When they become the member of that group and sometimes we are also finding this economic incentives and not the only incentives. The social incentives in terms of creation of prestige

possessing a special kind of treatment or respect in the society, they also are helpful in creating incentives.

So, that can also be taken into account in entreating the groups, so that the collective actions can also be provided. So, in this discussion we need to understand that what are the determinants of performing a successful group actions. What would be the factors which can lead to successful group actions?

The first thing in our discussion we are finding it is the size of the group. If the size of the group is small it may lead to a successful group action that is what he argued. And the second one is creating right kind of incentives or the mechanism of selective incentives. So, the incentives is right it is selective, then it can motivate the individual members to act towards achieving the group objectives.

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The slide is titled "References" and features a blue header bar with the IIT Roorkee logo on the right. The main content area is white with a faint watermark of a hand holding a globe. It contains two bullet points: the first is "Olson. M. (1965). The logic of collective action: Public goods and the theory of groups." and the second is "Czech. S. ( 2016). Mancur Olson's collective action theory 50 Years Later: A view from the Institutional perspective, *Journal of International Studies*, Vol. 9, No 3, pp. 114-123. DOI: 10.14254/2071-8330.2016/9-3/9". The footer is a dark blue bar with the IIT Roorkee logo and the number "28" on the right.

**References**

- Olson. M. (1965). The logic of collective action: Public goods and the theory of groups.
- Czech. S. ( 2016). Mancur Olson's collective action theory 50 Years Later: A view from the Institutional perspective, *Journal of International Studies*, Vol. 9, No 3, pp. 114-123. DOI: 10.14254/2071-8330.2016/9-3/9

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So, in this context after understanding the whole of this core logic or argument of Olson's theory on the group behavior, and collective action. We need to actually see that this piece of work was argued in 1965, and it is almost we have already crossed 50 years.

So, in this context taking to social situations into account, what would be the efficacy, or what is what is the effectiveness of this theory in today's world that we need to wonder over, we need to go through the current collective action is shows that we are finding in so many cases of pollutions in managing in managing the issues like environmental problems. Then we can actually think about that whether the very theory is still applicable in solving the current collective action problems that we are facing.

Thank you very much.