

MANCUR LLOYD OLSON, JR. 1932-1998 PERSONAL RECOLLECTIONS

Martin C. McGuire
University of California, Irvine

MANCUR LLOYD OLSON, JR. 1932-1998



Photo: By Ernie York. Courtesy of the University of Maryland at College Park

It was in late September 1955 that Mancur Olson introduced himself. In the Porter's entry lodge of our Oxford College¹ he asked whether I had rooms in College or was living in "digs." "College," I mumbled because I had no idea what "digs" meant, having been in Oxford not more than a day. His speech and manner seemed so British I was astonished to learn that he had arrived in Oxford only a year before, and from North Dakota, a State neighboring my own. It would be twenty years before I would learn that his ever so slowly mellowing English accent was not foreign to him at all but something regional or local from home. Twenty years also before I would think to ask the meaning of "Mancur" — thinking it might be Norwegian and after hearing so many say "Mankur," which never seemed to bother him. "From the Arabic" he told me, "meaning 'Victorious'."

Academic 1955-56 was Mancur's final year at Oxford, and during it he and I both read (studied) PPE (Honour School of Philosophy, Politics, and Economics in the Oxford jargon of the day), we had the same tutors, dined in Hall on the same ration of three styles of potatoes, and drank bitter beer in the same University College Cellars. Our principal economics tutor was Tom Wilson, a contemporary of Keynes, macro-economist at the Treasury during the War, later adviser to Conservative Governments, with a special interest in business cycles, and lifelong friend to us both. Hicks held the Drummond Chair of Economics, and Harrod held forth as a Don at Christ Church. But Oxford in those days really belonged to Philosophy: Ryle at Magdalen College, Strawson and H.L.A. Hart at University, Searle at Christ Church, Isaiah Berlin at All Souls, Austin, Kneale, Warnock, Anscombe, and so many others. But although required by the Oxford University examination statutes to sample the delights of analytic philosophy, Olson seemed not tempted. He loved economics — right up to the moment of his unexpected, lightning-sudden heart attack as he was leaving his office at 3:00 on the afternoon of February 19, 1998.

I distinctly remember talking with Mancur in our college Junior Common Room over some point on the debate between Edward Chamberlain's *Monopolistic Competition* and Joan Robinson's *Imperfect Competition*. This may have been my first encounter with his tenacious commitment to the subject and method of economics, and to scholarship as a career and a profession. Never before had I come across this explicit reverence for scholarly work — at least not among contemporaries — nor with this commitment to rationality in persons. Indeed, this was as close to a religious impulse as I ever detected in Mancur. But I was to learn over the years that he re-

spected the power of the rationality hypothesis to explain and appraise human behavior vastly more than any other — and his Vita showed it. How many times have his colleagues and friends heard him question: “But would that (such and such behavior or inference) be rational?”² He believed in Economics like few others I have ever met, and he saw the economic factor in situations where it dawned on no one else.³ It was, I suspect, the strength of this conviction which fueled his commitment to extend economics beyond markets, commerce, and money,⁴ as he was among the first to imagine the heights this idea could command. And among the first to launch out on a serious program to explore those peaks in the face of skepticism and sometimes opposition. Whether this was the explanation or not, most who met and heard Mancur would call his ideas arresting, original, interesting, novel, thought provoking.⁵

Mancur left Oxford in the summer of 1956, with a two-year ROTC obligation to serve in the U.S. Air Force. But first Harvard, where he came under the influence of Edward Chamberlain, Thomas C. Schelling and John Kenneth Galbraith. Chamberlain taught the first-year graduate course in Microeconomics and Mancur chose him as a thesis supervisor.⁶ Classmates Dale Jorgensen and Clopper Almon also exerted an influence on his development.

By the time he was commissioned in the Air Force in 1961 and stationed at the newly established Air Force Academy, Olson showed traits which would distinguish him throughout his accelerating academic career. One of these was the ability to distill publishable insights from life experiences. As a faculty member in the Economics Department at the Air Force Academy, he authored a study on the effectiveness of strategic bombing,⁷ and completed *The Economics of Wartime Shortage: A History of British Food Shortages in the Napoleonic War and World Wars I and II* [Duke University Press, 1963] — and this at a time of serious military planning to prepare, survive, and prevail in a major war. Even in a work of economic history Mancur was concerned with current policy. He had long been interested in economic history, and while still a Harvard graduate student he wrote (with Curtis C. Harris Jr.) “Free Trade in Corn: A Statistical Study of the Prices and Production of Wheat in Great Britain from 1873 to 1914,” *Quarterly Journal of Economics* [February 1959]. Upon his resignation from the U.S. Air Force, before taking up an assistant professorship at Princeton, he thus had published a book, two articles in Harvard’s *Quarterly Journal of Economics*, and two other refereed articles⁸ — impressive innings for sure but arguably no “home runs.”

The first home run was “An Economic Theory of Alliances.” Just how this idea dawned on Mancur I never asked but possibly it germinated in the Air Force Academy years. The applicability of the voluntary public good provision model to alliance behavior is mentioned in *The Logic of Collective Action* (pp. 36 and 40) but not really spelled out. In any case in my files I have the paper of this title given one afternoon to a seminar at RAND⁹ in the summer of 1964. Richard Zeckhauser, then a Harvard graduate student was in the seminar room. The next morning he showed Mancur a fully developed, elegant, mathematical statement of Olson’s idea; the rest is “history.”¹⁰ The resulting Olson-Zeckhauser paper, “An Economic Theory of Alliances,” *Review of Economics and Statistics*, [1966] virtually created a cottage industry for economists and political scientists. Because the analytic set-up was so lucid it pro-

vided a short course in Olson’s major opus, *The Logic of Collective Action* (more of which presently), and underlay the important subsequent advances by economic theorists on the equilibrium behavior of voluntary provision of a public good within a group.¹¹ And because it made so stark a prediction from the hypothesis that nation-states in their resource allocation behaviors could be represented as utility maximizing “individuals”— i.e. prediction of the “exploitation of the great by the small”¹²— the paper was ready-made for political scientists, sociologists, actually social scientists of every stripe.

I chose “An Economic Theory of Alliances” first because its impact among economists was immediate and sensational. In fact, however, that paper is derivative from Mancur’s thesis, *The Logic of Collective Action: Public Goods and The Theory of Groups* — only one of many many ideas, suggested problems, suggested solutions to problems to stem from that work. This book,¹³ being in the vanguard of the development of Public Choice and Social Choice as fields within economics, took root as a classic over a much longer period of time. Although Mancur’s thesis now is a standard reference in undergraduate and graduate texts in Introductory Economics, Price Theory, Macroeconomics, Public Finance, Labor Economics, International Trade, Public Choice, and Welfare Economics, at the time of its appearance it was slow to achieve acceptance among economists. Why was that? One reason is that the subject is hugely complex: one sees from the footnotes that Olson understood many of the crucial dimensions along which analysis of voluntary provision of public goods must be pursued: (1) the size of group, (2) disparities in income and preferences among group members, (3) openness or closedness of the group — which he called “inclusive” or “exclusive”, (4) the fashion in which individual contributions are settled, involving such issues as sequence of allocative moves, possibility of re-contracting, bargaining, commitment, and repetition, (5) the effect of joint provision or tying of a private good to a public good limited to members of the group which thereby holds the membership captive — issues we now call impurities or imperfections in publicness.¹⁴ Olson lumped all these facets of “collective goods” together, drawing on distinctions as required to make his points. So, for example, sometimes a “collective good” would be a pure “Samuelson” public good, other times not. Only as professional economists rigorously explored more and more of these facets individually, their continued reference to *The Logic of Collective Action* compounded, and its status and prestige became common wisdom.¹⁵

In addition, Mancur intuited the vast universe of non-market behavior which existed within this structure of collective action: (1) families, and small societies of all kinds, (2) labor unions, and other economic and political pressure groups, (3) bureaucracies, teams, and partnerships, (4) nations and groups of nations, (5) multinational bodies, and (6) societal and historical classes of the widest possible sweep. He desired to communicate with sociologists, political philosophers, and political scientists with their own huge literatures and ongoing discourse (in fact, to communicate with anyone who would listen to his ideas and give him feedback, however challenging or even harsh). And he was phenomenally successful in extending his dialogue to them.¹⁶ But this was the beginning of the Public Choice and Social Choice movements within economics and many economists were not convinced — for methodological reasons or political reasons.

Another cause for the slow start I believe is that while Olson possessed a subtle understanding of the structure of economic behavior of individuals within groups, much of the technical apparatus by which we now pursue his argument was not available to him. Consider for example his idea of "The Exploitation of the Great by the Small," within a closed group of specific membership, which provides itself with a pure, non-rival, and non-excludable public good by strictly voluntary contribution. Other things equal, the idea is that richer individuals will contribute a greater proportion of their wealth to the public good than will poorer members of the group. Olson conjectured this result on the basis of substitution effects alone. Analyses such as those of Warr [1983] and of Bergstrom, Blume, and Varian [1986] — unavailable to Olson in 1960-63 — show how income effects necessarily imply this result when preferences are identical among group members.¹⁷ Despite these technical limitations on the work, it continues to be hugely referenced.¹⁸

In the historical record Olson's thesis is secure — a defining work in the emerging of discipline of Public Choice by one of its founders. But the Mancur Olson who departed Princeton for Washington, D.C. in the summer of 1967 was author of an under-appreciated if incipient classic. He had accepted tenure at Maryland, but first a detour into the Department of Health Education and Welfare (HEW) as Deputy Assistant Secretary to Bill Gorham. The Council of Economic Advisers and its annual *Economic Report of the President* — so widely admired — caused HEW to propose an annual *Social Report of the President*, and Gorham wanted Olson to write it.¹⁹

A second trait typical of Mancur was a use of dialogue to identify analyzable problems and to build his own conceptions of their solutions. If ever there was an economist who valued being "approximately right" over being "exactly wrong" it was Olson. And as such he was quite fearless in putting out ideas — which might be tentative — and learning from objections and criticisms.²⁰ He always listened. I never saw him give a paper without taking detailed notes of the criticisms. Moreover, possibly as a result of his style of dialogue, he was extraordinarily concerned with literature²¹ and above all memorable characterizations of his ideas.²² I observed Olson's more mature work, *The Rise and Decline of Nations* — RADON as he liked to call it — grow out of just such dialogue, a life of voracious reading,²³ punishing travel, and always dialogue. One day in the mid-1970s, early in his musings he suggested over lunch at Maryland that both a perfectly competitive laissez-faire society, and a perfectly managed socialist society would be exempt from the rent-seeking efficiency distortions of pressure groups. This seemed to imply that at some point along the spectrum the damages would be greatest. The suggestion drew forth much criticism and disagreement around the lunch table. Thus was born the notion of "encompassing groups" which played so important a part in the book then in early draft, an idea which animated much of Mancur's future analyses of economic evolution and the failures of socialism.²⁴ An "encompassing group" internalizes in its own decision calculus a portion of the costs and benefits its actions impose upon the economy in which it is embedded. If a group is completely or perfectly encompassing, it will include calculation of all the benefits and costs its actions impose on the entire economy, and thus will impose no distortions on the economy; instead in this case it will perfectly represent or reflect the economic interests of everyone. However, if a group is only partially or

imperfectly encompassing then it will internalize only a portion of the benefits and/or costs it generates for the wider economy in which it is embedded. The less encompassing a group, the greater will be the efficiency loss it creates, in following strictly its own interest, and ignoring the costs and benefits it creates for others in its decision making. The basic idea — in Olson's concrete and pictorial language that interest group behavior has a tendency to create politico-economic arteriosclerosis — is central to RADON. Here, then, is a third of Mancur's traits and a defining characteristic of his life's work. I mean his ability to develop a simple idea so that it was powerfully applied across a grand subject area. He recognized, as few economists now do, that a well-developed, simple idea can have a powerful impact.²⁵

The publication of RADON vaulted Olson to academic celebrity. The book was awarded the Gladys M. Kammerer Award of the American Political Science Association for best book in 1983. Soon Olson was elected to the American Academy of Arts and Sciences (1985), then to Vice Presidency of the AEA (1986)²⁶ soon to an honorary fellowship of University College, Oxford, England (1989).²⁷ As the honors multiplied, the opportunities and demands to market his ideas increased. His commitment, energy, good humor, and shrewdness served these objectives well.

Luck must play a role in any career as successful as Mancur Olson's.²⁸ In his case he was perfectly set up for the collapse of Communism — an unexpected development but one to which his strength played perfectly, as one of the world's leading figures with a claim to cogent analysis of the evolution of entire social systems. He seized the opportunity, creating the hugely successful IRIS project. "IRIS," standing for "Institutional Reform and the Informal Sector," is a project devised by Olson in the late 1980s early 90s to compete for a U.S. Agency for International Development (USAID) request for proposal (RFP). The IRIS idea which so appealed to USAID and led to Olson's selection over formidable Ivy League competitors incorporated conceptual, empirical, and policy analysis of institutional reform in the developing world, with special emphasis on those states in transition from socialism.²⁹ For himself, Mancur selected the title "Principal Investigator" and later "Chairman." To the surprise of many, he relished the entrepreneurial opportunities. The project has been impressively effective. With early success Olson was feted by his local Senator, and more conferences were organized to explore his ideas.³⁰ By Fiscal Year 1997 IRIS projects staffed by over fifty persons had been initiated in a score of countries, and AID obligations to IRIS were running at \$7 million annually. Olson had become a whirling dervish of numberless meetings, international travel, public appearances, management of IRIS, and remarkably throughout it all a continued outpouring of stimulating ideas and new research. He had papers in draft with several others;³¹ and a manuscript tentatively entitled "Power and Prosperity" — earlier called "Capitalism, Socialism, and Dictatorship" — was in its Nth draft.³² By no means was he preparing to step off the stage — just the opposite. In 1993 he had told me how he was brimming over with ideas, felt better than ever before, could not write his thoughts down as fast as they came. Indeed, his lifelong commitment to running, rowing, jogging and aerobic fitness seemed to promise that he would triumph over the odds — adverse odds from a family history of heart trouble.

Personally I think that one of his last papers published two years before his death may well serve as a fitting epitaph. This is his "Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor," Distinguished Lecture on Economics in Government," *Journal of Economic Perspectives* [Spring 1996]. The paper is vintage Olson. It shows his passion and concern for the practical consequences of economics, his belief that good policy is within the grasp of the most backward and floundering societies, and above all the responsibility of economists to wise up, and reverse the damages of economic quackery and self-serving mischief.

In the mid 1980s Mancur told me he thought that macro-economics was far more important than micro-economics. "Why," I asked. "Because all the truly important discoveries which will have an effect upon people are to be made in macro," he answered. "The really big problems are in macro."³³ He was using "macro-economics" with its conventional meaning: the larger national and international economy-wide issues of employment, income and prices, growth and stability. I was struck by this insight. I had been attracted to economics by the precision, power, and beauty of micro and by the issues which it addressed of resource allocation and efficiency, prices and markets, equilibrium and distribution. I had always located Mancur Olson and his work squarely in the micro tradition, and I imagine most others would do the same.³⁴ But here was a Master of economic craft and discovery declaring macro-economics the continent for richest future expedition. Yet with a little less technical, more common-sense definition of "macro," who would dispute that Mancur's vision of economics embraced the largest scale and scope? His ambitions for the explanatory power of economics extended from the decision framework of individual families to the grand evolution of entire societies and systems of nations. He showed us how elemental economic concepts can illuminate political behavior, structure, and evolution — "political" in the widest sense. He showed us how political behavior conditions the economy on which it depends and which it attempts to dominate — often with unhappy economic results. The one signal idea, central to his grasp of this interdependence, is that of "collective action." Mancur's most striking legacy is the illumination he bequeaths of how groups and organizations behave economically — a legacy created through his own tenacious pursuit of the logic of collective action.

The forty-two years of Mancur Olson's scholarly life were devoted to an inspiring pursuit of his vision of "macro." His ideas may occupy the core of macroeconomics fifty or one hundred years from now, or they may signify only one strand, but surely they will be present and influential in all future study of economics, of society and of interactions between them. Here in 1998, we don't know. But we do know that economists, political scientists, sociologists, and whatever other new disciplinary clusters emerge in social science will be studying Mancur Olson's ideas and learning from his insights — valuing the Collective Good which his life's work has left to all.

NOTES

I thank the IRIS Center at the University of Maryland, and Mancur's assistant, Carol Kaplan, for providing me with a copy of his final *Curriculum Vitae*. I am indebted to many of his friends for reviews of this article for accuracy, and suggestions for improvement.

1. University College, Oxford.
2. I wonder if this attitude toward rationality characterized Mancur's personal life. I do believe that he liked to think that it did. I remember one time whining to him about time spent in travel. "I always reach the airport half an hour in advance," I complained. "Yes," he answered, "one should always schedule one's time so as to arrive late at the airport and miss an occasional flight." This procedure (duly modified to include all expected costs and benefits) he thought would be a "rational" use of one's time, as it would minimize time unnecessarily wasted in travel.
3. Returning to the University of Maryland from a six-week consulting assignment in wartime Cambodia at the end of 1974, I told Mancur of a Cambodian general who was agonizing whether to send his helicopter pilot to pick up his wife or girlfriend for escape from Phnom Penh to Bangkok. As the war's end drew near, the general finally decided on the girlfriend, and so instructed his pilot, an air force major to pick her up for Bangkok. But the major didn't go to rescue the general's girlfriend; he flew instead to save *his own* girlfriend for escape to Bangkok. Olson saw at once that the major's behavior was rational, sensing that the general's reach would soon be cut short; he saw the enforcement, duration, and commitment angle in the story and its application to collective action. Thus, it was the *economic* slant on the event that he found *interesting* — not the morality, justice, or plain irony of it, but the economics of it. The story appeared quite a bit later in a newspaper piece with typical Olsonian flourish.
4. Sometime about 1970 I asked Mancur what he thought of World Government. "A bad idea," he opined. "Look at the costs of monopoly in the economic realm." From a sort of romantic idealism on my part, I "imagined" (along with John Lennon) a resolution of conflict and elimination of war might result from such unification of peoples, whereas Olson conceived the possibilities for suppression and exploitation occasioned by the absence of competition among rulers. Most important, he saw this because of the economic template he brought to a socio-political issue. This instinct and his gift for use of economic concepts to understand political phenomena remained his trademark. He manifested this talent from the essay "The Principle of Fiscal Equivalence," *American Economic Review Papers and Proceedings* [May 1969], which asked "what is the correct size, reach, and composition of a government" right down to the book manuscript he left behind in 1998, "Prosperity and Power."
5. In a 1966 conversation in Washington, D.C., Wassily Leontief expressed his admiration of Mancur to me — something to the effect, "That's just the sort of person we need at Harvard, someone with a broad sweep to his ideas, someone who thinks big." (This was soon after Mancur had failed to obtain promotion from Assistant Professor and was denied tenure at Princeton, an event which he never mentioned in the many years I knew him.)
6. Chamberlain became ill and retired in 1962. By 1963, Mancur had produced a draft of his thesis, and Thomas Schelling who had moved to Harvard in 1958 took on the role of adviser. Schelling's influence was crucial, both as critic of the thesis and as editor of the Harvard Economic Studies series in which the thesis was later published. But Olson often corrected others who thought Schelling was his principal supervisor.
7. "The Economics of Target Selection for the Combined Bomber Offensive," *Journal of the Royal United Service Institution* [November 1962]. Here, presumably, J.K. Galbraith's influence as the author of the Air Force's *US Strategic Bombing Survey* and former teacher to Olson was important.
8. This information was taken from Olson's *Curriculum Vitae*.
9. Olson was always interested in practical policy, never in theory for its own sake. During this period of his life he consulted on projects with both U.S. Senators from Minnesota, Eugene McCarthy and Walter Mondale, and with their staffs.
10. In Olson's descriptions of this transaction to me he always called Zeckhauser "lightning fast." The mimeographed paper in my possession contains an Appendix with exclusive credit for composing it given to Zeckhauser in Mancur's handwriting. The conventional opening author's footnote on the first page states that the inspiration for the paper is William Baumol's economic theory of the state

- [*Welfare Economics and the Theory of the State*, Harvard, 1952], and the title page has Zeckhauser's name added as co-author of the entire paper in Olson's hand. The path from this early draft to the final published (and republished) article was marked by revision after revision as Olson and Zeckhauser labored over presentation and negotiated individual words and punctuation.
11. I have in mind particularly the so-called "Warr neutrality result", from "The Private Provision of a Public Good is Independent of the Distribution of Income," *Economics Letters* [1983], refined by Cornes and Sandler, "Easy Riders, Joint Production, and Public Goods," *Economic Journal* [1984], and by Bergstrom, Blume and Varian, "On the Private Provision of Public Goods," *Journal of Public Economics* [1986], and all the most recent elaborations of this structure such as Andreoni's "Privately Provided Public Goods in a Large Economy: The Limits of Altruism," *Journal of Public Economics* [1988].
 12. This is prediction of a disproportionality between the wealth of a country and its share in the alliance burden, greater wealth associated with bearing a more-than-proportional burden share.
 13. I was a graduate student working on my own thesis in Cambridge in 1963 when Mancur visited me in my digs with a typed draft of his thesis. He asked me to look it over. It was his revision of an earlier version on which he had lavished many years, but which had been rejected by Thomas Schelling — with copious and insightful comments, Mancur emphasized. Olson was worried, very worried, but he showed no loss of confidence in his work at all (quite amazing). As a backup, he was preparing to offer another topic as a thesis and to search out another avenue to release *The Logic of Collective Action*. Schelling, however, was pleased with the revision, so pleased he included it in the Harvard Economic Studies of which he was editor at the time. Olson was relieved and delighted, a victory all the more to savor as having been snatched from disappointment.
 14. On this see especially the work of Sandler, *Collective Action: Theory and Applications*, [University of Michigan, 1992], and of Cornes and Sandler, *The Theory of Externalities, Public Goods, and Club Goods*, [Cambridge University Press, (1986) 1996].
 15. It has been translated into German, French, Hungarian, Japanese, Italian, Korean, Spanish, Chinese, and Russian. It has been named the American Academy of Management's Social Issues Division best book (1993) for its "enduring contribution," and was selected (1995) by the American Political Science Association for its Leon D. Epstein Award.
 16. A Fellow of the American Academy of Arts and Sciences, Olson was elected (1985) to the political science section, not economics — powerful testament to his gift for crossing disciplines. His ability to stimulate research in political science and sociology was spectacular. See for example, Russell Hardin's *Collective Action* [Johns Hopkins, 1982] as an example of his effect upon political science.
 17. These papers together with the Andreoni paper mentioned earlier demonstrate the existence of a cut-off or critical income when preferences of all members of a group of fixed membership are identical. Some members will have an income below this cut-off; they will contribute nothing to the provision of the public good in voluntary Nash-Cournot equilibrium. Other member will have an income greater than the cut-off income: they will allocate the entire amount by which their incomes exceed the cut-off to public good provision in voluntary Nash-Cournot equilibrium. (The proof also requires a constant average cost of public good provision which is common to all contributors). Obviously then the ratio "contribution/income" is zero for those with incomes below the cut-off, and increases with income for those with incomes above the cut-off. One might think that Mancur would have favored Warr and Bergstrom, Blume, and Varian; but not so. He argued often to limit, to restrict their conclusions.
 18. Just for the year of 1996 alone, thirty-two years after its publication, the Social Science Citation Index lists 216 references to *The Logic of Collective Action*.
 19. Gorham had come from Robert McNamara's Pentagon, the Sherpa for the Program Planning and Budgeting System (PPBS) to the civilian agencies. Olson had equivalent offers elsewhere in the government including Defense, but it was the challenge of Gorham's need which attracted him. Olson co-authored and managed production of *Toward a Social Report*, [USDHEW, 1969]. When he took up the position at Maryland in 1969, he wanted to make something more of his HEW investment. Replete as the subject of study was with externalities, and with tax and benefit incidence in a second-best environment, he finally settled on the title "Beyond the Measuring Rod of Money," a manuscript long since completed but still in his files at the time of his death.

20. One tactic I observed often, was to state a hypothesis, then ask the listener to prove what was wrong with it. (Just how he got away with this I never quite understood.) If proved wrong, he would invariably incorporate the correction in his own thoughts. But proving an Olson conjecture wrong was no easy task. His precise statement might be incorrect, but the underlying grain of truth or wisdom was there more often than not.
 21. The importance of language in Olson's life, mentality, and work is clear from his struggles to find the best explanation of his ideas. Although he made graceful expression appear easy, in fact he poured huge effort into finding the best turn of phrase. Mancur was raised on a farm in North Dakota. When he was a child, I heard him say, his father gave him a pony and cart for his birthday — seventh or eighth. He loved driving that cart around the yard; but before this was allowed he had to learn the names of all the parts/pieces of the harness, bridle, etc. Before you can do something properly such as care for your pony, you must know the words to describe what it is you are doing, or so thought Mancur's father, and Mancur too.
 22. Mancur's devotion to marketing a memorable turn of phrase should never be underestimated. In his 60s he co-organized a discussion group "WAFER" (Washington Area Forum on Economic Reform), since his 50s chaired "IRIS" (Institutional Reform and the Informal Sector). Throughout his career he lobbied tirelessly for professional adoption of his terminology: "exclusive groups," "encompassing interests," "exploitation of the great by the small," etc. .
- In 1990 at a conference in Cambridge, Mass. to honor Thomas Schelling, Mancur introduced the argument that institutions of governance can be idealized as existing at various points along a spectrum between pure autocracy and pure utopia. To develop the essence of the concept, he elaborated on a simple story from Banfield's *The Moral Basis of a Backward Society* — a story of the King of a province as its economic owner. Olson's King started off as a *roving bandit*; when he settled down as monarch he had changed little — merely become a "*stationary bandit*." Although many at the conference would forget the details of Mancur's argument, few would forget the story of the King nor the memorable "*stationary bandit*." See "Autocracy, Democracy, and Prosperity," in Richard Zeckhauser, ed. *Strategy and Choice* [Cambridge, Ma, MIT, 1991].
23. To see a book Mancur had read was to see one devoured, and awash with black ink marks and scribbles.
 24. The idea played an important part in my future collaboration with him in the 1990s — collaboration which led to our joint *Journal of Economic Literature* [1996] paper.
 25. Mancur was not one simply to dash off a clever technical article. But he brought to his technical endeavors the same lavish expenditure of effort on communication that he brought to grander visions. He and I shared a suite of offices and the collaboration of the same marvelous secretary, Adele Krokes, so I saw this during the years RADON was written. I especially remember two papers: (1) "The Marginal Utility of Income Does Not Increase: Borrowing, Lending, and Friedman-Savage Gambles," (with Martin J. Bailey and Paul Wonnacott) *American Economic Review* [June 1980, 372-379]; and (2) "Positive Time Preference," (with Martin J. Bailey) *Journal of Political Economy*, [February 1981, 1-25]. How many "final" drafts were produced only Adele would know, but dozens for sure.
 26. Earlier he had been elected President of the Southern Economic Association, and of the Public Choice Society, and later of the Eastern Economic Association.
 27. University College claims to be the oldest of Oxford University's thirty plus colleges and societies. Other of its honorary fellows from this side of the Atlantic include Army General Bernard Rogers former NATO Supreme Allied Commander, senior in order of election to Olson, and President William Clinton, junior in order of election to Olson. As the years went by, Mancur seemed to me to become ever so slightly Donnish, his posture and gait, beard, manner of speech with its weighty pauses, the ever so slight formality of dress, and the flourish of his signature. Was this Oxon redux?
 28. Of course, sheer energy too is essential, and commitment. Mancur was always working, talking, operating. No long vacs for Mancur. These ended in Oxford.
 29. Mancur often mentioned IRIS's special debt to the ideas of Hernando de Soto, the Peruvian advocate of the pivotal role of the informal sector in achievement of developmental success and prosperity. Mancur drew extensively on de Soto's opus, *The Other Path: The Invisible Revolution in the Third World*, [New York, Harper and Row, 1990].

30. Senator Paul Sarbanes of Maryland, his 1954 Rhodes Classmate. These conferences included two (1996 and 1997) of the Luxembourg Institute for European and International Studies.
31. Including papers with A. Dixit, A. Swamy and N. Sarna, C. Clague, P. Keefer, and S. Knack, B. Jack, myself and, no doubt, others.
32. I know from joint work with him that one of the central, and intriguing, themes in his thinking of recent years concerns the idea that the enormous *economic gains* from a "Social Order" only come at a *necessary cost*. These gains include the benefits of secure property rights, a system of contracts and enforceable promises, a limit on the assignment of powers to tax and enforce obedience to the law. The necessary cost is the amount of redistribution a society must endure, redistribution which not only is a transfer but also reduces productivity because the taxes to support it interfere with the efficient allocative workings of every economy. Earlier I mentioned Mancur's use of the monopoly-competition duality from economics to evaluate political centralization versus devolution. To my mind, the continuity over a lifetime career in his uses of economics to analyze political structures gave us Mancur Olson's most striking legacy.
33. Characteristically, about this time Mancur volunteered to teach graduate macro-economics at Maryland.
34. Mancur himself could well have argued that he straddled both micro and macro. His publication record includes contributions to both.

REFERENCES

Referenced Works of Mancur L. Olson Jr

- 1959 Free Trade in Corn: A Statistical Study of the Prices and Production of Wheat in Great Britain from 1873 to 1914. (with Curtis C. Harris Jr.) *Quarterly Journal of Economics*, February, 145-69.
- 1962 The Economics of Target Selection for the Combined Bomber Offensive. *Journal of the Royal United Service Institution* Vol. CVII, November, 308-14.
- 1963 *The Economics of Wartime Shortage: A History of British Food Shortages in the Napoleonic War and World Wars I and II*, Durham NC: Duke University Press.
- 1965 *The Logic of Collective Action: Public Goods and The Theory of Groups*, Harvard Economic Studies Vol. 124, Cambridge, MA: Harvard University Press.
- 1966 An Economic Theory of Alliances, (with Richard Zeckhauser). *Review of Economics and Statistics*, Vol. XLVII, 266-79.
- 1969 The Principle of Fiscal Equivalence. *American Economic Review Papers and Proceedings*, May, 479-87.
- 1969 *Toward A Social Report*, U.S. Department of Health, Education, and Welfare, Washington, DC: U.S. Government Printing Office (written with others).
- 1980 The Marginal Utility of Income Does Not Increase: Borrowing, Lending, and Friedman-Savage Gambles, (with Martin J. Bailey and Paul Wonnacott). *American Economic Review*, June, 372-79.
- 1981 Positive Time Preference, (with Martin J. Bailey), *Journal of Political Economy*, February, 1-25.
- 1982 *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*, New Haven: Yale University Press.
- 1991 Autocracy, Democracy, and Prosperity, in *Strategy and Choice*, edited by R. Zeckhauser, Cambridge, MA: MIT Press.
- 1996 Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor, Distinguished Lecture on Economics in Government. *Journal of Economic Perspectives*, Spring, 3-24.
- 1996 The Economics of Autocracy and Majority Rule: The Invisible Hand and the Use of Force, (with Martin C. McGuire). *Journal of Economic Literature*, Vol. XXXIV, March, 72-96.

Citations to Others:

- Andreoni, J.** Privately Provided Public Goods in a Large Economy: The Limits of Altruism. *Journal of Public Economics*, 1988, 57-73.
- Hardin, R.** *Collective Action*. The Johns Hopkins University Press, Baltimore, 1982.
- Banfield, E. C.** *The Moral Basis of a Backward Society*. Glencoe, IL: The Free Press, 1958.
- Baumol, W. J.** *Welfare Economics and the Theory of the State*. Cambridge, MA: Harvard University Press, 1952.
- Bergstrom, T. C., Blume, L., and Varian, H. R.** On the Private Provision of Public Goods. *Journal of Public Economics*, 1986, 25-49.
- Chamberlain, E. H.** *The Theory of Monopolistic Competition*. Cambridge, MA: Harvard University Press, 1933.
- Cornes, R. C., and Sandler, T.** Easy Riders, Joint Production, and Public Goods. *Economic Journal*, 1984, 580-98.
- _____. *The Theory of Externalities, Public Goods, and Club Goods*. New York, NY: Cambridge University Press, 1986.
- de Soto, H.** *The Other Path: The Invisible Revolution in the Third World*. New York, NY: Harper and Row, 1990.
- Headquarters, Department of the Air Force.** *United States Strategic Bombing Survey*. Washington, DC: U.S. Government Printing Office, 1947.
- Robinson, J.** *The Economics of Imperfect Competition*. London: MacMillan, 1933.
- Sandler, T.** *Collective Action: Theory and Applications*. Ann Arbor: University of Michigan Press, 1992.
- Warr, P.** The Private Provision of a Public Good is Independent of the Distribution of Income. *Economics Letters*, 1983, 207-11.

EDITOR'S NOTE

Mancur Olson's untimely death represents, for me, both a personal and a professional loss. My recollections are replete with evidence of his energy, exuberance, and warmth. I thought of him a friend for nearly half my life. Inevitably, it is difficult, from a distance, to accept the knowledge that he will not hold forth, in his distinctive manner, at the next professional meeting I attend.

As we all know, creativity, insight, and originality, applied to the complex realities of intellectual and social issues, tends to be very rare in our discipline as in others. Mancur Olson's work is deserving of such praise. Free of cant and to the point, it will stand out, perhaps even more than during his lifetime, generations after his death.

Mancur's many offices, and honors, included the presidency of the Eastern Economic Association, which sponsors this *Journal*. This led me to reflect, with some care, how we might best memorialize him, honoring his accomplishments and his life, in this *Journal*. I am, therefore, particularly pleased that Martin McGuire, Mancur's close friend and, through most of his academic career, his colleague at the University of Maryland, consented to author the tribute that appears, immediately preceding, in this issue. This could not have been an easy task, least of all emotionally, and we are grateful to Professor McGuire for undertaking it.

Harold M. Hochman

Editor

Eastern Economic Journal