
For production, distribution, and exchange, modern society relies on corporations; for organizing labor, it relies on trade unions; for political action, on parties, interest groups, and other forms of voluntary association. Modern Western society, in both its political and its economic aspects, is a network of voluntary associations even more pervasive than the one that so impressed Tocqueville in early nineteenth century America. In The Logic of Collective Action, Mancur Olson developed a rational explanation why people pursuing their own gain as individuals should embark on collective action in this way. In the present work, Olson takes the implications of The Logic and develops from them a far reaching argument about the dynamics of political and economic development.

Central to his thesis is the observation that over time stable democracies develop an increasing number of what the author calls “distributional coalitions.” These are groups capable of exerting political or economic influence in the collective interests of their members. They include trade unions, professional associations, farm organizations, and lobbies of all kinds. Their effect is similar to that of a cartel. The longer a society has been stable, the more the texture of that society develops a dense network of distributional coalitions, until eventually the society ossifies into political and economic stagnation. Britain and the United States have been stable pluralist democracies for much longer than Japan or West Germany. The denser networks in the former have resulted in slower economic growth than in the latter two countries since World War II, which largely destroyed the pre-existing network in Japan and West Germany. Within the U.S., the northeastern states have had political and economic stability for longer than the southern states, which is one factor that has contributed to their currently slower rate of economic growth. The type of distributional coalition also makes a difference. When a coalition is so large that its membership embraces most of the nation, the collective interest of the coalition becomes almost coterminous with the national interest. Thus, the well-integrated and comprehensive West German trade union movement is less damaging to economic growth than the numerous, scattered, and factious trade unions of Britain. On this point, Olson’s argument has definite relevance to the arguments about neocorporatism.

The basic argument is applied to a wide range of societies at many different periods. An interesting conclusion Olson draws from this survey is that impediments to the operation of free market forces, which he attributes to the influence of distributional coalitions, result not only (as is generally recognized) in less efficiency but also (as is generally denied) in greater social inequality.

The basic argument about the effect on the political economy of the gradual growth of an ever more dense network of distributional coalitions is finally used to develop an economic theory that differs from, on the one hand, Keynesianism and disequilibrium theory and, on the other, monetarism and equilibrium theory. Olson's theory provides a credible explanation for both the occurrence of involuntary unemployment and “stagflation.” This is something the other theories have had difficulty in doing. The theory
depends on two variables: the density of the network of coalitions and the extent to which economic actors allow for inflation. When distributional coalitions are weak, an economy will attain equilibrium even in deflationary conditions, but when the network is dense, inflation less than expected (or deflation greater than expected) results in involuntary unemployment and falling output. As the network becomes more dense over time, the trade-off between inflation and unemployment worsens.

There is clearly an element of hubris in a book with a title such as this and a theory that, in the words of the jacket, claims to explain "the British class structure, the Indian caste system, the timing and forms of racial discrimination in South Africa, unemployment, depression and stagflation today . . . and a great deal more." Yet the jacket is less than fair to the text. Olson is at pains to point out that none of the phenomena he examines are mono-causal in origin. He is interested in only one causal thread among many, but it is a thread that appears in many diverse contexts and has received relatively little scrutiny. The book presupposes many of the assumptions of conventional economics. I am not certain how Olson's argument would be affected if one accepted, say, Joseph Schumpeter's argument that a measure of oligopoly is beneficial in counteracting the tendency of unfettered competition to optimise on too short a time scale. The book is clearly topical. Olson emphasizes that although trade unions are distributional coalitions, they are not the only one or necessarily the most harmful. Nonetheless, the thesis, with its Rousseauiesque oppositions to partial societies coming between the citizen and the state, has an obvious application to many current controversies about the role of trade unions.

Political scientists should welcome the work of an economist who reemphasizes the crucial role of the structure of institutions in the political economy. Moreover, there is both a challenge and a stimulant in this ambitious theory, which is not frightened of ranging widely and drawing conclusions about great matters.

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The authors state that their purpose was to examine Nelson Rockefeller as a case study in executive leadership and in policymaking at the state level. A further purpose was to determine the degree to which the Rockefeller administration reflected the public philosophy of "pragmatic liberalism." Since the authors' purpose was threefold, they were selective in the policies they examined. They concluded that Nelson Rockefeller, although a Republican, reached the apex of pragmatic liberalism as governor of New York State. Most Republicans would agree.

A brief opening chapter defines "pragmatic liberalism" and could have been considerably expanded for clarity. The material covering Rockefeller's life before he entered state