Symposium: Marking the 25th Anniversary of Mancur Olson's *The Rise and Decline of Nations*

Editors' Introduction

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Twenty-five years ago, Mancur Olson published *The Rise and Decline of Nations*. In the same year, he also served as president of the Southern Economic Association. The importance of *Rise and Decline* has been acknowledged in various venues. The American Political Science Association awarded Olson the Gladys M. Kammerer award for the best political science publication in the field of U.S. national policy. A series of symposia centered on *Rise and Decline* became special issues of *International Studies Quarterly* (1983), *Scandinavian Political Studies* (1986), and *Public Choice* (1987). The book has subsequently been translated into 11 languages, and its interdisciplinary nature is evident by the continued research on its themes from economists, political scientists, historians, and sociologists, with over 1500 citations listed in the *Social Science Citation Index*.

To commemorate the 25th anniversary of the publication of *The Rise and Decline of Nations* and Olson’s related Southern Economic Association presidential address, and to determine how well they have stood the test of time, we arranged with Laura Razzolini, the editor of the *Southern Economic Journal* (SEJ), for a symposium to appear in the SEJ. A session was organized for the 2006 meeting of the Southern Economic Association in conjunction with the symposium. Two papers presented at that session, and two others developed subsequently, compose this symposium.

The papers we collected take a new look at the central thesis of *Rise and Decline*. That thesis, which Olson referred to as *institutional sclerosis*, is interest groups develop over time in stable societies, compete over their share of the national income, and, in the process of competing with one another, induce slower growth in income. The four papers included in this symposium extend Olson’s theory in new directions. Each author’s contribution honors Mancur Olson’s ideas by building on them—“standing on the shoulders of giants,” as Olson would say—whereas in this case, the giant is Olson himself. That is not to say that each paper takes Olson’s theory or related hypotheses as a fact or as the final word in understanding the

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relationship between interest groups and economic growth. Indeed, Olson’s ideas are seen for their strengths, as well as weaknesses, in these papers.

Mancur Olson, in fact, would claim that assessing the strengths and weaknesses of a theory embodies the scientific process. Indeed, as J. Barkley Rosser, Jr., argues in the first paper of the symposium, Olson’s own understanding of the role of interest groups in creating economic stagnation, and how the problem may be solved, changed over time. Interestingly, Rosser finds evidence of the evolution of Olson’s ideas manifest in his presidential address to the Southern Economic Association in November 1982. The address was published in 1983 under the title “The South Will Fall Again: The South as Leader and Laggard in Economic Growth.” Rosser argues that Olson’s final works on “good governance,” such as the posthumously published *Power and Prosperity*, saw him come full circle on the interaction between interest groups and government policy.

In the second paper, Jac C. Heckelman assesses the literature that has tested the model described in *Rise and Decline*. Evaluating the general support or rejection of the model from 50 studies published in economics and political science journals or in books and collected volumes, Heckelman concludes that the general finding in the literature supports the hypothesis of institutional sclerosis. The 50 studies include works authored by Americans and Europeans, employing either regression analysis or case studies of various countries. He finds that neither the nature of the study, the location of the author, nor the primary discipline of the outlet matters for his conclusion. On average, the bulk of these studies, no matter how classified, tend to support the notion of institutional sclerosis, even though there is plenty of mixed evidence as well.

In the third paper, Ivo Bischoff suggests a reason for this mixed evidence described by Heckelman. He argues that Olson’s implication that stability leads to slow economic growth might be correct without the number of interest groups rising the longer is the period of stability, and without the interest groups competing over the distribution of the national product. In Bischoff’s contribution, stability and slow growth are linked, but not through the intervention of interest groups in the manner of *Rise and Decline*. Bischoff follows a long line of critics of Olson’s work who have attacked one or both of the links in the chain from stability to group formation, and from groups to slower growth. In Bischoff’s model, politicians/parties propose policies that the electorate may either accept or reject through voting for the different parties. Bischoff argues that in an unstable environment, different policies are offered and society learns about which policies work best. In contrast, in stable societies the set of policies that are both politically and economically successful is constrained. Changing circumstances make those policies less and less relevant, and make them less successful from an economic perspective, yet new policies will not be implemented because they are untried and likely to result in electoral defeat. Moreover, uncertainty about the way the economy works, and therefore about the efficacy of policies, leads voters to favor policies based on fairness and redistribution. In the end, a stable economy follows less efficient economic policies than a relatively less stable economy and, as a result, grows at a slower pace.

In the final paper, Joel Mokyr and John V. C. Nye reexamine the origins of economic growth in Britain through the lens of distributional coalitions. They note that in *Rise and Decline*, Olson had “pointed to the Glorious Revolution as a watershed” in the development of Great Britain. Specifically, the civil wars that preceded the Glorious Revolution of 1688–1689 and the outcome of the Glorious Revolution itself, “created a stable and strong nation-wide government that made Britain into an integrated and large jurisdictional unit, thus weakening
most distributional coalitions.” Regional interests were sublimated to the national interest, with Parliament becoming more powerful and more nationally oriented over time.

In a way, Mokyr and Nye have provided a model of the evolution of Olson’s ideas as described by Barkley Rosser. The Olson of *The Rise and Decline of Nations* was focused on the role of interest groups as a hindrance to growth, and the pre-Glorious Revolution days saw a plethora of regional interests holding sway. The turmoil of both the civil wars that preceded it and the Glorious Revolution destroyed or severely weakened those interests, making possible a rapid development in Great Britain. But that development could only take off if the government did not hinder it. As Rosser makes clear, the Olson of *Power and Prosperity* focused on the benefits of a good government and on the ways in which an effective government can overcome the narrow self-interests of small groups. Mokyr and Nye argue how important Parliament was in strengthening the general, national interest over the narrow interests.

The papers included in this symposium represent a wide range of methods related to Olson’s *Rise and Decline*, from an appraisal of how the literature has viewed his ideas, Olson’s own appraisal of his work as traced through the evolution of his ideas, a new case study, and a highly modified theory relating stability to growth. We thank each of the authors for their participation in the conference session and willingness to revise their studies on such a short time frame between receiving comments at the conference and the deadline for completed submission.¹ The success of the symposium would not have been possible without their interest and cooperation.

¹ We are also grateful to Randall Holcombe, David Mitch, and Bonnie Wilson for their role as discussants and for the comments and discussion of the audience at the session.