



When Cooperation through Government Makes Sense

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National defense, law and order, clean air and water, highways without tolls – each of these desirable things provides benefits to all of us, even if some people have done nothing to help produce them. “Non-excludable good” is the label used to describe a common benefit that anyone can use once it exists. The logic of what happens when a good is non-excludable was discovered in the 1950s; and scholars have since worked out the implications – to show why citizens need to work through government to make sure important non-excludable public goods are created and sustained.

An Indispensable Role for Government

Many things we value are best provided by enterprises competing on free markets. The law of supply and demand has been developed to explain how this works – for example, to produce things like hats or cars. Businesses offer them at a price, and consumers look for the best value for what they pay. Efficient production and happy customers can be matched without any central authority dictating the price; and inefficiencies are likely if authorities interfere.

But some things society needs are not likely to be fostered by private markets, or would cost way too much. Imagine if each family had to buy its own police force, or hire its own experts to test water and air. Most families would end up without these things – and those who bought them would pay a high premium for their private guards and special amenities.

Other things we value are well-provided by small groups of friends, neighbors, or relatives. People who know each other well can cooperate over months or years – for example, to tend a garden, keep a house neat, or clear snow from a shared street. On a very small scale, everyone knows what everyone else is doing. A smile to the contributors, plus a scowl at a shirker, can get people to do their share. But nations of strangers need the formal authority of government to sustain vital non-excludable goods.

Governments can operate on a large scale. But it is not just that government may have special capacities – armies of trained soldiers, experts to test water and air, money to build and maintain highways. More than that, government has the authority, backed by force, to overcome the “free-rider problem” that plagues non-excludable goods. Government can collect taxes and enforce penalties on those who fail to pay.

It is easy to see why taxes are often necessary. Even a small town needs to tax its citizens to pay for maintaining the roads. If the town tried to maintain the roads with voluntary contributions, the first year a few people would cheat and free-ride on others’ contributions. The next year, when others saw that the free-riders were taking them for suckers, more people would cut back on their contributions. Soon the entire voluntary scheme would unravel, as everyone tried to free-ride on everyone else. To prevent the free-rider spiral, towns institute taxes, backed up with some coercion against those who do not pay. If tax collection and enforcement

are fair, most people will not even think of cheating, and the town can concentrate on repairing the roads.

Good Things Happen When Everyone Contributes

For years, I have begun classes with a classic “free-rider” problem that illustrates the benefits and efficiencies that fair taxation can bring. Anonymously (on a folded piece of paper) each student chooses whether to give me \$0 or \$100 in imaginary money. I act as a “common pool” or “giving tree”; whatever I receive from the class, I double and return equally to all. The returned good is non-excludable – in the sense that students who did not contribute get just as much as those who gave generously. In this situation, of course, it pays each individual to contribute zero, keep his or her \$100, yet still benefit from the equal return. But the shared class dilemma is this: the less the members contribute, the lower the benefits each receives from my ability to double their resources and give benefits to all. There is no trick. It all follows from the character of a non-excludable good where efficiencies arise from cooperating for the benefit of all.

When you think through the logic, you realize the wisdom of requiring every citizen to contribute to the provision of shared goods where people could be tempted to free ride. Such a polity will do better than one in which many shirk and try to get out of contributing. Successful societies get everyone to help create common pools, such as regulated waters where enough fish reproduce, or a lawful order that makes it safe for strangers to trade with one another. Otherwise, everyone would suffer from what game theorists call “defectors,” who take more fish than the quota, or steal or cheat in a trade.

A Valuable Intellectual Tool

Most of us sense that certain good things require governmental action, but we cannot always nail down the logic – not as easily as we can when a problem seems like a matter of supply and demand. Aided by the concept of “non-excludable goods,” and with an understanding of the risks of “free-riding,” we see the world through a different lens. An educated labor force, for example, can be understood as a non-excludable good. Once it is provided, any business can use it without paying a “toll” on each hire. Yet America cannot have this important good unless we all pitch in as taxpayers.

Non-excludable goods are not the only reason for government. We also use government to make the world more just. But our need for important non-excludable goods is a major reason to act through government sustained by fair taxation. With the concepts explained here, we can more readily figure out what we need from government – and make a more effective case in public debates.

Read more in Jane Mansbridge, “On the Free Rider Problem,” in *The Future of Political Science*, edited by Gary King, Kay Lehman Schlozman, and Norman Nie (Routledge, 2009).