

# Towards a General Theory of Decentralized Non-Market Behavior: The Limits and Chances of Collective Action

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## Overview

The dissertation develops a new approach for the institutional analysis of common goods. It demonstrates the analytical advantages of such an approach applying the general theory to the specific case of Common Pool Resources (CPRs).<sup>1</sup> The basis for a new institutional approach is the explicit distinction between market variables such as cost and profits measured in terms of relative prices and variables that remain unrecognized outside the reach of market coordination, namely utilities. In particular the dissertation will demonstrate that the reduction of CPR problems to collective action (CA) problems may be inappropriate and is responsible for the difficulties in generalizing the analysis to larger scale CPR problems. In contrast to existing theory, CPR problems are not exclusively analyzed as collective action problems. The analysis of the tension between individual and collective incentives does not fully capture the theoretical problems involved in CPR dilemmas. The reason for the failure of current approaches in giving a complete theoretical picture of CPR problems is found in the neglected interdependency between market coordination and collective action. Depending on the research question, market coordination and coordination through decentralized collective mechanisms cannot be analyzed independently of each other.

The dissertation proposes a twofold synthesis. First, a synthesis of the economic (externality approach) and the political science (collective action approach) literature on non-excludable and rival goods and resources is provided. Second and more importantly, a general framework of analysis is developed that encompasses the seemingly opposed strands of thought concerning the role of a third actor. In “rough and dirty” terms it is a synthesis of the classical approach to market failures (e.g. Pigou and Hardin) emphasizing the necessity of exogenous intervention on the one hand and more recent developments (e.g. Coase and Ostrom) emphasizing the endogenous problem solving potential.

As a result of this synthesis, the legitimate domains of these two approaches can be specified in a unified framework. The analytical aim is to identify the conditions under which decentralized collective action embedded in a market system is likely to solve CPR problems and when collective action is likely to be unsuccessful. Ultimate goal is the development of a general theory of decentralized non-market behavior embedded in a market system that is capable of identifying the limits and chances of decentralized collective action.

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<sup>1</sup> A CPR is defined as a non-excludable and rival good or resource. Common Goods are all goods and resources that are not purely private.