

Competition and Coordination in Collective Action

Gergely Ujhelyi

Economics Department, University of Houston

E-mail: gujhelyi@uh.edu

Abstract

This paper studies collective action in a setting where group-size imposes budget constraints on competing lobbies. I start by distinguishing the free-rider problem, as studied by Olson (1965) and most of the literature, from a pure coordination problem which can arise even if every individual would be willing to act in her group's interest. I show that coordination problems are especially pervasive when multiple competing groups are present. This approach leads to a strengthening of some of the classical insights of the collective action literature. In particular, even if the free-rider problem is ruled out by assumption, larger groups are less able to achieve their objectives, and selective benefits are crucial determinants of equilibrium membership and success. On the other hand, contrary to the free-rider model, a larger organized group may be less successful than a smaller one, and a larger stake can have an adverse effect on a group's success in the political game. Finally, my model points to the limitations of inferring individual preferences from observed outcomes when public good provision features inter-group competition. In equilibrium, no single individual can be pivotal, even if they all would like to be.