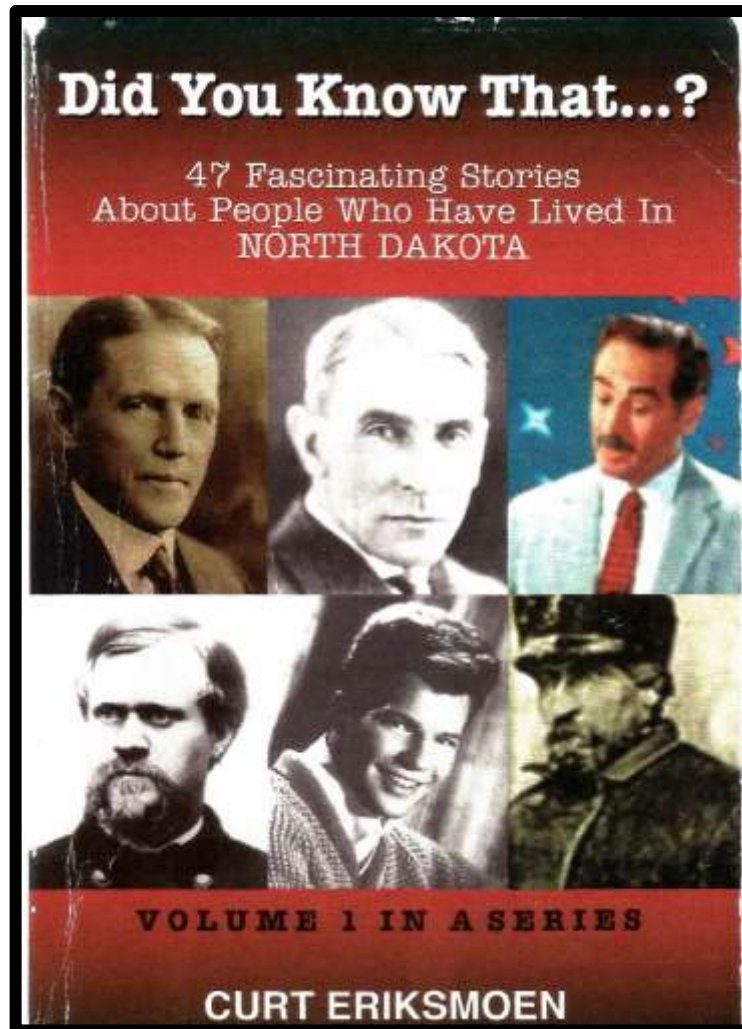


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### MANCUR OLSON (1932-1998)

*Economist for the World*

When a native North Dakotan died on February 19, 1998, world leaders all over the globe eulogized him. Former Russian Prime Minister Yegor Gaidar said, "Such persons as Professor Olson are, in our view, irreplaceable." After the fall of Communism, Mancur Olson Jr. assisted over 30 of the former Soviet bloc and/or developing countries in transitioning to a market economy and developing legal reforms. Yet, the average citizen of North Dakota did not know who he was.



Mancur Lloyd Olson Jr. was born in 1932, the older of two sons, to Mr. and Mrs. Mancur Olson on a farm located near Buxton, between what is now Interstate 29 and the Red River. Young Mancur attended Buxton High School and then graduated from NDSU in 1954. He was awarded a Rhodes scholarship and attended Oxford University where he was part of the Honor School of Philosophy, Politics, and Economics and studied under Tom Wilson, a contemporary of John Maynard Keynes. He spent his free time at the college cellars drinking "bitter beer" and debating economics with his fellow students. Olson left Oxford in the summer of 1956 and enrolled at Harvard where he majored in economics and studied under John Kenneth Galbraith. After receiving his PhD in 1961, he was commissioned in the U.S. Air Force to teach economics at the newly established Air Force Academy in Colorado Springs, Colorado. While there, Olson published his first book, *The Economics of Wartime Shortage*. In 1963, he resigned his commission and accepted a position as assistant professor at Princeton.

In 1965, Olson published his first major book, *The Logic of Collective Action*, which demonstrated with mathematical logic that special interest groups are better at organizing than larger groups. The larger groups, such as consumers or taxpayers, care more about society as a whole. Olson called this finding "the exploitation of the

great by the small" because a small group stood to gain a lot from a government action whose costs are borne by a much larger group. Since any member of the larger group faces only a small cost, no individual has much of an incentive to counter-lobby. This work was the first to bring together the social sciences of economics and political science in what Olson termed "political economy." It was also the beginning of the "public choice" and "social choice" movements within economics. His work was controversial, but, because of its sound logic, it could not be ignored. President Lyndon Johnson's administration recognized his wisdom on economic matters, and Olson was summoned by Washington, D.C. to serve as Deputy Assistant Secretary of the U.S. Department of Health, Education, and Welfare in the summer of 1967. He was also one of the key members of the Council of Economic Advisors.

In 1969, Olson accepted a position as professor of economics at the University of Maryland, and in 1979 he was named "Distinguished Professor of Economics." He published his second major book, *The Rise and Decline of Nations*, in 1982, which was popularly referred to as RADON. Olson carried the premise of his previous work to its natural conclusion that narrow lobbies tend to accumulate, each locking in some subsidy, tariff, or tax break. Gradually, the economy becomes burdened with the built-in costs of many special interests and becomes sluggish or, even worse, collapses. He insisted that the process could be resisted if the public understood it. The publication of RADON vaulted Olson to academic celebrity status when he was given the Gladys Kemmerer Award for best American political science book in 1983.

With the fall of Communism and the breakup of the Soviet Union in the 1980s, Olson's analysis of the evolution of the entire social system appeared to be a blueprint of what these newly emerging governments were seeking. Olson, with the assistance of the U.S. Agency for International Development, launched the highly successful IRIS (Institutional Reform and Informal Structure) Project. He started as the principal investigator for IRIS but soon became chairman. He worked closely with governmental leaders and other decision-makers in developing countries to help them understand that a country's

economic policies and institutions determine its economic performance. The nation's size or whether it had natural resources was of small matter. The critical issues were the raising of capital, an industrious work force, and implementation/incorporation of technology, which can be greatly determined by the political institutions and policies within each country. Largely through Olson's efforts, great economic strides were made in Russia, Poland, India, Egypt, Bangladesh, and 25 other countries.

Much of the success of Olson had to do with his hard work, impressive intellect, and knowledge of many different disciplines. One of his colleagues at the University of Maryland described him as "a Michael Jordan of the mind, who in debate would demonstrate the force of his ideas with powerful logic while simultaneously revealing his humanity with a smile, a joke and many, many kind words."

Mancur Olson was working on another book called *Power and Prosperity* when he suffered a fatal heart attack on February 19, 1998. Had he lived, several economists believe he would have received the Nobel Prize for Economics. There are those who point at what he did to help jumpstart the economies of many nations and wonder why the policy-makers within his home state of North Dakota do not embrace his ideas. As one noted economist from the state recently said, "We have the capital, an industrious work force and technology." Olson highly valued the teaching of his father, Mancur Sr., who always asked what he thought and then listened with respect.

National correspondent Jonathan Rauch, upon learning of the passing of Mancur Olson, wrote,

*He kept his direct heartland manner to the end but when he got to talking about ideas he might ask leave to get up and pace while his mind spun like a flywheel and his eyes sparkled with the joy he took in rigorous argument. He loved to think and argue, and he believed that thinking and arguing could change the world. And he was right, he did.*