

COMMENT ON BOETTKE AND PRYCHITKO

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Boettke and Prychitko undertake a large mission here, especially in the latter portion of their title. In the narrow sense their paper is a critique of the work in this topic area by Lester Salamon, who writes of the failure of the nonprofit sector and calls for more explicit partnerships of nonprofits with government. They make many valid and important points against Salamon's views along the way. He has, it would appear from their critique, failed to show that the sector has failed, and he fails to show that explicit government-nonprofit partnerships would in fact do better. They do make their case on this, bringing in other elements from the literature in doing so. It is a useful paper.

It is in the second, more ambitious part of the mission declared in their title that they fall short. These two leading Austrian economists, both familiar with the Virginia tradition as well, fail to make many points against Salamon, and bypass many points central to the character of the nonprofit sector, that I would expect an Austrian interpretation (especially one with close ties to George Mason University) to bring sharply into focus. They point out, for example, that a vigorous nonprofit sector can fill in and make government unnecessary in the provision of many community services. (They reference Toqueville but fail to provide a citation which would be most welcome here.) Their point is true and important, but they fail to note the critical fact that government provision is different in kind from voluntary assistance and normally brings very different results, many of them unwanted. As Charles Murray and others have shown, for example, when government steps in to provide welfare payments, the result is, in effect, the purchase of more of the behavior leading to the "need" for welfare in the first place.

Volunteer assistance, by contrast, will typically be local and will normally involve "tough love." Family, friends, church members, and others providing nonprofit, voluntary assistance are less likely to tolerate the behaviors that lead to poverty—unwillingness to work, use of drugs, promiscuous behavior leading to unwanted pregnancy, and so on. Such assistance is often explicitly limited to "the deserving" when it is private, unlike government-provided welfare paid by involuntary taxpayers. Such providers of voluntary assistance

have local, more intimate knowledge and the tool of shame to work with as well. Government aid is different; it softens the individual's price paid for bad behavior. Bad behavior increases, having in effect been purchased.

The "little platoons" of local clubs, churches, neighborhood groups, and so on, act differently—more holistically, one might say in today's jargon. These groups, described by Murray following Burke's writings much earlier, also form an important part of the social fabric in other areas: once formed to solve one problem, the connections, fellowship, knowledge, and trust gained in one situation are useful in subsequent situations. Individuals understand that joining in is a form of insurance for all. He who does not join in, or who acts in an antisocial manner, will be less well insured. Governmental action tends to displace and destroy the little platoons, making weaker and less resilient the social fabric in the process. Civil society declines, and individual behavior becomes meaner, less civil.

Little platoons of voluntary organizations are different from government in another important way. Government organizations are, we hope, responsive to the electorate in general. A government-supported art gallery must respond to the majority that ultimately rules in a democracy. In a republic, there are mediating forces so that the median voter is not in charge, but still the agency must look to the elected legislature and the elected executives, not primarily to the most passionate gallery-goers. Who pays the piper calls the tune. When taxpayers pay, they have every right to control that for which they pay. "Political interference" is precisely the way the people seek to exercise this right to control their government. If the National Endowment for the Arts is reined in by Senator Jesse Helms for exhibitions of "Piss Christ," it is because Helms' conservative constituents pay the tab, too, just as do the Endowment's biggest liberal backers. Compare that kerfuffle, and its discordant results, with the results of voluntary nonprofit actions. A private art gallery has every right to bring in—or to reject—any artist its governing body chooses. Those unhappy with their decision need not support the gallery in any way.

A characteristic of private property is that neighbors can get along peaceably, each convinced that the other is wrong and may burn in hell later, but neither causing the other any direct harm or expense. For this reason, private philanthropy, characterized by the voluntary giving of time, talent, or money, is categorically a less disruptive approach to social change than are politically mandated transfers.

It is ironic that voluntary action, with its obvious public good “free rider” problem, will often have less of that very problem than government action taken to replace it. Government can levy taxes and solve the financial free-rider problem, but the social costs can be high. At the cost of peace, perhaps, all can be forced to contribute to the National Endowment for (you name it). But who will control the action so financed? It is here that the public sector has a very serious problem. Good government, in the United States at least, means representative democracy. Will the median voter rule? What legislative or executive branch compromises will be reached? As Gordon Tullock pointed out in a no less prominent place than the *Journal of Political Economy* (1971), public decisions truly are public goods, with no clear private responsibility attached to outcomes. Will public schools be run to benefit the children? Who will successfully fight the teachers’ unions and the schools of education for control? No one, as it turns out all too often. Who will see that the military, one answer to the greatest of the classic public goods, the defense of the nation, is controlled for the benefit of all, rather than for the benefit of certain suppliers, certain political districts, and so on?

This free rider problem in government is in fact so severe that we may well end up with less, not more, of the supposed good as a result of government subsidy and the resulting political control. A classic case, again from the *Journal of Political Economy* is religion. Two centuries ago, churches in the United States were mostly state supported. (Only later was the Constitution amended so that states, like the federal government, had to live within constitutional limits in this regard.) The argument for state-sponsored religion was that all citizens gained benefits when anyone was more religious—a religious person was thought to be a better citizen, parent, business person, etc. All gained, so all should support the state church. Indeed this idea holds in most industrial democracies today. Yet in the United States, as the states one-by-one disestablished their churches voluntarily, religion blossomed much further. Church attendance rose, financial support increased in total, the number of preachers increased, and so did religiosity. Why? Presumably, churches run by members only, not at the direction of a majority of voters or their elected representatives, are different churches (or synagogues, mosques, etc.), and thus worthy of much more support—and not coincidentally, control—by those most ardent in the faith. To this day, no other industrial democracy is in a class with the United States in the social importance of religion—because of, not despite, the lack of government support for religion.

No one knows better than an Austrian economist that preferences (not to mention passions) are individual and subjective matters, not even objectively measurable. This acknowledgment of goods being different when produced by different groups, is conspicuous by its absence in the paper under review.

If a little platoon, or a big one for that matter, is run by a committee, then very often it will best be run by a committee of those closest to the problem to be solved or the opportunity to be sought after. Closeness may be defined by geographical proximity, or as in many cases, simply a closely aligned set of passions for the action to be taken. Being joined together in a diverse state, much less a nation, is seldom sufficient for such purposes, yet that is where much of government is financed.

Indeed, most cities are far too large and far too diverse for a city government to effectively run a little platoon or any but the most bland of art galleries, much less a church of any kind. Only when nearly everyone in the city can agree on the action to be taken (murder and theft to be stopped, and courts to enforce such criminal laws, for example) is the political process likely to be reasonably effective and with little added rancor. Yet when ethnic neighborhoods are important and standards of proper behavior vary among them, then even criminal law may need some more local control than the city as a whole can provide. It is not just that voluntary action can reduce the need for government, which Boettke and Prychitko properly point out, but also that government simply cannot truly replace much of what voluntary action can and does accomplish. Salomon is not just wrong: his “partnership with government” approach to voluntary action is too often pernicious as well, when the services sought are important. Government is just not capable of accomplishing much of what we might seek from it, especially in the case of local or specialized services.

A crucial part of voluntary action is the joining together of people holding like goals to get the job done. Others, less intensely involved, will properly have little role to play and correspondingly little voice and little burden to bear. Each goal will be better met when those with the greatest desire for successful action, and thus also probably those most knowledgeable in organizing that action, are in charge. Not being a great fan of ballet, I should logically have no say in how it is done. And when it is done voluntarily, I am sure to avoid polluting the wisdom of zealots who know and care about the subject

far more than I. But if my tax dollars support the ballet, then I have every right to have the same voice as those who know the topic far better because they care far more than I do. The latter is a sad situation all around.

Boettke and Prychitko seem not to note that problem, yet it is crucial to an understanding of what voluntary action means, why it is important, and why voluntary action is diluted and indeed polluted when financial aid is taken from government. In that situation a “partnership” is inevitable, but it is also destructive. It reduces effective coordination, turns passion from production to conflict, and can badly damage the social fabric. The painful lessons shown us by Charles Murray in his writings on welfare and poverty, and the hopeful lesson of Kelly Olds on the privatization in the United States of religion, should not be lost or forgotten as we try better to understand the importance and proper place of the voluntary nonprofit sector.

REFERENCES

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