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Special-Interest Organizations, Jurisdictional Integration, and Economic Growth

The relationship described between Special-Interest Organizations and the stability of a country is the central factor that Olson ties to the amount of growth in states. This can be further enhanced to discuss how the stability of the boundaries of a particular area, or region, effect the growth of these special-interest organizations. Simply put, if the boundaries have been stable for an increased period of time, the likelihood of the amount of effective special interest organizations is increased. Stability decreases the growth rate. Jurisdictional integration, or a focus on free trade between the region, (between different consumers, groups, states, etc.) slow down the progress of these different organizations' formation and chances of success.

First of all, a special-interest organization is generally considered to be a small, homogeneous, focused group. Some examples of these groups are labor unions, guilds, etc. and they usually allow for a gathering of like-minded individuals. The goals, described by Olson, are to 'extract' as many resources from the overall institution for the benefit of the group. This is detrimental to the overall success of a state, and the growth of a state, because fewer resources are available. For example, if a government is required to 'give in' to lobbying organizations, the goals of the state take second-seat to the lobbying organizations. This situation occurs often in a stable state that has existed for an extended period, and has allowed homogeneous groups to form and organize.

In the example of the United States, each individual state was created at a different time. By breaking each state into a case study, it is clear to see a trend between the amount of stability, and therefore the amount of organized homogeneous groups in each state. The states that are less stable have a higher percentage of growth than the ones that have been established longer; and this trend occurs in other examples of other countries around the world.

Second of all, jurisdictional integration allows for a larger area for these special-interest organizations to exist in. Looking at guilds, it is clear to see that when one had created a 'monopolization' of a particular trade, it had more power over a specific consumer market. Instead of improving the economic market in the region, it eliminated any sort of competition, or incentive, for growth. By increasing the region through free trade, or jurisdictional integration, between multiple countries or states, the amount of competition is increased because multiple monopolies are then forced to innovate (against each other). It creates a system where multiple focused homogeneous groups are disrupted. Instead of having direct power over an individual state, they must cooperate and 'bargain' for support, thus increasing the amount of growth in a particular smaller area instead of draining all of the resources.

Large heterogeneous groups are the best groups if the goal is to increase growth rate, because it creates a situation where multiple ideas and concepts exist, and the state will encourage the ideas that improve economic growth because economic growth allows for a stronger state. I think that this, however, may result in other policy making that may cause unhappiness because the primary goal is instead wealth. Also, from my understanding, with stability comes complacently, thus producing little incentive to innovate. Without innovation, growth does not happen. To 'shake things up,' the simplest method is free trade which allows traffic of not only wealth and ideas, but also people.