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And Lettuce is Nonanimal: Toward A Positive Theory of Voluntary Action

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Negative Theory

Existing economic and financial theories of nonprofit organizations are based in an extensive and rather remarkable set of negations and negative comparisons of voluntary action with the market, or for-profit sector. Ironically, these negations tell us far more about what the nonprofit sector ***is not*** than they do about what it is. They also begin rather consistently from the charming, but completely unwarranted, assumption that all nonprofit activity is somehow a deviant form of commercial enterprise. As a result, the professed intent of recent nonprofit economic theory to be useful to those with a substantive interest in voluntary action (Rose-Ackerman, p.15) falls far short of the mark. The intent of this article is to stimulate further debate among market-oriented economists, voluntary sector management theorists and others over more appropriate models of resource allocation and decision-making in the voluntary sector. A suitable beginning point for this discussion is the remarkably negative tone of existing nonprofit economics, and associated work in accounting and management science.

Anthony and Young define a nonprofit organization as one "whose goal *is something other than* earning a profit for its owners". They also identify the *absence* of a profit measure and inadequate management controls among a list of characteristics which identify nonprofit organizations. (1984, p. 38) Anthony and Young, along with many others also view nonprofit organization as inherently inefficient due to *the lack of profit motivation* and resulting inadequate management controls. (Anthony and Young,1984; Steinberg, 1987, p. 134; Zaltman, 1979). Hansmann finds the basis of an economic model of nonprofit action in a phenomenon he terms *contract failure* (1980, 1987). Baumol and Bowen (1966) argue that the performing arts face an ever widening income-earnings gap because of their *inability to increase productivity* via technological change (1968). Sugden argues that "the voluntary sector differs from the profit-making sector in that *exclusion is not practiced*....(because) a person has contributed towards the costs (of a nonprofit service) does not give him any entitlement or priority" (1984, p. 772). Weisbrod (1977) places the negative accent not in the nonprofit sector itself, but in the public sector. Nonprofit action, he argues, tends to serve a gap-filling role vis-à-vis governmental enterprise, meeting demands for public services left unmet by government provision. The

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first two sections of a recent book on nonprofit economics are entitled "Government Failure" and "Contract Failure" (Rose-Ackerman, 1986). Others have suggested that such organizations are non-governmental in nature.

Virtually all existing nonprofit management theories explicitly or implicitly begin from this kind of negative accent and contribute to the paradoxical consensus position that nonprofits action has no independent basis. Nonprofit organizations (and voluntary action) arise only from the failures of other institutions, but are themselves inefficient, unproductive, poorly managed, mismanaged and inadequately controlled. The resulting stigmatization of nonprofit and voluntary action – widely shared among American business and political leaders for much of this century – has many far-reaching policy consequences, including some distinctly quirky conclusions. For example, in the current Small Business Administration campaign against nonprofits, the tax-exempt status of nonprofit organizations is being challenged on grounds that nonprofits have "an unfair competitive advantage." (Washington Social Legislation Bulletin, 1985.) Unfair competition, it would seem arising from inefficient, unproductive, poorly managed sources!

The remarkable negative (and paradoxical) accent of literature concentrating on the economics and management of nonprofits is in marked contrast to the positive statements of most other, noneconomic, sources dealing with the voluntary sector. Philanthropy is a tradition reaching back millennia to the ancient Greeks. In another historical perspective on nonprofit activity, Hall identifies the nonprofit sector as a distinctive product of democracy and capitalism. (Hall, 1987,3). In a political analysis of nonprofits, Douglas (1987, 47) notes that "the classic pluralist argument is that a voluntary nonprofit sector permits a greater diversity of social provisions than the state itself can provide." Simon (1987, 68) in reviewing the legal issues of tax-exempt status, says that "the nonprofit sector is subject to special treatment under federal individual and corporate income taxes, estate and gift taxes and certain excise taxes." Each of these authors, like the majority of the forty five articles in the O'Connell (1983) volume are saying positive things about the social, economic and legal posture of nonprofit organizations without any overtones of failure, incompleteness, mismanagement and inadequacy which characterize the economic literature.

An important question which arises, therefore, is why the economic treatment of voluntary action is so uniformly and distinctly negative. One possibility, of course, would be simply to point to a theoretical bias against nonprofit action by economists, accountants, management scientists and business leaders – a simple preference for market and profit-oriented activity or a distaste for nonprofit and philanthropic ventures. Such a possibility should not be easily discounted. In general, however, negation does not offer a sound starting point for theory and scientific study of nonprofit organization and voluntary action.

A Classification Anomaly

An equally plausible explanation is that all this negativism results from the failure of existing economic theory to adequately explain noncommercial and nongovernmental voluntary action. The very concept of 'nonprofit' (or 'not-for-profit') activity as a unit of analysis may well be a classification anomaly resulting from the observable existence of actual, empirical voluntary action outside the range of concepts covered by existing economic and financial theories. Thus, the term nonprofit functions as a linguistic marker for various rhetorical extensions and clever analogies with which to bring these phenomena back within theoretical range of established economic theory. Such restoration efforts, while interesting from the vantage point of existing theory, do remarkably little to adequately describe or explain the basis of rational choice in voluntary action. While various reasons have been advanced for this, one very real possibility is that existing economic concepts are insufficient to the task, thus necessitating those remarkable negations. We can produce roughly the same result by classifying lettuce as a mammal. Lettuce, by this logic, is a non-fur bearing, non-milk producing, non-child bearing, non-warm-blooded non-animal. Further, as a mammal, lettuce is highly ineffective, being sedentary and not warm-blooded. All other mammals are much faster! Lettuce is also remarkable nonagile, and not protective of its young. On the whole, lettuce is a miserable excuse for a mammal!

In a similar way, nonprofit action has increasingly been misclassified as a very deficient form of commercial enterprise. The full burden of this classification anomaly forces us to equate formally organized nonprofit services for the homeless, community orchestras or intercollegiate lacrosse and rugby competitions with completely unrelated commercial ventures like manufacturing shoes or selling automobiles. In the process, the very nature of nonprofit action is transformed and distorted solely in order to make it more easily fit existing theory.

Finding reasons for this misclassification is not difficult. First of all, some types of contemporary American 'nonprofit' services do look and act a good deal like commercial ventures, and the current trend appears to be for some of them to move even further in that direction in the future. Because there is a marked tendency in current nonprofit economics to concentrate on hospitals, nursing homes, fee-based social services and other quasi-commercial enterprises, this perspective is easily sustained. We are in danger of forgetting, however, that a very large portion of voluntary action does not look or act anything like commercial enterprise, and nonprofit economics has been virtually mute on these efforts.

Clues that nonprofit organizations are actually of at least two basic types are scattered throughout the existing literature. Hansmann, for example, differentiates mutual, entrepreneurial, donative and commercial types. (Hansmann, 1980) In a similar vein, Anthony distinguishes between "Type A" nonprofits which rely on revenues (Hansmann's entrepreneurial and commercial types), and "Type B" nonprofits (the mutual and donative types) which do not (Anthony, 1978, 8-10). We can label the first of these nonprofit firms. Mutual and donative nonprofits will receive further attention below. In the remainder of this discussion, we will be concerned entirely with noncommercial and nonentrepreneurial nonprofit activities (Hansman's donative-mutual cell and Anthony's Type B). For reasons of parsimony, we can call Type B, donative-mutual economic action "voluntary action".

There is good reason within economic theory itself for believing that voluntary action falls outside conventional economic theory: In one of the fundamental formative documents of economic theory, for example, Adam Smith classified many common activities which we today call voluntary as "unproductive" and set them entirely, and perhaps permanently, outside the bounds of economics. For most of the next two centuries, Smith's concept resulted in economists viewing such activities as consumption rather than productive activity.

The theoretical basis of such perspectives is itself one more negation: Smith's concept of 'unproductive labor'. In *The Wealth of Nations*, Smith argued that: "There is one sort of labor which adds to the value of the subject upon which it is bestowed; there is another which has no such effect. The former, as it produces a value, may be called productive; the latter, unproductive labor. Thus the labor of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his master's profit. The labor of a menial servant, on the contrary adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expense, the value of his wages generally being restored, together with a profit, in the improved value of the subject upon which the labor was bestowed. A man grows rich by employing a multitude of manufacturers; he grows poor by maintaining a multitude of menial servants." (p. 430)

Mainstream economics continued to hold to Smith's position for most of the next two centuries. Neoclassical economic theorists eventually rejected Smith's concept of unproductive labor and nonprofit economists are in the process of identifying distinctive models of nonprofit organization as production. Nonetheless, calling attention to Smith's concept is important both because of its long duration and because of its apparent role in making the case for state nonprofit corporation statutes and in the computation of the national accounts: Nonprofit corporations were held to be tax-exempt because their activities represented consumption rather than production.

For decades, the U.S. Department of Commerce classified trackable nonprofit activity as consumption in the national accounts, and acknowledged that many other types of voluntary action (especially those under consideration here) are not measured in national income (U.S. Dept. of Commerce, 1981). The view that voluntary action consumes rather than creates economic value was reinforced when Smith noted, "Unproductive laborers, and those who do not labour at all, are all maintained by revenue; either, first, by that part of the annual produce which is originally destined for constituting a revenue to some particular persons, either as the rent of land or as the profits of stock; or secondly, by that part which, though originally destined for replacing a capital and for maintaining productive labourers only, yet when it comes into their hands whatever part of it is over and above their necessary subsistence may be employed indifferently in maintaining either productive or unproductive hands." (p. 432) Elsewhere, Smith notes, voluntary action was deemed to be most like household service.

The entire economics of common goods is subsumed within that part which is "over and above" subsistence and a matter of indifference. The indifference of economic theory is well documented. A brief check on the economic theory shelves in any library will confirm that terms such as nonprofit, voluntary, gifts, charity, philanthropy and even services occur rarely and peripherally in economic theory texts. Voluntary action, it would seem, was written out of the economic corpus at the beginning, and has, at best, only recently sneaked back into the farthest, least well lit, corners. And, perhaps as a price for readmission, the main body of voluntary action has remained beyond the analytical limits of economic theory. Highly visible and costly "nonprofit" activities, such as large scale health care services and "big time" intercollegiate football and basketball, do not constitute the core of America's voluntary sector, but rather constitute a kind of hybrid activity, operating on the margins of the marketplace. The core of voluntary action is to be found in the myriad activities of religious, philosophical and scientific, charitable, artistic and athletic associations whose members act jointly without consideration of personal or collective profit in any economically meaningful sense. Most such activity is not monetized. One essential task of a "nonprofit" economics of voluntary action, or common goods economics, should be to account for these core activities.

Important questions can be raised about whether such an economics of voluntary action is even possible. Smith appeared to believe not. Yet, if by economics one means formal and logical analysis of rational collective action, certainly the answer would appear to be yes. If, by economics one means the wholesale application of abstract mathematical equations and models to empirical problems encountered in voluntary action situations, based on rather loose analogies and metaphors, the answer certainly appears to be yes. If, however, one seeks after fundamental and consistent explanations of rational allocative choice in voluntary action, or the contribution of voluntary action to the national wealth, the picture is considerably less clear. The technology of contemporary economic analysis is very powerful. Whether the results of those applications have any meaning except as logical exercises, however, is another question entirely.

Equally unclear is whether a “nonprofit economics” of voluntary action must be grounded in philosophical utilitarianism and specifically the concept of utility. It would appear that distinct economic criteria may be implicit in virtually every major philosophy, belief system, scientific discipline or other "thought system" and way of life represented in the nonprofit world. These would seem to represent alternative evaluative systems, at least as well-grounded as the utilitarian concepts of economic theory. There is nothing especially rational about the value commitment that adherents of diverse schools of thought must adhere to the logic and standards of 19th century English utilitarians as the price of access to and use of economic resources in what are otherwise considered free, unconstrained and self-governing institutions. The preferred approach of a genuine nonprofit economics should allow for the intrinsic establishment of group standards or "minimally satisfactory alternatives" rather than the universal imposition of utility maximization as a universal criterion.

Viewed in this way, there is something decidedly ironic, if not downright disingenuous, about the negations of nonprofit theory. Charges of inefficiency and lack of productivity seem particularly ironic, given the traditional placement of many types of nonprofits entirely outside the bounds of economic production.

Toward Positive Theory: An Alternative Approach

The main thrust of this article is devoted to a number of speculative comments about the nature of a new economics of voluntary action, with particular emphasis on "Type B" mutual and donative associations, societies, congregations, groups and other similar forms of collectivities. What follows is an effort to address in an affirmative manner such questions as: What is the nature of economic action "outside" the market, the household and the state? (It has already been established what it is not.) What is that *something other* than earning a profit which energizes those who operate in the voluntary sector or commons? Are there any recognizable rational economic criteria employed by voluntary sector actors who frankly acknowledge the absence or inappropriateness of measures such as profit maximization, Pareto optimality and efficiency? The perspective set forth here is termed common goods economics, or endowment theory. It is deeply grounded in philosophical pragmatism and sociological interactionism: The writings of C.S. Pierce, W. James, J. Dewey, G.H. Mead, W.I. Thomas, H. Blumer, K. Burke, H.S. Sullivan, et. al., have contributed importantly to it. However, none of these sources ever attempted, or so far as is known, contemplated an economics of voluntary action. Thus, rather than clutter the text with additional references to works which are discussed in standard social theory texts, the interested reader unfamiliar with these authors should consult such texts. Martindale (1960) is still an excellent introduction to most of the relevant issues, despite its age.

An Economics of Common Goods

The first task must be to establish some suitable nomenclature. As a fundamental term, nonprofit is inadequate, although not noticeably more so than such old saws as "charity", "philanthropy" or even "eleemosynary". In the following discussion, the term commons will be used to signify the economic dimensions of a large and diverse set of voluntary collective action by service clubs, artistic, scientific and amateur athletic societies, social and political movements, religious and philosophical groups, and others which form the core of the voluntary sector in American and other cultures.

In all known human cultures, self-defining and self-governing collectivities of voluntarily associating individuals operate collectively and independently outside of markets, households and the state in social spaces which can be called commons. There they pursue mutually agreed-upon purposes along joint lines of action and on the basis of economic criteria unique and intrinsic to the commons. From an economic perspective and regardless of whether they can be monetized, those mutual purposes constitute common goods. An economic common and associated common goods arise whenever an association or group is formed or an assembly is gather together, simply because it is a virtual impossibility that any collective action can or will occur without resort to money or other economic resources. Commons are not unique to American culture or the present century, although they probably exist in relatively greater abundance today than at other times in history, due both to the combined effects of economic affluence and political freedom. A number of commons, including Plato's Academy and the other Athenian philosophy schools, the Oracle at Delphi, the Temple at Jerusalem, the Library of Alexandria, the great medieval monasteries, universities and hospitals have played critical roles in the preservation and advancement of Western civilization and values.

Similarly important nonwestern commons can also be identified, which perform analogous roles in other cultures, including along with hundreds of other possible examples, Islamic mosques and charitable institutions of zakat, Indian ashrams, Hindu and Buddhist temples, Central American Fiestas and various practices of folk medicine throughout the world. In the time since this article was first published, the temple complex at Gobeckli Tepi in Turkey, built nearly 11,000 years ago, appears to be the world's oldest example of such a common. James (1987) is one of the few attempts in the economic literature to encompass such diverse phenomena within the traditional production metaphor.

The economic objective and result of collective action in commons is the production of common goods, which may include such things as new knowledge, religious worship, contemplation, scientific inquiry, helping and charity, artistic expression, play and many other desirable projects of voluntary action groups. Such common goods are easily and readily distinguished both from market commodities and public goods. Exclusion is often possible with common goods, and they are, therefore, unlike public goods. However, since both the costs and benefits of common goods accrue to pluralities without division, they are not private goods either. Further, because they do not involve large numbers of buyers and sellers and any known or recognizable price mechanism, they cannot be considered market goods without resort to extraordinary theoretical devices or deus ex machina. Figure 1 below is an adaptation by Vincent and Elinor Ostrom (1978) of the conventional economic distinctions of public and private goods, differentiated by the characteristics of exclusion and what they call "subtractability". It is hypothesized here that what the Ostroms call common goods corresponds closely with what Anthony labeled Type B nonprofits and Hansmann's donative and mutual types and what they call toll goods correspond with Anthony's Type A nonprofits and Hansmann's entrepreneurial and commercial nonprofits.

Figure 1
Public, Private, Toll and Common Goods

		Subtractability	
		Low	High
Exclusion	Easy	Public Goods	Common Goods
	Difficult	Toll Goods	Private Goods

Ostrom & Ostrom, 1977.

Common goods and toll goods are best viewed as entirely separate categories of economic goods, each with their own unique characteristics. One of the most intriguing traits of common goods, for example, is the two-way transformation of economic values (money and commodities) into non-economic values (religious, philosophical, scientific, artistic, charitable, meanings) and back again. This process is frequently mislabeled "nonprofit production" in contemporary theory, but bears little economic similarity to the economic production of toll goods for fee-paying health and human services clients.

Perhaps the most universal, clearly observable and easily understandable case of this involves the transformation of gold, other precious metals and gems and even ordinary objects into religious icons and sacred objects. Such objects can be transformed back into marketable commodities but only by destroying their value as common goods. In some cases, the "consumption", or extinction of economic value which occurs is complete, as in the burning of incense. Such transformations are often reversable, however, as conquerors and ordinary thieves throughout the ages have proven by restoring the market value to these objects. The 20th century marketization of religious art from many cultures offers one of the less destructive forms of such reversal, as "priceless" masterpieces are, in fact, priced and sold at auction. In late 1988, for example, Hereford Cathedral in England was reported to be considering the sale of a "priceless" medieval artifact, de Mappa Munde, to finance cathedral operations. A huge public outcry eventually brought substantial donations and the proposed sale was withdrawn and the non-economic value of the map as a common good was retained.

As in this case, such transformations are not the central economic facts of the commons, but only to the interaction of commons and markets. The central economic facts of the commons are episodes of communicative interaction. The reason this is so is quite simple: Services are primarily social acts and not physical objects. Those philosophers and social scientists who have studied acts generally agree that such acts involve communication. This is one of the key departures of twentieth century American social science from nineteenth century materialism, and one to which an economics of voluntary action must accommodate.

Although there is no fully satisfactory term for the economic aspects of this communication process we might refer to it as discretion (as in "discretionary grants" or "discretionary purchases"). In any case, discretion may be the preferable term when addressing the choice and decision aspects of acts of common good. For a host of theoretical and practical reasons, the term coproduction

In the 1989 version of this article the conventional term rendition was put forward. Unfortunately, in the period after publication of the first edition of this article, the term rendition took on tragic connotations of political torture and has been dropped from further consideration. Some sources refer to the process as "prosumption". Meanwhile, Benkler's provocative analysis of peer production, a.k.a. coproduction, in the voluntary action of software production suggests this as a plausible term (which covers both "services" and "service delivery" in the elementary, basic social acts of producing common goods (Benkler, 2002; Benkler, 2006). Coproduction of common goods is, upon close examination, quite distinct from economic production, including the production of toll goods. In fact, coproduction involves a process of simultaneous "production" and "consumption". It is also a central fact of common goods production that they cannot be inventoried, warehoused or arbitraged, for the simple reason that their "production" and "consumption" are not only collective and social but also simultaneous.

Diverse economic and noneconomic sources working in the theoretical no-man's land of common goods have struggled with the resultant inapplicability of economic dualisms like production and consumption to social action. Eagleton (1976), for example, speaks of "Literary value is a phenomenon which is produced (as opposed to immanent) in . . . that "consumptional production" of the work which is the act of reading." p. 166-167. A recent trend has been to speak of the "coproduction" of common goods. (Austin, 1981) Overall, it seems preferable to abandon the dualistic language of production entirely.

Coproduction of common goods is, upon close examination, quite distinct from economic production of toll goods, private goods and public goods. In particular, it involves symbolic processes which blend information and meaning--neither of which adheres to ordinary economic assumptions of scarcity. (Ilchman and Uphoff, 1968) While the terms information and meaning are often used interchangeably, it is more useful for our purposes to distinguish them as economic commodities. In this, we follow Edelman (1971) and Moles (1968), who have made a clear distinction between them. Information involves communication of novelty, freshness, spontaneity and unpredictability in discretionary situations. When an astrophysicist searching for the edge of the universe makes a discovery, or when a performer offers a new interpretation of a familiar work of art, or a social worker begins working with a new client, the research finding, the presentation and the new case are heavily informational. In the same vein, the perspective offered here will, it is hoped, be informative for readers. By contrast, meaning addresses the certainty, order, redundancy and predictability of communication. New research findings must be placed in the context of previous research to be understood. Likewise, the artistic presentation is judged against previous interpretations and the dramatic script or musical score, and client problems are interpreted within a body of established practice theory. Meaning used in this way comes close to what philosophers of science address as a paradigm. (Bernstein, 1985) Because they consist of information and meaning, common goods are symbolic and not subject to either economic scarcity or physical laws. Furthermore, the peculiar consumption (or extinction of value) associated with acts of coproduction is never entirely complete because of memories, notes, written accounts and artifacts and other meanings.

Any fund of surviving meanings and new information which functions as a resource for further voluntary action will be termed an endowment. Thus, for example, the pioneering social workers, doctors, nurses and others who built up an initial knowledge base out of their practical experience in the early days of the HIV-AIDS crisis in the 1980s were able to pass that endowment on to others, and supplement their own experience with research results as they were published. The economics of commons treats money as a symbolic medium, along with other resource endowments. Money is, however, only one of the media of the commons. One process with important consequences for the economic value of an endowment in the commons involves the process we call learning, the economic importance of which involves taking value away from a situation. The complementary process to learning is technique, which is one of two forms of bringing value into a situation. An accumulated set of learned techniques possessed by a person or a group is a special set of meanings which can be termed a repertory. Thus, founding a musical or theatre group, for example often hinges on identifying seasoned performers with an established repertory (of both written scripts and acting techniques) able to act upon and to teach others. The same can also be said for a monastic order, an athletic team, a research laboratory or other knowledge commons (Hess & Ostrom, 2007).

Another major way to bring economic value into a common involves search, which is the primary way in which information is brought into commons. Philosophical contemplation, scientific research, artistic creation and ordinary information gathering from news reporting to archival research are all important forms of search, as are some types of religious activity, not merely theological research but also pilgrimages, retreats, and other quests for more profound religious experience, and some types of (amateur) athletic activity and personal training.

Because of the characteristics of action, information and meaning, time is a key to economic measurement in the commons. It is also problematic. Commons are organized in elastic time-space units which can be called events. Sets of related events to which meanings are attached can be called situations (Thomas and Thomas, 1928, 571-575). Events and situations are not physical; they are socially defined; Rational actors in the commons know when a situation has begun and when it ends. Thus it is, for instance, that a million people can simultaneously gather on the streets of Rio, Miami or New Orleans for a Latin American-style carnival and thousands of people will simultaneously know that it is time to leave the athletic arena or stadium "when the gun goes off." The temporal and spatial elasticity of situations, however, has proven to be one of the greatest stumbling blocks for conventional economic measurement of services in general, and common goods in particular.

The elasticity of situations is evident in many coproduced acts. Some common goods are produced) by actors in the commons at one time, but only attain value when they are learned by others at another time. This is commonly true, for example, of research results. The concept of a complex act, composed of a series of discrete but related, acts is useful in such cases. G.H. Mead's (1937) four-part division of social acts is useful in thinking through: Impulse, Perception, Manipulation and Consummation. Although separated in time, the presentation of research findings and their use in the design of further experiments by the same team are often part of the same complex acts.

The social acts of producing common goods also require an alternative to conventional economic individualism. Coproduced social action, whether baptisms and weddings ceremonies, parades and festivals, initiation rites, scientific conferences and amateur athletic competitions are only possible as collective actions by persons co-present with one another. (If this is not immediately clear, try marrying yourself or conduct your own funeral!)

Note: An insight related to this that came late to the theory is that organized, collective voluntary action is not just a matter of associations. Also important are assemblies – gatherings together in a shared location: Ceremonies, festivals, parades, conferences and meetings and amateur athletic events (for which we have many names - meets, tournaments, competitions, and others) as well as religious gatherings as diverse as church services and pilgrimages (like the annual *haj*) all include examples of such assemblies.

The fact that, in modern culture many (perhaps most) types of voluntary action can also be pursued commercially offers interesting evidence of the existence of multiple sectors. We can see this with reference to Figure 1 above: A professional sporting event is a private good, while a ticketed intercollegiate sporting event (e.g., football, basketball or other "revenue sports) is a toll good, and a club sport event for which no admission is charged is a common good. Examples of comparable athletic public goods are few and far between.

In an open society the borders between the commons and the market are open and permeable and economic actors are often free to move back and forth. Important in this regard is the awareness of participants: Rational actors who move from toll charging nonprofit “firms” to commercial activity or to common goods producing situations will be aware of their changing circumstances – as will their associates .

The application of the perfect knowledge assumption to the commons has several interesting implications. For example, it provides a rational basis for "membership" and legitimacy in the commons. Artists, scientists, philanthropists, amateur athletes and others engaged in common goods production who have "gone commercial", are a well-known and recognized phenomenon in all areas of voluntary action. In this vein, rational actors engaged in acts of common good will know that they are acting outside of markets, households and the state and motivated by ends other than profit.

In the case of the commons, "ends other than profit" (or, more precisely, common goods) are a condition of admission and the basis for continued participation in the commons. Assuming a self-interested posture seeking personal gain at any point immediately takes a consistent, rational actor out of the commons. Thus, a scientist guilty of fabricating data for profit or career advancement may suffer various forms of removal from that particular commons, including publicity, sanctions, expulsion from an organization, or dismissal from an appointment or position. Defrocking, excommunication, suspension and probation are other forms of such removals.

Coproductions are of at least two general types: Discourse is the use of complex verbal symbols to assert things through a process of successive understanding and the aggregation of separate meanings (Langer, p. 96). Much of the action of the commons involves talking, conversation and social interaction (including written communication). A second type of coproduction can be termed presentation. (Langer, p. 271) It involves the representation or dramatization of complex images, symbols, and other types of 'complex' meanings to those present in the situation. This category would include most forms of religious ritual and many forms of 'pure' artistic and scientific productions, as well as scientific meetings and professional conferences. Amateur athletic events are presentations with a large meaning component(rules, techniques, etc.) and small, but highly significant information content (who won, big plays, etc.). Both types of coproduction are economic dramas--complex social acts involving pluralities of persons and incorporating a range of established and interdependent role definitions, sometimes mistakenly called "divisions of labor".

Note: In later statements of the theory, four types of performances involved in coproduction of common goods are identified: These are termed *benefactories*, in which the common goods produced are benefits to individuals and groups; *performatories*, which produce artistic, musical or other performances, including parades and festivals; *celebratoria*, which produce celebrations like patriotic observances, birthdays, religious holidays; and *moeuratoria*, like non-governmental standard setting organizations, accrediting bodies which produce moeurs (norms, mores, values, rules, standards and practices). This latter term comes from Alexis de Tocqueville’s lesser known book, *The Old Regime and the Revolution.*

Important economic roles in the commons, for example, include patrons, who obtain or provide material and symbolic resources. Institutions of patronage and other features of the commons can be found coexisting with markets in most of the worlds historical and contemporary cultures including Ancient Greece and Rome, medieval Europe, Indoamerica, and the major cultures of Asia and the Middle East. (Finlay, 1974; James, 1987;)

In commons, patrons are not just those who give money, but also those who give other meanings. The benefactor and the composer of sacred music thus share a common status as patrons. Patrons typically operate from a complex of motives and derive a range of economic and noneconomic value from their acts. Also, there are the clients, audiences and publics who are the objects of the economic dramas of the commons. In between are the agents and performers who enact dramas of common goods. In later versions of the theory, notably Lohmann (2015), these patrons and donors, intermediaries and clients and said to constitute the characteristic triadic exchange of commons goods production, termed the philanthropod. Such exchanges are said to constitute the organization of common goods production and are characterized by 1) voluntary participation; 2) shared purposes or *mission;* and 3) shared or *common pool resources*. Two additional characteristics are said to emerge from participation in commons: 4) *filia,* or a sense of mutuality or *social capital;* and 5) *daikon*, or an innate sense of fairness toward one another (Lohmann, 1992).

Together, such philanthrods of patrons, agents and focused publics define commons capable autonomy or independence; that is both of self-organization or self-constitution and self-governance. Much of common goods economics is concerned with the appropriate basis of support of agents and performers by patrons, and the nondistribution clause of nonprofit corporate law and Hansmann's "contract failure" are important insights for common goods theory into perceived problems. Similar assurances for various clients, audiences and publics about the responsible behavior of agents and performers, however, are even more problematic. The fundamental problem, however, is identifying the basis of economic value of common goods.

Values In the Commons

It is possible, on the basis of the above, to tentatively set forth some value premises which model at least partly, the empirical world of voluntary action. Because the coproduction of common goods is a process of symbolic interaction rather than material fabrication, the pattern of role assignments can be seen as the ultimate basis of the economic value of common goods. While the study of other, noneconomic aspects of role definition in the independent sector is relatively advanced, little attention has been given to the manner in which actors assuming appropriate roles also initiate the complex patterns of learning, search and technique by which economic values are created and sustained.

In fact, this process is so central, that we can speak of the role-taking theory of value as basic to the commons. Common goods are of value to actors in the commons because they are of value to others in the commons who are of value to them.

This leads also to what might be called the principle of economic ethnocentrism: Because economic value arises within commons and is an inherent part of larger clusters of information and meaning, evaluation of common goods must occur within the commons on the basis of those values which arise there. It is not reasonable or consistent to take values and standards from another context and superimpose them upon groups operating in the commons. This ethnocentric principle is greatly threatened by present trends in nonprofit economics, in which the moeurs of one common – professional economists – are being inappropriately imposed upon a wide range of other commons in the name of scientific neutrality and objectivity.

An unexpected corollary of the perfect knowledge assumption above is the affluence assumption of self-interest operative in the commons, which can be stated thus: Based upon widely articulated standards by Adam Smith, Hannah Arendt and Jurgen Habermas, among others, it is reasonable to assume that only individuals who have currently met their basic needs for survival and reproduction (e.g., those who are not facing imminent starvation or threat of death) will enter or remain in the commons. Consistently rational participants in the commons whose basic needs have been met in this baseline sense will, as a result, have no rational basis to prefer pursuit of personal gain or profit over other objectives. If they chose to do so as a discretionary act, they violate the most fundamental moeurs of participation and necessarily remove themselves from the moral authority of the commons. This is consistent with the nondistribution clause found in all nonprofit corporation statutes, and its associated legal and ethical traditions. If they continue to nominally participate in common with others they do so inauthentically.

An equally important corollary is that profit maximization as a criterion or standard of rational action is inoperative in the commons. Authentic actors who have not entered or remain in the commons under false pretense will simply have no utility to calculate or to maximize. This non-calculation posture has both a theoretical and a methodological dimension. See Boettke & Prychitko [2005] for further discussion of this point. This is a result both of the affluence assumption and the formal, content-empty status of utility in modern economic theory. Since Edgeworth, economists have held that utility is a formal concept without subjective meaning--a construct of market behavior, devoid of any of the earlier 'subjective' connotations of happiness or pleasure; possessed of no meaning beyond its operational definition. To the extent that utility is a purely formal characteristic of market behavior, then actors in situations explicitly defined as nonmarket and nonprofit can hardly be expected to be capable of calculating utility.

Can a nonutilitarian economics exist without either maximization or utility? How is it possible to summarize the diverse values and ends of actors in commons without resort to these concepts? First, the possibility must be acknowledged that, indeed, there may be no single universal standard to summarize motives and ends in commons even though in the western tradition, terms like happiness, pleasure, actualization, satiation, welfare, health and utility are all commonly used for this purpose.

Steinberg, for one, is forthrightly skeptical about whether there can be a general, formal, theoretical objective in the commons. He says: "Although the lack of a profit motive allows nonprofits to provide needed social services in a trustworthy fashion, it also fosters inefficiency. But there can be no monolithic theory of nonprofit behavior, for the forces of competition and regulation are paramount--the functioning of each non-profit organization depends on the level of competition by government, for-profit firms, and other nonprofits" (Steinberg, 1987, p. 134).

Whether or not there is such a universal standard, however, for at least some common goods, rational choice appears to be guided by a nonutilitarian criterion which has been called satisfaction. An alternative is said to be satisfactory if: 1) there exists a set of agreed-upon criteria that describe minimally satisfactory alternatives; and 2) the alternative in question is agreed to meet or exceed all of these criteria in the view of the decision-makers. (March and Simon, 1958. p.140) Note that the first of these criteria conforms closely to a meaning as noted above, while determination of the second would introduce new information into the situation.

Satisfaction, in this sense, is not a utilitarian counting principle, and not to be confused with anything like a utilitarian pleasure-pain calculus. It is, instead, itself an act; an observable moment or event in the interaction of members of the commons. Thus, satisfaction is attained when search is suspended and technique and attention are shifted elsewhere. Exactly this criterion may be observed in the governance of many associations. One suspects that this "attention shift" is such a universally observable phenomenon that it is simply taken for granted by most observers and participants in commons. Simon and March (1958) and Braybrooke and Lindblom (1963) are among the observers who have noted aspects of its significance.

In the commons, choice seldom involves exact calculation or precise predictions. Instead, when consensus is reached that an agreed upon satisfactory objective has been realized, discourse simply shifts to another topic. Such satisfaction is the primary criterion of rational choice in the commons, and governs economic decisions there as well. By itself, however, satisfaction only operates as a "termination rule", telling us when it is rational to end planning and pre-decision discussion. It says nothing about the distributive rationality of common goods which may occur as a result. However, satisfaction often occurs concurrently with another fundamental principle of distribution in the commons. That criterion is proportion, and occurs in a situation when no rational actor with standing to do so will act to gain additional resources except from endowments of uncommitted resources. In the commons, proportion is almost always a preferred alternative to Pareto optimality for settling issues of distribution. The criterion of Pareto optimality, which is often also referred to as an "efficiency" measure, suggests that a decision is optimal if no one loses and at least one person gains. This standard, although sometimes uncritically embraced, has never lacked for critics. For example, Sen says "there is a danger in being exclusively concerned with Pareto-optimality. An economy can be optimal in this sense even when some people are rolling in luxury and others are near starvation as long as the starvers cannot be made better off without cutting into the pleasures of the rich. If preventing the burning of Rome would have made Emperor Nero feel worse off, then letting him burn Rome would have been Pareto-optimal. In short, a society or economy can be Pareto-optimal and still be perfectly disgusting." (p. 22) Taken together, these criteria offer the beginning of an economic value theory appropriate to the analysis of common goods. Thus, it would appear that analysis of real allocations of common goods is primarily a logical, rather than a calculative, process.

Thus, much of the apparatus of economic analysis has little to offer the study of common goods. Not only does the isomorphism of the conventional economic production model not apply, as has been suggested. One seldom finds actual actors in the commons, past or present, engaged in detailed mathematical analysis of their alternatives. Thus, there are real and important indications that common goods economics must, in fact, be nonquantitative. It could be argued, for example, that economics of common goods is, most appropriately seen as a branch of interdisciplinary collective choice theory. If so, the methods of modern symbolic logic may be more suitable than calculus and indifference curves as a basis of analysis of common goods.

Conclusion

It is possible to identify a rational choice model which bears some resemblance to actual nonprofit settings and identifies a set of standards and criteria for evaluating choices in those settings. Common goods, or endowment theory appears to offer a way to approach the allocation of resources in the nonprofit sector which respects the integrity of voluntary action without inappropriately reducing such action to the categories of the market place. Moreover, it is highly probable that many of the most interesting and provocative findings of nonprofit economics can be incorporated and also stated positively in endowment theory.

Regardless, the economics of the voluntary sector need not be treated exclusively as a series of negations. Positive statements can be made about collective action in the commons, just as they can about economic action in the market, state and household. The most fundamental of these is that actors in the commons need not be held to the standards of buyers and sellers in order for their behavior to be treated as economically rational. To do so is to fall victim to the limits of the same inappropriate classification whereby lettuce is nonanimal.

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