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**THE POLITICAL ECONOMY OF
ENVIRONMENTAL NONGOVERNMENTAL ORGANIZATIONS: FUNDING,
AGENDAS AND STRATEGIC ACTORS IN PUBLIC POLICY**

Keywords: Theory, Nongovernmental Organizations, Organizational Behavior,
Environmental Policy, Policy Process.

I) NONGOVERNMENTAL ORGANIZATIONS AS POLICY ACTORS.

Environmental nongovernmental organizations (ENGOS) have become increasingly in public policy since the 1970s. With recent efforts toward decentralization and privatization their function has increased beyond agenda setting and includes policy evaluation and implementation (Clark 1995, Salamon 1994). Even multilateral development organizations have increased the involvement of ENGOS in development projects as an answer to cries for more accountability and a greater inclusion of civil society (World Bank 1996). Yet in spite of the increased activity of ENGOS there is a curious lack of theory. Public policy analysts have tended to assume that ENGOS are of one type and exhibit homogenous behavior in the public policy settings. They are assigned the category of public interest organizations and understood to generally represent members' interests.

The importance of environmental issues in public policymaking has continued to grow in the past several decades (Wapner 1995). Continued growth in environmental membership organizations indicates the level of public concern. From 1985 to 1992 the revenues for the US branch of the World Wildlife Fund has increased from \$9 million to \$53 million dollars. During the same period its membership rose from 94,000 to more than 1 million. Not only has Membership in the large environmental organizations increased in the past couple of decades, but so have the number of groups operating (Princen and Finger 1994).

At the same time some organizations are showing declining membership. From 1985 to 1990 membership in Greenpeace increased from 1.4 million to 6.75 million and annual revenues increased fivefold. However in recent years Greenpeace has seen declining membership. Since its budgetary peak in 1991 Greenpeace USA revenues have dropped by about 10 percent a year, from a high of more than \$100 million to the 20.1\$ million budgeted for 1997. Even in the Gingrich-inspired boom of 1994 and 1995, when the Sierra Club hit a fund-raising peak and the Audubon Society, the Wilderness Society and other organizations were recovering from their mid-nineties stumps, Greenpeace membership continued to plummet. This year, Greenpeace USA will report revenues \$3 million in the red <citation ???>. The benefits Greenpeace provides to members have not changed dramatically. So what has happened? This paper uses this empirical puzzle as a jump point to develop a general theoretical model of environmental groups.

This paper presents a basic model of environmental nongovernmental organizations and their behavior in policy situations. It develops a classification of three basic types of environmental groups; collective action organizations, interest groups and bureaucratic organizations. These are defined based on internal institutional structures and incentives. It then lays out a framework to understand dynamic between environmental membership organizations and donors. Finally the paper makes some theoretical predictions on the behavior of these organizations in a policy setting.

It is premised on the idea that the behavior of an organization in a public policy context is largely determined by the institutional constraints under which the organization operates. The focus of this paper is not on the external political frame under which organizations operate, but rather the internal structures which mediate their behavior.

II) THEORY AND ENVIRONMENTAL NONGOVERNMTNAL ORGANIZATIONS.

<review theory: Moe, Hansmann, Olson, Weisbrod; compare the empirical work of Mitchell>

The majority of the research into voluntary organizations examines reasons why members join in the first place. Rarely do these authors attempt to link the individual incentives with the behavior of the organization. Likewise, authors examining how various organizations act in a policy setting begin with the assumption that groups are necessarily public interest, membership-driven organizations. This paper attempts to move to an actor-based model of how an organization operates in explicitly examining what of public good is being provided, and to whom. However, it seeks to look beyond a simple model of member benefits and looks at the behavior of policy elites. The paper postulates that by examining the nature of the good provided and the institutional structure of the organization we discern three fundamental types of

groups active in public policy arenas. Based on this fundamental typology, we can begin to make some predictions of how they may act in various policy settings.

Environmental membership organizations are providing some type of good to members that are not adequately provided by either the market or the state. This is the basic economic theory of why nonprofit organizations exist. They are created to fulfill market and state failures (Weimer and Vining 1991). But exactly what is the good being provided?

Part of the difficulty in understanding what environmental organizations provide to members stems from the inherent characteristics of the good. Environmental resources are not simply material resources, but contain a whole set of values. Environmental economics has emerged as a subdiscipline to try to understand the ways in which society may value environmental resources. The difficulty in understanding the values represented in environmental resources can be seen in the diffusion of methods used get at these values. Methods such as contingent valuation, travel cost method and hedonic pricing are all proxies to understand how society values a resource. Environmental economics typically divides environmental resources into the following types of values:

<u>Direct Use Values:</u>	<u>Indirect Use Value:</u>	<u>Uncertain Use Values:</u>
Consumptive Use Non-Consumptive Use	Ecological Services	Option Value Bequest Value Intrinsic Value Existence Value

Consumptive use refers to the typical valuation of natural resources. Values of timber, water and clean air fall under this category. Nonconsumptive uses are values that come from activities such as tourism, recreation, education or research. Indirect use typically includes ecological services provided by the environment, such as carbon cycling, water purification or biotic removal of waste. All these are values that could be included into any neoclassical economic production function. However, there are also uncertain use values, which are those difficult to measure values that a society may hold for certain resources. Things like option value, where even if one is not willing to actually go to see something like an elephant, there is some value in having the option to do so if one chooses. Bequest value is what it might be worth to leave that option available to one's children. Intrinsic value includes the idea that there is value in the mere existence of all things. Existence value is what an individual would be willing to pay just to know that an elephant exists.

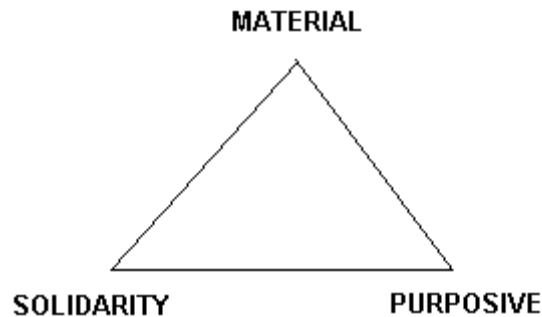
Environmental organizations are representing some mix of these environmental values. They do so through their various campaigns for biodiversity, conservation and in many cases sustainable resource use. Sportsmen's groups such as Ducks Unlimited are actively campaigning for the direct use value of wild fowl. Since most of these values are difficult to measure and monetarize(?) it is not surprising that the market continues to under supply environmental goods. There will always consumers who are willing to pay more than the market for environmental goods is able to supply. It is this group of consumers that different organizations compete for as members.

However, if they are just providing some of these environmental goods why is there a need for multiple groups? Part of this can be explained by the diverse range of environmental values. The good that Greenpeace provides has not significantly changed in the past decade.

How has the market for members changed?

One aspect that much of the literature misses in understanding membership benefits is that organizations are not only offering an environmental value but also an instrumental value as well. Weimer and Vining (1991) define instrumental value as the inherent value in the choice of institutions to deliver a particular good. It includes the idea that despite what the end result may be, some people may value the choice of the means rather than the ends. It represents the inherent value we place in democratic governance in some situations even though efficiency might be greater through other institutional arrangements. For example, while both may deliver the same good we might prefer having the good delivered through a democratic institution rather than an autocratic one. In the case of environmental organizations instrumental values may include such things as the public protest, activism or equity. Many groups do emphasize the democratic and decentralized nature of their organization and strive to maintain local offices.

Unfortunately, for the researcher what any single organization provides is not limited to just certain environmental and instrumental values. The act of organization and meeting itself can also have value. Researchers on membership organizations usually refer to certain benefit mixes that different groups offer (Carr 1996). Most offer a mixture of both material resources and nonmaterial goods, including both purposive and solidarity benefits. This can be conceptualized as a benefits space:



In relation to environmental values and the recognition that such organizations include instrumental value we can reconfigure the list of values to better reflect what environmental organizations represent.

Material: Consumptive Use, Non-consumptive Use, Indirect Use Value
Solidarity: Instrumental Value
Purposive: Option Value, Bequest Value, Intrinsic Value, Existence Value

Added to this are the more traditional member benefits associated with collective action theory. These include material benefits refer to those material goods member gains from belonging to a group. With environmental organizations these include local park protection and the increased aesthetic values and information gained from membership magazines. Solidarity benefits typically include social activities associated with the group. Environmental organizations hold things like holiday parties, singles trips and special interest outings. Purposive benefits refer to the ideological gain of belonging to a certain organization. Environmental organizations that are explicitly interest groups are often referred to as purposive

organizations (Sabatier and Jenkins-Smith 1993). In this model, the instrumental value of protest is also included as a solidarity benefit.

While any attempt to determine the specific benefit mix of any single organization is difficult (Carr 1996), we can discuss certain groups as illustrative examples. An irrigation society would be located in the upper half of this goods space. They provide a material good which is the primary reason most members join. A group such as the Sierra Club, which has branch offices in every state and local chapters within those, and which provides singles outings for chapter members, might be thought of as located closer to solidarity benefits. An organization such as Greenpeace in which members rarely meet and there is no material reward is toward the purposive area of the space. The good which is being provided is primarily the idea that one is contributing to a cause.

The type of the environmental membership organization depends on what benefit are most interesting to local members. The politics of collective action in most developed countries are often driven by quality of life issues rather than purely material benefits. In developing countries many of the membership organizations fighting for environmental issues provide material benefits along with ideological causes. A good example is the organization that opposed the building of the Narmada Dam in India. Their membership of local resident affected by the building of the dam was not only built on the idea of opposing the dam, but also on the many material services the organization provided members. These included education, legal advocacy and health services (Baviskar 1995). While some may choose argue that the hemp tote bag is worth the twenty dollars members pay to Greenpeace every year most researcher recognize that in most post-industrial national material benefits may be the least important pull into an organization.

III) TOWARDS A TAXONOMY OF ENVIRONMENTAL NONGOVERNMENTAL ORGANIZATIONS.

ENGOS AS COLLECTIVE ACTION:

To some extent all social organizations represent some form of collective action. This category of environmental groups recognizes that often collective action is used to describe small organizations and grassroots activity. This includes neighborhood organizations, community groups and resource management user groups. The main difference between the interest group model and the collective action model is in the nature of the good provided. Collection actions group are defined as having a small number of members, whom are able to interact face-to-face, and there is a material benefit often derived from groups activities. Additionally, the small size of the group allows for greater solidarity benefits to members. The material benefits a collective action organization might include access to a resource, protection of neighborhood property values, an increased perception of individual safety, and increased aesthetic values.

ENGOS AS INTEREST GROUPS:

The interest group model of ENGOs conceptualizes the primary benefits of the members to be purposive. That is those values which may not have immediate economic value. It includes groups whose primary activity is to lobby government actors. As Smith (1987) illustrates lobbying can be understood as a public good, however the benefits to members are not

material. Furthermore, for many lobbying organizations the primary role of members is as a source of financial support, not as masses for mobilization.

ENGOS AS BUREACRATISIES:

So far the discussion has been premised on the idea that these organizations are supported by some sort of membership support, either through individual activities or as funders. However the reality of many environmental organizations, especially in developing countries and newly independent states is that their support is often primarily from outside organizations and donors. In most situations there is very little member involvement if at all. Thus these organization are better conceptualized as part of a larger bureaucracy rather than either grass-roots collective action or public interest groups.

There are plenty of reasons to understand why many organizations who rely on international donors would not be membership based. The past forty years of development assistance has created a cottage industry of development professionals. Most groups in developing countries are run through a board of directors and not as cooperatives or as membership organizations (Uphoff 1996). As Putnam has commented, even within the United States, “most prominent nonprofits are bureaucracies, not secondary associations” (1995: 666). Yet membership organizations do exist, some very large and influential, and new ones are continuously being created.

This paper proposes that organizations which are not driven by membership are probably best conceptualized as informal bureaucracies. This is not a definition of bureaucratic organizations as those with merely high overhead cost and situated in Washington D.C., but rather as classification of what types of behavior one should expect to see from groups who do not necessarily have to be accountable to members.

The types of behavior one might typically associate with bureaucratic organization in the policy process include turf defense. In the international context many “local” environmental NGOs are supported by foreign state and private donor organizations. In Ecuador, for example, the largest national environmental group Fundacion Natura is largely supported by USAID funds.

An important distinction in our analysis of bureaucratic ENGOs is exactly what type of bureaucracy is an organization. While the objectives of management with an organization may be similar, how these are manifest in any given situation will depend on the external structure in which they act. There is no expectation that an environmental group which is tied to funds from a larger umbrella organization such as WWF would act the same as one linked with USAID. Their funding sources have very different policy agenda which are expected to affect an organizations policy behavior.

The role of values and norms has largely been left out of institutional accounts of organizational behavior. Two bodies of literature exist which examined the role of values in organizational behavior. One relies on the idea of epistemic communities, as the basic principles through which networks are built. This has been particularly prevalent in the writing on activism at the international level.

The other body of work relevant to this inquiry is how values affect coalition forming behavior among organization in public policy formation. This has primarily been dominated by the work of Paul Sabatier and Hank Jenkins-Smith on environmental coalitions in the domestic political context.

ENGO Type:	Membership Benefit Mix:
Collective Action Groups:	Material / Solidarity
Interest Groups:	Purposive
Bureaucratic Organizations:	- - -

IV) AGENDAS, VALUES AND THE FUNDING GAME.

Thus far I have outlined a framework to illustrate that environmental membership organizations are institutions created to solve a public good problem. They provide certain mixes of good which member find appealing. These may include a range of environmental goods, a mix of material, solidarity and purposive benefits as well as instrumental values. In different settings these goods bundles will differ according to the demands of members.

What I wish to do now is illustrate a theory of why so few of the environmental organization from developing countries linked to international donors are membership organizations. I wish to call into question the practical difficulties behind the rhetorical speech about linking international funds to membership organizations to get at local issues. This is a formal model of the inherent tension existing between donors and membership organizations. A simple nest game structure is used to explain the dynamic balance directors of environmental organizations must attain between member's benefits and donors. The structure and concept is borrowed from Tsebelis (1990) in his illustration of the activities of British Labor Party constituents and Putnam's idea of the two level game (Putnam 1988).

Assume we have a small local environmental organization. It is funded primarily through membership with some small money from state agencies. It is located in a developing country so the goods mix is heavily weighted toward material benefit. Maybe it provides saplings for reforestation, assistance with forest management and a forum for conflict over forest use. It provides some solidarity benefits and instrumental value in that it emphasizes democratic decision making, popular protest and anti-corruption.

The director of an organization also has a certain set of preferences. We will assume they share many of the same values as their members and discount purely disingenuous groups. Most activity by environmental organization of any size is directed by directors. Rarely is there any form of collective decision making. Thus we can understand these as policy elites. Regardless of the values represented by a director, in starting and running an organization there are certain activities that are necessary to provide goods and services to members. This includes providing the full range of values, and membership benefits from public protests and activism, to calendars and tote bags. All of these require funding. Thus even while a director may share idealistic values with members, the first priority will be funding to continue activities. If the activities were not important then why design a collective action organization in the first place? If it were purely an issue of shared values among members then it would merely be a social network. Thus we can imagine the preference set for the director of an organization to be as follows:

- P1: High Funding and High Membership.
- P2: High Funding and Low Membership.
- P3: Low Funding and High Membership.
- P4: Low Funding and Low Membership.

Where $P1 > P2 > P3 > P4$. The director would prefer to have lots of funding and high rates of membership, but really does want to get a job done, so if it comes to a choice they prefer the funding over membership.

We also assume that members will tend to join an organization whose values they share. Thus while there are material benefits for joining, these are usually available elsewhere in the market, and usually at a smaller price. There are many types of environmental organizations and a member's choice to join a certain group reflects some preference for the values that group represents. Certainly an organization may be conducting activity that members may not agree with, but in a competitive membership "market" there are always other groups who will expose these defects from the value system. Additionally in the highly politicized situation where environmental organizations take stances against other powerful interest groups, not only do their competitors have an incentive to expose their failings, but also so do their enemies.

Thus we assume for this illustration that high membership means that members are interested in the specific mix of benefits that an organization provides. Since they can find the material goods elsewhere in the market their primary interest in belonging to an organization is in the mix of values an organization provides. Member's preferences can be thought of as:

- M1: High Representation of Values and High Funding.
- M2: High Representation of Values and Low Funding.
- M3: Low Funding and High Representation of Values.
- M4: Low Funding and Low Representation of Values.

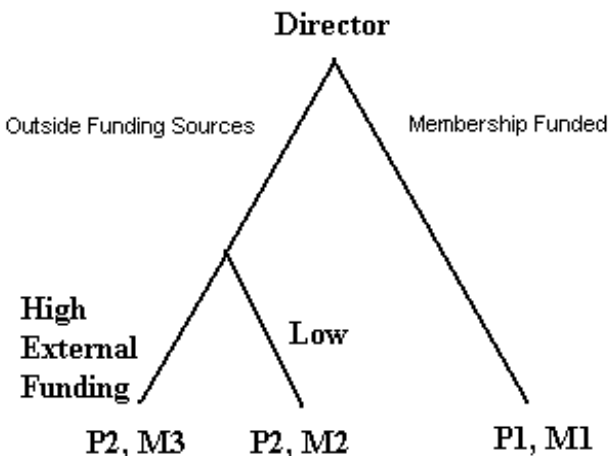
Where $M1 > M2 > M3 > M4$. Obviously, higher funding may also increase the values part of a benefit package that an organization provides, especially if one of these values includes the effectiveness of a group as a political voice. However, remember that in our mythical organization its primary benefits are a mix of material goods and the instrumental values such as democratic decision making.

This gives us a simple model of organization's behavior in which the organization has the goal of continuing operating to provide certain goods and services. While members join an organization whose values they share. We can now illustrate the dynamic between the choices the director of an organization must make and the response of members. In a table matrix this can be illustrated as:

		<u>Membership:</u>	
		Low	High
<u>Funding Levels:</u>	Low	P4, M4	P3, M3
	High	P2, M3	P1, M1

Here membership will be high as long as the values of the organization match those of members and funding will continue to be high as long as the organization is funded directly through

membership donations. Thus we have a Nash equilibrium at P1, M1 in the strategic choice made by the director and the choices made by members. However what happens when other funding sources besides membership donation become available? We can imagine this as a decision tree for the directors:



At the local level the Nash equilibrium continues to be at P1, M1. Practically this translates into greater accountability and increased responsiveness to members needs. Those who have the purse strings control the agenda. The director is more linked to members values when funding comes from members. However this begins to decrease as additional outside funding sources are sought (if P2 becomes greater than P1). At the local level an organization is attempting to increase funding, this occurs through maximizing the benefits to members. However, as it finds other sources and the goal is to continue to increase funding this may come at the expense of member benefits.

Practically this shift in benefit mixes can be caused by changing the values the organization represents or by restructuring an organization to better meet the needs of external donors. This may mean that directors are pursuing agendas not necessarily representing member's interest and that it fundamentally changes the benefit package provided to members. There are always certain organizational costs in linking to large donor organizations. In developing countries there is a usually a need for better administrative and accounting skills. When there are fundamental differences in the cultural ideas of organizational efficiency this often means adopting the rules as laid down by the donor. This leads to the "bureaucratization" process that has been noted in organizational evolution (Gulhati 1995). If the group is also providing high solidarity benefits these can also be lost. Thus while funding levels may increase, overall membership may decrease.

Why scale matters.

This simple model presents a rather idealistic picture of membership organizations. As long as their revenues are based on members they have the incentive to respond to members needs and provide them with the whatever good mix they demand. However this is only one scale or activity and lacks any outside interests or alternative fund sources. This seems very unrealistic, especially in an era when environmental issues have become internationalized. There

are always multiple actors involved in any situation and around any single issue. This adds an additional layer of complexity to our model.

Suppose we add donor organizations as another actor. These are groups such as Foundations, UNEP, World Bank, and various corporations, or even large membership organizations such as National Audubon Society, or the World Wildlife Fund which fund the activities of smaller groups. They each have different reasons to donate money to various environmental causes. However donors rarely give funds to organizations that have sharply different views and agendas from their own. While World Wildlife funds environmental projects around the world, they never fund activism. Their strategy is to cooperate with national governments not confront them. A more typical project might be reforestation, park protection or something similarly benign. After all, they exist within a larger framework and have it in their interest not to upset their membership's benefit mix. Thus they will tend not to fund environmental groups which only address pollution, toxic trade, or local land disputes. Projects including "green" issues such as conservation, park protection and reforestation are more typical of outside donor supported work. This is a logical strategy on the part of donors since many are primarily interested in non-politicized issues and public relations.

This model implicitly assumes that there are often fundamental differences between the values of local members and large donors. This is probably not unrealistic since there are often different agendas set at local levels as opposed to those at the national or international. This is indeed the central idea behind federal governance structures. Additionally there may be a loss in value in linking to large donor organization because of what these donors represent symbolically. Many environmental groups are not only organized to promote certain environmental goods but also to oppose symbolic ideas such "capitalism", "materialism" and the ubiquitous bugaboo of the multinational corporations. Thus even accepting funds from such a behemoth as the World Bank or Chrysler may represent a loss in a membership benefit.

Remember that the first half of the paper uses a market analogy as to why these groups exist in the first place. There is some good not already provided for in the market. If members could get this benefit mix from the larger groups then they would send donations there rather than the small organizations. This is particularly true with such goods as solidarity benefits, instrumental values as direct action, activism and being involved in a democratic process and purposive goals. So for this illustration we will assume the values represented by the larger donors are different and opposed to those of small membership groups.

We can now add a layer of strategic interaction between the directors of an environmental organization and the donors. The director of an environmental organization has a new set of ordered preferences. These are slightly different from the preferences in the interaction between the director and members. The director still shares some basic values with the members that are reflected in the benefit package proved to members. However, once again the director is more interested in getting the job done than merely providing a social group. The preference is for funding first and thus we can order donor preferences such that:

- E1: Funding provided by donor, Low shared values between environmental group and donor.
- E2: Funding provided by donor, High shared values between environmental group and donor.
- E3: Funding not provided by donor, Low shared values between environmental group and donor.
- E4: Funding not provided by donor, High shared values between environmental group and donor.

Again, $E1 > E2 > E3 > E4$. The director is interested in the funding but prefers not to have to admit to sharing values with the donor. Remember that the donors value are antithetical to those of the members and by extension the director of the organization. While in reality this is probably too strong a statement to make, since many organizations values do overlap with those of donors and if they do differ will be by degrees of intensity rather than being purely antithetical. However for this model high agreement in values between the donor and director from the donor's perspective is good, from the membership organization director's perspective it is bad.

We assume that while donors are willing to give funds to membership organizations that they prefer to give to those groups that reflect their values. Thus their preferences are:

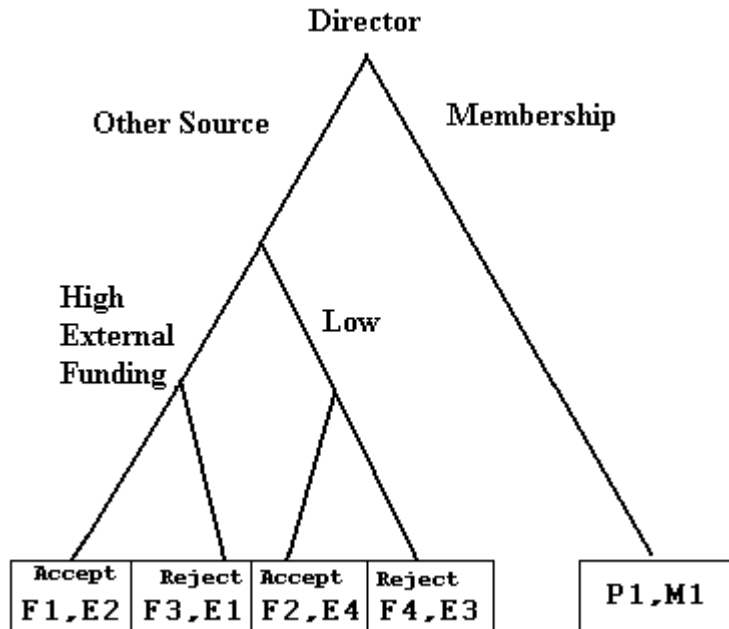
- D1: High shared values between environmental group and donor, Funds provided.
- D2: High shared values between environmental group and donor, Funds not provided.
- D3: Low shared values between environmental group and donor, Funds provided.
- D4: Low shared values between environmental group and donor, Funds not provided.

With $D1 > D2 > D3 > D4$.

The game between the donor and director can be illustrated in a simple matrix:

		<u>Donor's Values:</u>	
		High	Low
<u>Director Accepts Funding:</u>	Yes	F1, E2	F3, E1
	No	F2, E4	F4, E3

We can now nest the earlier structure of the game between a director and a group's members within a larger structure including donor agencies. We are also giving the director final choice as to whether the funds from a donor are accepted or rejected.



Since the director prefers $E2 > E4$ we would expect most directors of organizations operating at the international level to choose funding over representation of member's values. To add a further dose of reality, the monetary payoffs of accepting large donor funds are usually much greater than those from direct membership ($E2 \gg P1$) and there is little doubt which way an organization will turn once they get access to other funding sources. Thus organizations will tend to follow the funds, preferring to lose members rather than passing up funding opportunities. This is especially true in examining organizations working in developing countries. There the funding derived from members is usually much lower than that attainable from donor groups. Thus we have a dynamic where membership organizations are slowly pulled into the funding cycle of larger donors, and while they gain funds may lose members. Members then look to other small organization to provide this set of membership benefits.

This is exactly the dynamic that has befallen the local environmental organization of Heartwood here in Bloomington. In the last ten years operating funds have continued to increase. Yet membership has fallen. Rather than concentrating on increasing the membership benefits package they have instead turned toward donor funding and are now directing their energies toward providing a central network for smaller environmental groups.

V) MEMBERS, DONORS AND INFORMATION.

In reality the situation is obviously much more complex. Large donor organizations can de-link themselves from certain symbolically laden activities. They can provide funding to a small activist organization to do a weekend of park cleanup, that has few political ramifications, rather than funding their political protest. This might be a strategy that the decision-makers in a donor organization makes with the larger game they play with the political interests who keep them running as an organization.

Similarly the director of a membership organization might make certain strategic moves to signal to members that while accepting a large donation, it does not affect the types of activities of the organization. Membership always has the power to vote with their feet (or in this case checkbook). Thus part of the strategy a director must follow is to inform members about the types of activities and the values the organization represents (Lupia 1994). A director might similarly tie funding directly to a specific project rather than general organizational funds which leads members to think once the project is finished their influence on the groups agenda will also be finished. So that a donation from the auto industry can then be de-linked from activities elsewhere that might be opposing industry activities. Although again, that would probably not be in the interest of the industry to donate to such an organization and they would likely select a different group. There is also competition among groups for donors.

Also the director of an activist organization may chose a policy which refuses any funding from certain types of large donors. This signals to members that they will continue to provide the same benefits package. This is the strategy that in dealings with organizations from the higher-level games can keep membership levels high.

There may also be a convergence where the membership benefits mix converges with the values of the donor. In these cases you would expect to find large well-funded organizations with high membership. And these are present among environmental group. Many environmental organizations represent values that are shared with large numbers of the general public and cooperate with both government and business. Organizations such as World Wildlife rarely engage in campaigning and prefer to address issues such as funding national parks with national governments, conservation work and debt-for nature swaps. Thus it is able to continue high membership and increase funding levels.

< INSERT BASIC MODEL – signaling game - explain >

VI) CONCLUSIONS AND IMPLICATIONS.

We can now address a number of the questions that were first brought up in this paper. It is fairly obvious why so few groups operating at the international level are membership based. As the pull of greater funding increases, the incentive to represent members' values decreases. This is common among many types of organizations as they grow and become more bureaucratic. As they do, members leave and go to organizations which better represent the membership benefits mix they initially sought.

From this preliminary model we can begin to make predictions about what types of behavior can be expected by different types of organizations. This paper postulates that the institutional structures of nongovernmental will largely determine and direct their actions. There is potentially a forth structure which would include the provision of public environmental goods by high demand individuals. There are indeed policy entrepreneurs to whom the love of politics and the passions for a particular issue may be enough to justify their involvement. This may include generation of public goods as positive externalities from their own activities.

We now have a model that examines the dynamic between small groups and large donors, but how does this help us explain what is happening to Greenpeace? Why are they loosing members while other groups are growing. To understand this we must first look at what is in the goods mix Greenpeace provides that other groups do not. What is exceptional?

Greenpeace is best known for their tactics. Rather than cooperating and negotiating over environmental issues they prefer confrontation. Thus what Greenpeace has been selling is not only the environmental cause, but also the instrumental value of protest. And while the market for environmental goods has increased the market for protest has decreased. The demand for confrontational environmental action peaked with the Republican revolution, however it has steadily decreased with a Democrat in the White House and a very pro-environment vice president by his side. Meanwhile other groups which take more conciliatory stances have garnered their members. Additionally Greenpeace refuses large donor funds, making them further reliant on membership dues.

This same dynamic between large donor organizations and membership groups is not confined to environmental groups but includes any organized activity funded through membership including religious organizations, political action group and sports clubs, even bowling leagues. As long as there exist a competitions between groups for members and funding begins through membership donations we should find a similar pattern. When groups scale up they tend to increase funding, but may lose membership.

With large international groups such as Greenpeace the goods mix will have to reflect those demanded by the international community. If those include a demand for protest against stubborn governments then membership will increase, if not, then it will decrease. The signaling by the organization that it will remain true to its core set of values will only help if this reflects member's values. In an age of corporate greening and voluntary environmental agreements this is unlikely.

This model, while containing some practical methodological problems, provides a starting point for looking at an organization's behavior as mediated by institutional forms. What remains is empirical testing of this model. How much does the policy stance of an organization depend on the benefit mix offered to members? Is it a valid observation that those organizations connected with sources of external funding are less likely to represent the values of local constituents? This is still very much a working paper and welcomes critiques and comments.

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