

Do Pessimistic Assumptions About Human Behavior Justify Government?

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Abstract: The evolution from the state of nature to some form of social order has been a central question of political theory for centuries. Many writers begin their analysis of this situation by making pessimistic assumptions about man's behavior in the state of nature. In doing so, they conclude that a centralized government is the best possible outcome. We critically reconsider the models of the evolution of government, and the resulting social order, as put forth by Buchanan, and McGuire and Olson. In doing so, we analyze if the pessimistic assumptions prove that a centralized government is in fact superior to the state of nature.

Introduction

Is government a necessary institution? To answer this question, many theorists begin with an account of what life would be like in a state of nature, where there are no 'rules' or institutions to regulate human behavior, and then compare the state of nature with outcomes that are theoretically achieved with a monopoly rule enforcer – a government.¹

Assumptions about how humans will behave absent a rule enforcing institution, vary widely. There are utopian accounts, where everybody will cooperate and never have violent interactions (see for example, Proudhon, 1994). The most pessimistic accounts of the state of nature have people with no morality or respect for life or property, who

will cheat, kill, and steal at every opportunity. One account even assumes humans would behave as the children do in the fictional book *Lord of the Flies*, or behave like rats, that are deprived of food, in a laboratory experiment (Hogarty 1972).²

In this paper we do not attempt to adjudicate between competing hypotheses about human behavior in the state of nature. Our task is to assume the worst about human behavior, and see if, even with the most pessimistic assumptions about life in the state of nature, government's superiority can be theoretically established. Consistency and strict methodological individualism dictate though, that what we assume about individual morality and motives in the state of nature, we must also assume about the individuals we analyze running governments.

We begin by examining a pessimistic account of the state of nature. Hobbes's description of this account, in *Leviathan* and in *Citizen*, is reflected in the economic descriptions of the state of nature that both James Buchanan and Martin McGuire and Mancur Olson use when justifying the foundation of government.³ We then critically look at the social contract solution that Buchanan proposes, and see if it is feasible in such a world.⁴ We then consider whether McGuire and Olson's account of a stationary bandit is necessarily superior to even Hobbes's pessimistic vision of the state of nature.

¹ We do not, as many authors we consider herein, equate 'Anarchy' with the absence of institutions of 'governance'. Anarchy is defined as the absence of a coercive government. The state of nature is a subset of this condition, where there are also no voluntary, private enforcing institutions or laws.

² For a response to Hogarty's account of case studies in Anarchy, see Virgil Storr "Defining Anarchy as Rock 'N' Roll," in *Explorations in the Public Choice Theory of Government*, ed. Edward Stringham.

³ For an alternative evolution of the social order which argues that the evolution of the social order should be viewed as a coordination situation instead of a situation of pure conflict, see Coyne 2003.

⁴ For different, but not inconsistent critiques of Buchanan's social contract justifications for government see, Walter Block and Thomas DiLorenzo's "Is Voluntary Government Possible? A Critique of Constitutional Economics" and "Constitutional Economics and *The Calculus of Consent*."

A Pessimistic Account of the State of Nature

Although Hobbes did not believe in the same natural rights associated with libertarianism today, he did not believe that people were acting immorally in the state of nature. He thought they were acting within their rights but that their rights hopelessly conflicted. He wrote, “Nature hath given to every one a right to all; that is, it was lawful for every man, in the bare state of nature, or before such time as men had engaged themselves by any covenants or bonds, to do what he would, and against whom he thought fit, and to possess, use, and enjoy all what he would, or could get” (1991: 117). Since we live in a world of scarcity it is only natural that men, in exercising their ‘rights’ that Hobbes attributes to them, will come into conflict. Hobbes recognizes this writing, “The most frequent reason why men desire to hurt each other, ariseth hence, that many men at the same time have an appetite for the same thing; which yet very often they can neither enjoy in common, nor yet divide it; whence it follows that the strongest must have it, and who is strongest must be decided by the sword” (1991: 115). Hobbes’s state of nature will naturally lead to a situation where Hobbes sees, “it cannot be denied but that the natural state of men, before they entered into society, was a mere war, and that not simply, but a war of all men against all men” (1991: 118). From this perpetual war, in the state of nature, we arrive at the famous Hobbesian Jungle, where life is nasty, brutish and short.

This Hobbesian framework is Buchanan’s analytical starting point in his book, *The Limits of Liberty*. Buchanan’s own ethical and normative political concern, unlike Hobbes, is respect for the autonomy of the individual person (Buchanan 1975: xiv). For Buchanan, Anarchy is ideal, but the tendency towards violation of others, absent an

enforcer makes it impractical, “The individualist must view any reduction in the sphere of activities ordered by anarchy as an unmitigated ‘bad.’ He must recognize, nonetheless, that anarchy remains tolerable only to the extent that it does produce an acceptable degree of order. The anarchistic war of each against all, where life becomes nasty, brutish, and short, will be dominated by the order that the sovereign can impose” (Buchanan 1975: 8).

In examining the state of nature, Buchanan looks solely at a person’s economic incentives, acknowledging, but excluding, any moral reasons that might influence someone not to steal or commit an act of aggression. He frames the individuals’ choices in a prisoners’ dilemma game, where the numbers in the cells reflect A and B’s utility (see figure 1).

Figure 1
B

		B	
		Respect Property	Don't Respect Property
A	Respect Property	19, 7	3, 11
	Don't Respect Property	22, 1	9, 2

All people in society would be better off if they only engaged in production activities, but they are each individually better off engaging in some plunder, regardless of whether or not the other does. The Nash equilibrium is the Hobbesian result, where both people are worse off than if they had respected each other’s property.

In a simple two person interaction, Buchanan recognized that the people could make an agreement to respect each others rights that is self-enforcing because, “Each person may respect the agreed-on assignment because he predicts that defection on his part will generate parallel behavior by the other party” (Buchanan 1975: 85). Due to repeated plays, each person will abide by the contract knowing if they do not, the other will also defect.

The problem society faces is one with many anonymous individuals, where the optimal strategy is to defect from the agreement and engage in some plunder. Buchanan wrote, “As more parties are added to the initial contractual agreement, in which an assignment of rights is settled, the influence of any one person’s behavior on that of others becomes less and less.” He continues saying, “In large-number groups, each individual rationally acts as if his own behavior does not influence the behavior of others. He treats others’ behavior as part of his natural environment, and he adjusts his behavior accordingly.” His conclusion is, “Each person has a rational incentive to default; hence, many persons can be predicted to default and the whole agreement becomes void unless the conditions of individual choice are somehow modified” (Buchanan 1975: 85). Since it is individually optimal to defect, the society plunges back into the Hobbesian jungle.

Because of the individual incentive for defection, Buchanan concludes that a third party enforcement mechanism is necessary to assure that individuals will respect others property rights. He believes that everybody would conceptually agree to a social contract to form a state for third party enforcement because of the benefits of getting out of the Hobbesian Jungle.⁵

⁵ He does not consider the possibility of private non-monopoly third party enforcement, but instead moves directly to the necessity of the state.

Also derived from a Hobbesian framework is the roving bandit model put forth by Olson (1993, 2000) and McGuire and Olson (1996). The underlying assumption of their analysis is that under anarchy, roving bandits will destroy the incentives of economic agents to both invest and produce. Given this, all individual agents and bandits will be better off if the bandits establish themselves as dictators of a specific geographic area, which McGuire and Olson refer to as a stationary bandit.

In developing their analysis, McGuire and Olson reach what seems to be an extremely interesting conclusion. Namely, the stationary bandit will be guided by an invisible hand, which they claim will guide the rulers actions and give him the incentive to provide stability and public goods. They write, "It is as if the ruling power were guided by a hidden hand no less paradoxical for us than the invisible hand in the market was for the people in Adam Smith's time...the invisible hand will lead it, remarkably, to treat those subject to its power as well as it treats itself" (1996: 73-4). According to the authors a central government has a direct interest in the product of the ruled. They have the incentive to provide a stable social order including protection as well as other public goods. Taxes are kept to a level, above which the deadweight loss will offset the gains in government revenue. The result is increased welfare for all parties involved.

Government creates the best achievable state of affairs, given that the only alternative available is the initial state of nature where roving bandits destroy all incentives to produce and create a general state of chaos.

Can A Social Contract Work in a Hobbesian World?

A state of nature with no third party enforcement and immoral individuals would be bleak. Individuals in society would benefit if they could constrain each other from plundering. Buchanan's solution to the problem is for the people to 'conceptually' agree to a social contract establishing a monopoly third party enforcer.⁶ Buchanan wrote, "The design and location of this [enforcement] institution becomes all important, however; neither party will entrust enforcement to the other, and, indeed, the delegation of such authority to one party in contract violates the meaning of enforcement" (1975: 120-121).

The optimal third party is some type of automated machine completely outside of the game. Absent the possibility of an impartial machine, an outside referee is optimal. Buchanan likens this to an umpire in a baseball game writing, "In the game analogy that we have used several times before, the protective state is the umpire or referee, and, as such, its task is conceptually limited to enforcing agreed on rules" (1975: 206). Although this may be ideal, how well does the analogy of a baseball umpire apply to government as an interpreter and enforcer of rules?

The nature of the social contract, as described by Buchanan, is that everyone in a particular area unanimously agrees to the assignment of rights and then forms a government to enforce the assigned rights.⁷ The government, however, is not like the

⁶ Although Buchanan seems to think that the only type of enforcement mechanism must be a monopoly government there is plenty of evidence in the literature of other private voluntary enforcement mechanisms. For historical accounts see Bruce Benson, "Enforcement of Private Property Rights in Primitive Societies: Law Without Government," David Friedman, "Private Creation and Enforcement of Law -- A Historical Case," Terry Anderson and PJ Hill, "America's Experiment With Anarcho Capitalism: the NOT so Wild Wild West. Theoretical descriptions can be found in: Murray Rothbard *For a New Liberty*, David Friedman *Machinery of Freedom*, Edward Stringham "Market Chosen Law," Hans Hoppe "The Private Production of Defense."

⁷ In some writings Buchanan actually moves away from actual unanimity and writes of "relative unanimity" or "80 percent unanimity", Rothbard points out this misleading use of semantics in his review of *The Calculus of Consent*, published in *The Logic of Action Two* p. 271.

baseball umpire. The game being played is “life” and the players, by the nature of the social contract, are all the people in a given location, including those who work for the government. The umpires are players. This is the exact situation that Buchanan claims people would never put themselves in – entrusting enforcement to another party to the contract. The government, as a third party, has the job of interpreting and enforcing the rules in discrepancies between players. However, the government is also the only one that interprets, and has the ability to enforce, what functions the social contract gave to itself.

Buchanan and Tullock’s great achievement was to introduce economic analysis to the operation of government.⁸ They effectively challenged the idea that government officials suddenly sprout wings and become angels once elected, and instead demanded a methodologically individualistic analysis that took the incentives facing the bureaucrats and politicians into account. In *The Limits of Liberty*, Buchanan does not analyze government with the same assumptions he makes about the people in anarchy. When he characterizes government as “conceptually external” he no longer analyzes it as if it were comprised of individuals with their own purposes. Once we recognize that the government must be comprised of people, we are forced to apply public choice style analysis to this government. Since particular assumptions about individuals behaving in their own self-interest, with no regard for morality, were made in analyzing the state of nature, we must also assume these same things about the people who will run the government.⁹

⁸ James Buchanan and Gordon Tullock, *The Calculus of Consent*, 1962.

⁹ Nozick recognizes this basic point on p. 5 of *Anarchy State and Utopia*. He suggests that we might want to use the “minimax” criteria in comparing anarchy to states saying, “the state would be compared with the most pessimistically described Hobbesian state of nature. But in using the minimax criterion, this

In any social contract, the individuals would obviously not choose to form an all powerful leviathan government that could exploit them. They would instead want to form a government limited to enforcing their agreement not to steal from each other. The question becomes; will the government adhere to the initial social contract? If the government interprets and enforces the contract, there is no third party enforcement constraining it. The government is in a position similar to what was faced in the original prisoner's dilemma, in Figure 1, except there is a crucial difference. If the government defects, the other citizens do not have the same option to defect because they still face an enforcer- the government. The game now can be modeled as in figure 2.

Figure 2
Citizen

		Citizen	
		Obey Social Contract	Don't Obey Social Contract
Government	Obey Social Contract	19, 7	18, 1
	Don't Obey Social Contract	25, 1	24, 0

Following the assumptions from the model of anarchy, people, including government officials, only act in line with their economic incentives. Even though the initial social contract or "constitution" may have only provided for a limited government, the people in government will defect on that contract because they are the enforcers -

Hobbesian situation should be compared with the most pessimistically described possible state, including future ones. Such a comparison, surely, the worst state of nature would win."

there is no third party constraining them.¹⁰ A representative citizen is modeled on the top in Figure 2. If the government abides by the agreed on contract, the citizen will achieve a utility level of “7.”¹¹ Instead of another citizen, the government is now modeled on the side.¹² The government may depart from the contract (although it will interpret it to be within the contract) and confiscate the citizen’s wealth. If the citizen attempts to defect, after seeing that the government has, the government will use its enforcement monopoly and find him guilty of deviating from the contract and will take away all his utility. The reason the government does not take all the utility when it first departs from the contract is to leave the citizen some incentive to continue to abide by the contract.

The above example only shows one citizen’s choice set against a government that departs from the social contract. The threat of many citizens simultaneously departing from the contract, in a rebellion, might provide some form of enforcement on the government. However the individual calculus that each citizen faces when deciding to participate makes this a weak constraint because a public goods problem has to be overcome.¹³ In the real world, morality and ideology help to overcome the public goods problem but these things are assumed away in Buchanan’s model, so

¹⁰ Even if a “veil of ignorance” (or uncertainty) is assumed the result does not change. The citizens could write an optimal social contract (constitution) not knowing what their positions will be. As soon as the contract is put into affect, some particular people must fill the roles of government to enforce contracts. They will now know who they are and will defect on the contract that was initially written behind a veil of ignorance.

¹¹ We do not mean to imply cardinal utility. Ordinal rankings are sufficient to achieve the represented outcomes.

¹² There is still the two-citizen game like Buchanan models. With government enforcing contracts they will now both abide by their contracts with each other. However, Buchanan never models the second prisoner’s dilemma of “social” contract enforcement between the government and the citizen.

¹³ See Gordon Tullock, 1971, “The Paradox of Revolution.”

only the narrow economic calculus can be looked at.¹⁴ The threat of rebellion will not force government to abide by the social contract.¹⁵

With no one to enforce the social contract on the government, it will not remain limited. It will transform into the leviathan government Hobbes wrote of over 300 years ago. Buchanan himself seems to recognize this at one point, writing, “There is no obvious and effective means through which the enforcing institution or agent can itself be constrained in its own behavior. Hence, as Hobbes so perceptively noted more than three centuries ago, individuals who contract for the services of enforcing institutions necessarily surrender their own independence” (Buchanan 1975: 87). But he then moves away from the position and continues in the remainder of the book to model government as “conceptually external.” He wrote, “The state emerges as the enforcing agency or institution, conceptually external to the contracting parties and charged with the single responsibility of enforcing agreed-on rights and claims along with contracts which involve voluntarily negotiated exchanges of such claims” (Buchanan 1975: 88). Buchanan’s limited social contract is not an option if the world is populated by

¹⁴ For an account of the role of ideology’s role in private national defense (would apply to rebellion) see Jeffery R. Hummel “The Will to Be Free: The Role of Ideology in National Defense.”

¹⁵ In the simple prisoner’s dilemma game above, government was modeled as a single individual; however, in reality governments are comprised of many individuals with a separation of duties and powers among them. Randy Barnett characterized the system by saying, “The essence of this strategy [checks and balances] is to create an oligopoly or a ‘shared’ monopoly of power. This scheme preserves a monopoly of power but purports to divide this power among a number of groups” (1998: 253). The above model, however, can still accurately represent government. Even with a separation of powers between different branches of government, or different levels of government through federalism, there are gains to be had from cooperation between the branches. Even though, in an individual round of play the interests of different government branches may be opposing each other, over multiply plays they can all gain in utility from cooperating to expand the power of government. Rothbard (1973: 48) described the system of checks and balances by writing, “As we have discovered in the past century, no constitution can interpret or enforce itself; it must be interpreted by men. And if the ultimate power to interpret a constitution is given to the government’s own Supreme Court, then the inevitable tendency is for the Court to continue to place its imprimatur on ever-broader powers for its own government. Furthermore, the highly touted ‘checks and balances’ and ‘separation of powers’ in the American government are flimsy indeed, since in the final analysis all of these divisions are part of the same government and are governed by the same set of rulers.”

Hobbesian individuals because government is not in fact external.¹⁶ It is an active participant and can be expected to defect from any social contract made.¹⁷

It remains possible that this leviathan government, or autocracy, may never the less be preferable to the state of nature. The state will have the ability, because of its monopoly over the use of force, to seize more than anybody could in the state of nature.¹⁸ It may refrain from maximum short-term extraction in order to extract more in the long run by leaving the people more wealth to maintain their incentive to produce. The choice Buchanan's model must leave us with is a choice between many roving bandits or one large stationary bandit, who is able to steal more than any roving bandit, but may limit his short-term theft in order to extract more in the long run. This is in fact Olson's model of government and the state of nature. With Hobbesian assumptions, limited government is not an option. We next consider whether a leviathan government is necessarily superior to the state of nature.

¹⁶ It's only because of Buchanan's break from methodological individualism that he is able to reach his conclusions. Rothbard when reviewing *The Calculus of Consent*, and discussing the use of "social costs," actually wrote "despite much talk by Buchanan and Tullock of their staunch individualism, especially methodological individualism, they are not consistent individualists at all" (Rothbard 1997:273).

¹⁷ This is not to say no enforcement mechanism is possible in a Hobbesian world. The key is that there must be a competing force capable of constraining it. Much work has been done on polycentric systems of enforcement since Buchanan's original work. Work should be done to establish how well these systems could function in a world populated by Hobbesian individuals. For detailed analysis of many of the workings of polycentric systems see: Murray Rothbard *For a New Liberty*, David Friedman *Machinery of Freedom*, Bruce Benson *To Serve and Protect*, and *Enterprise of Law*, and Edward Stringham "Market Chosen Law," Randy Barnett *The Structure of Liberty* pp238-297, Hans Hoppe "The Private Production of Defense." For recent debates about power relations, networks, and collusion in a polycentric system see Cowen (1992), Friedman (1994), Sutter (1995), Cowen and Sutter (1999), and Caplan and Stringham (forthcoming).

¹⁸ In *For a New Liberty*, Rothbard notes that "Historically, by far the overwhelming portion of all enslavement and murder in the history of the world have come from the hands of government." P. 47

The Importance of Psychic Income in the Economic Theory of Politics

The key idea of McGuire and Olson's analysis is that the ruler will act as an income maximizing, rational economic agent. We agree that the ruler, acting in such a manner, *may* attempt to maximize his monetary income and in doing so will provide stability and related public goods in addition to keeping taxes at a level which minimizes the deadweight costs. However, we must add something further to this, for in many cases the ruler will not only maximize monetary revenue. It is of utmost importance to keep in mind that through action, man attempts to maximize *psychic income*. This is not limited to merely monetary income but also includes non-pecuniary forms of income that are valued as well. The nature of psychic income is such that the outside observer is unable to assign, *a priori*, specific characteristics that constitute psychic income for the ruler. The psychic component of income is solely in the mind of the actor and hence cannot be measured. The implications of this realization are that rulers may gain income in the very act of holding and wielding power in itself, despite the fact that they are not maximizing monetary revenue in doing so.

We observe then a potential disconnect between the interests of the rulers and those of the ruled. It is not necessarily the case that the interests of the ruler dovetail with those of the ruled. A ruler may repress the ruled even though he may have low time preferences and a stable hold on his position because he gains psychic income by doing so. The notion of psychic income applies not only to the ruler but also to the ruled. One cannot assume that the ruled aim to solely maximize monetary income, for they too maximize non-pecuniary forms of income. Given the realization that the notion of

psychic income applies to both parties further highlights the disconnect between their interests. It is by no means clear that they are aligned as the McGuire and Olson assume.

The claim the authors wish to make is severely limited once psychic income is included in the analysis. They assert that the ruling group will be guided by an “invisible hand” to treat the ruled group in a better than expected manner – in some cases as well as it treats itself.¹⁹ But we can no longer make that claim once we realize that the rulers will not always act to maximize monetary income alone. The authors’ contention that the ruler(s) will act in such a manner is predicated on the assumption that they are monetary income maximizers. If we accept that the rulers may act not to maximize just monetary income, then the conclusions that stem from this assumption are highly questionable as well. This critical realization would serve to explain the repressive behavior of the dictators in such countries as Cuba, Iraq and Libya.²⁰ This realization adds insight into the findings of Glaeser and Shleifer (2002). They conclude that elected officials in a redistributive democracy can, and in many cases have, supported policies of “destructive taxation” and public good provision aimed at to maximizing their chances of reelection. They blatantly neglect the interests of the ruled in order to maintain their position of power.²¹

¹⁹ For another account of how time preferences affect ruler behavior but that does not go to the extremes of McGuire and Olson, finding in fact a decentralized system of natural elites is superior to monopoly government, see Hoppe, 2001. The analysis herein is not inconsistent with his analysis that Monarchs or others with a long term hold on the monopoly of power may more closely dovetail with their citizens’ interests than leaders who only have a short run hold on the monopoly of power. Our analysis is simply leading us away from the conclusion of Olson and McGuire that, by establishing a monopoly enforcer, the interests of the leader are close enough to his citizens to necessarily make it superior to a situation with no monopoly of power.

²⁰ For a discussion of the many examples, both past and present, of government’s acting as predators on the populace, see North, 1993.

²¹ Hoppe (2001), when analyzing various government regimes, in fact finds this divergence of interests will be even greater in a democracy.

The notion of psychic income also has important implications on the concept of public goods. The common definition of a public or collective good is a good that is characterized by nonrival consumption (indivisibility) and nonexcludability.²² It is a *good* in that it provides a *positive* benefit. The authors assume that public goods, provided by government, are needed for the generation of *any* and *all* income (1996: 74). The essence of collective goods is that once produced, there is no additional cost in another individual consuming them. We must be extremely careful in making sweeping, general claims about the welfare of individuals that comprise society – specifically, the assertion that the provision of these goods will make all “better off.” Surely there will be at least one individual who is against the provision of the good by a coercive government and this person will suffer *psychic harm* by its mere provision. These individuals do not receive a *positive* collective good or service, but rather suffer an individual *harm*. If it is admitted that the possibility exists that some individuals will be hurt by the coercive provision of the good, then it cannot really be a collective service characterized as being *indivisible* and *positive*. For the good or service that brings harm is indeed both *separable* (divisible) and *negative* to the individuals that suffer (Rothbard, 1997a: 71-82). The additional unit is not costless, but rather imposes a *psychic cost* upon the suffering individual.²³

²² Further clarifying, nonrival or indivisibility refers to a good that once produced, can be consumed by an additional consumer at no additional cost. Nonexcludability means that consumers cannot be prohibited from consuming the good or service once it is produced.

²³ Putting the issue of psychic income aside, there is still the problem issue of finding the optimal level of public good provision. Like all other goods, public goods, are provided in marginal units, not in a homogeneous lump. Once this is realized, it becomes clear that the government providing the good must determine the level of production of the good or service. And it is here that the government runs into difficulty because it suffers from the calculation problem that is absent on the market (see Mises, 1983: 53). On the market, producers and entrepreneurs are guided by the profit and loss mechanism to serve customer wants in the most efficient manner possible. However, this guiding mechanism is absent for the government, as is *any* judicious criteria for determining the level of good provision.

Having established that the interests of the ruled and rulers will not always dovetail and that it is far from clear that the welfare of *all* involved will be increased, is the stationary bandit still necessarily a preferable situation as compared to the state of nature? The stationary bandit has a monopoly on the use of violence. If for any reason he has preferences other than the maximization of monetary income he could impose great harm on the ruled, much greater in fact than any individual in the state of nature. Consider for example that totalitarian regimes were responsible for approximately 169 million deaths between 1900 and 1997 (Rummel 1994, Table 1.2). When power is monopolized in the hands of a few individuals, they have the ability to do much greater harm as compared to when power is dispersed. Simply assuming that rulers will want to maximize monetary income and therefore will provide services in the interest of the ruled is simply not historically or empirically true. Simply put, even given the pessimistic assumptions regarding the state of nature, it is not clear that a coercive government is a better situation.

Conclusion

We have considered two accounts of the evolution from a state of nature to a social order that allows for interaction and exchange. Both accounts begin with pessimistic assumptions about individuals in the absence of a central government. In both cases the authors conclude that the state, with a monopoly on force, is in the interests of all in society.

We have demonstrated that even with these pessimistic assumptions, the authors fail to show that government is necessarily superior to even an unfavorable state of

nature. The authors discussed in this paper fail to realize that their theoretical accounts do not allow them to escape the problems that stem from their own pessimistic assumptions. The existence of a central state shifts and magnifies the power structure that is present in the initial state of nature. Rather than power being dispersed among the populace, it is centralized in the hands of a few. Once individuals possess this power, it is far from clear that they will promote the interests of the ruled. In some cases they may, but in others they may not. And, in the cases where they do not, they have the power to impose great harm on others. Given this uncertainty, one is unable to conclude that a central state is better than even an institutionless state of nature.

The Hobbesian vision of Anarchy has been an extremely influential one. Our contribution here has been to show that two attempts by public choice theorists to use this Hobbesian vision to prove government's necessity, are fatally flawed. This does not, in and of itself, prove the superiority of Anarchy. The question of whether human behavior in an institutionless anarchy is really as bad as Hobbes predicts is a historical question for others to answer. There is also the possibility for private competitive third party enforcement to improve on the Hobbesian result even with pessimistic assumptions. We are optimistic about both of these possibilities. The conclusion of this paper is that even with the worst assumptions about human nature, government, on purely theoretical grounds, cannot be shown to necessarily improve the situation.

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