



THE  
SELECTED  
WORKS OF  
GORDON  
TULLOCK  
VOLUME 8

*The Social Dilemma*

THE SELECTED WORKS OF GORDON TULLOCK

VOLUME 1 *Virginia Political Economy*

VOLUME 2 *The Calculus of Consent: Logical Foundations of  
Constitutional Democracy* (with James M. Buchanan)

VOLUME 3 *The Organization of Inquiry*

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Coup d'Etat, and War*

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*Gordon Tullock*

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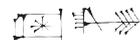
VOLUME 8

*The Social Dilemma  
Of Autocracy, Revolution,  
Coup d'Etat, and War*

GORDON TULLOCK

*Edited and with an Introduction by*

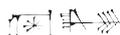
CHARLES K. ROWLEY



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## INTRODUCTION

*The Social Dilemma: Of Autocracy, Revolution, Coup d'Etat, and War* brings together Gordon Tullock's path-breaking contributions to the analysis of collective action under conditions of limited democracy and dictatorship. In these contributions, Tullock deploys public choice and rent-seeking analysis to explore, within the framework of rational choice, political market behavior that is based on conflict rather than on bargaining and thus behavior that results in wealth reduction rather than in gains-from-trade. This volume thematically organizes materials drawn from two of Tullock's books, namely, *The Social Dilemma: The Economics of War and Revolution* (1974) and *Autocracy* (1987).

### *The Intellectual and Historical Background*

*The Calculus of Consent* was written during the dying years of the second, bipartisan Eisenhower administration.<sup>1</sup> At that time, the environment was conducive to the theory of politics, as put forward in *The Calculus of Consent*, that focused attention on the gains-from-trade available from well-functioning political markets and that challenged the winner-takes-all notion of conflict-based, two-party politics that had energized U.S. behavioral political science research throughout the preceding quarter of a century. Inevitably, as new theories often do, the new rational-choice theory of politics met with resistance, both in economics and in political science. Yet, by the late 1960s, the gains-from-trade model had established a respectable toehold in both disciplines.

The tranquility of the U.S. political marketplace then abruptly vanished as latent sociopolitical tensions rose to the surface.<sup>2</sup> The combat troops introduced into Vietnam by President Kennedy in 1963 led to a minor war under the administration of President Lyndon Johnson. The war continued without

1. James M. Buchanan and Gordon Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy* (Ann Arbor: University of Michigan Press, 1962).

2. See Charles K. Rowley, "The Reason of Rules: Constitutional Contract versus Political Market Conflict," *Annual Review of Conflict Knowledge and Conflict Resolution* 2 (1990): 195–228.

decisive military success throughout the first Nixon administration and ended in defeat for the United States during the second Nixon administration.

By the summer of 1974, with the Vietnam War, the assassinations of President John F. Kennedy, Robert F. Kennedy, and Martin Luther King Jr., and the resignation of President Richard M. Nixon in the wake of the Watergate scandal, the calculus of consent no longer seemed to be the glue that bonded Americans into mutually beneficial political harmony. The United States appeared to be closer to the “Hobbesian jungle” than at any time since Abraham Lincoln’s controversial election to the presidency of the United States, in 1860.<sup>3</sup>

Buchanan and Tullock had clearly recognized such a possibility of constitutional discord in their 1962 book but had downgraded its relevance for the United States:

Our analysis of the constitution-making process has little relevance for a society that is characterized by a sharp cleavage of the population into distinguishable social classes or separate racial, religious, or ethnic groupings sufficient to encourage the formation of predictable political coalitions and in which one of these coalitions has a clearly advantageous position at the constitutional stage.<sup>4</sup>

In so doing, Buchanan and Tullock chose to ignore both the nature of the founding of the U.S. Constitution, which was based on an enfranchised population comprising only white male property owners who constituted less than one-sixth of the adult population, and the racial schism exposed by the Civil War and reinforced by Reconstruction. That decision came back to haunt them during the long summer of 1974, as the Watergate investigations reached crisis point and as President Nixon contemplated whether to hide behind executive privilege and to challenge the checks and balances of the Constitution.

The responses of Buchanan and of Tullock to this perceived constitutional crisis diverged sharply. Buchanan, in his 1975 book *The Limits of Liberty*, rationalized the durability of the consent calculus in terms of the ever-present threat of Hobbesian anarchy should the Constitution break down, and thereafter, he focused almost exclusively on constitutional political economy.<sup>5</sup>

3. Thomas Hobbes, *Leviathan*, ed. M. Oakshott (1651; Oxford: Basil Blackwell, 1946).

4. Buchanan and Tullock, *Calculus of Consent*, 80.

5. James M. Buchanan, *The Limits of Liberty: Between Anarchy and Leviathan* (Chicago: University of Chicago Press, 1975).

Tullock's contrasting response, in his 1974 book *The Social Dilemma*, was to acknowledge the Hobbesian nature of democracy and to switch from the gains-from-trade model to the reality of generalized prisoners' dilemmas, in which political actors find themselves locked into wealth-reducing circumstances by the nature of the noncooperative game, and by intractable holdout problems, even within the context of a constitutional republic such as the United States.<sup>6</sup>

Throughout history, the large majority of the world's population has lived under conditions of autocracy. Even from the beginning of the twenty-first century, a small majority (some 3.5 billion of a world population of 6.3 billion) still live under such conditions, if democracy is rigorously defined to require a full suffrage and fair elections, that is, to exclude oligarchies.

Although much has been written philosophically and descriptively about autocracy, Tullock was the first economist to apply the rational-choice model to analyzing systematically the behavior of individuals under such conditions.

Tullock is a keen student of the Greek philosophers Plato and Aristotle, neither of whose writings are particularly favorable to democracy. In *The Republic* Plato cites Socrates as stating that the best form of government, both in times of peace and in times of war, is timocracy, in which the king, chosen from the aristocracy, is well versed both in philosophy and in war and has a love of honor.<sup>7</sup> The second-best form of government is oligarchy, the rule of the few; the third-best is democracy, the rule of the people; and the worst is tyranny, "the most extreme pestilence that a city can have."<sup>8</sup>

In *The Politics* Aristotle adopts a somewhat less *judgmental* position among these forms of government. He explains that the terms "constitution" and "government" have the same meaning and that the government, which is the supreme authority in states, must be in the hands of the one, of the few, or of the many.<sup>9</sup> The "true" forms of government are those in which the one, the few, or the many govern with a view to the common interest. Whether of the one, of the few, or of the many, governments that rule with a view to the

6. Gordon Tullock, *The Social Dilemma: The Economics of War and Revolution* (Blacksburg, Va.: Center for Study of Public Choice, 1974).

7. Plato (427–347 B.C.), *The Republic*, in *Great Dialogues of Plato*, ed. E. H. Warmington and P. H. Rouse (Markham, Ont.: New American Library), 118–446.

8. *Ibid.*, 342.

9. Aristotle (384–321 B.C.), *The Politics*, ed. Stephen Everson (Cambridge: Cambridge University Press, 1988).

private interest are perversions. Thus, the perversions are as follows: of kingship, tyranny; of aristocracy, oligarchy; and of constitutional government, democracy.

When comparing the true forms of government, according to Aristotle, kingship is the best, followed by aristocracy and then by constitutional government. Among the perverted forms of government, however, democracy is best, followed by oligarchy and then by tyranny. Because, as we shall see, Tullock analyzes all forms of government as pursuing the private interest, democracy, in his estimation, holds a fragile advantage.

Writing almost two millennia later, Hobbes, in *Leviathan*, evinces a much more favorable portrait of government by the one, should such government be conducted in the common or the private interest. Hobbes is obsessed by the idea of the dissolution of authority—of the disorder that results from the freedom among individuals to disagree about what is just and unjust and with the disintegration of the unity of power that he views as inevitable once individuals begin to contend that power must be limited.<sup>10</sup>

The ultimate goal that motivates individuals, according to Hobbes, is pursuit of peace, not of liberty. The ultimate evil to be avoided at all cost is anarchy, which he views as a return to the state of nature. Hobbes describes a state of nature, the first objective condition, in which human beings, *de facto*, are equal. Being equal by nature, they are capable of inflicting the greatest of evil on each other, namely, death. To this is added the second objective condition, scarcity of goods, which causes individuals all to desire the same thing.

This combination of equality and relative scarcity generates a permanent state of reciprocal lack of trust, which induces all to prepare for war and to make war, if necessary, rather than to seek peace: “So that in the first place, I put forward a general inclination of all mankind, a perpetual and restless desire for power after power, that ceaseth only in death.”<sup>11</sup>

According to Hobbes, there is only one way to make the laws of nature effective and to make human beings act according to their reason and not their passions: the institution of the irresistible power of the state. To exit the state of nature and to establish civil society, individuals must enter into a universal and permanent covenant. Because individuals cannot be trusted to honor any contract among themselves, they must all consent to give up their own power and to transfer it to one person. This person will have as much power as is necessary to prevent any individual from harming others.

10. Hobbes, *Leviathan*.

11. *Ibid.*, 24.

Individuals acquire a fundamental obligation as a consequence of this *pactum subiectionis* (pact of subjection), namely, an obligation to obey all the commands of the holder of the shared power. This “covenant of union” is an agreement in which all parties agree to subject themselves to a third party who does not participate in the contract. The third party thus combines the supreme economic power (*dominium*) and the supreme coercive power (*imperium*). “There is no power on earth” (says the verse from the Book of Job that describes the sea monster Leviathan) “which is equal to it.”<sup>12</sup>

Tullock is enough of a Hobbesian to recognize this logic. While not necessarily endorsing *Leviathan* on moral grounds, he understands why societies sometimes prefer autocracy to any other form of government, knowing that no other form of government can feasibly survive and that anarchy, therefore, is the only realistic alternative.

Tullock’s writings on autocracy, war, revolution, and coups d’etat commenced at the end of a troubled first three-quarters of a dangerous twentieth century. The First World War had devastated most of Europe, autocracy and democracy alike. Regicide in Russia was followed by the imposition of a socialist dictatorship. Germany descended from the weak democracy of the Weimar Republic into the powerful dictatorship of Hitler’s Third Reich.

The Great Depression of the 1930s led many intellectuals (including many economists in Britain and the United States) to support dictatorship (left or right) over democracy. The Second World War exacerbated the collapse of European civilization as the Soviet Union extended its hegemony throughout much of central Europe. Once again, many economists in Britain and the United States looked enviously at the supposed economic success of the Soviet Union and looked hopefully for the collapse of the capitalist democracies.

In 1975 some three-quarters of the world’s population lived under conditions of dictatorship. This is the historical backcloth against which Tullock tuned his rational-choice model into the analysis of the workings of autocracy.

### *Gordon Tullock’s Contributions to the Literature*

Part I, “The Roots of the Social Dilemma,” brings together three papers that analyze, from the rational-choice perspective, individual behavior in societies characterized by conflict as well as by cooperation.

12. Job 41:24.

“The Roots of Conflict” sets the scene by centering attention on redistribution rather than on gains-from-trade as a primary source of political-market interaction between individuals and groups. In such conflict conditions, where a coercive solution is eventually imposed either through private mechanisms or through the political process, individuals invest resources wastefully in an attempt to defend their own property or to seize the property of others.

“The Cooperative State” uses Hobbes’s notion of the state of nature, in which all individuals endlessly predate upon each other, to identify the prisoners’ dilemma that underpins such a destructive pattern of behavior.<sup>13</sup> Tullock points out that all societies that have risen above the level of barbarism deal with potential theft, fraud, and robbery by varying combinations of three methods. First, some resources are put into passive protection in the form of locks and barred windows. Second, some resources are put into personal retaliation. Third, some resources are placed within a central apparatus (government) designed to inflict penalties on criminal behavior. The third method, at least in principle, is the rationale for the cooperative state.

“The Exploitative State” questions the degree of generality of the cooperative state in which individuals seek gains-from-trade through cooperative bargaining. Tullock focuses attention on the exploitative state, in which a small minority of individuals maximizes its private returns through exercising a monopoly of force over the large majority. Even such dictatorships often provide benefits to the majority, unavailable in the state of nature. Usually, though not always, the exploited majority would prefer to live within a cooperative rather than in an exploitative state.

Part 2, “The Goals and Organizational Forms of Autocracy,” brings together six papers that explore the varying objectives and institutional structures of governments that fall under the broad rubric of autocracy.

In his introduction to *Autocracy*, Tullock points out that there had been almost no scientific analysis of dictatorships since Machiavelli in the early fifteenth century.<sup>14</sup> Yet historically, and still in the late twentieth century, dictatorships had been and were the dominant form of government. Under the general term “autocracy” Tullock distinguishes between dictatorships by hereditary rulers of kingdoms and empires on the one hand and nonhereditary dictatorships on the other. He distinguishes autocracy from feudalism

13. Hobbes, *Leviathan*.

14. Niccolò Machiavelli, *The Prince* (1514; London: Penguin Classics, 1981).

and democracy, arguing that the latter forms of government provide more individual freedom than is typical of any autocracy. He also distinguishes between totalitarian and authoritarian autocracies and places all communist dictatorships in the former category.

“The Uses of Dictatorship” investigates the goals of autocrats. Tullock notes that power is never absolute and that autocrats do not enjoy complete freedom to satisfy their personal desires. Always they are concerned to secure themselves against would-be challengers. Hereditary monarchs tend to be more secure and, therefore, are less constrained than dictators. In all cases, autocrats use their power to seek personal wealth. Many autocrats, dictators as well as monarchs, seek to secure the succession. Some seek to implement policies that they believe will be beneficial for subjects. Successful dictators, unlike monarchs, tend to be highly intelligent and ambitious and so pursue their policies more efficiently. They enjoy luxurious, if insecure and potentially short, lives.

“Becoming a Dictator” focuses attention on the methods whereby existing dictators are ousted and whereby nondictatorships are subverted into dictatorships. Because they desire to avoid being displaced, dictators rarely attempt to secure a dynasty. Tullock explores, with a wealth of contemporary examples, the mechanism of the coup d’état as the most successful route to the top for ambitious and highly placed members of a dictator’s entourage.

“The Problem of Succession” provides a rational-choice evaluation of how aging autocrats approach the issue of their succession. Tullock explains the reluctance of such dictators to name an heir in terms of their fear of assassination by the named heir and his associates. He notes the tendency for dictators to appoint an advisory body that becomes responsible for determining the succession once he dies. This system was deployed by two autocracies, namely, the Catholic Church and the Soviet Union, both with considerable success in avoiding assassinations of their respective leaders.

“Democracy and Despotism” centers discussion on the instability of government forms. The chapter chronicles the lengthy history of the transition of autocracies into democracies, sometimes as a consequence of foreign intervention, often as a consequence of internal struggles. It also focuses on examples of democracies transitioning into autocracies. Tullock concludes that autocracy is the equilibrium condition.

“Monarchies, Hereditary and Nonhereditary” chronicles the instability of monarchies, including that of England, before the hereditary principle

was firmly embedded. The evolution of monarchies from nonhereditary to hereditary rule typically is accompanied with increased internal stability and economic advancement. According to Tullock, modern scholars do not engage in a serious rational-choice analysis of the respective merits of monarchy and democracy.

Part 3 of the volume, “Revolution and Its Suppression,” brings together five papers that apply the rational-choice model in analyzing a variety of methods utilized historically to overthrow existing governments and a variety of methods adopted by governments historically to suppress such insurgencies.

“Revolution and Welfare Economics” casts empirical doubt on the relevance of the romantic notion of revolution, in which a downtrodden population rises up spontaneously to eject a hated despot and to introduce an economically and politically superior new order. Insurgencies are rarely concerned in practice with establishing an efficient democracy. Indeed, insurgencies typically replace despotism with despotism or democracy with despotism. The goal of insurgents is to redistribute the political and economic spoils of victory to themselves, not to redistribute them to the downtrodden masses. Overall, insurgencies generally lower the wealth of a nation.

“The Paradox of Revolution” utilizes Mancur Olson’s logic of collective action to evaluate potential revolutionary behavior.<sup>15</sup> Because the general benefits of a successful revolution are public goods, rational individuals will underprovide revolutionary inputs unless they perceive additional strictly private benefits. Thus, any public-good products of revolution must be by-products of such private incentives. Tullock develops a simple formal model to explain this paradox.

“The Economics of Repression” shifts attention to the methods whereby rational dictatorships repress insurgencies. Tullock develops a model to demonstrate how a dictator can repress a popular uprising much more easily than an attempted coup d’etat. The model focuses on the importance of incentives (negative as well as positive) to inform on potential insurgents as a basis for repressing an uprising.

“‘Popular’ Risings” suggests that successful popular uprisings against an autocrat are largely figments of romantic historians’ imaginations. Almost all

15. Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1965).

successful overthrows of autocracies occur as a consequence of either coups d'état or foreign intervention. The so-called French Revolution and the so-called Russian Revolution are examples of the former, and the so-called American Revolution is an example of the latter. Tullock supports his hypothesis with numerous historical examples.

"Legitimacy and Ethics" attempts to explain how dictatorships that are considered evil by outsiders (for example, Hitler's Third Reich and Stalin's Soviet Union) nevertheless are accorded legitimacy by their own subjects. Tullock raises the bar for his explanation by defining legitimacy as support for a regime against the best interests of those who provide such support. Tullock's explanation is based on an interesting theory of human evolution that allows man to be rationally indoctrinated.

Part 4 of the volume, "The Coup d'Etat and Its Suppression," consists of three papers that explore in some depth the nature of the coup d'état and the rational approach to its prevention.

"Coup d'Etat: Structural Factors" defines the coup d'état as a split within the government, usually involving the military-police establishment. Tullock suggests that, whereas the optimal course for citizens confronted with the possibility of a popular uprising is to remain neutral, this is not so for members of the military-police elite when confronted with a potential coup. Choosing sides is the optimal strategy in such circumstances.

"The Theory of the Coup" poses the question, Which side should senior members of a dictatorship choose when a coup is contemplated? Tullock makes use of the concept of a "focal point," drawn from game theory, to explain how decisions to join a coup are made in practice under conditions where open discussion is too costly. He also examines the nature of the decision-making process that leads entrepreneurs within an autocracy to initiate an uprising designed to replace the existing leadership.

"Coups and Their Prevention" explains how an autocrat retains power, given the pervasive incentives for senior members of his government to rise up against him. Tullock argues that a widely utilized strategy is that of killing or exiling all potential coup leaders, even when this strategy implies a weakening of his own military-police organization. In addition, Tullock outlines two other mechanisms whereby the dictator can hold on to power: that of continually changing the elite so that no single individual can build an effective opposition network and that of always soliciting advice but never accepting unsolicited advice. In all these respects, the autocrat who

reads and comprehends the advice of Machiavelli is well placed to survive in office.

Part 5, “The Economics of War,” comprises four papers that apply the rational-choice model to the analysis of war.

“International Conflict: Two Parties” directs attention to formal international warfare in a bipolar system. Tullock models the conflict in terms of two countries to outline the predictable strategic behavior of competing nation-states. He demonstrates how an autocracy might behave aggressively at a net expected cost to the nation as a whole where there are positive gains to the dictator. He shows that nations that commit themselves to defensive but not to aggressive strategies (for example, the United Nations in the case of Korea, and the United States in the case of Vietnam) place themselves at a serious strategic disadvantage. He evaluates alternative mechanisms whereby two nations may avoid conflict. Throughout, Tullock maintains an unwavering judgment that international conflict is driven by rational calculations.

“Agreement and Cheating” reveals why it is difficult for two potentially hostile countries to negotiate effective mutual disarmament treaties, even when both parties recognize the economic benefits of such arrangements. Tullock identifies two important impediments, namely, the difficulty of negotiating a comprehensive treaty that eliminates all avenues of evasion, and the mutual suspicion that the other party will unilaterally renege on the treaty. He explores mechanisms whereby nations can overcome these impediments, thus resolving the prisoners’ dilemma problem that plagues international diplomacy.

“Three or More Countries and the Balance of Power” explores the enhanced prospects for limiting international conflict in a multipolar world. Tullock outlines the balance of powers principle deployed by the European powers from the sixteenth century onward as a means of preventing the emergence of a European superpower. He notes that the principle was not designed to prevent international conflict but, more conservatively, to prevent single-country dominance by an explicit mechanism of strategically changing coalitions. Tullock ends with a gloomy recognition that the advantages of the balance of power principle have been largely eroded, from the mid 1950s onward, with the emergence of the bipolar model now predicated on the overwhelming nuclear superiority of the United States and the Soviet Union.

Tullock’s “Epilogue to *The Social Dilemma: The Economics of War and Revolution*” reemphasizes that the investment of resources in conflict is frequently

rational from the standpoint of individuals even though it leads to a net waste from the standpoint of society.

In this volume, Tullock reaches out well beyond the confines of mainstream economics to apply the rational-choice model to fundamentally important issues of autocracy and of war and peace. In so doing, he uses techniques of public choice to open a fruitful area of research. By downgrading the relevance of romantic and utopian thinking, and by introducing a much-needed dash of realism, Tullock provides a wake-up call for all individuals who cherish and seek to defend individual liberty.

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PART I

THE ROOTS OF

THE SOCIAL DILEMMA

## THE ROOTS OF CONFLICT

The primitive view of trade included the belief that the profits of one party must necessarily come from losses of the other. Indeed, although I have called this view primitive, it is widely held today. A rather similar view is frequently held by analysts of politics. In this view, politics is about power, and power is so defined that an increase of power to Mr. *A* must carry with it a reduction in the power of Mr. *B*. In a way, the foundation of modern economics was a realization that profits from economic transactions may be mutual. It is quite possible (in fact, it is generally true) that both parties are better off after an economic transaction than they were before. Economists, however, have not normally drawn the conclusion that there are no grounds for conflict between the parties to a bargain. Clearly, the distribution of the profits between the two parties is still a matter upon which they have directly conflicting interests. Nevertheless, economics has concentrated upon those aspects of the transactions between different persons that are mutually profitable.

Political scientists have recently come to realize that there may be gains-from-trade in politics, too. All parties may be benefited through the establishment of a suitably designed constitutional government. Further, there may be changes in the design or in the activities of an existing government that benefit everyone. However, the profits of these government activities may be distributed in different ways, and there is a clear conflict among the parties with respect to these different distributions. Indeed, if we use the ordinary definitions of economic and political spheres, redistribution among the parties to some political transaction may well proceed in a mutually disadvantageous manner. A transfer from *A* to *B* may take place in such a way that *B* receives less than *A* gave up.

If I have the power to extract a transfer from you, I would normally take the transfer in the most efficient way—as a direct switch of purchasing power. This would make you worse off and me better off, but we would remain on the Paretian frontier. There may be institutions, however, that make such an efficient transfer impossible. Under these circumstances, I may be driven to an inefficient transfer method, with the result that what costs you \$10 benefits

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me \$5. Both of us would have been better off had you bribed me with \$7.50, but the institutional structure may make this bribe impossible.

In a way, this book will be devoted to a consideration of this unfortunate type of transfer. Economics has traditionally studied the benefits of cooperation. Political science is beginning to move in that direction. Although I would not quarrel with the desirability of such studies, the fact remains that conflict is also important. In general, conflict uses resources; hence it is socially inefficient, but entering into the conflict may be individually rational for one or both parties. If this is so, we will be in a prisoner's dilemma and society will be worse off than if it were possible to avoid this situation. The social dilemma, then, is that we would always be better off collectively if we could avoid playing this kind of negative-sum game, but that individuals may make gains by forcing such a game upon the rest of us. There are institutions that will reduce the likelihood of being forced into such a game, but these institutions cost resources, too. Our well-being, thus, will always be less than it would be if somehow we could avoid the problem. Still, the problem is unavoidable—at least in our present state of knowledge. Pretending that it does not exist is likely to make us worse off than conceding its existence and taking rational precautions.

Let us consider a traditional problem. Suppose we have a two-person society composed of Mr. *A* and Mr. *B*, and they currently have some level of wealth and income. Some event occurs—technological discovery, change of taste, etc.—which makes it possible for the two parties to gain between them \$10. The result of this event is that they are no longer on the Paretian frontier, or, putting it differently, they are now off the contract locus. Traditional economics has pointed out that they now have an incentive to reach some agreement to obtain this \$10. This agreement will, among other things, provide for the distribution of the \$10 between them. Traditional economics, however, has primarily devoted its attention to pointing to the incentives for reaching agreement, and has given relatively little attention to the problem of deciding upon the distribution of the profit between the parties. This book will turn to the other problem: distribution.

The two parties, in traditional terminology, “bargain” in order to determine the apportionment of this profit. This bargaining will in part be an example of what I will refer to as “conflict” in this book. The real world activity of “bargaining” involves two separate activities: first, the attainment of the \$10 profit for the two parties and, second, the determination of its distribu-