

Metadata of the article that will be visualized in Online First

Journal Name	Public Choice	
Article Title	Alain Marciano and Jean Michel Josselin (eds.): Democracy, Freedom, and Coercion: A Law and Economics Approach	
Copyright holder	Springer Science+Business Media, LLC. This will be the copyright line in the final PDF.	
Corresponding Author	Family name	Powell
	Particle	
	Given Name	Benjamin
	Suffix	
	Division	Department of Economics
	Organization	Suffolk University
	Address	8 Ashburton Pl., Boston, MA, 02108, USA
	E-mail	bpowell@suffolk.edu
Schedule	Received	
	Revised	
	Accepted	7 February 2008
Abstract		
Keywords		
Footnotes		

Public Choice
DOI 10.1007/s11127-008-9288-8

BOOK REVIEW

**Alain Marciano and Jean Michel Josselin (eds.):
Democracy, Freedom, and Coercion: A Law
and Economics Approach**
Edward Elgar, Cheltenham, UK, 2007

Benjamin Powell

Accepted: 7 February 2008
© Springer Science+Business Media, LLC. 2008

Democracy, Freedom and Coercion is a welcome addition to the public choice literature. It steps outside of the often used contractarian perspective and recognizes that all governments are ultimately based on coercion. The book analyzes the balance between freedom and coercion in democracies. If democratic governments are based on coercion rather than contract then difficult questions arise. This volume attempts to grapple with some of these questions.

The volume is organized around three major questions. Does the democratic use of power necessarily mean coercion? Is legitimate coercion really legitimate? What are democratic safeguards against illegitimate coercion? Unfortunately, chapters organized under these sub-heads are often only very loosely related to the question they purport to address. The book often reads more like a journal symposium rather than a truly integrated work. Chapters are often unconnected and quality variance is high. Despite these problems, there are enough important chapters to make this book a valuable resource for public choice scholars.

Part one, does the democratic use of power necessarily mean coercion, consists of three chapters. In the first Eusepi and Cepparulo attempt to develop a model of human interaction based on *Homo sapiens* rather than *Homo economicus*. Most of their chapter traces the development of the political economy models of Hobbes, Buchanan, and Frey. Their contribution consists of incorporating psychological distance to predict the degree of altruism *Homo sapiens* will demonstrate to each other in trust relationships. Their chapter ends abruptly without fully developing the implications of their theorizing.

Chapter two, by Manfred Holler, combines a set-based concept of freedom of choice with an agent-based model of power to analyze responsibility for outcomes. Holler defines power as one's potential to impact an outcome, not just actions taken. He finds social responsibility comes from actions one could have taken but didn't while individual responsibility derives from only direct actions. I found his discussion unpersuasive because it never addressed *why* one should be responsible for not acting to affect an outcome just because they *could*.

B. Powell (✉)
Department of Economics, Suffolk University, 8 Ashburton Pl., Boston, MA 02108, USA
e-mail: bpowell@suffolk.edu

51 Do other people have positive rights to actions another individual must provide? If so, where
 52 do these rights come from? The chapters message seems to boil down to the assertion that
 53 because people have potential power they *ought* to use it for good. The chapter attempted
 54 to derive conclusions without ethical statements but it ultimately failed to derive an ought
 55 from an is.

56 Chapter three, Hayek and Economic Policy, by Enrico Colombatto, is the most interest-
 57 ing in the first section of the book. It is a thoroughly revisionist take on Hayek’s political
 58 economy. Rather than recognize Hayek as a champion of laissez-faire, Colombatto docu-
 59 ments Hayek’s many statist policy recommendations. Colombatto argues that Hayek’s pol-
 60 icy recommendations are a consequence of his poor conception of the rule of law which does
 61 not allow him to meaningfully distinguish between state actions that support spontaneous
 62 development and those actions which drive such development. Although Colombatto’s read-
 63 ing of Hayek is uncharitable at times, he does raise important points that should cause some
 64 reconsideration of Hayekian constitutional political economy.

65 In part two, only one of the three chapters addresses the topic of whether legitimate
 66 coercion is really legitimate. In it, Christian Barrere’s argues that economic democracy is le-
 67 gitimate because we jointly inherited our market institutions so each economic agent should
 68 have collective rights in deciding how the market institution is allowed to evolve. However,
 69 his argument for joint inheritance does not hold up under scrutiny. He argues that because
 70 the market is a social construction all of its constructors (participants) have rights in their
 71 common product but he never provides any supporting argumentation for why joint produc-
 72 tion implies a joint property right, it is simply asserted. The spontaneous order of the market
 73 evolves from individual voluntary interactions where each party contracts what he is going
 74 to give up and what he will receive in return. If neither party to a contract explicitly gives up
 75 future decision rights to an economic democracy why does their trade obligate them to? Ap-
 76 parently because their individual transaction generates a positive externality by contributing
 77 to the market order. It is not at all obvious why once an individual has given society a po-
 78 sitive externality that it conveys collective rights to govern that benefit and also potentially
 79 reallocate the private benefits of the trade that generated the positive externality. None of the
 80 supporting arguments in the chapter made the logic of his assertion any more compelling.

81 Although the other two chapters in this section did not address when coercion is le-
 82 gitimate they are both worth reading. Paldam uses the Gastil index to study what causes
 83 democracy. He finds evidence that economic growth causes democracy (not vice versa) and
 84 that communist countries and Muslim countries are less democratic while Western countries
 85 are more democratic (possibly because they have been wealthier longer). He finds no evi-
 86 dence that Asian values are detrimental to democracy and finds that lack of democracy in
 87 Africa occurs only because Africa is poor.

88 In chapter six Brosio and Zanola study the impact of democracy on violence in Columbia.
 89 They find that voter turnout, the passage of time, and smaller inequality all decrease vi-
 90 olence. The chapter is interesting and future studies might apply their modeling to other
 91 violent democratic countries to see how robust their conclusions are.

92 The final section of the book considers democratic safeguards against illegitimate coer-
 93 cion. Leonard Dudley’s chapter explores this question by analyzing how language networks
 94 impact the optimal level of government where public goods should be provided.

95 Louis Imbeau’s chapter considers the potential for abuse of political, economic, and pre-
 96 ceptorial power. Although I concur with Imbeau that dispersing power is important, his
 97 chapter does a poor job of distinguishing between the potential severity of the abuse of dif-
 98 ferent types of power. For example, he mentions minimum wage laws, income maintenance
 99 programs, and mass education, as programs that disperse power (economic and percep-
 100 tional) without considering that these very programs create political power in fewer hands

that might be able to abuse political power more than agents could have abused economic or perceptual power. He also includes an ill-informed attack on libertarians who wish to limit state power by delegating the use of protective force to private competing companies in the chapter's conclusion. He assumes libertarians only reach this conclusion because they ignore the potential for these companies to abuse their powers. But libertarian economists have studied the potential for abuse and some still maintain that competition between companies will limit abuse more than division of power within a single government. Imbeau's swipe ignores this literature (for a few examples see Cowen 1992; Friedman 1994; Sutter 1995; Caplan and Stringham 2003).

Checks and balances are put in place to prevent governments from abusing power. Yet these same checks and balances often prevent beneficial reforms. In chapter nine Feld and Schnellenbach explore how different forms of democratic checks impact labor market reforms in Europe. They explore the how the presence of presidential or parliamentary, proportional or majoritarian, referendum or representative, and centralized or decentralized, systems impact the likelihood of beneficial reform and provide econometric tests of two of their hypothesis. This chapter addresses important questions about which systems are more likely to implement reforms if they confront a crisis. Future studies should build on this chapter and explore reforms in other sectors and in other regions of the world.

The final regular chapter of the book by Steunenberg and Antoaneta models the compliance and conditionality game of EU enlargement. They find that countries are less likely to continue reforms once they have a fixed accession date and that the EU rationally waits as long as possible in the accession process before announcing a date.

Donald Wittman's concluding chapter is one of the most interesting in the book. Rather than attempting to sum a conclusion from very loosely related chapters he sketches potential answers to a central problem confronting public choice scholars: If public choice assumptions are correct, why don't all governments coerce their citizens more than they do? Specifically, why don't militaries that have the power to coerce, coerce us more than they do? Why do some governments coerce more than others? Democracy by itself doesn't answer these questions because the people with the guns could ignore an election. Wittman's brief chapter suggests a couple of explanations:

Limited ability to exploit (either because one has limited power to coerce or because coercion itself does not produce much benefit to those with power) is a consistent theme throughout this chapter. Another theme is that preferences (culturally influenced or screened for in obtaining power) may induce greater or lesser exploitation, depending on the screening device and the nature of the culture (p. 263).

The inherent trade off between freedom and coercion associated with the establishment of a democratic government is an important research program for public choice scholars. Although this volume lacks focus, some of the volume's chapters make important contributions that should be of interest to public choice scholars engaged in this research program.

References

- Caplan, B., & Stringham, E. (2003). Networks, law, and the paradox of cooperation. *Review of Austrian Economics*, 16, 309–326.
- Cowen, T. (1992). Law as a public good: The economics of anarchy. *Economics and Philosophy*, 8, 249–267.
- Friedman, D. (1994). Law as a private good: A response to Tyler Cowen on the economics of anarchy. *Economics and Philosophy*, 10, 319–327.
- Sutter, D. (1995). Asymmetric power relations and cooperation in anarchy. *Southern Economic Journal*, 61, 602–613.