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978-0-521-80412-7 - The Dark Side of the Force: Economic Foundations of Conflict Theory

Jack Hirshleifer

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The Dark Side of the Force

The central tradition of mainline economics deals with only one way of making a living, namely, producing useful goods and services. But there is another way of getting ahead: through conflict or the “dark side,” that is, by attempting to appropriate what others have produced. Appropriation struggles include military aggression and resistance and also nonmilitary activities such as litigation, strikes and lockouts, takeover contests, and family quarrels. This volume brings the analysis of conflict into the mainstream of economics. Part One explores the causes, conduct, and consequences of conflict as an economic activity. Part Two delves more deeply into the evolutionary sources of our capacities, physical and mental, for both conflict and cooperation. The introductory chapter of the volume, which demonstrates that the force of self-interest has both a bright side and a dark side, was the author’s 1993 Presidential Address to the Western Economic Association. Other chapters provide economic models of conflict, historical discussions, experimental tests, and applications to topics in political science and law.

Jack Hirshleifer has served on the faculty of the Department of Economics at the University of California, Los Angeles, since 1960. He was employed as an economist at the RAND Corporation from 1949 to 1955 and taught at the University of Chicago Graduate School of Business from 1955 to 1960. Professor Hirshleifer is a Fellow of the American Academy of Arts and Sciences, a Distinguished Fellow of the American Economic Association, and a Fellow of the Econometric Society. He has served as Vice President of the American Economic Association and in 1993 was elected President of the Western Economic Association. He is a member of the Editorial Boards of the *Journal of Economic Behavior and Organization* and the *Journal of Bioeconomics*.

Professor Hirshleifer’s fields of specialization have included water supply and resource economics, capital theory, applied theory of the firm, uncertainty and information, political economy, bioeconomics, and conflict theory. In the last area his work has emphasized the largely unrecognized parallels among the many manifestations of conflict, among them warfare, crime, litigation, strikes and lockouts, redistributive politics, and business takeover contests.

Jack Hirshleifer’s previous books include *The Analytics of Uncertainty and Information* (coauthored with John G. Riley, Cambridge University Press, 1992); *Time, Uncertainty, and Information* (1989); *Economic Behavior in Adversity* (1987); *Price Theory and Applications*, 6th edition (coauthored with David Hirshleifer, 1998); and *Investment, Interest, and Capital* (1970).

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Praise for *The Dark Side of the Force*

“The second major way of making a living – the appropriation of goods produced by others – has hardly been examined within mainstream economics, even though it could be argued that empirically it is at least as important as production. The former Soviet Union and many developing countries, for example, are largely poor because of the difficulty they have controlling appropriation. Jack Hirshleifer is the first and most eminent economist to have made a sustained effort to understand this second way of making a living. Over the past twenty years he has published a series of articles that has spawned a growing literature within economics and is having an impact beyond economics. This excellent book makes this work more easily accessible. Not only scholars and students in economics but also policy makers and other social scientists will have much to gain from reading it.”

– Stergios Skaperdas, *University of California, Irvine*

“Most economists conveniently ignore the fact that all economic and political transactions take place in the shadow of conflict. Jack Hirshleifer is prominent among those who do not, and this timely book collects some of his seminal contributions.”

– Karl Warneryd, *Stockholm School of Economics*

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Preface

I am grateful to the publishers for making these previously published articles available in the present volume.

A collection of mine on a related topic, *Economic Behaviour in Adversity*, was published in 1987 by the University of Chicago Press and Wheatsheaf Books. The essays reprinted here do not overlap with the earlier book, with one partial exception: the present volume contains a brief extract from the article “Evolutionary Models in Economics and Law: Cooperation versus Conflict Strategies” (1982), whose full text appeared in the 1987 book.

The 1987 monograph was divided into two sections. The first part consisted of historical studies of great social disasters together with discussions of policy options for dealing with such shattering events. The second part contained several of my early efforts to model the processes of cooperation and conflict that constitute the subject matter of this volume.

In the introduction to the 1987 book, I indicated that economic behavior in conditions of disaster and conflict is “a momentous topic that as yet has been only barely explored by economists.” In the intervening years progress has been made, as evidenced by the articles reproduced here and the works of the many other authors cited therein.

The articles in this volume are reproduced as originally published apart from correction of misprints and minor errors. The one exception, as indicated above, is that only an extract has been reproduced from the article “Evolutionary Models in Economics and Law: Cooperation versus Conflict Strategies” (1982).

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I am happy to express appreciation to the several coauthors who have kindly granted permission to reproduce the jointly composed articles that appear in this volume. I also thank David Hirshleifer for his invaluable assistance throughout and Scott Parris of Cambridge University Press for many constructive suggestions.