

## Odd Applications of Economics

### Drones, The Geneva Convention, and Other Ambiguous Goods

"Any development that makes war appear to be easier or cheaper is dangerous and morally troubling. It lowers the political threshold of war. It threatens to weaken the moral presumption against the use of armed force."

David Cortwright, [writing](#) at CNN.com on drones.

The argument applies to many things other than drones. The Geneva Conventions, for instance, are designed to make war cheaper, not in dollars but in human costs. The pre-Napoleonic rules of parole, under which a prisoner of war could give his word not to try to escape and then spend his imprisonment in the town inn instead of the much less comfortable prison or even give his word not to fight until exchanged and then be sent home, were designed to make war less costly.

Any such change has two effects. One is to reduce the cost of warfare, the amount of damage to things that matter to human beings, including the human beings themselves, which is good. The other is to increase the amount of warfare, which is bad. There is no theoretical basis to say, in general, which effect is larger. It depends on the elasticity of supply of war.

In my *Law's Order*, I [discuss](#) the same issue in a different context [[may eventually be a chapter in this book I can refer to.](#)], whether contracts made under duress ought to be enforceable. When the mugger threatens to kill you if you don't pay him a hundred dollars and you pay with a check, should you be free to call up your bank and cancel payment once he is out of sight? Being able to pay him may keep the mugger from killing you but it also makes mugging more profitable, so more of it happens. In that particular case, I am pretty sure that making the contract enforceable has, on net, negative consequences. But there is no good reason to suppose that the same is true for innovations, technological or otherwise, that make war less costly.

One commenter pointed out that the effect of drones on the cost of war is different for different sorts of states. Modern developed states are reluctant to accept substantial casualties, willing and able to pay large costs, so making machinery substitute for soldiers improves their position relative to poorer states where machinery is expensive and life cheap. The same point was offered by Adam Smith, who argued that the invention of gunpowder was favorable to civilization because it made warfare more capital intensive (his concept but not his terminology). Before that, the barbarians were a threat to the civilized. After, the civilized were a threat to the barbarians. Rudyard Kipling, writing a century and a half later about the second Afghan war, pointed out that the advantages of the civilized might not always be adequate:<sup>1</sup>

One sword-knot stolen from the camp  
Will pay for all the school expenses  
Of any Kurrum Valley scamp  
Who knows no word of moods and tenses,

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<sup>1</sup> The British ended up winning most of the battles in the Second Afghan war. They did considerably worse in the First, known to them as the Disaster in Afghanistan, badly losing the first round, with their army almost completely wiped out, winning the second, but failing to accomplish their objective of replacing Dost Mohammed with Shah Shujah as Emir.

But, being blessed with perfect sight,  
Picks off our messmates left and right.

([Arithmetic on the Frontier](#))

Perhaps in the future they will be.

### **Commitment Strategies Against Hijacking**

On the face of it, almost all of the precautions to keep passengers from hijacking an airplane are unnecessary; all it takes is a sturdy locked door between pilots and passengers. One possible problem is that hijackers might persuade pilots to open such a door by threatening to kill off crew and passengers one by one until they do.

I am not sure that would work in the post 9/11 world, but suppose it would. The solution is to provide the pilots with a second lock that can only be unlocked by someone on the ground. At the first sign of a hijacking they lock it and are now immune to threats.

It would be prudent to make sure that potential hijackers know about the second lock.

### **Talk Show Hosts**

I sometimes use my car's satellite radio to listen to political talk shows. The experience is not encouraging. Most of the content, left and right, amounts to "our side is wise and virtuous, hooray, their side is stupid and evil, boo."

Many years ago, when I was the guest on a show whose host I knew, I was struck by how much less pleasant a person he was on the air than off. I concluded that he was doing the job he had been hired to do. Being nice is less dramatic than being nasty. Treating people you disagree with honestly and sympathetically, conceding the parts of their argument that are correct while disputing the parts that are not, is less effective theater than telling them what idiots they are, especially if most of your listeners are already on your side.

The situation may not be entirely hopeless; there have been a few shows I have enjoyed. On the right, there used to be G. Gordon Liddy. The political content was not terribly interesting but he came across as the sort of odd, quirky, interesting guy it would be fun to sit around talking with. On the left, I used to enjoy the Young Turks, a talk show that has now abandoned radio for TV and the internet. They did not take themselves too seriously, their ads were funny, they not uncommonly said positive things about people on the other side and they mentioned arguments against the positions they support.

Unfortunately, judging by viewing a few of their youtube videos, they have now learned their lesson and reformed.

Are there other current hosts who are better? Commenters on my blog offered some suggestions, and one pointed me at a [column](#) by Burt Prelutsky discussing the question. So far the best I have found is Hugh Hewitt, but he is not good enough for me to make a point of listening to him. I did, however, find [Tarzana Joe](#), who provides entertaining comments on the current news — in verse.

The situation is a little better online, with blogs and web forums, but not much better. Slate Star Codex, where the host was not only intelligent and original but strikingly fair minded and the commentariat ranged from communist to anarcho-capitalist with generally civil conversation, was

an impressive exception to the norm; I spent a lot of time on it. It no longer exists; neither of the two sequels, one a blog on Substack run by Scott Alexander, the host of SSC, and one a web forum largely populated by people who used to post on SSC, is as good, although both are worth reading.<sup>2</sup>

### **Talk Radio Ads**

When I get fed up with a right wing talk show I switch to a left wing show, when I get fed up with that I switch back or give up. One thing I notice is the sort of ad. While some are probably for worthwhile products, a lot are get-rich-quick schemes, instructions on how to get credit by incorporating in Nevada and the like.

What is interesting is that, so far as I can tell, the same ads run on left wing and right wing shows. That suggests that many of the people who listen to such shows, left and right, have something in common.

Perhaps credulity.

### **Ottoman Advantages<sup>3</sup>**

For much of the early history of the Ottoman Empire, the succession mechanism was fratricide. A sultan's death set off a civil war among his sons and their supporters. The winner became sultan, the losers dead, imprisoned, or in exile.

That is an expensive way of choosing a ruler. On the other hand . . . .

The early sultans commanded in battle, presided over the meetings of the council of state that made policy, played an active role in the running and expansion of the empire. After they abandoned fratricide the role of the Sultan shifted; the council of state was run by the Grand Vizier, who merely reported to and consulted with the Sultan, the armies were commanded by generals. The Sultan withdrew into luxurious isolation.

I suspect that there was a causal link between the two changes. Fratricide was expensive but it selected the claimant best able to win. The result was to put at the head of the empire able, aggressive, politically and militarily competent rulers. Abandon fratricide and eventually the ruler becomes a figurehead.

During the early centuries, when the Ottoman Empire was not engaged in a large war it was engaged in small ones, regular raids across the border to bring back loot. Such raids depopulated, and so weakened, the border territories of nations adjacent to the Empire, making conquest easier. They gave people living in those regions at least one reason to want to be conquered, in order to get to the side of the border raids were coming from instead of the side they were going to.

Raiders received tax advantages from the Empire but were largely motivated by the desire for loot. Poor peasants do not have much worth stealing but, in a slave society, the peasants themselves were worth stealing. The institution of slavery, by helping to make possible a cheap form of

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<sup>2</sup> [Astro Code Ten](#), hosted by Scott Alexander, and [Data Secrets Lox](#), which my wife describes as the exiles forum, it having been created after SSC shut down and before Scott started ACX. SSC no longer exists but the [archive](#) of past posts and commentary is still available and well worth reading.

<sup>3</sup> Observations after reading Colin Imber's *The Ottoman Empire*.

military force with which the Ottomans could harass their neighbors, gave a real advantage to an expansionary state.

### **Technology, Economics, and What We Watch**

Television is largely paid for by advertising. Many consumers have equipment that lets them record a program when it is broadcast and listen to it later, fast forwarding over the ads. The smaller the number of people who watch the ads, the less advertisers will be willing to pay broadcasters to run them.

Consider, however, a broadcast of a football game. Part of what the viewer is paying for is the excitement of seeing which team wins and how. That does not work as well if he knows, or at least can know, the final score before he watches the game. So at least some football fans should have a strong preference for watching the game in real time, as it is played.

If they are watching it in real time they don't get to fast forward over the ads. It follows that advertisements will get more viewers in that context, hence that advertisers should<sup>4</sup> be willing to pay more for a minute of time in a football game, or anything else that television watchers prefer to watch live rather than recorded. The invention of the Tivo and similar devices can be expected to lead to a shift of resources away from made for TV movies and towards broadcasts of sporting events.

The same change should lead to an increased effort to make ads entertaining and an increase in embedded advertising. It should lead to an increased effort to make television drama more like football games, to create soap operas where the viewer is waiting on the edge of his seat to see whether she does or doesn't date/marry/divorce/sleep with him and wants to see it happen before hearing about it from another viewer.

This is one example of the indirect ways in which technological change changes the world we live in. Another is the effect of easy copying of digital intellectual property on what sorts of IP get produced. A recorded movie is fully revealed in one viewing so there is no adequate way of technologically protecting it; however good the encryption, the customer has physical possession of the machine it is playing on and can record it as it is played. The same applies to any form of IP fully revealed in one use, such as a song or a novel. It does not apply to a database such as Lexis, since what the user gets is not a copy of the database but the answer to a particular query. Nor does it apply to an online game. What the user wants is not a video of my adventure in *World of Warcraft* but an opportunity to have his own. It is sometimes possible, if not legal, to get at the underlying software and set up a pirate server, but it is a lot harder than recording a movie.

Hence we would expect improvements in the technology for making and distributing copies — higher capacity storage, the increased availability of high bandwidth connections to the Internet — to result in a shift of artistic effort out of movies and into online games.

### **Sex, Pleasure, Circumcision and Economics**

One argument offered in favor of circumcision is the claim that it reduces the risk of getting AIDS. One argument against is that it reduces sensitivity and so pleasure in intercourse. I have no idea

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<sup>4</sup> In the interest of honesty I must confess that I have been unable to find evidence that advertisers pay more per viewer for football games. But they should.

how good the evidence is, but there is a problem with the step in the argument from less sensitivity to less pleasure. Duration of intercourse is limited by male endurance; one can plausibly model the process as a rising intensity of pleasure up to the point of orgasm, with total utility equal to the area under the curve. If so, greater sensitivity means that you reach the same maximum sooner, reducing the area under the pleasure curve.

And that's without even considering the utility of the other participant in the process.

From a [Webcomic](#)

**THE ECONOMIC ARGUMENT**

⏪
< PREV
RANDOM
NEXT >
⏩

CRAZY PHENOMENON      IF IT WORKED, COMPANIES WOULD BE USING IT TO MAKE A KILLING IN...      ARE THEY?

REMOTE VIEWING	OIL PROSPECTING	
DOWSING		
AURAS	HEALTH CARE COST REDUCTION	
HOMEOPATHY		
REMOTE PRAYER		
ASTROLOGY	FINANCIAL/BUSINESS PLANNING	
TAROT		
CRYSTAL ENERGY	REGULAR ENERGY	
CURSES, HEXES	THE MILITARY	
RELATIVITY	GPS DEVICES	✓
QUANTUM ELECTRODYNAMICS	SEMICONDUCTOR CIRCUIT DESIGN	✓

EVENTUALLY, ARGUING THAT THESE THINGS WORK MEANS ARGUING THAT MODERN CAPITALISM ISN'T THAT RUTHLESSLY PROFIT-FOCUSED.

**Macro and Micro Predators, Territorial Behavior and the Tragedy of the Commons**

There are no large organisms that support themselves primarily by preying on humans; so far as I know, there have been none for several thousand years. There are lots of microscopic organisms that do so. There are large organisms that support themselves by preying on other species — we call them predators — but they make up a much smaller fraction of all large organisms than the corresponding ratio for microorganisms. Why the difference?

One possible answer is that macro predators face a tragedy of the commons: The deer I don't eat today will not be around and fatter next season because someone else will have eaten it. Micro-predators, on the other hand, have an "incentive" to preserve their food supply, both because the bacteria or viruses on me are all close kin to each other and so face evolutionary pressure to act in their common interest and because I am much longer lived than they are, so that many generations of them are dependent on a single me. A lethal disease is a mistake; from an evolutionary standpoint, diseases want to live off me while doing as little damage as possible.

When I made this point to my wife, she pointed out that some macro-predators solve the problem the same way humans do — via property rights. Their version is territorial behavior. If a single tiger succeeds in monopolizing his chunk of jungle it is in his interest to let the fawn grow up today to be a better meal next year.

Which leads to an interesting conjecture. Territorial behavior solves the tragedy of the commons only if the prey species is not too mobile, so that the fawn spared today is likely, as an adult deer, to still be within the range of the tiger that spared it. It would be interesting to know whether there is an inverse relation between the probability that a predator species is territorial and the mobility of its prey.

One other advantage of micro-predators was pointed out by a commenter — because they have short generations they evolve fast, so are able to adapt to our defenses much faster than macro-predators.