

Central Authority and Order*

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Strong central authorities are able to effectively manage costly defection, but are unable to adequately address lesser conflicts because of limits to their ability to monitor and enforce. We argue, counterintuitively, that these limitations build cooperation and trust among subordinates: the limitations contribute to the production of order. First, limits to authority leave space for locally informed decentralized enforcement. Second, central authorities act as powerful but incompetent third parties whose threatened interventions increase incentives to cooperate and, therefore, to trust. We outline the mechanisms by which a strong central authority enforces order and test their utility by considering the secondary literature on rates of conflict in strong, weak, and capricious states. We supplement this evidence, based on association, with a close examination of diverse case studies: baseball umpires, commercial contracts, and domestic disputes. By analyzing these case studies, we isolate and describe the mechanisms by which central authorities produce order in varied settings. We find that central authority may be effective, but the majority of this effectiveness derives from an indirect influence on dyadic relations rather than direct intervention. The state interacts with local communities, but each operates according to distinct logics. The particular character of their interaction produces four mechanisms useful in the production of order. We briefly explore implications for the operation of law as well as the production of generalized trust.

For it turned out that great acts of authority were so clumsy that experience itself has made known that only goodness of government brings prosperity

Montesquieu (1995)

Why did the three-strikes sentencing law in California fail to control crime? Why does policing the minutiae of neighborhoods have little effect on rates of violence (Harcourt 2005)? If authority creates order by raising the cost of certain actions, as that cost increases we should see a decrease in the targeted activity. On the contrary, empirical studies show that increasingly severe punishments and higher incarceration rates do not decrease criminality and conflict (Zimring, Hawkins, and Kamin 2001). And yet, few doubt that a strong state plays an important role in restraining violent

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action and creating order in society. This apparent puzzle arises from a widespread misspecification of the manner in which an established and powerful central authority, such as the U.S. government, produces order.

Drawing from a large literature on institutional incentives to cooperation and self-organizing behavior, we respecify the role of a powerful central authority in producing social order. We suggest that authority does not create order merely by increasing the costs of certain actions; the presence of a threatening central authority induces order by powerfully affecting the pattern of relations among actors at the local level. We evaluate the simple structural characteristics of central authority itself to show how central authority affects local relations. Though present in much of the existing literature, this approach has been left largely implicit.¹ In this article, we explicitly consider the interaction between a threatening central authority and local systems of social relations. We identify the mechanisms by which authority produces order, and show that authority creates order not by acting on individuals, but through indirectly fostering cooperation among local actors. Our goal is to produce a concise statement of the role of the state in producing order by gathering and condensing insights scattered across the literatures on states, third-party enforcement, and incentive systems.

The idea that a strong state produces order by mediating conflict between local actors is not new. However, essential characteristics of the state have not been systematically addressed. Much like other organizations, effective modern states are bound up by certain structured limits on their sanctioning power, which they and local actors in turn understand and accept.² These limits, which arise in part from negotiations between authorities and local actors and in part from limitations inherent in attempts to centralize control, result in a pronounced insensitivity to local circumstances. Unlike most organizations, states also claim the ultimate sanctioning power—often imprisonment or death. Our contribution to the literature on the production of social order is to identify how these two key features, in particular their potentially violent nature and insensitivity to local conditions, foster cooperation and trust among alters.

This identification is a two-fold contribution. One, by reintroducing defining features of states into the discussion, we identify what it is about *states* that fosters cooperation. This emphasis differs from research into the manipulation of incentives through the institutions of court and law. Specifically, we are less interested in the content of the legal system than with the presence of systematic enforcement. It also differs from representations of the state as a peaceful conciliator or an epiphenomenal system preying upon self-regulating, locally autonomous spheres. Two, identifying these characteristic features allows us to spell out the mechanisms of interaction between the state and lower-level actors that foster cooperation and trust in society. Drawing from a richly developed literature on third-party enforcement and self-organization, we link the inherent qualities of central authority structures to the production of a framework in which actors may negotiate cooperative relations and identify potential partners.

Throughout the following discussion, we address the operation of states, but only one of their many aspects—and that aspect in an idealized form. In essence, we

¹We believe the structure of authority has received less attention than the implementation of authority through legal means because the analysis is less complex than investigating legal codes and the policy dilemmas more intransigent—most policymakers cannot change the structure of authority within a state.

²We are indebted to an anonymous reviewer for this observation.

consider the state the quintessential example of a central authority and shift between the state and authority in our examples. This simplification allows us to clarify the role of central authority in the production of order by combining the insights of previous work on the limitations of power and the efficacy of third-party enforcement.

Overview

We argue that cooperation and trust in societies with strong, established states are paradoxically produced by the persistent shortcomings of powerful central authorities. Although we believe all central authorities face severe limitations, our argument here applies only to states with enforcement capacities known to and respected by other actors. Because our argument builds upon and synthesizes an existing body of theoretical and empirical work, we introduce the argument by positioning it within related literatures. In sum, our argument takes insights found in research on the resolution of conflict in the absence of strong third-party enforcement and applies them to situations in which a central authority is present. This approach improves upon the existing literature on state sanctions by applying insights found in the literature of self-organization to the effect of the state on relationships between actors—rather than the effect of state sanctions on individual conduct. We develop this argument by focusing on the critical monitoring and enforcement problems that limit central authority and describing characteristic limitations—heaviness about the head and clumsiness in the hands—relevant to information processing and enforcement capabilities. We consider the impact of centralized incompetence on individuals' incentives, and discuss five mechanisms by which authority contributes to the creation of trust and cooperation. To support our contentions we draw from large cross-national comparisons and detailed observations within contextualized case studies. Evidence is drawn from diverse empirical settings. Cases include an ideal-typical example of a strong central authority, a baseball umpire, as well as the messy reality of day-to-day governance in business affairs and divorce proceedings.

Sanctions and State Incentive Structures

Our concern in these discussions is with powerful central authorities, quintessentially the state. Although there have been several revivals of state research in sociology, the idea of the state as an unwieldy and violent enforcer is not popular. With few exceptions, current research either assumes the effectiveness of states or searches for the source of that effectiveness in the cultivation or cooptation of popular support. Caricatures of Hobbes are common, but, like all caricatures, they capture some important features.³ The leviathan creates order by threatening to punish recalcitrant individuals. Building on this foundation, criminological literature examines the role of state enforcement procedures in deterring criminal activities.

This perspective is not far removed from the institutionalists, who have developed the idea that authority produces order by the impartial enforcement of contracts and the rule of law (Dahl 1957; North and Weingast 1989). These researchers have used

³For example, Oliver Williamson criticizes Hobbes for being a “legal centrist” (Williamson 1985). Hobbes says that a leviathan fundamentally alters the natural state of man, but only by dampening it—not extinguishing it. Hobbes has a more nuanced opinion than often thought and one that may be interpreted as in agreement with the argument made here (Hobbes 1985:21.6, 21.18, 22.8, 22.30, 29.6, 42.73; cf. Austin 1995:21, 24, 30, 34, 223).

game-theoretic principles to elaborate the potential of institutions to align individuals' incentives and thereby produce cooperation and trust. A number of other influential and prolific researchers have explored how the state structures incentives for local actors (Beccaria 1963; Becker 1976; Posner 1983). This work has led to a policy-driven search for the laws that organize incentives in such a way as to produce innovation and cooperation in society while decreasing conflict.

Our objection to this body of work is that the process is not as clear-cut as frequently implied. The current version conceives law as a one-to-one relation between citizens and state. If an actor engages in criminal activity, the state sanctions the actor. The threat of sanctioning produces an incentive structure that discourages criminal activity. When sanctioning occurs, it reinforces the legitimacy of the authority. Here, order is positively related to state capacity. We believe this account is incomplete.

Within the criminological field, researchers have acknowledged discrepancies between rational actor theories of state sanctions and empirical results. Solutions to these discrepancies have been posed in the form of learning theory and a social constructionist program. In the former, the perception of risk by those contemplating criminal activity confounds the relationship between sanctions and sanctioned actions (Matsueda, Kreager, and Huizinga 2006). In the latter, a far-reaching theoretical activity of much greater scope than what we attempt here, order and enforcement is a Durkheimian production of civil society, ridden with social variation and bias (Black 1976; Garland 2001). Our solution instead rests on the interaction between two relatively distinct systems, authority and local communities of actors. However, we build on empirical research in criminology and continue to emphasize the role of the state as a powerful, threatening, and often-clumsy enforcer—a figure that pervades this literature.

Self-Organization and Weak Third-Party Enforcement

At the opposite end of the spectrum, many look for order in the decentralized interaction of autonomous actors. A large literature demonstrates the importance of decentralized relations in producing order (Hayek 1978; Axelrod 1988; Ellickson 1991; Scott 1998). A number of researchers emphasize the role of trust in society (Gambetta 1988; Kramer and Taylor 1996; Cook 2001; Hardin 2002; Kramer and Cook 2004). Another large field focuses on the social strength produced by network ties (Granovetter 1985; Gould 1999). And yet another set of researchers use mathematical models and simulations to show how local, but rational, behavior produces stable social structures (Axelrod 1984; Greif 1989; Macy 1993; Young 1995; Heckathorn 1990). In these literatures, close ties, such as friendship and kinship, or past histories of exchange, engender trust and cooperation; increases in trust and cooperation imply relative decreasing conflict between actors.⁴ So described, order is produced through

⁴Our working definition of order is the reduction of conflict between actors. The reduction of conflict produces trust directly, when conflict arises between cooperators, and indirectly, by reducing negative experiences. We define cooperation as a situation in which two agents engage in a joint venture for mutual gains, for which the actions of each are necessary, and where a necessary action by at least one of them is not under the immediate control of the other (Williams 1988:7; cf. Simmel 1955, 1971; Coser 1964). We believe cooperation implies trust: at least one actor has to trust the other to take a specific action, at some personal risk to the actor bestowing trust (Gambetta 1988; Hardin 2001). In this case, the risk would lie in the potential failure of the venture and attendant costs. This is a version of trust bleb of emotional content—closer to a positive valuation in one actor's strategic assessment of another—which nevertheless captures a wide range of interactions, including positive emotional attachments (Ensminger 2001).

a bottom-up process that generates social cohesion. Thomas Schelling has been particularly influential in identifying the conditions necessary for successful bargaining and negotiation among actors in conditions with a weak or absent authority (1980).

Bottom-up processes are more appealing than violent and authoritarian enforcement, but they unfortunately fail to explain empirical findings such as the high rates of violence in weak and stateless societies (Keeley 1996; Otterbein and Otterbein 1965; Fazal 2004:319). These researchers show that there are alternative systems of local control that contribute to the production of order in society. We demonstrate that these local systems are improved by the presence of a powerful, but distant, third party, such as a centralized state.

The Relationship Between State and Society

The great majority of research considering the relationship between state and society has limited itself to the cultivation of trust *in* authority rather than the effect of legitimate authorities on the cultivation of trust among constituents. As Robert Dahl observed: “Much of the best writing on power—Bertrand Russell is a good example—consists of an examination of the possible bases of power” (1957). Following Max Weber in identifying the sources of legitimacy, the work on trust and authority is suffused with a fact with which we agree—even strong states have need of support from their constituents. This recognition translates into a concern for the cultivation of public trust in government officials and political institutions (Almond and Verba 1963; Braithwaite and Levi 1998; Hardin 1991, 1998; Putnam 1993, 2001; Smith 2005; Weingast 1997). The necessity arises from the costs of creating public goods: individuals must trust in the state in order to forgo the costs of participating in those institutions vital to democratic processes, i.e., serving in the military or voting. Trust in the state may filter back into dyadic relations, but how or why is rarely specified (Tyler 2001). The messy process of translation between micro and macro levels of action, specifically the influence of the central authority on the sphere of local actors, is not convincingly addressed.

When the effect of authority on local actors *has* been addressed, the emphasis has not been on deterrence or enforcement, but instead on promoting cooperative behavior through peaceful third-party intervention. For example, organizational theorists find that third parties promote trust or distrust by positively or negatively reinforcing budding relations across organizations (Burt and Knez 1996; McEvily and Zaheer 2004; Edmonson 2004). Similarly, governments promote trust by building supportive, predictable institutions (Zucker 1986; Swedberg 2002:249; Hardin 2002:200; Levi and Stoker 2000).

However, central authorities—and states in particular—function as unwieldy and powerful third parties. These studies tend to drop the realities of enforcement—producing a vision of kinder, gentler third parties than the Leviathan we experience in fact (or on tax day). They do not articulate a theoretically comprehensive representation of the impact of state and authority because they ignore a defining feature: coercion. We feel that this inescapable aspect of authority has not been fully developed in order to describe the structure of states rather than the of law they produce.

Finally, a number of authors suggest that state effectiveness is, at least in part, a result of self-imposed limitations. Elinor Ostrom has observed that local problem solving does a better job of producing cooperation than the external imposition of rules and that the preservation of local autonomy improves outcomes for

all participants—mainly because that autonomy allows local actors to make locally informed decisions (1999). The implication for the relationship between state and society is that the negotiation of limits to authority are necessary for optimal patterns of trust and cooperation in society. Barry Weingast shows that democracy functions when limitations to official control are built into the system (1997). In the context of organizations, Chester Barnard described the executive's role as manipulating processes that lie within employees' zone of indifference (1938). We strongly agree with the common element between all three: local spheres must have some autonomy for systems to function properly. There must be sufficient scope for local actors to resolve problems within their own sphere. We suggest that the reason for this lies in the trade offs that occur from any centralization of control (White 2002). We, however, believe that order is not merely produced by a judicious division between central and local concerns. Our contribution is to specify the relationship between the system of external enforcement and local cooperative games.

THE ROLE OF CENTRAL AUTHORITY IN THE PRODUCTION OF LOCAL ORDER

The Weakness of Strong States

States penalize actors who engage in aggressive acts with the potential for causing irrecoverable loss or damage. They are most effective when actively enforcing only a small subset of actions, where improper conduct, or the violation of trust, poses inordinately high risks. For example, the state does not monitor all contracts between parents and babysitters, but will move to sanction a babysitter that kidnaps a child.⁵ The expectation is that the sanctions will deter violent criminal acts. Outside of dampening public violence, states are comparatively bad at resolving disputes for two reasons.

One, the head of any central authority—its ability to monitor interactions by gathering and processing information—faces debilitating hurdles. Centralization implies distance by definition. There is a limit to the amount of information that may be collected and processed. If it were possible to detect all infractions, there remains endless complexity to wade through and adjudicate. Determining guilt requires comprehending the sheer multiplicity of circumstances relevant across cases—the values of the parties involved, mitigating factors, calculating the cost to injured parties, and so on.

Two, there are troubles with incommensurable punishments. A central authority's hands, meaning its ability to devise and enforce appropriate sanctions, are clumsy. Consider the infinite variety of human imperfection. If we assume the impossible—central authorities can detect everything and possess the computing power to make sense of the data—they still have to formulate and implement the punishments. The limitless variation in malfeasance makes fine calibration difficult. To make matters worse, central authorities cannot implement certain penalties: they cannot cheat on a cheating spouse; they do not know which rumors to spread about the town gossip. Thus central authorities economize by developing a restricted repertoire of coarse penalties. To avoid these coarse penalties, lower-level actors can implement their own

⁵State intervention, which takes on a public face, then leads most to overestimate the dangers of kidnapping. Fortunately, it may also lead to an overestimation of the danger of getting caught (Black 1983:39).

finely calibrated responses to acts of aggression. Searching for a “fair” resolution prevents the escalation of violence that will draw the attention of a central authority.

It is important to acknowledge that authorities do have some control over the costs they impose. For example, many states are unwilling to physically torture individuals no matter what the transgression. The question of whether penalties discourage violence is moot—the cost, which may be normative, is too high. However, formal censure commonly carries baseline costs assigned to both parties in a dispute. By submitting to external adjudication, both parties relinquish power to the central authority. They suffer a loss of control and embarrassment in front of their peers—as grievances and their inability to resolve them are made grist for public debate (Morrill 1995; Merry 1990). Additionally, there is often a charge for the intrusion (for example, the considerable costs of going to court).

When powerful figures attempt to dole out tailored punishments, they cannot take the full range of circumstances into account. Even parents have difficulty with this task when facing arguments among siblings. Authorities instead rely on precommitment strategies to save on decision costs (Weber 1978; Sunstein and Ullmann-Margalit 1999). In essence, authorities apply predetermined rules that blind them to some circumstances. The result feels coarse to those involved in the dispute because authorities ignore a great deal of what the participants find significant.⁶

Disputants have trouble classifying themselves using the formal rules of a central authority. They know whom they feel is right (themselves), but exactly this predisposition makes it extremely difficult for them to accurately predict the pending judgment (Merton 1936:902). To reiterate, the punishments dealt by central authorities on lower-level conflicts are imperfect by virtue of blindness to local circumstance. In consequence, the disputants find those penalties unpredictable. Essentially, they bear the same baseline burden and face randomness in the adjudication between parties: each is equally likely to be vindicated (Gross and Syverud 1991).⁷

Central Authority and Local Action

Through inept or consciously limited action, authority exerts a powerful influence on local actors. (1) The monopoly of violence reduces the scope of actions available to local actors. A system of authority that acts within specified bounds (2) allows the comparatively skilled individuals and groups to compensate for the monitoring and enforcement insufficiencies of central authority through decentralized norms. In instances of lower-level conflict, the threat of state intervention (3) realigns individuals' incentives, (4) establishes a focal point for negotiations, by transmitting information about the preferences of individual parties, and (5) provides an effective signaling mechanism for local actors.⁸

As we have discussed, when decentralized enforcement occurs in the shadow of a central authority, the possibility of very violent action is greatly reduced. Conceptually this may be interpreted as the relationship between two systems: central authority and local actors. Using Weber's well-worn definition, violence belongs to the authority, or state. When local actors use violence they trespass into the sphere of the state

⁶Abramson (1994) advances a provocative discussion of jury nullification, the right to acquit a defendant whom a juror believes is guilty. In such an instance, juries may be finding formal justice incommensurable with actual fault.

⁷This resembles the Priest-Klein hypothesis.

⁸We do not imagine that these are the only possible mechanisms for producing order or the only possible mechanisms by which an authority may produce order.

and sanctions follow. In order to avoid state sanctions, individuals must avoid violent action. Therefore, individuals rely on lower-level social sanctions—gossip, property damage, mild forms of violence—instead of the lumbering enforcement of the state. Importantly, it greatly reduces the potential risks of cooperating or trusting others. Many risks are too large to be recouped or borne by an individual. Authorities ease cooperation by reducing the risk of violent aggression and retribution, ensuring each partner has a vested interest in keeping lower-level conflict from escalating into brutality. This reduces the level of risk faced by individuals.

Second, decentralized enforcement, even by weak parties, is more nimble than solutions states impose. When peripheral actors are left to their own devices they draw upon greater local knowledge and pursue a variety of strategies to enforce and punish offences (Morrill 1995:72–74; Ostrom 1999; Gavrilis 2004). While central authorities wield the most striking punishments, finely tailored gossip, property damage, and other calibrated reciprocations are more immediate, appropriate, and effective sanctions. The “voice” option can be effective, particularly if exercised in a loud and grating manner. The “exit” option of leaving the relationship and precluding further gains from cooperation may work wonders (Hirschman 1970; Edgerton 1979). Finally, there is the “foot-dragging” option—ostensibly cooperative but irritating and obstructive behavior (Scott 1985). Peripheral actors implement these strategies through various means, achieving the much-desired commensurability in punishment. However, the influence of authority does not derive from peaceful coexistence with local spheres. Offended parties reserve the right to call in the coercive might of central authority.

Here arises the importance of central authorities to local incentives. Three, although few actors want external interference, the threat of the intervention of a powerful third party remains a meaningful motivator of cooperation. Central authorities fail to comprehend the subtleties of local circumstance. Recall that disputants take into account local circumstances, and therefore have difficulty predicting the outcome of the formal procedures used by courts of law or official deputies. This means that, from the perspective of local actors, two conflicting parties have essentially equal probabilities of being convicted. To formalize their situation in terms of preference schedules, consider two people engaged in a cooperative venture that results in some form of dispute. *Actor A*, *Actor B*, or *Actor A* and *Actor B* may request the intervention of a central authority. However, since there is a constant cost assigned to both actors when either takes such an action, and it is equally likely that the court may find in favor of either actor, they should prefer no such request. Where 1 is calling in an authority and 0 is no request, $a_0b_0 > (a_1b_1 = a_0b_1 = a_1b_0)$ for Actors *A* and *B*, which is in fact very similar to what is called an assurance game but with greater incentive for actors to cooperate (Williams 1988).

Both actors should be knowledgeable about the high risks of external intervention to both parties—and know that the other is also aware of their knowledge of these risks: it is common knowledge. This knowledge allows the fourth mechanism to operate. While disputants may look upon the state as a capricious, clumsy mediator, they retain the ability to summon the state as a useful threat. For these reasons, the threat of state intervention provides a means for two parties to convincingly communicate their preferences and negotiate. We call this the credible threat of incompetent intervention.

As we have established, the intervention of central authorities poses risks. It is hard to predict the direction and magnitude of their decisions, and they use a foreign logic (Merry 1990). They are capable of hurting everyone. Running this risk allows actors

to communicate a sincere commitment to a course of action. Parties use the threat of incompetent intervention to establish the price they are willing to pay in order to achieve different types of resolutions. If one side persuasively establishes that giving on the current point of contention would cost them more than the threatened costs of external intervention,⁹ the other party may then trust that further efforts on this point would prove fruitless and move on to the negotiable aspects of the dispute. The threatened external intervention provides actors with a focal point with which to both set and communicate the relative value of different bargaining points to each other. It is not that the cards are on the table; it is that the values of the cards have been defined. Appropriate strategies may be formulated and pursued. By manipulating risk in this way, they can move toward a mutually acceptable solution rather than offer random combinations of concessions with unknown value (Schelling 1960:196).

The threat of incompetent intervention acts as an external referent that allows parties to construct and communicate the value of their actions. The credibility of the threat allows negotiation to take place. State intervention can also be used as a signal between actors who are not yet engaged in a cooperative or contentious relationship. In this case, a future threat or past history of state intervention is used to identify and signal to potential partners (Pager 2000; cf. E. Posner 2002; Mead 1962, 1977; Goffman 1959). This signaling is the fifth mechanism. For example, because states sanction extremely bad conduct, citizens may use these sanctions to send costly signals to current or future friends and foes. For instance, Pager shows that incarceration serves to signal the boundaries of cooperative, law-abiding citizens. Penalized actors are stigmatized—and therefore marked as dangerous. In these cases the state, or central authority, functions as an enforcer and a source of information. Those who escape incarceration receive a mark of “trustworthiness,” whereas those who pass through prisons are stigmatized as dangerous and uncooperative.

Similarly, some groups may welcome a mark of rebellion or conflict with established authorities. Demonstrating a real willingness to risk formal censure solidifies many types of relationships, from fraternity brothers to thieves.¹⁰ Actors use these signals as indices of future behavior and as bases for cooperative relationships (Bacharach and Gambetta 2001; Gambetta 2005).

EMPIRICAL SUPPORT

In order for these mechanisms to operate at optimal levels, several conditions must be fulfilled. It is therefore possible to provide evidence of the plausibility of the argument by observing rates of conflict across situations that vary across these conditions. In order to do so, we rely on secondary sources. We consider the implications of our argument for systems absent authority, contested authorities, weak authorities, interventionist authorities, and, finally, capricious authorities. We argue that absent, weak, contested, interventionist, and capricious states will produce less order than those states that are strong enough to summon a credible threat, but limited in their ability to intervene in local affairs. Often, states self-consciously impose these

⁹Similar dynamics occur within organizations, as documented by Morrill (1995:131). Bluffing occurs, but does not affect the overall outcome. If the risks of outside intervention are real, then these risks will act as an effective screening mechanism and the central tendency will be a useful revelation of the intensity of preference.

¹⁰This could be called the *Cool Hand Luke* effect. It is not the failure to communicate or impose sanctions that increases deviance but success in both endeavors, since sanctions are costly signals that screen one type of person from another.

limitations. In other cases, states negotiate limitations with local actors; and in still other cases, states simply do not have the capacity to intervene locally. The source of the limitation does not play a significant role in our argument.

We draw upon secondary literature to support well-known claims about relative levels of conflict across the settings of interest, thereby providing a preliminary layer of empirical support for our contention that the cooperation and trust produced by states is paradoxically produced by the persistent shortcomings of these otherwise powerful central authorities. In the following section, we locate and describe the mechanisms in the operation of powerful but limited central authorities.

Absence, Weakness, and Contestation

When states are absent, contested, or simply weak, they have neither the direct nor secondary effects on conflict we describe above. Without the power to consistently enforce its sanctions, a central authority cannot fulfill the first function, which is to reduce the scope of possible actions for other actors. Actors will consider violence an option if they know that there is a high probability that the state will be unable to sanction such actions. Second-order effects are weakened as well. If parties do not have similar expectations about when an authority will intervene, the threat of intervention does not effectively realign incentives or act as a focal point for negotiation and signaling.

This is not to say that the installment of a central authority is the only route to order and cooperation. Trust, love, kinship, agency, interdependence, attraction, and charisma are all paths to cooperation and order that have received considerable attention elsewhere. We assert that trust and cooperation, in particular, are facilitated by the institution of a central authority—not through the rule of law, but through the mechanisms of unwieldy and violent third-party enforcement. The argument therefore implies that systems lacking centralized authority are likely to have higher rates of conflict than systems with centralized authority. Central authorities remove (or, more accurately, grease) the top rungs of the escalatory ladder by prohibiting contention at the highest levels.

For example, in the tribal society of Papua New Guinea, order was maintained through a system of mutual raids, ritualistic killing, and cannibalism. When Australia established itself as a central authority in the highlands, order was still maintained through the machinations and negotiations of the village big men; however, the killings and consequent cannibalism came to an end because of the heavy sanctions imposed by Australian authorities for these acts (Schieffelin 1995). When an overarching central authority was absent, conflict often escalated into life-threatening violence; when a central authority assumed control, life-threatening violence was reduced. Status tournaments and local conflict did not disappear, but were resolved by other means. As this case demonstrates, when a central authority is absent, lower-level actors still engage in bargaining and negotiation, as well as other forms of behavior that lead to cooperation and trust; however, conflicts that do arise are more likely to escalate into violence. This is why there are high rates of violence in frontier areas and why the threat of war is a persistent threat in international politics—an acephalous system.

Weak and contested states fail to facilitate order for the same reasons. When authority is weak, their threats are not credible to local actors and therefore have little impact on the pattern of relations among those actors. They do not function as powerful third-party enforcers. Weak states fail to limit escalation into higher levels of

conflict. If an authority cannot defend its monopoly of violence or position as *ultima ratio* of sanctioning—if it is contested—conflict erupts between the authority and those contesting the authority. This contributes to the overall level of conflict, which rises exponentially in times of revolution, military coups, and civil war. Again, the state fails to limit escalation. This primary failure leads to the destruction of second-order effects. For the secondary effects to come into action, the population must have concordant expectations of when a ruling authority will intervene. As long as actors believe that an authority will consistently intervene at a certain level of conflict, it is not necessary for the authority to actually intervene. Similarly, actors may have very confused notions of what is legal or illegal and what types of punitive measures may be awarded to different actions. Robert Ellickson convincingly demonstrates this in describing relations among cattle ranchers (1991). However, we should expect that actors would be able to update their beliefs based on the actions of the authority. In that respect, the predictability of the authority's pattern of intervention matters a great deal for its ability to contribute to the production of order.¹¹ Because of this, weakness and contestation, legitimate or not, also destroy the second-level effects produced by central authorities. Weak powers may inconsistently enforce sanctions and competing powers may intervene at different moments; both induce uncertainty by way of unpredictable enforcement patterns. Unpredictable enforcement patterns destroy the crucial consensus among actors on the point at which an authority will intervene. Without this consensus, incentives will not consistently be realigned and miscommunication between actors increases. The result is high levels of conflict in states with weak or contested central authorities. Evidence that societies and communities with weak, absent, or contested states have high rates of violence is more than abundant (Koch and Sodergren 1976; Waltz 1979:102–14; Black 1983; Knauff 1987; Migdal 1988; Rosenfeld and Messner 1991; Morgenthau 1993:255; Peterson and Krivo 1993; Fearon 1995:393; Courtwright 1996; Herbst 2000; Gould 2003:127; Rotberg 2004; Villarreal 2004; among many others).

Strength and Limits to Intervention

For slightly different reasons, conflict will be greater when authority is extremely strong unless central authority voluntarily imposes limits to its intervention into the daily activity of actors. States that do not allow sufficient freedom of action to local actors also do not influence patterns of relations among actors in the way that we describe. They instead attempt to control those relations. Two possible results may follow from this aggressive pattern of intervention. One, the state actively intervenes by doling out blunt and uninformed judgments and penalties to the population. Conflict among alters is reduced, but conflict between the state and society is increased (Adamek and Lewis 1973; Antonov-Ovseyenko 1981; Tilly 1985; Brown 1999; Davenport, Johnston, and Mueller 2005). This situation may then devolve into a contestation of authority described above, with concomitant patterns of conflict and violence. Two, conflicts that could have been effectively handled by local, informed parties are exacerbated by clumsy state-imposed solutions (Shapiro 1987; Mars 1995; Black 1993; Basu 1995; Ostrom 1999; Holmes and Sunstein 1998; Solnick 1998:13; Custine 2002:571–77).

¹¹Predictability most often comes in the form of the rule of law; however, our argument makes the claim that it is predictable intervention rather than adjudication that matters. The rule of law is an effective route to predictability, but not the only path.

The crucial point is that the mechanisms by which authority produces order rest upon the effect of a powerful third party on the relationships that arise or exist between lower-level actors. The mechanisms cannot operate in situations in which the very existence of those relationships is threatened by the intervention of the state. In less severe situations, strong states still run a serious risk when intervening into local spheres. Because all states face limitations to control efforts, states that attempt to frequently intervene in local affairs will run up against these limits. As states stretch past their capabilities, they run the risk of spotty and inconsistent intervention. Enforcement at the limits of state capacity will be unpredictable, again leading to the disintegration of peace-making second-order effects. If authorities overextend themselves and attempt to monitor all interactions or finely calibrate all punishments, the result is no longer order, but instead increased conflict and frustration (Cooney 1997, 1998; Acheson 1969:100; Neustadt 1991:24, 36).¹²

Caprice

Another way in which strong states may disrupt society is through inconsistent intervention. Although strong central authorities have the ability to consistently intervene in conflict, they may choose not to do so. They may be capricious. The resulting unpredictability, again, will destroy consensus and the second-order effects on incentives to cooperate as well as negotiation and communication between actors. This unpredictability only has a detrimental effect if authorities are capricious about when they choose to intervene. Caprice may be an element legitimizing charismatic authority: too much systematicity makes a ruler replaceable. States may also be capricious when adjudicating between parties. As described above, randomness, or a 50-50 chance of punishment, between two disputants is enough to discourage them from levels of conflict that will attract the intervention of a central authority. The intricacies and occult nature of modern legal systems often approximates randomness for local actors in any case. However, if states unexpectedly intervene at different levels of conflict, stable expectations are destroyed or fail to emerge. Because actors will experience different levels of state intervention, some will be prone to push conflict to extremes and others extremely wary of engaging in even lower-level sanctions and negotiation tactics. This variation in expectation destroys the positive secondary effects: state intervention becomes a vehicle for miscommunication rather than communication.

These effects imply that, along the dimension of intervention into conflict, capricious states will produce lower levels of order than their more predictable neighbors. Because of the lasting impact of Weber on studies of authority, caprice or, rather, calculability, has been considered often—as one empirically undifferentiated component of legal rationality. The result is scant empirical research that isolates the effect of caprice, or predictability, in governance and even less work that considers consistency in intervention separately from consistency in adjudication. However, cross-national research has linked the legal rationality of state administrative structures to positive outcomes (Evans and Rauch 1999), and corruption, which produces unpredictability, is tied to negative outcomes (Mauro 1995; Seligson 2002).

¹²Mark Cooney found that conflict follows exactly the u-shape we describe above, where conflict increases at the extremes of weak and strong states (1998). Cooney, working within Donald Black's social control framework, argues that this decrease is a result of the alternative path to reconciliation offered by strong states. Strong states simply add another path of peaceful mediation: the courts. We make a different argument: incompetence at the top prompts decentralized regulation of conflict—disciplined by the presence of a powerful authority, but ambivalent about its rules and intentions.

In sum, by considering the conditions that facilitate the mechanisms by which authority affects local relations, we generated three implications about the association of rates of violent conflict with different state characteristics. Secondary sources support these implications, thus providing evidence that central authority facilitates the production of cooperation and trust through its effect on the relationships between local actors. Associations, however, have limited explanatory power (Abbott 1988; Hedstrom 2005). In the following three sections we locate and describe the process by which central authority induces order by close contextual analysis of three sites of active authority: baseball, business contracts, and domestic disputes. Thus we provide empirical support that combines the logics of hypothesis testing and social mechanisms.

Baseball

During the course of a game, umpires approximate an ideal central authority.¹³ Called out on strikes, Babe Ruth turned to the umpire and said: "There's 40,000 people here who know that last one was a ball, tomato head." The umpire retorted: "Maybe so, but mine is the only opinion that counts" (Will 1991:162). The relationship between umpires and players captures all the relevant features of the central authority structures we described above. Umpires are strong central authorities who operate within a clearly defined framework of rules and regulations. They are not violent, but they do exercise ultimate sanctioning power within the confines of the game. Although their jurisdiction is small, they cannot sufficiently monitor or enforce all infractions that occur during games. By accepting these limitations but remaining a strong, threatening presence, umpires induce order among players. The game setting serves to clarify the mechanisms involved in the co-production of order by authorities and actors by reducing extraneous considerations.

Umpires control a small, sparsely populated patch of grass with, at most, three people interacting at any given time. They are free to position themselves on the field. They know the caliber of the players, the reputation of the managers, and the rules, which are firmly established. There is very little motion (11 minutes of movement per three-hour game according to one estimate) and that motion is concentrated within brief intervals. If they make a mistake the fans may boo, the players may curse, and the managers may protest, but their judgments stand.

Despite these advantages, umpires face all the handicaps of a modern state. They are unable to sufficiently monitor all interactions, and they have only coarse penalties at hand. One of the most important roles of the umpire is to identify and penalize aggressive pitches. Because of the frequency of brush-back pitches, which we will discuss in more detail shortly, it is impossible to reliably determine the intentions of the pitcher. Violent pitches may be born of grudges nursed over years of play. Umpires may not be aware of the full history of relations between teams, managers, and players.

Further, umpires have only coarse penalties with which to end conflict. A free trip to first base is poor recompense for the searing sting of being hit by a baseball. In order to control aggressive pitchers or angry batters, umpires have only two options: issue a warning or eject players. It is not just that there is a dearth of the right degree of punishment; it is that to some extent it is the wrong kind of punishment. The

¹³Etymologically, umpire derives from the old French *nonpere*, or nonpeer, one who is not equal.

strength of the warning is predicated on the threat of ejection. However, ejection is a harsh punishment for what could have been an accident. This is dangerous because those who do not feel they have been treated justly are more likely to take justice into their own hands. Despite these limitations, umpires maintain order.

Their charge is to run an orderly game, and with few exceptions they do. Fights are rare and bench-clearing brawls exceedingly so. Because the umpire lacks them, it is unlikely that peaceful games are produced by effective sanctions or detailed local knowledge. Instead, it is the effect of the threat of umpire enforcement on local interactions that produces orderly games. We examine this below by investigating the most potentially violent aspect of baseball, brush-back pitches.

If there is one thing that starts a fight, it is most likely a hit batsman or an attempt to throw inside on a batter. It is well known that batters are much more likely to get thrown at, or at least brushed back, after they have hit a homerun. However, less well known is the game of brinkmanship played between managers, pitchers, and batters. Batters creep close to the plate to gain a hitting advantage while pitchers do their best to brush them back. While jockeying for position, it is not uncommon for a pitcher to accidentally hit a batter or at least come very close. This is the aspect that makes it difficult for umpires to judge pitchers' intentions. When hit, an angry batter can charge the pitcher's mound and start a fight—which might well erupt into a cross-team melee. This potential for violence makes it a pivotal test for the mechanisms by which central authority functions.

Order is achieved through a delicate balance of enforcement and passivity. Umpires restrict the scope of possible actions available to local actors. For example, players regard balls thrown above the shoulder as career-ending threats. Umpires quickly assert their authority and eject pitchers who throw at batters' heads. Extremely violent action is off the table. For this reason, pitchers seldom make intent to hurt evident.

But there are many gray areas in which the umpire cannot discern intent. In these cases, umpires let teams self-enforce this potentially violent interaction. They allow comparatively skilled actors to compensate for their monitoring and enforcement insufficiencies. This means benignly neglecting most inside pitches and leaving score settling to the teams. Typically, when a batter is struck by a pitcher the umpire will not issue a warning until after there has been retaliation. The umpire allows the opposing team to throw at a player of roughly equivalent value shortly thereafter without penalty. If one side's best batter gets hit, the other side's best batter is fair game. After that, scores are considered settled.

Scores are settled in one round because the umpire demands it. The umpires realign individual incentives in order to promote cooperation. If the team retaliates by throwing at a player of clearly greater value or if the sides continue to throw at each other after the appropriate period, ejections follow. This rarely proves necessary. The threat of ejection reduces the incentive to further conflict on both sides.

Additionally, the umpire provides an external referent point beyond the control of the parties. The umpire serves as a focal point for negotiation, allowing individuals to communicate preferences. Consider an umpire's warning to pitchers or managers. By issuing a warning, umpires impose a version of events upon participants. In the face of uncertainty—the real motivation of the pitcher is unknown to other actors—the umpire produces certainty. Appropriate strategies may be formulated and pursued. The real motivation of the pitcher or manager (to hit or not to hit) becomes secondary. Intentional or not, greater caution must be exercised in subsequent throws.

Finally, we see that flirting with the threat of ejection allows managers to signal hostility (or competitive spirit) to the other team and loyalty to their own players.

The manager decides who will be thrown at and how aggressively. The decisions can be agonizing and managers risk poisoning personal relationships and, most bitterly, losing the game (Bissinger 2005). Much like gang leaders, tribal chiefs, or heads of state, they are keen to establish a reputation for toughness (Rieder 1985; Miller 1990). Managers who are not assertive about protecting their players through retaliation are thought to be less competitive. Batters do not feel safe unless the manager is committed to protecting them while at bat. Tony La Russa puts it plainly: "If you know your club isn't going to protect you, you're going to lose a big edge at the plate" (Will 1991:63).

On the whole, umpires do an excellent job keeping order; games rarely devolve into fights, and when they do it is hardly a destructive affair. Most of the players involved in such altercations are trying to break them up and injuries are infrequent, which is surprising considering the availability of bats. This success occurs despite critical deficiencies. Umpires cannot see, hear, and interpret everything at once; there are inherent problems with local knowledge and incommensurability. While they are well suited for some functions (e.g., call balls, strikes, and outs), they are less well suited for others (resolving disputes). And when their tools are not as expeditious as alternatives, officials should—and do—make a virtue of necessity by carefully limiting their intervention into local disputes.¹⁴

Commercial Contracts and Conflicts

Business contracts should be a textbook example of how authorities create order. Parties draw up contracts so the state will enforce any breaches, and such sureties encourage compliance and cooperation. Yet scholars who have examined the practice of business contracts find that businesspeople have the puzzling habit of designing unenforceable contracts (Macaulay 1963). The practice of writing commercial contracts involves sedulously avoiding legal rights and avoiding enforceable terms. Contracts are not completely useless—they cover cases where a defection would seriously injure the other side. But most business dealings fall short of these stakes.

Business people are leery of even using legal language to describe the terms of exchange. They distinguish business rights from legal rights. One lawyer observed, "I referred to order cancellations as breaches of contract, but my clients objected since they do not think of cancellation as wrong. Most clients . . . believe that there is a right to cancel as part of the buyer-seller relationship." From one businessman's perspective: "You can settle any dispute if you keep the lawyers and accountants out of it. They just do not understand the give-and-take needed in business" (Macaulay 1963:61). Evidence suggests that businesspeople rely on each other to conform to expectations that exist outside of formal contracts (Ross 1970; Ross and Littlefield 1978; MacNeil 1985).

An abundance of research documents rampant ambivalence to the legal enforcement of their rights within the commercial sphere (Ben-Shahar 1999; Bernstein 1992; Charny 1990; Perotti and Spier 1993; Ellickson 1991:142–44, 189–91). The costs and risks of courts foster some aversion. Not only does it cost a lot of money to hire lawyers and prosecute a case, but it also diverts employees from more profitable undertakings. In addition, even if the judgment is in favor of the plaintiff, the settlement

¹⁴For an illustration of this bargaining process, see Luciano and Fisher (1983:165–66). The passage also makes the point that sometimes umpires allow catchers to call balls and strikes for them.

may vindicate the injured party, but make small financial returns. Finally, courts are business interlopers: they use different reasoning, espouse different norms, and do not understand the subtleties of the case. As in baseball, the lack of local information limits both the authority's judgment and the implementation of that judgment. The business world is too heterogeneous for any legal system to have suitable instruments to deal with the intricacy of most disputes. Courts are inexact tools.

And yet, businesspeople are still eager to draw up contracts because states are good at enforcing egregious contract breaches. Even businesspeople use courts to avoid absorbing the "sucker's payoff" of unilateral defection. Beyond this most basic function, businesspeople play a signaling game within the bounds provided by a legal framework. Business relationships are not strictly horse-trading. The ideal cooperative partner has a low discount rate and an interest in long-run mutual gains. Accidents and deviations from the standard operating procedure happen even when both sides have good intentions. Actors therefore select potential partners from among the spectrum of people who are less likely to seek instant gratification and exploit short-term vagaries.

Legal codes thus act as the basis for costly signals. However, this is not merely a matter of the government serving to legitimate firms with a past history of compliance. Indifference to potential sanctions is informative, but so too is going out of one's way to relinquish potential sanctioning ability. Imagine that you are a profit-maximizing businessperson in charge of drawing a contract for the supply of parts to an auto manufacturer. Writing a thoroughly enforceable contract is a signal that you suspect you might have to employ some of those clauses. One could reasonably infer—and the audience here includes the prospective partner, current partners, and future partners—that your completeness may be a symptom of mistrustfulness, which could be a sign that slight deviations would cause an inflexible invocation of legal right.¹⁵

In this case, the legal attempt to make contracts more enforceable is undercut by the practice of writing contracts that are hard to enforce. Pressing a legal right quickly leads to the end of relationships and being ready to press issues is a signal that you do not think well of the other side. In short, you are a less desirable person with whom to deal. The less you seem to care about legal rights, the more you signal that you possess the understanding and good nature of a flexible, desirable business partner.

Without the instrument of the contract, one side of the relationship cannot know the intentions of the other. The state operates to clarify those intentions, but in a manner oblique to its intentions. Businesspeople call in the state in order to exclude it. They signal their loyalty to their partner by not being legally fastidious. That we rarely see the steel beams of the legal system does not mean they are not girding interactions. Commercial relationships are built on and around legal rights, but via a circuitous route.

Domestic Disputes

Now consider legal intervention in personal affairs, like neighborhood disputes and divorce proceedings. The data on these most intimate of conflicts reveal that they too are predominantly settled through informal rules of behavior. Neighborhood dispute

¹⁵It could also be a sign that one is not trustworthy and is projecting this attribute onto the other side.

resolution and matrimonial cases look very similar to the examples we have already seen in sports and business. The law is a stick that does matter a great deal in the most acrimonious of cases and can be threatened to influence behavior.

The evidence suggests that the higher the stakes of a dispute, the more likely parties are to take their disputes to court (Ellickson 1991:94, 284). Parties are dismayed when personal problems are mistranslated into the language of legal rights and wrongs, when the resources of courts are woefully inadequate to determine the facts of the case, and when penalties are surprisingly light relative to the social cost of bringing the matter to court. Litigation is a strong signal that ruins relations. Sally Merry quotes one neighborhood disputant: "You have to keep the government and the courts out of it. Once you file a court complaint against someone, you can't be friendly" (1990:81, 3; cf. Lipsky 1980). And worse still, plaintiffs suffer a sorcerer's apprentice problem: once they summon courts into an issue, both sides lose control and have trouble stopping the process they have started.

In addition, divorce negotiations almost never need to be imposed by a judge (approximately 2 percent). Conflicting parties are frequently surprised that what they conceive as personal rights are not in fact legal rights. Judges are candid that they do not have the time and resources to peer into the lives of divorcing parties and determine an equitable settlement so they put pressure on both sides to reach an agreement that both can live with. Longitudinal studies of divorce find that a significant number of divorce settlements do not keep their initial terms (Maccoby and Mnookin 1992). Yet they seldom end up in court because both sides take the initial agreement as a starting point and bargain from there. The lives of divorcing couples and their children are too dynamic to be captured deftly in a contract, and divorced couples know firsthand about the time, energy, and money involved in going to court. They realize that judges face large informational problems and they are hard pressed to arrive at appropriate solutions—they have monitoring and incommensurability problems. For these reasons reopened matrimonial cases are more likely to be renegotiated between the parties than settled by a judge.

Black has shown that even going to court is much less likely for crimes that arise within families or other close social ties. Police are less likely to officially report a crime and pursue an actor if the accuser is related by marriage or kinship. The suggestion is that police recognize their inability to take local circumstance into account—and therefore avoid pursuing official action.

Local actors convert courts into elements that fit into a deep cultural tool kit that includes gossip, ostracism, reciprocity, threats, minor violence, property destruction, or complaints to other foci of power like child services, school boards, or co-op boards. Disputes happen in social networks of varying density that usually act as a brake on conflict. These social dynamics resemble nothing more than blood feuds without murder. They remain so because the law generally keeps costly conflicts from escalating, whether between strangers or familiars. Further, individuals are able to attempt cooperation with riskier partners because of the state's coercive ability.

Evidence supporting our claims about the relational process by which authority produces order is plentiful. Where the state is recognized as a predictable and legitimate authority, instead of strictly adhering to formal rules, disputants use the state as a tool with which to negotiate peaceful resolutions to local disputes and enforce cooperation. States cannot monitor all business partnerships and marriages. Instead, limited state intervention facilitates these cooperative ventures. The five mechanisms described can be found operating across private and public spheres.

Discussion

Despite our emphasis on ideal central authorities, real states use multiple strategies to pursue multiple ends. Our treatment brackets off consideration of several important state roles, such as fostering economic development and enforcing rules of conduct unrelated to conflict. This choice restricts the argument, but suits our focus on the production of internal order and cooperation among citizens. We do, however, believe that the state, acting as a powerful and threatening central authority, has implications for the production of generalized trust.

The failure within the literature on trust and social capital to explain the existence of generalized trust has been acknowledged several times (Dasgupta 1988; Kornai, Rothstein, and Rose-Ackerman 2004). Despite the recent emphasis on relational trust, local ties have limited significance because of the necessarily restricted scope (Barber 1983:167; Macy 2002:475; Swedberg 2002:248; Oberschall and Liefer 1986; Murningham, Malhotra, and Weber 2004). Repeated dyadic relations cannot explain the operation of the supposedly anonymous market—nor countless proverbial trips to roadside diners. In fact, researchers have found an inverse correlation between generalized trust and the prevalence of intense personal commitments (Yamagishi and Yamagishi 1994; Yamagishi, Cook, and Watabe 1998). The presence of a third-party enforcer does not require iterated sequences of play between committed actors to produce trust or trust-like relations of social confidence or calculability. As we describe, knowledge of third-party enforcement suffices to provide incentives to cooperate within dyadic relations without a past history of positive, trusting relations. The argument may thus extend to the previously obscured mechanics of generalized trust. Further exploration is necessary, but we suggest that variation in the structure and operation of authority may explain a significant amount of the well-documented variation in levels of generalized trust across societies.

Where the argument will be less helpful is in sorting out a solution to persistent inequality. Because of the high costs of control efforts, states need to economize on enforcement—making them particularly susceptible to bad heuristics. These heuristics often take the form of a predisposition to assume the innocence of one group and guilt of another. A favored group will be more likely to push conflicts to the table, expecting better treatment. The disadvantaged group would go out of its way to avoid conflict, despite unfair and unwanted claims. Thus unfair advantage at the level of state enforcement is reproduced in everyday interactions and encourages confrontational behavior in the privileged group. We might expect cooperation to decrease between groups, but it is unclear that this distrust would manifest itself in conflict and unlikely that it would reduce existing inequalities.

One way of considering this problem further is to explore the difference between relative and absolute costs. We expect powerful local actors will often coerce others through access to greater resources. We might hope that the unwieldy intervention of the state allows less powerful actors to resist coercion by serving as a powerful ally to the most vulnerable members of the community. This hope would be based on the idea that these actors may invoke central authority as a bargaining chip and lever with which to pursue self-interest when no other options are available. Such an effect depends on the costs of the intervention. Punishments that are too severe will produce a situation in which no one is willing to draw the attention of the authority. Those with fewer resources to command may have less to lose, and so be more willing to risk the costs of formal intervention. However, if they have little to lose, this makes any loss comparatively greater; they will be less likely than

other actors to take the necessary risk, and therefore subject to manipulation and coercion. The matter hinges upon the determination of state costs: relative costs favor disadvantaged parties, absolute costs favor the advantaged. And, absolute limits to the costs imposed favor the disadvantaged.

In either situation, states may act predictably and even create order, but reproduce existing inequality in a manner that many would find unacceptable. In this case we might prefer a real blindness to local circumstance over predictability. Given that they do not have access to local knowledge, randomness may be much preferred to a predisposition to favor certain groups (Kuran 1997; Sunstein 1997).

Conclusion

Increasing empirical evidence demonstrates that limited authority structures have unexpected advantages over the long term (Cooney 1997; Erikson and Bearman 2006; Hui 2005). We believe that a satisfactory explanation for this finding has not yet been established. Here, we propose that the advantage arises from the secondary consequences of state intervention, not on individuals, but on relationships between individuals. By recognizing that modern states are unwieldy and potentially violent threats, we can identify their effect on cooperation at the community level. When states do not directly intervene in lower-level relationships, their presence serves to powerfully encourage individuals to cooperate, in order to avoid state intervention, and gives them tools to pursue that cooperation by peaceful means. In effect, this implies that central authorities should focus on violent eruptions of conflict and the escalation of violence: lower-level conflicts are better left in the hands of locally informed actors. In order to be effective, however, the state must not be too weak, too strong, or too capricious.

Much of society is well ordered, cooperative, and trusting. And looking at the small subset of social interaction that is cutthroat, little of it escalates to high conflict. This is despite the high expense of central authority, which is not just costly to create and maintain, but also costly to use. Researchers have been abundantly aware of the creation costs, occasionally focus on the maintenance costs, but seldom explore the employment costs. The latter split two ways. Even strong central authorities face towering informational problems trying to monitor their jurisdiction, as well as massive enforcement problems trying to impose settlements with scarce resources. And disputants involved with central authority must bear these burdens.

The result is that social regulation is highly contingent. Centralized systems work through their influence on decentralized systems. It is hard to predict what type of decentralized behavior will be produced under a given scenario. There is strategic interaction between central authority and subordinates, where central authority seeks to secure compliance directly and indirectly, and subordinates seek autonomy by ignoring or confounding authorities.¹⁶ The threat of incompetent intervention stabilizes lower-level relations by reconfiguring the set of available strategies and building confidence in the actions of others. These constraints construct common reference points that allow for more harmonious interaction. The presence of authority constrains, focuses, and clarifies those relations, enabling better bargaining and negotiation. Additionally, the interventions of central authorities perform a certification function,

¹⁶This resembles Machiavelli's axiom (1998:ch. 9) "that the people desire neither to be commanded nor oppressed by the great, and the great desire to command and oppress the people." On system effects in managing conflict, see Jervis (1997), Snyder (2002), and Tilly (2005).

signaling classes of actors, which may be manipulated in various unexpected ways in diverse local contexts.

The intricacies of this process illustrate why cultural and organizational change is so hard. Central authorities are best at managing dire threats, but short of this they face critical scarcities of power. It is impossible to collect the necessary information to monitor subjects minutely, much less analyze and act on it in an expeditious manner. Though susceptible to bias, their own incompetence serves as a profound check on these tendencies. Leviathans do create order, but not through the direct paths that are frequently assumed.

To close, states often work despite themselves. This article has argued that even when effective, the incompetence of state power is just as integral to creating order as state competence. This likely comes as faint consolation for government officials but is better news for those who have trouble trusting authority.

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