

Principles of Economics – Lecture 16 (Violence) • Study Notes

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Big Picture

- Up to now, economics has analyzed **voluntary human interaction**: trade, specialization, capital accumulation, markets.
 - But humans can also interact through **violence and coercion**.
 - Violence disrupts property, trade, and cooperation – making prosperity impossible.
 - The key insight: society flourishes when violence is limited to **defense only**, never initiation. This is the **Non-Aggression Principle (NAP)**.
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Core Claims

1. **Coercion Defined**
2. Coercion = imposing one's will on another through violence or threat of violence.
3. Examples: theft, extortion, assault, killing, property violation.
4. Threats of violence are coercion even if not carried out.
5. **Why Violence Destroys Civilization**
6. Constant fighting over property makes trade and capital accumulation impossible.
7. People cannot specialize or plan for the future under constant threat.
8. Civilization rests on voluntary exchange and secure property rights.
9. **Voluntary vs. Coercive Interaction**
10. Voluntary: both parties benefit, hence consent.
11. Coercive: one party loses, hence resistance, conflict, or collapse of cooperation.
12. **Defense vs. Aggression**

13. Initiating violence = aggression, always destructive.
 14. Defensive violence = response to aggression, aimed at preserving cooperation.
 15. Societies that limit violence to defense flourish; those that legitimize aggression collapse into endless conflict.
 16. **The Non-Aggression Principle (NAP)**
 17. No one may threaten or commit violence against another's person or property.
 18. Violence is legitimate only in defense.
 19. A universal rule: anyone can join society by respecting NAP, without appeal to authority or hierarchy.
 20. **Historical Roots**
 21. Variants of NAP appear across civilizations:
 - Ancient Egypt, Hinduism, Hebrew law.
 - Chinese and Greek philosophy.
 - Cicero, Aquinas, Scholastics.
 - Classical liberal thinkers.
 22. Modern libertarianism and Austrian economics explicitly formalize it.
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Government and Violence

1. **Government as Supposed Solution**
2. Classical liberal view (Mises): government protects property, enforces contracts, defends borders.
3. Mainstream economics treats government as monopolist of violence, making all other violence illegitimate.
4. **Problems with Government Intervention**
5. Every intervention (price controls, subsidies, welfare, regulations) is coercion — a violation of property rights.
6. Government cannot calculate rationally without prices (economic calculation problem).
7. Outcomes: shortages, black markets, misallocation, waste, rising time preference, cultural decay.
8. **Market Failures as Excuses**
9. Economists claim markets fail (externalities, imperfect competition, irrationality, public goods).

10. But these arguments rely on faulty assumptions and ignore property rights.
 11. Example: pollution is not an “externality” — it’s aggression against property.
 12. Information, security, and infrastructure can all be provided through markets.
 13. **The Fatal Conceit**
 14. Markets are not designed, they are emergent **spontaneous orders** (Hayek).
 15. Government “fixes” destroy the property rights foundation of that order.
 16. Result: coercion masquerading as protection.
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Key Concepts & Mental Models

- **Coercion vs. Consent** → Two modes of human interaction.
 - **Defense vs. Aggression** → Only defense is legitimate.
 - **Non-Aggression Principle** → Universal rule of civilization.
 - **Government as Aggressor** → State coercion is violence, not solution.
 - **Spontaneous Order** → Markets, language, and society emerge without central design.
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Quotable Ideas

- “Violence may be employed only defensively against the aggression of another.”
— Rothbard
 - “Civilization rests on the rejection of aggression and the acceptance of voluntary exchange.” — Ammous
 - “Government is not the protector of property rights, but their violator.” — Ammous
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Study Prompts

- Define coercion. Why is it incompatible with civilization?
 - Explain the Non-Aggression Principle and why it matters.
 - Distinguish between defensive and aggressive violence.
 - Why does government intervention fail, even when justified by ‘market failures’?
 - What does it mean to say markets are “spontaneous orders” rather than designed?
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TL;DR

Violence is the alternative to voluntary cooperation. It destroys property rights, trade, and civilization itself. Only when violence is restricted to defense — never initiation — can markets, capital accumulation, and prosperity emerge. This is the Non-Aggression Principle, rooted in cultures across history. Governments claim to solve violence by monopolizing it, but in reality they initiate aggression through taxes, inflation, and regulation. Markets work as spontaneous orders; coercion disrupts them. Civilization flourishes not through government control, but through universal respect for property and the rejection of aggression.
