

What Is Polycentric Law?

Editor's Pick. Written by Tom Bell.

Do you like having options when you look for a new bank, dry cleaner, or veterinarian? Of course you do. You want to find the service that will best satisfy your particular demands, after all, and you know that when banks, cleaners, and vets have to compete they have a powerful incentive to make you happy. A monopoly, in contrast, can take its customers for granted.

Polycentric law simply extends that observation from commercial services to government ones. Just as competition makes life better for those who seek banking, cleaning, and pet care, it can benefit those seeking fair and efficient legal systems. Competition helps consumers and citizens alike.

Polycentric law regards the sorts of legal services that governments provide—defining rules, policing their application, and settling disputes—as a ripe field for competition. When a government claims a monopoly in the law, it tends to neglect the needs of its subjects. In a polycentric system, however, providers of legal services care more about what consumers want. They have to, if they don't want to go out of business.

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