

Voluntary Provision of a So-called Public Good

For the past few days, several men and a fair-sized tractor front-end loader have been working on the beach road where I live north of Xcalak. None too soon, either, as the potholes have become immense in the past year or so since the last repairs. A gringo neighbor down the road organized this work, hired the men, and arranged for the equipment and several dozen truckloads of fill soil. So what, you are probably thinking.

However, you have just read a first-hand report of something regarded as almost impossible in neoclassical welfare economics. We're talking about muh roads here, amigos—you know, the primary reason why the rubes suppose that we must have government as we know it. In neoclassical economics, such projects as the one now being carried out in front of my house will fall victim to the free-rider problem: because the road construction or maintenance is a so-called public good—a good that if created at all will be equally available to all users—each consumer, it is assumed, will refuse to pay his share of the expenses, and hence no funds will be available for production of the good. Muh roads will be pie in the sky, with nothing at all on earth.

Trouble is, just as in the case of the road repairs now taking place here, countless other public goods are created all the time. People voluntarily pay their pro rata share of the costs without a government gun at their heads. Some people even volunteer their own time and effort to organize and conduct such projects, as my neighbor Wes is doing here. I gladly contributed my 4,000 pesos to this work, and my neighbors contributed similar amounts. Not one of them was forced to pay anything and could have free-ridden had he chosen to do so.

This is the trouble with neoclassical welfare economics, amigos: it's not a decent theory, but it's a dandy rationale for government to coerce people right and left ostensibly in order to supply valuable public goods, many of which are mere boondoggles for government contractors and magnets for corruption of the legislators and bureaucrats who impose the projects on an often-unwilling public.