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In the context of the long span of human history, the world we modern humans inhabit is atypical. Upon meeting a stranger, our hunter-gatherer ancestors would more than likely have been confronted with a club. We, on the other hand, walk into Starbucks and are confronted with a smile. Then, after handing over a tattered green piece of paper, the stranger gives us a gift of caffeine. The gift-giving dance is repeated so often in the course of our everyday routine, that we hardly give it a second thought.

In The Company of Strangers, Paul Seabright, Professor of Economics at the University of Toulouse, reflects on the exceptional nature of our modern attitude toward strangers. The book is divided into four parts. The first two parts – Tunnel Vision and From Murderous Apes to Honorary Friends – introduce the main question to be addressed: How humans made the transition some 12 000 years ago from ‘murder that stranger’ to ‘smile at that stranger’? The behavioral change roughly coincided with the move into an agriculturally based mode of production, characterized by increased population density. Once encounters with strangers became commonplace in this high-density environment, survival of the species required that we solve the problem of how to peacefully coexist.

Seabright points out that any solution must take as given the human psychology that had evolved in the hunter-gatherer era. This psychology was two-sided. On the bright side, humans tended to trust and cooperate with those in their immediate circle, which in the early hunter-gatherer days might comprise little more than members of an extended family. On the dark side, early humans tended to distrust those outside the narrow circle. If humans were to thrive in a more densely populated environment, therefore, the circle of cooperation somehow must be enlarged.

Seabright argues the trick that made extended cooperation possible was the development of behavioral rules, whether formally embodied in certain institutio
or more informally internalized in human minds, which made strangers ‘honor-
ary friends’. And crucially, these rules were not the by-product of design; that is,
they were not a eureka-moment of some early Einsteinian social scientist able to
see the big picture of human history. Instead, such rules of behavior arose sponta-
aneously, an unintended consequence of humans just doing their thing in their
narrow world. Indeed, one of Seabright’s main themes is that these rules work to
the extent that they elicit tunnel vision on the part of the individual members of a
group. Institutions that relied on humans adopting a big picture perspective simply
would not work – our brains would be overloaded by the informational demands
imposed by groups of even modest size.

At the most general level of inquiry, Seabright devotes much attention to com-
paring and contrasting markets to governments as institutions that allow us to
coexist with strangers. Seabright’s ability to explain the beauty of the market in
utilizing bits and pieces of information scattered among the brains of individuals
in a large group setting is Hayekian. An early highlight is Seabright’s (pp. 13–14)
discussion of the world’s need for shirts where he details the steps leading up to his
purchase of a particular type shirt in a market setting and imagines how he might
fare in an alternative setting where a shirt czar fulfills his need. A little latter, in
a section on ‘The Role of Government’, Seabright (p. 24) colorfully illustrates a
reoccurring mantra that ‘no one is in charge’: ‘There is a lost look sometimes that
flits across the brow of those senior politicians who have not managed to attain
perfect facial control. It is the look of a small boy who has dreamed all his life
of being allowed to take the controls of an airplane, but who discovers when at
last he does that none of the controls he operates seems to be connected to any-
thing, or that they work in such an unpredictable way that it is safer to leave them
alone altogether. Politicians have very little power, if by power we mean the capac-
ity to achieve the goals they had hoped and promised to achieve.’ To be sure, this
and similar comments are directed at leaders of nation-states. Local governments,
in particular, cities, fare better in Seabright’s leadership scorecard, given that local
leaders would tend to be more in tune with the type of time and place information
necessary for effective decision making.

Part III, Unintended Consequences, devotes approximately 100 pages to case
studies illustrating possible negative effects associated with our tunnel vision.
While each chapter is full of insights, the only thing that ties them together is that
without well-defined, transferable property rights (1) actions may have unintended
consequences, and (2) historically, non-market institutions such as the firm, the
family, and the city have stepped in to fill the void. The section’s concluding chap-
ter, Exclusion: Unemployment, Poverty, and Illness, is representative of the strengths
and weaknesses of the other chapters. On the plus side, Exclusion introduces the
concept of information islands: Pockets without information channels to the rest of
the world. Unemployment, poverty, and illness are most acute in these information
pockets. A telling diagnosis, but what is the suggested cure? Sit on the sidelines