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# Laws and Authority\*

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## Abstract

A law prohibiting a particular behavior does not directly change the payoff to an individual should he engage in the prohibited behavior. Rather, any change in the individual's payoff, should he engage in the prohibited behavior, is a consequence of changes in other peoples' behavior. If laws do not directly change payoffs, they are "cheap talk," and can only affect behavior because people have coordinated beliefs about the effects of the law. Beginning from this point of view, we provide definitions of authority in a variety of problems, and investigate how and when individuals can have, gain, and lose authority.

*I have as much authority as the Pope. I just don't have as many people who believe it.*

George Carlin

## 1 Introduction

We will first argue a simple but powerful point: Laws by themselves cannot change the costs and benefits associated with any given actions people might

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