

*Rational Ritual: Culture, Coordination, and Common Knowledge.* By CHWE (MICHAEL SUK-YOUNG). (Princeton, NJ: Princeton University Press, 2001. Pp. xiv+130. US \$16.95 paperback. ISBN 0 691 11471 4.)

This book highlights one particular aspect of culture – that of enabling common knowledge among individuals. A fact is common knowledge if everybody knows it; everybody knows that everybody knows it; and so on *ad infinitum*. For Economists and Game Theorists, it is well known that common knowledge (and not just mutual knowledge) is essential for achieving coordination (Rubinstein, 1989). In a nutshell, if participating in a public enterprise – from stag-hunt to underground activities – would turn very sour for each participant unless everybody (or at least enough other people) participates, each individual might avoid the enterprise altogether in the lack of *common knowledge* that everybody indeed opts in. Embarking from this theoretical insight, Chwe discusses a remarkable array of examples of social institutions and arrangements that bring about common knowledge. These include public ceremonies, rituals, parades and dances to announce and recognise authority and norms; inward facing architecture; focal-place-and-time advertisement of items whose value to individuals hinges on collective consumption or awareness; cohesive social networks; and many more. The appendix delivers an accessible presentation of the abstract formulation of knowledge and common knowledge.

A careful distinction is made between the content of public activities and the fact that they induce common knowledge. Though the two aspects can seldom be completely delineated in practice, Chwe makes a convincing case for his argument that if common knowledge were not necessary for coordination, some of these public activities could and would look different.

At a first glance, this book looks simply like an enthusiastic attempt to popularise an abstract, theoretical point. But in fact, the book delivers more than that. The relentless juggling of examples and ideas does induce a meditative state of mind, illuminating further new angles and connections, even if not developed explicitly.

For example, if common knowledge is so central because it enables (or almost implies) the vital coordination essential for existence and well-being, this may shed light on the human tendency for conformity. The adherence to whatever is widely and publicly accepted may thus be an adaptive trait. Trying to convince others of the advantages of one's idea might be self-detrimental if it precludes common knowledge of *whatever* idea. With this in mind, it is no wonder how determined tyrants are able to impose their rule and authority once they succeed in making it commonly known. This elaborates on Simone Weil's (1973) point that, paradoxically, the masses are vulnerable to oppression not albeit they are many but exactly *because* they are many.

The seductive power of common knowledge is not limited to totalitarian regimes. Chwe elaborates the fact that TV advertising during the super bowl in the United States makes it common knowledge that many others have seen the same commercial, which is essential for 'social goods' (like beer, pizza or computers), part of whose value is based on them being popular. But the same applies to political ideas: Only widely announced and discussed policies have the chance of

becoming common knowledge (and therefore achieve coordination in polls or at the ballots), which may account for the huge effort of politicians to appear in public or in prime time on TV. This reasoning is distinct from the typical Political Economy models, which hinge on the information superiority of the politician *vis-à-vis* the public (due to complex or secret information from technical experts accessible only to the politician, or information about the true innate abilities of the politician or her opinions). Of course, asymmetric information can accrue information rents and bias the behaviour of constituencies in the direction favoured by politicians, but the tug-of-war among politicians to create the public image and common belief that they are widely supported may be no less important.

Indeed, time and again we see how the public opinion in the polls shifts following widely broadcasted announcements of leaders, even when these contain virtually no new information, and apply to vital issues like the onset of war. This highlights the non-neutral role of the media even when it simply and objectively portrays the statements of politicians, and suggests new perspectives on issues like professional ethics of the media and its role in a 'checks and balances' democracy.

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### References

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*Property Rights: Cooperation, Conflict, and Law*. Edited by ANDERSON (TERRY L.) and MCCHESENEY (FRED S.). (Princeton, NJ: Princeton University Press, 2003. Pp. x+398. £45.00 hardback, £19.95 paperback. ISBN 0 691 09997 9, 0 691 09998 7.)

This book looks at the significance and evolution of property rights. It explores the theme that rational individuals who compete for scarce resources need some rules to regulate and govern the resulting competition. Such rules can possibly include, violence, 'might is right', societal norms, or formal and informal property rights defined by some political institutions such as a government. The choice among the many diverse rules is a cost-benefit decision that applies the standard 'marginal principle'.

The book has thirteen chapters which are in turn organised into six parts. In Part I, Edwin West looks at the views of the classical economists on the issue of property rights; relative to modern neoclassical economics, their emphasis is on the normative basis for property rights. Yoram Barzel argues for the importance of incorporating transaction costs (defined as the resources used to establish and maintain property rights) into the neoclassical competitive model. He also