

PRAXEOLOGICAL THEORY OF LEGITIMACY

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Abstract: This article proposes a praxeological reinterpretation of political legitimacy, moving beyond the static conceptions of legal positivism and classical contractualism. Based on the axiom of human action and the inalienability of the ontological will, legitimacy is reconceptualised as ‘dynamic moral capital’: an intangible asset yielded by the individual—the bare owner—to the State on a temporary and conditional basis, operating under the legal concept of usufruct. The analysis demonstrates that political power operates through the issuance of a “narrative debt”, the coercive and centralised realisation of which is technically insolvent given the theoretical impossibility of economic calculation in the public sector. This chronic insolvency leads to inescapable cycles of institutional entropy, where the collapse of the prevailing order is precipitated by the convergence of objective windows of crisis with the actions of political entrepreneurs, who act as coordinating agents offering alternatives perceived as solvent. Finally, in the face of the State’s hermeneutic monopoly and the legislative usurpation of authentic law, a meta-legal framework based on polycentric governance is proposed. This order of free political usufruct, anchored in private property, contractual responsibility and the right of exit or secession, aligns institutional incentives with spontaneous social coordination.

Keywords: Legitimacy, Praxeology, Political Usufruct, Narrative Debt, Polycentric Order.

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Introduction

The study of political obedience requires us to move beyond static conceptions—frequently taken as a given by contemporary

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legal positivism¹ —and to focus instead on the subjective foundations of power. As Hume wrote, given that physical force inevitably resides with the governed, rulers have no other basis for their authority than opinion, this being the sole foundation upon which any government is based (Hume cited in Hoppe, 2001, p. 17). This pre-eminence of subjectivity is complemented by Weber, who strips it of its purely legal trappings to define it as a sociological phenomenon rooted in a system of shared beliefs (Weber, 1922, p. 102).

From this classical perspective, no structure aimed at domination can endure by relying exclusively on force or purely material factors; rather, it must constantly foster a sustained belief in its own legitimacy (Weber, 1922, pp. 296–297). However, by recognising that the fundamental basis of the state is opinion and belief, it becomes evident that political power does not operate through mechanical coercion over people's wills, but rather depends on constant validation that is subject to fluctuations over time. It is precisely on this epistemological basis that the present study proposes to reinterpret legitimacy, moving beyond mere sociological description to approach it as a dynamic form of moral capital². Through this approach, based on a praxeological analysis of social phenomena, one can understand the true nature of spontaneous political coordination³ and the importance of individual subjective

¹ The methodological framework of this conception requires that the analysis of law be isolated from any subjective or social basis. As Hans Kelsen sets out in his most comprehensive formulation, the aim of 'pure theory' is to attain knowledge oriented entirely towards positive law, freeing legal science from all elements foreign to it, including psychology, sociology and political theory (Kelsen, 1934, p. 15). However, by treating legal science as an autonomous domain within the social sciences, this methodological purification excludes from the analysis the indispensable (praxeological) information required to understand (*Verstehen*) the true nature of its object of study: the human being who acts teleologically under conditions of ineradicable uncertainty (Mises, 1949, pp. 60, 128).

² As Mises rightly explains, 'power, therefore, is not a material and tangible thing, but a moral and spiritual phenomenon' (Mises, 1949, p. 226), and so obedience and submission are essentially immaterial, moral and spiritual in nature.

³ The political order, in its deepest sense, rests on a foundation of voluntary cooperation. As praxeological analysis points out, the state apparatus is always made up of a minority; it is therefore physically impossible for it to keep a majority subjugated if the latter decides to withdraw its consent en masse (Hoppe, 2001, p. 289).

value judgements in the current legal and political order (Mises, 1949, p. 19).

1. Praxeological foundations of obedience

The only epistemologically secure starting point for the analysis of social and institutional phenomena is the axiom of human action. In its essential sense, every individual acts inevitably driven by the desire to replace a less satisfactory state of affairs with one that they subjectively value as more satisfactory (Mises, 1949, p. 18). This transition from a state of discomfort to a better situation requires, as a prerequisite, a prior process of valuation. As established by the law of marginal utility, the agent ranks their ends in an ordinal manner and projects that subjective value onto the scarce means they consider suitable for achieving them, thereby determining their utility and allocating each unit to the attainment of the end they deem most pressing or beneficial (Huerta de Soto, 1992, pp. 43–44, 50).

It is now necessary to determine the nature of this evaluative act. This takes place in a dimension that is physically inaccessible to the external observer: the innermost recesses of the individual's mind. As value judgement is an eminently subjective phenomenon that occurs within the privacy of one's conscience, it is evident that no physical imposition or external coercive apparatus has the capacity to determine or alter the logical structure of the action (Huerta de Soto, 2011, p. xliii).

In other words, although political power seeks a monopoly on force and may drastically restrict the available alternatives, it faces the technical impossibility of mechanically imposing its will on others. It follows from this that, even under the most extreme conditions of coercion—such as those where the individual faces the imminent and real threat of death, cruel punishment or absolute poverty—the person continues to make choices. As Hobbes rightly recognised, in such circumstances human beings naturally choose the 'lesser evil', preferring submission to the certain danger of death that resistance entails (Hobbes, 1651, p. 115). However, he failed to note that changes in circumstances may eventually alter

the subjective perception of that risk, thereby changing the calculation of the cost of resisting the existing order. Thus, those who obey the established authority also make a silent calculation in which they judge their behaviour to be preferable to the alternative of disobedience. Adherence, meanwhile, turns out to be an inescapable sign of what, in economic and praxeological analysis, we know as demonstrated preference, since, in acting, the individual invariably seeks to replace one situation with a more satisfactory one, thereby demonstrating their preference (Hoppe, 2001, p. 1). Obedience, therefore, is not an inert state devoid of agency, but the result of a constant choice. It follows, then, that ontological freedom and the capacity for choice are inalienable conditions of human nature, since not even the subjugated individual loses their status as a being who uses reason to decide between available alternatives (Mises, 1949, p. 235).

1.1. *The political bond as a right of usufruct*

Having thus defined obedience as the result of a constant choice, it is imperative to redefine the nature of the legal bond. Classical political theory has historically operated under the fiction of the social contract, assuming an irrevocable transfer of rights whereby the individual relinquishes the right to govern themselves and irrevocably cedes their sovereignty to the State (Hobbes, 1651, p. 141; Hoppe, 2001, pp. 227–228). However, praxeological analysis reveals that such an alienation is ontologically impossible. In order to prefer one state of affairs over another—an indispensable prerequisite for all action—human beings must be the inescapable masters of their own bodies and consciousness. As illustrated by Rothbard's contract theory, the individual retains inalienable control over his own will, from which it follows that it is not factually possible to definitively transfer or relinquish that condition inherent in human nature (Rothbard, 1982, p. 193).

This praxeological observation therefore requires us to abandon the static notion of legitimacy as a title of full ownership that must be presumed to belong to the ruler. To reconceptualise it

properly, it must be understood as a dynamic property relationship, illustrated by the legal concept of usufruct⁴.

By applying this legal rigour to the analysis of political theory, the governed emerge as the sole owners of the capital of social validation. Sovereignty, therefore, does not reside in an abstract and impersonal entity elevated above individuals, but remains anchored in the private ownership of each subject's consciousness, who retains at all times inalienable dominion over their own value judgements (Rothbard, 1982, p. 62). It follows logically from the above that the ruler is relegated to the position of a mere precarious holder⁵. He receives political authority exclusively as a right of use and enjoyment, conditional upon the criteria of those who grant him that usufruct. This suggests that the State operates on borrowed capital which it must constantly renew (Mises, 1949, p. 226).

Understanding legitimacy as usufruct allows us to definitively dismiss the premise that political power is irreversible. Just as in civil law the usufructuary must not abuse the right by damaging the condition of the property granted in usufruct, so too in the institutional mechanism an analogous phenomenon occurs with regard to the management of obedience. Since all human action is teleological and seeks to replace a less satisfactory state of affairs with a more satisfactory one, the granting of obedience is eminently onerous insofar as the individual always pursues a personal benefit through it⁶. Should the hypothetical situation arise in which the actor's expectations regarding the narrative put forward by the ruler clash with an unsatisfactory material reality, this

⁴ As established by the famous classical Roman jurisprudence through the jurist Paulus, usufruct is the right to use and enjoy another's property whilst preserving the substance of that property (Digest, 7.1.1; Godofredo, 1583). The political bond is equated with the legal status of usufruct, since the ruler *de facto* uses and enjoys, or enriches himself from, the fruits of the obedience bestowed by individuals. However, the State, or the ruler, cannot affect the substance of the governed individual's value judgement, which is inalienable, variable and strictly subject to subjective criteria.

⁵ The holder of a usufruct is subject to the owner's discretion; in this sense, the absolute owner of legitimacy may withdraw their *de facto* obedience because they are, in fact, the owner of it.

⁶ They seek a subjectively valued benefit, which need not be strictly material, although it may well be so.

results in a direct impact upon and damage to the very object of political usufruct.

In this scenario, it is logical and to be expected that the individual should exercise the right of revocation that they naturally possess over their own will. Viewed in this light, civil disobedience or the collapse of a regime do not constitute acts of aggression against the order itself, but rather genuine acts of reclamation aimed at recovering legitimate property. Strictly speaking, this is a case of the bare owner reclaiming control over their capital of legitimacy from a political administrator who has become insolvent and has proved incapable of managing the usufruct without destroying its substance (Rothbard, 1982, p. 90).

2. Narrative debt and obedience

Whilst Max Weber's classical sociological theory classifies domination according to the beliefs of the dominated regarding its legitimacy – whether of a legal-rational, traditional or charismatic nature (Weber, 1922, pp. 298–299) – this categorisation proves insufficient from a praxeological perspective. Far from being a conditioned reflex or passive acceptance, obedience is always the result of a calculation of expediency on the part of the individual. As Mises points out, even in the face of the threat of coercion, the individual weighs up the alternatives and chooses submission solely because they consider the costs of disobedience to outweigh those of complying with the command (Mises, 1949, p. 235). Strictly speaking, all obedience stems from a subjective value judgement aimed at replacing a less satisfactory state of affairs with a more convenient one (Mises, 1949, p. 117).

On this basis, it is imperative to move beyond the Weberian classification and distinguish between forms of obedience according to how the institutional structure either permits or suppresses the expression of that value judgement. It is therefore proposed to make an analytical distinction between 'organic' obedience and 'mechanical' obedience.

Organic obedience is that which arises within the framework of a spontaneous order, where people abide by certain norms of

conduct because they perceive a direct or indirect benefit in doing so. In this scenario, the individual retains the autonomy to express their value judgement by adapting to the particular circumstances of their environment and cooperating voluntarily to satisfy their own ends (Hayek, 1973, p. 68).

By contrast, mechanical obedience⁷ manifests itself in processes where the centralisation of power and widespread coercion stifle free action. In this case, the imposition of coercive mandates prevents value judgements from being expressed in the specific circumstances of their context, forcing the individual to fulfil the ruler's ends rather than their own (Huerta de Soto, 1992, p. 94). The actor obeys out of a sheer need to avoid punishment, which destroys spontaneous social coordination and nullifies the individual's ability to freely utilise their practical knowledge (Hayek, 1973, p. 74).

With this distinction clarified, it is imperative to re-examine the nature of the political bond. In economically symbolic terms, this bond operates as an exchange of intangible goods that generates direct effects in the material world. The ruler makes a promise regarding an ethereal and intangible good, yet one that is socially

⁷ It is imperative to make a fundamental praxeological clarification regarding the concept of 'mechanical obedience'. This analytical category does not, under any circumstances, suggest the suspension of the axiom of action or the nullification of the marginal utility calculation on the part of the actor. As Mises (1949, p. 235) states, even when subjugated by a hegemonic system, the individual does not lose their human condition—that is, their inalienable capacity to appeal to reason in order to decide between various alternatives. What defines mechanical obedience is not the absence of calculation, but the artificial alteration of the costs of action by the coercive apparatus. Through the threat or use of force, the state inflates the cost of disobedience in a given sphere to a prohibitive threshold. Faced with the inescapable dilemma of enduring the harsh consequences of disobedience or those of submission, the individual rationally opts for the latter. Consequently, the individual complies with the mandate not because they organically endorse the regime's narrative debt, but because at that particular moment they estimate that the cost of defiant action (such as physical punishment or the loss of life) far exceeds the cost of temporary submission. It is, therefore, a utility calculation operating under a regime of hijacked alternatives. This structure explains why mechanical obedience tends to fracture suddenly in the face of an objective window of opportunity or a crisis. As the State's capacity for coercion weakens, the cost of rebellion plummets, allowing the individual's demonstrated preference and true assessment to come to the fore, thereby revoking the benefit derived from their submission.

valued according to his own judgement, be it justice, peace, war, democracy, dictatorship or any other end that individuals are willing to 'purchase' with their submission. Praxeologically, the legitimising principle functions as a promise to pay. As it is not subject to a defined timeframe or an objective condition of fulfilment, the willingness to obey remains at all times the inalienable property of the individual and is strictly subject to their discretion. Consequently, legitimacy constitutes a dynamic situation that is highly dependent on the particular circumstances of time and place.

In this political market, the ruler issues what might be termed a 'narrative debt'. As these are promises concerning ethereal goods, this debt is neither objective nor materially payable. Unlike a commercial transaction, in public administration there is no market price by which to measure the achievements made; consequently, the ruler's success or failure cannot be determined in terms of money or objective calculation (Mises, 1944, pp. 62–63). The extent to which this debt is repaid is subject exclusively to the ongoing evaluation and scrutiny of the governed.

However, in its constant quest for obedience, the State faces an insurmountable epistemological problem. To the extent that the ruler increases the use of coercion to sustain his domination, he destroys the information signals necessary to distinguish purely mechanical obedience from organic obedience. Just as with the impossibility of economic calculation in the market—where the systematic use of aggression against the free exercise of entrepreneurial activity destroys the practical information needed to coordinate the production process (Huerta de Soto, 1992, p. 99) and prevents subjective valuations from being reflected in prices (Huerta de Soto, 2011, p. xxxviii), so too in the political sphere does coercion prevent value judgements from being freely expressed.

To understand the dynamics of this political market, it is essential to introduce the figure of the coordinating agent or political entrepreneur. Far removed from any romantic or personalist conception, praxeology defines this actor by their strictly economic function. This is the individual who, endowed with entrepreneurial insight, perceives an opportunity for profit by detecting a profound mismatch between the narrative debt that individuals truly demand and that which they are compelled to acquire under the

existing order out of sheer fear of coercion (Huerta de Soto, 1992, pp. 74–75). This coordinating agent fulfils their role by translating these latent demands for ethereal yet socially valued goods into concrete backing through the issuance of a new institutional promise, which will be subject to the individual's judgement of utility.

The viability of this new issue depends strictly on the nature of its backing, which necessitates an analytical distinction between solvent and insolvent narrative debt. In this regard, any narrative debt that relies on public resources to achieve its purpose must be declared, *a priori*, to be insolvent. This inescapable technical insolvency stems from two fundamental reasons. Firstly, in the absence of private property and market prices, the central authority is unable to carry out any rational economic calculation. Without the guidance of these spontaneous signals, the allocation of resources does not respond to economic criteria, but to purely arbitrary political decisions (Huerta de Soto, 1992, p. 103). Secondly, the incentive structure of the public apparatus guarantees the failure of the promise, since the state bureaucracy lacks any real incentive to definitively solve the problems that constitute, precisely, the justification for its power and its budget. The state is forced to keep the problem alive in order to perpetuate the demand for its own intervention (Mises, 1944, p. 64).

By contrast, a narrative debt issued on an organic basis—that is, not founded on coercion—has the technical capacity to become solvent if market conditions are met. When the promise of institutional goods, such as high-quality justice, is underpinned by free competition between jurisdictions, the issuer's incentives align with consumer satisfaction. In a competitive environment, the coordinating agent can only maintain their position if they effectively deliver the promised quality, since competition acts as an incorruptible process of discovery and social coordination (Hayek, 1973, p. 436). Under this structure, success does not depend on the capture of the state apparatus, but on the productive capacity to offer a real solution that justifies the debt incurred and prevents bankruptcy in the face of more efficient alternatives (Benson, 1990, chap. 9).

To address the phenomenon of political change from a praxeological perspective, it is essential to identify different ordinal states

of legitimacy that reflect the individual's utility calculation. Firstly, active legitimacy is observed when a person voluntarily submits themselves with the full expectation of receiving some kind of subjective benefit in return for obedience. At this stage, an narrative debt that is insolvent may enjoy active legitimacy if it manages to convince enough individuals, regardless of how long it can sustain that legitimacy through purely public means.

Secondly, passive legitimacy operates when the marginal utility calculation of obedience is just sufficient to comply with the mandate in order to avoid punishment or to avert uncertainty. Faced with the dilemma of enduring the consequences of disobedience or those of submission, the actor rationally opts for the latter (Mises, 1949, p. 235). In this scenario, the individual neither supports nor believes in the nature of the narrative backing offered, but still values that narrative above the available alternatives. We can illustrate this with the following example: in the Democratic Republic of Maracaibo, a president is elected who, after a month, is no longer liked by anyone, but citizens value democratic institutions more highly than the generally uncertain alternative. Therefore, they obey, even though they do not believe in the leader, because they continue to submit to the institutional framework that he represents and hope to be able to change the nature of the backing—which is usually public in Maracaibo anyway—for the next presidential term.

Finally, one may arrive at a marginally negative legitimacy. This occurs when the actor considers, or would consider, another narrative framework—or any drastic change in the way that institutional promise is realised—to be more beneficial. At this point, the individual assumes that the opportunity cost of obeying the existing order outweighs that of seeking a different alternative.

We then turn to the temporary event that allows the demonstrated preference to be expressed despite coercion: the objective window or crisis. Regardless of whether its origin is exogenous or endogenous, its praxeological effect turns out to be the same. However, the objective window does not necessarily undermine the legitimacy of the existing order; it could eventually strengthen it (as occurs, for example, when the state wins a war and justifies a greater extension of its dominion, even though this action

essentially amounts to a reinforcement of the institutional narrative) (Jouvenel, 1945, p. 28). Strictly speaking, the function of this window is not to overthrow the regime or to change anything on its own, but to allow the individual to express their true preference in contexts where, under normal circumstances, the coercive apparatus would have prevented them from doing so.

2.1. *Objective windows and the political entrepreneurial function*

To theorise the hypothesis of institutional collapse from a praxeological perspective, it is necessary to understand this outcome not as an accidental breakdown, but as a genuine, *de facto* act of protest. In this process, the individual, in the full exercise of their political entrepreneurial function aimed at seeking the best opportunities for subjective benefit, decides to reclaim the inalienable ownership of their submission, previously ceded in usufruct to a ruler who has become insolvent (Huerta de Soto, 1992, pp. 48–49).

However, for the collapse of the existing order to materialise, it is essential to identify the precise convergence of three simultaneous variables at a specific time and place. Firstly, there must be an objective window of opportunity or crisis that acts as factual proof and reveals the system's insolvency. Secondly, there must be a climate of marginally negative legitimacy, a scenario in which citizens assume that the opportunity cost of obedience far outweighs that of rebellion. Finally, and as a fundamental catalyst, it is essential for a coordinating agent to emerge who offers an institutional alternative perceived as superior or potentially more highly valued in relation to individuals' expectations.

Within this framework, the dynamics of power explain why a regime can prolong its agony and navigate for a long time between recurring objective windows and a climate of marginally negative legitimacy without actually collapsing. This artificial survival occurs because mere insolvency is not enough to overthrow an order; an alternative perceived as viable is inevitably required to coordinate individual subjective judgement towards effective institutional change.

In this sense, the coordinating agent or political entrepreneur fulfils a vital epistemological role by acting as a true focal point within the process of change. Their specific function is to provide the anchor where the population's scattered subjective expectations converge, transforming isolated individual discontent into a new narrative. By providing this promise with concrete backing, the political entrepreneur translates it into a credible alternative for individuals, who, in their capacity as 'owning nodes', then proceed to reallocate the usufruct of their obedience.

To characterise the effects of the collapse of the existing order and classify the change in the political bond, it is essential to distinguish analytically between a change of essence and a change of degree. Every narrative debt is anchored in a pre-existing framework of thought that enables individuals to interpret and understand it. In praxeological terms, this anchoring corresponds to the concept of ideology, understood as the set of doctrines relating to individual behaviour and social relations that guides human actions (Mises, 1949, p. 215). Political power is neither a material nor a tangible phenomenon, but a strictly moral and spiritual one, underpinned by individuals' acceptance of that ideology (Mises, 1949, p. 226).

Under this premise, we are faced with a fundamental shift when the logical premises that made the exercise of submission appear legitimate are uprooted. It is not enough for a coordinating agent to offer a new narrative framework; it is necessary to destroy the foundations of the previous ideology and establish entirely new ones. A fundamental shift in the narrative occurs, for example, in the historical transition from justifying obedience to a hereditary king—based on monarchical ideology—to justifying submission to an elected assembly.

In this context, it is possible to identify Marxist socialism as a political doctrine determined to force a fundamental change through sheer coercion. Being unable to sustain itself through an organic consensus, Marxism assumes that the establishment of its new order inexorably requires the violent destruction of the existing capitalist system, regarding revolutionary action as the only valid method for breaking down the previous ideological structure (Mises, 1949, p. 107). In this way, it seeks to impose its own

narrative through systematic institutional aggression against the free exercise of human action (Huerta de Soto, 1992, p. 87).

By contrast, a change of degree accepts and leaves intact the prevailing narrative and ideological premises. In this scenario, political change is limited to altering the nature of the narrative framework or the specific form of its underpinning. Although superficial alterations may occur, in essence the coercive apparatus remains the same. Institutional modifications prove irrelevant when compared with a change of essence, since the individual continues to cede the usufruct of their obedience under the same belief structure, reducing the process to a mere substitution of those who administer power within the same dogmatic framework⁸, which varies only slightly.

3. Towards a meta-legal framework: Authentic law and polycentric governance

In order to establish an institutional order capable of overcoming the chronic insolvency of the modern state, it is imperative to abandon the normative fictions of legal positivism and return to the a priori deduction of praxeology (Mises, 1949, p. 39). The legal order is neither a gracious concession by the legislator nor an arbitrary social construct (Leoni, 1961, p. 12), but rather the inescapable corollary of purpose-directed human action. Self-ownership is therefore not merely a moral aspiration or a concession of positive law, but an axiomatic condition and a fundamental natural reality (Rothbard, 1982, pp. 62–63). Every individual is born possessing bare ownership of themselves, with control over one's own will

⁸ The term 'dogmatic enclosure' refers to the ruler's systematic effort to monopolise the public narrative in favour of the existing order. Through tools such as compulsory public education and propaganda, political power seeks to mould the minds of individuals and indoctrinate the youth with its own dogmas (Rothbard, 1982, pp. 235–236). In this way, the State constructs a cognitive enclosure that restricts the range of conceivable alternatives, ensuring that every social problem and every solution is perceived as a matter for its exclusive administration. Through this, the coercive apparatus manages to artificially generate the inescapable need for its own intervention, thereby justifying the perpetuation of its hold over citizens' obedience.

and body being an inherent quality of the human being and ontologically inalienable (Rothbard, 1982, pp. 193–194). From this fundamental axiom, the extension of property to the material world follows inexorably (Rothbard, 1982, p. 71). Given that every action inevitably requires the use of means, the exercise of the entrepreneurial function—understood in its broadest sense as the innate human capacity to discover and appreciate opportunities for gain in the environment—requires original appropriation (Huerta de Soto, 1992, pp. 41–43). When the analysis is turned inwards, it becomes clear that the individual acts by rationally calculating the risks and benefits of their conduct (Mises, 1949, p. 21). Consequently, when a person's purposeful action negatively interferes with or causes damage to the legitimate property of a third party, the principle of enforceable liability logically emerges (Rothbard, 1982, p. 126). Civil liability is not an artificial invention of the State designed to punish, but a direct deduction from human action and self-ownership: whoever holds the inalienable right to their own will necessarily assumes responsibility for the externalities and harmful consequences arising from their invasive acts against the just property of others (Rothbard, 1982, p. 94).

This chain of reasoning reveals an irrefutable epistemological truth: human action is the ultimate source and the unmoving mover of all authentic law, reflecting individual choices amongst scarce goods (Leoni, 1961, p. 152). The institutions universally valued by classical jurists—voluntary contracts, compensation for damage, restitution—are not legislative creations, but legal expressions of the subjective valuations and legitimate expectations of individuals in their social interaction (Hayek, 1973, p. 125). Set against this authentic or customary law, which springs organically from the principle of responsibility and is discovered through the peaceful resolution of conflicts (Leoni, 1961, p. 12), modern state legislation is exposed as a praxeological anomaly. When the State enacts coercive norms divorced from human action and judicial discovery, it is not creating true law, but rather issuing mandates and organisational rules that usurp political agency, fossilise institutional evolution and destroy the legal certainty that the bare owner requires to coordinate their future plans (Leoni, 1961, pp. 7–9).

Having demonstrated that publicly backed narrative debt is doomed to inescapable technical insolvency due to the impossibility of economic calculation, it is possible to conceive of a basic institutional framework that explicitly recognises the political bond as a relationship of conditional usufruct. In this sense, it is ontologically impossible to adapt the modern state to the rules of human action. The coercive apparatus possesses an inherent tendency towards expansion, seeking to maximise its budget and sphere of influence, protected by what might be termed a hermeneutic monopoly. Since it is the State itself, through its own courts or supreme bodies, that regulates itself, exclusively interprets its own limits and enforces that interpretation, any possibility of genuine external restriction is completely nullified (Rothbard, 1982, pp. 245–246).

Consequently, the true solution does not lie in the constructivist design of a society imposed from above, but in the recognition of abstract rules derived from the structure of action that allow for the emergence of strictly voluntary institutional frameworks. This framework is based on a non-negotiable triad: private property, contractual liability and the inalienable right of secession or opt-out (Hayek, 1973, pp. 233–234; Rothbard, 1982, p. 251). The possibility of withdrawing from the system is not merely an administrative option, but the inescapable market signal that validates or invalidates the legitimacy of an order issuer. Only through free competition amongst multiple coordinating agents vying for the tax base—understood as the voluntary adherence of property owners—is the solvency of the narrative debt truly guaranteed (Molinari, 1849, pp. 18–19).

It is imperative to emphasise that this decentralisation must be implemented through private ownership and not by means of a mere public ordinance. Whilst state administrative decentralisation is always a revocable delegation of authority within a unitary legal system (Kelsen, 1934, pp. 315–316), polycentrism based on private property constitutes an original and inalienable right of exclusion. As Ostrom exhaustively demonstrates in her work, the management of complexity and shared resources does not in any way require a central planner or a coercive monopoly (Ostrom, 2010, pp. 24–25). On the contrary, communities of individuals are

perfectly capable of forging systems of polycentric governance, where the rules and their enforcement are the result of a continuous process of discovery and mutual monitoring amongst those directly affected (Ostrom, 1990, p. 90 et seq.). A free political regime of use of this nature, anchored in jurisdictional competition, directly aligns the manager's incentives with the preservation of the substance of the resource, thereby transforming politics—which is often a zero-sum game—into a dynamic process of social coordination.

General conclusion

In light of the above, it is inevitable to conclude that the contemporary nation-state, underpinned by the fictions of legal positivism and the notion of a centralised order, is entirely devoid of an endogenous mechanism for correcting its own governance. By mistakenly equating any form of mechanical obedience with active legitimacy, the coercive apparatus ensures its own chronic epistemological blindness in the face of constantly shifting valuations and the emergence of new opportunities at the microeconomic level. This impossibility of calculation fundamentally affects the individual's assessment of marginal utility when deciding whether to obey or adhere to a certain institutional order (Mises, 1949, p. 147).

Furthermore, by intervening coercively in processes of spontaneous coordination, the state inevitably creates objective windows of crisis arising from its irresponsible actions. As the theory of the business cycle demonstrates, the manipulation of indicators such as the interest rate on credit leads to widespread misallocation of capital, which inexorably forces a period of recession and readjustment (Huerta de Soto, 2009, p. 304). This systematic lack of coordination dictates the chronic possibility of drastic institutional change when the variables outlined above converge. In other words, this is a system that is structurally fragile by design, incapable of keeping pace with human progress in the sophistication of the law, of adapting to new technologies, or of adequately managing the goods it purports to deliver (Benson, 1990, Preface). In the face of this obsolescence, it is vital to understand that legitimacy is, by its very

nature, an intangible asset that resides exclusively within the individual's innermost being. This moral capital is the product of a marginal utility assessment of the costs of obedience versus those of rebellion, which manifests itself in the real world solely as the actor's demonstrated preference.

Unravelling the nature of this social phenomenon of power enables us to theorise an alternative system in which political and institutional incentives are genuinely aligned towards the coordination of individuals' expectations. By grounding order in demonstrated preferences and free jurisdictional competition, the arbitrariness of coercive hierarchical command is definitively overcome (Hayek, 1973, pp. 149–150). Analysing social processes from this praxeological and epistemologically rigorous perspective ultimately allows us to appreciate the immense power of the voluntary and spontaneous nature of order—realities that lie hidden behind intense cycles of systematic coercion.

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Notes

