Hume's "Third Way": A Pareto Optimal Account of Convention

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Abstract: This inquiry critically assesses previous research utilizing a game theory framework to understand Hume's account of convention as the tangible expression of justice for the purpose of regulating possessions. In so doing, this research offers an alternative understanding of Humean convention that first clearly lays out the rules and main assumptions of the game, as presented in *A Treatise of Human Nature*, and then proceeds to analyze the implied optimal strategy and outcome. Rejecting commonly held views considering Humean convention in terms of Nash equilibrium and pure contractarianism, this research offers a novel middle approach—a "Third Way" between self-interest and sympathy, between cooperation versus non-cooperation, and ultimately between contractarianism versus utilitarianism. This "Third Way" conceives of Hume's account of convention as a cooperative game with binding threats that necessarily always rest on the Pareto optimal strategy, and seeks a resulting Pareto optimal outcome.