Still recuperating from the flu, John had a lot of time to think about the economics of prison life as he either slept or read during *patio* time on June 7th. The only time he got out of bed was when Lebuy obligated him to go to the infirmary, where he received *paracetamol* and a couple of other pills, and when he wanted to prepare some food or get some out of the freezer. John was treated exceptionally that day, since everyone else from 118B was kicked out of their cells by Lebuy and sent to the *patio*. Yet, he knew he was still among the captives. During the day, John saw only *Miami* 1, who brought him a banana, and a couple brief intrusions by vagrant César 1, who informed John that he had not been Covid-19 vaccinated either, and Juan 1, who had just got back from a hearing that extended his case's discovery period by sixty days. A few minutes before lockup, Jimmy 1 and others were scurrying around trying to hide their cell phones because they had heard and believed an aberrant report—disseminated by *Miami* 1 (according to Kens 1)—about an imminent cell raid. Only a small percentage of what one heard in prison could be trusted as accurate. Like the book he was reading, which caused him to doubt the official story he had learned about American involvement in World War I, John's prison experience had caused him to question further much of the received economic doctrines he had learned, especially of so-called public goods and the free rider problem.

John had long believed that the only possible legitimate public goods were national defense and criminal justice, theories which he noted in his textbook on free market economics published in 2009: *A Primer on Modern Themes in Free Market Economics and Policy* (*Políticas Públicas: Tópicos Modernos de Economía de Mercado para el Bienestar Social* in Spanish). However, he now doubted that there were any actual public goods. The Covid-19 debacle lent no support for public health strategies against contagions. It was supposedly a public good that the state could provide better than markets. Moreover, state provisions for intellectual property created at least as many problems as they resolved. Furthermore, John strongly opposed leftist, Keynesian economists like Sachs, who see public goods everywhere and hence see a significant and growing role for government intervention in the economy. Indeed, for John, markets may be imperfect and may "fail" to provide for the so-called "public interest," but state provision fails even more, and the growing body of empirical studies suggests it would be too generous to describe it as "imperfect;" *perverse provision* would be a better term. Indeed, rather than being a source of social goodness, remedies, or justice, the state itself is the prime source of inequality (i.e., privileges going to the few), injustice, war, poverty, insecurity, and net reductions in the quality of life. Prison confirmed John's view. The state fails to provide criminal justice services well, and John no longer had any reason to believe that the state would provide for national defense better than "imperfect" private defense agencies or insurance companies offering such policies in lieu of state provision. People in prison came from various walks of life, the vast majority being from the lower classes, much like what was found in society in general. A few had significant money to spend, mainly gained through savings accumulated from prior robberies or drug dealing. Others made money in prison by dealing drugs or running scams with their Facebook pages or other cell phone applications. Very few were in John's situation, where a considerable network of supporters provided sufficient income for him and his wife to survive and fight on. In a sense there was an upper class in prison made up of very few people, followed by a privileged class that works for the top nobility as *choros* and *perros*, a small middle class made up of people like John and pensioners like Rubén 1 and Leonardo 1, and a mass of relatively poor men, some abjectly so, and others with some savings or minor family support. Furthermore, intellectuals, academics, teachers, and other professionals were few and far between, while most *machucados* were either skilled or (the majority) unskilled laborers. In this sense, the Valparaíso penitentiary was a microcosm of the socioeconomic structure outside its walls—except that the Chilean middle class, broadly conceived as those with acquisitive power after meeting basic needs, was larger outside.

Like the upper middle class in Chilean society generally, John sought to make his life in prison as comfortable and safe as possible. To that end, he was willing to invest scarce resources to achieve the best level of comfort in terrestrial hell within his budget constraint. While other people at times benefited John with the things they had acquired or food they brought in, those cases were relatively rare, and in some cases, like with Manuel 3, John purchased all his cellmates' infrastructure that he used. Hence, at the end of the day, it made no difference who benefited or provided the things that made life better. It made little or no difference to John that some other prisoners benefited for free, or that he generated positive externalities like the infrastructure, food, counseling, or preaching he provided. He wasn't even about to ask free riders to help pay for a real toilet, a toilet seat, toilet paper, paper towels, detergent, shelving, cell outlets and illumination, bleaches and disinfectants, bug spray, a toaster oven, utensils, plates, cups, bowls, plasticware, chairs, an electric tea kettle, a floor heater, curtains, and the better food that he often spent time preparing. John and Pamela bought all these things (and more) even though they knew that others living with John would use and benefit from them without paying for them. People would *free ride* on his expenditures daily in prison, and he simply didn't care. Asking free-riding criminals to pay would potentially put him at risk, whereas allowing them to "free ride" gained him considerable goodwill at the very least, along with creating an incentive for others to keep him alive and well. His expenditures also generated losses as poor *machucados* like *Rufo* would steal things from him. Still, John simply replaced what was lost to maintain his living standard, doing his best to avoid being stolen from in the future. In other words, the so-called "free rider problem" was not present in prison. Like many other prisoners, John purchased things, even though he spawned positive externalities for others, who benefited from his relative "largesse," without John's intention to do so. By extrapolation, John concluded that there is no such thing as a pure public good that may only be provided by states through their coercive power. People in society will provide for expensive universal goods and services, regardless of the fact that most people will free-ride, because they either do not want to pay or cannot pay for such services. Accordingly, both free rider and public goods theories are ruses designed to justify the evil state's meddling in people's lives, trying to force them to pay for things they do not want to benefit few wealthier people who do not want to foot the bill themselves, as well as to reward special interest groups or specific industries with contracts, monopoly privileges, or other economic benefits that would not be available without the state. The "market" within the penitentiary system in Chile demonstrates this point.

Upon hearing this argument, Bob intelligently commented: "Trouble is, tolerating free-riding breeds more free-riding. Soon, almost everyone is in the cart and no one is left pulling it." John replied, "Good thought, but it does not work that way in prison. Maybe the free riders feel some sense of shame? Or the early recipients of such beneficence know there is a limit to how free riding a payor can endure and try to protect their guy from too much exploitation?" There might also be other explanations, but in the end, market forces—including social pressure and budget constraints—keep the unstable equilibrium in constant check, such that the optimal number of free riders is reached and maintained. In the final analysis, excess payments or gifts to other *reos* (free riders) and reasonable bribes paid to "corrupt" *pacos* are determined by supply and demand. They are optimized where the marginal cost curve intersects the marginal revenue curve. The entire protection system is similar to an insurance transaction, where premiums vary according to the personal and situational *risk* facing each payor (insured), which is partly determined by an inmate's lifestyle choices and daily level of danger (cellblock experience). Hence, prison insurance services are similar to what one might expect in the outside world, where a Manhattan resident or Wall Street executive, along with high-ranking bureaucrats and politicians in Washington, have a significantly larger risk profile and need for insurance than those living in a remote part of eastern Oregon or northern New Mexico. Premiums are set accordingly in the market and city-dwellers insured with policies—in New York, Washington, Atlanta, Cleveland, Dallas, Los Angeles, San Diego, Chicago, Seattle, San Francisco, Miami, and other major cities in the United States (and around the world)—regardless of whether or not people living in their country in less risky areas will choose to free ride or not. Similarly, the great bulk of Chile's population is concentrated in relatively few cities, with the nearby metropolitan areas of Santiago, Valparaíso/Viña del Mar, and Rancagua containing about half the nation's population. Inevitably, there will be more people living in riskier, urban settings than those living in towns, on farms, or in the wilderness, which in and of itself tends to minimize the effect of free riding in the marketplace for insurance against aggression, violence, invasion, and crime. Urbanites who feel the most significant insecurity will satisfy their uneasiness by purchasing the insurance, and those who choose to free ride may be constrained by shame or other social pressure, along with an incentive not to let too many other parasites abuse or overuse the host that supports them. In prison, free riding is also somewhat controlled by those who pay since they can exact occasional labor and protection services, to some extent, from free riders—much more than payors can in the outside world. Furthermore, in both prison blocks and in the outside world, those who have greater amounts of private property to protect against aggression and violence have more to lose than poor neighbors and thus tend to buy bigger policies. In John's case, he wasn't about to live poorly or suffer just because he did not want other people to free ride. In practice, free riding was simply an added cost to the normal premium he paid to live a bit more decently than otherwise in terrestrial hell. Besides the additional cost involved, the free riders were, therefore, irrelevant in buying the "insurance" in prison that increased John's safety or quality of life. Relatedly, wealthier people tend to live in posh downtown areas or suburbs, without discounting the fact that a few of the richest live in rural areas. Therefore, while the majority of the rich pay more, they also live better and develop a superior social class that does not include free riders. In other words, they have non-pecuniary gains by being the premium payers, seen in higher social status and, in prison, particularly, receipt of menial and skilled labor services that benefit them. Once again, the no-free-lunch principle holds as payers reap indirect or ancillary returns from being policyholders. Consequently, wealthier people will buy defense services against foreign or domestic aggression, regardless of whether free riders benefit from the positive externality of being protected along with them without paying. In sum, the cases of free riding in prison cannot be used to justify the need for the state to provide public goods, especially criminal justice and defense. Indeed, in prison, markets provide for defense without solving the so-called free rider problem.