

Index

- action, freedom of 5
- action, principles of 6
- adaptionist conception, morality 42
- additive social welfare function 53
- Adjusted Gross Revenue (AGR) policy 97
- agency 4, 8, 74, 86
- agents, bargaining 20
- agricultural policy 91
- anomalous behavior 60
- antitrust policies 45
- applied ethics 41
- Arrow, Kenneth 18, 22, 29, 30, 32, 53, 68
- autonomy 2, 3, 4, 7, 8, 74
- auxiliary assumptions 59, 60

- bargaining 19–20
- benevolence 36
- benevolent despot 38, 45, 54, 56, 69, 76, 110, 111, 112
- Bentham, Jeremy 28, 33, 40
- bifurcated man 46, 47, 56, 110
- bounded rationality 40, 50, 60, 61, 66, 103–4, 110
- boundedly rational producers 49–50
- bounties 10, 59
- Brennan, Geoffrey 36
- Buchanan, James 43, 51–2, 54, 84
- budget category, federal 89
- budget law (US) 93
- bundling legislation 104

- capabilities 22–3
- categorical imperative 4–5
 - consequentialism 25
 - contractarianism 25
 - justice as impartiality 6
 - political implications 8–9
 - prior commitment 73
 - public code of conduct 75
- causality, of man 2

- choice 7, 19
- choice influencing costs 46
- choice of technique problem 63–4
- classical rationality 60, 61
- Clean Air Act (1990) 99
- coalitions 11, 68, 77
- cognitive limitations 61
- compensation principle 52–7
- competence-difficulty gap 61
- competitive equilibria 10, 17–18, 34, 59
- concentrated benefit-dispersed cost phenomenon 99, 100, 113
- conflictual politics 8, 9, 11, 12, 76, 77, 110
- conscience 1
- consequence-detached rights 15
- consequentialism
 - categorical imperative 25
 - and government 28–32, 69–70
 - moral evaluation 17–24
 - moral force of rights 14–17
 - social welfare theory 10, 21–3, 33
- consequentialist-procedural approach 21–3
- constitutional attitude 83
- constitutional democracy 8, 9
- constitutional dialogue 84
- constitutional imperative 8, 103
- constitutional politics 8–9, 29
- constraints on behavior 76
- contingent knowledge 61
- contract device, social 5, 6, 7–8, 19, 25, 75
- contract enforcement 60
- contractarianism
 - and government 11, 73–8
 - Hobbesian vs Kantian 6
 - vs consequentialism 14–25
- corrective tax 45
- corruption, efficiency-enhancing 10, 40–3

- costs, discriminatory politics 12
 credit programs 88, 91–3
 crop insurance 96, 97
- Davis-Bacon Act 99
 decision costs 49, 50
 decision environment 31, 33–4, 44,
 56–7, 59–65, 67–8
 decisions, government policy 38
 defined-benefit pension guarantees
 96–7
 defined-contribution pension plans 96,
 97
 demand, for regulation 99
 democracy, constitutional 8, 9
 democratic institutions, utilitarian
 justification 29
 demogrants 95
 dialogue, constitutional 84
 dignity 2, 8, 74, 86
 disaster insurance 96, 97
 discriminatory politics *see* conflictual
 politics
 distribution issues 52–7, 88, 94–5
 distributive justice 37
 duties 5, 14, 105–6
- economic efficiency 12, 80–1
 economic safety net 90
 economics, as a moral science 1–2
 economist, omniscient observing 43, 54,
 112
 efficiency
 and equity 33–5
 moral appraisal 22
see also political efficiency
 efficiency frontier 10, 18, 33–4, 65–7,
 67–8
 efficiency standard 10, 25, 35, 38, 44,
 49, 70
 efficiency-enhancing corruption 10,
 40–3
 ends
 contractarianism 25
 indeterminacy of 73–4
 equal consideration 5
 equal liberty 8, 9, 81, 82, 83, 102
 equal opportunities 22
 equal participation 8–9, 75, 81–2, 83,
 103
- equity, and efficiency 33–5
 ethical constraints, market functioning
 36, 40
 ethical equilibria 10, 16, 17–19, 35, 68
 ethical responsibility 84
 ethical theories 14
 exchange rights 1, 10, 14–15, 36, 41, 42
 excludable goods, generality 89–91
 export subsidies 100, 101
 external diseconomy 45
 external economy 45
 external market interventions 100–1
 external morality of the law 77, 81–2,
 83, 87, 105
- fairness, justice as 7, 8
 Federal credit 88, 91–2
 federal systems 97, 98
 felicific calculus 40
 firm-subjective production function 64
 flat tax 87, 88, 91, 95
 flood insurance 96, 97
 flow-flow production function 63
 Formula of the End in Itself 4–5, 73
 Formula of Universal Law 4
 free will 3, 4, 5, 6
 freedom 1, 3, 5, 15
 frictionless neoclassical decision
 environment 33–4, 59–65
 functionings 22–3
 fundamental welfare theorems 35–7,
 52–7, 112, 114
- general equilibrium models 36, 62
General Theory of Second Best 43–4
 generality principle 76–8, 86–7
 external market interventions 100–1
 generalized externalities 101–2
 government borrowing 93–4
 government outlays 88–93
 internal market interventions 98–100
 minimalist government 110–14
 moral equivalence of persons 113–14
 redistribution 94–5
 rule of law 81–3
 social insurance 96–8
 taxation 87
 generalized externalities 45–6, 48, 51,
 101–2
 generative assumptions 43, 59

- goal-based moral theories 1, 10, 15
 good, theory of the 9, 14, 16, 30
 good consequences 9, 10, 29
 government
 borrowing, generality rule 93–4
 citizen comprehension 106
 consequentialist approach to 28–32, 69–70
 contractarian approach to 11, 73–8
 institutions, morality of law 111–12
 interventions
 competitive equilibria 10
 fundamental welfare theorems 35–7
 market failure 37–8
 market imperfections 43–52
 rent seeking 56–7
 outlays, generality principle 88–93
 group welfare measures 54
- happiness 4–5
 heteronomously, to act 6
 heteronomy 75
 higher order preferences 60
 highest order system, social rules 8
 Hobbes, Thomas 6
homo economicus 40, 60, 61, 63
 hybrid moral theory 1, 10
 hypothetical imperative 4
- impartial consideration 5, 7, 73
 impartial deliberation 6, 74–5
 impartial institutions 11, 31, 39
 impartial judgement 7
 impartial laws 12
 impartiality
 institutionalized 83–5
 justice as 6, 21, 25
 import restraints 100, 101
 in-period discrimination 77, 78, 92, 110
 inclinations, market value 2
 independence 4, 8, 74, 86
 individual utility functions 53
 inefficiency, conflictual politics 76
 infinite regress problem 49–50, 63
 informational asymmetries 56, 60, 66, 104
 informational base
 normative economics 23
 theory of justice 22
 welfarism 22
- informational deprivation 7
 informational poverty, social welfare theory 22
 informational symmetry 7
Inquiry into the Nature and Causes of the Wealth of Nations, An 1, 36
 institutional design 5
 institutional imperative 8, 74–5
 institutional structure 1
 institutionalized impartiality 83–5
 institutions *see* impartial institutions; just institutions; political institutions
 instrumentalist perspective 59
 intergenerational discrimination, credit programs 92–3, 110
 internal conflict, decision processes 60–1
 internal market interventions 98–100
 internal morality of the law 82–3, 90, 105
 interpersonal utility comparisons 11, 22, 23, 30, 68
 intertemporal transfer programs 95
 invisible hand 1, 36
- Joint Economic Committee 99
 judgements *see* moral judgements; social judgements; value judgements
 just institutions 25, 31, 39, 75
 just legislation 9, 12, 90
 justice
 choice among principles of 7
 distributive 37
 duty of 5, 105–6
 equality of capabilities 22–3
 as fairness 8
 as impartiality 6, 21, 25
 institutional imperative 74–5
 as mutual advantage 6, 19–21
 respect for rights 17
 time-slice principle 23–4, 54, 57
- Kant, Immanuel 2–4, 6
 kingdom of ends 5, 75
 knowledge 61
- law *see* rule of law
 learning 60

- legislation *see* bundling legislation; just legislation; moral legislation
- legislative process 12
 - morality of law 102–6
- legitimacy of government 11, 12
- Lerner index 48–9
- liberty *see* equal liberty; minimal liberty
- living, functionings of 22–3
- logrolling 104, 105
- lower-order decision problems 49–50
- lump sum redistribution 55
- lump-sum taxes 10, 59

- majoritarian cycling 11, 77, 80–1, 96, 110
- majoritarian democracy 84, 87
- majoritarian exploitation 77
- majority rule 82, 86
- marginal benefit principle 46, 48, 88
- marginal private cost 45–6
- marginal social benefits 46
- marginal social cost 45
- market distortions, corruption as
 - response to 41
- market failure, government intervention 35, 37–8, 51, 56
- market imperfections, government intervention 43–52, 92
- market interventions, generality 98–101
- market structure, sympathetic approval of others 1
- market success 36
- market value, inclinations and wants 2
- marketing orders 99
- maximin criterion, Rawlsian 52, 53
- means testing 94–5
- minimal liberty, respecting 16
- minimalist government, generality 110–14
- monitoring costs 104, 110
- monopoly power 48–9
- moral behavior 36
- moral code 19
- moral equivalence of persons 2–4
 - constitutional politics 9, 103
 - contract device 7–8
 - equal liberty, environmental law 102
 - generality 113–14
 - government borrowing 93–4
 - impartial consideration 5
 - justice as impartiality 21
 - market interventions 101
 - social insurance 97–8
 - transfer programs 95
- moral evaluation, consequentialism 17–24
- moral force of rights
 - consequentialism 14–17, 24
 - Kantian/Rawlsian approach 39
 - utilitarianism 10, 67
- moral judgements 7, 8
- moral law 3
 - see also* categorical imperative
- moral legislation 6
- moral objections, corruption 42
- moral personality 21
- moral science, economics 1–2
- morality 40–1, 42
- morality of law
 - government institutions 111–12
 - legislative process 102–6
 - see also* external morality of the law; internal morality of the law
- MPC *see* marginal private cost
- MSC *see* marginal social cost
- multi-equation utility function 65–6
- multiple objective functions, political process 38
- multiple preference domains 62
- mutual advantage, justice as 6, 19–21

- neoclassical economics 1, 10, 59–65
- New Political Economy 36
- nirvana fallacy 50–1, 67

- off-budget accounts 93
- omnibus bills 104
- omnibus laws 90
- omniscient being 43, 54, 112
- on-budget accounts 93
- ontological objection, social preferences 18, 29–30, 68–9
- opportunism 40, 56, 61, 110
- opportunistic behavior 10, 12
- original position 6, 7, 20, 74
- other-regardedness 31, 46, 94
- outcomes, indeterminacy of 73–4
- overclaiming problem 99

- Paretian efficiency 86, 92, 98, 102

- Paretian liberal 11, 16, 18, 68
 Paretian optima 1, 11, 15, 17, 34, 37, 81, 98
 Pareto optimal tax 45, 46, 51
 path dependencies 60, 65, 66
 perfect adaptability 63
 piecemeal welfare economics 44, 69
 Pigouvian efficiency 47, 88
 pleasure-pain calculus 28
 political efficiency 12, 80–1, 86, 100, 101–2
 political implications, categorical imperative 8–9
 political institutions, morality of 111–12
 political interference 55
 political process, government policy 38
 politics, utilitarianism 28–32
 politics of taking 77
 positive economics 1
 positive theory of government 38
 Possibility Result 18, 22, 30, 32, 53, 68
 preaching 84
 preference *see* social preference
 preference domains 65
 preference-independent rights 15
 preference structures 60–1, 62, 65, 66
 preference utilitarians 28
 prior moral commitment 1–9, 73
 privacy rights 16
 procedural justice 6, 19–21, 74–5
 production function 59, 63, 64, 65
 production possibility frontier 50, 65
 production theory, neoclassical 63–5
 progressive tax rates 87
 property rights 1, 10, 14–15, 36, 41, 42
 public action, utilitarianism as standard for judging 28
 public choice theory 38, 45
 public good
 constitutional imperative 9
 government intervention 35
 utilitarianism 10, 28–32, 33
 public goods
 generality rule 88–9
 government intervention 47–8
 public policy
 welfare theorems 1, 16, 35–7
 welfare/need satisfaction 28
 publicness, constitutional provisions 84
 quasi-rents 46
 rational agents 20
 rational choice 19
 Rawls, John 3, 5, 7, 81, 82
 Rawlsian social welfare function 52, 53
 reason 3
 redistribution 52–7, 88, 94–5
 regulation policies 45
 Regulatory Budget 99
 regulatory interventions 99
 rent seeking
 conflictual politics 76, 110
 constitutional constraints 11
 discriminatory payments 91
 excludable goods 89
 exporters 100
 government interventions 56–7
 politically motivated regulations 99
 special interests 103–4
 respect 5, 16
 right-based moral theories 1, 10, 15
 rights
 consequentialist moral theory 1
 constitutional politics 9
 justice as respect for 17
 mutual advantage theorists 20–1
 see also moral force of rights
 rights protection 112, 113
 risk underwriting 96
 romanticized view, politics 13, 76, 114
 rule of law
 generality principle 76, 81–3
 principles which inform 12
 utilitarianism 36–7
 rule-utilitarianism 15–16, 29
 Scruton, Roger 40
 second best, theory of 41, 43–4, 69
 self-control 36
 self-determination 4, 8, 74, 86
 self-interest 1, 20, 46, 47, 60, 77, 85
 Sen, Amartya 15, 21–3, 30, 62
 Smith, Adam 1, 36, 62
 social arrangements, right and just 5
 social contract 5, 6, 7–8, 19, 25, 75
 social decision mechanisms 30
 social good 9, 10, 28–32, 33, 35
 see also theory of the good
 social insurance 88, 96–8

- social judgements 17, 28, 30, 31
- social need 35
- social norms 60
- social preference 11, 18–19, 29–30, 31, 69
- social rules, highest order system 8
- Social Security surplus 93
- social welfare, indeterminacy of 59–70
- social welfare function
 - competitive and ethical equilibria 10, 16, 18–19
 - indeterminacy of 68–9
 - public policy 36
 - redistribution policy 52–3, 54
 - social ordering 29–30
- social welfare theory 1
 - competitive and ethical equilibria 17–19, 34–5
 - consequentialist 10, 33
 - perfect adaptability 63
 - property and exchange rights 14–15
 - public policy appraisal 16
 - theories of justice 20, 21–4, 54, 57
- special interests 103–4, 110
- static inefficiency 49
- statutory law 12
- subjective opportunity costs 46
- sympathy 62

- tax, market imperfections 45, 46, 51
- tax-benefit structure 95
- tax-prices 47
- taxation 87
- technical interaction 64
- technology 63
- theory of the good 9, 14, 16, 30
- time-slice theory of justice 23–4, 54, 57
- trade promotion, discriminatory activities 91

- transaction costs 40, 50, 60
 - see also* zero transaction cost assumption
- transfer programs 91, 94–5
- trust 11, 12, 84
- Tullock, Gordon 42

- Unified Budget 93
- universalizable laws 5, 8
- utilitarianism
 - judging public action 28
 - moral force of rights 10, 14, 15–17
 - morality 40–1, 42
 - politics and public good 28–32
- utility
 - domains 65–6
 - functions 53, 59, 60, 61, 63
 - moral force of rights 16
 - person 4–5

- value judgements 1
- value structures 32, 60, 62, 65, 66
- veil of ignorance 6, 7, 8, 21
- vice 5
- virtue 1, 5
- voluntary restraint agreements 103
- voters, bounded rationality 103–4

- wants, market value 2
- welfare conditions 10, 34, 52
- welfare frontier 10
- welfare theorems *see* fundamental welfare theorems; social welfare theory
- welfare utilitarians 28

- zero transaction cost assumption 11, 67–8, 69