Index

Aaken, A. van 264
Abadie, A. 147
accessibility of judicial system and democracy 272–3
and judicial independence 251–2
accountability, judicial 271–3
accounting regulation 196
Ackerman, B. 8, 269–70
Act of Creation, The 113
Address to the Electors of Bristol 75
adjudication function of the state 79–80, 82–5
administration function of the state 79–80, 82–5
administrations, political role 11–13
administrative decisions, judicial control 310–29
Adorno, T. 340
agencies, separation of 80–85
agency costs of government impact of cyberspace 71
and separation of agencies 84
aggregate evaluation, terrorism policies 155–62
Aghion, P. 274
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) 351
Akerlof, G.A. 39, 41
Aldy, J.E. 166
Allen, F. 208, 211
Altbach, P.G. 354
Animal Farm 124
Antill, J. 350, 351
antitrust rules banking 14, 358–76
and switching costs 368–75
appeals process as separation device 312–14
appointment of judges, effect on court independence 248–50
arbitrariness of the rights 304
Arrow, K.J. 37
art market 15, 381–96
black market 393–5
structure 382–3
Ash, T.G. 122, 125, 126, 130–31, 138
Austrian economics, political opinion formation 43–7
authors and copyright 341–3
averting behaviour approach, terrorism measurement 149–52
Azfar, O. 189, 192, 200, 202, 204, 210, 213
banking development measurement 191
government ownership and contract enforcement 210
markets 362
regulation and competition 14, 358–76
Barber, B.R. 93–4
Barnes, J. 128
Barzel, Y. 91
Baumol, W.J. 381
Bayesian equilibria, judicial administrative decisions 318–20
Bayley, J. 131
Beck, T. 187–8, 197, 198, 199, 200, 203, 209, 210, 211
Benn, A.W. 126
Bentham, J. 61
Berkowitz, D. 199
Berrebi, C. 173
Besen, S.M. 354
bifurcated man 25, 26
Birrell, A. 338
black market, old master paintings 393–5
Blinder, A. 266
Blomquist, G.C. 149, 162
Boulding, K.E. 44, 46
bounded political rationality 37–43

405
Bradon, T. 140
Brandeis, Justice 374
Brennan, G. 35, 41, 89
Buchanan, J. 35, 43, 70, 73
Burke, E. 75
Burmese Days 124–5, 130
Burnham, J. 127

Calculus of Consent 73
Calderón, C. 188, 209, 212
Calley, J. 100
Canal affair, France 280
Canon law 298
Canoy, M. 363
Caplan, B. 41
Captive Mind, The 124
car insurance switching costs 374–5
Carson, R.T. 153
casualty number, as measurement of terrorism 144–6
Central and Eastern European countries, judicial independence 260–61
central government, impact of cyberspace 69–75
checks and balances approach, separation of powers 87–8
China, communication systems 109–10 effect of geography 112
Cho, I.K. 133, 136, 140
Christie, A. 351
citizen-voter 25
citizens, referendum voting 164–5
civic virtue 76
Claessens, S. 200, 205, 209, 212
club good, law enforcement 288–9
Coase, R. 65, 336
cognitive components, public opinion 43–4
cognitive dissonance theory 39
Cold War and George Orwell 125–7
Coles, P. 350, 351
collective decision-making, impact of cyberspace 68–9, 70–75
Buchanan-Tullock model 73–4
costs 68, 73–4
commercial laws and enforcement 200–201
communication, influence on innovation 102, 113–18
communication systems, Eurasia 105, 109–12
impact of geography 111–12
compensating surplus 173
competition
banking sector 358–76
car insurance 374–5
effect of copyright 345–7
and law enforcement 287–8
Congleton, R.D. 345
Congress of Cultural Freedom 128–9
consensual principle 63
constitution of the state 67–8
contingent valuation surveys, terrorism reduction 152–5
Cook, P.J. 154
cooporation and innovation 117–18
Cooter 294
copyright 13–14, 335–52
and anti-competitive behaviour 344
duration 349–50
interest group lobbying 350–51
and the market 343–7
scope 348–9
structure 347–50
costs
collective decision-making and cyberspace 68, 73–5
exit, terrorism avoidance 149–50
judicial law enforcement 286
representative government, impact of cyberspace 71
and separation of agencies 84
and separation of powers 88–9
creation of the state 65–7
and cyberspace 66–7
creative activities, effect of market 340–41
credit market
impact of legal rules 202–203, 205–206
size 191, 202–203, 216–17
creditor protection 194–5, 201
Cultural Freedom, Congress of 128–9
Culture and Society 127
customer knowledge, switching costs 372
cyberspace
and collective decision-making 68–9, 70–73, 74–5, 88–9
and creation of the state 66–7
and economic theory of the state 58, 66–95
and exclusion 66
and government roles 69–70
and individuals in society 92–4
and republican view of government 76–8
and representative government 70–73
and separation of powers 80, 81–2, 83–5, 86–7, 88–90
and territorial boundaries 66–7, 68, 91–2

Dahlquist, M. 198, 208
Daily Telegraph 137
David, P. 337
Davison, P. 125
de facto measure for judicial independence 253, 255–64
de jure indicator for judicial independence 247–53, 254–5, 260–64
Debré, M. 279
debt, impact of legal rules 202–203
Deery, P. 139
demand
 restricting competition 368–73
 stimulating competition 366–8
democracy
 and cyberspace 70–71
 as hierarchy of norms 271–2
 and information 2–7
 and judicial power 269–81
 and legal constraints 7–13
 theories 22–49
democratic accountability, judiciary 271–3
democratic interactions model, judicial system 273–80
Dewatripoint, M. 310
Diamond, J. 101, 112
Dickens, W.T. 39
direct debits, switching costs 371–2
disinvestment 399–403
Djankov, S. 198
doubts and truth-telling, model 131–8
Downs, A. 21, 26–36, 37–8
 and median voter model 26–36
 and political leadership 29
 and rational ignorance 31–6
dualism 8, 270
 French legal system 278–9, 295–300
duration of copyright 349–50
dynamic law and finance approach, financial development 187–8
earnings management
 as financial system measurement 193–4
 impact of legal rules 207–208
econometric estimates, judicial independence 263–4
economic analysis and the theory of the state 59–60
economic growth
 and financial institutions 230–34
 and legal institutions 212–15
 impact of legal rules 185–237
 measurement 190
economic impact, terrorism 146–8
economic theory of the state 60–95
 normative sources 60–64
economies of scale, and disinvestment 399–403
Economist Intelligence Unit (EIU) data and judicial independence 261
efficiency of legal system, and enforcement 284–9
embedding effect, contingent valuation 153
employee protection measurement 197
Enders, W. 145
enforcement see law enforcement
equity of legal system, role of enforcement 289–91
equity finance, impact of law enforcement 210–11
equity market
 impact of legal rules 203–204, 206–209
 size 191–2, 203–204
Erfurt, property destruction 399–401
Ergungor, O.E. 202, 203, 210
Eurasia
 communication systems 105, 109–12
 per capita income 100, 103–104
Europe
communication systems 110–11, 112
innovation 101, 104, 106–108
European Union
bank competition policy 363–4
bank merger regulation 365–6
judicial independence 260–61
evaluative components, public opinion 43–4
exchange-value, cultural products 338–40
exclusion and cyberspace 66
external costs, collective decision-making 73–4
extra-critical courts, Bayesian equilibrium 319–20

Farber, D. 96
*Federalist Papers* 246
Feld, L. 263
Festinger, L. 39
financial laws and legal origin 187
financial markets
and economic growth 212–13
indices 190–94
and legal origin 209
and legal rule enforcement 209–12, 214–15
Flores, A.A. 196
Foot, M. 126
foreign investment, impact of terrorism 147
foundation of the state 67–9
Foyer, J. 280
France
administrative justice system 278–80
bank merger regulation 365
republican dualism 295–300
terrorism and life satisfaction 159–62, 168–70
Freedom House data and judicial independence 261
Frey, B.S. 36, 68, 159
Frickey, P. 96

Gabrius art object data base 383–5
Gardeazabal, J. 147
Garretsen, H. 188, 202, 213
Geertz, C. 353

General Agreement on Tariffs and Trade (GATT) intellectual property rights 351
geography
influence on communication 105, 109–12
influence on innovation 101–102
Germany, bank merger regulation 365
Goldstein, P. 343
government expenditure on terrorism avoidance 151
Greece, impact of terrorism on investment 147
Griffiths, P. 354
Guiso, L. 188, 211
Gwartney, J. 267

Habermas, J. 306
Hamilton, A. 246, 265–6
Hamlin, A. 89
Hanemann, W.M. 173
happiness functions, and terrorism policy 157–62
Hardin, R. 38
Harsanyi, J.C. 62
Hausman, J.A. 153
Hayek, F.A. von 44, 243, 244, 294
hedonic market approach
art market pricing 386–7
terrorism measurement 148–9
Heilbroner, R.L. 21
Henisz, W. 267
Heritage/ *Wall Street Journal* index and judicial independence 261–2
Hirschman, A.O. 38
Hitchens, C. 122, 124, 125, 126, 127, 130
Hobbes, T. 59, 63–4, 65
Holcombe, R.G. 26, 270
Holler, M.J. 102
Holmes, K.R. 197
Holmström, B. 311
*Homage to Catalonia* 131
Horkheimer, M. 340
Horowitz, J.K. 173
Hovenkamp, H. 374

ICRG see International Country Risk Guide
ideas and externalities 338–40
illegal market, old master paintings 393–5  
impact studies of terrorism 146–8  
incentive  
and copyright 348  
and judicial review of administrative decisions 322–8  
and value, intellectual property 337–41  
income  
Eurasia 100, 103–104  
judges, effect on judicial independence 250  
independence approach to separation of powers 87–8  
independent judiciary see judiciary, independence  
India, communication systems 105, 109  
effect of geography 111–12  
individuals and society, impact of cyberspace 92–4  
informal institutions and legal enforcement 188  
information  
for creditors, impact of legal rules 205–206  
and democracy 2–7  
transmission see communication  
Innis, H.A. 102  
innovation 100–104, 106–109, 113–18  
and communication system 113–17  
and cooperation 117–18  
game theory 113–18  
influence of geography 101–102  
influence of institutions 101, 102  
institutions  
impact on economic development 185–215  
impact on innovation 101, 102  
intellectual property, incentives and value 337–41  
intellectual property right see copyright  
interest groups  
and copyright lobbying 350–51  
and cyberspace 71–2  
internal costs, collective decision-making 73–4  
International Country Risk Guide (ICRG)  
and economic growth 242  
and judicial independence 261  
interpretation of legal system 291–5  
ituitive criterion, signalling game 136–7  
IPOs as measure of equity market 193, 206  
irrational behaviour in voting 40–43  
issue creation and political entrepreneurs 46–7  
Italy  
bank merger regulation 365–6  
black market, art objects 397  
fine-art trading regulation 394  
and terrorism legislation 163  
Jappelli, T. 202, 203, 205  
Jaspers, K. 123  
Johnson, S. 201, 208, 212  
Jones, E.L. 101  
Josselin, J.-M. 101  
judiciary  
accountability 271–3  
and administrative decisions 12, 310–29  
as creative producer 304–306  
and democracy 7–13, 269–81  
independence 9–10, 198, 242–64  
and legal interpretation 291–5  
and republican order 298–9  
role 81, 283–4, 301–307  
tenure, and independence 250, 255  
judicial regulation 283–307  
France 11–12, 295–300  
standard model 283–95  
judicial review 87, 310–29  
judicial system  
and financial markets 209–11  
law enforcement role 284–91  
law interpretation role 291–5  
Kahneman, D. 153  
Kahnemann, D. 42  
Kant, I. 244  
Keefer, P. 242  
Kelsen, H. 271  
King, R.G. 191  
Kirestein, R. 311  
Kirwan, C. 129  
Klapper, L. 205, 209
Klemperer, P. 369
Kliemt, H. 40
Klor, E.F. 173
Knack, S. 242
Knetsch, J.L. 153
Koestler, A. 113, 127–9
Kohlberg, E. 137
Kreps, D. 133, 136, 140
Kuhn, T. 58
Kuran, T. 38, 39, 44, 46, 50
Kuznets, S. 118

labour legislation, impact on ownership 208
Lal, D. 101
Landes, D.S. 101
language, Eurasia 105, 109–12
effect of geography 111–12
Lashmar, P. 126, 129, 130
Lasky, M. 129
law and economics analysis, copyright 336–7
law enforcement, judicial system 284–91
and financial system 209–12, 214–15
quality 197–8
laws, and legal origin 199–200
legal constraint, democracy 7–13
legal institutions
and economic growth 212–3, 214–15
and financial markets 202–12
legal interpretation 291–5
legal origin 196–7, 199–200
and financial laws 187
legal rules
and credit market size 202–203
and economic growth 185–237
enforcement mechanisms 194–8
and financial markets 211–12, 214–15
legislation see regulation
Leuz, C. 193, 196, 207
Leviathan 59, 65
Levine, R. 187, 188, 190, 191–2, 193, 194, 197, 199, 202, 203, 204, 205, 206, 212–13
liberal paradigm 58, 95
life satisfaction, impact of terrorist activity 157–62
litigants, seizure strategy 272–3, 277–8
Lochak, D. 280
lock-ins 367
Locke, J. 64, 65
Lomasky, L.E. 41
Lopez-de-Silanes, F. 197, 198, 205
Lowell, A.L. 44
Ludwig, J. 154
Luhmann, N. 46

Maddison, A. 100, 118
Madison, J. 266
majority rule 73–5
Marciano, A. 101, 140
market failures and creation of the state 65–6
market liquidity as measure of stock market 206
market logic and republican logic 299–300
market mobilized capital 192
and legal rules 204
market standards and judicial regulation 303–304
market structure, effect of copyright 344–7
Mars mapping project 72
Matheson, T. 189, 192, 202, 204, 210, 213
maximisation of utility 62
Mayers, J. 131
McCarthy, M. 132
McNeill, W.H. 101
measuring terrorism 142–71
median voter model 26–36
merger and acquisitions, banks 364–6
Mertens, J.-F. 137
Messick, R. 243
Middle East, communication systems 105
effect of geography 111
Miller, M. 192
Milosz, C. 124
Mitchell, W.C. 26, 48
model of bounded rationality 42
model of collective decision-making 73–4
Index

model of democratic interactions, judicial system 273–80
Modigliani, F. 192
Mokyr, J. 102
monist democracies 7–8, 270
monopoly of state, and separation of agencies 82–3
Montesquieu, C.L. de 67, 265
Montgomery, R. 129
Moro, A. 163
Mueller, D.C. 27, 30, 69, 84
Mueller, J.E. 157
My 138–9
Myth of Democratic Failure 21

Nabokov, N. 129
NASA, Mars mapping project 72
Nenova, T. 193, 195, 207
neoclassical economics of democracy 23
Netanel, N.W. 95
Newcomen, T. 100
Nineteen Eighty-Four 123–4, 130, 138–9

normative principles and theory of the state 59–64

Old Master paintings, price formation 381–96
Oliver, J. 126, 127, 128, 129, 130
opinion falsification and public opinion 44–6
Ormrod, R. 9–10
Orwell, G. 5, 121–39
the List 125–7, 129–30, 132–8
Orwell: Wintry Conscience of a Generation 131
ownership and copyright 341–3
ownership concentration 193
impact of legal rules 206–208

Pagano, M. 202, 203, 205
paintings, price formation 381–96
perfectly separating appeals process 313–14
Pistor, K. 194, 195, 198, 202, 209–10
political behaviour see voters
political economy, Schumpeterian 36–47
political entrepreneurs and issue creation 46–7

political irrationality 25–6, 40–43
political leadership and spatial voting 24–5, 26–31
political preference formation 44–7
political stability and population happiness 157–8
Politics and the English Language 131
Pomeranz, K. 101
positivist theory of the state 60–61
Posner, R 62
Powell, A. 131
preference formation
impact of cyberspace 93–4
and public opinion 44–6
prestige of judges, effect on judicial independence 250
price formation, paintings 381–96
Prisching, M. 26
private benefits of control 207–208
productive function of the state 69, 79–82
and cyberspace 80, 81–2
propaganda
influence on referenda 164–5
and truth 129–31
property rights dilution, East Germany 402–403
protection by commercial laws 200
protective function of the state 69, 79–82
and cyberspace 80, 81–2
public choice theory and the state 59, 62–3
public expenditure, terrorism prevention 151
public good, law enforcement 288–9
public opinion formation 43–7
public opinion makers, attacks on Orwell 132–8
pure separation of powers 87–8
qualitative components, public opinion 43–4

Rajan, R. 186
rally-round-the-flag effect 157
rational behaviour
effect of copyright 344–5
voting 40–43
rational ignorance 31–6

Index
Rawls, J. 64
referenda, terrorism policy 162–5
regulation
and competition, banking 361–6
copyright see copyright
fine-art trading, Italy 394
representative government, impact of
cyberspace 70–73
Republic.com 77
republican order, France 295–300
republican view of central government
75–9
retail banking market 362
Reynolds, T.H. 196
rights, definition of, role of judiciary
301–302
risk assessment and terrorism 151
Rodrik, D. 185, 187
Roe, M.J. 197, 208
Rossi, S. 200–201, 211
Rousseau, J.-J. 16, 63, 64
rule formulation through judicial
interpretation 294–5
rule of law
impact on economic growth 185–215
and judiciary 9–11
and republican order 298–9
salary, judges’, effect on judicial
independence 250
Salzberger, E. 279
Samjatin, J.I. 138
Samuels, W.J. 308
Samuelson, P. 15
Sandler, T. 145
Saunders, F.S. 122, 126
Schumpeter, J.A. 2–3, 21–49
scope of copyright 348–9
security expenditures, avoiding
terrorism 150
seizure rules
as democratic control 272–3
and judicial behaviour 277–8
semiological reduction, and copyright
340
separation of agencies 80–85
separation effects, appeals process
312–22
separation of functions 79–80
separation of persons 85–7
separation of powers 79–90
Shackle, G.L.S. 33
shareholder protection 195–6, 201
Shavell, S. 310, 312–14
Shklar, J. 243
Shleifer, A. 197, 198, 205
Simon, H.A. 42
Smith, A. 61
Smolka, P. (Smollett) 126
social choice theory 62–3
social contract theories 61
social welfare effects, judicial review
311–29
Song, W. 208, 211
Spain, impact of terrorism 146, 147
spatial voting models and political
leadership 24–5, 26–31
specialization and decision-making,
impact of cyberspace 72
Spiller, M. 310
Splichal, S. 43
stability, banking sector 358–60
start-up costs, banking 372
state
creation of 65–9
roles of 69–70, 79–80
Steinbeck, J. 131
Stephen, F. 201, 202, 204, 211–12, 213
Stephenson, M. 243
stock market value
measurement 193
and shareholder protection 208
strategic behaviours and judicial
discretion 275–7
Strowel, A. 353–4
Sunstein, C. 46, 77–8, 96
switching costs 368–75
banking 371–3, 374–5
impact on competition 369–71
Talley, E. 310
Tanenhaus, S. 127
tenure of judges, and judicial
independence 250, 255
territorial boundaries, transcended by
cyberspace 66–7, 68, 91–2
terrorism, measuring 142–71
Thiss, J.-F 102
Tirole, J. 274, 310
Titanic model of entitlements 303–304
Index

Tollison, R.D. 345

Tourism, impact of terrorism 146–7
Transaction costs reduction

cyberspace 66
through judicial interpretation 293–4
Transplant effect and law enforcement 199

TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights) 351

Truth and propaganda 129–31
Truth-telling model 131–8

Tullock, G. 70, 73
Tversky, A. 42

Udehn, L. 21

United Kingdom, bank merger regulation 365

Ulen 294

Unanimity principle 63
Unequal law enforcement
and efficiency 285–6
and equity 290–91

United States, bank competition policy 363

Use-value, cultural products 338–40
Utilitarianism 61–2, 96
Utility-maximisation principle 62

Value, intellectual property 337–41

van Hemmen, S. 201, 202, 204, 211–12, 213

Vanberg, V. 43

Venture capital, and investor protection 208–209

Viscusi, W.K. 151, 153–4, 166
Voigt, S. 263
Volpin, P. 200–201, 211

Vote and popularity functions, and terrorism policy 155–7

Voters

behaviour 26–43
irrationality 25–6, 40–43
non-instrumentalistic behaviour 38–41
rational ignorance 31–6
rationality 36–8
and referenda 164–5

Voting, impact of cyberspace 70–71

Wealth of Nations 61

Weitzman, M. 113
Williams, R. 127
Williamson, O.E. 293
Willingness to accept (WTA) terrorism risk 154
Willingness to pay (WTP), terrorism reduction 153–4
Wisdom, judicial 12
Wittman, D.A. 21

Zeckhauser, R.J. 151, 153–4
Zingales, L. 186