Index

aggregate-utility rule 19–20
Akerlof, G.A. 189
Albert, Hans 38, 52
Alchian, Armen 7
Allingham, M.G. 147–8
altruism 39–42, 95, 99, 189–90, 192, 195
Arrow, Kenneth, Joseph xvi, 3, 14, 22
Australia, awards granted in 78–80
awards
  in academia 73, 80
  in the arts/media 73, 80–81
  in business 78–86
  characteristics of 76–7
  economists’ view of 74–5
  granted by state 73, 77–81
  as incentive/motivation xix–xx, 74–7, 80–81
  material costs of 76
  monetary compensation xx, 75–6, 82–6
    gifts vs cash 82–3, 85–6
    public-good effects 83–6
    publicity 82–3, 85–6
    scarcity, relevance of 83, 85
    social nature of 75–6
    social science analysis of 74–5
    in social welfare 80
  in sport 73, 80
  studies of
    in business context 81–6
    international comparison 77–81
    use, global extent of 73

basic structure determinism 111–14, 118–19
Basili, Marcello 199
Becker, Gary S. xvi, 96, 168
behavior, influences on see beliefs;
  interests; moral values; motivation;
  preferences; punishment; value
  beliefs 35
  and critical rationalism 37–9
  identification with, and voting 98
  independence of 24
  intelligent design, doctrine of 36–7
  as motivation 122
  preferences as values 19–21
  and rationality 20–21, 122
  values as preferences 23–4
  benefit principle 170, 172, 174, 183
  ‘benign despot/dictator’ 111
  Berlin, Isaiah 42
  Berliri, Luigi V. xxi, 163, 170, 174–7, 179–82, 184
  black activities 150–51, 154–6
  Borgatta, Gino 173
  Bowles, S. 188–9, 204
  Brennan, Geoffrey xii, 98, 122–3, 125
  Bordignon, Massimo 168, 182
  Brooks, M. 96
  Broome, John 23–4
  Buchanan, James M. xvi, 145, 156, 171
  Canada, awards granted in 77–80
  Cannari, L. 166–7
categorical imperatives 60–61
choice see also collective choice; rational
  choice
  of consumers 91
  margin of, ethical 6, 8–12
  Christiano, Tom xx, 107–8
  on basic structure determinism
    111–14, 118
  on positive political theory 113–18
  on rational choice theory 108–13, 118, 121
civic duty, voting as 90–91, 100
Clark, J.R. 96
  collective choice/decision-making 89
  and consumer choice, compared 91
  evaluation of 92–9
  and motivation xix–xx, 89–91
The economics of ethics and the ethics of economics

spillover, positive/negative 94–6, 99
values as preferences 22–3
and voting
as expression of identity 90–92,
94–6, 100–101
expressive 92–6
incentives for xx, 89–91
marginal vote gains/losses 92–4
policy design 92–4
political leaders, personality of 97–8

commutative justice 45–6
competition, political 134–6
constant returns, theory of 4, 6
consumers
choice of 91
sovereignty, principle of 29

cooperation
gift-giving 189, 192, 198–204
motivations for 191–2
and self-esteem xxii, 188–205
adverse selection model 200–204
effort 194–5, 197–200
fairness 197–9
moral hazard 199–200

moral values vs utility maximization
190–95, 204–5
reciprocity 188–9, 195–7

Cosciani, C. 168
cost, defining 29
critical rationalism xix, 32, 34
and beliefs 37–9
individual freedom-independence
36–40
and moral values 37–8
secular vs non-secular values 34–5
social freedom 42–5
social solidarity 39–42
Croce, Benedetto 33, 38–9, 49
cultural relativism 65

D’Alessio, G. 166–7
De Viti de Marco, Antonio 3, 162–3,
173–4, 176, 178–9
deer–beaver model, of division of labor
7–10
deregulation, political see under politics
desires 21, 23 see also beliefs
‘Director’s Law’ 100
dispositional rationality 109–10, 122–5
distributive justice 46–7
division of labor/specialization, theory of
xii–xiii, 4–12
deer–beaver model 7–10
and increasing returns xviii–xix, 4,
6–7, 10–12
Downs, Anthony xx, 90

economics
and ethics xi–xiii, xvii–xviii, 15
and moral values 33–4
and philosophy/political science
xi–xvi
Edgeworth–Bowley box formation 17–18
effort, and self-esteem 194–5, 197–200
Einaudi, L. 162–3, 172–3, 175, 181, 184
Elster, Jon 91
ends, relevance of see means–ends
relationships
equity, concept of 183–4
ethics see also moral values
and economics xi–xiii, xvii–xviii, 15
and interest, principle of 177–81
meta-ethics 52–3, 65–8
relativism/non-relativism 51–3, 59,
64–9
secular vs religion/ideology xix, 34–5
and taxation, as foundation of 177–9
Eusepi, Giuseppe xii

fairness see also justice
and self-esteem 197–9
fallacies, universalistic vs justificatory
62–6
Fehr, E. 194–5
Feld, Lars P. 146, 152–6, 161, 169
Ferrara, F. 162–3, 173
Fisher equation 149
France, awards granted in 77–80
Frank, R.H. 99
freedom
negative/positive 42–3
social 42–5
freedom-independence, individual 36–40
and liberal social order 43–5
and social solidarity 41–2
Frey, Bruno S. 146, 161, 169

Gauthier, David 8
Gemmell, N. 90
general conditional dispositions 123
Germany
awards granted in 77–80
  tax morale in, studies 157
  black activities 154–6
  shadow economy 151–4, 157
gifts
  as awards 82–3, 85–6
  and self-esteem 189, 192, 198–204
Gintis, H. 188–90, 195, 204
  giustizia grossa (concept of justice)
    175–7
‘good,’ defining 53–7
Granger causality tests 152
Guardini, Romano 161
Habermas, Jürgen 48
Hansen, W.L. 74
happiness 46–7, 99
Hardin, R. 112, 116
Hart, Herbert 62
Hochman, H.M. 95
Homo economicus 90–91, 94–5, 108–9
Hudson, J. 98
Hume, David 20–21, 23, 56, 171, 183
  hypothetical imperatives 60–61
IBM, awards as motivation study in 81–6
ideal theory, criticisms of 108
  identity
    of personality, voters identifying with 97–9
    voting as expression of 90–92, 94–6, 100–101
ideology see beliefs
imposta grandine (hailstorm taxation)
  181
incentives, awards as xix–xx, 74–7, 80–81
income gap approach 149–50
independence, and moral values 36–9, 41–2
individual freedom-independence 36–42
  intelligent design, doctrine of 36–7
  interest, principle of 162–3, 170, 183
  and ethics 177–81
  as pure fiscal problem 174–7
  interests, and moral values xix, 33–4, 40, 46–7
  interpersonal comparisons of utility 57–8
  ‘invisible hand’ concept 26
ISAE (Istituto di Studi e Analisi Economica), survey of Italian tax morale 163–6
Italy
awards granted in 78–80
  taxation in 162–3
  exchange principle, analysis of 172–82
  reform in 178–80
  surveys of non-compliance 161, 163–7
Jones, P. 98
justice see also social justice
  in taxation 167–72
  exchange principle 172–82
justification
  justificatory fallacy 63–4
  particularism vs. universalism 60–62
  relativism 51–3, 59, 64–9
  universalistic fallacy 62–5
  vs motivation xvi–xvii, 52, 57–9, 61, 64, 66, 109–10, 114
Kanniainen, V. 147–8
Körner, M. 153
Laffont, Jean-Jacques 200
Larson, C. 154–6
Leary, Mark R. 191
Lee, Dwight R. 96
Lewis, D. 112
  liberal social order, need for 43–5
  liberty, and justice trade-off 27–8
Lindahl, Erik 45, 168, 171–2, 175, 177, 183
Lomasky, L. 98
Lundstedt, S.B. 168
McLean, Iain 98
Magee, Stephen P. 96–7
Margalit, Avishai 47–8
market, role of xii–xiii, xviii–xix
  and ethical behavior/motivation 4–12
  choice margin 6, 8–12
  Smithian division of labor theory 6–10
  state imposed restrictions on 12
  and value of goods 9–12
  work ethic 8, 11
The economics of ethics and the ethics of economics

and political deregulation 134–6
zero-profit equilibrium 10–11
Marmolo, E. 93, 100
Marshall, Alfred 6–9
Martimort, David 200
means–ends relationships 51, 57–60, 62–8
cultural relativism 65
and matters of fact 57, 59–62, 65, 68
particularism 60–62
universalism 60–62
medals see awards
meta-ethics 52–3, 65–8
modal dispositions 123
monetary compensation
awards, motivation of xix–xx, 75–6, 80–86
for politicians xx, 132, 135–8
Moore, G.E. 53
moral hazard, and self-esteem 199–200
moral philosophy
on beliefs vs values 24–5
and economics xi–xvii
moral values xix
and critical rationalism 37–8
and economics 33–4
exchange/trade-offs 27–8
interchangeability of terms 28–9
and interests 33–4
place in world-view 34–5, 43–5
and political theory, influences on 122–4
public vs private 43–5
relativism/non-relativism 51–3, 59, 64–9
secular vs non-secular 34–5, 42, 44–5
individual freedom-independence 36–42
social freedom 42–5
social solidarity 39–42
and social justice xix, 45–8
utility maximization xxi, 190–95, 204–5
values as preferences 22–5
values vs preferences 26–7
motivation
of awards xix–xx, 74–7, 80–86
for cooperative behavior xxi, 191–5
intrinsic/extrinsic 191–2
self-esteem 195–205
of monetary compensation xix–xx, 75–6, 82–6
in political theory 108–11, 121–4
publicity 82–3, 85–6
of rational choice 108–11, 121–4
for tax evasion (see under taxation, non-compliance)
for voting behavior
collective choice xix–xx, 90–91
expressive behavior 110–11
spillover, positive/negative 94–6, 99
vs justification xvi–xvii, 52, 57–9, 61, 64, 66, 109–10, 114
Murphy, Liam 171–2, 183–4
Nagel, Thomas 171–2, 183–4
natural law 62
Nobel Prizes xvi, 73
normative economics see also value/values
defining xvi–xviii, 52
interpersonal comparisons of utility 57–8
in political theory
purpose of 106–7
vs positive theory xx, 106–8, 113–14, 116–18, 124–6
Olson, Mancur 45–6
Oscars (Academy Awards) 73, 81
‘paradox of voting’ 90
Pareto principle 11, 20, 52, 67–8, 119
particularism 60–62
Pérez-Reverte, Arturo 3
petitio principii (ability-to-pay principle) 172
philosophy see moral philosophy
Pizzorno, Alessandro 98
political science, links with economics xi–xvi
political theory see also rational choice theory
basic structure determinism 111–14, 118–19
dispositional motivations in 122–4
feasibility vs desirability 118, 124–5, 127
ideal theory, criticisms of 108
Index

normative theory

purpose of 106–7
vs positive theory xx, 106–8, 113–14, 116–18, 124–6
political world, influence of 119–20

politicians

ability to run for office xx, 131–2, 135–7, 140–42
compensation/salaries of xx, 132, 135–8, 140

incentives/influences 133–4, 137–9, 142–3
mobility of 136–8

politics see also political theory; politicians; voting

change to, proposals for 131
defects of 131–4, 139
deregulation of xx–xxi, 131–43
potential advantages 134–9
potential problems 139–43
in developing countries 139, 141

majority voting 3, 116
models for, absence of 3
political competition, limitation of 134–6
restrictions/restraints on 131–2
social groups, influence of 133–4, 138

Popper, Karl 34, 37–8

positive economics

in political theory
vs normative economics xx, 106–8, 113–14, 116–18, 124–6
positive-normative divide xvi–xviii

Posner, E.A. 145

preferences

interchangeability of term 14–15, 19, 28–9

and prices/value xviii–xix, 15–17, 28–9

beliefs 19–24

collective action 22–3

exchange of goods 17–18

meta-preferences 26–7

preferences as values 19–21

values as preferences 21–5

values vs preferences 25–7

prices

interchangeability of term 14–15, 28

and preferences/value xviii–xix, 15–17

exchange of goods 17–18

prizes see awards; Nobel Prizes

public expenditure

exchange relationship 167–82

functions of 175–9, 181

public-good effects

awards, and employee behavior 83–6

on tax morale 148

public services
equal access to 92–3, 96–7

in exchange for taxation 167–82

in-kind provision 89, 99–100

Pulitzer Prize 73, 81

punishment

for non-cooperative behavior 188–90

for tax non-compliance 145–6, 152–3, 156–7

Rae-Taylor, theorem on majority voting 116

rational choice theory xx

basic structure determinism 111–14, 118–19

constitutional choice 112, 115–16, 121

constraints imposed by 113–14, 120

impartiality 116

institutional vs individualism 111–12, 114–17

and revisionism 107–11, 121–4

self-defeating nature of ii, 107, 113, 118, 121

rationality

belief/desire, as values 20–21, 122

dispositional rationality 109–10, 122–5

revisionism 107–11, 121–4

values vs tastes 25–7

Rawls, John 179

reciprocity

foundations of 188–9

rationality 204

self-esteem xxi, 188–9, 195–7

effort 194–5, 197–200

relativism/non-relativism

cultural relativism 65

justification 51–3, 59, 64–9

religion

freedom-independence 41–2

secular vs non-secular values xix, 34–5
The economics of ethics and the ethics of economics

rent-exploitation/rent-seeking 32, 41, 45–6, 97
responsibility, and moral values 38–9
returns
constant returns, theory of 4, 6
increasing returns and economies of scale xviii–xix, 4, 6–7, 10–12
revisionism 107–11, 121–4
Ricardo, David xix, 5–6, 15–17
Robbins, Lionel xix
on relativist justifications xvi–xvii, 52, 57–9, 61, 64, 66
Rodgers, J.D. 95
Ryan, R.M. 191–2
sacrifice principles 172
Sander parallelogram 55, 62
Sandmo, A. 147–8
Saudi Arabia, awards granted in 78–80
Schneider, Friedrich 149, 150–54
self-centered welfare 190–91
self-esteem
adverse selection model 200–204
cooperation xxi, 188–205
effort 194–5, 197–200
gift-giving 189, 192, 198–204
moral hazard 199–200
reciprocity xxi, 188–9, 194–7
self-centered welfare 190–91
utility maximization vs moral values xxi, 190–95, 204–5
values as preferences 22–3
self-interest 100
justification/motivation xvi–xvii,
109–10, 114
in rational choice theory 109–10, 114, 116, 120
Sen, Amartya xvi, 26
on concept of rationality 188–91, 204
on preferences as values 19–20, 30
shadow economy
model of 147–8
and tax non-compliance xxi, 147–50
in Germany, study of 151–4, 157
Smith, Adam
on division of labor/specialization 4–12
dereer–beaver model 7–10
on dual theory of value 15–16
on principle of interest 162–3, 170, 179, 183
on role of morale in society 145
Theory of Moral Sentiments 100, 145
The Wealth of Nations xi–xiii
social freedom 42–5
negative/positive freedoms 42–3
social fundamentalism 43–5
social justice
commutative justice 45–6
distributive justice 46–7
and liberty, trade-off 27–8
and moral justice xix, 45–8
social solidarity 39–42
Spaemann, Robert 33
Spain, awards granted in 78–80
specialization/division of labor, theory of xii–xiii, 4–12
dereer–beaver model 7–10
and increasing returns xviii–xix, 4, 6–7, 10–12
specific conditional dispositions 122–3
Spicer, Michael W. 168
spillover, positive/negative 94–6, 99
Sraffra, Piero xviii, 30
subjectivity 16, 20, 51–2, 57–9, 68, 168, 175–6
surplus, distribution of xviii
Switzerland, tax morale study in 146, 153, 156–7
Tagliacozzo, Amedeo 163–4, 167, 182
tastes, and values 25–7
tax evasion see taxation, non-compliance
tax morale see taxation, non-compliance
taxation, non-compliance xxi
ability-to-pay principle 170, 172, 174, 183
benefit principle 170, 174, 183
black activities 150–51, 155–6
deterrence measures, impact of 145–6, 152–3, 156–7
factors influencing 155–7, 161–2, 166–7, 179–80
exchange relationship, with state xxi, 146–8, 167–82
fairness/justice xxi, 167–72, 179–82
in Italy 172–82
two-stage mechanism 167–8
impact of 146, 152–3
interest, principle of
and ethics 177–81
as pure fiscal problem 174–7
measurement/studies of 148–50
in Germany 151–6
in Italy xxi, 161–7
methods 149–50
remedies for 162
sacrifice principles 172
types of 147
Theory of Moral Sentiments 100, 145
tolerance 66–7
Torgler, Benno 146, 150, 153, 161, 169
Tullock, Gordon 96–7
ultimate ends 57–8 see also means–ends relationships
undeclared work see black activities
United Kingdom
awards granted in 73, 78–80
National Health Service 89, 92–3
United States of America 94
awards granted in 73, 78–80
universalism 60–62
universalistic fallacy 62–5
utilitarianism 19–20
utility
defining 20–21
interpersonal comparisons 57–8
aggregate-utility rule 19–20
maximization xxi, 109–10, 188–9, 207
self-esteem and moral values 190–95, 204–5
preferences as values 19–21
theory 90
and value-based behavior 26
value/values see also moral values
dual theory of 15–16
ethical vs economic xix
exchange/trade-offs 27–8
imperatives, hypothetical vs categorical 60–62
interchangeability of term 14–15, 18–19, 28–9
and interests xix, 33–4, 40
judgments/perceptions of 51–7
Sander parallelogram 55, 62
justification 53–69
particularism 60–62
relativism 51–3, 59, 64–9
universalism 60–62
market role, in ethical behavior 9–12
and matters of fact 57, 59–62, 65, 68
means–ends relationships 51, 58–60, 62–8
and preferences/prices xviii–xix, 15–17, 28–9
beliefs 23–4
exchange of goods 17–18
preferences as values 19–21
tastes 25–7
values as preferences 21–5
values vs preferences 25–7
public vs private 43–5
of public vs private goods 27–8
relativism 51–3, 59, 64–9
secondary qualities 51
subjectivity/intersubjectivity 16, 20, 51–9, 68, 168, 175–6
tolerance 66–7
of voting xx, 94–5
Vanoni, Ezio xxi, 163, 170, 173–4, 177–82, 184
voting
as civic duty 90–91, 100
and collective choice/decision-making xx, 90–101
as expression of identity 90–92, 94–6, 100–101
incentives for xx, 89–91
leaders, personality of 97–8
policy design 92–4
vote gains/losses 92–4
and expressive action 92–6, 99, 111–12
and intrinsic value xx, 94–5
majority voting 3, 116
motivation for xix–xx, 90–91
spillover, positive/negative 94–6, 99
value of xx, 94–5
The Wealth of Nations xi–xiii
Weinberg, Steven 36–7
Weisbrod, B.A. 74
welfare economics xix, 52, 57
and political competition 134–6
preferences as values 19–21
self-centered welfare 190–91
Whateley, Richard 30
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Page Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wicksell, Knut</td>
<td>170–72, 176–7, 183</td>
</tr>
<tr>
<td>Yandle, Bruce</td>
<td>97</td>
</tr>
<tr>
<td>Yang, Xiaokai</td>
<td>6–7, 10</td>
</tr>
<tr>
<td>Yoon, Yong J.</td>
<td>6</td>
</tr>
<tr>
<td>Young, Allyn</td>
<td>6, 10</td>
</tr>
<tr>
<td>zero-profit equilibrium</td>
<td>10–11</td>
</tr>
</tbody>
</table>