

# 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

- 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 xxi, 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

- 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

- 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
  - corporations as 135–7, 140, 142
  - 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

- rent-exploitation/rent-seeking 32, 41, 45–6, 97
- responsibility, and moral values 38–9
  - social solidarity 39–42
- 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
    - deer–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
    - deer–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
  - Sraffa, 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

Wicksell, Knut 170–72, 176–7, 183

Yoon, Yong J. 6

Young, Allyn 6, 10

Yandle, Bruce 97

Yang, Xiaokai 6–7, 10

zero-profit equilibrium 10–11