Complexity, Governance, and Constitutional Craftsmanship

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Abstract

Economic policy is commonly treated as a vehicle for selecting among possible allocative outcomes within an economy. An economy, however, is a complex network of relationships whose patterns can be understood but whose details can be neither predicted nor controlled. Because of this complexity, allocative outcomes are not direct objects of choice. Allocative outcomes are simply emergent consequences of human interaction that takes place within some framework of governing rules and conventions. All economic policy can do is modify some of the rules that govern human interaction. Economic policy is thus constitutive and not allocative in character, in that it is centrally involved in shaping the character of the regime that governs our relationships with one another.

Author's Paragraph

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Nearly any introduction to economics will point out, in one way or another, that an economy is a complex pattern of activities that no one could plan or organize in specific detail. Things work and life proceeds in a generally coordinated fashion not because someone is in charge of assuring that this happens, but because no one is in charge. The complexity of an effort directly to produce that coordination would overwhelm any attempt actually to do so. The central concern of economic analysis has been to illuminate the workings of the “invisible hand” processes of economic governance through which economic coordination emerges.

Despite this emphasis on complexity, spontaneous order, and invisible hands, the treatment of economic policy has typically proceeded as if the economic process were inherently simple, and with allocative outcomes being capable of being chosen directly through policy interventions. Recognition of the inherent complexity of the economic process, however, means that economic policy cannot choose allocative outcomes. All that economic policy can do is change some of the rules that govern economic interaction. The resulting allocative outcomes will be generated through the complex interactions among people that are set in motion by the policy, and even by its anticipated enactment. This means that economic policy is necessarily constitutional policy,
in that it is principally involved in constituting the rules and conventions that
govern economic relationships.

The constitution of governance relationships, moreover, involves both
positive and normative elements, as well as an interaction between those
elements. Alternative governance relationships entail different patterns and
frameworks for human interaction. While there is room for normative appraisal of
different possible frameworks, not every imaginable norm is attainable because
reality places limits on what is attainable. Still, normative standards can be
reinforced or extinguished to some extent, depending on the particular types of
practice that are encouraged or discouraged within a particular framework of
governing rules and conventions. This paper first contrasts interventionist and
constitutive approaches to economic policy, and then explains how complexity
converts all policy into constitutional policy. From there, the paper examines the
relation between cognition and valuation as it pertains to governance. It then
considers how a process of piecemeal policy drift can generate a transformation
in the underlying governance regime, and closes with a consideration of the
Germanic tradition of ordnungspolitik that has particular relevance for the
argument developed here.

I. Allocative Outcomes, Constitutive Rules, and Economic Policy

For the most part, discussions of economic policy treat the network of
economic relationships that constitute an economy as a relatively simple
phenomenon. Economic policy is often treated as a form of mechanics, with
policy being much like tinkering with the engine of an automobile. Economic policy is thus an intervention into the engine’s operation, the purpose of which is to change the performance of the engine in some fashion. Modern legislatures are like large garages with many engines being worked on at the same time. It is common, for instance, to find analyses of economic policy that describe policy as an instrument for selecting among positions along a production frontier.

This presumption of inherent simplicity is revealed again and again in textbook illustrations of the effects of government interventions into particular markets. Rent control, for instance, is portrayed as creating a shortage in the market for rental housing and reducing the return earned by the owners of those units. These effects can be illustrated with reference to Figure 1. Without rent control, the market-clearing price and quantity are \( P_0 \) and \( X_0 \) respectively. If rents are controlled at \( P_2 \), suppliers are willing to supply only \( X_1 \) units of rental housing while tenants want \( X_2 \) units. Tenants thus want a greater number of units or a larger amount of space than the owners of rental property are willing to provide. Rent control thus changes the market outcome \((P_0, X_0)\) to the controlled outcome \((P_2, X_2)\), thus changing resource allocation within a society.

This portrait of rent control as simply changing allocative outcomes seems correct at first glance but turns out upon further consideration to be inadequate if not wrong. This portrait is one that captures only the direct, immediately visible effects at the point of policy injection. It does not account for all of the subsequent indirect effects that emerge throughout the economy as people respond to the myriad changes in profit opportunities that the policy generates.
The very complexity of economic life, moreover, precludes any effort fully to do so in anything but a formal and highly stylized manner. These changes in profit opportunities all emerge through the intensified competition among tenants that rent control sets in motion. At the market outcome \((P_0, X_0)\), there is no unresolved competition among tenants. This is not to deny that tenants might wish that rents were lower. But rents are what they are by virtue of their having been generated through a process of open competition that has been framed by the rules of private property and freedom of contract. At the market equilibrium, there is no scope for further competition.

The enactment of rent control generates new opportunities for competition among tenants. At the controlled price of \(P_2\), there are \(X_2\) people competing for \(X_1\) places.\(^1\) A full examination of rent control cannot ignore this competition among tenants. Yet the course of this competition cannot be predicted in exact detail, which means that rent control cannot truly choose allocative outcomes, but can only modify the framework of rules within which outcomes emerge through interaction among market participants.

Setting a rent control at \(P_2\) does not mean that rents actually will be \(P_2\) and not \(P_1\). For one thing, the mere enactment of a law does not mean that it will be effective. There are many drugs whose sale is illegal that nonetheless can be obtained easily. Rents might be controlled at $600 and yet housing might still rent for $800, because people would rather pay $800 than do without. A genuine census of rental contracts might even find instances where those contracts carried prices of $800 despite the rent control. How frequently this might occur
would depend on such things as the penalties for violation of the control and the budget of investigative and enforcement agencies. Far more likely than rental contracts being made above the controlled price is a change in the structure of contracts and contractual relationships that has much the same effect. There are an indefinitely large number of ways this can be accomplished. The initial impact of rent control is to prevent market participants from making transactions they wish to make. It is easy to understand why those participants would be interested in pursuing other contractual formats to allow them to exploit the gains from trade that rent control otherwise would prevent them from exploiting.

Rent control can change the form that competition among tenants takes, but it cannot eliminate that competition. An open and direct competition will give way to some indirect, more complex, and costlier form of competition. There are an indefinitely large number of particular forms that this more complex competition can take, and these vary in their degree of complexity and indirectness. One simple illustration would be a one-year lease at $600 per month, with that lease requiring also the payment of a $2,400 in cash as a condition for securing the lease. Besides an under-the-table payment, there are numerous ways this payment could be given contractual standing. It could be as a deposit against damage, with the owner or his agent serving as the final arbiter of damages. It could also be as a $24,000 deposit that is refundable without interest, provided the interest rate was ten percent.

It has long been noted that rent controls, or price controls generally, induce tie-in sales to avoid the controlled price. The ability to purchase an item
whose price is controlled can be tied to the purchase of an item whose price is not controlled, and with the higher price of the latter item being equivalent to the gap between the controlled price and what the market price would have been. In the presence of rent control, price can no longer serve officially as a rationing device. Rent control can restrict and possibly prevent an open competition through price that would otherwise increase price to $P_1$ in a simple and direct fashion. It cannot, however, keep the full price at $P_2$. One long-standing example is tying the ability to rent a unit at the controlled price to the lease or purchase of furniture at an above-market price. To be sure, such tied sales are easy to anticipate, and many rent control ordinances try to preclude them. How successful such preclusion might be is a different matter, and in any case we should not assume that a law is followed just because it is enacted, particularly when that law sets in motion the very competition among tenants that generates the incentives to disregard the law.

Furthermore, while some kind of tied sales might be easy to anticipate and perhaps to observe, others will be harder to anticipate and more difficult to observe. As efforts at monitoring and enforcement are increased, we can plausibly anticipate shifts into the use of forms of tie-in that are harder to detect. There are an indefinitely large number of other ways of raising the full price of rental housing, once it is recognized that the quality of housing services that are supplied can be varied in numerous ways. For instance, rental housing might have such things as parking and storage that were made freely available without rent control, but which are priced separately after rent control. A pool and sauna
that were freely available might be converted into a club with admission charged. The landscaping service that kept the grounds nicely maintained could be dismissed, and with the grounds allowed to turn into a weed patch.

Proceeding even further beyond the point of policy injection reveals even more potential for further indirect effects whose precise details cannot be predicted in advance, nor perhaps even accounted for in precise detail after the policy has been in place. These indirect, relatively invisible consequences assert themselves nonetheless through processes of spontaneous ordering. All of these effects take place in consequence of there being $X_2$ people competing for $X_1$ units. For instance, the restriction of supply that rent control causes makes standard forms of family living more costly. This surely leads to some increase in alternative living arrangements, lifestyles, cultural patterns, and the like, because people will live somewhere in any case. Among other things, a greater number of people will rent rooms in other people’s residences, will have roommates, and the like. Whatever consequences might emerge out of all these various forms of response set in motion by rent control is anyone’s guess, but in any case they are also part of the allocative outcomes that can be attributed to rent control. If conventional arrangements and patterns are made scarcer, other arrangements and patterns will spring up.

A society is not an engine and economists are not mechanics. An economy is a complex web of contractual relations and human anticipations. It is a highly evolved organism that no one can apprehend in its substantive details. It is this inability to apprehend substantive details that makes a truly planned
economy impossible. As Paul Craig Roberts (1971) explains, even the so-called planned economies were organized through markets, only those markets were strongly warped and distorted by political power, and thus rendered lame in their ability to deliver the goods. What we can apprehend, and all we can apprehend, are the formal, structural properties and principles of operation of an economic regime, which in turn means that economic policy chooses constitutive rules and not allocative outcomes.

II. The Necessarily Constitutive Character of Economic Policy

F. A. Hayek (1973, pp. 35-54) makes an important distinction between organizations and orders. That distinction is illustrated nicely by comparing troops leaving a parade ground with spectators leaving a stadium. The troops leaving the parade ground comprise an organization. Their detailed movements, i.e., the resulting allocative outcomes, are under someone’s explicit control. There is a commander who establishes the order of march as an act of policy. In contrast, the fans leaving a stadium comprise an order. There is no central direction of the movements of the individual fans. The resulting allocative outcomes are not objects of policy choice. Those movements emerge from a self-ordered process that takes place within a framework of general rules and conventions that makes it possible for people to pick rapid paths of exit in a non-directed sea of humanity. Police might erect some barricades and change the timing of some traffic signals. In doing this, however, they are not selecting the outcomes that are represented by the movement of the fans. They are modifying
some of the constitutive rules that govern the process of exit. Still, the resulting allocative outcomes emerge through interaction among with fans within the constitutive framework of rules and conventions, and are not chosen directly by someone.

The allocative interpretation of rent control as changing the market outcome \((P_0, X_0)\) in Figure 1 to the controlled outcome \((P_2, X_1)\) is incoherent in many ways, some of which have already been noted. Only in a nation of sheep would \((P_2, X_1)\) even be conceivable. This would describe a situation where the control was announced, and those who could not get housing would be pleased to do without rather than seeking to compete against those who would be able to get that housing. Owners, moreover, would in no way be tempted to accept more lucrative offers from potential tenants or to entertain different forms of contract and transaction that would allow exploitation of the gains from trade that the rent control would prevent.

In a nation of real people, legislation that would prohibit people from exploiting gains from trade will not be freely obeyed. The extent of obedience will depend on the size and effectiveness of the policing apparatus that is put in place. Even to mention this, however, is to deny the allocationist story told by Figure 1, because an entirely new activity is injected into the economic process, in addition to the new contractual forms and relationships already noted. Yes, rent control does change allocative outcomes within a society, and does so in a wide variety of ways along an indefinitely large number of margins. The particular character and the details of those outcomes, however, are not the
direct choices of policy but are emergent outcomes in response to the constitutive framework erected by policy.

Economic policy cannot be assimilated to such choices of outcomes as choosing an order of march or of fixing an engine. It is more on the order of selecting some of the rules that govern the departure of people from a stadium. All economic policy is constitutional policy, in that it is centrally involved in shaping the character of the regime that will govern our relationships with one another. Economic policy does not truly make direct choices among alternative allocative outcomes. It makes choices regarding the framework of rules that govern human relationships. In making policy choices we constitute the principles by which our relationships with one another are governed.

Cognition, Valuation, and Alternative Constitutive Frameworks

Starting with the founding scholarship in constitutional economics by James Buchanan and Gordon Tullock (1962), a fundamental analytical distinction has been made between the selection of the rules of a game and the subsequent playing of the game according to the rules previously selected.¹ I do not deny the value of this distinction as an analytical matter. In practice, however, the development of framing constitutive rules and the generation of outcomes within those rules take place simultaneously. In this sense, all economic policy is constitutive in character. Policy can be constitutive in that it maintains a particular regime, or it can be constitutive in that it promotes some transformation in governing regimes. But it is constitutive in character in either case. The
transformation of governing regimes may take place through conscious effort, but it can also take place piecemeal through policy drift.

In *Federalist* No. 1, Alexander Hamilton asked “whether societies of men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force.” Whether reflection and choice can triumph over accident and force is a matter of what might be called “social agriculture.” Agriculture attempts to improve upon what Mother Nature offers, by imposing reflection and choice upon what otherwise would be the products of fate. There are both normative and positive elements to social agriculture. Normatively, there must be some standard of what is desirable. Among other things, it must be possible to distinguish between desirable and undesirable forms of plant life. Vegetables may be put into the category of desired plant life while weeds are not, though even here the growth of knowledge may reveal useful properties of what were previously thought to be undesirable weeds.

All of the normative wishes in the world are useless, however, without some idea of how to achieve those wishes. People may prefer squash to ragweed, and squash in their stomachs to squash devoured by bugs. Without knowledge of how to restrain the bugs and weeds, the yield of squash for human consumption will be left to fate and chance. It is the same for governance, as Hamilton noted in *Federalist* No. 1. We may recognize that people prefer to go through their lives free from fear of being preyed upon by others, whether in the form of local bandits or thugs or in the form of invasions by foreign hordes. We
may likewise recognize that people prefer to see their children grow up in prosperous, free, and peaceful environments, and not be plagued by poverty, enslavement, or war. Mere recognition of these preferences, however, does nothing to satisfy them. Mother Nature may give us islands of peace and periods of prosperity, but to move beyond her offerings and limitations requires more than wishful thinking. It requires the application of intelligence concerning the social equivalents of the principles of soil chemistry and plant genetics, so as to allow the flowers and vegetables to flourish while restraining the weeds and bugs.

Norms, moreover, are not independent of practice. They are learned through practice, and they can become extinguished through practice as well. The maintenance of any particular normative regime requires a supporting constitutive framework that reinforces those norms through practice. Otherwise, it is possible for contrary forms of practice eventually to undermine the original norms, thereby producing a shift in governing regime, not through conscious selection but through the cumulative effects of piecemeal policy.

The ancient Greeks recognized that virtue was a matter of right knowledge reduced to habit through good practice. Conscious choice repeated often becomes habitual and unconscious. Right conduct is cultivated through the ability of right practice to create good habits. Conversely, wrong practice will cultivate bad habits and produce wrong conduct. To be sure, this classical formulation addressed the moral education of individuals. Nonetheless, it has didactic value for thinking about the constitutional framework for economic policy.
The characteristics of a system of democratic governance will depend upon the habits of governance that are cultivated through democratic practice. Good habits result from good practice, with the goodness or badness of the practice arising through political and not market processes. Desirable normative conduct is reduced to unconscious choice if the incentive features contained within a set of institutional arrangements reinforce that conduct. But if institutional arrangements do not reinforce such conduct, the desired normative conduct will diminish, just as the classics recognized that virtue would diminish without its practice. What is necessary, then, is both knowledge about what constitutes good governance and the reduction of that knowledge to habit through good practice, with that practice mediated by an institutional framework that supports good practice over bad.

**Policy Drift and Regime Transformation**

As a means of characterizing democratic regimes, it is useful to distinguish between liberal democracy and social democracy as alternative constitutional frameworks for democratic governance. Liberal democracy reflects the normative orientation that people and their rights are superior to government, with governments existing to secure those rights. Liberal democracy entails the presumption that people can do as they choose without requiring state permission, provided only that people do not abridge the similar rights of other people in the process.
Social democracy represents the normative orientation that government is the source of rights. If liberal democracy is grounded in private property, social democracy is grounded in common or collective property. What people may do individually resides ultimately within the domain of government. There can be no principled limit on the reach of government, because government is the source of rights. Under social democracy, collective judgments trump individual rights. To be sure, people will have spheres of autonomy under social democracy simply because, pragmatically speaking, governments cannot be involved in everything. Those spheres, however, are always subject to change through the political process.

Whether they are made explicitly or left to the fortunes of history, any society inescapably faces a stream of constitutive choices concerning these two different principles by which human relationships are constituted and economic activities governed. These choices can be faced directly with reflection, or they can be faced through accident and force. But they will be faced in either case. One implication of the classical approach to moral education is that law has a didactic element. In this respect, private ordering and public ordering differ in the instruction they present (Wagner 1992). With private ordering, particular allocative outcomes have no normative significance, save to the extent that principles of property and contract are violated within the process through which the allocation emerges. Otherwise, there is toleration over outcomes. For liberal democracy and private ordering, property and contract are the governing institutions for ordering human relationships. In contrast, public ordering trumps
the principles of property and contract as a framework for ordering human relationships. Principles of property and contract can be violated freely so long as the violation emanates from the offices of state. With public ordering, the process of collective choice generates some particular expression of preference over outcomes.

Returning to the earlier consideration of rent control, it is easy to appreciate how particular policy measures can contribute to the transformation of regimes. To be sure, one policy measure makes a small transformation. But multiply that across numerous measures across many years, and a quite significant transformation can result. If norms are reinforced or extinguished through practice, particular policy measures can either reinforce or undermine a particular regime. Rent control is a politically sanctioned disregard for the principles of property and contract. With private ordering, one who wants a larger apartment must secure the consent of the owner. With public ordering, however, one can use the legislature to take it. Rent control, along with myriad similar cases, should thus contribute to some erosion in the hold that the rule of law exercises over people’s moral imaginations. Rent control is, of course, but one policy measure. But as other measures are enacted and the concrete details of actual practice changes, the framework of governance changes as well.\(^5\)

A widely popular though nonetheless erroneous construction holds that we face no dichotomous choice between regimes, but rather have evolved a new form of governance, a *mixed economy*. The problem with this construction is that
principles of liberal and social democracy cannot be blended, any more than can water and oil (see, for instance, Ikeda (1997) and Littlechild (1978)). Spheres of private and common property may exist simultaneously within a society, but if they do they will be accompanied by continual skirmishes along various boundaries of conflict where the two principles necessarily collided create processes of what Robert Young (1988) calls tectonic politics.6

The contemporary inhabitants of so-called mixed economies live in the presence of two distinct and incompatible systems of pricing and resource allocation. The incompatibility arises because enterprises that are organized within the political price system of social democracy cannot compete against enterprises that are organized within the openly competitive, market price system of liberal democracy. Maffeo Pantaleoni (1911) developed this point nicely in his analysis of the parasitical character of systems of political pricing.7 The survival of the politically supported enterprises requires continual effort to suppress the forces of open competition and private property, for otherwise open competition will overwhelm the political enterprises that are established within the political price system.

The history of urban transportation in the United States is instructive in this regard. Originally, it was mainly organized within a framework of private property and market pricing. One particular market creation was the emergence of jitney service in the first third of the 20th century (see, for instance, Eckert and Hilton (1972) and Klein (1997)). As part of the normal movement of people between home and work, some people who owned cars carried other people at agreeable
fares. An orderly pattern of transportation developed, and it was an effective way of dealing with the bi-modal peak demand for transportation in the morning and evening rush periods.

Into this setting, inject the political sponsorship of bus and rail services. These enterprises can be operated either directly by government or indirectly through license. In either case, the political enterprise will not be competitive with private enterprises, and it will need to cover its inefficiency by continually curbing the operation of private property and open competition. One way to do this is through subsidies from taxpayers. Fares thus cover only part of the cost of the enterprise, as people who don’t use the service are forced to pay through taxation.

Market generated competition for political enterprises can also be abridged through regulation. The prohibition of jitney service, for instance, increased the demand for the services of the political enterprise, by preventing the forces of open competition from organizing superior enterprises. The licensing of taxicabs is another way, because with truly open competition taxicabs would come quite close to being an alternative form of jitney service. Still further examples of how the political enterprise must continually degrade private property in an effort to promote its own survival include such things as quotas on downtown parking and the reservation of highway lanes for car pools. All of these reactions, and many more, illustrate the incongruity between market and political pricing. The survival of enterprises that are sponsored under
political pricing will require a concomitant degradation of private property and open competition if they are to survive.

Carolyn Webber and Aaron Wildavsky (1986) argue that budgetary choices involve much more than a choice about how much people will spend at public goods stores relative to private goods stores. They are fundamentally conflict-laden choices among people over how they are to lead their lives. Private property and common property represent the basis for two alternative regimes for ordering human relationships, and these two regimes clash in important respects. Private ordering is based on an affirmation of equality within law, which in turn entails a tolerance across outcomes. Public ordering, by contrast, is based on an ethic of merit and hierarchy, and entails preferences over outcomes.

**An Inescapable Constitutional Choice**

Walter Eucken (1952) articulated a central distinction between those policy measures that conform to the central operating principles of a market economy and those measures that do not (see also Leipold (1990), and Vanberg (1988)). The Germanic tradition of ordnungspolitik makes a fundamental constitutional distinction between the choice among principles that will characterize a regime and the particular structure of policy within the framework of that regime. There is a fundamental clash between liberty, private property, spontaneous ordering, and a tolerance over outcomes on the one hand, and
servility, relationships based on domination and subordination, collective property, and preferences over outcomes on the other.

Like many such distinctions, this one is surely easier to articulate than it is to implement. To say this, however, is not to dispute the distinction’s value as a principle of economic policy. A conformable policy measure is one that is consistent with the principles of property and contract. A non-conformable policy measure is one that clashes with those principles. Eucken’s central point was that economic policy is fundamentally a choice about the constitutive principles that govern human relationships within a society. This choice between constitutive principles might be confronted directly. Even if it is not, it will be confronted indirectly and perhaps unwittingly through piecemeal policy. For Eucken the choice was for an economic organization of society were people related to one another through reciprocity and equality, as provided by a framework of property and contract. One could, of course, opt for a regime governed by principles of domination and supplication and by noblesse oblige. This would entail preferences over outcomes, and would require a rejection of principles of liberal democracy, tolerance over outcomes, and the like.

Eucken suggested that economic policy be held to a standard of market conformability. Eucken’s point can be illustrated by noting that transferable housing vouchers could be market conformable while rent control clearly would not. With housing vouchers, the amounts of housing produced, prices, forms of contract, and the like could still be determined through interactions among market participants within the framework provided by property and contract. To
be sure, such vouchers might be laden with such efforts at outcome selection as stipulating approved vendors that would render them non-conformable with liberal ordering principles. Rent control would always violate those principles. Rent control makes ordinary market transactions illegal, but people will seek to make those transactions nonetheless. This will involve the use of alternative, more complex forms of contract. It will also involve an expansion in police activity and martial attitudes within a society, along with increased tendencies and incentives for citizens to spy and inform on one another. Rent control is inherently venal, and in many possible ways. The authority of the state expands, officials are bribed, and citizens are prosecuted.

The distinction between conformable and non-conformable measures, if treated as a constitutional requirement for economic policy, might well serve as a kind of constitutional filter. Starting from a normative affirmation of the central principles of a liberal society, such a filter would declare that a wide range of policy measures are open to the state, subject to the limitation that the particular content of those measures cannot violate the principles of property and contract. A state could impose modest tariffs but not quotas. A state could issue transferable rent vouchers, so long as they were administered in a non-discriminatory fashion, but could not control rents. A state could refuse to engage in health care in any manner, while another could mandate that people must participate in some program of health insurance. A state could not, however, regulate insurance programs to as to require some form of community
rating, whereby actuarial experience is ignored and contractual principles of open competition violated.

It is easy for piecemeal policy measures to generate incentives that ever more continually undermine property and contract, replacing liberty and responsibility with servility and dependence in the process. As a source of orientation for the conduct of economic policy for a liberal democracy, there is much merit to a requirement that state policy measures be congruent with the central principles of property and contract, which nurture liberty, autonomy, and responsibility. The opposite, social democratic principle leads to differential ranks of overseers and underlings, to those who dispense noblesse obligé and those who are the recipients of that obligé.

Augustine, in his *City of God*, tells the story of a pirate who was captured and brought before Alexander the Great. When Alexander castigated the pirate, the pirate responded: “I do my fighting on a tiny ship, and they call me a pirate; you do yours with a large fleet, and they call you commander.” Augustine, in noting that the pirate’s response to Alexander was wholly accurate, asked: “In the absence of justice, what is sovereignty but organized brigandage?” Justice is possible when reciprocity and exchange govern human relationships. It can never exist when domination and supplication govern them. Augustine is truly a man for the ages, whose themes and wisdom could stand recovery today.
Figure 1: Secondary Consequences of Rent Control
References


Endnotes

1 Or, alternatively, people want $X_2$ of space when only $X_1$ is available.

2 With a positive rate of interest, it would, of course, take something less than $2,400 to finance the series of $200 monthly payments.

3 For some careful efforts in this vein, see Baird (1980) and Cheung (1975).

4 For further amplification, see, for instance, Buchanan (1975)(1990) and Wagner (1988).

5 For related considerations of private and public ordering, see Epstein (1985), Foldvary (1994), and Streit (1992).

6 Tectonic politics contrasts with the typical representations of politics as being smooth, continuous, and twice differentiable.

7 For a further consideration of Pantaleoni’s formulation, see Wagner (1997).