

## **Constitutional Economics**

### **Additional Tutorial – Questions**

1. What are the main differences between constitutional and orthodox approaches to economics?
2. Define and discuss the basic implications of a two-stage theory of politics!
3. Is the benevolent dictator a suitable point of departure for the normative analysis of economic policy?
4. Show some supra-individualistic assumptions in traditional welfare economics!
5. What is “methodological individualism”?
6. Which essentials of economic thinking should play a part in the methodological hard core of constitutional economics? (Motivation!)
7. Define and underpin “constitutional democracy”!
8. What role does unanimous agreement play in constitutional choice? Is this rule necessary for a realization of gains from exchange?
9. Apply the check of constitutional efficiency to an appropriate example of policy choice.
10. What are the main differences between constitutional and post-constitutional contracts?

11. Specify constitutional economics as a part of modern political economy! Is public choice a part of constitutional economics or vice versa? (Motivation!)
12. Why is it necessary to limit the scope and range of politics? Describe the tendency towards overextension of (in-period) democracy. Give some examples for a disputable politicization of social interaction.
13. Do you think that constitutional rules for a minimal state is an appropriate limitation on government behavior?
14. What are the differences between a true predictive model of government and the social planner / benevolent dictator approach? To what extent Leviathan could be seen as a predictive model?
15. Is post-constitutional democratic choice always implied by constitutional democracy? Why and in what means these two aspects of democracy differ?
16. What is the state of nature approach to constitutional economics? Show the logic behind the choice between anarchy and Leviathan!
17. Why is the state of nature such an important element in the theory of economic design?
18. Discuss the in-period principal agent relationship between government and citizenry. What is the specific problem of the constitutional agency problem?
19. Make out a case for Leviathan to be the 'natural' point of departure for constitutional thinking on government constraints!
20. Present different sequential structures (or time lines) of contracting and give reasons for the typical timing of constitutional decisions! Relate constitutional design to conventional approaches of contract design.

21. What is the difference between constitutional design and constitutional reform? (Motivation!)
22. What is a second-best constitution? Why is it important to reveal post-constitutional private information truthfully? What can be done to prevent a hidden erosion of constitutional rules?
23. What are the implications of implicit rules concerning constitutional contracting and rule enforcing? Explain the specific elements of implicit constitutions and assess the opinion that constitutions can only be explicit contracts!
24. What is a 'complete' constitution? Does Laffont's approach meet the criteria of a complete constitution?
25. Deliberate upon arguments for superiority and deficiency of the incomplete constitution approach!
26. Show the general calculus of the utilitarian constitution (Hint: Leviathan!). How should the veil of uncertainty be formalized? Is such a rule-utilitarian contract in accordance to the constitutional hard core?
27. Is the demand of a fully contingent constitution enough to preserve an optimal (complete) constitution? Show the main components of the constitutional regulation of Leviathan and the feasible contract with the highest expected welfare!
28. What is an ethical voter? Apply this approach to the emergence of utilitarian constitutions!
29. What are the main problems of positive constitutional economics? And how is it related to the normative approach?
30. Show in a two-stage game how individuals can precommit unanimously on rules for regulating Leviathan! Is, then, Leviathan still the natural point of departure for a 'bounded' society?