

# Contents

<i>Acknowledgements</i>	x
<i>Preface</i>	xi
<b>Part I Understanding Rational Behaviour</b>	<b>1</b>
Introduction	3
I Rational Choice	7
1 Introduction	7
2 Rational choice theory: an outline	7
3 Utility, preference and welfare	12
4 Rationality and self-interest	15
5 'Das Adam Smith's Problem'	17
6 Conclusion	19
II Risky Choice	21
1 Introduction	21
2 Choice and risk	22
3 Paradoxical choices	24
4 Expected utility theory and market behaviour	30
5 Expected utility theory: an evaluation	33
6 Conclusion	36
III Behavioural Economics	38
1 Introduction	38
2 Prospect theory and regret theory	38
3 Behavioural economics	42
4 Conclusion	45
IV Neuroeconomics	50
1 Introduction	50
2 Neuroeconomics and brain imaging	51
3 The reception of neuroeconomics in economic science	53
4 The dual system hypothesis	56
5 Brain and mind	61
6 Mind and consciousness	63
7 Conscious and unconscious thought	64

	8	The triumph of unconscious thought?	66
	9	Conclusion	68
V		Strategic Choice	71
	1	Introduction	71
	2	How to play games	72
	3	Which games to play?	74
	4	Solutions to games	76
	5	Classical game theory: some conclusions	81
	6	Evolutionary game theory	84
	7	Behavioural game theory	85
	8	Conclusion	87
VI		Social Choice	90
	1	Introduction	90
	2	From welfare economics to social choice theory	91
	3	The Paretian welfare function	92
	4	Rights and liberties	97
	5	Conclusion	99
VII		Intentional Action and Situational Logic	101
	1	Introduction	101
	2	Internalist and externalist explanations of human action	103
	3	Rational choice explanations and folk psychology	104
	4	The failure of Belief-Desire explanations	108
	5	The model of situational analysis	110
	6	Conclusion: unity of method?	114
VIII		Rethinking Rational Choice Theory	117
	1	Introduction	117
	2	A different approach to choice behaviour	118
	3	Institutional individualism	120
	4	Neuroeconomics and gene-culture co-evolution	123
	5	Ethics and economics	126
		<b>Part II How to Choose</b>	<b>129</b>
		Introduction	131
IX		A Proper Choice	134
	1	Introduction	134
	2	The value of preferences	135
	3	Valuations and the naturalistic fallacy	139
	4	Symbolic utility	143
	5	Conclusion	146

X	Are Justifying Reasons Motivating?	148
	1 Introduction	148
	2 Internal and external reasons	149
	3 The subjective motivational set	153
	4 Motivated desires and motivating reasons	155
	5 Conclusion	159
XI	Framing and Ranking	162
	1 Introduction	162
	2 Aspect orderings and meta-rankings	163
	3 Conflicting values and multiple rankings	165
	4 Utilitarian consequentialism and moral considerations	167
	5 Conflicting desires and meta-preferences	170
	6 Conclusion	172
XII	Commitment	174
	1 Introduction	174
	2 Inclusive and exclusive accounts of well-being	175
	3 Commitment and identity	177
	4 Collective intentions	181
	5 Conclusion	184
XIII	Neuroscience and Moral Reasoning	186
	1 Introduction	186
	2 Moral dilemmas	186
	3 Reflections on the investigations	192
	4 Conclusion: moral judgments and moral theory	196
XIV	Rational and Moral Action	199
	1 Introduction	199
	2 Moral authority: is it real?	199
	3 Reasons and desires	202
	4 Consequential evaluation and responsible choice	203
	5 Conclusion	205
	<b>Part III Principles of Justice</b>	<b>207</b>
	Introduction	209
XV	Justice as Impartiality	212
	1 Introduction	212
	2 Harsanyi's social welfare function	213
	3 Extended preferences	216

	4	The impartial observer theorem	218
	5	The problem of inequality	222
	6	Harsanyi and his critics	225
	7	Conclusion	229
XVI		Justice as Fairness	232
	1	Introduction	232
	2	Kantian constructivism	233
	3	The original position	234
	4	Justice as fairness	236
	5	The problem of stability	239
	6	Rawls and his critics	241
	7	Rawls and utilitarianism	245
	8	Conclusion	251
XVII		Justice as Mutual Advantage	253
	1	Introduction	253
	2	Hobbesian contractualism	256
	3	The initial bargaining position	257
	4	The market as a morally free zone	259
	5	Bargaining and justice	260
	6	Constrained maximization	263
	7	Gauthier and his critics	265
	8	The Archimedean point	267
	9	Conclusion	270
XVIII		Principles and Policies	272
	1	Introduction	272
	2	Unique principles, ideal institutions?	272
	3	The value of hypothetical constructs	273
	4	Conclusion: liberalism and justice	276
XIX		Equality, Liberty and Distributive Justice	278
	1	Introduction	278
	2	Egalitarian policies	278
	3	Liberty and responsibility	282
	4	Equality or priority	283
	5	Commodities and capabilities	285
	6	Social welfare	288
	7	Conclusion	290

<b>Epilogue</b>	<b>293</b>
Free to Choose	295
1 Introduction	295
2 Hayek on socialism and social justice	297
3 The constitution of liberty	301
4 A free order as a spontaneous order	304
5 Was Hayek a partisan theorist?	308
6 Have free markets evolved spontaneously?	311
7 Negative and positive liberty	314
8 Free to choose	316
9 Positive liberty and liberal democracy	319
10 Conclusion	321
Summary	323
<i>Bibliography</i>	326
<i>Index of Names</i>	348
<i>Index of Subjects</i>	352