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"There is no doubt that the imposition of an exorbitant tribute collection in peacetime as great as in the years of the war or the levy of half the wealth of the nation and even the amounts fifth of it , as any excessive abuse of power, justify the opposition of the people"

ADAM SMITH (1763, p. 324)

Abstract

The article is divided into two parts. The first describes Hayek's critique of the progressive tax system since its conception of social order and fiscal rationality. Hayek thinks about a key principle in liberal democracies: majority rule. And stretching comments to the influence of morality in taxation decisions. The second is aimed at analyzing the reception of Hayek in constitutional economics Brennan and Buchanan. However, in the interpretation of tax policy has decisively if governments reflect a tyrant or benevolent Leviathan State. The Fiscal Constitution must be accompanied by a monetary constitution. Both constitutional forms are related and prevent leviathánico power of governments, especially when they are short stay. Although, for the authors, *the Fiscal Constitution has important implications for monetary constitution.*

Keywords: Power Tax, Hayek, Buchanan, Brennan, Progressive Tax.

JEL: B13, B15, B25, B41, E43, E62.

Introduction

Tax policy creates obligations to individuals and organizations. Traditionally, governments have sought two purposes with taxes. First, obtain resources to finance spending on public goods and services. This is the known target. Second, change the relationship between the factors of production. In this sense they have been very influential, for example, claims George (1881) on the positive impact it would have on the production of 100% tax differential rent. To Hotelling (1931) taxes are the most suitable for pacing mining instrument. Recently, the Bank insisted on the same (Corbacho, Fretes and Lora 2013): taxes are not only to raise but must be understood as tools for development.

The progressive tax system is related to a situation in which the rate increases with income and purchasing power. Also income and wealth in the most tax systems in the contemporary world are progressive in nature: at the margin, the rate increases as income increases¹. It is also possible to have a tax expenditure is progressive, applying a similar

¹ The marginal increase may be weak (the second derivative of the rate with respect to income is negative) or strong (the second derivative is positive). The diversity of tax forms is multiple (Pearce 1992).

income criterion: the escalation occurs when the tax rate increases as expenses exceed².

If tax policy is complex, so is the politics of redistribution (Estrada 2010). The quest for equality can result from a deliberate fiscal policy measures that touch the income and expenses, or may be an "accidental" effect of economic dynamics are combined. In the first case, it is necessary to consider the net balance for each family makes to the state. Citizens pay taxes, but at the same time, receive subsidies. In the fiscal accounts of the countries this relationship is not included. Strictly speaking, the escalation should be examined considering the situation of the individual before and after taxes (local and national) and subsidies (local and national). This is the intent of the call Sarkozy Commission (Stiglitz, Sen and Fitoussi 2010), for the proposition that the quality of life of people is analyzed taking into account their real purchasing power, and this is largely dependent on the net balance between taxes and subsidies³.

For Stiglitz, Sen and Fitoussi, state intervention that contributes to equity is desirable to improve the situation of the poorest people. For Hayek, however, you need to be alert to any form of intervention, since in the name of good-common intervention is the first seed of a process that can lead to totalitarianism.

Then the argumentative structure of Hayek on the relationship between tax policy and redistribution exposes. The *Fundamentals of Liberty* (Hayek 1960) and *Law, Legislation and Liberty* (Hayek 1979): the set of his work with special attention to two works is observed. In addition, the author presents one of the most comprehensive arguments on the progressive tax system (SFP). History shows that the tax system works against this type of tax model and deploys a variety of arguments in a favorite spot by critics: liberal democracy.

The article is divided into two parts. The first describes Hayek's critique of the progressive tax system (Hayek 1960, 1966, 1976, 1979) since its conception of social order and fiscal rationality. Hayek thinks about a key principle in liberal democracies: majority rule⁴. And stretching comments to the influence of morality in taxation decisions. The second is aimed at analyzing the reception of Hayek in constitutional economics Brennan and Buchanan (1980, 1981). However, in the interpretation of tax policy has decisively if governments reflect a tyrant or benevolent Leviathan State. The fiscal constitution must be accompanied by a monetary constitution. Both constitutional forms are related and prevent leviathánico

² One of the most celebrated works in defense of progressive taxation tax has been to Seligman (1908, 1913). The author develops the story of the progressive income tax and an assessment of the theory from Wagner, Paine, Guicciardini, Marshall, Licht socialists. Seligman examines the theory of profit (tax payment is based on the benefit received), which contrasts with the proportionality and progressivity. And argue the theory of service costs and its subsequent decay. Based on a wide range of thinkers (Hobbes, Pufendorf, Turgot, Proudhon, Sartorius and Braun), Seligman identifies the pro rata tax online through the defense of the principle profit, then questioning from the social and economic philosophy Gandillot, Bentham, Robespierre, Vauthier. The Highlights of the work of Seligman, are found in the third part where he makes an application to the fiscal principle of progressive power in the United States and Spain .. See also Wenli and Sarte (2004).

³ From the accounting point of view, there is much discussion about how it should allocate services offered by the State and who have no direct monetary value.

⁴ Estrada (2010 b) compares the tax structure and electoral rules in Hayek, highlighting the difference of the author with respect to conventional economic tradition.

power of governments, especially when they are short stay. Although, for the authors, "the fiscal constitution has important implications for monetary constitution" (Brennan and Buchanan, 1981, p. 347).

We describe Hayek's position on taxation and its subsequent developments. Hayek defends the proportional tax system. If a majority rule corrects deviations from political power must also limit the conditions of progressive taxation. But, according to Hayek the progressive tax system (SFP) violates a principle of constitutional law to generate greater obligations for those working pursuing the growth of the economy. In this sense, the progressive tax system operates counter to principles of democratic justice.

This review is extended version of Hayek from Constitutional Economics of Brennan and Buchanan (1980, 1981). In the logic of Hayek, the potential for collection of a proportional tax with a broad-based (eg VAT) tends to be higher than that of a progressive tax on a comparable basis. And from a political point of view, argue Brennan and Buchanan (1981), the fiscal rule favoring proportional tax may be more transparent than the diverse approaches proposed in favor of progressive taxation. Nevertheless, the argument suggests that, in certain cases, equality of tax treatment must be guaranteed preferentially against alternatives that absolute income.

Hayek is at the prospect of a liberal market economy inseparable political dimension. The version of Brennan and Buchanan rejects the arguments of a Hobbesian political economy. Constitutional theory imposes limits to prevent overflow Leviathan. Thanks to their complementary, versions of Hayek and Brennan and Buchanan remain relevant in contemporary tax debates.

Hayek's argument against the progressive tax system (SFP)

The considerations made about Hayek SFP⁵ arising from their assessment of the political economy⁶. But, this system is contrary to the spirit of an open and liberal society imposes higher rates as increased revenue. Establishes a bias on wealth affects the incentives for productive groups⁷. Hayek's position in this chapter is openly controversial, as recognized:

"For many reasons I wish to skip this chapter. The dialectic contradicts used as extended criteria, there is bound to offend many. Even those who have followed me here, reasonable considering all of my position, probably think that my view of the tax system is clearly radical also not possible to implement them "(Hayek 1960, p. 407).

⁵ Although the chapter discuss Hayek develops a detailed history of the **SFP** , the most recent advances having axiomatic and econometric models are available in Damjanovic and Ulph (2010).

⁶ Friedrich Hayek's work is a real paradigm in almost all areas of contemporary economic theory. And through the *catallaxy* manages to show the complex interactions between human psychology and markets (Samuelson 1982, 2009, Farrant and McPhail 2009, Damjanovic and Ulph 2010, Klein 2007, Steele 2008, Caldwell 2003, Ebenstein 2003).

⁷ The concept of *open society* is a legacy of Popper (1962) the political debate back to the Second World War. We know, by the same Hayek notes, the appreciation felt by the philosopher of Vienna. Popper's arrival at the London School of Economics was achieved through the good offices of Hayek. Some authors observe differences between Hayek and Popper on the meaning of open society (Moldofsky 1985).

SFP problems are closely related to the field of taxation mechanisms and tax structure, but significantly affect a wide range of fields related to equality and freedom. This is the central premise of the arguments presented Hayek and why his reflections remain. The act of creating wealth in capitalist societies is incomprehensible outside of a political scheme allowing for the exercise of individual freedoms. Hayek notes that fiscal problems are part of its foundations in moral philosophy practiced by society⁸.

The contradictory nature of the SFP progressive tax system with respect to a proportional tax system character is also reflected in imbalances that promotes and freedoms denied (De Vecchi 2006). While a proportional burden seems better fit the criteria of political equality, SFP impairs the basic incentives of market competition, and the possibility of obtaining wealth is subordinated to democratic majority vote. Thus the tax savings are subject to the decisions of the legislature. One of the goals is to identify Hayek, with classical liberalism, illegitimate transfers of political power⁹.

The progressive tax system is one of the fundamental methods of redistribution of income (Mankiw and Weinzierl 2009 Dromel and Pintus 2008). To criticize, Hayek is attacking a central core of inherited prejudices in tax matters. Provided, for progressive taxes Hayek had a fraudulent origin invoking false pretenses, such as those seen in Marx and Engels, and others of his adversaries in the economic history of liberalism¹⁰:

"Among many arguments in support of this thesis and who still survive in textbooks Treasury, was imposed which ultimately gave a more scientific appearance of progressive rate tax. Also the basis of this dialectic is none other than the diminishing marginal utility of successive acts of consumption. Despite, or perhaps because of its abstract nature, this theory has gained greater authority to scientifically support what until then was, being admitted on the basis of arbitrary postulates "(Hayek 1960, p. 411).

Hayek defines the historical and methodological conditions that gave rise to SFP¹¹. Although the bitter controversies on value have highlighted the difficulties that arise when trying to compare the perceived usefulness of different subjects. Is "a mistake"¹² support the SFP support of evaluative principles so weak.

⁸ Hayek's relations with the classical tradition are unavoidable, particularly with Smith (1759). See, Klein (2007) and Witztum (2008).

⁹ This intention is clear in Hayek (1988). See also Hayek (1966).

¹⁰ The historical line of argument followed by Hayek goes from fiscal policies in Renaissance Italy, passes through the French Revolution up to the period after World War II. The author reviews a voluminous tradition from Florence (Italy) during the second half of the sixteenth century, comparing key geopolitical regions in Europe and the United States (Britain, Germany, the United States). And check outstanding authors of the classical liberal tradition as Mill, Edgeworth, Wieser, Marx, and Engels.

¹¹ Faust (2008), Italian economic historian, interprets fiscal tradition with different criteria to those of Hayek. In the Italian tradition of public finance theme redistributing wealth and reducing inequalities through the SFP does not follow a strictly utilitarian ethics applied to fiscal problems. Responds rather to the egalitarian nature of political tradition in Italy, closer to the second principle of justice as fairness Rawls (1971).

¹² The SFP prevents generalization because the ability to pay of each person is different (Keen, Papapanagos and Shorrocks, 2000).

For your review, the arguments against Hayek breaks in the field of political economy: "the tax progression did not benefit the poor, profit fell upon the best equipped classes and the lower strata of the middle classes, which provided the largest number of voters "(Hayek 1960, p. 414-415, emphasis added). Insists that the various interest groups pushing the tax changes. However economic policies depend on personal interest in the medium and long term have unpredictable consequences. However, it is not appropriate for ideological reasons, taxes reduce the income generated by production activities¹³. In addition, Hayek emphasizes the political nature of the progressive tax system in order to bring out the responsibilities, and make clear that there is a supposedly value-free scientific approach¹⁴.

In reviewing the collection derived from a progressive tax system, Hayek argues that income is minimal, if compared with the detrimental effects on production and income dynamics of peak¹⁵. Also, when recording high incomes will cause damage to the best opportunities to generate income and employment. One test that Hayek uses against SFP is comparative studies between the United States, Britain, France and Prussia (Shirras and Rostas 1943). Hayek observed that:

"Studies agree that, generally, the income taxpayers averages, which provide the largest number of voters were the least penalized; while the minimum, on par with those in the highest income, supported a full proportionally much heavier burden" (Hayek 1960, p. 416).

The data reflect the case of Great Britain (1936-1937). The total tax burden of families with two children and an income of 100 pounds was 18%. This percentage gradually decreased to a low of 11% for an income of 350 pounds. From there it rises again to 19 % for an income of 1,000 pounds. In conclusión, Hayek to prove that "are not the most needy benefit most, but the classes that constitute a majority in voting; and that all that was obtained by progression could have made fiscally pushing middle-income earners as intensely as they do with the poor "groups¹⁶.

¹³ Ideology is inevitable in any form of thought. Estrada (2005, 2006) examines the controversies in the economic debate about the theory and ideology. Especially Daly's arguments and Bhagwathi about the benefits of free trade.

¹⁴ Those who recognize the argumentative structure of modern law, particularly in the context of the German legal tradition - going back to Kant - can see that Hayek to enter the opposite field in order to play the cards of their opponents. An original episode Kant succeeds in writing the run to the *Critique of Pure Reason* . For Hayek's *Kantian constructivism* has created conditions conducive to the positive value-free approach is sought.

¹⁵ Prosecutors macro and micro shocks have consequences. The work of Burnside, Eichenbaum and Fisher (2004) investigates the impact on the labor market arising from fiscal policy in the United States after World War II.

¹⁶ An update illustrating the tax behavior and investment in the United States during the last period, refer to Steigerwald and Stuart (1997).

Majority rule

From modern democracies have established their power in ideals of equality and majority stake. Most expressed electoral and political power reflects their decisions. Hayek uses the same principles of the democratic system to criticize the faults that occur in your application. But the perspective of Hayek, progressive taxation "means an open invitation to discrimination, and, what is worse, the majority to discriminate against a minority, so the assumption is purely arbitrary judicial want" (Besley and Persson 2009).

Hayek shows that the majority of society can lead to undesirable situations: "The fact that the majority, by the simple fact of being deemed entitled to impose the minority rejects sacrifices she supposed to violate a principle of greater importance than the democratic principle itself because it involves going against the very logic of democracy". The argument unfolds maximum majorities to show how a liberal principle is sacrificed¹⁷. In addition, the pursuit of equality ends subsuming freedom. Convert a political achievement on a criterion of fiscal policy represents a departure from the same democratic principles.

Hayek notes that the progressive tax system could damage the structure of the economy because it causes damage to critical production systems (Lombardo and Sutherland 2004). The overall economic balance derived from progressive taxation shows that costs are greater than its achievements. Fiscal policy that tax obligations overload tends to limit the risks taken by investors. Also private capital is attractive place their money with regulatory hurdles and tax profits. In poor countries, these obstacles are reflected in greater poverty and inequality¹⁸.

For Hayek SFP slows the development of the economy because the income limits imposed disincentive to productivity and growth. The progressive tax punishes "those who manage their own resources in peril". The message for investors and entrepreneurs is negative because it is against the enterprising and entrepreneurial as well as industrial initiative:

"The progressive taxation generally favors corporations at the expense of individual savings, and, above all, strengthens the position of existing firms to the detriment of new entrants" (Hayek 1960, p. 424).

From the social point of view, progressive taxation perpetuates inequalities, since the SFP creates inertial terms that deny opportunities for social mobility and economic advancement¹⁹. In the design of progressive tax must take into account the impact of the income differential feelings of envy²⁰.

¹⁷ In almost all his writings the means used by Hayek against the majority principle holds in a technique of argument that stresses the qualities and differences. In particular, this message Hayek has been shared in the liberal tradition from Mill to Popper, including less radical liberals like Berlin or Bobbio.

¹⁸ Observations with recent applications can be found in and Mladek Hashi (2000).

¹⁹ Piketty and Saez For (2006) in analyzes of equity should make the distinction between inequality of capital income and labor income. These two dynamics are very different and the tax system should be considered.

²⁰ The subject of envy in the economic sphere follows a venerable tradition that goes back to the Greeks. In Dante and St. Thomas envy falls within the portfolio of the deadly sins. In Machiavelli expresses opposition to the moral virtues of civic life behavior. Mandeville and Smith make references to envy and their effects on

The progressive tax system contains a reverse of democratic equality predicates moral variant. Hayek (1988) proposes limits to governments to provide fiscal instruments in order to correct deviations of governments in the distributional issues.

"In countries where the income tax regime introduced higher rates, the egalitarian desire body, preventing anyone may have incomes above a certain limit" (Hayek 1960, p. 426).

Hayek believes that impose limits on the increase in income is part of a moral prejudice that affects economic development. Above all, the poor countries, whose revenues will be lower than the maximum possible. And in these circumstances, "the more difficult it their income residents in wealthier countries worldwide considered moderate"²¹.

Hayek (1976) rejects populism as a guiding principle of fiscal spending. There is no moral justification for the establishment of maximum most revenue possible. This wrong decision is fueled by "who believe they are benefiting the masses". A hit for tax on the rich to benefit the poor, equity in the distribution of wealth is not achieved, but greater risks and fiscal imbalances are created. But the final effect goes against what was intended, as a delay in economic growth is presented and the difficulties to get better quality are exacerbated income.

The moral prejudice is not a reasonable defense:

"It is unfair to claim that the majority is allowed to transfer, through discrimination, taxation in the minority; that the same service can be remunerated differently depending on who you pay; and an entire establishment simply by having an income other than his fellows, is deprived of incentives and compensation provided by the act of another "(Hayek 1960, p. 427).

If a central predicate of liberalism is the defense of individual rights, it is illogical that more tax burdens imposed a minority. Democracy can not ignore the merits, or create barriers to investment.

Hayek defends the autonomy of markets as an interventionist response to the excesses of governments. Note that the progressive tax was creating a series of unique mechanisms that ended upset the tax structure²². Experience teaches us "how quickly the habit dulls the sense of justice and principle amounts to what actually has no other basis than envy" (Hayek 1960, p. 428).

individual and collective experience. Envy is also subject in Descartes, Hobbes, Hume and Kant. See also Rawls (1971), Nozick (1974).

²¹ Some of these biases are found in the historical evolution Hayek and relationships that were established with *the mysterious world of commerce and money* . The initial contempt toward trade issues are often expressed in ignorance *economic* intellectuals, and suspicion toward money and finance. The benefit is condemned and criticized commercial activity. The issue is addressed by Hayek (1988, p. 149-171).

²² The ingenious ways of circumvention can lead to the conclusion that the remedy was worse than the disease.

Also tax policy is incomprehensible outside of Moral Sentiments. In Hayek's view envy set an insurmountable barrier to growth. It is an inverted conception of the tax system that treats bad what those who risk through investment.

Hayek uses the absurd to place retaliatory tax liability proponents of progressive taxation:

"If you want to implement a fair tax system, is bound by the following rule: Most self that sets the total amount of taxes has to bear, in turn, the maximum tax. There is no reason, however, to oppose the aforementioned majority can improve the lot of the economically weaker minority rebajándole its share in proportion"
(Hayek 1960, p. 428).

Against the SFP Hayek defends a proportional tax burden. His argument is moving between the dissociative technique (majority versus minority), and the mechanism of the differences (quantity versus quality). In addition, if the tax is political result of a decision by the majority, its direct effect is that they meet the obligations. And if it seeks to resolve the position of the least advantaged, proportionality is an appropriate mechanism.

Escalation is perverse in time. The defect does not result from the amount allocated or targeted tax discrimination, but of the nature of the progressive principle. This idea is reiterated in *The Road to Serfdom*:

"The close interdependence of all economic phenomena makes planning difficult to stop precisely at the desired point, and, once beyond a certain limit obstructed the free market, the planner will be forced to extend their activities to cover everything. Also, these economic considerations, explaining why it is impossible to stop the deliberate control exactly where you would want, are greatly enhanced by certain political and social trends whose influence is felt increasingly extends under the planning "(Hayek 1944).

Hayek leans first to "mark a maximum of direct taxes in relation to the tax burden as a whole." A rule setting a maximum percentage (marginal) direct tax that is equal to the percentage of national income that the state absorbed expenses. For example, if the tax burden is 25 per 100 of national income, direct taxes must not exceed 25 100 in personal income. If the security force to increase this percentage, just as the proportion allocated to these taxes will be increased. And it will be reduced when the tax burden reduced.

The reception of Hayek in *The Power to Tax*, Brennan and Buchanan (1980)

At work on constitutional economics Brennan and Buchanan (1980, 1981) an extension of the original arguments of Hayek with unpublished variations within the philosophy neocontractualista observed. Recall that the writers adopt the contractual perspective (Hobbes), and close ties with the Wicksellian tradition:

"... In which it is assumed that the taxpayer is unable to identify its own position, either as a taxpayer or as a beneficiary of public spending, in a sequence of several fiscal periods. The tax structure chosen may constitutionally be, and usually will be completely different from the distribution "within the same period" of the tax burden that conceptually arising from a

tax sharing idealized in the Wicksellian sense "(Brennan and Buchanan 1980, p. 18).

The quoted passage mentions two aspects are in line with the hypothesis of Hayek. The first relates to the condition of horizontal equity taxpayers from the assumption veil of ignorance. The second, with the need to distinguish the tax structure and the level of taxation. Hayek believes that effective control over the structure ensures an adequate level of taxation. Although and control of the structure is achieved by limiting the powers of governments to change the distribution of the tax burden. Parliamentary temptation It also slows to arbitrate tax changes at the macro level type. And printing money has tax purposes, the control must also extend to money management (Brennan and Buchanan, 1981). Hence arises the need for the fiscal constitution is accompanied by a monetary constitution.

For Brennan and Buchanan (1980) it is necessary to go beyond Hayek in order to propose rules defining the limits of fiscal and monetary power of governments. Fiscal constitution may introduce restrictions on both, as the level of the structure of the tax burden. But the underlying fiscal rule Brennan and Buchanan view are consistent with the basic structure exposed by the Hayek model.

Brennan and Buchanan proposed fiscal rules to prevent gigantism in government spending. The tendency to manipulate the power, according to particular interests is an inevitable temptation, so the normative foundations of a fiscal constitution arise directly, according to Buchanan, "one utility maximization by anyone and, consequently, all people of the state "(p. 25). The temptation for governments leviathánica must be controlled through fiscal and monetary constitutions.

Constitutions protect against undue fiscal exploitation, precisely in those situations where competition between political parties and between the parties get not control the explosion of taxes and expenses. In the tradition of constitutional economics creating regulatory barriers whose main purpose is to avoid deviations from rational behavior of the agents²³.

The precursor nature of the proposed analysis consisted Hayek have anticipated the generality of fiscal rules. But the types of restrictions can take different paths according to Buchanan:

"May be set constitutional structure allowable types of tax instruments specific limits. As you can restrict the total tax revenue or the level of public expenditure of a defined fraction or proportion of national income or product. Another variant may consist in setting a constitutional restriction on the allowable tax bases. Finally, the inherent political competition to fiscal federalism can achieve indirectly what the explicit fiscal constraints directly pursue "(Buchanan 1979).

If the government collects taxes in accordance with general rules are required, you are

²³ In a long tradition that links the influence of both macro-structural factors (institutional design, political economy and culture), and microstructural (incentives, moral, behavior). Elster (1989, 1997, 2000) has collected these components with a solid epistemological argument.

giving protection to citizens against arbitrary fiscal exploitation. Brennan and Buchanan complement the idea of a tax policy, according to the general principles developed by Hayek.

The fiscal constitution also serves to regulate spending by acting in line with the monetary constitution. Whether Hayek, as Brennan and Buchanan, this is to prevent abuse of central power. Although Hayek proportionality facilitates setting rules, has limits. Buchanan notes

"If government spending was restricted to the purchase and supply of goods and purely public services, Hayek's argument would be valid. It would also be valid for goods and private or divisible services that are not resalable due to technological reasons (eg haircuts) when these goods and services are available to all persons alike "(Buchanan 1979, p. 172).

The tax equation is the component of taxes and expenses. And proportionality is achieved on the one hand can be countered by the other. The resources obtained through a proportional tax can end in a progressive spending. Buchanan offers a relatively simple example in which direct financial transfers, but generally are financed through income SFP. Suppose that it is a community of three people with pre-tax income of 1,000, 100 and 100 dollars. And following Hayek says that the tax is proportional and equal to 100%. The government collects \$ 1,200, and decides that the transfers, equally, so each person receives \$ 400. Proportionality in the tax accompanied the equal distribution of collection ends substantively changing the initial conditions of the distribution. The initial inequality becomes a perfect equality. In conclusión this form of state intervention completely undermines the purposes of the Hayekian proportionality.

For Brennan and Buchanan weaknesses of Hayek's argument go through the power of Leviathan ignore. The authors estimate that more force is required for fiscal controls. Fiscal constraints have to touch taxes and spending.

As noted, Brennan and Buchanan (1980) have an interest not only in the principles of tax reform, but in the constitutional framework that supports it. The tax reform views from a constitutional perspective and not as a reward you get from a partisan struggle. However, the authors developed a preparatory work on a little explored by economics: political theory in the context of public choice

"A political theory, defined as the theory of the properties of the workings of the political process under some alternative sets of rules, is logically and necessarily a priority consideration to any alternative responsible for own constitutional"
(Brennan and Buchanan 1980, p. 236).

The use made by the authors of the Leviathan model assumes no heuristic recommendations for governments. In *The Power to Tax* an ideology of public policy is not formulated. The text reveals a sequence of results: "the worst possible" that would result from the abuse of Leviathan. Constitutional orders prevent these kinds of results, "the worst possible" may not materialize. And thanks to the constitutional framework, the taxpayer is not vulnerable to exploitation by the government, which otherwise would seek to raise

taxes to the maximum of their ability to pay²⁴. On the deontological perspective, Brennan and Buchanan can be placed in the analytical horizon Rawls (1971).

Hayek (1979) proposed a reform of the political processes that relate directly to the taxing power. The distribution of tax shares must be adopted by the deliberations of a new assembly, chosen differently and with a different organization. But this would be an upper house whose sole function is limited to the enactment of laws or general rules, once approved, would remain in force over several time periods.

The general laws of Hayek are equivalent to so-called "constitutional requirements" of Brennan and Buchanan. From this reading Hayek allow the other assembly, ordinary camera, or Parliament, choose the levels of tax policy and, of course, the fiscal expenditure, considering redistributive policy debates among alternative uses²⁵. In its original in favor of a proportional tax policy proposal, recommended by Hayek structural reform was aimed primarily at reducing or eliminating periodic political disputes over the distribution of tax relative shares. In addition, Brennan and Buchanan estimate that both proposals are aimed at achieving a certain guarantee that tax policy rules are treated constitutionally and not outside that area.

Social engineering and tax rule

In the field of economic policy there is a huge difference between the Hayekian perspective and practical formulation of fiscal rules. For Hayek neutrality is important, and for this reason the economic policy must respect market dynamics as *Catallaxy*. And as the market is incomprehensible outside of human interactions, decisions of autonomous individuals have implications that cannot be predicted. Although the *Human Action*, in the language of Mises (1949) is uncertain. And in view of Mises and Hayek, the uncertainty of human action renders any floor positivist claim. Therefore, social engineering has no place. And Hayek is emphatic in his criticism because Saint Simon seeks to organize society.

The desire by Brennan and Buchanan narrow fiscal and monetary constitution constitution has led to precise formulas technocracy behavior marked by a naive positivism. A rules guiding fiscal and monetary policies have been given a role that goes far beyond the control of governments *leviathánicas* trends. But they seek to condition all public spending decisions and tie the discretion of governments to projections that are made with the instruments of the grossest social engineering. Arguing that governments are irresponsible, a group of technocrats manages to turn through the fiscal rule, his political position in mandatory compliance standards. In conclusión, this way, it has nothing to do with Hayek, is the kidnapping of political democracy by the Saint-Simonian bureaucracy.

²⁴ Tax institutions, once force, tend to be relatively durable. Buchanan says in this case the recognized popular saying: *An old tax is good tax*, as a general attitude toward taxation practice, regardless of the implications that has the tribute in the dynamics of the economy. On this subject, see Buchanan (1967, 1988).

²⁵ It is appropriate to note that the political structure that Hayek suggests a change is analogous to the British parliamentary government. Context of reflection are not the United States, Latin America and less.

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