

The Collected Works of
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The Logical
Foundations of
Constitutional
Liberty

The Relatively Absolute Absolutes

Introduction

When I was invited to give the lecture on which this essay is based, I indicated my provisional acceptance on the condition that I be allowed to talk on the topic “The Relatively Absolute Absolutes.” I specified this topic for two reasons. First, I am tired of lecturing here, there, and elsewhere on the deficit, tax reform, welfare state, public choice—all topics of some interest to potential audiences and all relevant to some parts of my past work—because these topics do not challenge my deeper current interests. Secondly, I wanted, by announcing a title, to precommit myself and thereby impose a discipline that would force me to write out a lecture on a subject of major importance and one that I have put off for far too long. Further, I have long planned to write a small book on the “relatively absolute absolutes.” I hoped that the lecture and this essay, in their preparation and presentation, would at least give me the required introductory shove toward completion.

These are my private, personal reasons for selecting a topic that might seem esoteric and meaningless. I can only hope that I can convey in the following discussion some of the importance and relevance of the relatively absolute absolutes, both in organizing and maintaining a coherent intellectual and moral stance in some highly personalized sense and in providing a practically useful foundation from which to advance persuasive normative judgments on socioeconomic-political alternatives.

I shall mention only three more points by way of preface. First, I hope I can disturb the complacency of practicing, working economists who never

From *Essays on the Political Economy* (Honolulu: University of Hawai'i Press, 1989), 32–46. Reprinted by permission.

stop to think seriously about either epistemological or normative foundations of their discipline. Secondly, the generalized adherence to the principle of the relatively absolute absolutes is a stance that embodies tolerance on the one hand and continuing tension on the other. It avoids the coziness of both the relativist and the absolutist at the cost of taking on attributes of Janus, attributes of a necessary duality in outlook. Finally, let me emphasize that the principle of the relatively absolute absolutes is not in any sense my own invention. It shows up in many disciplines and in the works of many scholars, often in precisely the same terminology. For my own part, the emphasis derives directly from Frank Knight, who restates the principle in almost every one of his philosophical essays, as well as from Henry Simons, Knight's colleague at the University of Chicago during my salad days at that institution.¹

Plan for a Book

If and when I write my little book on the relatively absolute absolutes, I propose to develop the argument in a series of separate applications, several of which are familiar. I want to develop applications in economic theory, in psychology, in politics, in epistemology, in law, in sports, in war, in language, in morals, in political philosophy, and perhaps even other disciplines. Through the presentation of these applications, I want to suggest that most economists do, indeed, accept the principle of the relatively absolute absolutes, even if we do not explicitly realize just what the principle is; that is, even if we do not, in this sense, know what we are doing.

I shall allocate the limited space in this essay as follows: I shall first introduce an application of the relatively absolute absolutes that is familiar to all economists, although seldom recognized in this particular terminology. Following that, I shall move somewhat beyond orthodox economics into the borderlines with psychology. I shall then introduce an application from politics, one that is again familiar and one that I have long emphasized in my own work, but an application that, again, is not normally discussed under the relatively absolute absolutes rubric. The discussion of these economic,

1. See, in particular, the essays in Frank H. Knight, *Freedom and Reform* (Indianapolis: Liberty Fund, 1982). Also, see Henry Simons, *Economic Policy for a Free Society* (Chicago: University of Chicago Press, 1948).

psychological, and political applications can be considered introductory to the central part of the essay, which extends the analysis to moral-ethical discourse. In a sense, the main part of the essay can be interpreted, at least indirectly, as my own response to, or review of, Allan Bloom's best-selling book, *The Closing of the American Mind* (1987), that has been getting so much recent attention.

Marshallian Time: The Long View and the Short

One of Alfred Marshall's central contributions to basic economic theory was his introduction and use of time in analyzing the choices of economic agents, and particularly in the choices made by decision makers for business firms. By heroic and indeed arbitrary abstraction, Marshall imposed a temporal order on the complex environment within which firms act. The process of production involves the organization of costly inputs in the generation of outputs. For some purposes, it is useful to model this process as continuous and simultaneous, without reference to time. But, for Marshall, the timeless model offered little assistance toward an understanding of decision making. He recognized that inputs differ in their specificity, and that contractual obligations embody a time dimension. He proceeded to classify inputs into logically distinguishable and highly stylized categories defined by the time dimension of the choices faced by the firm's agent.

In its simplest formulation, and all that is relevant for my purposes, Marshall distinguished between those inputs that are variable within a short-run period of decision and those inputs that are fixed for decision prospects within such a period. The distinct time periods, the short run and the long run, are themselves defined with reference to input variability, rather than directly in terms of calendar time. The short-period planning decision involves a consideration of alternative rates of output achievable within the limits of variability of the first set of inputs constrained by the fixity of the second set. By contrast, the long-period planning decision involves consideration of alternative rates of output achievable by varying all of the input units as these are optimally adjusted one to another.

This summary sketch of a chapter in elementary price theory illustrates the principle of the relatively absolute absolutes, even if this terminology remains foreign to economic theorists. To demonstrate the meaning of the

principle in this application, consider again the short-period planning decision that must be made by the agent for the producing firm. This decision involves the selection of some preferred rate of output, and, in consequence, rates of purchase, hire, or lease of all variable inputs, with the characteristics of the fixed inputs taken as constraints beyond the range of short-period choice. Compare this decision with that which emerges from long-period planning. In the latter, the agent considers alternative levels of fixed-input utilization.

For the short-period planning problem, the agent takes the fixed input (the size of physical plant) as an absolute, as a given, a parameter that is not subject to choice within the limits of the relevant planning horizon. At a different level of consciousness, however, the same agent fully recognizes that the fixed inputs are also variable; these inputs shift from the constraint set to the set of objects from which choice becomes possible. It is in this sense that it seems appropriate, and useful, to refer to the fixed inputs as “relatively absolute absolutes” for short-period choice, subject only to variation at a level of consciousness or decision that is conceptually separate from that which defines short-period planning.

Note that the differentiation here is not itself made along a time dimension. The short-period and the long-period planning processes may occur simultaneously. The differentiation lies, instead, in the number of variables that are allowed within the relevant choice set relative to the number of variables that are relegated to the set of constraints.

Individual Choice within Constraints

In the familiar Marshallian setting, there is some initial starting point when all of the relevant variables are within the choice set. The principle of the relatively absolute absolutes emerges only in choice settings that occur after the initial one. If we extend the analysis to the individual, there is nothing analogous to the creation, *ab initio*, of an institution, as such. An individual does not create himself from nothing. There is no identifiable moment when a person confronts *tabula rasa*, a situation when all of the potential constraints are variables subject to choice. A person’s life is an unfolding narrative in which choices are continuously confronted, choices that may determine both subsequent constraints and subsequent preferences. At any

moment, an individual finds himself or herself in a setting fully analogous to the agent for the Marshallian firm. The individual must reckon on the temporal adaptability of the potential choice variables, and norms for rational choice require that some variables be treated analogously to fixed inputs in the Marshallian model, that is, as relatively absolute absolutes for the purpose of making short-period choices.

In any choice environment, an individual confronts genuine absolutes, relatively absolute absolutes, and alternatives from which choice may be made. Constraints summarized as genuine absolutes are those described by natural limits, temporal and physical; these are not my concern here. These aside, however, there are relatively absolute absolutes that serve as constraints or boundaries on short-period planning options.

Let us say for the moment that we are professional economists. It remains within the realm of the possible that we could change our profession, and with years of training become physicians or physicists. For most of us, however, it would be rational to take our profession as a given, as a relatively absolute absolute, as a constraint within which relevant choices as to career, work effort, and life-style are made. Within limits, the same argument may, of course, be extended to other characteristics of any person's choice setting. A professional relocation to another employing institution is within the possible, but, for many of us, it may be rational to accept the employment status quo as a constraint, as a relatively absolute absolute, while, at a different level of conscious consideration, we review alternative opportunities. It seems clear that we can extend the same argument to any durable good or service that enters into any consumption or production stream. Durability becomes a reasonably good surrogate for the classification of characteristics into variables and constraints.

Preferences as Constraints

In the two choice settings disclosed, the implicit presumption has been that individual preferences over the relevant choice alternatives are not themselves among the objects for choice. The individual, whether as agent for the firm or for himself, confronts a set of alternatives that is exogenous. If we remain within these standard choice settings, the relatively absolute absolute, as a notion, would be little more than a fancy label for familiar aspects of the general choice problem.

The relatively absolute absolute becomes important as well as useful, however, if we move beyond the choice settings of standard economics, and particularly as we recognize that persons do not approach all choices with a fixed preference ordering over all alternatives. Once we recognize that preferences change and, further, that preferences can be changed by deliberate choice; the temporal differentiation originating from the physical characteristics of the choice options must be replaced by differentiation that is deliberately produced by choice itself.

We may think of a person who chooses to impose upon his or her own choices an artificial preference function, who explicitly adopts rules or norms for choosing among options that exclude some otherwise available options from the choice set, who chooses among options in such fashion as to insure that there will be directional bias in choice patterns actually implemented. Personal examples abound. A person really prefers the calorie-laden dessert, but also wants to maintain or achieve a desirable weight. The “higher” preference, losing weight, constrains the preference for sweets.

The example suggests that an individual may exercise a rational choice among a set of choice alternatives that is, at least in part, determined by his or her own choice exercised at a different level of consciousness. The rule against eating dessert is self-imposed, and is recognized as such. But, for making the cafeteria selections, this precommitment is taken as a relatively absolute absolute. The revealed preference against sweets may reflect a prior preference for preferences, about which the chooser remains fully aware.

It is useful to introduce the term “constitutional” in its most inclusive and general sense here to refer to deliberately chosen constraints on choice alternatives. In the example here, the individual chooses within a set of previously and separately selected precommitments, or rules, which describe a personal constitution for that individual’s choice behavior. The point to be emphasized is that the two levels of choice are distinct and that constitutional choice is necessarily more comprehensive than in-constitutional choice.

The Political Constitution

We can move beyond economics while remaining in familiar territory if we shift attention from the personal to the political constitution. In constitutional democracy, and in the United States in particular, it is recognized that ordinary politics takes place within the constraints defined by the set of rules

defined as the constitution. The very purpose of these rules is to constrain ordinary political choices. And these ordinary choices take existing constitutional rules as relatively absolute absolutes. As they participate variously in ordinary politics—as voters, aspiring politicians, elected politicians, and bureaucrats—individuals operate within the existing rules of the political game. At the same time, however, individuals recognize that these rules, themselves, at some differing and more comprehensive level of choice, are subject to evaluation, modification, and change. The constitutional rules are not absolutes to be put beyond the pale of rational consideration. But neither are these rules comparable with ordinary politics, which are dominated by current and possibly fleeting dictates of expediency.

Political dialogue and discussion proceed simultaneously at two levels, the in-constitutional and the constitutional. Precisely because constitutional rules are not absolute, they, too, are subject for evaluation and debate. At the same time, and conversely, precisely because they are not subject to change within the decision-making structure of ordinary politics, they can, and do, act to constrain this politics within limits determined by the rules that exist.

We are, as United States citizens, fortunate in that our political structure embodies a much more evident conceptual distinction between the set of constraining rules and the choice-making of politics within that set of rules. Parliamentary democracies, which do not embody such clarity in this distinction, generate confusion, for citizen and scholar alike. Discussion proceeds as if parliamentary majorities operate totally nonconstrained by constitutional rules, while at the same time, some prior commitment to rules for continuing open franchises, along with periodic elections, seems to be presumed in existence. That is to say, politics in parliamentary democracies also proceeds within a set of relatively absolute absolutes, even if these are not explicitly recognized in any formal sense.

Rules for Games

In shifting discussion from personal to political constitutions, we have effected a categorical transformation from private to public choice. The applications from economics suggest the usefulness of modeling strictly private choices in such a manner that decisions made at one level constrain choices at other levels. As we focus on individual choice behavior in interaction with

other persons, in a political or social “game,” there emerges a new, and conceptually distinct, basis for constitutional precommitment. The individual participant need not, in such a setting, consider it to be useful to impose constraining rules on *his or her own choice behavior*. At the same time, however, since the individual is only one participant in the collective choosing process, and since his own choice need not correspond with that which the collective decision–rule will generate, rational considerations may dictate support for constitutional constraints or limits on the range and scope of collective decisions. In this sense, the individual chooses not to precommit his own choice behavior but rather to constrain the choice behavior of *others than himself*, who might prove dominant in the decision process.

In terms of game theory here, the individual rationally agrees to play by the rules, and to accept these rules as relatively absolute absolutes, not necessarily to constrain his own actions but rather to limit the actions of others than himself. There are two rather than one possible sets of constraining rules once we move into social interaction, once we consider games between and among separate decision-making units. The first set of rules is that which defines the game itself, those rules that constrain the actions of individual players and which are applicable to all players. These are, in a sense, public rules. There may be, but need not be, a different set of constraining rules, through which a single player may, independently of other players, constrain his own choices as he plays the game in accordance with the public rules. This second set of possible constraints may be called private rules; these need not constrain all players, and such rules need not be comparable over all players.

The second set of rules, private rules, are those of the personal constitution discussed earlier. But, in social interaction, we often refer to these rules as individualized strategies, rules that dictate to a player how choices will be made over a whole sequence of plays of a game. In sports, reference is often made to a team’s or a player’s game plan, which is to be distinguished both from the rules of the game itself and from the tactics of play within these rules. But the game plan, as such, also constrains the choices within the tactical setting. And, as the player attempts to follow the game plan, he is behaving as if this plan is relatively absolute absolute.

The same logical structure is often applied to discussion of wars or conflict between opposing parties or groups. The common distinction is be-

tween strategy and tactics. And, especially in earlier centuries, even wars were conducted within implicit rules for the game itself. This aside, however, military strategy for a campaign describes a set of constraining rules within which tactical choices are to be made. The strategy is treated as being relatively absolute absolute when tactical decisions are made, while at the same time, the commander considers shifting the strategy itself.

Epistemology

What I have covered to this point will have seemed repetitious and redundant to those who are at all acquainted with my published writings of recent vintage. I have deliberately gone over familiar ground in preparation for the important applications of the principle of the relatively absolute absolutes, at least from my own perspective. Let me first consider epistemology, a branch of inquiry that occupies so many of the good minds of this and other times. How do we know anything once we recognize that all knowledge must, somehow, be filtered through our minds, which, in turn, translate perceptions into ideas? I have never been attracted to go deeply into epistemology; at the same time, I have never felt at a loss before the highly complex set of issues discussed by my learned colleagues. My own ability to withstand temptation in this respect has, I think, its foundations in the relatively absolute absolute.

I am able, armed with this principle, to proceed as if we do indeed possess knowledge, even if at another level of inquiry I can realize that we may not. I can keep in lockstep with the positivist, who accepts the genuine reality of the world to be discovered and literally believes that this reality exists, while at the same time I can express agreement with those antipositivist critics, provided only that the argument be carried on at a separate and distinct level of discourse. The real world exists, as a relatively absolute absolute, and we can get on with our work.

I can take much the same stance toward the whole Popperian enterprise, with its emphasis on the falsifiability of hypotheses and on the provisionality of all truth. Ordinary or everyday science proceeds as if its hard core Lakatosian program embodies a set of relatively absolute absolutes. Scientists can work within this methodological framework without being frustrated by the deeper epistemological issues around the edges. We may, on occasion, walk

on ice as if it were solid ground, even if we recognize that to do so requires that certain conditions of temperature, time, and place be met.

Value Relativism

I now turn to the alleged relativism of all values. For well over a century, or with philosophers indeed since David Hume, we have lived with the collapse of certitude previously offered by the dogmas of religion and reason. Blueprints outlining either the precepts of behavior for the “good man” or the principles of the “good society” are not to be found on tablets left on mountaintops or in communion with the spirits of ancient Greeks. Modern human beings seem to be trapped in the dilemma imposed by the disappearances of moral-ethical absolutes. Where does the individual turn when he or she is unable to counter Dostoyevsky’s “all is permitted” or Cole Porter’s “anything goes”? If we are, ourselves, the ultimate source of evaluation, how can disparate value norms be ordered, either within the psyche of an individual or as advanced by separate persons?

It is precisely when such questions as these are posed that resort to the principle of the relatively absolute absolutes is most useful. This principle combines the desired ordering properties of moral-ethical absolutism with the equally esteemed properties of intellectual integrity. It offers us a philosophical standing place between the two equally unacceptable extremes, between the pretension and arrogance of the moral absolutist on the one hand, and the total abnegation of judgmental capacity on the other.

The evocation and utilization of the principle of the relatively absolute absolutes depends critically on our ability and willingness both to choose among constraints and to act within the constraints that are chosen. In the absence of self-imposed constraints, we are simple human animals. And a measure of our advance from this animal state is provided by the distance that separates us from the internally anarchistic psychological benchmark defined by the total absence of self-imposed rules.

As Frank Knight emphasized, a human being is a rule-following animal. We live in accordance with a set of moral-ethical rules or norms for behavior, a set that we take, consciously or unconsciously, to be relatively absolute absolutes. We do not, and should not, treat these norms for our behavior as having been revealed to us by god or by reason. Nor should we treat these

norms as sacrosanct merely because they exist as a product of a cultural evolutionary process that we may not fully understand. These personal norms are appropriate objects for critical inquiry and discussion, which may proceed at one level of our consciousness while we continue to choose and to act by the very dictates of these norms in our behavior as ordinary persons. We can, upon reflection, evaluate, criticize, and ultimately change the rules that describe “the constitution of our values.” But it is vitally important to recognize the categorical distinction between this change in the moral constitution of ourselves and ordinary changes in such matters as diet, dress, recreational activity, and sexual partners.

Political Philosophy

My suggestion that the principle of the relatively absolute absolutes offers a philosophical standing place between the extremes of moral relativism and moral absolutism may be readily accepted in application to the realm of personal values that determine private rules. But I have not, to this point, demonstrated the applicability of the principle to public rules, to the commonality of values among persons, or, in more general terms, to political philosophy.

First of all, it is necessary to define the origin from which any discussion is to proceed. It is worth emphasizing that this origin is the individual who is identified in physical and temporal dimensions. The individual finds himself or herself located in time and place, with a genetic and cultural history, which includes participation in interactions with other persons, who are recognized to be reciprocally capable of choosing among constraints and acting within the constraints so chosen, both in their private and public choosing-acting roles.

To the extent that social interaction exhibits predictable patterns of order, there must exist rules or norms for individual behavior that are common over many participants. These shared public rules must, however, be operative in a setting that allows separate individuals to hold widely divergent constitutions of personal, private values in the sense discussed above. A central task of political philosophy is to derive principles of social order that will reconcile divergent private value structures and the minimally required public

rules without which productive interaction among persons is impossible.² These public rules may be formal, as embodied in law and legal institutions, or they may be informal, as reflected in prevailing conventions. To the individual, these public rules exist; they define an aspect of the environment within which the individual chooses and acts. These rules exist as a precondition for participation in the “game” of social order. And the individual, any individual, must accept these public rules as relatively absolute absolutes. The fact that the individual may not have participated, actually and effectively, in the choice process that generated the set of public rules, if indeed such a process did take place, is irrelevant to his or her acceptance. In this respect, public rules are functional absolutes in ongoing social order. But they remain open to evaluation and change; these rules are relative rather than absolute absolutes.

At the appropriate level of inquiry, the individual may participate in an examination of the desirability of the existing set of public rules, an examination that must include comparison with alternative sets. But the process of evaluation here can only take place separately and apart from the continued interaction of all participants within the existing status quo set of rules. Individuals who privately abrogate public rules by violating those in existence, thereby imposing their own preferred rules on others, become, quite literally, outlaws, and deserve treatment as such.

My argument that the status quo set of public rules must be treated as a set of relatively absolute absolutes is not equivalent to assigning this set of rules some superior moral attribute in the relevant long-run or constitutional sense. In a setting where persons’ basic values differ, we should expect that the set of public rules observed to be in existence will be nonoptimal to *everyone*, when evaluated against a given individual’s ideal principles for social interaction. At the same time, however, the set of public rules may be optimal in the Pareto sense familiar to welfare economists, there may be no change that could be agreed to by *all* members of the community. Peaceful coexistence requires that we treat as relatively absolute absolutes those institutions or rules of social interaction within which relationships are orderly

2. See John Gray, “Contractarian Method, Private Property, and the Market Economy” (Jesus College, Oxford, December 1986, mimeographed).

rather than conflictual. These rules remain only relatively absolute, however, and they are always subject to inquiry, evaluative comparison, and reform, upon agreement among all affected persons and groups.

The central point to be emphasized is that the process of living rationally and efficiently within the public rules that exist must be understood to remain categorically distinct from potential discussion and rationally derived changes in these rules. To revert to the initial Marshallian analogy; the firm may be in long-run disequilibrium with the wrong size of its plant, but it remains rational for it to operate that plant which exists optimally.

I consider it to be the task of economists, as economic scientists, to make rudimentary predictions about the behavior of persons within existing and potential constraints, whether these be imposed physically or artifactually. I have considered it to be the task of economists, as moral and social philosophers, to evaluate alternative sets of constraints, and to seek consensus on changes in the direction of those that most nearly meet the discipline's ultimate normative criteria, which are themselves determined by agreement. I have found, personally, that the principle of the relatively absolute absolutes has been very helpful in sorting my way through the complex intellectual mazes that confront all economists. I hope that, in this very preliminary sketch of what I hope will be a more comprehensive effort, I have been able to suggest to others the productivity of a single simple idea.