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## James M. Buchanan: Through an Austrian Window

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### ABSTRACT

This tribute to the late James Buchanan is an elaboration of themes he developed on the importance of processes in real, experienced time, especially for individual choice. The conventional way of modeling choice is to think of it as the solution to a constrained maximization problem. If, however, we look at choice as a process in time it is inseparable from the evolution and self-development of the individual. Preferences emerge in the process of their becoming. The fundamental characteristic of choice is thus the expression of autonomy and not the satisfaction of given preferences. The implications of this for normative economics are explored.

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### Prologue

The great economist James M. Buchanan died on January 9<sup>th</sup>, 2013 at the age of 93. Buchanan won the Nobel Prize in Economic Sciences in 1986. But even this does not capture his greatness. There have been many Nobel prizes in economics since 1969, the year they were initiated.<sup>2</sup> Many of these prize winners will be long forgotten and even viewed with puzzlement by future generations, but this prize will stand out.

As an Austrian economist, I appreciate Buchanan for the enormous esteem in which he held F.A. Hayek and the Austrian tradition in general. As a college student, I recall the joy that I experienced when Buchanan's *Cost and Choice* was first published in 1969. It seemed to me

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<sup>1</sup> I am indebted to Simon Bilo for his valuable comments. Remaining errors or infelicities of expression remain mine.

<sup>2</sup> There have been 44 prizes to 71 Laureates as of June, 2013.

that, at last, an economist of international fame was led to an appreciation of the subjectivist tradition, which had so long been derided by the mainstream profession. Almost thirty years later, in 1998, he joined the board of advisors of the Austrian Economics Program at New York University. In a letter to Israel Kirzner and me, Buchanan said that over the years he had been “impressed by the continuity of the program and by its increasing academic and scholarly stature.” He added that he “looked forward to further association.”<sup>3</sup>

Buchanan did not think that philosophy in economics was the refuge of the incompetent. He famously believed that the discipline of economics had its natural place between predictive science and moral philosophy (Buchanan, 1987). He was interested in figuring out what we *should* be doing as economists and in understanding better, through the thicket of conceptual confusions, what economists were *in fact* doing.

Buchanan was, in many ways, our main link with Frank H. Knight, another of the most important and most self-reflective economists in the history of our discipline. Not only was Buchanan a student of Knight, he was also Knight’s intellectual heir. It is true that Buchanan and Knight did have important disagreements, but they each knew how to question the sacred cows of economics. They were each more than just economists. They knew of the importance of philosophy in economics. They were not deluded by the pretensions of formalism.

Most important of all, they were each self-critical. They could learn; they could go beyond what they had previously written. They were not afraid to express minority views within the profession. Neither did they suffer fools gladly. They could, in their own way, be “arrogant.” But it was really the intolerance of John Stuart Mill who said that the true liberal is intolerant of only intolerance itself, as well as their contempt for sloppy thinking.

Similar to Knight, Buchanan had a restless mind. When Buchanan was among Austrians he saw the problems with Austrian economics; when he was among standard neoclassical economists he saw their problems, blind spots and errors. For this reason alone it would be difficult to be a follower of Buchanan. His mind never stood still and so to follow Buchanan would involve following his changes and even his intellectual moods. But, most of all, it would involve being critical of all simplistic approaches to problems of economic theory and of economic policy.<sup>4</sup>

Buchanan’s basic positive contributions in the area of public choice economics and constitutional political economy will be summarized and analyzed by others. These contributions have indeed

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<sup>3</sup> Letter dated March 11, 1998 to Israel M. Kirzner and Mario J. Rizzo.

<sup>4</sup> Much of Buchanan’s tribute to Frank H. Knight applies equally well to Buchanan himself. “To Frank Knight nothing was sacrosanct, not the dogmas of religion, not the laws and institutions of social order, not the prevailing moral norms, not the accepted interpretations of sacred or profane texts. Anything and everything was a potential subject for critical scrutiny, with an evaluative judgment to be informed by, but ultimately made independent of, external influence. The Knightian stance before gods, men, and history embodies a courage and self-confidence that upsets the self-satisfied propounders of all little orthodoxies, then and now” (Buchanan, 1991: 244-245).

widened the scope of economics in ways that are really significant: politics without romance, the importance of rules of the game, the ethical implications of public finance and so forth.

In this appreciation of James Buchanan I endeavor to be a student of Buchanan in the same way Buchanan was a student of Knight. I take a basic idea in economics – choice – and analyze it radically. I do this by following some important insights of Buchanan himself as expressed in his short note, “Order Defined in the Process of its Emergence”(1982) and in his article “Natural and Artifactual Man” (1979).

Buchanan’s thesis is that choosing, as it occurs in the course of time, is not a simple matter of constrained maximization. It is a process of invention and self-creation. As a consequence, the normative case for freedom of choice must go beyond the satisfaction of given, stable preferences for, in reality, they are neither given nor stable. They are the agent’s creative invention. This article will be devoted to explaining the context and implications of Buchanan’s thesis.

### Order Defined in the Process of Its Emergence: From Market to Individual

[I]f there is nothing unforeseen, no invention or creation in the universe, time is useless... For time is here deprived of efficacy, and if it does nothing, it is nothing (Bergson: 1911: 39).

In his stimulating note on spontaneous order written in response to a piece by Norman Barry, Buchanan argues that the order created by the market process is not the rolling out of a pre-existent order or pattern of price-quantity relations inherent in the data at a specific moment. We cannot predict the order resulting from market processes by a logical inference (deduction) from “given” data. Neither is the order the manifestation of some specific teleology – say the correction of distorted or disequilibrium market prices. We cannot predict this order by divining that the decentralized knowledge of a particular moment will, after the market process has run its course, be utilized in the most efficient (equilibrium) manner.<sup>5</sup>

Buchanan, however, goes further than this. He locates the indeterminacy of market processes in the choosing activity of the individual. He adopts the radical process perspective in which the passage of time is itself a creative force. In the course of real, experienced time the individual grows in experience and knowledge. The individual slowly becomes a different person. Thus, not only do consumers try to find better ways of satisfying deep or underlying preferences but, more importantly, they determine what they want in specific contexts. This self-determination is not an act of searching through some contingent preference scheme already in the agent’s mind. We are

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<sup>5</sup> In fact, both the rolling-out and the teleological perspectives amount to the same thing. The former can be called radical mechanism; the latter radical finalism (Rizzo, 1982). In either case, nothing new is added by the process. To paraphrase the philosopher Henri Bergson in the quotation above: If the process adds nothing, it is nothing.

not dealing with Arrow-Debreu man who has a pre-ordained preference for every time, state of the world, and so forth. This is invention. The individual is in a process of self-development and preference creation. The actual choice is only the final phase in preference creation.

## The Utility Function

Economists usually think of choice as constrained utility maximization. However, the precise characterization of the utility function is subject to dispute. Economists seem to be torn between, on the one hand, a purely formal interpretation that is associated with the classical revealed preference theory (Samuelson, 1938) combined with its later developments (Samuelson, 1948 and 1950) and, on the other hand, a quasi-psychological interpretation that derives from the work of John Hicks and R.D.G. Allen (Hicks, 1939).

In the revealed preference perspective the agent has nothing in its mind. The economic world consists of “observed” choice-like events that vary as the opportunity set is altered.<sup>6</sup> Actually, we rarely make these observations. They are the hypothetical results of a hypothetical experiment. Let that oddity pass. Now if these acts of choice have two basic properties – completeness and transitivity – the economist can construct a utility function that summarizes all of the putatively-observed data. Thus the utility function does not *explain* the choices; utility is not causal. It simply describes the instantaneous preferences of the agent in a mathematically convenient and tractable way. In this way of thinking if you ask, “Why did the agent choose X?” and someone offers the answer “Because the agent was maximizing its utility” that someone is not saying much. He is certainly not giving any mental cause of the choice. He is definitely not saying that the choice made the agent *happier*. He is simply saying the agent’s choice was determined by a specific mathematical procedure.

On the other hand, many economists write as if they believe something like the following is the case. The agent has in its mind a complete preference ordering over all of the objectively available options, is aware of the prices of all these options and its budget constraint, and can determine the constrained optimum relative to this data. This picture is derived from ordinal utility theory.

In this Hicks-Allen story, the utility function is a family of indifference curves (Hicks, 1939:11-25). The indifference field is given a mental or broadly “psychological” interpretation; it exhibits the agent’s marginal rate of substitution at each combination of goods for a given level of ordinal utility – the rate at which the agent is *willing* to substitute goods for one another. But Hicks and Allen had no method of looking into agent’s minds so they simply hypothesized a diminishing

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<sup>6</sup> The term “choice-like events” is used here and the word choice is put in quotations marks later on when discussing Samuelson’s revealed preference because in this approach references to the mind are eschewed. Strictly speaking, the strong behaviorist (not behavioral) theme struck in Samuelson’s original article [1938] is inconsistent with any recognizable idea of a choice. Choice means renouncing certain options and accepting others. These are acts of the mind.

marginal rate of substitution. It seemed consistent with introspection. But Hicks and Allen were uncomfortable with that rationalization. Nevertheless, a diminishing marginal rate of substitution had nice properties like the absence of corner solutions. The most important point is that their theory constructed, or rather retained, a mentalistic conception of utility.

We can ask of Hicks-Allen whether they hypothesized the indifference curves to exist prior to the moment of choice.<sup>7</sup> Do people know their indifference curves – their rates of tradeoff – over all the available options before they make their decisions? If so, then to say “The agent chose *X* because he maximized his utility” means something vaguely psychological. It means that there was a prior mental state which, in combination with constraints, produced or caused the choice. The agent *thinks* about what his rates of tradeoff are and then makes his choice. It is clear that Hicks did not intend to eliminate references to the mind, at least with respect to idealized agents (Mandler, 1999:87-92). He wanted to minimize the role of introspection but not to abolish the essential mind-dependency of choice.

To summarize, in the Samuelsonian perspective, the agent has a choice for every change in the opportunity set but there are no mental preferences prior to (or even concurrently with) the choice. Revealed-preferences are simply “choices.” They do not exist independently of the choices.<sup>8</sup> In the Hicks-Allen perspective, however, the agents have minds with content that at least leaves open the possibility of prior defined preferences.

### The “Tautology” Problem and Its Attempted Solution

The dominant view in standard neoclassical economics is essentially Samuelsonian. The utility function is “simply a convenient device for summarizing the information contained in the consumer’s [revealed] preference relation – no more and no less... In modern theory, the preference relation is taken to be the primitive, most fundamental characterization of preferences” (Jehle and Reny, 2011:13). The appearance of mind conveyed by a utility or objective function is just that: an appearance, not to be taken literally. There is thus no question of psychology being applicable to choice theory. We simply have acts of preference (choice) with certain logical relations among these preferences.<sup>9</sup>

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<sup>7</sup> When I write of preferences existing prior to the moment of choice, I do not mean that they are not supposed to exist at the moment of choice as well. I mean simply to exclude preferences that exist *only* at the moment of choice. These are often viewed as unstable or “tautological” preferences. (See the next section in the text below.) Preferences that exist prior to the moment of choice and at the moment of choice are often referred to as “stable preferences.”

<sup>8</sup> The choices exhibit transitivity which suggests that somehow they are all pre-reconciled before any one choice is made. If mental preferences do not exist prior to the choice, however, then how are they pre-reconciled? This is yet another difficulty in the Samuelsonian perspective.

<sup>9</sup> Just as logic is about the relations among propositions and is independent of human psychology, so too the logic of choice is about relations among preferences (such as transitivity) and is independent of human psychology.

Many economists have claimed that this approach will not do for normative purposes. (Thaler and Sunstein, 2003). This is because the connection between the agent's choice and his "well-being" (however defined) is unclear. The agent just behaves – in a way specified by certain axioms. If we construct a utility function from these observations it will be *reflective solely* of the choices actually or hypothetically made. Thus we can never falsify the proposition that people choose so as to maximize their well-being as they see it. We can never get out of the standard utility function more than we have put into it. The preferences of revealed-preference are *not* goals or aims or desires that get satisfied (or not) in the course of time.

This is the perceived deficiency that many economists both sympathetic and unsympathetic to behavioral economics have sought to remedy. The remedy begins with accepting something closer to the Hicks-Allen view of choice than to revealed preference as the *normative* paradigm.<sup>10</sup> This involves positing that the preference function and the relevant constraints must exist prior to be moment of choice and be causally responsible for the actual choice in order for the theory to have normative significance.

This is a very important turn. The *positive* theory of choice is looked at as revealed preference and so it is impossible to falsify the claim that choice is "utility" enhancing. The required *normative* theory is looked at in messy Samuelson-Hicks terms. Thus behavioral economists believe that, if economists are going to show that choice can be welfare-enhancing, they must show that choice reflects:

1. A utility-ranking that pre-exists, or is independent of, the act of choice itself and the particular framing of the choice problem;
2. A utility ranking that embodies perfect knowledge of the causal connection between the goods chosen and their effects on individual welfare or utility.

Only by meeting one or both these criteria can claims of welfare-enhancement be testable in principle. However, the positive theory does not satisfy the first requirement because the utility function is constructed from the choice data. It also does not satisfy the second because there is no question of welfare being something separate from the choice. Hence there is a problem that needs to be solved. The positive theory must be brought into line with the requirements of normativity.

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<sup>10</sup> In many respects the literature on choice theory is a messy mixture of revealed preference and the Hicks-Allen indifference approach. In the former approach, as developed beyond the initial article by Samuelson (1938), the economist will use the data of choices to "recover" the utility function [Varian, 2010: 122-123]. This is a very misleading notion. It connotes the idea of an independently-existing utility function that is recovered – after it somehow vanished from view or at least was hidden from view. But it is supposed to have existed. This is the Hicks-Allen element in the common messy synthesis. In truth, however, the economist has simply constructed the utility function from the data.

Consistent Samuelsonians do not have a problem but they also do not have the ability to say much that is meaningful about welfare in the usual normative sense. It is possible to be content with this and leave normative statements to moral philosophy (Gul and Pesendorfer, 2007).

Economists who want to say something testable about whether people are better off when they freely choose must be prepared to face the possibility of at least two kinds of error by agents:

1. The agent could be wrong about whether a choice increases his well-being ex post;
2. The agent is capable of making of choice that the agent definitely knows ex ante will not increase or will decrease his well-being, as he himself sees it.<sup>11</sup>

In the first case the agent may have made a mistake or been subject to some bias by which he chose what is not consistent with increased well-being. The standard of well-being could be an objective standard or it could be what the agent would have chosen if he had perfect knowledge. The former does not require any pre-existing preferences. But objective standards are generally avoided by economists (or at least that is the usual claim). The latter does require both pre-existing and counterfactual preferences.<sup>12</sup>

In the second case, there is an instantaneous preference – one that, at the moment of decision, produces a “suspect choice.” The choice is suspect because it is not consistent with the preference of the agent, prior to the moment of choice. Sometimes this is captured by a distinction between the planning-self and the acting-self. The preferences of the planning-self that exist prior to the moment of choice are held as the standard of well-being. The preferences of the acting-self that exist at the moment of choice cannot, of course, serve as a criterion by which to evaluate choice in a way that ensures falsifiability. The agent may find itself in this condition of conflicting preferences because of, say, weakness of will. Regardless of the precise reason, this kind of analysis requires that relevant preferences exist prior to the moment of choice.

Thus, in either case of error, there is the presupposition that stable preferences exist prior to the moment of choice (as well as at the moment of choice). These provide the normative standard.

## Unraveling the Idea of Preferences Prior to Choice

Three groups of economists would reject the idea that the normative standard of choice can be a utility function or preference relation that exists prior to the moment of choice: (1) revealed

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<sup>11</sup> A third error is that the *economist* could be wrong about whether an agent’s choice increases or decreases the agent’s well-being. For some reason, the third possibility is rarely entertained by behavioral economists.

<sup>12</sup> Counterfactual preferences raise difficult issues we cannot examine here.

preference theorists; (2) preference constructivists; and (3) process theorists as illustrated here by James Buchanan.

### *Revealed Preference*

The revealed preference tradition of “recovering” the utility function from acts of choice cannot be of any assistance to the normativists here. When there is no choice there is no utility function. Utility is *constructed by the economist* from the data of choice so that there can be no divergence between the two. Agents only have preferences at the moment of choice where “preferences” have no psychological, mental, psychical or traditional-welfare content.

### *Preference Construction*

The preference-construction view of choice theory is that people do not have preferences that exist prior to or independent of the choice elicitation process. This fact makes the preference-satisfaction standard of welfare impossible. Unless preferences (choices) are independent of the method of elicitation they cannot serve as welfare criteria. Again, the falsifiability test would not be met if there were no independence. If two choice-situations are normatively equivalent in the eyes of the economist, despite the difference in the elicitation process, the agent “should” make the same decision in each case.

One classic experiment that illustrates the point goes under the name “preference reversal.” Agents in these experiments will place a higher monetary value on one particular uncertain prospect or bet than on another. This is usually the bet with a high payoff and low probability. Yet when they are asked which uncertain prospect would they *choose* to take they take the one with low payoff and high probability. Since we generally assume that people prefer, *ceteris paribus*, bets with the higher monetary value, the one actually *chosen* is seen, by the economist, as normatively inferior because of its lower assigned monetary value. The usual explanation of this phenomenon is that the method of elicitation (that is, the precise question asked) controls the result. To be asked to compare two options relative to each other is not the same as being asked their monetary values.<sup>13</sup>

More importantly, these experiments in conjunction with many similar ones have convinced behavioral economists that people do not have stable preferences prior to the moment of choice. The moment of choice is inseparable from the elicitation process and hence the preference manifest at that time is *constructed by the elicitation process*. In most preference construction theories, this moment-of-choice preference does not count as an authentic normative preference.

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<sup>13</sup> Consider two bets. The first is a \$100 gain with probability 0.08. Call this the \$ bet. The second is a \$10 gain with probability 0.8. Call this the P bet. They each have the same expected value. In experiments, however, people give the \$ bet a higher monetary value; yet when asked to choose they prefer the P bet. One explanation is the “prominence effect.” When comparing alternatives relative to each other, people may focus on the more prominent outcome which is here a high chance of winning \$10. A low chance of winning \$100 recedes into the background. See Cartwright (2011: 112-117).



This is consistent with the general idea that only preferences that pre-exist the moment of choice and are potentially inconsistent with the preferences at the moment of choice can function as a normative standard. Only in this way is the satisfaction of the standard a falsifiable claim.

The overall normative implications of preference construction theory are unclear. If we cannot evaluate choices on the basis of stable preferences, then there are only two alternatives. First, we can evaluate choices by the degree to which they further the objective well-being of the agent. This is inconsistent with the long tradition of value freedom in economics. The values of the agent, not those of the economist, are supposed to govern statements about welfare-enhancement. Second, choices can be evaluated by the degree to which they are in agreement with the *hypothetical* stable preferences of the agents. This means actual choices must be compared to the choices agents would make if they were free of all biases, especially framing biases, and had perfect knowledge and perfect computational abilities. (Thaler and Sunstein, 2003). This is somewhat different from the “planning-self” argument mentioned above insofar as in this case the agent need never have actually recognized its underlying stable preferences. So once again, even the preference-constructivist is driven to accept pre-existing stable preferences, in some form, as the normative standard despite an initial rejection of that standard.

### *Process Theory of Choice*

Sometimes, perhaps often, people do not have pre-existing preferences as when they are they are trying to decide the appropriateness of various medical options or in writing a living will (MacLean, 2006). Nevertheless, consent of the agent is important. The very act of preference creation can have normative significance. Buchanan’s perspective (1979: 93-112) has two aspects: the first is recognition of the limits of stable utility functions as the foundation of choice theory; the second is an understanding that choice is genuinely creative in the sense that the agent creates his own preferences that manifest themselves at the moment of choice.

On the first point:

...I am here advancing the ...radical notion that not even individuals have well-defined and well-articulated objectives that exist independently of choices themselves (111).

[I]ndividuals do not maximize anything that remains stable for more than the logical moment of analysis (109).

Thus Buchanan rejects the idea of stable pre-existing preferences, just as the other two approaches discussed above. However, the former is not a case of agents who are “mindless” (revealed preference) and so the issue of pre-existing preferences cannot arise. Nor is it a case of agents who are *manipulated* by external framing or by people who use frames to manipulate their choice (preference construction). The idea of “manipulation” implies that there is some neutral perspective that serves as the absolute arbiter of normative behavior. However, the neutral perspective is just the perspective of standard neoclassical economics.

On the second point about preference creation, people have experiences in the passage of time precisely because they do have minds. The self grows continuously through its experience somewhat like a snow ball rolling through the snow. Through time, perception of the options and even the appreciation of the natural as well as the socially or normatively imposed constraints will change – sometimes dramatically. Nothing is finalized until the instant of choice.

The requirement of consent before an agent can be acted upon by other agents in market exchange, medical procedures and the like is not, in Buchanan’s view, primarily an instrumental value to enable the agent to satisfy pre-existing preferences. If it is purely instrumental, then consent is at best a way of ensuring the maximizing of an objective function. Its value is limited to that.

On the other hand, in the process view, consent is part of an individual’s expression of autonomy – his decisions are a reflection of his will in the world as he sees it. In discussing the idea of “informed consent” MacLean (2006: 676-677) argues:

We express our freedom when we consent to activities that affect us because we construct our values and preferences in ways that incorporate those activities into states of affairs that we endorse or reject. This is what the value of autonomy means in this context. Consent is part of a process of preference or value construction, which explains why it has the power to justify what happens to us.<sup>14</sup>

The preference constructivist might argue here that the choices people make are not an expression of their autonomy if these decisions are affected by the way choice-situations are framed by others. But the world sends many things our way. For the frame to influence our decisions we must accept it. Surely, we are not being asked to believe that people *must* accept whatever way someone frames an issue, that they cannot choose among frames or invent one for themselves. Even before the invention of “preference construction” theories people argued over free will and the role of external influences in affecting choice. There is really nothing new here. We could continue that argument whether or not we believe preferences can pre-exist choice. For example, where do those pre-existent preferences come from and how are they formed? Are they expressions of autonomy? But let us not continue with this argument.

I must address two further issues. First, isn’t the argument that preferences exist only at the moment of choice an example of tautological reasoning? Second, isn’t the acceptance of autonomy a value judgment that economists, as economists, should eschew?

There is much misunderstanding about tautologies. Briefly, the statement “All bachelors are unmarried men” is a tautology because bachelors and unmarried men are synonyms – two words for the same thing. In our case, preferences or a preference system does not normally *mean*

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<sup>14</sup> “[I]t is more plausible to claim that we construct preferences and values in the consent process [than uncover a person’s existing values]. The goal of a consent procedure, therefore, is more to enable a person to realize her autonomy than it is to assist her in promoting her well-being” (679).

choice (except when economists, by a stipulative definition, declare it to be so). The temptation to look at the idea of choices as reflecting preference-satisfaction at the moment of choice as a tautology arises from static thinking. We think of the act as done, the choice as made, and now the task is simply to reconstruct its constitutive elements. We are pushed gradually in a Samuelsonian behaviorist direction by embarking on that train of thought. On the other hand, if we imagine a *process* by which the individual learns, grows, discovers and creates his preferences, we can avoid the appearance of tautological reasoning. We are not saying the same thing twice when we say people express their preferences when they choose.<sup>15</sup> We are saying that they grow in time as they go from indecision to decision that is, “until the free action drops from [this growth] like an over-ripe fruit” (Bergson, 1971:176). Preference development, as a process in time, is an aspect of the changing individual.

By extending this analysis beyond the fixity of preferences to the expression of autonomy, some economists will argue that we are abandoning the traditional value-freedom of economics and are becoming enmeshed in moral philosophy. In one sense this is incorrect and in another it is true. In the first sense, it is not the economist alone who is concerned with the growth, construction and expression of preferences in the dynamic sense. Individuals care about their autonomy, just as they care, or are supposed to care, about the satisfaction of pre-existing preferences.<sup>16</sup> However, in the second sense, from a social welfare perspective, there is nothing in the science of economics that compels us to value preference satisfaction or the expression of autonomy. Whether we are talking about preference satisfaction or autonomy, a value judgment is necessary. This may not be evident in the case of preferences because economists are so accustomed to taking the normative importance of preference satisfaction for granted. However, the issue is exactly the same with respect to autonomy: Only insofar as we value autonomy can it be a normative standard.

## Conclusion

Buchanan’s idea of the individual changing or becoming through time is an idea congenial to Austrian economics. In fact, in *The Economics of Time and Ignorance* Gerald O’Driscoll and I (1996) argued that it was fundamental to dynamic subjectivism and that dynamic subjectivism is a distinguishing characteristic of the Austrian tradition.

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<sup>15</sup> In Greek *tautologos* means "repetition of what has been said," made up of *tautos* "identical" and *logos* "word or idea".

<sup>16</sup> For some purposes the assumption of pre-existing preferences may be adequate to the task as in the examination of repetitive or familiar choices.

The theme was summarized in a few sentences by Buchanan (1979:112) himself:

*Man wants liberty to become the man he wants to become.* He does so precisely because he does not know what man he will want to be in time. Let us remove once and for all the instrumental defense of liberty, the only one than can possibly be derived directly from orthodox economic analysis. Man does not want liberty in order to maximize his utility, or that of the society of which he is a part. *He wants liberty to become the man he wants to become.*

Whether we want to “remove once and for all the instrumental defense of liberty” is something many will not think advisable. Some decisions might usefully be viewed in a static context. Nevertheless, it is quite clear that the pre-occupation of economists with pre-existing preferences does damage not only to the descriptive picture of the human being but it also forces us into a mode of normative analysis that is misguided. We must broaden our vision.

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