INTRODUCTION

Canons permeate the daily business of life. Canons range from laws concerning property rights to values about estimable goals and regulations in respect to what side of the street to drive on. There are two radically different kinds of canons, viz., principles and rules. Principles are valued goals like economic growth, equality, justice, national ascendancy, financial or literary success, and freedom. In contrast, rules are necessary regulations like traffic laws, rules of competition, and dress-codes. Principles and rules are usually conflated by, inter alios, analytical philosophers and neoclassical economists. They treat all principles as rules. The distinction is not immediately evident since they are interlaced in the actual conduct of individuals and institutions. A more convincing reason for the widespread treatment of principles as rules is that it affords a blue-print set of codes for all behavior since rules, unlike principles, are unambiguous and clear-cut.

This amounts to the transformation of a set of principles into an ideology and the consequent profusion of ethical relativism. This is the central thesis of the paper. In order to expound it, in part two I explicate the difference between principles and rules. In part three, I distinguish between formal principles and substantive principles. In part four, I highlight one dangerous consequence of the treatment of principles as rules, viz., ideology. In part five, I explore another consequence, viz., ethical relativism. In the sixth part, I draw some conclusions.

PRINCIPLES VS. RULES

There are two kinds of canons. When canons act as purposeful organizers, they are called "principles," which characterize what integrate the functioning of firms and institutions. When canons act as efficient cause-effect regulators, they are called "rules," which characterize what govern the operation of markets -- temporally and spatially. This distinction is of prime importance, e.g., in regards to economic policy. There are two types of government action: one to further the principle of capital accumulation and economic development, and the other to regulate the market and its rules.

I have borrowed the fine and crucial distinction between principles and rules from the legal scholar Richard Dworkin [1977]. He has eloquently argued that some laws are an
embodiment of moral principles like the right to choose abortion or the right to life, and other laws are a system of rules like the size of jury, the adequate number of witnesses in contracts, or traffic laws.

Rules do not have to be devised. They could arise spontaneously. If traffic rules are no spelled out by City Hall, the outcome is not necessarily chaos. For example, the flow of pedestrians at lunch hour up and down Fifth Avenue in Manhattan follows rules which are not devised by City Hall. For the same reason, in times of blackout, the flow of motor vehicles is not chaotic after allowing for a period of adjustment. It seems that these moving objects are channelled according to spontaneously emerging rules. (Traffic rules would certainly work even better if they are devised and enforced.) These rules are primarily based on efficient causality in the Aristotelian sense; they are the outcome of cause and effect. In other words, pedestrians or cars interact for no purpose; rules arise because they are in each other's way.

In contrast, principles specify purposes. The canons which allow women to choose abortion or punish them for it are unlike the rules -- designed or spontaneous -- which govern traffic. Although principles may come into conflict with each other (and hence the course of action is hazy), they still spell out purposes for the agent to pursue. In contrast, the motion of a pedestrian walking down Fifth Avenue is regulated by rules which arise out of physical constraints. More pointedly, the destination of the pedestrian cannot be explained by the rules of traffic. There must be a purpose which the pedestrian seeks to attain. Likewise, a great deal of the conduct of humans, corporations, and governments are integrated by purposes or principles which are independent of the rules of market competition and other regulations of efficiency.

Rules dictate courses of action as a result of antecedent and physical constraints and hence chaotic interaction turns out to be not-too-chaotic. In contrast, principles are the impetus of praxis, the organizing behavioral locus, and the defining potentiality of agents. In this light, there are two kinds of unpredictability. One unpredictability arises from our ignorance of all the pertinent facts and forces at play since the system is made of many degrees of freedom like the market and its multitude of agents. The other unpredictability arises from the fact that an agent's capability is undetermined since it is a potential which undergoes a metamorphosis and hence react differently to the same stimulus. If the universe (or the economy) is only subject to rules, Pierre Laplace would be correct that he could predict and retrodict its motion once all the relevant facts are made available to him. The economy, though, is not only governed by the discipline of rules. It is also driven by the imagination of entrepreneurs and innovators, and so