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The Rationality of Changing Choice*

Abstract: Economists are used to associate the rationality of individual choice behaviour with simple and unchanging individual preference patterns, typically predicting unique behavioural outcomes in a choice situation – leaving little room for probing apparent inconsistencies (except in situations of game-theoretic stratagems used by the choosers), and no provision for analysing genuine dilemmas. The paper comments on the (in this respect) richer contents of two recent extensions of the concept of rational choice: the first involved in Sen's theory of meta-ranking, and the second implied in Scitovsky's distinction between "pleasure" and "comfort" as the two constituents of the state of individual welfare. The paper then proceeds to suggest a somewhat similar extension of rationality implied, it is argued, in the idea of "development" or "becoming" as part of a chosen, distinct, and articulated process involved, specifically, in education, or more vaguely, in "modernisation". The emerging concept of rationality which permits of changes in individual preference patterns consistently, in steps, and in a direction initiated and chosen by the individual himself, is claimed in the paper to be more appropriate for the analysis of choice situations likely to be encountered by rational individuals in a complex developing society. The consistency conditions for individual behaviour permitted by such rich, "directional", rationality have, however, yet to be specified.

I. Schizophrenia or Old Wisdom?

"I know what I should do, but I have no wish to do it!" – thus lamented the tragic hero of a great Indian epic, amazed at his own terrible inconsistency. It has never been quite established whether thereby our hero had actually wanted to cast a genuine doubt on the willingness of the spirit, or whether he was only making a comment on the weakness of the flesh. However, I thought that it would be interesting to choose this particular dilemma of rational choice for examining the theme of today's lecture and understanding thereby two recent contributions to thought in this area – although this contributions were, made in somewhat different contexts. I refer to Amartya Sen's (1977) characterization of the conventional economic man as a "rational fool", and Tibor Scitovsky's (1976) conceptualisation of human satisfaction in composite terms with a static as well as a dynamic component. The rest of this lecture is in three short sections. The first of these deals with Amartya Sen's Rational Fools. The second discusses Scitovsky's idea of composite welfare leading to, perhaps, a New Welfare Index. Finally, and not having, I hope, grossly oversimplified their positions, I try to make use of their ideas for my own purpose, which is divulged in the third and concluding section.

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II. One-track and Many-track Rationality

The folklore of preference theory carries, somewhat paradoxically, two tales. One is that the economist's description of individual preferences has too much structure. The other, of course, is that it has been given too little structure. It is important to understand that the two stories need not be contradictory. They do not necessarily refer to two exclusive ways of articulation of preferences. Sen (1970) showed some years ago that even not-quite-complete networks of individual preferences could well generate choice functions in various kinds of circumstances. For this all-important performance, complete orderings were not necessary. It is in this sense that the traditional preference theory can be said to have been unnecessarily overburdened with extra structure. But, now to follow the other story, while the economist fills up the continuum of his n -dimensional space of alternatives with continuous preference mappings defined over it, the basic preference relation itself nevertheless remains simple and one-dimensional. The individual has his preferences as not only given, but given unambiguously. He is never torn between conflicting loyalties. This is the point about the descriptive structure of preferences being seen as rather unrealistically simplistic. The point, however, needs a little elaboration.

The economists have generally assumed that the motivation for individual preferences was unambiguous and single-track because, by and large, it came from an unambiguous and single source — the individual's pure self-interest. It must be admitted, in all fairness, that the complications that can be created by man's other-regarding self have never remained either unnoticed or undiscussed in the literature. The distinction between what Harsanyi (1955) had called the subjective and the ethical preferences, or the simpler distinction between what Arrow (1951) called tastes and values, are both obvious examples. But what made these important distinctions unusable in an effective description of individual preferences would be considerations of the following kind. First, consider the (consoling?) thought that rousing one's social conscience can, at best, be only a part-time occupation for a rational man. For example, though one may admit that one should perennially ponder over what could be done for the downtrodden and the deprived of a distant land for the price of, say, one's second cup of morning tea, it would need a computer-like mind and a matching mass of extraneous information to feed that mind, to enable one actually to do so. Which is not quite the case with pursuing one's own private ends. In the second place, also consider the obvious fact that not all one's ranking decisions need be of consequence to one's social conscience. Thus, for most decisions over available alternatives either our social conscience sends us no signals at all because the decisions in question are not somehow perceived to be matters of social conscience, or our social conscience is rendered ineffective by the inadequate data base, or our own poor mental capacity or both. Therefore, being able to consult our social conscience only from time to time, we have to turn to our pure self-interest at all other times.

But the question that remains unanswered is that even if we turn to pure self-interest, does it mean that we should expect only non-conflicting and unambiguous signals? Can one not have irreducibly different sets of private considerations which would leave one literally in two (or even many) minds about the relative rankings of two given alternatives? We can, of course, try to dispose of the problem of conflicting interests in the formulation of one's preference pattern by taking the plea of sheer methodological helplessness. If we are indeed tied down to explaining choice behaviour within the framework of choice behaviour itself – and it is not only the behaviourist who always does this – we have no way but to assume that the rational man has to sort it out for himself to his *and* our satisfaction. In other words, the rational man would have to be assumed to have resolved the conflicts such as they exist, between his several kinds of self-interest, or between his selfish self and his social conscience, *before* he settled on a ranking of the alternatives which must then satisfy the checks of mutual consistency. The question, however, is whether economists must remain tied down to “only final choice reveals preference” axioms while preference could conceivably be revealed through other methods, such as, say, logical cross-examination of intent, a method used frequently by other social sciences both ancient (Law, Philosophy) and modern (Sociology). Once we accepted the methodological authenticity of revealing preferences through other ways, the descriptive richness of a two-way (say, *a*: subjective, *b*: ethical) ranking of alternatives no longer seems unattainable by definition. Rationality itself, when couched in terms of (at least) a double-track ranking of alternatives by the individual might indeed appear to be a more plausible as well as a more interesting attribute of man. This would be so notwithstanding the possibility that a double-track rational man could well end up worrying himself to death over unresolved conflicts between rankings while the Rational Fool – to use Sen's harsh but adequate naming of the paradigm of conventional economics – would never have a care.

Sen found fault with even only two-track rankings as being descriptively not rich enough. Take, for example, his distinctions between the three categories: (a) pure self-interest; (b) sympathy, which is sympathy for other persons; and (c) commitment, which may be described as actually sympathy for a cause and which, therefore, can indeed be very hard on both one's own self and on other selves. Corresponding to the three categories, the individual may well have three widely different rankings, say, R^1 , R^2 , and R^3 respectively. And there could, of course, be even more tracks to the rational mind than only three. For decision at every point this multiplicity calls for a ranking of rankings – meta-ranking as Sen calls it. This itself may yield a self-consistent ranking in the usual sense, say, R^4 , while on the other hand, it may not. If a ranking consistent in the usual sense does emerge, then, of course, everything is fine. In principle R^4 can then be back-calculated from observed choice behaviour. If, however, a well-behaved composite (or more accurately, compromise) ranking does not emerge through meta-ranking then, in terms of the ordinary two-term consistency and transitivity checks, the many-track mind would simply have to be put down as irrational, inconsistent and unpredictable.

This will mean that not only will the revealed preference technique not reveal, it will, in fact, deceive. To break away from it Sen seems to suggest the use of the tool of cross-examination, a tool employed to great effect in philosophy and law, but almost unknown in economics. I myself noticed many years ago (Majumdar 1961) in a different context, that once you *said* you preferred x to y , you could be pinned down to that statement quite as effectively in logic as if you had *chosen* x over y . Sen has reported that even with single-track rankings it was possible to press on closer and closer with persistent and well-directed questions and thus determine the subject's "cardinal welfare function as closely as you care to specify". In other words, when the preference structure is sufficiently rich in even one-way ranking, close questioning will reveal what will not be revealed through observed choice. How effective the technique would prove to be for settling meta-rankings is still not clear. Let me, however, conclude this section with one final observation which is prompted by a possible implication being drawn that the technique of meta-ranking has a fundamental incompatibility with the behavioural foundations of economic theory. This, however, is not so. To pin down your subject through intelligent conversation, rather than through the observation of his choice behaviour alone, is not necessarily to opt for a non-behavioural technique even though conventional economics would often teach us so. One has to remember in this connection that merely opening one's mouth, fortunately or unfortunately, is usually a more clearly observable behaviour than many other social acts.

III. Comfort and Pleasure

I hesitate to dedicate this section to Tibor Scitovsky, mainly for fear that this may then be taken to be an attempt at representing his global positions which, I must hasten to say, it certainly is not. Scitovsky's inquiry goes far and deep into the sources of human satisfaction and never directly into the dilemma of rational choice, which is my theme. He takes the position that the economist, not ever having to learn to search for the meaning of human satisfaction, has always casually and wrongly used as its surrogate the consumer's basket of goods rather than his pattern of living. Scitovsky's dissatisfaction is clearly also not merely with the economist's way of looking at the consumer, but rather and mainly with the consumer himself. As he says in one place, we seem to secure the ingredients of the comfortable life "in excess – not in relation to a norm, but in the sense that we obtain them either in larger quantities than we can use, or to the point where they can do more harm than good. For their sakes we pass up many other ingredients of the good life". He comments, therefore, basically on the irrationality of the so-called rational man – so-called, that is, by the economists.

It is, therefore, not Tibor Scitovsky's central theme that I want to discuss here. But I do want to talk about a concept of welfare which Scitovsky introduces almost in passing and which has great relevance for our discussion. Drawing on findings in physiological psychology he divides human satisfaction broadly into two parts. One

part is Comfort, the other is Pleasure. Comfort is the placid sense of absence of pain or discomfort. It is essentially a static concept and properly belongs to situations of either no change, or changes with no element of surprise. Pleasure, on the other hand, is seen to be the result of stimulation and an offspring of dynamic change. Pleasure is the joy of life. The relationship between comfort and pleasure is not simple. The following passage from *The Joyless Economy* would give us a glimpse of the complex relationship.

“... while comfort hinges on the level of arousal being *at* or *close* to its optimum, pleasure accompanies *changes* in the level of arousal toward the optimum. That is why the satisfaction of a need gives both pleasure and comfort. But the continuous maintenance of comfort would eliminate pleasure, because with arousal continuously at its optimum level, there can be no change in arousal toward the optimum. In other words, incomplete and intermittent comfort is accompanied by pleasure, while complete and continuous comfort is incompatible with pleasure”.

What consequence does this distinction have for the description of preferences? Clearly, if we accepted the Scitovsky hypothesis, we should have to do some fundamental rethinking about the economist's concept of levels of welfare. Because no longer could we then associate a unique level of welfare with a given basket of goods. My satisfaction in any given situation would now have two determinants: (a) my current basket of goods or, to take a wider view, perhaps my relative command over what Fred Hirsch (1977) calls the positional goods of society, and (b) my antecedent situation. If I found that what I got now was better than what I had before, or to be accurate, was rather unexpectedly better than what I had before, then I would get an additional bonus: I would have pleasure. If we tried to express this in terms of the indifference curves, the level of welfare one was shown to attain could not be fixed, for any given curve for it would depend partly also on where one had arrived *from*. Arriving was more pleasing than having arrived. The level of welfare started falling off if one stuck to any given position for too long, because then pleasure started going out of one's life. Obviously, the new Scitovsky indicator of welfare is not describable in static terms at all. Perfectly rational choice behaviour in terms of this indicator might, therefore, appear to be both irrational and unpredictable in terms of the conventional revealed preference analysis.

The Scitovsky hypothesis of two-part welfare thus finds another gap in the economist's description of the structure of preferences. But let me point out again that this does not, just as Sen's critique did not, necessarily weaken the general behaviourist case. It possibly only calls for, as in the earlier instance, the use of newer tools. Sen had suggested the technique of deriving meta-rankings through the analysis of behaviour other than overt acts of choice. Scitovsky points to the tools of physiological psychology. No doubt both kinds of tools should be tried and one does not know whether even the two forces together would be able to forge tools powerful enough to analyse all facets of a complex *and* rational behaviour. What, however, is left in little doubt, in retrospect, is that facing this formidable task armed only with the economist's price-quantity data had been a little fool-hardy.

IV. The Rationality of Becoming

Consider the puzzlement of our epic hero again: "I know what I should do, but I have no wish to do it!" Clearly, there could be many ways of interpreting the deep structure of the sentence. On the one hand it could be interpreted as a dilemma in meta-ranking. On the other hand the sentence could also mean that "what I should do" and "what I wish to do" made up two parts of a private welfare function of the Scitovsky type: one part for dynamic pleasure, the other for lazy comfort. Let me here suggest a third interpretation: "I have no wish to do it, because I have not prepared myself for it — yet". The rationality conjectured in this construction would stand in a slight contrast to either the typical Sen case (conflict between self-interest, sympathy, commitment) or the possible Scitovsky case (conflict between active pursuit of the good life and laziness) though it might share aspects of both. Let us pursue the conjecture a little further.

In Sen's construct, the rational man is equipped with a number of alternative rankings which all weigh simultaneously on him. In Scitovsky's construct, it is always the case of having to go forward in order not to fall behind, because comfort alone, without the stimulation of progress, reduces the level of welfare. I would like to think of my rational man as one who ticks a little like both the Sen and the Scitovsky constructs, but nevertheless to a different purpose. He does perceive many alternative rankings at the same time. But many of these appear to him in a time-directed sequence of rankings which he intends to take up one by one and stage by stage. His meta-ranking, in other words, has a time dimension. He is also rational in the sense of the Scitovsky construct because he is pleased whenever he is able to progress. But he is able to progress in two different ways. He can, in the usual sense, get on to a higher indifference curve. Or he can achieve progress along a chosen sequence of rankings, shedding an earlier (less refined?) way of life and its corresponding set of preferences for a better life and a better set. In our construct, therefore, rational behaviour must show a two-way consistency. First, our rational man must be seen to be internally consistent within the framework of his currently adopted ranking. Secondly, and over time, he must also be seen to be progressing to (or not regressing from) a ranking revealed by him as more desirable within his directed sequence of rankings. In other words, he must be, over time, seen to be consistent in a directional sense to his meta-ranking.

What was the motivation of our construct of the rational man? If one wished to put it ponderously, one could say that it was to describe and understand a being that essentially *was*, and was always trying to *become*, according to its own lights. It was immaterial for the purpose of understanding the construct whether the urge of the rational man to change himself came out of his commitment to a cause, his social conscience, his sympathies, or his pure self-interest. All that was important was to assume that he perceived a directed sequence of rankings $R^1, R^2, R^3 \dots R^n$, and that he could prepare himself, educate himself, and move on along that sequence taking the next step only as soon as he was ready for it. And what our rational man sought to achieve could be as commonplace as cutting down on cigarettes, but then he could equally be going after something much more wonderful.

In fact, when one thinks of the Third World situation generally, of individuals and communities consciously setting up goals for themselves, to change their selves and their ways of life almost totally, though often step by step and stage by stage, one might indeed find the notion of directed meta-rankings illuminating for their kind of rationality.

In an even more general context, when one conceives of a learning situation in which the individual consciously strives to *become*, one can usefully visualise him as having fixed in his mind, however imperfectly, a steady progression of images of his own selves moving over time in a desired direction. One central purpose of all learning surely is to be able to articulate just such a feasible sequence of one's own selves in the first place. Then comes trying the sequence of living it up, graduating from one ranking and its associated life-style to another ranking and another life-style. This, to my mind, is an entirely acceptable view of rationality in a dynamic society and in the developing world. We saw that we must be subjected to dual checks of consistency for this relatively complex kind of rationality: one, conventional and internal; the other, historical and directional. How to set up these dual checks for the complex, growing man, which will compare in rigour with the revealed preference checks so far devised for the Rational Fool, I must leave you to ponder over.

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