

## Political Economy and the Social Disciplines: The modern life of *Das Adam Smith Problem*.

The claim to scientific status made by modern economics rests on rigorously produced models whose predictive powers can be tested when appropriate data are inputted. These models are constructed through the hypothetico-deductive method, a redeployment of Euclid that, originally, had been brought to the centre of social science in Thomas Hobbes's *Leviathan*. In starting with a behavioural assumption of individual rational maximising it was possible to model the consequences of choice without recourse to additional, hopeful, assumptions regarding the social, moral etc.. As Edgeworth put it in *Mathematical Psychics*: 'the first principle of Economics is that every agent is actuated only by self-interest' (1881, p. 16). This assumption of egoism allowed a view of the self as essentially discrete and this enables modern modelling. Irving Fisher, in his *Mathematical Investigations in the Theory of Value and Prices*, specifically excludes all social-psychological inquiries save for the simple postulate that 'each individual acts as he desires', a postulate that then serves as the basis for an ideal social equilibrium, 'correspond[ing] to the mechanical equilibrium of a particle' (1925, p. 11). This has been the basis of the disciplinary claim to rigour and also then for a history of the discipline that follows a path to its ethically shorn, value-free and scientific status.

Such a methodological stance, as Amartya Sen has pointed out, has favoured prediction over welfare, a loss he wants to set right (Sen p. ). Consistent with such thinking there has been comment that has highlighted the exclusion of the moral (Boulding) from the process of modelling. There has been critical engagement with the methodology itself (Lawson N, Dow S, Chick V) that has questioned the atomistic presuppositions and the mono-methodological approach. This is associated with a critical view of economics as having lost its history and having declined from its pluralistic roots. (Milonakis, Fine B) In the case of Lawson there has been a broader critique that looks to explain the existing phenomena in terms of underlying ontological forms.

These critical views look to counter a present limitation of economics that has excluded moral and social issues. When moral issues do appear it is in the individual's utility function, an inclusion that is anyway effectively spurious since it is not needed for action. All such views are engaging with an underlying structure of thought that goes back to the presentation of *Das Adam Smith Problem* (DASP) (L. Montes etc.). According to DASP there is a division between Adam Smith's earlier *Theory of Moral Sentiments* and his later *Wealth of Nations*, so also between some kind of prosocial view and investigation of the domain of self-interest. This structure forms what we call DASP thinking in which it is taken as read that on one side there is self-interest on the other prosociality. This structure reproduces across the social disciplines, whether acknowledging DASP or not. In economics intellectual reassurance is available by quoting Smith's comment that we do not depend on the benevolence of the baker but his self-interest (Smith WN). The authority and interpretation of this statement comes not from Smith himself but from the current position of economics that in true Whig style is backdated onto Smith's WN. His statement is taken to mean that the market operates without moral foundations through a capacity for self-interest, a case that solves the issues raised by *The Theory of Moral Sentiments* simply by ignoring them and that of course endorses the current position of economics. An ethically absent economics, starting from a *homo economicus*

capacitated only by rationality becomes extolled as a mark of science. (references see Stigler Lionel Robbins – Samuelson ergodic, Becker) . ) *Das Adam Smith Problem* is a structure of thought, a meme, that has duplicated across many different periods of economic thought and across into other disciplines. The persistence of this orthodox vision has provoked a number of critical innovations on the edge of the discipline. A Whig history generates an anti-Whig alternative. Our argument is that the anti-Whig does not supersede the Whig since both share that starting point in the morally depleted *homo economicus*. DASP is not resolved when it leaves us flipping between alternatives; this may produce innovations but these have either created or re-enforced disciplinary boundaries that are shaped by the structure of DASP. Economics may deal with a pinched notion of self-interest but disciplinary innovations in reaction to this have not contested its domain but have rather pointed to the need for new domains, a process of disciplinary fracture. We say that *Das Adam Smith Problem* has a modern life.

The essential problem over which the disciplines divide is in reconciling rational self-interest with moral conduct, indeed with the social in general. This is the enduring problem of social thought. We illustrate here then the sense of both defenders and critics of the orthodoxy having a common complacency in relation to the depleted *homo economicus*. We illustrate the latter point with an examination of the roots of Emile Durkheim's sociology in an objection to *homo economicus* and then also how this applies to E.P. Thompson's advancement of social history. We show that neither can escape their roots in the anti-Whig starting point from which they arise.

The intellectual root of this problem lies in Thomas Hobbes's *Leviathan*, so, following Durkheim, we might more properly refer to a Hobbes problem. It was in response to the problems posed by Hobbes that Adam Smith came to write *The Theory of Moral Sentiments*. As was characteristic of thought following Hobbes the question was not how the atomistic individual could produce the social, rather the question was to consider 'social concords' and consider how they came about, how in fact the person was capacitated to sustain any social concord at all. This though was not how TMS came to be understood, rather it looked as if the one work dealt with self-interest, scarcely then distinguishable from Hobbes's rational atom and the other related to prosocial behaviour. Taken uncritically, *Das Adam Smith Problem* (DASP) projects an essentially divided human science. In one way or another, the starting point of rational maximiser is added to or modified in various ways. An important claim for these supplementing strategies is an appeal to greater realism. However, whether we look to add elements to the self, other-regarding traits would fit the bill, or whether we choose a methodological turn by examining the social as a whole, a turn consistent with the previous option, we leave unscathed the starting point, the atomic selfish maximiser. A problem of rational choice persists.

#### Consequences for disciplines I: Sociology -Durkheim and Social Fact.

In the *Theory of Moral Sentiments* Adam Smith asked how we can account for the 'social concords' that were there to be seen. This avoided the problems posed by Hobbes's methodological conviction that started from a state of nature, the same atomic starting point of modern economics. When Smith posed his inquiry he was, of course, at the heart of the development of political economy. When Durkheim came to address social facts it seems he was addressing the same issue as Smith. The context, however, was different, since for Durkheim economics was already an established discipline. The operation of self-interest was a domain already occupied by economics. Either economics would be challenged or an alternative domain had to be established.

For Durkheim sociology had to provide an alternative to the starting point of political economy, perceived as the rational egoistic self. This posed what he identified as the Hobbes problem that such a starting point could not, alone, be the basis for any explanation of social phenomena. Consideration of an individual shorn of its social elements leaves us merely with a husk of sensation. This hardly constitutes a self at all, an impression that gets some support from

Durkheim's discussion of what a self without morals could possibly do. He questions such egoism in this manner that 'it detaches the individual from the rest of the world ... closes off every horizon [and] leads directly to pessimism' (RP, 1887 (b) in Giddens ed. p.94.). This individual has little left to it, 'of what value are our individual pleasures, which are so empty and short?' (RP, 1887 (b) in Giddens ed. p.94) Indeed the problem for this egoistic self is, ironically, its meagre portion of motivation. Despite this, Durkheim is careful to avoid a rejection of political economy. He recognises the importance of the individual to the modern expansion of the division of labour. In this perspective 'moral individualism' was a necessary element of the developing division of labour although an element that came from society. Even as the self approaches the ideal of political economy it remains for Durkheim just as much a truly social self, and thoroughly normalised even to the degree it may be egoistic. The fault of political economy lies in its supposing that social arrangements can be deduced outwards from this starting point in an isolated individual. Without the social this individual is nothing, is not an individual; the social cannot be deduced from such a husk. For Durkheim a sociology of action was the necessary antidote to the ultimate sterility of the Hobbesian assumptions of political economy

Our argument though is that instead of supplying a richer conception of the self, a self that would want to behave in more complex fashion than *homo economicus*, to sustain Smith's 'concord', Durkheim's actor is somehow forced to behave in that way. Durkheim's approach has been repeated in subsequent criticisms of the egoistic self. What we find is not so much a critique but some kind of external discipline that, one way or another, give us the social self. Such development may provide insights but it does not challenge the supposed basis of political economy that continues to lurk in the background. We believe this accounts for Durkheim's indecision, noted in his work, as he appears to resist the social as coercive. This leaves us looking for some discussion of how people choose and the consequences of their interactions. This is dealt with too clumsily in Durkheim with his talk of a collective mind, distinct from individual psychology. (*Rules* p. 40, 42, p.55, also pp 249-250) Such talk pushes many back to the rational optimiser. Now, of course for Durkheim the egoism of political economy is not natural but emerges with the division of labour, yet this still leaves the egoism uncontested and also leaves open the relation between choice and social forms. That there is such a problem is evident to Durkheim and we find that the rational optimiser somehow emerges with altruism. So there is this divide between egoism and a perception of the other, indeed he says 'these *two* springs of behaviour have been present from the very beginning. (D of L pp 145 emphasis added) Where there is only ego, where in Durkheim's view, there is just interest we have a version of Hobbes, 'For where interest alone reigns, as nothing arises to check the egoisms confronting one another, each self finds itself in relation to the other on a war footing..' (D of L p.152) The inadequacy of the one is evident in its need to be checked. The problem is in grasping what kind of self is at once altruistic and egoistic. To say that the egoism is inadequate is not to produce a plausible alternative.

Durkheim's use of method illustrates the problem: he asserts that what is required is the study of the social in its own right. As he says, social facts must be examined as things. This strategy cuts through the issue of the relation between individual and social. As thing, the 'social fact' can be understood *sui generis* and so we work out how a social organism works without considering how it arose from individual choices. This methodological strategy carries with it a substantive understanding of the relationship between individual and social. That the methodology is not ontologically neutral is clear when he defines a social fact, 'A social fact is to be recognised by the power of the external coercion which it exercises...' (*Rules* p.56). This is related to another element of the social fact that it is qualitatively distinct from the individual; social properties emerge just as the properties of bronze emerge from the joining of parts rather than from the parts themselves. (*Rules* preface to 2<sup>nd</sup> ed. p.39) The social fact then is independent of the individual and hence the individual must take it on board in order to operate in anyway at all. The social comes to the individual from the outside. While we regard this as problematic, for Durkheim it is what is distinctive, as opposed to animal societies, in not being instinctive and internal but being 'imposed . . . from the outside' and 'added on to his own nature' (in *Rules* pp.248). Durkheim's construction of

the social fact seems to be his alternative to political economy but we find his construction requires the perspective of the morally incapacitated individual for whom the fact can indeed only be external. Durkheim acts in internal agreement with the political economy he criticises. The individual may be socially produced but the social is not individually produced and with his perspective it cannot be.

The methodological strategy has implications for how we understand individual psychology. What is her nature? Once the substance of society stands outside natural, psychological factors then we are left with a residual psychology. Now, Durkheim doesn't want it that society is created by a *force majeure* as in Hobbes, indeed he puts the matter quite well, 'A society is not a collection of individuals which an enormous and monstrous machine keeps united and compressed against each other by the use of force.' (RP, 1886 in Giddens ed. p.56) At the same time he is not in a position to assemble society from the aggregate of individuals bequeathed to him by the prevalent political economy. We have a problem of determining how, or why, individuals participate. Durkheim is aware of this and sets out to emphasise the element of desire in the individual. Durkheim appears to flounder between constraint and choice. His appeal to some collective consciousness is one attempt to overcome this split. The reason for the split is simple enough in that the methodological stance does not overcome the one-man maximiser but rather accepts the substantive content of a self without moral capacity. This comes to light at the start of *The Rules* when he sets out to examine the element of coercion in social facts. He recognises these facts may be freely entered into but, as he puts it, this is not the point, for the fact imposes anyway 'whether [someone] wishes it or not'. (Rules p.51) What he draws attention to is the whole class of phenomena that 'function independently of the use I make of them.' (Rules p.51) These phenomena are not in themselves directly part of self-maximising but we better pay heed to them. So we have various moral rules, religious forms i.e. totems, or just more general social rules over which the individual does not exercise rational choice. Durkheim takes it to be the case that if we are to generate social forms from the individual then it must be on the basis of the rational self-maximising ego and of course this cannot be an adequate explanation of norms. So, he must set up another starting point with the social fact as a 'thing'. This methodological turn confirms the atomistic ego and so also the implication that its split from '*sui generis*' social forms requires coercion. This is unsatisfactory even for Durkheim but when he looks to modify it he gets no further. He says the coercion need not be direct in the sense of there being punitive sanction and yet still not be any less real for that, so 'I am not forced to speak French with my compatriots . . . but it is impossible for me to do otherwise.' (Rules p.51) The problem here is that the only form of the self from which any explanation is sought is the atomic rational maximiser and indeed no explanation of language could come from such a source. It is scarcely surprising then that as he puts it that the social is 'irreducible' to 'the psychic nature of the individual'. (AS, 1906 in Giddens ed. p.62) With such a conception of self, social facts cannot be other than *sui generis*; we have the basis for a division of labour between disciplines dealing with individual or social.<sup>1</sup>

Durkheim's turn to methodology helped lock in place the DASP thinking that he thought, in dealing with the Hobbes Problem, that he was dealing with. Rather his approach to social facts already presupposed a kind of self for whom the social can only be an external fact, perhaps chosen but only in conditions in which that choice, or any capacity to make that choice, are spurious. In leaving that self unchallenged, the egoistic maximiser, inadequate to the task of grasping norms, he confirms economics as its discipline. Durkheim has the 'social' characteristics of the individual somehow added on to a 'natural' (i.e., Hobbesian) character; for what is distinctive about human, as against animal, society for Durkheim is that not all human motives are instinctive and/or internal, but rather, as we've seen above, some are 'imposed ... from the outside', are 'added on to his own nature' (Rules pp.248). While Durkheim recognises the person of choice, the person of political economy, the integration of this person is a matter of externality.

---

<sup>1</sup> Could add a reference to granovetter here...

## Consequences for disciplines II: Social History – Thompson and Moral Economy

At the time *The Making of the English Working Classes* came out, Coats, reviewing it critically, argued that Thompson's view of political economy conceded too much to the ruling 'self-image' of the 'spokesmen for "positive" economics' (Coats 1972, p. 133). In this criticism Bob Coats implied that in contesting a whiggish version Thompson had himself succumbed to an anti-Whig history, as the other side of that coin. The argument then is that Thompson reproduces the same underlying structure of thought we saw in Durkheim. Coats accurately identified the economic orthodoxy in terms of its exclusion of moral ethical issues. Thompson set out to oppose this view by presenting an historical account that could overturn the scientific 'spasmodic' account of human agency. Coats's point is that Thompson had accepted the orthodox, whiggish view of political economy as being morally depleted and this, we have established, was also Durkheim's starting point. Thompson, however, wants to show that Durkheim's 'social fact' is rather a matter of contestation, a matter indeed of 'making' in which the subjective has some say.

We can trace a line from Durkheim to Thompson through Marcel Mauss and then to Karl Polanyi. The latter two writers have had a significant effect on our modern thought drawing attention, as they do, to concepts, such as reciprocity and embeddedness, that have subsequently become central to critical thinking about the orthodox maximiser. This development leads also to social history. As Stedman Jones (1983) put it, social history arose from the concerns of sociology and social anthropology. Indeed, Polanyi was a crucial text for postgraduate history students at Warwick, when E.P. Thompson was there. Thompson himself endorsed lessons from social anthropology. He defended his work on moral economy by suggesting that 'I could perhaps have called this a "sociological economy", and an economy in its original meaning (*oecconomy*) as the due organisation of a household, in which each part is related to the whole and each member acknowledges her/his several duties and obligations' (Thompson 1991, p. 271). This moral vision stands for Thompson opposite a morally depleted political economy; in this manner he reproduces the DASP thinking prevalent in social thought. Thompson had some cause to consider political economy (in truth, modern orthodox economics) as morally depleted but in doing so he had backdated modern scientific pretensions to exclude the moral onto the earlier political economy.

The particular distinction of Thompson's work lies in his treatment of that split between self and social fact. The self implied by that split has an essential passivity; Thompson refers to this as the spasmodic self. He points out also that this spasmodic self was a creature not just of economics but also of its apparent opponents, the Marxists. It involved a conception of the human act that reduced behaviour to little more than a simple material/economic stimulus and response affair. Thompson argues that this characterisation, pervading economic theorising, fails to see that human behaviour can only be adequately understood in more complex socio-cultural terms, in which a sense of legitimacy (and grievance), so a moral frame, is given its explanatory due. Against this Thompson documents a self that contests the social fact and so indeed is active in forming the fact through struggle. This is the alternative to the 'spasmodic' self and so, as the social fact becomes contested, necessarily he turns to the production of a history, a making beyond the spasmodic. On the other hand, in the orthodoxy, Thompson saw crude formulae that diminished economic theory and history: '[t]oo many of our growth historians are guilty of a crass economic reductionism, obliterating complexities of motive, behaviour, and function, which, if they noted it in the work of their Marxist analogues, would make them protest. The weakness their explanations share is an abbreviated view of economic man' (Thompson 1991, p. 187). Thompson took to task the standard accounts of the food riots of the eighteenth and nineteenth centuries: '[w]e know all about the delicate tissue of social norms and reciprocities which regulates the life of Trobriand islanders, and the psychic energies involved in the cargo cults of Melanesia; but at some point this infinitely complex social creature, Melanesian man, becomes (in our histories) the eighteenth century English collier who claps his head spasmodically upon his stomach, and responds to elementary economic

stimuli'. (ibid., p. 187) So Thompson specifically turns to the anthropological record. This supported an alternative conception of humanity to one that believed that at a certain index point of hunger a riot is automatically provoked. Thompson contests this: '[t]o the spasmodic I will oppose my own view' (ibid., p. 188).

Thompson stresses that famines do not have standard responses but are dealt with within norms and cultural forms. They are irreducibly social from the beginning. It is this insight that informs his notion of a 'moral economy'. In a moral economy the response to hunger depends on what is commonly held to be right and just. Thus the 'traditional view of social norms and obligations...[and] of the proper economic functions of several parties within the community...can be said to constitute the moral economy of the poor' (ibid., p. 188). Accordingly, '[a]n outrage to these moral assumptions, quite as much as actual deprivation, was the usual occasion for direct action' (ibid., p. 188). Riot, popular confiscation and re-distribution were all, within moral economy, responses to perceptions of illegitimate behaviour: the setting of excessive prices, selling abroad, and so on. Moreover, such perceptions were generally shared and even recognised by the authorities. Moral economy for Thompson was a way of taking to task the very different regime of political economy. Undoubtedly, Thompson is right to see political economy (in part) as a new way of seeing, and engaging with, the poor. Certainly then, there was a real change from moral to political economy but in Thompson's hands this change was interpreted as a process of moral depletion leading to the amorality of political economy. It should be noted that we have no problem with Thompson's critique of the spasmodic self, as far as it goes. Rather, the problem begins when Thompson, and others, tar political economy with the same reductive brush. In reply to his critics ('Moral Economy Reviewed') Thompson rehearses his earlier distinction between what he takes to be two quite different discourses. Regarding the first of these – 'paternalism' or 'moral economy' – he has plenty to say, as we see above but we wait in vain for an equally expansive definition of political economy. We must infer the character of political economy as that which lacks the positive attributes of his moral economy; in other words, its organising principle, *contra* moral economy, is the configuration of economic behaviour in strictly amoral terms.

Thompson's reduction of political economy to little more than the modern economics from which he'd formed his critical view reproduced the contemporary criticism of political economy appearing in Thomas Carlyle. The latter painted political economy as reducing human relations to the cash nexus, and it was just this view that Marx took up and that Thompson himself also then carried on. In praising Carlyle (Thompson 1977, p. 29) Thompson takes up Carlyle's term 'cash nexus' and so claims the economistic, spasmodic, interpretation of the food riot as 'a product of a political economy which diminished human reciprocities to the wage nexus' (Thompson 1991, p. 258) The spasmodic self is vital to Thompson's wider agenda concerning the nature of both left and right, '...so political economy and its revolutionary antagonist came to suppose that this economic man was for all time. We stand at the end of a century when this must now be called in doubt. We shall never return to a pre-capitalist human nature, yet a reminder of its alternative needs, expectations and codes may renew our sense of nature's range of possibilities' (ibid., p. 15). Without a change in both sides he considered the possibilities of change to be grim, and 'the engineer of this catastrophe will be economic man, whether in classically avaricious capitalist form or in the form of the rebellious economic man of the orthodox Marxist tradition'. (ibid., p. 15)

Certainly, the reduction of the human act to a stimulus-response event must have its consequence in how we present history, it suggests, in keeping with our criticism of Durkheim, that '[t]he dimension of human agency is lost' (Thompson 1980, p. 224) and the only result, of this separation of the economic from the moral/ethical, must be the 'fragmentation of our comprehension of the full historical process' (ibid., p. 223). Thompson does not escape this fragmentation when he must present the emergence of political economy as a history of moral depletion. As we argue elsewhere<sup>i</sup> the result of this is a misleading presentation of a separation of radicalism from political economy, a separation that colours the understanding of history. At the root of this separation is that whiggish conception of political economy as founded on the de-

moralized, egoistic self. Thompson wants an opposition to that basis but his work still takes for granted that political economy could have no other starting point. Thompson's contribution to a rounded history of the human has excluded political economy that is itself somehow not just exempt from human agency but is figured here as the means to its removal. Putting all this in class terms is insufficient to cover the problems. Thomas Paine, whom Thompson extols, took no such view himself but rather saw political economy as part of a process of liberation of the human that was key to his radical vision. Thompson's view has so framed his history as to be absent from such an interpretation.

#### Consequences for disciplines II: Innovation of economic (sub)disciplines: a. Socio-economics

That spasmodic self cannot go quietly even in the economics discipline. Just as with social science in general there is that urge to add on to the underlying nature supposed by *homo economicus*. So, perhaps choice may be treated through some adequately supplemented self wherein we wish to recognise ourselves. This is what gives us socio-economics and indeed it remains caught in its origins as put by Richard M. Swedberg its intellectual context is important, 'The reason for this is that socio-economics is basically a response against something else, namely, the narrow vision of mainstream economics.' (Swedberg in Etzioni and Lawrence (eds.), 1991, p. 13) This development looks to keep close to some element of choice; it arises as much from the limitations of sociology as it does in the supposed self of economics. The issues cannot be wished away. The rational maximiser remains a troubling presence even as we construct social facts and so it continues to provoke innovation. In socio-economics this has led to interesting contributions to the discipline and these can be very significant as in the case of Amartya Sen. Our concern, however, is in how such innovations have reproduced Durkheim's approach and so preserved DASP thinking.

The problem, Etzioni maintains, is that we need to recover those motives that might at least explain apparent divergences from the supposed behaviour of the egoistic self of neoclassical theory. He complains that 'Neoclassical economists view man as a two-legged calculator, efficient and cold bloodied' (Etzioni and Lawrence (eds.), 1991, p.3). He does not consider this a realistic vision. The self, he claims, should be regarded as a more complicated entity, a more or less muddleheaded creature, partly selfish, partly morally dedicated, a creature always defined in groups and hence by contexts, with beliefs installed from others. Individuals, so defined, are 'torn between their urges and their values' and sometimes 'their urges win, sometimes their conscience' (op. cit., p.5).

A more sophisticated approach is to be found in A. Sen. He also wants to challenge the realism of the assumptions that underpin the textbook-neoclassical self. A. Sen highlights *Mathematical Physics* 1881 in which Edgeworth worked on an assumption of an egoistic self so as to pose a limited question as to whether egoistic behaviour can lead to the social good. Now this was not necessarily Edgeworth's theory of the self but yet it is this notion of self that 'survives more or less intact in much of modern economic theory' (A. Sen, *Choice, Welfare, and Measurement* p.87). It is not so much an issue as to whether Edgeworth answers the question but rather that 'the limited nature of the query has had a decisive influence on the choice of economic models and the conception of human beings in them.' (A. Sen, *Choice, Welfare, and Measurement* ibid. p.87). The question in itself may have been worthwhile but the effect it has is overbearing, 'A specific concept of man is ingrained in the question itself, and there is no freedom to depart from this conception so long as one is engaged in answering the question.' (A. Sen, *Choice, Welfare, and Measurement* p.88). It is just this self found early in the development of this school. For Sen the formation of economics, favouring prediction at the expense of welfare considerations, rests on the presumption that human behaviour is irreducibly selfish (Sen, 1988, p.29 also Sen 1977), and he wants economics to be more productive by paying 'greater and more explicit attention to the ethical considerations that shape human behaviour and judgement.' (Sen, 1988, p.9). In characterising the human self as essentially egoistic neoclassicism effectively treats 'ethical' behaviour as irrational. This prevailing

contrast between a rational 'selfish' behaviour and an irrational altruism in keeping with what we have identified as DASP thinking is one that Sen is not prepared to accept. It ignores the intermediate relations lying between concern for oneself and concern for others. He must appeal to social forms. There are intermediary groups between the individual and larger society, each drawing on the loyalty of its members in such a way that the accounting of personal sacrifice and personal fulfilment becomes a more complicated affair than allowed for by narrow egoism. Somewhere between concern for oneself and concern for all are the intermediary concerns where commitment is relevant (Sen 1977 p. ).

For Sen the issue then is 'whether there is a plurality of motivations, or, whether self-interest alone drives human beings.' (Sen, 1988, p.19). Sen himself comes down in favour of an 'ethics-related view of motivation.' (op. cit. p.15). Orthodoxy obscures the possibilities in part because it makes nothing of the difference between agency, the capacity to form goals, and one's own material well being. In collapsing the former into the latter, in taking agency as nothing more than the means to personal well-being, crudely defined, other group-related commitments are given no room to move. For Sen's own project, with this focus on capabilities and functionings, it is important that the self is credited with a richer diet of concerns than that of the textbook-agent, and giving ethical orientation its due has enabled Sen to make significant contributions to the theories of welfare and development.

Once capabilities are included our moral interest is revived for we become concerned about the other's condition. This concern for others has not though reconceived the agent's moral capacity. The question then is how is Sen's 'plurality of motivations' held together? Or how, for that matter, is the victor determined in Etzioni's battle between primal 'urges' and socially instilled 'values'? As Lawrence admits, though 'strong in terms of grounded empirical data ..... [s]ocio-economics is weak in terms of unified theory' (Etzioni and Lawrence, 1991, p.9), a 'weakness', one should add, that shows itself in the barely coherent concept of a self that acts selflessly, of a self that acts but not out of self-interest. Sen of course has gone some way to deal with Lawrence's point, yet even so he has not escaped the clutches of the starting point as the egoistic maximiser. Commitment, after all, lies midway between egoism and concern for all and it is ultimately detectable, in principle anyway, according to the preparedness of someone to give up on their personal welfare (Sen 1977 p. ). Given that commitment is connected to morals (Sen 1977 p. 329) we have here another statement of the relation of self interest to moral conduct in which we must suppose an ultimate antagonism that is somehow overcome by our human agent through sacrifice. It is significant though that, whatever this overcoming might be, 'one should immediately agree that for many types of behaviour, commitment is unlikely to be an important ingredient.' (Sen 1977 p.330) This leaves rational choice a great range lying outside the terms of commitment, a range that must at best put commitment in an ambiguous relation to this persisting basis of rational maximizing. It is as if someone invented the car and then demanded that it should always travel with a pedestrian ahead, carrying a red flag.

#### b. Economic Psychology: Reflections from Kahneman and Tversky

We saw already in Durkheim that discussion of the social fact left individual psychology as residual since choice was nevertheless spurious in the face of the persistence of the social fact. Ironically, though this only served to confirm a division of labour since where sociology dealt with social fact this still left economics dominion over the study of self-interest and so choice. Those that have sought to overcome DASP thinking have left the orthodox rational maximiser earning its living below the surface of their schemes. What could seem, in removing moral consideration, to the modeller to be a plausible algorithm, necessary to get economic reasoning started, seems in fact to have such a pervasive and persistent hold that it appears, most clearly in critics, as some kind of underlying, so unavoidable, if grim reality. It is not surprising then that another response to the split

of self/social fact implied by DASP should be a focus on the self from a psychological perspective. We move from social fact to psychological fact. The economic psychology of Kahneman and Tversky started from a perception of the inadequacy of the rational maximiser model. (Kahneman, Daniel, 2003a, p.162) The basis of their work is empirical with various phenomena being observed in contradiction to the standard predictions of orthodox theory. So, we find, from the psychological point of view, that it matters from where we assess a consumption decision or a risk; it matters whether we consider a loss or gain and, the general point, it matters what context our decision is presented in. Since their work does examine issues of fairness their work can be seen also as part of that wider body of work considering phenomena such as reciprocity. However the psychological emphasis is one that constrains insights within an empirical domain, and hence to modifying but not challenging the essential theoretical assumption. There is an emphasis on observed departures from rationality, so, as Kahneman puts it when summing up the kind of work he's interested in, the pay-offs for research come from 'consider[ing] agents who are less than fully rational.'(Kahneman, Daniel, 2003a p. 165) This frame in which issues are viewed is crucial for it supposes always that the core assumption rationality, give or take interesting examples, remains key to economic reasoning. The departures under consideration do not represent a critique of rationality but rather set up a continuum of states, from pure rationality and including varieties of bounded rationality. From a disciplinary point of view the position on the continuum is crucial, economics obviously being clearly positioned at the pure rationality end.

Kahneman and Tversky share common ground with Durkheim when they draw a distinction between the rational maximiser of economic reasoning and the need for investigation of facts that seem recalcitrant in the face of economic reasoning. Of course for Durkheim the facts are social while for Kahneman and Tversky they are psychological. There are also common concerns, so we see that Durkheim's interests in socialization, the role of religion, the importance of totems, all have relevant psychological implications, while Kahneman and Tversky deal with issues of fairness that evidently have implications for social reproduction. Even so, in the work of Kahneman and Tversky, the relation between self-interest and moral conduct may not appear directly relevant. The frame for their investigations is given by rationality and so the characteristics they consider appear between the two poles of perception and rationality. The kind of concern that arises within this is accessibility of information. Intuition and heuristics come to the fore when full processing of all information may not be possible or productive. In this perspective the framing of identical information can have a determining influence, so confirming a departure from pure rationality (see Kahneman, Daniel 2003b for examples and arguments). The simple case of the mark that might be B or 13 seems an unproblematic example of a perceptual issue where context (A -C or 12 -14) establishes the interpretation. This simple case is used to guide our understanding in a number of more complex situations of social appraisal where we can go along with the idea that perception is also crucial. We are then kept within the bounds of the presupposed problem of rationality dealing with departures from the pure. Yet, the more complex problems can be interpreted as problematic because they are *moral* dilemmas. If we consider the Asian Disease problem or the issue of whether or not to take a bet we are considering issues that do not so easily fall into a merely rational frame. So while Kahneman and Tversky highlight the importance of framing they are not so aware of the manner by which they themselves have framed the issues. Their own frame is given to them by their starting point in the rational maximiser. What they present as a matter of perception may be better understood as a moral perception. For Kahneman and Tversky visual perception stands as a model at least for the later problems of framing however such a model can only be metaphorical at best. In the latter cases we are dealing with social issues in which it might be more instructive to consider people as setting out to do the 'right thing'. This is evident enough in the case of the Asian Disease problem where the framing of the problem has clear moral implications and can be interpreted as guiding people who want to do the right thing. Once we take this perspective it allows us to reverse the direction by taking the more complex cases as guides to the more simple. We go back to the issue of B or 13 to understand it in the light of the more complex; then the element of moral dilemma comes to the fore. Of course this does not appear as a matter between saving lives or allowing people to die but there is continuity since we have here a problem of interpreting what the

person who has used B/13 means. We are looking to establish our expectations regarding the other person in terms of their expectations. Here, the possible interpretations of B/13 help us illustrate a general need for interpretation. That is to say we are involved in a problem of social interaction from the start. If we see B/13 in a line of letters we understand the other's intention as B while if we see B/13 in a line of numbers we understand the intention as 13. We have formed an expectation. While seemingly minor, we are nevertheless dealing with a moral issue wherein we seek, on the basis of our expectations of others, the right thing to do for this social situation. In such cases presentation, including context, and starting point, can indeed be crucial since the right thing cannot be determinable merely by an egoistic diktat. If it could, we suggest there would be no problem of perception.

Once we consider these different situations in terms of the moral frame we are considering a self common to each case, an inherently moral self. The situations of Asian Disease and B/13 differ in their gravity yet in both cases a self is looking to do the right thing and in so doing finds guidance from the frame. We contend that this is not subsumable within a frame defined by poles of perception and pure rationality. Kahneman and Tversky's presentation has an element of fracture. It's certainly the case that they deal with a continuum from perception to rationality by which they can consider 'departures from rationality' and that in this sense the problem is defined by rationality. This is their frame for the self. However it is difficult to see how it hangs together, since we deal with departures that cast doubt on the rationality. Why do we give up on the pure rationality? Or to put it another way when do we turn to pure rationality? What their work can bring to our attention is that a predictive economics requires starting conditions to be constant and hence framing effects are neutralised by the removal of the moral. Kahneman and Tversky do not overcome the starting point of a theoretical predictive economics for which abstraction from the moral is necessary. It is always present in the background, always requiring some explanation and ready to reassert itself. An abstracted vision of the self cannot adequately be overcome by pointing out empirical variations and certainly not when it includes appeal to some supposedly pure perception, as they do with B/13. It is not a surprise then that Kahneman himself argues that while the gap between economics and psychology has narrowed 'there are no immediate prospects of economics and psychology sharing a common theory of human behavior.' (Kahneman, Daniel 2003a p.166) Indeed he considers that the basic assumption of economics, so the 'pure' rational maximiser, will be able to reassert itself, despite the conclusions of economic psychology. This suggestion was always on the cards from the moment their examination was framed as a consideration of departures from rationality. Such factual departures can define disciplinary boundaries without overcoming the substantive issue of the nature of the self from which they start.

### Conclusion.

We have considered theories that have looked for a richer conception of the human in defiance of the rational optimiser. They have turned to the facts with usually fruitful results but this has not challenged the theoretical starting point. A real study of the human without disciplinary boundaries would need a richer understanding of the human self<sup>ii</sup>. The problem lies in capacity. It is implied in the thinking we have considered here that the rational maximiser, absent of intrinsic moral capacity, is not capable of sustaining the social behaviours and forms we can observe. However, despite these critical stances *homo economicus* has remained undercapitaded and this is most evident in the matter of moral conduct. The *Das Adam Smith Problem* meme has been reproduced though the efforts to deal with its consequences. It is all too difficult for any economist to dissent from this underlying reality. It is even more difficult for non-economists to dissent from the economists. Of course, we see, there are objections but even so the ultimate starting point of economics in a morally depleted individual is not overcome.

---

<sup>i</sup>Authors

<sup>ii</sup>For a more developed exposition of this view see Authors

---

## Bibliography

Authors' works to be added.

- Boulding, Kenneth E. 'Economics as a Moral Science' *The American Economic Review*, Vol. 59, No. 1. (1969), pp. 1-12.
- Coats, A.W. 1972. 'Contrary moralities: plebs, paternalists and political economists,' *Past and Present* 54, February, pp. 130-3.
- Durkheim, E., (1887, {1972}), *Selected Writings*, (ed. A. Giddens), Cambridge University Press, Cambridge.
- Durkheim, E., (1895, {1982}), *The Rules of Sociological Method and Selected Texts on Sociology and its Method*, (ed. Steven Lukes), Macmillan, London.
- {RP refers to 'La science positive de la morale en Allemagne', *Revue philosophique*, vol 24, 1887. In Emile Durkheim *Selected Writings* A. Giddens ed. Cambridge University Press 1972
- Rules* refers to Emile Durkheim 1982 *The Rules of Sociological Method* {1895} and Selected texts on Sociology and its Method ed. Steven Lukes London: Macmillan
- D of L refers to Emile Durkheim 1984 *The Division of Labour in Society* {1893} London: Macmillan}
- Etzioni Amitai and Paul R. Lawrence (eds.). 1991. *Socio-economics: Towards a New Synthesis*. London: Sharpe.
- Edgeworth, F., Y., (1881), *Mathematical Psychics: An Essay on the Application of Mathematics to the Moral Sciences*, Kegan Paul and Co., London.
- Fisher, I., (1925), *Mathematical Investigations in the Theory of Value and Prices*, Yale
- Hobbes, Thomas. 1991 [1651]. *Leviathan*, edited (with introduction) by Richard Tuck. Cambridge, UK. Cambridge University Press.
- Kahneman, Daniel 2003a, 'A Psychological Perspective on Economics' *American Economic Review* Vol. 93, No. 2
- Kahneman, Daniel 2003b, 'Maps of Bounded Rationality: Psychology for Behavioral Economics' *American Economic Review* Vol. 93, No. 5
- Montes Leonidas, 'Das Adam Smith Problem: Its Origins, the Stages of the Current Debate, and One Implication for Our Understanding of Sympathy', *Journal of the History of Economic Thought*, 25:1, 2003, p. 68.
- Polanyi, Karl. 1957 [2001]. *The Great Transformation: the Political and Economic Origins of Our Times*. Boston: Beacon Press.
- Sen, Amartya 1977 "Rational Fools: A critique of the behavioral foundations of economic theory", *Philosophy and Public Affairs*.
- Sen, Amartya. 1982 *Choice Measurement and Welfare*
- Sen, Amartya. 1988. *On Ethics and Economics*. Oxford: Blackwell.
- Thompson, E.P. 1965. 'The peculiarities of the English', *Socialist Register*, pp. 311-59.
- Thompson, E.P. 1977. *William Morris: Romantic to Revolutionary*. London: Merlin.
- Thompson, E.P. 1980. *The Making of the English Working Class*. London: Penguin.
- Thompson, E.P. 1991. *Customs in Common*. New York: New Press.
- Thompson, E.P. 1995. *The Poverty of Theory*. London: Merlin.
- Smith, A. 1759 [2002]. *The Theory of Moral Sentiments*. Cambridge: Cambridge University Press.
- Smith, A. 1776 [1976]. *An Inquiry into the Nature and Causes of the Wealth of Nations*, edited by R.H. Campbell and A.S. Skinner. Oxford: Clarendon Press.
- Stedman Jones, Gareth. 1983. *Languages of Class*. Cambridge: Cambridge University Press.