Political Entrepreneurs and Intentional Action: Rationality and the Problem of Collective Action.

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Abstract:

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Anthony Downs first introduced a comprehensive account of political decision-making founded upon rational choice in 1957. Though there have been many refinements of initial framework, rational choice approaches have been dogged by the same problems that Downs first highlighted: 1) Why do people vote? 2) How do politicians convince voters that they are worth electing? This thesis seeks to address these problems by concentrating upon the role of the 'Political Entrepreneur' and their relationship with voters. It is shown that because rational choice theory is wedded to the instrumental conception of rationality it is unable to account for the fact that people do participate in the electoral process, and in numbers larger than predicted by rational choice models. Even when a radical subjectivist account of decision making is considered, it is clear that the instrumental approach to reasoning fails to integrate peoples' present actions with their previous decisions. An alternative approach to rationality is considered which seeks to understand people's behaviour in terms of their social context. It is argued that if we are to provide an explanation of behaviour based upon a rational account of action, then we must include some notion of the normative nature of what constitutes rational behaviour into our theorising. The emphasis is upon the nature of plans that enable people to ensure that their behaviour is coherent, both with their own behaviour over time, and with the behaviour of others.

Ashley L. Carreras
To Andrea, Kane and Robin.
Preface.

I doubt that I can fully recollect my original motivations for embarking upon this thesis, nor how I arrived at the decision to concentrate my attention upon the particular topic chosen. At times I have felt that the thesis wrote itself. What I can be sure of is the many people I must thank, for it is truly the case that without their support I would never have reached this stage.

From an academic viewpoint, I must of course thank my supervisor Prof. P. Jackson, who allowed sufficient slack in my leash that I could explore the further reaches of economic theory, but who gave me a few needed sharp pulls to keep me from straying too far.

My thanks must also go to all those members of staff at De Montfort University who introduced me to a whole range of new and different ideas, so that I might be in a better position to make up my own mind. Special thanks must go to Stephen Parsons, whose course on the Philosophy of Economics was the source of inspiration for many of the ideas discussed here.

I owe a great deal to my parents who have funded the best part of my education and have been unstinting in their support for my academic endeavours. At times they have been the only means by which I have managed to continue my research, and it is unfortunate that not all of those who desire to continue in higher education have such generous parents.

A special thank you is reserved for my partner, Andrea. Not only do I thank her for the joy of our two sons, Kane and Robin, but also because of her unwavering belief that I could one day achieve this ambition. It is true to say that without her I would have given up on this venture many times.
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Introduction.

The Principles of Rational Choice Theory have been applied to the full range of social sciences in a bid to explain, understand and predict peoples' actions under a variety of different circumstances. The extent to which they have achieved the results thought possible by such approaches is open to debate, and the discussion that follows addresses only one small part of that debate, in particular the question of how we are to explain the activity of voting in mass elections. It is not intended that this discussion will seek to weigh up the conflicting empirical evidence on this matter, rather the main focus of this discussion concerns the nature of rationality that underpins explanatory theories of behaviour in the context of voting.

In discussing the nature of rationality in political science two separate but necessarily interrelated issues are focused upon. The first concerns the activity of politicians, with an emphasis on the role of the political leader or Political Entrepreneur. Section 2 consists of a detailed outline of the main contributions to the description and examination of such figures from the perspective of the discipline of economic theory now known as Public Choice. A brief overview is offered of Public Choice theory in general before we discuss those in the field who have paid particular attention to the role of leadership. Such contributors include: Schumpeter (1942), Downs (1957), Olson (1965), Frohlich et al. (1971) and (1978), Breton (1974) and Laver (1977). The discussion illustrates that although the subsequent authors claim inspiration from Schumpeter's notion of the political entrepreneur, they have for the main part subsumed such a role within the neo-classical framework of economic decision making. This is in contrast to the Austrian heritage with which Schumpeter's entrepreneur is imbued. An emphasis is also placed upon the approach to rationality and uncertainty that underpins each of the contributions where appropriate.

Section 3 moves on to consider the second issue by assessing appeals to rational choice theory for an explanation of why people actually bother to vote at all. By concentrating on what has become known as the "Paradox of Voting" we can see that there is a real problem for rational choice theory in accounting for behaviour that just does not appear to fit with the key postulates of self-interested, maximising behaviour. Section 3 details the response from rational choice theory to this dilemma from the perspectives of: instrumental behaviour, minimax regret models and game theoretic models. All of these are found to be wanting in explaining the extent of collective action in the arena of mass elections. The discussion continues by examining the philosophical foundations of the instrumental reasoning that informs rational choice theory in both its Expected Utility guise and Game Theoretic
approaches. It shows that there are some deep rooted difficulties for rational choice theory that are the result of having foundations based in instrumental rationality. Not only are there problems in explaining why people vote, but there are also problems in providing an account of why those that do vote might give credence to the election pledges made by politicians.

We continue in section 4 by considering appeals to widen, or broaden, the conception of rationality that have appeared in recent times. Here the emphasis is upon the explanation of behaviour in the form of rationalising it post hoc, as opposed to seeking models that will predict the outcome of peoples' deliberations. One specific form of interpretative account is in the form of the "Principle of Charity", which is closely related to the works of Donald Davidson and his account of intentional behaviour. After outlining his theory of intention a more thorough examination is offered of Davidson's understanding of the relationship between intentions; which are based upon, but irreducible to, beliefs and desires; and the actions they result in. It is shown that Davidson's account of intentions is deficient in two key areas. First it cannot give a causal account of peoples actions based upon intention due to his thesis of "Anomolous Monism," reducing intentions understood as mental phenomena to epiphenomena; and second even if we rely on his approach as the basis of a heuristic device, we cannot account for the relationship between; the intentions we have now, our previous intentions, and our intentions about our future actions. This leads to a discussion of alternative approaches to intentionality that have been adopted in relation to economic methodology. It is shown that whilst such alternative approaches side step the issue of causality they fail to address the key issue of future intentions.

Given the problems for rational choice theory in general when seeking to explain voting behaviour, and the Austrian flavour of Schumpeter's entrepreneur, section 5 offers an alternative approach to understanding the decision making processes of the political entrepreneur. The work of Buchanan is highlighted as one which appeals to the Austrian notion of Catallactics, with the political relationship between politician and voter understood as one of a process of exchange. This section goes on to apply the decision making apparatus of a radical subjectivist Shackle, who is the source of inspiration of much of Buchanan's ideas on the process of change in the economy. Whilst Shackle's approach is seen to account for how the political entrepreneur is to account for an uncertain environment, his approach is also shown to be fundamentally flawed in relation to how we are to account for the politician's behaviour when it comes to routine behaviour. The need for a coherent plan or strategy becomes apparent, and even appeals to some notion of bounded rationality do not appear to resolve the dilemma.

This brings us to the final section which is the outline of an understanding of intentional action that hopes to provide the basis of a rational account of the actions of both politicians, as political
entrepreneurs, and voters. It directly addresses the issue of future intentions by placing the plans that people have at the centre of their reasoning, and as such could be seen as providing a more firm philosophical grounding for Simon’s bounded rationality. With plans seen as a device taking into account the complexities of the world then we can view intentions as being part of a web of interlocking plans and sub-plans that provide a backdrop against which we can view the rationality of a variety of actions. This allows for a discussion of shared intentions, which might provide us with an answer to the problem of rational collective action in the context of voting, and help us understand the relationship between the voter and the political leader more clearly.
The initial focus of this thesis concerns an understanding of the decision-making processes of what has become known as the political entrepreneur. In doing this we will need to review how this entrepreneur has been characterised in the relevant literature and to what extent there is a satisfactory account of such behaviour in this field of study. Throughout this, and later sections, we shall be emphasising the way in which rational choice theory accounts for people's actions in the arena of political decision making. What is meant by the term political entrepreneur will become clear as the review of the literature on the subject progresses, but first a description of what rational choice theory entails in the realm of Political Science is required.¹

The following is a methodological outline of the discipline that has become known as “Public Choice” theory. This will enable us to highlight the key elements and assumptions that underpin economic explanations in political science, and in doing so will provide us with a skeletal framework on which we can hang the body of our discussion. There may deviations from the picture painted below, but the following description is, I feel, a fair portrayal of the methodological basis of the subject area. Dunleavy (1991)² offers four premises that are ‘at the heart of public choice accounts’, these are:

1) People have well formed preference sets, which can be ranked and compared without problems;
2) Their preference orderings are transitive;
3) People act rationally in their pursuit of preferences and seek to maximise net benefits. Rationality here does not refer to the ends that people pursue but simply the manner in which they are pursued;
4) All people are egoistic, self-interested and instrumental in the manner in which they pursue their preferences, their behaviour is based upon the expected consequences for their, or their family’s, personal welfare.

Similar descriptions are also given by, amongst many others, Mueller (1989), Reissman (1990), Hindess (1988), Udehn (1996), Self (1993) and Lalvani (1999). Most authors tend to concentrate on the last two premises, rationality and maximising self-interest, which seem to constitute the hard core of public choice theory. The first two postulates have been augmented to some degree in response to empirical evidence from experimental psychology, indicating the persistence of anomalies such as framing effects and

¹ A term that has come to represent those studies which attempt to understand political activity by the use of formal techniques, both empirical and analytical.
² (1991, pp. 3-4).
preference reversals. I should also emphasise the importance of the instrumental nature depiction of rational agents, which will be discussed in more detail in section two.

Dunleavy also points to hidden assumptions like the exogenous fixing of preferences and perfect information on the demand side, and the supply side being augmented by the auxiliary assumptions concerning the motivation of the political decision-maker and the false personification of groups treated as unitary actors. There have been attempts to deal with many of these issues, but we shall discuss only those relating to the main thrust of this thesis. For the most part we are concerned with the postulates of maximising self-interest, and rationality. And for each of the authors discussed below an explicit consideration of these two assumptions will be made, as the later chapters of this thesis will consider in detail how the conception of rationality needs to be augmented if we are to make sense of decision-making in the political context. This will also feedback into a consideration of what should constitute rational decision-making in the context of economics, and can be seen as a reversal of Tullock’s argument:

Voters and customers are essentially the same people. Mr. Smith buys and votes; he is the same man in the supermarket and in the voting booth. There is no strong reason to believe his behaviour is radically different in the two environments. We assume that in both he will choose the product or candidate he thinks is the best bargain for him.4

If we find that the concept of rationality used to frame political decision-making requires augmenting, then we have reason for considering the augmentation of the concept in economic theorising in general.

The historical development of public choice theory has been considered in detail with many of the reviews offering similar portrayals. It is not necessary to repeat such outlines in detail here, we shall simply identify the various strands of thought that have served to identify the Public Choice approach to political explanation. A brief description of their key elements will follow. This list is by no means meant to be definitive, but is offered so that we might be able to show where the narrow focus of the thesis fits into the public choice tradition as a whole.

There are other ways of categorising the different contributors to the debate5, and as can be seen from the list it is not obvious that all the contributors fit neatly into the rubric provided. Our chief concern will be with the consideration of voting, in particular mass elections, though we shall consider the other strands where they entertain the notion of a political entrepreneur in detail.

4 Tullock (1976, p5).
5 See Mitchell (1988) for example, he splits public choice theory into three strands based upon the University locations of the protagonists. These are, the Rochester ‘positivists’, who emphasise the game theoretic approach and include Riker; ‘Virginia public choice’ with Buchanan and Tullock; ‘Bloomington public choice’ the home of the Ostroms, Vincent and Elinor.
(2.1) Historical Origins of the Public Choice Paradigm.

The work of Arrow (1951) followed from Bergson (1938), Sameulson (1947) and Black (1948) in seeking to address the possibility of deriving aggregate preference functions so that the state might compensate for free market allocative inefficiencies. These along with Schumpeter’s (1942) classic were the inspiration for Downs’ (1957) defining work on the introduction of economic concepts directly into the realm of political science. In fact many authors acknowledge their debt to Schumpeter though few follow his approach regarding human motivation. Downs was quickly followed by Black (1958) and the identification of a distinct school of thought was completed with the works of Buchanan and Tullock (1962) and Riker (1962). Over the same period Buchanan had been developing a challenge to the organic approach to the state, with a series of papers (1949, 1954a, 1954b, and 1958) seeking to move political explanation toward a position of ‘methodological individualism’. This position is understood to mean that explanatory laws of peoples’ behaviour concern features of individual human beings. This is not as strict a requirement as insisting that explanations must be in terms of the rational choices of individuals, as it does not rule out the possibility of explanations in terms of “irrational behaviour.” It should also be noted that rational choice theory can permit references to institutional facts acting as constraints on an individual choices.

Voting Theory

Following Enelow and Hinich (1984), spatial voting theory is divided into two groups, committee voting and mass elections. The first concerns choices between policy alternatives, and the second, choices between candidates with limited information. Whilst these have been developed to include several dimensions and candidates, they still assume that voters and candidates are motivated by self-interest. Buchanan and Tullock introduced the notions of logrolling and vote trading, in democratic politics. They also used game theory to discuss coalition formation. Transactions were costs used in the analysis of collective decision making and they were clear advocates of the use of homo economicus in political analysis.

Riker (1962) also noted for the use of game theory, replaced Downs’ notion of vote maximisation with the weaker, but perhaps more realistic assumption of that people enter the game of

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7 We shall discuss this in more detail in the next section.
9 See Hausmann (1992)
politics mainly to win. 'What the rational political man wants, I believe, is to win.'\textsuperscript{10} The main focus of this thesis, where it concerns political decision making, will be on the notion of mass elections and the characterisation of the agents making decisions in that environment. An alternative approach to conceptualising the office seeking politician's decision-making processes will be detailed in section 5.

*Collective Action: Pressure Groups*

Switching our attention to theories of collective action and interest groups, we follow Mitchell and Munger (1991) in separating the approaches into four main subgroups. The first is Olson, who is also given special attention below, and his 1965 work "The Logic of Collective Action" is still the classic text as regards this area, and the source of inspiration for many subsequent attempts at characterising the role of leadership in the formation of groups.

Buchanan, the main figure of the Virginia School, has continued to develop a contractarian approach that places a heavy emphasis on the role of institutions in political explanation. A noticeable influence from the Austrian tradition in economic theory is also evident, which is unsurprising given he was a student of Frank Knight. There is also the emphasis on the metaphor of politics as exchange, which is implicit within the notion of politics as catallactics, which will be of interest when we come to consider Shackle in section 5. Tullock (1967b) is also a significant figure linked with the Virginia School and could be viewed as the founder of the notion of rent-seeking, which is still dominant within interest group theory generally.

Becker's work on pressure groups deals only with special interest groups competing for political influence. The groups, in seeking to maximise the utility of their members, achieve equilibrium via mutual adjustment in a non-co-operative game. Regulation and taxpayer pressure ensures that large pressure groups do not benefit at the expense of the smaller ones.\textsuperscript{11}

Stigler\textsuperscript{12} and the Chicago school approach to regulation is primarily concerned with interest groups, though politicians are also of interest. Regulation here is seen as primarily of benefit for the industries and occupations. Politicians use regulatory power for coercive purposes, to ensure votes and contributions. Thus politicians will abuse their coercive power to redistribute wealth between groups in a manner so as to ensure their own positions. This redistribution creates a dead weight loss for the society as a whole.

\textsuperscript{10} Riker (1962, p.22).
\textsuperscript{11} Becker (1985) uses his approach to offer a development of Schumpeter's (1942) work on political competition, though it is in the form of neo-classical economic theorising.
\textsuperscript{12} See Stigler (1971) for an example.
Bureaucracy

The next strand is that of Bureaucracy, with the first public choice contribution coming from Tullock (1965), though as Udehn (1996, p.24) notes this is not clearly an economic approach and could be deemed sociological. The same could be said of Downs (1967) who mixes altruism with narrow self-interest in defining the bureaucrat's motivation. He splits people into five groups, of which only two are narrowly selfish. The focus for these two is on the internal mechanism of the bureaux, with Downs placing great importance on his own experience of working in, and for, such organisations over a long period of time.

The most clear cut economic approach to bureaucracy is Niskanen (1971), with the maximisation of budgets subject to the constraint that the total budget over time is greater than the minimum costs expected by the bureau's sponsor. The selfish maximising bureaucrat is still an assumption, but Niskanen focuses on the output of the bureaux, with the profit motive substituted with the budget motive.

Political Business Cycle

The final grouping concerns those interested in accounting for the 'Political Business Cycle.' In Public Choice theory this was first analysed in a systematic fashion by Nordhaus (1975). The key assumptions here are; the electorate has the aggregate unemployment rates and inflation rates in their preference functions, and they prefer stable prices and low unemployment rates. Voters are myopic, knowing little of macroeconomics and therefore, base their decisions on their own experiences. Parties are assumed to be only interested in electoral outcomes, they know voters preferences perfectly. Thus government will choose policies that which will maximise its plurality at the next election. Frey (1978) is also a key figure and sought to create an empirical model. He differs from the other approaches in that he broadens the interests of the voters by looking at how votes are bought by affecting the voters' general consumption level.

Wagner (1977) offers a third approach in line with his work with Buchanan. He concentrates on politicians using selective measures to buy votes. Because Keynesian economics is erroneous in its policy recommendations, politicians cannot use Keynesian style policies to manipulate the economy, thus attempts to manipulate the economy are not reliable and the government must find an alternative means to secure the voter's favour. The political business cycle occurs as an accidental by-product of this activity.
For the most part, rationality is understood from an instrumental basis\(^\text{13}\) in all of the above studies, the exception being in the works of Tullock and the later works of Downs, who considers the Bureaucrat as opposed to the politician. With this overview completed we can begin to examine in more details those aspects of political choice theory that relate specifically to the concept of a political entrepreneur.

(2.2) The Political Entrepreneur.

Public Choice literature that has explicitly concerned itself with the role of the political entrepreneur has tended to follow the works of Schumpeter, Downs, and Olson. The key texts regarding political entrepreneurs are: Schumpeter (1942), Downs (1957), Olson (1965), Frohlich et al. (1971), Breton (1974), Frohlich and Oppenheimer (1978), Mitchell (1984b), and Laver (1997).\(^\text{14}\) The metaphor of the political entrepreneur can be split these into two categories, and whilst many of those mentioned above tend to emphasise a particular category, they all attribute the inspiration of their ideas to the work of Schumpeter.

Category one follows more directly the line of Downs (1957) and is concerned with the behaviour of the political entrepreneur with respect to the positioning of party ideology in order to gain election, or re-election. Along with Downs there are Breton (1974) and Laver (1997). The other category tends to focus on the formation of groups seeking collective goods in the manner of Olson (1965). Olson does not actually refer to Schumpeter when talking of political leadership, but those who have followed Olson’s lead in examining leadership in the context of group size have done so. This includes Frohlich et al. (1971), Frohlich and Oppenheimer (1978), with some initial work following Olson (1965) including Wagner (1966), Salisbury (1969), Breton and Breton (1969). This split is somewhat arbitrary as many of the works following Olson also cite Downs as an influence, and Breton (1974) explicitly takes on board Olson’s material concerning group size.

Laver\(^\text{15}\) also notices a distinction between the types of entrepreneurial behaviour normally associated with the two strands: “Office-seeking” is entrepreneurial behaviour concerned with the policy outputs whilst in office, the entrepreneur seeks to offer policies that will win them elections and therefore

\(^{13}\) This instrumental notion of rationality is defined and considered in detail in section 3.  
\(^{14}\) Lichbach (1996) also directly addresses the notion of the political entrepreneur; his emphasis is upon the problems of asymmetric information in the monitoring of the entrepreneur's behaviour after they have secured their position. Whilst he addresses the issues from the perspective of hierarchical control, his analysis does not differ greatly in substance from previous work on co-operation conceptualised in the form of co-operative and non-co-operative games.
is determined by voter preferences. “Policy-seeking” concerns entrepreneurs motivated by the ultimate 
fulfilment of their private desires, which is the line taken by those following the Olson tradition. Whilst 
office-seeking may in itself be fulfilling one’s private desires, it is treated as a distinct form of behaviour. 
In later chapters we shall be more concerned with this office-seeking behaviour in relation to a radical 
subjectivist account of political decision making.16

Given the above, a review of the key texts will follow a chronological order as they tend to build 
upon the preceding works, though Downs and Olson clearly differ in the questions to which they seek to 
provide answers.17 The works of Schumpeter and Downs will receive more detailed consideration as 
many of their ideas still shape the subject today. This is more obvious with the works of Downs as his 
model considers both the rationality of voting and electoral success, whereas Schumpeter’s influence is 
subtle, and it is increasingly apparent that many of the insights that Schumpeter had in relation to 
democratic processes are beginning to be re-addressed.

(2.3) Schumpeter: The Political Boss

The use of the term “Political Entrepreneur” is not new, and Schumpeter was aware of the 
concept as far back as 1942.18 Attempts at incorporating the concept into political theory have tended to 
rely upon his approach, with the origin of post-war economic theory on decision making in non-market 
organisations regularly being attributed to the Schumpeter (1942),19 and many of the references paying 
particular attention to chapters XXI and XXII. In this work Schumpeter provides an argument against the 
‘Classical Doctrine of Democracy’,20 listing a series of reasons as to why the political mechanisms found 
in democracies do not act in accordance with some notion of the ‘common good'. These range from the 
self-regarding nature of those who engage in political activity, to the observation that people have little

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16 Laver (1997, p. 88, n. 1), also states that very little has been written on the topic of political 
entrepreneurs since Frohlich et al. (1971). He writes in terms of explicit consideration, but there is clearly 
some reliance upon some notion of political leadership throughout public choice literature. The Choice in 
“Public Choice” implies someone, or some group, making a choice.
17 Olson only cites Downs in two places, once concerning the use of force to back collective decisions; 
the second concerns the extent of self-interest in politics.
18 It could be argued that he introduced the concept to political theory, though Prisching (1995) claims the 
origins of his ideas can be traced back to at least 1915.
19 One dissenting voice from this view is Mitchell (1984a), who finds little similarity between the 
methodological positions implicit within Schumpeter’s (1942) polemic and the subsequent writings of 
Buchanan and Tullock (1962) or Olson (1965). This view is backed up by Mueller who notes that whilst 
Tullock had read Schumpeter he does not cite him as there was no one specific idea that he had taken 
from Schumpeter. Rather, Schumpeter had left him with a general feel as to the correct orientation of his 
own work.
20 See chapter XXI, pp. 250-268.
knowledge of how effective government policies have been. In "Another Theory of Democracy" Schumpeter offers a definition of democracy where:

The democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote. This gives a greater emphasis to the role of leadership, and the will of the people is open to becoming a 'Manufactured Will.' There is the recognition that special interest groups operate but the theory is concerned with these only in as much as they affect the competition for political leadership. This competition is not necessarily perfect and is open to many of the problems and legal constraints that are faced in the economic sphere. All people are free to compete for this leadership, though this freedom is tempered by realistic constraints, made plain by analogy: 'Free, that is, in the sense which everyone is free to start another textile mill.' The will of the people becomes the will of the majority, or people represented by the party, with the most effective voice in the legislative forum:

The principle of democracy then merely means that the reins of government should be handed to those who command more support than do any of the competing individuals or teams.

The politician's behaviour is characteristically analysed, within the political arena, from the perspective of how their actions affect the equilibrium or status quo position.

In his analysis of the inherent tendency for capitalism to destroy itself, Schumpeter defined the democratic method as:

That institutional arrangement for arriving at political decisions in which individuals acquire the power to decide, by means of a competitive struggle, for the people's vote. Schumpeter sets out that which he deems to be the democratic process in terms congruent with our present understanding of a representative democracy, whereby the role of leadership is explicitly recognised in its function of organising what Schumpeter terms the 'volitions' of different sized interest groups. These volitions can be 'worked upon' so that the leadership of the party can include them as party of the overall 'competitive offering'. What constitutes political competition is not, as Schumpeter admits, easily defined, yet he sees it as legitimate to restrict himself within the confines of a notion of democracy defined by the maxim: "Free competition for a free vote." This is buttressed with other propositions that make the theory, not only "realistic," but workable e.g. freedom to compete for political leadership and some freedom of speech for individuals and the press. It is essential to his thesis that the

21 Schumpeter (1942, Chap. XXII).
22 Schumpeter (1942, p. 269).
23 Schumpeter (1942, p. 272n).
25 Schumpeter (1942, p. 269).
“people” must be able to remove the incumbent leadership and that this is the ultimate restraint on the leadership. Within this broad schema Schumpeter maintains that the electorate does not initiate the choices put before it, but is in fact, having the agenda manipulated by politicians. This creation of the agenda is an ‘essential’ part of the overall democratic process. He goes on to state that:

Voters do not decide issues. But neither do they pick their members from the eligible population with a perfectly open mind. In all normal cases the initiative lies with the candidate who makes a bid for office of Member of Parliament and such leadership as that may imply.27

Schumpeter also recognises that a political leader is likely to be situated within a party organisation. His characterisation of a party differs from the classical position such that

a party cannot be defined in terms of its principles. A party is a group whose members propose to act in concert in the competitive struggle for political power.28

This allows parties to adopt similar programs,29 and gives rise to the idea that the political machinery is in place so as to regulate the disorganised ‘electoral mass’ similar to practices engaged within a trade association. This involves parties being engaged in activities like: party advertising, marching tunes and slogans (or in today’s parlance, soundbites.)30 Along with these is the pivotal position of the ‘Political Boss’, the decision-maker in political activity. It is upon Schumpeter’s conception of the Political Boss that the notion of a political entrepreneur is founded.

Rationality

It is worth noting here that within the two chapters mentioned above that Schumpeter includes an outline of what might be called rational action. In parts he clearly adheres to an instrumental notion of rationality:

[I]rrationality means failure to act rationally upon a given wish. It does not refer to the reasonableness of the wish itself in the opinion of the observer... Thus a factory girl’s finery may seem to a professor an indication of irrational behavior for which there is no other explanation but the advertiser’s arts. Actually, it may be all she craves for. If so her expenditure on it may be ideally rational ...31

He does, however, allow for some distinction between rational action and rational thought, with the latter not always guaranteeing the former and not necessarily present when the former is. Thus rational action may occur due to a subconscious volition. An individual’s volitions can also be the product of the social

26 Schumpeter (1942, p. 271).
27 Schumpeter (1942, p. 282).
28 Ibid. This quote could be seen as providing support for Olson's approach to group interests.
29 Parties can do this as the need to stay within a particular ideological framework is tempered by their raison d’être, which is to win sufficient power so as to affect the socio-political environment.
30 Schumpeter’s evidence for such political practice was based upon selected examples from the histories of France, England and the USA.
31 Schumpeter (1942, p. 258n).
environment in which they live. This allows Schumpeter to form the notion that the selective information given by politicians can affect the way in which people vote in the same manner as people's experience will inform their future volitions. This feedback mechanism, along with people's propensity to act rationally in regard to their short-term interests, opens the door for politicians to manipulate the economic process in order to gain the votes for re-election. This is an effect that, as we shall see, is often simplified to include only the rational consideration of short term interests in contemporary theory. This simplification is ultimately one of the main underlying themes within this thesis, as the formation of preferences is something that is beyond the consideration of rational choice theory, but clearly integral to political activity.

A second important feature is that Schumpeter quite clearly views democracy, or the belief that democracy is a good thing, as a normative statement with its origin to be found in the Christian belief that 'every man is by nature like every other man'. This, again, is something that many contemporary writers have underplayed to the extent that democracy is often assumed to be good without any justification being provided. Downs (1957) in particular falls into this trap, witness Petrecca (1991) on the attempted distinction between positive and normative elements in political theory where he paraphrases Barry (1978, p173) in his appraisal of Downs (1957).

For Downs, democracy is a rational end of political activity because it enables individuals to rationally pursue (and often achieve) their self-interest. This perspective not only presumptively values the pursuit of self-interest (even though it is posited as an inherent part of human nature), but more important, it positively evaluates the mechanistic capacity of a democratic regime to respond to the driving force of human nature. This is a normative statement.

It is only in his later writings, (1991) for example, that Downs fully recognises this point.

We shall proceed by outlining the various attempts at broadening or developing the notion of the political entrepreneur, with particular attention paid to those who have made the political entrepreneur an integral part of their framework for political competition. Each of the frameworks studied will have the main elements sketched, with a special emphasis on the conceptualisation of rational action either explicitly or implicitly stated. There will also be a particular emphasis on the way in which the authors have treated the existence of uncertainty inherent in political decision-making. For the most part we shall be interested in the supply of public/collective goods, and how political parties might adjust the portfolio of such goods on offer to the electorate. As different writers have placed varying degrees of emphasis on the actual definition of what constitutes a public/collective good then such differences will also be highlighted.

As discussed above a second possible candidate for the position of founder of the economic approach to politics is Downs. In particular his ‘An Economic Theory of Democracy’ (1957), which will be given special consideration, not only because of his place in the history of the subject, but also because of the detailed attention he gave to the problems of defining rationality, or rational action, and the pivotal role of uncertainty he invoked in his analysis.

Downs, in the introduction to his collected works, writes that his core ideas were formed when acting as the president of the student bodies, during his junior year at college. After being made painfully aware that the students he represented paid no real interest to the results of the policies he implemented, he formulated the hypothesis that:

[V]oters in this particular democracy were rationally ignorant about their government’s affairs.\(^\text{34}\)

People were deciding that it simply was not efficient to keep themselves well informed as to whether or not the government had fulfilled their electoral promises. Their time could be more effectively spent on other matters, and the costs of researching government behaviour could not be matched with any likely benefits accruing from such activity. This basic notion plus the assertion that those seeking election did so for their own personal gain, were two of the main foundations of his 1957 work.

Downs makes it quite clear that the inspiration for his 1957 work came from Schumpeter’s ‘classic’, ‘Capitalism, Socialism and Democracy’ (1942)\(^\text{35}\). Here governments were likened to companies, producing goods for the profits they could accrue rather than for the utility that the consumer derived from them.\(^\text{36}\). The notion that people in government were motivated by their own personal gain as opposed to some altruistic pursuit of the public interest was regarded a novel concept at the time, and seen as a radical departure from the prevailing view in economic and political theory. Downs' later writings (1967 onwards) moved toward the understanding of how people within bureaucracies operate, and what implications this has on policy efficacy. They drew upon his experiences working for, and within, a number of organisations, and where possible he sought to draw inferences that could be used to create a more realistic theoretical framework.\(^\text{37}\)

\(^{33}\) Petracca (1991, p. 177).

\(^{34}\) Downs (1998, p. x, italics in original)

\(^{35}\) Downs (1957, p. 29, n. 11), though Schumpeter is only cited twice in the whole of this text.

\(^{36}\) Downs (1988, pxi)

\(^{37}\) We shall consider this move to a more realistic approach to describing political behaviour in a later chapter.
When you read Downs' (1957) text you are treated to a systematic and coherent construction of a framework upon which an understanding of political decision making might be founded. The orderly manner in which he sets out his working schema makes quite clear the methodological position he is taking from the outset. And it is for this reason we shall follow his ideas in the order presented in his text.

**Downs and Rationality.**

The concept of rationality that he employs in his early work is quite clearly instrumental in its character. Rationality is only applied to means and not ends with a person being rational if he/she moves towards [his] goals in a way, which to the best of [his] knowledge, uses the least possible input of scarce resources per unit of valued output. This attribution of rationality to other peoples' behaviour is there for the purpose of allowing predictability of those actions and Downs deliberately invokes the notion of the rational consumer. Rationality is understood in terms of people holding a complete, and transitive, ranking of their preferences, and people always selecting the option with the highest preference ranking.

In the manner of Friedman (1953) Downs supports his approach to rationality with reference to it as a process of action which is not open to verification, or falsification. The tautological nature of the approach is seen as allowable because he is not dealing with psychology, and rationality is merely a device with which we can make useful predictions about peoples' behaviour in the context of politics. He is taking *homo economicus* as a foundation for *homo politicus*, who is merely the “average man” in the electorate. This *homo politicus* is viewed as a useful abstraction, which helps Downs draw conclusions on the likely effects of different distributions of voters' preferences and political constitutions. Of particular relevance here is the way in which the attribution of rationality is seen as dependent upon an ordered society.

Just as the rational producer must be able to make reasonably accurate forecasts of his demand and costs if he is to invest intelligently, so the rational man in politics must be able roughly to predict the behaviour of other citizens and of government. Some ambiguity is inevitable, but whenever uncertainty increases greatly, rationality becomes difficult.

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38 This does not mean that one cannot find fault with the argument presented in the text, but the construction of his argument is lucid whilst being written in a manner that leaves the reader sure of what the author is arguing for.
39 Downs (1957, p. 5).
40 This instrumentalist approach to theorising still appears to dominate public choice theorising today as evidenced by the following: 'Criticising a model for having restrictive or false assumptions is vacuous unless the resulting theoretical analysis can show that the models' results hinge acutely on the restrictive and false nature of those assumptions.' Morton (1999, p.144, italics in original). Predictive ability is paramount.
41 Downs (1957, p. 11).
The co-dependence between rational individuals and an ordered society is one of the key underlying themes of Downs' 1957 text. Just as individuals need a 'predictable social order' so that they might act rationally, then a predictable social order requires a large and significant majority of rationally behaving individuals. This mirrors the notion within Dennett's (1992) work on instrumental rationality, where we can only allow a little irrationality into our conceptualisation of others' actions; otherwise we would not be able to make any sense of those actions at all.\(^{42}\) It should also be emphasised that, for Downs, this instrumental conceptualisation of rationality applies to both voters and politicians alike. As Eckstein (1991) observes, this is in contrast to Schumpeter who used this instrumental approach to characterise only political leaders (political entrepreneurs) who deal in votes. Schumpeter characterises the voters as hyperirrational, in much the same manner as crowd psychologists.\(^{43}\) Schumpeter treats the leaders as consciously selecting action whilst the voting masses may not. Voters' thoughts may be irrational, or not consciously rational, but their actions based upon such processes may still be deemed rational.

**Downs' Notion of Government**

For Downs Governments act rationally so as to maximise political support, they exist in a democratic society of one member one vote, and where there are periodic elections. The government's primary objective is that of re-election. Governments are organisations that have a sufficient monopoly of control to enforce an orderly settlement of disputes with other organisations in the area...whoever controls government can enforce decisions on other organisations in the area.\(^{44}\)

Governments are the locus of ultimate power and they have a special function in the division of labour. One problem for Downs is that his characterisation of parties is too simplistic; parties are a team of people who seek to gain office and agree on all their goals. He did not extend his analysis here to take into account the decision-making framework of the political party. He could therefore be guilty of the false personification of the group as a single individual and later sought to redress this problem by looking at the hierarchical structure of bureaucracies, and how the different layers related to each other.

A fundamental axiom of Down's model is that politicians are motivated by the desire for power:

Politicians ...never seek office as a means of carrying out particular policies; their only goal is to reap the rewards of holding office per se. They treat policies purely as a means to the attainment of their private ends, which they can only reach by being elected....

\(^{42}\) See also Davidson (1980) on this issue. We shall be these points in more detail in later chapters.

\(^{43}\) (1942, pp. 262-63). See also Prisching (1995) on the merits of "irrational choice theory" in this context.

\(^{44}\) Downs (1957, p. 22).
Politicians formulate policies in order to win election, rather than win elections in order to formulate policies.45

This fits with Laver’s notion of office-seeking as opposed to policy-seeking, and Riker’s maxim that the main priority of a politician is to win first.46 They are, however, constrained by legal requirements and by their commitment to their party colleagues.

The party which runs this government manipulates its policies and actions in whatever way it believes will gain it the most votes without violating constitutional rules. Clearly, such behaviour implies that the governing party is aware of some definite relationship between its policies and the way people vote.47

Some kind of mutual interdependence will exist between the government and the electorate, as the government will be pursuing those polices that will get it elected and the electorate will be voting for the party they perceive will implement the policies that they think will most benefit them.

Downs and Uncertainty

Uncertainty is defined by Downs as the situation where there is any lack of sure knowledge about the course of events.48 When talking of the ‘Nature of Uncertainty’ Downs seems to think that there are degrees of uncertainty, which can be altered by the amount of information that agents have. The intensity of this uncertainty can be diminished but only at the expense of expenditure on scarce resources. The more information that a person has to hand the greater their confidence in arriving at the correct decision.

Downs claims a distinction between reason, contextual knowledge, and information, which he uses to provide a taxonomy of situations, which are understood as having different types of uncertainty present. The first concerns the process of logical thought combined with causal analysis. The second, contextual knowledge, is more specific than reason and relates to an understanding, or appreciation, of the ‘basic forces’ deemed relevant to the issue(s) of concern. Finally, information is data upon the status of the ‘variables’ which are the ‘objects of the contextual knowledge.’

When one is deficient in contextual knowledge then one requires educating, but this ignorance is not the same as a deficiency in information. A lack of information can be more readily rectified than a lack of contextual knowledge, though as Downs notes it still has a cost attached.49

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45Downs (1957, p. 28).
46 Both outlined earlier in this chapter.
47 Downs (1957, p. 31).
48 Downs (1957, p81). Which just about covers all areas of human activity, particularly where large numbers of people are involved, and over a period of time.
49 Downs (1957, p. 79).
Downs goes on to delineate the types of uncertainty that he perceives might exist for voters and political parties. Whilst he lists five types for voters and six for political parties he also summarises them. For voters, uncertainty may exist because they are not always aware of what the government is or could be doing, and often they do not know the relationship between government actions and their own utility incomes.\(^5\)
The taxonomy of uncertainty for parties can be understood from the basic notion that parties will not be sure how voters are likely to react to their policies, not only because they may have ignorance of the voters' desires, but also because they may lack information on how particular policies will actually affect the voters' utility functions.

The existence of uncertainty makes reasonable the activity of political persuasion. If there were certainty then voters would not alter their voting intentions when another attempts to persuade them to do so. These voters would know how all the policies offered would affect their utility and the likelihood of the parties reneging on their manifestos. Once we allow for the existence of uncertainty then there is a role for those who seek to gain from supplying information that will influence the voters actions in a manner congruent with the political activists own aims. Uncertainty here is represented as a lack of information on future behaviour, which is the result of informational deficiencies and problems in contextual knowledge. This is not the same as uncertainty due to the inherent creativity of individuals who will create a future that cannot be known until its moment of creation, a notion that will be critical to our understanding of decision making in later chapters.

Given the extent to which Downs sought to identify, and understand, how different types of uncertainty affect the way in which people try to make rational decisions, it is surprising how little attention is given to this facet of his schema by those who draw explicitly on his work. When one considers how this allows for the instrumentally useful development of ideologies, then this is surely one of the key elements in his schema. If rationality and self-interest are the engine of his schema then surely uncertainty is the friction, which the oil of political behaviour is supposed to ease. Indeed without this endemic uncertainty, political competition may well not be necessary. The politicians would know exactly which portfolio of policies will give them victory and the voters will know exactly which of the political parties is going to perform to the best of their liking.

Having set out the main postulates of his theory Downs proceeds to consider how these element combine to produce the political activity that is witnessed in representative democracies. The first step is a consideration of how and why parties develop particular profile or ideology.

\(^5\) Downs (1957, p. 80).
The Role, and Origin, of Ideologies.

In line with the assumption of politicians being motivated by personal gain, and not from an altruistic notion of social well-being, Downs seeks an answer to the question:

Why does nearly every democratic party ostensibly derive its policies from some specific philosophy of governing?  

Uncertainty is given a pivotal role, as voters cannot reliably ascertain the likely outcome of voting for a particular party on their personal utility function. Voters will not be interested in investing in the search costs of improving upon their current beliefs. Parties’ ideologies are useful as they allow the voter to more easily identify the differences between the party positions, and save them time in tracing out all the consequences of all the individual policies that the parties are proposing. It also gives them some way of gauging how a party is likely to react to unforeseen circumstances.

It should be remembered that an ideology is a double-edged sword. It is a useful device with which one party can create an easily understood difference between one’s party and the other parties, with their respective ideologies; however, wielding this weapon also creates constraints on the party’s future possible actions. Downs attempts to demonstrate this when he analyses the roles of reliability and responsibility in his model. He seeks to prove that the party’s ideology is consistent with either, or both, of the party’s: (1) actions in prior elections, (2) its statements in the run up to the election. The essential point that Downs makes is that parties are reliable if their past actions can be predicted by their past policy statements, and responsible if their past actions are congruent with the policy statements.

Because parties are competing for votes, and voters will not choose parties that are unreliable over those that are, then parties, if rational, will be forced to be reliable. The form of reliability that Downs highlights is that of integrity. A party has this if the actions they undertake are reasonable in light of the policy statements issued during the campaign. The use of the term, reasonable, allows for the possibility of unforeseen events. This integrity is characterised by Downs as the most efficient form of reliability as integrity is the simplest relation between statements and true intentions. Hence when it exists, fewer resources are required to predict an agent’s future behaviour than are required

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51 Downs (1957, p96) Whilst Downs follows develops his argument here so as to ensure consistency with his position on the selfish motives of politicians, he also develops the argument that it helps maintain coherence in the party’s message, something that we shall emphasis later.

52 The way in which a party might adjust its plans in light of new information will be of the utmost importance later in this thesis.

53 A party is still reliable if a voter can predict a party’s actions from their policy statements, even if they are always the exact opposite of what the statement entails.

54 Downs (1957, p108)

55 Even if the party fails to get elected they may still exhibit integrity by making statements that are congruent with their policy statements prior to the election.
by any other form of reliability. Where analysis is complex and costly anyway, as it is in politics, this saving can be crucial.56

As communication is cheaper between honest individuals, rational people would prefer to deal with such politicians rather than a perfectly reliable liar. This combined with competition for votes creates a tendency for parties to remain relatively honest. In the same way responsibility is reinforced by this combination of the competition for votes and the desire for more efficient interpersonal relations. Thus promises made in a successful election campaign are likely to be adhered to, or seen to be adhered to, not only because they attracted votes but also because a party that frequently changes policies will be viewed as untrustworthy with respect to any long term policies. Parties will therefore be kept responsible by the electoral system itself, and not necessarily because of any innate predilection to honour.57 The two co-dependent elements of responsibility and reliability will be necessary traits of party that has some identifiable ideology58. This ideology need not be precisely formulated as part of its function is to attract voters from as wide a political spectrum as possible. Downs likes to call such a position a ‘social Weltanschauung’. There is a hint here of what is to come in later chapters concerning the crucial nature of plans in understanding the rationality of decision-making, of which contemporary public choice theory has been slow to realise the implications.

As Downs is seeking to utilise economic concepts in explaining political phenomena, it should come as no surprise that he finds a way of creating a tension between; the need to portray some consistency in a party’s ideology, and the desire to gain office. And that this tension is then resolved where the two opposing forces reach some kind of equilibrium. In seeking to maintain integrity, by exhibiting reliability and responsibility, the party’s ideology will require some form of coherence.59 It would be difficult to persuade voters to choose a set of policies that were manifestly contradictory. Yet this same ideology is the mechanism by which the party attracts voters from as broad a variety of groupings as possible, or necessary to win the election. Ideologies will alter slowly, so as to maintain integrity, yet conditions may move swiftly and warrant dramatic changes in policy if the party is to attract sufficient votes. The inertia within party ideology is due, not only to the drag of integrity, but also because individuals within the party will have their reputations closely allied to certain policies. Internal party politics will take time to adjust to changed circumstances, and this is reinforced by the problem of

56 Downs (1957, p108)
57 The same is true for parties who are unsuccessful in elections. They will also have the dilemma of which of the policies they should reject in light of the voters’ judgement of the party’s overall manifesto.
58 For Downs an ideology is defined as ‘...a verbal image of the good society and the chief means of constructing such a society.’ (1957, p96)
59 A notion of coherence, it will be argued in later chapters, is crucial to a viable conception of rationality just as much as it is essential if a party is to maintain credibility with the electorate.
actually ascertaining what the new situation is given the generic problem of uncertainty. The dynamics of the political situation thus allows a party scope for relaxing the requirement of total responsibility, as it is nonsensical to rigidly hold to ideology if the goal is the pursuit of office. But Downs does allow the possibility that a party's pursuit of ideology can attain priority over the desire for office. Whilst this may be a reasonable conclusion to draw from the model as given, it does give rise to the charge of being vacuous in terms of providing a positive model that enables prediction of political activity.

We are told then, that some parties will pursue ideology at the expense of vote-getting, whilst the model assumes that the raison-d'etre of parties is to gain office, which is clearly a contradiction. Downs offers a way out of this by subsuming the pursuit of ideology under the real end of gaining office, with the creation of the ideology merely being another means to achieve this ultimate real end. Downs simply offers, as opinion, that the pursuit of office gains prevalence over the pursuit of ideologies. So that even if some parties do pursue ideology over vote-getting some of the time, the occasions where vote-getting is given priority are far more numerous so as to make the pursuit of ideology, on those occasions, instruments of the wider, long term objective.

What is of particular interest here is the manner in which Downs incorporates the requirement of coherence. Coherence becomes an instrument in the pursuit of self-interest, and is not portrayed as an end in itself. The same can be said of the fulfilment of promises. What coherence is not, is a fundamental element of rationality. Rationality is described purely in terms of the means-end relationship.

Having created the requirement for party ideologies, tools enabling both the parties and the public to overcome endemic uncertainty, we are now in a position to understand Downs's model of political competition. It takes the form of parties positioning their respective ideologies in the manner most likely to gain them re-election, or election.

*The Spatial Model of Party Competition.*

In building his model of party competition Downs employs the spatial analogy originated by Hotelling (1929). By assuming that political ideologies can be represented on a linear scale of zero to 100 he takes it as given that peoples' political preferences can be meaningfully ordered in such a fashion. This initial model also assumes that people will hold single peaked preference functions, though they need not be symmetrical. The example he uses is that of the degree of government intervention in the economy. The left of the scale (zero) is total government intervention (or as he put it so that he can maintain the

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60 See Downs (1957, p. 112).

61 See Dunleavy for a detailed consideration of the plausibility of such assumptions.
common left-right distinction in politics) the zero represents the amount of economic activity left in private hands.62

Hotelling had already envisaged such an approach for politics. He argued that if people were evenly spread across the scale then competition for votes in a two party system would lead to parties converging at the centre. In order to secure as many votes as possible parties would be forced to offer ideologies similar to the other party.

![Spatial Model of Voting](image)

A vertical axis could represent the numbers who hold this particular preference. Where the distribution is even (as in this example) the vertical axis becomes irrelevant.

In fig (2.1) Party A has a platform with private ownership at 30% and Party B with a platform of 50% private ownership. If the distribution of voters' preferences is evenly spread across this scale, then Part B will receive the votes of those who desire 50% or more of private ownership, plus half of the voters who lay between A's and B's positions, giving a total for B of 60%, leaving A 40%, and an electoral defeat, where a simple majority determines the outcome of the election. Party A would therefore have to move towards B's position in order to capture the votes of those in the region of 40 to 50 on the scale.

Downs noted that Hotelling's model (when applied to the positioning of grocery stores) was augmented by Smithies (1941), to take into account price elasticities. The cost of going towards the centre may become too high for those at the extremes, so they may not buy at all. In the political context, those at the extremes of the political spectrum may not be able to come to terms with the party's changed position and, therefore, do not vote at all. Enelow and Hinich (1984) provide a formal treatment of this aspect by treating such behaviour as due to voters being alienated from the election as no party reflects

62 Downs recognised that this approach is limited, as parties will differ in their degree of leftishness or rightishness across a range of political issues. (1957, p. 116).
their opinions. The problem of doing so is that in creating the theoretical space for the notion of abstention, due to alienation, they are forced out some other assumptions of the model, in particular the concavity of the voters' utility functions, as concavity would result in the benefits from voting increasing.\(^6^3\)

Downs proceeds to examine the spatial model under different distributions of voter's preferences, e.g. skewed distributions and polymodal distributions. In this way he proceeds to draw conclusions as to how the alternative preference distributions are likely to impact upon the type of political competition that is exhibited. Modern versions of this spatial analysis have developed to a high degree of sophistication, and include multi-issue analysis, coalition formation and endogenous preference formation\(^6^4\), but as Laver notes:

The rational choice account of party competition is the logic of the interaction of two distinct sets of political actors – voters who choose between different policy positions that are offered to them, and politicians who offer a range of policy positions to voters. The basic model is hardly any more than this.\(^6^5\)

That said there have been significant advances in the area of game theoretic approaches to the spatial analysis of voting, which brings into focus issues such as strategic voting in mass elections. Whilst the more sophisticated models predicated upon this approach are of value, they do not substantively differ in their mode of analysis from the rational action approach outlined above.\(^6^6\) These shall be discussed in more detail in section 3.

What we have in Downs' theory of democracy is a hypothetico-deductive model predicated on the axioms of maximising self-interest and instrumental rationality. This is placed in the context of an uncertain world where information is a scarce commodity. The political entrepreneur can find work in one of two ways in the political sphere of life. They can become providers of information and enable voters to make a choice of representative from a position of less ignorance. Or they can become engaged in more direct political activity, and try to provide a portfolio of policies that attracts a sufficient number of votes to achieve their political ends. Voters in this perspective will, if they desire a democracy to

\(^{63}\) See Morton (1999).

\(^{64}\) See Laver and Hunt (1992).

\(^{65}\) Laver (1997, p. 134).

\(^{66}\) The interested reader can get a detailed discussion of these in Dunleavy (1991) and Mueller (1989). Ordeshook (1997) attempts an open appraisal of the successes of such approaches, and whilst he notes that there have been significant advances in our understanding of the how we must construct our theories, he is less sanguine about the way in which the field is developing: 'Of course, fads die and what frequently remains is a residue of new insights, along with an augmentation of the technical skills of the profession. However, it remains true that with attention focused on mere mathematical manipulations and with promotions arriving most quickly to those who can sustain a stream of publications.... We find manuscripts with minimal ratio of meaningful results to notation and in which things loftily proclaimed to be “theorems” are based on such restrictive assumptions that they contribute little to our understanding of anything. It would seem that it is easier to theorize about planet X than our own.' (1997, p. 269).
continue, vote for the candidate they think will best deliver the set of policies that is closest to their personal welfare functions. Under certain preference distributions, and assuming that people's preferences can be represented in the n-dimension policy space manner that they have been, this will lead to the selection of the candidate who offers a platform closest to the median voter's preferred policy portfolio. The political entrepreneur so described is essentially self-interested, a maximiser, and guided by instrumental rationality. We shall be considering problems that are linked to conceptualisation of rational action throughout the course of the thesis and will consider the nature of instrumental rationality in some detail in section three. For now we turn our attention to the second major theme in the discussion of political entrepreneurs, collective action and group size.

(2.5) Olson's "Logic of Collective Action."

By far the most influential work in the field of collective rational action is that of Olson (1965). Whilst there have been many criticisms of, and adjustments suggested of his work, it still stands as the defining text on the rational choice approach to understanding collective action, particularly with respect to group size. The line of argument that Olson pursues is indicated early in his text:

It does not follow, because all of the individuals in a group would gain if they achieved their group objective, that they would act to achieve that objective, even if they were all rational and self-interested. Indeed, unless the number of individuals in a group is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, rational, self-interested individuals will not act to achieve their common or group interests.68

This line is softened, however, when the focus is on small groups, though the conclusions are still negative:

In small groups there very well may be some voluntary action in support of the common purposes of the individuals in the group, but in most cases this action will cease before it reaches the optimal level for the members of the group as a whole. In the sharing of the costs of efforts to achieve a common goal in small groups, there is however a surprising tendency for the "exploitation" of the great by the small.69

These claims are the focus of the first section of his book, after which he uses the 'proofs' of these 'logical statements' to examine their implications for group behaviour.

Olson defines a common/collective/public good in terms of non-excludability, a collective good is one such that if any member of a group consumes that good then no other member of that group can be prevented from consuming it as well. This allows for the possibility of free-riding, where those who have not contributed toward the provision of a good still consume it. He also differentiates between small,

67 Again, see Ordeshook (1997) for a detailed list of these and the assumptions that are required to support them.
68 Olson (1965, p. 2) Italic in original.
large and intermediate groups. Public goods may still be provided for if the group is small, and there are some, if not all, members who have an incentive to see the good provided, even if it is he or she who has to carry the full burden of such provision. Such groups are labelled as 'privileged' by Olson,\textsuperscript{70} so if the $i$th individual of a group values the collective good $(V_i)$,\textsuperscript{71} and this valuation is larger than the total cost of provision $(C)$, then the difference $(A_i) = (V_i) - (C)$ must be greater than zero. As the size of the group $(S_g)$ increases, the relative importance of each individual member's contribution, and their share $(F_i)$ of the total value of the collective good $(V_g)$, decreases. Thus $F_i = V_i/V_g$ decreases as $S_g$ increases. As we move to the intermediate group size, then the situation is that no single member will benefit sufficiently to provide for the collective good alone, but the group size is not so large than any free-riders can remain anonymous. This allows scope for the provision of collective goods where some co-ordination and organisation is in evidence.\textsuperscript{72}

When we move to the case of the large group, then the opportunity for anonymous free-riding exists, and co-ordination is difficult. In such instances large groups need to rely upon additional, selective, incentives to contribution, like insurance or coercion. As a result the lobbying for collective goods becomes the by-product of organisations which remain in existence because of their selective incentives. The emergence of such groups requires a special co-ordinator or political entrepreneur.

It is worth pointing out, as does Udehn\textsuperscript{73} that the arguments concerning collective goods were meant only in relation to special interest, or pressure groups. Thus arguments concerning Olson's misuse of rationality in the appraisal of 'non-economic lobbies' are unfounded, as he explicitly distances his approach from the analysis of social, political, religious groups and the behaviour of mass movements. These kinds of groups are deemed irrational in their behaviour and are best understood, according to Olson,\textsuperscript{74} from the perspective of sociology.

Olson's work did prompt some initial interest in the notion of political leadership/entrepreneurial behaviour. There were some early contributors to this idea: Wagner (1966) emphasises the role of political entrepreneurs in the democratic political process. These political entrepreneurs supply collective goods in return for some "political profit." Salisbury (1969) looks at the political entrepreneur in its role of establishing and maintaining interest groups, and argues that this could be extended to include the

\textsuperscript{69} Ibid., p.3.
\textsuperscript{70} Ibid., p.50.
\textsuperscript{71} For small groups this valuation includes social incentives at work, social status prestige etc., all of which add to the attractiveness of group membership. (See ibid. p60-65 on "Social Incentives and Rational Behaviour.")
\textsuperscript{72} This appears merely to be a statement of terms and not open to empirical refutation.
\textsuperscript{73} (1996, p211)
\textsuperscript{74} Olson (1965, pp. 159-165).
notion of political leadership per se. Breton and Breton (1969) refer to the role of ‘Social Entrepreneurs’, who provide a social element to groups of individuals whose income is declining relative to their expectations.

(2.6) Downs and Olson: Towards a Synthesis.

A more comprehensive consideration of Olson’s work was that of Frohlich, Oppenheimer and Young (1971) (FOY hereafter). They identified two streams of thought in the analysis of collective goods. The first looks at the problems for individuals concerning free riders etc. and sub-optimal supply: FOY cite Olson as an example of this first group. The second stream emphasises the introduction of the concept of entrepreneurship to augment the explanatory power of the original models to handle cases in which large groups apparently do receive meaningful amounts of collective goods.75

This second stream has also introduced the notion of a supplier of collective goods. They posit the existence of an entrepreneur who makes a profit of one kind or another from the activities involved in supplying collective goods to a large group.76

The above approaches have some degree of ambiguity in their explanations of the supply of positively valued collective goods. That is, there is no obvious incentive/motivation for the individuals within these groups to make a contribution towards the provision of the said collective good. This is necessary if we wish to hold the assumption that individuals are instrumentally rational:

Unless the individual feels that a contribution on his part to an entrepreneur will make a difference with respect to the supply of the collective good, he will have no incentive to make such a contribution, and the entrepreneur will be deprived of his source of profits. 77

Thus to make the role of entrepreneur plausible there must be some way of generating the resources to supply the collective goods. The reflexive nature of individual choice is complicated, both by the role of the entrepreneur and the dynamics of the group of which he or she is a member. An individual would not contribute to the funding of collective goods if they did not feel that the other members were not also going to contribute. Their expectations of the other group members’ actions is clearly important and, as FOY note, members’ decision making will be different to the microeconomic characterisation of individuals’ decision making that Olson employs. People’s expectations in this respect can be influenced by the political leader, and by the other group members’ previous actions. The way in which peoples’ expectations can be co-ordinated and the mechanisms for the pooling of resources are central to the

75 FOY (1971, p. 12).
76 FOY (1971,p. 18).
77 FOY (1971, pp. 19-20).
78 FOY (1971, p. 21).
analysis of the supply of collective goods to large groups. The political entrepreneur can act as a co-
ordinator, and/or pooler, of resources in situations where it is worthwhile for group members to enter a
marginal-cost-sharing arrangement in the supply of collective goods, and where the political entrepreneur
can earn a profit in doing so.

_Rationality_

FOY are quite clear as regards their understanding of people’s actions, they assume that
individuals behave rationally\(^7^9\) which is defined by the three conditions:

1. Individuals evaluate alternative possibilities on the basis of their preference among them;
2. Such a preference ordering is consistent and transitive;
3. They always choose the most preferred alternative.

These are supplemented by a series of subsidiary assumptions to help the analysis in risky situations.
First, people maximise the sum of their expected values, which are the products of the utilities and
probabilities for each consequence, they explicitly rule out interpersonal comparisons of utility.\(^8^0\) A
second restriction concerns self-interest; other peoples’ reactions to one’s actions only matter if the
reaction will impinge on one’s utility. The third restriction is that people are constrained in their utility
maximisation by their roles, which can be multiple. If an action is likely to threaten the occupancy of a
role, and the actor values this role, then this might act as a deterrent.\(^8^1\) FOY state that they believe the role
of political leader to conform to this pattern, in much the same way as an entrepreneur relates to the firm.

In their analysis FOY define collective goods in the same manner as Olson; if one individual
receives them then other individuals will also receive them. 'Any good exhibiting this characteristic we
define as a _collective good_.'\(^8^2\) Upon this premise and the nature of rational action described above they
construct a model of collective good provision, a brief outline follows.

_FOY Model of Collective Good Provision_

The model is one of a closed social structure whereby collective goods are coextensive with the
social structure; this eliminates any complications due to the interaction among social structures. The

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\(^7^9\) FOY (1971, p. 26).

\(^8^0\) FOY (1971, p. 27).

\(^8^1\) Surely this could be subsumed by the utility maximisation assumption.

\(^8^2\) FOY (1971, p. 30). This should be distinguished from collective action within the notion of the Theory
of Clubs, which generally relates to ‘a voluntary collective that derives mutual benefits from sharing one
or more of the following: production costs, the members’ characteristics, or an impure public good
characterized by excludable benefits. Such excludable public goods are called club goods.’ Sandler (1992,
p. 63). Here we are only concerned with non-excludable collective goods.
model also only deals with purely public goods, and is not concerned with mixed goods. Non-excludability is also assumed with an invariant group size. Thus consumers are assumed to have a downward sloping demand curve for collective goods, and at some point the marginal utility of an additional unit of that collective good will be diminishing.

Expression (1.2) of FYO’s non-competitive model stipulates the conditions that must hold for the individual to continue to contribute to the resourcing of a collective good.83

\[
\frac{dU_j}{dD_j(X_j)} = \left[ \frac{dU_j(X_i)}{dD_j(X_j)} \right] \frac{P_j(X_i)}{X_i} + \left[ \frac{dU_j(X_j)}{dD_j(X_i)} \right] U_j(X_j) > 0 \quad (2.1)
\]

Where \( U_j \) is the total expected utility they receive from consumption of good \( X_i \) and can be written as

\[
U_j = U_j(X_i) P_j(X_i) - D_j(X_i) \quad (2.2)
\]

with \( U_j(X_i) P_j(X_i) \) being the jth person’s expected utility from the consumption of collective good \( X_i \), and \( D_j(X_i) \) the loss of utility from making the donation towards the collective good. The utility they derive is made up of the utility increases from increases in the probability that the collective good will actually be supplied, \( \left[ \frac{dP_j(X_i)}{dD_j(X_j)} \right] U_j(X_j) \), plus the utility increase arising from the additional supply of the collective good \( \left[ \frac{dU_j(X_j)}{dD_j(X_i)} \right] P_j(X_i) \). Peoples’ actions will, therefore, entail a strategic element, as they will be sensitive to their expectations of the other members’ behaviour. An individual might find that the aggregate of these donations might be large enough to engage in behaviour not too dissimilar to Schumpeter’s (1934) portrayal of the economic innovator, or entrepreneur.84 As FOY put it:

Any individual might perceive this potential for donations and estimate that the resources he could collect along these lines would more than offset the total costs of setting a collection organization and supplying the collective good. The calculations of such an individual would depend on his estimations of the probable contributions of others. If he expected that the resources he could collect would more than offset his costs, he could promise to supply the good, and keep the surplus. And everyone would be better off in terms of their utility valuations than they were before such actions were taken.85

If the organiser is labelled \( (O) \), then in FOY’s model their decision will be made on the following basis:

\[
U_O(O) = U_O(X_O) + \sum D_j(O) - C(X_O) - C(O_O) \quad (2.3)
\]

Where \( U_O(X_O) \) is the organiser’s own valuation of the collective goods they seek to organise; \( \sum D_j(O) \) is the sum of the donations the leader can collect; and \( C(X_O) \) and \( C(O_O) \) are the costs of the collective goods and costs of organisation respectively. If an individual perceives this expression to be positive they will organise the group86. Such an organiser is labelled a political leader or political entrepreneur.87

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83 FOY (1971, p. 34).
84 The question as to whether or not they are really describing an entrepreneur in the manner of Schumpeter will be discussed later.
85 FOY (1971, p. 35).
86 This assumes that the opportunity costs are zero. Otherwise the formulation of the decision function becomes more complicated. FOY claim that the basic position still holds, though what is curious is how they have ignored the probabilistic element to the level of contributions.
87 FOY (1971, p. 36).
The model is developed further by incorporating the reality of the supply of collective goods requiring some private goods to be contracted in. Those engaged in fulfilling contracts for private goods will, therefore, have an added incentive to donate. They stand to gain from the collective good both in terms of the value they get from its consumption, and from the net income earned in supplying the private goods that help create the collective good. The individual who is contracted to supply the private good will do so as long as the marginal expected benefit from donating and supplying is in excess of the marginal costs of doing so. The political entrepreneur can also act as an economic entrepreneur if they can sell the collective good at a profit. However, FOY do seek to make distinction between a political entrepreneur and an economic entrepreneur. At a general level they define an entrepreneur as 'an individual who seeks to make a profit from the supply of some good to members of a group.'\(^8\) Whereas an economic entrepreneur does this in the supply of private goods, the political entrepreneur is conceived, by FOY, as making a profit by supplying collective goods. They argue that one can view them as 'polar subcategories' of some generalised conception of what it is to be an entrepreneur. Indeed as the nature of the two activities, according to FOY, so closely resemble each other, it is not surprising that those engaged in the one activity become engaged in the other.\(^9\) They even go so far as to portray the socialist state as an example of this tendency! Yet their study after noting these links and interdependencies then seeks to analyse the provision of collective goods in isolation.

The difference between the types of entrepreneur becomes more obvious when one considers competitive politics. Economic entrepreneurs can compete by either producing the same good as the other suppliers, or they can tap into the pool of profits by differentiating their product from their competitors. Political entrepreneurs, on the other hand, will compete through diversification, or product differentiation, but not via the struggle for a piece of a given market.

A key distinction between the types of competition for FOY is that with a private good the aggregation of the private demand curves for that good, the aggregate demand curve is more elastic than the most elastic of the individual demand curves. This is due to the summation being horizontal. However, with a purely collective good (exhibiting jointness of supply and non-excludability) the summation is vertical, leading to a highly inelastic aggregate demand curve.\(^9\) An economic entrepreneur might be able to accommodate the unsatisfied demand of the consumers of the private good. Unsatisfied

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\(^8\)FOY (1971, p. 57).

\(^9\)This cross over can occur the other way whereby a chief executive in a public company who does not hold a majority shareholding may be forced to engage in political entrepreneurship in order to maintain his/her position. The shareholders then become the electorate who must be convinced to back him/her in any internal fights for control of the company. See Frohlich et al. FOY (1971, pp. 120-121).

\(^9\) See Samuelson (1955)
because the original entrepreneur will have begun to experience decreasing returns to scale and therefore restricted its output below market satiation. A political entrepreneur, however, will be less likely to fulfill this function as there is a lower likelihood of the collective producer reaching decreasing returns to scale in their provision of the collective good. There may simply be no room for a second political entrepreneur in the market for the collective good. The competition is more likely to come in the form of an opposition leader acting as a substitute good provider.91

Any opposition candidate will also seek to maximise the expected value of the sum of the product of the outcomes of: defeat but staying in politics and its probability; defeat and leaving politics, and its probability; and victory and becoming the new political leader and that outcome’s probability. This is not the whole story, however, as the political entrepreneur will also need to consider future possible elections. Thus an opposition leader will need to weigh the possible outcomes taking into account their respective probabilities and payoffs over future time periods. They will, therefore, be attempting to maximise their profits over time. The same can also be said of the incumbent, who will have to take into account this time dimension. FOY see this as a more general model of the Downsian conception of political competition. The key difference is that in the FOY model opposition and political leaders can trade-off the loss, or shortening, of office with more immediate surplus from their political activities. Thus the Downsian assumption, that politicians will seek to maximise the possibility of themselves gaining or regaining office, is but a special case of this more general model. FOY recognise that the political entrepreneur’s utility function contains more elements than purely the payoff of gaining office.

FOY also have a different conception of the voter, they characterise the Downsian voter such that: a citizen will vote, assuming no costs to voting, only when his/her expected utility stream is likely to be increased. If costs are incurred in the act of voting, then the individual voter will vote only if they expect his/her vote to make enough difference to outweigh such costs. FOY again argue that the Downsian model is a special case of their more general model as the Downsian model only allows for individuals to donate to the political entrepreneur by casting their vote. The FOY model includes the explicit consideration of donations toward the costs of a political entrepreneur’s activities, and allows for the possibility that such donations may enable them to influence the political entrepreneur’s agenda. It will also allow for a fiduciary to act as a co-ordinator of votes for the political entrepreneur, thus many may vote even where the likelihood of their individual vote is so low as to render the marginal costs of voting far higher than expected marginal benefits from doing so. This is offered as one way around the

91 See p.80, for a mathematical portrayal of the political entrepreneur’s expected value of engaging in political competition.
paradox of the rational voter, who would very rarely vote due to the lack of personal impact upon the overall result. Sadly FOY offer no evidence of this approach overcoming this paradox, and providing a convincing explanation of people's voting behaviour is clearly pivotal to any explanation of the political entrepreneur's decision making. If we cannot give a rational explanation to the observation that people do actually vote in situations where they are very unlikely to affect the outcome of the election, then how can the political entrepreneur engage in rational deliberation of the choice of policies they will offer to the electorate?

FOY's answer to the free-rider problem in Olson, is to incorporate a strategic element into peoples' decisions on whether or not to contribute, or free-ride. Thus people will estimate the likelihood that others will contribute, though their decision is still in the form of expected net-benefits. Unlike Olson who argued that the benefit to each member of a group will be a declining fraction of group benefit, FOY say that this should be a declining fraction of the total benefit as the group size increases but the absolute value of the individual benefit does not decline. This absolute value is the determining factor in the decision to contribute, or not, to the provision of a public good. Such a decline in absolute value only occurs when there are strong crowding out effects or diseconomies of scale. Such conditions may occur but they are not a necessary accompaniment of collective goods.  

FOY also highlight the fact that cost-sharing arrangements can affect the premise that increased organisation costs will be detrimental to the growth of groups. This is only so if the per capita costs are increasing. If the political entrepreneur can create a mechanism for sharing these costs via their co-ordinating role for the provision of the public good, then they can still make a profit from the provision of the demanded public good.

A more thorough consideration of the political entrepreneur's role is offered by Frohlich and Oppenheimer (1978), whilst much of it is in tune with their 1971 work with Young, it is worth drawing on this later account. Again they draw comparisons with Schumpeter's economic entrepreneur:

A political entrepreneur is an individual who invests his own time or other resources to coordinate and combine other factors of production to supply collective goods.  

The political entrepreneur's role is still to help overcome sub-optimality, whereby collective action generates value for the group and benefits for the political entrepreneur, which includes such notions as honour, praise and power. This is a move from the consideration of surplus, or profit, that they adhered to in 1971, and moves them closer to the Olson conception of a political entrepreneur being a policy seeker.

93 Frohlich and Oppenheimer (1978, p. 68).
The political entrepreneur must balance a complex set of incentives in his business. He must tax. He must reward. He must manipulate information to co-ordinate expectations. And in doing so he must raise enough to cover his cost and adequately reward his efforts.94

Political entrepreneurs will be seeking personal rewards from their activities; Frohlich and Oppenheimer concentrate on this egoistic motivation for political organisation to the extent that political organisations may be founded less for the realization of group benefits than for the realization of rewards for the entrepreneur.95

As the supply of collective goods can be kept separate from their financing in a modern economy, then some way of ensuring that political entrepreneurs are responsive to the voter wants is provided by entrepreneurial competition.

Differences in preferences among collective goods recipients lead to attempts to supply substitute collective goods.96

Again the contrast between politics and economics is made:

In economic competition, one competes for shares of the market. In politics, one competes to drive one's opponents out of business.97

If a current political entrepreneur or political leader fails to meet the demands of some of the members of the collective, then one of them may set up as a rival.

They take into account the element of uncertainty surrounding their decision making in terms of risk.

The political leader's job...has an acute element of risk. The very way in which political entrepreneurs use their resources to cope with this risk is a major determinant of the political patterns of a system...entrepreneurs evaluate their returns in an expected value fashion...they evaluate their options a gambles with one eye on the rewards and with the other on the probabilities of obtaining them.98

These rewards will not solely be linked to political office per se, but will also be linked to possible rewards earned once they leave the political sphere.

The decision-making framework for both the political entrepreneur and the member of the collective run along similar lines. In keeping with the marginalist, neo-classical conception of self-seeking behaviour, the entrepreneur, or donator, or political activist, will continue to engage in their activities so long as the marginal benefit they derive from such activities exceeds the marginal cost of doing so. This is couched in terms of maximising expected values, which 'must rely on a scale capable of multiplication by probability numbers.'99 This method of attaching a scalar quantity to expected values is

94 Frohlich and Oppenheimer (1978, p. 69).
95 Frohlich and Oppenheimer (1978, p. 69).
96 Frohlich and Oppenheimer (1978, p. 70).
97 Frohlich and Oppenheimer (1978, p. 71).
98 Frohlich and Oppenheimer (1978, p. 71).
99 Frohlich and Oppenheimer (1978, p59)
the utility scale, with the sum of the probabilities equalling one. They do not, however, add any significantly different comment to their analysis of Olson’s approach.

Hardin (1982) gives a more critical appraisal of Olson’s approach. He points to a number of faults in Olson’s analysis, one of which is his taxonomy of groups. Olson, he argues, conflates two typologies: the distinction between group size, large, small and intermediate, and the distinction between group type, privileged, hence manifest, and latent. Olson presumes that small groups are always privileged and large groups always latent, yet there is no reason why a large group cannot be privileged, nor a small group latent. Hardin also points to the dubious nature of the assumption that an individual’s net benefit necessarily declines as the group size increases. This can occur through a combination of individual benefits decreasing, or individual costs increasing, each of which is possible but not necessarily the case.

Udehn makes the further point that Olson’s analysis rests on the assumption that individual benefits are a decreasing function of group size, due to him attaching so much importance to the fraction $F_i = V_i/V_g$.

Part of the problem for Olson is the way in which he defines a collective good. Because he only considers them in terms of exclusion, then he assumes rivalry in consumption. Yet it is commonly held in economic theory that public goods, of which collective goods are a form, imply some notion of indivisibility. This implies some element of jointness, where the utility of one person enjoys from the good is not diminished by the consumption of that good by another person. This is likely to increase the probability that a collective good would be supplied. Arguments concerning the effects of group size and net benefits from contributing are considered later in the form of $n+1$ player prisoners’ dilemma games.

Hampton (1987) considers the point that collective goods can differ in their production characteristics. Following Hardin (1982) she divides collective goods into “pure step goods” and “incremental collective goods.” The former are only produced when a substantial amount has been contributed, thereafter the quantity does not increase with the size of the contributions. An example of such a good would be a bridge (though the quality would change with increased contributions), or the election of a political candidate. These would have a step like production function, as in fig (2.2a) below, and can be defined using the following step function:

$$\theta(x) = 0, \text{ for } x < C; \text{ and } \theta(x) = k \text{ for } x \geq C.$$ \hspace{1cm} (2.4)

This can be differentiated from an incremental good (fig 3b) with its function defined as

$$G^V = \Sigma \Delta g^a$$ \hspace{1cm} (2.5)

---

101 I am simply replicating Hampton’s definition and diagrams here.
with $V$ the total number of increments produced at a given level of production, and $\Delta g^a$ the $\alpha$th increment of the good.\footnote{Hampton also allows for the possibility of a "mixed structure" where the collective good requires an initial minimum contribution and then is followed by a series of incremental increases above that level.} All collective goods are incremental, therefore, but the nature and size of the steps may vary. Using this demarcation between types of collective goods Hampton concludes:

*Free-rider problems have to do with the relationship between the productive units of the good and individual costs in the community...* Problems occur when there is no one way to link individuals in the group to productive units of the step good: either the units are fixed but the number of individuals who would find it rational to join their fellows in producing these units is greater than the number of units; or the units are not fixed, in which case there are a variety of ways in which the individual producers can be linked to the artificially defined) productive units.\footnote{Hampton (1987, p. 254).}

Thus the characterisation of the free-rider problem, in the context of collective action, as a prisoners’ dilemma is not strictly accurate.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{fig2_2.png}
\caption{Public Goods: Step Functions}
\end{figure}

The argument that a political entrepreneur could enable apparently latent groups (to borrow Olson’s terminology) to provide a collective good, indicates that the problem was one of co-ordination and not one where noncooperation is dominant:

That the people face a co-ordination problem in getting the good produced, only lacking an organizer who can help effect the co-ordination by obtaining the needed information, is something that his organisational activity presupposes.\footnote{Hampton (1987, p. 256).}

The need for state intervention can therefore be questioned when the problem is viewed as one of co-ordination as opposed to conflict. If this is the case then perhaps, as Hampton argues, a better game-theoretic description of the problem is that of the battle-of-the-sexes\footnote{This description is itself controversial, and the lumpiness of production functions alluded to by Hampton has lead to alternative}. This description is itself controversial, and the lumpiness of production functions alluded to by Hampton has lead to alternative
game theoretic descriptions. Taylor (1987) points to collective action having the same structure as a game of chicken. Each person would like a subgroup of people to emerge to provide the public good, but they would themselves prefer to free-ride on the back of that provision. If the good is incremental in the way described above, then a subgroup who are possibly more risk averse than others may emerge. Clearly though, their conditional co-operation will take into account the likelihood of another subgroup emerging and allowing them to free-ride. Whilst these two accounts might supply us with a theoretical base for the empirical reality of the provision of collective goods, they only do so where members of a subgroup do not seek to defect. Neither do they allow for changing members of the subgroups nor changing circumstances, which may necessitate changing payoff matrices. The nature of rationality underpinning all these game theoretic approaches is discussed in more detail in the next chapter.

The final major piece of work in this area was by Breton (1974), who sought to combine elements from Downs and Buchanan and Tullock. Whilst he was derivative of Downs, in seeking to move away from the assumption that politicians seek the common good or public interest, he criticises Downs for neglecting institutions and transactions costs. Breton also incorporates pressure groups and bureaucrats because he writes after Niskanen and Olson. He assumes a dichotomy between principal actors of political parties and citizens, where the citizen is not identical with the voter, but with a participant in the political process who is motivated by their own self-interest. They will choose among the candidates the one that offers the bundle of policies with the highest expected utility. A citizen's utility function includes both public and private goods. Coercion exists if there is a difference between the number policies demanded and the number provide. The extent of aggregate coercion determines the citizens' participation in the political process.

Whilst Breton uses the traditional demand and supply framework for the provision of public policies (demand exhibited in the form of voting and joining pressure groups, supply being what the politician and bureaucrats offer and deliver), his main explanatory variable is the institutional framework. He uses the political cycle, though he does not call it thus, to help explain the business cycle; governments wishing to become re-elected will manipulate the economy before an election.

The basic assumption is that:

Each politician who is a member of a political coalition can be characterised by a utility function defined for a probability of re-election (or election) variable and for variables such as personal pecuniary gains, personal power, his own image in history, the pursuit of lofty personal ideals, his personal view of the common good, and others which are peculiar to each politician.  

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105 Discussed in more detail in the next section.
This gives the utility function as

$$U_p = U_p(\pi, a_m) \quad (p = 1, \ldots, P) \text{ and } (m = 1, \ldots, M) \quad (2.6)$$

Where $p$ represents the politician, $\pi$ is the probability of re-election, or election and $a_m$'s are the wants as described in the above quotation. This equation is then to be maximised subject to the constraint that the probability of election does not fall below a certain limit. There are additional constraints, which Breton likens to the technical constraints facing the entrepreneur when seeking to maximise profits. Breton acknowledges that the above utility function is the one faced by the individual politician, yet decision making in the political arena is done within the context of coalitions. Rather than assume that all members of the coalition have identical preference orderings and consuming the same proportion of commodities whatever their income i.e. their utility functions are homothetic, Breton seeks to aggregate the individual utility functions so as to create a community or coalition utility function. This requires a sequential approach to political decision making and follows much of the modelling of logrolling first created by, in its modern form, by Tullock (1959) and Buchanan and Tullock (1962). Where such logrolling activity ceases reflects the intensity of group desire as a whole regarding policy choice. The empirical test for such a portrayal of group behaviour would be in the discovery of such institutional counterparts to this trading behaviour. It would also be dependent, in some part, on the type of strategic behaviour that politicians might employ, which would be reflected in the how the party seeks to ensure that its members follow the party line. Curiously there is likely to be a greater need to ensure party discipline where the majority is large, as a small majority will have the tendency for rebels to follow party lines for the sake of not losing a vote.\(^{109}\)

(2.5) Schumpeter: Again.

Thus far we have reviewed in detail the major pieces of work that directly sought to include some notion of a political entrepreneur in their analysis. For the most part the political entrepreneur is assumed to be a self-interested maximiser, guided by instrumental rationality. They have some strategic element to their rationality but as we shall in the section three, this is still instrumental in nature. What is curious about the approaches surveyed, is that whilst they all have claimed some "inspiration" from Schumpeter's seminal work in this area, none of them have actually followed his conception of

\(^{108}\) This is expression (7.1) in Breton (1974, p. 124).

\(^{109}\) Breton (1974, p. 128).
entrepreneurial behaviour in a manner congruent with Schumpeter’s Austrian methodological heritage. This oversight has been highlighted by, amongst others Mitchell (1984b) and Frey (1981). Prisching (1995) has also noted the marked methodological difference in Schumpeter’s approach, and emphasises Schumpeter’s views on the irrationality of the electorate. As he seeks to move the debate outside the confines of public choice theory his contribution is considered within the debate on rationality in sections 3 and 4.

Mitchell, who set out to finish Schumpeter’s analysis of the demise of capitalism, wrote a ‘missing chapter’ on the role of capitalism in the demise of democracy. In doing so he talked of an ideological entrepreneur who arises to meet the demand for ideologies that help explain the relative lack of wealth of certain sectors of the population, with the best ideologies being those that provide the most ‘meaningful explanations’. Entrepreneurs affecting the market distribution in order to promote the aims of guaranteed equality in outcomes explain rent-seeking. Even rudimentary economics textbooks will not be enough to dissuade the electorate of the folly of their ways. What is curious is that the author (albeit on behalf of Schumpeter) seems to ignore that he himself is guilty of falling for a particular ideology, that of methodological individualism.

Mitchell does manage to recognise that the Austrian notion of the entrepreneur has not been fully transferred to political theory. The Austrian entrepreneur is creative whilst the political entrepreneur, because they pander to the whims of the electorate who favour inefficient policies, like price ceilings and barriers to free trade, is destructive. The Austrian entrepreneur can also utilise the machinery of advertising to manipulate peoples’ preferences and choices, something that Prisching (1995) emphasises, with politicians engaged in the shaping of people's preferences via by 'shaping information' with the aid of political ideologies. Where Mitchell does make an important point is regarding the situation that politicians, like business people, find themselves:

In discovering existing tastes and attempting to alter them both the businessman and the politician encounter vast uncertainty, but uncertainties that are somewhat different in origin and consequences. The businessman tries to discover wants that are relatively benign, i.e., the means of satisfying them do not impinge in any negative sense on others while the politician works on wants that are essentially conflictual in nature.

He also makes the point that the Austrian view of the entrepreneur in the political context is less than complementary:

Market entrepreneurs search for the buyers who value something more and make an exchange with those persons. Politicians search for the median voter’s position which will be the best possible under the circumstances but one which leaves all non-median voters unhappy and often frustrated, angry and embittered. Solutions based on less than unanimity

110 I am paraphrasing a rather long-winded invective here, p.166-169.
cannot be otherwise. A businessman creates havoc but the ‘destruction’ is creative. Not so in politics...both businessmen and politicians upset whatever momentary equilibriums exist in their respective spheres but businessmen also serve to mitigate the oscillations and, in the long-run, serve to increase overall welfare. Politicians, on the other hand, upset equilibriums and exaggerate their movements and worse frequently drive a society into a counter-Paretian direction.  

The basic argument that underpins this argument is that rational individuals place a greater emphasis on distributive motives as opposed to allocative motives. Thus a democratic process that panders to these distributive motives will be more likely than one that prioritises concerns over allocative efficiency. Such a claim is open to empirical testing but it runs counter to the Paretian basis for allocative efficiency. Concerns over the distribution in some way involve utility functions that require a relative measurement of welfare, ‘keeping up with the Jones.’ Also Mitchell chooses to ignore the fact that, if the electorate are really irrational in their behaviour in the manner suggested by Schumpeter, then the whole basis for allocative efficiency is destroyed. The notion of allocative efficiency relies upon the postulates of rational decision-makers. People will not be making welfare improving choices if they are irrational. It could be argued that they are irrational only in the sphere of politics, but if that is the case then what use is economic theory in explaining political behaviour?

Frey (1986) concentrates upon the manner in which public choice theory has developed and questions its links with Schumpeter’s original work. He highlights the fact the Schumpeter clearly identified some of the major issues that public choice theory has sought to tackle, including; the competitive nature of politics, the manner in which voters decide on whether to vote or not, and the role that institutions and constitutional roles play. Frey also notes that Schumpeter had other ideas common to public choice theory, including political entrepreneurs and rent-seeking. But his main conclusion is that the neo-classical paradigm that underpins most of public choice theory is at odds with Schumpeter’s approach to political economy. Whilst this is in line with Mitchell’s (1984a) views on this matter, Frey is more favourable as to how we can learn from Schumpeter’s methods of political explanation:

Modern political economy could benefit a great deal if his style of thinking were to be adopted complementarily to the others employed, and if some of his ideas about the workings of the politicoeconomic system were to be extended further....a Schumpeterian innovator is needed.

**Summary**

It is clear from the outlines above is that the notion of a political entrepreneur has been used in public choice explanations of political science. It is also clear that the type of entrepreneur that they have

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113 Something that Samuels (1985) appears to agree with, see p.105
portrayed is somewhat different to the creative entrepreneur that Schumpeter was concerned with. We shall leave the debate as to how Schumpeter's entrepreneur should be conceived till later when we consider an alternative radical subjectivist approach to political entrepreneurs.

An underlying problem that has been tackled to different degrees by all the above is finding a conception of collective action that fits the activity of the political entrepreneur. All of the above approaches (apart from Schumpeter's) have relied upon the conception of the instrumentally rational voter and politician. It will become clear as we progress through the following sections that accounting for the actions of either of these groups becomes problematic when we rely solely upon instrumental reasoning. The problem that Downs addressed, and the manner in which he addressed the problem, still conditions the manner in which public choice theory approaches two key issues in political science. Downs sought to apply a single criterion to what constitutes rational explanation of the behaviour of voters and politicians. This desire for 'universalism' is revealed in the two interconnected issues that will be addressed in the rest of the thesis. The first has become known as the "Paradox of Voting", which concerns the question as to why people bother to vote at all, something that FOY above recognised as essential to an understanding of the behaviour of the political entrepreneur. How can you reasonably decide upon the best set of policies to offer the electorate if you do not understand the process of reasoning that underpins their decision to vote at all? To be able to understand the behaviour of the political entrepreneur, and the type of policies they offer, we need to be able to provide an account of how they conceptualise the decision processes of the electorate. This is predicated upon the assumption that the political entrepreneur wishes to win the election.

The second problem concerns the credibility of the political entrepreneur's policy portfolio that is offered to the electorate. Can the voter hold the belief that the entrepreneur will in fact carry out the election promises that they make? This rests on the possibility that the politician can hold credible intentions to carry out their election promises. The two problems go hand in hand, and any conceptual scheme that wishes to address one of these must address the other. In the next section we shall directly address the paradox of voting and the nature of instrumental reasoning in general. This will also lead to a discussion of the problem of intention formation and how this affects the credibility of election promises.

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Rationality in Public Choice Theory: Problems in Collective Action

From the previous section it is clear that attempts at modelling the behaviour of political entrepreneurs have tended to rely on the neo-classical conception of rational behaviour, in particular the notion that the political entrepreneur seeks to maximise their own expected utility. The one exception to this was Schumpeter who, somewhat ironically, is often heralded as the originator of the political entrepreneur, and whose distinctive approach will be returned to in section five. The common link between these approaches is that they sought some person, or body of persons, to co-ordinate collective action, even if the co-ordination role was taken on purely for reasons of self-interest. The focus of political decision theory, from the perspective of economics, has moved away from issues concerning political leadership and the role that it plays. Yet this is clearly a crucial aspect of political decision theory that deserves greater attention. If we wish to understand how choices concerning the macroeconomic environment are made then we must understand the relationship between the electorate and those that run for political office. To be able to explain the actions of politicians requires that we can also provide an explanation of the choice that they make under different circumstances.

In understanding the behaviour of the politician we must take into account how they decide upon which portfolio of policies that they offer to the electorate. This in turn requires an understanding of how the electorate decide upon which of the portfolios on offer they desire the most, and vote for. In order to do this we require a way of explaining people's voting behaviour. Part of the reasoning process that a political entrepreneur undergoes must include a consideration of how people are likely to vote. This in turn requires that we explain why people vote. Such an explanation turns out not to be an easy task when we seek to explain their behaviour using from the perspective of rational choice theory. We shall begin with a discussion of how rationality is treated in the context of voting and how this relates to the issues pertinent to collective action generally.

The Rationality of Collective Action

Throughout Public Choice literature two key issues have dogged the rational enterprise in explaining political action. The first is in relation to why people engage in collective action in numbers greater than those predicted by rational choice theories? The second concerns the rationality of voting itself. That is, if the expected net returns from voting are so low, due to the probability of the individual's vote being the deciding factor being very small, then why do rational people vote at all? The two issues
are related with the latter a special case of the former. Whilst our concentration will be focused upon the issue of the rationality of voting we will inevitably be touching upon issues that relate to the more general topic of collective action. It could also be argued that criticisms of the rational choice approach to voting apply more generally to rational choice theory per se.

What follows is a broad outline of what Instrumental Rationality is and how it is related to 'Rational Choice Theory'. This is done by surveying a number of contributions on this matter and delineating a common characterisation of the philosophical grounding of such choice theories, especially those founded upon the maximisation of subjective expected utility and consequently those employing game theoretic notions. This forms the foundations for a critique of rational choice theory in the context of collective action that is more fully explored in section 4.

**Free Riders**

Discussions concerning the rationality of collective action tend to gravitate toward the free-rider problem. This problem has been known for a long time, with Hobbes' "Leviathan" proffered as the one extreme to the spectrum of possible solutions. This contractarian approach resolves the free-rider problem by recourse to an external authority, the absolute monarch. Contracts, or covenants, between people are required but these are of little value without some form of sanction.

there be somewhat else required, besides covenant, to make their agreement constant and lasting; which is a common power to keep them in awe, and to direct their actions to the common benefit. The only way to erect such a common power...is to confer all their power and strength upon one man, or upon one assembly of men, that they may reduce all their wills...unto one will...and therein submit their wills, every one to his will, and their judgements, to his judgement. This is more than consent, or concord, it is a real unity of them all...made by covenant of every man, I authorise and give up my right of governing myself, to this man, or to this assembly of men, on this condition, that thou give up thy right to him, and authorise all his actions in like manner.... For by this authority, given him by every particular man in the commonwealth, he hath the use power and strength conferred on him, that by terror thereof, he is enabled to perform the wills of them all, to peace at home, and mutual aid against their enemies abroad. 1

A third party is created to enforce the covenants, which is in effect a dictator. This dictator must be seen to be outside of the normal affairs of people so that he or she can act impartially. Thus the monarch is in a position to resolve collective action problems, including that of the free-rider. If anyone attempts to free-ride, or reneges on any agreement, the monarch has the power to impose sanctions on the free-rider. Thus it becomes rational to engage in collective action, as the costs of breaking an agreement once made will become too high. The problem for this contractarian approach is in the rationality of passing someone the power of being the third party. The absolute monarch, by definition, will be able to impose any measures
they wish on the citizens over which they reign. It may be possible that the monarch would ensure that conditions were better than if anarchy, or the 'state of nature', were allowed. But it is also possible that they may exploit the population to a degree that leaves them worse off than if they devised some other form of 'political society'.

At the other end of the spectrum of the solutions to collective action are anarchist solutions. These can be mutually beneficial agreements between rational individuals, which are in some way self-enforcing. Thus there is no appeal to an external authority, rather there is a system of agreements which are maintained by incentives. Arguments as to how such incentives can be constructed have been seen as resolutions to the problem of the prisoners' dilemma. Many of these issues are fundamental to the more narrowly defined question of why people bother to vote, and we shall discuss them in that context below.

The Paradox of Voting

Meuller (1989) discusses one of the major problems for the economic theory of politics: Why people bother to vote at all? This is often referred to as "The Paradox of Voting." The probability that the casting of their vote will affect the outcome of the election is so small, especially in a national election, that in order for a utility maximisation decision model to make sense of such actions auxiliary hypotheses are required. Aldrich (1997) provides a useful division of the various approaches to resolving this voting paradox, these being the Instrumental approach and the Expressive Act approach. The first includes the calculus of voting, the minimax regret, and the game theoretic approaches. The Expressive Act approach relies upon such notions as civic duty, or voting being a consumption good in itself. We shall follow his outline as it appears to fit with most commentaries on the subject, but, given the lack of coherence in the approaches to expressive voting, we shall mention attempts at invoking such concepts within the instrumental outline.

The Calculus of Voting.

In a basic algebraic form, the utility from voting (R) is equal to the probability of one's vote affecting the outcome of the election (P) times the expected benefits from one party being chosen over another (B), minus the costs of actually casting the vote (C). The problem is that (P) is likely to be very small, and given the central tendency that spatial analysis indicates (see section 1), with parties likely to

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1 Hobbes (1976, pp. 176-7, italics in original.)
2 (1989, pp. 348-372)
3 Mueller uses the formula \( P = \frac{3e^{-2(N-1)(p^{1/2})^2}}{2\sqrt{2\pi(N-1)}} \), to denote the subjective probability of their vote being decisive, either causing a tie or breaking a tie. With \( p \) being the voter's expectation of the
offer similar policy portfolios, then (B) is not likely to be very large for the vast majority of the population.

\[ R = PB - C \]  

(3.1)^4

If the costs so readily outweigh the benefits then one way to account for large voter turnouts is to increase the perceived benefits and/or reduce the level of costs. Downs realised this from the start and sought to enlarge the expected benefits by assuming that peoples' utility would be affected by their desire to ensure that political competition was maintained:

One thing that all citizens in our model have in common is the desire to see democracy work. Yet if voting costs exist, pursuit of short-run rationality can conceivably cause democracy to break down. However improbable this outcome might seem, it is so disastrous that every citizen is willing to bear at least some cost in order to insure himself against it. The more probable it appears, the more cost he is willing to bear.^5

Thus voters receive some return from voting, in the form of insurance against the breakdown of democracy. Downs proceeds to outline a classic problem for collective action. There is a conflict between the desire for short-run gains and the realisation that continually choosing these short-run gains at the expense of greater long run gains can cause chaos. Downs avoids this by assuming that since He himself would be a loser if chaos prevailed, he resists the momentary temptation to let short-run individual rationality triumph over long-run individual rationality. Surely such resistance is rational.^6

For Downs, the rational voter receives a return from voting that depend upon four factors:

1) The value they receive from living in a democracy;
2) Their intensity of preference concerning which party wins;
3) Their estimate of how close the result of the election will be;
4) The number of other voters they expect to participate in the vote.

With 2 and 3 being the only factors affecting their motivation to incur costs from gathering information on how to vote, then the addition of 1 and 4 also helps explain why voting will occur even in the absence of information retrieval. Yet this does not really help us avoid the free-rider problem, as it can still be rational for the individual to pursue short run gains if they believe that the others are following long run gains. They could avoid the costs of voting and still have democracy insured by the rest of the population.

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^4 I am following Udehn (1996) and Mueller (1989) in presenting a simplified version of Tullock's (1967) pay-off function and Riker and Ordeshook (1968) who introduce additional elements into the equation in an attempt to resolve the paradox.

^5 Downs (1957, p. 268). Notice how similar this is to the minimax criteria discussed below.

^6 Downs (1957, p.268). This also brings into view the problem of the weakness of will which can be addressed, following Elster (1989) with the aid of Schelling diagrams as described below, and is considered in detail in section four.
Given that the probability of their individual act causing the breakdown of democracy is probably smaller than the probability of it determining the outcome of the election, then it is still not rational for them to vote.\footnote{I have benefited from Laver’s (1997) discussion on this point here.}

A key paper in the debate on how to resolve the voter paradox was that of Riker and Ordeshook (1973). They sought to expand equation (1) above by making the probabilistic element subjective and by introducing more positive components into the cost-benefit calculation of voting. Thus the equation becomes

\[ R = PB - C + D \] (3.2)\footnote{This assumes that utility benefits from voting and the utility lost from the costs of voting are separable. In terms of income models of voting behaviour, the income gained will accrue at a later date to the moment where the costs of voting are incurred. Though assumed it is rarely justified, see Morton (1987).}

with \( D \) representing some form of utility derived from the act of voting itself. In doing so they are forced to include some form of social assumption(s) into their reasoning. These can range from the purely \textit{ad hoc} assumption; because so many people vote empirical observation tells us that people enjoy it so we must include this in our preference functions, to; people gain some satisfaction from voting as they are complying with the social norm of it being ethical to vote. Riker and Ordeshook include this latter method and, also suggest other candidates for increasing the size of \( D \), including 1) the satisfaction that people gain from affirming their allegiance to the political system. 2) The satisfaction people gain from affirming their political preference. 3) The satisfaction people get from actually going to the polls. 4) The satisfaction people derive from affirming their efficacy in the political system. If \( D \) is greater than \( PB - C \), which is assumed to be negative, then people will vote. The problem for rational choice theory is to account for these notions from a purely instrumentally rational perspective.

Mueller\footnote{\textit{(1989, p. 362).}} seeks to resolve the voting paradox by relying upon some notion of a split personality. Here the \( i \)th individual is assumed to maximise the objective function

\[ 0_i = U_i + \theta \sum_{j=1}^{n} (U_j) \] (3.3)

where \( j \) does not equal \( i \). Thus a purely selfish voter would set \( \theta = 0 \), and the fully ethical/altruistic voter would set \( \theta = 1 \). In terms of predictive behaviour this would seem acceptable, but the problem is in knowing which level of \( \theta \) we should choose. Mueller thinks that by relaxing the assumption of rationality, the assumption of self-interest can be maintained by subsuming ethical behaviour under conditioned selfish-behaviour. \( \theta \) is set
by social conditioning, and passed between the generation via rewards and punishment, which is line to some extent with Downs (1991).\(^{10}\)

Apart from Mueller most attempts to resolve the paradox of voting have relied upon a premise involving an ethical voter whilst maintaining some adherence to some version of rational choice theory. Aldrich (1993) uses expected utility theory with the (D) component containing some notion of expressive utility. Fiorina (1990) invokes some notion of civic duty.\(^{11}\) Green and Shapiro (1994) also look to enhance the returns from voting by relating utility to the act of voting.

Other approaches to resolving his dilemma have been offered. One worthy of note is the approach by McLean (1987) who drops the assumption of self-interest and asserting that rationality is equally consistent with altruism. He follows the example of Margolis (1982) with the theory of private choice becoming a special case of social choice that is applicable to the market. To do this requires that an individual has split motivations. The person can be considered as a private person, who is motivated by self-interest, and a public person, motivated by the group interest. Where the two utility functions come into conflict a third element to the person, the umpire, mediates on a basis of fair shares. Clearly the individual interest is linked to the group interest, but Margolis asserts that the person's two utility functions do not overlap, that is they cannot be combined to create a single overall utility function. Thus this approach cannot be operationalised in the manner of the ethical-selfish dichotomy illustrated by Mueller above. A more fundamental problem with this approach is the question of the third person is to mediate between the first two, the rule of fairness is loaded with normative content, and would require that there is a third person preference function. If there is a third person preference function, is it not left with the same dilemmas as the divided first two where conflicts of interest are concerned? Clearly any recourse to an umpire to resolve the umpires' conflict indicates either a tautology, or an infinite regress of levels of mediation. Neither case is satisfactory.

Another approach that seeks to widen the conception of rational action is one that places emphasis upon the notion of reputation. Overbye (1995) builds upon the idea that what a person does in one sphere of life, has implications for their other spheres. The way in which a person behaves in one aspect of their lives is likely to be noticed by people who are interested in how they are likely to behave in another aspect. If a person, therefore, wishes to safeguard their own reputation in other spheres then they will not want to be seen acting in a narrowly selfish manner in the sphere that includes voting. But, as

\(^{10}\) Such a behaviourist approach is not itself without problems not least because it requires that we do away with any notion of intentions which essentially rules out the rational choice theory programme altogether.
Laver remarks, this also moves away from the rational choice approach as it is not explained why the act of voting enhances your reputation, or more importantly, why the act of not voting damages your reputation. If a person's reputation were linked to them being seen as a rational person, then not voting would surely enhance their reputation, as they would be behaving in a rational manner. Clearly we have to move beyond the narrowly selfish scope of motivation to understand how reputation would resolve the paradox of voting.

Minimax Regret.

One way to reduce the effects of the very low probability term in the expected utility function, is to emphasise the element of uncertainty, something that Downs certainly did and fits with the quotations given in the previous section. People may well be ignorant of the low probability of their vote being decisive but still focus upon their own individual actions. People's actions here are best understood in terms of decision making under uncertainty. Luce and Raiffe (1957) provide a number of possible rules for rational choice that people might follow, whilst none of them is necessarily better than the rest, one does appear relevant in this context. If people are regret minimisers, then they would want to avoid the scenario where their vote could have the difference between the government of their choice and another not of their liking. As Ferejohn and Fiorina put it: 'My God, what if I didn't vote and my preferred candidate lost by one vote? I'd feel like killing myself.' The minimax approach predicts a greater turnout than the calculus of voting, and does not require that the individual calculate the probability of their vote being critical. Yet as Elster argues, whilst the minimax regret principle is consistent with the axioms of decision making under uncertainty it is flawed with respect to the problem at hand. The intelligent citizen, so the theory argues, would realise that because expected utility maximisers would all abstain, then they should vote as they would decide the election, other citizens would realise this, they are rational after all, and would follow this strategy. Again though, they would be expecting others to follow this strategy etc. The minimax strategy would break this cycle as the rational voter knows that some people would vote no matter the number of expected voters. The problem for this explanation is that the rationality of selfish voting relies upon everybody being selfish, thus there is no one to break the cyclical decision above.

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11 Though Fiorina recognises that ethical voting does not fit into the individualistic rational choice, instead he moves towards a group interest but still within a rational choice framework.
Game Theoretic.

The minmax regret hypothesis is, like the maximisation of expected utility, a decision rule for an individual. The former removes strategic interaction from the problem altogether, whilst the latter, in the form of the calculus of voting, abstracts it into the exogenously treated P-term. But it is of the very nature of collective action that the P-term be treated as an endogenous term.

As was noted in the last section, an appreciation of the strategic nature of rationality is well-grounded in public choice theory. One of the key tools in understanding how an awareness of interdependence of our decisions affects our decision making is that of the game known as the 'Prisoner's Dilemma'.

Here two people have been taken in for questioning by the police. They are suspected of armed robbery and are placed in separate cells, with no means of communication between each other. Each is questioned separately, and offered the option of confessing to the armed robbery. They are also made aware of the likely consequences of their decision, as laid out in Fig. 3.1. The pay-offs are in the form of numbers of years in prison. As is conventional, the first prisoner’s pay-off is listed first in each cell.

<table>
<thead>
<tr>
<th>Prisoner One</th>
<th>Not confess (Co-operate)</th>
<th>Confess (Defect)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prisoner Two</strong></td>
<td>Not confess (Co-operate)</td>
<td>1, 1</td>
</tr>
<tr>
<td></td>
<td>Confess (Defect)</td>
<td>0, 5</td>
</tr>
</tbody>
</table>

The dilemma facing the each prisoner is as follows: If neither of the prisoners confess (defect) then they will each receive a sentence of one year for being in possession of an illegal firearm. If they both confess, then they will each receive a sentence of three years for the robbery. If, however, one confesses and the other does not, then the defector will receive only a suspended sentence (no years in prison) whilst the other prisoner will be viewed as uncooperative with the law. And since the non-defector’s guilt is not in doubt, they will get a longer sentence of 5 years. For each prisoner the dominant strategy is to confess, as they get a higher pay-off whether the other prisoner confesses or not. The dilemma for the prisoners is that if they follow their own individually rational routes, that is, they seek to

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16 The example followed here is taken from Hargreaves-Heap and Varoufakis (HHV, henceforth) (1995, pp. 146-147). Though the reasoning concerning the arguments behind the sentences is altered to make it more realistic.
maximise their own welfare by minimising the number of years in prison, then their joint behaviour leads to a worse decision than if they had both kept quiet. The problem still exists even if communication is allowed, as the prisoners will still have the incentive to defect once they are behind closed doors and have to make their decisions independently.

If we relate the above problem directly to the rationality of collective action then we might have the case where there are two people who both benefit from only one of them prosecuting a neighbour causing noise pollution, which relates to the notion of Nash equilibrium. The essential idea behind it is that players should not alter their strategies if they know what the other player has chosen to do.

The pay-offs are as in Fig 3.2 above and the underlying reasoning is the same as in Fig 3.1. Here the first neighbour could decide to prosecute the noisy neighbour as the noise gives them a negative utility of 4. If they could persuade the other neighbour to prosecute the noisy neighbour then their lives would both improve, and they would gain utility levels of 10. However, if neighbour one prosecutes and neighbour two does not, then whilst they might be successful, neighbour one would have to endure the wrath of the noisy neighbour alone and therefore have a utility of negative 5. The noisy neighbour being a bit of a bully would not be so ready to try and intimidate both sets of neighbours. If the other neighbour prosecutes on their own, then neighbour one receives a utility level of 12 as they have the noise reduced and did not pay for the prosecution. Following the logic of the prisoners’ dilemma both would defect. This time the solution is a Nash Equilibrium. Whilst the dominant strategy for neighbour one is to defect, this is not the case for neighbour two. Looking at neighbour two’s pay-offs reveals that, if neighbour one co-operates then neighbour two should co-operate (as 10>9), whilst if neighbour one defects, then neighbour two should defect (-4>-5). However, neighbour two knows that neighbour one holds defecting as a dominant strategy, and will know that neighbour one knows that neighbour two

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17 A strategy is dominant if it is the best strategy (i.e. it maximises the player's utility pay-off) irrespective of the opposition's choice of strategy.
18 It is assumed that each prisoners only concern is with spending as little time as possible in prison.
19 Nash Equilibrium is the situation where an agent chooses their best or optimising choice over one or more variables, given that the other player(s) have chosen (or will choose) their respective best responses for this set of variables. See Osborne and Rubinstein (1994) for a more formal definition.
knows this. Therefore, we can rationalise that both will choose to defect. As will be shown below this requires some strong additional assumptions be added to the economic conception of rationality.

The above indicates that some form of communication is required to achieve co-ordination, but even though they might agree to jointly prosecute, one of them may defect at the last minute leaving the other to carry the burden. This scenario is used as the foundation for arguments justifying the existence of the state or collective agencies. The co-ordinator might even be viewed as some sort of collective entrepreneur, though this generally requires larger numbers of people to be involved.

The prisoners' dilemma has been developed along two themes relevant to our discussion here. These are the multiple player scenarios, and the iterated approaches that allow for repeated interactions. We shall first consider the important lessons from the one shot games and one of the attempts to answer the problem by retaining a purely instrumental notion rationality.

Gauthier (1986) finds that instrumental reasoning dictates that people should co-operate in the prisoners' dilemma. To reach this conclusion he splits people into two types, a straightforward maximiser (SM) and a constrained maximiser (CM). A SM will defect in the game for the reasons given above, but a CM will have to employ a conditional strategy; co-operating with other CMs and defecting with SMs. The question begged is: Which one should the instrumentally rational person choose to be? The result rests on the probability of CMs achieving mutual recognition being sufficiently greater than the probability of failing to recognise that the other person is a SM. It can be shown that if the probability of someone encountering a CM is 0.5, then the probability of achieving mutual recognition must be four times greater than the probability of failing to recognise a CM. If we assume that a person's disposition to be a CM is sufficiently transparent, then being co-operative becomes instrumentally rational.

The problem with this argument is that if we are assuming that people are instrumentally rational, then what is to stop them defecting once mutual recognition has been achieved with another CM? The argument relies heavily on the transparency of one's dispositions. This could be made more plausible if one had a reputation, but this requires that we move beyond the one shot type of game. When this method of analysis is extended to many players (n-people) it can be used to illustrate the problem of the free-rider. This can be illustrated by a "Schelling Diagram."

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20 J. Nash (1951) showed that there is a Nash-equilibrium for every non-co-operative game, perfect or imperfect, zero-sum or non-zero-sum, so long as the structure of the game is common knowledge. Common knowledge is discussed in a later subsection.
21 In the sense of Olson's policy seeker in section two.
23 Schelling (1978, Ch. 7).
Fig. 3.3. below illustrates the manner in which the utility of a given individual is affected by their own behaviour, and the behaviour of the other individuals in a group of size n+1. The horizontal axis indicates the number of members in the group who co-operate. The individual's utility is indicated by the vertical axis, and their level corresponds to the R line if they are a co-operator and the L line if they are a non-co-operator. In the context of the prisoners' dilemma above, the best option for the individual is unilateral non-co-operation (x), the next best is universal co-operation (y), the third best is universal non-co-operation (z), and the worst outcome for the individual is unilateral co-operation (w). The dominant strategy is non-co-operation as the L line is everywhere above the R line. A key assumption here, is that the lines are monotonically increasing, thus the act of another person co-operating (or contributing in terms of Olson's group theory) leads to an improvement in everybody's welfare.\(^{24}\) L indicates the per capita benefit of the expected good created by the collective action.\(^{25}\) The distance between the two lines, L and R, indicate the costs of contributing. If the lines diverge, this would indicate congestion costs. The dashed line indicates the average level of utility, it equals L when there is no co-operation, and R when everybody co-operates. The critical mass of group members needed to make co-operation viable is reached at (v), the point where the co-operation (R) payoff line crosses the horizontal axis. Here the expected utility is the same as if the situation of universal non-co-operation (z). From this point onwards a coalition of contributors could be willing to provide a public good.\(^{26}\)

\[^{24}\text{Though it is not necessary that the lines are parallel or straight.}\]
\[^{25}\text{This would be the expected benefit if the dependent variable has a probability attached.}\]
\[^{26}\text{It should be noted that Schelling's diagram includes a number of simplifying assumptions including: 1) Only the number of co-operators matters, their identities do not. 2) The players each face a binary choice with the same payoffs. Each will have a preferred choice no matter what the others do; all people will have this preferred choice. 3) No matter which choice it is that they make, they will be better off the more of the other people choose their unpreferred choice. 4) There is a level of co-operation, greater than 1, at}\]
One economist who has made extensive use of Schelling's device, especially in the context of collective action, is Elster. He provides a series of possible Schelling diagrams, each depicting different situations concerning the manner of difference between the L and R curves. The manner of reasoning that underpins each of these is the same.

It is worth illustrating, here, one of Elster's key arguments for understanding how, using the Schelling diagram one can understand how collective action might lead to a worse situation beyond a certain level of co-operation. In Fig 3.4 below, we still have a prisoners' dilemma and the L and R curves are of the same nature as in Fig 3.3, but now they are no longer monotonically increasing. Instead they reach a point of highest utility at a level of co-operation that is below that of full co-operation (B). It might be the case that people can reduce everybody's welfare by co-operating, so that there is an optimal level of co-operation beyond which additional co-operation leads to congestion or co-ordination costs.

Elster offers the example of the number of people who wish to join the army during periods of wartime, if everybody joined up there would be insufficient people to run industry thus damaging the whole war effort. If there is no coercive institute to resolve such problems then people may be tempted to push co-operation beyond the level where their co-operation is desirable. What drives this temptation which co-operation generates a better payoff for those who co-operate which is greater than if they had all not co-operated.
does not fit easily into the instrumental notion of rational action, and Elster talks of social norms such as fairness driving such behaviour. This in turn could revolve around some notion of social sanctioning:

Collective action is defined by the feature that contributions have diffuse benefits and precise costs. In the standard theory, this provides individuals with a reason to abstain from cooperating. My idea here is to turn this argument on its head. It is precisely because contributions are easily identifiable that they can become the object of a social norm to cooperate. The fact that an additional contribution may actually bring about a slight decrease in the benefits from collective action has little motivating power.28

We might wish to transfer the above reasoning to the problem of voting. Where the utility the individual gets from voting is likely to be negative if they are the only ones to vote, as it is likely that the election would be declared void29. As the number of voters increases then their utility will at some point jump, as the election would be declared valid. All would benefit because the election enables normal government activity to continue and prevents paralysis in the economy. I am of course assuming that the government performs, or enables, activities that would not otherwise exist if the government did not perform them, and that these activities are of benefit to the economy as a whole. At some point beyond this step in their utility function, their expected utility will begin to decline quite sharply as the increased number of voters diminishes the probability of their vote deciding the outcome of the election. It would still be the case that the utility function for non-co-operation would be above the function for co-operation if the number of voters required for a valid election were beyond a point where the probability of the individual's vote making a difference becomes too low. However, the type of sanction that Elster talks of may be one way of ensuring that we go beyond the point of an election result being regarded as valid.

Could such a sanction be deployed? Well, you could force everybody to attend the election and pass a vote. But, unless you prevent it from being a secret ballot then the instrumental voter has no reason not to spoil their ballot paper or choose a candidate at random. The rational voter will not have spent a great deal of time researching who to vote for as they will view costs excessive in relation to likely benefits from casting the vote for their preferred candidate. Neither would this explain why people continue to vote in large numbers where there is no legal requirement to do so. Also, would it be instrumentally rational to invoke such a norm which itself could suffer from the free rider problem? The costs of administration would be very high, particularly if we are to examine the contents of a person's ballot paper and ensure that they have a good reason for voting the way that they have done. It would appear that the norm itself would have to be justified on some grounds other than instrumental reasoning.

27 Elster (1989, Chap's. 1 and 5).
And where Elster does try to resolve the paradox of voting, he appeals to some Kantian notion of civic
duty or fairness.\footnote{29 Even if the election were valid with just their vote then either the rapidly declining probability that their
dote matters would reduce the expected utility very quickly, or everybody would join in to ensure that this
would occur anyway.}

Game theory has a further device up its sleeve with which to defeat the problem of collective
action. By recognising that time allows for a series of games to be played the joint concepts of iterated
games and evolutionary equilibria become relevant. Iterated games may be able to account for co-
operation if the players find that by adopting a co-operative stance they can maximise their pay-offs over
the long run. That is, they will become recognised by their actions as a co-operative person and therefore
other people in the game will be more likely to co-operate with them. Support for this reciprocal basis for
co-operation is traditionally found in the now famous ‘Axelrod’s Olympiad.’ The results, reported in
Axelrod (1984), suggested that the best strategy in an infinite number of prisoner dilemma games was tit-
for-tat. This strategy entails co-operating in the first round, and defecting in any subsequent round only if
the other player defected in the previous round. In the long run, therefore, it is rational for the self-
regarding \textit{homo economicus} to co-operate. The state is not required to intervene, as social order will come
about by virtue of the rational players maximising their returns over the long run. The results, however,
do not necessarily support an economic theory of collective action. The norm to co-operate could come
about by an evolutionary process that requires no deliberating on the part of the players involved. This
norm of reciprocity may remove the need for state intervention, but it also removes the need for a rational
choice explanation for collective action. As Axlerod makes plain:

\textit{There is no need to assume that the players are rational. They need not be trying to
maximise rewards. Their strategies may simply reflect standard operating procedures, rules
of thumb, instincts, habits, or imitation...The actions that players take are not necessarily
even conscious choices. A person who sometimes returns a favour, and sometimes does not
may think about what strategy is being used. There is no need to assume deliberate choice
at all.} \footnote{31 Axlerod (1984, p. 18).}

Whilst Axelrod does not claim that actors in the iterated game follow the maxims of self-interest and
maximisation, he does not rule them out.\footnote{32 See Udehn (1996, pp. 230-231).} For the reciprocity to evolve, as a stable social norm, it is
required that people are likely to meet again, and that a small group emerges by chance with this
characteristic, which is then defended against other strategies.
What is seldom reported, by those who use the Axelrod tournament as a support for an evolutionary game theoretic foundation to spontaneous order, is that Axelrod initially held a pilot tournament. This pilot tournament was for 200 repeated prisoner dilemma games, with the result being a unique, subgameperfect equilibrium, where both players defect. In the main experiment the finite game was replaced by an infinite game series, with a probability of stopping equal to 0.00346. Thus the expected number of games was still 200, but it removed the main problem of backward induction unravelling co-operation back to the initial game.

Binmore (1994) also questions the apparent success of the tit-for-tat strategy in the Axelrod tournament. Whilst the tit-for-tat strategy was the most successful, it is by no means the only stable Nash equilibrium to the game. In fact the choice of initial distribution of strategies could lead to alternative equilibrium evolving and, therefore, a different social norm becoming dominant. In Axelrod's tournament sixty-three entrants were admitted, each of which was given an equal chance of being part of the initial distribution of strategies. But there is no reason that this should be the case and as Binmore states,

the "success" of TIT-FOR-TAT in Axelrod's tournament is as much due to the nature of the initial population of strategies with which it had to compete as to its own intrinsic merits.33

This highlights a key problem for those purporting a game theoretic explanation to co-operation. If there are a large number of possible Nash equilibrium outcomes, how do people come to converge upon a particular one? This co-ordination problem points towards some notion of salience helping resolve the dilemma. This in turn requires that we move outside the rational choice theoretic approach to explaining co-operation, and instead rely upon some social norm to help us make the problem resolvable from a rational choice perspective. That is, rational choice alone does not appear sufficient to explain how co-ordination occurs without state intervention. Instead some appeal to social recognition of a particular choice strategy is required.34

33 (1994, p. 200). The interested reader should read Binmore (1994, pp198-201) in more detail on this matter as he provides reference for other attempts at such tournaments using a variety of initial strategy populations.

34 Lichbach (1996) chap. 8 Argues, along with Harsanyi (1969) that we should be wary of trying to widen the notion of rationality, as it becomes too easy to explain behaviour in a tautological fashion. Lichbach also gives a nice summary of the various problems with the conception of rationality used in SEUT. One important point he makes is when he quotes Coleman on Axelrod's computer challenge: 'A number of game theorists, computer scientists, evolutionary biologists, and social scientists submitted computer programs that incorporated their strategies for playing an iterated prisoner's dilemma with specifications established by Axelrod. Despite these persons' extensive experience with such games and with prisoner's dilemma games in particular, they submitted programs embodying a wide range of strategies and having a wide range of success. They did not converge on a single strategy, as might be expected if it was assumed that action was always and everywhere rational. Even a much weaker assumption—that game theorists, attempting to act rationally in a well-defined and restricted situation, would be able to do so—is inconsistent with these results.' Coleman (1990, p. 506).
In terms of the rationality of voting Binmore is also pessimistic about arriving at an answer to the paradox from a game theoretic perspective based solely on instrumental precepts. He employs the analogy of a people cheering at a game of football.

Nobody cheers at a football game because they want to increase the general noise level. They cheer because it is fun to identify your self with your team and to urge them on.\(^{35}\) As such he is arguing for voting to be seen as a consumption good. People vote because they enjoy the act of voting, not because of some calculation of the expected benefits over the expected costs. What Binmore fails to provide is a detailed account of how we are to understand the benefits that people derive from the act of voting.

The above outline of game theoretic approaches to collective action has concentrated upon the game of the prisoners’ dilemma. Whilst this is congruent with Hardin’s claim that ‘the problem of collective action and the prisoner’s dilemma are essentially the same.’\(^{36}\) It assumes that the participants are in some way in conflict with one another, yet as was mentioned in section one, it might be better to represent the problem of collective action as one of co-ordination failure. A game of the ‘Battle-of-the Sexes’ is arguably more in keeping with co-ordination failure, and is outlined in a simple two-person game below.\(^{37}\)

<table>
<thead>
<tr>
<th>Fig. 3.5</th>
<th>Battle-of-the-Sexes</th>
<th>Player One</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Co-operate</td>
<td>Defect</td>
</tr>
<tr>
<td>Player One</td>
<td>1, 1</td>
<td>1, 5</td>
</tr>
<tr>
<td>Player Two</td>
<td>5, 1</td>
<td>0, 0</td>
</tr>
</tbody>
</table>

In Fig 3.5, the co-ordination game presented is based upon one-shot technology. Here the first unit of a collective good provides a pay-off of five to every member (there are only two members here, thus the total pay-out is 10, but the provider incurs a cost of 4). Any additional units bring no further utility, but still incur a cost of 4. If we assume that each member can only provide one unit, then the first unit provided will be the “best-shot.” This co-ordination game will have no dominant strategy but it does have two, pure-strategy Nash-Equilibria, where only one member contributes. The player who contributes receives 1 (5-4) whilst the other player receives 5. The co-ordination problem here is how to decide who contributes. Both will have an incentive to contribute, as the result of neither contributing is a pay-off of 0

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37 This game is taken from Sandler (1992, see pp. 38-49).
for both of them. Also they will both not be disadvantaged if the other decides to contribute as well. The Fig 3.5 pay-off matrix might better represent the game in Fig. 3.3. One neighbour prosecuting successfully would not be affected by the other neighbour prosecuting successfully. The only difference would be that the noisy neighbour did not reek revenge on the neighbour who acted in isolation.

Another type of co-ordination game is the Assurance game.

<table>
<thead>
<tr>
<th>Fig. 3.6 Assurance Game</th>
<th>Player One</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Co-operate</td>
</tr>
<tr>
<td>Player One</td>
<td>4, 4</td>
</tr>
<tr>
<td>Two</td>
<td>-6, 0</td>
</tr>
</tbody>
</table>

In Fig 3.6, both contributions yield a benefit of 5 each (10 for each player in total if both co-operate), the cost of provision is 6 per unit contributed (12 in total if both contribute). The costs are only incurred by those who contribute. However, the benefits only exist if both of the players contribute, which will be 4 each once costs are deducted. Thus the good is only provided if a minimum level of effort is achieved by both parties, which ties in with the notion of an incremental, or step good as defined in chapter one.

The result is that we have two pure-strategy Nash equilibrium with no dominant strategy. That is, the players involved could settle at 0,0 or 4, 4 but that neither outcome is a dominant one. The players need some way of co-ordinating their efforts. In terms of an election this could involve them going to the voting booth together, but with large numbers of people this is not feasible. The alternative would be to create a constitutional rule that they would all vote, as long as the costs of monitoring are not too high.

The last two games illustrated can be generalised to $n$ person games as in Fig 3.7 below. The two rows correspond to the $i$th individual’s strategy, with $j$ indicating the number of other contributors excluding person $i$. The payoffs indicated are for person $i$. In 3.7b, There is no single Nash equilibrium. If $i$ co-operates it does not matter how many others co-operate the payoff is the same, 1. If all defect though, then the payoff is 0. But there are $n-1$ situations where I can defect and still receive a payoff of 5. Given that all members of the group face this situation then they will all seek to co-operate as 1 is greater than 0. The problem is that it only requires one person to co-operate to achieve a Pareto-optimal solution. The co-ordination problem here is which person? The assurance game is more complex and the number of Nash-equilibria is determined to a large extent by the institutional rules governing the sharing of costs and the technical nature of the production function. In the game below, each additional contribution yields

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38 Sandler notes that if the pay-offs were 0, 0 when both contributed, then this would correspond precisely to the battle-of-the-sexes-game.
5 for all n players, at a cost of 6 for the individual contributor, j + 1 individuals are required to contribute before a benefit of 5 (j + 1) is gained by all n players. The co-operative strategy in this game yields a higher payoff only when the ith player is pivotal, i.e. where their co-operation moves us from j to j +1 contributors. Again there are multiple Nash-equilibria, altering the cost-sharing rule to one where costs are averaged across all contributors can reduce the number of equilibria, but a unique one does not necessarily present itself. The problem again is which of the multiple Nash-equilibria do people focus upon. Rational choice theory is hard pushed to provide us with an answer on its own.

An interesting variation on the assurance game is contained within Chong’s (1991) account of the Civil Rights Movement in the USA during the 1960’s. The assurance game is used as a foundation for understanding the co-ordinated activity amongst students and political activists. Whilst the assurance game is useful in accounting for how momentum is attained in the development of protest, in this instance the “Greensboro sit-in campaign”, Chong admits that there are different types of actors in this scenario. Kantian/ unconditional co-operators are seen as crucial because they provide the initial spark that enables the protest to get underway. A Kantian co-operator is seen as one who acts altruistically, and will identify their personal goals with the group’s goals. They are different to conditional co-operators who will join in the protest on the proviso that others will do the same as they do not wish to be suckered into paying the costs of the collective action on their own. In this case the costs were of possibly being sent to prison, being expelled from college and being beaten by the police. The four students who initiated the sit-in are viewed as Kantian co-operators who behaved in an altruistic fashion placing them in great danger. The conditional co-operators would only join the protest once they had seen that other people were willing to do the same. The momentum is built by people with different conditional thresholds joining at different times. Thus those who require a smaller number of people to persuade them to join the collective action would join first. As the numbers grow passing the thresholds of those who require larger numbers, then those conditional co-operators who do not wish to free ride will also join in. This also works in reverse and is used as an account of how collective action can quickly disassemble.

Fig 3.7:

<table>
<thead>
<tr>
<th>a) Battle-of-the-sexes, n-players</th>
<th>0</th>
<th>...</th>
<th>j - 1</th>
<th>j</th>
<th>j + 1</th>
<th>...</th>
<th>n-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>i Co-operates</td>
<td>0</td>
<td>...</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>...</td>
<td>1</td>
</tr>
<tr>
<td>i Defects</td>
<td>0</td>
<td>...</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>...</td>
<td>5</td>
</tr>
</tbody>
</table>

39 See Sandler (1992, p. 47) for a more detailed argument. Fig 2.7 (a) and (b) are both taken from here.
b) Assurance Game

<table>
<thead>
<tr>
<th>n-players</th>
<th>0</th>
<th>j-1</th>
<th>j</th>
<th>j+1</th>
<th>...</th>
<th>n-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operates</td>
<td>-6</td>
<td>-6</td>
<td>5(j+1)−6</td>
<td>5(j+2)−6</td>
<td>...</td>
<td>5n−6</td>
</tr>
<tr>
<td>Defects</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5(j+1)</td>
<td>...</td>
<td>5(n-1)</td>
</tr>
</tbody>
</table>

It is important that we recognise here Chong’s appeal to a Kantian co-operator. Quoting Elster (1979) he emphasises the problem of ‘being too closely wedded to rational choice explanation of social behaviour.’ Chong accepts that there is a choice to be made about whether we can reduce all apparently other-regarding behaviour to self-regarding behaviour, or whether we accept a broader notion of rationality that accepts such behaviour. It is curious that he claims the self-regarding behaviour to be far more empirically significant yet relies upon other regarding behaviour to get the whole process going. Throughout his text he adheres to the approach of basing rationality upon self-interested behaviour, which he seeks to place at the core of rationality, but he does widen the concept in order to account for collective action. Elster maintains the link with methodological individualism by insisting that one should not try to explain successful collective action in terms of the benefits received by the group, but in terms of the benefits received by the individuals. It is true by assumption that it is better if all co-operate rather than none, and it is also true by assumption that it is even better for the individual to abstain from co-operating.

Group rationality cannot help explain collective action. To maintain the pre-eminence of self-interested behaviour, Elster creates a hierarchy of rational behaviour with unselfish behaviour being understood as ‘parasitic’ upon selfish behaviour. Unselfish behaviour cannot exist without selfish behaviour but the converse is not true. Selfish, outcome-oriented behaviour is the bedrock upon which other forms of behaviour are built. Yet as we shall see in section four when we discuss Intentionality, Elster invokes arguments from the philosophy of action which negate his use of instrumental rationality as the foundation of all rational action.

Lohmann (1995) gives the type of game that appears to best fit the scenario faced by the voter in its most basic form. Following Palfrey and Rosenthal (1987) the choice confronting the wouldbe voter runs as follows: Assume there are 40 million voters who will get a payoff equal to one if candidate A wins the election and 0 if A loses. Also suppose there are 40 million voters who receive a payoff equal to 1 if candidate B wins and 0 if B loses. Costs of voting are strictly in the range 0-0.5. Voters make their...
decisions simultaneously and the candidate who attains a simple majority of the votes wins. A tied election is resolved by the toss of a fair coin. Zero participation in the election is not an equilibrium position. If the assumption was that all were going to abstain then the election would be decided by the toss of the coin and the expected payoff for each is 0.5 (0.5 x 1). Any voter that deviates from this equilibrium position and casts the deciding vote will get a payoff of (1-C) >0.5. Thus if all others abstain at least one person will vote. Universal turnout is an equilibrium position, if each voter has the strategy to vote for their preferred candidate, and they believe that all others are going to do the same, the election will be tied and each receives an expected payoff of (0.5-C). Any voter who deviates will break the tie and receive 0. the voter has no reason to deviate. Thus there will be some turnout. Clearly this result hinges on C being between 0 and 5. But it does not explain why people vote when C is greater than the expected benefits. And when there is incomplete information the turnout reduces to almost 0. This leads Palfrey and Rosenthal to conclude

that in very large electorates the only voters are citizens with positive net benefits from the act of voting, citizens whose sense of duty outweighs any cost in voting. We have come full circle and are once again beset by the paradox of not voting.  

It appears that we are left with the same riddle to resolve: Why do people vote when their vote is very unlikely to affect the overall result?

Given the above discussion it is hard to find fault with Aldrich’s summary of the state of “play” regarding game theoretic approaches to the voting paradox.

In sum, current game theoretic models of turnout are apparently “driven” by the same basic features as the individual decision-making models. They are driven by the intrinsic benefits and costs of voting and by the closeness of outcomes... They yield either virtually every one or virtually no one voting, and the real-world situations to which the model corresponds are virtually always those that yield next to no one voting.

Thus far we have been talking of the instrumental nature of rationality that underpins public choice theory, which results from public choice theory being so clearly identified with neo-classical economics. What is needed is an appreciation of instrumental foundations of rational choice theory, as this will help us develop an understanding of how the reliance upon an instrumental notion of rationality limits the explanatory capacity of public choice theory.

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44 When they adjust costs and information criteria to find instances of multiple Nash-equilibria, they still have to resort to some notion of salient focal points to decide the issue. How these focal points are arrived is left as an open question. What is curious is curious here is that Lohmann cites this and the following quote a defence for the ability of rational choice theory to explain voting behaviour.


(3.2) Instrumental Rationality

Stewart cites Horkheimer (1974), in making a distinction between expressive, or non-instrumental reason, and subjective reason. The former is where one reflects on ones goals and attempts to determine what preferences they ought to hold, whilst the latter is concerned with the adequacy of the means used to achieve ends that are taken as given. If one is engaged in subjective reasoning then one is deemed to be reasoning instrumentally. In seeking to characterise what he calls a 'standard view' Stewart states that:

Economic rationality is an attribute of means alone, while the ends or goals of economic agents are inaccessible to reason. Any goal is as valid as any other, both as an object of enquiry and as an object of value, and an agent's rationality is assessed with reference to his or her effectiveness in action only.48

Audi echoes such a view, where he comments that

a crucial mark of a rational action is its appropriateness to the aim(s) of the agent at the time of action.49

In similar vein Hollis gives a more detailed overview of the instrumental basis of rationality as employed in orthodox economic theory. Economic rationality is understood in terms of a relation between preferences, actions and consequences, and where the agent aims to maximise the satisfaction of his or her preferences so that if successful no alternative action(s) will yield greater net satisfaction.51 In order to yield a determinate solution to the decision problem the conditions of transitivity of preferences and completeness of preferences need to be satisfied.52 Hollis goes on to define an 'ideal type' of rational action where the action is a function of desires and beliefs made rational by specifying ordered desires and true beliefs, correct deliberation, and determinate net utilities.

In more specific form Simon outlines four assumptions that underlie the Subjective Expected Utility Theory that form the micro-foundations for neo-classical economic theory, these being that an agent will: a) have a well-defined utility function with cardinal numbers, b) Have an exhaustive and well-defined set of alternatives to choose from, where the choices can be made on a sequential basis. c) Be able to construct a joint probability distribution for all future sets of events. d) Maximise his or her expected utility with respect to the consequences of his or action(s). These assumptions give rise to a 'representation theorem,' so-called as these axioms characterising coherent preferences can be shown to

50 Hollis (1987, Chp. 2).
51 The term net satisfaction incorporates the notion of benefits and costs in judging the desirability of an action
52 Simon cites Savage (1954) as indicative of this approach.
imply a utility representation of preferences. As Davidson points out, Ramsey (1931) proposed such a representation theorem for preferences by cardinal utilities, which was independently discovered by von Neumann and Morgenstern in 1947, however their model was proven using probabilities and based upon relative frequencies. Such models have at least three latent presumptions.

The first is that some variables which are ignored in the limiting case due to them having a zero value attributed to them by the agent, can in more complicated examples be given other values. This allows the model to cope with the problems of risk and uncertainty, with risk understood in terms of actions having more than one possible outcome each with a definite probability. Risk is defined in terms of a specifiable probability distribution, with a mathematically precise effect on the calculation of utilities. This allows the commensurability of alternatives in terms of utility, and therefore allows the comparison of alternatives. Uncertainty is the case where the consequences of actions range in likelihood in an imprecise way requiring, therefore, a subjective probability distribution whereby agents assign cardinal utilities from their own point of view in a coherent fashion.

The second presumption enables problems concerning the inclusion of costs into the decision making process in a systematic fashion to be circumscribed. This is achieved by defining the parameters such that, choices can be made rationally without agents needing to consider their rationality in some wider sense later, including the problem of knowing costs before they have been incurred and the problem of calculating the true opportunity costs. This is based upon subjective notions of expected costs and benefits. Finally, the ideal type of action explanation is a 'microcosm' of actual rational behaviour with this abstraction of real world choice being 'philosophically warranted'. This allows the postulates of completeness and consistency of preferences, with consistency understood in terms of transitivity.

The Humean Basis of Rational Choice Theory

The conception of instrumental reasoning that underpins rational choice theory owes a great deal to the work of Hume. Simon recognises that rational choice models tell us how to reason about 'fact and value premises', but they have nothing to say about their origin. This mirrors Hume's famous statements of the instrumental position on rationality where 'reason alone ...can never be a motive to any action of the will...' and '...reason is, and ought to be the slave of passions and can never pretend to any

The sentiments within these statements are summed up by the old adage *De gustibus est disputandum.*

The Humean conception of rationality applies to well-formed beliefs and not desires, with beliefs being deemed rational if one has good evidential reason for holding them. Unlike beliefs, one's desires cannot be deemed irrational. The motivation for action requires having a goal, which is a mental state, and such goals, which rest on desires, cannot be brought about by reason alone. An action is irrational if it is not the best means of achieving the goal(s) that the actor had in mind when they chose the action. The irrationality of the action(s) lies in their relation to beliefs, as they are irrational only if the desire is founded on false beliefs.

Reason affects action by way of changing a person's beliefs, about the consequences that follow from the action, which are assessed in terms of pleasure and pain. This allows a theory of utility where motivation is a homogeneous entity and subsequently lays the foundations for the axiom of completeness. The axiom of completeness requires the commensurability of consequences and the formation of a utility index against which different actions can be judged. It is also worth restating here that rational choice theory goes further with respect to desires in that it typically invokes some notion consistency to be applied to peoples preferences, e.g. transitivity. From a Humean position it is not clear whether passions (the basis of desires) need to be consistent or otherwise. As Sugden points out:

> If we are to claim that (say) non-transitive preferences are irrational, we must show that they are grounded in inconsistent beliefs.

Whether or not transitivity need be deemed an axiom of rationality is open to question, however the formal model developed by Savage (1954) treats it as such, so as to avoid Jevons' "Problem" of requiring a theory of psychology which can be empirically examined. Savage's work has its basis in the works of Ramsey and, von Neuman and Morgenstern, and is still used as the justification for much of contemporary theory founded on the subjective expected utility theory outlined earlier.

What is apparent from the discussion thus far is that economic theory based upon rational choice theory owes a great deal to Hume and the notion of instrumental rationality. Whilst this has undoubtedly led to magnificent theoretical constructs that are a tribute to human inventiveness, some problems are caused by the reliance upon this notion of instrumental rationality that recourse to instrumental rationality cannot resolve.

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(3.4) Preferences and Instrumental Rationality.

One of the major problems for choice theory founded upon instrumental rational reasoning is that it cannot account for the relationship between means and ends. It, therefore, cannot incorporate constitutive actions, that is actions, which in part help make the person what they are, within its framework in any meaningful fashion. In considering the two following issues it will become apparent that reasoning about ends is required if we are to be able to make reasoned choices regarding certain real life situations. This is particularly relevant to the issue of whether or not to vote. The competing desires of, a) not wishing to incur the costs of the physical action of voting, which could easily outweigh the subjective expected utility of voting and, b) the desire to fulfil one’s civic duty, need to be made commensurable in order that the individual can make a decision.

The first issue is what Stewart\textsuperscript{62} labels, the “Bill Totts effect” in honour of a character taken from Jack London’s ‘South of the Slot’\textsuperscript{63}. The basic plot is that a sociologist, Professor Drummond, decides to make a study of life in a working class area. In order to do this he assumes an alternative identity so as to get closer to his subjects. Whilst carrying out the study he, as Bill Totts, takes on a character that is opposite to himself as Professor Drummond. E.g. Drummond distrusts trade unions whilst Totts hates “scabs” with an unnerving intensity. As the study continues Drummond spends more and more time as Bill Totts, falls in love with union leader, Mary, and ultimately decides that he must resolve his confused lifestyle which he does by devoting more time to his fiancée, Catherine. One day, however, Drummond and Catherine come across a picket line where a fight had broken out between the police and strikers. In the midst of the battle the police appeared to be getting the upper hand and were moments from gaining an important vantage point. Whilst Catherine might have been expecting Professor Drummond to remove her from this unsavoury situation, it was Bill Totts who emerged victorious from the internal conflict in Drummond’s mind. He jumped to the rescue of his embattled comrades and prevented the police victory by such physical means that would have disturbed Drummond and did disturb Catherine. Bill Totts went on to marry Mary and live the new life of a union leader.

The point of the story is to illustrate how, a person making choices on an instrumental basis, (Drummond carrying out the research so as to further his career) can cause a change in their preferences. Peoples’ choices in these instances are constitutive whether or not they realise it. As Stewart puts it:

\textsuperscript{62} Stewart (1995, p. 67).
Because of the influence of instrumental choices on underlying preferences ...instrumental reason can never be a complete guide to decision making.\textsuperscript{64}

Whilst the above instance is fictional, one only needs to consider what happens in the situation of one’s career. Although a particular career path may be chosen for such instrumental reasons as financial security and social standing etc., it is often the case that this choice will lead to a change in the person’s behaviour and attitude in the future (the phrase “power corrupts” seems pertinent here). Often an individual knows that this might be the case prior to the choice being made. Instrumental rationality, however, rules out the possibility of comparing these different sets of preferences particularly as one cannot know what the new set of preferences resulting from such a choice will be prior to making them.\textsuperscript{65}

Even if we resort to “meta-preferences” to allow us to choose between preference sets we have the problem that, if meta-preferences are of the same form as preferences, but simply a higher order, how do we arrive at these meta-preferences? And are they not subject to the same constitutive problem that ordinary preferences are?\textsuperscript{66} At the level of the individual, rational choice theory leaves unresolved problems that reduce the ability of orthodox economics to address real life situations. This also has implications for the prescription of social policy, which can be considered with respect to the concomitant notion of the endogenous nature of preferences.

The Paretian criterion for justifying the move from one social state to another is frequently invoked by economists. Instrumental rationality is undeniably woven into this normative notion with the desirability of the individual’s assessments of better off and worse off not questioned. The problem that concerns us here is that: If we move social states and our preferences are, in some substantive way determined by our situation, can we compare the social states? Orthodox economic theory, whilst allowing choice between competing ends only, does so if it concerns a trade-off between commensurable ends. In the situation where ends are not commensurable orthodox economic analysis is understandably quiet.

Related to the issues brought to the fore by the problems discussed above is that of how we are to understand the relation between our decisions over a period of time. One mind game that was designed to draw out such problems was that of Kavka’s “toxin puzzle.”

The ‘toxin puzzle’ was offered as a thought experiment to illustrate why rational choice theory might be self-defeating. The problem runs a follows: A person is told that an eccentric millionaire will pay them $1 million if they will drink some toxin tomorrow that will make them nauseous for twenty four

\textsuperscript{64} Stewart (1995, p. 68).
\textsuperscript{65} Prisching (1995, p.303) makes a similar in relation to voters and their preferences, which often change once one set of demands are met.
hours. The payment will, however, be made to them today so long as they can convince an expert panel they intend to drink the toxin tomorrow. The payment will still be made even if they do not drink the toxin at the prescribed time yet managed to convince the panel that they intended to do so the day before. It is assumed that they would prefer the money and the toxin to having neither and that they prefer just the money to both money and toxin. The question begged is can a person, who reasons instrumentally and follows rational choice theory, form the intention to take the toxin and hence receive the money? This is a more searching question than one of the credibility of a person’s intentions, as it is one of whether or not a rational agent can actually form the intention that will allow them to choose their more desired outcome.67

The conclusion that Kavka reaches is that if a person is rational they will not be able to get the money because tomorrow they will have no reason to drink the toxin. They either already have the money, or they do not. As this situation is already known by the person on the day of payment then they could not form the intention to drink the toxin tomorrow. Given not entirely opaque intentions they would not be able to convince the panel that their intention to drink the toxin tomorrow was genuine. (A similar and perhaps more distressing situation is where one is a witness to a heinous crime. The perpetrator, if identified by the witness, just cannot believe that the witness will not go straight to the police and, therefore, will reason that they have no choice but to silence the witness, no matter how convinced the witness is at that moment that they will not reveal the criminal’s identity.)

In order for a person to be able to form the intention to drink the toxin they would have to hold some notion of wishing to fulfil past intentions purely because they are past intentions even if they lead to undesired consequences. In some sense they would be irrational or perhaps non-rational i.e. not rational in the rational choice theory sense of the term. This poses a threat to rational choice theory, as it would appear that under some circumstances an “irrational” person has an advantage in gaining more desirable outcomes. This is important in the context of the political entrepreneur, as we need to consider the question as to how voters view the politicians promises to perform actions at a later date, and whether or not the politicians promises can be relied upon.

There have been attempts to rescue choice theory from this problem, one of which is to modify our criterion of rationality along pragmatic lines where a procedure of rational choice making promotes

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67 One might argue that intentions are not transparent and therefore the puzzle is unrealistic. Sugden (1991, p. 779), argues that there is evidence to suggest that our psychological processes are such that our intentions may not be entirely hidden. It seems to me that any defender of of the instrumental basis of game theory would have a hard time maintaining the critique of the opaqueess of intentions whilst still advocating theories that rely to a large extent upon CKR CAB and the Harsanyi/Aumann doctrine. See the discussion on Game Theory below.
the ends of the person using it.\textsuperscript{68} This gives a notion of ‘resolute choice’ whereby a resolute person makes their plans on the assumption that they will, as long as no unforeseen events occur, act on those plans. Such plans are seen as optimal at the outset and not re-evaluated as they unfold.\textsuperscript{69} This is closely linked to the notion of ‘regret’,\textsuperscript{70} where it is recognised that we need to take into account how we might feel about not having carried out a certain action when we come to consider our past actions some time in the future. It could be argued, therefore, that in forming our intention now to drink the toxin after having received the money, we are taking into account the fact that, if we did not drink the toxin at the later date, we would regret not having fulfilled our plan to drink the toxin and get the money. The problem with this is that our regret would be work precisely in the opposite direction. Once we have received the money and later drank the toxin we would regret having followed through with our plan as once we had received the money we have simply worsened our situation by drinking the toxin. On purely instrumental reasoning we would know that any later regret would come from actually drinking the toxin, and not from having fulfilled the plan. Regret would only ensure planned behaviour where a deviation from the plan, midway through its execution, to satisfy some short term desire leads to the person realising that their longer term goals have not been achieved. And that the achievement of these longer term goals is preferable to the satiation of short term desires when reviewed at a later date.

We are then, still stuck with the same dilemma, as even with the resolute choice a person will know in advance that drinking the toxin is not necessary as the money is already paid at the point of drinking. This knowledge will have to be used as part of the formation of the plan and subsequently affects their resolute choice, again preventing the genuine intention to drink the toxin to be formed.

The above puzzle highlights the basic problem for rational choice theory stated above, that is due to its reliance upon instrumental rationality it has no way of examining the relationship between desires and rationality. When faced with conflicting desires it has no means of weighing these desires, yet it is required that these desires are in some way consistent and therefore some form of reasoning must underpin them. In order for us to understand actions as the conclusion of rationally fulfilling desires based upon a set of grounded beliefs we are forced to assume that reasoning gives us a set of internally consistent desires. In the toxin puzzle, ignoring the time element for a moment, the agent needs to form an intention to do something that they would ordinarily find undesirable, yet they have to weigh this desirability against the desirability of receiving the money. To be able to form a preference ordering that

\textsuperscript{68} See McClennen (1990) and Gauthier (1986) for a fuller discussion of this.
\textsuperscript{69} As we shall see when we discuss Davidson with respect to his theory of Intentions, any notion of future Intentions needs to allow for the reflection upon previous future intentions.
allows the formation of the intention to gain both requires that the agent has weighed the relative desires of drinking the toxin and not getting the money. They will have reasoned about their desires so as to form their preference ordering and this reasoning is prior to any act, choice or formation of intention. A theory of intentional action is required that allows such actions to be undertaken even on the basis of inconsistent beliefs and desires.

It would appear that economic theory is all the poorer for not allowing into its discourse some meaningful perspective on the possibility of preference change, and the implications this carries for economic theorising in general.\textsuperscript{71} The ability to deliberate about one's ends is, according to some,\textsuperscript{72} constitutive of what it is to be human. This brings into focus a central theme of this thesis which revolves around the notion of agency, its relation to choice of action, and the notion of rationality as coherence which will be discussed later.

The formation of intentions that commit one's self to future actions is, I think, crucial to any viable theory of choice. One can think of realistic examples where one's actions today are reliant upon future actions of others. The notion of commitment is relevant to any situation where the credibility of the threat of retaliation is considered, or in situations where co-operation between persons over a period of time is required. The notion of talk being cheap sums up the problem where credibility is involved, and credibility in this situation is reliant upon the possibility of the formation of future intentions. What we consider now is how the concept of strategic behaviour is related to instrumental rationality.

\textbf{(3.5) Game Theory and Instrumental Rationality.}

The standard assumptions that underlay game theoretic approaches have been outlined many times, and by many people. Whilst we shall concentrate on the fundamental assumptions that concern the most basic strategic scenarios it is important to note that even the most developed models are essentially founded upon the same philosophical roots.

Game theory is a theory of rational interaction that has its roots firmly in the history of philosophical conceptions of rationality.\textsuperscript{73}

Following Sugden\textsuperscript{74} the standard assumptions are: 1) The mathematical description of the game is common knowledge. 2) Both players are rational in the expected utility theory sense of the term, and it is common knowledge that each treats the strategies that their opponent might choose as events in the

\textsuperscript{70} See for example Loomes and Sugden (1982), though they discuss the problem in terms of regret in the light of new information that was not available at the time of the action later regretted.

\textsuperscript{71} The notion of 'non-instrumental behaviour' has been by addressed by some, see Hargreaves-Heap (1989) and Sen (1988).


\textsuperscript{73} Cudd (1995, p. 130)
Savage sense, i.e. events and consequences are independent of each other with the description of events making no reference to any particular consequence or set of feasible actions. This appears contradictory as they must in this case be made in reference to the particular game being played and, as Sugden points out, is not compatible with Savage's axiomatic system. 3) All mathematical or logical theorems that can be proved about the game are common knowledge. These three assumptions combined, Sugden calls 'common knowledge of rationality' (CKR). Hargreaves-Heap and Varoufakis {HHV}, who cite Sugden though not on this matter, use this characterisation of simple game theory and point out that it places constraints on people's subjective expectations with respect to the actions of others.75 Thus game theoretic approaches still have an instrumental conception of rationality, which is supplemented with CKR. This CKR allows for the notion of Nash equilibrium to occur at the appropriate order of assumed instrumental reasoning.

To avoid any problems regarding the infinite regress of each players beliefs regarding each other player's beliefs (I know that they know that I know that they know and so on *ad infinitum*), the assumption of consistently aligned beliefs (CAB) is added. This implies that no rational player can expect to be surprised by another rational player and this move from CKR to CAB is justified by recourse to the 'Harsanyi doctrine' which is the declaration that:

> When two rational individuals have the same information, they must draw the same inferences and come, independently, to the same conclusion.76

Such a position is adhered to by Aumann (1987), though in a slightly different form, who suggests that rational players will eventually come to hold the same information and hence the element of surprise is again removed. Sugden77 is, however, sceptical of the plausibility of Aumann's 'common prior assumption' as Aumann fails to demonstrate that for any given information a valid process exists that generates a unique set of rational beliefs. This is particularly problematic for one shot games, as it requires a sequence of plays, that allow rational agents to move towards the same information sets.

Instrumental rationality combined with CKR and CAB, with its Harsanyi/Aumann doctrine allow the notion of Nash Equilibrium. Yet there are tensions within this combination that threaten the underlying Humean orientation, as CAB is a strong condition on the inferences that players might draw from the same information set. The problem is that, while Nash equilibrium requires that players essentially reason in the same way (so as to ensure CAB), a fundamentally Humean conception, however,

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75 HHV (1995, p. 28).
76 HHV (1995, p. 25, emphasis in the original).
makes no such claim. If game theorists wish to maintain a Humean conception of rationality they might have to give up any notion of a unique equilibrium position.

In relaxing the requirements of CKR and CAB so as to allow multi-Nash equilibria then dynamic models lose determinativeness, unless some notion of convention is employed to ensure that one of the set of possible equilibria is focused upon. Yet as HHV state:

The acceptance of convention may actually require a radical reassessment of the ontological foundations of game theory.\(^{78}\)

In appealing to some notion of expressive reasoning to resolve the paradox of voting those that advocate such an approach may be in danger of losing the technical devices that have become a mainstay of the public choice 'paradigm.'

All of this moves us down the route to accepting that peoples’ actions are in some way context dependent. People act on the basis of different motives in different institutional settings.\(^{79}\)

The question begged is: Do we need to abandon political explanations based upon rational choice theory that is itself wedded to an instrumental conception of rationality? Some have sought to retain instrumental reasoning as the foundation for choice theory, arguing that it forms the basis of other conceptions of motivational behaviour that could not be sustained if the instrumental basis were foregone.

Elster has spent much time and effort in trying to broaden the conception of economic rationality.\(^{80}\) Again he seeks to maintain self-interest at the core of rationality but he does widen the concept in order to account for collective action. He still maintains the link with methodological individualism by insisting that one should not try to explain successful collective action in terms of the benefits received by the group, but in terms of the benefits received by the individuals. It is true by assumption that it is better if all co-operate rather than none, also true by assumption that it is even better for the individual to abstain from co-operating. Group rationality cannot help explain collective action. Elster creates a hierarchy of rational behaviour with unselfish behaviour being understood as 'parasitic' upon selfish behaviour. Unselfish behaviour cannot exist without selfish behaviour but the converse is not true. Selfish, outcome-oriented behaviour is the bedrock upon which other forms of behaviour are built. Yet as we shall see in the later chapter on Intentionality, Elster invokes arguments from the philosophy of action which negate his use of instrumental rationality as the foundation of all rational action.

\(^{78}\) HHV (1995, p. 102).

\(^{79}\) See Udehn (1996, pp. 103-108), for an illuminating discussion on how Adam Smith's conception of human action might be understood from a basis such as this, particularly when one considers his Theory of Moral Sentiments (1759/1976).

\(^{80}\) I refer here to his 1989 work, but he has been developing this approach across a number of years and publications.
That choice theory has problems in explaining many collective actions was recognised early amongst some that sought to understand political activity with the aid of economic devices. Downs began to revise his 1957 work soon after its publication. In particular he realised that for democracy to work it required some form of consensus on some basic social values. This move towards an inclusion of social values in the foundation of choice theory has resulted in his explicit rejection of rational choice theory as a foundation for political explanation. In his 1991 work Downs offers a fuller description of human action.

Downs wrote about his early work as involving

A relatively abstract theoretical model of voter and party behavior...gradually introducing certain realistic elements into it, such as the cost of information...It assumed that all individual preferences were given at the outset. I believe that approach provided an interesting and fruitful way to look at democratic politics. But it was not meant to be either comprehensive or fully realistic.

He was quick to realise that methodological individualism alone, would not be sufficient to explain the workings of political activity, and started down an institutional route to political science.

No study of democracy and how it works can be either accurate or comprehensive unless it analyzes the role of social values...I believe an absolutely crucial ingredient in successful democracies consists in the values in the hearts and minds of the citizenry that support democratic institutions and behavior patterns. Without the prior existence of such values, most democracies in the first place. And no democracy can successfully maintain itself over time as a democracy unless its citizens' political beliefs and behavior become dominated by social values that support democracy.

He divides social values into three forms

1) Internalised fundamental ethical and perceptual beliefs held by most citizens.

2) Externalised laws and regulations officially adopted by the government.

3) Informal customs not officially adopted as laws.

Not all of the subgroups that make up a society will hold exactly the same social values, but he claims that 'every society has at least some set of such values that are supposed to be common to all its citizens.' (p143) These values are relearned by each new generation.

Downs goes on to offer eight axioms that he considers to be necessarily true if a democracy is to function effectively, and are repeated in the appendix 1. They contain both descriptive and normative

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81 Downs (1962).
82 (1991, p. 146n.).
85 Downs does admit the possibility of genetic predisposition to certain traits, he argues that the list of possible genetic pre-dispositions is great enough for the socially learned factors to be decisive. As social
elements, and reveal the conflict that Downs encounters in trying to reconcile methodological individualism with a more holistic understanding of human action. In effect he moves towards a sociological theory, which maintains selfish behaviour as the bedrock of human action, but it is ameliorated by an acknowledgement of the inter-relatedness of human activity. As such, Downs echoes the approach of Elster above, but it does not tell give us a clear understanding of how we should link the selfish behaviour with the altruistic or socially driven behaviour. By looking at the foundations of rational choice theory from the perspective of the philosophy of action we might begin to understand how our explanations of behaviour that rest upon instrumental rationality are limited in their ability to understand some important aspects of peoples behaviour, and in particular collective behaviour. This we shall do in section 4.

Downs is not alone in trying to expand the nature of the rational voter. Though they may not agree with the manner in which Downs alters his approach Buchanan, and to some extent Tullock, have also come to doubt the foundations of rational choice theory. Buchanan goes so far as to suggest that we cease and desist in any attempt to model man in the market or in his public choice behavior as seeking exclusively or even predominately to maximise the value of his net wealth. (1989, p31)

Buchanan has a different perspective on the nature of political activity, one which views the political process as branch of catallactics, the economic theory of exchange. The divergence between Buchanan’s emphasis upon constitutional issues along with his adherence to the Austrian approach to economics, and the mainstream of Public Choice theory has increased over time. As such his most recent works on the nature of political activity, along with a uniquely radical subjectivist approach to political entrepreneurs will be the focus of section 5. It might also be a way to circumvent the problem of having to provide a rational basis to the decision-making processes of the electorate.

Summary

It seems beyond doubt that there are substantial difficulties for finding rational explanations of people’s voting behaviour, particularly in mass elections. The movement from individualistic approaches to understanding the decision to vote to strategic approaches in the various forms of game theory fail to provide a rational basis for peoples’ behaviour in such circumstances. Instrumental rationality does not allow people to weigh up conflicting desires and fails to cope with decisions that require commensurability of outcomes over time. It would appear necessary that if we are to find rational explanations of such behaviour we should examine such problems using an alternative notion of circumstances are in constant flux then there will be some response to such changes reflected in adjustments to social theories.
rationality. The next section takes a look at the possibility of substituting the instrumental notion of rationality for one that places emphasis upon interpretative accounts of peoples' behaviour, one that seeks a more coherent approach to the understanding of why people act in ways that are observed.
Appeals for a Broader Conception of Rational Action.

In the previous section we saw that Public Choice Theory, because of its reliance upon an instrumental account of rationality, fails to provide us with an adequate explanation of why people engage in collective action, particularly in the case of mass elections. If we are able to understand how political entrepreneurs arrive at their decisions concerning the portfolio of policies they offer the electorate, then we must be able to account for the actions of the electorate in a fashion that allows the political entrepreneur to arrive at some estimate of the electorate's reaction to their manifesto. We must also be able to account for how members of the electorate can come to assess the reliability of the stated intentions of the political entrepreneurs. Whilst there have been those who have argued for a more rigorous testing of the rational choice postulates, there is a growing number in the field of political science calling for a broader, or wider, conception of rationality. One that might be able to provide explanations of a greater variety of actions, particularly those actions in the public domain. Some of them have opted to emphasise an alternative approach rationality that draws upon ideas from the philosophy of action, in particular the work of Donald Davidson.

After a quick outline of one of the more difficult problems for rational choice theory we progress by looking in more detail at Davidson's notion of intentional action. This provides a backdrop against which we can judge alternative approaches to intentionality, approaches which might provide better foundations for understanding peoples' actions, with a particular emphasis on their actions over a period of time.

(4.1) Akratic Behaviour.

As discussed in the last section, one of the key problems for rational choice theory is that of understanding how people weigh up contradictory desires. Such situations are often discussed in the context of akratic behaviour. In such circumstances people are often portrayed as displaying "Weakness of Will." That is: people will often engage in behaviour that they know is against their better judgement.

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1 In particular Green and Shapiro (1994), and the review of their works in a special issue of Critical Review, Winter-Spring 1995. Morton (1999) provides a brief review of those looking to employ alternative approaches to rational choice theory in the field of political science, in particular those that have tried to build models based upon the Prospect Theory of Kahneman and Tversky (1979) and Chew's (1983) Weighted Expected Utility Theory.

2 Schelling (1998), Elster (1985) (1989), Downs (1991), Frey (1993), Ferejohn and Satz (1995), and Friedman (1995), to name but a few. Hindess (1988) offers a critique of approaches that attribute some normative assumptions concerning peoples' actions. He maintains that there are cultural elements within a person's element that cannot be understood from one's own perspective of what is rational under certain circumstances. There are indeed problems in translating across cultures, but we must be able to engage in some form of mutual understanding, otherwise another persons actions just would not be open to any explanation. We shall assume that some form of interpretation of another's actions, via the attribution of
For example, people will often smoke a cigarette in the full knowledge that this behaviour, repeated over time, can harm them. The problem is; how does rational choice theory reconcile such behaviour with the assumption that people seek to maximise their utility? If we take the smoker problem, it could be argued that quite simply, the increased utility that the smoker derives from the cigarette at that moment in time outweighs the loss of utility caused by deterioration in their health. Yet this explanation does not fully take into account the complexities of the problem. The explanation might be adequate if the person involved acts only on the basis of the immediate impact of their actions, but this would not help us understand the behaviour of a large number of people who admit that, over time they accept they worry about the damage that smoking does to them, and this outweighs the immediate gratification they derive from each cigarette. People, therefore, often engage in activities that they know are, all things considered, bad for them. One could argue that something that is bad for you does not necessarily mean that you cannot derive a net increase in utility from performing that action. But if we consider some of the behaviour that people engage in in order to avoid carrying out certain activities, like smoking, then we might gain an insight into a much greater problem for rational choice theory.

Schelling (1998) poses a well discussed problem in a new way when he considers the actions of someone who is trying to give up smoking. In brief, a friend leaves a packet of cigarettes behind after a visit to someone who is trying to give up smoking. The reforming smoker sees the cigarettes and places them in a jacket so that they may return them to the friend at a later date. Some hours later the reforming smoker removes the cigarettes from the jacket, takes them to the bin and shreds the contents into the bin. This behaviour can be accounted for by a number of descriptions of the thought processes of the reforming smoker. The one that Schelling finds of particular interest is where the reforming smoking becomes agitated by the knowledge of the cigarettes in the jacket and feels that at some point before they can be returned to the friend they will be unable to resist the urge to smoke the cigarettes. The reformer thinks that at some later point they will succumb to the urge to smoke and therefore takes action now to avoid their later "misbehaviour." The reformer is questioning their own ability to maintain their resolve not to smoke in the future. The action of destroying the cigarettes to remove this possibility throws up some difficulties for the rational choice project.

The first difficulty relates to the aspect of how we are to conceive of the manner in which people make comparisons of choices over time. The second, and I would contend the more damaging, is where we consider the problem of weighing up choices at one particular place in time, that is, showing weakness some principle of rationality, is possible. Clearly the following discussion will be susceptible to critiques of such a position.
of will or exhibiting akritic behaviour. Formally described, it is a case where one considers that a) to do X is judged as good; b) to do Y is judged as good; c) all things considered, to do X is better than Y; d) given (a) (b) and (c), Y is the chosen action. There appears to be some sort of breakdown between the agent's beliefs and desires and their relationship to the resultant actions.

Elster (1989) provides an account of how we might examine the structure of people's preferences over time in a manner relevant to our problem above.

![Fig. 4.1 Time Related Akratic Behaviour](image)

Using Fig 3.14 as a visual aid we can see that a person's utility (viewed solely in terms of immediate utility) is represented by AA over the period of their life, from now, with them not smoking. This is given as constant over time so as to provide a reference point. We can contrast this with their utility line BB if they smoke from today onwards. The utility from smoking the next cigarette is seen to be always less than that from the current one. To judge whether or not the person's utility over their lifetime is better with smoking than not then we simply compare the areas under the two lifetime utility profiles. In this instance their overall utility is higher with the smoking. But if we change the smoking utility profile to CC, then the reverse is true. Which of these is the actual case for the individual smoker should determine their attitude to their smoking. The nub of the problem in terms of weakness of will is that each time a person faces the choice of whether to smoke or not, their short term interest can come into conflict with their longer term interests. If we concentrate on the choice between utility profiles AA and CC, then whilst their utility gains to be had from smoking the first cigarettes, after time H then they should halt smoking. The problem is; given the smoker knows this at the time, will they stop smoking at

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3 I take it as given that smoking damages a person's health.
4 I have combined diagrams A and B Fig 1.2 Elster (1989, p. 22).
5 This is not unproblematic, especially when one considers the example above where the individual becomes agitated by his/her possible future behaviour. Also in terms of arguments over weakness of will
time point $H$? If they do not then they could be considered to be suffering from weakness of will. The relevance for the paradox of voting is that we might conceive of the problem of voting as yielding a reduced amount of utility in the short run, but over the longer term they will enjoy a lower amount due to their failure to support the democratic process. This argument is clearly weak as it ignores the strategic component of their actions and cannot cope with the complexities of free riding. Yet Davidson's ideas may have something to help us better understand the action of voting. In order for us to properly consider what lessons rational choice theory can learn from the philosophy of action, we need to outline in more detail the approach to rational action that Elster is drawing upon. We shall, therefore consider Davidson's account of causal explanations of action based upon his understanding of intentional action in finer detail. To do this requires that we understand the notion of rationality that he employs, particularly as this is the aspect that those seeking to adopt his ideas have emphasised.

(4.2) The Principle of Charity: Rationality as Coherence

It is worth emphasising here Davidson's conception of rationality as some sort of constitutive principle, not only because his argument proscribing psychophysical laws depends upon it, but also because, if accepted, it leads to an approach to decision making which is fundamentally different to any founded upon instrumental rationality. Ultimately it may lead to the possibility of incorporating such notions as 'social norm', 'convention', 'civic duty' etc. as part of the foundations of any decision theory, and not simply as additional elements, incorporated *ad hoc* into the instrumentalist framework in order to avoid embarrassing mismatches between theory and reality.

In outlining his conception of rationality Davidson seeks to answer the question:

What makes an animal (or anything else, if one wants) rational?\(^6\)

He goes on to attempt an answer by examining the distinction between holding and not holding propositional attitudes\(^7\) with an emphasis on the holistic nature of such attitudes

To have a single propositional attitude is to have a largely correct logic, in the sense of having a pattern of beliefs that logically cohere. This is one reason why to have a propositional attitude is to be a rational creature.\(^8\)

This is extended to intentional actions explainable in terms of beliefs and desires with the actions being rationalised by their propositional content. To be able to have any propositional attitudes requires,

\(^7\) See J. McDowell (1985).
according to Davidson, a ‘background’ of beliefs. In order to have a belief in turn requires the concept of belief, which, Davidson maintains, requires language.9

What distinguishes the rational animal from the non-rational is that the rational ‘commands the subjective-objective contrast, as required by belief.’10 This contrast is illustrated by the example of a person who thinks that they have a coin in their pocket, but on inspection discovers that they do not. Their surprise in their discovery indicates that they have a notion of objective reality, which is independent of their beliefs. Such a being is also capable, therefore, of adjusting their beliefs in light of their new experiences. To be able to discern whether or not a person has a command of this contrast requires some form of linguistic communication, which would indicate that those in communication correctly think that the others share the same concept of the world. This Davidson labels an intersubjective world. The concept of an intersubjective world is necessarily a concept of an objective world, about which the communicants can hold objective beliefs.

To show that people would come to have the subjective-objective contrast only via the concept of intersubjective truth Davidson gives no conclusive argument, but instead offers an analogy. In order to discover the distance of objects from a fixed position it is only possible if one can triangulate. Our sense of objectivity comes from another sort of triangulation involving two ‘creatures’. Each of these creatures interacts with objects, but what allows a notion of how things are objectively is the formation of a ‘baseline’11 between these creatures of language, hence:

The fact that they share a concept of truth alone makes sense of the claim that they have beliefs, that they are able to assign objects a place in the public world.12

Davidson’s conclusion is that rationality, because only communicators have it, is a ‘social trait’. His position relies upon the basic distinction between physical and psychophysical phenomena, which is contained within his thesis of anomalous monism outlined later in this section. Linked to this conception of rationality as a social trait is the "Charity principle", which is required if we are to be able to explain, not only another person's behaviour, but it is also necessary if we are to be able to understand a shared language and shared culture. The charity principle requires that to understand another person's behaviour we need to explain that behaviour in the form of intentional behaviour. This in turn assumes that the person's behaviour is rational, that is, the behaviour is caused by the person forming an intention based upon a desire for the expected outcome of that action, and a belief that the action will lead to that

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9 Although the issues surrounding language and thinking require some position on linguistic theory it is beyond the scope of this paper to elaborate on this matter any further.
11 I hope the irony of a physical analogy is not lost on the reader.
outcome. Such an approach might account for such puzzles as preference reversal which rational choice theory prohibits\(^{13}\). A reversal in preferences could still be viewed as intentional behaviour, but the preferences can be dependent upon the situation or context in which the individual chooses between them.

Ferejohn's and Satz's appeal for a broader and less "precise" characterisation of what counts as rational action is welcomed, as I believe that it opens up social science to explanatory accounts of peoples' behaviour, and it allows for the real possibility of an interdisciplinary approach to political economy. This optimism is, however, guarded as the origin of Ferejohn and Satz's approach to normative principles as the basis for understanding human action is not built on solid philosophical foundations.

Davidson's work on rational action, whilst being the source of inspiration for many in economics and other social sciences, has received telling blows from critics in the field of analytical philosophy. We shall consider a critique of economic theory that draws heavily upon Davidson's work, before we proceed to a more detailed account of the basis of such a position.

\subsection*{(4.3) Folk Psychology and the Vacuous Nature of Rational choice Theory.}

Rosenberg (1992) brings together several strands of his work on the 'scientific' standing of neo-classical economic theory. Of particular interest is his attempt to establish the links between 'Economics and Intentional Psychology'. In what Cottrell describes as a 'robustly empiricist line',\(^{14}\) Rosenberg seeks to illustrate as a fact that the inexact generalisations of the kind employed in couching economic laws in ceteris paribus clauses are not capable of being made more precise.\(^{15}\) According to Rosenberg, the fundamental problem for theories founded upon such laws is that they are derived from the conception of expectations and preferences which can be understood in terms of folk psychology. This in turn is due to rational choice theory being reliant upon a representational theory of mind.

From section three we can recall that ordinal utility theory, in its Expected Utility Theory guise, is founded upon four general postulates;\(^{16}\) Comparability of options, transitivity over preferences, maximisation over a constrained set of option and rationality, with rationality defined as adhering to the first three. The link with folk psychology is clearest with the third postulate, maximisation, which describes the agent as goal orientated. This link might be severed with an appeal to revealed preference


\(^{13}\) For experimental evidence of this problem see Lichenstein and Slovic (1971), and Grether and Plott (1979).

\(^{14}\) (1995, p159)

\(^{15}\) Rosenberg (1992, pp. 112-117) relies heavily upon Hausman's (1992) discussion of the relationship between economic laws couched in ceteris paribus clauses and his conditions of reliability, refinability and excusability, so that they might reflect hitherto unknown exact economic laws.
theory, yet as Rosenberg rightly notes, following this route means we lose any claim in being able to explain an agent's choices.\footnote{Rosenberg (1976) acknowledges Davidson a number of times with regard to the nature of causal explanations, yet he makes no mention of him in his 1992 work even though much of his material is directly related to his 1985 piece on Davidson and psychology. See Rosenberg (1992, pp. 126-127) and compare with Davidson (1980, pp. 234-238).} For Rosenberg, the cause of Expected Utility Theory’s predictive weakness is the impossibility of deriving preferences independent of beliefs, or beliefs independent of preferences.\footnote{Rosenberg (1992, p. 129).}

To test whether or not people are expected utility makers constrained by expectations requires that expected utility theory be employed, so as to predict the actual expected utilities they seek to maximise and determine the expectations constraining their maximisation over preferences, thus:

There is no way to tell what a person believes unless we already know what he wants and how he acts; no way to tell what a person wants unless we know what he believes and how he acts; no way to tell what a person will do unless we know what he believes and wants. The only way any two of these three factors can lead us to a prediction of the third is via the theory of rational choice.\footnote{Whilst I allude to Rosenberg’s outline here, similar outlines can be found in Simon (1988) and Hollis (1991).}

Whilst he does not acknowledge Davidson explicitly on this point, Rosenberg is implicitly wedded to the holistic nature of the belief-desire-action approach attributed to Davidson\footnote{Rosenberg (1992, p. 126). Rosenberg contrasts this with the Ideal Gas Law, which has been improved upon by recourse to better instrumentation enabling more precise measurement of conditions and a more realistic gas law. This was the problem that Ramsey set about trying to resolve with respect to choice theory by experimental design. The problems that beset this approach are precisely what led to Davidson giving up experimental psychology.} above. With beliefs and desires understood as intentional states, in the Davidson sense, predictive improvements (at the micro level at least) appear impossible unless some way of measuring a person’s brain states and linking them to mental states is found.\footnote{I am surprised at how long economists have taken to realise the importance of this problem especially when you consider that Ramsey (1936) made exactly this point. See Davidson (1980, pp234-237).} This possibility appears confounded as

the propositional content of these (brain) states is misleadingly precise in the preferences and expectations it attributes to us.\footnote{Rosenberg (1992, p. 120). He also points out that even in revealed preference theory it is maintained that we hold representations of preferences in our heads even though the explanation of them is moved elsewhere.}

If it is the case that improvements in the precision of predicting individuals behaviour via this approach is fundamentally flawed, as Rosenberg maintains, then we might as well rely upon common sense in explaining peoples behaviour as people did prior to the invention of *Homo economicus*.

A further problem is that even if we could somehow construct a cerebroscope that enabled us to accurately measure the relationships between a person's brain state and their state of mind, intentional

\[\text{\footnotesize \ref{footnote-16}} \text{\footnotesize \ref{footnote-17}} \text{\footnotesize \ref{footnote-18}} \text{\footnotesize \ref{footnote-19}} \text{\footnotesize \ref{footnote-20}} \text{\footnotesize \ref{footnote-21}} \text{\footnotesize \ref{footnote-22}}\]
states contain intensional elements, which negate the substitution of extensional states. As description of the brain is always extensional and not intensional the truth of an intentional action is not always preserved when one expression referring to a particular object, action or event is substituted for another expression referring to the same entity. Take the classic example whereby Oedipus’s marrying the queen was an intentional action on his part but his marrying his mother, whilst being true, was not an intentional action. The description of the event which relates the subject's view of the world to his action is, therefore, important.

The holistic nature of intentional states and the prerequisite network/web/background of beliefs that enable single beliefs leaves, according to Rosenberg, intentional theories of behaviour devoid of any possibility substantial improvement in its' ability to allow predictions of individual behaviour.

It's not just, as Davidson notes that intentional generalisations are heteronomic and cannot be indefinitely refined. The trouble is they cannot be refined at all. They are neither heteronomic nor homonomic; they are non-nomic.

The reason for their non-nomic status is not, however, to be found in their non-refinability as Rosenberg argues, (which is symptomatic of their status), but rather in the difference between the constitutive principles of the physical and mental realms, as we shall see when we consider Davidson's theory of intention in more detail.

**4.4 Davidson's Theory of Intention.**

In his early work Davidson set out to defend the notion that rationalisation is a form of causal explanation by examining the relationship between a reason and an action. Davidson uses the term 'rationalisation' to label the 'explanatory relationship' between a reason and an action where a reason explains an agent's actions by offering a reason for the undertaking of that action thus;

a reason explains an action by rationalising it.

In order to show that rationalisations are causal explanations Davidson argued for two theses about what he calls 'primary reasons';

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23 Whilst Rosenberg grants ontological status to the physical brain and its constituent parts, synapses, the thalrus, neurons etc. the status of intentional states, with their concomitant propositional content is not clearly defined by Rosenberg. They cannot be considered in the same way as neurons, because neurons do not have propositional content. Neurons etc. do not directly represent anything, as representation requires a sentient creature to interpret them.

24 And surely, therefore some acknowledgement that there is a subjective ontology is unavoidable. See Moya (1990) in particular on this matter.


27 LePore and McLaughlin (1985, p. 3).
1. In order to understand how a reason of any kind rationalises an action it is necessary and sufficient that we see, at least in essential outline, how to construct a primary reason.

2. The primary reason for an action is its cause. 28

A primary reason is understood as a pair of primary mental states, one is a belief state the other a pro-attitude. 29 On this basis one can rationalise an action by citing a primary reason for which it was preferred. It is also necessary for a primary reason to rationalise an action that it is the reason why the person so acted. Thus Davidson offers a third thesis,30

3. R is a primary reason why an agent performed the action A, under description d, only if R consists of a pro-attitude of the agent towards actions with a certain property, and a belief of the agent that A, under the description d, has that property.31

(3) is not a sufficient condition for R to be a primary reason as the agent may perform an action for which they have a primary reason, yet that reason may not be the reason why they have performed that action. For example, my primary reason for writing this paper is that I have the belief that it will give me a great deal of satisfaction to actually finish a piece of work for which I have a pro-attitude. Yet I am actually typing it because I have the belief that it will result in a qualification that will enable me to gain employment. No appeal is made to any separate or distinct state or event of intending to write this paper that intervenes in the logical relation between my primary reason (pairing of satisfaction with pro-attitude and belief that finishing the paper will lead to said satisfaction), and my action. The intentionality of my action is in the relation between my action and primary reason. Such a position asserts that to explain an action in terms of its reasons necessarily requires that we are citing the causes of that action32. A fourth thesis is required:

4. A rationalisation that cites a primary reason is a species of causal explanation.33

Parallel to the notion that, when I act for a reason, a primary reason is the cause of my action, is the logical relation between the primary reason and action. This logical relationship is characterised in Davidson's general conception of practical reasoning in the form of a practical syllogism, which Bratman succinctly describes in the following manner:

The guiding idea is that the reason for which I act provides me with premises from which I could have reasoned to a conclusion which corresponds to my action.34

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28 Davidson (1980, p. 4).
29 These include, amongst others, wantings desires, urges and promptings. See Le Pore and McLaughlin (1985, p. 4).
30 Davidson used the notation CI for this thesis I, however, am following Le Pore and Mclaughlin's 1985 outline of Davidson's work on intentions.
31 Davidson (1980, p. 5). As Moya (1990, p.107) points out, this introduces an intensional element into the rationality of actions.
32 This position is, therefore, rejecting causal theory based upon behaviouristic assumptions and volitional conceptions of intentionality. See Bratman (1985, pp. 12-15)
33 LePore and McLaughlin (1985, p. 5).
Underlying this conception of practical reasoning is Davidson's acceptance that singular causal statements of the kind 'A caused B' require laws. Such a statement, however, entails that a causal law exists which is instantiated by a true description of events A and B. This requirement is weaker than the entailment that there is some particular law involving the predicates used in the description of A and B, because, although the former is implied by the latter, the former does not imply the latter.\textsuperscript{35} This is due, as we shall see later, to the fundamental difference between actions as understood as the result of mental events, and actions understood as physical events which have laws relating to a closed system.\textsuperscript{36}

In his later work Davidson appears to have retreated from his all out rejection of volitional conceptions of intentional action, so that in intentional action there is an element common and peculiar to all cases of intentional paper writing (if we continue with the above example): The acceptance of an ‘all-out evaluation’ that paper writing being performed is desirable. These all-out evaluations need not, however, be distinct from the very act of paper writing in this instance. It follows that the all-out evaluation cannot be the cause of the action and therefore the theory is not volitional. The volitional conception of an intentional action is where, for example, if one raises one’s arm to signal a turn one has the general intention to raise one’s arm that in content, common and peculiar to all instances of a person intending to raise one’s arm for whatever purpose. This volition then is seen as some form of pure action involving no happening as it is purely a mental event and is distinct from the action, arm raising, of which it is the foundation.

It is also important to point out that the all-out evaluations refer to the particular act that is being performed and thus differs from the initial pro-attitude of the primary reason that refers to favourable actions of a certain type. Where action types refer to a class of similar actions, and tokens refer to particular actions of that type in a specific situation e.g. arm raising is an action type, raising one’s arm to signal a turn is an action token. Desirability appears to be, therefore, a property of particular actions (tokens) rather than of types of actions.

Different instances of a given type of action can vary in their desirability. Some ways of writing a paper may be undesirable e.g. forcing my partner to type it. Davidson’s theory also allows, therefore for the comparison of actions so that the agent may favourably compare the chosen action with others that he or she actually considered. It is only when we are given one particular action that we are given something

\textsuperscript{34} Bratman (1985, p. 15)
\textsuperscript{35} Davidson (1980, p. 262) points out, it is weaker as people might explain in the action based upon a belief and desire whilst not having an idea of the relevant law.
\textsuperscript{36} On this see Davidson’s “Hempel on Explaining Action” in Essays on Actions (1980) especially pages 262-269.
that is either desirable or not with respect to the agent's values. That is, people make choices between action tokens.

Davidson seeks to provide a causal account of action that cites reasons as explanations for people's actions, and whilst his account is by no means unproblematic, he does illuminate some real causes for concern in relation to social sciences in general, and economics in particular. The problems for social science become apparent when one considers how such an approach might enable one to either predict or explain a person's behaviour on the basis of an understanding of the relation between intentions and actions. Can we establish law-like connections between the two?

If we consider the possibility of discovering the sufficient conditions for a particular action then we may be on the way to constructing a predictive theory of action(s). This possibility is precluded, however, as Davidson allows for the possibility of what he calls 'pure intending'.\(^{37}\) An agent can hold a state of intention whilst that intention does not result in the action that satisfies its content. To overcome the problem of pure intentions it becomes necessary for an additional element to lead an intention to becoming a sufficient condition for action.\(^{38}\)

When it comes to wayward causal chains, then we encounter even more serious problems. For if they exist, then not only do we no longer have sufficient conditions for action, but we may also lose intentions based upon primary reasons as necessary conditions for an action. An example of a wayward causal chain might be: I might accept the offer of a lift home from the pub with the intention of getting home quickly, but I could concede that I actually accepted the lift because I did not want to offend the person who made the offer. I might rationalise my action as being caused by one primary reason, getting home quickly, when in fact my real reason was that I was too embarrassed to be seen as impolite. If I can be mistaken about my reasons for particular actions, any account of actions caused by reasons must be able to accommodate such events. Another example is that of the mountaineer, Janice, who holds the rope that supports her fellow climber, Jane. Janice deeply resents Jane for an incident many years ago. She resents her to such an extent that she has the desire to see Jane dead. This desire combined with the knowledge that letting go of the rope will lead to Jane's death, and as such Janice has a reason for letting go of the rope. The realisation that she holds this reason so shocks Janice that she lets go of the rope. Her intention to let go has had its content (let go of the rope) fulfilled, but the cause of her letting go was not the intention to let go. Thus reasons are neither sufficient, nor necessary for actions to occur. There is a problem in citing reasons as the cause of actions. It could be argued that surely without the reason to let

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\(^{38}\) See also Federke (1992, pp. 61-66).
go she would never have let go and therefore the reason must have caused the action. But if this was not the reason why Janice let go then we run into problems when trying to determine what counts as the cause of an event. We could also cite many other background reasons as to why Jane died including; gravitational effects, her body weight and the fact that she was up on a mountain. Clearly we need to distinguish between those factors that provide for the possibility of an event, and those that we can state as actually causing that event.\(^3\)

This becomes even more problematic when one tries to explain akratic behaviour. Davidson makes it clear in examining that category of action known as “weakness of will,” incontinence, or *akrasia*, that we should not

Succumb to the temptation to reduce incontinence to such special cases as being overcome by the beast in us, or of failing to heed the call of duty, or of succumbing to temptation.\(^4\)

We should also take note of how he concludes his discussion on weakness of will, when he asks

What is the agent's reason for doing \(a\) when he believes it would be better, all things considered, to do another thing, then the answer must be: for this, the agent has no reason.\(^5\)

According to Davidson's account the existence of incontinence (akratic behaviour) occurs not because of some faulty inference concerning the pattern of someone's behaviour, behaviour that is normally interpreted with reference to their overall rational actions and utterances, but that such behaviour is not open to a reasoned interpretation. With Davidson the actor cannot understand himself or herself when performing the incontinent action. Looking to Davidson for help in explaining in such behaviour becomes futile.

In order to better understand the nature of Davidson's causal account of action founded upon intentions, whilst allowing for pure intentions and wayward causal chains, it is useful to consider his most comprehensive discussion of his position.\(^6\) In this he seeks to reconcile three principles:

1. The 'Principal of Causal Interaction' which states that some mental events causally interact with physical events.
2. The 'Principal of the Nomological Character of Causality' states that events that are related in terms of cause and effect fall under strict deterministic laws (although this is later relaxed in his paper).

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\(^3\) Bhaskar (1979) appears to agree with this when he states: 'A person may possess a reason \(R\) for doing \(A\), do \(A\) and yet \(R\) not be the reason why he does it. It is only if \(X\) does \(A\) because of \(R\) that we are justified in citing \(R\) as the reason for \(A\). And we would seem to have no way of explicating the 'because' save in terms of causality.' (p. 115). I must thank Stephen Parsons for bringing this to my attention.

\(^4\) Davidson (1980, p. 30), in the second chapter, 'How is Weakness of Will Possible?'

\(^5\) Davidson (1980, p. 42). He adds in his footnote that there is a course a reason for doing \(a\), but the person lacks a reason for not letting the better reason, not to do \(a\), prevail over that reason to do \(a\).

\(^6\) 'Mental Events' in Davidson (1980, pp. 207-255).
The ‘Anomalism of the Mental’ is the notion that there are no strict deterministic laws, which can form the basis for the explanation and the prediction of mental events. He proceeds to reconcile the second and third principles by arguing for a version of the identity theory, where at least some mental events are identified with physical events, but one that denies the possibility of strict laws connecting the mental and the physical. The reconciliation comes about because although causality and identity are relations between individual events no matter how described, laws are linguistic; and so events can instantiate laws, and hence can be explained or predicted in the light of laws, only as those events are described in one way or another. The principle of causal interaction deals with events in extension and is therefore blind to the mental-physical dichotomy. The principle of the anomalism of the mental concerns events described as mental, for events are mental only as described. The principle of the nomological character of causality must be read carefully: it says that when events are related as cause and effect, they have descriptions that instantiate a law. It does not say that every true singular statement of causality instantiates a law.

It would appear that causal laws are invoked in Davidson’s account, but they are not covering-laws. Kim (1985) emphasises Davidson’s distinction between a psychological generalisation and a psychological law, and gives a clear example of the former:

(D) All persons with mental property M have physical property P.

This may hold true by sheer luck for many observations, as might the statement ‘all the pens in my house are blue’, which is purely coincidence, and not illustrative of any law-like connection between my house and the colour of pens therein. Whereas a law can not only ‘support counterfactuals and subjunctives’, but is also (in principle at least) ‘confirmable by observation of instances’. The underlying problem of connecting psychophysical generalisations understood in mental terms with laws necessarily understood in physical terms becomes apparent. Kim continues:

The mental realm is characterised by certain essential features which would be seriously compromised if there were connections as strong laws, with their modal and subjunctive force, linking it with the physical realm, which has its own distinctive essential features incompatible with those of the mental.

The creation of psychophysical laws would lead to nomic connections that in turn lead to the ‘transmission’ or ‘transfer’ of the constitutive properties of the physical realm to the mental and therefore the mental realm to the physical. The essential characteristic is not that of the holistic nature of the mental, as Davidson views the physical realm as holistic also, but rather the fact that an understanding of mental phenomena requires a commitment to rationality and coherence. Without such a commitment no sense could be made of contentful mental states. What prevents the connection of mental states to

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45 Kim (1985, p.373).
physical states in any law-like fashion is that whilst the mental scheme is committed to rationality as a constitutive element, the physical scheme requires no such commitment. Any attempt, therefore, to reduce mental states to physical descriptions would necessarily deprive these phenomena of their essential intentional content that positions them in a coherent rational mental scheme. Laws, such as those of rational decision making should be understood as being purely normative in character and not predictive. It is on this basis that one should understand the notion of laws in the mental realm and not as one that permits the formulation of nomological predictions and explanations on the basis of precisely characterized and empirically identifiable initial boundary conditions.\footnote{Kim (1985, p.383).}

It is on this basis that Davidson's thesis of anomalous monism needs to be considered and his arguments judged. And whilst Kim (1985) provides us with a clearer explanation of the foundations of his approach we should also be minded of the consistent criticism that this approach has attracted. Whilst we might accept that reasons do cause actions, we find that the relationship between reasons and actions does not provide us with the customary causal relationships associated with the physical sciences, and that necessary and sufficient conditions for action do not appear to exist in any obvious fashion. Recourse to his thesis of anomalous monism might avoid such a dilemma, but that in turn leads us to further criticisms.

There are three major objections that need to be considered:

1. Davidson's approach does not actually provide a causal link between the mental and physical realm, thus, how do intentions lead to actions at all.

2. This approach fails on its own terms when it comes to accounting for future intentions.

3. There are Intentional laws that can be framed in causal 'law-like' generalisation

We shall take the third problem first as this objection has been raised in direct response to Rosenberg's assertions concerning the vacuous nature of choice theory.

\textbf{(4.5) The Possibility of Intentional Laws}

After outlining his argument detailing Rosenberg's failure to show that economics does not constitute empirical knowledge, due mainly to his characterisation of improvements in scientific knowledge being based upon predictive improvement, Rappaport (1995) proceeds to offer an account of why Rosenberg's explanation of the impossibility of predictive improvement is unfounded. The basis of
his rebuttal is based upon Fodor’s alternative approach to intentional states\(^{48}\). In seeking to delineate Rosenberg’s explanation he gives three explanans, the third (R3) states:

There are neither any laws nor any improvable generalisations couched in *intentional* terms.\(^{49}\)

This, Rappaport acknowledges, is based upon Rosenberg’s adherence to Davidson’s doctrine of ‘anomalous monism’. Rappaport then proceeds to briefly outline Fodor’s distinction between basic science (physics) and the special sciences (including economics and psychology). The special sciences whilst not being reducible to the basic science can and do contain ‘well attested and law-like generalisations or laws’\(^{50}\) e.g. the laws of supply and demand. These laws are hedged in ceteris paribus terms and hence not strict. This approach allows that intentional states can be causally efficacious with respect to other intentional states and actions. Rappaport offers an example of such a hedged intentional law

An agent whose most preferred goal is G and who believes that action A is the means to realise G, will perform A.\(^{51}\)

We can compare this with Rosenberg’s statement \([L]\)

\[
\text{If any agent, } x, \text{ wants } d, \text{ and } x \text{ believes that } a \text{ is a means to attain } d \text{ under the circumstances, then } x \text{ does } a. \quad \text{\textsuperscript{52}}
\]

If \([L]\) can be augmented by clauses so that x’s want for d is not overridden by any other wants, and Rosenberg maintains that it can\(^{53}\), then the two statements are equivalent. Yet one maintains that they are causal transactions necessarily covered by a law and the other does not. The difference in positions, I believe, can only be properly understood when one considers the treatment of Davidson’s work by Kim considered above. Both Rosenberg and Rappaport fail to give an adequate account why Davidson’s position eschews the possibility of psychophysical laws, although this may be in part due to Davidson’s not making all of his reasoning explicit. The fuller account of Davidson’s derivation of his doctrine of ‘anomalous monism’, given above, leads to an understanding of laws that disqualifies an understanding of the relationship between mental events and physical events in terms that are normally attributed to law-like generalisations in the physical realm.

Rappaport’s appeal to Fodor’s approach is also under explored as he fails to critically evaluate Fodor’s basis for his assertions and takes it as given that; because Fodor pronounces that the special

\(^{48}\) It should also be noted that he disputes Rosenberg’s claim that improvements in predictive power are reliant upon the uncovering of laws or generalisations themselves improvable in the direction of laws (R2, p152)

\(^{49}\) Rappaport (1995, p.152, italics in original)

\(^{50}\) Rappaport (1995, p. 155).


\(^{52}\) Rosenberg (1995,p31).
sciences can and do contain 'well attested and law-like generalisations or laws', then this is uncontroversial.

It would appear at first blush that Fodor is committed to a position similar to Davidson's earlier work with 'intentional states being causally efficacious qua intentional states' and that causal transactions are covered by laws such that when one event or state causes another event there are properties of the two events which are connected by a law. Yet these are exactly what Davidson seeks to reconcile with his third principle, that of the anomalism of the mental, which Kim has shown leads to 'laws' of social sciences needing to be seen as normative, non-predictive, non-nomic and linguistic in their nature, otherwise the intentionality of the mental domain is lost. What distinguishes their positions is Fodor's commitment to 'atomistic realism', whereby beliefs can be individuated. He claims that it is possible to derive intentional laws that need not comply with any postulate of rationality. When seeking to predict the behaviour of, for example, his paper being delivered tomorrow he states

I don't need to postulate the newsboy's (sic) decision theoretic rationality in order to predict the arrival of tomorrow's copy from the intentional stance. All I need is that intention to deliver the paper is reliable and that, ceteris paribus, people reliably do what they intend to.

On this account to predict behaviour, therefore, requires that we have intentional laws, which are normally couched in ceteris paribus clauses. Thus arguments seeking to deny the possibility of such intentional laws because the physical has no commitment to rationality (i.e. Davidson in 'Mental Events') are flawed. The problem for Fodor on this point is exactly how such laws are to be found. As Dennett points out, in direct response to Fodor, this ignores the issue of determining beliefs from which to derive these intentional laws. Without some notion of the network of beliefs and rationality, the individual beliefs are simply not understandable. It will also be contended that notions of reliability imply some sort of commitment to act which itself is only understandable if a holistic approach is taken. Dennett goes further and accuses Fodor's intentional realism of being unrealistic, as it does not even reflect the holistic attribution of logical connections in Artificial intelligence Theory and practice. Dennett's own position is worthy of consideration here as it has been advanced in defence of the rational choice paradigm, particularly in the realm of economics.

Dennett and Intentional Systems.

Dennett’s most thorough consideration of how we are to understand human activity via a conception of intentional behaviour is in his 1987 work ‘The Intentional stance’ in which he makes it clear that he seeks a ‘materialistic science not only of the brain, but also of the mind.’ He declares his starting point as objective and materialistic, taking a third person perspective that is normally associated with the physical sciences. He goes on to defend what he has labelled ‘folk psychology’ by explaining its successes in predicting human behaviour due to people adopting what he calls the ‘intentional stance’. He gives a first approximation of what he calls the ‘intentional strategy’ which consists of treating the object whose behaviour you want to predict as rational agent with beliefs and desires and other mental stages exhibiting what Brentano and others call intentionality.

To illustrate the nature of the ‘intentional stance’ he first considers what he calls the ‘physical stance’ and the ‘design stance’. The former seeks to predict the behaviour of a system by; first determining its physical constitution and the physical nature of its environmental constraints, and then using them with your knowledge of the laws of physics to predict the future outcomes of any inputs to the system. Whilst he recognises that such an approach is not always possible in practice, he does claim that it is possible in principle.

The ‘design stance’ enables us, according to Dennett, to ignore the intricate details of a systems physical constitution by attributing the system with a design such that our prediction will be based upon the assumption that the system ‘...will behave as it is designed to behave under various circumstances.’ Dennett’s example of an alarm clock illustrates the point well, as a person can predict at what time the alarm will sound by way of a simple inspection of its exterior, and knowledge of what is designed to do. Such predictions would be reliable except in cases of physical malfunction, which might be predicted using the physical stance. The accuracy and detail of the design stance could be improved by descending to a ‘less abstract level of description’ such as the description of the design of the gears but not their material make-up. The difference between the above two stances is highlighted by Dennett’s point that’ if

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57 Dennett (1987, p. 1).
58 Dennett (1987, p. 5)
59 Dennett (1987, p15, italics in original).
60 Dennett acknowledges the indeterminate nature of sub-atomic particles, but sees this as raising only minor problems (see 1987,p16). It should also be noted that according to Dennett (1987,pp3-4) ‘...some particular thing is an intentional system only in relation to the strategies of someone who is trying to explain and predict behaviour...’ This emphasises the third person perspective from which knowledge claims can be made.
61 (1987, p.17, italics in original).
you wanted to predict the clock’s behaviour when it is filled with liquid helium then the physical stance is required as only ‘the designed behaviour of a system is predictable from the design stance.’

At a higher level of abstraction than the design stance, which is itself at a higher level of abstraction the physical stance, is the ‘intentional stance’. Here, the ‘object’ whose behaviour is to be predicted is attributed the status of rational agent. This agent ought to have certain beliefs and desires given its place in the world, and its behaviour is predicted via some practical reasoning where it is instrumentally rational for the agent to do what they ought to do given their desires and beliefs. The shift from the level of abstraction in the design stance to that in the intentional stance is brought about by assuming some notion of rationality in the intentional system where

Rationality...means nothing more than the optimal design relative to a goal or optimally weighted hierarchy of goals.

Dennett cites a number of examples where the invoking of the intentional stance enables us to predict the behaviour of different objects including; thermostats, computerised chess games, mammals that we might wish to trap.

Whilst it might be necessary to attribute mammals, including humans, desires and beliefs it does seem somewhat pointless and possibly misleading to say that there is anything to be gained from treating a thermostat in the same manner. There is simply no need to attribute to a thermostat the “desire” to switch off when it “believes” the room has reached a certain temperature. Why go beyond the design stance? It is surely better to simply state that the thermostat is designed to turn off at the temperature indicated. Indeed many with a basic knowledge of physics would know how the mechanism works at the physical level. We have no need to employ anthropomorphic attributes when seeking to understand purely physical phenomena. Assigning beliefs and desires would in no way enhance our predictive capabilities for such objects. Dennett acknowledges that in fact, such purely physical systems do not actually have desires and beliefs, but that the decision to attribute the system with them is made on pragmatic grounds i.e. if it enhances our predictive power of the systems behaviour.

Another often cited example is that of the computer chess game. Dennett claims that opponents of the computer can only beat the computer if they attribute it with some notion of rationality and desire to

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63 Although Dennett does not specifically state that he is using and instrumental conception of rationality, it is implicit in his notion of ideal rationality. (See 1987, p. 21).
64 Dennett (1978, p. 5). See also pp11-12.
65 There is a fundamental issue at stake here as Dennett’s materialistic approach to understanding consciousness is based on the premise that humans are very sophisticated thermostats.
66 See (1987, p. 7.)
win the game. This again is unnecessary as all you have to do is assume that the designer designed the computer programme so that moves were selected that would most likely lead to a winning outcome. There is simply no need to move to some higher level of abstraction.

In Dennett’s sketch of human interrelations, agent’s wishing to predict another agents actions under certain conditions will be required to attribute both beliefs and, to some extent, desires that the agent have. Problems surrounding the actual measurement of an agents beliefs and desires are circumvented by this approach as long as we find a reasonably reliable relationship between a persons ‘place in the world’ and their beliefs and desires. A person’s intentional state is seen to be the one they ought to have given their circumstances. It is necessary that, for this ‘folk psychology’ approach to be instrumentally useful, the beliefs attributed be

all the truths relevant to the system’s interests (or desires) that the system’s experience to date has made available.

False beliefs are possible, but they require for their existence a system of largely ‘true’ beliefs, such that only a small minority of beliefs would be false. This gives the ‘rule’ that ‘true believers mainly believe truths.’

When considering the attribution of the desires that the system ought to have Dennett gives the rule:

[A]ttribute desires for those things a system believes to be good for it ...attribute desires for those things a system believes to the best means to other ends it desires.

with the attribution of harmful desires requiring ‘special stories’ in a similar fashion to the attribution of false beliefs.

In defence of the accusation that such a position denies the possibility of it being tested, Dennett employs an evolutionary argument. This asserts that, because people in practice utilise some notion of folk psychology when seeking to understand another person’s actions, then it must be successful otherwise the practice would have disappeared long ago. His position on intentional theory is one of: if it works use it. Dennett maintains that:

Intentional theory is vacuous as psychology because it presupposes and does not explain rationality or intelligence.

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68 It should also be noted that in a recent match between Kasparov and ‘Deep Blue’ the IBM computer (1996), Kasparov claims that he only began to beat the computer when he stopped treating it as another human opponent, but instead treated it as a machine that was designed to weigh up so many millions of options in a short space of time and ground it into submission.
69 Dennett (1987, p. 17).
70 Dennett (1987, p. 19). This statement is slightly puzzling as he also claims that beliefs cannot be individuated and hence counted. See the debate on Fodor above.
71 Dennett (1987, p. 20).
It is not surprising that he finds support for its use by claiming its success in economics as he views economics as the social science of greatest predictive power today, is not a psychological theory and presupposes what psychology must explain. Economic explanation and prediction is intentional (although some is disguised) and succeeds to the extent that it does because individual men are in general good approximations of the optimal operator in the marketplace.\(^7\)

Cottrell (1995) appears to feel that Dennett has shown that the charge of vacuity concerning folk psychology, which Cottrell readily admits economics in all its various schools is a form of, is false. That is, even though we cannot measure intentional states, this does not preclude the possibility of improving the predictability of economics.\(^7\)\(^4\) His justification for this rests entirely on his argument that Dennett offers a ‘positive assessment of the role of intentional system theory’ as it can be a fruitful strategy in making predictions as long as we realise that it is not perfect. Dennett’s justifications are purely pragmatic as he adheres to an instrumentalist methodology, yet he stresses that folk psychology is

*instrumentalistic* in a way that the most ardent realist should permit: people really do have beliefs and desires, on my version of folk psychology, just the way they really have centre of gravity and the earth has an equator.\(^7\)\(^5\)

His notion of instrumentalism is differentiated from what he calls fictionalism which employs theoretical statements that are useful falsehoods,\(^7\)\(^6\) and where the attribution of beliefs and desires in the intentional stance seen also as true, but that ‘each is a truth one must understand *with a grain of salt*.’\(^7\)\(^7\)

In invoking Dennett’s approach to the use of intentionality in predicting human behaviour Cottrell may be relying upon an approach that actually negates the philosophical underpinnings of the social science that he seeks to buttress by its use. This is the case if Rational Choice Theory is holding to a position that requires of agents the actual representation of desires and beliefs. Any theory that invokes a notion of preferences, revealed or otherwise, and attributes probabilities that are a proxy for beliefs clearly holds to this representational conception of intentionality.

The similarity with Davidson’s position is striking in the sense that we treat other people as rational. Davidson employs such a constitutive principle, i.e. the ‘Principle of Charity’, because otherwise we would not be able to interpret another person’s actions. Dennett, on the other hand, uses rationality in order to allow some degree of predictability of another person’s actions which is something that

\(^{72}\) Dennett (1978, p. 15).

\(^{73}\) Dennett (1978, p. 16).

\(^{74}\) Cottrell (1995, pp. 161-167). This is also in response to Rosenberg’s thesis outlined above.

\(^{75}\) Dennett (1978, pp. 52-53).

\(^{76}\) See Dennett (1978, p. 720).
Davidson's thesis of anomalous monism places severe restrictions upon. How is it that these two differ in their conclusions whilst at the same time adhering to similar ontological positions?

Dennett recognizes that the fundamental difference between himself and Davidson is one of ontological outlook. Although they have both been guided, according to Dennett, by Quine's emphasis on the need for some Normative principle in the 'game' of interpretation, Davidson uses the notion of the 'Principle of Charity' whilst Dennett emphasises the assumption of rationality. They differ in the extent to which they seriously adhere to Quine's double standard. This double standard basically advances the notion that there are no such things as beliefs but we might speak of them as if they exist out of practical necessity. Davidson differs from this to the extent that his realist position is 'mitigated, that is his approach to the philosophy of mind has as its objects our theories of nature and not our theories of mind.

Both Davidson and Dennett eschew any approach that gives prominence to a first person concept of meaning and oppose any notion of privileged access. They do differ, however, on the relationship between mental phenomena and physical phenomena. Davidson, is a proponent of Brentano's thesis concerning the irreducibility of intentional concepts and states to physical descriptions. This is a position that Dennett has maintained a sustained attack upon via a series of evolutionary arguments and hypothetical examples. His work has been dominated by the desire to show that intentional content can be derived from individual events such that the mind can be understood as a very complex algorithm, which has evolved through a process of adaptation.

Where Dennett falters is in only being concerned with rationality in the context of attributing it to another person so as to interpret their actions. He fails to understand that in order for us to even begin to engage in such a process of attribution, we have already imposed some sort of coherent structure upon the world and this shapes our thinking from the very outset. The real problem for Davidson lies in the nature of his causal linkage between intentions described as mental phenomena, and the way they relate to actions described as physical events. This brings us to objection 1.

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77 Dennett (1978, p. 72-73). This label of instrumentalism is, however, painfully dropped in reaction to much criticism of instrumentalism as understood in the fictionalist sense. See Dennett in Dahlbom (1993, pp. 210-214).
78 I am tempted to state that it actually refutes the possibility of prediction, however Davidson has relaxed his position in recent times. See Kim (1996)
80 See Root (1986, p. 297)
81 It should be noted here that Dennett does advocate a form of Brentano's thesis inasmuch as he is in agreement with Quine's notion of radical indeterminancy. Dennett points out that this does not make him a realist on propositional attitudes or an advocate of 'intrinsic rationality'. See Dennett (1987, p. 345).
Let us follow Kim (1998) in restating Davidson's thesis of anomalous monism, by assigning a mental event as $m_1$ which stands in causal relationship with an event $m_2$, that is, $m_1$ causes $m_2$.

In Fig 4.2 the joining arrow denotes the causal relationship between them. Now according to Davidson the causal relationship that exists between $m_1$ and $m_2$, instantiates a physical law. So that $m_1$ is associated with a physical kind $N$ (possibly neural), and $m_2$ under a physical kind $P$. The physical realms and mental realms, though depicted as separate in Fig. 4.2 are considered to be different descriptions of the same reality. The causal law that is instantiated is the one connecting the events of kind $N$ with events of kind $P$ and is considered to be one of the standard nomological covering laws outlined above. The problem is that $m$ (the mental event) appears to have no bearing on the causal relations with which it is associated. Its causal relations are determined solely by the associated physical properties. If we were to remove mental properties from the world, and simply consider the physical realm, not a single causal relationship would be affected.

The mental realm and the mental event therein do not appear to have any bearing upon the world that is not covered by the relationships in the physical realm, reducing mental phenomena to epiphenomena. This is true even if we allow for non-strict laws (ceteris paribus laws) as there is still no requirement for the mental events to be in existence. If descriptions of events purely in their physical aspect gives us all the causal relationship that we need to explain the move from $N$ to $P$, then how are we to maintain that mental events impact causally upon the physical world. How do reasons and intentions

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82 I am following the line of argument in pp. 33-35 here.
make any difference? This strikes directly at the heart of Davidson's thesis of anomalous monism as this refutes the 'Principal of Causal Interaction' which states that some mental events causally interact with physical events. One possible way around this is to alter the assertion that the causal relationship between physical events is not fully accounted for by covering laws, or that there is a strict one to one relationship between physical and mental phenomena.

Another route might be to follow some kind of quasi-reductionist approach to mental phenomena. We could perhaps maintain a strict one to one relationship between each mental event and its physical counterpart, but insist that the individuation of each mental event would require such a precise physical description that to actually fully describe that physical event in sufficient detail would involve measurements at the quantum level. Such refined measurements would lead to the actual alteration of the physical situation due to the nature of the discovering the position of quantum phenomena. Clearly such considerations are beyond the scope of this thesis, but it worth noting that even if we agree with this kind of materialistic reductionism, this does not mean that we will have a deterministic system.

Whilst we can deflect Rappaport's critique, founded as it is on Fodor's atomistic realism, both Fodor and Davidson have problems when trying to support causal laws hedged with ceteris paribus clauses. Fodor fails to show how these laws can be arrived at, whilst Davidson has a problem showing that his laws are in fact causal at all. We now need to consider the second problem, the problem of future intentions.

(4.7) Future Intentions.

We have seen that Davidson's account of intentional behaviour does not leave us much in the way of understanding the causal relationships between a person's reasons and their actions. Whilst we might resort to the position that we do not seek to predict behaviour only that in some way we can come to understand why it occurred, we have also seen that there are simply some actions that defy a reasoned account. Yet there is a further problem that relates to the internal coherence of Davidson's approach and, if not resolved, leads to the refutation of his theory of intention on its own grounds. This problem is the problem of "Future Intentions."

Future intentions are basically intentions of doing something at a later date. To account for these Davidson seeks to extend his all-out evaluative account of intentional action to the future directed case.

83 Something akin to Heisenberg's Uncertainty Principle, here the measurement of quantum elements leads to the alteration of their speed or location.
The problem is to discern the nature of one’s state when one comes to intend to perform the action at a later date.

In the case of future intentions the agent is seen to be having reasons to act on the basis of a set of ‘prima facie evaluative propositions’ whereas when one comes to act for those reasons, I have accepted a particular, appropriate, all-out evaluative proposition. The all-out evaluation is future directed at the point of intending to act later in time, with the future intention being, like intentional action, viewable as the conclusion of practical reasoning. That is to say that at the point of forming the future intention the agent is concerned with an action type, but when they come to perform an intentional action they are concerned with an action token. This may, however, be problematic.

When considering the desirability of writing my dissertation tomorrow, I am considering an action type and not judging the all-out desirability of a particular action of writing, as would be the case with an action based upon an intention for contemporaneous, intentional action. It may be possible that come tomorrow there is no dissertation writing to judge desirable. To rely on judgements of the kind that any act of dissertation writing tomorrow is desirable is untenable, as some tokens of that action type would be undesirable to me and I would have to verge on being insane to carry them out. To resolve this problem Davidson employs a notion of belief such that, when I intend to write my dissertation tomorrow I judge that any act of mine, which includes dissertation writing and whose characteristics are consistent with my beliefs would be desirable. I do, therefore, have an all-out evaluation of action types as I have precluded the possibility of including actions that I would find undesirable. In my example, when I intend to write tomorrow I maintain that any act of dissertation writing is desirable so long as it is consistent with my beliefs. These beliefs provide a backdrop against which the all-out evaluations of future intentions can be made. In Davidson’s terms an agents future intentions are ‘conditioned’ by the agents ‘future beliefs’.

The kind of condition that Davidson seeks to impose on beliefs is of the form that my writing tomorrow is consistent with my beliefs so that wishing for what cannot be consistent with my belief is ruled out. Davidson cannot accept, however, the conclusion that I believe I will be able to write tomorrow as I can still act intentionally whilst believing that I will not be able to perform the desired act. For example, I may actually try copy a file onto the hard drive of my PC from a floppy disc, whilst doubting that I would actually be able to do so due to perceived inadequacies in my abilities in the use of computers. If, however, I actually manage the task because I find I have the ability to copy the file, which is my goal (I have the pro-attitude for it), then I intentionally make a copy. Intentional action therefore does not require a belief that I can act in the right way.
Davidson's position is also reliant upon a notion that enabling conditions are not themselves reasons for acting in the manner that intentions are. The availability of paper is not itself a reason for writing tomorrow although it will enable me to write. I have to believe that such an enabling condition is satisfied, but even if I do not, I can still simply have an intention to write. I do not, therefore, have to believe that I will be able to write in the future. Davidson's position on future directed intentions thus far is nicely summed up by Le Pore and McLaughlin:

The idea, then is this: given what one believes the relevant future will be like, one judges that doing A in the relevant future is flat out desirable (or more desirable than its alternatives).

The Problem of Agglomerivity

A key problem that Davidson's theory encounters is that rational intentions, in his framework, do not satisfy the "Condition of Agglomerivity:"

If at one and the same time I rationally intend to A and rationally intend to B, then it should be both possible and rational for me, at the same time to A and B.

As Moya points out, this constraint relates to the pre-theoretical aspects of intentions concerning their logical requirements:

[I]f two actions are known by me to be incompatible, I cannot, without incoherence, straightforwardly have the intention to perform both of them.

This is consistent with Davidson's contention that one cannot intend what is inconsistent with one's beliefs (Davidson relies upon the weaker belief condition outlined above). The problem of agglomerivity can be illustrated by way of an example of what is become known as the 'Buridan problem'. That is: How can future intentions be formed in the face of two equally desirable options? To fully understand the implications and subtleties of this problem it is useful to work through an example.

Suppose that I know that I can stop at either of two newsagents on the way to work, Ben's or Bob's, but not both, and that I find both options equally desirable. I therefore have the all-out evaluative judgement that any act of stopping at Bob's is as equally desirable as stopping at Ben's. Do I then, have both intentions or neither of these intentions? As all-out judgements are implicitly comparative then we need to consider whether Davidson's theory can make use of weak or strong comparisons. Weak comparisons would not suffice, as to deem stopping at Bob's as at least desirable as its alternative, in this case stopping at Ben's, would lead to both intentions which are incompatible and therefore violate

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84 See Bratman (1985, pp. 19-20).
86 Bratman (1985, p. 21).
87 (1990, p. 151).
Davidson’s belief condition. This means that I cannot have the intention to go to both and therefore the condition of agglomerivity is violated.

A condition of strong comparability does not ensure agglomerivity either. A strong comparative evaluation would suggest that I have neither intention of purchasing a paper, as neither is judged as all-out more desirable. The problem now is that even though I see each as equally desirable can I still decide which to stop at? A decision of this kind would mean that I could have an intention that does not correspond to an all-out evaluative judgement on a strong basis of comparison. In trying to resolve the problem of agglomerivity in this way we run up against ‘Buridan’s Ass.’

The strong comparative evaluation of future intentions fails to resolve the agglomerivity problem because of Davidson’s reliance on a weak condition of belief. This can be illustrated by an extension of the above example. Assume that today I wish to buy the Guardian newspaper because I have a pro-attitude to read its contents, but I also have a pro-attitude to buy the Independent newspaper. If I also know, for whatever reason, that the newsagent will stock one or the other but not both, and that I cannot know in advance which, then the answer to the following problem becomes problematic. Would my act of buying the Guardian be desirable given my beliefs? Bratman limits answers to possible futures consistent with my beliefs and where all enabling conditions concerning the availability of the Guardian are met. If we also suppose that I judge all-out that any act of buying the Guardian is strictly better than its alternatives, then it is desirable. These alternatives, however, will not include buying the Independent as it would be inconsistent with my beliefs whilst holding the intention of buying the Guardian. Buying no paper at all would be a permissible alternative. On such reasoning I can, therefore, hold the intention to buy the Guardian. The same line of reasoning could also be proffered to include the viability of holding the intention to buy the Independent. Due to a lack of knowledge concerning the enabling conditions and my intentions not being conditional, my rational intention to buy the Guardian and my rational intention to buy the Independent are together non-agglomerative as I cannot rationally intend to buy both.

Davidson’s problem is due to the role of future intentions being understated in further practical reasoning, which in turn is due to Davidson’s ‘strategy of extension’: the practical reasoning used in tying the beliefs and desires with intentional action is extended to future intentions. In Davidson’s conception of intentional action there is no temporal gap between the all-out evaluation and the action and hence no room for further practical reasoning that is plausible when considering future intentions. These future intentions can, because of this temporal gap, become inputs of later future intentions. Future intentions can play a role in practical reasoning.
We form future intentions as parts of larger plans which aid in the co-ordination of our activities over time, such plans are rarely in full detail at the outset and are subject to adjustment over time, they evolve with and aid the formation of future intentions. This is particularly relevant if you consider how future intentions presently formed affect future means and therefore constrain the formation of later future intentions. Bratman considers future intentions in their co-ordinative role, with rational intentions being capable of being part of an overall plan allowing agents to co-ordinate their activities successfully. They will need to satisfy the condition of agglomerivity so that agents can settle on alternatives of equal desirability in advance and, therefore, plan their actions as opposed to crossing such bridges when they come to them. We shall address this issue in more detail in section six.

There are clearly problems with Davidson's account of intentional action, particularly if one wishes to maintain a causal connection between reasons and actions. This, however, is not necessarily good news for those advocating rational choice theory. Rational choice theory has the same underlying analytical structure due to its adherence to the belief-desire-action triad. Where they differ is in the conception of rationality employed. With Davidson rationality is a priori, before we even begin to address problem in the world we must understand what the problems are, and that interpretation relies upon a pre-conceived attitude to the world. With rational choice theory there is no such emphasis upon the holistic aspect of rationality, and rationality is viewed simply as the correct way we should relate means to ends. Whilst the relationship between means and ends is clearly important, it wrong to assume that rationality should be founded upon this basis when this relationship has little meaning outside the social context within which it is set.

**Summary**

We started this chapter by acknowledging the appeals that some economists and political scientists have made for a broadening of the notion of rationality that underpins their social sciences. In particular we have looked at the relative merits of basing our understanding of human action upon Davidson's theory of Intentionality. Davidson's approach has been found wanting on two accounts. Firstly his thesis of anomalous monism is flawed in respect of providing a causal link between mental

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89 This is analogous to the notion of the endogeneity of preferences, ones actions today create changes in our environment that may lead to one's preferences changing in the future, something that poses a problem for decision utilising Paretian criteria as we saw in Chapter 3.
90 Davidson has replied to these criticisms and sought to resolve them by offering a conditional account of intentions, which Bratman labels as the "Davidson alternative." This adds a third choice to the buying of the two papers and that is to buy the paper, which is available. Bratman shows that this still succumbs to
phenomena and physical events, breaking any causal link between peoples' intentions and actions and thereby denying us a foundation for explaining peoples' behaviour. The second problem, relates to the requirement that we need an account of human action that will help us understand how people make decisions now about their future action, their future intentions. This is particularly problematic for our discussion of the political entrepreneur. Not only must our entrepreneur be able to form future intentions concerning their own behaviour, but also they must be able to form expectations about the future intentions of voters. It is also the case that the voters must also be able to consider the prospects of the political entrepreneur carrying out the intentions that they make public in their manifestos. Whilst Davidson allows for rationality to be construed as a social trait, and hence makes possible an understanding of things like promises and other social conventions, the problems of not allowing enabling conditions into the construction of future intentions prevents him from showing how credible intentions concerning future actions can be held.

Dennett has also been the source of inspiration for some in showing how we might invoke normative, constitutive principles of rationality into the realm of economics, his account however is more of a restatement of the instrumental methodology that underpins rational choice theory in its application to the social sciences. Whilst it is true that some of those who are calling for a wider notion of rationality might find succour in the version of folk psychology that he espouses, he has yet to develop a detailed account of how we are to understand future intentions and how they relate to the normative principles of rationality when interpreting behaviour. His approach simply reduces to little more than the idea that we should assume that others behave rationally given the knowledge and beliefs that they should hold. It does little by way of explaining why people might perform actions that may not be in their best interest.

The question begged is: can recourse to intentional explanations of behaviour help us explain people's behaviour in the context of politics and mass elections? I think that the answer is a guarded yes, but we have to look to others engaged in the debates of intentional explanations of behaviour to find such explanations. We shall consider an approach to understanding intentional actions that explicitly considers the role of future plans in determining the formation of intentions in section six. In the next section we consider an alternative to the rational choice approach to political science, in particular we shall return to the origins of the entrepreneurial metaphor in political theory and consider what the Austrian tradition might have to offer by way of an account of the political entrepreneur. This is done before the

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*the same problems, even on a strong notion of alternative. See Bratman (1985, pp. 24-28) and Moya (1990, pp. 153-155).*
consideration of planned intentional behaviour, as there are some interesting similarities in the problems encountered by both approaches.
Political Entrepreneurs: A Radical Subjectivist Perspective.

From section two it is clear that the notion of a political entrepreneur was seen as a key explanatory element in the early history of public choice theory, but that interest in this approach has waned in more recent times. It was also clear that whilst many from the public choice tradition have claimed some relation to the Schumpeterian conception of entrepreneurial behaviour, most have tried to fit his entrepreneur into a neo-classical straightjacket, which is at odds with the dynamic and creatively destructive entrepreneur. Schumpeter also emphasises the evolutionary nature of capitalism and appears to be ruling out the use of comparative statics as a way of understanding such change. Gunning (1997) makes exactly this point where he states that Schumpeter elucidated entrepreneurship by contrasting his image of the real market economy with the static general equilibrium. He defined the latter as containing interaction, but no invention and innovation ("the carrying out of new combinations").

But whilst Schumpeter is concerned with economic development, and thus the entrepreneur is the device which he uses to create the developmental drive, he does limit his understanding of what entrepreneurial behaviour is by defining it in relation to static equilibrium. Static equilibrium is a situation where current combinations of goods and resources are used in ways already widely understood. Entrepreneurial behaviour involves seeking new combinations of resources to produce goods and services in new ways, or to produce entirely new products. It also involves creativity or insight, which means, following Bergson (1920), seeing a problem or its resolution in a single leap. This leap can be reconstructed ex post, and if the insight was correct it could be rationalised as a series of steps that others might be able to follow. The more creative the leap then the greater in number the series of rationalised steps ex post. Schumpeter does appear to have something similar in mind when talking of new combinations as the success of his entrepreneur depends on

the capacity of seeing things in a way which afterwards proves to be true, even though it cannot be established at the moment.

Whilst some have pointed to this mismatch in the approaches of Schumpeter and those who claim to have been inspired by his work no-one has sought to develop a fully Schumpeterian approach to political decision making. This does not mean, however, that public choice theorists have ignored the "Austrian" approach to economic theorising. The approach often referred to as catallactics has been most vociferously promoted by James Buchanan of the Virginia School. He has reiterated his position many

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1 Gunning (1997, p. 178), there are similarities with Shackle’s development of creative thinking here which will be discussed in more detail later in this section.
times along similar lines, and we can garner the flavour of his ideas from examining a few of these publications. After an outline of this perspective we move on to consider one subsection of the Austrian tradition in the form of radical subjectivism, in particular we shall consider the novel ideas of George Shackle and his conception of the entrepreneur. In order to do this we will need to consider his unique understanding of the nature of time and how this relates to the generic problem of acting in an uncertain world. We shall then consider how we might make use of his decision-making schema in the context of politics. From there we will consider another's contribution from the radical subjectivists stream. Ludwig Lachmann offers an understanding of human action that, whilst closely linked to Shackle's perception, placed a greater emphasis upon the role of institutions in the development of peoples' plans over time.

(5.1) Catallactics: The Process of Exchange

Buchanan's adherence to what he calls a 'constitutional perspective' was first prompted by the works of Knut Wicksell, whom he views as the 'primary precursor of modern public choice theory.' This approach is a result of focussing upon the 'institutions of exchange' which are claimed to result in the spontaneous co-ordination or order. An order is brought about by people engaging in voluntary exchange through agreement, contract or trade which, when many people are involved, leads to the idea of complex exchange, defined as:

That contractual agreement process that goes beyond the economist's magic number two, beyond the simple two-person, two-commodity setting.

This is distinct from simple exchange, which involves only two people and is appropriate for most economic transactions. The emphasis within the network of exchanges is most definitely upon the process of voluntary exchange, and because he bases his understanding of interaction amongst people on catallaxy, Buchanan is able to remove any line of differentiation between economic activity (exchange) and political activity (exchange):

So long as collective action is modelled with individual decision-makers as the basic units, and so long as collective action is fundamentally conceived to be reflective of complex exchange or agreement among all members of a relevant community of persons, such action or behaviour or choice may readily be brought under the catallaxy umbrella.

What is particularly interesting is Buchanan's assertion that there is no element of coercion within the pure catallatic system, all the exchanges are voluntary. If we introduce any notion of power, then we move into the realm of politics as opposed to 'economics as catallaxy.' As impure elements such as rents

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3 Mitchell, Frey and Priscing are the ones referenced in section two.
4 Buchanan (1986a, p. 22).
5 Buchanan (1986a, p. 22).
6 Buchanan (1986a, p. 20).
are introduced into the system, then there is potential coercion and alternative methods of analysing behaviour become viable. The purely *catallactic* system, in Buchanan's eyes, is an idealised system against which we can judge the desirability of political reality. It is no surprise then, that we find the ideal constitution under which all political and economic behaviour should occur is one where the rule of unanimity holds. Of course this is a normative statement, and Buchanan accepts it as such. Voluntary exchange is valued positively, whilst exchange under coercion has a negative valuation. Thus, conclusions based upon this approach to public choice will favour free-market style arrangements where appropriate, or if political authority is required it should be decentralised. This becomes more likely in the realm of complex exchanges that characterise the political environment.

Udehn\(^8\) notes that Buchanan\(^9\) was one of the first to point out a key difference between economic and political transactions. The government is engaged in providing public goods, and the relation between payment for and receipt of those goods is not direct. The finance tends to be raised in a non-discriminatory fashion with allocations reflecting to some extent the wishes of the majority of the electorate. The type of public good can also be in the form of the rules of the legal framework within which transactions take place and the constitution itself. Thus the number and breadth of possible futures\(^10\) that a decision-maker might consider is wider in variety here than where the legal framework imposes a fixed constraint.\(^11\) This 'metamarket' is thus far more complex and uncertain.

If we consider the "market" for votes, given that the focus of our discussion is upon the nature of political entrepreneurs seeking office, then you could ask the question: What do you get in exchange for your vote? The relationship between the individual voter's action/choice in an election and the outcome of that election is, as we have already seen, virtually non-existent. Even if there were a strong relationship, that which the voter buys in exchange for their vote is rarely clear. Indeed, the list of functions that government performs on behalf of the electorate is so long and detailed that it would defy even the most diligent of political analysts to completely represent what the voter is buying. Instead the voter is offered a package of measures that are in the form of programmes or promises, and which are rarely written in full\(^12\). The nature of the political exchange differs greatly from the economic exchange, and it is of a kind

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\(^7\) Buchanan (1986a, pp. 20-21).
\(^8\) Udehn (1996, p. 117).
\(^9\) Buchanan (1954a)
\(^10\) Buchanan likes to introduce the terminology of G.L.S Shackle when he talks about peoples' decisions in the light of uncertainty, see for example (1986b, pp. 30-31).
\(^11\) Though we should acknowledge that some people may not take much notice of such constraints it is still likely to be the case that a persons decision making is to be more constrained where they face legal sanction than if they do no not.
\(^12\) Hence the need for the ideological platforms which Downs (1957) offered as way around this difficulty in information.
that would lead us to actually question whether or not it was voluntary in nature. It is clear why those advocating the theory politics as a form of exchange wish to minimise government activity, particularly when we link it to the individualistic approach to human action. *Homo economicus* in its usual guise can be expected to promote their own positions, whether they are political or bureaucratic, at the expense of the taxpayer.

Whilst Buchanan readily acknowledges his debt to Wicksell and Schumpeter, it is only in the recent past that he has fully discussed the influence of von Mises and Hayek\(^\text{13}\). The similarity of his approach to constitutional change and the conclusions of Hayek on the viability of government intervention are too strong to be put down to coincidence. Hayek\(^\text{14}\) contrasts the *catallaxy* with an 'economy', where the latter refers to a 'social practice' which can be defined in terms of a single hierarchy of wants or needs, and where the manner by which these needs can be met is known. Thus the "Pure Logic of Choice" can be utilised in the evaluation of best ways in which to achieve these means. An economy then, is a deliberately created social unit where the ends are agreed upon and therefore open to economic calculus. A *catallaxy*, however, is a network of many economic units, which has no specific common purpose. Its origin is in spontaneous growth and due to the heterogeneity of purposes within it, the *catallaxy* can enable a variety of individual purposes to be met. Market order is maintained by the social construct of reciprocity, which has evolved as the order, which ensures that all benefit. The reconciliation of different purposes is enabled by the individuals engaging in *exchange* and in doing so they contribute to the overall order of the *catallaxy*. Because the knowledge within the *catallaxy* is necessarily dispersed, and reliant upon the subjective evaluations of the individuals making up the *catallaxy*, then no single entity can have access to the overall ends of the *catallaxy*. This rules out the possibility of socialist planning as it would require the planner to have knowledge that simply is not open to them.\(^\text{15}\) This is because cost is purely a subjective phenomenon, thus denying the possibility of obtaining an objective set of data upon which to base any rational calculus. An efficient allocation of resources can only be acquired by allowing the market to operate unimpeded.

The emphasis is on the characterisation of the market as having a tendency towards equilibrium, but unlike the neo-classical approach to general equilibrium, the interest is in the *process* of the movement towards equilibrium rather than the equilibrium position itself. Not only does static equilibrium assume away the economic behaviour that it purports to examine, but also it does not pay

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13 In particular the work he has done with Victor VanBerg (1994). See chapters 4, 10 and 11.
14 See Barry (1979).
enough attention to the evolving process of the *catallaxy*, which defies prediction. The actual activity of entrepreneurship is reliant upon some individuals spotting divergences between people's estimates of costs and filling such gaps. Uncertainty is prevalent, as the future is unknowable, so people use the pieces of knowledge they have to engage in the exchange network, and by doing so help create market order:

The study of *catallactics*, or the science of exchange, because it is not concerned with purely allocational problems...is not therefore burdened with the problem of explaining how men rationally use given knowledge to secure 'given' ends, but explains how, by individuals making the best use of existing, fragmented knowledge, an overall order is produced.\(^{16}\)

Spot the difference between the above by Barry (1979) writing on Hayek's economic philosophy and Buchanan where he writes.

The "order" of the market emerges *only* from the process of voluntary exchange among participating individuals. The "order" is, itself, defined as the outcome of the process that generates it. The "it," the allocation-distribution result, does not and cannot, exist independently of the trading process. Absent this process, there is and can be no "order."\(^{17}\)

Clearly Buchanan is in tune with this approach to understanding the economy.

It is also clear from Buchanan's later writing that he wishes to disassociate his approach from teleological approaches to the market process.\(^{18}\) In line with the radical subjectivist approach to knowledge and the conception of time, he argues that the future is simply non-existent. Thus the economy cannot be moving toward some preordained end point, as this end point is created by the actions of people who have to conjecture what the future will hold and therefore are part of the creation of the future. As these conjectures rely upon the facility of imagination, there are no bounds to the range of possible futures apart from those determined by the physical constraints of the universe. In this non-teleological perspective on the social world, open-ended creative choice acts as an originating force.

Much of Buchanan's argument for this subjectivist position draws heavily on the work of one particular member of the follower of the Austrian tradition who made the role of imagination central to his conception of decision making under conditions of uncertainty. The influence of G.L.S. Shackle tends to be overshadowed by those of Hayek, von Mises, Littlechild, and Lachman. Yet there are tensions between the arguments within their perspectives that are not made explicit by Buchanan. Whilst the conception of the economic process as a system of exchange is a common theme, it is clear that Lachmann and Shackle do not share the optimism of Hayek and von Mises in the assertion that the unfettered market will lead to the best possible outcome for the economy as a whole. There is a rich

\(^{15}\) To be strictly correct it does not rule out socialist planning *per se*, but rather it leads to the conclusion that socialist planning, or indeed other forms of government intervention, necessarily results in a poorer outcome *vis* individual purposes than in the unimpeded *catallaxy*.

\(^{16}\) Barry (1979, p. 49).

\(^{17}\) Buchanan (1982, p. 5). Taken from O'Driscoll and Rizzo (1985, p130.).
literature on the methodological and philosophical differences between the various contributors to the Austrian perspective. Given the narrow remit of this discussion we shall concentrate upon one approach. Following the lead of Buchanan and Vanberg (1991) I shall continue this chapter by assessing what might be called a Shacklean Perspective on Political Entrepreneurs.

(5.2) G. L. S. Shackle.

It was seen in section two that Downs relied heavily upon a particular conception of uncertainty as the foundation for his rational on the existence of political entrepreneurs in the context of information dissemination. I would argue that it is also necessary that we have a degree of uncertainty for any entrepreneurial activity, economic and political. Otherwise there would be no gaps in the markets to exploit nor, following the Austrian approach in this chapter, futures that require creating. Given the primacy of uncertainty in understanding peoples' actions and decision making it is incumbent upon us to explore what uncertainty is in more detail. To do justice to his work we will first need to consider how Shackle's approach to decision making differs from what we could call mainstream economic theorising. This will entail an outline of his conceptions of time, expectations and imagination. From there we will consider Shackle's own judgement on the validity of utilising his approach in the field of political decision making before we go on to consider his formal model in a political context.

Time

Perhaps his greatest contribution to economic theorising and the nature of decision making can be found in Shackle's treatment of how the concept of time is fundamental to a valid conception of the nature of agency in decision making. There are a number of themes that can be drawn out from an appraisal of his writings in this area that are necessarily interrelated, but it should be emphasised that they are all aspects of a single, coherent, conception of the human predicament. Including: Imagination, the impossibility of Newtonian time as a basis for considering human thought and the futility of equilibrium analysis, the subjective nature of the duration of thought and the present.

When reading the many writings on this area it becomes clear that Shackle is addressing the notion of agency. What is also clear, is that the neo-classical conception of rationality coupled to equilibrium analysis actually removes any consideration of agency from economic theorising. Agency is necessarily disavowed because of the commitment to the Newtonian conception of time, which sees all points of time as the same, a homogeneous space. These points of time have no span and are separate and

18 In particular Buchanan and Vanberg (1991).
distinct from all other points. This "objective," Newtonian notion of time, which Shackle calls calendar time, has no way of allowing any deliberation on the part of the agent. And, therefore, removes the space within which the entrepreneur, political or otherwise, manoeuvres. Shackle developed his analysis on the basis of a specific conceptualisation of time, and outlined his notion of the "moment-in-being" in a number of his works; we shall follow the line of his reasoning in his 1958 publication.

For Shackle his "moment-in-being" is 'the locus of every actual sense-experience, every thought, feeling, decision and action.'\(^{19}\) One moment-in-being evolves into the next with the distinction between each unclear. The moment-in-being corresponds to a 'present moment' that is not an instantaneous point but rather 'a still platform from which the "rest of time" can be surveyed.'\(^{20}\) This is not meant in any strict sense, but more in the sense that long periods of time are "embraced" in a single thought or 'mental picture'. This allows the individual to incorporate memory and imagination into their actions and differentiates such time from calendar time. The moment-in-being is held as a fixed position (in the sense that it would be moving relatively slowly when compared with the change in calendar time), whilst one moment-in-being is evolving into the next, it is not possible for the two moments-in-being to coexist. An analogy might be where one considers movement of one's head when turning to look at something. You do not break the movement into a series of infinitely smaller movements, but instead consider the movement as a single whole. This conception of perceptual time provides for the basis of an examination of expectations.

**Expectations**

Expectations are set in a particular moment-in-being with the imagination playing a central role. There are 'conscious limits' to the scope of the imaginative acts which are themselves in part a product of past experience or "memory", and a recognition that there are limits as a result of what Shackle calls the 'inherent nature of things'. The moment-in-being can travel through points in calendar time with new information being received, digested and new conclusions/inferences being formed. It should be noted that a person's mind is allowed the freedom not to hold the same sort of expectations in one moment-in-being as another, as the person's imagination can alter expectations even if the same external conditions exist.\(^{21}\) Yet this said, it is surely important that we accept that we need some link between our expectations. Our previous expectations must be indicative of our experiences thus far, and whilst we have the faculty of imagination to help us explore and develop our expectations, to remove any link

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\(^{19}\) Shackle (1958, p. 13).

\(^{20}\) Shackle (1958, p. 13.).
between them raises serious questions for our conception of personal identity. It could well be that this matter will ultimately lead to the dissembling of Shackle's subjectivist position.

The notion of 'moment-in-being' was transformed somewhat in his later writings. Ford highlights how he moves to a conception of evolutionary time, which draws upon some of the problems encountered by Marshall in attempting to distinguish between the long, medium, and short run. There is also attention paid to the influence of the Swedish School's notion of breaking time into ex ante, the present and ex post. Shackle is clearly concerned with the present, and how our understanding of what it is affects our ability to allow for deliberative agents. It is in the present that the agent's imagination becomes the grounding for an assessment of one's future actions and the plausibility of their consequences. Having laid the methodological foundations for Shackle's conception of decision-making we can now build the technical superstructure.

**Probability**

To fully understand his approach to decision making and the concept of potential surprise it is necessary to know his reasons for the rejection of Expected Utility Theory and the calculus of probability. Again his arguments are spread across the full range of his works and have been the subject of review by many others. The number of reviews, however, dramatically reduced over time and his ideas are rarely, if at all, mentioned by contemporary surveyors of choice theory under uncertainty. Shackle was concerned with how an agent should view the possibility of future outcomes, given current knowledge and the agent's subjective expectations concerning the future. In doing so he revealed some problems with the orthodox approach of Expected Utility Theory. Runde (1992) identifies two main themes in his arguments against probability in the analysis of decision-making.

The first is in regard to the use of frequency ratios, as a basis for probabilities, in the context of one-shot decisions. Put simply, it is not feasible to construct a probability distribution upon such frequency ratios if the choice 'experiment' can only be undertaken once. That is, if the act of making the decision actually alters the conditions under which the agent is actually making their decisions, then it is not possible to re-run the decision, to gather the frequency ratios that will allow a frequency distribution.

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21 This aspect is central to Shackle's refutation of the plausibility of general equilibrium.
23 But as we shall see, later in the chapter, this again gives cause for concern, as it is not clear how one moment-in-being relates to the next.
24 Ford (1994) and Runde (1992) appear to provide the most comprehensive outlines of Shackle's approach to probability and criticisms of it, therefore, the following will draw heavily from their overviews.
upon which probabilities of future outcomes are estimated. This issue is considered by examining the extent to which the 'experiment' might be considered crucial.

The second relates to the use of additive 'distributional' measures of uncertainty in general. Here, the issue is one of whether one can assume that the list of mutually exclusive future states or, to use Shackle's parlance, 'hypotheses of future possibilities', can be said to be exhaustive. If one cannot offer a set of the mutually exhaustive possible future states it becomes necessary to include a subset of states as a residual. The problem then becomes one of how one should alter the probabilities attached to perceived possible future states, when new information sheds light upon some member(s) of the residual subset.

Whether or not an experiment is 'crucial' could possibly be considered a cornerstone issue for Shackle's critique of orthodox economics. For this leads to a consideration of how one can plausibly consider future possible states of the world, when one acknowledges that the agent's own actions will play a significant role in creating those future states. It is because of this causal element of the agent, that the agent's imagination warrants deeper consideration. Indeed, Shackle's approach to possibility could be viewed as a single extended argument, where one takes seriously the concept of agents having a causal role in the world. This requires a notion of time that allows for deliberation, with imagination as the foundation for such deliberations, and a view of the future as something that is constructed by causal agents, interacting in a highly complex and non-deterministic fashion. In the context of his rejection of probability theory, however, we shall narrow the discussion to those elements that directly address such theories. Before we decide upon the issue of experiments being crucial we need to discuss the concept of probability that Shackle sought to refute, and outline some of the concepts therein.

The conception of probability initially criticised by Shackle was that of the frequency ratio approach, whereby one could run a large enough number of experiments to derive a frequency distribution. For example; if you were looking to estimate the number of defective machine parts from a production run, you might have had many production runs previously, observed the number of defectives in each instance, and then constructed a frequency distribution of the number of defectives and their regularity. Based on this you could give an estimate of the probability of getting a certain number of defectives in your next run. Of course this information would be subject to updating, but if your conditions of production and the material inputs were unchanged, then a reliable estimate could be found.

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25 This also brings into focus the need to discuss what it is for an agent to have a causal influence upon their environment, a matter that will be discussed at some length in later chapters.
Such uses of probability are seen as acceptable by Shackle where some basic characteristics of the decision environment hold. These can be separated into two sets.\textsuperscript{26}

Set one concerns the 'necessary conditions' for the derivation of frequency ratios, which include both the number and the uniformity of trials. Shackle attempts to outline situations under which these conditions might be met,\textsuperscript{27} and even attempts to define a closure condition that will ensure a consistent internal constitution. He is, therefore, acknowledging that there may be circumstances under which such ratios are of legitimate use. It is the second set of conditions that preoccupies Shackle, and they concern the type of experiments to which the statements of probability are directed.

Frequency ratios are, according to Shackle at least, applicable to those experiments which might be deemed 'divisible', or under particular circumstances, 'seriable'. By divisible it is meant that a frequency interpretation is taken, whereby they are made in respect of the whole of a long series of trials. Using the machine parts example above: A divisible experiment is one that consists of a series of the next 100, 1000 or 10000 machine parts, and given previous results on the numbers of defective machine parts per number of machine parts examined, say 15% on average, we could give an estimate of 15, 150 or 1500 defective parts. In direct contrast to this a non-divisible experiment is where we consider just on trial as an experiment, that is, the machine part.

Whilst the possibility of divisible experiments in economics can legitimately be called into question, there is the possibility of aggregating a large number of non-divisible experiments. This is the case for what Shackle calls seriable experiments. These can be split into: People pooling their individual non-divisible experiments to create a divisible experiment as in the insurance industry. Or where an individual thinks that they will repeat the non-divisible experiment a 'sufficient' number of times to satisfy the law of large numbers.

Having outlined the two types of experiments above we can now look at 'unique experiments' or one-shot experiments, which are non-divisible and non-seriable. Consideration of such experiments has tended to dwell upon the now notorious quote from Peirce:

\begin{quote}
If a man had to choose between drawing a card from a pack containing 25 red cards and a black one, or from a pack containing 25 black cards and a red one; and if the drawing of a red card were destined to transport him to eternal felicity and that of a black one to consign him to everlasting woe, it would be folly to deny that he ought to prefer the pack containing the larger proportion of red cards, although from the nature of the risk, it could not be repeated. It is not easy to reconcile this with our conception of chance. But suppose he should choose the red pack and should draw the black card, what consolation would he have? He might say that he acted in accordance with reason, but that would only show that his reason was absolutely worthless. And if he should choose the red card, how could he regard it as anything but a happy accident? He could not say that if he
\end{quote}

\textsuperscript{26}Runde (1992, pp. 10-19)

\textsuperscript{27} (1972, pp. 385-386)
had drawn from the other pack he might have drawn the wrong one because an hypothetical proposition such as "if A, then B," means nothing with reference to a single case.\textsuperscript{28}

Such a position has been labelled 'nonfallibilist' by Coddington\textsuperscript{29}, that is the position that statements of probability are allowable if they provide certain knowledge of the relevant outcome.

The above quote is perhaps not the best upon which to judge the merits of Shackle's assertion that the assignment of probability to the outcome of a unique experiment will be false. A key element to Shackle's perspective on decision making and his attitude to probability, that is often overlooked in this regard, is that when making choice over actions one must think strategically. This requires some attitude toward those who are competitors or setters of experiments. That is, where humans are involved in the construction of an experiment and the judgement of the likely outcomes, then not only do we have to consider the detailed make-up of the physical elements utilised in the experiment, but we must also consider the way in which those whose construct the experiment may have sought to influence the outcome. Taking the above card example: If the cards are somehow shown to the chooser to be shuffled in a random manner, then a frequency interpretation seems credible. This is not the case if the chooser is simply presented with the choice and no information is given about the method of card positioning. The chooser is likely to know something about the presenter of the problem and their psychological make-up. Weckstein's\textsuperscript{30} suggestion of Russian roulette with either two bullets or one bullet has the same experimental construction problems. If the barrels were spun in front of the player then clearly the choice of the gun with one bullet would be preferable, assuming there is no bias in their construction. But if the player is simply presented with the guns then strategic thinking comes into play.

The argument centres upon the question of whether or not a one shot game can be considered to be converted to a part of a seriable experiment. Shackle's uses the illustration of a die and the attribution of a particular event (number occurring) being given a 1/6 probability. However, if the number occurs then the probability was unity, if it does not then the probability was 0. Again the question is whether or not the die has been already rolled. If it has already been rolled then Shackle may have a point. If the player takes the gamble before the roll then his position is less secure. As Shackle\textsuperscript{31} claims that the probability is assigned \textit{ex ante} then his position is open to the criticism above.

Because of his position on this, Shackle's ideas became marginalised as economists had a decision theory at hand that could cope with such problems i.e. The Subjective Expected Utility model.

\textsuperscript{28}Peirce (1923, pp. 69-70) in Shackle (1952, p110)
\textsuperscript{29}Coddington (1982)
\textsuperscript{30}Weckstein (1959, p. 110).
\textsuperscript{31}Shackle (1955, pp. 28-29).
The decision is altered from one concerning the expected values of random consequences in one-shot experiments, to one of deciding between the expected utilities of these consequences. Yet as Runde\textsuperscript{32} comments, this presupposes the applicability of mathematical expectation in one-shot experiments, and you would expect Shackle to object on that basis alone\textsuperscript{33}, but he also takes up another line of attack.

Firstly he points out that (using von Neumann and Morgenstern’s [VNM] approach) those utilities assigned on the basis of unique gambles comprise of the compounded elements of; a utility judgement, and a risk judgement, and these two cannot be separated by observation.\textsuperscript{34} The second line of criticism is that the notions and risk and uncertainty are eliminated as the gambles within the VNM model are repeated infinitely. Runde sees Shackle as making a true statement but missing the point as the repeated gambles allow the model to give us the equivalent of the expected value of each individual gamble.

The next type of experiment considered is the crucial experiment. That is one where the act of decision, and the acting upon that decision, destroy the conditions under which it is performed. The destruction is irreversible and relates to Shackle conditions for frequency ratios to be held valid for physical systems. These are:

1. The system must be so circumscribed that its performance can necessarily be classified under some list of mutually exclusive and exhaustive headings.
2. Individual instances of performance can vary in detail but not in general mode of occurrence.
3. Such instances are independent of each other, in the sense that knowledge of one such instance throws no light on the character of the next. This stipulation guarantees the system against the occurrence of a train of instances each leading to a successor more extreme, in some characteristic, than itself. That is to say, the system has no capacity to engender a self-reinforcing and explosive process.
4. The system is guaranteed against invisible change of its constitution. To ensure this, we require it to be insulated from outside itself, and free from any capacity to evolve by some mechanism inherent in its design.\textsuperscript{35}

If an experiment is crucial then clearly the fourth condition is violated. It should also be noted that these are conditions for a physical system. As you proceed through Shackle’s work you are made quite certain that he saw no human situations under which the above conditions hold. That crucial experiments negate the possibility of the frequency interpretation is of no doubt, however this does not, on its own, necessarily preclude a degree of belief interpretation. Subjective Expected Utility is not turned over by the argument thus far.

\textsuperscript{32} Runde (1992, p. 16).
\textsuperscript{33} Which he does, Shackle (1972, p. 406).
\textsuperscript{34} This is the point made by Davidson and others, and is something that will be considered in more detail later.
\textsuperscript{35} Shackle (1972, p. 385). It is made clear by Shackle that these conditions are extremely unlikely to hold for an economic system i.e. One where humans make decisions and act upon them.
Where Shackle does appear to have dealt a more decisive blow is when he considers probability as an additive measure distributed across an exhaustive list of hypotheses or states. The key to the problem is the necessity for the list of states to be complete, this may be possible in certain situations but is generally not the case when considering the range of possible future states of the world that follow one’s decision. Shackle contends that it is inconceivable that one can imagine, let alone comprehend a complete/exhaustive list of the possible future states of the world after for a number of years to come, following an investment decision. To be able to construct such a list would require knowledge of all other peoples’ actions, thoughts and desires and a detailed knowledge of the current situation. Shackle makes clear the problems of the sensitivity of outcomes to initial conditions, and is clearly ahead of his time, in alluding to the possibility of non-linear relationships in economics. This is what condition 3 above is concerned with, and can be emphasised by this quote:

A determinate world might still allow the notion of probability a useful and indispensable role. The need to appeal to probability may arise purely from our lack of insight or of sufficiently sensitive instruments. We may simply not understand, or we may be unable to observe effectively the mechanism and forces which govern the behaviour of the system. All we can observe, perhaps is some boundedness and stability of the visible aspects of its behaviour. It may, for all we can tell, be governed in a perfectly determinate manner, given the events which are allowed to impinge on it. Probability is in that case essentially a means of circumventing some part of our inability to discern the precise relevant character of those impinging events, or to trace their consequences. If 'randomness' (whatever this may be) is in fact a characteristic of the natural world, our appeal to probability will be a permanent and inherent necessity, and not merely a provisional expedient. Our epistemic interpretation of probability provides for either case.36

Concentrating here on the problems posed by incomplete listings and the resulting implications we may cite the main concern: If we cannot give an exhaustive list, or sufficiently describe the items on the list so that we may assign them probabilities, how do we deal with these “residual hypotheses”? If more information comes to light allowing us to assign a probability to some element of the residual hypothesis, then we must adjust the probability assigned to at least one of the existing hypotheses. The problem is that we will have to adjust our assessment of the standing of this original hypothesis, even though there has been no intrinsic change to its standing. Consideration of these problems led Shackle to develop his own unique account of decision making, incorporating his notion of “Potential Surprise.” We shall consider this notion in the context of his formalised schema, with particular reference to political decision making.

36 Shackle (1972, p. 386)
(5.3) Political Entrepreneurs

In section two the notion of entrepreneurial behaviour was divided into two broad approaches when put in the context of political activity. One is policy seeking, where the entrepreneur identifies the possibility of gaining benefits as yet unrealised. By undertaking the role of organising other factors of production so as to supply collective goods and services the entrepreneur might gain some rent. The benefits need not be purely financial as Schumpeter recognised, other rewards could include; power, prestige, honour and fame.

A second type of entrepreneurial behaviour, office seeking, is where the politician or administrator is already a member of an established party who either, already has, or seeks to gain, the position of deciding policy within the party and is seeking to win an election. Again the rewards for such activity can be other than financial. The schema I shall outline below could be of use in the analysis of both types of entrepreneurial behaviour, but we shall be emphasising the office seeking approach to entrepreneurial activity.

In this section, after discussing the relevance of Shackle’s schema in the context of party political decision making, we shall proceed with an illustrative example of a decision concerning the choice of proposed policy in a future election, that is entrepreneurial behaviour in the form of office seeking.37

In assessing the validity of employing his formal schema in the political arena it is useful to gain some idea as to how Shackle viewed the behaviour of political agents, in so much as his published material indicates. When he outlines the plan of his 1972 book, Shackle talks of the ‘General Ideas’ which ‘describe the formal frame in which human experiences takes place.’38 He indicates that he feels concern over the arbitrariness, and consequent danger, of dividing the study of human nature, human conduct, human policy, institutions and history, into such divisions as economics, politics, diplomacy.39

Other evidence that Shackle thought his formal schema might be appropriate to the analysis of political activity can also be found. Writing on the links between supposedly different spheres of life he states:

Political motives, so-called are often in their basis indistinguishable from economic motives, both kinds being concerned with the sharing, or tearing into portions, of the product of man’s collaborative effort.40

Perhaps the best confirmation that Shackle himself thought that his analysis was appropriate to the field of political decision making can be found in his 1957 work, where he states:

37 See my comments on Laver in chapter one for the distinction between office seeking and policy seeking.
38 Shackle (1972, p. xiv).
The adoption, by some political party, of a particular "platform" for a general election: once it has publicised its devotion to some particular policy or line, it can never rid itself of its "record" in this respect.41

This echoes a main theme of his work, which is the "crucial" nature of decision making. The very act of making a decision and acting upon it changes the decision-maker's environment in a fundamental fashion such that, the unique circumstances under which this decision was made will never be repeated. A consequence, which was discussed above, has dramatic implications for the use of probability theory in the context of theory decision theory, as it brings into question the possibility of viewing such an event as part of a serial experiment. Should we view an election as a very large number of experiments, one for each voter, or should we from the perspective of the politician view it as one single experiment concerning the hypothesised outcomes of a single choice act. If it is the claim that Shackle's approach is valid in the context of political decision making, then we are assuming the latter of these two alternatives.

When describing what the 'government' is, Shackle appeals to similar motivational norms that can be found in Schumpeter with the ‘government’ described as

an interest, an entity which is willing to serve the general desire largely because that is the way it serves its own.42

Parties will also implement policies that do not necessarily benefit themselves directly but will enable them to maintain their position of power:

A political party in power trades some of that power for the prospect of its continuance, it takes actions contrary to the more extreme of its own inclinations in order to win votes.43

Shackle is thus acknowledging that members of parties are willing to change their proposed policy agendas in response to perceived "public opinion." That is, the factors that affect policy decisions are more than purely economic. What is necessary, therefore, is an analysis of voting competition that includes some notion of how policy makers perceive how voters might react to differing manifestos. Such a task is not easy, as Shackle comments when considering the difficulties of constructing a schema of human affairs, analogous to that of the self-subsistent sciences,44 because "in the study of conduct, policy and history, who can tell what influences may approach by what roads?"45

40 Shackle (1972, p. 5).
41 Shackle (1957, p. 38).
42 1972,p.5.
43 Ibid.
44 These sciences are characterised by having a demarcated field of concern and not needing contributions from or depending on other fields of knowledge
45 1972,p.31. This problem becomes more acute when we start to consider the limits to the usefulness of Shackle's formalised schema of decision making under conditions of uncertainty later in this section.
Having found some evidence for the notion that Shackle himself thought his schema appropriate for the analysis of the problem at hand, we need to consider how the schema might be fit into the arena of political decision making.

As stated above, the narrow context within which I shall be analysing such behaviour is where the entrepreneur is seeking to ensure “victory” for them or for the party on whose behalf they are acting. The date of the election could be pre-determined as in the case of the United States presidential elections, or could itself be the subject of choice as is the case in the United Kingdom’s parliamentary elections (albeit within a certain time constraint). The motivation of the entrepreneur’s activity in seeking office we may assume, for convenience, to be that of seeking an outcome of a future election that yields the entrepreneur some satisfaction. This satisfaction could be derived from either gaining/retaining power, or putting into a position of power some person, or persons, that will carry out political or legislative duties that are to a significant extent congruent with those of the entrepreneur.

Shackle’s Formalised Schema in the Context of a Party Manifesto Choice

In Shackle’s formal schema, the task is placed before the entrepreneur of deciding upon which piece of machinery they, or the company that they represent, should invest in. The decision will be guided by the desire to choose that piece of machinery that will yield the greatest gain, whilst allowing for the entrepreneur’s inherent disposition to some degree of safety first. For our purposes we shall be considering a policy setting decision-maker. They wish to set in place proposed policies that will enable the party, of which they are a mender/representative, to acquire sufficient votes, or seats, in the elected chamber, so as to gain, or retain, power in a forthcoming election. The policy setter will be expected to have some notion of the potential effects upon the electorates’ voting behaviour, in terms of the extra votes lost or won, of the proposed policy portfolio. It is also necessary for this schema that these effects can be separated out to allow for comparison. For the moment we shall consider the choice between policies for a particular sphere of public order E.g. Law and order. We note here, however, that policies are not always considered in isolation, and that it is a party’s manifesto as a whole that may be considered by members of the electorate, when assessing the desirability of casting a vote for any particular party. One could also, therefore, use this framework where the particular policies were substituted for policy

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46 There is a temptation here to subsume the behaviour of the entrepreneur acting on behalf of a party into one of individual self-interest, as the entrepreneur may be expected to secure victory for the party as a condition of remaining in the position of election co-ordinator.

47 The notion of gain here refers to money only in the context of the choice between competing investment projects, however this does not rule out the possibility of gain in other forms.
portfolios. The process of decision-making outlined below will utilise the notions of “Potential Surprise,” the “Ascendancy Function,” and what Shackle called the “Gambler Preference Function.”

As Boulding notes the world is full of information and the economic agent can only make sense of this world by deciding upon which information to act. A similar problem could be said to exist for the policy maker. It is contended here that it is not unreasonable to assume that a policy setting agent will need to develop an inner set of possible policy outlines. Downs also recognised the need for this within his framework when he stated that regardless of how many data are available, the amount a rational decision-maker can employ for any one decision strictly limited because (1) the human mind, even when abetted by calculating machines, can encompass only a limited amount of information at once, and (2) assimilating and evaluating data take time, which is especially scarce in decision-making because of the pressure of events...thus from the basic nature of being informed emerges the necessity of selecting among data.

To overcome this problem the decision maker and the voter need a device for the a priori focusing of their attention on those matters which can be seen to signify a difference between themselves and any opposition parties. For Downs this was necessary, as a voter with a degree of rationality would be seeking to minimise information search costs. The problem for this characterisation of behaviour is how does the voter know that point at which they should stop acquiring information. If the point is where potential/perceived marginal benefits derived from new information are equal to the marginal cost of gathering such information, then we are left to wonder how the voter knows the possible benefits from as yet unknown information. Some notion of expected utility might be invoked, however, this will rest on notions of uncertainty that as we have outlined above are incompatible with Shackle’s notion of uncertainty and reality.

One way of reducing the problem of excessive informational costs is that of producing what might loosely be termed “ideological positions” that might allow the voter greater ease in making choices. The problem of how much information will, however, still exist for any rational voter as they will still have to discern to what extent the party promoting the ideological position has, or will, pursue policies that are consistent with such a position. From a Shacklean perspective we would also argue that the policy

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48 See Ford (1990, p.23). In Frowen (1990). The term risk aversion is deliberately avoided, as it does not convey the full character of uncertainty that Shackle alluded to in his works.
49 Boulding (1990, p.17).
50 Downs (1957,p. 211). This leads Downs to the conclusion that "...there is no such thing as a purely objective reporting of any situation or event." (p212) This notion of a lack of an objective interpretation of reality is in tune with Shackle’s radical subjectivism, and the role of uncertainty in Downs’ early work has been largely under emphasised. Note, also, the similarity with the position of Simon on human cognitive abilities.
51 See Downs (1957,pp214-19).
setter and the voter would develop an inner set of plausible (to them) choices. This would be done, not purely to minimise costs, but also to allow them to be able to make any sort of deliberated decision at all.

As with the investment decision for the entrepreneur in Shackle's outline, the politician or party policy setter (let us refer to them as the political entrepreneur) is faced with the decision of which policy to advocate or pursue in the presence of uncertainty. I.e. they cannot know in advance whether sufficient numbers of the electorate will be influenced by such a policy proposal as to vote for that party. All they can know in relation to that policy proposal is that different outcomes will or will not occur. This policy will lead to X percent of voters, in particular parliamentary constituencies, voting for it or it will not. This is due, not only to the political entrepreneur not knowing, comprehensively, the situation of that country, but also to the problem of not being able to assign some relative or mathematical probability to the outcomes of such a policy \textit{a priori}. In essence, they cannot re-run the experiment a number of times.

The entrepreneur is assumed to edit the available data and then characterise the alternative courses of action in terms of what is the worst, and what is the best possible outcome of such a policy proposal. These outcomes are judged best or worst according to their anticipated vote attraction, but they must also take into account the decision-maker's expectation of the likely consequences to their actions. Let us suppose that a political party is committed\textsuperscript{52} to taking part in a forthcoming election, and that one area of policy that the party (or indeed the political entrepreneur within that party) feel(s) is in need of clarification is that of law and order. If we also assume that other parties, also committed to the forthcoming election, have made their policy proposals well known on this area, then it is likely that this party will seek to emphasise the differences between their policies and their political adversaries, along with the merits of their policy.\textsuperscript{53} In our example we are faced with the hypothesised reality that the number of armed robberies in the country holding the election has risen dramatically in recent times. Our party wishes to emphasise its concern with this problem. It might be the case that the following subset of choices are seen as congruent with the parties overall ideology/philosophy, and they emphasise the difference between our party and the others. These are:

1) Re-introduce the death penalty for murder.
2) Arm the police on normal patrol duties.

\textsuperscript{52} The sense in which commitment is intended to be understood here, is purely in the every day way of previously stating that they will do so. As we shall see in later chapters a notion of what commitment entails will become central to my arguments for an understanding of rationality in social decision making.

\textsuperscript{53} This decision could occur in the context of a set ideological position, with the ideology acting as an editing device that will preclude the consideration of certain policies not in line with such a position. The issue of the coherence of decision making and its restrictions upon choices is also of vital importance when we come to consider rationality later.
3) Both 1 and 2 above.

4) The status quo. (None of the above)

The selection of available choices may come from a party conference with members of the party themselves being involved in some sort of editing process before voting and influencing policy choices in a way determined by the constitutional arrangements of the party. What is required for Shackle's schema to be applicable to the realm of political decision making in this context is that the final choice of policy proposal to the electorate, is ultimately the responsibility of a single member/representative of the party. In this way the subjective nature of the policy decision making process is preserved.

The political entrepreneur will now form a potential surprise function for each of the possible policy choices. These potential surprise curves are an indication of the political entrepreneur's degrees of belief in the possible number of voters that will be induced/persuaded to change their voting behaviour as a result of them being made aware of the policy stance of this party on this issue. Included in the potential surprise function of the political entrepreneur is the awareness of the possible effects of any lack of ability of the party to inform the necessary elements of the electorate of the policy stance and its implications. Also included, amongst others, are the anticipated effects of the policy stances of other parties, the degrees of belief the electorate hold, as individuals concerning the ability of the party to carry out their election pledges and their promised effectiveness. You could also consider the effects that party agents and information disseminators have upon the electorate perception of the party. In addition to this is the reliability of opinion polls and the degrees of belief one can attach to them, given the quite misleading estimates even from the mean of sample means, in the 1970 and 1992 UK general elections.

The political entrepreneur will have some degree of belief concerning the efficacy of the proposed policies in attracting specified levels of effective votes from the electorate. These degrees of surprise will be associated with a particular political entrepreneur at a particular moment-in-being, referring to the occurrence or non-occurrence of changes in voting behaviour, be it to the benefit or detriment of the party.

In Fig (5.1), I have arbitrarily attributed four potential surprise functions to our hypothetical political entrepreneur, which will represent their expectation as to the outcome of each particular policy. The potential surprise functions for each of the policies are numbered 1 to 4 respectively, with the number

54 It should be noted here that the above list of options is by no means exclusive, and in no way do they reflect the author's own opinions on this matter, they are purely for the sake of exposition.
55 Such a characterisation of the political process is open to empirical analysis and thus the charge of false personification may be rebutted.
of votes gained or lost indicated by the horizontal axis. If \( y \) is the amount of potential surprise, and \( x \) is represents an outcome then we have:

\[
y_i = y_i(x) \quad \text{where } i = 1, \ldots, 4.
\]

(5.1)

Each curve has a significant segment where \( y = 0 \) and they merge at each end into 'monotonic increasing or decreasing segments leading to those values of \( x \) above the upper and below the lower of which \( y \) takes everywhere the absolute maximum value'.\(^{57}\) The maximum possible level of potential surprise is indicated by \( \hat{y} \). The diagram also adheres to the 'ninth initial' proposition of the Shacklean potential surprise curve, which states:

At least one member of an exhaustive set of rival hypotheses must carry zero potential surprise.\(^{58}\)

The two branches of the potential surprise function can differ from each other, and they do not need to be continuous. We could say that the shapes of the potential surprise functions are determined by the feedback that the information gatherers and information disseminators have made available to the party.

The manner in which the political entrepreneur processes such information is beyond the analytical scope of this paper, all we can say at this juncture is that the media and other canvassers of opinion will have their respective influences.

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\(^{56}\) I am following Ford (1990) in the mathematical treatment of Shackle's schema here, though I am not quoting him precisely. It is coincidental that our equation numbers match.\(^{57}\) Shackle (1955, p. 40).
Although we have postulated four potential surprise functions we shall now concentrate on a single function to illustrate the formal mechanism, before returning to consider all four policy possibilities. We now need to superimpose the political entrepreneur’s ascendancy function onto the diagram. This indicates what Shackle termed the ‘arresting power’ of the expectational elements contained in the potential surprise function. This ascendancy function is not required to be the same for both gains and losses, that is it does not need to be symmetrical about the vertical potential surprise axis. The potential of gaining/losing a greater numbers of votes is obviously going to attract more attention than the potential of gaining/losing fewer number of votes. This does, however, need to be tempered with by the expectation of realising those gains/losses. Hence the shape of the curve. The low risk of gaining a very small number of votes is given the same qualitative rating as the high risk of gaining a large number of votes. Therefore, points on ascendancy functions crossing the gain loss axis furthest from the vertical axis, will be the subject of the political entrepreneur's interest. Formally this ascendancy function can be written as:

\[ \phi = \varphi(x, y) \] (5.2)

Which can be split into; \( \varphi_L \) and \( \varphi_G \) for the loss and gain space, and with the conditions:

\[ \frac{\partial \varphi_L}{\partial x} > 0 \text{ for } x > 0; \quad \frac{\partial \varphi_L}{\partial x} < 0 \text{ for } x < 0; \quad \text{and } \frac{\partial \varphi_G}{\partial y} < 0 \text{ for } x \neq 0; \quad \frac{\partial \varphi_L}{\partial y} < 0 \text{ for } x < 0 \] where \( x < 0 \) means a loss. It is assumed also that we are in the space where \( y < \hat{y} \) for all instances.

\[ \hat{y} = \text{Maximum Potential Surprise} \]

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58 Shackle (1949, p. 131).
59 This is the ability of the possible outcome, with its associated degree of expectancy, to grab the political entrepreneur's attention.
The ascendancy function is assumed to be continuous which allows it to be represented by indifference curves in \((G, y)\) and \((L, y)\) space\(^60\). These give rise to the ascendancy function of the form in Fig. (5.2). To enable a decision to be made between the options deemed feasible by the political entrepreneur in their environment, then the political entrepreneur must 'fuse' the ascendancy function and potential surprise function together, a process that Ford refers to as a telescoping.\(^61\) This fusing, or telescoping of \(y = y(G)\) and \(y = y(L)\) into a single argument occurs via a process of "maximising" the \(\phi\)-functions (one for gain and one for loss) separately with respect to the relevant branches of the potential surprise function. The two functions are put together in Fig. (5.3).

If we consider Fig. (5.3), then, if the political entrepreneur seeks to “maximise” the ascendancy function over gain and loss, they would choose points L and G. We can see that at these points of tangency the highest level of ascendancy has been attained, subject to the constraint of potential surprise. This point, however, is referring to an expectational element in-so-much-as the expected gain in votes is equivalent to \(OAg\), with a potential surprise of \(OQ\) being attached. This expected gain is called the

\(^{60}\) Which is explained by the following line of reasoning given in Shackle (1955, p. 45): Let \(\phi = \phi(x, y)\) be illustrated by a set of contours with \(\phi = \text{constant} > 0\), also if we can write a member of this set as \(y = F(x)\) then, \(\phi(x, F(x)) = \text{constant} > 0\), and along each of the contours \(d\phi/dx = (\delta\phi/\delta x) + (\delta\phi/\delta F)(dF/dx) = 0\), so that \(dF/dx = (-)(\delta\phi/\delta x)/(\delta\phi/\delta F)\). F being another name for variable y means that we have assumed \(\delta\phi/\delta y\) is everywhere negative and for where \(x > 0\) \(\delta\phi/\delta x\) is positive. From this it follows that where \(x\) is positive \(dF/dx\) is also positive and the contour \((y = F(x))\) slopes from smaller to larger values of \(y\) as \(x\) is increased. There is the added restriction \(\phi = \phi(x, y) = 0\), so that no contour \(\phi > 0\) can reach the line of maximum potential surprise \((y = \bar{y})\). A parallel arguments runs for the negative values of \(x\).

primary-focus gain, it has an associated primary focus-loss (OA\textsubscript{L} in fig 5.3) with its degree of potential surprise (OR).

The aspects of primary focus gain and focus loss are what the political entrepreneur will have their thoughts centred upon. It is on the basis of these focus-gains/losses that the political entrepreneur chooses between the policies deemed feasible. In essence they are the best possible outcomes or worst possible scenario. In terms of voting outcomes, the most votes they could expect to be gained from advocating this policy and the most votes they could expect to lose.\textsuperscript{62}

To proceed with the decision making process the element of potential surprise needs to be removed so that a comparison of policies can be made on a similar basis. The potential surprise element needs to be discounted out. To do this we identify the gain and loss that would be identical to primary gain and loss such that it has the same ascendancy value but with an attached degree of potential surprise equal to zero. These are labelled the ‘standardised focus-gain’ and ‘standardised focus-loss’, as they are placed on a similar basis. On our diagram these expectational elements have been converted into two levels of vote changes, one an increase (OB) and one a decrease (OD). This done, the political entrepreneur is in the position to make the choice between policy options as they can now rank the pairs of gains and losses using the ‘gambler preference function’.

The gambler preference function gives a condensed account of the political entrepreneur’s ranking of the pairs of standardised focus values. From these we derive curves of indifference, which trace out those combinations/pairs that produce equal levels of satisfaction. With utility seen as a function of the standardised focus gains (SG) and standardised focus losses (SL):

\[ U = U(\text{SG}, \text{SL}) \]  
(5.3)

Where

\[ \delta U/\delta \text{SG} > 0; \delta U/\delta \text{SL} < 0 \]  
(5.4)

They only indicate preferences, as Shackle shies from invoking the notion of a utility index.\textsuperscript{63} The slopes of the indifference curves are linked to the political entrepreneur’s liking of gambling, or extent to which they are cautious. The slopes will also be influenced by the individual’s state of mind in the particular ‘moment-in-being’, i.e. whether or not they are feeling pessimistic or optimistic.

When Shackle presented the indifference curves as in Fig. (5.4),\textsuperscript{64} he employed the analogy of the geographer’s contour map and likened his gambler preference map to that of the economists

\textsuperscript{62} We could also talk of the expected gain or loss of parliamentary seats in the House of Commons when examining policy formation in the context of the UK.

\textsuperscript{63} Although Ford (1990) has found it useful to do so.

\textsuperscript{64} Shackle (1979, p. 181).
indifference map. On the vertical and horizontal axes are the degrees of 'inducement to invest' and the
degrees of 'counter inducement to invest'. For our purposes these could be possible votes (or
parliamentary seats) won on the vertical axis, and those lost on the horizontal axis. The curves are
assumed to slope north-eastward in the gain-loss plane, as Shackle assumed that it would require a larger
focus-gain to compensate for a larger focus-loss.\(^6^5\) The curves also steepen towards the east, which
implies that the political entrepreneur is risk adverse in the sense that the degree of compensation grows
as the amount of possible loss increases.

![Gambler Preference Map](image)

**Fig. 5.4**
Gambler Preference Map.

Shackle, in trying to impose some limits to the gambler preference map, imposes a vertical
barrier somewhere on the horizontal axis. This would indicate the total loss that the enterprise could
sustain. For our purposes it could be the total number of votes they could lose, or bear the thought of
losing.\(^6^6\) Unlike Shackle's entrepreneur, who could possibly earn an unlimited fortune following a

\(^{65}\) See Shackle (1979, p. 118).
\(^{66}\) The Eastern barrier need not be at the point representing the total number of registered votes, but at a
point that might represent perceived political "suicide". Because, if not enough votes, or seats in
parliament, were attained then the party may lose any chance of power in the future. Also the political
entrepreneur would stand the chance of losing their job.
particular investment strategy, our political entrepreneur has an upper limit of possible new or extra voters gained. There are only so many registered voters. We can, therefore, construct a horizontal barrier, as above, in the standardised gain/loss space that represents the size of the registered vote.

The steepness of the curves as they approach the eastern barrier indicates the acceptability of losing all votes. If this is totally unacceptable and the possibility of gaining all the votes is acceptable, then the curves will be asymptotic to the eastern barrier but not to the northern barrier. The choice between the alternative feasible policies is thus made on the basis of their rankings on the map. The further toward the northwest the gain-loss pairings lay, the higher their ranking. The policy that has its corresponding gain-loss pairing on the curve furthest northwest is chosen. If we now assume that each policy (1-4) has undergone the above process of standardisation of loss and gain, then from the Fig. (5.4) we could see that policy (3) would be the preferred choice, as it lays on an indifference curve furthest north west. The political entrepreneur is indifferent between the policies (1) and (2), and where these are preferred to policy (4).

It is not claimed that such a model is a truly Schumpeterian model of the political entrepreneur's decision-making processes, as Shackle does not define the operations of his entrepreneur in relation to movements away from, or towards, general equilibrium. Shackle and Schumpeter do, however, share an emphasis on the creative nature of the entrepreneur, and the fact that the effects of their actions upon the economy are unknowable. This model of decision making appears to offer a way around the problem of dealing with the uncertainty of voters' desires and their likely response to policy proposals. By removing the paradox of search costs i.e. when do you know that the search for any more information will stop yielding a net benefit over the costs of such a search, we might have an explanation of how they deal with the complexities of making sense of such an issue as policy choice, where the goal is to win an election.

(5.4) Problems with Routine Behaviour.

To be a viable explanation of political decision-making we require an understanding of how Shackle's notion of entrepreneurial behaviour fits into an overall understanding of behaviour in the political arena in general. Is it possible that on some occasions the political entrepreneur acts as described in the Shacklean framework, whilst at other times they make decisions along the lines of a sequential, or perhaps incremental, notion of the political process? Or is it possible that different types of people make different sorts of decisions? Shackle addressed the problem on a number of occasions and made it clear
that his notion of decision making, based upon the concept of potential surprise, was applicable to certain
types of decisions only. At other times decisions would be made on an incremental basis:

The business scene, moreover, is made up of smaller and larger pieces. The interpretation
and manipulation of the larger pieces, the policies of governments, the outcomes of
political and diplomatic ambitions, of the greater commercial schemes, are ‘momentous’
and intimidating. There will be hesitation to take the first step. Meanwhile play can go on
with the smaller pieces. Play with the smaller pieces will constitute stability, until a clear
advantage for some one or other party to the large-scale game appears.\footnote{68}

It is suggested elsewhere that the smaller decisions will be taken upon a different basis. Shackle’s analysis
of choice concerns those choices dependent upon acts of thought that are ‘first cause’. He distinguishes
between types of choice by stating:

Many choices are of course mere responses or obedience to habit or simple reckoning. By
choice we ought to mean a \textit{momentous} act of thought.\footnote{69}

For such acts of choice to be original they must contain some element of \textit{ex nihilo}, such that the person
involved in the decision making is creative, in the sense that the outcome of the decision making could
not be predicted by analysing the antecedents to the choice.\footnote{70} The link between those ‘Choices’, which
might be deemed less than original, or containing no element of originality therein, and the ‘momentous’
acts of thought, might, one could reason, feasibly be found in the notion that the larger-scale choice sets
the scene within which the smaller-scale choices are made. A ‘choice amongst policies’ will indicate ‘a
general orientation of the chooser’s taste or temperament towards a broad class of sequels.’ The choice
between these policies \textit{will be designed to give special possibility} to the skein of imagined sequels’ and
this will depend, in part, upon the decision maker taking further actions in the future so as to ensure that
the ‘imagined sequel’ to the original decision is, to some extent, realised. At least it must be assumed that
the decision-maker assumes this to be true at the outset.\footnote{71}

In a political schema this could be thought to occur in the sense the party sets a goal, for
example; to win an election they must gain at least 51% of the representative seats of the legislature (seats
in the House of Commons). The political entrepreneur responsible for planning the strategy of such an
election campaign will have to, we assume, make a choice as to which of the possible manifestos should
be put to the electorate. Within this schema we could perhaps assume, following Shackle’s lead, that the
person who makes the final choice, as to which manifesto to propose, will have in mind that to achieve

\footnote{67} This ranking of policy alternatives has been decided here on a purely arbitrary basis.
\footnote{68} Shackle (1972, p78).
\footnote{69} 1988,p206. Italics in original.
\footnote{70} This clear when one reads the following:
He may assume that his act of choice is in some respects an \textit{absolute origination}, something not
wholly implicit in antecedents, he may deem his thought not to be entirely determinate, but able to
come in part \textit{ex nihilo}. Shackle (1988, p. 61)
the imagined sequel, which gave the most agreeable gain-loss pairing, a whole series of other events will occur. The political entrepreneur will, therefore, also have in mind a set of future actions that they will pursue. This sequence of future actions may have to be altered in light of new information as events unfold. This new information may lead to the political entrepreneur being persuaded that they should alter their original plans. The extent to which they can alter their plans will be limited, this because of the nature of political competition, a manifesto promise cannot be altered without risk of the loss of credibility. The alteration of such plans, or negation of promises, can lead to the electorate questioning the coherence and, ultimately, the rationality of the party’s position.

Lachmann: Planned behaviour

A figure closely linked to Shackle in the Austrian tradition is that of Lachmann who emphasised the need for plans in understanding a person’s actions over time. For people to act at all Lachmann states that a person must make plans, comprehensive surveys of the means at their disposal and the ways in which they might be used, and let their actions be guided by them.

A successful plan is one that takes into account the environmental conditions that the agent faces. These include both the physical as well as the social, with the latter likely to be far more problematic as the reactions of others to the agent’s plans is possibly the most uncertain element that they will encounter. So far this is in agreement with Shackle, but he goes further in emphasising the relationships between people. Uncertainty may be tempered by the requirement of others seeking to fulfil their plans, and as such, people’s plans in general will be fulfilled when there is some degree of co-ordination between them. Over time conventions are thought to evolve as a response to this requirement for co-ordination, and these conventions, or institutions, provide the agent with a sufficiently stable backdrop for them to engage in detailed lengthy plans. These plans are hierarchical in nature, enabling the agent to proceed with a series of actions whilst remaining open to a changing environment over time.

The similarity between Lachmann’s ideas and the work of Herbert Simon is striking, and has been highlighted by a number of economists. To understand this link we need to briefly consider the concept of bounded rationality as developed by Simon over a number of years.

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71 Quoted from Shackle (1979, pp. 42-43).
72 See in particular Lachmann (1971).
73 Lachmann (1971, p. 30). Taken from Langlois (1986).
74 See for example: Loasby (1998), Langlois (1986) and Thomsen (1992). Jackson (1982) has also been tempted to see some sort of affinity between the works of Simon and Shackle, though he tends to use Shackle as foil for problems with the neo-classical paradigm, and Simon’s approach as one way of
Bounded Rationality

The main two tenets of bounded rationality are that:

(1) Peoples’ cognitive abilities are limited and as such prevent them from being able to assess the best possible choice of action as regards maximising their utility thus the classic quote:

> The capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world - or even for a reasonable approximation to such objective rationality.\(^7\)

(2) The amount of information available to the individual falls short of the assumption of perfect knowledge often attributed to the idealised economic agent in general equilibrium theory.

Because of these two basic realities the individual is forced to employ decision processes that differ from utility maximisation, and instead use the heuristic devices of satisficing and problem simplification. Such simplification involves the usage of hierarchical approaches to plan generation and is illustrated by analogy:

> If you ask a person to draw a complex object—such as a human face—he will almost always proceed in a hierarchic fashion. First he will outline the face. Then he will add or insert features: eyes, nose, mouth, ears, hair. If asked to elaborate, he will begin to develop details for each of the features—pupils, eyelids, lashes for the eyes, and so on—until he reaches the limit of his anatomical knowledge. His information about the object is arranged hierarchically in memory, like a topical outline.\(^6\)

People do not make a once and for all decision, but instead make a series of decisions that allow for the availability and necessity of information. This move from substantive to procedural rationality\(^7\) has been well documented in economic literature and it is not necessary to outline this approach in full here. It is also worth noting Simon's acknowledgement of the requirement for some kind of 'Schumpeterian component' to provide initiative:

> In the Walrasian picture, there is at all times a fixed set of markets, each with its supply function and demand function and a price fluctuating around the equilibrium value. Markets are neither created nor destroyed. In an economy where actions must be positively motivated (let me call it a Schumpeterian economy), commodities are produced only after someone is motivated to consider producing them. Investments are made only when someone is motivated to pay attention to a potential investment opportunity and decides to invest. Job slots are created only when employers attend to the need for more workers and decide to try employ them.\(^8\)

In the context of Lachmann's work, the possibility of plans reflects the way in which the person's decision making takes into account the social/institutional environment within which people function. He emphasises the difference between those (external) institutions which allow for a great deal of change,

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\(^7\) Simon (1957, p. 198).


\(^7\) Which is the title of Simon's (1976) often quoted essay on this matter.
like the legal framework, and the (internal) institutions which will have grown/evolved to suit the needs of those operating within the more general institution. At the outset a plan will be designed to meet with the constraining aspects of the external institutions, but as the specific details of the environment within which the agent operates become known (‘concrete’) the plan can become more refined.\(^7\)\(^9\) Does this help us evaluate Shackle’s decision schema? To understand more fully how issues of a possible mismatch between the large-scale and small-scale decisions might affect our analysis we need to consider more deeply the notion of sequential analysis, that is implicit in the above.

**Sequential Analysis**

The notion of sequential analysis is not new in the discussion of government activity. Johnston (1991) in giving a critique of the ‘Economic Approach’ to the political process describes the political process as a sequence of ‘many actions’ that ‘belong to highly programmed sequences.’\(^8\)\(^0\) These actions are viewed as being ‘triggered’ by the program that determines the sequence, rather than a series of discrete decisions or choices being made. Each action is seen as being part of a well-defined order (or overall plan) that has its antecedents in previous actions, and is thus prompted automatically. The chain of events continues until the sequence is completed. The actions that are taken are supported, in this view, by ‘tacit knowledge’, which Johnston points out, implies that

the agent is rendered capable of making a decision only by the fact that there are so many actions she or he routinely takes without the need for decision or awareness.\(^8\)\(^1\)

We might thus be able to characterise Shackle’s notion of larger-scale and smaller scale decisions such that the political entrepreneur, when making an actual choice, knowingly sets in motion a sequence of acts that at the moment of choice were thought to imply the desired outcome of that choice. The problem for Shackle here is that, in order to set in motion a sequence of actions to bring about the desired outcome, the political entrepreneur must have knowledge of the political system, and that knowledge of the system must in some way affect their conception of the extent to which the imagined consequences are feasible (the degree of potential surprise that they attach to the consequences of different choices).

What is needed, therefore, is some way of allowing history and antecedents into the political entrepreneur’s thought processes. If we do not account for peoples’ behaviour between the large scale decisions then we have a problem: The political entrepreneur must be able to imagine the sequence of small-scale decisions that will be required to bring about the most desired outcomes, given their degrees

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\(^7\) Simon (1984, p. 53). Taken from Thomson (1992, p. 67).

\(^9\) See Lachmann (1971, p. 81).

\(^0\) Johnston (1991, p.95).
of potential surprise. If they do not have a notion of the process of how those smaller decisions will be made, how can they reasonably imagine the future outcomes given the choice over the larger decision?

Now it is true that "unknowledge" is the essence of Shackle's schema, and that a lack of knowledge of peoples' future actions is integral to a non-determinist's position, but to be able to attribute degrees of potential surprise to future imagined outcome, requires some estimation of how people might behave once your momentous decision, which precludes other momentous decisions, is taken. The question has now become one of whether or not Shackle's analytical schema can account for people behaving in different ways, with respect to different types of action. Does it have one conception of cognitive activity for large-scale decisions (momentous acts), and another for small-scale decisions (responsive or habitual acts)? Shackle does indicate in his later work that he feels that not all people have the same ability to be entrepreneurs:

Action springs from the thoughts of individuals. But some individuals endowed with exceptional powers of imaginative conception and the urge to exploit the possibilities they see.82

What Shackle does not do is indicate whether or not people utilise differing amounts of these exceptional powers for the large-scale from those in those small-scale decisions. He does say that the decisions between the momentous acts of choice could be purely habitual or simple reckoning, but he provides no basis for an understanding of how such actions come about. For sequential activity, or habitual behaviour, to be possible some notion of learning such response to stimuli is necessary.83 To deem something a habitual action implies a certain lack of consciousness on the part of the individual performing the action.

As Hodgson notes:

To sustain a more adequate notion of habits we have to include levels of action that are not open to full deliberation.84

Shackle's subjectivist position has deep-rooted difficulties with such a conception of routine behaviour.

Parsons points out that Shackle grounds his

analysis in the thought and consciousness of the individual, and hence in defining concepts such as time within this framework, everything ultimately becomes reduced to contents of thought or consciousness.85

Parsons shows us that, by reducing time past to memory and subsequently thought, which takes place in the present, Shackle is left with a problem. There are difficulties in reducing the past to "facts of

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83 Unless, of course, they are purely instinctive.
84 1988, p126.
consciousness’ as the past surrounds us and can be found in the customs, institutions and traditions that we share socially. This leads Parsons to the conclusion that it is precisely because of Shackle’s grounding of knowledge in individual consciousness that, despite many suggestions, Shackle simply cannot introduce institutions into his analysis in any meaningful way.\(^8\)

The final question we are left with is: Can Shackle’s notion of decision making under conditions of uncertainty be utilised when examining political decision making, with particular reference to election strategies, whilst at the same time utilising a different notion of decision making during the day to day running of the political machinery? We have seen that radical subjectivists have made attempts to incorporate plans into their understanding of peoples’ behaviour, but it is by no means clear that they can utilise this approach. Clearly Shackle recognised the need to account for the influence of institutions and habitual behaviour, but his desire to remove any trace of determinancy from a person’s decision has also lead to him isolating decisions in a way that prevents a relationship between the past and the present.

(5.5) Shackle and Intentionality.

Davidson’s critique of reasons as the cause of actions outlined in section 4 highlighted the existence of some real problems for rational choice theory, particularly in the guise of subjective expected utility theory and it may be of use to see how Shackle’s approach fairs against this critique.

Whilst the manner in which Shackle has attempted to understand, and make understood, what the nature of human decision making consists in, altered in emphasis, the theme of writing was consistent throughout his work. It was crystallised in his later writings in two significant works. One of which has received a great deal of attention, “Epistemics and Economics” (1972), the other has had less consideration, “Imagination and The Nature of Choice” (1979), yet this possibly is the clearest exposition of his approach to the subject. What is of significance here, is his acknowledgement of the way in which decisions taken today entail a commitment to a range of possible future actions and exclusion of other possible actions.

Choice allows the chooser to anticipate (‘take beforehand’) some unfoldings of affairs and precludes his supposition of others. If the effect of choice is to allow the chooser to envisage as possible some desired variants of history-to-come, what is the essence of the act of choice which gives it such power? Its vital nature is commitment. Choice is a resolve, a moral and not merely an intellectual act. Choice erects a structure of intentions, any abandonment of which will be hurtful to the chooser in some degree. In the act of the choice, the chooser in some degree stakes his own self-esteem.\(^8\)

\(^8\) Parsons (1993, p. 72).

\(^8\) Shackle (1979, p15) my emphasis. I was alerted to this by an excellent overview of Shackle’s conception of time in Currie and Steedman (1990).
It is clear that once a decision has been taken it will, in some fashion, act as a filter on the consideration of future actions, and is central to any notion of some form of planning over time. Shackle is clearly concerned with issues surrounding choices made now that are in some part reliant upon unknown eventualities, with different possible outcomes that are of relevance to the choice now. He comes close to formal assessment of such issues when he considers the ‘Combination of Conditional Possibilities’, the title of the second section in his 1979 exposition on the axioms of potential surprise.

The dilemma of how to incorporate future conditions as part of the knowledge upon which current decisions about future actions are to be made, where the actuality of those future conditions are fundamentally unknowable, is summed up by a parable. He considers the case of an explorer who has to cross, on foot, a mountain range and a swamp in order to reach a desired position. The explorer is of the state of mind such that they would not be much surprised if they managed to find a path across the mountains, but they would be very much surprised if they succeeded in crossing the swamp. The question is one of how the explorer should combine the two feelings, so that they might assess the possibility of the whole journey. Shackle’s resolution involves the decision rule of concentrating upon the route that, at the outset, appears to offer the least obstruction to the whole journey being completed. This is seen as preferable to some arbitrary addition, of the two separate probabilities for the completion of each of the individual elements of the journey. The possibility of the journey is viewed as being equal to the possibility of completing the least possible element of the journey. Within this conception is the emphasis upon the agents intuitive understanding, with res cogitans being the relevant focus of inquiry and not the probabilities constructed in res extensa, that are deemed objective by some. Clearly some way of incorporating future eventualities needs to be incorporated in immediate decisions. This enables the agent to form some sort of plan, or series of plans between which they must choose. Yet Shackle did not provide an explicit answer to the problem of how we might begin to understand the influence of our past decisions, on our current and future decisions, in a manner coherent with his decision schema. As discussed in chapter three the removal of antecedents that can account for the whole of peoples’ decisions means that there is no obvious or necessary connection between one moment-in-being and another moment-in-being. If this is the case then how are we to build plans that ultimately take time to initiate and complete?

Intentions

Shackle’s outline of decision making is in some respect similar to that of the instrumental reasoning to be found in Subjective Expected Utility Theory and Game Theory. Ford makes this point well:
Shackle's theory of choice... permits the choosing-agent to assume that (s)he will choose an option which is admissible from the set of assumptions that (s)he has formulated about the three intrinsic informational pillars upon which choice is predicated. These concern foreknowledge; or more accurately, self-foreknowledge; of both the available actions, their outcomes, and the own-valuation of those actions. In effect the three key attributes here are: (a) the set of options that the individual's background information regards as being feasible; (b) the individual's belief about the sequels of his or her actions; and (c) the individual's valuation of the options and their consequences. 88

This is almost indistinguishable from the desire-belief-action conception of intentional behaviour that is found in most economic writings 89. Yet Shackle derives an approach to agent's decision making under conditions of uncertainty fundamentally distinct from the Subjective Expected Utility approach. This is due to his notion of agency and his opposition to the use of probability theory in the description of human decision-making, as outlined in chapter two. What is clear, is that we do find the familiar "Belief, Desire, and Action" triad, that underpins mainstream economic inquiry. And it is also true with Shackle's approach that the instrumental reasoning is such that, the agent will choose that action which proffers the best expected desire, given the agent's beliefs about the world and their involvement within it.

It could be argued from Shackle's corner: So What? His theory of decision making is not designed to help us predict the outcomes of people's decision making. It is offered as a way of making clear the thought processes that are entailed in decision making, and one of the claims of his approach that you cannot predict peoples' decision making because of the ex nihilo element having no antecedents. Quite simply it is an analytical device purely for the sake of exposition. His more general critique of economic theory is that you cannot have a determinate theory of action. There is, however, a deeper problem with Shackle's approach that was touched upon in chapter three, and it relates to the problems of placing his subjectivist decision-making schema in a social context.

Shackle and Anomalous Monism

How does the claim of the non-nomological character of laws in rational decision making, help us make sense of some of the ideas Shackle was struggling with in his later writings? One possibility is that it provides a foundation for the origination of choice being in some part ex nihilo. Both Davidson and Shackle are concerned with the nature of agency. Davidson tries to develop a causal account of

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88 Ford (1994, p 64).
89 In relation to Shackle's schema, bounded rationality appears entirely plausible. That agents neither have the necessary information, or the cognitive capabilities, to employ a substantive/globally rational approach is quite clearly in keeping with Shackle's thinking. Yet Shackle rarely explicitly considers bounded rationality in his own writings. He allows for an evolutionary aspect to his notion of the moment-in-being, the subjective experience of time in which deliberation can occur, and can therefore be seen to acknowledge some links between his ideas and procedural rationality. Yet Shackle does rule out
human action whilst allowing for some element of indeterminacy. Shackle also seeks indeterminacy, but fails to provide us with a causal account. His notion of ex nihilio precludes antecedents, knowable or otherwise, from providing us with a definitive account of what an agent will do next. The uncaused cause leaves too much unexplained. It provides grounds for charges of nihilism and ultimately the irrelevance of further theorising. Given that both emphasise that there is a structure of interrelated intentions, one is tempted to argue that Davidson provides the missing grounds for Shackle’s position on indeterminacy. Yet there are significant differences in their philosophical positions.

Shackle, particularly in his later work, saw the need to place the individual in their social or environmental context; this would allow an understanding of how habitual behaviour might be possible.90 It assumes a relatively constant external environment within which this behaviour might lead to favourable outcomes. His analysis of decision making could then be reserved for those momentous decisions. I.e. where there needs to be conscious deliberation, and where the individual’s imagination becomes prescient. Whilst there have been allusions to Shackle’s conception of time having links with Bergson’s Duree91, there is, unquestionably, a Cartesian foundation to his perception of the individual and the relationship between mind and world. His emphasis on the distinction between res cogitans and res extensa, whilst removing the deterministic link between the individual’s actions and their environment, prevents his approach from allowing in some notion of the social context within which decisions are made.92 This social element is crucial to Davidson’s normative portrayal of rationality as a social trait. It would appear that Shackle had the desire to include the social dimension, but his use of subjectivity, which enabled him to break with orthodox enquiry, prevents him proceeding to this next stage. Davidson, whilst allowing for indeterminacy, maintains a link with the individuals social environment via the conception of rationality and an adherence to an inter-subjective theory of truth. The normative conception of rationality invoked by Davidson places an agent firmly in a social context and thus allows us to begin to have a meaningful discussion of how a person’s social environment impinges upon their decision making.

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90 The journal issue that Parsons (1993) is part of contains a number of references to Shackle and the viability of institutions being incorporated within his framework.

91 See Currie and Steedman (1990) for instance.

92 Parsons (1993) talks at greater length on precisely this issue. Whilst he provides support for Shackle against the charge of Nihilism from conventional economists, he goes on to show that ultimately Shackle’s adherence to an entirely subjective ontology for a grounding of knowledge, precludes the possibility of incorporating a social dimension within his schema.
Summary

In this chapter an alternative model of the political entrepreneur was discussed. Though it was not claimed that the radical subjectivist approach could be viewed as truly Schumpetarian, it was seen that there were certain affinities between the two approaches because of their shared Austrian heritage. Shackle’s approach to decision-making faced the problem of an uncertain environment head on, and by replacing the concept of uncertainty with one of potential surprise, we could conceptualise the behaviour of a political entrepreneur facing a momentous, once and for all, choice. This approach was found wanting, however, because of the difficulty of incorporating such behaviour in the wider context of political activity. The emphasis upon the creativity of people’s decision-making led to the neglect of how such behaviour needs to take account of a person’s previous behaviour, and other people’s behaviour. The need to take into account how people co-ordinate their actions overtime, via some conception of planning, was seen to be critical if we are to have a viable account of political decision-making. Lachmann emphasised this requirement for co-ordinated activity, and it is something that we shall return to in the final section, where we try to find a conception of rationality that fits with this requirement of co-ordination for the political entrepreneur, and allows voters to form credible expectations about the future behaviour of politicians.
The Necessity of Plans in Rational Behaviour.

In trying to construct a logical account of the behaviour of a political entrepreneur, we have seen that there is a much greater task at hand than was first envisaged. To be able to give a reasoned account of the behaviour of a political entrepreneur, particularly in the context of mass elections, we have found that we must also address what has become known as the “Voter’s Paradox.” These two interconnected issues have been discussed under the umbrella of collective action. We have seen that in looking to resolve the riddle of collective action, with respect to the nature of rationality that underpins people’s decision making, there have been appeals to constitutive forms of rationality like the Principle of Charity. Whilst the invocation of such interpretative norms into our understanding of rational action may give us better grounds for explaining a person’s, or a group of people’s behaviour, it has also been shown that Davidson’s approach can lead to problems concerning the causal standing of a person’s intentions in relation to their actions. In short we cannot show how intentions, described as mental phenomena, are causally related to physical phenomena. They appear to be redundant epiphenomena.

We could drop the claim that intentions, described as mental phenomena, causally impact upon the world, and instead simply rely upon the interpretative account as a way of rationalising behaviour, a way of making people’s actions understandable with rationality simply being some sort of instrumental device. This is still problematic, as we have seen when it comes to the consideration of people’s actions over a period of time. Future intentions do not fit easily into Davidson’s framework, as was shown to be the case with the condition of agglomerivity, nor do they fit into traditional forms of rational explanation in the form of rational choice theory, which was made apparent when we considered the formation of credible promises. It is also one of the reasons that we fail to explain akratic behaviour. The problem of weighing up conflicting desires and intentions still haunts the rational choice programme, and does not appear to be fully resolved by an appeal to Davidson’s theory of intentionality.

Problems in the relationship between current and future intentions were also made apparent when we sought to give a radical subjectivist account of a political entrepreneur’s decision-making. This problem may have been due, in part, to the idiosyncratic approach to decision-making developed by Shackle, but it was clear that others following the Austrian tradition saw the need to incorporate plans into an account of a person’s actions. There was clearly a commonality between Lachmann’s emphasis upon the co-ordinative benefits of people constructing plans and Simon’s hierarchical description of decision-making. There are quite significant differences regarding their respective positions on the a priori nature of rationality, but it is the case that both the radical subjectivist account and procedural
rationality impose certain requirements concerning the relationship between past, current and future intentions. In light of this it seems reasonable that we examine just how the formation of present intentions must relate to previous future intentions, if we are to provide a rational explanation of people's behaviour.

We shall proceed by following on from Bratman's critique of Davidson, and applying his notion of planned intentional behaviour to the problems of credible promises and the paradox of voting. This is extended to take explicit account of notions such as commitment. We shall examine how such normative notions can become meshed into a person's deliberated decision making, and the how these impose further requirements on our notion of rationality.

(6.1) Intentions and Plans

Central to Bratman's position is his notion of plans¹, they are intentions 'writ large', but they are also more complex, and they resist reconsideration. Their role is to control conduct rather than influence it by providing crucial inputs to further practical reasoning. They do not require a once and for all decision, as is the case with Savage's approach to subjective expected utility, because they are partial and completed over time². This partialness is a crucial difference between Bratman and Davidson because, although Davidson provides for the possibility of revoking plans, he does not allow the enabling conditions, for actions to still be rational, into the prior decision making.³

Another important feature of Bratman's plans is their hierarchical structure, with more specific intentions embedded by more general ones that are held relatively fixed. The more specific ones are then deliberated upon against the background of the more general e.g. I might have the general intention to travel to London tomorrow but I will decide upon the particular mode of transport tonight. If I decide to travel by car I might determine upon which particular route I take to the office depending upon the traffic conditions when I approach London etc. In this way the prior deliberation can help shape later conduct.

The complex set of future directed intentions that constitutes the web of plans have a characteristic commitment⁴ to future action, which contains both normative and descriptive elements within the volitional and reason centred aspects of commitment.

¹ See Bratman (1987)
² A feature in common with Simon and Lachmann. See section 5.
³ Recall the argument in section 4 where Davidson used a strategy of extension to deal with future intentions.
⁴ Others have picked upon the idea of commitment and its impact upon peoples' behaviour including: Sen (1985), who emphasises what is missing in conventional game theory: Gauthier (1996), who whilst referencing Bratman extensively, fails to include the coherent nature of rationality: Hardin (1998),
The descriptive element, within the volitional aspect of the intention, entails that people will exhibit the relationship that exists between present directed intentions and action so long as the conditions that rationalise the action hold until the time of action i.e. the person will carry out the action assuming that nothing of significance has changed. The descriptive element of the reason centred aspect ensures that they also play a role in guiding further practical reasoning as they resist re-consideration to some degree.

These commitments are also normative as they involve dispositions to reason in “appropriate ways.” that is to reason about the means of achieving previous future intentions, and they constrain deliberation of future action so as to maintain consistency. This ensures that people can in fact carry out a series of planned actions that enables them to complete desired tasks requiring long periods of sustained, or intermittent activity. This “appropriateness” is necessarily normative if we are to expect people to follow plans that require interaction with other people. As is the case with Lachmann’s approach to co-ordinated behaviour, we must be able to rely upon other people to do certain things in order for us to be able to fulfil our desires. Thus, norms of rational behaviour is attributed to those that we rely upon in achieving our goals.5

The problem of “Bootstrapping” is a concern as such an approach may end up portraying all actions as rational. We might only need to appeal to an overall plan of action to make all our actions appear reasonable. For example, I might decide to drive my car into a crowded bus stop claiming that I am acting reasonably, as my overall plan is to persuade the government to build more roads and spend less on public transport. The plan I am following is to reduce the demand for public transport by engaging in a campaign of terrorising those that use public transport. The action of driving my car at the bus stop could then be rationalised in the light of my overall plan. Yet we would clearly want to say that in some way my actions are irrational. We need to be able to avoid such unacceptable bootstrapping; where an earlier irrational decision to do something can give grounds for a present decision to be seen as rational in light of that earlier decision. Because such a process can quickly reduce all decisions to be viewed as rational, or at least, being immune to the criticism of irrationality. This can be avoided by dividing the normative aspects of my actions into internal and external norms/standards of rationality. Because the internal norm is one founded on the basic need for means-end coherence and practical

emphasises the role of institutions in enabling, and constraining, co-ordinated behaviour, but relies upon standard instrument rationality with associated belief conditions as typically employed in game theory.

5 Of course we could still rely upon someone who consistently behaved in an irrational manner, or a manner not congruent with co-operative behaviour. Those that chair meetings on a regular basis will quickly realise that they can rely upon particular members to behave in a unhelpful, and self-defeating ways.
reasoning, an agent's decision to carry out an action can be seen as rational even though the general plan which forms the backdrop to the more specific action is not. This is because, once the general plan has been formed, it acts as a filter to options for further consideration. It is still possible however, to criticise the agents actions from an external position from which we judge the agents reasoning as a whole.

We must also be careful that we are not arguing that our formation of an intention now directly causes our action at a later date. For future intentions to not be seen as actions at a distance, they must not be of the same form as the desire-belief pro-attitudes in present directed intentions. They are instead filtering devices in a hierarchy of partial plans constrained by the need for means-end coherence, and subject to the standards of rationality that enable social interaction.6

The schema above provides a way of understanding what it is to form intentions concerning future behaviour that relates to people as agents. Agents form a series of interconnected plans over time. To be able to do this in a coherent fashion then an agent's previous future intentions must, in some way, form the Background to present directed intentions and further future intentions, a characteristic in common with Davidson's background of beliefs and web of intentions. There is, therefore, a distinction between this conception of planned behaviour and that of Herbert Simon's conception of procedural rationality. There is no corresponding element to the notion of background in Simon's approach that entails a socially conceived notion of rationality, and the full impact of this social element is something that deserves more detailed attention

Commitsments

Moya7 makes a distinction between immediate intentions, which are intentions to act at the moment of forming the intention, and future intentions involving some kind of rational commitment. Thus, if I hold these future intentions then 'I ought to engage in certain appropriate actions on pain of incoherence.'8 Such a commitment to act is a normative concept as it is more 'than a disposition or tendency to do something'. There may be 'no incoherence in not displaying a disposition' but there is 'in not fulfilling a commitment' which would be wrong as it would affect 'the intelligibility and rationality of our behaviour.'9 The emphasis is upon the individual's relationship with their social environment, and

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6 If we do not avoid this then we fall into the same trap a Davidson in his use of the strategy of extension. See section 4.
7 Moya (1990, p. 50)
8 Moya (1990, p. 58, emphasis not in original).
this makes explicit the manner in which we rely upon others attributing to us the norm of rational behaviour.

The notion of commitment can be separated into two types: Positive commitments, those that relate to specific actions in the future e.g. bidding at an auction. Negative commitments, those that relate to non-specific actions e.g. making a move in chess. The former constitutes intentions that have as their content a specific action that the agent is committed to realise, whereas the latter signal intentions not to do certain things as such actions would indicate a lack of coherence, and therefore rationality. Both types are examples of 'meaningful actions', understood as actions that do not essentially involve happenings. These meaningful actions involve commitments such that, in order for an agent to perform them, they must possess a notion of coherence, and be subject to norms of some kind. We, according to this position, not only have the ability to move spontaneously and teleologically, those abilities we need to develop the possibility of engaging in meaningful action, but we also have the ability to commit ourselves to perform actions at a later date. The notion of commitment underlying these meaningful actions is essentially normative as they allow an evaluation of them that cannot be accounted for by any naturalistic account. For example, if I bid at an auction and then refuse to pay when my bid is accepted, I have done something wrong. This "wrongness" only makes sense in a social environment in which "rightness" exists. Wrong and right are necessarily normative things that are socially construed. Wrong can only make sense where right is assumed to exist already. To do something wrong means nothing if there is no notion of what it is to do something right.

In both of the types of commitment above meaningful actions are undertaken. The agent possesses conceptual capacities and a sense of coherence, which either; requires the agent to perform a specific action in the future, or constrains future actions so as to maintain this sense of coherence. Intentions of future activity based upon this notion require a coherent set of intentions that can only exist in the wider context of a mind. In order to have one intention it is necessary that some 'mostly' coherent view of the world is held by the agent with the said intention, otherwise the agent would find it

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10 Moya states that he is relying upon a notion of agent causation where it is the '...agent himself and not his desires or whatever who is the cause of his actions.' (p48) This position he attributes to Chisholm (1976). Also, to ensure that intentions based upon these meaningful actions are not reducible to mere happenings as in the 'regress problem' (see pp. 12-17), Moya uses a notion of pure actions which are actions that are necessarily intentional under some description. Moya also refutes the Davidson's claim that we never do any thing more than move our bodies with the rest of actions ascribed to people being actual descriptions of the effects of these 'basic actions' (see p47)

11 With purpose and towards some end.

12 The qualification 'mostly' acknowledges that a person could hold some beliefs that are not coherent e.g. contradictory, but that this is only possible if the agent's beliefs are by and large coherent. See the discussion on Dennett and Davidson in section 4.
difficult to fulfil this intention. If the mind is conceived in terms of intentionality, then one takes the position that intentional states are not entities but 'relations to content'. As we have seen this goes against any Humean causal relation understanding of mental terms, as the relationship between an intentional state and an intentional action is not captured in non-normative terms. Intentional states are essentially normative in content with the notions of 'right' and 'wrong' being part of intentionality and not something that is imposed upon the intentions. This is related to the understanding of intentions as 'propositional attitudes' to the content of their desire, and this relationship of directedness is internally constitutive. They are different from material objects because material objects, though they can be directed towards something, may still exist even when not being directed. This is in contrast to intentions as a

desire, an intention, a hope or perceptions are not such types of states unless they are about something, there content and, moreover, they are partly individuated by that content as being the tokens they are.13

Another feature of intentional states is that they are essentially holistic in nature, they are a network intentions that cannot be understood as discrete separate items, each necessarily has implications for the others and, therefore, a person cannot simply hold one belief or intention alone.

There is a further element of intentionality, and that is the subjectivity of the agent holding the intention. The agent will not only follow certain norms but will also hold their own perspective on the world which will be expressed in their beliefs, desires etc. As such agents engage in actions under descriptions that they know and/or believe to apply.14 This framework can be applied to the problem of future intentions discussed in section four.

Future Intentions: Problem Solved?

If future intentions are understood as examples of those commitments outlined above, then the apparent problem of the intentions regarding future actions, where the satisfaction of the relevant enabling conditions is unknown might be overcome. If we consider the example of forming intentions about the purchase of newspapers in the section 4, then a more plausible account of how future intentions are held

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13 Moya (1990, p.62). Moya deals with, dispositional analyses of mental terms, in the same manner because the term disposition does not cover the normative character of mental states. It should also be pointed out that action types refer to a class of similar actions whereas tokens refer to a particular action of that type in a specific situation e.g. arm raising is an action type, raising one's arm to signal a turn is an action token. This is strikingly similar to Davidson's position on the relation between intentions and their successful completion.
might run like this: I have the intention to buy *The Guardian*, but this intention is a conditional one.\textsuperscript{15} This can be expressed as:

I commit myself to buy the *The Guardian* if it is (the one which is) available.\textsuperscript{16}

The same is said to hold for the Independent where both conditional intentions are compatible and fulfil the condition of agglomerivity. When added together give the composite intention of the form

I commit myself to buy either the *Guardian* or the *Independent*, the one that is available.\textsuperscript{17}

Recalling the discussion in section four, Davidson's use of all-out desirability judgements prevents him from adopting conditional intentions, because for him future intentions are all-out judgements now about the desirability of an action in the future. In the above example, therefore, the action of the buying the paper is desirable now, irrespective of whether or not it will be in the shop when I go to buy it, which I cannot know at the moment of forming this future intention. It follows that Davidson cannot take account of enabling conditions in a way that makes future intentions conditional, because for Davidson, such conditions can only be permitted if they affect the present desirability of the action and they cannot be permitted as mere future possibilities:

Bona fide conditions are ones that are reasons for acting that are contemporary with the intention.\textsuperscript{18}

On the basis of this and the preceding arguments it would appear that intentions are something other than all-out comparative judgements. In judging one action more desirable than another, one does not yet have an intention, but one can use this to form an intention. The formation of a future intention is to commit oneself to at least try to perform that action. Intentions therefore need to take account of the chances of success and therefore the enabling conditions. This much was shown in section 4.

In terms of how our conception of rationality affects our theorising of choices and actions we have also seen that this account of future intentions allows agents to reflect upon their previous future intentions, and augment their plans in the light of changing circumstances. Future intentions do, however, carry a normative element such that the agent will not readily radically alter their pattern of behaviour as they may be deemed acting irrationally, or even wrongly. Implicit in this conception of rationality is that

\textsuperscript{14} Though Moya acknowledges Anscombe (1979) on this point, it is clearly in line with Davidson's understanding between the intensionality of an object and its extension, which is why such intentions cannot be understood from a purely naturalistic approach.

\textsuperscript{15} Moya, (1990, p. 155, Italics in original). He follows Bratman (1985) by exploring these issues via the example of buying *The Fixer* and *The White Hotel*; I have simply substituted the *Guardian* for the former and the *Independent* for the latter.

\textsuperscript{16} Moya (1990, p. 155, italics and brackets in original).

\textsuperscript{17} Moya, (1990, p. 155, Italics in original).

\textsuperscript{18} Davidson (1980, p. 94).
which is rational is, in part, socially determined. The underlying notion of rationality is one of coherence, which is closer to a constitutive understanding of rationality as opposed to an instrumental perception. Intentional action can be conceived as the correct following of a rational future intention. Where future intentions are a background of reasons that are prior to actions, they are different from beliefs and desires and irreducible to them.

What we need to determine is whether, or not, this requirement for coherence across time as well as in time helps us explain the type of collective action that has been the focal point of the discussion to date. First we shall re-examine the credibility of the political entrepreneurs promises.

(6.2) The Credibility of the Political Entrepreneur.

One issue that planned behaviour does appear to resolve is that of believing the plausibility of the political entrepreneur's manifesto promise. If rationality is understood to include some requirement that there is coherence across time; and plans to be meaningful require coherence to some degree, then the voter can, in principle at least, judge the coherence of the plan and the credibility of it being adhered to in the future. The political entrepreneur, to function, needs plans that are to a certain extent stable, but are defeasible in the light of significant new information. The relationship between the credibility of future intentions and future actions was illuminated by the toxin problem in section three. We can now examine this problem in the context of voting.

For our purposes we could imagine a scenario where the politician seeks to convince the voter(s) that their pledge(s) to perform certain duties on the voters' behalf is a credible one. Or to put it another way: Can the voter(s) reasonably hold the belief that the politician will keep to the promises that they have made?

Suppose the election is next week, and the politician wishes to attract votes. Also suppose that the politician holds the reasonable belief that if they can convince the voters that they will carry out policy $x$ sometime in the future, then they will get those votes. The voter knows that the carrying out of policy $x$ will do political damage to the party that introduces it, though they believe that in the long run it is to the voter's benefit. Can the voter believe that the politician will carry out the policy? We could argue that the preferences of the politician are ranked in the descending order of desirability below:

\[ 19 \text{ For example, the government might promise to follow a policy of a tight budget so as to prevent excessive inflation. There is always, however, the temptation to increase public expenditure in the run up to the next election to promote growth and thereby gain credit for a successful economy. Or they might promise on election to reform the House of Lords, yet both voter and politician know that such a policy if} \]
1) Get voted into office, but do not carry out policy x.
2) Get voted into office, and carry out policy x.
3) Do not get voted into office.

where (1) is strictly preferred to (2) which is strictly preferred to (3)

As with the toxin problem in section three, the politician, if operating on a purely instrumental notion of rationality, would not be able to form the intention to carry out policy x. If, however, we understand intentions as being formed in the context of plans, where commitments to future intentions carry normative weight, then there is the possibility that the politician could reasonably form the intention to carry out policy x in the future. We cannot say that they necessarily will, in fact there is a great deal of evidence to the contrary, but a voter could still be deemed rational in believing that the politician will, to a lesser or greater degree, keep to their promises. The judgement would be made against the backdrop of how the promise to carry out policy x fitted with the agent's other current plans, and their previous behaviour. The politician having made the commitment to the policy will now feel some obligation to follow through on this commitment.

The above situation relates well to the notion of plans being defeasible in the light of new evidence. The danger is that this may provide the scurrilous politician too much room for manoeuvre, as they can always seek to alter their stated plans, or make their plans so vague as to overcome any objections. Does this weaken the ability of intentions so understood to explain the relationship between voter and the politician. One can argue that this seems to fit well with the reality of politics. People often do expect politicians to try and fulfil their electoral promises, but not all people do, and those that do believe politicians do not believe them all of the time.

By allowing previous future intentions to 'condition' our present intentions, we may have provided a way in which we could offer a rational basis to the credibility of the promises of politicians. Voters, may not, therefore, be irrational in holding the belief that the politicians can hold sincere intentions to carry out carried out could damage their credibility due the amount of parliamentary time that could be taken up with the issue.

20 The notion of regret becomes important here as the politician may regret not following through the policy at some time much later in the future. However, if their preference ranking is as given then this is not an issue.

21 The use of the term promise is used with caution. The meaning of the word carries a great deal of normative baggage that presupposes some of the issues we are talking about here. This is made clear when one considers what it means to break a promise. Breaking a promise only has any meaning in a world where promises are seen to be things that we should keep. Their usage carries with the normative aspect that promises form some sort of obligation on behalf of the person making the promise. The breaking of a promise carries with it the normative judgement that you have done something wrong.

22 Again the similarity with Downs' notion of 'Integrity' is worth noting here, clearly we are dealing with the same problem. See section 2.
difficult policy commitments. This does not guarantee that they will hold such beliefs, nor that the politician is sincere in all their intentions, but it does open the door for a rational explanation of the voter's actions, with respect to the credibility of the intentions of those they vote for.

The reciprocal nature of the relationship between voter and politician is such that the voter has to give first, in the expectation of that their giving will be repaid at a later date. If the cost of this reciprocation to the politician is high then we would have no (instrumental) reason to expect the politician to do so. If, however, the initial act of the voter places the politician under some obligation to the voter, and this obligation forms part of the future reasoning of the politician, then there are grounds for believing that the politician will reciprocate. This does not mean that the politician necessarily will do so, but it leaves open the possibility that they might.

Whilst we have found that it is not entirely implausible that politicians can be expected to try and achieve their electoral promises we still have to explain why a voter would vote in an election where their voting has little chance of affecting the result. The next problem is that of the rational explanation of voting in the context of forming the intention to vote at all.

(6.3) Shared Intentions, Collective Action and Voting

One could argue that in order to understand how we arrive at intentions that might in some way be "collective", we must account for them by seeing how the individual intentions of those looking to conduct the collective action must relate to each other.\textsuperscript{23} We need, therefore, to move from an intention of type (a) below to an intention of type (b).

\begin{itemize}
  \item a) I intend to go to the ballot box and cast my vote\textsuperscript{24}
  \item b) I intend that we will go to the ballot and cast our votes
  \item c) \textit{We intend} to go to the ballot box and cast our votes.
\end{itemize}

Once we have achieved this move we could then consider how we move from type (b) to type (c), as type (c) would appear to be a truly collective intention.

\textit{Prima facie} it appears to be fairly straightforward for a person to form the intention (a), as it is of the same form as any other intention. And if we are using intentions as a way of understanding a person's actions, then this should surely be allowed. Yet we need to ask whether or not this intention is

\textsuperscript{23} There is the temptation here to argue that in this manner we might still adhere to a position of methodological individualism. This should be resisted, as it is not clear that the notion of planned behaviour described here can be fully accounted for by recourse only to individual actions and thoughts.

\textsuperscript{24} This includes the possibility that I will spoil my ballot paper, or will vote at random, or as my fancy takes me, as well as the normal option of voting for my preferred candidate for whatever reason I hold.
understandable in its own right. For the action of going to vote is, as has been shown by the discussion in sections three and four, not a rational one when we simply assume that it is done on purely instrumental grounds. The intention needs to be supported by some interlocking web of intentions, that not only relate to that person's own web of intentions, but also to intentions, or expected behaviour based upon the intentions of others.

We could try and understand the voter's behaviour purely from their own perspective, but what purpose does it serve that person if considered in isolation? The intention and subsequent action based upon that intention, is, I contend, only open to rationalisation when we consider this intention in the context of other peoples' intentions. To engage in the act of voting, requires the agent to have the expectation that others will also engage in that action. It requires that other members of the relevant community also hold the intention to go to the ballot box. This does not mean that we must automatically move to an intention kind (b), as we have to show that my intention to do something, coinciding with your intention to do the same thing, necessarily means that we share that intention. For, as we shall see from the description of a shared intention below, we require some additional conditions.

Collective Action

The problem of shared intentions can be examined in the context of a person, or persons, deciding whether or not to engage in protest. The act of protesting can bring with it heavy costs particularly if insufficient people join in the protest. As such this is very similar to the assurance games discussed in section three. Let's take a two-person scenario, where a person is faced with the decision to join in a protest. That person wishes to engage in the protest, but only if (for whatever reason) the other person engages in the protest. The other person is also of a similar frame of mind. They do not wish to engage in the protest alone. The shared intention would look something like this:

Shared Intention: (SI)

(1a) I intend that we protest.
(1b) You intend that we protest.
(2) My intention is known to you, and yours is known to me.
(3a) The persistence of (1a) depends upon my continued knowledge of (1b): If I did not know that (1b) I would not intend that we protest.
(3b) The persistence of (1b) depends upon your continued knowledge of (1a): If you did not know that (1a) you would not intend that we protest.

25 You might be tempted to argue that if they are the only person with the intention to vote then their voting is rational as it will have the highest possible probability of determining the outcome (see the discussion of Lohman in section three). But this line of reasoning leads to problem of infinite regress. If one person is aware of this possibility, then so will other people be aware of it. Thus, they remove it from being a feasible situation, as they would act in likewise fashion. We could only expect the situation to arise if there was an agreement for nobody to vote, and somebody sought to break that agreement. The problem would be how to arrive at the collective intention not to vote?
(4) We will protest if but only if (1a) and (1b).
(5) (1)- (4) are common knowledge between us. 26

Not only do we both need to have the intention to protest, but to make it a shared intention we also require the knowledge that the other person intends to protest and that we both hold this intention in the same way. For a two-person case then this is not altogether unreasonable. We could judge that the other holds the required intention by observing their behaviour and assessing as to whether or not the intention sits with this behaviour in a reasonable fashion. This would involve to a large extent knowledge of the other person's previous behaviour, or that someone else can give sufficient reason to believe that the other person holds the relevant intention, it may be that you have not met that other person yet. 27

According to the SI above, my holding of the intention to protest rests upon my belief that you will also protest, though I understand it to be the case that you are also holding a similar intention. In holding to the notion that we can engage in joint activity we need to be able to show that by both of us holding a common/shared intention there is the basis for the activity to go ahead. But whilst I might hold the intention to co-operate, on the proviso that you also hold a similar intention, this is not enough for us to begin the activity. There needs to be something that acts as a device enabling us to be sure that my action will be joined by your action, but also that my action does not cause your action.

The argument that shared intentions can lead to joint intentions, or collective intentions, rests on the assumption that there is a backdrop to this activity. The intentions and the actions of the two people cannot be viewed in isolation from the social context within which they exist. That is, we cannot rely upon instrumental reasoning to fully account for the behaviour. There is a normative backdrop to the scenario that ensures that once these intentions have been formed then they will, assuming a relatively stable environment, be acted upon. There needs to be some commitment to act upon these intentions once they have been formed. As we have seen such a normative commitment exists when intentions are placed within the context of planned behaviour outlined above. The shared intention illustrated above is not a full description of the intentions held. Once we recognise that we can only understand people's present intentions in relation to their previous future intentions and, therefore, plans, we must accept that their behaviour and possible future behaviour must in some way fit with a "rational" account of their previous behaviour.

26 The form of this shared intention is taken from Bratman (1999, p. 153). Bratman talks of the shared intention in the context of people seeking to paint a house. It is not clear that his example really requires a shared intention for activity to begin.
27 This ignores the possibility that the two people have been contracted to perform the relevant task, as this normally involves some sort of formal sanctioning that backs up the required action.
If we recall the example of the Greensboro sit in from section 3, then the type of shared of
tention illustrated above might be applicable to those four students that initiated the protest. They might
quite feasibly hold the conditions of belief regarding each other's behaviour, and could easily reinforce
these through conversation and acting together. We might, therefore, have the structure of shared
intentions that underpins such co-operative behaviour, not forgetting that this is underpinned by some sort
of constitutive principle of rational action that includes the need for coherent plans on behalf of each of
the individuals. Whether or not this ties in with the type of threshold assurance game that Chong refers to
in examining this episode is not the main concern here, but it might provide for a rational account of
collective behaviour where small groups are involved. This may even remove the need for Chong's appeal
to some form of Kantian norm, or sense of civic duty.

A problem of collective action solved? Possibly. But even if we allow in the two person case for
the existence of We intentions (a pair of shared intentions that fit in the correct way, relying upon the
committed behaviour of the other in the pair because of our understanding of the requirement of
coherence both at one moment in time and across time), this does not give us reason to believe that we
can transfer this to the situation of a general election, and a person's decisions to vote

Voting

It is not straightforward to generalise the shared intention above to a multiple person situation, in
part, because of the degree of complexity involved in holding (1b)-(1n) knowledge or belief conditions of
the other (n-1) peoples' behaviour, but also because the nature of the problem is different when it comes
to actions that involve some sort of social convention. Whilst this does not preclude the fact that co­
operation between two people relies upon social convention, voting is not of the same form as that of
keeping a promise to another individual. Some people may be very reliable at keeping their promises to
particular individuals but they may well feel no compulsion to participate in a mass election, not just for
reasons such as the "irrationality" of such behaviour, but because they simply do not feel part of the
general social system that supports and depends upon the electoral system in place. True, planned
intentional behaviour goes some way to solve the problem of a complex social world where the agent has
limited cognitive abilities. We can see how the assumption of a rational planning agent might more easily
fit into this world, but we do not have an understanding of how their particular behaviour relates to the
world and the social norms that have enabled the sort of planned behaviour that we have described.

If we consider the case of voting then we must consider the agent's intention in relation to a
wider group than just one other person. The intention needs to be put into context. For the act of voting
itself means nothing if it is not in the context of an election, with the election itself only understandable in the context of the wider society in general. In the context of an election the intention to vote might look something like this:

(VI) I intend to vote, given that there is an election.28

There is a whole range of possible belief conditions that we might wish to attach to such an intention. E.g. I hold the belief that a sufficient number of other people will vote to make it worthwhile. Or, I hold the belief that enough people with a similar viewpoint to mine will also vote. But the intention to vote does not appear to necessarily rely upon one particular example of a belief condition, some people may vote on a point of principle, and hold the belief that very few other people will vote for the candidate that they choose. Some may vote simply to register their dissatisfaction with the incumbent party. It is the contention here that the intention to vote is not fully explainable in terms of belief conditions concerning the actions of other people, 29 but that the intention to vote carries an implicit social norm that may fit with a large range of belief conditions.

At first this might seem to be a weaker requirement, and in some ways the same as the condition intentions that people hold in assurance games, but in fact it becomes a very strong requirement upon the whole social realm of which the agent is a part. Because we cannot rely upon purely instrumental grounds for other people to hold this (VI) then we require some kind of social norm for it to exist. Again the notion of some background is apparent. However, because some sort of notion of planning is required for us to understand rational human action over a period of time, we do not necessarily have a reason for people to vote. It is a requirement that to understand intentions we need plans, but this is not the whole story. Plans help in the co-ordination of activity, but they do not necessarily explain the activity of voting. We may have an account of what is required for successful collective action, be we do not have an account of why people would wish to vote. What is it in planned behaviour that would fit with the behaviour of voting? We shall need something extra to help us explain the adoption of a social norm like voting, if indeed that is what it is.

28 It could reasonably be argued that the notion of an election carries with it its own normative, cultural and historical baggage that defies universal definition, but at the same time has meaning for the person holding the intention.
29 'Fully explainable' is used, as there is a need for caution concerning the claim that beliefs cannot explain the act of voting at all. Beliefs clearly have an important role to play, even when a social norm is invoked, as the norm may be in the form of a belief concerning the correct mode of action in certain situations. The beliefs that I wish to differentiate between are those that concern the technical aspects of numbers of people, and those that concern correct codes of conduct. Clearly such a differentiation requires further clarification, but that is not the main focus of the discussion here.
We can accept the point that in order for us to make sense of somebody's actions then we require a notion of rationality, a notion that not only holds that people adhere to some form of coherence at a particular period in time, but also one entailing some requirement for coherence in their actions across periods in time. This does not, however, necessarily provide us with an understanding of other social norms. We might wish to refer to Lachmann in that planned activity helps co-ordination, which in turn leads to the evolution of conventions that enable more "productive" activity to occur. Social norms or conventions allow us to construct fairly reliable plans, and against this backdrop we can understand better a person's actions. Does this allow us to understand the social norm to vote and how it impinges upon people's intentional actions? What is needed is some way of understanding the process of the enculturation of social norms. That is, how is it that people come to accept the social norm that they should vote, or that it is "rational" to vote? To do this requires that we have an account of intentional action that incorporates the development and reinforcement of social norms. I think we can achieve this by borrowing an idea from John Searle that is implicit in Bratman's idea of a web of plans. This is the notion of a 'Non-representational Background.'

(6.4) Non-representational Background

Searle's account of 'Intentional States'\textsuperscript{30} though different in many key respects to the functionalist account offered thus far, does include a further feature that enables his intentional system to maintain its holistic character. With Searle Intentional states are also situated in a web or 'Network' of intentional states which do not neatly individuate. This additional feature is that of a 'Background' of non-representational mental capacities. Any theory that only invokes representations or intentional contents will be subject to the problem of infinite regress, which runs something like this:

The acquisition of skills and capacities that make up the background cannot be purely some sort of internalisation of external rules into the unconscious, as this would require that we have some form of rule for determining which internalised rule we should be following in order that we may determine what we should be doing. How then, would we determine which rule should be used in determining the appropriate internalised rule?\textsuperscript{31}

The background is not itself a set of Intentional states; rather the background is necessary for Intentional states to function. It forms the enabling conditions that allow the determination of the intentional states

\textsuperscript{30} See Searle (1984, 1992, 1995, 1997). Intentional States are given capital initial letters by Searle to emphasise the difference between his notion of an intention, which always carries with it some kind of normative aspect and the everyday use of the term intend.
conditions of satisfaction. As this feature is crucial to an understanding of how Intentional states function we shall consider it in more detail.

When considering how people can actually engage with the world we are required to have some certain abilities, or capacities that make such engagement possible. These capacities are causal structures in general covering such notions as dispositions, tendencies and abilities. The category of causation employed here is what Searle calls 'neurophysiological causation'. This form of causation is such that in order for me to be able to notify somebody of my choice, either verbally or in writing, then my brain must possess this causal capacity, though it does not require that we need to know the detail of the neurophysiological realisation underlying it. The classic argument for this background thesis is that of the literal meaning of sentences only being able to establish their conditions of satisfaction against such a background. For example: If somebody asks you to "cut the cake now" you do not normally go to your garage and start up your lawn mower, but you would do so if you were asked to "cut the lawn now". What counts as the conditions of satisfaction is dependent upon the context within which the verb to "cut" is being used, even though there is nothing within the sentence that mitigates against such a literal but wrong interpretation. What blocks these false interpretations is not the semantic content, but rather it is that we have knowledge of how the world operates. We have certain abilities that enable us to cope with the world which are not, and could not be included as part of the literal meaning of the sentence. This notion of Background is then extended to intentional contents in general, and allows for an explanation of how it might be that institutional rules/norms/customs could play a role in our dealings with the institution, even though we are not following the rules either consciously or unconsciously.

The idea of a Background can provide the basis for a critique of the notion of rationality that underlies economic theory in general. The notion of intentional causation or 'connectionism'

31 Stroud (1991) label this position "Searle’s negative thesis."
32 To some extent Searle is open to the same criticism of the epiphenomenalism of the mental as Davidson. Though Searle robustly defends this accusation, by simply asserting that the mental supervenes upon the physical, and we are simply describing the same reality in different modes. See Searle (1999, chapter 3).
33 Searle (1995, p.131), see also Searle (1999, pp. 135-161) for a longer, but accessible, discussion of the relationship between language and actions.
34 Searle’s attitude to rational choice theory can be summed up in one quote: ‘If you look really closely at decision theoretic models you will find that they are not satisfactory at all...It is a consequence of Bayesian decision theory that if you value any two things, there must be some odds at which you would bet on against the other. Thus if you value a dime and you value your life, there must be some odds at which you would bet your life against a dime. Now I have to tell you, there are no odds at which I would bet my life for a dime, and there are certainly no odds at which I would bet my son’s life for a dime. I have pointed this out to several famous decision theorists, and after usually half an hour of argument, they say, “You are simply irrational”. I do not think so, I think it is rather they who have a problem with rationality... I want to suggest a conception of rationality as a set of well defined operations over sharply delineated explicit intentional contents is inadequate.’ Searle (1995, pp. 138-139).
underpinning rational choice theory simply lacks a rational structure. It does not provide a way of linking individual behaviour with social structures. There are similarities with Davidson here, as Davidson is also seeking some way of linking the individual behaviour to the context within which it is set. Davidson employs the 'principle of charity' to interpret people's behaviour via assumptions of coherence and rationality, where rationality is essentially socially derived. Whereas from this perspective rationality is grounded in this Background, which is formed and moulded by social activity. For Searle, the key to understanding the relations between the structure of social institutions and the structure of the Background is realising that:

[T]he Background can be causally sensitive to the specific forms of the constitutive rules of the institutions without actually containing any beliefs or desires or representations of those rules.\(^{35}\)

Possibly the best way to gain an understanding of this notion is to run through an example of money which Searle has frequently referred to when speaking of economics: With money there are certain rules that are constitutive of money E.g. it acts a medium of exchange. Yet most people when engaging in the purchase of goods in exchange for money do not apply such rules either consciously or unconsciously. People have developed a set of dispositions that are both 'sensitive and responsive to the specific content of those rules.'\(^{36}\) That is that people must respond to money, not because of its intrinsic value, but because it performs the functions of money. These ingrained abilities reflect that constitutive rules that are the imposition of functions on entities that do not intrinsically hold those attributes. These functions are acquired through collective agreement or implicit acceptance. The rules, whilst being adhered to are not necessarily, though they can be, consciously or unconsciously followed. They are never self interpreting, otherwise an infinite regress follows, nor are they exhaustive.\(^{37}\) People behave the way they do because of these ingrained dispositions and these ingrained dispositions have come about because that is what conforms to the rules of the institutions within which the person has lived. It is not the case that I use coins in my pocket to buy goods because I wish to follow the rules allowing money to function as a medium of exchange. It is the case that I have the Background dispositions such that when I wish to own a good I give money in exchange for it.\(^{38}\) This ties in with the notion of rationality

\(^{35}\) Searle (1995 p. 141). The formation of social rules deserves greater attention but it is something that will have to left for another time.

\(^{36}\) Searle (1995, p142), see also Searle (1984) for a longer discussion on the subject of money.

\(^{37}\) 'We don't stop and think, consciously or unconsciously, "Ah ha! Money is a case of the imposition of the function through the collective intentionality according to the rule of the form 'X counts as Y in C' and requires collective agreement." rather we develop skills that are responsive to that particular institutional structure.' Searle (1995, p. 143).

\(^{38}\) How a disposition to steal relates to this disposition I am not sure. The question is one of whether or not dispositions can be individuated in this manner.
containing some sort of normative element or component in the institutional structure that is socially created. This could lead to the sets of axioms laid down in decision theory becoming the basis of rationality for our future decisions if they become widely adhered to because of the influence of such theorising upon our actions over time. This is not entirely implausible, especially when you consider the impact that the teaching of the implicitly normative rational choice postulates has had on economics graduates and the profession in general. Larrick et al. (1990) found evidence that people trained in the basic principles of cost-benefit analysis tend to ignore sunk costs and concentrate upon opportunity costs. They also found that those who majored in economics, along with faculty members, were observed to be instrumentally rational. This may not be an entirely good outcome as Frank et al. (1993) have compiled evidence showing that economics professors are less likely to donate to the provision of public goods. And, economics students are more likely to act in a self-interested manner in experimental games, and invoke conceptions of fairness less frequently, even when it is not in their interests to do so.

Is it the case that economics sets about removing the social conventions that the students have unconsciously learned during their pre-enlightened lives? Possibly, but that does not mean that they are improving their lot, and the well being of the wider society in general. The fact that they have to be taught this instrumental approach to reasoning indicates that it is not a true description of the vast majority of peoples' reasoning, which only adds to the critique of rational choice theory and the economic theorising based upon it as being unrealistic.39

If we go back and consider the case of voting then it is at least feasible, that the activity of voting involves the following of a socially constructed norm that has been learned by those who follow it. They have not consciously reasoned the pro's and cons of the act of voting but instead see it as part of the person that they are. The act of voting is constitutive of their identity; this is not the same as gaining expressive utility as voting to gain expressive utility is still instrumental in conception. People would

39 Gopnik (1993) makes a useful categorisation of the different approaches to intentionality. She differentiates two approaches in the following fashion: Searle highlights the first person aspect of intentionality with the intentionality of psychological states known directly through experience. States that cannot be known in this way should not be considered as intentional, no theory of mind is needed for psychological beliefs rather they are simply the consequence of a particular sort of mind giving rise to psychological experiences. In contrast, Dennett's stance approach to intentions describes them as a matter of convention or language, which are self-constitutive and not defeasible in response to evidence. They have 'developed by a process of enculturation, a form of life rather than a form of knowledge.' Gopnik goes on to find empirical support for a third approach: Theory-to-Theory, where intentionality is a theoretical notion, constructed from evidence and defeasible in the light of new evidence. Thus intentionality is learnt and not innate, as children do not exhibit awareness of their own psychological states prior to the age of roughly three. Whilst this third approach deserves more detailed consideration, it is the differences in the first two which concern us here. It is possible that Gopnik has misunderstood Searle here, as he would surely agree that the process of gaining an intentional understanding of behaviour is a social process.
simply be seeing the act of voting as a means to gaining utility. If voting is conceived as being part of what constitutes a good citizen, and that which constitutes a good citizen is something that people learn through engaging in action with other people, then we could view voting as an act that is unquestioned. Or at least the reasons for acting are not consciously held, nor are they open to full representation. Is this a satisfactory conclusion? Not if you are seeking to predict people's voting behaviour on the basis of some form of rational explanation of voting. This does not necessitate the conclusion that we cannot predict voting behaviour, or that politicians cannot manipulate voting behaviour. It only states that our foundations for such activities are rocky when we look to do so on the basis of either rational choice theory, or interpretative accounts of behaviour that do not fully take into account the social construction of what is reasonable behaviour.
Conclusions

Public Choice theory and Political Science are relatively new approaches to political theory. They have grown to become important fields of study and seen as having a distinct identity amongst those research programmes looking to explain the size and development of governments. Most of the contributions to these approaches can trace their origins to a few seminal texts and articles in the 1940's and 1950's. Perhaps the most influential of these is Downs (1957) who was the first to construct a coherent explanation of political activity on the basis of rational choice theory. Following Schumpeter he sought to explain the behaviour of political parties by portraying them as self-regarding maximisers whose behaviour is conditioned by the desire for political office to satisfy their own desires. Downs differed from Schumpeter in that he also modelled the voters on the basis of rational decision making, so that his model attributed all people (voters and politicians) with the same behavioural characteristics.

It was shown in section 2 that from the outset Downs recognised that there were a number of problems for rational choice explanations of political activity, including the credibility of the politician's promises and the rationality of the act of voting itself. The behaviour of politicians and explanations of choice of policy portfolio was approached from the basis of a political entrepreneur, with Schumpeter's 'Political Boss' claimed as part of the intellectual heritage. The use of this conception of political decision making has dwindled over time with most significant contributions having been made in the late 1960's and early 1970's. Yet the problem of the credibility of a politician's behaviour from a rational choice perspective is rarely addressed and still remains unresolved. In section 2 the main contributions to the literature on the political entrepreneur were surveyed with an emphasis upon the works of Schumpeter, Downs and Olson. Two categories of entrepreneurial behaviour were discussed; office seeking and policy seeking. It was shown that although Downs and Olson state that the inspiration for their approaches to collective action was Schumpeter, neither of them nor those who sought to expand upon their ideas advocated Schumpeter's approach to understanding the behaviour of voters and politicians. Instead the variety of behaviour, particularly of voters, has been forced into the rational choice straight jacket which has removed the foundations upon which an understanding of such behaviour that fits with observed behaviour can be built.

Section 3 explained in more detail just how restrictive the rational choice approach is, and how it leads to the paradox of voting. It is clear that even with the more elaborate theoretical constructs of strategic rational decision making there still remains a void in terms of how such approaches explain
the existence of behaviour that clearly does not fit with observed behaviour. By making clear the instrumental nature of rationality that is implicit in rational choice theory, it became clear that there are real problems for such decision theory. This is the case when decisions have to be made over a period of time during which the circumstances under which such choices are to be made change. Whilst there are many contributions to the debate on the resolution to the paradox of voting, few of them have given serious consideration to the philosophical foundations of rational choice theory and the limitations these foundations place upon the ability of such approaches to explain a great deal of social behaviour. Not only does this create problems for those wishing to provide a rational explanation of voting behaviour, but it also makes problematic the relationship between a politician's pledge or promise to carry out a set of policies in the future, and their actual behaviour. Instrumental rationality makes strong requirements upon the link between a person's desires and the means by which they achieve these desires, but it does not address the problem of weighing up contradictory desires. Because instrumental rationality does not deal with the origin or formation of preferences it casts no light upon the issue of how people cope with situations that are likely to lead to a change in their preferences. If this is the case then attributing other people with instrumental reasoning, so that their behaviour might be explainable, and therefore open to prediction, is bound to be unsatisfactory when the behaviour to be explained involves actions that need to be planned ahead of their execution. When a politician is forming a set of policy proposals then the temporal dimension is clearly present. The electorate will need to form some sort of opinion as to how believable these intentions to carry out future actions are. A voter even if they actually turn out to vote, needs to be able to form some kind of belief as to how the party or person they give their vote is likely to behave once they are in office. This does not entail that we need the specific details of how the politician will deal with all the possible future circumstances in which the politician will be making decisions, but if we are to maintain that we have a predictive account of voters' behaviour then we must at least provide some explanation of why they vote in the way that they do. If the voter cannot form beliefs about the credibility of politician's future behaviour then how is it possible for them to create a rational intention to vote founded upon beliefs and desires? It is because of this problem and the fact that voting itself cannot be understood from an instrumentally rational basis that alternative approaches to rationality are considered necessary.

Taking the lead from a growing number of those in the rational choice approach to political decision-making section 4 examined how a move to a more holistic or coherent account of rationality
might enable the curious phenomena of election activity. The interpretative account of Davidson was outlined in detail, with a particular emphasis upon the causal status of people's intentions and their actions. However, this conception of rational action is not without its own problems. Whilst Davidson's theory can be defended against some of the critiques concerning the impossibility of improvements in the precision of laws governing rational action, it became clear that there are at least two criticisms to which it is vulnerable. The first appears because Davidson wishes to maintain a link between the mental and physical realms, and that he wishes to insist that the physical realm is governed by covering laws, then mental events lose any additional causal influence. Mental events are simply epiphenomena, and as such we should still be able to provide explanations of peoples' behaviour in solely physical terms. The second problem related to the nature of future intentions, and Davidson's account failed because of his adherence to the strategy of extension. Because of this failure to include enabling conditions into a person's plans in a sufficiently flexible fashion Davidson's account cannot provide a rational interpretation of future intentions. This is a serious problem in the context of the electoral process, as the voter needs to be able to form some sort of opinion concerning the plausibility of a politician's policy proposals, and their intentions to follow through on such policy commitments.

Given the problems facing rational choice accounts of electoral behaviour, and the lack of attention given to Schumpeter's original work on the notion of the political entrepreneur, an approach to political decision-making was explored that would at least have some common ground with the intellectual heritage that Schumpeter drew upon. By expanding upon Buchanan's conception of politics as a process of exchange, and the extent to which the role of imagination was neglected in political decision-making and economics in general, Shackle's approach to the entrepreneur was discussed in the context of the electoral process. Whilst there are important insights to be had by this line of enquiry it was made clear that Shackle also adhered to the instrumental conception of rationality. This fact, coupled with his radical subjectivist position on knowledge, also leads to the problems of accounting for electoral decisions in the context of wider political behaviour. Put simply, Shackle's approach deals with momentous decisions that were likely to alter the environment in which the politician operated, but it fails to address the problem of how we integrate this behaviour with the more routine behaviour of political activity. Again the need to account for the construction of flexible plans that incorporate enabling conditions was found to be problematic.
Given the conclusions arrived at in sections 4 and 5, it is clear that if we are to provide a rational account of political behaviour, both on the part of the politician and the voter, then future intentions and plans need to be fully incorporated into such an account. Following the ideas of Bratman the nature of shared intentions was considered in section 6. The notion of commitment as a normative concept was shown to be crucial to any understanding of future related decision-making, and this notion of commitment was seen as the glue which ensured coherence not only for a person across time, but also between people across time. By incorporating a normative element in the foundations of an individual’s decision-making it is possible to provide a rational account for behaviour that relies upon co-operation between those wishing to engage in collective action. It also provides the basis for understanding how some form of obligation may explain why voters may give credence to electoral manifestos offered by politicians and political parties. This approach is less successful in explaining the act of voting itself, as the conditions under which collective agreement can lead to collective intentions do not appear to hold in this instance. Instead some recourse to an understanding of how social norms come to be arrived at was seen to be necessary if we are to explain the act of voting. This does not rule out the possibility that voting is a rational action, rather it points to the requirement that in order to be able to explain many actions we need to provide an account of how such actions fit within the social context that they are made. One way of understanding the origin and reinforcement of social behaviour was briefly considered, but Searle’s approach is not the only one and nor is it necessarily the correct one.

There are undoubtedly large obstacles for Searle’s approach to overcome not least the problem of mental events as epiphenomena, which has not been sufficiently dealt with here. What has been shown is that there is an approach to conceptualising rational behaviour that may still leave the door open to establishing rational explanations to voting, but it is one that acknowledges the requirement that when we seek to provide rational explanations of behaviour we must incorporate the social context within which decisions are made. Relying upon an instrumental notion of rationality simply does not satisfy this requirement. More needs to be done to be able to claim that we can provide a rational explanation of voting behaviour and the behaviour of politicians, but the foundations for future work on this problem have been laid.
Appendix 1

Downs' Eight Axioms.

- Axiom 1—'individual persons are the only true centres of human self-consciousness, and they also have at least some freedom of choice among possible actions open to them.' (1991, p147, sic.) Whilst individuals are seen to be the 'fundamental units' of social theories and values, Downs argues that this axiom should not be viewed as the only key axiom which underpins social values.¹

- Axiom 2—‘certain societies—from the family through the neighbourhood up to whole nations—are also real forces affecting the creation, nature and behaviour of every individual. In fact, no individual person can become human except in a society’. (1991, p147). Thus we can have no pure individuals; social solidarity is a reality. Society is not to be viewed merely as an aggregate of ‘atomistic individuals, with no separate impact or reality.’ (1991, p148). Both individuals and societies are real elements of life, which impact upon the world. Their inter-relationship must be acknowledged in the study of social values.

- Axioms 3, 4 and 5 concern the behaviour of persons and societies. Axiom 3 is on the rationality of the ‘average’ citizen. ‘Normal adults can both recognise and pursue their own interests and the interests of society as a whole with reasonable accuracy and effectiveness, if they have access to sufficient, reliable, and relevant information’. (p148). People can be entrusted with making common sense decisions, thus enabling government by the people. Something that Schumpeter appears to have disagreed with. He also accepts that people do not maximise as such, but rather they satisfice.²

- Axiom 4. Concerns the ‘universality of selfishness…. individuals in all societies tend—when they can—to give higher priority to serving their own interests, and the interests of those dearest to them, than the interests of others not so linked to themselves—even at the cost of sacrificing or exploiting others to benefit themselves.’ (p149). This is the negative aspect of human nature found in Judeo-Christian thinking, which a counter balance to the positive aspect in axiom 3. It points to the limitation of powers for one group as they will collectively, or individually, start to exploit others on the basis of this authority or power. This then affects how laws and social powers ought to be constituted in the fabric of society.

- Axiom 5 ‘in most societies, individuals draw part of their personal identities from membership in relatively cohesive subgroups within the society. Examples are ethnic groups, tribes, and religions.’

¹ On this he makes a point of distancing himself from the work of Hobbes (1976), Nozick (1974), Buchanan and Tullock (1962).
² Here he acknowledges the work of James March. (p149, n.13)
(p150). He concludes from this that democracies work best where these sub-groupings are not divided by too broad and deep differences.

- Axioms 6-8 relate to conditions influencing personal interactions within societies. Axiom 6. ‘Concerning almost all empirically observable dimensions, human persons exhibit a diversity of traits involving substantial inequalities. Moreover, elimination of such inequalities by attaining complete identity among persons is not possible concerning at least those traits that inhere to each person’s basic nature.’ (p150). Differences occur because of genetics, social learning, individual effort, disparities in the world and chance. What is of interest here is that Downs states that, not only is it impossible to create identity among different persons without strong controls, it is not desirable, as diversity creates a richer environment from which we all benefit. Whilst you might agree with the desirability of diversity, Downs once again falls into the trap of assuming certain desirable properties that should not be stated as a “correct” desire in this axiomatic context.

- Axiom 7: ‘Information necessary for making effective political and other decisions is scarce and costly in terms of money, time, and effort. Therefore, all political decisions are made in an environment of incomplete data and partial ignorance.’ (p151)

This ties in with much of what he says in 1957 on information.

This axiom implies that both citizens and government officials must make most key political decisions in an environment containing immense amounts of ignorance and uncertainty that cannot be overcome. (p152)

- Axiom 8—‘Normal life in all societies involves myriad direct interactions among persons that generate complex, overlapping and immeasurable externalities.’ (p152) with externalities defined as direct relationships that lead to the actions of some affecting the well being of others, by means other than via markets. Because of the complexity of such interrelationships, they cannot be governed by voluntary contracts, nor formalised contracts. This rules out Nozick’s theory of the minimal state.

From these eight axioms he goes on to postulate two ultimate social values supporting Democracy: The sanctity of the individual person and the duty of mutual co-operation with others. How these two are upheld in practice involves ‘prudential choices’ as they often come into conflict.
Appendix 2

Shackle's Formal Decision-Making Schema: The Axiomatic System

Shackle offers a geometric representation of his system in a number of places. The latest of these is to be found in INC (1979). I shall follow this outline, as it is the most likely to have been amended in light of comments on earlier drafts. He starts with a set of propositions in two parts. The first nine are the 'initial propositions from which the remainder logically follow. It is worth noting here that he makes no claims for the truthfulness of the axioms as he views the system as 'abstracted from all referends outside of itself.' He only requires that the system is coherent, with the propositions being mutually consistent.

In order to fully understand the propositions it is necessary that we repeat his definitions of the terms he employs as in his preface to these propositions. These are:

- Hypothesis, which is any 'suggested answer to any question', with its contradiction being that the hypothesis turns out to be incorrect.
- Rival Hypotheses, where there are two or more mutually exclusive answers to the same question.
- Exhaustive set of rival hypotheses, where the individual is certain that the true answer to the question posed is contained. This can be ensured by a residual hypothesis, which covers every particular hypothesis that has not be precisely formulated and therefore excluded from the initial set.

9 initial propositions are then given which, like Ford (1994, pp161-2) I shall repeat unamended.

1. An individual’s degree of belief in a hypothesis can be thought of as consisting in a degree of potential surprise associated with the hypothesis, and in another degree of potential surprise associated with its contradictory.

2. Degree of potential surprise can be zero or greater than zero. No meaning is assigned to a degree of potential surprise less than zero. Degrees of potential surprise are bounded above by that degree y bar, called the absolute maximum of potential surprise, which signifies the absolute rejection of the hypothesis to which it is assigned, absolute disbelief in the truth of the suggested answer to a question or the possibility of the suggested outcome of an 'experiment.'

3. Equality between the respective degrees of belief felt by an individual in two hypotheses will require, for its expression in terms of potential surprise, two statements, namely that some given degree of potential surprise is attached to both hypotheses, and that some given degree is attached to the contradictories of both.

4. The degree of potential surprise associated with any hypothesis will be the least degree amongst all those appropriate to different mutually exclusive sets of hypotheses (each set considered as a whole) whose truth (if it were established) appears to the individual to imply the truth of this hypothesis.

5. All the members of an exhaustive set of rival hypotheses can carry zero potential surprise.

6. When H is any hypothesis, the degree of potential surprise attached to the contradictory of H is equal to the smallest degree attached to any rival of H.

7. Let bY be the degree of potential surprise assigned to a hypothesis B when aY is the degree assigned to a hypothesis A, and let bY be the degree assigned to B when aY = 0. Then bY is not greater than the greater of aY, bY.

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3 Though the outline of the propositions is a verbatim repeat of what was written in his 1949 publication Expectation and Economics.

4 (1979, p109). All quotes in this section are from chapter 17, (pp109-119) of his 1979 publication.
8. Any hypothesis and its contradictory together constitute an exhaustive set of rival hypotheses.

9. At least one member of an exhaustive set of rival hypotheses must carry zero potential surprise. (But it is possible for all the rival hypotheses which are in any degree particularized or specified to carry potential surprise greater than zero, only the residual hypothesis carrying zero potential surprise. (italic in original)

These axioms give us a partial ordering only (axiom 5 allows this).

Axion 7 was originally (in the 1949 edition) as follows.

7. The degree of potential surprise assigned to the joint (simultaneous) truth of two hypotheses is equal to the greater of the respective degrees assigned to the separate hypotheses. (italics in original)

This axiom has been the recipient of most of the criticisms concerning his formalisation of potential surprise. The problem of the potential surprise of joint hypotheses (or ventures a Ford refers to them) was shown by Houthakker to be not applicable to mutually exclusive events. Though Shackle stipulates this in his definitions, but more importantly it is problematic where the two hypotheses are ‘mutually hostile’.

Thus axiom 7 was further amended in 1961 (Decision Order and Time) to read:

7. Given the degree of potential surprise $Y^+$ assigned to a hypothesis A, and the degree $Y^0$, which would be assigned to a hypothesis B if $Y^+$ were zero, the degree in fact assigned to B will be the greater of $Y^+, Y^0$. (p83)

Ford goes on to discuss how Shackle sought to defend his system by insisting on the non-additivity of uncertainty. It is clear that Shackle’s system is open to criticism and that much of his defence fails to undermine those who seek to augment his approach. What is useful though, is his notion of potential surprise founded upon a fundamental conception of uncertainty that allow for agency.

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I am following the comments on this material of Ford (1994) who considers these issues at length and to a far greater depth than I will here. It is not my intention to provide a rigorous account and critique of Shackle’s formal schema here. Ford has done this, and the reader is advised to consult his work on these matters. In fact on is tempted to simply refer to him on all matters concerning Shackle’s work, yet I feel the main argument developed in section 5 is not considered in his excellent survey of Shackle’s writings.
References:


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