



**UNIVERSITY OF CASSINO AND SOUTHERN LAZIO
DEPARTMENT OF ECONOMICS AND LAW**

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Marina Bianchi

Dipartimento di Economia e Giurisprudenza
Università di Cassino e del Lazio Meridionale

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Editor: Nadia Cuffaro
e-mail: cuffaro@unicas.it

Dipartimento di Economia e Giurisprudenza
Università degli Studi di Cassino
Via S. Angelo Loc. Folcara snc
03034 Cassino (FR)
Italy

Disappointment and Public action: Albert Hirschman's ways of complicating economic theory*

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Abstract: In his essay *Against Parsimony* (1985), Hirschman argued in favor of “complicating” rather than simplifying economic theory. This paper focuses on two of the economic phenomena that, according to Hirschman, are in need of greater complexity.

The first refers to the process of choice and preference formation: a change in tastes that is preceded by the formation of meta-preferences is in fact, for Hirschman, a change in values. These autonomous, reflective kinds of changes as opposed to wanton, non-reflective kinds, do not take place simply in response to price changes. Contrary to the standard assumption made by economists, *de valoribus est disputandum*.

The second problem refers to the existence of non-instrumental actions. Striving for truth, love, beauty, common good, justice, liberty, friendship and salvation have non-calculable, non-measurable outcomes. According to instrumental reasoning such actions are inexplicable, “a mystery”. Moreover they are often painful and costly to achieve. Why then are they pursued?

According to Hirschman, changes in choice behavior implying changes in values are the expression of a conflict between meta-preferences and preferences, and this, in its turn, is the result of disappointment. If disappointment is with private consumption practices social and public commitments can provide the alternative values; if, vice-versa, disappointment is with public action, private concerns might provide the prevailing values. In discussing these points, I shall show that there are other sources of conflict, besides disappointment, that have both a cognitive and affective dimension and whose effects on preferences might result in altered choices. These contrasts, such as those between the known and the experienced, or between the expected and the realized, belong to a dimension of choice in which exploratory behavior, interest and intrinsic motivation are the positive determinative elements for change. In such cases not only *de valoribus*, but also *de gustibus est disputandum*.

JEL codes: D11, D12, D61, H4

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1. Introduction

In his essay *Against Parsimony. Three Easy Ways of Complicating some Categories of Economic Discourse* (1985) Albert Hirschman starts by recognizing that, in the construction of a theory, parsimony is an undoubted virtue. Economizing the conceptual tools that allow for simplifying and ordering complex phenomena is a

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** Marina Bianchi, Dipartimento di Economia e Giurisprudenza, Università di Cassino e del Lazio Meridionale. email: marina.bianchi@unicas.it

goal that any theorist should pursue. Yet, like any virtue, Hirschman adds (paraphrasing Sen 1977), parsimony can be overdone and prevent the gains that could be reached by making a theory more complicated. This is particularly true of economics. This is a problem, says Hirschman, that he himself discovered when he started to introduce “voice”, as a force that might keep firms and organizations alert to customer discontent, alongside the more traditional "exit" option. It took a whole book, he declares, his *Exit, Voice and Loyalty* (1970), to cope with the resulting complications (Hirschman 1985: 8).

The first of Hirschman’s postulated three ways in which economics needs complicating, involves the distinction between first-order and second-order preferences, between preferences and meta-preferences. The existence of meta-preferences reveals that humans can step back from choice and ask themselves whether that choice is what they really want. In economics the complex psychological and cultural processes that are behind the observed market choices have been left to the work of psychologists, sociologists, and anthropologists. Yet, as Hirschman says, there is an important reason why economists should be directly interested in the problem of how preferences form, the problem of economic change, namely, that it is through the interconnections between meta-preferences and preferences, between values and choices, that one might hope to understand better certain features of economic change.

The second warranted complication is in the realm of non-instrumental actions. These, for Hirschman, are a “mystery for instrumental reason”. Striving for truth, love, beauty, common good, justice, liberty, friendship and salvation have non-calculable, non-measurable outcomes. And, for these activities, the distinctions between effort and result, means and ends, or for that matter, between costs and revenues, cannot be applied. They are pursued nevertheless because they are accompanied by a feeling of attainment, despite their being often painful and costly.

The third context in which added complexity seems warranted, to Hirschman, refers to attitudes and actions such as love and public morality, trust and civic spirit. Economists equate these to other economic factors that are scarce and need to be economized. But these abilities may well increase through use, and be depleted if not used. At the same time, they also differ from skills that can be improved through learning. There are indeed limits to the benevolence one can exercise, and if excessive demands are put on people to perform their civic duty, more may be achieved instead by re-envisaging institutional arrangements that rely on self-interest. Conversely, these arrangements might be reduced where demands on benevolence and community values are insufficient.

In this paper I shall concentrate on the first two of these ways of complicating economic theory, highlighting the strong connections that exist between them. What Hirschman shows is that it is from the conflict between preferences and meta-preferences that new values emerge, in particular those that are

connected with public involvement and actions. These actions and concerns, being self-rewarding and autonomous, can provide a way out of that which is disappointing about following one's existing preferences and behavior. In the second part of the paper I shall address Hirschman's response to Tibor Scitovsky's theory of motivation, which addressed similar themes around the same time.

2. Preference formation: the importance of values

According to Hirschman the ability of men and women to step back from their "revealed" wants, volitions and preferences, and to ask themselves whether these volitions are really what they want and prefer, enables meta-preferences, and preferences of the reflective to be entertained. Because of their reflexivity, meta-preferences may differ from preferences, a fact worth stressing, since it is precisely from this possible mismatch, as it expresses itself in changes in choices, that we might be able to infer the status of meta-preferences and how they too may possibly change. Indeed, as Hirschman says, if meta-preferences always coincide with preferences, they have no independent existence. If, on the other hand, they are systematically at odds with preferences, their very existence may be doubted (Hirschman1985: 9).¹

Changes of meta-preferences and corresponding changes in behavior, arise from a conflict, a persisting mismatch between preferences and meta-preferences, to which such changes might also supply a resolution. But, Hirschman adds, "there are also preference changes that take place without any elaborate antecedent development of meta-preferences." (ibid.: 9). The better to explain this point, he adopted the terminology of philosopher Harry Frankfurt, who distinguished between wanton and non-wanton preferences.

For Frankfurt, wantonness in an agent is reflected in an absence of concern about the desirability of his or her desires, despite being perfectly rational and able to deliberate their course of actions. Such persons have first order desires but not second order volitions (Frankfurt 1971: 11). Yet the capacity for self-evaluation that manifests itself in the formation of volitions of the second order – of wanting to be or not to be the way one is – is exactly what distinguishes human from non-human behavior and conduces to the freedom of the will.

Changes in preferences that are unreflective, impulsive, uncomplicated, are then, for Hirschman, following Frankfurt, wanton. These are the preference changes on which economists have primarily focused: haphazard, publicity-induced, and generally minor (e.g. apples vs. pears- type) changes in tastes.

¹ "In such cases, the situation is best characterized as a "tie-in purchase": along with the preferred commodity the consumer insists on acquiring unhappiness, regret, and guilt over having preferred it." (Hirschman1985: 9).

In contrast, a change in tastes that is preceded by the formation of meta-preferences, a non-wanton change of preference, is not really a change in tastes at all. A taste, says Hirschman, is almost defined as a preference about which you do not argue — *de gustibus non est disputandum*. A taste about which you argue, with others or yourself, ceases ipso facto to be a taste — it turns into a value. Hence the further conclusion that, when a change in preferences has been preceded by the formation of a meta-preference, when, that is, much argument has obviously gone on within the self, then the change typically represents a change in values rather than a change in tastes.

The result of this process is that changes in preferences of the reflective type cannot be activated through the incentives of price changes alone. In this point Hirschman differs sharply from, say, Gary Becker who, having reduced values to wanton tastes, can dismiss both as ineffective and explain changes in behavior simply through changes in relative prices (ibid.:11; Stigler and Becker 1977; see also Becker 1996).

Instead, changes in meta-preferences stem from deeper, more complex and less readily knowable shifts that involve values and ideals.² Hence Hirschman's conclusion: *De valoribus est disputandum*.

In this first call for complicating economic theory Hirschman makes several relevant points that can be summarized as follows.

In order to understand the forces that might influence economic change, it is important for economists to understand change in behavior and choice.

To this end it is necessary to distinguish between Preference, P, and Meta-preference, M, a distinction that implies not only that "I want to do z", but also that "I *want to want* to do z". Only when P that has been preceded by M – meta-preferences of the non-wanton and reflective kind – is it worthwhile to argue about preferences. Only then we are dealing not with tastes but with values and their changes. These changes in values can be inferred from changes in behavior, changes that in fact reveal that $M \neq P$.

In raising these valid points Hirschman nonetheless leaves several questions unanswered. The first, and most pressing of these is: what is the type of conflict or discrepancy that might occur between P and M? From this question there arises a second: how might a situation of conflict that causes $M \neq P$ lead to a deeper and more tortuous resolution such as that involving values?

Indeed, Hirschman, here following Frankfurt, seems to create too strong a dichotomy between the unreflective/wanton P and the reflective/ higher volition, M. In (correctly) attempting to stress the importance of values and their role in choices, Hirschman makes too much of the difference between M

² The economists' concentration on wanton preference changes, have tended to downgrade changes of the reflective kind to the wanton kind by assimilating them to changes in tastes: thus, for example Becker, 1957 ascribed patterns of discriminatory hiring to a "taste for discrimination" (Hirschman 1985: 10).

and P, leaving P in the realm of matters indisputable – simple tastes – and thus rendering it more difficult to understand how to go from P to M.

We shall see that Hirschman himself found it not easy to answer these questions and the answers he provided still leave some queries unaddressed. I shall start with the first of the questions above: what causes M to diverge from P?

3. Sources of disappointment

“As is well known from works of fiction, a persuasive account of important decisions by individuals to move in a new direction is often produced through the conjunction of preexisting doubts and unease – second order volitions of sorts – with some catalytic event or experience.” (Hirschman 1982: 72).

It is from Hirschman’s essay *Shifting Involvements* (1982) that we can begin to formulate an answer to the types of conflicts that may arise between P and M and are at the basis of M-formation. The main concern throughout *Shifting Involvements* is not so much how to account for preference changes, but, more importantly, how to explain those greater shifts in meta-preferences that are at the basis, as we have seen, of changes in values.³ The basic point of Hirschman’s argument is straightforward.

Individual activities, such as acts of consumption but also participation in social and public life, are undertaken in the expectation of the satisfaction they may yield (Hirschman 1982: 10). Yet, besides being a source of satisfaction, these activities may also be disappointing and fall below what one expected from them. When this happens and expectations do not adjust downward, disappointment and discontent will tend to persist. As a result, these patterns of consumption and activities are destined to change and move towards activities that promise to be more rewarding. Preferences change and, as we shall see, meta-preferences, change too.

“The world I am trying to understand in this essay is one in which men think they want one thing and then upon getting it, find out, to their dismay, that they do not want it nearly as much as they thought or don’t want it at all and that something else, of which they were hardly aware, is what they really want”. (Hirschman 1982: 21.)

The possible sources of disappointment are, obviously, many, but Hirschman’s chosen focus is on that category of disappointment that comes from the private consumption of goods and services. As Simmel had pointed out in his *Philosophy of money* (1900), says Hirschman, goods are richer than money

³ Though Hirschman had often criticized attempts to construct paradigms that proved to be too rigid for multifaceted reality (Hirschman 1971), his own aim in this essay was to attempt a theoretical analysis of endogenously changing preferences.

because they “harbor either surprises or disappointments”,⁴ while money, which is abstract in nature and devoid of any quality, can bring neither (Hirschman 1982: 26).

Yet not all goods are equal as possible sources of disappointment. Within their universe, there are some whose disappointment potential is higher. This is the case, and contrary to what one might expect, with goods that are durable. Indeed, says Hirschman, some of the most durable pleasures come from truly non-durable goods, those that are entirely consumed and vanish. But just because they perish in the act of consumption, these goods are a source of renewed pleasure when they are consumed again, and again (ibid.: 28). Contrary to these “disappointment-resistant” goods, durable goods are much more likely to bring discontent. This is true particularly of those that are in continuous or even intermittent use (the apartment, the refrigerator, the washing machine, the car). In this case the pleasure that their acquisition might have provided at the beginning is supplanted, in time, by simple comfort – a feeling that is inimical to pleasure.⁵ They start to be taken for granted (ibid.: 32). It is at this point, when they fail to bring the hoped-for private happiness, that their durable existence becomes a source of self-reproach and dissatisfaction.⁶

To reinforce his point on possible mismatches between P and M that might cause discontent, Hirschman goes beyond the specific categories and differential characteristics of goods and introduces a more aggregative and historical point of view (ibid: 46).

If one looks, he argues, at how new affluence and greater availability of goods have been received in Western countries in the course of time, one cannot but notice that, along with appreciation and praise there came strong feelings of resentment and distrust. Just recall Adam Smith, he says, who celebrated the advantages of more goods being available and affordable, but who also often remarked that true happiness does not lie in accumulating goods, nor in the power they bestow or the notice they might attract. Recall, too, Flaubert’s cry against the ugliness of new, cheap, mass-produced articles (ibid: 53). Indeed, affluence, Hirschman notes, seemed to produce, with its benefits, also strong feelings of frustration and hostility.

⁴Though in footnote 4 of the same page, Hirschman stresses that here Simmel was thinking more of disappointment than surprise. Moreover, there seems to be no word for the opposite of disappointment) (Hirschman 1982: 26).

⁵To make this point here Hirschman refers to Scitovsky’s distinction between comfort and pleasure (Scitovsky 1976). I shall come back to this point later.

⁶A new and increasing category of consumer expenditures, notes Hirschman, is devoted to services, especially education, health and recreation. Here too the likelihood of disappointment is high because their quality is uneven and uncertain and there is higher tolerance of their deterioration (Hirschman 1982: 40).

One obvious reason for this hostility was that new goods represented a threat to the established hierarchies of social order. But another, opposed, reason was that new articles of wealth were also seen to increase the gaps between the rich and the poor, not only in relative terms but absolutely. It was Rousseau, Hirschman reminds us, who had even remarked: "If there were no luxury, there would not be any poverty." ⁷ (ibid.: 56).

Once so viewed, these opposite sources of discontent seem to provide no room for a resolution. If the new riches diffuse and filter down to the have-nots and reduce the gaps between them, the conservatives will denounce the threat to social order that this process causes. On the other hand, if they remain confined to the rich and do not filter down, progressives will denounce the widening disparity between social classes. The result of this double bind, Hirschman tells us, is that, regardless of the reason, the new consumption practices become the target of hostility and resentment.

But there is also a second, even more important, kind of double bind, deriving, according to Hirschman, from two additional sources of discontent that give rise, in writers who have explored growing riches, to two different forms of denunciation and criticism. One is directed at exposing the disproportion between the effort and trouble that are needed in order to acquire the new riches and the trifling and evanescent pleasure they give. This criticism, which started with eighteenth century debates over luxury, aims at deflating the high claims that are put on novelties and is a reminder that there is no escape from the human condition of anxiety and sorrows, and that, as Smith put it, not much can be added to the happiness of one who is in health, out of debt and of clear conscience (1982 [1759]: 45).⁸

Correspondingly, however, there is a second criticism that is directed at inflating the importance of the new goods. To them is ascribed all the disasters and threats to the human condition. This second denunciation has an old ancestry for Hirschman. The Biblical story of The Fall and the consequences of acquiring forbidden knowledge is one variant, which persists also in contemporary denunciation of pollution and climate change.

Newly acquired goods then are rejected on a double account that allows no escape: because they are the source either of vain and transitory pleasures or of corruption and doom (ibid: 57-58).

⁷ Yet see the opposite argument made by Mandeville: that from frugality one obtains more frugality (1924 [1732]).

⁸ On page 45, paragraph 7 of *The Theory of Moral Sentiments* (1982 [1759], Smith asks: "What can be added to the happiness of the man who is in health, who is out of debt, and has a clear conscience? To one in this situation, all accessions of fortune may properly be said to be superfluous; and if he is much elevated upon account of them, it must be the effect of the most frivolous levity. This situation, however, may very well be called the natural and ordinary state of mankind."

Does this mean that the products of technological advances come always wrapped in a prospect of hostility and discontent? Not necessarily, answers Hirschman. The real disadvantages and negative effects that often accompany their initial introduction, might perhaps, in time and through use, be corrected and a net social benefit result.

However, if all these initial inconveniences and problems were revealed at the beginning and all at once, it might have happened that both consumers and public intervention would never have suffered them to appear on the market in the first place. ⁹ That this did not happen is another instance of what Hirschman calls the principle of the hidden hand, a mechanism that provides a way of inducing action through error, the error being that at the beginning all the costs and difficulties that an action or project may require are underestimated (Hirschman 1967: 21).

According to Hirschman, then, both the analysis of current practices of consumption and their historical reconstruction suggest that private consumption can be the source of a disappointment that measures the distance between the expected and the realized benefits. It is from this disappointment that a mis-alignment and consequent conflict between preference and meta-preferences might originate.

If these are for Hirschman the possible causes of $M \neq P$, the next question becomes: how can we go from this situation of conflict to a resolution that appears to be such a radical shift as inducing a change in values?

The changes in values that are here at stake are those that might provide a valid counterpoint to the disappointments of private involvement. These, for Hirschman, are those that involve the engagement in public life and social concerns. The question, then, that he tries to answer is: Can we conceive a major shift from consumption experiences that were presumed to be dispensers of happiness but have disappointed, to a pursuit of happiness through corrective public action? (Hirschman 1982: 62).

4. Private concerns vs Public Actions

Hirschman's own answer is that we may indeed envisage a shift towards a more active public life, provided that some specific conditions are present.

⁹ Another source of discontent, is that stressed by Fred Hirsch (1976) and related to positional consumption: the problem that none of us competing for higher position is able to realize their hopes, namely the reward of status that certain types of goods are thought to confer, since one's gain is at another's expense and no net increase in status is realized. For Hirschman this sort of discontentment is of less relevance than that which derives solely from having acquired what one was striving for.

The first of these is that both the private and the public sphere are recognized as available options by consumers. This condition would offer them the possibility, if disappointed, to *exit* from private concerns and to embrace public life.¹⁰ Disappointment is what would tender them a ladder that they can use to climb gradually out of private life and into the public sphere. But consumers may also exercise the *voice* option. If they do, however, and contrary to what happens under competition, voice is not an alternative to the exit response, but would reinforce it (ibid.: 65).

The second condition is that consumers have a self-reflective ability – Frankfurt’s second order volitions – that may provide the fertile ground for deeper changes such as changes in life styles. In this case too disappointment is an essential element in a series of reflective moves that leads up to more radical decisions (ibid.: 74).

It is clear however that the existence of these conditions is not enough. Even if disappointment is the motivational incentive to abandon private consumption after this has proved disappointing, it does not necessarily follow that one would find public engagement and social action worth pursuing. The trouble with this conclusion, as Hirschman himself admits, is that it confronts several obstacles. One is the so-called voters’ paradox, according to which the social effectiveness of the single voter’s action appears to be much lower than the costs of the action, yet he or she votes.¹¹ Another, even more critical, is the problem of free riding (1982: 77). This problem, and one that Hirschman found particularly troubling, was convincingly formulated by Mancur Olson in his 1965 *The Logic of Collective Action*. Here Olson showed that, since the outcome of collective action is a public good, enjoyable by all independently of their contribution, the individual has an incentive to skip the costs of voice, and free ride. Such responses, when generalized, would eventually undermine the collective outcome and render voice useless.

Hirschman’s objection to this nihilistic argument is mainly that it does not take into consideration the fact that people have a past, a history whose effects can have a sort of rebound effect on the present. This is the case for example when previous experiences that ended unhappily can bias people to underestimate the costs of an action that has an opposite sign (a positive potential). In the case of disappointment with consumerism, an opposite bias in favor of public concerns may make public

¹⁰ The discovery that a product is unsafe could induce consumers to question political arrangements in general. Additionally, disappointment might contribute to deflating an ideology which claimed that private interest is good and one should not feel guilty about it (Hirschman1982: 65).

¹¹ Some recent literature analyzing the individual motivations for donating to politics addresses the problem of how to explain the “irrationality” of any such action, if private interest is of concern. For a review, see Ansolabehere, De Figueiredo and Snyder 2003.

involvement attractive. Still, this counter-argument, Hirschman concedes, even if it might have weight, does not solve the problem of free riding (ibid.: 78).

It was in trying to further address that problem that Hirschman introduced a new twist into his argument. Partly following Scitovsky's line of reasoning (though, as we shall soon see, also critical of it), Hirschman stressed what, according to him, is one of the main attractions of public action over private pleasures. If in the case of private pleasures, striving for them, either through direct production or through the production of income, carries a cost. This, however, is not the case with public-oriented choices (ibid.: 84). For these belong to that set of human actions for which there is no clear distinction between striving and attaining. Like the search for community, beauty, truth, knowledge and salvation, these human actions all share the characteristic of being self-rewarding and valuable in themselves. For them the benefits are not the result of a *difference* between the hoped-for outcome and the effort of attaining it, but of the *sum* of these two magnitudes. In this light then free riding is no more a maximizing strategy (ibid.: 86).

This additional twist is really significant and one that Hirschman had already addressed in his *Essays in Trespassing* (1981). It provides us with a positive, and not simply a negative, reason for embracing public actions. However, despite its relevance, we cannot but feel that this argument is inconclusive since we do not yet know *why* public actions can be self-rewarding. Hirschman offers some interesting remarks about the differences between routine vs non-routine activities, but they are not developed further.

5. Non Instrumental actions versus instrumental reason

We have seen that in his account of preference changes, especially those of higher order and that he cares most about, those involving social values and commitments, Hirschman has introduced a whole new set of complex phenomena: missed expectations and disappointment, double binds, exit and voice, rebound effects and self-rewarding actions, as well as his principle of the hiding hand. These new complexities are all steps towards a richer and more articulate understanding of social change, and one that he applied innovatively to the analysis of economic development. Yet these steps do not sum up into a comprehensive explanation.

In fact what Hirschman seems to lack is a more general theory of motivation, a condition that forces him to make discontent, a negative feeling, the only motivational underpinning of all the shifts in preference and meta-preferences.

Hirschman recognizes that disappointment might have also a positive side since human ability to entertain high aspirations and ideals has at its base a corresponding human condition of dissatisfaction and disquiet (1982: 23). Yet, since his main concern and attempts at explanation are limited to the negative

sides of disappointment, we are left in doubt as to how, from such a negative motivation, there could come a positive – and felt to be positive – engagement in public involvement. Disappointment tells us what we do not want, but not what we do want. It tells us what to abandon but not what to embrace. In fact the lack of guidance as to what to choose next may be a source of additional disappointment.

In his biography of Albert Hirschman, Jeremy Adelman (2013) tells us about the gestation of the set of ideas that came to form Hirschman's *Shifting Involvements* and that, as we have seen, were taken up again in 1985. These issues were first tried out in two lectures delivered in December 1978 at Princeton University, entitled "Private and Public Happiness: Pursuit and Disappointment". Here he attempted to address the problem of the shift from private pursuits to public engagements and back again. If *Exit, Voice and Loyalty* had been a book on how people made choices, what Hirschman wanted to discover now was *why* they made those choices (Adelman 2013: 551). *Shifting Involvements* was meant to be a theoretical book, and it caused him, says Adelman, much anguish and many doubts (ibid.: 557).

It was also a book that attracted strong reactions, many of which were critical. What was mostly regarded as a weakness was a lack of empirical analysis and too strong a dichotomy between private and public involvements.

This was probably the reason why Hirschman felt the need to address the topic again two years later in his essay against parsimony in economics.¹² It is here that, as a second instance of complicating economic theory he discusses again the role of non-instrumental actions, of those actions that are a "mystery for instrumental reason". They are a mystery because, for these activities, pursued for their own sake, the usual metric that compares efforts and results, means and ends, or costs and revenues does not apply. So what makes them worth pursuing?

Some progress can be achieved, says Hirschman, if one looks at the varied degrees to which the intended outcomes of an activity can be predicted. Certain activities, mostly those that are of a routine character, have wholly predictable outcomes that allow for the separation of the process into means and ends and correspondingly into costs and benefits. "But there are many kinds of activities, from that of a research and development scientist to that of a composer or an advocate of some public policy, whose intended outcome cannot be relied upon to materialize with certainty." (1985: 12). What instead happens in these kinds of non-routine activities is a strange combination of short-term uncertainty with long-term certainty of achievement that breaks any reliable comparison between costs and benefits. It is exactly this

¹² A shortened version of this paper appeared in the *American Economic Review, Papers and Proceedings*, vol. 74, 2, 1984: pp. 89-96.

combination of uncertainty-certainty, this fusion of striving and attaining, that for Hirschman makes these activities especially attractive, "stimulating," "exciting". (ibid:12,13).

In stressing the excitement and the savoring that might account for the existence and importance of non-instrumental actions Hirschman came very close to the type of arguments that Tibor Scitovsky had advanced some years earlier in his *Joyless Economy* (1976) for explaining the existence of those stimulating activities that have no antecedent in pain. Yet these observations, too, though they give us some additional suggestions, do not provide a real analysis of positive motivations for embracing public involvement rather than private-sphere activity and vice-versa.

It is, however, in connection with Scitovsky that Hirschman returned to the themes that he had discussed in his 1982 book and his 1985 essay. He does it in a paper written in 1996 for a special issue of the *Critical Review* dedicated to Tibor Scitovsky's *The Joyless Economy* after Twenty Years. Here Hirschman not only declares his indebtedness to Scitovsky's work but also introduces some amendments to the arguments he had maintained in *Shifting involvements*. He hoped, in accordance with his view that self-subversion may be the means to self-renewal (Hirschman 1995), to subvert what appeared too strong a dichotomy between private and public engagement. What he had earlier failed to realize was that private and public engagements were not mutually exclusive categories. There are in fact several instances in which they meld and merge (Hirschman 1996: 536). Hirschman identified one such instance in the practice of the common meal, where, as a result of the pleasure of commensality, important social and public links form, some as important as the formation of the political union of Athenian democracy, which example he discusses at length.

6. Sources of positive engagement

The influence of Scitovsky's approach had been present already in Hirschman's earlier discussion of the sources of discontent, as several references to the first edition of *The Joyless Economy* make clear.

Like Hirschman, Scitovsky too had criticized the traditional identification in economic theory of preferences with choice and had argued that preferences can be inferred from choices only if any tension or conflict between them is erased (1976: 4). In fact Scitovsky had devoted his entire book, *The Joyless Economy* (1976) to inquiring into the likely sources of conflict that might lead to a divorce between choice and

preferences.¹³ Yet, as he himself tells us, once he started to question these traditional assumptions and to inquire into what might make life enjoyable, he also discovered that, as an economist, he had no knowledge that would enable him to address his own question (*Memoirs*: 105a,106). Some suggestions for a different approach were indeed present in the lesser-known writings of Cambridge economists such as Marshall, Keynes, Harrod, and in particular Hawtrey, whose *The Economic Problem* (1926) he found especially revealing (Scitovsky 1985). But a real breakthrough came when Scitovsky turned to the study of new experimental research in psychology and early neurobiology that was emerging in the '60s and early '70s. The most important and decisive of these findings were those of Daniel Berlyne, whose studies of the motivations of human action came to form the basis of *The Joyless Economy* and deeply influenced the direction of Scitovsky's own future research (see Berlyne 1965, 1971, and Berlyne and Madsen 1973).¹⁴

What Scitovsky took away from these studies was that pleasure, satisfaction and well-being – the goodness of life – came not only from the reduction of negative feelings and sensations – ranging from hunger to anger, as economists had commonly assumed. They came also from the search for purely stimulating activities that had no necessary link to need or to pain reduction.

Scitovsky called creative those activities that were pursued for pure positive pleasure and lacked any antecedent of pain. These ranged from conversation to art, from playing sports to novel ways of cooking food, from music to science. They were creative because, thanks to their complexity and combinatory potential, they lent themselves to being constantly renewed and changed, thus becoming a sustained source of positive engagement and interest.¹⁵

Berlyne's experimental studies had indeed suggested that the sources of positive pleasure were linked to experiences characterized by variables such as novelty, change, surprisingness, complexity and uncertainty (Berlyne 1965: 245). These variables are all expressions of a condition of conflict, of a mismatch between the known and the experienced, or the expected and the realized. And they are all knowledge-related, expressing at different levels a gap in our knowledge (ibid: 246). This gap may be

¹³ These are: the possible conflict between comfort and pleasure; conflict too between standardized goods and individual needs and desires; and the gap between specialized knowledge and generalist skills (See Bianchi 2003).

¹⁴ The suggestion to look at this literature came from a psychologist colleague and friend at the Medical School at Stanford, to whose Economics Department Scitovsky had returned in 1970 after a two-year stay in Europe. This friend drew his attention to some fresh studies in motivation made by a group of physiological psychologists (Scitovsky's *Memoirs*: 105a). See Bianchi 2012.

¹⁵ Also for Scitovsky the existence of these activities shows that many individual motivations are not primarily economic, and by consequence do not respond exclusively to economic incentives. They direct attention to the importance of outside influences and that the market economy is a more open system (Scitovsky 1985: 194).

experienced as being too high, a condition that brings uneasiness, disappointment and anxiety, or too low, a condition associated with a lack of stimulation, and boredom. Pleasure arises in the process of relieving situations characterized by levels of conflict that are perceived either too low, as when one exposes oneself voluntarily to novelty and uncertainty just for the desire of experiencing and discovering something new, or too high, as when one deliberately increases familiarity to reduce novelty and complexity.¹⁶

For Scitovsky, creative activities, with their capacity to be self-renewing and engaging in ever-new ways, matched well Berlyne's model of the sources of pleasure and interest. Scitovsky contrasted them with those activities that he called defensive or comfort-related whose instrumental role was instead to reduce pain and discomfort, a role that ended as soon as the discomfort was relieved.

Hirschman admired Scitovsky's work even if he raised several points of criticism, of "intimate disagreements" (1982: 82). The first of these was that Scitovsky's insistence on pleasure as opposed to comfort led him to undervalue and almost to neglect the pleasures that come from non-durables, from catering to our physiological needs, and which are a source of renewable pleasures (ibid.: 27). Moreover, Scitovsky, for Hirschman, in praising novelty, was at risk of forgetting that novel goods and their diffusion are also a cause of discontent, as was indeed shown by the hostility with which the introduction of new wealth had been received across the centuries (ibid.: 54).

But there was a third cause of disagreement, one that is the most relevant for Hirschman. This relates to the types of activities that Scitovsky found stimulating, and that were related, for Hirschman, only to forms of private consumption, no regard being paid to those that involve public concerns. Even if, as we have seen in his paper discussing the pleasures of commensality (1996), Hirschman had partly withdrawn this criticism and recognized that some private forms of consumption have also a social and public dimension, he continued to think that Scitovsky had undervalued the importance of public involvement among an individual's choices.

Hirschman's criticism is correct, as Scitovsky himself readily acknowledged (1996). Yet this intimate disagreement probably prevented Hirschman from discovering that in Scitovsky there were to be found the bases of a new theory of motivations that could well complement his analysis of how and *why* we make choices, whether to exit or to "voice" disappointment.

What this new approach to motivation showed, and recent research has confirmed, is that for activities to be compelling and engaging they have to match ever-new knowledge with ever-new challenges (cf. Csikszentmihalyi (2008) on "flow"). In this process both conflict and cognition play a role. Conflict indeed plays a double role, being negative in the form of disappointment and frustration, and positive in

¹⁶ See Bianchi 2008 and 2014.

the form of being stimulating and interesting. Cognition is involved because what is novel, surprising and engaging for some can be threatening and disappointing for others, and this relativity reflects the accumulated knowledge and experience of each actor. We may conjecture, too, in answer to Hirschman, that probably it is this very relativity that, throughout history, has caused reactions to novel goods and riches to oscillate between praise and rejection.

Within this different framework of motivations we find hope for a more unified theory of choice, one that breaks the separation between preferences and meta-preferences and correspondingly between private consumption goals and action in the public interest. The contrast is not between indisputable wanton preferences and reflective, autonomous values, or between private or public concerns. It is not even between Scitovsky's comfort and pleasure. The contrast that matters is between activities that are self-renewing and engaging, that stimulate exploration, curiosity and interest, and that for this reason are self-rewarding, and those that are not. Furthermore, these are the same creative activities that, even when more apparently individual, such as reading a novel, have a social dimension and an interconnectedness with others that cannot be overlooked.

7. Conclusions

For Hirschman the various complications of traditional economic concepts that he has proposed have a common source: "the incredible complexity of human nature which was disregarded by traditional theory for very good reasons, but which must be spoon-fed back into the traditional findings for the sake of greater realism." (1985:19).

He began to do this by introducing two basic human endowments: the ability of communication and persuasion, an ability that is behind the possibility of pursuing voice, and the capability of self-evaluation and reflection, a capability that is behind the formation of meta-preferences and values. These two human endowments are at the origin of two basic tensions that are also part of the human condition: those between preferences and meta-preferences and those between self-interest and Smithian "benevolence".

I have focused on the discussion of the first of these two forms of tension, the one that is also the cause of possible shifts in choices and behaviors.

Hirschman's analysis brought him to take disappointment seriously and to study what individual and social responses to disappointment might be.

I have stressed in addition, however, that disappointment, a negative motivation, is charged with too heavy a task, that of providing the *only* incentive to changes in values and behavior. There is also still

missing in Hirschman's explanation an analysis of the specific attractiveness of alternative courses of actions, whether they involve a shift from public action to private pursuits or the reverse. Hirschman came very close to an answer in his discussion of the positive feelings of attainment that seem to accompany self-rewarding activities and where the human capabilities of self-evaluation and reflection seem to break the traditional distinction between striving and attaining, costs and benefits.

I find in Scitovsky's contribution some of the reasons of why these activities have the force of eliciting active engagement and interest. What his new approach to motivation showed, and more recent psychological research has confirmed, is that for activities to be compelling and constantly engaging they have to match the new knowledge that comes from experiencing them with ever-new challenges. In this process not only disappointment but also positive stimulation and interest play a role. Decisive too, of course, is the role of knowledge, and correspondingly of education and acquired skills in identifying and creating the attractiveness of alternative courses of action.

It is within this different framework of motivations that we seem likely to develop the unified theory of choice towards which Hirschman took such important initial strides.

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