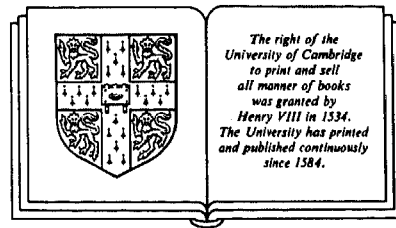


Edited by Jon Elster and Aanund Hylland

FOUNDATIONS OF SOCIAL CHOICE THEORY



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4. The market and the forum: three varieties of political theory

JON ELSTER

I want to compare three views of politics generally, and of the democratic system more specifically. I shall first look at social choice theory, as an instance of a wider class of theories with certain common features. In particular, they share the conception that the political process is instrumental rather than an end in itself, and the view that the decisive political act is a private rather than a public action, viz. the individual and secret vote. With these usually goes the idea that the goal of politics is the optimal compromise between given, and irreducibly opposed, private interests. The other two views arise when one denies, first, the private character of political behaviour and then, secondly, goes on also to deny the instrumental nature of politics. According to the theory of Jürgen Habermas, the goal of politics should be rational agreement rather than compromise, and the decisive political act is that of engaging in public debate with a view to the emergence of a consensus. According to the theorists of participatory democracy, from John Stuart Mill to Carole Pateman, the goal of politics is the transformation and education of the participants. Politics, on this view, is an end in itself—indeed many have argued that it represents the good life for man. I shall discuss these views in the order indicated. I shall present them in a somewhat stylized form, but my critical comments will not I hope, be directed to strawmen.

I

Politics, it is usually agreed, is concerned with the common good, and notably with the cases in which it cannot be realized as the aggregate outcome of individuals pursuing their private interests. In particular, uncoordinated private choices may lead to outcomes that are worse for

all than some other outcome that could have been attained by coordination. Political institutions are set up to remedy such *market failures*, a phrase that can be taken either in the static sense of an inability to provide public goods or in the more dynamic sense of a breakdown of the self-regulating properties usually ascribed to the market mechanism.¹ In addition there is the redistributive task of politics—moving along the Pareto-optimal frontier once it has been reached.² According to the first view of politics, this task is inherently one of interest struggle and compromise. The obstacle to agreement is not only that most individuals want redistribution to be in their favour, or at least not in their disfavour.³ More basically consensus is blocked because there is no reason to expect that individuals will converge in their views on what constitutes a just redistribution.

I shall consider social choice theory as representative of the private-instrumental view of politics, because it brings out supremely well the logic as well as the limits of that approach. Other varieties, such as the Schumpeterian or neo-Schumpeterian theories, are closer to the actual political process, but for that reason also less suited to my purpose. For instance, Schumpeter's insistence that voter preferences are shaped and manipulated by politicians⁴ tends to blur the distinction, central to my analysis, between politics as the aggregation of given preferences and politics as the transformation of preferences through rational discussion. And although the neo-Schumpeterians are right in emphasizing the role of the political parties in the preference-aggregation process,⁵ I am not here concerned with such mediating mechanisms. In any case, political problems also arise within the political

¹ Elster (1978, Ch. 5) refers to these two varieties of market failure as *suboptimality* and *counterfinality* respectively, linking them both to collective action.

² This is a simplification. First, as argued in Samuelson (1950), there may be political constraints that prevent one from attaining the Pareto-efficient frontier. Secondly, the very existence of several points that are Pareto-superior to the *status quo*, yet involve differential benefits to the participants, may block the realization of any of them.

³ Hammond (1976) offers a useful analysis of the consequences of selfish preferences over income distributions, showing that 'without interpersonal comparisons of some kind, any social preference ordering over the space of possible income distributions must be dictatorial'.

⁴ Schumpeter (1961, p. 263): 'the will of the people is the product and not the motive power of the political process'. One should not, however, conclude (as does Lively 1975, p. 38) that Schumpeter thereby abandons the market analogy, since on his view (Schumpeter 1939, p. 73) consumer preferences are no less manipulable (with some qualifications stated in Elster 1983a, Ch. 5).

⁵ See in particular Downs (1957).

parties, and so my discussion may be taken to apply to such lower-level political processes. In fact, much of what I shall say makes better sense for politics on a rather small scale—within the firm, the organization or the local community—than for nationwide political systems.

In very broad outline, the structure of social choice theory is as follows.⁶ (1) We begin with a *given* set of agents, so that the issue of a normative justification of political boundaries does not arise. (2) We assume that the agents confront a *given* set of alternatives, so that for instance the issue of agenda manipulation does not arise. (3) The agents are supposed to be endowed with preferences that are similarly *given* and not subject to change in the course of the political process. They are, moreover, assumed to be causally independent of the set of alternatives. (4) In the standard version, which is so far the only operational version of the theory, preferences are assumed to be purely ordinal, so that it is not possible for an individual to express the intensity of his preferences, nor for an outside observer to compare preference intensities across individuals. (5) The individual preferences are assumed to be defined over all pairs of individuals, i.e. to be complete, and to have the formal property of transitivity, so that preference for *A* over *B* and for *B* over *C* implies preference for *A* over *C*.

Given this setting, the task of social choice theory is to arrive at a social preference ordering of the alternatives. This might appear to require more than is needed: why not define the goal as one of arriving at the choice of one alternative? There is, however, usually some uncertainty as to which alternatives are really feasible, and so it is useful to have an ordering if the top-ranked alternative proves unavailable. The ordering should satisfy the following criteria. (6) Like the individual preferences, it should be complete and transitive. (7) It should be Pareto-optimal, in the sense of never having one option socially preferred to another which is individually preferred by everybody. (8) The social choice between two given options should depend only on how the individuals rank these two options, and thus not be sensitive to changes in their preferences concerning other options. (9) The social preference ordering should respect and reflect individual preferences, over and above the condition of Pareto-

⁶ For fuller statements, see Arrow (1963), Sen (1970), and Kelly (1978), as well as the contribution of Aanund Hylland to the present volume.

optimality. This idea covers a variety of notions, the most important of which are *anonymity* (all individuals should count equally), *non-dictatorship* (*a fortiori* no single individual should dictate the social choice), *liberalism* (all individuals should have some private domain within which their preferences are decisive), and *strategy-proofness* (it should not pay to express false preferences).

The substance of social choice theory is given in a series of impossibility and uniqueness theorems, stating either that a given subset of these conditions is incapable of simultaneous satisfaction or that they uniquely describe a specific method for aggregating preferences. Much attention has been given to the impossibility theorems, yet from the present point of view these are not of decisive importance. They stem largely from the paucity of allowable information about the preferences, i.e. the exclusive focus on ordinal preferences.⁷ True, at present we do not quite know how to go beyond ordinality. Log-rolling and vote-trading may capture some of the cardinal aspects of the preferences, but at some cost.⁸ Yet even should the conceptual and technical obstacles to intra- and inter-individual comparison of preference intensity be overcome,⁹ many objections to the social choice approach would remain. I shall discuss two sets of objections, both related to the assumption of given preferences. I shall argue, first, that the preferences people choose to express may not be a good guide to what they really prefer; and secondly that what they really prefer may in any case be a fragile foundation for social choice.

In actual fact, preferences are never 'given', in the sense of being directly observable. If they are to serve as inputs to the social choice process, they must somehow be *expressed* by the individuals. The expression of preferences is an action, which presumably is guided by these very same preferences.¹⁰ It is then far from obvious that the individually rational action is to express these preferences as they are. Some methods for aggregating preferences are such that it may pay the individual to express false preferences, i.e. the outcome may in some cases be better according to his real preferences if he chooses not to

express them truthfully. The condition for strategy-proofness for social choice mechanisms was designed expressly to exclude this possibility. It turns out, however, that the systems in which honesty always pays are rather unattractive in other respects.¹¹ We then have to face the possibility that even if we require that the social preferences be Pareto-optimal with respect to the expressed preferences, they might not be so with respect to the real ones. Strategy-proofness and collective rationality, therefore, stand and fall together. Since it appears that the first must fall, so must the second. It then becomes very difficult indeed to defend the idea that the outcome of the social choice mechanism represents the common good, since there is a chance that everybody might prefer some other outcome.

Amos Tversky has pointed to another reason why choices—or expressed preferences—cannot be assumed to represent the real preferences in all cases.¹² According to his 'concealed preference hypothesis', choices often conceal rather than reveal underlying preferences. This is especially so in two sorts of cases. First, there are the cases of anticipated regret associated with a risky decision. Consider the following example (from Tversky):

On her twelfth birthday, Judy was offered a choice between spending the weekend with her aunt in the city (*C*), or having a party for all her friends. The party could take place either in the garden (*GP*) or inside the house (*HP*). A garden party would be much more enjoyable, but there is always the possibility of rain, in which case an inside party would be more sensible. In evaluating the consequences of the three options, Judy notes that the weather condition does not have a significant effect on *C*. If she chooses the party, however, the situation is different. A garden party will be a lot of fun if the weather is good, but quite disastrous if it rains, in which case an inside party will be acceptable. The trouble is that Judy expects to have a lot of regret if the party is to be held inside and the weather is very nice.

⁷ Cf. d'Aspremont and Gevers (1977).

⁸ Riker and Ordeshook (1973, pp. 112–13).

⁹ Cf. the contributions of Donald Davidson and Allan Gibbard to the present volume.

¹⁰ Presumably, but not obviously, since the agent might have several preference orderings and rely on higher-order preferences to determine which of the first-order preferences to express, as suggested for instance by Sen (1976).

¹¹ Pattanaik (1978) offers a survey of the known results. The only strategy-proof mechanisms for social choice turn out to be the dictatorial one (the dictator has no incentive to misrepresent his preferences) and the randomizing one of getting the probability that a given option will be chosen equal to the proportion of voters that have it as their first choice.

¹² Tversky (1981).

Now, let us suppose that for some reason it is no longer possible to have an outside party. In this situation, there is no longer any regret associated with holding an inside party in good weather because (in this case) Judy has no other place for holding the party. Hence, the elimination of an available course of action (holding the party outside) removes the regret associated with an inside party, and increases its overall utility. It stands to reason, in this case, that if Judy was indifferent between *C* and *HP*, in the presence of *GP*, she will prefer *HP* to *C* when *GP* is eliminated.

What we observe here is the violation of condition (8) above, the so-called 'independence of irrelevant alternatives'. The expressed preferences depend causally on the set of alternatives. We may assume that the real preferences, defined over the set of possible outcomes, remain constant, contrary to the case to be discussed below. Yet the preferences over the *pairs* (choice, outcome) depend on the set of available choices, because the 'costs of responsibility' differentially associated with various such pairs depend on what else one 'could have done'. Although Judy could not have escaped her predicament by deliberately making it physically impossible to have an outside party,¹³ she might well have welcomed an event outside her control with the same consequence.

The second class of cases in which Tversky would want to distinguish the expressed preferences from the real preferences concerns decisions that are unpleasant rather than risky. For instance, 'society may prefer to save the life of one person rather than another, and yet be unable to make this choice'. In fact, losing both lives through inaction may be preferred to losing only one life by deliberate action. Such examples are closely related to the problems involved in act utilitarianism versus outcome utilitarianism.¹⁴ One may well judge that it would be a good thing if state *A* came about, and yet not want to be the person by whose agency it comes about. The reasons for not wanting to be that person may be quite respectable, or they may not. The latter would be the case if one were afraid of being blamed by the relatives of the

person who was deliberately allowed to die, or if one simply confused the causal and the moral notions of responsibility. In such cases the expressed preferences might lead to a choice that in a clear sense goes against the real preferences of the people concerned.

A second, perhaps more basic, difficulty is that the real preferences themselves might well depend causally on the feasible set. One instance is graphically provided by the fable of the fox and the sour grapes.¹⁵ For the 'ordinal utilitarian', as Arrow for instance calls himself,¹⁶ there would be no welfare loss if the fox were excluded from consumption of the grapes, since he thought them sour anyway. But of course the cause of his holding them to be sour was his conviction that he would in any case be excluded from consuming them, and then it is difficult to justify the allocation by invoking his preferences. Conversely, the phenomenon of 'counter-adaptive preferences'—the grass is always greener on the other side of the fence, and the forbidden fruit always sweeter—is also baffling for the social choice theorist, since it implies that such preferences, if respected, would not be satisfied—and yet the whole point of respecting them would be to give them a chance of satisfaction.

Adaptive and counter-adaptive preferences are only special cases of a more general class of desires, those which fail to satisfy some substantive criterion for acceptable preferences, as opposed to the purely formal criterion of transitivity. I shall discuss these under two headings: autonomy and morality.

Autonomy characterizes the way in which preferences are shaped rather than their actual content. Unfortunately I find myself unable to give a positive characterization of autonomous preferences, so I shall have to rely on two indirect approaches. First, autonomy is for desires what judgment is for belief. The notion of judgment is also difficult to define formally, but at least we know that there are persons who have this quality to a higher degree than others: people who are able to take account of vast and diffuse evidence that more or less clearly bears on the problem at hand, in such a way that no element is given undue importance. In such people the process of belief formation is not disturbed by defective cognitive processing, nor distorted by wishful thinking and the like. Similarly, autonomous preferences are those

¹³ Cf. Elster (1979, Ch. II) or Schelling (1980) for the idea of deliberately restricting one's feasible set to make certain undesirable behaviour impossible at a later time. The reason this does not work here is that the regret would not be eliminated.

¹⁴ Cf. for instance Williams (1973) or Sen (1979).

¹⁵ Cf. Elster (1983b, Ch. III) for a discussion of this notion.

¹⁶ Arrow (1973).

that have not been shaped by irrelevant causal processes—a singularly unhelpful explanation. To improve somewhat on it, consider, secondly, a short list of such irrelevant causal processes. They include adaptive and counter-adaptive preferences, conformity and anti-conformity, the obsession with novelty and the equally unreasonable resistance to novelty. In other words, preferences may be shaped by adaptation to what is possible, to what other people do or to what one has been doing in the past—or they may be shaped by the desire to differ as much as possible from these. In all of these cases the source of preference change is not in the person, but outside him—detracting from his autonomy.

Morality, it goes without saying, is if anything even more controversial. (Within the Kantian tradition it would also be questioned whether it can be distinguished at all from autonomy.) Preferences are moral or immoral by virtue of their content, not by virtue of the way in which they have been shaped. Fairly uncontroversial examples of unethical preferences are spiteful and sadistic desires, and arguably also the desire for positional goods, i.e. goods such that it is logically impossible for more than a few to possess them.¹⁷ The desire for an income twice the average can lead to less welfare for everybody, so that such preferences fail to pass the Kantian generalization test.¹⁸ Also they are closely linked to spite, since one way of getting more than others is to take care that they get less—indeed this may often be a more efficient method than trying to excel.¹⁹

To see how the lack of autonomy may be distinguished from the lack of moral worth, let me use *conformity* as a technical term for a desire caused by a drive to be like other people, and *conformism* for a desire to be like other people, with anti-conformity and anti-conformism similarly defined. Conformity implies that other people's desires enter into the causation of my own, conformism that they enter irreducibly into the description of the object of my desires. Conformity may bring about conformism, but it may also lead to anti-conformism, as in

¹⁷ Hirsch (1976).

¹⁸ Haavelmo (1970) offers a model in which everybody may suffer a loss of welfare by trying to keep up with the neighbours.

¹⁹ One may take the achievements of others as a parameter and one's own as the control variable, or conversely try to manipulate the achievements of others so that they fall short of one's own. The first of these ways of realizing positional goods is clearly less objectionable than the second, but still less pure than the non-comparative desire for a certain standard of excellence.

Theodore Zeldin's comment that among the French peasantry 'prestige is to a great extent obtained from conformity with traditions (so that the son of a non-conformist might be expected to be one too'.²⁰ Clearly, conformity may bring about desires that are morally laudable, yet lacking in autonomy. Conversely, I do not see how one could rule out on *a priori* grounds the possibility of autonomous spite, although I would welcome a proof that autonomy is incompatible not only with anti-conformity, but also with anti-conformism.

We can now state the objection to the political view underlying social choice theory. It is, basically, that it embodies a confusion between the kind of behaviour that is appropriate in the market place and that which is appropriate in the forum. The notion of consumer sovereignty is acceptable because, and to the extent that, the consumer chooses between courses of action that differ only in the way they affect him. In political choice situations, however, the citizen is asked to express his preference over states that also differ in the way in which they affect other people. This means that there is no similar justification for the corresponding notion of the citizen's sovereignty, since other people may legitimately object to social choice governed by preferences that are defective in some of the ways I have mentioned. A social choice mechanism is capable of resolving the market failures that would result from unbridled consumer sovereignty, but as a way of redistributing welfare it is hopelessly inadequate. If people affected each other only by tripping over each other's feet, or by dumping their garbage into one another's backyards, a social choice mechanism might cope. But the task of politics is not only to eliminate inefficiency, but also to create justice—a goal to which the aggregation of pre-political preferences is a quite incongruous means.

This suggests that the principles of the forum must differ from those of the market. A long-standing tradition from the Greek *polis* onwards suggests that politics must be an open and public activity, as distinct from the isolated and private expression of preferences that occurs in buying and selling. In the following sections I look at two different conceptions of public politics, increasingly removed from the market theory of politics. Before I go on to this, however, I should briefly consider an objection that the social choice theorist might well make to what has just been said. He could argue that the only alternative to the

²⁰ Zeldin (1973, p. 134).

aggregation of given preferences is some kind of censorship or paternalism. He might agree that spiteful and adaptive preferences are undesirable, but he would add that any institutional mechanism for eliminating them would be misused and harnessed to the private purposes of power-seeking individuals. Any remedy, in fact, would be worse than the disease. This objection assumes (i) that the only alternative to aggregation of given preferences is censorship, and (ii) that censorship is always objectionable. Robert Goodin, in his contribution to this volume, challenges the second assumption, by arguing that laundering or filtering of preferences by self-censorship is an acceptable alternative to aggregation. I shall now discuss a challenge to the first assumption, viz. the idea of a *transformation* of preferences through public and rational discussion.

II

Today this view is especially associated with the writings of Jürgen Habermas on 'the ethics of discourse' and 'the ideal speech situation'. As mentioned above, I shall present a somewhat stylized version of his views, although I hope they bear some resemblance to the original.²¹ The core of the theory, then, is that rather than aggregating or filtering preferences, the political system should be set up with a view to changing them by public debate and confrontation. The input to the social choice mechanism would then not be the raw, quite possibly selfish or irrational, preferences that operate in the market, but informed and other-regarding preferences. Or rather, there would not be any need for an aggregating mechanism, since a rational discussion would tend to produce unanimous preferences. When the private and idiosyncratic wants have been shaped and purged in public discussion about the public good, uniquely determined rational desires would emerge. Not optimal compromise, but unanimous agreement is the goal of politics on this view.

There appear to be two main premises underlying this theory. The first is that there are certain arguments that simply cannot be stated publicly. In a political debate it is pragmatically impossible to argue

²¹ I rely mainly on Habermas (1982). I also thank Helge Høibraaten, Rune Slagstad, and Gunnar Skirbekk for having patiently explained to me various aspects of Habermas's work.

that a given solution should be chosen just because it is good for oneself. By the very act of engaging in a public debate—by arguing rather than bargaining—one has ruled out the possibility of invoking such reasons.²² To engage in discussion can in fact be seen as one kind of self-censorship, a pre-commitment to the idea of rational decision. Now, it might well be thought that this conclusion is too strong. The first argument only shows that in public debate one has to pay some lip-service to the common good. An additional premise states that over time one will in fact come to be swayed by considerations about the common good. One cannot indefinitely praise the common good 'du bout des lèvres', for—as argued by Pascal in the context of the wager—one will end up having the preferences that initially one was faking.²³ This is a psychological, not a conceptual premise. To explain why going through the motions of rational discussion should tend to bring about the real thing, one might argue that people tend to bring what they mean into line with what they say in order to reduce dissonance, but this is a dangerous argument to employ in the present context. Dissonance reduction does not tend to generate autonomous preferences. Rather one would have to invoke the power of reason to break down prejudice and selfishness. By speaking with the voice of reason, one is also exposing oneself to reason.

To sum up, the conceptual impossibility of expressing selfish arguments in a debate about the public good, and the psychological difficulty of expressing other-regarding preferences without ultimately coming to acquire them, jointly bring it about that public discussion tends to promote the common good. The *volonté générale*, then, will not simply be the Pareto-optimal realization of given (or expressed) preferences,²⁴ but the outcome of preferences that are themselves shaped by a concern for the common good. For instance, by mere aggregation of given preferences one would be able to take account of some negative externalities, but not of those affecting future generations. A social choice mechanism might prevent persons now living from dumping their garbage into one another's backyards, but not from dumping it on the future. Moreover, considerations of distributive justice within the Pareto constraint would now have a more solid

²² Midgaard (1980).

²³ For Pascal's argument, cf. Elster (1979, Ch. II. 3).

²⁴ As suggested by Runciman and Sen (1965).

foundation, especially as one would also be able to avoid the problem of strategy-proofness. By one stroke one would achieve more rational preferences, as well as the guarantee that they will in fact be expressed.

I now want to set out a series of objections—seven altogether—to the view stated above. I should explain that the goal of this criticism is not to demolish the theory, but to locate some points that need to be fortified. I am, in fact, largely in sympathy with the fundamental tenets of the view, yet fear that it might be dismissed as Utopian, both in the sense of ignoring the problem of getting from here to there, and in the sense of neglecting some elementary facts of human psychology.

The *first objection* involves a reconsideration of the issues of paternalism. Would it not, in fact, be unwarranted interference to impose on the citizens the obligation to participate in political discussion? One might answer that there is a link between the right to vote and the obligation to participate in discussion, just as rights and duties are correlative in other cases. To acquire the right to vote, one has to perform certain civic duties that go beyond pushing the voting button on the television set. There would appear to be two different ideas underlying this answer. First, only those should have the right to vote who are sufficiently *concerned* about politics to be willing to devote some of their resources—time in particular—to it. Secondly, one should try to favour *informed* preferences as inputs to the voting process. The first argument favours participation and discussion as a sign of interest, but does not give it an instrumental value in itself. It would do just as well, for the purpose of this argument, to demand that people should pay for the right to vote. The second argument favours discussion as a means to improvement—it will not only select the right people, but actually make them more qualified to participate.

These arguments might have some validity in a near-ideal world, in which the concern for politics was evenly distributed across all relevant dimensions, but in the context of contemporary politics they miss the point. The people who survive a high threshold for participation are disproportionately found in a privileged part of the population. At best this could lead to paternalism, at worst the high ideals of rational discussion could create a self-elected elite whose members spend time on politics because they want power, not out of concern for the issues. As in other cases, to be discussed later, the best can be the enemy of the good. I am not saying that it is impossible to modify the ideal in a

way that allows both for rational discussion and for low-profile participation, only that any institutional design must respect the trade-off between the two.

My *second objection* is that even assuming unlimited time for discussion, unanimous and rational agreement might not necessarily ensue. Could there not be legitimate and unresolvable differences of opinions over the nature of the common good? Could there not even be a plurality of ultimate values?

I am not going to discuss this objection, since it is in any case preempted by the *third objection*. Since there are in fact always time constraints on discussions—often the stronger the more important the issues—unanimity will rarely emerge. For any constellation of preferences short of unanimity, however, one would need a social choice mechanism to aggregate them. One can discuss only for so long, and then one has to make a decision, even if strong differences of opinion should remain. This objection, then, goes to show that the transformation of preferences can never do more than supplement the aggregation of preferences, never replace it altogether.

This much would no doubt be granted by most proponents of the theory. True, they would say, even if the ideal speech situation can never be fully realized, it will nevertheless improve the outcome of the political process if one goes some way towards it. The *fourth objection* questions the validity of this reply. In some cases a little discussion can be a dangerous thing, worse in fact than no discussion at all, viz. if it makes some but not all persons align themselves on the common good. The following story provides an illustration:

Once upon a time two boys found a cake. One of them said, 'Splendid! I will eat the cake.' The other one said, 'No, that is not fair! We found the cake together, and we should share and share alike, half for you and half for me.' The first boy said, 'No, I should have the whole cake!' Along came an adult who said, 'Gentlemen, you shouldn't fight about this: you should *compromise*. Give him three quarters of the cake.'²⁵

What creates the difficulty here is that the first boy's preferences are allowed to count twice in the social choice mechanism suggested by the

²⁵ Smullyan (1980, p. 56).

adult: once in his expression of them and then again in the other boy's internalized ethic of sharing. And one can argue that the outcome is socially inferior to that which would have emerged had they both stuck to their selfish preferences. When Adam Smith wrote that he had never known much good done by those who affected to trade for the public good, he may only have had in mind the harm that can be done by *unilateral* attempts to act morally. The categorical imperative itself may be badly served by people acting unilaterally on it.²⁶ Also, an inferior outcome may result if discussion brings about partial adherence to morality in all participants rather than full adherence in some and none in others, as in the story of the two boys. Thus Serge Kolm argues that economies with moderately altruistic agents tend to work less well than economies where either everybody is selfish or everybody is altruistic.²⁷

A *fifth objection* is to question the implicit assumption that the body politic as a whole is better or wiser than the sum of its parts. Could it not rather be the case that people are made more, not less, selfish and irrational by interacting politically? The cognitive analogy suggests that the rationality of beliefs may be positively as well as negatively affected by interaction. On the one hand there is what Irving Janis has called 'group-think', i.e. mutually reinforcing bias.²⁸ On the other hand there certainly are many ways in which people can, and do, pool their opinions and supplement each other to arrive at a better estimate.²⁹ Similarly autonomy and morality could be enhanced as well as undermined by interaction. Against the pessimistic view of Reinhold Niebuhr that individuals in a group show more unrestrained egoism than in their personal relationships,³⁰ we may set Hannah Arendt's optimistic view:

American faith was not all based on a semireligious faith in human nature, but on the contrary, on the possibility of checking human nature in its singularity, by virtue of human bonds and mutual promises. The hope for man in his singularity lay in the fact that not man but men inhabit the earth and form a world between them. It is

²⁶ Sobel (1967).

²⁷ Kolm (1981a, b).

²⁸ Janis (1972).

²⁹ Cf. Hogarth (1977) and Lehrer (1978).

³⁰ Niebuhr (1932, p. 11).

human worldliness that will save men from the pitfalls of human nature.³¹

Niebuhr's argument suggests an aristocratic disdain of the *mass*, which transforms individually decent people—to use a characteristically condescending phrase—into an unthinking horde. While rejecting this as a general view, one should equally avoid the other extreme, suggested by Arendt. Neither the Greek nor the American assemblies were the paradigms of discursive reason that she makes them out to be. The Greeks were well aware that they might be tempted by demagogues, and in fact took extensive precautions against this tendency.³² The American town surely has not always been the incarnation of collective freedom, since on occasion it could also serve as the springboard for witch hunts. The mere decision to engage in rational discussion does not ensure that the transactions will in fact be conducted rationally, since much depends on the structure and the framework of the proceedings. The random errors of selfish and private preferences may to some extent cancel each other out and thus be less to be feared than the massive and coordinated errors that may arise through group-think. On the other hand, it would be excessively stupid to rely on mutually compensating vices to bring about public benefits as a general rule. I am not arguing against the need for public discussion, only for the need to take the question of institutional and constitutional design very seriously.

A *sixth objection* is that unanimity, were it to be realized, might easily be due to conformity rather than to rational agreement. I would in fact tend to have more confidence in the outcome of a democratic decision if there was a minority that voted against it, than if it was unanimous. I am not here referring to people expressing the majority preferences against their real ones, since I am assuming that something like the secret ballot would prevent this. I have in mind that people may come to change their real preferences, as a result of seeing which way the majority goes. Social psychology has amply shown the strength of this bandwagon effect,³³ which in political theory is also known as the 'chameleon' problem.³⁴ It will not do to argue that the

³¹ Arendt (1973, p. 174).

³² Finley (1973); see also Elster (1979, Ch. II.8).

³³ Asch (1956) is a classic study.

³⁴ See Goldman (1972) for discussion and further references.

majority to which the conformist adapts his view is likely to pass the test of rationality even if his adherence to it does not, since the majority could well be made up of conformists each of whom would have broken out had there been a minority he could have espoused.

To bring the point home, consider a parallel case of non-autonomous preference formation. We are tempted to say that a man is free if he can get or do whatever it is that he wants to get or do. But then we are immediately faced with the objection that perhaps he only wants what he can get, as the result of some such mechanism as 'sour grapes'.³⁵ We may then add that, other things being equal, the person is freer the more things he wants to do which he is not free to do, since these show that his wants are not in general shaped by adaptation to his possibilities. Clearly, there is an air of paradox over the statement that a man's freedom is greater the more of his desires he is not free to realize, but on reflection the paradox embodies a valid argument. Similarly, it is possible to dissolve the air of paradox attached to the view that a collective decision is more trustworthy if it is less than unanimous.

My *seventh objection* amounts to a denial of the view that the need to couch one's argument in terms of the common good will purge the desires of all selfish arguments. There are in general many ways of realizing the common good, if by that phrase we now only mean some arrangement that is Pareto-superior to uncoordinated individual decisions. Each such arrangement will, in addition to promoting the general interest, bring an extra premium to some specific group, which will then have a strong interest in that particular arrangement.³⁶ The group may then come to prefer the arrangement because of that premium, although it will argue for it in terms of the common good. Typically the arrangement will be justified by a causal theory—an account, say, of how the economy works—that shows it to be not only *a* way, but the only way of promoting the common good. The economic theories underlying the early Reagan administration provide an example. I am not imputing insincerity to the proponents of these views, but there may well be an element of wishful thinking. Since social scientists disagree so strongly among themselves as to how societies work, what could be more human than to pick on a theory that uniquely justifies

³⁵ Berlin (1969, p. xxxviii); cf. also Elster (1983b, Ch. III.3).

³⁶ Schotter (1981, pp. 26 ff., pp. 43 ff.) has a good discussion of this predicament.

the arrangement from which one stands to profit? The opposition between general interest and special interests is too simplistic, since the private benefits may causally determine the way in which one conceives of the common good.

These objections have been concerned to bring out two main ideas. First, one cannot assume that one will in fact approach the good society by acting as if one had already arrived there. The fallacy inherent in this 'approximation assumption'³⁷ was exposed a long time ago in the economic 'theory of the second best':

It is *not* true that a situation in which more, but not all, of the optimum conditions are fulfilled is necessarily, or is even likely to be, superior to a situation in which fewer are fulfilled. It follows, therefore, that in a situation in which there exist many constraints which prevent the fulfilment of the Paretian optimum conditions, the removal of any one constraint may affect welfare or efficiency either by raising it, by lowering it or by leaving it unchanged.³⁸

The ethical analogue is not the familiar idea that some moral obligations may be suspended when other people act non-morally.³⁹ Rather it is that the nature of the moral obligation is changed in a non-moral environment. When others act non-morally, there may be an obligation to deviate not only from what they do, but also from the behaviour that would have been optimal if adopted by everybody.⁴⁰ In particular, a little discussion, like a little rationality or a little socialism, may be a dangerous thing.⁴¹ If, as suggested by Habermas, free and rational discussion will only be possible in a society that has abolished political and economic domination, it is by no means obvious that abolition can be brought about by rational argumentation. I do not want to suggest that it could occur by force—since the use of force to end the use of

³⁷ Margalit (1983).

³⁸ Lipsey and Lancaster (1956–7, p. 12).

³⁹ This is the point emphasized in Lyons (1965).

⁴⁰ Cf. Hansson (1970) as well as Føllesdal and Hilpinen (1971) for discussions of 'conditional obligations' within the framework of deontic logic. It does not appear, however, that the framework can easily accommodate the kind of dilemma I am concerned with here.

⁴¹ Cf. for instance Kolm (1977) concerning the dangers of a piecemeal introduction of socialism—also mentioned by Margalit (1983) as an objection to Popper's strategy for piecemeal social engineering.

force is open to obvious objections. Yet something like irony, eloquence or propaganda might be needed, involving less respect for the interlocutor than what would prevail in the ideal speech situation.

As will be clear from these remarks, there is a strong tension between two ways of looking at the relation between political ends and means. On the one hand, the means should partake of the nature of the ends, since otherwise the use of unsuitable means might tend to corrupt the end. On the other hand, there are dangers involved in choosing means immediately derived from the goal to be realized, since in a non-ideal situation these might take us away from the end rather than towards it. A delicate balance will have to be struck between these two, opposing considerations. It is in fact an open question whether there exists a ridge along which we can move to the good society, and if so whether it is like a knife-edge or more like a plateau.

The second general idea that emerges from the discussion is that even in the good society, should we hit upon it, the process of rational discussion could be fragile, and vulnerable to adaptive preferences, conformity, wishful thinking and the like. To ensure stability and robustness there is a need for structures—political institutions or constitutions—that could easily reintroduce an element of domination. We would in fact be confronted, at the political level, with a perennial dilemma of individual behaviour. How is it possible to ensure at the same time that one is bound by rules that protect one from irrational or unethical behaviour—and that these rules do not turn into prisons from which it is not possible to break out even when it would be rational to do so?⁴²

III

It is clear from Habermas's theory, I believe, that rational political discussion has an *object* in terms of which it makes sense.⁴³ Politics is concerned with substantive decision-making, and is to that extent instrumental. True, the idea of instrumental politics might also be taken in a more narrow sense, as implying that the political process is

⁴² Cf. Ainslie (1982) and Elster (1979, Ch. II.9).

⁴³ Indeed, Habermas (1982) is largely concerned with maxims for *action*, not with the evaluation of states of affairs.

one in which individuals pursue their selfish interests, but more broadly understood it implies only that political action is primarily a means to a non-political end, only secondarily, if at all, an end in itself. In this section I shall consider theories that suggest a reversal of this priority, and that find the main point of politics in the educative or otherwise beneficial effects on the participants. And I shall try to show that this view tends to be internally incoherent, or self-defeating. The benefits of participation are by-products of political activity. Moreover, they are *essentially* by-products, in the sense that any attempt to turn them into the main purpose of such activity would make them evaporate.⁴⁴ It can indeed be highly satisfactory to engage in political work, but only on the condition that the work is defined by a serious purpose which goes beyond that of achieving this satisfaction. If that condition is not fulfilled, we get a narcissistic view of politics—corresponding to various consciousness-raising activities familiar from the last decade or so.

My concern, however, is with political theory rather than with political activism. I shall argue that certain types of arguments for political institutions and constitutions are self-defeating, since they justify the arrangement in question by effects that are essentially by-products. Here an initial and important distinction must be drawn between the task of justifying a constitution *ex ante* and that of evaluating it *ex post* and at a distance. I argue below that Tocqueville, when assessing the American democracy, praised it for consequences that are indeed by-products. In his case, this made perfectly good sense as an analytical attitude adopted after the fact and at some distance from the system he was examining. The incoherence arises when one invokes the same arguments before the fact, in public discussion. Although the constitution-makers may secretly have such side effects in mind, they cannot coherently invoke them in public.

Kant proposed a *transcendental formula of public right*: 'All actions affecting the rights of other human beings are wrong if their maxim is not compatible with their being made public.'⁴⁵ Since Kant's illustrations of the principle are obscure, let me turn instead to John Rawls, who imposes a similar condition of publicity as a constraint on what the

⁴⁴ Cf. Elster (1983b, Ch. III) for a discussion of the notion that some psychological or social states are essentially by-products of actions undertaken for some other purpose.

⁴⁵ Kant (1795, p. 126).

parties can choose in the original position.⁴⁶ He argues, moreover, that this condition tends to favour his own conception of justice, as compared to that of the utilitarians.⁴⁷ If utilitarian principles of justice were openly adopted, they would entail some loss of self-esteem, since people would feel that they were not fully being treated as ends in themselves. Other things being equal, this would also lead to a loss in average utility. It is then conceivable that public adoption of Rawls's two principles of justice would bring about a higher average utility than public adoption of utilitarianism, although a lower average than under a secret utilitarian constitution introduced from above. The latter possibility, however, is ruled out by the publicity constraint. A utilitarian could not then advocate Rawls's two principles on utilitarian grounds, although he might well applaud them on such grounds. The fact that the two principles maximize utility would essentially be a by-product, and if chosen on the grounds that they are utility-maximizing they would no longer be so. Utilitarianism, therefore, is self-defeating in Kant's sense: 'it essentially lacks openness'.⁴⁸

Derek Parfit has raised a similar objection to act consequentialism (AC) and suggested how it could be met:

This gives to all one common aim: the best possible outcome. If we try to achieve this, we may often fail. Even when we succeed, the fact that we are disposed to try might make the outcome worse. AC might thus be indirectly self-defeating. What does this show? A consequentialist might say: 'It shows that AC should be only one part of our moral theory. It should be the part that covers successful acts. When we are certain to succeed, we should aim for the best possible outcome. Our wider theory should be this: we should have the aim and dispositions having which would make the outcome best. This wider theory would not be self-defeating. So the objection has been met.'⁴⁹

Yet there is an ambiguity in the word 'should' in the penultimate sentence, since it is not clear whether we are told that it is good to have certain aims and dispositions, or that we should aim at having them. The latter answer immediately raises the problem that having certain

aims and dispositions—i.e. being a certain kind of person—is essentially a by-product. When instrumental rationality is self-defeating, we cannot decide on instrumentalist grounds to take leave of it—no more than we can fall asleep by deciding not to try to fall asleep. Although spontaneity may be highly valuable on utilitarian grounds, 'you cannot both genuinely possess this kind of quality and also reassure yourself that while it is free and creative and uncalculative, it is also acting for the best'.⁵⁰

Tocqueville, in a seeming paradox, suggested that democracies are less suited than aristocracies to deal with long-term planning, and yet are superior in the long-run to the latter. The paradox dissolves once it is seen that the first statement involves time at the level of the actors, the second at the level of the observer. On the one hand, 'a democracy finds it difficult to coordinate the details of a great undertaking and to fix on some plan and carry it through with determination in spite of obstacles. It has little capacity for combining measures in secret and waiting patiently for the result'.⁵¹ On the other hand, 'in the long run government by democracy should increase the real forces of a society, but it cannot immediately assemble at one point and at a given time, forces as great as those at the disposal of an aristocratic government'.⁵² The latter view is further elaborated in a passage from the chapter on 'The Real Advantages Derived by American Society from Democratic Government':

That constantly renewed agitation introduced by democratic government into political life passes, then, into civil society. Perhaps, taking everything into consideration, that is the greatest advantage of democratic government, and I praise it much more on account of what it causes to be done than for what it does. It is incontestable that the people often manage public affairs very badly, but their concern therewith is bound to extend their mental horizon and to shake them out of the rut of ordinary routine . . . Democracy does not provide a people with the most skillful of governments, but it does that which the most skillful government often cannot do: it spreads throughout the body social a restless activity, superabundant force, and energy never found elsewhere, which, however

⁴⁶ Rawls (1971, p. 133).

⁴⁷ Rawls (1971, pp. 177 ff., esp. p. 181).

⁴⁸ Williams (1973, p. 123).

⁴⁹ Parfit (1981, p. 554).

⁵⁰ Williams (1973, p. 131); also Elster (1983b, Ch. II.3).

⁵¹ Tocqueville (1969, p. 229).

⁵² Tocqueville (1969, p. 224).

little favoured by circumstances, can do wonders. Those are its true advantages.⁵³

The advantages of democracies, in other words, are mainly and essentially by-products. The avowed aim of democracy is to be a good system of government, but Tocqueville argues that it is inferior in this respect to aristocracy, viewed purely as a decision-making apparatus. Yet the very activity of governing democratically has as a by-product a certain energy and restlessness that benefits industry and generates prosperity. Assuming the soundness of this observation, could it ever serve as a public justification for introducing democracy in a nation that had not yet acquired it? The question is somewhat more complex than one might be led to think from what I have said so far, since the quality of the decisions is not the only consideration that is relevant for the choice of a political system. The argument from *justice* could also be decisive. Yet the following conclusion seems inescapable: if the system has no inherent advantage in terms of justice or efficiency, one cannot coherently and publicly advocate its introduction because of the side effects that would follow in its wake. There must be a *point* in democracy as such. If people are motivated by such inherent advantages to throw themselves into the system, other benefits may ensue—but the latter cannot by themselves be the motivating force. If the democratic method is introduced in a society solely because of the side effects on economic prosperity, and no one believes in it on any other ground, it will not produce them.

Tocqueville, however, did not argue that political activity is an end in itself. The justification for democracy is found in its effects, although not in the intended ones, as the strictly instrumental view would have it. More to the point is Tocqueville's argument for the jury system: 'I do not know whether a jury is useful to the litigants, but I am sure that it is very good for those who have to decide the case. I regard it as one of the most effective means of popular education at society's disposal.'⁵⁴ This is still an instrumental view, but the gap between the means and the end is smaller. Tocqueville never argued that the effect of democracy was to make politicians prosperous, only that it was conducive to general prosperity. By contrast, the justification of the jury system is found in the effect on the jurors themselves. And, as

⁵³ Tocqueville (1969, pp. 243–4).

⁵⁴ Tocqueville (1969, p. 275).

above, that effect would be spoilt if they believed that the impact on their own civic spirit was the main point of the proceedings.

John Stuart Mill not only applauded but advocated democracy on the ground of such educative effects on the participants. In current discussion he stands out both as an opponent of the purely instrumental view of politics, that of his father James Mill,⁵⁵ and as a forerunner of the theory of participatory democracy.⁵⁶ In his theory the gap between means and ends in politics is even narrower, since he saw political activity not only as a means to self-improvement, but also as a source of satisfaction and thus a good in itself. As noted by Albert Hirschman, this implies that 'the benefit of collective action for an individual is not the difference between the hoped-for result and the effort furnished by him or her, but the *sum* of these two magnitudes'.⁵⁷ Yet this very way of paraphrasing Mill's view also points to a difficulty. Could it really be the case that participation would yield a benefit even when the hoped-for results are nil, as suggested by Hirschman's formula? Is it not rather true that the effort is itself a function of the hoped-for result, so that in the end the latter is the only independent variable? When Mill refers, critically, to the limitations of Bentham, whose philosophy 'can teach the means of organising and regulating the merely *business* part of the social arrangement',⁵⁸ he seems to be putting the cart before the horse. The non-business part of politics may be the more valuable, but the value is contingent on the importance of the business part.

For a fully developed version of the non-instrumental theory of politics, we may go to the work of Hannah Arendt. Writing about the distinction between the private and the public realm in ancient Greece, she argues that:

Without mastering the necessities of life in the household, neither life nor the 'good life' is possible, but politics is never for the sake of life. As far as the members of the *polis* are concerned, household life exists for the sake of the 'good life' in the *polis*.⁵⁹

⁵⁵ Cf. Ryan (1972). His contrast between 'two concepts of democracy' corresponds in part to the distinction between the first and the second of the theories discussed here, in part to the distinction between the first and the third, as he does not clearly separate the public conception of politics from the non-instrumental one.

⁵⁶ Pateman (1970, p. 29).

⁵⁷ Hirschman (1982, p. 82).

⁵⁸ Mill (1859, p. 105).

⁵⁹ Arendt (1958, p. 37).

The public realm . . . was reserved for individuality; it was the only place where men could show who they really and inexchangeably were. It was for the sake of this chance, and out of love for a body politic that it made it possible to them all, that each was more or less willing to share in the burden of jurisdiction, defence and administration of public affairs.⁶⁰

Against this we may set the view of Greek politics found in the work of M. I. Finley. Asking why the Athenian people claimed the right of every citizen to speak and make proposals in the Assembly, yet left its exercise to a few, he finds that 'one part of the answer is that the *demos* recognised the instrumental role of political rights and were more concerned in the end with the substantive decisions, were content with their power to select, dismiss and punish their political leaders'.⁶¹ Elsewhere he writes, even more explicitly: 'Then, as now, politics was instrumental for most people, not an interest or an end in itself.'⁶² Contrary to what Arendt suggests, the possession or the possibility of exercising a political right may be more important than the actual exercise. Moreover, even the exercise derives its value from the decisions to be taken. Writing about the American town assemblies, Arendt argues that the citizens participated 'neither exclusively because of duty nor, and even less, to serve their own interests but most of all because they enjoyed the discussions, the deliberations, and the making of decisions'.⁶³ This, while not putting the cart before the horse, at least places them alongside each other. Although discussion and deliberation in other contexts may be independent sources of enjoyment, the satisfaction one derives from *political* discussion is parasitic on decision-making. Political debate is about what to *do*—not about what ought to be the case. It is defined by this practical purpose, not by its subject-matter.

Politics in this respect is on a par with other activities such as art, science, athletics or chess. To engage in them may be deeply satisfactory, if you have an independently defined goal such as 'getting it right' or 'beating the opposition'. A chess player who asserted that he played not to win, but for the sheer elegance of the game, would be in narcissistic bad faith—since there is no such thing as an elegant way of

⁶⁰ Arendt (1958, p. 41).

⁶² Finley (1981, p. 31).

⁶¹ Finley (1976, p. 83).

⁶³ Arendt (1973, p. 119).

losing, only elegant and inelegant ways of winning. When the artist comes to believe that the process and not the end result is his real purpose, and that defects and irregularities are valuable as reminders of the struggle of creation, he similarly forfeits any claim to our interest. The same holds for E. P. Thompson, who, when asked whether he really believed that a certain rally in Trafalgar Square would have any impact at all, answered: 'That's not really the point, is it? The point is, it shows that democracy's alive . . . A rally like that gives us self-respect. Chartism was terribly good for the Chartists, although they never got the Charter.'⁶⁴ Surely, the Chartists, if asked whether they thought they would ever get the Charter, would not have answered: 'That's not really the point, is it?' It was because they believed they might get the Charter that they engaged in the struggle for it with the seriousness of purpose that also brought them self-respect as a side effect.⁶⁵

IV

I have been discussing three views concerning the relation between economics and politics, between the market and the forum. One extreme is 'the economic theory of democracy', most outrageously stated by Schumpeter, but in essence also underlying social choice theory. It is a market theory of politics, in the sense that the act of voting is a private act similar to that of buying and selling. I cannot accept, therefore, Alan Ryan's argument that 'On any possible view of the distinction between private and public life, voting is an element in one's public life.'⁶⁶ The very distinction between the secret and the open ballot shows that there is room for a private–public distinction within politics. The economic theory of democracy, therefore, rests on the idea that the forum should be like the market, in its purpose as well as in its mode of functioning. The purpose is defined in economic terms, and the mode of functioning is that of aggregating individual decisions.

At the other extreme there is the view that the forum should be completely divorced from the market, in purpose as well as in institutional arrangement. The forum should be more than the distributive

⁶⁴ *Sunday Times*, 2 November 1980.

⁶⁵ Cf. also Barry (1978, p. 47).

⁶⁶ Ryan (1972, p. 105).

totality of individuals queuing up for the election booth. Citizenship is a quality that can only be realized in public, i.e. in a collective joined for a common purpose. This purpose, moreover, is not to facilitate life in the material sense. The political process is an end in itself, a good or even the supreme good for those who participate in it. It may be applauded because of the educative effects on the participants, but the benefits do not cease once the education has been completed. On the contrary, the education of the citizen leads to a preference for public life as an end in itself. Politics on this view is not *about* anything. It is the agonistic display of excellence,⁶⁷ or the collective display of solidarity, divorced from decision-making and the exercise of influence on events.

In between these extremes is the view I find most attractive. One can argue that the forum should differ from the market in its mode of functioning, yet be concerned with decisions that ultimately deal with economic matters. Even higher-order political decisions concern lower-level rules that are directly related to economic matters. Hence constitutional arguments about how laws can be made and changed, constantly invoke the impact of legal stability and change on economic affairs. It is the concern with substantive decisions that lends the urgency to political debates. The ever-present constraint of *time* creates a need for focus and concentration that cannot be assimilated to the leisurely style of philosophical argument in which it may be better to travel hopefully than to arrive. Yet within these constraints arguments form the core of the political process. If thus defined as public in nature, and instrumental in purpose, politics assumes what I believe to be its proper place in society.

⁶⁷ Veyne (1976) makes a brilliant statement of this non-instrumental attitude among the elite of the Ancient World.

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