Éthique économique

Is There Personal Identity in Economics?

A discussion of John B. Davis *The Theory of the Individual in Economics: Identity and Values*

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ABSTRACT

John B. Davis explores the question of what the economic individual is. He bases his considerations of orthodox economics on the assumption that these theories implicitly rely on a conception of the individual that has its origin in Locke's idea of the self as subjective inwardness. Economic history then is the attempt to deal with Locke's inherent problems that this view involved. If neoclassical economics still has aspects of human psychology, mainstream economics dropped the subjective concept of the individual out of their considerations. However, Davis demonstrates that even the neoclassical concept of the individual fails to pass the existence test of individual identity. The latter is an idea developed in analogy to philosophers' concern about personal identity and examines if the individual can be distinguished among different individuals and if he or she can be reidentified as the selfsame individual through time. The failure of the theory of the individual in orthodox economics led Davis to develop a concept of a socially embedded individual in accordance with heterodox accounts of economics. He submits this conception to the same test of individual identity. It appears that the socially embedded individual can be said to hold an identity in specific circumstances.

RESUME

John B. Davis traite, dans son livre, la question suivante: qu'est-ce que c'est l'agent économique. Il base l'ensemble de ses considérations sur une vision de l'économie orthodoxe qui fonde implicitement ses théories sur une conception de l'individu ayant ses origines dans le concept de Locke du "soi" vu comme une intimité subjective. Les développements de l'économie orthodoxe consistent ensuite en une tentative de traiter des problèmes inhérents à cette conception de l'individu. Si l'économie néo-classique a toujours espéré intégrer la psychologie humaine, l'économie contemporaine a écarté la subjectivité de ses considérations. Davis démontre cependant que même la conception néoclassique de l'individu échoue au test d'existence d'identité de l'individu. Ce test d'existence est développé en analogie avec les investigations des philosophes sur l'identité personnelle et s'interroge simultanément sur la possibilité de distinguer un individu parmi d'autres individus et de le ré-identifier comme un seul et même individu dans le temps. L'échec de la théorie de l'individu utilisée par l'économie orthodoxe à réussir un tel test d'existence conduit Davis à considérer l'individu comme inclu dans le social et ce, en accord avec les propositions de l'économie hétérodoxe. Il soumet ensuite cette conceptualisation au même test d'existence. Il apparaît que l'individu inclu dans le social peut être considéré comme doté d'une identité dans certaines circonstances.

If the social world is complex, our theory of individual behavior also needs to be complex.

John B. Davis

1. FRAMING THE ISSUES

What is the individual, what is the nature of the individual, what can we say about the existence of the individual in economics? John B. Davis explores these questions, arguing that their common answer relies on a particular view of the individual in economics, namely the subjectivist view [p. 1]. It originated from Cartesian-Newtonian dualism of human subjectivity or inwardness, and objective nature, and even more importantly from Locke's conception of the individual as a disengaged subject. Locke's self is atomistic, disengaged from the world, free of any influence from opinion, custom and desire. It is autonomously constituted only by first-person experiences. All other things are perceived as objects outside one's private world. Locke's disengaged or subjective inwardness, however, has been criticised a number of times. For example Wittgenstein claimed that there is no private language, that is, language itself is a set of social practices, which excludes the view of a totally disengaged private subject. This begs the big question of what finally the self is if it cannot be "realistically" disengaged: is it determined by social identification or does the self simply not exist? This question refers to two major critiques of Locke's assumption of the self respectively: the social science critique that takes the existence of a self as given but defines the individual through his or her membership of different social groups. And the postmodernist critique that regards the self as a fiction: the self, as it were, is nothing else than a summary of transitory images. Images occupy the surface of things, thus a subject consisting in images cannot have a depth or inwardness.

Neoclassical economics appropriated, in Davis' view, the Lockean conception of the individual [p. 6]. As a consequence, it had always to deal with its inherent contradiction, that is, the impossibility of complete disengagement. Mainstream economics solved in some sense this problem by eliminating any subjectivist account altogether from economic theorising and by establishing a purely abstract conception of the individual.

However, if we think, as John Davis does, that "individuals are nonetheless important in economics" [p. 11], we should find a way to replace economic mainstream's abstract notion of the individual. To get there, Davis introduces first the idea of a theory of the individual identity. The latter is developed in analogy to the philosophers' questioning of personal identity. "[T]he basic idea that philosophers investigate in connection with the problem of personal identity is whether there can reasonably be said to be something unchanging about individuals in spite of their obviously undergoing change trough time" [p. 12.]. Indeed, it is again Locke himself who is considered to be one of the first philosophers to formulate a theory of personal identity. Self-consciousness and memory is, according to Locke, what makes a person and constitutes identity through time: A person is what she is and remains the same as long as she has a consciousness of herself in the present and of herself having been in the past. In economics then, we can talk about a concept of the individual, according to Davis, if two identity criteria or identity conditions are satisfied: first, individuals must be recognised as distinct from each other in terms of that conception's key defining respect (individuation criteria); second, individuals must be followed through change as unchanged in terms of that conception's key defining respect (reidentification criteria) [p. 14].

The main part of the book is then dedicated to the submission of the concept of the economic individual to a sort of existence test of individual identity by checking if the concept satisfies these two identity criteria. This test goes along with Davis' general interest to develop a more realist model of the world based on the idea of referentiality: under what conditions principal terms used in a theory refer to the world. He thus uses an *identity condition approach to reference*, which means that terms in a theory, such as *the individual*, must be consistent with the two identity conditions. If the term *individual*, as used in the theory, does satisfy these conditions, it is said that the term *individual* passes the test and makes a successful reference to individuals in the world [pp. 15-16].

Davis distinguishes two alternative conceptions of the individual in economics, which he contributes to orthodox economics and to heterodox economics and each of them is dedicated one of the two parts of the book. Both conceptions of the individual will be subjected to the existence test, thus to the two identity conditions, to see if they account for a successful and realist reference or not. The main conclusions of his book will then be that even though orthodox economics, thus neoclassical and mainstream economics, place great weight on individuals who are considered to be relatively autonomous and atomistic beings, they fail to produce an adequate conception of the individual. Heterodox economics instead, even though it places less weight on individuals as such and regard them as being embedded in social and economic relationships, develop elements of a proper theory of the individual.

In this paper, we will stick to Davis main distinction and dedicate section 2 to orthodox economics and section 3 to heterodox economics. Within section 2 we will develop Davis' arguments about the atomistic individual (2.1.) and discuss the two identity existence tests: reidentification (2.2.) and individuation (2.3.). In section 3 we will present his ideas about the socially embedded individual (3.1.) and submit it to the same existence tests (3.2.). Section 4 concludes and gives an overall assessment of Davis' book.

2. ORTHODOX ECONOMICS

2.1 The conception of the atomistic individual

Davis bases his thoughts on the idea that classical and neoclassical economics began with a Lockean understanding of the individual. That is an individual defined in terms of his or her inaccessible "private psychology", which was then systematically rejected and replaced with a formalised and abstract approach that he labels mainstream economics [p. 23]. Indeed, to be in line with Davis' theory means to accept the idea that Locke "laid the groundwork for thinking about the individual" [*ibid.*] and because orthodox economics *appropriated* [p. 6] Locke's view it follows that what is true for the Lockean individual must be true for the economic individual. The orthodox economic individual *inherited* [*ibid.*] Locke's contradiction, i.e. the impossibility of a completely disengaged, autonomous and private subject, and mainstream's abstract conceptualisations was indeed a *final escape* [*ibid.*] to deal with these problems by rejecting any idea of subjectivity and psychology whatsoever. What is left is an abstract view of an atomistic and autonomous individual. But, "this evolution was driven by only a vague awareness of the problematic nature of Locke's subjectivist view of the individual, [and] the mainstream's resulting abstract individual conception constituted a largely unintended outcome" [p. 24].

There is thus an inherent problem with Locke's separation of an inner, subjective world, and an outer, objective one. Indeed, classical economists like Adam Smith could not solve the problem; they could not link individuals' internally felt tastes with externally observed market operations. Neoclassical economists finally achieved this breakthrough by developing a theory of choice behaviour that linked inner and outer world through the marginal utility concept: "what the individual wants [has been made] the explanation of what the individual does", the subjective world explained the objective one [p. 26]. However, from then onwards, subjectivity has been systematically removed and objectified, as it seemed incompatible with a scientific worldview. But with subjectivity also disappeared the basis of the private and autonomous individual. Pareto, Robbins and especially Samuelson contributed to the dying out of human psychology in explaining individual choices. An axiomatic account of preferences was left, combined with an instrumental rationality of achieving whatever ends with the best possible means. Mainstream economists, such as Rabin, try now to bring back psychology into economic analysis. But, so states Davis, proponents of human psychology argue that what they really are doing is not about human psychology, but about rationality [p. 31]. Preferences continue to be given and are not explained within the domain of economics. Mainstream economics, thus, continues using an account of atomistic individuals, but on a purely formal basis, void of any reference to human individuals whose subjective existence has been eliminated.

Things became even more complicated as the abstract concept of individuals was adapted to supraindividual entities, which made it first of all difficult to distinguish between different individuals. However, armed with the arguments of methodological individualism that only individuals exist and that society is nothing else than the sum of all individuals, economists attempted to base macroeconomic phenomena on microeconomic foundations, thus to explain aggregated behaviour in terms of individual behaviour. However, within the context of the General Equilibrium Theory, the Sonnenschein-Mantel-Debreu results demonstrated the impossibility of linking aggregate behaviour to a specific individual behaviour. In contrast, new classical economists introduced concepts such as the representative agent. This development eliminated heterogeneous real-world individuals from the analysis altogether, and even though its descriptive falseness has been pointed out [Kirman 1992] the concept continues being used. These developments showed that the methodological individualism, which is nothing than "a last-ditch defense" [p. 35] to save the autonomous, albeit abstract individual of formal mainstream economics, failed. If it could have been shown that choice behaviour of multi-individual entities depended on individual choice behaviour only, but not the reverse, then individuals would in that sense be more fundamental than those entities. Mainstream economists could then simply have argued that because only individuals exist, their abstract concepts are also, as a matter of fact, about individuals. But things did not turn out not to be like that. This called into question the possibility of an autonomous being since "to the extent that macroeconomics requires microfoundations, so also microeconomics appears to require macrofoundations" [p. 37].

Attention was then turned to game theory and the individual as a bearer of strategies. But game theory is about types of agents and strategic behaviour does not say anything specifically about human individuals. Furthermore, it "involves a hybrid atomist-holist rather than purely individualist type of explanation" [p. 39], which is based especially on a "holist common knowledge of rationality" [*ibid.*] assumption. But because game theory is used today to account for the evolution and development of cooperative behaviour as well as social institutions, many economists continue considering game theory to be a reinforcement of the atomistic and instrumentally rational conception of the individual. At a closer view however, this does not hold.

Thus, according to Davis, we might not only be worried about the way how individuals are defined and explained in mainstream economics, we also might be worried if mainstream economics is about individuals at all [p. 42]. Mainstream economics is now "a multidimensional, pluralistic endevor made up of a variety of different and competing currents of thought" [p. 81], but still, Davis says, it is not about individuals. Locke gave a clear definition of individuals. The identity criterion is subjective inwardness and more specifically human psychology. By eliminating human psychology, mainstream economics eliminated the basis to talk about individuals. Even though the atomistic conception of the individual prevails in mainstream economics, it is a form of atomism founded on a formal basis, which has "no essential connection to human individuals" [*ibid.*]. Indeed, in Chapter 5 Davis offers a very interesting interpretation of the characterisation of the abstract individual's conception by arguing that "it shares much the same philosophy of mind underlying an important early strand of cognitive science, namely computational functionalism, or the view that mind is a computer and the individual a symbol processing system" [p. 82]. By looking at five post-war economists – Arrow, Samuelson, Friedman, Simon and Lucas – Davis collects several indications in order to construct a "cognitive science vision of mind and the individual for economics" [p. 83] which underpins the progressive elimination of the individual from economic thinking.

2.2 Identity in neoclassical economics I: Reidentification

Thus, after having shown that the individual drops out of mainstream economics, Davis goes back to the neoclassical conception of the individual and starts applying to it one of his two identity criteria, namely reidentification, to check if the neoclassical individual makes a successful reference to individuals in the world. This chapter constitutes one of the key chapters of the book, accounting for the significance and originality of his idea to link the philosophers' personal identity considerations with the conception of the economic agent. But, *fasten your seatbelt!*, it is going to be a turbulent story!!! It is in this chapter that an analogy of the problems faced in philosophy and economics concerning the conception of the individual is exercised at the utmost. Locke's identity criterion is a private human psychology, the person's own consciousness that extends from present to past experiences. This is also the neoclassical conception: an individual has his or her own private tastes and preferences. However, Locke's conception faces the problem that the individual cannot be totally private and disengaged from the world; social influences will always play a role in the constitution of him or herself. But, if the Lockean individual faces a problem, then, by analogy, so must the neoclassical conception. Indeed, according to Davis, the Locke-Hume-Butler discussion of personal identity can be translated as it is into neoclassical economics.

Two ordinalist neoclassical conceptions of the individual will be subjected to the reidentification-existence-test: the pure preference view of the individual and the individual as represented in the Stigler-Becker [1977] time allocation model (TAM). Reidentification means to find the criterion by which the conceptualised individual is conventionally conceived to be distinguished from others and to see if the individual thus understood can be followed through change as being identical [p. 46]. Davis argues that this criterion in economics must be the individuals' own preferences. In the standard neoclassical view, neither preferences nor utility functions vary; they are exogenous to the choice of the individuals. Other criteria could have been endowments and information. However, endowments and information do vary as a result of the choices the individual makes and thus "would prevent our identifying this individual as the same individual at a later point in time" [p. 49]. Indeed, unchanging preferences are, according to Davis, the economic successor of the Lockean tradition to see individuals distinguished and reidentified by ways of the unchanging "single inner mental life" [*ibid.*]. But whereas Locke distinguishes between past and present, economic individuals have timeless preferences and do not have to make any suggestions about the nature of memory. "With unchanging preferences, we are conscious of what we prefer at all times in precisely the same way" [p. 50].

At this stage, however, we make a cautious remark that appears to be important for some main arguments that follow throughout the book. Davis seems to have taken a very narrow definition of personal identity, one based on identity as invariability. Indeed he says, "we are always distinct and unchanging individuals through whatever change we undergo in other respects (for example, in terms of the things in our possession)" [p. 50]. However, there is a distinction to make between a numerical (or single) identity, which emphasises the fact that whatever exists "is *ipso facto* identical with itself" through time [Ferret 1998; p. 12]; and a qualitative identity that refers to maximal degree of resemblance between a thing and itself or between several things that are numerically different [*ibid.*]. Certain philosophers – among them Hume – seem not to have made a distinction between these two different ideas of identity and rather thought that qualitative identity is the criterion for numerical identity. In relation to personal identity this suggests that a person at two different moments of time remains the same person, if she is qualitatively the same. This seems to be Davis' idea when he argues to look out for a criterion that distinguishes people and which remains unchanged throughout time in order to reidentify them [p. 14]. However, the problem is that qualitative identity precludes any change by definition, therefore it cannot account as criterion for a numerical identity undergoing change through time [Ferret 1998; p. 15].

Davis considers that the "one thing that does not change about [individuals through time] is their having a single inner mental life all their own" [p. 49]. Indeed, "Locke's particular version of this personal identity argument combined the assumption that we can identify ourselves with consciousness with the claim that we remember ourselves in our memories of the past" [*ibid.*] However, even if the act of being continuously conscious of oneself is considered to be the same experience through time, being conscious of oneself in the past or simply remembering oneself is a different experience that relates more to memory-contents and would thus be changing. Therefore, if we consider the unchanging part of it, the act of being conscious of oneself, this amounts to an experience arguably unrelated to what one is conscious of[1]. Translated into economics, this would mean that what counts as identity criterion is the act of preferring and not what the preferences are about. This means that preferences can even change, the act of preferring still remaining the same. So why would unchanging preferences then be the identity criterion in neoclassical ordinalist economics? If on the other hand, Locke's memory criterion is much more related to specific contents, which of course change over time, then it is absurd to put the issue of reidentification as finding something unchanging throughout time. Indeed, even Davis himself shares the view that it is much more plausible to assume that preferences are endogenous to the economic process [p. 11]. This puts into question the whole approach towards identity taken in terms of invariability. Indeed, the interesting question about identity is much more how one remains the same numerical person, even though she qualitatively changes. The answer to this would require a dynamical concept of identity, thus an identity criterion that changes over time plus a process or link between two different moments of this criterion that would account for, or bridge the change. This whole issue puts into question indeed the analogy drawn – and the way it is done – between the Lockean view of the individual and the neoclassical one.

The Lockean consciousness-memory criterion was not uncontested. Two philosophers especially, namely Butler and Hume, have put forward major critiques. Because the economic individual is the analogue of the Lockean one, these critiques do also apply to the pure preference view of the economic individual. Butler noticed that Locke's conception was circular. An identity criterion should always be a set of necessary and sufficient conditions to account for an object to be what it is. Consciousness and memory should then account for and constitute personal identity. However, as Butler has pointed out, consciousness and memory presuppose identity and cannot constitute it. It is because one looks at the same person at two different moments of time that this individual has the same consciousness or is linked through memory-experiences, but not the other way around. Hume expressed a different sort of critique when he said that when he was entering most intimately into himself, he could not detect any such thing as a self or something that would refer to a self. Rather, the only thing he could catch was different perceptions. This went against Locke's view that the acts of consciousness would refer and constitute the existence of a self. Hume equally argued that the self was commonly thought to be of perfect identity and simplicity. But again, when he was looking into himself, he could not detect any single perception that remained unchanging through time. Therefore, according to Hume, there is no such thing as a personal identity, because there is no such thing that remains unchanged through time. Davis interprets Hume's critique as being an "antisubstance argument" [p.52], because Locke meant by a self a "spiritual substance that somehow inhered in us" [*ibid.*]. Hume

[1] Indeed Davis says at p. 6: "A being understood simply as consciousness must be a private being, both because the self as pure consciousness can only be conceived in first-person terms, and because consciousness, by virtue of its intentional character, must always be separate from that which consciousness is *of*" [italics in the text].

rather thought that when people were talking about a self, they would take as identical what is only a bundle of closely related impressions that succeed each other with an inconceivable rapidity; they mistake the idea of a unity with the idea of a collection of things.

What is then the Butler-Hume critique applied to the neoclassical view? Well, "Locke's idea that we can be identified with something over and above our individual states of consciousness is basically just what is involved in saying that individuals can be identified with utility functions over and above their preferences" [p. 53]. Therefore, if we consider a bundle of discrete preferences – by analogy to Locke's states of consciousness – to be a single thing, a unity "over and above that collection" [*ibid.*], then we can apply the Butler-Hume critique. And indeed, it is normally assumed that preferences belong to an individual, that these are his own preferences. Because of this, the utility function does not simply represent well-ordered preferences, but represent, as it were, the unity of the individual who is the "owner" of the preferences. However, this invokes the idea of "an independently existing thing" [*ibid.*] and "this assumption is precisely the one that Hume thought insupportable" [*ibid.*]. Davis stands in for Hume when he says that economists mistake the unity of a thing or object – the individual as the owner of a set of preferences – with the idea of a collection of things – preferences normally ascribed to individuals [*ibid.*]. However, in reality only a collection of preferences exists and it does not refer to anything over and above it. The Humean critique negates individual identity in terms of preferences. Economists, according to Davis, could have replied to this by saying that preferences *presuppose* "the existence of a self to whom preferences belong" [p. 54]. But this would lead directly to Butler's circularity critique: if preferences presuppose the individual, then preferences cannot constitute the individual's identity: it would mean to assume what should be proven.

All this to say that individuals in terms of preferences cannot be reidentified through time!!! One wonders if we could not have got to the same result without mobilising a Locke-Hume-Butler account of personal identity. For example: we could simply have said that the economic individual, represented with his timeless preferences, cannot be followed through time, because there is – as it says – just no time. Hence, the economic individual is an extensionless point in the sense that he is not surpassing his static conception *by definition*. Therefore, he does not have an identity as required by philosophical standards. If, thus, the economic individual should conform to the philosophical standards, we have to find a way that the conception of the individual is consistent with the two identity conditions of individuation and reidentification. However, as we have already seen, what we mean by identity depends on the way we define those identity conditions or criteria. Davis understands identity as invariability; we would prefer identity to be seen as a dynamical process. However, difficulties arise if certain philosophers mobilised for the argumentation are interpreted in a very specific or even inaccurate way and concepts and ideas are brought together that are only very distant neighbours. Locke's identity criterion, as it were, cannot be simply associated with the idea of finding something unchanging through time as suggested by Davis. This interpretation would rather refer to what Hume thought identity would mean and require. However, Hume notes that a self-identical thing does not exist, indeed everything is changing. What does exist is a bundle of perceptions. But Hume's account on human nature is not only based on perceptions, that is, impressions and ideas that appear in our mind, but also on a principle of association between different impressions and ideas. Indeed, in the *Abstract* of his *Treatise* he states that the principle of association creates

"[…] the only links that bind the parts of the universe together, or connect us with any person or object exterior to ourselves" [Hume 2000; *Abstract* 35]. Thus, whereas we have an association between the different perceptions, we do not have any such link between the different preferences in economics. A "collection of preferences" [p. 54] cannot be said to be analogous to a bundle or collection of perceptions. Bringing these concepts together and suggesting in that sense that the neoclassical account of the economic individual is "Humean" could indeed be seen as the beginning of a wrong understanding, which does no good, neither to Hume nor to neoclassical economics.

But let us turn now to Stigler and Becker's [1977] time allocation model (TAM). According to Davis, the TAM satisfies the Humean requirement of finding something unchanging in the individual through time and thus solves the Lockean individual. The individual is, in that account, a combination of unchanging preferences – identical for everybody – and "self embodied human capital stocks" [p. 56]. Being a producer and consumer at the same time, the individual uses market commodities, time and accumulated capital stocks to produce desired final goods. Investment decisions today, initiated by the individual himself, will affect the accumulated human capital stock tomorrow. Thus, we do have an "unarticulated and undefined principle of action in the idea of carrying out a campaign of human capital investments" [p. 57] that will be embodied in and made inseparable from the individual. Here, according to Davis, we certainly have "the idea of something subsistent" [*ibid.*].

But this model does not completely solve the Lockean view of individuals as a disengaged self. Problems arise especially as to the fact that individuals' ability as well as preferences are socially influenced. Human capital investments "heighten" [p. 58] so to say individuals' preferences for a specific human capital. But individuals become educated and learn from others about how to value a certain human capital. Therefore, "we cannot reidentify the individual simply as a hybrid structure of preferences and embodied endowments through change when other individuals' values are incorporated in the individuals' heightened preferences" [p. 59]. The disengaged Lockean self does not exist. The individual before the human capital investment is not anymore exactly the same as after the human capital investment because "something other than just the individual's own preferences goes into the subsequent make-up of the individual" [p. 62]. That is, "the individual is transformed in nature by human capital investment, and accordingly ceases to be distinguishable merely as a collection of preferences" [p. 156]. Even the TAM account of the individual fails to reidentify the individual through time. The individual is in reality nothing else than "a bundle or collection of different perceptions" [p. 59]

Once again, the conclusion of this analysis depends on the link between the neoclassical and the Lockean view of individuals as autonomous, and atomistic, disengaged beings. If we did not start with this link in the first place, we might have different results. In Davis' account there are consistently three interconnected ideas at work: first, that the neoclassical conception of the individual *appropriated* [p. 6] Locke's view of the individual as a subjective inwardness or disengaged self. Second, economics therefore *inherited* [*ibid.*] Locke's contradiction, that is, the impossibility indeed of the existence of a self, disengaged from the world and social influences. And third, the economic conception of the individual should be subjected to the two identity conditions in order to find out if it successfully refers to individuals in the world, as Davis would say [p. 15]; or in order to find out if it satisfies philosophical standards of identity discussions as we would prefer to call it. This last point is interesting in itself and attention could be paid on it in particular. Then, a distinction could be drawn between two different concepts of identity: *what* the individual is and *who* the individual is [Kirman and Teschl 2004]. The latter refers to the idea of a dynamical concept of identity, initiated by a self-reflexive and conscious individual who remains numerically the same through time. The former refers globally to the common way in economics to represent individuals in terms of preferences and constraints. Some models include time aspects (such as Stigler and Becker [1977]), others not. Of course, in static models, nothing much can really be said about identity through time. However, the *what* conception of the individual, refers to several quite common characteristics in economic models: first, change is brought about from outside, that is, the individual is only reacting to modifications in the constraints. Second and related to the first, no conscious behaviour initiated by the individual can affect his or her constraints. And third, more information can be added that is related to the individual, but this amounts to giving him or her a richer social identity or identification, but not a better account of his or her dynamical development as a person through time. Given this general characteristics, Stigler and Becker's paper is classified as a *what* conception of individuals. The "principle of action" [p. 57] is still a principle of reaction to changes in the individual's constraints in accordance with the first characteristic. Stigler and Becker's model is first of all a model of human capital stock accumulation that, evaluated at market prices, initiates new investment and thus influences the decisions at a later date. Preferences remain the same, what is changing are the constraints and the accumulated stock of human capital, which is not "embodied" in the individual, but which remains a good like any other that is possessed by the individual. The individual can only be followed through time by his or her changing stocks of human capital. Rather than to see this model as a Lockean, subjectivist account of individuals, it gives an account of *what* the individual is, because all that matters are the constraints and not the preferences of the individual as such. Furthermore, changes in the behaviour of the individual can only be explained in terms of price and income changes, but not because of a conscious and self-reflexive initiative taken by the individual *irrespective* of prices and incomes.

2.3 Identity in neoclassical economics II: Individuation

We are left with the idea that individuals are nothing than a bundle of different "perceptions". According to Davis, we must show that this bundle however has a unity; otherwise individuals could not be distinguished as independent and separate beings [p. 62]. Economists always took the individual for granted and thus that individuals are distinguishable from each other. Davis granted "the theory the benefit of the doubt on this score" [p. 46] and looked at the second identity condition, namely reidentification, first. However, the conclusions we can draw from Davis' analysis throws doubt on the assumption of independently existing individuals. He therefore turns then to the first identity condition, namely individuation.

The idea of individuals with different well-ordered preferences having a unity, thus being representable by a single utility function comes from the assumption that the individuals' different preferences are commensurable and thus comparable to each other. However, if preferences are noncomparable, then we have to consider the individual to be a set of preferences or to have several utility functions, which leads to the idea of the individual as a multiple self or having multiple selves. Several economists took this way and proposed models that base the conception of the individual on some sort of multiple self: principle-agent views of the unity of the individual; weakness of will and self-control models; and finally the accounts on metapreferences and hierarchical organisations of preferences. The principle-agent view compares the individual to a firm, where different specialised individuals work to achieve a common enterprise. However, there is an element of circularity: "if firms are treated as single agents by analogy to individuals, then one cannot say that the firm as a single agent is a model for the unity of the individual" [p. 70]. Furthermore, different individuals are supposed to work together because of their mutual advantage, but it is hard to argue, according to Davis, that human psychology is equally simple [p. 71]. Weakness of will models seek to explain why an individual, even though desiring one thing more than another, chooses the less desired of the two. Some applications of these models try to understand the behaviour of shortsighted individuals who favour the present over the future. Individuals who do not exhibit weakness of will are explained in terms of their shortsighted selves in control of their future selves. These people are supposed to develop for example some precommitment strategies to bind themselves to their original plans. One of these strategies may be a deliberately sought control of others over one's own commitment. Thus, in this and other examples of weaknesses of will models, non-preference-based principles are introduced that raise the question of the individual's constitution within a social context. The metapreference approach offers an interesting way to deal with multiple selves by trying to coordinate an individual's different sets of rankings. However, multiple-selves-individual-choice can be compared to the multiple-individual-social-choice problems and it turns out that a single ranking is only a special case of the problem's solution. Another issue that can be related to the idea of multiple selves, is endogenously changing preferences: taste determine choice, and choice will reverberate back on taste. We either can have an intentional change when an individual tries purposely to change his or her preferences according to some metapreferences, or imagine a causal process of adaptation that takes place unconsciously. However, "in the changing individual preference framework it is difficult to distinguish the case of the changed individual from the case of different individuals" [p. 78]. Nothing in the preference orderings themselves indicate if they belong to one single individual or if they belong to several ones. All these considerations show that economists ordinarily assume the individual to exist and to be a unity, but they are unable to say how unity is represented in their models. But if we cannot recognise the unity of individuals, we are not able to distinguish and individuate them.

Orthodox economics' interest is primarily about individuals. However, according to Davis' considerations, the neoclassical approach fails to individuate and to reidentify the individual through time and change and mainstream economics is left with an abstract concept of the individual that has lost every aspect of subjectivity, Locke's basis to talk about individuals. Therefore, orthodox economics' conviction to be about individuals "is not well supported" [p. 80]. To solve this problem, Davis turns to heterodox economics and their considerations of the economic individual. One common trait of heterodox economists is that they turned away from the Lockean conception of the individual and consider a human being who is socially embedded. Davis turns therefore in the second part of his book to the characterisation of a socially embedded individual and investigates if this concept can properly be individuated and reidentified through time.

3. HETERODOX ECONOMICS

3.1 The socially embedded individual

The conception of the socially embedded individual relies on structure-agency models of individuals and society that evolved as a response to the two main competing traditions of social thinking, namely methodological individualism and methodological holism. The basic idea of these structure-agency models is to see the individual as socially embedded, thus being acted upon by social structures; and as an agent who influences and changes society. However, as structure-agency theorists simply assumed agency and therefore paid little attention to a full account of this concept, Davis couples it with considerations on self-reflexivity stemming from socio-psychological research. More specifically, he explores the literature on individuals' development of a self-concept when engaging in self-referent behaviour. This is a class of behaviour where individuals take themselves as objects. That is, individuals examine their behaviour and "in forming judgements about it, create and recreate their self-conceptions" [p. 114]. This structure of reflexivity is then incorporated into the structure-agency models: Individuals examine the socially imposed views of themselves and eventually modify these views by judging and evaluating them. This is a general framework, used in different heterodox economic accounts such as institutionalism, social economics, critical realism, feminism and others.

Davis himself considers a very specific account of socially embedded individuals namely collective intentionality analysis[2]. This analysis does not consider the relationships between socially embedded individuals. It rather sees social relationships as embedded *in* individuals. "The basic idea is that, while only individuals form intentions, alongside those intentions expressed from a first-person singular point of view, individuals also express shared or collective intentions from a first-person plural point of view" [p. 130]. Thus, when individuals express intentions in first-person plural terms, they link themselves automatically to all other individuals that express the same intentions. Of course, the individual continues to have her first-person singular intentions and this continues to account for her autonomy. But in addition to that, there exist first-person plural intentions that explain social embeddedness. Davis thus explores a particular context in which these first-person plural intention arises: social groups. Within a well-defined context of social groups, first-person plural intentions are more correctly expressed than in more loosely organised social settings. Individuals engage in repeated interaction within these groups that are recognised as groups by all participating members. So a first-person plural or "we"-intention is "an individual's

[2] Based on Tuomela [1991, 1995]

attribution of an intention to the members of a group to which the individual belongs, based on that individual both having that we-intention and also believing that it is held by other individuals in the same group" [p. 134]. Shared intentions are a matter of *reciprocal* attitudes and not of *shared* attitudes [*ibid.*]. Members of groups share certain rules and norms. "Rules are the product of an explicit or implicit agreement brought about by some authority, and used to determine a distribution of tasks and activities to individuals. […] In contrast, in the case of norms a network of mutual beliefs substitutes for actual agreements between individuals in determining distributions of tasks and activities across individuals" [p. 135]. Rules and norms constitute reasons for action by those who accept them. Violating rules would involve sanctions against the individual who does not observe them; violating norms would cause disapproval on the part of the others. Rules are thus said to constitute the basis for institutions, norms for social values. In both cases, we-intentions are the key to understand group action. Individuals, then, occupy certain positions within groups to which are attributed tasks as well as rights. And the individual holds a certain social position across groups that are equally understood in terms of certain task-right pairs.

How does this collective intentionality then fit into the structure-agency framework where the main idea is the interaction between social structure and the agent? Well, individuals commit themselves to observe the rules and norms of the group. However, these rules and norms as well as tasks and rights constitute the social structure that influence and limit the individual's behaviour. "Thus, in spite of shared intentions being fully individual intentions and therefore voluntary in nature, individuals having shared intentions occasions them being influenced by the social structure of those groups in which those intentions are expressed" [p. 137]. On the other hand, because we-intentions are "sets of continually converging and reconverging individual attitudes that may exhibit both stability and instability" [*ibid.*], the individuals' forming these shared intentions also influence the social structure. Finally, what about reflexive behaviour that should be linked to the structure-agency framework to account for a better understanding of agency? Reflexivity arises especially when individuals notice that they expressed wrong we-intentions, that is, an intention rejected by the others of the group. This needs a form of evaluation of all members of the group of why their views differ and this initiates reflexive behaviour.

3.2 Identity of the socially embedded individual: Individuation and reidentification

This view, thus, constitutes Davis' account of the socially embedded individual who replaces the Lockean conception of the individual. We now have to submit this conception to the same identity criteria as we did with the Lockean individual before. Here, Davis starts with the individuation criterion, that is the question of what allows individuals to be distinguished from each other. Indeed, individuation seems to be the more difficult identity condition in the social embeddedness context as individuals are explained in terms of their social characteristics [p. 143]. Therefore the challenge is to explain individuals who are related to one another but still distinct beings.

One cannot individuate the individual through the position she has within and across social groups. Different individuals may occupy the same position or one individual may hold several positions at once. The question therefore rather is how individuals "*come to occupy* different positions" [p. 144. Italics in the text], thus looking for individual characteristics that explain how individuals and positions are matched. These characteristics could of course be differences in ability and experience. However, the still unresolved question is how one recognises the difference between acquired and natural abilities. Therefore, ability cannot account for individuation of individuals. But how individuals come to occupy their position is also a question of their intentions, which are individual characteristics by definition. It remains the fact that we added shared intentions to individual intentions which are social in nature and require others in the individual's use of "we" language. So how can individuals then be distinguished from one another in collective intentionality terms? Well, "when individuals use "we" language, they bind themselves to whatever that language implies, but they do so intentionally" [p. 145]. That is, individuals bind themselves voluntarily to rules and norms and accept willingly tasks and rights. Stated differently, they ""self-impose" upon themselves whatever those shared intentions imply" [*ibid.*]. Thus, we can individuate individuals because they can impose on themselves specific tasks and rights. "What is important about this capacity in the current context is that *only individuals* can *self*-impose upon themselves" [p. 146]. Any other social entity cannot self-impose on individuals.

Davis' account on the socially embedded individual is an extremely interesting and finely elaborated combination of theories. However, we cannot help but asking the question: who or what is this self on whom the individual imposes? We cannot find any answer in his text. What the self is on which individuals impose is not explained. Indeed it seems that the individual's capacity to self-impose, which serves as basis for distinguishing between people, can only do this, because distinct individuals are already presupposed. It is the self that exists on which self-imposition is done by individuals thus individuated. In that sense, Davis does what orthodox economists do, he assumes different individuals to exist. Davis would probably reply that embedded individuals are only *contingently* distinct from each other, and not *necessarily* so like atomistic individuals with their private, subjective inwardness [p. 148]. Therefore, individuals cannot be said to exist before they are distinguished. The difference between contingently and necessarily distinct is that the former depends on the individuals' capacity to self-impose. When people do not exercise this capacity, they cannot be distinguished. But this leaves open the question at what point we can say that individuals have the capacity to self-impose and when they don't. It might be claimed, for instance, that finally, every individual is self-imposing on him or herself the action he or she is doing – even the child that is told off by his parents to tidy up his room and does this only reluctantly. If he did not self-impose this action, the family would still have a row. Also, the question arises what this capacity actually is? At a later point, Davis states that capacity "is the idea of a power that may or may not be exercised" [p. 158]. But where is this power coming from? Does capacity to do something not eventually imply a self that "has the power to set aside the influences that opinion, custom, and desire can have upon us" [p. 3], a self that has an "empowered disengagement from the world" [p. 5], free to self-impose voluntarily different group memberships? Thus, is there, and if yes, where, a difference to the Lockean self? Is it different because, as Davis suggests, this capacity to self-impose can be an object of social policy: "Institutions can evolve and be designed either to impede or to promote individuals' exercise of this capacity" [p. 148]. Yet, if it is the case that social policy has influences on the self, or rather on the individuals' capacity to self-impose, then what makes self-imposition as an individuation criterion different from, say, ability, in relation to which Davis argues that it is hard to discriminate between natural and acquired abilities and therefore cannot serve to distinguish people. Where can we draw the distinction between the "natural" capacity to self-impose and the capacity that was socially enhanced? We are going round a circle: self-imposition *requires* an individual who has the capacity to self-impose, but this capacity can be influenced by social policies. Thus it is the society that makes the individual who self-imposes on himself and can thus be distinguished as individual. But capacity to self-impose really means that there is an individual who voluntarily does this self-imposition, who has self-reflexively evaluated social influences and is thus free of social constrains to do a specific action. The individual, thus, is escaping or maybe even refuting the society that helps him to exist and to be distinguished from other people.

This raises a second point: why should individuals self-impose something? What is the motivation behind it? Indeed, it seems that the collective intentionality framework, at least as Davis presented it, only considers individuals who already participate in groups. In that case, collective intentionality can explain many phenomena because people already accepted or self-imposed upon themselves specific rules and norms, tasks and rights and behave self-reflexively in accordance with them. But what about formation of groups, and what about an individual who wants to become a member of a group? Why should he want to do this? His intentions alone do not give any answer. A preference account could give some answer, at least in terms of motivation. But if we top up the collective intentionality with a preference account, when do we know what explanation we should use for what situation?

It seems as if there are still many questions to be asked and to be explored in order to be sure that collective intentionality can replace or substitute and to what extent orthodox economics considerations on similar questions.

However, suppose now that we can successfully distinguish individuals. What remains to be shown is if we can reidentify individuals thus distinguished and understood through time.

Indeed, in the context of the socially embedded individual, reidentification is the question "whether individuals distinguished from one another in terms of their capacity to impose responsibilities upon themselves can be reidentified across change in group membership" [p. 155]. In the previous neoclassical model, only Stigler and Becker's time-allocation-model would consider an individual through time. However, in this account the individual changed, as it were, his nature as he would not be reidentifiable in terms of his own preferences only. Social influences modify the individual's preferences in the process of his human capital investment. Change of group associations in the socially embedded individual conception implies a continuous change of rules and norms as well as task and rights combination. Is the individual going to be transformed in nature by these changes? The essential point of this question is to consider to what extent individuals keep their reflexive capacity to self-impose social group requirements and to what extent they would be "overwhelmed by an increasingly dense social world" [p. 157] which makes them to become passive recipients and followers of social requirements. The answer to this is to consider the individual who has the capacity to self-impose in the context of Amartya Sen's capability approach. Capacity "is the idea of a power that may or may not be exercised", whereas a capability "is the idea of a power that has been developed and cultivated so as to be susceptible to regular exercise" [p. 158]. Indeed, Sen's capability approach is a way to evaluate individuals' advantage in terms of functionings – their different beings and doings, and in terms of capabilities – the real freedom individuals have to be and to do different things [p. 154]. In this approach, reidentification of individuals is possible on the basis of an individual who has developed a capability of freely participating and moving from and to different social groups. If an individual possesses this capability, it means that he has learned "how to consistently exercise the individuating capacity that people inherently possess to freely impose social group participation upon themselves" [p. 158]. The freedom aspect of the capability is of major importance for the reidentification condition of individuals' identity. Indeed, sometimes, according to Davis, capabilities are also seen as realised functionings only, that is, what the person is actually able to be and to do [p. 159]. This view of capabilities is then rather similar to the human capital investment approach. But if there were no possibility of choice, then individuals would not be able to use their capacity to freely self-impose group participation and thus could not be distinguished and reidentified though time.

So does the socially embedded individual framework pass or fail the reidentification test? To give "a fair reponse" as Davis calls it [p. 159], it does not seem that many people in the world today have developed the capability to freely self-impose their group affiliations. "Most people today see group associations as "structures of constraint", and find themselves unable freely to move between and negotiate their multiple social responsibilities" [*ibid.*]. Thus, no, the socially embedded individual conception does not pass the test of reidentification. However, the nature of the failure, so to say, is different from the Lockean subjectivist view of individuals. There, as was said, individuals change their nature through time. That means that the conception of the individual in subjective, private terms fails. The embedded view of the individual does not fail because of its conception, but "because of the way the world happens to be organised" [p. 160].

However, this means that if we would not look at the way the world happens to be, the socially embedded individual could be theoretically reidentified through change. Therefore, this conception would pass the existence test, i.e. would pass the two identity conditions according to which we have a means to say if a term, such as *individual*, successfully refers to the world. Hence, if we do not look at the world before our conclusion if the term passes or not the existence test, we would be able to say that yes, the socially embedded individual does successfully refer to the world. But this is a contradiction with what Davis just stated, namely, that most individuals are not freely imposing group associations on themselves. The solution to this is that on the one hand, Davis argues that the socially embedded individual is an *ideal conception* that tells us how individuals *could* be distinguished and reidentified [p. 160]. On the other hand, even if a certain concept passes the existence test, it does not guarantee that it "actually picks out things "out there"" [p. 16]. It finally seems that the idea of an ideal conception, that is, a conception based on certain values, thus contrary to models that simply describe the world, is more important than Davis' original concern about realisticness. However, ideal conceptions influence the real world: policies that are based on some ideal conception tend to influence the world in accordance with its values. And if these policies have a certain success, the world is going to be like the ideal conception intended it to have [p. 161]. Thus, the embedded individual could slowly evolve from an ideal conception to a real-world description.

4. CONCLUSION

John B. Davis participates with this book in a general movement and interest among economists to render economics more real and to look over and above standard economic theorising in order to include more sociological, psychological or socio-psychological concerns. His major contribution to that is to put the ontological discussion of the economic individual on the forefront of these interests and to link philosophical issues about identity with the economic conception of individuals. Indeed, Davis' main motivation in writing this book is, it seems, his claim and intuition that the way individuals are represented in a theory will affect the world. In the second part of his book, he presents his own vision of individuals as socially embedded and it becomes clear: the major issue is the individuals' capacity to self-impose. Consequences follow immediately for social policy making if this view of individuals is accepted. In the first part of his book, he shows that not knowing which conception of the individual orthodox economics actually relies upon led systematically to the extinction of the individual and his replacement with objective accounts and cognitive science explanation of his subjective beings and doings. Individuals are becoming computers and social policies are then made for computers instead for individuals.

However, Davis' gloomy description of the evolution of orthodox economics does not seem to hold if we take a larger definition of mainstream economics than he does. If mainstream economics is not simply those currents of thought with "a purely formalist conception" [p. 23] of the individual and "a set of ad hoc claims about individual behavior" instead of "a theory about the nature of individuals", but take mainstream as what is currently published in major journals, then we notice that there is a huge interest even among orthodox economists in developing microeconomic theories on more realistic grounds. Social psychology especially is looked up by economists[3] because this area is, as Jean Tirole states "[…] untrodden for economists and seems extremely promising. Topics include status relationships, envy, and community identity and relationships, but the reader will easily figure out several others" [Tirole, 2002]. Social interaction and heterogeneous agents are given a major role in the explanation of price formation as well as in econometric models[4]. Even social identity, social capital and status consideration entered the tribune of economics[5]. The question therefore to be asked is: Is the individual coming back into orthodox economics? And is he or she coming back as an embedded individual? Does this or these new representation(s) of the economic individual pass the test of individuation and

3 See for example papers by Bénabou and Tirole [2002, 2003]

4 See for example Weisbuch, Kirman and Heireiner [2000]; Brock and Durlauf [2001]

5 See for example Akerlof and Kranton [2000; 2002], Becker and Murphy [2000] and Bernheim [1994].

reidentification? And if yes, in what sense are they different to Davis' own view of the individual? These issues are regretfully unexplored by Davis.

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