Preference and Practical Reason: An Evaluation of Sen and Hausman

KEVIN D. THURSTON, Georgia State University

Abstract: An expository account of Amartya Sen’s concepts of commitment and rational choice, along with Daniel Hausman’s alternative to Sen’s concepts, is given in this essay. Sen’s exposition of self-centered welfare, self-welfare goal, and self-goal choice, are explored and assessed. However, with the help of Philip Pettit, the essay points out several errors in practical reasoning with regard to Sen’s concepts of commitment and counter-preferential choice. In contrast, Daniel Hausman’s “total comparative evaluation” avoids these problems by simplifying the concept of preference and classifying other-regarding behavior as preference-influencing factors, not as types of preferences themselves.

Introduction

In his 1977 article, “Rational Fools: A Critique of the Behavioral Foundations of Economic Theory,” Amartya Sen argues that the study of economic discourse has fallaciously accepted the view of man as “actuated only by self-interest.”1 Sen believes that this theory of human behavior is an obstacle to answering a multitude of questions pertaining to economic theory-formulation. He uses the essay as a vehicle for delineating forms of human choice distinct from pure egoism. In

---

particular, Sen introduces “sympathy and commitment” as constituents of decision-making processes. Commitment, which, according to Sen, is important for rationality, involves instances of counter-preferential choice. However, Daniel Hausman disagrees, stating, “If one interprets preference as all-things-considered ranking, then altruistic motivation accords with preference.” The disagreement here appears to stem from alternative interpretations of preference, self-interest, and which interpretation is consistent with rational behavior. This divide will constitute a majority of the examination in this essay. First, I will survey and critique Sen’s position on preference, self-interest, and commitment. Second, I will explore and assess Hausman’s approach to the same concepts. Lastly, I will compare and contrast the two, and argue in favor of Hausman given that his view escapes the ambiguity, impracticality, and logical error implicit in Sen’s view.

**Sen and Rational Choice**

Sen, in his departure from F.Y. Edgeworth’s egoistic ideal of human behavior, brings up commitment as an example of non-egoistic, yet rational, behavior. For Sen, this endeavor is important because Rational Choice Theory – the theory that rationality requires choices based on preferences that maximize self-interest – fails to account for the fact that other-regarding, non-self-interested preferences can be beneficial for the individual in certain ways. Sen states, “The incorporation of one’s ‘self’ in reasoned choices can be a very difficult issue, since considerations of one’s own ‘self’ may enter the calculations involved in quite different ways (not merely in terms of what can be seen as one’s own ‘interest’).” Sen is suggesting that Rational Choice Theory alone is insufficient for understanding the way people make decisions and identify preferences. He proposes that a more diverse understanding is necessary because the self is a part of preference and choice in more ways than self-interested utility maximization.

Sen introduces three particular concepts of the self that factor into preference and choice: “Self-centered welfare, self-welfare goal, and self-goal choice.”

*Self-centered welfare:* A person’s welfare depends only on his or her own consumption.
*Self-welfare goal:* A person’s only goal is to maximize his or her own welfare.
*Self-goal choice:* A person’s choices must be based on the pursuit of his or her own goals.

Different formulations of these three aspects of the self result in various types of preferences and choices that, while not necessarily welfare-maximizing, are still rational. In particular, Sen believes that while commitment does not necessarily violate self-centered welfare, it does, however, violate self-welfare goal and self-goal choice. The violation of self-welfare goal and self-goal choice imply that commitment is counter-preferential in the sense that one’s goals and welfare enhancement are sacrificed or ignored. However, commitment remains rational by satisfying self-centered welfare, or, in other words, by maintaining a level of welfare independent of the welfare of others.

---

7 Sen, Amartya. "Why exactly is commitment important for rationality?" 6.
8 Ibid. 7.
Sen makes these distinctions in an effort to broaden the understanding of self-interest. Rather than criticize Rational Choice Theory on the basis that its basic premise is simply wrong, Sen aims to expand what he believes is an exceptionally narrow concept of self-interestedness employed by the theory. Only in this much wider understanding can one associate self-interestedness with rational behavior.

There are, of course, relevant criticisms to Sen’s account of self-interest and commitment. Sen claims that commitment violates self-goal choice, but had previously described commitment as a choice made in reaction to an event that “does not make you personally worse off, but you think it is wrong and you are ready to do something to stop it.” Thinking that something is wrong and having the will to take action to stop it seems to entail some kind of self-goal choice. For example, the civil unrest in regions of Africa does not have a direct negative impact on my personal welfare. Nor does the improvement of life for the people in those strife-torn areas cause any tangible enrichment of my own welfare. So, if I donate money to charitable organizations that strive to end human suffering in those regions, I am violating self-welfare goal. However, being committed to investing time and capital into taking some action to stop strife seems to entail a self-goal choice. I would not make such donations if it were not a goal of mine to live in a world without strife in those conflict regions. Or, my goal may be to embody the type of human being that takes action to stop strife in the world. Either way, commitment to helping curb suffering and despair cannot plausibly violate self-goal choice, since the action is born out of a personal goal. This is more or less the objection raised by Phillip Pettit, who, in critiquing Sen on commitment states, “The goal represents the success condition of the action and will be discernible in how the agent is disposed to adjust [their] behavior as circumstances change and as different interventions are clearly needed for the realization of the condition.” If we take Pettit’s notion of the committed self-goal choice, it is not clear that Sen’s concept of commitment is as other-regarding as he frames it to be.

What does this mean for Sen’s conception of commitment? The answer to this question depends on an account of preference. Sen is not particularly clear about what he thinks preference really is, but instead notes that multiple conceptions of preference exist among economists and social choice theorists. Sen states, “Preference can be defined in such a way as to preserve its correspondence with choice, or defined so as to keep it in line with welfare as seen by the person in question.” If we take preference to be a function of one’s calculations of self-regarding welfare enhancement, then commitment, as a violation of self-welfare goal, is counter-preferential. If we accept that preferences are identifiable in accordance with choice, and we concurrently accept the objection illuminated by Pettit, then commitment is not counter-preferential. However, Sen’s assertion that commitment violates self-welfare goal and self-goal choice insinuates that commitment is counter-preferential in both accounts of preference. For Sen, such behavior still involves rationality since self-centered welfare is still intact even in an individual’s commitments. These suggestions will be examined in further detail later in this essay.

---

9 Sen, Amartya K. "Rational fools." 326.
Hausman and Preference

The ambiguity of Sen’s concept of preference remains a problem for other thinkers. Sen’s aim in delineating types of preference is to reconcile other-regarding behavior with rationality. Choices that are counter-preferential under some concepts of self-interest still can be preferential in another concept of self-interest. However, this creates a maze of methods by which we can understand an individual choice. Daniel Hausman levels an objection to this on the basis that it distorts our ability to predict behavior. He asserts, “A theory purporting to explain or predict the ways in which agents evaluate states of affairs will need to make distinctions between values…and tastes, but these can be seen as distinction among the factors that are responsible for a person’s preferences, not as different conceptions of preference.” This leads Hausman to advance a distinct concept of preference, the “total comparative evaluation,” under a program of practical reasoning altogether different from Sen’s.

For Hausman, there is merely one concept of preference. He refers to it as the total comparative evaluation, or the “all-things-considered ranking.” Hausman is not talking about preference in the manner of Rational Choice Theory. Rather than preference being based on self-regarding welfare maximization, Hausman envisions preference as an umbrella over all things—including other-regarding behavior—that influence the instantiation of an individual’s preference. Nor does Hausman talk about preference in the way Sen does. Where Sen takes commitment as encompassing distinct types of preference, Hausman believes commitment to be one factor that, through rational deliberation, influences a singular account of preference.

It is important to note that Hausman agrees with Sen in the sense that economists and philosophers of economics alike should be skeptical of combining all aspects of rational choice into an exceptionally narrow understanding of self-interestedness. The difference between Hausman and Sen is simply the practical reasoning that compels the advancement of a more “nuanced view of rationality and rational choice.” Hausman claims

People prefer some things because of their expected benefits, others because of emotional reactions toward other people, others because of adherence to social norms or to moral principles, others out of mere habit. Depending on the context and the objectives, the account one might offer of the factors that influence preferences might be very simple or extremely complicated…Rather than capturing this complexity by means of multiple concepts of preference, one might capture it by a nuanced account of many factors that influence preference.

Why is this so important for Hausman? He believes 1) it will help economists avoid confusion, 2) it will make it easier to model preferences, 3) it will create consistency within everyday language regarding preference and 4) it is necessary to extract

---

16 Ibid, 42.
17 Ibid.
predictive power from game theory and expected utility theory. Hausman believes that Sen’s concept of rational choice confuses the process of accounting for, predicting, and explaining behavior. While Rational Choice Theory restricts our ability to do those things, Sen’s theory, according to Hausman, dilutes our ability to do so.

Of course, Hausman’s alternative is not immune to questioning. Where does self-interest fit into the puzzle that forms our preferences? He believes that self-interest cannot be instantiated within his interpretation of preference. Hausman states, “Only people who are never motivated by passions, fantasies, whims, ideals or moral and aesthetic concerns, and who are moreover able to pretend that they can always judge how alternatives bear on their own interests, could rank alternatives entirely in terms of their…self-interested advantages.” The reasoning here seems fine and is actually in agreement with Sen in the sense that constantly making conscious decisions on self-interested welfare maximization is, as Sen puts it, foolish. Hausman seems to suggest that self-interest is another factor in the formation of preferences, along with ideals, morals, and desires. However, Hausman might do well to expound upon how self-interest is involved with such sentiments. Certainly, self-interest does not exist in a realm entirely removed from passions, morals and whims. People who act on such sentiments might still be able to frame those choices as anticipated self-regarding welfare enhancements. Alas, this objection isn’t such that the structure of Hausman’s alternative is substantively challenged. Instead, more exposition upon self-interest in preference-influencing sentiments could strengthen his alternative’s applicability to predictive models of behavior.

**Sen vs. Hausman on Rationality and Other-Regarding Behavior**

In the first section, I explained Sen’s practical reasoning regarding the concept of rational choice. In the preceding section, I illuminated Hausman’s alternative to that reasoning. What does this mean for commitment and other-regarding behavior? It is clear that Sen believes commitment to be a rational endeavor when we extract Rational Choice Theory’s narrow notion of self-interestedness and subsequently expand it to include self-centered welfare, self-welfare goal, and self-goal choice. However, Sen’s method is bound to substantial ambiguity about the notion of preference. Hausman’s alternative, while congruent with Sen’s objective of expanding the notion of rational self-interest, brings commitment and other regarding behavior in line with one distinct concept of preference for reasons both analytical and practical.

The problem with Sen’s reasoning is that axioms of self-interest still can somehow produce counter-preferential choice. Sen mentions counter-preferential choice when he explains, “Commitment does involve, in a very real sense, counter-preferential choice, destroying the assumption that a chosen alternative must be better than…the others for the person choosing it.” However, if we understand

---

19 Hausman, Daniel M. *Preference, value, choice, and welfare.* 22.
20 Sen, Amartya K. "Rational fools." 344.
21 Practical in the sense of applicability to economic models.
22 Sen, Amartya K. "Rational fools." 328.
preference as a function of an individual’s calculation of her welfare, and commitment does not violate that axiom of self-centered welfare, then how can commitment be counter-preferential? Furthermore, if we accept Pettit’s objection, then self-centered welfare and self-goal choice remain intact in an act of commitment. Whether we take preference to be a function of deliberations about welfare or as a function of choice-making, commitment satisfies both understandings. As such, Sen is mistaken to confuse his program of reasoning by introducing the concept of counter-preferential choice, as any manifestation of counter-preferential choice would be a violation of all three axioms of self-interest. This occurs for two reasons: First, it is not possible to violate self-centered welfare and self-welfare goal without violating self-goal choice. As such, one cannot have a preference that satisfies only the function of choice and not the function of welfare. Furthermore, because commitment (if we take Pettit’s objection to be valid) does satisfy self-goal choice, and because sympathy satisfies self-welfare goal and self-welfare choice, then it is not possible to have other-regarding behavior applied only to preference as a function of welfare or only to preference as a function of choice. Second, Sen defines preference in ways that he already associates with rational self-interest. Therefore, no rational choice can possibly be counter-preferential. From this, it follows that if commitment were indeed counter-preferential, as Sen puts it, then commitment would not be rational. If Sen wishes to adhere to the notion of commitment, it cannot be framed in terms of counter-preferential choice. If he sticks with the idea that commitment is counter-preferential, then he must sever its connection with rationality.

The preceding paragraph exemplifies the reasons for Hausman’s multiple objections to Sen’s assertions. The logical problems between Sen’s concept of self-interest and counter-preferential choice, and the ambiguity of preference, surely confuse economic discourse in its quest to predict behavior, explain choice, and define rationality. Hausman’s reasoning stays consistent with logical stipulations of game theory and facilitates model-formation. Because self-interest, commitment, and various other personal sentiments fit under the umbrella of a singular form of preference, rather than under multiple conceptions of preference, the notion of counter-preferential choice is altogether avoided and other-regarding behavior is less of an anomaly to rational deliberations about welfare and choice than Sen asserts. In philosophical discourse, too, Hausman’s alternative avoids the logical fallacy entailed in Sen’s complex, veritable obstacle course of practical reasoning and provides an easier account by which to define rational behavior.

Conclusion

In this essay I have explained Sen’s account of rationality, commitment, and his expansion of self-interest. Sen’s aim to modify the narrowly self-interested implications of Rational Choice Theory is hardly argued here. However, examining the stipulations involved with self-centered welfare, self-welfare goal, and self-goal choice, and placing them alongside his explanation of commitment and counter-preferential choice, make it clear that there are errors in his reasoning. Furthermore, Pettit’s objection shows that commitment may not be as other-regarding as he

---

believes, and the problems pointed out in conjunction with that objection might give Sen reason to modify either the concept of commitment or the idea that counter-preferential choice can be rational. Unlike Sen’s account, Hausman’s alternative avoids these reasoning errors by condensing preference into a singular concept and placing sentiments such as sympathy and commitment as preference-influencing factors rather than types of preferences themselves. This makes for a less obfuscated view of preference and allows for more streamlined models and discussions about human behavior.