

Methodological Individualism

Resurrecting Controversy

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Methodological individualism – a belief that in explaining social phenomena we should begin from the individual as a unit of analysis – was a matter of debate and controversy a long time ago. Contemporary economists seem to take the view that either the debate is trivial or that methodological individualism is obviously right. This complacency has been shaken and interest in this subject has recently been revived by the publication of some new books and papers. This essay examines the new debate, argues that mainstream economists, knowingly or unknowingly, do use concepts which are irreducibly social and defends a particular aspect of individualism. The paper ends by drawing attention to a paradoxical observation concerning normative judgments and methodological individualism.

A SOCIAL SCIENCE which explains social regularities and phenomena, such as reciprocity and inflation, wholly from the decisions and behaviour of *individual* human beings is described as adhering to methodological individualism (henceforth, MI). Whether this is the right methodology for social science or not was once a matter of considerable dispute, which engaged the minds of leading economists and sociologists. Gradually interest in the subject died down, individuals continued to do social science research without, mercifully, trying to explicitly articulate the method that they were in fact using. But with this developed the feeling, especially among economists, that the problem of MI was either trivial or resolved in its favour. There is, however, a revival of interest in the rights and wrongs of MI as evidenced in the works of Bhargava (1993) and Arrow (1994). The aim of this essay is to evaluate this resurgence of interest, by critically examining some of Bhargava's ideas, and to present the reader with an open-ended and somewhat paradoxical problem concerning methodological individualism and normative judgments.

Rajeev Bhargava's book is meant to be a challenge to orthodoxy. In this book, which is a revised version of his PhD thesis submitted to Oxford University, Bhargava argues that MI is not trivial, there are versions of it which are intellectually sophisticated and deserve our attention; however, MI can be challenged and he goes on to construct non-individualist methodologies which according to him are at least as satisfactory as MI. In brief, the aim of this book is not to hammer in the last nail but to resurrect the old debate. And this he does with remarkable command over the discipline – its history, its philosophical roots and its moorings in economics and sociology. Bhargava is one of the most graceful writers of social science and the philosophy of social

science. There are criticisms, important ones, to be made and I do so, below; but that does not change the fact that this book belongs to the highest genre of books written on the philosophy of social science. There are many places where one is left feeling that his arguments are not precise enough, that deductive reasoning is used well but without that final finesse which clinches a theorem or destroys some conventional wisdom. At the same time what is remarkable and so rare in contemporary writing is Bhargava's flair for expressing the philosopher's anguish and elation. A variety of philosophers and scientists have suffered the anxiety of self-doubt, of not knowing whether what they are grappling with or have actually established is something profound or trivial. One has no difficulty in seeing that Bhargava means every word when he writes (p 5): "On reading the literature one is swung between exuberance and despair, from feeling that all problems have been resolved to one that none has... Gradually an intense frustration overwhelms the reader: perhaps there was nothing worth discussing in the first place. What on earth was all the fuss about?"

Rajeev Bhargava's agenda is a very clear one. He first surveys the myriad schools of methodological individualism, isolates what he considers its strongest version and then attempts to construct a non-individualist methodology which challenges it. His sympathies are clearly anti-MI, even more between the lines than in them. He nevertheless does a very good job of presenting the various historical arguments for MI. In fact, the only criticism one can make of this initial part of the book is its taxonomic indulgence. Thus one soon encounters ontological individualism, semantic individualism and explanatory individualism. The latter is, in turn, split between its 'nomological and non-nomological' (I must confess to an occasional

feeling that 'she sells sea-shells' is easier) variants. And there are more subdivisions and categories.

What Bhargava settles for as the best face of MI is what in this book is christened 'intentionalism'. The intentional man is somewhere between the well known but 'yeti'-like *homo economicus* and equally rare *homo sociologicus*. He can choose and decide individually but he is not a relentless, maximising agent. He has psychology and a sense of social norms, which distinguishes him from the computer-like *homo economicus*. I do not know about sociology, but his view of economic man does oversimplify the characterisation of human beings that occurs in the modern economics literature. I shall return to this later.

Then, after going through some discussions of the limitations of MI, the author develops the idea of 'contextualism' as a challenge to MI, including intentionalism. The challenge consists of arguing that a variety of beliefs and practices in everyday life make sense only in the *context* of the society where they occur. Hence, in describing society or an economy we are compelled to use concepts which are *irreducibly social*.

The problem with this thesis is not that it is unacceptable but that it is *too* acceptable, and it is not clear that the critique of social science on which it is based is a fair critique. To be on safer ground while making this argument, I shall confine my attention mostly to economics. Indeed Rajeev Bhargava pegs a lot of his analysis on the writings of economists like Hayek and Schumpeter. Joseph Schumpeter is the person who coined the term 'methodological individualism' and is at times treated (not by Bhargava) as the original defender of this method. This is wrong because there were others using the method and espousing its cause even before the term had been coined. The Austrian economist, Carl Menger, for instance, published a book in 1883, where he makes a vigorous case for this method. This in itself is enough to deprive Schumpeter (despite his famous precocity) of any claims to paternity for this idea, 1883 being the year of Schumpeter's birth.

As an aside, Hayek's position is not very representative of modern economic thinking since he seems to have concluded, in violation of a well known dictum of David Hume, that the normative case for individualism and non-intervention can be based on methodological individualism.

The reason why Bhargava's case that certain beliefs and concepts are inextricably social is unlikely to stir a hornet's nest is that though many economists claim to be rigid adherents of MI, they do use and have always used social concepts and categories. This has been very convincingly argued recently by Kenneth Arrow in his Ely lecture [Arrow 1994]. Arrow points out how a variable such as price in a competitive model

is an irreducibly social concept. Each individual takes price to be given but the price that comes to prevail is an outcome of the choices of the *collectivity*. So economists constructing equilibrium models, who claim to be hardened methodological individualists, are actually not so. They unwittingly follow a method which uses social categories and, therefore, is not too far away from what Bhargava is recommending, thereby making the recommendation partly futile. Hence, despite the excellence of his style and plenty of thought-provoking passages and sections, his ultimate position reinforces some of his early fears – it is not clear that it actually makes a difference for the practitioner.

To me it seems that the more contentious and substantial methodological debate concerns the permissibility of a certain class of propositions in social science. Bhargava discusses this in the context of the works of Elster and Roemer but does not give centrality to it. Consider the following proposition:

"The landlord will undertake action A, *because* it is in the landlord's class interest to do so." (Action A could, for instance, be: "refuse to hire a servant who has fled another landlord's employment and offers to work for this landlord for a very low wage".)

I shall call this proposition P. There are many social scientists who believe that P is not permissible. I have sympathy with this. People do occasionally behave in certain ways simply because those are in their group or class interest. But as an axiom to be generally applied, I find P unacceptable. If I am to use an axiom like proposition P, I would usually want to first satisfy myself as to why it may be in the landlord's *self-interest* to behave in a way which is in his *class* interest. Or, at the very least, I would go along with P only insofar as there is no direct evidence or reason to believe that in this case the landlord's class interest does actually conflict with his self-interest. Hence, in explaining behaviour, I consider the reduction to individual interest to be of some importance. However, this does not negate the use of beliefs, concepts and variables which are irreducibly social. It is not clear that a researcher who does both (that is, resists explaining individual behaviour solely in terms of its ability to serve group or class interests but uses concepts and beliefs which are inherently social) is an MI person or an anti-MI person and neither is this a very important question. The important and contestable question seems to me to be whether assumptions like proposition P should or should not be used. And, as I just explained, I would prefer to avoid such assumptions as far as possible.

In closing, I want to discuss one more contentious matter. This concerns how even in our normative statements we make use of elements of non-individualism, unwittingly. To those who insist on MI, and perhaps even to others, the problem that is outlined below constitutes almost a paradox and certainly a challenge. I present it here

without offering any 'solution', as an open-ended problem for the reader.

It seems arguable that we often pass moral judgments on groups of people which cannot be reduced to the individuals in the group. Observations of the following kind are clearly not uncommon.

- 1 "It is a shame that no one in JNU does research on poverty", or
- 2 "It speaks very poorly of the economics profession that so few economists in the nineteen thirties were writing on the unemployment problem despite that being one of the most important problems of that time."

I should clarify that I did not choose 1 and 2 for their empirical validity – I would not dare – but purely for illustrating certain kinds of normative judgments, though 2, I know, is true.

Let us here concentrate on 1. If a person making this observation were asked: "Do you therefore feel that it is wrong that Professor X in JNU does not do research on poverty?", the answer would typically be: "Of course not. I am not blaming any *individual* for not working on poverty". So presumably when we make an observation such as 1, we are not casting moral aspersion on any individual in JNU, though we are clearly casting aspersion on JNU as a whole. Hence, by analysing our 'language of morals' we find that we do use non-individualistic judgments, since we do often make observations like 1.

There is one possible chink in the above argument. Some may want to say that 1 does amount to a *small* moral criticism of each person in JNU. I shall, however, argue that this is not a valid line. Assume it is valid. Now, if a few persons in JNU began working on poverty, then clearly criticism 1 would cease to be true. Hence, the *others* in JNU would be exonerated of the small moral criticism without having changed their behaviour at all. This does not seem an acceptable method of moral evaluation. Hence the claim that everybody in JNU is morally guilty is wrong. Therefore we may conclude that 1, which belongs to a common class of moral judgments, shows that moral judgments are not always reducible to individualism. My inclination is not to pass moral judgments on groups unless we can reduce it to all its members or, at the very least, to some of them.

A similar dilemma but with a possible solution has been suggested by Dworkin. He argues that in situations of shared or group responsibility it may be reasonable to personify the group or the community. Thus, when a corporation produces a dangerously defective good but it is not possible to pin down the responsibility on any particular individual in the corporation, we may need to treat the corporation as a moral agent and apply "facsimiles of our principles about individual fault and responsibility to it" [Dworkin 1986:170]. And then, by virtue of the *corporation's* responsibility, we may proceed to hold the *agents* and *members* of the corporation responsible. This

is methodologically interesting. Individuals are still essential units in his analysis but, unlike in standard methodological individualism, judgment on the group *precedes* the individual.

He demonstrates with a very elegant example how we, unwittingly, do often use this method. This happens, for instance, when we talk of the state's or the community's responsibility for certain kinds of individual rights. Thus we talk of the state's obligation to ensure that no one is assaulted by others. Moreover, we do this even before agreeing on how this responsibility is to be apportioned across various units of the state, for instance, the police, the bureaucracy and the military. Dworkin (p 171) points out how we discuss the community's responsibility and "leave for *separate* consideration the different issues of which arrangement of official duties would best acquit the communal responsibility" (my italics).

I find this bifurcation of discourse troublesome. To talk of a group's responsibility without knowing how it is to be apportioned out to the individuals in the group, seems to me to be useful only to the extent that such an apportionment is eventually possible. If it were not possible, then we should turn back and question whether it was reasonable, in the first place, to think of the group as having that responsibility. In other words, the bifurcation of discourse is merely a matter of convenience and there may well be situations where the outcome in the second part requires us to reevaluate our conclusions of the first part. This, in turn, means that the personification of the corporation or the community can only be an interim construct, which may need to be dismantled if we are eventually unable to spread the responsibility in some reasonable way across the members of the corporation or the community.

Returning to my example, this means that we cannot first decide that the personification of JNU is responsible for a certain neglect and then, by virtue of that, hold every JNU professor culpable. So the dilemma mentioned above continues to persist: We have to either admit that methodological individualism does not extend to normative judgments (which in Dworkin's example would mean that we may personify the group but have to stop there and not carry the judgment over to the individuals) or take the position that, though we do in practice pass judgments on groups, these are, in fact, meaningless and best resisted.

[I have benefited greatly from some comments I received from Kenneth Arrow in response to an early version of my argument.]

References

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