Section II

INTERPERSONAL COMPARISONS OF UTILITY

Now we come on to outline the main part of the controversy of the question of the validity of making the assumption of the possibility of comparing one person's degree of utility with another's.

It will be recalled that in his Essay Robbins made very clear his doubt as to the possibility of the scientific comparability of different individual experiences. Scientific comparability was doubted because there was no means of testing the magnitude of one person's satisfaction as compared with another's. Robbins also admitted that such comparisons were continually being made in the practice of democracy and justice. However, this did not make the assumption scientifically testable.

In an article, the "Scope and Method of Economics"(9), R.F. Harrod showed difference of opinion from Robbins on several points.

Dividing economic analysis into 2 parts, the pure theory on the one hand and the theory of economic policy on the other, Harrod elaborated on his concept of the preference criterion(10) as a basis of economic policy. He points out that his preference criterion is not stated in a form involving the comparison of the claims of different individuals with one another.

(9) Economic Journal 1938, Volume 48.

(10) Ibid. pp. 389-395.

However acceptance of Marshall's statement that the marginal utility of 2 pence is greater in the case of a poor man than in the case of a richer would be fruitful. This was because it would allow a wider range of recommendations that could not be possible with the sole aid of the preference criterion. One example would be the recommendation for a more even distribution of Income, which would follow logically from the assumption.

Harrod recognized the objection put up by Robbins who said that here the economist goes outside his scientific field. Harrod replies that Robbins' objection implies that we cannot in fact decide whether 2 pence has more utility to a millionaire or a beggar. Put in this way, it would seem obvious. By the mere fact that the beggar begs for money and the millionaire does not have to, we could assume that the beggar would ascribe more utility to the 2 pence. However we must note that, Robbins' crucial objection has not been replied to. However much one may suspect that this is so, there is still no way of testing this scientifically.

Harrod then goes on to extend his objection declaring that since economics is not a mature and exact science, the economist cannot afford strict precision of definition to hamper him at every stage. The achievements of economics are certain only within a limited field. Outside this limited field there lies a considerable amount of doubt and conjecture, so that it is "possibly rather ridiculous for an economist to take such a high line".

Here he quotes the authority of Aristotle. "For an educated person should expect to obtain precision in each branch of study to the extent which its nature permits"[11]. The common-sense of Aristotle's dicta must be heeded says Harrod.

Harrod then goes on to state that if the incomparability of utility to different individuals is insisted upon, this does not only rule out the prescriptions of the welfare school, but the economist as an adviser is also affected. There is no role for the economic adviser. Harrod protests that some sort of assumption of equality must be made. Harrod concedes, however that this assumption should always be qualified with "unless the contrary can be shown".

A few months later, Robbins replied in an article, "Interpersonal Comparisons of Utility"[12].

In this article Robbins gives an account of his thought processes in arriving at the conclusion that the assumption of interpersonal comparisons of utility was one that could not be called an economic generalization.

The account is highly illuminating. Robbins came to the study of economics with a strong bias in favour of what he calls "provisional utilitarianism" brought over from his attitude to problems of political action. He had never believed that men are necessarly equal but he did realize that political decisions had to treat men as equals.

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(11) Ethica Nicomachea 1094 b. quoted in Harrod, op.cit.

(12) Economic Journal, Volume 48, 1938.

However, in the study of economics, Robbins came to feel that what could be applied to political analysis was essentially inapplicable to economic analysis. This was because the law of diminishing marginal utility, assumed by Cannan and others in the analysis of inequality, was not used in the same way as in the analysis of exchange. This difference lay in the introduction of the assumption of equal capacity for satisfaction.

Furthermore it was clear that it was not possible to verify scientifically those propositions involving inter-personal comparisons of utility, because it was not a judgement of fact, but a judgement of value.

This automatically meant that economists could never say whether a thing was good or bad. Economists, as scientists were not qualified to pass such a judgement.

Robbins points out, however, that he was not suggesting anything revolutionary. All economists, Robbins declares, were aware of the fact that prescription regarding policy depended on the acceptance of norms lying outside economics. What he felt he had done was merely to point out the existence of normative elements or implicit assumptions, in a field where it was thought that such elements did not exist.

All that Robbins thought necessary to do was to point out that the statement that social wealth ~~was~~ increased as a result of a policy measure contained an arbitrary element. The proposition should be reformulated to include the explicit statement of the assumption of equal capacity for satisfaction. Only then was it possible to say that social wealth had increased.

Robbins points out that the advantage of this explicit statement was that it, at least, removed the possibility of philosophical quarrels from a positive study.

To attempt to give identity to Economics in this fashion was to define properly the place of economics in the wide range of social studies.

Then Robbins made the suggestion that if the equalitarain postulate could be stated in a manner that would involve no reference to satisfaction, it might turn out to be more suitable. This is probably the origin of the formulation of that intricate device, propounded first by Kaldor, the compensation test.

Robbins agrees that the assumptions of equality of satisfaction should be made. The only difference is that Robbins would insist that this came from outside, while the welfare economists would claim that this came from within the structure of generalisations of Economics.

Therefore, at this stage, Robbins leaves the door open by saying that to make it part of economic science the equalitarian postulate should be stated differently so as not to include the dubious word 'satisfaction'.

In the same year, Nicholas Kaldor commented[13] on these discussions.

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(13) Economic Journal, Volume 48, 1939.

Kaldor did not undertake a criticism of either, but concluded that in all cases where a certain policy leads to an increase in physical productivity there is no need for the economist to make comparisons between individual satisfaction. This is because, it is possible to make everybody better off than before without making anybody worse off. There is no need for the economist to prove, and he never would anyway, that as a result of the adoption of a certain measure nobody in the community is going to suffer. It is quite sufficient for the economist to show that even if all those who suffer as a result are fully compensated for their loss, the rest of the community will still be better off than before.

This was probably the first statement of the compensation principle.

These writers did not deny the validity of Robbins' essential argument that the assumption of interpersonal comparisons of utility was not scientifically testable. Harrod said that whether it was scientifically testable or not, it was necessary to make this assumption. Kaldor, on the other hand, worked out a device to avoid this objectionable assumption.

However, in 1949, IMD Little declared in an article[14] that interpersonal comparisons of utility were not value judgements. In fact they were more scientific and more objective than judgements about the welfare of society. Furthermore, to say that such comparisons were not objective or scientific simply begged the meaning of the word 'scientific'.

(14) IMD Little, 'The Foundation of Welfare Economics', Oxford Economic Papers, Volume I, 1949.

It had to be admitted, according to Little, that after all people do make interpersonal comparisons in everyday life. Robbins of course did not deny this, but he did accord it the status of a value judgement, and regarded it a conventional assumption imported from political philosophy.

In his article Little posed the question as to what sort of a value judgement was meant. To say that "A is happier than B" when making a comparison between two persons did not imply that "B ought to be helped rather than A", or that "A is a better man than B". The latter 2 statements could be regarded as value judgements. However, the first regarding the comparison was value-free. Indeed, Little declares that Robbins in denying interpersonal comparisons of utility should also, in the interest of consistency, extend this to anger, sympathy, kindness, and so on. What Little seems to say is that interpersonal comparisons only seem to be value judgements because conclusions that are easily drawn from interpersonal comparisons are value judgements and therefore some confusion results.

Little examines other senses of the words 'objective' and 'scientific' which could render Robbins' denial of interpersonal comparisons plausible. Interpersonal comparisons as opposed to objective comparisons of weights of objects are not so easily determined. In this sense, interpersonal comparisons are less scientific and less objective, but the difference is only one of degree. Little says that even if it could be agreed that interpersonal comparisons are not objective, this affords no justification for denying such comparisons. Such a denial would render useless all judgements, factual and otherwise, and thus invalidate the whole of welfare economics.

Robbins, according to Little, was right in saying that welfare economics involved ethics but he was wrong in thinking that it was the assumption of interpersonal comparisons which brought in the ethical element.

In 1951, D.H. Robertson published a book of essays entitled Utility and all that(15).

In dealing with this question, Robertson states his support of Little's view that interpersonal comparisons are made in everyday life and that such comparisons are not judgements of value but of fact.

He declared himself unconvinced of the utility of the compensation principle as a device to replace the assumption of interpersonal comparisons of utility. Furthermore it had not been proved that such comparisons needed eliminating.

Robbins replied to this in an article, "Robertson on Utility and Scope"(16). He said that he agreed with Robertson that such comparisons were actually made inspite of the difficulties involved.

However, the crux of the issue was not this, but whether these statements are capable of vertification, either by observation or experiment.

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(15) D.H. Robertson, Utility and all That, London: George Allen and Unwin, 1952.

(16) L.Robbins; Robertson on Utility and Scope; Economica, New Series, Volume 20, 1953.

Here Robbins dismisses one of his original objections to the assumption of interpersonal comparisons of utility. Robbins says ~~here~~ that it is not really important as to whether the assumption can be claused as a judgement of fact or judgement of value. What was more important, however, was that it was not possible to test such comparisons scientifically.

Therefore, Little's attempt to show that interpersonal comparisons of utility was a judgement of fact and therefore was a valid generalisation for a positive study, could not hold in the face of the more important objection of scientific testability.

~~Therefore~~ Robbins reiterates that propositions involving interpersonal comparisons of utility must be recognized as being based on a conventional assumption. The assumption is derived from political philosophy.

Robbins points out that Robertson holds the view, and wrongly too, that unless the assumption is included as part of the body of economic generalisations as a whole, the arguement collapses. But Robbins prefers to argue that in the pure theory of value, the convention should be left out. These conventional assumptions, when introduced into Applied economics should be recognized for what they are - conventions belonging essentially to political philosophy. We might note that there is no change in the fundamental ~~idea~~ ground on the part of Robbins since he wrote his Essay.