

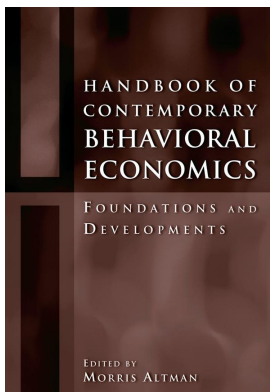
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ON THE ECONOMICS OF SUBSELVES

Toward a Metaeconomics

GARY D. LYNNE

When is it useful or not useful to look upon an individual as a single unit, a “Cohesive Self”? When is it useful or not useful to look upon any one as being constituted of many parts, each with an identity of its own? When is it more useful to see ourselves as part of the greater whole? I use the term “useful” rather than “true” since all are true—simultaneously and at all times.
(Beahrs 1982, 4–5, quoted in Rowan 1990, 190)

It is not so much that there is any real conceptual objection to the idea [of subselves or subparts] . . . nor is it the case that researchers are prejudiced against the notion . . . but rather that history has pushed people in the direction of ignoring or downplaying any such schema, and that for many years philosophy appeared not to give it house room.
(Rowan 1990, 191)

Researchers await a new theorist who will assimilate the old theories and present an integrated theory incorporating previous concepts and propositions. A cynical colleague of mine once said that such a task requires the services of someone in marketing because the ideas will not be new ones but merely old ones presented in new packaging.
(Lester 1995, 161)

The idea that human nature is best characterized as having at least two subselves or tendencies goes back at least to Plato, who suggested the tripartite nature of humans in his metaphor of the charioteer and two horses: one horse is the prudent part, the other is the insolent part, and the third (the charioteer) the part that deals with the conflict (noted by Rowan [1990, 11], who also points to other historical traces of the idea of subselves in an extensive review of the subselves literature). Given the long history of the concept, economists need not be surprised by the suggestion that Adam Smith also engaged the idea in thinking about what drove the wealth of nations. The metaphor of the two horses has been recently revived in a slightly different context, that of searching for a core set of ideas for the emerging theory of ecological economics, by Hayes and Lynne (2004), wherein one horse is the egoistic self-interest, one horse is the empathetic other-interest, and the charioteer, oftentimes without sufficient will and discipline, and after some help from the outside, must resolve the inherent conflict between the horses. The result is going beyond both interests to the sum being

larger than the parts and moving both economy and society to a higher plane. This metaphor also has a commonsense element to it: when asked, people typically indicate that they have within them two or more subelves, or tendencies, and experience conflict between them.

MOST INDIVIDUALS SEE MORE THAN ONE SUBSELF

How many subelves or tendencies? Empirical research by Lester (1992) shows a mean response of three and a half subelves, and each subself may be ideally suited to the role it plays (Lester 1998, 538). Rowan found a range of zero to eighteen subelves and argued that four to eight was the normal range (1990, 47). Berne (1961) posited the presence of five subelves: a Child (with the subsystems Adaptive Child and Free Child), a Parent (with the subsystems Nurturing Parent and Critical Parent), and an Adult (the rational agent in charge at least some if not most of the time). Boulding (1968, cited in Lester 1987, 606) pointed to several subsystems, with one moderating the decision-making process or executing the decisions. Margolis (1982) argued for a version with two selves, the selfish self and the self oriented to the group. Hirschman (1985) saw human behavior as far more complex than the mere pursuit of a single-minded self-interest. Etzioni (1986) pointed to two kinds of utility, the material and the moral, again suggesting two subelves or tendencies (the I and the We), both of which need to be represented in a new economic theory that includes the moral dimension (see Etzioni 1988). Khalil (1997) points to how economics as practiced is amoral because it focuses only on the rational-choice-based pursuit of self-interest narrowly defined to exclude the moral sentiments. In more philosophical terms, there is also Buber's (1922) notion of the "I-It" and the "I-Thou" in interrelationships among individuals, with I-Thou reflecting the integration of the two interests. This notion has recently been brought into the understanding of intrapersonal relatedness among subelves by Cooper (2003, 140), who suggests that a kind of "I-Thou" emerges within the self. Cooper refers to this as the "I-I," wherein one subpart within the self confirms another subpart, with conflicts within the self resolved. This is to say, the "I-I" relationship needs to be established within the unified self. The moral dimension is thus integrated with the hedonistic dimension within the self. Elster (1985) highlights the many kinds of selves identified in the literature, including the loosely integrated self, Faustian selves, hierarchical selves, successive selves, and parallel selves, as well as the *Homo economicus* and *Homo sociologicus* concepts of the private and public self, which really cannot be separated. There is also Elster's (1979) problem, conceived of in terms of the tale of Ulysses, of how to manage the instinct to unite with what is signified by "the sirens" while still serving the crew and protecting the ship. Schelling (1984) tells a similar story, noting that often one will manage the tendency to pursue hedonistic self-interest (e.g., drinking too much at a party) by asking others to intervene (e.g., giving one's car keys to a designated driver—ensuring an empathy-induced pursuit of a shared other-interest in road safety). Sober and Wilson (1998) see each individual as operating in both the egoistic-hedonistic domain and the empathetic-altruistic domain, likely at the same time, and suggest that simply facilitating individual expression in the latter domain may bring out that expression—that is, empathy-altruism is a kind of latent tendency that will be expressed if given the opportunity. Söderbaum (2000) offered the idea of a political-economic/social person as well as neoclassical economics' self-interest-seeking economic person residing within the same individual. Cory (1999, 2000a, 2000b, 2004) sees a more complex tripartite self, after the neuroscience notion of the triune brain (see MacLean 1990), with an egoistic self-interested part, an empathetic other-interested part, and a dynamic and rational balancer focused on resolving the inherent conflict. Lux (2003) points to the failure of monomotive theories, noting that people go beyond just seeking a self-interest-based profit.

TOWARD AN INTEGRATION OF IDEAS ABOUT SUBSELVES INTO AN ECONOMIC FRAMEWORK

Building on these kinds of themes, I proposed an integrating framework, termed “metaeconomics” (see Lynne 1999), and supported the proposal through a series of empirical studies suggesting that a motive beyond self-interest was at work (Lynne, Shonkwiler, and Rola 1988; Lynne and Rola 1988; Lynne 1995; Lynne, Casey, et al., 1995; Lynne and Casey, 1998). I also drew heavily on Etzioni (1986, 1988) in suggesting that individuals pursue at least two utilities, represented in an “I-utility” and a “We-utility,” with the conflict resolved by the Strict Father or through negotiation in a Nurturing Parent environment, in either case with discipline of some kind needed over these two subselves (Lynne 1999). The role of conflicting value systems in driving higher transaction costs had been already demonstrated empirically in Lynne, Shonkwiler, and Wilson 1991. In Lynne 2002, I shifted the terminology to be more in concordance with the conflict model of Cory (1999), speaking instead of self-interest and other-interest, and the rational (choice) balancer. Also, in Lynne 2002, I reemphasized the notion of possible incommensurability between the interests (Etzioni [1986] refers to this as the “irreducible” problem), at least for some economic actions, if not necessarily for all. The matter of whether these two utilities are commensurable or not is an empirical question that has yet to be answered. In Hayes and Lynne (2004), the terminology of self-interest and other-interest is fully integrated into the theory, while recognizing that the two interests are inherently in conflict and thus that an integrator/balancer is needed to resolve the conflict. A different kind of value theory is introduced, suggesting that value rationally emerges on a higher plane from the interaction and feedback between the two tendencies. This notion also seems consistent with the notion of “process rationality” (Altman 2004, 11), which is concerned with how the objectives and preferences evolve—a common theme in behavioral economics. It is also consistent with the old but solid idea from institutional economics that institutions matter (and which V. Smith’s work has demonstrated empirically; see Smith 1991), that is, that the relationships matter. Yet rational value could not emerge during the decision-making process if the conflict could not be somehow resolved, which may not be accomplished easily, if at all (see Moldoveanu and Stevenson 2001), especially if the institution is not workable. Actually, as Lester (2003) notes, this may not be as difficult as they suggest. In fact, this conflict resolution process may be likened to the way conflict is resolved in small groups, with the group more often than not achieving an outcome qualitatively different from what any one individual can achieve alone (also see Lester 1985). We would have to assume that the underlying institution within the group and perhaps even within the individual—serving to network and integrate across the subparts—is workable.¹ The idea of rational value emerging during the decision-making process is not unrelated to the notion of emotions being at the base of all decisions, operating in the background (the subconscious), with the emergence of consciousness a main feature of human process, as demonstrated in our very evolution (see Damasio 1999, esp. 296). It is within the state of consciousness (or awareness, as empirically demonstrated in Kalinowski, Lynne, and Johnson, in press) that the cognitive process of rational choice can operate and the particular orientation of interests can emerge.

THE SUBSELVES IDEA IN ADAM SMITH’S TWO BOOKS

A key element of human nature is missing from microeconomics due to its exclusive focus on self-interest, as described in the *Homo economicus* version of human nature. We can trace the notion back to Adam Smith:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their care for their own interest. We appeal not to their humanity but to their self-interest, and never talk to them of our own necessities, but of their advantages. (Smith 1776, Book I, Chapter 2)

But Smith also understood there was another element to human nature that needed to be included in the economic framework:

How selfish soever, man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it. . . . That we often derive sorrow from the sorrow of others, is a matter of fact too obvious to require any instances to prove it; for this sentiment, like all the other original passions of human nature, is by no means confined to the virtuous and humane, though they perhaps may feel it with the most exquisite sensibility. The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it. (Smith 1790 Part I, Section I, Chapter I, Paragraph 1)

As noted at the outset, this duality in human nature is even in economics, then, going back at least to Smith, suggesting “the Adam Smith problem” or the “two faces problem” (V. Smith 1998). As we will see, metaeconomics resolves the problem by seeing the two interests as arising jointly within the self.²

We seek a basis not only in the moral philosophy of Adam Smith but also in holistic psychology. Arguably offering the best holistic theory ever elaborated,³ Angyal (1941) saw the dualistic (actually tripartite) nature of humans. He noted that the idea of the individual “merely as a participant in economic organization, the *homo economicus*, is only a fiction” (Angyal 1941, 184). Rather, Angyal sees two main tendencies: that toward the autonomous pursuit of self-interest, represented in the *Homo economicus* construct, and also that toward the homonomous pursuit of unity with others, causes, ideologies, and even places or things (homonomy is what modern literature refers to as “relatedness”; see Deci and Ryan 2000). Also, to achieve mental health and stability in an individual, each person needs to reconcile the two tendencies on this higher plane of neurosis- and depression-free living, suggesting the third part (see Angyal 1965). Perhaps what is true for the individual must also hold for the larger economy and society within which the person lives and contributes, and if so, it is this higher plane that gives hope for moving beyond a discordant society and depressed economy. At minimum, it remains intriguing why the construct of depression is used in standard economic parlance to describe a state of the economy when it is not working well. Yet microeconomics persists in solving the problem of depression by appealing only to the self-interest through such things as lowering interest rates, when in fact it takes far more attention to issues in the shared other-interest (e.g., extending unemployment benefits, which is an expression of empathy, of “walking in their shoes”) as well.

Cory captures the essence of the issue:

The trick or deception of assigning a self-interest motive to everything—even to the most empathetic or altruistic acts—is made plausible by the fact that the reciprocal is always there. There is always an egoistic reciprocal to any empathetic act; and, likewise there is always an empathetic reciprocal to any egoistic act. (Cory 1999, 52)

Drawing on neuroscience research, Cory tells a compelling story of how this dualistic, reciprocal nature is part of our evolutionary legacy, represented in our inherent instinct to be both

egoistically self-interested and empathetically other-interested at the same time. The rational, cognitive third part of the brain works (at least in mentally healthy individuals and nondepressed economies) to resolve the inherent conflict between the two largely instinctual, mainly emotive tendencies, which is accomplished through reciprocity. (LeDoux [1996] sees emotion at a more fundamental level than cognition; this is also the message in Damasio 1999.) This reciprocity is ongoing not only among individuals but also within the self, as the subselves aspire to the higher plane in both conscious and unconscious ways. This notion of instinct, perhaps better described as emotion, is akin to Kahneman's (2003, 1451) "intuition," with both ego and empathy being fundamentally emotional instincts. Thus we may act on intuition (on our emotions) and/or we may act with a reasoned, rational-choice-based resolution of the conflict arising in our emotions, once we are consciously aware.

So we need to ask whether it is human nature to pursue an empathetic other-interest as well as an egoistic self-interest, at least if given the opportunity to do so. Sober and Wilson (1998), after an extensive review of the empirical literature, suggest the evidence does not support the proposition that we pursue only one interest in either the egoistic-hedonistic or the empathetic-altruistic domains; rather, it suggests that we have the inherent capability to pursue both, and often do. Gintis, too, argues that we already know human nature to be both selfish and altruistic, albeit "in complex and still to be fully revealed ways" (2000, xxiv), so testing for the two subselves is not the point; rather, what is sought is a better understanding of human nature's complexity. As Henrich and colleagues point out, literally hundreds of economic experiments suggest that people have social preferences and are willing to take action consistent with these preferences even at personal cost to themselves (2004, 8). This is to say that self-sacrifice is very real in day-to-day living, which metaeconomics acknowledges. Yet continued testing is important in that defenders of microeconomics generally want to be shown the power of the new framework. This is the challenge: not only must the framework be rigorously tested, but the metaeconomic analytical machinery offered as a substitute for the microeconomic machinery must be at least as powerful.

INDIFFERENCE CURVES, TWO FIELDS OF UTILITY, AND BUDGET CONSTRAINTS

In this spirit, metaeconomics chooses an approach similar to microeconomics, although microeconomics focuses attention on the household, starts with a single consumer within that household, and uses budget lines and indifference curves built upon the shared notion that this consumer may be sovereign (see Figure 6.1), at least when self-disciplined. As Kahneman, Wakker, and Sarin (1997, 397) have found in experimental testing, however, it may well be justified to apply outside (control) governance of individual consumers, due to their more common choice not to maximize utility, which suggests they may not know "what is good for them" (for example, ignoring the total maximum (dis)utility of being a drug addict and only going after the peak utility at the time of the "hit"). It has also become clear that individuals and firms often lack self-control in environmental actions, further putting in question the notion of consumer sovereignty (or producer sovereignty, in the case of pollution from business firms). Metaeconomics retains the fundamental hope that consumer (and producer) sovereignty can be honored, but it recognizes that the need for outside governance, such as environmental regulation or drug interdiction, is often legitimate when failures of self-control occur, and metaeconomics can model this (i.e., a failure in self-discipline to stay close to 0M may justify a regulation). In effect, the subselves idea and metaeconomics are a response to Leijonhufvud's call for dealing with the "constant criticisms (now ever more documented as legitimate with

a small group of subselves having its own dynamic within a system. These subselves search for an “effective synergy” (Lester 1993/94, 318).

PEACE OF MIND AS THE ULTIMATE REASON FOR CHOICE

Given the idea of at least two subselves at work, the overall purpose of choice has changed from pursuing maximum satisfaction of the egoistic self to a focus on pursuing *peace of mind*, which we might use to characterize this effective synergy between the two main subselves.⁵ Also, we could predict a dynamic at work within the self and within the markets until this peaceful equilibrium is achieved. This pursuit of maximum peace of mind is more like *satisficing* activity in the other domains (after Simon 1997), which is achieved on OZ, in particular at point B (Figure 6.1).⁶ This contrasts with only a maximizing activity in one domain, on OG or OM, achieved at either A or C. In fact, the internal conflict arises from the tendency to want to maximize each interest, which is inherently impossible in that one cannot choose both A and C.

The conflict generally has to be brought into consciousness for it to be resolved in a rational manner; that is, the two paths OG and OM, especially the latter, are more in the instincts (as suggested by Cory 1999) or the intuition (after Kahneman 2003), which is based in the emotions (LeDoux 1996; Damasio 1999). So, rational resolution first requires making the feelings explicit and subjecting them to rational thought and consideration. Yet, even if not made conscious, the tension between these two emotion-based tendencies may have been resolved, and at work in the background of the mind for each person operating in the market, and, thus, it follows, in the background of the market. This suggests that efficiency might be achieved and competitive markets might clear as though by magic (we might call it the invisible hand of the market at work) if the two tendencies have been fused within each individual who is active in the market, perhaps at a more unconscious level originating or having been put in place at some earlier time. The integration could arise due to interaction among individuals over many experiences in the market, through which the matter of what unifies them has emerged (e.g., the minimizing of costs and being progressive, both shared values in the modern market economy). These shared values in the other-interested I_M set may already have been fused with a self-interested I_G set on a path like OZ. Many individuals sharing such a path could then arrive at a competitive equilibrium point B.

This also provides the theoretical basis for explaining the finding in experimental economics that the context or the rules of the game—the “institutions”—matter (again, see Smith 1991, esp. 878–80). The I_M set of rules represented in a shared other-interest gives rise to the institution—the kind of relatedness and unity one holds in common with others. We can also see why the standard economic result that Smith has sometimes found when individuals play the ultimatum and dictator games could arise if everyone thought it fair to have an unequal split, which would be revealed along OG at point A.⁷ This kind of standard economic fairness simply means the OM path is identically located on top of the self-interest path OG, so it is deemed fair to give an unequal split, in fact, to share nothing. We can now see, however, how the ultimatum and dictator games could also give quite different outcomes, while explaining why there is often substantive sharing, which would arise due to a path OM down and away from the OG path, causing a wide variety of sharing along alternative OZ paths dependent upon the situation at hand. Every one of these outcomes is efficient, but only in the sense that it is influenced by the other-interest, which also lends support to the contention by V. Smith that markets tend to clear, but may clear somewhat differently depending upon the rules of the game—that is, upon the context, or the institution (shared other-interest) in place.⁸

This situation is represented in an objective function for a consumer constrained by income

(y). (For the case of a production process and firm behavior, in addition to the model of consumer behavior presented herein, see Lynne in press.) The construction also suggests that the two utilities are commensurable only on a higher plane, if at all; that is, it is posited not that the two utilities can simply be added but rather that they interact in complex ways, leading to the real possibility of the sum being greater than the sum of the parts:

$$\Phi = V(I_G, I_M) + \lambda(y) \quad (1)$$

with the inherent jointness and conflict between self-interest (I_G) and other-interest (I_M) represented in

$$I_G = I_G(q_1, q_2) \quad (2)$$

$$I_M = I_M(q_1, q_2) \quad (3)$$

Notice these are not allocations of a good q_i , like a q_{iG} or a q_{iM} as presumed in microeconomics, such that one could form one utility function through summing across the allocations; rather, the two goods q_i are nonallocable between the two interests, jointly producing the two different kinds of utility at the same time, which need to be commensurated, if at all, on some higher plane.⁹

THE BUDGET CONSTRAINT CONTAINS SUBJECTIVE PRICES

A metaeconomics budget constraint also appears somewhat different, with the κ_i indicating an empathy element associated directly with expressions of price (which makes price and cost subjective in character, more like that proposed in Austrian economics), giving a budget constraint:

$$y = \kappa_1 p_1 q_1 + \kappa_2 p_2 q_2 \quad (4)$$

Generally in such a formulation (equations 1 through 4) we would assume the individual has the complete freedom to choose; there is no control, no governance (regulatory or cultural) outside the individual.

MODELING SELF-CONTROL, SELF-DISCIPLINE

This is to say, metaeconomics moves away from the mainly instinctual, intuitive, and emotional choice at A or C. It takes self-control (self-discipline) to avoid the extremes of acting almost completely hedonistically at A (e.g., maximizing an extreme form of hedonistic self-interest, such as in drug addictions) or almost completely altruistically at C (representing self-sacrifice, such as in the case of a soldier jumping on a grenade to save the commanding officer or a suicide bomber sacrificing his or her life for unity with a fundamentalist religious cause). Due to self-control, a synergistic and symbiotic joint combination of I_G and I_M is, instead, self-selected at B. Recall this is the result of having been to Adam Smith's (1790) third station, with one imagining being in the state of other(s) and then conditioning one's own internalized self-response accordingly.

RECOGNIZING THE NEED FOR REGULATION, OUTSIDE GOVERNANCE, AND CONTROL

In the real world, exerting self-control is not always that easy. People oftentimes do not manage it, acting on more fundamental egoistic or empathetic (often unconscious) emotions. This calls forth the need for everything from drug interdiction and environmental regulations to progressive taxes that produce money to support poverty-reduction programs. Metaeconomics recognizes the legitimate need to assert external control on individual consumer choice in such cases of lack of self-control. Frankfurt (1971), a legal scholar, in searching for a basis for law in the nature of what it means to be human, referred to this as the problem of not asserting “the Will,” that is, the self-control to bring about good ends.

EMERGENT VALUE ON A HIGHER PLANE

The metaeconomic proposal that the value that precedes choice emerges as the two interests interact builds on a similar proposition by Khalil (1990, esp. 266), who observes that Adam Smith (1790) saw a “distinct entity” emerging “beyond self-interest and altruism” after an individual consulted the “impartial spectator” within, that part of the self who had a “fellow feeling (empathy)” toward others. This fellow feeling comes about through imagining what it might be like to be in that situation. The distinct entity emerged from having been at the “third station” where one strove to walk in the shoes of others—in other words, to empathize. Efficiency would also influence the character of the empathy, the imagining. The cause of the true wealth of a nation is the reciprocity between ego and empathy, self-interest and other-interest.

CONNECTING TO HOLISTIC PSYCHOLOGY

The psychology of metaeconomics goes back to the original work of Angyal (1941). In this theory, autonomy is a fundamental trend describing the pursuit of the self-interest, reflecting mastery and an attempt at an internalized self-control within the disciplined self. At the same time, homonomy is also a fundamental trend associated with the pursuit of the other-interest, reflecting the desire for unity or relatedness with others. Autonomy and homonomy are naturally in conflict until one manages to achieve the highest state of mental health, moving beyond all manner of neurosis (a main theme in Angyal 1965). Maslow (1954) referred to this as “fusing the dichotomies.” Intriguingly, Maslow writes in strong support of Angyal’s theory in the foreword to Angyal’s 1965 book. Angyal’s ideas have also made their way into modern psychology, as highlighted by Rowan (1990) and Lester (1995). After extensive reviews of the subselves literature, both give Angyal a prominent place in that historical development. As Sato argues in drawing on Angyal, eventually every culture needs to acknowledge the coexistence of “relatively balanced levels of relatedness . . . and autonomy” (2001, 118). Pursuing only one or the other is not desirable for the individual because it leads to neurosis and other mental problems (see Angyal 1965); it is also not desirable for the community, culture, economy, and society to which these individuals belong and within which they are embedded. Both need to be pursued at the same time in order to achieve both health and wealth at this larger scale.

Another intriguing part also included in metaeconomics is Angyal’s heteronomy, which he defined as “government from the outside” (Angyal 1941, 39), emanating from the environment in which the individual operates. To operate in the autonomous state is to operate with “self-government,” from within the self. In modern terminology, this distinction is akin to that between the “external locus of control” and the “internal locus of control” (see Ajzen 2002). Outside gover-

nance suggests consumer choice is to a large extent controlled by others within their own social and/or natural environment. Ironically, it is this very struggle by each individual to control his or her own situation that tends to lead to outside governance. In most of sociology, one would not even talk about people trying to control their own state in life, which explains Duesenberry's (1960) quip that "economics is all about how people make choices; sociology is all about how they don't have any choices to make" (cited in Granovetter and Swedberg 1992, 56). In metaeconomics, the degree of the perceived (and actual) level of internal control is an empirical question (e.g., see Lynne et al., 1995, wherein the role of control is tested).

Metaeconomics recognizes that consumers may prefer not having the complete freedom to choose, instead preferring a bounded choice. This idea is not unrelated to Simon (1997) and the "bounded rationality" problem, in that too much free choice leads to cognitive difficulties in arriving at a decision point.

ADDRESSING THE MICRO-TO-MACRO TRANSITION

As suggested in the experimental literature, it is often the case that isolated individuals are individually irrational, in the cognitively conscious sense usually presumed for markets, while collectively rational when interacting within the market. Vernon Smith (1991, 885) refers to this as a kind of "magic" at work. As noted earlier, this magic is really convergence, and emergence to a higher plane of value, due to empathy operating in the background to influence egoistic choices and ego influencing empathy, both working to yield a new path 0Z. It is the empathetic tendency and the resulting reciprocity with the egoistic tendency within each individual (and, as a result, among individuals who buy into a shared I_M , i.e., institutions matter) that produce the magic of market-clearing prices at a competitive equilibrium.

Adam Smith (1790) believed this to be the case. He wrote specifically of the need for "fellow feeling" (expressed, as noted earlier, in the "third station" of the "impartial spectator") in order that the true wealth of a nation could be realized. This is not interdependent utility within a monoutility function. If it were, everything could be expressed in self-interest, including one's fellow feeling for someone else. As Smith notes (following directly after his statement about how the fortune of others is also a part of our interest, and suggesting how to bring this other feature of the individual into economic thinking):

As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation . . . it is by the imagination only that we can form any conception of what are his sensations. (Smith 1790, Part I, Section I, Chapter I, Paragraph 2)

It is not someone else's utility but rather our *imagination* of what it must be like to be in someone's situation that affects our utility. Smith provides twelve examples of this "fellow feeling" in *The Theory of Moral Sentiments* (Smith 1790, Part I, Section I, Chapter I, Paragraphs 2–13), which sets the stage for all that follows, including the notion of self-interest developed in his subsequent book, *The Wealth of Nations* (Smith, 1776), published some seventeen years after the first edition of the *Theory of Moral Sentiments*, which was first published in 1759. We now see that Smith (1776) and the notion of self-interest only make sense in the context of the *Moral Sentiments* book, which he not only published first, but continued working on (while he set the 1776 book largely aside) until releasing the sixth edition shortly before his death in 1790 (see Raphael and Macfie introductory comments, p. 1 in Smith 1790). One of the most direct examples is this:

Of all the calamities to which the condition of mortality exposes mankind, the loss of reason appears, to those who have the least spark of humanity, by far the most dreadful, and they behold that last stage of human wretchedness with deeper commiseration than any other. But the poor wretch, who is in it, laughs and sings perhaps, and is altogether insensible of his own misery. The anguish which humanity feels, therefore, at the site of such an object, cannot be the reflection of any sentiments of the sufferer. The compassion of the spectator must rise altogether from the consideration of what he himself would feel if he was reduced to the same unhappy situation, and, what perhaps is impossible, was at the same time able to regard it with his present reason and judgment. (Smith 1790, Part I, Section I, Chapter I, Paragraph 11)

Other examples Smith uses range from empathizing with someone “upon the rack” to projecting oneself into the grave of someone else. All require the imagination of being in that state or condition and have nothing whatsoever to do with interdependent utility of the monutility kind, especially apparent with respect to the utility of the person in the grave, focusing on the utility that arises from putting ourselves in their situation—in this case their being dead, so they have no utility that could be interdependent with ours. Metaeconomics easily handles all twelve cases, with this imaginary projection represented in the I_M set of indifference curves. By placing I_M in the same space as I_G , we see that the “imagination” or “fellow feeling” is completely within the self, and it conditions and is joint with the self-interest, I_G . Intriguingly, Sen contends that Smith brings this fellow feeling to work through the impartial spectator to ensure economic justice: “The impartial spectator can place herself in different situations (without having to be present in any of them)” (Sen 2002, 46). It is through fellow feeling (of the kind displayed in the I_M set of Figure 6.1) that we bring justice to economic choices and true wealth to all nations, such as through the contemporary move to globalization.

There may be a multitude of other-interest indifference sets (as suggested by these twelve), all possibly in conflict with the self-interest set, arising from complex combinations of imagining about and actual interaction with others. As Sen would have it:

Furthermore, between the claims of oneself and the claims of all lie the claims of a variety of groups—for example, families, friends, local communities, peer groups, and economic and social classes. (Sen 1977, 318)

Sen notes the wide array of others with whom we may identify, based on such things as “class, gender, or other social convictions . . . [or] professional identities (such as being a doctor or educator)” (2002, 41). We may simply identify with being a human being. This pursuit for unity with (through identity with) goes well beyond identifying only with the nation-state to which each belongs. It also works in clarifying just who is the self or the “I” in the context of the other or the “We.”

This idea that individuals interact with others (which also requires empathy) in defining self is also commonly found in various branches of modern psychology and social psychology. As Hermans and colleagues argue, individuals transcend individualism and rationalism through the process of dialogue with many different kinds of others, resulting in a “multiplicity of dialogically interacting selves” (Hermans et al. 1992, 23). Self-categorization theorists not only include other individuals in this dialogue but highlight the importance of intergroup interaction in helping define the individual. Onorato and Turner see substantive limits in the notion of a self-contained self, as though it were a central processing unit, not unlike a computer, that somehow can be on its own without the need to identify

and connect with others and matters outside of itself. In drawing on self-categorization theory, Onorato and Turner argue that individuals often develop an identity that is socially shared with others (2002, 145, 146). As Turner and Oakes have noted, this is all about “the interdependence of individuality and shared, collective identity” (1989, 270, cited in Onorato and Turner 2002, 145).

There is then the real possibility of a kind of symbiotic sum, greater than the sum of the parts, as an outcome of this interaction and interdependence. This also suggests that the micro-to-macro transition problem can be solved by understanding this interdependence, arising from the imagination of the state of others, sometimes informed by actual contact/dialogue and sometimes not.

DEVELOPING THE ANALYTICAL MACHINERY

In contrast, standard microeconomics would suggest that the consumer represented in Figure 6.1 always tips the balance and orients the self along path OG toward the autonomous, individuated, and isolated self-interest, choosing to maximize self-interest at A in Figures 6.1 and 6.2. It is presumed there is no other-interest, no substantive fellow feeling, shared or otherwise, and no interaction and interdependence, even though clearly there is, as demonstrated in Figure 6.1, a modest amount of other-interest, fellow feeling I_M at every point on OG. This is the reason Adam Smith came back “channeled” in Wight’s (2002) novel: economists need to consider and include the rest of the story they missed by not reading *The Theory of Moral Sentiments*, because there is always fellow feeling, just as there is always self-interest (the latter highlighted in *The Wealth of Nations*). In behavioral economic terms, someone choosing A is someone who scores high on a selfism scale (see Phares and Erskine 1984). This kind of personality is overly self-directed. Scoring high on an altruism scale would suggest a person is overly other-directed, although, as noted, some I_G curve passes through every point on OM, including point C; even those with strong fellow feeling tendencies pursue a bit of the self-interest. We seek, instead, an overall integrated, symbiotic balance and orientation on a particular OZ, with the possibility for several such OZ paths representing a variety of other-interests. I already highlighted Sen’s claims of many others. Onorato and Turner see the individual as having a rather fluid identity with “the self . . . as relatively interchangeable with other ingroup members, rather than as unique and individuated” (2002, 146). These “psychological groups” (Onorato and Turner 2002, 149) tug at the individual’s path OG, producing more than one path OZ.

FINDING THE SYMBIOTIC EXPANSION PATH

The first order conditions leading to this OZ path are:

$$\frac{\partial \Phi}{\partial q_1} = \frac{\partial V}{\partial I_G} \frac{\partial I_G}{\partial q_1} + \frac{\partial V}{\partial I_M} \frac{\partial I_M}{\partial q_1} - \lambda \kappa_1 p_1 = 0 \quad (5)$$

$$\frac{\partial \Phi}{\partial q_2} = \frac{\partial V}{\partial I_G} \frac{\partial I_G}{\partial q_2} + \frac{\partial V}{\partial I_M} \frac{\partial I_M}{\partial q_2} - \lambda \kappa_2 p_2 = 0 \quad (6)$$

$$\frac{\partial \Phi}{\partial \lambda} = y - \kappa_1 p_1 q_1 - \kappa_2 p_2 q_2 = 0 \quad (7)$$

The metaeconomically efficient path 0Z comes from this condition:

$$\frac{\frac{\partial V}{\partial I_G} \frac{\partial I_G}{\partial q_1} + \frac{\partial V}{\partial I_M} \frac{\partial I_M}{\partial q_1}}{\frac{\partial V}{\partial I_G} \frac{\partial I_G}{\partial q_2} + \frac{\partial V}{\partial I_M} \frac{\partial I_M}{\partial q_2}} = \frac{\kappa_1 p_1}{\kappa_2 p_2} \tag{8}$$

The path 0Z in Figure 6.1 from equation 8 is:

$$q_2 = q_2 (\kappa_1 p_1, \kappa_2 p_2, q_1, I_G, I_M) \tag{9}$$

Note how the other-interest element I_M affects the location of the efficient path; this is to say that the fellow feeling, having been internalized, affects the economically efficient mix.

DEVELOPING THE SYMBIOTIC DEMAND FUNCTION

The demand function for q_1 is

$$q_1 = q_1 (\kappa_1 p_1, \kappa_2 p_2, I_G, I_M, y) \tag{10}$$

along the path 0Z. Due to utility being an argument in the demand curve, we now see how framing (in the sense of Kahneman 2003, 1458–60) might affect the demand. For example, we might engage a consumer who is on the way into an office supply store about the problem of the destruction of old-growth forests and then ask about his or her intention to buy recycled paper. We might expect the effective synergy, and potentially the symbiotic integration, of the two interests to move the consumer’s 0Z path toward the 0M path, with the consumer that day buying more recycled paper (q_1). Having a colleague engage the same consumer on another day about the finding that pens write better on regular paper (saying nothing about the impact on old-growth forests) would likely cause the consumer to edge his or her 0Z path toward the 0G path and tend to buy more regular paper (q_2). This suggests that framing is explained by which instinct, or emotion-based intuition, is stirred by the situation at hand and that preferences are oriented accordingly.

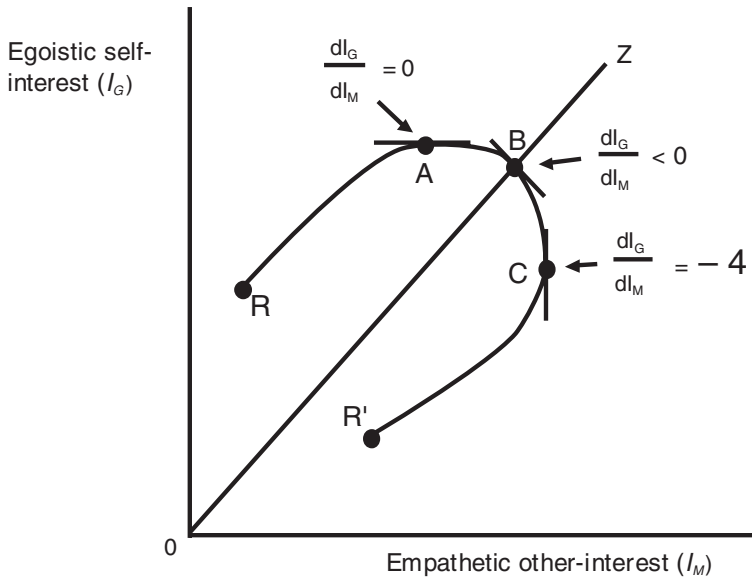
We can also now see that institutions, defined as the way we relate to others in the transaction, do matter. Perhaps the consumer really likes to use fountain pens, which work much better on high-quality regular paper than on recycled paper, but realizes that the checkout clerk on duty that day is an old friend who is an environmentalist. We can reasonably predict that our consumer will purchase paper with at least some recycled content.

DERIVING THE EGO-EMPATHY FRONTIER

We can derive the joint utility “peace of mind” function used to draw the interests frontier in Figure 6.2 associated with staying on the budget constraint RR' by solving equation 4 for q_1 , obtaining

$$q_1 = (y - \kappa_2 p_2 q_2) / \kappa_1 p_1 \tag{11}$$

Figure 6.2 **Ego-Empathy Frontier Representing the Trade-off in the Joint Pursuit of the Egoistic Self-interest (I_G) and the Empathetic Other-interest (I_M)**



We then substitute equation 11 into $V(I_G, I_M)$,

$$V = V\{I_G[(y - \kappa_2 p_2 q_2) / \kappa_1 p_1, q_2], I_M[(y - \kappa_2 p_2 q_2) / \kappa_1 p_1, q_2]\} \quad (12)$$

Next, we substitute the economically efficient path equation (equation 9) and the demand function (equation 10) into equation 12,

$$V = V(I_G, I_M, \kappa_1 p_1, \kappa_2 p_2, y) \quad (13)$$

EXAMINING THE TRADE-OFFS BETWEEN THE INTERESTS

Notice that

$$dV = \frac{\partial V}{\partial I_G} dI_G + \frac{\partial V}{\partial I_M} dI_M + \frac{\partial V}{\partial p_1} dp_1 + \frac{\partial V}{\partial p_2} dp_2 + \frac{\partial V}{\partial y} dy \quad (14)$$

such that the case of $dp_1 = dp_2 = dy = dV = 0$ gives

$$\frac{dI_M}{dI_G} = TB_{MG} = \frac{\partial V}{\partial I_M} / \frac{\partial V}{\partial I_G} \quad (15)$$

which represents the slope and the trade-off balance, T , of a frontier curve in Figure 6.2. Notice that a trade-off between the interests is possible in only the complex way of moving along a RR' constraint in Figure 6.1. The interests (and the associated utilities) are not separably traded off, in that every trade-off point now produces both utilities and satisfies both interests. It is far more complex than suggested by trading off playing a half day of golf mainly in the pursuit of self-interest with spending a half day with one's family mainly in the pursuit of the other-interest, when in fact we now see that both golfing and spending time with the family produce both kinds of utility and satisfy both interests. We might also reasonably posit that playing golf with the family could lead to a "sum greater than the sum of the parts," a higher plane arising in the symbiotic potential that now can be described.

CHARACTERIZING SYMBIOSIS IN THE EMERGENT VALUE

To address the matter of symbiosis, envision several ego-empathy curves in Figure 6.2 and the distances between them being of interest, in the sense of the symbiotic potential of reciprocal behavior. The symbiotic balance, S_{MG} , throughout the space from equation 13 is:

$$\frac{\partial^2 V}{\partial I_G \partial I_M} = S_{MG} \tag{16}$$

We can now consider an empirical case to help illustrate the general outcomes above.

DEMONSTRATING TRADE-OFFS AND SYMBIOSIS

Consider a plausible V function representing equation 13 of the near quadratic form (holding everything else constant), including several parameters that serve to transform the utilities into V , the latter being a measure of the joint outcomes on the higher plane:

$$V = \iota(I_G)^2 + \tau(I_M)^2 + \gamma(I_G)(I_M) \tag{17}$$

Assume for sake of discussion that $\iota, \tau > 0$. For this simple case, we would posit that a relatively large ι indicates an individual oriented toward the egoistic self-interest. A relatively large τ can be taken to mean an orientation mainly toward the empathetic other-interest.

A substantive γ would indicate symbiotic interdependence, the possibility of symbiotic outcomes, and jointness (or symbiotic independence if it is 0) as between the two interests. We could find $\gamma = S_{MG} < 0$, which is the case of symbiotic complementarity illustrated in Figure 6.2. That is, $(\partial V / \partial I_G)$ decreases, indicating that I_G is increasing as I_M increases. The isocurves in Figure 6.2 become further apart as we move along some path OZ .¹⁰ This also means that $(\partial V / \partial I_M)$ decreases as the egoistic I_G increases, meaning that I_M is enhanced. In effect, the total arising from the orientation in the balance (and thus the bulge in the frontier in Figure 6.2) is *greater than the sum of the parts*, due to the symbiotic complementarity between I_G and I_M . As Cory argues, a kind of homeostasis is at work, with it being quite possible that it is symbiotic (2004, 35). This is also the only case wherein we could also observe the regions RA and $R'C$, wherein both of more kinds of utility can be gained together, suggesting another kind of complementarity at work.

When the interests are symbiotically competitive, then $\gamma = S_{MG} > 0$, and the ego-empathy

curves in Figure 6.2 will become closer together as we move along some path OZ . That is, $(\partial V / \partial I_G)$ increases as more I_M is pursued, implying that I_G is decreasing as I_M increases. The two interests are vying for expression within the self, not complementing each other. The sum is less than the sum of the parts. Intriguingly, the regions RA and $R'C$ also vanish, and we only observe the competitive zone AC .

With $\gamma = S_{MG} = 0$, indicating symbiotic independence (no symbiosis), again, only AC will appear and the total is exactly the sum of the parts, with the ego-empathy curves equally spaced as we move out on OZ . This is to say, egoistic pursuits do not affect empathy, and empathy does not affect egoistic pursuits. It might be expected that this kind of independence will not occur very often, although it is always presumed in standard microeconomics. Only in this case is the sum equal to the sum of the parts.

EMPIRICAL MEASUREMENT AND TESTING

Even though, as alluded to earlier, Gintis (2000), Henrich and colleagues (2004), and others (including Sober and Wilson 1998) have argued that it is obvious from both commonsense experience and empirical tests that individuals are both self-interested and altruistic in varying proportions in different times and situations, and even though Beahrs (1982) and Rowan (1990) declare it quite obvious that the subselves model of the unified self describes actual human nature, it still behooves us to keep testing for the existence of both subselves. Metaeconomics by its nature supports a continual testing of these declarations, in that one cannot now presume a priori that individuals only maximize self-interest or only seek relatedness and unity in a shared other-interest (the latter a common theme in sociology). Individuals may vacillate between the two interests, leading to a kind of switching behavior and the need to focus on the orientation in the behavior, both of which make generalizing more difficult. Analysis is more difficult in that it requires a shift to the continual collection of empirical data. What kind of data and evidence do we need?

The demand function in equation 10 points to the need to measure utility, in that I_G and I_M remain explicit. As Kahneman, Wakker, and Sarin (1997) argue in a somewhat different context, the focus needs to be put back on the kind of measurable utility that Bentham first visualized, as represented in the role of experienced utility in resolving the pain-pleasure calculus. Metaeconomics, in this sense, also goes back to Bentham. Experiments show that the disutility of physical pain can indeed be measured and compared across individuals (Kahneman, Wakker, and Sarin et al., 1997). Experiments also suggest that empathizing (and the emotional pain that goes with it) with someone else will fire the same part of the brain that recognizes physical pain (Singer et al., 2004), suggesting that pain is in the background of both pursuits of utility. Metaeconomics sees both the physical and emotional pain as commensurable on the cost side of the calculus, that is, the cost side of the pleasure outcome and the doing-the-right-thing outcome can be added into a common cost represented in a common budget or capital constraint line. Metaeconomics, then, is quite consistent with and supported by the experimental research on experienced utility. Metaeconomics differs, though, in showing there are two outcomes to every expression of cost, two ultimate sources of utility, *which may even be incommensurable in dollar terms*.¹¹ It follows that experimental efforts to measure utility must strive to measure both kinds of utility.

Experimental measurement needs to be supplemented with the more traditional survey-based approaches.¹² All of these approaches fit generally in the class of expectancy-value modeling (see Feather 1982). Experienced utility is measured by focusing on the attributes of the goods and

the bundles of goods by measuring the beliefs about what the goods will do for the individual and the value the individual places on that outcome, and then multiplying these belief and value components as a proxy measure for the utility experienced from the good or action in question. Or one may just go after the multiplicand from the outset, as in measuring the “general attitude” or “general norm.”

The subsequent econometric analysis then focuses on sorting out how the two proxies are balanced and oriented as indicators of how the individual is integrating the two kinds of utility (for an example, see Lynne and Casey 1998; for a summary of test results through 2004, see Hayes and Lynne 2004; for a recent test, see Kalinowski, Lynne, and Johnson in press). With few exceptions, the empirical evidence supports the contention that individuals do indeed integrate and orient toward either the self-interest or the other-interest, although we have mainly studied farmers and ranchers and their conservation (technology) decisions. We have also studied recycling behavior of households (see Kalinowski, Lynne, and Johnson in press) and the willingness to pay to keep green space (farmland) in urban areas (see Gustafson and Lynne 2003) with similar findings. At least for these subsets of the larger population, it appears the rational zone between 0G and 0M is very much the operating area for economic choice; it is the orientation within this zone that drives economic behavior. These kinds of phenomena have also been found in the study of behavior in the fishery industry (Kuperan and Sutinen 1998; Sutinen and Kuperan 1999); as Hayes and Lynne (2004) note, it is likely these kinds of findings will be confirmed in the study of most people in most situations most of the time.

MICROECONOMICS AND RENDITIONS FROM SOCIOLOGY AS THE DEFAULT CASE

Mainstream applications of microeconomic theory presume (generally without empirical test) that $\iota = 1$, $\tau = 0$, $\gamma = 0$, and we are at point A. There is the complete freedom to choose in reaching point A, with the preference for it also presumed. This also suggests the all-encompassing nature of metaeconomics. Even standard microeconomics is represented: *notice that the microeconomic prediction is the default case if we fail to reject the null hypotheses of no empathic influence/interest* (and also there is no evidence that individuals actually might prefer some outside regulation).

At the other extreme, which seems to be the view taken in mainstream sociology, a social- and community-oriented individual would, usually through outside community and social control (in that it is implicitly doubted that individuals have sufficient self-discipline and self-control to do this on their own) completely subdue the (selfish) self-interest. This individual purchases goods on the other-interest path 0M acting at point C in Figure 6.2 (maybe even choosing within R'C in an irrational pursuit of I_M). This prediction from sociology is the default *if we fail to reject the null hypothesis of no egoistic interest*. In metaeconomics, as with the other-interest, the degree to which the self-interest is a force—the orientation in the interests—is an empirical question.

LESS EXTREME OUTCOMES

Metaeconomics posits a less drastic outcome, offering that a disciplined and balanced person exercising self-control will operate in the region AC. It also empirically measures the extent to which the individual has and perceives substantive control and power over her or his own choices. We would also test for symbiotic complementary between ego and empathy, which would be indicated by $S_{MG} < 0$. If so, increasing either one tends to enhance the other, supporting this alternative value theory.

CRITIQUES OF METAECONOMICS AND OF MULTIPLE UTILITY THEORY GENERALLY

Etzioni created quite a stir in his 1986 paper, which led to an intriguing dialogue involving Brennan (1989) and Lutz (1993), centering on the need to add “moral utility” to the economic framework. As noted earlier, the overall suggestion that monutility was too parsimonious (Etzioni 1986, 159) and that some provision for self-sacrifice (altruism) was needed in the economic model gave the major impetus for proposing the notion of I_M utility (as noted earlier, this was originally called “We-utility” in Lynne 1999). As metaeconomics has evolved, the I_M utility has been broadened from mere moral utility to representing the tendency to unity that becomes the main source of the content of the underlying institution and rules of the game. It also suggests why there are these rules and institutions. Metaeconomics now claims that I_M may or may not be irreducible (commensurable), depending on the good in question.

In addition, it is now clear that by proposing I_M as joint with I_G (i.e., both sets of indifference curves in the same space, as in Figure 6.1), true self-sacrifice could be represented in the utility model, which cannot be done with the interdependent utility approach, as critiques of metaeconomics more often than not suggest (for a response, see Lynne 2002, 421). As Etzioni (1986, 162, 177) notes, people pass judgment on their self-interested urges, and every choice is multifaceted, as depicted by an intersection of an I_M curve for every such urge at every point on the OG path, and at every point on every I_G curve. Also, the joint utility model moves us away from the tautological claim that every economic action is an attempt to maximize satisfaction (as noted by Etzioni 1986, 163). Individuals represented in metaeconomics may also be trying to do the right thing along OM while sacrificing I_G on OG (Figure 6.1); this encompasses Etzioni’s recognition that there are actions that individuals feel obligated to take, even if it results in true self-sacrifice, represented in the move to a lower level of I_G while moving to a higher level of I_M (Etzioni 1986, 167). Choosing some action in the direction of path OM is to affirm or express a commitment through self-sacrifice, not unlike the kind of commitment that Sen (1977) has defined or that Frank (1988) highlights.

Brennan (1993) is not convinced. He argues that to claim that the monutility theory is tautological is the pot calling the kettle black; multiple utility theory will also explain everything. I disagree, in that metaeconomics requires continual empirical testing for the integrative balance and orientation being struck in the utilities and interests instead of presuming there is only one self(ish)-interest, and not measuring the utility. Also, Brennan wants to think instead in terms of “I choose to restrain myself” as simply a constraint on the pursuit of a monutility, rather than allowing that one could actually see doing the right thing in a moral utility as an ultimate end in itself (1993, 155). In fact, Brennan implicitly is concerned that using a multiple utility theory could somehow lead to limiting individual choice, so he rebels against it. He has a point. Perhaps such rebellion is not always good, however, as metaeconomics teaches about drug addiction or environmental destruction done in the uninhibited pursuit of a pleasurable self-interest. Also, by recognizing two subselves, this actually frees the choices: the individual can now choose between the pursuits, increasing the extent of the freedom to choose. The inner tension between altruistic and selfish acts (Brennan implicitly recognizes both exist) is a simple matter of opportunity costs (Brennan 1993, 157). Metaeconomics does not have a difficulty with this on the cost side of the equation, in that pain arises in both domains. The problem is that Brennan does not see the two fields of utility. Instead, he has inputs (costs and opportunity costs) and outputs (utilities) confused. In commenting on Brennan, Lutz (1993) helps the case for multiple utility theory by highlighting the possibility of appealing to the sense of social responsibility (embedded in the latent

moral utility) to induce socially desirable outcomes, much like metaeconomics predicts. Also, Lutz points to the real possibility of disequilibrium, which metaeconomics highlights in the zone between and including OG and OM in Figure 6.1. Overall, and from the metaeconomics perspective, Brennan is the one that is not convincing. Many other specific criticisms of metaeconomics have also been answered (see Lynne 2002, 420–23).

ON TRADE-OFFS AND INFINITE SUBSTITUTABILITY

It is perhaps important to note that this kind of model leads to describing economic processes along expansion paths rather than along isocurves per se: trade-offs, substitutions, and options are really quite limited. This is to say that the consumer is quite limited in choices, leading to a kind of economics of limitative processes, much like Frisch (1965) developed in early versions of production economics. Unfortunately, the economics of limitative processes offered by Frisch never made a substantive showing in the mainstream of economics, which always favored total substitution and complete independence of free choices (like Friedman’s “freedom to choose” notion) and generally assumed away all technically and symbiotically interdependent cases.

CONCLUSION

The presumptions about freedom of choice and the capacity for infinite substitutions (and thus essentially no limits within or from outside the individual) is fascinating enough. The question of why only the autonomous pursuit of the self-interest in an atmosphere of “anything goes” made its way into modern economics, to the exclusion of other-interest and the real possibility of limits to substitution and choice, needs to be pursued by an economic historian. One suspects there is an ideology at work here, subtly hidden in the equations, mathematics, and economic stories told involving allocable products, monutility, and the presumed independence among consumers who face no limits. In contrast, an ideologically neutral metaeconomics not only would recognize the need for autonomy represented in the pursuit of self-interest but also would at least ask about homonomy (the need for unity with others and causes or ideas or places including the ecosystem/planet/universe itself), about heteronomy (the extent to which outside control is preferred), and about the potential for an associated symbiotic outcome. It would recognize Adam Smith’s concern for empathy—that one would imagine oneself in the state of others, and that this projection would influence one’s internal sense of peace of mind on the way to achieving economically efficient outcomes. The accuracy of this imagination in the state of others would be improved by dialogue and interaction with others. Efficiency, then, is really about symbiosis between the ego and the empathy, between self-interest and the (internalized) other-interest, with such symbiosis leading to better (efficient) choices for both the individual and society, and to the true wealth of a nation: We can now better understand its actual causes, in analytical terms, in effect making visible the magic of the market and the invisible hand. It would also acknowledge the reality of limits; that maximization, while an ideal, is not practical nor even possible in most cases; and that there are at best very limited substitutes for many things on the way to peace of mind.

NOTES

1. The latest rendition of metaeconomics continues to distance itself from dysfunctional institutions or dysfunctional relatedness within the self, as in the “multiplicity of selves” multiple personalities problem (Katzko 2003), or such things as “possession” or reincarnation (for a brief overview of these and other types

of subselves, see Lester 2004), which may be deemed something other than rational. Metaeconomics instead focuses on the interaction within the unified self, much as does Bogart (1994), and suggests that the internal conflict between the subselves is quite rational on the way to unity, at least for most people making economic decisions most of the time. Like Frick (1993, 123, 124), metaeconomics sees the matter of subselves more in terms of tendencies within the holistic self, as toward Berne's Parent, Child, or Adult, who are all part of a dynamic whole, in contrast to thinking of distinct, multiple personalities or selves. Yet while the holism perspective offered by Frick is perhaps desirable, there can also be legitimate switching as the frame changes, as between an orientation toward egoistic or empathetic tendencies, perhaps even vacillating, and appearing to be not unified. It is perhaps better to think in terms of a community of selves coordinated within the self, an idea reinforced by Bogart (1994, 83). As Katzko (2003) argues, there is an active "unity-multiplicity debate" in the literature; it cannot be fully resolved herein, albeit metaeconomics is resilient enough to handle most perspectives on it.

2. V. Smith (1998) also claims to have solved the problem by simply recognizing one behavioral tendency "to truck, barter, and exchange one thing for another." So, according to V. Smith (p. 3), the Adam Smith problem goes away by recognizing that individuals not only trade goods for goods but also trade "gifts, assistance, and favors out of sympathy." In both realms, humans relentlessly seek the "gains from trade." While perhaps reasonable within each realm, the danger with representing Adam Smith this way is that we are but one small step from suggesting trading between the two realms, which is commonly done (indeed, it has to be done in the monotility framework) in microeconomics, as in the notions of trading goods (money) for doing the right thing or everything having a price (even, then, one's firstborn). As we will see, metaeconomics resolves the Adam Smith problem in a much more plausible manner by allowing a kind of trade-off between the realms that better captures the realms' true complexity. Also, some things, including one's firstborn, can be kept out of being monetized or commensurated in any terms other than achieving a higher sense of peace of mind from having done the right thing.

3. Lester (1995, 79) makes this claim, while pointing to the high esteem in which Maslow held Angyal and his theory; see also Maslow's foreword in Angyal 1965. Frick also notes that Angyal "presented the first systematic holistic theory of personality development" (1993, 126). As Lester argues, "Angyal proposed a holistic theory in much greater detail than any other scholar has done . . . [keeping the] theory at an abstract level" (1995, 79). It is this abstract level that makes it appealing as the psychological, holistic theory that can form the foundation of metaeconomics.

4. For background on the history of utility as field theory, see Mirowski 1989, in which the neoclassical claim about one field of utility is associated with the energy field theory of value from physics. The economists of the late 1800s adapted energy field theory to their needs, suggesting that all relative values rested in, and emerged from, this one self-interested field of utility. Metaeconomics stays close to this tradition but suggests there are two fields of utility and two kinds of value, with the true potential for achieving a higher plane of value from the interaction.

5. Wight argues that Adam Smith saw peace of mind from resolving this conflict between the two selves as the ultimate objective (2002, 32).

6. See Simon 1997, esp. 38–45, wherein altruism is introduced into his human behavior theory as a substantive part of the satisficing idea.

7. As highlighted in Altman 2004, 23, these games help us understand if people are truly "selfish materially-oriented maximizers" as standard economics presumes. Generally the games do not support the contention, indirectly lending credence to metaeconomic theory.

8. Figure 6.1 can also represent isoquants (see Lynne in press), now with I_G representing the maximum efficiency in producing more material output and I_M representing relations within the organization and industry, union influences, perhaps connections with the natural system, and other institutions and rules (shared in the other-interest) of the production game. All areas between and including the paths OG and OM are efficient in a general sense, but only those along OG give maximum material output. So we see that the influence of the institutions and rules can produce any number of efficient paths OZ, including OZ being identically on top of OG if the institution favors the maximum production (i.e., if OM also lies identically on top of OG). This seems to be the story being told by Leibenstein (1966) regarding "effort discretion," as highlighted in Altman 2004, 25–26. We could have economic efficiency with prices formed and a competitive equilibrium with firms producing I_G kinds of product throughout the whole spectrum of the AC zone in Figure 6.1, with a wide variety of x -efficiency and x -inefficiency, i.e., using the same amount of x represented on the RR' capital line, while producing over the range of I_G' to I_G''' (the latter not shown, but the I_G isoquant going through point C), dependent upon the influence of "industrial rela-

tions, bargaining power and cultural and social context” (terms used in Altman 2004, 25) represented in I_M for each firm in each industry.

9. Also, as suggested in note 8, these could be production functions (and equation 4 a capital constraint), with the argument being the *total amounts of input* (not the allocations), which gives rise to true jointness in production. See Lynne 1988, which builds on the arguably most useful notion of jointness as it relates to inputs in production (and as I have extrapolated it in this chapter to also address jointness in consumption) ever proposed but little used in the economic literature, as originally developed in Frisch 1965.

10. First suggested to me by Albert N. Halter, in the mid-1970s, who at that time was a professor in the Department of Agricultural Economics at Oregon State University, for the purpose of enhancing understanding of technical complementarity in production and cost; i.e., it is the changing distance across the production possibility frontiers that gives meaning to complementarity, competitiveness, and independence in joint production. This suggestion has led to the idea offered in this essay of symbiotic complementarity in consumption.

11. That is, while metaeconomics sees a kind of commensurable utility on a higher plane beyond both self-interest and other-interest (i.e., beyond altruism represented in self-sacrifice), represented in the idea of “peace of mind,” it does not see it as necessarily either possible or desirable to convert the two kinds of utility into common dollars (or any other kind of unit). There may indeed be, as Etzioni (1986) claims, some things outside the economic domain, as in what price one would place on one’s firstborn: This price is not commensurable even if it can be monetized, suggesting the underlying utility cannot be reduced to the same dollar terms as represented in the price of a new car.

12. Experienced utility, or proxies for it, can be measured through surveys. For methods, we can draw upon the social psychologists who have produced an impressive array of papers, many drawing back to Ajzen and Fishbein (1977) and more recently to Ajzen (1991), on how to measure the attitude construct, which in economic terms is to measure utility (after Vodopivec 1992; also, see Warsha and Dröge 1986). This survey and expectancy-value modeling approach, which focuses on measuring beliefs and values, has been used in the testing of metaeconomics. For ongoing work, see <http://agecon.unl.edu/lynne/metapape.htm>.

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