



Comments on John B. Davis, *The Theory of the Individual in Economics. Identity and Value*

By/Par

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The Theory of the Individual in Economics by John B. Davis provides a rich synthesis of a vast literature in economics, sociology and philosophy and displays an impressive perspective, encompassing essential issues in the social sciences. It is rare to read such a well-informed book that covers such a broad spectrum. Nevertheless, I strongly disagree with what I take as the main idea of the book, that is the idea of the limits of methodological individualism (MI) (even more than the limits of orthodox economics) and therefore the necessity of adopting methodological holism (MH) (even more than heterodox economics). I will briefly discuss the conception of the debate between the two paradigms and contest the idea that MI has reached a stalemate, which Davis suggests in various ways and which ought to lead to a paradigm “shift” (as in Kuhn’s model). I do not contest that it is probably *a priori* possible to construct a social science (including economics) taking MH as its point of departure, which, however, I define differently than Davis, although I am sceptical of the aptitude of MH to compete with MI, given the strong development of economics (and social sciences) within the MI framework. But I will only make a defence of MI itself here – which I also define a little differently than John Davis – and of its aptitude to widen its scope in order to offer a more realistic idea of individuals in economic and social life.

John B. Davis opposes “the two main conceptions of the individual in economics – the familiar orthodox conception associated with neoclassical and mainstream economics and a less sharply articulated conception associated with dissident traditions in heterodox economics” (p. 2). Actually, the two conceptions at issue do not only apply to economics but to sociology as well. This is obvious when Davis introduces the heterodox conceptions since the main leading figures of this tradition he quotes are Marx and Durkheim themselves (6.1, pp. 109-111) and the main contemporary leading figure in the same tradition is the sociologist Anthony Giddens, whose structure-agency model plays a major role in Davis’s book (6.2, pp. 111-114).

The fundamental characterization of orthodox and heterodox traditions is set out by John Davis as an issue of an opposite valuation of individuals in economic life: “Orthodox economics, which of course places great weight on individuals in economics, generally treats individuals as relatively autonomous or even atomistic beings [...]. Heterodox economics, which places considerably less weight on individuals, generally regards individuals as being embedded in social and economic relationships” (p. 16). If one speaks in terms of traditions and from an external point of view to these traditions, one cannot say that it is wrong. From this point of view, it is easy to place Menger or Walras (and also Weber in sociology),¹ for example, in the first category and Marx and Durkheim in the second. But this overlooks why these authors give such an impression. Davis adds, “The differences between the two main approaches reflect their opposed attachments to two long-established, competing methodological traditions in economics, namely, methodological individualism and methodological holism” (p.17). Of course, it is possible to speak of traditions here as well, although it would be more exact not to limit them to economics since they are also illustrated in sociology and anthropology, and holism is even more in the latter domains than in the former. But it is regrettable to make no distinction between historical traditions – in which different and more or less vague methodological principles can be linked together for various *contingent* reasons – and sets of methodological principles, which can be carefully selected and defined, reformulated or abandoned, exchanged with others and so on, so that their choice can be set out as *necessary*. Some principles of this set of methodological principles can even be borrowed from traditions other than the traditions where the main principles come from. Actually, Davis himself makes such a use of individualistic tradition to enlarge methodological holism. (I will give some examples below).

I can agree with Davis on the point that the ways methodological individualism is often formulated lacks rigour. For example, when Elster writes that MI is a “doctrine” (p. 36), he seems to forget that it is just a *method*. It is also true that current MI is closer to what Schumpeter called sociological individualism than to MI as Schumpeter defined it,² especially when it is confused with this doctrinal individualism. *To the extent that MI is acceptable, it needs to be defined as a perspective that requires in order to explain the social phenomena always coming back to the individuals that are at their source.* But such a programme does not exclude other issues, for example, describing how individuals are constrained by those social facts themselves. One can find examples of very classical figures who clearly upheld such a variety of MI, for example Simmel. Simmel’s work did not deal only with sociology but also with socio-economics, as is obvious in *The Philosophy of Money*. And this work is invoked by many socio-economists.³ But Davis never quotes it.

¹ Weber is never quoted in the book. As will be noted other times, Davis only mentions one tradition in sociology.

² Davis recalls (pp. 35-36) that Schumpeter considered MI as the kind of investigation that deals with the “behavior of individuals without going into the factors that formed this behavior” (Schumpeter, 1954, p. 889), while he called “sociological individualism” the idea that “all social phenomena resolve themselves into decisions and actions of individuals that need not or cannot be further analyzed in terms of supra-individual factors” (p. 888).

³ For example by economists upholding “the French conventions theory” (cf. *infra*), like A. Orléan or M. Aglietta.

One has to add here that, contrary to what Davis suggests, MI is not necessarily linked to an individualist ontology. Again, MI is just a rule of method which does not exclude in itself that one accepts the existence of collective entities, as soon as one can show that these entities emerge from the individual entities. Besides, “emergence” can have two different meanings. When Hayek speaks of emergence, he is just making allusion to the fact that there may be a kind of order even in social phenomena that were not planned or expected. The market “emerges” in this sense. But it has no existence in itself. For Hayek and many other MI theoreticians (like Menger or Weber), “market” is just a word.⁴ But it is also possible to think of certain institutions as having a proper being, although in a specific sense of “existence”, especially if they are supposed to have a specific causal power.⁵ Popper is a good historical example of such a methodological individualism upholding an ontological holism or “collectivism” (or realism of collective entities).⁶ Actually, most methodological individualists support ontological individualism (OI) (Friedrich Hayek, James Coleman, and Jon Elster), but it is for reasons independent of MI principles themselves. They assume the principle of parsimony in ontology and they do so, for example, because they choose to accept only that which has empirical evidence (as individuals do). But logically speaking, OI is not involved in MI.

Another confusion that is often made about IM – a confusion that Davis seems to assume - is that MI only or mainly deals with the role of individuals in economics and social phenomena. But actually, as I have already suggested above, nothing should prevent the social scientist working within the MI framework from also taking into account the causal role of market, institutions, culture, etc. upon individuals (whatever he really thinks – besides – of the possible *sui generis* existence or “subsistence”⁷ of these institutions, culture, etc.). Again, the methodological rule requires only that this market, these institutions, and this culture be explained through the actions and beliefs of individuals, as far as data are available for such an explanation. Simmel again follows such a rule and institutionalist individualists as well (Agassi). Some methodological individualists, like Bourricaud, one of the French translators and commentators of Parsons in French, explicitly even took advantage of the holistic tradition, reconstructing Parsons in an individualistic way.⁸ Consequently, there is no reason to consider (like Davis) that Arrow upheld a “moderate holism” just because he treated “the institutions of the market as a framework *within* which individual action occurs” (p. 34). Consequently also, the idea of a structure-agent model in which the structure is seen as the result of the actions of individuals and individuals as constrained and even forged by the structure is not at all new in itself. Besides, Giddens’ formulation lacks analyticity saying that structure and agency are “inseparable” (p. 112).

⁴ Cf. Davis, who rightly says that “Hayek maybe the most clear in maintaining that supraindividual entities are merely *concepts* rather than real things” (p. 34).

⁵ “Existence” can be said in many senses, so that assuming the existence of collective entities does not involve assuming the idea that they exist in the same sense of empirical entities. An Austrian philosopher, Meinong, suggested making a distinction in such cases between “existence” (which means existence in the proper sense) and “subsistence”.

⁶ Popper made a comparison of the acceptance of beings like mathematical figures or numbers and categorises all of them in a specific “third” World.

⁷ See note 5.

⁸ Bourricaud, F., *L’individualisme institutionnel de Talcott Parsons*, PUF, Paris, 1977.

It is true that from an external point of view, the global impression will probably be that the MI explanation places greater weight on individuals compared to MH, but it is essentially for both the following reasons. On the one hand, MI always urges social scientists to find the individual source of social phenomena even if, in a given context, the issue is to know the constraints of institutions above the individuals. On the other hand, standard MH in itself does not require any analysis of the role of individuals, although nothing prevents social scientists who use MH from also examining the role of individuals in the emergence of institutions. The kind of MH that Davis constructs, which is focused on individuals much more than usual in this paradigm, is precisely a brilliant example of this way of working in social sciences.

But actually what is methodological holism? Davis quotes a very interesting definition from Durkheim: “The group thinks, feels, acts quite differently from the way in which its members would were they isolated. If, then, we begin with the individual, we shall be able to understand nothing of what takes place in the group” (Durkheim, 1938, p. 103) (p. 110) and Davis comments, “a scientific sociology needs to concern itself with social phenomena external to individuals” (p. 110). Rather oddly, Davis does not say anything about the fact that this definition is extremely bold. How can we contend – if not just metaphorically – that a group “thinks, feels, and acts”? I contend that this kind of holism (a variety of ontological holism) has not got any scientific significance at all and that, for this reason, it cannot surely be the basis of an alternative paradigm to MI. Even if one accepts that market, institutions, and culture exist (or “subsist”) by themselves, even if we think that groups exist on their own, it cannot be in the sense individual bodies live. Groups do not have a brain or entrails. So that if groups exist, they cannot be said to think, feel or act as individual humans do. What is clearly understandable in these matters is first that the social scientist has to take into account the beliefs and feelings of individuals he is studying and of the fact that many people (and maybe all people) sometimes spontaneously have *the impression* that the nation, the State, the crowd, the family, or even the market and the economic system, exist by themselves and that this feeling makes them act in a very different way than the way they act when they do not feel they are in such groups.⁹ What is also understandable, and maybe relevant, is to choose to take these *beliefs* as a starting point for the social sciences (including economics). It would characterise a clear kind of MH.

MI takes its departure in a very abstract conception of individuals. However this choice is not linked to MI itself but to an epistemological conception of science that urges using the method of “decreasing abstraction”¹⁰, which is used in physics, for example (just think of Galileo). The standard way in sciences is to begin with abstract (and thus poor) models, remote from effective reality, and to constantly enrich the models, although without expecting, however, to compete with a phenomenological description of reality (such as

⁹ Popper assumes the existence of such entities (cf. supra), but not in an anthropomorphic manner as Durkheim does. Nevertheless, I confess that I do not clearly understand the advantages of such an assumption.

¹⁰ Lindenberg, S., “The method of decreasing abstraction” in J. Coleman and T. Fararo (eds.), *Rational Choice Theory. Advocacy and critique*, Sage Publications, Newbury Park, 1992, pp. 3-20.

history gives on social matters). For example, one can add norms and rules as normative constraints – which limit the acts of the individuals – to the idea of an atomistic individual seeking his self-interest (Hayek, Coleman, and Hechter). One can also add individuals' beliefs, and especially beliefs in collective entities, with the modifications of the behaviour such beliefs involve. One can add infra-individual considerations as Davis demonstrates that some authors already have. However, this conception is still too abstract and too far from real individuals. But Davis himself says that authors like Elster, Davidson, and Becker, each of whom *everyone committed to MI in the social sciences*, suggested in at least two ways how to go further *within this paradigm* (p. 80). Davis speaks of “two new threads that might be pursued in search of an alternative account of individual”. However, how can *pursuing* something be using an *alternative* way? Why does Davis in the rest of his book interpret what appears as continuity here as discontinuity, motivating a shift from a paradigm to another? One can make symmetric comments on the use of Sen by Davis (pp. 150-166). Why does he present Sen as giving new impulse to *heterodox* economic and methodological holism while it is clear that Sen only wants to open up orthodox economics?¹¹ One could have similar reservations about the French “Intersubjectivist” School (p.125), since its leading figure characterises their perspective as “un individualisme méthodologique élargi.”¹²

The place Davis gives to the conceptions of collective intentionality deserves special consideration since Davis says it is his major contribution in this book. Davis is probably right to think that Tuomela's and Gilbert's works should reach an important place in contemporary economics (and even social sciences).¹³ But again, it is problematic to consider that they are open towards heterodox economics, grounded on an alternative paradigm since their departure is clearly individualistic. Moreover, Tuomela does all he can for not adopting ontological holism and refusing even the Gilbertian idea of a plural subject, closer to Durkheim. As Davis says, Tuomela reduces collective intentions to the *we-intentions* of individuals. But the reason why Davis is interested in collective intentionality analysis is paradoxical¹⁴ and gives birth to embarrassed formulations. Thus, saying that “social relationships are embedded in individuals” (p. 130) – which is what collective intentionality analysis tries to show – is not saying that individuals are embedded in social relations, which is the point Davis upholds (cf. chapter 6: “The embedded individual”, pp. 107-129). Besides, when Tuomela made some allusion to Giddens, it is true that he found

¹¹ One of Sen's main points is to go back to Adam Smith and Smithian double conception of motivations : not only self-interest (or self-love) but sympathy as well. It is not to leave MI at all (at least if MI is not reduced to the supposition of the individuals as rational) neither to become Durkheimian. See Sen, A., *On Ethics and Economics*, Blackwell, Oxford, 1991.

¹² André Orléan, “Introduction” in A. Orléan (ed.) *Analyse économique des conventions*, PUF, Paris, 1994, pp. 13, 15.

¹³ One could add Pettit, P. “Groups with minds of their own” in Frederick Schmitt (ed.), *Socializing Metaphysics*, Rowman & Littlefield, London, 2003.

¹⁴ Davis writes himself, “It may seem odd [...] to propose that a discussion of socially embedded individuals begin with an account of individual behavior”(p. 130)

this author more interesting for his own purpose than most other sociologists.¹⁵ But it is through taking very clear individualist bases. Both Tuomela and Gilbert are close to Simmel again in their endeavours to construct collective intentionality from an individualistic basis (and Gilbert explicitly acknowledges her debt to Simmel).

It is less strange that Davis reinforces the opposition between MI and MH by reinterpreting the debate about the relevance of cognitive studies within a debate about the relevance of the Wittgensteinian views on the philosophy of mind. In fact, from Peter Winch, Wittgenstein's philosophy has often been used for a revival of a certain kind of holism in social sciences. Actually, what is at stake in this supposed holism is still the role of external constraints and especially of social rules on individuals' actions. But again MI can assume the role of such external constraints and social rules. Wittgensteinian philosophers often show how frequently confused and naive the ideas of cognitivists are about the mind and how fallacious the words they use are. But it ought not to lead to condemning all the cognitive studies in themselves, which Wittgensteinians very often do.¹⁶ Besides, Davis rejects cognitive studies in economics on the basis they would give a computational conception of the mind. But this is surely not the case of the most famous psychologists in this domain, Tversky and Kahneman (who are not quoted), who just want to know cognitive processus without supposing that the mind necessary works like a computer.¹⁷ In the same sense, one can study some mechanical processes without contending that they explain the entire individual (who also obey rules and norms) and that the historical traditions are not at issue to understand social and economic processes. But the methodological rule will be – as above¹⁸ – to go from the general and abstract models to the more singular and concrete.

¹⁵ Tuomela, R., *The Philosophy of Social Practices*, Cambridge University Press, Cambridge, 2002, p. 78, and especially p. 263, where he wrote, "Our model serves to make precise and also improves on the central aspects of Giddens's structuration theory".

¹⁶ For example, experimental psychology on logical biases, on memory, attention, etc. are not as directly affected by Wittgensteinian critics as Fodor's conceptions.

¹⁷ John Davis mainly considers Herbert Simon's work on artificial intelligence.

¹⁸ See Lindenberg and the method of decreasing abstraction (n. 10).