
Schweizerische Zeitschrift für Volkswirtschaft und Statistik
Revue suisse d'Economie politique et de Statistique

*Herausgegeben von der Schweizerischen Gesellschaft für Statistik und Volkswirtschaft
Publiée par la Société suisse de Statistique et d'Economie politique*

Redaktion/Rédaction: Prof. Dr. H.G. Bieri

112. Jahrgang/112^e année Heft/Fasc. 4 Dezember/décembre 1976

Values and the Choice of the Model of the Individual in the Social Sciences ¹

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Abstract

In this paper I critically compare a variety of models of man prevalent enough in the social science literature to be recognized as distinctive types. I argue that the most fruitful model is one which recognizes three basic attributes in man. Man is Resourceful, he “reasons” about the consequences of changes in his environment and in his own behaviour; he is an Evaluator, he has preferences, and, finally, he is a Maximizer, he acts so as to achieve the highest level of “good” as he perceives it. I argue that this model of the individual (REMM for short) provides a promising basis for a unified approach to the science of organizations.

Any simple characterization of the treatment afforded the individual in the various social science disciplines is bound to be inaccurate and unfair. I am very sensitive to the dangers of creating straw-men. Nonetheless, I propose to discuss three models of “man”, – sociological, psychological and political; elements of each are sufficiently prevalent in the social science literature to warrant our attention. They will be pure types useful as a discussion framework, even if they do

¹ Much of the substance of this paper has been the subject of continuing discussions with *Michael C. Jensen*, and it is virtually impossible at this point for either of us individually to claim authorship or responsibility. He and *George J. Benston* have provided helpful comments on this draft.

some violence to practicing social scientists. Though I have titled them in accord with the fields of origin, their use does not follow disciplinary lines, e.g., sociological man often appears in economics.

I also use REMM to explain the popularity of certain models of man in certain circles, e.g., why a politician or planner is very likely to employ a much less sophisticated model of man than REMM.

I. Introduction

The organization of the social sciences by discipline – Sociology, Anthropology, Psychology, Political Science, and Economics – more or less defies rationalization. Political Science and Economics can roughly be identified by their focus on organizational form – the political organization in the one case, and market organization in the other. Anthropology is largely distinguished by its focus on the stage of development of the social system under study, i.e., primitive rather than modern. Sociologists concern themselves mostly with the social effects of cultural heritage, mores, customs, ethnic background, taboos, value systems, and social classes in modern societies. Meanwhile, Psychology embraces an almost endless array of more or less disjoint topics including the brain and neural systems, learning and education, abnormal behaviour, motivation, attitudes, organizational behaviour, etc. Much of the substance of Psychology is individual rather than social in nature, i.e., it is not primarily concerned with behaviour in an organizational context. That part of psychology which is of interest here focuses on individual behaviour in organizations such as firms, and falls under the rubric of Organizational Psychology (or Behaviour) and/or Social Psychology.

Whatever boundaries define these various disciplines, presumably, since they all deal with social phenomena, they all begin with the same raw material, human beings. In fact, however, the models of the individual employed are so different as to be almost incongruous. To some extent such differences are understandable. Surely the biologist (or anatomist) should be interested in the individual as an organic physio-chemical (or mechanical) system rather than as a utility maximizer. The range of phenomena he is attempting to explain, the set of problems he is addressing, have their roots in human tissue and organs, not in human consciousness, even if it is true that the latter impinges on the former. However, the case for distinctly different models of man cannot be pressed too far; it has limited relevance to the study of social phenomena. There the range of problems of interest, i.e., the phenomena which the various social scientists are attempting to explain are highly overlapping and interlated. There is no sensible way a sociologist can study urban life or Indian culture or crime or the family without considering many of the issues which also preoccupy economists, and vice versa.

II. Marxism and Anti-Individualism

The urge to subsume the individual to the organization is ancient, if not honorable – going back at least to Plato. About his “ideal” state, Plato says:

“there is common property of wives, of children, and of all life everywhere and in every way all that is private and individual. So far as it can be done, even those things which nature herself has made private and individual have somehow become the common property of all. Our very eyes and ears and hands seem to see, to hear, and to act, as if they belonged not to individuals but to the community. All men are moulded to be unanimous in the utmost degree in bestowing praise and blame, and they even rejoice and grieve about the same things, and at the same time.... Nor should the mind of anybody be habituated to letting him do anything at all on his own initiative, neither out of zeal, nor even playfully. But in war and in the midst of peace – to his leader he shall direct his eye, and follow him faithfully. And even in the smallest matters he should stand under leadership. For example, he should get up, or move, or wash, or take his meals... only if he has been told to do so. ...In a word, he should teach his soul, by long habit, never to dream of acting independently, and to become utterly incapable of it².”

Plato’s ideal state is an example of the most extreme anti-individualist position; one which makes the organization itself the “ultimate” end. The state is a “living organism”; it is *the* value; individual purpose is not just unimportant, it is an evil which must be stamped out.

Plato’s views are not very different from those of most Marxists, including neo-Marxists and assorted radical groups. In writing this paper I have had a difficult time deciding what to do about such views. I am loathe to engage in anti-Marxist or anti-radical debates. On the other hand, such views are being accepted in circles which makes them difficult to ignore³. The radical economists now have their own wing in the American Economic Association. I have, therefore, resolved to deal with these more extreme views separately at the outset.

The role of the individual poses a dilemma for Marxists both on normative and positive grounds. Avowed Marxist states around the world, The USSR, China, Cuba, etc., uniformly display an attitude with respect to individual citizens, close to what Plato had in mind. Party doctrine denounces individualistic motivation and invokes the “common good.” In intellectual discourse, Marxist theorists press for an “organizational” or “social class” approach to the study of society. They are particularly vociferous in rejecting the Western World economic tradition of taking the individual as the unit of analysis. Simultaneously, they evince great concern for the plight of the less fortunate, and make extensive use of concepts such as class conflict and exploitation. It is not clear that one ought to take such assertions as anything other than propaganda, but to the extent that they merit

² Popper, Karl, *“The Open Society and Its Enemies”* (Rev. Ed.), Princeton, New Jersey, Princeton University Press, 1950, pps. 102, 103.

³ See for example: Foley, Duncan, “Problems vs. Conflicts Economic Theory and Ideology”, American Economic Association Meetings, December 1974.

serious consideration, the inconsistency they exhibit is obvious. If the state is all that matters, concern for the plight of the individual (qua-individual) at best is irrelevant and at worst could be inimical to the ultimate good. In the development of social theory, concepts such as exploitation, conflict, etc., can be used in a group context, i.e., to refer to more than one individual, but such language has meaning only in terms of individuals. Organizations can no more be exploited than machines can be exploited. Only *individual* human beings can be exploited, can suffer or engage in conflict (at least, human conflict), ...can be the object of compassion, etc. Organizations, are not animate objects; they are pure conceptual artifacts, even when they are assigned the legal status of individuals. In the end, we can only do things *to* and *for* individuals though, of course, sometimes each individual in a group will be affected (qualitatively, at least) in the same way. Statements about groups in the latter sense, however, must not be confused with the purely mystical practice of assigning human characteristics to organizations or groups⁴.

III. The Purposeful Individual – Resourceful, Evaluative, Maximizing Man

Among the social sciences, only economics has developed a more or less unified view of man as a basic structural unit in its theory, and even there, the characteristics with which he is endowed are neither as consistently applied or well delineated as they could be.

What are these characteristics?

1. Each individual cares; he is an evaluator;
 - (a) he cares about almost everything: Knowledge, wealth, the plight of other individuals, prestige, rules of conduct, the weather, etc., etc.;
 - (b) if we designate those things which he values positively as “goods” then, he prefers more goods to less. Goods can be anything from objects of art to ethical norms;
 - (c) valuation is relative. The value attached to a particular unit of a good depends on the bundle of goods the individual enjoys with that unit. The value of a unit of any particular good decreases (at an increasing rate) as the individual enjoys more of it relative to other goods.
 - (d) Individual preferences are transitive, i.e., if A is preferred to B, and B is preferred to C, then A is preferred to C⁵.

⁴ One of the more pervasive examples is the common practice of labeling policies which one supports as in the “public interest”. Just as there is no organizational interest, there is no “public interest”. One can, of course, supply content to words like “public interest” by making them synonymous with other concepts, for example, what a majority would approve, or what every voter would approve, but the typical user would then find the term not very attractive, i.e., not very persuasive, or in the case of complete consensus, never relevant.

⁵ The phrase “rational man” is often used to describe the whole set of characteristics with which economists endow the individual. Semantically, it seems better to restrict the use of the term rationality to the transitivity characteristic of preferences.

2. Each individual is a maximizer. He acts so as to enjoy the highest level of value he can. To be of any relevance, this proposition must presuppose some limit ⁶ on the aggregate level of value attainable, and some freedom of action to the individual. The individual, however, is *not* endowed with perfect knowledge ⁷, whatever that means, nor is it assumed that information and decision-making are costless. A maximizer's behaviour will take into account information and decision-making costs; "satisficing" ⁸ is then equivalent to maximizing subject to such costs.

Coupled with the notion of an opportunity set, which provides the limit mentioned in 2., the individual defined in 1. and 2. provides the foundation of economic theory. The opportunity set is usually regarded as something that is given and external to the individual, e. g., by a wealth or income constraint and a set of prices at which the individual can buy goods, but the notion of an opportunity set is perfectly general, it can, for example, be taken as the set of activities in which an individual can engage during a twenty-four hour day.

The Role of Resourcefulness – The model of man which makes him a maximizer and gives him a value system is formally incomplete in one important respect. It says nothing about the individual's ingenuity – his ability to conceive of changes in his behaviour or in his environment and to foresee the consequences thereof. Highly mechanical behaviour, i. e., assigning values to outcomes, summing across subsets, and determining the highest valued subset, is formally consistent with the evaluating, maximizing model, though such behaviour falls far short of human capabilities. Evaluation is a conscious activity which involves conceptualizing courses of action and their consequences. The individual cannot assign values to options about which he has no knowledge, nor can such options logically be included in his opportunity set. At any instant of time our opportunity set is limited by our knowledge, but that limitation is not immutable. Human beings are not only capable of learning about new opportunities, but they can, and actively do, seek out and even create new opportunities. In applying this model, i. e., in predicting the consequences of changes, say in relative prices, economists must (and implicitly do) endow the individual with knowledge, ingenuity, and intelligence, though they do not always agree on what levels are appropriate. The extent to which the individual is endowed with these qualities, henceforth designated "resourcefulness," is by no means consistent within the social sciences.

The purposeful individual referred to earlier as the unit of analysis for a unified science of organizations is one who is resourceful, evaluative, and maximizing. He stands in relation to organizations as the atom in relation to mass. Henceforth, I shall refer to him as REMM – Resourceful, Evaluative, Maximizing Man.

⁶ The limit, of course, is not satiation.

⁷ Extant models of man which recognize the existence of uncertainty, also have him maximize.

⁸ *Simon, Herbert A.*, "A Behavioral Model of Rational Choice," *Quarterly Journal of Economics*, Vol. 69 (1955) pp. 99–118.

IV. Economists, Politicians and Bureaucrats as REMMS

While economists generally profess fidelity to REMM, their loyalty is neither universal nor constant. Versions of "economic man" are often employed which fall short of REMM, e.g., characterizing him as a pure money income maximizer. Moreover, in matters of public policy, there is a systematic relationship between policies espoused and the degree of infidelity. Recently, one of the better known members of our profession, Nobel Prize winner, Professor Wassily Leontieff, was featured as one proponent of "National Economic Planning" in an advertisement which said:

"No reliable mechanism in the modern economy relates needs to available manpower, plant and materials ... the most striking fact about the way we organize our economic life is that we leave so much to chance. We give little thought to the direction in which we would like to go."

The first sentence in this quote can be interpreted in one of two ways.

If "needs" is used as it would be by most economists to mean *individual* preferences, the first sentence is just false. There is a mechanism which relates needs to manpower, plant and materials and it is the *center* of the study of economics, namely, the price system. That, however, is not what the authors have in mind. What they mean is that no one *directs* (not plans) production so that what is produced is what *they* would define as "needs." When they say *we* give little thought to the direction *we* would like to go, the antecedent of the *we* is not *we* the readers or *we* the general public, it is *we*, Leontieff and friends. *We* the general public, i.e., our REMM's, give a great deal of thought to where they want to work, where they will invest their savings, what they will buy, what they will produce, etc., etc. Professor Leontieff's reputation is largely due to his work on input-output models. It is not surprising that he is a planning buff, for input-output models generally ignore most of the adjustment process (substitutions) which actually occurs in a market economy. There are no REMMs in Leontieff's models, i.e., resourceful, evaluative, maximizers. Like ants in an ant society, his individuals possess productive capacities, but have very limited adaptability. In a society consisting of such dolts, planning (to be read directing) seems unavoidable.

The implication that such models require "planners" has not escaped the bureaucrats and politicians. While they believe their constituents are in need of direction and leadership, they themselves behave as REMMs. They recognize which models imply an increase in the demand for their product. Their interest is not aroused by models in which the individuals adjust readily to unforeseen events or circumstances. On the other hand, they can usually see the value of an energy industry input-output matrix which, given projections of energy "needs" through 1985 (no prices and no substitutions, please) tells us how many nuclear energy plants must be built, how many strip mines must be opened, how many new coal

cars must be produced, etc., etc.; given, of course, that we wish to be independent of foreign oil sources by then. Not unexpectedly, the matrix suggests that without extensive government intervention, independence cannot be achieved.

Analogues to the input-output example are not hard to find. Consider the notion of disequilibrium. Generally, economists tend to identify equilibrium with stable prices and quantities: a market is in equilibrium when there is no “residual” force impinging on price or the quantity exchanged. It is just as reasonable to argue, however, as I am prepared to do, that all markets are always in equilibrium – all forces must be in balance. This is simply another way of saying that sophisticated rational individuals always adapt to their opportunity set, where the latter includes the cost of adapting. All voluntary exchanges will take place that will make both parties better off (taking account of all transactions costs). This view of equilibrium contains no notion of price stability. Prices and quantities can be changing systematically. *Their* rate of change, however, is controlled by individual behaviour – a *balance* is struck between the cost of change and the benefits. If dollar prices are prevented from changing, e.g., by law, forces are balanced by the introduction of other costs such as queues, or by the introduction of other “goods” as a consideration in the exchange. Despite its being a tautology, the view that markets are always in equilibrium has important advantages. It focuses attention on interesting adjustment phenomena, on information and search costs, and how they affect behaviour, and on qualitative characteristics of the exchange, rather than on disequilibrium per se. If markets are always in equilibrium, the task of the economist is to explain how the equilibrium is brought about. On the other hand, when a market is described as being in disequilibrium that is interpreted either as being bad, per se, or as an unnatural state of affairs, and we are immediately led to think about the need for some form of extra-market intervention to eliminate the “problem.”

Bureaucrats and politicians, like some economists, are disposed to embrace disequilibrium just as enthusiastically as input-output models, and for the very same reasons. If everything is always in equilibrium, it is difficult to argue that government action is required to bring equilibrium about. One of the favorite pursuits of bureaucrats, making so-called projections of supply and demand, is an outgrowth of preoccupation with disequilibrium. Such projections usually consist of estimates of numbers of physicists, mining engineers, barrels of oil, tons of steel, etc., “required and/or available” at some future date – again without reference to prices. Not surprisingly, the projections invariably imply a disequilibrium (shortage or surplus) from which it is inferred that government action will be necessary.

The theory of the firm provides an example of a different sort. With minor exceptions, such as internal transfer prices, economists, until recently, have tended to treat the firm pretty much as an organic whole, i.e., as if it were (a wealth maximizing) individual. Even some of those who have undertaken radical revisions

of the theory have not abandoned the organic approach, but have simply substituted other maximization objectives like sales for profits⁹. The firm is treated as an individual, rather than what it really is, namely, a group of individuals each with his own preference system participating in a particular kind of organization. As a result, economists have largely ignored the question of how in a large organization the manager (or managers) induces his colleagues (and himself) to adopt the profit objective of the firm. Indeed, many economists argue that economic theory will not allow us to say anything about those problems, since the firm itself is not a market.

V. Other Models of Man

If economics has a somewhat mixed record in its treatment of the individual, other social sciences have been no improvement.

Sociological Man

Sociological man is conformist and conventional. His behaviour is a product of his cultural environment; the taboos, customs, mores, traditions, etc., of the society in which he is born and raised. There is a subtle but crucial distinction between recognizing that cultural factors are *reflected* in human behaviour and asserting that cultural factors determine human behaviour. If behaviour is determined by acculturation, then choice, or purpose, or conscious adaptation are meaningless. As Frank Knight put it, "The central issue is nothing less than the question whether conscious desires or conscious states of any sort can be regarded as 'causing' or 'explaining' conduct". Sociological man is not an *evaluator*, any more than ants, bees and termites are evaluators. If man is not an evaluator, however, it is meaningless to talk about individual welfare beyond satisfaction of purely physiological "needs." Thus, sociological man has serious limitations when attempts are made to use it normatively. This problem is simply another facet of the Marxist's dilemma discussed earlier; unless we attribute preferences to the individual, i.e., unless he cares, language which describes differences in *individual* well-being makes no sense. Notions like equality and justice are very popular among those who employ sociological man as the model of man, but such ethical norms are not meaningful in their model because those norms imply that individuals care about their condition, i.e., they are evaluators. This inconsistency is fatal – both concepts of man cannot logically be used simultaneously.

Sociological man also has serious shortcomings as a basis for the development of a body of theory about social behaviour. From a positive standpoint, it is, of course, important to recognize the impact of tradition, custom, mores, and taboos

⁹ Baumol, William J., – "Business Behaviour Value and Growth", New York, MacMillan, 1959.

on human behaviour. But once the characteristics of the man in the model are specified, the range of behaviour which can be deduced from a model is given. If the man is very parsimoniously endowed with originality, has no ability to evaluate, and simply imitates what he sees, or does what he is told, the model will yield a comparably narrow range of propositions about his behaviour. Man will not be adaptive, he will not be creative, etc. In a society made up of such individuals, change could take place only over long periods of time and as a consequence of changes in the natural environment.

A sophisticated example of the explanatory limitations of the sociological man is provided by Thomas Kuhn, as part of the recent debate over his efforts to explain scientific "progress." In "Reflections On My Critics," he states:

"Some of the principles deployed in my explanation of science are irreducibly sociological, at least at this time. In particular, confronted with the problem of theory-choice, the structure of my response runs roughly as follows: take a *group* of the ablest available people with the most appropriate motivation; train them in some science and in the specialties relevant to the choice at hand; imbue them with the value system, the ideology, current in their discipline (and to a great extent in other scientific fields as well); and, finally, *let them make the choice*. If that technique does not account for scientific development as we know it, then no other will. There can be no set of rules of choice adequate to dictate desired *individual* behaviour in the concrete cases that scientists will meet in the course of their careers. Whatever scientific progress may be, we must account for it by examining the nature of the scientific group, discovering what it values, what it tolerates, and what it disdains.

That position is intrinsically sociological¹⁰"

Kuhn's explanation of scientific progress, however, requires creativity – someone has to think up the new paradigms, which are central to scientific revolutions. Moreover, in explaining scientific revolution Kuhn introduces proponents of "different" theories and "competing" scientific communities¹¹. His explanation is thus incomplete. He leaves us with the problem of explaining how competing scientific communities get started in the first place, and how individual scientists, indoctrinated in the manner he describes are still able to create entirely new paradigms. What Kuhn has done here, is what those who formally employ sociological man as their model often do when they are struggling to explain some social phenomena for which sociological man is too narrow a concept to handle. They simply endow their individuals (ad hoc) with whatever additional qualities are needed to explain the phenomena at issue, e.g., competitiveness. Why should

¹⁰ "Criticism and the Growth of Knowledge"; Proceedings of the International Colloquium in the Philosophy of Science, London, 1965. Vol. 4; Edited by Imre Lakatos, Professor of Logic, University of London and Alan Musgrave, Professor of Philosophy, University of Otago; Cambridge University Press, 1970, pps.237–38.

¹¹ Kuhn, Thomas S., "The Structure of Scientific Revolutions"; International Encyclopedia of Unified Science, Second Edition, Enlarged; Volumes I and II: Foundations of the Unity of Science, Volume II, Number 2.

scientists be competitive, unless they have motives other than purely scientific and how do these other motives get mixed up in theory-choice?

Empirically the limitations of the sociological model of man parallel the theoretical limitations; sociological man cannot account for the enormous diversity of human behaviour at any given time, nor for the dramatic changes in human behaviour over time. It cannot explain how customs or mores get started in the first place. It cannot explain such simple facts as why many Asiatic Indians who were taught never to eat meat, quickly learn to do so in America. It cannot explain conscious group discussion and deliberation over courses of action, nor can it explain each individual's personal knowledge that he engages in conscious processes in making decisions.

Why, given all the limitations of sociological man, is this concept so popular? The answer I believe goes back to the relationship between models of man and policy positions. If man's behaviour is largely determined by factors beyond his control, he cannot be held responsible for what he does. If he steals, it is only because society has made of him a thief. If his income and wealth are small, it is entirely due to cultural factors – not to conscious effort, or to a leisure/work choice, or to choice of kind of work, or to investment in learning. What has the lack of the individual's responsibility for his fate to do with policy choice? Suppose there is strong popular support for the ethical principle that individuals ought to be rewarded or punished in accord with their own behaviour – that we ought to have title to what we create, or that we ought to be punished if we violate others' rights, etc. Measures such as those which would redistribute wealth, or "re-educate" rather than punish, will encounter strong opposition generated by popular support for the principle that individuals ought to suffer the consequences of, i.e., be responsible for their own behaviour. Those who want to put such measures into effect can dissolve this opposition if the general public can be persuaded that everything we do is forced on us by our cultural environment – that neither our behaviour nor our status is a product of deliberate choice. By thus undermining the rationale linking behaviour to rewards or punishment, they can overcome the resistance which comes from strong feelings about "rendering unto Caesar that which is Caesar's." Whether those who propose such policies adopt the sociological version of man because they already favor non-accountability kinds of social policies, or come to favor those policies because they believe the sociological model of man is an open question, but there can be no doubt that the two are highly correlated.

Psychological Man

Psychological man is a step up the genealogical ladder from sociological man. Psychological man is resourceful; he cares; he has wants or drives; but his individual wants are somehow incommensurable; therefore, substitutions or trade-offs are not a part of his behaviour. Perhaps the best known formulation is

provided by A. H. Maslow¹², "Human needs arrange themselves in hierarchies of prepotency. That is to say, the satisfaction of one need usually rests on the prior satisfaction of another, more pre-potent need. Man is a perpetually "wanting animal." In contrast to REMM, Maslow's man is unwilling to give up any food for an arbitrarily large amount of safety until his food needs are satisfied¹³. Only after his food needs are completely satisfied will he be concerned about safety.

Psychological man, like sociological man, is not a very satisfactory unit of analysis in the study of social phenomena. It is difficult to infer much of anything about social behaviour from the psychological model of man that is not trivial or false, e. g., if the cost of any good rises, psychological man will reduce outlays on whatever is the lowest ranking good he currently buys. Once substitution is ruled out, maximization, or the reconciliation of wants with means, ceases to be very interesting, and attention focuses instead on the study of the individual wants (or classes of wants) in isolation. Examples from the field of organizational behaviour are numerous. Psychological man here takes the form of "employees," and the general problem (one which is extremely important), is how to get employees to be more productive, or how to get them to do what the manager wants. The general answer, not surprisingly, is "reward them," that is, do things which satisfy their wants. But doing good for employees is never a matter of constructing an optimal package of "goods," i. e., the notion that employees might prefer higher pay and more tedium to lower pay and less tedium is never considered. Job enrichment, a subject which is currently getting much attention in organizational behaviour is a good example. Not surprisingly, what is claimed is that the employers (the bad guys) offer the employees (the good guys) too little job enrichment¹⁴. The evidence offered for this proposition consists largely of supportive statements gleaned from surveys of those who have enriched jobs. Nowhere is it recognized that employees in choosing employment themselves consider and trade-off pay, hours of work, security, safety, tedium, etc., and that, therefore, the employer's problem, is one of designing an overall employment package taking into account the potential for trade-offs. Instead, each "good" which the employer can provide the employee is considered in isolation. More is always taken to be better than less, and not only is no optimality criterion ever applied to determine the correct level of job enrich-

¹² Maslow, A. H., "A Theory of Human Motivation", *Psychological Review*, Vol. 50, 1943, pps. 370-396. Reprinted in *Human Relations in Management* - I. L. Heckman, Jr., S. G. Huneryager, Southwestern Publishing Co. 1960. Maslow's needs in order of their pre-potency from higher to lower, are physiological (really food), safety, love, and self actualization.

¹³ Maslow has, of course, confused two different issues: How individual consumption patterns change as a function of income, and how individual preference systems are structured. In the latter part of his famous article, Maslow tried to qualify his early statements by switching to percentage (less than 100%) of higher needs satisfaction before satisfaction of lower needs is undertaken.

¹⁴ It is, of course, possible that employers are erring in offering too little job enrichment. Indeed, in a world of rapid inflation with a progressive income tax, one would expect employee rewards in non-taxable form to increase over time.

ment, optimality is never even discussed. The prevalence of psychological man in the behavioural science field is, I believe, the major reason for the failure of that field to develop a *unified* body of theory. Theory erected on the basis of individuals who are driven by wants, but who cannot or will not as individuals make substitutions, will necessarily consist of a series of independent propositions relating *individual* drives to behaviour.

Political Man

Political man is resourceful and in a certain sense an evaluator and maximizer, but he is not REMM, for he is evaluating and maximizing in terms of other individual's preferences rather than his own. He is an altruist seeking to maximize "the public good." Political man is the classical social scientist's image of politicians and bureaucrats. Nowhere is this more evident than among economists, where failure of the market to meet the efficiency criterion is widely accepted as a sufficient (though not necessary) condition for political action. It is simply assumed that political man can and will behave in accord with the economists' desires. This despite all the evidence to the contrary, and despite the fact that individual economists like Frank Knight were pointing out at length, at least fifty years ago, that we have no theory to explain how the political system actually operates. Allegiance to the political model of man has been the major deterrent to the development of a body of theory which could with reasonable accuracy explain how the political system operates, i.e., give us a predictive capability in the conditional scientific sense. Social scientists, especially political scientists have been aware of the anxiety politicians exhibit to be re-elected, but they have usually tacitly assumed that this is exactly what induces them to behave in accord with the wishes of the majority. A few political scientists in company with a few economists have recently begun to employ utility maximizing models to explain voter behaviour, but they are still far from adopting REMM or something similar as their model of such things as legislative behaviour. Some economists have also begun studying the behaviour of regulators and bureaucrats using REMM as their basic model.

VI. A Science of Organizations

If there is any truth or meaning to the assertion that economics is the most advanced of the social sciences, it is surely due to REMM. REMM is the basic building block which has led to the development of a more or less unified body of theory in economics. The success of REMM in ordering economic phenomena suggests that extension to other areas is likely to prove fruitful. That, of course, is not a new idea. Gary Becker has pioneered applications of REMM in fields which previously had been reserved to sociologists – discrimination, crime, marriage, the

family. The expanded use of REMM to explain voter behaviour has already been mentioned. William Niskanen and others have begun using REMM to explain behaviour in bureaucracies. Alchian and Demsetz and Arrow have used REMM to look inside the firm, Michael Jensen and I have employed REMM on an intra-firm basis to explain the financial structure of the firm.

Theory of the Firm

Despite all of this, we are only beginning to scratch the surface. One very promising area is intra-firm theory, i. e., explaining how firms get things done; how alternative organizational forms, performance measurements, rewards systems, etc., effect behaviour (productivity) in a firm. This means viewing the firm as an assemblage of REMM's where conflicting interests are brought into equilibrium in a complex process. Economists have tended to neglect this area. Knight always referred to it as engineering; others have perhaps been deterred from entering by the conviction that little is to be gained from looking inside the firm, since managers "already" maximize. But even if managers do maximize, they do so with whatever knowledge they possess, and my reading of the professional management literature convinces me that the level of existing knowledge about how to manage leaves much to be desired. We (businessmen included) know very little about why firms organize as they do, or even whether it makes any difference; why decision-making authority is distributed as it is; how to predict the consequences of various performance measurement systems either for organizational sub-divisions or for individuals, etc. Such questions are not only important to management, but also to social policy, for answers to them are also central to answers to questions about why conglomerates exist, why firms are the size they are, why they have the financial structure they have, etc. The existence of interesting problems, of course, is not in itself a sufficient reason for embarking on a research program. Many of the problems in this area, however, like decentralization, divisionalization, and compensation packages, are problems very similar to those which economists have successfully tackled in a market context. Thus, there is some reason to believe we can make progress with them in a non-market setting.

Theory of Government

Perhaps the single most promising area for application of REMM, however, is to government. It seems to me that it is here that a major change is called for in the resourcefulness attributed to the participants. Even those who recognize self-interest in elected officials tend to view them, especially legislators, as the passive agents of their constituents. They recognize that those who hold office generally want to be re-elected, of course, and are even ambitious, i. e., seek higher office, but

success in pursuit of those ends is assumed to depend mostly on finding out what constituents want and then voting accordingly. That model of the legislative process seems incapable of explaining what we actually observe. We know that legislators consistently vote for measures which cannot possibly be in the interest of a majority of their constituents. Excepting Wisconsin (and even there it is doubtful), there surely is no state in the Union where a majority benefits from government sponsorship of a cartel among milk producers. Similar examples abound, e. g., tariffs on watches and bicycles¹⁵.

Elected officials who are REMM's and who have a modicum of resourcefulness will sense, even if they do not really understand why, that they have the opportunity to become entrepreneurs. They have access at relatively low prices to all of the mass advertising media: television, radio, newspapers, magazines, etc. The public to whom they must sell their proposals will not in general find it worthwhile to incur costs educating themselves, or investigating others' views because individually they are virtually powerless. Therefore, practice of deception by politicians is relatively easy and costless.

Since individually and collectively legislators have an interest in enhancing the role of the state, they will engage in continuous marketing of programs to achieve that end. Where crises do not exist they will create them, or at least the impression thereof; after which they will, through wise legislation, magnanimously rescue their constituents from disaster. They will ally themselves with organized groups who get attention in the media, and encourage organization of new groups. Indeed, once the general nature of the process and the payoffs to such organizations is perceived, popular fronts will proliferate; each vying for publicity, even to the point of using violence to demonstrate sincerity and concern. REMM's are everywhere.

I am not prepared to defend this obviously biased, inadequate and incomplete explanation of the legislative process, though the general theme is at least as good as the alternatives I hear. My purpose is simply to illustrate the potential for pressing research into this subject area riding on the back of REMM.

A General Theory of Organizations

There is no satisfactory definition for the word "organization." The term is used to denote everything from society at large, to the economy, to government, to churches, to the family and even to neighborhood bridge clubs. The one thing organizations have in common is individuals, even though the individuals play

¹⁵ These facts seem to me to belie one theme which has recently been voiced that we "get what we want" out of the political system. If that statement means what I believe most people would interpret it to mean, namely, that the set of laws which Congress enacts each year would be approved by the voters at large if brought to a popular vote, then it is surely false.

widely diverse roles – employees, managers, stockholders, elected representatives, voters, civil servants, members, etc.

We tend to think of organizations as having a purpose, and for many important problems, e.g., analyzing the operation of competitive markets, that view not only causes no problems, it is very convenient. But focussing on organizational purpose also can be and often is very misleading. Organizations *are* artifacts. They cannot really have purposes. What is done in organizations, on behalf of organizations, or to organizations is actually done by individuals, on behalf of individuals, or to individuals. If we want to understand those organizations, i.e., explain why individuals who are part of organizations or who represent them do what they do, or explain why organizations develop, or explain why they take the form they take, we have to begin with the individuals involved – individuals who will have their own purposes – REMM's. What organizations do, if we can slip back into that language, depends on the coalescence or fusion of these REMM's, brought about largely through formal and informal agreements or contracts. It is in this sense that there is a real possibility for developing "A Science of Organizations," a unified body of social science theory. It will be unified by use of the same model of the individual across organizations. Indeed, if I were certain that freedom to pursue social science research would survive the next 100 years, I would confidently predict that this is where the social sciences would go, hopefully, with a very sophisticated REMM.

February 1976

Zusammenfassung

Werte und Wahl eines Modells des Individuums in den Sozialwissenschaften

In dieser Abhandlung vergleiche ich kritisch die verschiedenen Menschentypen, die eine vorherrschende Stellung in der Literatur der Sozialwissenschaften einnehmen und als ausgeprägte Typen anerkannt werden. Meine Argumente zeigen, dass das ergebnisreichste Modell dasjenige ist, welches die elementaren Attribute des Menschen anerkennt. Der Mensch ist im allgemeinen erfinderisch (*Resourceful*), er spekuliert über Konsequenzen, die eine Veränderung seiner Umgebung und seines Benehmens mit sich bringen; er berechnet (*Evaluator*), wobei er Prioritäten setzt; und er zeigt sich schlussendlich als «*Maximizer*», der durch seine Handlungsweise versucht, die höchste Stufe des «Guten» zu erreichen. Ich möchte klarstellen, dass dieses Modell des Individuums (kurz: REMM) eine vielversprechende Basis zu einem vereinheitlichten Herantreten an die Probleme der Organisationswissenschaft erbringt.

REMM benütze ich ebenfalls um die Popularität gewisser Menschenbilder in bestimmten Kreisen zu erläutern, z. B. weshalb ein Politiker oder Planer ein viel weniger sophistisches Menschenbild dem REMM vorziehen wird.

Résumé

Valeurs et le choix du modèle de l'individu en sciences sociales

Dans cet article, j'établis une comparaison critique entre divers modèles d'homme, lesquels occupent une position suffisamment prédominante dans la littérature de la science sociale pour être reconnus en tant que types distinctifs. Mon propos est de démontrer que le modèle le plus riche en virtualités est celui qui reconnaît à l'être humain trois attributs fondamentaux. A savoir: l'homme est fertile en ressources (*Resourceful*), en ce sens qu'il «raisonne», spéculé sur les conséquences possibles de changement de son environnement et de son comportement propre; il évalue (*Evaluator*) en affirmant des préférences; et enfin, il maximalise *Maximizer*), en agissant de manière à accéder au niveau du «bien» le plus haut, tel qu'il le perçoit. Je démontre que ce modèle de l'individu (que je désigne par le sigle REMM) fournit une base qui s'avère prometteuse pour réaliser une approche uniformisée dans le domaine de la science de l'organisation.

J'ai également recours au REMM pour expliquer la raison de la popularité de certains modèles de l'homme dans divers milieux. Ainsi, p. ex., pourquoi un homme politique ou un planificateur aura très probablement recours à un modèle de l'homme beaucoup moins «sophistiqué» que le REMM.

Abstract

Values and the Choice of the Model of the Individual in the Social Sciences

In this paper I critically compare a variety of models of man prevalent enough in the social science literature to be recognized as distinctive types. I argue that the most fruitful model is one which recognizes three basic attributes in man. Man is *Resourceful*, he "reasons" about the consequences of changes in his environment and in his own behaviour; he is an *Evaluator*, he has preferences, and, finally, he is a *Maximizer*, he acts so as to achieve the highest level of "good" as he perceives it. I argue that this model of the individual (REMM for short) provides a promising basis for a unified approach to the science of organizations.

I also use REMM to explain the popularity of certain models of man in certain circles, e. g., why a politician or planner is very likely to employ a much less sophisticated model of man than REMM.