THE UTILITARIAN FOUNDATIONS OF THE ECONOMIC APPROACH TO HUMAN BEHAVIOR

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Abstract

The economic approach to the study of human behavior has been presented by its foremost representative as the most effective method of studying social phenomena. Gary Becker’s view supposes that, on the one hand, all social phenomena can be explained as a consequence of individual actions and, on the other, there is a stable pattern of individual behavior economics has been able to understand thoroughly.

Hence, economics, according to this view, is no longer limited to the study of a certain domain of human actions or to the understanding of material wealth or the necessary conditions for the material reproduction of society. Economics is a method that gives the social scientist the necessary tools to understand and even transform the world that surrounds him/her.

Becker clearly acknowledges the direct link between his approach and Jeremy Bentham’s theory. Beyond the apparent connections regarding their conception of human nature there is one central point that links the two authors: their view of economics as an attitude of the human mind, an inherent capacity to calculate that explains all human actions. This paper argues that Bentham provides the philosophical groundings for Becker’s theory. The application of the principle of utility to every aspect of human behavior justifies economic imperialism by transforming economics into a method of general analysis of human behavior. Indeed, economics is no longer defined according to its subject matter but according to its method, which means an increasing scope explaining Becker’s claim that the economic approach provides a rigorous framework for the analysis of all social phenomena.

Keywords: Gary Becker, Jeremy Bentham, economic imperialism, principle of utility.

JEL Classification: A12, B19, B31

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I thank Marcela Rozo for her enthusiastic research assistance. Comments are welcome on this working paper and can be sent to jihurtad@unianes.edu.co
LAS BASES UTILITARISTAS DE LA APROXIMACIÓN ECONÓMICA AL COMPORTAMIENTO HUMANO

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Resumen

La aproximación económica al comportamiento humano ha sido presentada por su máximo representante como el método más efectivo de estudiar los fenómenos sociales. La visión de Gary Becker supone que, por un lado, todos los fenómenos sociales pueden ser explicados como consecuencias de las acciones individuales y, por otro, existe un patrón estable del comportamiento humano que la economía ha sido capaz de entender a cabalidad.

Por lo tanto, la economía según esta posición ya no se limita al estudio de los fenómenos de mercado ó a la comprensión de la riqueza material o de las condiciones necesarias para la reproducción material de la sociedad. La economía es un método que brinda al científico social las herramientas necesarias para entender e incluso transformar la realidad que le rodea.

Becker reconoce explícitamente el vínculo directo entre su aproximación y la teoría de Jeremy Bentham. Más allá de las conexiones aparentes en cuanto a su concepción de la naturaleza humana, existe un punto central que liga a los dos autores: su visión de la economía como una aptitud de la mente humana, una capacidad inherente de calcular que explica todas las acciones humanas. Este texto busca mostrar que Bentham ofrece los fundamentos filosóficos de la teoría de Becker. La aplicación del principio de la utilidad a todos los aspectos del comportamiento humano justifica el imperialismo económico porque transforma la economía en un método general de análisis de ese comportamiento. En consecuencia, la economía deja de ser un área de estudio y se convierte en una metodología, lo cual implica incrementar su campo de aplicación. Esto explica la afirmación de Becker según la cual la aproximación económica ofrece un marco riguroso para el análisis de todos los fenómenos sociales.

Palabras clave: Gary Becker, Jeremy Bentham, imperialismo económico, principio de utilidad.


* Facultad de economía – CEDE, Universidad de los Andes. Agradezco a Marcela Rozo por su entusiasta asistencia de investigación. Los comentarios sobre este trabajo en progreso son bienvenidos y pueden ser enviados a jhurtad@uniandes.edu.co
1. Introduction

Economic imperialism is not a new phenomenon. The Physiocrats, for one, considered their *nouvelle science* of economics as the “science of natural law applied, as it should be, to civilized society”\(^1\) and, deplored J.B. Say’s restricting economics to the science of wealth\(^2\). However, economics was defined according to a particular field. Economics dealt with the administration of government (as Smith said: a branch of the science of the legislator) or as the study of the production and reproduction of material wealth or, more generally, of the material conditions of human life. This definition of economics limited its scope and economic theory centered its attention on explaining the phenomena of production, distribution and consumption.

This study implied a method. The methodological individualism followed by most economists, assuming social phenomena can be explained as a result of individual action, led to concentrate on individual behavior. Increasingly, economists approached their field with certain techniques derived from a particular conception of human nature. The method then consists in assuming a certain axiomatic concerning human behavior from which the topic is analyzed. Economics is no longer defined by a particular field but by a particular method.

Gary Becker, in the introduction to his 1976 book *The Economic Approach to Human Behavior* discusses the different definitions of economics. Significantly in exergue to this introduction he quotes George Bernard Shaw: “Economy is the art of making the most of life.” After considering three possible definitions, Becker concludes L. Robbins’s (1932) definition is the most general of all. Economics, according to this definition, corresponds to the study of how human beings allocate

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\(^2\) Dupont de Nemours (1815, quoted in Ibid., p.536).
scarcely resources to competing ends\textsuperscript{3}. This definition, according to Becker, means economics is not limited to the study of market phenomena (Becker 1976, p.4) or to what we have called the reproduction of the material conditions of human life. This definition then would not give much light as to what makes the difference between economics and other social sciences.

Becker continues asserting this definition, as broad as it might seem, says nothing about the economic approach, or what we have called the method of economics. And it is precisely this point that Becker considers to be the characteristic feature of economics (Ibid, p.5). Economics has a particular method of analysis (Becker 1993, p.385) according to which explaining human behavior, on the basis of certain assumptions, leads to understand social phenomena.

When asked what he understood when being classified as an economic imperialist Becker answered:

“That refers to my belief that economic analysis can be applied to many problems in social life, no just those conventionally called ‘economic’. The theme of my Nobel lecture, based on my life’s work, is that the horizons of economics need to be expanded. Economists can talk not only about the demand for cars, but also about matters such as the family, discrimination, and religion, and about prejudice, guilt, and love. Yet these areas have traditionally received little attention in economics. In that sense, it’s true: I am an economic imperialist. I believe good techniques have a wide application.” (Interview Becker 1993a).

\textsuperscript{3}Robbins considers “the unity of subject of Economic Science [is] the forms assumed by human behaviour in disposing of scarce means”, (1994 [1932], p.85). “Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses” (In a footnote to this sentence Robbins refers to Menger, Mises, Fetter, Strigl and Mayer) (Ibid.).
Becker has been praised and criticized because of this presumption within and outside economics. He has been praised for opening new research fields in economics and has been followed by an ever increasing number of economists (Rosen 1993). This is the case in the field of Law and Economics where William Landes and Richard Posner have become prominent figures and recognize the importance of Becker’s initial spark. Victor Fuchs (1994) also sees in Becker an important sponsor of the field of health economics. Becker has also had major influence in the fields of sociology, political science and demography. Criticism centers mostly on his extensive use of rational choice theory, that is of the rational economic agent\textsuperscript{4}. This criticism goes beyond the appraisal of Becker’s work, it has pervaded most of the recent history of economics and constitutes a vast corpus of literature nowadays following, for example, Sen (1977) (cf. Bowles and Gintis 1993, 2000; Gintis 2000; Zafirovski 2003; Steele 2004, amongst many others). Criticism has also been addressed to Becker’s economic imperialism, to his intention of applying a single method as if it were capable of explaining all human behavior (Zafirovski 1999, 2000).

The aim of this paper is not to appraise Becker’s influence on economic theory, in particular, or social sciences, in general, or to present a criticism of his work. The point we wish to advance lies within the history of economic thought. Becker presents his work as a continuation of a long series of authors who have used the economic approach to human behavior but who did not have the technical instruments in order to make a rigorous and ample use of it. Among these authors, Becker gives particular importance to Adam Smith and Jeremy Bentham. Actually,

\textsuperscript{4} Becker recognizes economics might have a narrow approach to preferences and behaviour: “...we do not have to assume that everybody is a perfect calculator. There are limits to our ability to calculate. Broader preferences and ‘bounded’ rationality are part of a more relevant model of rational behavior. In my own way I have been trying to broaden preferences to take account of some of these points. But I am dubious about behavior that won’t survive in an exchange economy with an extensive division of labor.” (Clement, Interview, 2002, p.22).
Adam Smith, according to Becker, is less systematic in his application of the economic approach than Bentham. Bentham, on the other hand, was much too worried with social reform and the normative aspects of his theory to exploit all of the economic approach’s implications.

However, following Force (2003), we will argue that Bentham provides the philosophical groundings for Becker’s theory. It is in the understanding of the contents and status of the principle of utility that we might grasp the foundations and consequences of the conception of human nature implied by the economic approach. Force (2003, p.93) considers that “the reference to Bentham indicates that Becker’s theory remains indebted to eighteenth-century neo-Epicureanism” and believes that “Becker shares with philosophers like Bentham and Helvétius (...) the desire to identify some stable principle of behavior behind the bewildering variety of human choices and preferences”.

We take a step further than Force in arguing that the application of the principle of utility to every aspect of human behavior justifies economic imperialism by transforming economics into a method of general analysis of human behavior. Indeed, economics is no longer defined according to its subject matter but according to its method, which means an increasing scope explaining Becker’s claim that the economic approach provides a rigorous framework for the analysis of all social phenomena.

The paper is divided in five sections including this introduction. The second section presents Becker’s economic approach to human behavior and the implications of this approach on the relations between economics and sociology and economics and psychology. In section 3 we explore the connection between Bentham and Becker. Becker explicitly recognizes Bentham as one of the ancestors of the economic approach but considers this connection has mostly to
do with the analysis of law and economics. In this section we will try to show this connection goes beyond this field. Bentham’s principle of utility would not only be the foundation of his social reform project but also the basis for the economic approach to human behavior. Section 4 attempts at showing how this principle constitutes the grounds for the transformation of economics from a field of study into a method of analysis. In the final section we present some concluding remarks and questions that are left open in our analysis; in particular, the relation between Bentham’s hedonistic psychology and the theory of utility.

2. The Economic Approach to Human Behavior

The interest of the economic approach to human behavior is, according to its tenants, it is the most general and powerful approach available in social sciences (Stigler and Becker 1977, p.77). In Becker’s words “The rational choice model provides the most promising basis presently available for a unified approach to the analysis of the social world by scholars from different social sciences” (Becker 1993a, p.403). It is interesting to note that Becker assimilates the economic approach to the rational choice model, which indicates all his construction relies on a specific conception of human nature underlying a unified idea of human behavior. This is why, according to the author:

“[T]he economic approach provides a valuable framework for understanding all human behavior” because “all human behavior can be viewed as involving participants who maximize their utility from a stable set of preferences and accumulate an optimal amount of information and other inputs in a variety of markets” (Becker 1976, p.14).

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5 We will come back to this point in section 3.
The economic approach has become very influential not only in economics but also in other social sciences. Becker was awarded the Nobel Prize in Economics in 1992 for “having extended the domain of economic theory to aspects of human behavior which had previously been dealt with—if at all—by other social science disciplines such as sociology, demography and criminology.” Analyzing this success as regards crime, Becker asserts: “One reason why the economic approach to crime became so influential is that the same analytic apparatus can be used to study enforcement of all laws, including minimum wage legislation, clean air acts, insider trader and other violations of security law, and income tax evasions” (Becker 1993a, p.391). More generally, Becker says:

“I have come to the position that the economic approach is a comprehensive one that is applicable to all human behavior, be it behavior involving money prices or imputed shadow prices, repeated or infrequent decisions, large or minor decisions, emotional or mechanical ends, rich or poor persons, men or women, adults or children, brilliant or stupid persons, patients or therapists, businessmen or politicians, teachers or students. The applications of the economic approach so conceived are as extensive as the scope of economics in the definition given earlier [Robbins’s] that emphasizes scarce means and competing ends. It is an appropriate approach to go with such a broad and unqualified definition, and with the statement by Shaw that begins this essay [cf. p.1 of this paper].” (Becker 1976, p.8)

Becker believes this approach models “commonsense” ideas, which explains why it is so appealing and even familiar to anyone who reads his work. Becker uses this approach to analyze four main topics: discrimination against minorities, crime and punishment, human capital and family behavior. In general terms, all these topics have to do with the analysis of social interactions, which Becker explicitly analyzes in his 1974 article “A Theory of Social Interactions”.
In this article Becker attempts to incorporate "a general treatment of interactions into the modern theory of consumer demand" (Becker 1974, p.1066). He advances this general treatment has a large applicability and significance (Ibid.) and regrets modern economics has given little attention to a key subject in earlier economic thinkers that had been left to sociology and anthropology (Ibid, p.1091). The analytical framework he uses is the same as the one he had used in the past and will use in the future.

This framework assumes individuals are utility-maximizers and preferences are stable over time and similar among individuals. Individuals are then characterized by their utility functions and the arguments that constitute it. These arguments may include tastes for discrimination, altruism among family members, advantages from crime, etc., making the analysis applicable to most any aspect of human life. The applicability and power of the approach has been greatly enhanced by what Stigler and Becker (1977, p.77) call the new theory of consumer choice. This theory “transforms the family from a passive maximizer of the utility from market purchases into an active maximizer also engaged in extensive production and investment activities” (Stigler and Becker 1977, p.77). Households then “maximize a utility function of objects of choice, called commodities, that they produce with market goods, their own time, their skills, training and other human capital, and other inputs” (Ibid.). The arguments of the utility function then correspond to the commodities produced and the production function varies according to the subject studied (e.g. the characteristics of other persons with whom the individual interacts, music appreciation, education, medical care or training).

The flexibility of the approach is thus evident. Individuals can produce any commodity from which they derive pleasure and this goes beyond market activity. Besides, economics, as Becker himself acknowledges, has spent a considerable
amount of time in its recent history to the elaboration and perfectioning of mathematical formalization and techniques. This allows having a rigorous technical framework to analyze optimization problems. The economic approach then conceives of every social phenomenon as the result of a rational choice made by individuals; in other words, as the result of an optimization problem faced by utility maximizers⁶.

This means, the economic approach pretends to give a rigorous framework to sociology on the basis of certain assumption regarding human behavior. This is why in this section we will briefly present the implications of such a view on the relations between economics and sociology (2.1) and between economics and psychology (2.2).

### 2.1. Economics and Sociology

There is a growing corpus of literature in economic sociology resulting from active interactions between both disciplines (Krier 1999). Economic sociology is not new and has its origins in the works of Weber, Durkheim, Veblen and Pareto. However, an increasing divide between both disciplines led to its decline that prevailed until the 1970’s. The basic premise is that social phenomena are complex and the analysis of many economic phenomena must use sociology. The revival of the discipline has been associated precisely with the defense of such a view against such economic imperialists as Becker⁷ in economics and Coleman⁸ in

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⁶ In Mitchell’s terms: “Human nature itself became simple enough to let the economist use the powerful methods of analysis provided by mathematics.” (1916, p.143).
⁷ Assessing Becker’s influence on sociology, Baron and Hannan (1994, p.1113) report that between 1970 and 1992 Becker ranks very high in the citation records in sociological reviews. We must not forget Becker holds a joint appointment in the Sociology Department of the University of Chicago since 1993.
⁸ James Coleman appears to be one of the foremost defenders of the application of rational choice theory to sociology (Baron and Hannan 1994, p.1114). This sociological version of rational choice, according to Zafirovski (2000, p.451), takes four ingredients from rational choice theory:
sociology (Krier 1999, p.672; Zafirovski 1999, p.588; Baron and Hannan 1994, pp.1115-7).

The justification of the use of rational choice theory in sociology runs along very similar lines to those Becker uses: this theory provides a rigorous and powerful analytical framework based on simple and effective assumptions (Macy 1995, p.73). It helps simplifying sociological explanations that suffered from overcomplexification of social phenomena (Baron and Hannan 1994, p.1114). In so doing, it would make provide sociology with a general and abstract theory overcoming its general tendency to rely mostly on empirical and case by case studies. Sociology, profiting from extended use of mathematics in rational theory, would then become a true science (Sorensen 1986). Becker has been directly associated with this process because his analysis of discrimination, crime and family “has forced sociologists to reexamine their standard views, and in some areas such as fertility research, his approach is becoming dominant” (Fuchs 1994, p.191).

The notion of human capital Becker developed in 1964 has been particularly influential in sociology. It has been used to explain social phenomena that imply some kind of investment, as is the case for health and education. Extending the notion of capital beyond material goods, as Becker does with human capital and consumption capital (in his work with Stigler), has led some prominent sociologists to view human action as a permanent search for and mobilization of different sorts

“methodological individualism, the principle of actor maximization, the concept of a social optimum, and the notion of a system equilibrium”. In the same vein as Becker, Coleman argues that social and political action “can be viewed as a generalization of market behavior” (quoted in Zafirovski 2000, p.452). A detailed analysis of Coleman’s work lies beyond the scope of this paper. In this section we only seek to appraise Becker’s influence on the new relationships forged between economics and sociology.
of capital. This is the case of Pierre Bourdieu who develops his theory in terms of different types of capital (cultural, academic, social, scientific, etc).

Sociological rational choice theory has tried to give new insights into traditional subjects such as social order or collective action. These phenomena are presented as the result of individual decisions produced through the maximization of utility. This theory tends to transform economic sociology, in particular, and sociology, in general, into a branch of economic analysis (as opposed to the attempts of the first authors of economic sociology).

This approach has been the object of severe criticism from within sociology. Not only does methodological individualism seem unacceptable but also its close link with utilitarianism is considered as highly problematic. In Schumpeter’s terms when considering the link between economics and utilitarianism:

“As regards ‘classic’ recommendations, there are no doubt many that are wholly neutral with respect to any philosophy of life... But there are others – unconditional free trade, for example – that did imply views of general policy and attitudes to life that do seem, to say the least, to link up with utilitarianism better than with any other philosophy of life. As regards economic sociology, utilitarianism can only be described as a complete failure since its rationalistic conception of individual behavior and social institutions was obviously and radically wrong. But as regards the part of economic analysis which works with rational schemata, utilitarian philosophy, though superfluous, does no harm. And this fact, as critics would have recognized if they had been competent economists, salvages the bulk of the work in economic analysis done by utilitarians.” (Schumpeter 1967 [1954], p.409, our italics).

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9 For an interesting analysis of Bourdieu’s work as an application of economics to sociology see Favereau 2001. This interpretation is highly contested by followers of Bourdieu’s sociology and Bourdieu himself would certainly not agree with the idea of his theory being a product of economic imperialism.

10 For a synthesis of these criticisms see Baron and Hannan 1994; Zafirovski 1999, 2000.
The point then is the validity of the assumptions made on human behavior. Economic imperialism relies on a particular conception of human behavior that seems to draw heavily on the hedonistic psychology mobilized by utilitarianism.

2.2. **Economics and Psychology**

Viewing individuals as utility maximizers implies assuming a certain human behavior but has no implication as to the object of choice. Davis (2003, p.32) says: “there is nothing that commits rational choice analysis to any particular view of the nature or content of preferences, and the door is wide open to making any assumptions about their character that may suit the investigation at hand”. According to Simon (1986, p.210), the assumption of rational individuals in economics is free from any assumption as to the contents of human goals and values; it assumes human behavior is consistent over time and is rationally objective as regards the means it mobilizes. Economic rationality has to do with the results of decisions and not with the process that leads to those decisions (Ibid).

Paul Samuelson’s theory of revealed preferences reinforces this stand by reducing preferences to a set of behavioral propositions. Economics does not deal with formation of these preferences; they are deduced from an individual’s actual choices. This means, individuals choose what they want and no change or gap is assumed between actual choice and preference orderings.

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11 Here we deal only with the relationships between economics and psychology implied by the economic approach. We leave aside all the development of economic psychology and behavioral economics over the last years, that has been recently recognized with the Nobel Prize given to Vernon Smith and Daniel Kahneman in 2002. Smith and Kahneman can be seen as tenants of an opposite approach to Becker’s approach to human behavior in that they try to incorporate psychological insights into economics coming from experimental economics. Becker has said he believes experimental and market behavior may be totally different (Douglas, Interview, 2002, p.22) and thus we can presume he doubts experimental economics has much to say on the type of behavior he seeks to explain.
The economic approach to human behavior builds upon this view and assumes tastes are given and preferences are stable: “Tastes are the unchallengeable axioms of a man’s behavior... taste neither change capriciously nor differ importantly between people.” (Stigler and Becker 1977, 76). Individuals rationally maximize their utility function or the expected value of this function. Nothing is said about the actual process of preference formation. Individuals maximize utility as they conceive it. In this sense, the economic approach, in particular, and economic theory, in general, has tried to stay away from psychology.

Lewin (1996) traces this antipsychological bias to the crisis of hedonism near the turn of the XXth century with the debate about the relationship of economics with other social sciences (Lewin 1996, 1294). Hedonism became particularly relevant in economics through the incorporation of benthamite analysis into Jevons’s economic theory. Jevons underlines the importance of the utility principle and of benthamite theory as a social philosophy. However, he considers economics deals with the lowest level feelings and leaves aside all that has no direct relationship with material wellbeing. Hence, Jevons separates economics from moral theory even if he asserts the first should be grounded on reasonable moral foundations (Sigot 2002, 266).

This explains why Jevons builds his economic theory on the grounds of Bentham’s felicific calculus. In detail, his theory is built upon pleasures and pains and the possibility of quantifying them in order to construct a mathematical science. Jevons, following Bentham as we shall see in what follows, gives a central place to

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12 This hypothesis has been the object of numerous criticisms from economists as well as psychologists (cf. Hirschman 1984; Bowles 1998; Rabin 1998; Elster 1998; Davis 2003).
13 As noted in footnote 11 this trend is changing in recent years with behavioral economics. This branch of economics is becoming highly influential and aims precisely at incorporating psychological considerations within economics in order to gain in realism.
individual behavior understood as the individual’s capacity to calculate in terms of pleasures and pains. Nevertheless, Jevons, because of his concern of making economics a mathematical science, leaves aside various elements from Bentham’s theory. According to Sigot (2001, 149-53), this simplification implies eliminating the normative sense of Bentham’s utilitarianism thus its reformist intentions and its central figure: the legislator.

Economics is no longer a branch of the science of the legislator and besides preferences are considered to be exogenous, contrary to Bentham’s theory. Indeed, in Bentham’s utilitarianism, individuals are considered as utility maximizers (i.e. calculators who try to maximize their pleasures and minimize their pains) who act under the direct influence of the legislator or the deontologist. This means that these two figures are capable of creating new interests and/or imposing constraints on human behavior in order to direct individuals towards the maximization of social utility (i.e. the greatest happiness for the greatest number, making duty and interest coincide (Bentham 1996 [1789], p.34)). Preferences are then endogenous as the deontologist and the legislator are capable of changing not only exterior constraints (i.e. imposing dissuasive punishments (Ibid, p.157)) but also of making individuals change the arguments of their utility function through information and the use of the public sanction (Bentham 1983, p.175, 251).

In spite of these changes, Jevons, like Bentham, sees utility as a real psychological substance and the Bentham’s notion of individuals as hedonists is incorporated within economic theory. Jevons’s achievement then would have been transforming economics into a science using utility theory hence “making it possible to derive economic laws from a single fundamental law of human nature – the law of maximum utility” (Lewin 1996, p.1297).
Towards the end of the XIXth century and the beginning of the XXth harsh criticism was addressed to this hedonistic view of human beings. Psychologists, for one, contended there existed other motives than pleasure and pain; behavior could often be impulsive and not goal oriented and so a study of human behavior should take into account non teleological motives (Ibid., p.1299). Institutionalists, on the other hand, also claimed the economic view of human behavior was insufficient and not only instincts but also “evolution of institutions and the social embeddedness of economic activity” should be considered (Ibid, p.1300). These criticisms, according to Lewin (Ibid., p.1305) were invigorated with the growing influence of behaviorism and positivism. Economics should be able to postulate falsifiable propositions in order to have a truly scientific status. The hedonistic assumptions did not seem to stand to the test.

Mainstream economics was not immune to these criticisms. Hedonistic language was increasingly left aside and authors such as Pareto asserted “ordinal preferences did not require any psychological interpretation; they merely summarized empirical regularities of choice behavior” (Ibid., p.1309). Economics’ total independence of hedonistic psychology was supposed to be achieved with the theory of revealed preferences.

Nevertheless, it is difficult not to see at least some remains of such psychology in the standard assumptions on human behavior economic theory uses. Utility might not be directly associated with pleasure or with an ultimate aim of individual action but it is difficult not to see human behavior is conceived as having an aim, as acting in a teleological fashion, which allows maximizing an object of choice normally thought as producing some kind of satisfaction.

The decline of behaviorism and the impossibility of empirically founding the theory of revealed preferences, led to a revival of utility theory as such justified
through Friedman’s “as if” methodology. Microeconomic theory broadened its scope and was used to analyze non market phenomena. In this context, the economic approach to human behavior found fertile grounds. In a sense, this approach is a revival of utility theory as conceived by its first tenants thus a return to Bentham’s utilitarianism even if economics claims to be value free.

3. From Bentham to Becker: Beyond Law and Economics

Becker believes that if the basic assumption regarding individual behavior are correct then “the economic approach provides a unified framework for understanding behavior that has long been sought by and eluded Bentham, Comte, Marx, and others.” (Becker 1976, p.14). In this section we will present the connection between the economic approach and, at least, the second sense of the Bentham’s principle of utility. In so doing, we strive at showing that Becker’s endeavors can be seen as the direct application of Bentham’s methodology, which goes beyond the latter’s concern with legal and illegal activities. The underlying hypothesis is that Bentham can be considered as the true founder of the economic approach and, therefore, of this particular form of economic imperialism.

3.1. The Obvious Relationship

Becker recognizes his work is the accomplishment of the initial attempts of Beccaria and Bentham to apply economic calculus to criminology thus providing an economic theory of punishment:

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14 Becker considers Adam Smith to be the first tenant of the economic approach to human behavior (Becker 1976, p.12). However, he acknowledges Smith did not systematically apply the approach (Ibid). It is beyond the scope of this paper to analyze this point but the vast recent literature on Smith seems to nuance if not refute Becker's allegation.
“Lest the reader be repelled by the apparent novelty of an ‘economic’ framework for illegal behavior, let him recall that two important contributors to criminology during the eighteenth and nineteenth centuries, Beccaria and Bentham, explicitly applied economic calculus. Unfortunately, such an approach has lost favor during the last hundred years, and my efforts can be viewed as a resurrection, modernization, and thereby I hope improvement on these much earlier pioneering studies.” (Becker 1968, 209)\(^{15}\).

The framework is, obviously, the same Becker uses to analyze other social phenomena. Self-interested individuals strive at maximizing their utility, minimizing their costs, in an environment characterized by scarcity, uncertainty and conflicting goals (Guidi 2000, p.4). Bentham is considered as a forerunner because of the welfarist and consequentialist features of his theory (Ibid., p.5).

Bentham did not intend to limit his theory only to the analysis of the law or the system of legislation. He believed the utility principle could be used as the basis for the analysis of all social activity because it was built on the fact that the two sovereign masters of humanity are pain and pleasure (Bentham 1996[1789], p.11).

“By the principle of utility is meant that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question: or, what is the same thing in other words, to promote or oppose that happiness.” (Bentham 1996[1789], p.12).

The principle of utility is a standard of evaluation. It is evidently consequentialist: actions producing pleasure are good as long as the pain or the

\(^{15}\)I explored instead the theoretical and empirical implications of the assumption that criminal behavior is rational (see the early pioneering work by Bentham [1931] and Beccaria [(1797) 1986].” (Becker 1993a, p.390). The texts Becker refers to are: Beccaria *On Crimes and Punishments* and Bentham *Theory of Legislation*.
sum of pains it might produce is less than the total sum of pleasures (Bentham 1983, p.150). And it is not restricted to the actions of a single human being but of any “party” be it one individual or a whole community.

The principle supposes a particular view of human behavior. Individuals strive at maximizing their pleasure and their motive of action is precisely this maximization. This implies calculus naturally finds its way into the analysis of social phenomena. Bentham explicitly states human beings calculate:

“When matters of such importance as pain and pleasure are at stake, and these in the highest degree (the only matters, in short, that can be of importance) who is there that does not calculate? Men calculate, some with less exactness, indeed, some with more: but all men calculate. I would not say, that even a madman does not calculate. Passion calculates, more or less, in every man: in different men, according to the warmth or coolness of their disposition; according to the firmness or irritability of their minds; according to the nature of their motives by which they are acted upon” (Ibid., p.173-4).

This is true of anyone and in any circumstance. Hence, Bentham’s utilitarianism is not restricted to law. On the contrary, even in his economic writings the pervasiveness of the utility principle is evident. Bentham’s economics has received far less attention than his legislative and moral theories. However, an increasing body of literature deals with his economics as an extension of his utilitarian theory (cf. Sigot 2001, Guidi 2000).[^16]

[^16]: These two scholars have many more texts on this point and other commentators have also contributed to the analysis of Bentham’s economics. Here, we restrict our references to these two because they are the most relevant for our present purposes. We must also note that, contrary to Sigot’s conclusion (2001, p.188) we do not believe Bentham’s utilitarianism has not been followed in economic theory, the whole point of this paper is to show Becker’s theory can be considered as the modern representative of Bentham’s ideas even if the censorial sense of the utility principle seems to be overlooked.
The point we would like to underline here is that in his economic writings, which appear to be punctual analyses of particular problems (i.e. usury, money, value) leading to specific policy recommendations, Bentham introduces something that belongs to his utilitarianism. The application of the principle of utility implies a particular conception of human behavior. In so doing, Bentham introduces this conception into economics and erases all borders between different social activities. The study of social phenomena relies on the study of human behavior, thus of choices derived from calculations.

Therefore, as Becker also recognizes, his connection with Bentham goes beyond the field of law and economics. In arguing that the economic approach is not new, Becker quotes Bentham and his explicit belief “that the pleasure-pain calculus is applicable to all human behavior” (Becker 1976, p.8). This corresponds exactly to what Bentham had already done almost two centuries before.

### 3.2. The Foundations of Bentham’s Project: the Principle of Utility

As we said in the last section, Bentham builds his entire project on the grounds of the principle of utility. This principle has two senses: “1. In its censorial sense, it holds up the greatest happiness of the greatest number as the only universally desirable end. 2. In its enunciative sense, each man’s own happiness his only actual end.” (Bentham 1983 [1817], p.59-60). Hence, the principle of utility is normative and descriptive. It establishes a higher goal for human action and describes the motives of this action: “Well-being, composed as hath been seen, of the maximum of pleasure minus the minimum of pain – the pleasure it will be seen is man’s own pleasure; the pain is man’s own pain – will upon strict and close enquiry be seen to be actually the intrinsic and the ultimate object of pursuit to every man at all times” (Bentham 1983, p.147-8).
Human beings act pursuing their wellbeing or their own interest (Bentham 1996 [1789], p.74), as they understand it. Indeed, Bentham considers no motive, no pleasure or pain, can be called good or evil per se and believes there is no such thing as a *summum bonum*. Therefore, individuals are seen as having valid reasons to consider a particular object - in the largest sense of the word – as a source of pleasure or pain. Thus, just as in the economic approach, after individuals define what these objects are they rationally strive to pursue the best action in order to obtain the maximum utility seen as the net sum of pleasures.

The second sense of the principle of utility posits a certain conception of human nature. This conception is quite similar to the one behind Becker’s economic approach: “we are proposing the hypothesis that widespread and/or persistent human behavior can be explained by a generalized calculus of utility-maximizing behavior, without introducing the qualification ‘tastes remaining the same’. It is a thesis that does not permit of direct proof because it is an assertion about the world, not a proposition in logic” (Stigler and Becker 1977, p.76).

This latter point is strikingly similar to the axiomatic character Bentham gives to the principle of utility. Bentham does not discuss this principle: it does not allow proof because it is a first principle used to prove everything else (Bentham 1996 [1789], p.13). This means that, as in Becker, there is no explanation as to why they conceive human beings as utility maximizers. Thus, in Halévy’s terms, the axiomatic character given to the enunciative sense of the utility principle corresponds to saying

“that every man unconsciously refers to the principle of utility; it means every man considers his utility as a quantity, pleasures and pains as vectors to which

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17 “Is it susceptible of any direct proof? it should seem not: for that which is used to prove every thing else, cannot itself be proved: a chain of proofs must have their commencement somewhere. To give such proof is as impossible as it is needless.” (Bentham 1996[1789], p.13).
arithmetical operations can be applied, and the ends of human action as a possible object of science" (Halévy 1995 [1901], I p.39, our translation).

There is a precise conception of human nature behind this enunciative sense of the principle of utility. Mitchell (1918, p.172-6) synthesizes it in the following features: 1. human beings are hedonistic; 2. human beings are rational; 3. human beings are passive; 4. human beings' only faults are calculation errors; 5. human beings have a preference for their own selves.

Conceiving households as producers of commodities which, in turn, allow maximizing utility may seem far from Bentham’s enunciative sense of the utility principle. But the characteristics of human nature implied by it are certainly very close to those implied by the economic approach to human behavior. Households as producers of commodities corresponds to a technically more advanced notion of human beings as pleasure producing machines that follow a predetermined guide of action. That is, human beings respond to a mechanic of passions and their interactions correspond to the positive and negative externalities they generate on each other as a result of the maximization of their own utility.

Furthermore, as Force (2003, p.95) points out, “Becker sees Bentham’s system as an anticipation of his own because it postulated objects of choice that were abstract entities, removed from empirical observation”. In his listing of pleasures and pains Bentham includes those of taste, sexual appetite, senses, wealth, power, influence and authority, curiosity, amity, reputation, sympathy, antipathy, self-regarding and the pains of labor, death and bodily pains (Bentham 1983[1817]). Thus, pleasures and pains are not directly associated with market goods, they can be seen as products of the individual or the household. From this Force (ibid) establishes a direct link between the notion of utility used by the economic approach and the benthamite notion of pleasure. In this sense, Force
continues, Becker “can safely assume that we all want health, prestige, sensual pleasure, benevolence or envy in the same degree because of the pleasure these goods bring us.”

The enunciative sense of the principle of utility then appears to be present in the economic approach to human behavior. It is this sense, we have argued, that allows making the economic approach a plausible explanation of all human behavior. It is in this sense that we submit Becker is the modern representative of Bentham’s system and accomplishes Bentham’s wish of proposing a comprehensive method of analysis thus founding economics’ pretension of becoming a social philosophy.

4. Economics as a Method

Bentham’s explicit treatment of political economy assumes it is a branch of legislation. Political economy corresponds to the efficient administration of national wealth following the principle of utility. This means, the aim of political economy, as that of any other branch of legislation, is to determine when the government must intervene in order to guarantee the greatest happiness for the greatest number. In economics, this implies that given that government is an evil in itself because it constraints human liberty, government intervention should be reduced to its minimum and follow a case by case study. Political economy then has to do with specific problems, the study of which must lead to specific policy recommendations.

Even if Bentham seems to give a definition of economics in terms of its subject matter, as we have already argued, it corresponds to a systematic application of the principle of utility. This methodology aims at guaranteeing in the economic sphere, as in any other sphere of human action, the compatibility
between the enunciative and the censorial sense of the principle of utility. In the economic sphere this compatibility means solving the problems arising from insufficient information or externalities.

Therefore, the possibility of applying economic calculus, pleasure – pain calculus, to explain all human behavior and therefore social phenomena leads to define economics as a method rather than as field of study. Economics corresponds then to an attitude of the human mind, to a natural disposition towards calculation (e.g. “all passions calculate”). Therefore, economics becomes the social science, it becomes a social philosophy explaining all social phenomena, political, cultural, sociological and even moral.

A major implication of this definition of economics is, as McCloskey (1998) calls it, its ethical nihilism. McCloskey traces this ethical nihilism “to Bentham, viewed as a hero by recent ethical nihilists such as George Stigler, Gary Becker or Judge Richard Posner” (1998, p.305). When every motive of action is reduced to maximizing pleasure and minimizing pain, then the criteria of right and wrong, of good or bad, is reduced to a correct calculus of utility. Morals becomes a technical problem and moral fault becomes a miscalculation. Thus, through Bentham and Becker, economics as a method rather than becoming independent from morals absorbs it. All virtues are reduced to the ability to calculate (which McCloskey identifies with Prudence (1998, p.314).

This is possible because of the conception of human being and human action underlying Bentham’s and Becker’s theories. Bentham’s anthropological conception can be seen then as the foundation of the rational economic agent. In his economic writings, even if there is no systematic study of human behavior, Bentham builds his analysis upon this figure. In this sense, Bentham appears as the direct ancestor of the economic approach. Guidi (1997, 3) remarks that
“Bentham’s methodology of analysis – based on the deliberations of ‘calculative’ individuals who maximize their ‘profit’ under constraints – makes of his ‘economic approach to politics’ more than an anticipation of the modern economic analysis of (private and public) institutions” and, we would add, of all social phenomena.

In spite of the points we have strived to show are common to both authors, important differences remain. The first and most obvious is the goal each author proposes: Bentham aims at social reform whereas Becker seeks to explain social phenomena. Bentham did all he could to implement his projects (e.g. the panopticon prison or the chrestomathic school) and constantly wrote to politicians even if they had not asked for his advice. Becker “has not played any significant role in the policy arena, either as an advisor to political candidates or in a position in government” (Fuchs 1994, p.191). Bentham’s study was intended to show that in order to reach the greatest happiness it was necessary to influence human conduct: “And as the only means by which any individual can be engaged to operate toward it [the greatest happiness], the happiness of that same individual: viz. either by indicating or creating an interest operating upon him as a motive and engaging him to operate towards that end” (Bentham 1983 [1817], p.60). Becker does not explicitly advocate any such end. In his treatment of crime or discrimination he does advance policy recommendations (e.g. augmenting fines rather than imprisonment periods) but he does not see them as a means towards greatest happiness. Becker’s justification reads in terms of economic efficiency18: crime should be controlled because it produces diseconomies (Becker 1968, p.173).

The difference, as noted by Becker himself, is that Bentham was more concerned with what individuals ought to do rather than with what they actually do:

18 “The main contribution of this essay, as I see it, is to demonstrate that optimal policies to combat illegal behavior are part of an optimal allocation of resources” (Becker 1968, p.209).
“he [Bentham] was first and foremost a reformer — and did not develop a theory of actual human behavior with many testable implications.” (Becker 1976, p.9). Guidi (2000, p.5) remarks that Bentham’s utilitarian approach “examines the whole field of legislation in the light of an ethical standard, whereas [economic analysis] rejects valuational implications”. This, as noted earlier in this section, may be contested on the basis of the consequences of introducing the enunciative sense of the utility principle within the economic approach.

There is however one point on which both analyses agree concerning applied economics (as a social philosophy): a system of punishments and rewards is the most effective way of influencing individual behavior. Therefore, understanding human behavior is the first step towards effective policy-making regardless of the final end. In this sense and in benthamite terms, Becker applies the second sense of the principle of utility and considers its consequences in terms of social phenomena. Even if, according to Becker, Bentham “did not maintain the assumption of stable preferences” he did believe that only through application of the principle of utility was it possible to understand society.

A second difference seems to be more problematic and deserves further study. As has been shown in section 2.2, the relationship between utility theory and hedonistic psychology is not straightforward. Many economists since Alfred Marshall have argued economic theory has nothing to do with such a psychology or with utilitarianism at large.

“To be a utility maximizer is merely to choose the available option one most prefers (or, in the case of ties, to choose one among the set of maximally preferred options). Although the utility language was inherited from the utilitarians, some of whom thought of utility as a sensation with a certain intensity, duration, purity or propinquity (Jeremy Bentham 1789, ch. 4) there is no such implication in contemporary theory. To speak of individuals as aiming
to maximize utility or as *seeking* more utility may suggest misleadingly that utility is an object of choice, some ultimately good thing that people want in addition to healthy children or better television. But the theory of rational choice specifies no distinctive aims. This fact is of considerable importance to moral theory, for utility theory as such is detached from any hedonistic psychology.” (Hausman and McPherson 1993, p.680).

However, we have tried to argue that, at least, in the sense that the economic approach understands utility in can be closely related to the hedonistic psychology underlying Bentham’s utilitarianism. This would lead to a further analysis of the theoretical and epistemological implications of reintroducing a moral philosophy within economic analysis.

5. Concluding Remarks

Bentham defines individuals as beings capable of feeling pleasures and pains, whose behavior is governed by his/her self-interest, his/her egoistic and sympathetic passions. Furthermore, the individual calculates precisely because he/she is governed by his/her passions. This calculating individual is the foundation of a pragmatic philosophy that makes every aspect of human life a technical problem. To the extent that this view can be considered as the foundation of the economic approach to human behavior, Becker can be seen as the modern representative of this pragmatic philosophy.

Bentham thus gives a philosophical justification to the economic approach to human behavior. Through the enunciative sense of the principle of utility, Bentham gives a new foundation to all human behavior: calculus, utility maximization. We have argued that this attitude of the mind to calculate gives a particular definition of economics; this definition then leads to assert that Bentham’s pragmatic
philosophy absorbs all the spheres of human action thus legitimizing the economic approach to human behavior not on technical but on philosophical grounds.

References


