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Human Action and Agency

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Scientific explanation is generally understood to be causal explanation, such that all causes are thought to have effects and all effects are thought to have causes. This creates a fundamental problem for any discussion of human action and agency, where these are understood in terms of a human capacity to initiate new causal chains. Specifically, on the one hand we suppose that human agency has causal properties in that human action has effects on the world; yet on the other hand, we also suppose that the capacity to initiate new causal chains cannot itself be the effect of prior causes. That is, we tend to treat human action and agency as part of the world's causal order when we consider the effects of our actions, but then turn around to deny that human action and agency are part of the causal order when we speak of our capacity as agents to act freely. Thus the problem of agency is to explain how

human action is both part of the causal order and simultaneously independent of that order. Philosophers regard this as the problem of freedom and determinism (for example, Nagel 1986: ch. 7).

Neoclassical approaches

Neoclassical economics approaches the problem of agency and action from a methodological individualist perspective, or from the idea that all action arises out of the choices of individuals. Accordingly, explaining human action is a matter of explaining individual choice, where this in turn, as Elster (1989) puts it, is a matter of explaining individuals' desires (or preferences) and opportunities (or constraints). For example, consumer behavior is understood in terms of what people want, given their resources. Two approaches may be distinguished. Some neoclassical economists, following Stigler and Becker (1977), argue that all people have essentially the same preferences and desires, so that choice and human action reduces to differences in opportunities. In this instance, choice may be said to be determined by the constraints and opportunities an individual has. Individual action is then explainable as an effect of those factors that cause the individual to have a particular opportunity set. However, this means that agency, understood as the capacity to initiate new causal chains and act freely, is not explained.

Other neoclassical economists allow that individuals' desires and preferences differ, but this does not make it possible to explain how choice may freely originate. On the standard view, the formal, axiomatic representation of individual objective functions fully explains the content and structure of individual desires and the preferences they generate. Thus, for any given set of opportunities, there is always a determinate response on the part of the individual, explainable in terms of that individual's desire/preference structure. That is, an individual's desires cause the "choice" an individual makes. In comparison to the Stigler-Becker view, where opportunities dictate choice, on this view desires and prefer-

ences, given an opportunity set, dictate choice. On both views, however, choice is caused by something else – namely, desires or opportunities – and individuals only fail to behave as the theory predicts if they are “irrational.” Thus while, on the neoclassical view, social science explanation conforms to the standard cause-and-effect model, it does not provide an account of human action and agency.

Of course, the classic philosophical problem of freedom and determinism will not be solved in the work of social scientists; but, given the belief that human agency is a real dimension of economic life (equally presupposed by neoclassical and heterodox economists), adequate social science requires analysis that allows for the possibility of free action in human affairs. Heterodox economists thus strive to explain the economy in terms that account for how action can be relatively independent of causal frameworks in which it occurs. Two principal approaches can be distinguished.

A post-Keynesian non-ergodic world

Post-Keynesianism, especially as it emphasizes Keynes on true uncertainty, rejects the neo-classical assumption that the world is ergodic. To say that the world is ergodic is to say that its laws or basic causal relationships are unchanging. Thus, neoclassical economists focus on risk rather than uncertainty because, unlike post-Keynesians, they suppose that the probability distributions of future events are settled and knowable. Post-Keynesians hold that an economy's causal relationships may change, that consequently the probability distributions of future events are generally not knowable, and that uncertainty, not risk, needs to be incorporated into expectation formation. Moreover, the reason that post-Keynesians hold these propositions is that they believe economic reality is transmutable, that is, that it may be transformed by human action (Davidson 1996).

This understanding clearly does provide an account of agency lacking in neoclassicism. On the neoclassical view, individuals' actions are fully explainable in terms of prior causes.

Empirical research aims at uncovering the arguments (preferences) in utility functions, on the assumption that these same arguments will dictate like future behavior in a world disturbed only by “exogenous shocks.” On the post-Keynesian view, knowing individuals' past choices is only a partial guide to future behavior, and individuals need to be understood as agents that have the power to initiate new causal chains of events.

There are two rationales behind the post-Keynesian view. First, in a transmutable world – one that is historical and path-dependent – change in the objects of choice is necessarily associated with change in preferences. One cannot prefer *A* to *B* in a world in which *A* and *B* no longer exist, but *A'* and *B'* do. What explains the capacity of individuals to form new preferences? Though an answer to this question falls beyond the scope of political economy, it may nonetheless be said that the element of indeterminacy this capacity introduces is fully compatible with saying that individuals act as free agents. Second, in a transmutable world, human action changes the future. This implies that past events fail to dictate future events when human agency intervenes. Thus, seeing the world as non-ergodic is a direct demonstration of a capacity for free action.

Marxian and feminist views on agency

Marxism provides another type of approach to explaining human action and agency. Classical Marxism is associated with base–superstructure explanations in which it is argued that developments in a society's economic base, understood in terms of the forces and relations of production, ramify through to changes in its superstructure, understood in terms of that society's politics, culture and property relations. Thus development in the former, broadly speaking, causes developments in the latter, though with lags and reverse repercussions. This analysis has led some commentators to argue mistakenly that Marxist views of history are deterministic in the sense that an inescapable logic dictates the

course of events. A more accurate conception involves saying that broad patterns of historical development, especially as reflecting the evolution of the modes of production and social formations, account for the general pattern of events. Where does human agency, then, come into this picture?

Marx's class analysis characterized the proletariat as the universal class in the sense of being that class with no attachment to either capitalism or class society *per se*. In his view, this unique status enabled working people to understand the nature of EXPLOITATION, social forces, and generally the factors that caused them to act as wage laborers. However, this understanding also had a revolutionizing effect in that it gave them a further capacity to step outside of the causal framework of their lives. Revolutionary action, then, was free action for Marx, and the working class was a genuine agent of historical change. Though history might move in broad patterns, how it was played out at particular points of time and in specific arenas was due to free activity tied specifically to consciousness of that history.

For Marx, of course, classes, and individuals, to the extent that they act with class consciousness, are society's agents. However, Marx's general model of agency has been adopted by other heterodox thinkers for different types of agents. Feminists, for example, also hold that gaining an understanding of the causal frameworks in which individuals generally operate creates a capacity to act freely and overcome those frameworks, when they argue that women who develop an understanding of patriarchal society may transcend patriarchal relationships, and help others to do so as well. We might thus emphasize Marx's general approach as a dialectical one in assuming that a causal process may itself bring forth breaks in a causal order, here due specifically to the emergence of human agency.

Conclusion

Heterodox economists, therefore, place important emphasis on having accounts of human action, and yet also work with different

strategies for explaining agency. Ironically, neoclassical economics, which begins with the methodological individualist postulate that all actions derives from individuals, lacks a clear means of arguing that individuals are indeed agents in the sense of initiating causal sequences. This would seem to be an important deficiency, since explaining the world in cause-and-effect terms ought not exclude that set of (initiating) causes due to human action and agency.

See also:

Austrian school of political economy; dialectical method; feminist political economy; major contemporary themes; holistic method; individual and society; institutions and habits; Marxist political economy; contemporary varieties; methodological individualism and collectivism; neoclassical economics; post-Keynesian political economy; major contemporary themes

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human capital

Origins and history

Human capital refers to the broad range of knowledge and skills possessed by individuals, making it possible for them to produce goods and services. As with physical capital, human