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The Journal of Sociology & Social Welfare

Volume 6
Issue 4 June

Article 9

June 1979

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Recommended Citation

Berkowitz, Irv (1979) "Social Choice and Policy Formulation: Problems and Considerations in the Construction of the Public Interest," *The Journal of Sociology & Social Welfare*: Vol. 6 : Iss. 4 , Article 9.
Available at: <https://scholarworks.wmich.edu/jssw/vol6/iss4/9>

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SOCIAL CHOICE AND POLICY FORMULATION: PROBLEMS
AND CONSIDERATIONS IN THE CONSTRUCTION
OF THE PUBLIC INTEREST

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ABSTRACT

The need for and adoption of certain social policies for the nation are frequently rationalized by their advocates as being in the public interest. Often, though, the interest of the many merely disguises the special interests and wants of the few. It is obvious that the social choices made in the policy process only rarely benefit the interests of all without being adversely consequential to some. This paper argues that the problem of social choice in the conflictual process of policy making is as much a conceptual dilemma as a practical political or economic one. A major source of this confusion derives from the lack of a consensually valid conceptualization of the public interest—how it is defined, measured, advanced and operationalized in public policy. An analytical framework is used to define and assess the nature of the public interest and the conditions which must prevail if any social policy can be said to be in the public interest.

According to Kenneth Arrow (1951), as articulated in his "impossible theorem," it appears impossible to translate the will (or opinion) of the public (masses) into a coherent public policy which is consistent with the expressed preferences of all individuals constituting a social aggregate. The technical difficulty in welfare economics is one of developing a formula for aggregating individual utility functions with regard to alternative states of society into corresponding collective (social) preferences such that the application of this formula always yields "determinate" (transitive) social preferences that satisfy "minimal" and "reasonable" requirements of democracy. Arrow began his historic work by elucidating his assumptions regarding individual behavior in decision-making. It becomes eminently

clear in the following passage that a "rational actor" construction of classical economic vintage is the assumed model of decision-making.

We assume that there is a basic set of alternatives which could conceivably be presented to the chooser. These alternatives are mutually exclusive; they are denoted by the small letters $x, y, z \dots$. On any given occasion the chooser has available to him a subset (S) of all possible alternatives and he is required to choose one out of this set. . . . It is assumed further that the choice is made in this way: Before knowing the set (S), the chooser considers in turn all possible pairs of alternatives, say x and y , and for each such pair he makes one and only one of three decisions: x is preferred to y , x is indifferent to y , or y is preferred to x . The decisions made for the different pairs are assumed to be consistent with each other, so for example, if x is preferred to y and y to z , then x is preferred to z ; similarly, if x is indifferent to y and y to z , then x is indifferent to z . Having this ordering of all possible alternatives, the chooser is now confronted with a particular opportunity set (S). If there is one alternative in (S) which is preferred to all others in (S), the chooser selects that one alternative. (p. 12)

The first of Arrow's assumptions, then, is that any two alternatives are comparable. For any pair of alternatives x and y , either x is preferred to y , or y to x , or the two are indifferent to each other. This preference or indifference relationship between pairs of alternatives is referred to as the property of "connexity."¹

The property of consistency in the preferences (value judgments) between different pairs of alternatives may be stated (as the second assumption) more precisely as follows: if x is preferred or indifferent to y and y is preferred or indifferent to z , then x must be either preferred or indifferent to z . Such a "consistent" relationship is said to be "transitive."

Finally, and perhaps most important, Arrow assumes that the choice from any environment is determined by the rational "ordering" of conceivable options in terms of their relative desirability. A particular configuration of preferences (ordering) constitutes an expression of the chooser's value structure or system. Thus, if there is an alternative in the environment that is preferred to every other, then it is the chosen element.

The following "reasonable" conditions established by Arrow were specifically designed to be imposed on the social decision process (policy making) so as to ensure "rationality" and the "requirements of democracy." They can be summarized as follows:

Collective Rationality: For any given set of orderings, the social choice function is derivable from an ordering. (In other words, social choice has the same structure as that which was assumed in individual decision-making.)

Pareto Principle: If alternative x is preferred to alternative y by every single individual according to his ordering, then the social ordering also ranks x above y. (The term social ordering is derived from the previous condition of Collective Rationality.)

Independence of Irrelevant Alternatives: The social choice made from any environment depends only on the orderings of individuals with respect to the alternatives in that environment. (This assumption recognizes that while a certain number of logically possible options may exist, that the social choice be based upon those "available" in the environment.)

Nondictatorship: There is no individual whose preferences are automatically society's preferences independent of the preferences of all other individuals.

Given the foregoing assumptions and conditions, Arrow illustrates the problem of social choice ("a procedure for passing from a set of known individual tastes to a pattern of social decision-making") by invoking the well-known "paradox of voting." He formulates it as follows:

Suppose there is a community consisting of three voters, and this community must choose among three alternative modes of social action. . . . Rational behavior on the part of the community would mean that the community orders the three alternatives according to its collective preferences once for all, and then chooses in any given case that alternative among those actually available which stands highest on the list. A natural way of arriving at the collective preference scale would be to say that one alternative is preferred to another if a majority of the community prefer the first alternative to the second, i.e., would choose the first over the second if those were the only two alternatives. Let A,

B, and C be the three alternatives and 1, 2, and 3 the three individuals. Suppose individual 1 prefers A to B and B to C (and therefore A to C), individual 2 prefers B to C and C to A (and therefore B to A), and individual 3 prefers C to A and A to B (and therefore C to B). Then a majority prefer A to B and a majority prefer B to C. We may therefore say that the community prefers A to B and B to C. If the community is to be regarded as behaving rationally, we are forced to say that A is preferred to C. But in fact a majority of the community prefer C to A. So the method just outlined for passing from individual to collective tastes fails to satisfy the condition of rationality as we ordinarily understand it. (pp. 2-3)

The problem evident here is that each individual has a perfectly consistent (transitive) set of ordered preferences and yet, the group (collective) preference, as determined by a majority vote, is inconsistent (intransitive). Thus, Arrow concludes that it is impossible for a society to take into account the preferences of all its members in the formulation of its policies.

Most, if not all policy decisions are examples of what has herein been referred to as problems of "social choice" (desired outcomes or goals and the preferred means or pathways for their attainment). Value judgments are implied in any given way of making social choices based on individual utilities. Values, while intangible things of mind, serve as criteria or guideposts which direct individuals in the selection of appropriate behavioral alternatives in a given situation. A preference within a policy/planning framework would be a "value in action" (Kahn, 1969:98). If we accept the fact that values logically precede the policies which operationalize them (or attempt to), then we can logically deduce that value considerations (i.e., problems, questions, interests) impinge upon and are reflected in the process and outcome(s) of policy formulation, development, implementation, and evaluation. Indeed, as one economic and social theorist and philosopher of science, Gunnar Myrdal (1958), has observed—value-neutrality is unattainable, even in the institution of science:

That a term is value-loaded is, even when used in scientific inquiry, not itself a ground for objection. It has been a misguided endeavour in social science for a little more than a century to seek to make "objective" our main value-loaded concepts by giving them a "purely scientific" definition,

supposedly free from any association with political valuations. . . . There is no way of studying social reality other than from the viewpoint of human ideals. A disinterested social science has never existed and, for logical reasons, cannot exist. The value connotation of main concepts represents our interest in a matter, gives direction to our thoughts and significance to our inferences. It poses the questions without which there are no answers. (p. 1)

"Man is full of wants," said Blaise Pascal (p. 18), "he loves only those who can satisfy them all." Indeed, economic activity seems based upon the fundamental assumption that human wants and desires (values/preferences), in the aggregate are unlimited or insatiable. Why?

Because once our basic needs are met, we desire variety in the way they are met—variety in foods, in housing, in clothing, and in entertainment. Additionally, as we look around, we see other people enjoying things that we do not have . . . and we think that our level of well-being would be higher if we had those things, too. But most important of all, want-satisfying activity itself generates new wants. A new house generates wants for new furnishings—the old ones look shabby in the new setting. A college or university education opens the doors to wants that would never have existed if we had stayed on the farm or in the machine shop. To be sure, any one of us can saturate ourselves—temporarily, at least—with any one kind of good or service, but almost all of us would like to have more than we now have and better quality in our purchases than we can now obtain. (Leftwich & Sharp, 1976:8).

Policy-makers and planners are confronted with the age-old dilemma of not being able to satisfy all the people all the time. They are faced with a multifarious range of competing values, interests and demands from a seemingly infinite array of individuals, groups, agencies, institutions, etc. According to Kahn (1969), "the value-preference issue is complex because:

- a. there are conflicting values at stake;
- b. value questions must often be posed in an "as if" form;

- c. it is difficult to clarify just what the prevalent values or preferences are;
- d. values are not always transitive;
- e. there is often dispute as to whose choices are relevant or most relevant to the decisions to be made;
- f. it is difficult to translate technical issues into their value consequences in a completely objective fashion. (p. 106)

Whether social decisions concern welfare policy, manpower policy, energy policy, tax policy, environmental policy, agriculture, education, health, ad-infinitem, it is axiomatic that they will affect the "interests" of people in a myriad of ways. Only rarely will a policy decision be beneficial to the interests of all people concerned, or not be construed as adverse or inimical to the interests of others. When a unanimity of interests does occur, it is generally maintained that the particular policy in question should be adopted. In most instances, however, this consensual validation is lacking and the condition(s) essential to the application of the Pareto principle mentioned earlier does not obtain. Thus, the problem of social choice, or how to decide which policy balances the benefits (gains or advantages) which accrue to some, against the corresponding detriments (costs, losses or disadvantages) of others. The posture assumed by this writer is that the problem of social choice inherent in the policy making process is as much a conceptual issue as a practical one related to the construction of the "public interest."

One of the classical statements which addressed the question of what the public interest is, derived from the nineteenth century philosopher Jeremy Bentham in his book An Introduction to the Principles of Morals and Legislation. He avers:

The interest of the community is one of the most general expressions that can occur in the phraseology of morals: no wonder that the meaning of it is often lost. When it has a meaning it is this. The community is a fictitious body composed of the individual persons who are considered as constituting as it were its members. The interest of the community then is, what?—the sum of the interests of the several members who compose it.

He further exclaims:

It is in vain to talk of the interest of the community, without understanding what is the interest of the individual. A thing is said to promote the interest, or be for the interest of an individual, when it tends to add to the sum total of his pleasures; or, what comes to the same thing, to diminish the sum total of his pains. (pp. 3, 30)²

An incidental note, worthy of mention here, is the observation made by the perspicacious French scholar, Tocqueville, in his brilliant and inimitable study of Democracy in America (1848:175):

Private interest, which always plays the greatest part in political passions, is there more skillfully concealed beneath the veil of public interest; sometimes it even passes unobserved.

An action or measure of government, then, is in the public interest "when the tendency it has to augment the happiness of the community is greater than any it has to diminish it." His account of the "community" interest is, however, particularly germane to the purposes of this paper.

We shall in these pages attempt to address and contra-distinguish the following pertinent questions related to the problem of what the public interest is.³

1. How do we define the public interest?
2. What policies, measures or acts are in the public interest?
3. How do we determine what particular policies, acts or measures are in the public interest?
4. What is the best policy to adopt?

To this writer, all of the questions above are paramount in any inquiry regarding social policy and the public interest. Bentham attempts to provide a way of finding answers to some of these complex questions in his work. He indicates what the characteristics are of acts or policies in the public interest—namely that an act, policy or measure is in the public interest "when the tendency it has to augment

the happiness of the community is greater than any it has to diminish it." He further states that we can determine which acts, measures or policies are in the public interest by determining what is in the interest of each member of the public (community) and then amalgamating (by his prescribed functions) these interests.

Notwithstanding the answers to questions 2 through 4, it is imperative that we have some valid conceptual construction of what the public interest is, independent of the prescribed methodology for its practical determination.

Jean-Jacques Rousseau's (n.d.) account of the public interest is also noteworthy, albeit less lucid and unequivocal. Rousseau strongly implies that the public interest consists of universally shared private interests. We can infer from Rousseau that something is in the public interest if the "general will" wills it.⁴

Today, considerable emphasis is placed on operational definitions (in response to question #3) to the near total exclusion of answers to the question "how do we define the public interest?" It seems to this writer that much of the confusion resides in the failure (perhaps deliberate) to distinguish between the questions; what policies or acts are in the public interest? and what is the best thing to do, the best policy to adopt? and how do we determine what the best thing to do is? Theoretically, the "public interest" is a critical consideration in deciding what policy to adopt, because if the interests of the public are not protected and advanced by government (federal, state, local) then they may not be sufficiently protected or advanced at all.

I have claimed that it is desirable (if not necessary) to have an answer to the question, how do we define the public interest?, so that any proposed answer to the question, what policies or acts are in the public interest?, can be assessed in terms of adequacy and appropriateness. Simply, how are we to know what proposed goal or outcome is in the public interest if the meaning of the phrase "public interest" remains vacuous? I shall therefore adopt Bentham's definition that an action of measure of government is in the public interest "when the tendency it has to augment the happiness of the community is greater than any it has to diminish it." This raises the problem of defining what is meant by "the happiness of the community" and/or when it can be said that a community is happy. This becomes our point of departure from Bentham. It seems logical to deduce that if a community is happy, all or part of its membership are happy. Therefore:

- a. a community is happy if all of its members are happy;
- b. a community is happy if most of its members are happy (and none are too unhappy); or
- c. a community is happy if most of its members are happy (and not too many are too unhappy).

While the number of conceivable possibilities can be extended, this is not really necessary. Such things as "most," "too unhappy," "too many," etc. are manifestly ambiguous and need not concern us "too much" (pun intended). Instead, we should say something about "promoting" the happiness of the community. In this "fictitious body" which we call society, we are concerned with most people whose quality of life and ultimately happiness is, to some extent, contingent upon the efforts of other people. Fundamentally, it would appear that the happiness of the people would more or less depend on the extent to which their basic needs are met, and on the equitable apportionment of benefits and burdens. Anything which ensures or contributes to the satisfaction of basic needs and/or the just distribution of socio-economic costs and benefits, can be said to promote the happiness of the community (public).

In a contemporary statement (or restatement) of the problems associated with the "public interest," William C. Mitchell (1971) writes:

. . . the public interest is not some Platonic or abstract ideal apart from the expressed preferences of individuals. I may not like what others have chosen; in fact, many choices that others make in politics, art, wine, style of life, social science, and the like, are unattractive to me and I often complain about them to my wife and, on rare occasions, to the offenders directly. But we should not deceive ourselves that our personal views are the public interest. . . . Some scholars have suggested that we abandon the term "public interest" and they make a persuasive case for it—if only to avoid the unfortunate connotations of the concept. No doubt we will continue to use the term; the public interest is still worth striving for, but only if we understand that it is but a summary term for individual preferences. There is no such thing as public apart from the people who constitute that aggregate. So understood, the public interest means that one policy is better than another if it contributes more satisfactions to more people than its alternatives. (pp. 246-247)

There is a distinction that we shall now attempt to elucidate between the interests of the public and something's being in the interest of the public at any particular time. Things which are a person's interests are, for example, general ways of enhancing his opportunities for fulfilling his expectations or aspirations and promoting and protecting his well-being. Acquiring more resources, power, status, etc. are among the different ways of doing, achieving, or maintaining these things. When any policy or act is in a person's interest, it improves (or should) his opportunities in any of these ways.

Of course, people are different in many ways, including their expectations and aspirations, and obviously what may be in one person's interest may not be in another's. Consequently, it is argued here that an account of a person's interest in constructing the public interest must be sufficiently abstract to accord with the fact(s) of pluralistic and intricate values, cognitive and behavioral needs, capacities, orientations, etc., and diverse publics, to name a few. These are not, however, the only relevant facts. It can be plausibly argued that most people have similar wants and expectations, and that many of the same kinds of things (i.e., money, job, health care, food, power, etc.) are pertinent to each person's well-being and quality of life.

Having enough to eat is one of my "interests" in that it is necessary for protecting and promoting my well-being. Any policy which ensures that I have enough to eat is in my interest. Indeed, it is safe to presume that having enough to eat is an interest of anyone and everyone. What constitutes "enough" would, of course, vary from person to person, but notwithstanding the manifest differences in the criteria of sufficiency, every person has as one of their interests, having enough to eat.

The question I raise now is, whether the fact that something's being an interest of everyone is a sufficient condition for making it a public interest. My response to this question is "not quite" or "not necessarily." I would stretch the criteria further and consider whether the interest in question might be in danger of not being adequately promoted or protected, if not advanced or protected by government. Furthermore, considering the social or public nature of certain problems and processes (i.e., growing and distributing food) which are subject to the vagaries of the weather, the market and other economic and political factors, the interest in question can and must be protected and promoted by government (federal, state, or local).

To return to my example, I would argue that if a certain policy is in the public interest because it will provide enough to eat for anyone meeting the aforementioned conditions, then no one can purport that this policy is not in the public interest because he or she (being rich and well fed or otherwise protected from threat of starvation) will not directly benefit from it.

Another issue worth noting is the distinction between interest, better interest and best interest as they apply to social policy and the public interest. The fact that a certain policy is in the public interest is not the determinant of whether it is, will be, or should be adopted. Another policy may be in the better interest of the public. A guaranteed annual income policy granting a basic benefit of \$3000 may very well be in the public interest, but a policy alternative favoring a grant of \$4000 may be more in the public interest. Likewise, some policy may be in the public interest (i.e., strict pollution control standards and deadlines), but may not be in the best interest of the public (threats of immediate and long term socio-economic ramifications—inflation, unemployment, etc.). Indeed, as Jonathan R. T. Hughes (1977) pointed out, The Governmental Habit of intervention (i.e., monetary or regulatory) under the aegis of the public interest, has invariably given rise to governmental control and bureaucracy. In some cases, however, the question is Who regulates who in whose interest?

A continuing dilemma of regulatory agencies is that they can become vehicles whereby the regulated regulate the regulators in the interest of the regulated, rather than that of the public. (Hughes, 1977:102)

In summary, this writer has argued that something is a public interest if it is an interest of anyone who is a member of the public; that is, if it is necessary for the protection and/or enhancement of anyone's welfare. A further stipulation, however, was that in such instances the means for one's own protection or improvement was beyond the scope or capability of the individual members of the public, such that it is likely to be achieved, performed, or maintained only by government.

Footnotes

1. As enunciated by Arrow, each alternative in a theory of consumer choice is a "commodity bundle." Rational choice is contingent

upon pairwise comparisons. Consequently, in the firm each alternative consists in a particular configuration of inputs and outputs; in welfare economics, each alternative represents a "distribution of commodities and labor requirements; in the political marketplace of electoral choice, we can define voting (including the outcome) as the collective exercise of choice among a range of alternatives (i.e., candidates) which presumably is a device for achieving a selection of a particular set(s) of policies.

2. These excerpts were taken from Alfred N. Page (ed.) (1968) Utility Theory: A Book of Readings. New York: John Wiley and Sons.
3. Virginia Held, in her book, The Public Interest and Individual Interests (New York, 1970), pp. 12-13, gives a list of eight questions which overlap those given here.
4. See Chapters III-V, Jean Jacques Rousseau, The Social Contract (New York: Hafner Press, 1975).

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