

# **Difficulties with the Social Choice Rule Approach to Rights: Some Comments on Brunel and Salles**

Peter J. Hammond

Department of Economics

Stanford University, CA 94305-6072

U.S.A.

e-mail: [hammond@leland.stanford.edu](mailto:hammond@leland.stanford.edu)

The accompanying paper by Brunel and Salles does well to remind us how Sen's (1970) pioneering social choice rule (SCR) approach to rights is really the essential starting point for economists' interest in the theme of the conference. The paper also succeeds in identifying some reasons for dissatisfaction with this SCR approach. Though it mentions the alternative game form approach, this is not discussed in any detail. Yet as I have argued in Hammond (1995), there is a close correspondence between respect for rights in an SCR and in the equilibrium of a game form. However, the increased generality afforded by a disequilibrium in a game form does help to resolve at least one of the difficulties, as will be discussed below.

## **First Difficulty: Social Choice in Economic Environments**

To quote: "social choice over feasible allocations involves many difficulties". This is true. Moreover, when the feasible set of economic allocations is an Edgeworth box EB, the authors go on to claim: "Since social choice is a choice between elements in EB, we must consider individual preferences over EB." Also true. But it is not true that we must consider *only* individual preferences over EB, even if one imposes Arrow's independence of alternatives condition.

In particular, consider the alleged difficulty over monotonic preferences. When only allocations within EB are included in the domain of social states, every consumer with the usual "selfish" preferences for personal consumption has a point of satiation at one corner of EB. Monotonicity is then violated. However, social choice theory should be able to decide how to reallocate goods in any Edgeworth box, no matter what the total endowments of different goods may be. In economies where production is possible, it should also allow us to make the comparisons needed to choose the size of the Edgeworth box, in effect. After all, such tasks are exactly what a social preference ordering is intended for. For this reason the relevant domain of social states consists of all possible consumption allocations in the Cartesian product space of

different individuals' consumption sets. But once this product space is allowed, preferences will be monotone whenever they are in the exchange economy, in the usual sense discussed in general equilibrium theory. Thus, the alleged difficulty with monotone preferences is entirely the result of artificially restricting the domain of social states to allocations within one single Edgeworth box.

Next, in order to apply the Pareto criterion of social choice theory to allocations within EB, it is noted that individuals' preferences must be extended to entire economic allocations. The obvious way of doing this is to follow every microeconomics textbook and assume that individuals are indifferent to all changes in the consumption vectors of other individuals. Thus, in comparing any two economic allocations, an individual is assumed to compare only his or her own two consumption bundles.

Now, the authors claim that "this appears to us a denial of social choice where decisions should be based on ethical judgements about social justice, inequality, redistribution, and so forth". But I would argue that normative social choice theory should be about how to heed individuals' legitimate interests — selfish or otherwise — when making social decisions in an ethically appropriate way. This being so, in my view the most important ethical judgements are those which get reflected in the social choice rule rather than in the individuals' own ethical values. Of course, it might be much easier to implement ethically satisfactory decision rules in a society of ethically sensitive individuals. But one should beware of basing social ethical judgements too heavily on individuals' ethical values, or lack of them. Otherwise there is a danger that, for instance, the selfish beneficiaries of altruistic sentiments will receive undue weight compared to those expressing such sentiments.

So there really are some difficulties. But it is easy to add to them unnecessarily by following Chichilnisky (1996) in restricting unduly the domain of social states one is willing to consider, or by confusing ethical values that should be captured in the social choice rule with those that are relevant to individuals' own preferences. And by confusing individuals' preferences with the appropriate concepts of ethical well-being or value, suitably modified, which are what one needs as a basis for making rational ethical decisions.

## **Second Difficulty: Rights Imply Local Dictatorship**

In Sen (1970a, Chapter 4\*) Condition D\* is defined, requiring that there should be no local dictator who is decisive for  $a$  over  $b$ , for some pair of social states  $a, b$ . Brunel and Salles point out that minimal liberalism actually requires the existence of at least two local dictators in this sense! Now, recall that Arrow's definition of a dictator is used to show how dictatorship cannot be

avoided given the other conditions of Arrow's impossibility theorem. With this in mind, it should be pointed out that Sen proves possibility results showing how the Pareto rule can be satisfied without there being local dictators. Indeed, the Pareto rule actually prevents the existence of local dictators. In some sense, the liberal paradox is a corollary of this result.

First thoughts make Brunel and Salles seem clearly right in describing this as a "semantic confusion". But second thoughts may be better. After all, the SCR approach to rights really does require people to be "local dictators" over personal matters where it is accepted that they should be free to exercise their rights. In the SCR approach, therefore, local dictatorship actually becomes a desideratum, provided that the "localities" are appropriate. Our feelings of revulsion should be reserved for non-local dictatorships, or for local dictatorships affecting issues that should not be treated as local.

### **Third Difficulty: The Anatomy of Social Choice Rules**

Brunel and Salles also mention some ideas due to appear in Saari (1998). Any SCR satisfying Arrow's independence of irrelevant alternatives condition effectively decomposes into separate SCRs for each pair of social states. Saari points out that such rules, and some others as well, really fail to distinguish between transitive and intransitive individuals' preferences, thus effectively discarding information that might be regarded as relevant. In a related suggestion for resolving Sen's libertarian paradox, Saari restricts the scope of the Pareto criterion to pairs of social states which do not overlap with any pair over which some individual has a right. This appears even more restrictive than the profiles of "privately-oriented" preferences discussed in Hammond (1982, 1995). Nor does it do anything to overcome the fact that a binary social preference relation respecting individual preferences over appropriate personal issues may violate acyclicity even in the absence of the Pareto criterion, as a famous example due to Gibbard (1974) makes clear.

It probably bears repeating that Gibbard's (1974) example illustrates a fundamental difficulty with the SCR approach to rights. But as Pattanaik (1997) in particular has pointed out, if individuals have rights to play strategies in game forms — especially disequilibrium strategies — rather than to dictate locally the social preference relation, the difficulty largely disappears.

### **The Research Program**

The difficulties noted by Brunel and Salles may have been somewhat exaggerated. But difficulties certainly do remain. Social choice theorists have so far embodied in their formal models only a

very limited conception of rights. Human rights and the rights of the citizen, as usually understood, and especially the degree to which those rights are respected, should be included within the description of a social state. As should other conceptions of rights which have been discussed by philosophers and jurists, though they have been largely ignored by economists and social choice theorists. Brunel and Salles do us a service by reminding us of this other literature, especially some of the most recent relevant writings. But it should also be recalled that some of that literature addresses ideas that bear little on how to make good decisions, which is what social choice theory should be about. Also, just as many economists and social choice theorists have read too little of the relevant literature in philosophy, so too many philosophers know less about economics or decision and game theory than they really need to if social choice theorists and economists are to find much of value in their work. So the literature that goes beyond social choice theory and economics needs to be read carefully and critically, without losing sight of the main decision theoretic issues that should concern us.