

The work upon which I have been engaged over the past six or so years brings together similarly-spirited contributions in a variety of disciplines, though I confess to a feeling that the width of my inquiries means I lack depth in each area. My main influences are;

In economics: the work of Keynes and Shackle on decision making in the face of uncertainty, and the role of conventions in holding the economic system together.

In business history: the work of Chandler (Strategy and Structure) on discontinuous processes of corporate evolution and the difficulties of changing accepted organisational structures and procedures.

In the philosophy of science: the work of Kuhn and Lakatos, on the structure of scientists' beliefs and their evolution.

In psychology: the personal construct school of personality theorists (Kelly, Bannister, Fransella), who see individuals 'as if' they are scientists, seeking to predict and control the complex world in which they find themselves, by means of hypothesis construction and experimentation.

In political science: the work on defence strategies in an uncertain world, by Steinbruner (The Cybernetic Theory of Decision).

In sociology: the ethnomethodology of Garfinkel.

Combining common themes from these works results in a managerially-oriented view of the economist as a strategist/careerist in a complex environment (see my 'Behavioural Theory of Economists' Behaviour', in A. Eichner (ed) (just published) Why Economics is Not Yet a Science), and in a 'Kuhnian' analysis of corporate and consumer behaviour, in which major shifts of direction are very much in the nature of revolutions,

reluctantly embarked upon. I am also coming to see the mind as working in a way similar to the organisational processes of a firm. That is to say, I see ideas as being like officials in a hierarchy: they can, in the long run, be promoted, demoted, moved to other departments or even discarded altogether, but in the short run they occupy relatively fixed positions. High ranking ideas place limits upon how things can be construed in terms of lower dimensions just as, in an organisation or in a courtroom, there are certain notions which are not admissible. But, sometimes, revolutionary thoughts can succeed in overthrowing the whole structure, even when higher ranking constructs attempt to suppress them.

All this is taking me to a rather open view of rational choice: it is simply choice where the decision maker can give a set of reasons for what she does, even if these reasons would not be generally accepted as appropriate or justified. In contrast to this view of rationality, I am also studying 'emotional' choices, where a decision maker may not appreciate consciously the basis for her actions, but where they can be traced to attempts to preserve her hierarchy of beliefs about the scheme of things. The ethnomethodological perspective becomes relevant if we wish to map out the structure of a person's beliefs: repertory grid technique seems to be most promising as a way of identifying relationships between ideas and providing a basis of peeling back the outer layers of a person's world view to expose the core that she does not always realise lies behind her judgments. An understanding of the nature of emotional decision making seems to open up powerful possibilities for policy makers seeking to predict and control the behaviour of other decision makers, and some of my work is involved with pursuing this line of thought.

If it is not inappropriate to view the mind as a judgmental system of rules (a view which means deliberative decisions that appear to depend on reasoning are actually rooted ultimately in procedures that determine what is thinkable and can be believed), then this suggests possibilities for simulating mental processes in terms of computer programmes. But creativity seems to pose a barrier here - judgmental systems may determine whether or not a suggestion - 'What if ...?' - is labelled inadmissible, but if one accepts Koestler's 'bisociation'-based view of creativity then the number of suggestions which could be thrown up would seem to be very large (one can make a very big vocabulary from alphabet soup, with just twenty elements to use as building blocks). Despite this, I feel drawn in the direction of 'protocol analysis' as a means of modelling why people buy what they buy; for with many consumer products it will be unthinkable that the decision maker should challenge conclusions in consumer journals about product performances in certain dimensions.

This kind of thinking is unceasingly pushing me to analyse what consumer journalists themselves actually write in their recommendations, prior to my attempting to conduct proper empirical work. This prelude to systematic empirical analysis is proving very interesting. What a motoring journalist says about the cars she tests often seems totally at odds with the conventional idea that poor performance in one dimension can be compensated for by strong performances in other respects. It seems to fit in well with my argument that choice is best seen as involving a set of 'characteristic filters', in a priority order, where the product that wins is the one to get furthest through the sequence of aspirational tests (see my book The Economic Imagination), or which meets all of the necessary targets (i.e. is satisfactory in a 'conjunctive' sense). Such investigations also point to a need to study in more detail how prices enter into decisions. For too long, price

has been one-dimensional in economics. The more one studies documentary comments, the more pricing-dimensions one can see as possibly being at work, and the policy implications of each are not the same. To give a feel of some of these issues and provide a basis for discussion, I will end with an almost self-contained case extracted from my current work (where there are three price dimensions mentioned; (1) budgeting, (2) re-budgeting in a tie-break, where an initial budget range has proved unnecessarily wide and the consumer finds she can meet all her targets - and possibly some new ones - without spending as much as she had expected, so the question is, does she rate having extra features above having more money in reserve?; (3) 'rip-off' avoidance):

Case 4

From Car June 1983

Small, High
Performance
Hatchbacks

Renault 5TX	(£4,986)
MG Metro	(£4,991)
Ford Fiesta XR2	(£5,356)
Citroen Visa GT	(£4,596)
Fiat 127GT	(£4,250)

The Journalist's Conclusion

The Renault is the first car to discard. Although the 1.4 litre motor has commendable torque and tractability, it lacks the immediate punch of its rivals, while the roly-poly suspension also weighs heavily against it. And curiously, despite the posh-looking interior and overtly luxurious nature, the R5TX is not a comfortable car on long runs.

The Fiat is ruled out with somewhat more regret. It is easily the cheapest car in this bunch (it's nearly £346 less than its nearest price rival, the Visa GT and a whopping £1106 less than the Fiesta). It is also an entertaining car to drive on open windy roads. Like many Italian small cars, it gives the impression that no matter how hard you throw it into a corner, somehow it will manage. But it is spoilt by its poor comfort, noisiness, general lack of refinement and anachronistic interior. Besides it won't be around much longer as the Uno prepares to take over.

And so to the Fiesta. Normally when a car is inherently superior in performance, driving appeal and roadholding/handling in a sports oriented class, we'd award it victory. But not the XR2. For a start it is over-priced. But more importantly its ride quality is so lacking and its high speed mechanical roar so obtrusive that the Ford is actually the least appealing car in this group to take on a long run. The fact that it will be replaced in four months is a further demerit. The good news though is that its replacement will have the far more advanced Escort CVH 1.6 litre engine, better aerodynamics (thus hopefully accounting for the wind roar) and a five-speed gearbox. And hopefully some suppleness in the suspension...

We reckon the MG is also on the pricey side, especially when you bear in mind its performance compared to the cheaper Citroen or Fiat. It also has a jerky ride and its handling at high speed, while safe and stable, does have flaws. But the MG still impresses its tautness and responsiveness make it a favourite for the open road, aided by wonderful, ultra-sharp steering.

But it is the newcomer - the Citroen - that scores a narrow victory. The Visa GT is far from faultless and is in some ways a disappointment. Its engine noise is significantly more obtrusive than that of the smaller engined and higher geared Visa Super E model, and its gearbox clatter sounds like a bag of false teeth. Inside it is also disappointingly standard for a GT car. Rather, the Citroen wins because of its superb combination of ride suppleness and handling excellence, its overall comfort, its brisk performance (second fastest to the XR2 around Castle Coombe remember) and its comparatively restful motorway ability.

Discussion

Here is a report which lends itself particularly easily to interpretation from the characteristic filtering perspective; for there is no indication of the tester having felt the cars were very finely matched. Stripped to its essentials, the report tells us that: the Renault failed in respect of performance and comfort; the Fiat failed in terms of comfort and longevity; and the MG Metro failed against the Citroen owing to a £400 price difference and jerky ride. The Citroen does not dominate conspicuously on any filter except for ride quality, but it wins because of its all round adequacy.

Given that this is a 'sports oriented class' it is particularly interesting to see the verdict on the Ford. Clearly, had there been a conjunctive tie to break, the aspirational tensions in respect of performance-related features would have predominated. But the tester had set standards in respect of comfort and quietness which he or she was not prepared to compromise to obtain the fastest car round the race track. This does not enable us to infer that comfort and quietness are ranked above performance in this decision maker's mind; the statement about inherent superiority in performance, etc., merely tells us how a victory would be decided in the absence of a failure of two or more cars to meet all the other targets. Performance aspirations might rank above comfort, and be high enough to fail the Renault even if it were as comfortable as its looks promised, but the final result is not dependent on this.

The comment that the Ford is overpriced, but that this is less important as a failing than its ride quality or noise, deserves special attention. Clearly, had the maximum budget been set at £5000, the Ford would have been excluded at the outset. However, having been included and its performance assessed, the Ford is still rated as overpriced for what it offers. It is easy to appreciate this in terms of a compensatory model, and the priority-theorist must tread carefully to avoid accidentally explaining the meaning of the comment in compensatory, expectancy value terms.

A seemingly obvious priority-based perspective is the possibility that the comment means the Ford would still have failed a conjunctive test at a pricing tie-break, even if it had actually been able to pass in terms of ride quality and noise. But this possibility is difficult to square with my earlier comments about how a conjunctive tie would have been broken by reference to performance. The pricing tie-break analysis of section 4.2 related to 'money for other uses/a rainy day', which does not seem to be implied in this context.

Alternatively, one can refer to the fifth impact of price discussed in section 4.2, namely the unjust price/'rip-off' issue. It could well be that the tester sees the Ford XR2 as a pretty rough and ready vehicle with only a rock hard version of the normal Fiesta's suspension, a bigger engine and conspicuous 'boy racer' appendages, to distinguish it from Ford's cheaper Fiesta models. Once again, the tester may have concluded the Ford Motor Company has made these features available only to the customer who is prepared to pay an inflated mark-up on their extra costs. Had the Ford XR2 met the tester's aspirations for ride quality and quietness through, say, the possession of an acknowledged complex sports suspension system and careful attention to sound proofing, the feeling that it was overpriced might not have arisen. As it stands, however, the XR2 cannot be purchased without compromising a goal 'not to pay an unwarranted price'.