Peter Ford

APCPC3

The 3rd Australasian Personal Construct Psychology Conference. 1986.

COLLECTED PAPERS.

Copied at Lincoln Institute of Health Sciences. Melbourne.

Collated by: Richard Bell Jacqui Costigan Prasuna Reddy.

APCPC3: COLLECTED PAPERS.

THE THIRD AUSTRALASIAN PERSONAL CONSTRUCT PSYCHOLOGY CONFERENCE WAS HOSTED BY THE SCHOOL OF NURSING AT LINCOLN INSTITUTE OF HEALTH SCIENCES FROM 15th to 17th AUGUST, 1986.

Lincoln Institute of health Sciences. Melbourne. November, 1986

CONTENTS

PERSONAL CONSTRUCT PSYCHOLOGY IN THE CONTEXT OF ECONOMICS

PETER E. EARL
University of Tasmania

INTRODUCTION

After false starts dating back over a hundred years (see Coats, 1976), a psychologically inspired economics has begun to take off in the last decade. Economists are starting to consider a wide variety of psychological concepts and hypotheses as possible means of improving their understanding and abilities to predict events (see Earl (ed.), forthcoming), just as psychologists are turning their attention and techniques towards the investigation of human behaviour in the economic realm, in the hope that this may enhance psychologists' understanding of human behaviour in general (for an up to date review of the literature of economic psychology, see Furnham and Lewis, 1986). This paper is concerned with the scope for using Kelly's (1955) personal construct psychology (PCP) to enhance the understanding of economic phenomena, an area not covered in Adams-Webber's (1979) survey of PCP concepts and applications. It presumes a knowledge of Kellian themes and research methods, though not of mainstream economics. Many of the themes in it I have explored at greater length in earlier work of my own--Earl (1983a, b; 1984, 1986a, b); Earl and Kay (1985)--but in the discussions that follow I will make no attempt to labour this point with references to this work. In no way does the paper claim to be outlining a comprehensive research programme for a PCP-inspired economics; rather, the range of topics touched upon is something which I hope will inspire further inquiry.

EXPECTATIONS

Personal constructs are of essence expectational phenomena, and deliberation about ways of avoiding needless losses naturally involves the decision maker in sizing up the future. It is therefore perhaps appropriate to begin by considering how economists see expectations. The recurrent theme in PCP--that there is no objective universe, but that people attempt to cope with life by imposing their own views of it on events, with widely various degrees of success in terms of goodness of fit--is something which has an obvious appeal to ´subjectivist´ economists, of whom the ´Post Keynesians´ are perhaps the most numerous. But it goes against the objectivist grain of mainstream ´neoclassical´ economics, which preaches--though does not always practice--positivism and is staunchly opposed to the idea that data gathered from interviews (here we could include applications of grid techniques) might be at least as useful as ´objective facts´ extracted from published data series. (Few neoclassical number-crunchers seem to pay much attention to the careful warnings of Morgenstern, 1963.)

In much of mainstream economics, questions concerning the origins and forms taken by the expectations of choosers are dealt with in either of two ways:

(1) They are not broached at all; it is simply assumed that ´people know what they want and they know how to get it´.

(2) It is assumed that people form ´rational expectations´ in the light of information available.

The latter approach has become a major area of interest in economics in the past fifteen or so years, and is rapidly filtering into even fairly elementary texts, particularly those on unemployment and inflation. The rational expectations literature (see Shaw, 1984, for an introduction) has grown out of a few, seemingly innocuous propositions: first, if any relevant information becomes available (for example, the news reports that President Reagan has decided to support moves by Congress to subsidize wheat exports to China and the USSR) decision makers will take account of it as they size up the future; and second, when people realize they have been fooled by events in the marketplace (for example, they find out that a 10% money wage increase does not tend to buy 10% more goods and services), they will take note of this, sooner or later, and think differently about the positions in which they could find themselves following particular choices. Rational expectations theorists then go on to argue that the rapid information transmissions possibilities offered by modern technology and the media mean that people will rapidly become streetwise decision makers. They would point to share and foreign exchange markets as paragons of efficiency in the sense of there being 'rational' use of every snippet of information to form expectations and revise them at very high speed.

It is over the question of how people absorb information and turn it into expectations that the rational expectations literature runs into philosophical difficulties that disturb subjectivist economists. The usual approach is to say that decision makers will be modelled 'as if' they know how the economy works (and this knowledge is invariably assumed to take the form that the economy actually works along the lines assumed by the economic analyst) and that new information is objective in nature, with more information bringing the decision makers closer to a clear view of the parameters of the system. It is assumed that decision makers will not be systematically wrong in their choices, despite the fact that the system is prone to buffetting by random exogenous shocks. On average in the long run, expectations come out correct because the underlying nature of the system never changes and experience gradually brings a clear picture of the probability distributions followed by particular classes of events. Thus it is that the system is assumed to be able to achieve coherence with nobody needlessly wasting opportunities in the long run. Speculation cannot be destabilizing in the long run, it is argued, since speculators who lack 'rational' expectations will be driven out of markets.

All this looks very curious to the minority of economists brought up on Keynes' (1936, 1937) psychologically-oriented view of how markets, particularly financial markets, work: Keynes argued that most significant choices are based on very flimsy hunches about how the future might look; and that asset prices in casino-like stock markets are held where they are at any one moment on the basis of a <u>mixture</u> of opinions about where they could be going in the future (for if everyone believed the same thing about price movements, all would be trying to hold the same asset in their portfolios and all other assets would command a zero price). People who hold conflicting opinions about market prospects cannot all find that their expectations come true; indeed, all might turn out to be hopelessly wide of the mark (for example, if <u>no</u> price movements take place). From this 'Post Keynesian' standpoint, economic systems are seen as moving forward, often unsteadily, into an as yet undetermined future, trammelled by the fossils of previous decisions; it is argued that, although they are mindful of past outcomes, decision makers are often thinking creatively about the future that they may help to mould. Choosers make a difference to how the system functions, and, in so doing, they make a nonsense of the notion that there is a given, underlying picture of the system to be discovered sooner or later.

From the standpoint of PCP, the Post Keynesian minority, rather than the hoards of rational expectations theorists, would appear more likely to be constructing models that are other than grossly misleading. Adherents to PCP, like Popperian philosophers of science, will immediately wish to point out that people themselves have to form constructs about what information is actually being thrown up by the system and how relevant it might be for the expectations they are trying to form. Indeed, the very sight of disputes amongst economists about how the economy is to be modelled might be construed as implying something dangerous about economic models which presume decision makers have a uniform way of construing the workings of the economic system. It might be helpful if, instead of squabbling amongst themselves, members of the economics profession engaged in research with Kellian techniques to uncover lay beliefs about the system, held in differing frequencies by diversely-minded members of the decision making population.

Of course, to do no more than to try to uncover existing patterns of lay beliefs with the aid of, say, repertory grids, would be to step into the inductivist trap into which economists working with rational expectations have fallen (cf. Boland, 1986). To avoid being surprised by changing patterns of beliefs, the economist might do well to use Hinkle's (1965) implication grid techniques to uncover how samples of decision makers organize their ideas. The information thus obtained would provide a way of following up the organization and modulation corollaries of Kelly's theory, which provide a means of understanding how expectations about what could, or, more deterministically, will, happen are created from the potentially believable notions with which a decision maker is toying. Some future possibilities, if they actually come to mind, will be ruled ´out of court´ as unbelievable, or, at best, be seen as things not to be taken particularly seriously. Others, however, may deeply permeate the decision maker´s view of the world: some of these may be incorporated without any need for major revision of other constructs, but some may only be taken on as expectations after much ´soul searching´, because they call into question other significant constructs and yet cannot be dismissed without implying even more damage to the decision maker´s overall system. Different decision makers may form similar constructs in a particular context, because they consider different sets of possibilities--propensities to use different sources of information need to be investigated at the lay level, too--and organize their ideas differently (one can arrive in Rome via a variety of routes). But PCP also stresses that people are likely to form different expectations in a ´given´ context, even if they are provided with identical potentially relevant information. Furthermore, the impermeability of their construct systems may prevent them from refashioning their expectations even when the fit of these expectations against reality is far from good. In the economic context, then, PCP warns us to expect that decision makers may often appear to observers to be taking systematically wrong decisions because they simply cannot form well-fitting expectations (not all travellers eventually end up in Rome).

It should also be noted that PCP can be used to suggest a qualification to the Post Keynesian view, and in doing so make it less prone to the often-voiced criticism that it is nihilistic in its implications for economics (it is seen as implying that choosers might do absolutely anything, and as suggesting that trend-spotting is a futile activity). Kelly's notion of limited permeability would lead one to expect that many constructs are quite resilient in the face of changes in 'the state of the news': by and large, modes of thought are, as Kelly puts it, 'channellized'; they are not universally 'spontaneous and erratic' (Coddington, 1982, p. 481), although it is easy to read the Post Keynesian literature and conclude (as Coddington did) that this is how these economists think generally about the nature of flimsily-founded expectations. What the leading Post Keynesian G. L. S. Shackle (1974) calls 'kaleidic' shifts of economic expectations are not particularly common outside the hair-trigger world of high-finance and currency markets, though, when they do occur, major shifts into euphoria or deep pessimism by managers and consumers may lead to significant changes of direction and structure for the economy.

CONSUMER MOTIVATION AND WELL-BEING

Conventional economics depicts consumers as if they are 'utility maximizers', with preferences that are assumed already to exist prior to 'economic' analysis of the problem situation, and to face well-defined constraints on which sets of resource allocation decisions are feasible for them. Rarely is the possibility admitted that preferences may be open to revision in the light of experience acquired after the opening of the analysis (though see Elster, 1984, pp. 76-85, for discussion of some of these rarities). The nature of 'utility' is not normally thought to be something worth inquiring about so long as it can be said to be proxied by something observable--such as the quantity of goods consumed--in empirical work, yet few testable hypotheses emerge from standard consumer theory, so utility functions tend to remain highly abstract concepts.

PCP gives us a potentially more useful picture: why not construe consumers as if their consumption choices are means towards the prediction and/or control of events? Sometimes, the benefits for the economist of doing so are debatable--perhaps it is trivial to argue that people spend money on food because, without food, they will die an any hope of extending and defining their construct systems will die also. However, if we ask what a person gets out of attempting to be, for example, a gourmet cook, we should not be surprised from the Kellian standpoint to be told, in effect, that 'It is an activity that tells me something about my capabilities, and establishes me as a particular kind of person in the eyes of my peers, bringing their respect (so they don't make things difficult for me)'. By making choices people can experiment and attempt to test out their ideas of what things 'are like'; they can try to establish protective environments for themselves in which they can be in command, in which they can manage and cope in a manner consistent with their expectations of their capabilities.

PCP also leads one to question the notion that consumer well-being is necessarily an increasing function of--and can be proxied by--their real consumption expenditure. Dissatisfaction is perhaps best seen as resulting from a mismatch, on what is seen as the down-side, between expectations and events--ex ante versus ex post constructs. What you don't know about and don't expect, you won't miss; whereas if you have built up complex expectations, or only somewhat vaguely construed that you should be able to see a lot in a particular activity, you may then feel depressed if things don't turn out 'just right' or if you end up having to ask 'Is that all there is to a ...?' Likewise, if you didn't construe yourself as at all likely to receive promotion, a small elevation up the ladder may be an occasion for celebration, whereas if you expected to be classed among the 'high-fliers', a minor promotion is something you might construe as an insult.

From the standpoint of PCP, we should not be surprised by findings such as those of Easterlin (1974), that many people do not feel 'happier' when more affluent. Such findings actually spawned a pair of multidisciplinary attempts to get economists to look at the nature of well-being from a different perspective: Scitovsky's (1976) The Joyless Economy and Hirsch's (1977) Social Limits to Growth. Though both works are well known, neither has so far succeeded in changing mainstream approaches to modelling the consumer. Had either of these authors known of and employed Kelly's theory, their conclusions might have been more forceful: for example, Hirsch argues that relative, not absolute income is what matters to people, since there are some 'positional' goods (for example, servants) whose supply cannot expand with a general rise in production (we can't all expect to have servants, since someone must serve). However, we could use the tools of PCP to inquire why such commodities are so coveted, what they are seen as symbolizing and what implications people attach to a failure to attain them. The same could be said for 'conspicuous consumption' goods generally: one would expect to find that consumers in affluent societies see much of their increases in expenditure as being necessary merely to stave off status threats--to preserve their self-image constructs and all that they are construed to imply (cf. Kelly, 1955, pp 509-10)--arising as a result of increases in expenditure by those whom they see as of more lowly status; yet this area has a very long history of being a fringe concern of economists (see Mason, 1981).

If one does not mind the idea of economists being cast in the role of advisors on which kinds of propaganda might be worth trying out as means to particular ends, one might well suggest economists note the growing interest in PCP in marketing (see Gutman, 1982; Olson and Reynolds, 1983; Reynolds and Gutman, 1983, 1984; Gutman and Alden, 1985; Reynolds and Jamieson, 1985) and apply the tools of PCP to marketing of public policy packages. (The design of marketing strategies for big business does not permeate economics as commonly construed, yet most economists would profess to be concerned with the economics of welfare--albeit from a standpoint which takes tastes as ´given´.) Thus, if policy makers are worried about physical limits to economic growth, an understanding of the attitudinal foundations of limits to the efficacy of the growth machine as a means of making people ´better off´ may be essential for selling a ´conserver economy´ strategy. To that end, utility theory is simple but vacuous, whereas PCP promises much, albeit at some cost in terms of complexity and fieldwork. Similar remarks can be made in respect of promoting moves towards a less personally competitive, more equitable society, or ´selling´ higher leisure time in a ´post-industrial society´ as a means of sharing out employment: happiness is a construct that is not intrinsically subordinate to consuming more in absolute or relative terms.

WHY DO SOME CONSUMERS STUDIOUSLY AVOID SOME ACTIVITIES THAT THEY COULD EASILY AFFORD?

Strange as it may seem, this question, which is of great interest in marketing, has not attracted the attention of many economists. The economist normally might argue that if a particular history of relative price changes produces a particular pattern of choices, then we can say something about the form of the consumers ´revealed preferences´, and use this in anticipating behaviour in the face of future price changes; but no attempt to explain the preferences--whether expressed in respect of goods or attributes of goods--would normally be made. An exception to this is to be found in the work of Stigler and Becker (1977), who have attempted to analyze changes in revealed preferences through time without giving up the idea the one should model consumers as if their tastes are given. They argue that being a consumer requires skills (´human capital´) and that these skills are largely acquired during the business of consumption. Hence, someone who is introduced to music at an early age will pick up different skills from someone who is introduced early on to the challenge of windsurfing. The two people may have entirely identical underlying preferences and access to purchasing power, yet we would expect their acquisition of human capital to result in very different patterns of expenditure. The former consumer gets more and more embroiled in musical activities, and areas in which musical knowhow helps get one started (art and film appreciation, say), whereas the latter may graduate from windsurfing to the ownership of a sizeable yacht or related areas (hang-gliding, perhaps). The former will not jump at the idea of taking up sailing, whereas the latter may delight in poling fun at ´cultural snobs´.

From the standpoint of PCP, the 'human capital' approach to choice must receive a qualified welcome. Certainly, one can find Kelly stressing that workable constructs are acquired at some cost, so it is natural to expect inquisitive choosers to make careful use of what they already have by way of insights into the scheme of things when they allocate their time and money. Such strategic employment of constructs may give their behaviour a systematic relationship with the structure of their construct systems. However, the whole thrust of the analysis of Stigler and Becker is that acquired consumer competence is something objectively known to those who possess it.

This contrasts sharply with Kelly's (1955, p. 526) report that the patients he encountered who kept 'getting into trouble' with exotic adventures had construct systems which almost anything <u>seemed</u> to fit: their constructs were of such a general nature that, blind to possible hazards, they could diversify their activities dramatically without suffering from <u>anxiety</u>--which Kelly (1955, p. 495) sees as 'the recognition that the events with which one is confronted lie mostly outside the range of convenience of one's construct system'. One's ability to cope in particular contexts is a personal construct, as is the damage to one's view that may ensue from testing the accuracy of such a judgment. Thus one would expect many consumers to want to hold back from activities that they might well find perfectly manageable if only they tried them, and one would also anticipate the existence of consumers whose blindspots lead them to make many expensive mistakes. Depending on how one sees things, the idea of a first-time trip to the opera or a Chinese restaurant may strike the inexperienced consumer as a terrifying event (if the person expects to be unable to make any sense out of what happens or can think of all manner of things that could go wrong and 'show her up' in the eyes of people whose opinions she construes as significant), or as a refreshing novelty (which may relieve the 'sameness' that the person would otherwise construe in her life, due to a lack of skills in acquiring 'defining' constructs). Different ways of organizing construction systems, and the possession of different constructional dimensions, may thus result in very diverse patterns of behaviour in which some people needlessly cocoon themselves and confine themselves to particular narrow areas of activity in a manner tending toward the obsessive-compulsive (cf. Makhlouf-Norris and Norris, 1972), or, at the other extreme, flit around from one disaster to another, possibly in such a non-committal manner as to suggest a schizophrenic approach to the business of being a consumer (cf. Adams-Webber, 1979, p. 66, whose use of the word 'kaleidoscopic' nicely parallels Shackle's use of it in talking about the non-resilience of expectations in financial markets).

Kelly's (1955, p. 502) conceptualization of guilt seems to provide further clues about why people steer clear of some ways of spending their money: they judge that, to do otherwise, runs counter to their own views of themselves as particular kind of people. (A classic market research finding of the 1950s was that housewives resisted cake mixes that included powdered egg in favour of more time-consuming ones that did not, because they felt they would be acting in an unduly lazy manner; price differences seem to have had no bearing on these decisions. this would make eminent sense from the standpoint of PCP.) The social orientation of Kelly's view of guilt should not be forgotten in this context: people construe themselves relative to others, so if people they see as 'like me' move in particular directions (and become users of eggless cake mixes, watchers of ´snuff videos´, evaders of taxes, or whatever) they may then be able to follow without seeing their core role constructs crumbling away. The scope for corporate and political salespeople to try to mould behaviour by building campaigns around feelings of guilt and anxiety--rather than merely providing information as an aid towards construing in areas where consumers may lack knowledge--seems considerable: If you are male and don´t have an American Express Card and huge life insurance policies, you should expect to find yourself floundering around in the face of surprises, and you should see yourself as the sort of person who doesn´t care about his family´s prospects if he dies suddenly; but it´s OK to read Playboy, for if Jimmy Carter lets himself be interviewed in it, it can hardly be construed as the sort of thing that respectable men don´t associate with, can it? Most economists, by contrast, still argue that the consumer is king in the marketplace, and is not open to manipulation via cunning choices of advertising presentations.

PROBLEMS OF CORPORATE GROWTH

Many of the themes from my discussion of consumer behaviour seem to resurface in relation to the ability of firms to grow, or at least survive. Much of mainstream economics assumes that knowhow concerning technologies and future market conditions is freely available to entrepreneurs, so choice of optimal mix of inputs and outputs is a purely technical problem. However, subjectivists working in this area have been making contributions which have an obvious interface with Kelly´ theory. (Interestingly enough, both myself and Brian Loasby were introduced to PCP via contact with Dr Charles Suckling, a senior executive at ICI who found it helped him think about the nature of management problems.) Here I have space for only a few summary comments:

(1) A central notion in work by Casson (1982) is that ´the essence of entrepreneurship is being different--being different because one has a different perception of the situation´ (p. 14).

(2) Corporate diversification decisions, like those of consumers, usually involve attempts to fit existing constructs to <u>seemingly</u> related areas; for knowhow is not freely available and instead is very much the result of experience and experimentation. Either this, or diversification (especially in cases of vertical integration) centres on attempting to keep prior constructs intact in the face of surprisingly poor fits (for example, being let down by one´s suppliers). In the former situation, the fit of constructs sometimes turns out to be very poor, while in the latter case the tendency for different levels of production to require very different knowhow can be a cause for justifiable anxiety.

(3) The building of an effective management team constrains the rate of sustainable corporate growth (Penrose, 1959), for it takes time for managers to understand how each other´s mind work and hence to communicate effectively (cf. Kelly´s sociality corollary). One reason why mergers run into trouble is that, although they avoid the task of building larger teams by hiring new recruits, the merging corporations have very different channels of thought, different styles of management.

(4) How well a company does seems to be dependent on how precisely it formulates its goals and how demanding it sets its aspiration levels (cf. P.E.P., 1965): there is an obvious similarity here with Kelly's views on the acquisition of experience. (Note: conventional economics, which plays down problems of knowledge, has no room for the 'aspiration level' construct employed by followers of Nobel Prizewinner H. A. Simon; for with perfect information and no information handling problems, profit maximization is normally assumed.)

(5) Differences in company performances seem to owe much to the different ways in which they frame their problems: for example, if one's constructs cluster around the construct 'high price versus low price' and one's repertoire is short on design and quality oriented constructs, one may be very surprised at the loss of markets to competitors who are producing more expensive products but who recognize that affluence is changing the requirements people have and the prices they are prepared to pay (cf. the case of Henry Ford and the Model T, and the protracted adjustment of the Ford Motor Company to a post-1927 world where non-price dimensions of motoring choices were significant and skills in marketing and coping with frequent model changes were necessary). The research methods of PCP would seem potentially very useful, as tools for uncovering corporate blind spots, for economists acting in the role of consultants.

INDUSTRIAL RELATIONS

The presence of strike activity is somewhat difficult to reconcile with the notion of rational expectations, especially when year after year the same firms lose output and the same bodies of trade unionists lose pay in attempting to reach agreements: opportunities are being thrown away systematically. Fortunately, the literature in this area has not succumbed to the rational expectations philosophy. Instead one finds that, in theoretical terms, economists see strikes as implicitly resulting from misconstructions of events being made at the bargaining table. As Siebert and Addison (1981, p. 390) observe: ´The basic reason why strikes occur at all in conventional bargaining models is the misjudgement by one party of the other´s intentions´. Their paper concludes by noting (p. 403) that ´such evidence as is available on balance favours the accident interpretation of strikes [as opposed to the political theory which sees them as reflecting the extent of union power]´. The message, then, is that attempts to ´bash the unions´ and make strikes less attractive by cutting social welfare payments to strikers´ families are missing the point, for though they may affect bargaining power it is not undue bargaining power that causes negotiations to break down. Instead, policies aimed to reduce strikes might be better built round ´cooling off´ periods and referrals to conciliation services. Conciliation staff would then have the task of helping both sides come up with less dysfunctional constructs about each other´s point of view and possible intentions.

A second area of industrial relations in which economists with a training in PCP might provide a useful therapy service concerns confrontations that arise when major changes in strategic planning are proposed as means of coping with corporate decline. In the face of a crisis, management may experience greater difficulty than workers in developing plans that do not centre on major retrenchments (possibly making polar swings along their existing constructs, rather than developing new channels of construction--cf. Kelly, 1955, pp. 128-9).

Two examples of this have been the strategic plans offered by employees at Lucas in the United Kingdom, and by members of the Metalworkers' Union at BHP. In both cases, the workers found to their horror that the management simply did not want to listen to them and went ahead with redundancy programmes (despite the fact that, in the Lucas case, a number of the project proposals received external acclaim and were in the end actually taken up by other organizations).

Such close-minded, highly impermeable attitudes are, of course, not peculiar to areas of management thinking. The general problem is one to which the economist Brian Loasby (1983) has given some thought from the standpoint of Kelly's work (cf. also Crockett and Meisel, 1974, and Hinkle, 1965, on resistance to change). He essentially sees the failure to adopt canvassed alternative approaches, when current methods have dismal records of failure, as being bound up with the core constructs of the decision makers involved:

> ... a more effective method would require so radical a change in their conceptions of the 'opposition as to threaten their whole interpretation of the economic and social system....Some principles an organization must have, if it is to remain an organization. Some principles a person must cling to, whatever the evidence, if he is to remain a person. Some changes are simply not possible, even if the alternative is death (Loasby, 1983, pp. 116-17).

In other words, while the assignment of roles helps firms to function in normal times by promoting congruent patterns of construction instead of organizational schizophrenia, role expectations may be a major barrier to organizational learning, and even survival, in turbulent periods. Techniques from PCP that would normally be confined to the counselling of individuals who are finding the going tough might be usefully applied by economists called upon for advice by ailing companies.

Thirdly, under the heading of industrial relations, we can come back to Kelly's conceptualization of anxiety. Just as anxiety may underlie a reluctance of consumers to experiment with new goods and services, so too may it be a root cause of worker immobility, despite incentive schemes, in respect of tasks and location. Management might do well to recognize also that PCP would appear to lend support to Marxian comments about workers becoming 'alienated' due to automation-based production techniques that render their skills obsolete. Although, as the Marxist theorist Braverman (1974) has argued, the kind of progressive divisionalization of tasks in factory systems might seem to destroy the bargaining power of hard-to-replace skilled workers, feelings of being at the mercy of a continuous-flow, management-paced production system (as depicted so graphically by Charlie Chaplin in his film Modern Times) may drive workers not merely to join trade unions but also to take desperate steps--such as deliberately throwing a spanner into the works--to demonstrate they still have a modicum of control in the workplace.

CONCLUSION

The dominant paradigm in economics has emerged from a process by which economists sought to give scientific status to their discipline by removing subjective elements and focusing on the maximization of well-defined objective functions in the face of known constraints and complete knowledge of alternatives. Adoption of Kellian perspectives enables one to face up to questions that most people might construe as within the range of convenience of economics yet whose study is precluded by the objectivist neoclassical methodology. The use of PCP seems to imply a new role for the economist as a consultant/therapist, rather than as someone whose main role is to estimate deterministic models using the toolkit of econometric techniques, models which usually work at a highly aggregated level. In a world of innovation, surprises and institutional change, the predictive capabilities of conventional models diminish just when policy makers have most need for them. The normal modes of behaviour of some decision makers change dramatically, others carry on regardless. In the face of such fragmentation, the economist stands little hope of forming bounded (but not necessarily clear-cut) anticipations of where the system might be heading unless s/he is equipped with information on how broad classes of decision makers (if not each individual) make sense of their economic problems. PCP seems to promise much for those who allow it to permeate their views of what economists do, but it also leads one to expect such open-minded economists to face hostility (as PCP sees it) from those whose positions are thereby called into question--such as journal gatekeepers whose reputations rest on their abilities as constructors of abstract mathematical models with little or no empirical applicability. This implies a further application: the use of the techniques of PCP in studying the evolution of the economics profession itself.

REFERENCES

Adams-Webber, J. (1979) Personal Construct Theory: Concepts and Applications, Chichester, Wiley.

Boland, L. A. (1986) Methodology for a New Microeconomics: The Critical Foundations, Winchester, Mass., Allen & Unwin.

Braverman, H. (1974) Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century, New York, Monthly Review Press.

Casson, M. (1982) The Entrepreneur, Oxford, Martin Robertson.

Coats, A. W. (1976) 'Economics and psychology: the death and resurrection of a research programme', in Latsis, S. J. (ed.) (1976) Method and Appraisal in Economics, Cambridge, Cambridge University Press.

Coddington, A. (1982) 'Deficient foresight: a troublesome theme in Keynesian economics', American Economic Review, 72, 480-7.

Crockett, W. H. and Meisel, P. (1974) 'Construct connectedness, strength of disconfirmation and impression change', Journal of Personality, 42, 290-9.

Earl, P. E. (1983a) 'The consumer in his/her social setting: a subjectivist view', in Wiseman, J. (ed.) (1983) Beyond Positive Economics? London, Macmillan.

Earl, P. E. (1983b) The Economic Imagination: Towards a Behavioural Theory of Choice, Brighton, Wheatsheaf.

Earl, P. E. (1984) The Corporate Imagination: How Big Companies Make Mistakes, Brighton, Wheatsheaf.

Earl, P. E. (1986a) 'A behavioural analysis of demand elasticities', Journal of Economic Studies, 13, 20-37.

Earl, P. E. (1986b) Lifestyle Economics: Consumer Behaviour in a Turbulent World, Brighton, Wheatsheaf.

Earl, P. E. and Kay, N. M. (1985) 'How economists can accept Shackle's critique of economic doctrines without arguing themselves out of their jobs', Journal of Economic Studies, 12, 34-48.

Earl, P. E. (ed.) (forthcoming) Psychological Economics: Development, Tensions, Prospects, Boston, Kluwer-Nijhoff

Easterlin, R. A. (1974) 'Does economic growth improve the human lot?' in David, P. A. and Reder, M. W. (eds.) Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz, New York, Academic Press.

Elster, J. (1984) Ulysses and the Sirens (revised edition), Cambridge, Cambridge University Press.

Furnham, A. and Lewis, A. (1986) The Economic Mind, Brighton, Wheatsheaf.

Gutman, J. (1982) 'A means-end chain model based on consumer categorization processes', Journal of Marketing, 46, 60-72.

Gutman, J and Alden, S. D. (1985) 'Adolescents' cognitive structures of retail stores and fashion consumption: a means-end chain analysis of quality', in Jacoby, J. and Olson, J. C. (eds.) (1985) Perceived Quality, Lexington, Mass., D. C. Heath (for New York University Institute of Retail Management).

Hinkle, D. N (1965) 'The change of personal constructs from the standpoint of a theory of implications', unpublished Ph.D. thesis, Ohio State University.

Hirsch, F. (1977) Social Limits to Growth, London, Routledge and Kegan Paul.

Kelly, G. A. (1955) The Psychology of Personal Constructs, New York, Norton.

Keynes, J. M. (1936) The General Theory of Employment, Interest and Money, London, Macmillan.

Keynes, J. M. (1937) 'The general theory of employment', Quarterly Journal of Economics, 51, 209-23.

Loasby, B. J. (1983) 'Knowledge, learning and enterprise', in Wiseman, J. (ed.) (1983) Beyond Positive Economics? London, Macmillan.

Makhlouf-Norris, F. and Norris, H (1972) 'The obsessive compulsive syndrome as a neurotic device for the reduction of self-uncertainty', British Journal of Psychiatry, 121, 277-88.

Mason, R. S. (1981) Conspicuous Consumption, Farnborough, Gower Press.

Morgenstern, O. (1963) On the Accuracy of Economic Observations (second edition), Princeton, NJ., Princeton University Press.

Olson, J. and Reynolds, T.J. (1983) 'Understanding consumers' cognitive structures: implications for advertising strategy', in Percy, L. and Woodside, A. (eds.) (1983) Advertising and Consumer Psychology, Lexington, Mass., D. C. Heath.

Penrose, E. T. (1959) The Theory of the Growth of the Firm, Oxford, Basil Blackwell.

P.E.P. (1965) Thrusters and Sleepers: A Study of Attitudes in Industrial Management, London, George Allen & Unwin.

Reynolds, T. J. and Gutman, J. (1983) 'Developing images for services through means-end chain analysis', in Berry, L. L., Shostack, G. L. and Upah, G. D. (eds.) (1983) Emerging Perspectives in Service Marketing, Chicago, American Marketing Association, Reynolds, T. J. and Gutman, J. (1984) 'Laddering: extending the repertory grid methodology to attribute-consequence-value hierarchies', in Pitts, R. E. and Woodside, A. (eds.) (1984) Personal Values and Consumer Psychology, Lexington, Mass., D. C. Heath.

Reynolds, T. J. and Jamieson, L. F. (1985) 'Image representations: an analytic framework', in Jacoby, J. and Olson, J. C. (eds.) (1985) Perceived Quality, Lexington, Mass., D. C. Heath (for New York University Institute of Retail Management).

Scitovsky, T. (1976) The Joyless Economy, New York, Oxford University Press.

Shackle, G. L. S. (1974) Keynesian Kaleidics, Edinburgh, Edinburgh University Press.

Shaw, G. K. (1984) Rational Expectations: An Elementary Exposition, Brighton, Wheatsheaf.

Siebert, W. S. and Addison, J. T. (1981) 'Are strikes accidental', Economic Journal, 91, 389-404.