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# Economics Rationality in the World of Amartya Sen

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## Abstract

Amartya Sen, recipient of the 1998 Nobel Prize in economics, is renowned for his seminal contribution in the area of development. He is the originator of the Human Development Index, a new policy device now adopted worldwide as a more adequate measure of the quality of development. What is rarely known is that his ideas are expounded as part of his dialogue with moral philosophy and epistemology. At the heart of this dialogue is his trenchant critique of the notion of rationality. By examining Sen's critique of the notion of rationality, this article suggests that the conception of rationality proposed by Sen stands as an entry point for broadening the notion of rationality rather than an alternative to it

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## Introduction

In this article I would like to present Amartya Sen's perspective on economics rationality. Sen has sharply criticized the modern economic standpoint which proposes two types of rationality in economic motives of individual acts. First, according to Sen, self-interest as a measure of rationality of action is inadequate, because there are actions that are not triggered by an effort to meet the welfare of oneself. Secondly, the consistency of choice as a benchmark of rational action is also insufficient, because individual choice is not the same as the preference. Therefore, Sen introduces ethical concepts into economics with commitment as counter self-preference for his new concept of rationality. Economics rationality in the world of Amartya Sen is not separated from ethics. Sen maintains that the strict disconnection between

economics and ethics has brought one of the major drawbacks of contemporary economic theory. According to Sen welfare-economic deliberations should be allowed to have some impact on actual behavior and, therefore, must be relevant to modern logistics economy because actual human behavior is influenced by ethical considerations, and to influence human behavior is an important aspect of ethics. Furthermore, Sen proposes a new concept that 'rationality (must be interpreted) as the discipline of subjecting one's choices - of actions as well as objectives, valued and priorities - to reasoned scrutiny.' Thus rationality is the capacity to reconsider the desire, belief and value. In that capacity he chooses ethical purpose in the best graded building in the context of specific social relations. Amartya Sen in his book *Rational Fools* expressed his concern over the narrow concept of rationality embraced by economics. Even Sen argues that the economic mainstream only concentrates on efficient means that can be selected and have been mistaken to put the attribute of rational to the means. Sen states that: Economic has adopted very narrow conception of rationality, concentrating either on the capacity to choose efficient means to what we are presumed to be selfish ends, or even more minimally on consistency in choice. What ends we pursue and how we have come to adopt them are widely thought not to be any of the economist's business.<sup>1</sup>

Since economic rationality only concerns about the means and not about the end, it was unable to penetrate the thick fog that blanketed ontological metaphysical issues, such as 'value,' in which the matter of end hidden.<sup>2</sup> Putnam cites Vivian Walsh who referred to Sen's work as the revival of classical economic theory during the twentieth century and is regarded as the emergence of "the second phase" of the theory.<sup>3</sup> In this case, Sen did not leave the tradition of economics. He just wanted to expand the concept of human nature which was too narrow according to his point of view. Sen even argues that the purely economic man is close to being a social moron or a "rational fool" since his autonomy is limited all-in-one preference ordering purposes.<sup>4</sup> Amartya Sen is known as an economic thinker. But more accurately it is seen as the intersection of economics, mathematics, epistemology and moral philosophy. He was "an Indian thinker inspired by 18th-century Scottish economists, French mathematicians, and famous Bengali poets."<sup>1</sup> Sen is now widely recognized for the concept of capability, a new approach to development that is broader than economic affairs.<sup>2</sup> In the language of Aristotelian ethics, development is not only about the development of life, but the good life. What is good is, of course, broader than the question of economic utility. Sen is also involved in epistemological and ethical debates. The book *The Idea of Justice* (2009) places him in the ranks of contemporary justice theory inhabited by thinkers such as John Rawls, Robert Nozick, Ronald Dworkin, GA. Cohen, Michael Walzer and Michael Sandel. But it's not about capability. development and justice are discussed here. This paper focuses on the critique of economic rationality that underlies Sen's thinking in many other ways. Although often unavoidable, this paper tries to avoid the technical language of economics. The problem can be formulated in Sen's own words: "Why does the concept of man in economic models tend to be a picture of a selfish man who chases himself?"<sup>3</sup> What is the fallacy of that conception? What happens if the error is not corrected? This paper discusses how Sen uncovers major problems in the broad way of thinking in economics today. The paper will begin with a brief presentation of the conception of rationality that Sen wants to dismantle, followed by Sen's proposal to renew the conception of rationality,

## Method of Research

This study uses a descriptive qualitative approach to phenomenology based on artwork from various documents and ornaments. The descriptive qualitative research theory that Sugiyono said is research that produces data in the form of an explanation of the problem being studied by providing an overview of phenomena that exist in everyday life.<sup>5</sup> The method used to obtain the data and the form of analysis is the hermeneutic method. The theory, according to Ashadi, is that hermeneutics is a type of philosophy that studies the interpretation of meaning by studying, interpreting, or translating.<sup>6</sup> The analysis is carried out by economics rationality in the world of Amartya Sen.

## Research and Discussion

### Criteria of Traditional Economics Rationality and the Critique of Amartya Sen

Sen views there are two predominant methods for rational behavior: maximization of self-interest and the internal consistency of human choice. These narrow criteria are implicit in the theory and become economic rationality standards. Sen refuses the idea that rationality is identified with the maximization of self-interest because there are some actions that are not driven by self-interest. As described by Putnam: "Sen argues in a number of places that people are very often powerfully moved, not only by motives other than subjective "pleasure," but by a great variety of non-self-interested motives-not only ethical motives, although there is no reason for refusing to recognize that these may be powerful in certain circumstances, but also loyalties of all kinds, both good and bad, both to ideas and to groups (as well as group hatreds of all kinds)."<sup>7</sup>

Humans are not always driven by the desire to achieve maximum benefit. There are also other motivations such as: ethical motivation. It is not rare to find someone who are willing to help others in distress even though he did not benefit from it. Next Sen explains that the self-interest view of rationality entails inter alia a firm dismissal of the 'ethics-related' view of motivation: Trying to do one's best to achieve what one would like to achieve can be a part of rationality, and this can include the promotion of non-self-interested goals which we may value and wish to aim at.

In economics, humans are viewed as *Homo Oeconomicus* or "economic man" which means the characterization of man as a rational person who pursues wealth for his own self-interest. This note has emerged due to the reduction which economists have made on Adam Smith's assumption. In order to explain how the trade was developing, Adam Smith had to give the definition about the nature of man in the trade. According to Smith, man was driven by self-interest, but Smith never said that the whole nature of man was self-interest. Thus, what is really just a 'methodological requirement' is considered as the reality of human nature.<sup>8</sup>

The assumption became a defect in the concept of rationality. Sen even refers to it as the distorted notion of economic theory.

In his description of Sen's argument, Putnam explained that Sen's work has unraveled the basic economic principles (Expressed by Edgeworth in his *Mathematical Psychics*, that "the first principle of Economics is that every agent is actuated only by self-interest.") premise that has been so deeply embedded in economic models is rejected by Sen. This

principle says that only self-interested values are "rational."<sup>9</sup>

Sen questioned whether the view that human beings are called economic man who pursue self-interest always provide the best approach to human behavior at least in economic matters. He does not reject that self-interest must take part in a major responsibility in many decisions, but the issue is whether there is a plurality of motivations, or whether self-interest alone motivates human beings.

Not quite realistic to affirm that the people are constantly really do take full advantage of their self-interest, the same as stating that rationality should always insist the maximization of self-interest. Universal selfishness as actuality may be false, but universal selfishness as a prerequisite of rationality is ridiculous. Complex procedure to associate the interests of maximizing the rationality and then identify the actual behavior with rational behavior seems totally counterproductive if the ultimate goal is to provide a reasonable case for the benefit maximization assumption in the specification of the actual behavior in economic theory.<sup>10</sup>

In my opinion, the echo of self-interest as the principle of economic has given a big impact for the community since they had received the view as taken for granted.

Sen also outlines that the opinion of the individual who only pursues her interests have been considered as something 'natural' by many modern economists, and strangely supposition is reinforced by the belief that is also quite rightly so demanded by rationality. This opinion has sarcastically put Gandhi, Martin Luther King, Mother Theresa and Nelson Mandela as big idiots, because it completely ignores the wide variety of human motivations that can drive civic life. The selfish man has even made up with such esteemed as "economic beings" or "rational agents."<sup>11</sup>

Another impact of the narrow rationality that puts self-interest as the first principle of economics can we learn from studying Ian Hacking's opinion that the definition we put on people form them:

*There's more than a whiff of labelling theory here: people are affected by what we call them and, more importantly, by the available classifications within which they can describe their own actions and make their own constrained choices. People act and decide under descriptions, and as new possibilities for description emerge, so do new kinds of action. That is a two-way street. Because people behave differently in the light of how we classify them—because we behave differently according to how we present ourselves to ourselves—the descriptions and classifications must in turn be modified.<sup>12</sup>*

Ian Hacking's work "The Making and Molding of Child Abuse" shows us very nicely that the metaphysics (object of knowledge) and language (terms to express the knowlege) are not simply given, we can do something about them. As long as we can acknowledge options in language and metaphysics, we will gain cognitive progress in uncovering facts, clarifying ideas and sharpening sensibilities.

For example language that expert use in defining child abuse play an important role to find out the facts. Mistake that they made in formulating the definition lead their investigation last in vain. In regard to this argument, I like Hacking's examples

about David C. Gil's definition on child abuse. How Gil's definition of physical abuse ended up with conclusion: "There is no major social problem in regard to child abuse," at that time; which was made him accused of making a radical underestimate. Strikely Hacking says:

*"It is instructive that numbers bandied around in connection with child abuse can go from 7000 to 1.1 million. It is equally instructive that one careful writer can go in five years from precise definition to an emotive one. The two phenomena are closely connected. It is just those definition shifts that help make possible the number switches. Change in reporting procedures can move us from 7000 to say 30,000, but only change in definition can catapult us from 7000 to 1.1 million"*<sup>13</sup>

Hacking reveal the first and second definitions of child abuse as follows:

*Here are two, both written down by the same man in the course of less than a decade. In the first definition **child abuse** is non-accidental physical attack or physical injury, including minimal as well as fatal injury, inflicted upon children by persons caring for them. The second definition views child abuse as inflicted gaps or deficits between circumstances of living which would facilitate the optimal development of children, to which they should be entitled, and their actual circumstances, irrespective of the sources or agents of the deficit. of David C. Gil. The first was used in 1967-68 for the first US-wide survey of abused children and their abusers. The second was proposed in Gil's testimony to the US Senate Subcommittee on Children and Youth, 1973.*<sup>14</sup>

There is another example. Kempe's term of battered-child syndrome medicalized child abuse problem which in fact as Hacking says child abuse invites a far wider range of application than child battery (Ian Hacking, 1991:18).

Hence, Hacking holds that something real in the world has something to do with how we labeled them. We need to give the appropriate labels or categories in classifying people or objects that we study if we want to be successful in fixing the target in investigation.

Inappropriate categories that expert used in investigating child abuse has produced the unsatisfied result of the research. For instances, as Hacking says that:

*First, a vast variety of sexual misdemeanors, euphemistically called touching, now get lumped with incest as if they were the same thing..... Vice is conquering our society, not because we are more vicious but because we are declaring a vastly wider range of acts to be wicked.*<sup>15</sup>

Nevertheless, on the other side, when incest put under child abuse' category, it became thought as a social problem. It is give society courage to deal with incest.

That is why it is important to clarify our ideas and categories that we use. I argue that our knowledge will be able to count

as knowledge when we develop a critical kind of second-order knowledge, reflective knowledge of our ideas, norms and categories themselves. We have to arrive at the root of the problem not present 'a shallow understanding.' Our categories need to be the effective sharp knife that can 'cut the reality.'<sup>16</sup>

In addition I want to say that we need to be more aware in regard to the notion of normalcy that has been given by medical profession and other experts. Just like Hacking says we need to reclaim our identity, don't let the expert live our life, otherwise they will shape our knowledge and constitute our behavior to act under their description that in this sense inappropriate.

Society carelessly accept, as the child abuse' case, argument from medical profession which is contain of their personal purposes. For example, Kempe has introduced battered-child syndrome in order to be recognized by his other colleagues. Unfortunately we accept that knowledge for granted without knowing how it was molded and formulated.

In the economic world, the attitude to receive the narrow definition of rationality uncritically has misled so many people. Consequently selfishness is considered normal even self-interest maximization becomes a standard of rationality. I think this problem has similarities with the case of the bias definition of child abuse.

When the first definition has changed into the second definition, there was a significant increasing number of children who experience child abuse. The children who had been considered not experience child abuse; it is a victim of child abuse. Also the same with this rationality case, when its standard of definition has changed the people who had been considered irrational because doing something not on the basis of self-interest, then turned into a rational person. For examples Gandhi is now included in the criteria of rational people even though he did a good deed which is not for his own sake (which was regarded as irrational behavior).

That is why I appreciate Sen's effort to dismantle the traditional economics of rationality. I support Sen's argument that economics have laid a fragile foundation in economics models. We can see that rationality in economics has given inappropriate criteria about the standard of human rational behavior.

In addition to the view that rationality is identical to the self-interest maximization, rational also means as the internal consistency of the choices. Sen does not accept this view because a person's actions will not necessarily be affected by something in him but also by things from outside. The choice can come from something outside themselves, either from environmental or ethical considerations. However, these options can also be a combination of factors from within and outside the self. Also according to Mon, individual choice is not always the same as the personal preferences or desires.

As Sen puts it:

*I have tried to argue elsewhere that even the very idea' of purely internal consistency is not cogent, since what we regard as consistent in a set of observed choices must depend on the interpretation of those choices and on some features external to choice as such (eg the nature of our preferences, aims, values, motivations).<sup>17</sup>*

Furthermore, Sen regrets that many economists would separate economics from sociology on the basis of rational or

irrational behavior as expressed by Paul Samuelson who says the dichotomy will make "the approach of rational behavior leads to a mute theory. In addition, the possibility of using consistency requirements for testing is the primary problem since a rational approach requires internal consistency of observed choice. Samuelson emphasizes the need for "ideal viewing conditions" for the implication of the approach to be "refuted or verified."<sup>18</sup>

However he maintains internal consistency of observed choice is not easy to be satisfied because, on the one hand, we love the variation makes it illegitimate to consider the individual acts as a unit right choice while on the other hand; the lapse of time makes it difficult to distinguish between inconsistencies and changing tastes.<sup>19</sup>

Furthermore, Sen proposes a new concept that 'rationality (must be interpreted) as the discipline of subjecting one's choices - of actions as well as objectives, valued and priorities - to reasoned scrutiny.' Thus rationality is the capacity to reconsider the desire, belief and value. In that capacity he chooses ethical purpose in the best graded building in the context of specific social relations.<sup>20</sup>

Straightforwardly Sen shows that the strict separation between economics and ethics has brought one of the major drawbacks of contemporary economic theory. According to Sen welfare-economic considerations should be allowed to have some impact on actual behavior and, therefore, must be relevant to modern logistics economy because actual human behavior is influenced by ethical considerations, and to influence human behavior is an important aspect of ethics.<sup>21</sup>

Also many assumptions of economic theory actually come from ethical considerations both of individuals and of groups, from the evaluation of the intrinsic or instrumental evaluation. However, if economics give explicit attention to ethical considerations that shape human behavior, it can be made more productive.<sup>22</sup>

According to Sen, economic rationality needs ethical considerations. Many aspects of the ethical considerations are limited in the traditional economy. Thus he considers it important to make 'a remedial expansion of the set of variables and influences that find room in the economic analysis.' Sen regretted that the economy is not exploring the wealth of ethical considerations that might be significant to both welfare economics and predictive economics.

He says that:

*The restrictions imposed by both welfarism and consequentialism as well as by the demands of narrowly-conceived rational decisions have made many different types of relevant considerations inadmissible in economic evaluation or behavioral prediction.*<sup>23</sup>

The view of economic which is separated from ethics is really surprising given the history of how the economy is formed. Economic should relate to real people and the human being must always be influenced by the Socratic question 'How should one live?' In addition, in the history of modern economics, economics is seen as a branch of ethics. Even in his Nichomachean Ethics, Aristotle connects economics with the goal of human life. Economic studies connected with other sciences, which includes the assessment and development of basic goals. In Aristotle's Politics economics deals with the

study of ethics.<sup>24</sup>

Mainstream economic theory, however, identify the rationality of human behavior with the internal consistency of choice and, further, by maximizing self-interest. As Sen notes there is no evidence for the claim that the maximization of self-interest gives the best approximation to the actual human behavior or inevitably leads to optimal economic conditions.

To elaborate a new structure for economic concept of rationality, Sen begins his proposal by introducing the differentiation between the two concepts, namely sympathy, and commitment. Sympathy is the act of happy when others are happy and sad when others sad. This action is an important sense of egoistic. Basically, sympathy departs from the maximization of self-interest of each individual. For this kind of action, the purpose is to achieve one's own utility. A person's well-being depends on the well-being of others, but the center of attention is the benefit of me. Concern for others directly affects the well-being of me.

Contrasts to sympathy, commitment are non-egoistic actions. Commitment occurs when individuals perform an action regardless of the cost-benefit for himself. Commitment is identical to the issue of the social life of individuals, because it could mean fulfillment of commitments as maximization in general, which is the most for the public interest, not just the maximization of self-interest. Commitment is not triggered by self-interest, but merely by forms of loyalty, fulfillment of obligations. Commitment is called by Sen as an ethical action in the economy. Commitment is closely associated with morality, because the willingness of individuals to act on commitments was out of his ego, and move towards a social life. Though I had my self-interest I did not chase it because I decided to pursue other interests which I thought was better (the possible externalities of the good). Commitment involves counter preferential choice, which means that a person may not necessarily choose something better than or at least as good as others.

However Sen claims that Rational Choice Theory does not succeed in explaining the way people make decisions and identify preferences and also failed to grasp the fact that other-regarding, the non-self-interested preferences can be beneficial for the individual in certain way.

While the commitment is an umbrella concept that protects an act of solidarity, patriotism, public ethic, sacrifice, loyalty, responsibility to future generations, the common good and the other moral values to the common life that is considered 'irrational' in the concept of economic rationality. Economics have been mistaken as to get rid of the actions and the values of the criteria of rationality. Commitment is the way how the economic rationality is connected again with ethics and the way how the economics agenda is connected again with the formation of the common good.<sup>25</sup>

## Reconnecting Economy And Rationality

What Sen aims at through all the criticism contains at least three layers of problems. First, Sen struggles to save the concept of rationality from circular logic, namely the determination of truth (epistemic) and goodness (ethics) of choice on the basis of what one actually chooses. How do I know what I have chosen is right and good? Answer: I know my choice is right and good because I have chosen it! CircularityThe second layer concerns the self-referential feature of choice: the

basis for the truth and goodness of choice is choice itself without any external reference to motivation, values, adherence to rules, traditions, loyalty, or identity. Writes Sen: "It is a conceptual fallacy to think that the conditions of choice are purely internal to choice, when the reasons are related to goals or values that cannot be understood without reference to what operates behind/outside of choice."<sup>26</sup>

*Second*, Sen is struggling against the concept of economic rationality as a matter of maximizing self-interest, because the concept of rationality is not only very narrow, but also makes economics even lose its descriptive and predictive power in its analysis. It is true that like other sciences, economics also needs a moment of conceptual austerity (parsimony) in its methodological procedures. However, simplifying economic behavior as a businessmaximizing self-interest is certainly too extreme a conceptual austerity. It is not simply "depriving human behavior of values and ethics (except of course the value of self-interest),"<sup>27</sup>

but also excludes economics from its possibility to contribute to a more reasonable social order of justice. After tracing the literature of economics, moral philosophy and other social sciences, Sen notes how widespread cooperative behavior is, how production activities are carried out in solidarity, how rules of public life are routinely adhered to, such as not littering or giving priority to people. pedestrians, how obligations are obeyed, and so on.<sup>28</sup> In short, Sen tries to renew the conception of rationality with a broader grounding landscape than just a matter of maximizing self-interest.

*Third*, Based on his criticism, Sen tries to propose an understanding of rationality that is substantively different from what is generally used in economics. Sen defines rationality as "accuracy and discipline in making choices, both [means] and goals of action, values and priorities, on the basis of a reasoned scrutiny."<sup>29</sup> That definition sounds mundane and does not contain any novelty. However, Sen's definition needs to be understood from the background of the conception of rationality in mainstream economics. One of the most straightforward manifestos of standard economic rationality was written by economist Gary Becker: "All human behavior can be viewed as involving participants who [1] maximize utility [2] from a fixed menu of choices and [3] accumulate optimal variety of information and other inputs in various market conditions."<sup>30</sup> ThenThe manifesto is used to analyze various actions. Becker concludes that economic rationality driven by self-interest maximization can be applied not only to transactions. buying and selling in the marketplace, but also for other acts of love, family, immigration, and so on. It is on this line of thought that Becker states: "The economic approach provides a holistic approach to understanding all human behavior which has long been pursued by, but eluded by, Bentham, Comte, Marx and other thinkers."

Sen is not alone in seeing such flaws in the conception of economic rationality. Economist Herbert Simon, for example, argues that economic rationality, like the general sense of rationality, "always"bounded rationality, and that bond always occurs with external factors that are broader than just the matter of maximizing self-interest. Without it, economic rationality would be entirely instrumental: "It will not be able to guide where we go; at best can only guide how to get there. So it becomes a weapon to be hired for any purpose, good or bad."<sup>31</sup> Epistemologist Hilary Putnam arrives at the same conclusion:At the heart of the notion of [economic rationality] is a simple deceptive dichotomy, namely the idea that the choice of 'ends/goals' cannot be called rational or irrational, whereas the choice of 'means' (means) is rational insofar as it is efficient. So, rationality here is a predicate of means, not ends, and is fully equated with efficiency. However, this

whole conception soon loses its persuasive power when we examine the primitive psychological theory that supports it. Precisely because economic rationality is attached only to 'means,' and not 'ends,' rationality is like a “weapon to be hired for any purpose, good or bad.” For Sen, this conception of rationality is very narrow. First, “the goal is seen as something that just exists (straightforwardly given), then what needs to be done is only to find a suitable means to achieve it.”<sup>32</sup> Second, with that rationality also has no relation and role whatsoever to seek “the good”, “what develops human goodness, or how people should live.”<sup>33</sup> In short, rationality has nothing to do with ethics. Therein lies the importance of Sen's definition of rationality which includes not only a “reasonable examination” of means but also “ends, values, and priorities.” Why? Sen wrote, because “maximizing behavior can often be really stupid (patently stupid) and lacks reasoning, because it depends on what is maximized.”<sup>34</sup> Sen gives this example. Imagine a person we see is busy cutting off his toes with a blunt knife. We ask why he acted unwisely. He replied that his goal was to get rid of his toes, because that was his choice. When we asked him if he had considered the consequences of not having toes, he replied: “No, and I don't have to, because cutting off my toes is what I want; that is my ultimate goal and I know I am completely rational as long as I pursue my goals cleverly and systematically.” If rationality is only a matter of efficiency of tools/tools (cutting the toes), we can suggest that he sharpen the knife is as sharp as possible to effectively cut the toes. Rationality as such a maximization is certainly absurd, because the goal (end) of cutting the toes itself requires a reasoning examination.<sup>35</sup>

But if rationality demands a reasoned examination of goals and values, then surely internal consistency of choice and maximizing utility of means is not or is not sufficient as criteria and conditions for rationality. Sen does not claim that people never pursue maximizing their self-interest. It is strange that self-interest does not play an important role in many decisions. Many normal/routine economic transactions will cease if self-interest does not play a role. However, “rejecting the argument that people always act out of narrow self-interest does not mean arguing that people always act without self-interest.”<sup>36</sup> Deviating from narrow self-interest maximization because it follows customs or social obligations cannot be called irrational simply because they fall outside the criteria for maximizing self-interest. The demand for “rationality is not primarily a matter of conformity with certain goals or values [including the fulfillment of maximum self-interest], but the demand that goals (goals) and values that are not goals (non-goals) are based on on careful consideration and examination.”<sup>37</sup> In the end Sen wrote the knot in the following formula: Arguing that in reality people always maximize self-interest is perhaps not as absurd as arguing that rationality without exception requires maximizing self-interest. The generally accepted selfishness may not be true as a matter of fact, but the generally accepted selfishness as a prerequisite for rationality must be utterly absurd.<sup>38</sup> However, isn't the specific feature of the rationality formula with the austerity of the anthropological premise is meant to prevent the weakness of an overly loose sense of rationality? Without it, we would miss a disaggregated methodological formula for examining what is rational and what is irrational, because Sen's proposal is too loose to lack a definite methodological anchor. To put it bluntly, Sen's definition is not that different from mere common sense. What is needed may be to prevent what is actually a way of thinking (epistemology) from slipping into a description of human nature (ontology). This issue has far-reaching implications, because the description of human nature in the social sciences is not just an innocent description, but is used as a normative-prescriptive agenda of what kind of human being should be, especially through government policies, educational curricula, and management. For example,<sup>39</sup> Apparently Sen was aware of the leeway that marked his proposal. He noted the defects that would be inflicted, for example, his conception of “not having a certainty test tool,” “depending on the reasoning of the perpetrator,”

“presuming the need for continuous examination,” and “lack of approach.”<sup>40</sup> Sen writes: There is indeed a very elementary thing to the idea of rationality as being compatible with the examination of reason. If the elementary meaning this — which may even be self-evident — is buried by the complexity of its competing notions of [rationality], so this recognition of the elementary brings us back to the most basic realms that have not been obscured by highly specialized theories.<sup>41</sup> The conception of rationality has developed to a new level, so much so that it is too narrow to help understand the landscape of the diversity of human behavior and what is involved in the process of rationality. The way that Sen proposes is to call in the various external factors that the rationality model suspends, such as motivation and values. With that, it must also include the types of actions/behaviors that cannot simply be fixed in the category of rationality of maximizing self-interest, such as loyalty, sacrifice, obedience to common rules, solidarity, identity as “we,” and so on. It is in this context that Sen brings in the concept of ‘commitment.’ The implication is that the various motives and values that are expressed in types of actions and behaviors such as loyalty or loyalty to obligations also cannot simply be called irrational.

If this step then causes the procedure of thinking to feel blurry because it loses methodological precision, the problem is not because what feels fuzzy is irrational, but because a more adequate rationality does require us to revive what has been eliminated by the conception of rationality so far. What was eliminated? According to Sen, what has been eliminated is the link between economics and ethics: “At the risk of sounding too noble, it can be said how important it is to win back humanity (humanity) areas that have been usurped by various formulations that are deliberately narrowed by the demands of rationality.”<sup>42</sup>

## Conclusion

Amartya Sen has contributed greatly in shifting our paradigm about the concept of economic rationality. He has reintroduced ethical concepts into economics. Sen also showed his rejection of two types of rationality in economics. First, according to Sen, self-interest as a measure of rationality of action is inadequate, because there are actions that are not triggered by an effort to meet the welfare of oneself. Secondly, the consistency of choice as a benchmark of rational action is also insufficient, because individual choice is not the same as the preference.

As a result, Sen injects commitments in the new structure of economic theory of rationality. Commitment according to Sen has become an umbrella concept that protects an act of solidarity, patriotism, public ethics, sacrifice, loyalty, responsibility to future generations, the common good and the other moral values to the common life. This kind of values was considered as ‘irrational’ in the concept of economic rationality. Economics have been mistaken as to get rid of the actions and the values of the criteria of rationality. Commitment is the way how the economic rationality is connected again with ethics and the way how the economics agenda is connected again with the formation of the common good.

## Footnotes

<sup>1</sup> B.Herry Priyono, Philosophy of Social Sciences, Class Material, 2012/2013

<sup>2</sup> Ibid

<sup>3</sup> Putnam, Hillary. "The Collapse of the Fact/Value Dichotomy." Harvard University Press (2002): 47.

<sup>4</sup> Sen, Amartya K. "Rational fools: A critique of the behavioral foundations of economic theory." *Philosophy & Public Affairs* (1977): 336.

<sup>5</sup> Hasibuan, Zainal A. *Research Methodology in the Field of Science. Computer and Information Technology*. Depok: University of Indonesia. 2007, p.3

<sup>6</sup> Zed, Mestika. *Library Research Methods*. Jakarta: Indonesian Foundation. 2004, p.3

<sup>7</sup> Ibid. 52

<sup>8</sup> Priyono, op. cit.

<sup>9</sup> Sen, op. cit, p. 16

<sup>10</sup> Sen, op. cit, p. 16

<sup>11</sup> Cents, *Violence and the Illusion of Identity*, Left Margin. (2006): 29

<sup>12</sup> Hacking, Ian. *The Making and Molding of Child Abuse*, *Critical Inquiry*, (1991):254

<sup>13</sup> Ibid. 20

<sup>14</sup> Ibid. 270

<sup>15</sup> Ibid. 28

<sup>16</sup> Ibid. 32

<sup>17</sup> Sen, op. cit, p. 14

<sup>18</sup> Sen, op. cit. p.325.

<sup>19</sup> Ibid.

<sup>20</sup> Priyono, op. cit

<sup>21</sup> Ibid. x

<sup>22</sup> Ibid 70

<sup>23</sup> Ibid. 70

<sup>24</sup> Ibid. 3

<sup>25</sup> B. Herry Priyono, Amartya Sen's Critique of Economic Rationality, Class Material, September 2012

<sup>26</sup> Sen, Amartya. *Collective Choice and Social Welfare*. San Francisco: Holden-Day, 1970

<sup>27</sup> Ibid

<sup>28</sup> Wallace, Laura. "Freedom as Progress: Interview with Amartya Sen,"

*Finance and Development*(September 2004): 4-7.

<sup>29</sup> Ibid

<sup>30</sup> Weirich, Paul. "Economic Rationality." In *The Oxford Handbook of Rationality*, eds. AR Mele and P. Rawling. Oxford: Oxford University Press, 2004, pp. 380-398.

<sup>31</sup> Ibid

<sup>32</sup> Sen, Amartya. *Collective Choice and Social Welfare*. San Francisco: Holden-Day, 1970

<sup>33</sup> Sen, Amartya *On Ethics and Economics*. Oxford: Blackwell, 1987.

<sup>34</sup> Frank, Robert H. et al. "Does Studying Economics Inhibit Cooperation?" *Journal of Economic Perspectives* 7/2 (1993): 171.

<sup>35</sup> Ibid

<sup>36</sup> Ibid

<sup>37</sup> Ibid

<sup>38</sup> Morris, Christopher W. (ed.) *Amartya Sen: Contemporary Philosophy in Focus*. Cambridge: Cambridge University Press, 2010.

<sup>39</sup> Weirich, Paul. "Economic Rationality." In *The Oxford Handbook of Rationality*, eds. AR Mele and P. Rawling. Oxford: Oxford University Press, 2004, pp. 380-398

<sup>40</sup> Frank, Robert H. et al. "Does Studying Economics Inhibit Cooperation?" *Journal of Economic Perspectives* 7/2 (1993): 159-171.

<sup>41</sup> Ibid

<sup>42</sup> Dhongde, Shatakshee and Pattanaik Prasanta. "Preferences, Choices and Rationality." In *Amartya Sen: Contemporary Philosophy in Focus*, ed. CW Morris. Cambridge: Cambridge University Press, 2010, pp. 13-39

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