ABSTRACT. The degree to which I want something often affects the amount of pleasure or other benefit it will bring me if I get it. This, in turn, should affect the degree to which I want it. In the *Journal of Philosophy, 89* (1992) 10–29, Anna Kusser and Wolfgang Spohn argue that decision theory cannot cope with this mutual determination of wants and benefits. This paper argues, to the contrary, that decision theory can cope with it easily.

*Keywords:* Decision theory, utility theory, practical reason, formation of preferences.

1. INTRODUCTION

The benefit I get from something is often affected by the wants I have. For instance, if I want something a lot, I shall be particularly pleased if I get it. This anticipated pleasure, which results from my want, gives me an extra reason to want this thing, over and above whatever made me want it in the first place. So there will be some mutual determination between my wants and the benefits I will derive from things. Anna Kusser and Wolfgang Spohn (1992) argue that this mutual determination—they call it a circle—causes decision theory to fail. I think that, in pointing out the mutual determination, Kusser and Spohn have made a significant addition to decision theory; decision theorists would do well to take the mutual determination into account. But they have not revealed an error in decision theory as it is.

2. THE AXIOMS OF DECISION THEORY

Decision theory is not about the causes of a person’s preferences, but about their structure. It says preferences will, if they are rational, conform to a number of axioms. If they do, the theory proves they can be represented by probabilities and utilities. This means probabilities and utilities can be defined in such a way that the person maximizes...
expected utility: one alternative is preferred to another if and only if it has a higher expectation of utility.

The only way decision theory can fail is by a failure in one of its axioms. But the mutual determination of wants and benefits gives us no reason to doubt any of the axioms. The axioms constrain a person's preferences: they determine certain relationships that must hold among the preferences. But they do not determine preference completely, so there is room for other constraining relationships to be added without contradiction. In particular, there is room to add causal relationships between wants and benefits.

It is true the causal relationships may happen to take a form that conflicts with the axioms. But even if they do, that does not suggest there is anything wrong with the axioms. Take a simple example, which leaves out the complication of uncertainty. Consider my preferences about buying a fast car. There is very little substance to decision theory in such a simple case. The theory says simply that I will have transitive and reflexive preferences between the car and various amounts of money. There will be some maximum amount I am willing to pay for the car: some amount such that I am different between this amount and the car. Let this amount be $m^*$. Let us now add to this tiny bit of decision theory a story about the causal determination of my preferences. Suppose that, of any two alternatives, I always choose the one that gives me the greatest pleasure. Suppose I get $x(m)$ units of pleasure from having $m$ of money, where $x$ is an increasing function. Suppose that the more I want the car, the more pleasure I will get from having it. Suppose, specifically, that if I am willing to pay $m$ for the car, the pleasure I will get from the car is $y(m)$, where $y$ is an increasing function. Then my preferences are in equilibrium when $m^*$, the amount I am willing to pay, is a solution of the equation $x(m) = y(m)$. For then $x(m^*)$, the pleasure I will get from $m^*$, is the same as $y(m^*)$, the pleasure I will get from the car.

The equation $x(m) = y(m)$ may or may not have a solution. That depends on the form of the functions $x$ and $y$. For instance, if $x(m) = m$ and $y(m) = \tilde{y} + m/2$ (where $\tilde{y}$ is a constant), the equation has a solution. If $x(m) = m$ and $y(m) = \tilde{y} + m$, it does not. If there is no solution, there is a sort of inconsistency between decision theory and the causal determination of my preferences: my preferences have no