Approaches to utility

Utilitarian economists use the term ‘utility’ carefully, but as was mentioned above there are two distinct views of it: the ‘satisfaction/happiness’ view and the ‘desire-fulfilment’ view. The happiness approach goes back to Bentham and has been used extensively by Marshall (1890), Pigou (1920) and others. The desire-based approach was pioneered by Sidgwick and developed by Ramsey (1926), Harsanyi (1976), Hare (1981), Mirrlees (1982) and others:

A plausible case can be made for taking either happiness, or desire-fulfilment ... as guides to a person’s well-being. It would be odd to claim that a person broken down by pain and misery is doing very well, and no less peculiar to think of a person whose desires are systematically violated as achieving a high level of well-being. The issue is not whether either of these views have some plausibility – they both clearly do. The real question is whether either happiness or desire-fulfilment provides an adequate approach to well-being in general, and not just in rather special cases.

(Sen, 1985a: 17–18)

A more modern approach to utility – Sen calls it a ‘real-valued’ approach – views utility as the numerical representation of choice. If a student's ‘choice function’ – in other words, how the student makes specific choices from his or her set of feasible options – is consistent (Richter, 1971; Sen, 1971; Suzumura, 1983), then the student’s choice function can be represented by
one binary relation and all the choices can be seen as maximization according to that binary relation. That binary relation is frequently seen as ‘utility’ in the literature, following an approach that goes back at least to the origin of the ‘revealed preference’ school.

(Ibid.: 18)

Whether a binary relation of choice reflects well-being depends on the motivations that underlie choice and on various other strategic considerations (Hennipman, 1976, 1982). As Sen (1985a) says, there is ‘an enormous difference between choosing tea or coffee according to one’s taste’ (ibid.: 19), and choosing a particular school, upon which a student’s entire future may depend. Applying Sen’s approach to the field of school choice leads to the realisation that the assumption that the binary relation underlying choice (if the choice is consistent enough to yield a binary representation) is necessarily only a student’s ordering of his or her own well-being. It is a ‘heroic simplification’, as Sen calls it – students do not have the option of being someone else or living at another time (Harsanyi, 1976; Borglin, 1982) – and it does not easily accommodate interpersonal comparisons (Jorgenson & Slesnick, 1984a, 1984b; Jorgenson et al., 1980; Jorgenson et al., 1983). In fact, it may be that the whole concept of using school choice as a measure of student well-being is a fallacy:

The choice-approach to well-being is ... really a non-starter. But the other two, more classical ... views of utility – happiness and desire-fulfilment – are indeed serious candidates for serving as the basis of a theory of well-being. One difficulty that has to be faced by either of these approaches is the cogency ... of the other. If happiness is important for well-being, can desire-fulfilment irrespective of happiness be a plausible approach to well-being? If the fulfilment of desires is central to well-being, can happiness irrespective of desire-fulfilment be a sensible approach to well-being? It is not hard to construct examples in which total reliance on one or the other, but not both, ... produces a view of utility and well-being which is immediately objectionable.

(Sen, 1985a: 20)

This particular problem, according to Sen, ‘points to an embarrassment of riches within the utilitarian tradition’. The more serious problems lie elsewhere; namely, in the poverty of the entire utility-based approach. Both views of utility have the twin characteristics of, on the one hand, being fully grounded in the mental attitude of the person (and thus