

Buridans's Ass and the Austrian Conception of Indifference

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Abstract

Acknowledging situations when we feel we are indifferent between two alternatives but still get to pick one of them seems incompatible with the Austrian tenet that action always demonstrates preference, or non-indifference. I offer a solution that accommodates such situations to Austrian theory and terminology by separating the scope of deliberation within a human activity from the scope of indifference. While deliberation is responsible for selecting a disjunctive domain of equally valued objects (with regard to a purpose) and for triggering a mechanism of random selection to operate within the domain, it is that mechanism itself that is responsible for the selection of one equal member rather than another. This idea not only gives comfort to Austrian theory in the face of indifference. Its exploration helps me draw an argument to the effect that whenever there is indifference between two (equally) valued objects, and one of them still gets to be picked, those objects are considered to be units of the same good. For a subjectivist this amounts to accepting they actually are units of the same good despite all the differences in their physical descriptions or differences they display in other evaluative contexts.ⁱ

The Problem

Austrians maintain that *it is impossible for action to demonstrate indifference. Action demonstrates preference, not indifference.* Still, we can imagine situations in which both human action (choice) and indifference are present.

...By introspection [...] I can know some cases in which I am indifferent. I am often indifferent between the colors of clothes; though I pick one color, I know that I would have picked the other if the prices were not equal. [...] Similarly, one can only observe that I choose a green sweater; but this does not rule out the possibility that I was actually indifferent between the green sweater and the blue sweater.ⁱⁱ

The charge is that since hardly deniable data from introspection (from a 1st person perspective) and observation (3rd person perspective) seem to allow for such situations that Austrian theory does not allow, the theory is defective. Think of Buridan's ass and employ the Austrian vocabulary and subjectivist theory in its analysis. If an ass is just as hungry as it is thirsty, wouldn't it starve and thirst out of rationality? It seems so:

(1) *There can be choice or action only if one of the objects of choice is valued more than the others. (the subjectivist tenet)*

(2) *It is not the case that one of the objects of choice is valued more than others. (true by hypothesis)*

Therefore (3) There cannot be choice (or action).

How can an Austrian react if she witnesses the ass drinking off the puddle or eating off the heap of hay?

Possible Solutions:

a) An Austrian might see it as sufficient evidence for rejecting (2).

If both the left and right water holes are equally attractive, and he can find no reason for preferring one or the other, the ass or the man will allow pure chance, such as a flip of a coin, to decide on either one. But on one he must and will decide. Again, we are interested in preference as revealed through choice and not in the psychology of preferences. If the flipped coin indicated the left water hole, then the left water hole was finally placed higher on the actor's value scale, as was revealed when he went toward it.ⁱⁱⁱ

However, if we caught Caplan pawing through his drawer, rummaging past many blue sweaters to pull out a green one, we would question his claim of color indifference. It would still be possible that he truly was indifferent between green and blue sweaters. But, we would logically insist, there was some reason he bypassed all of those other sweaters to get the green one out from the bottom. Perhaps he knew the green sweater was the least itchy (or the warmest, the most fashionable, the lightest, etc.). Then we would have some preference information about Caplan: we would know that he preferred the less itchy sweater, even given the cost of digging it out, to the ease of grabbing an itchier one from the top of the drawer. But note that we have information on his preference for one good over another, not on his indifference between two goods.^{iv}

There must have been something that made water more appealing than hay, or the other way around, says Rothbard here. There must be some criterion that prevailed in the end, says Callahan.

But to some this may amount to not accepting the hypothesis. Caplan's story seems to picture facts of life and the second premise grounded in introspective data. Let us move away from this horn and explore other solutions.

b) One could condemn the donkey to premature death, as a result of accepting the soundness of the argument: if the donkey does not get to *choose*, it does not get to eat or drink, therefore it is but an illusion that the ass eats or drinks.

But if indifference is a common situation (and accept it is) then why don't we ever witness its casualties? Why do we always have the illusion that agents eventually get to pick something?

c) One could invoke the donkey's momentary lapse of reason. The donkey's eating or drinking is not an action, only a natural phenomenon.

This amounts however to invoking lapses of reason every time we indifferently pick a blue shirt instead of green. The move seems illicit, since the hypothesis involves reflective 1st person data which goes hand in hand with consciousness. We sometimes *know* we are indifferent and *knowing* is a conscious state.

The Structure and Raw Materials for a Good Solution

I take all three positions above as horns to be avoided. What we are looking for is to preserve the Austrian tenet that choice always demonstrates the opposite of indifference while holding true all the following statements: the donkey is rational, it is indifferent between the hay and the water, and it actually gets to pick the hay. We thus must analyze situations that seem to present an overlap between indifference and choice in such a way as to delimit the scope of indifference from the scope of choice.

To make my case more intuitive, I shall first offer two examples of situations that involve both indifference *and* deliberate human action; their analysis will show how they can both find their place in one single human activity without an overlap.

Example 1:

I am buying apples from the marketplace. As a common courtesy to customers the marketer invites me to pick up the apples I want; but since I am in a hurry I ignore the differences between the individual apples, and decide that for my purposes they are all the same. I ask the marketer to pick them for me.

Example 2:

When responding to the computer prompter "Press any key to continue" it seems to me here that the [revealed] preference is not which key to strike, but whether one wants to continue, or not. The choice is whether to strike or not, not which key to strike. Myself, I always just throw my hands on the keyboard in a slapdash way to choose any key, confessed Elizabeth Bernard.^v

The Solution: Action and Indifference Have Different Domains within the Same Activity

When I *decide* to buy *any* of the apples the scope of my choice is a disjunction between the objects I decided to be just as good. The scope goes no further *among* the apples. When Elizabeth Bernard decides to continue with the program, *the scope of her deliberate choice* (called merely "choice" in the Austrian vocabulary) *is a disjunction of keys*. Given no other purpose in addition to that of continuing with the program, the scope of deliberation or

choice does not need to extend to the picking of particular members of the disjunction, or penetrate within the disjunction. As far as her purpose is concerned, she can generate a random sequence for the automatic (i.e. non-deliberate) picking of one or more members of the disjunction. In the case of apples, letting the marketer choose the apples for me was analogous to my generating a random sequence among the apples, or have a robot do it, or have me picking them up with my eyes closed to the differences they may display. Elizabeth Bernard *throws her hands on the keyboard in a slapdash way to choose any key*. (Beware of the term “choice” here though, as it is not employed in the technical Austrian sense. Replace it with a neutral substitute, such as “picking-up”.)

Given a purpose or a good (Me-eating-apples, Me-continuing-with-the-program) my *action* (or *choice*) consists in:

a) Selecting a disjunctive domain of members that satisfy the purpose. This is the same as *labeling* goods, i.e. deciding which of an indefinite number of objects out there qualify as units of the good I am after.

and b) Generating of a random sequence (flip an internal coin) within the domain or among members of the selected disjunctive domain.

Both (a) and (b) are governed by deliberation, while the selection of one equal member rather than the other is not decided by the agent but by the mechanism triggered by her. Buying a pound of apples is a single action consisting of choosing a domain of members (apples), a heap at least as large as pound and generating a random sequence among the members until the total weight is a pound. Continuing with the program consists in selecting some of the objects that qualify as *keys on my keyboard* and generating a random sequence among these members to serve my purpose^{vi}. Within one single action, deliberation governs the selection of a domain and the triggering of the mechanism for random selection, while the mechanism itself governs among the elements between which we are indifferent. Human action is choosing an apple, not one apple in particular. It is the mental mechanism of random selection which, triggered by our action operates within the domain of equals.

This solution keeps away choice from indifference while holding true that the agent is rational, she is indifferent between two or more alternatives, but still gets to pick one.

Indifference is Indifference between Units of the Same Good

If two members of the disjunctive domain are at some point equally valued with respect to one single purpose, is that not sufficient reason for their being considered units of the same good? After all they are *just as good* for that given purpose, at the time of their being chosen. In the context of a particular action, their label *as goods* is the same.

It is easy to see the apple case as illustration of indifference between units of the same good. But apples are not units of the same good because they look similar to most observers. It is because they are equally valued by the agent. All apples are equally valued units of the good *Me-eating-apples*, while all keys on a keyboard, knowing them to perform the same function, are units of good *Proceed-with-the-next-step-of-a-computer-program*. Their being considered just as good for the same purpose reduces to their treatment as units of the same good.

What makes any two objects be units of one good is an agent being indifferent between them at the moment of a particular choice. All other properties the objects may display differently, physical or related to other evaluative contexts, are irrelevant.

Note the closure in subjectivity of all evaluative contexts: that all the apples were units of the same good for me was not transparent to the marketer, who thought that I may see more than one kind of thing in the heap; he waited for my decision. The marketer did not rush to assume the apples were the same *for me*. I might have wanted only red apples, say.

For a subjectivist, what makes an object be a unit of some good rather than some other, or be a good at all, is the background purpose. It can be having an apple salad, or having a red apple salad; It can be continuing with the program, or write an intelligible text. The “labeling” of a good or the definition of some objects as ‘goods’ or units of the same good is a matter of entrepreneurial decision. In different entrepreneurial situations, physically similar objects do not perform the same entrepreneurial function; they are valued in the light of different purposes and consequently are not units of the same good. The keys on Elizabeth Bernard’s keyboard are for the purposes of writing emails obviously *not* units of the same good. Whether the keys are

units of the same good or not depends solely on my purpose. In the absence of a purpose, there is no point in labeling anything as a 'good'.

Applying the Lesson to Buridan's Ass

Buridan's ass is an agent equally hungry and thirsty and equally close to a heap of hay and a puddle of water. At first we detect two purposes that account for the ass's possible choices: satisfying thirst and satisfying hunger. Were purposes absent, the objects in front of its muzzle, water and hay, would not yet be regarded as *options*, they would not be valued and consequently, would not be not labeled as units of any good.

A stalling in front of the equally valued options would show that all other purposes a donkey may have are less urgent (lower in the scale of preferences) than any of these two. However, an eventual death of the donkey is spectacular precisely because of its rationality (by hypothesis the ass is rational). Buridan wouldn't expect a rational agent just sit there and die. If we ruled out the possibility of any new purpose or preference somewhere in the scale then we would not be exactly dealing with an agent, but with an automatic system with a fixed number of end-states and a pre-programmed preference ranking. The mechanism allowing the individual agent to escape permanent stalling requires the formal presence of an additional purpose, say P3, able to pop up at the top of the scale taking the place of the other two in a tie.

At first, P3 is not an urgently felt need or purpose; in all moments of stalling in front of hay and water, P3 must be somewhere lower on the scale of urgent preferences. As time moves on though, P3 may become the most urgent purpose and jump at the top of the scale. From the perspective created by the new top purpose, the two *objects* in front of the donkey are reconsidered, relabeled or sorted anew. If they still have value under the new criterion, i.e. if they are still relevant, they must both serve that purpose. And if they again equally valued, then they must be units of the good corresponding to that purpose. That purpose can be Going on Living, Filling one's stomach, or Non-starvation where "starvation" general enough to cover both fatal dehydration and fatal lack of food. A mouthful of hay and a gulp of water must be *units of Non-starvation*. If they are units of the same good, the donkey can generate a random sequence (flip an internal coin) and rush to either eating or drinking.

As long as the purpose Non-starvation is still at the top, the animal can grab additional units of this good, whether they are mouthfuls of hay or gulps of water. The different properties between water and hay are ignored, their different physical properties and their previous labeling as units of different goods are now irrelevant in the light of the new purpose. The ass is both rational and indifferent between what an outsider calls hay and water. It is indifferent between what an outside individual considers respectively units of the goods Thirst-satisfaction and Hunger-satisfaction. It chooses to reconsider the options in light of the new purpose as units of the same good.^{vii} Once they are the same, he can employ a random sequence to pick up one of them.

Where did the new purpose come from? In the case of Buridan's ass, it must have been there all the time, this having nothing to do with the argument from pre-programmed preference ranking automatons. The hypothesis specifies two equally valued objects. But if we accept that they are compared and deemed equally good, what is the criterion in virtue of which they are considered so? They must be just as good *at something*.

Our solution to the problem of indifference was that my action or choice consists in a deliberate selection of a domain of equals and the deliberate generation of a random sequence among the equals. The mechanism of random selection was responsible for picking one of the equals among the many, while the scope of my choice did not need to extend in a sorting within the domain of equals. We applied it to the case of Buridan's ass and explained its eating or drinking behavior while keeping the hypothesis intact: he is rational (*deliberately* chooses any of the objects, puddle or hay) and indifferent (*deliberately* chooses *any* of them).

The Closure in Subjectivity of an Action's Content

Assume that Buridan's ass relabeled the hay from "good for the chewing pleasure" to "good for non-starvation (in the general sense)". How could an outside observer notice this change? How can we detect whether the donkey actually chose to satisfy the purpose Chewing Pleasure and deliberately chose hay, or whether he chose Non-starvation and generated a random sequence itself the cause for picking the hay? How could we detect an action's content, or an action definition?

As a consequence of subjectivism, the entrepreneurial process of sorting and re-sorting options in the light of new purposes is a private process. It is perhaps trivial to say that the process of labeling objects as units of some good or another takes place in the subject's mind and may be opaque to an outside observer. But what still requires underscoring is that *the result* of this process, e.g. a particular label of the apples in front of me as units of a particular good (units of Me-eating-apples, or of Me eating red apples or units of Me-amusing-at-my-son's-throwing-apples-off-the-balcony-at-stray-dogs) is not transparent in my transactional behavior. The courtesy of the marketer is evidence for her understanding of the opacity of my purposes. She didn't know which differences in those apples mattered to me.

Subjectivism requires we considered the agent's definition of her own action to be more accurate than a definition based on observing her behavior. One cannot un-mistakenly define the ass's options from outside: one is water, the other hay, one being for the purpose of satisfying thirst, one for satisfying hunger. Purposes are private, not transparent. They only dwell in a subject's mind and can but be guessed from behavior or outward activity. Perhaps the ass sees two kinds of hay where we see only one, perhaps there are more hidden options. Or perhaps it sees fewer options; in our account above the ass ignored the difference between water and hay: as far its new purpose is concerned, water and hay are just increments of the same good, Non-starvation, putting something in its empty stomach. But it is not only purposes or goods for the sake of which we label objects that are private, so are the labels on objects deemed as units of a good.

What we can assert with certainty from a third person perspective is only that the donkey's preference *involved* a mouthful of water from the left puddle, but we don't know whether its deliberate choice applied to the picking of the left puddle. The choice could have stopped at triggering the random mechanism. If there are private mental processes at all, then our best instrument from an outside perspective is analogy between our purposes and the agent's, and we know that it sometimes may fail. While behavior is public, the action itself as defined from the 1st person perspective is opaque insofar as it contains private labels.

Conclusion

In our explanation of Buridan's ass drinking or eating behavior, the ass's drinking from the puddle at its left did not entail *it chose* to drink from the puddle at its left. It might have merely labeled them as equally good for Quickly-filling-its-stomach, chosen to flip the coin, allowing this mechanism to command its muscles as to move to the left or to the right. If so, drinking from the left puddle as opposed to the right was not the donkey's *choice*, *nor its action*. As far as the ass is concerned, its choice, action or preference was to enjoy water from *any* of the puddles. The gulping from the left puddles is due the internal mechanism of random picking.

In this light recall the quotations from Rothbard and Callahan representative of solution (a). And assume the coin decided in favor of drinking first and we witness the drinking behavior. What does this prove? Our analysis does not allow it to stand proof for a preference of drinking from the left hole over drinking from the right. The flipping of a coin is by hypothesis the proof of a lack of preference. I take Rothbard's last claim – that if the flipped coin indicated the left water hole, then the left water hole must have been finally placed higher on the actor's value scale – to be a mere slip of tongue as it does not fit into his broader subjectivist picture. The discarding of the last sentence benefits Austrian subjectivism in general and Rothbardian theory in particular^{viii}. Rothbard is everywhere else careful at setting behaviorism apart from praxeology, while here he seems to infer preferences from observed behavior.^{ix}

The same can be said about Callahan's position. It is now easy to see, I think, that an Austrian need not cling on to solution (a). A green shirt and a blue shirt can be just as appealing for Caplan, if Caplan wants just a T-shirt and doesn't care or doesn't have enough time for other ponderings. Buridan's ass can be indifferent between water and hay and still pick hay.

One key to salvaging Austrian theory from the three horns cited at the outset was to consider the two equally valued goods – hay vs. water, left puddle vs. right puddle, one key on my keyboard vs. another key on my keyboard – units of one single good. I thought this must be so since at any point of choice, the labeling of objects in front of us takes place in the face of one single purpose. Sometimes we prefer something over some other thing in view of whatever purpose we might have. Other times we label more objects to be "just as good" in view of that purpose, and then, I argued, they must be taken as *units* of that same good. This is happening irrespectively of the objects' different physical properties or their different non-physical properties

(for example even if different evaluative contexts may still take the two objects as serving different goods). Different labels are offered in different contexts according to different valuations in light of different purposes.

I am not yet sure how far the implications of such a contention may go. But I am aware for example that accepting it may offer a new dimension to neoclassical indifference curves. Contemplate an indifference curve between say, butter and houses, as they are valued by some individual. At first sight we only see two “goods” of which the two axes are correspondent. But if our analysis is right, then at least the indifference point in the graph signals the presence of a third good (unknown from our 3rd person perspective) of which they are equal units.

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ⁱ Many thanks to professor Radu Solcan for my joy in thinking about the logic of human action, and to professor Christopher Coyne for helping me revise an earlier draft.

ⁱⁱ This is Bryan Caplan’s worry against the Austrian analysis of indifference.

ⁱⁱⁱ [ROTHBARD Murray 1962], 310

^{iv} [CALLAHAN, Gene 2003]

^v Elizabeth Bernard quoted by Callahan

^{vi} Most probably, I choose to trigger a random mechanism because I value its speed.

^{vii} There are infinite possibilities of re-labeling and re-sorting of pieces of capital in view of new purposes, plans and ideas.

^{viii} Our analysis holds true the Austrian proposition that indifference cannot be *the basis for action* and it also makes room for indifferent behavior.

^{ix} Rothbard’s exceptional confusion between choice and observed behavior in this passage -- “*If the flipped coin indicated the left water hole, then the left water hole was finally placed higher on the actor’s value scale, as was revealed when he went toward it*” -- must be responsible for Caplan’s belief that one can observe another’s choice: “*One can only observe that I choose a green sweater; but this does not rule out the possibility...*”.