



“Summary of article by Tibor Scitovsky: The Psychology and Economics of Motivation” in Frontier Issues in Economic Thought, Volume 2: The Consumer Society. Island Press: Washington DC, 1997. pp. 209-214

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These chapters, the first half of Scitovsky's major work on the economics of consumer society, review findings from psychology and present their implications for the economic theory of consumer behavior.

BETWEEN STRAIN AND BOREDOM

Economics and psychology shared a common intellectual ancestry in eighteenth-century philosophy, but have diverged almost totally since then. Examination of what psychologists have learned about human behavior can enrich economic theory.

Early psychological theory assumed that specific drives, such as hunger, provided the motivation for human behavior. This approach has been supplanted by a focus on the general level of arousal or excitement. Physiological indicators such as brain waves (measured with an electroencephalograph), blood pressure, and heart rate provide quantitative evidence of changes in arousal. The efficient performance of any task requires an appropriate level of arousal, often differing by task. Increased arousal leads to greater efficiency up to a point, but too much can lead to stress, anxiety, and consequent decrease in efficiency.

More important for economics is the fact that the level of arousal has much to do with general feelings of well-being, and thus with motivating behavior. Excessive stimulation is unpleasant, but so is a prolonged lack of stimulation. Thus there is an optimum level of total stimulation and arousal, in the sense that it gives rise to a feeling of comfort and well-being. This optimum is not constant; for example, it varies over the course of the day with changing levels of wakefulness. But at any point in time, stimulus below the optimal level gives rise to boredom, while an excess over the optimal level creates strain, fatigue, or anxiety.

Attempts to reduce excessive arousal often, though not always, involve basic biological needs. Pain, hunger, lack of sleep, and other physiological deprivations increase arousal, and the obvious responses to these deprivations lower arousal. Thinking about future deprivation can also cause arousal, motivating such behavior as shopping for food even when one is not hungry, or saving for retirement.

THE PURSUIT OF NOVELTY

"What does an organism do when all its needs are satisfied, all its discomforts eliminated? ... Perfect comfort and lack of stimulation are restful at first, but they soon become boring ... While discomfort is usually specific and is fully relieved only by satisfying the particular need causing it, boredom is general and can be escaped through a great variety of activities." (31) Physical exercise is stimulating; so is mental exercise, or even seemingly useless or unmotivated exploration of the environment. A moderate level of novelty is pleasant, but too much can become overwhelming or frightening. Numerous experiments with animals and human subjects show a preference for an intermediate level of novelty and complexity in the environment, with a taste for greater complexity growing over time as novelty wears off.

Similarly, a moderate level of threat or appearance of danger, as in suspense novels, amusement park rides, etc., can be pleasantly stimulating, while a greater actual danger would not be. We continually receive far more sensory information than our brains can process; the arousal caused by threats or dangers helps us focus on what is important in the environment, screening out much of the huge potential overload of information. The combination of familiarity and novelty may play the same role in general; for instance, in a new piece of music, "the melody itself must provide some redundancy by belonging to a familiar musical style, though it must deviate from that style enough to avoid sounding hackneyed." (50) The background of redundancy facilitates the act of focusing on the pleasing component of novelty.

COMFORT VERSUS PLEASURE

Pleasure is different from the mere absence of pain or discomfort. It is possible, though not common, to feel pleasure and pain simultaneously. Physiological experiments have shown that feelings of comfort and discomfort have to do with the level of arousal, while pleasure is created by changes in the arousal level.

Pleasure and comfort are often experienced together; relief of discomfort or satisfaction of needs, such as eating when hungry, creates pleasure as well. Thus eating, for example, becomes a source of pleasure, and is enjoyable to continue even after hunger has been relieved. The "rational" individual of economic theory would always eat only until hunger was reduced to the point where another need became more urgent, and then would switch to satisfying the other need. However, this is an unrealistic model of human behavior. In fact, even those who must economize on food, such as members of poor peasant communities, choose to produce great feasts for special occasions, rather than eating slightly more year-round. The pleasure of eating to the point of complete satisfaction at a feast is not the same as the comfort that results from relief of hunger.

Too much comfort can interfere with pleasure; if the level of arousal is already at or near the optimum, there is no opportunity for pleasurable change toward the optimum. Continual snacking can spoil an appetite, preventing enjoyment of the greater satisfaction of a good meal. Age may cause a change in preferences toward comfort over pleasure; affluence may lure us into unwittingly making the same choice.

ENTER ECONOMICS

Why is it that some satisfactions depend on economic activity while others do not? Many services and satisfactions are outside the market, either because they are produced by solitary individual activity, or because they come from reciprocal, unplanned, or otherwise unquantified and unpriced interactions. In the case of production of market goods and services, however, the reciprocal nature of the activity is neither automatic nor simultaneous, and must be guaranteed by payment.

Production for the market is an efficient way to produce some satisfactions, but also can give rise to byproducts or externalities experienced by others, such as sounds, sights, and smells, either pleasant or unpleasant, which are difficult to confine to the activity that produced them. Moreover, the process of production gives rise to satisfaction or dissatisfaction from work, an important area that is all but ignored by conventional economics. Professionals and self-employed people, who have some control over their hours of work, regularly work for longer than employees who have no control over their hours. This suggests that, at least for some, there are satisfactions in work.

In all, six categories of satisfactions can be distinguished, of which only one--that produced by market goods and services--is economic and measurable. A second category--non-market goods and services, such as household production and preparation of food, or other services within the household--is potentially measurable. Some estimates suggest that the value of non-market production is more than half as large as national income. The other four categories - self-sufficient satisfactions, mutual stimulation, externalities, and work satisfaction -are not even potentially quantifiable. The value placed on leisure, which might be taken to include all non-market satisfactions outside of work, is sometimes estimated to be greater than national income.

Why, then, is so much importance attached to money income? In addition to the satisfactions obtained from the things money will buy, it may be that economic satisfactions are associated with other, non-economic ones. For example, many higher-income jobs appear to involve more satisfaction from work than lower-income ones.

NECESSITIES AND COMFORTS

Turning from psychologists' views of human satisfactions to economists' views of goods and services, the variety of products demands some system of classification. The common distinction between necessities and luxuries is problematical, and the dividing line between the two is socially determined, varying widely at different times and places. A better distinction was proposed long ago by Ralph Hawtrey, but ignored by other economists. Hawtrey distinguished defensive products, which prevent pain or distress, from creative products which supply positive gratification. This parallels the distinction between comfort and pleasure, although frequently a single product yields both.

Is the demand for comfort, and comfort-producing goods, satiable? The answer is largely yes, with a few qualifications. To begin with, demand for narrowly defined biological necessities such as food and shelter is certainly satiable. Desires for leisure and for relief from anxiety are surely satiable in principle, if not always satiated in reality even in advanced economies today.

The most important exception is the desire for belonging, that is, for social acceptance and esteem. There is no end to what can be spent on status, since it is a relative concept. The "unchanged desire for respectability must be translated therefore into an ever-rising expenditure on the tokens of respectability." (117) Expenditure on status is a zero-sum game, since the supply of relative status is limited. However, status-seeking activities vary in their external benefits: commissioning great works of art or architecture has social benefits, while driving an expensive car does not.

Habits also give rise to a category of needs: it is gratifying to fulfill our habits and painful to stop. In the extreme, habits blend into addiction. The behavior of someone who is madly in love with another person bears many similarities to the behavior of an addict "in love" with a drug - both feel pain at even temporary separation, and need constant new doses -although society views the two very differently. Satisfying our habits can create ever-increasing needs for goods, especially if each new activity quickly becomes habitual and expected; this is what it means to become spoiled.

INCOME AND HAPPINESS

In human interactions, "market exchange is neither necessary nor sufficient for mutual gain" (133) and satisfaction. Yet economists continue to assume that more income and spending leads to more happiness. This assumption is not supported by public opinion surveys by Easterlin [see Section 1 of this volume] and others, which show that, as income rose steadily after World War II, Americans reported roughly constant levels of happiness. However, at any point in time those with higher incomes appear much happier than those who have less.

Four explanations for these findings, not at all incompatible with each other, can be proposed. First, the importance of escalating status-seeking expenditures can explain why more income does not produce more happiness over time, as well as the reason why the rich, who have succeeded in gaining status, are happier at any point in time. Second, satisfaction from work may be correlated with relative income, as suggested above, but bear little relationship to gradually rising absolute incomes for the population as a whole. Third the desire for novelty, a principal source of pleasure for those who are comfortable, clearly can absorb rising expenditures over time. Finally, as new comforts become habitual or addictive, the initial novelty and gratification vanish, while doing without the new habits becomes painful.

Whatever made us believe that income yields happiness? Economics shows us, at most, that under somewhat idealized assumptions the economic welfare gains from market transactions exceed the economic costs incurred. But economic welfare is only a small part of human welfare. More income means more happiness only if all else remains equal - which it rarely does.