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## The explanation of preferences

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### 1 Introduction

When sociology and economics began to converge in the 1970s, it seemed to some an ideal marriage because at least in one point the two were said to be complementary. Whereas economists studied constraints and took preferences as given, sociologists studied preferences (values) but left constraints mostly implicit (i.e. as part of role expectations). It was important to have preferences explained in order to be able to use a rational choice approach outside the market place. Yet, the euphoria was a mistake, since there really was no complementarity and thus there was no obvious way in which the economists study of constraints could be combined with the sociologists study of preferences. The models of man are too different. Despite a considerable effort in 'economic imperialism' (see Radnitzky and Bernholz 1987), the economic tradition has been hampered in moving outside the market place. Ideally, economists should look to other disciplines for the explanation of preferences because their theory is mute on this point. But, as Frank (1990, p. 54) observes:

'The standard economic model of rational choice assumes that consumers maximize well-defined utility functions. When questions arise about what goes into these functions (that is, questions about what people really care about), most economists quickly defer to psychologists, sociologists and philosophers. As a practical matter, however, economists seldom consult outside sources for guidance on how to portray people's tastes. Rather, they are content to assume that the consumer's overriding objective is the consumption of goods, services, and leisure - in short, the pursuit of material self-interest.'

Thus, on the one hand economic theory is mute on preferences and yet economists do have their own ad hoc heuristics about preferences. In a competitive market, this ad hoc heuristics may work reasonably well, but outside such a market the assumptions have proven to be much too limiting.

Sociologists' theorizing on preferences cannot help here because due to role-playing man, sociologists had approached preferences not from the standpoint of choice under constraints but from the standpoint of social control. How is behavior socially determined? By *socializing* an individual in such a way that he will want to do what he is socially expected to do. Thus 'wanting' was removed from choosing and was (if socialization was successful) itself a sign of social constraint or control. The desired (preference) was socially engineered to coincide with the desirable (value). This did not fit utility theory. What could be done? There are new developments in the explanation of preferences which do bridge sociology and economics but without the problem of incompatible models of men. They are of two kinds. First of all, there is a theory of instrumental preferences (the so-called social production function theory) and secondly, there is a theory of framing. Each one throws a new light on preferences and they can be combined to form one theory of preferences. It is these developments that will be briefly described in the following pages.

## 2 Social production function theory

The theory of instrumental preferences originates from a change in economics that had come about as a response to non-market applications, and is characterized by a shift in emphasis from man the consumer to man the producer. This shift has been propagated by Gary Becker who, based on the shift from consumer to producer, had also instigated the new home economics framework that he and others apply to the family and labor market participation. What is so important about this shift is that it allows preferences to appear entirely in an instrumental context whereby they cannot be taken as given 'tastes' but as part of the social structure and thus as part of the given constraints.

The theory rests on the assumption of two kinds of preferences (see Stigler and Becker 1977): *universal* preferences (goals) that are identical to all human beings and therefore need no explanation, and *instrumental* preferences for the means that lead to the ultimate goals which are in fact constraints and can thus be explained in a constraint driven approach. Technically speaking, there is only one utility function for all mankind but there are systematically different production functions for different kinds of people. Buying a particular good is now not an act of consumption but the purchase of a means of production, such as a record for the production of music pleasure.

Yet, Becker's solution had one drawback: the universal preferences are not specified. This opens the door to ad hoc theorizing. If one cannot explain a preference as instrumental one can simply call it universal. For this reason, Becker's approach did not bring about the hoped for bridge between sociology and economics. In the last years, Becker's approach was further developed into what may be called the 'theory of social production functions' (see Lindenberg 1986; 1990).

First of all, two general goals are identified. The first is the major goal assumed in economics: *physical well-being*. It is this goal that drives the acquisition of most consumer goods. By a silent assumption that effort brings about a reduction in physical well-being, economists introduce effort as costs, an important assumption, not just for labor market theory. There are good reasons to assume that this identification of effort as costs is too restrictive. Human beings seem to prefer a certain level of activation above which effort is a cost and below which it is a benefit (see Hebb 1958; Scitovsky 1976; Wippler 1987), yielding comfort and stimulation as subgoals of physical well-being.

The other goal has been stressed over and over again by sociologists as the most important universal goal: *social approval*. It was already quite clear to Adam Smith that 'nature, when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren. She taught him to feel pleasure in their favourable, and pain in their unfavourable regard' (Smith 1759 [1976], p. 116). Alfred Marshall (1920, p. 14-17) reiterated the importance of social approval, as did Parsons (1937, pp. 162 ff) and Parsons and Shils (1961, p. 69). 'The struggle to preserve or enhance feelings of self-worth or prestige marks all men who live above a bare subsistence level', state Krech, Crutchfield, and Ballachet (1962, p. 96), and William Goode

(1978, p. vii) maintains that 'all people share the universal need to gain the respect or esteem of others ... The foundations of social life rest in part on the universal need for respect, esteem, approval and honor.' This is but a small selection of voices who all point in the same direction. Status, behavioral confirmation, reputation, prestige, respect, deference, dignity etc. are various forms of one general goal, and, as Adam Smith has observed already in the *Theory of Moral Sentiments*, this includes the craving to get approval from your own self.

The instruments for reaching these general goals are themselves goals but they are entirely dependent on the opportunities and restrictions and individual faces. On a lower level, there are again instruments for reaching the higher level instruments etc. For example, for the production of physical well-being, virtually every adult in our society needs money in order to buy material goods, rest and amusement. Goals are thus hierarchically structured, with the general human goals on top and with lower level goals being structurally explained. There is now only one utility function (identical for every human being) and many different sets of (nested) production functions each of which specifies the instrumental relationship between lower order and higher order goals for a particular category of people. The sociologically important point is that the social production functions are not subjective or idiosyncratic but they are social facts in Durkheim's sense of the word. For example, in our society, it is still true that by and large women can produce income by either working or by being tied to a male partner (for making a home), and women can produce social approval either by their own occupational status or by being tied to a male partner (they get behavioral confirmation for making a home and raising children and they participate in the occupational status of their partner). For men, the situation is different. They may get some behavioral confirmation from being tied to a female partner, but by and large, they cannot produce income or status via their partner. When making a home and raising children yield less and less social approval, women will seek alternative means for the production of social approval, for example by entering the labor market if they have not done so already for the sake of money (physical well-being). Here, the difference between the old and the new situation is quite apparent. In sociology, it has been known for a long time that social approval is an important reward connected to holding a job (see for example Morse and Weiss 1955), but due to 'role-playing man', this insight was not

theoretically worked into a theory of labor market participation until the model of man in sociology changed to a resourceful but restricted rational producer of social approval and physical well-being (see Lindenberg 1990).

In this perspective, *socialization* is not something alien to rational choice but an integral part of linking culture and rational choice through learning effects. Many means of producing social approval are purposefully taught. Social etiquette is one example. But this does not imply that learning explains social production functions. Why are they what they are? Answers to this questions cover a great variety of research areas, such as mobility and social institutions. Take for example the impact of income on the household. It can be shown that with generally rising income, parents put less effort into getting their children to internalize norms. Many social norms in the household are maintained to mitigate the negative external effect of children's behavior on parents and when this effect becomes less, parents put less effort into teaching conformity to norms. For example, as income rises, children are more likely to have their own room. If they don't clean it up, they may be admonished by the parents but not as intensively as when they share their rooms with others (see Lindenberg 1991). Social production functions may also change from one cohort (or generation) to another, and these differences may leave a trace throughout the lifetime of the cohort. For example, the larger the cohort size, the more competition within the cohort for scarce resources. Thus, with larger (smaller) cohorts, size-sensitive means for the production of physical well-being and social approval, such as applying for admission to a reputed educational institution, acquiring educational credentials, searching for a good job, will become less (more) productive. This will change the average job level of entry into the labor market and this, in turn, will influence the rest of the career. A similar effect can be expected from economic recessions and booms, respectively, present when a particular generation enters the job market. We can also imagine effects on careers other than the job career, with important differences in career beginnings, for example the partnering career (say, short versus long beginning phase with separate dwelling), the horizontal mobility career (say, job far from home or close to home), the housing career (say, quality level of first housing high or low). Of course, in order to establish the link between trends and/or events and changes in social production functions, we need auxiliary theories. For example, we need a theory that tells us under

what conditions cohort size will have what kind of effects on, say, return on educational investment.<sup>1</sup>

Socialization also plays another role, not related to the internalization of norms. There is a clear link of socialization to preferences that does not run via internalization of values. It runs as follows. Competence is achieved through instruction and learning. Activities for which you have a particular competence create social approval by self and others and it will affect the chances to produce physical well-being (for example via its effect on income). In other words, competence is a resource (or capital) for the production of physical well-being and social approval. Thus the competencies are the product of socialization and they will directly affect your social production functions and thereby also your (instrumental) preferences<sup>2</sup>. Since most kinds of competence are something relatively stable, differences in competence among cohorts are likely to remain important throughout the cohorts' lifetime in the system.

### 3 Framing

Sociologists have always insisted that social analysts acknowledge the fact that people define their action situation and that this definition thoroughly influences what they will be doing. In fact, this is the core idea behind 'the social construction of reality'. In the 1970s, three important contributions toward the elaboration of this idea were made independently of each other. First, cognitive psychology made great strides regarding theories on the organization of experience by using the idea of preexisting memory structures variously called 'frames', 'schemas' or 'scripts' (see Norman and Shallice 1986 as an example). This work nicely complemented what sociologists had called 'the definition of the situation'. Second, the sociologist Goffman wrote a book on *Frame Analysis* (1974) which offers an elaborate analysis of framing in everyday life with thousands of examples. Goffman shows how vulnerable the organization of experience is (joke, dream, accident, mistake, misunderstanding, deception etc.) and how we use all sorts of stories and scenarios to stabilize the frames. Third, Kahneman and Tversky (1979) showed experimentally that the rational choice theory for discreet alternatives (SEU theory), not to speak of the

neoclassical-price theory; fails to deal with the structuring of the situation and therefore leads to wrong predictions where the reference point that divides 'gains' from 'losses' moves with the way people 'frame' the situation.

As a result, attention to framing was 'in' in the 1980s but the result was somewhat disappointing. The theories in cognitive psychology were too far removed from economic analysis to be of any direct relevance. Goffman's work proved the importance of framing but did not yield analytical tools for the adaptation of rational choice theory. Although Kahneman and Tversky's work related directly to rational choice theory, it did not provide a theory of frames which greatly limits its use in social and economic analysis.

Learning from all three approaches, Lindenberg elaborated a framing theory in the early 1980s, called discrimination model. For reasons of space, it is only possible to present the bare outline of this model here (for a recent formulation, see Lindenberg 1989).

The basic idea is that people have various potential goals in any action situation and that one goal wins out to structure (i.e. to 'frame') the situation, by providing the criteria for selecting and ordering the alternatives. The winning goal is the one that discriminates best, i.e. the one that provides the most structure by creating the largest difference between the alternatives. This difference translates itself directly into choice probabilities with which the alternatives are chosen.

For example, you bought a theater ticket for \$100 and, as you want to go to the theater, it begins to rain heavily and you know that you will get quite wet even with an umbrella. There are three obvious candidates for goals in this short scenario: the anticipated enjoyment of the show, the wish to avoid getting wet and the wish to avoid throwing \$100 away by not going. Due to a part of the theory on the motivating power of loss (not presented here), the prediction is that unless there are unusual circumstances about which we were not told (for example, you are meeting your childhood sweetheart at the show or you just won big in a lottery), loss avoidance will be the frame for this situation. A hundred dollars for a ticket is quit a lot and if you stayed at home in order not to get wet, this amount of money would be lost without compensation. This loss would bother you so much that the utility difference of going and not going (in terms of loss) is larger (i.e. the

choice probabilities of the alternatives are farther apart) than the difference between going and not going in terms of enjoyment of the show or in terms of not getting wet.

Although one goal won out, the other two goals do not simply vanish from the situation. The effect of the given utility difference between alternatives on choice probabilities is enhanced or lowered with changes in the *salience* of the frame, i.e. with changes in the other potential goals that influence this salience. In our case, the enjoyment of the show increases the salience of the loss frame because it favors going (as does the loss frame) and the prospect of getting wet will lower it because it favors staying. Background goals thus influence behavior by affecting the salience of the frame.

Frames can and will change. When the power of the present frame to discriminate between alternatives is greatly reduced, i.e. when the choice probabilities approach an even distribution over the alternatives, then the frame is likely to switch and the goal that potentially discriminates best between alternatives will become the new frame. Such a reduction in the ability to structure the situation can come about either through changes in the expected outcome of each alternative or through a reduction in salience. In our example, imagine that before you leave for the show your wife hands you \$90 of the \$100 you had originally given her to pick up the tickets for you, she found out that there was a mixup and that the ticket really costs only \$10. In that case the potential loss would be so small that the probability of 'not going' approaches the probability of going which renders the situation virtually unstructured. As a result, a new frame will emerge from the background (in this case probably the wish not to get wet). So, hearing the news of this price of the ticket is likely to make you stay at home.

Via the theory of framing, it is thus possible to trace how the definition of the situation will affect choice behavior. With the exception of physical well-being and social approval, preferences are instrumental but they acquire situationally different weights. An instrumental goal in the foreground (as frame) has a strong weight, while background goals (affecting only the salience of the frame) exert only a weak influence on behavior. With this theory, the 'sociologist's dilemma' can also be solved (see Lindenberg 1983). It is the following dilemma: either he drops the assumption that cost-benefit considerations are absent from conformity to moral rules or he drops the assumption that moral rules are always stabilized by sanctions. In the first case, he would make conformity to moral rules

a matter of expedient choice, negating what is said to be the central sociological insight. In the second case, he would negate the empirical foundation of sociology, forcing him back to the purely idealistic position. Clearly both horns of the dilemma are unacceptable. In the theory of framing, a norm or moral maxim can be the frame in which case there is no adding or subtracting other utility arguments. Sanctions (in the background) only affect the salience of the frame. While people are in such a frame, they are very sensitive to information regarding the norm or maxim (such as an admonition for conformity). If they are in another kind of frame, say, the goal of earning as much money as you can, the moral maxim would be in the background and affect only the salience of that frame.

The important difference with the standard utility theory is this. In the standard theory, the weight of each outcome is independent of the structuring of the situation. In the framing theory, the weight of a goal (utility argument) does not just depend on the expected utility of the outcome but also on the *position* of this goal (either as frame or as background). Thus changes in outcomes that only affect the salience of the frame have a relatively much smaller effect on behavior than changes in outcomes directly relating to the frame. For example, given the loss frame, hearing just before you leave for the theater that the show had gotten bad reviews, will have only a relatively small effect while hearing that the ticket was cheaper than you thought will have a relatively large effect. Had the frame been 'enjoyment of the show', you would have been much more sensitive to hearing about bad reviews and much less sensitive to hearing news about the price of the ticket. In other words, if I can influence the way you structure the situation, I can *thereby* also influence your sensitivity to various factors. It is this very feature of framing that is essential sociological analysis.<sup>3</sup> Note that economists often achieve framing effects on an *ad hoc* basis by situationally choosing the most 'relevant' utility arguments for the analysis.

An ongoing social system (and especially its institutions) can be expected to create favourable conditions for particular frames and unfavourable conditions for other frames. This thus leads to *habitual* ways of framing which, in turn, stabilize the ongoing social system (and particularly its institutions)<sup>4</sup>, for better or for worse, rendering institutional change on a large scale particularly difficult. Is it possible to isolate the major frames that

we should pay attention to in sociological analysis? I believe it is, and in the following section, I will discuss these major frames.

#### 4 Social Production Function Theory with Framing

Above, we have identified two general human goals. Since frames are situationally salient goals, it is possible to combine the theory of social production functions with the theory of framing.

Means for achieving the general goals are themselves instrumental goals, and means for achieving these instrumental goals are in turn instrumental goals on a lower level. When an instrumental goal is the frame of action, the higher level goals will be in the background, influencing the frame's salience. For example, money may be a salient situational goal (a frame), with physical well-being (the higher level goal) increasing its salience without appearing itself as a goal. Lower level (instrumental) goals differ, of course, according to time and place, but by and large, there are three instrumental goals that are as universal as they are important in connection with the general goals: Gain, norm-conformity, and loss-avoidance. Let me briefly discuss them in order.

*Gain* Absolute improvements in wealth contribute to physical well-being (and sometimes also status) in every society in which wealth can be accumulated. In these societies, improvements in wealth *relative to others* also contribute to status (and sometimes also physical well-being). For this reason we can identify *gain* in absolute and/or relative wealth to be our first important instrumental goal.

*Norm conformity* One important form of social approval cannot be obtained as part of the status related gain: behavioral confirmation (for choosing the appropriate course of action). When there are norms then there are standards against which behavior is judged appropriate, praiseworthy or despicable, but there is a paradox involved in norm conformity (the 'by-product paradox of social goods', see Lindenberg 1989). It runs as follows. The more important conformity to a norm in a group, the more important it is that the norm is being followed even when behavior is not being monitored. This leads to the

'moralization' of a norm, i.e. the expectation that it is followed for its own sake rather than for the sake of the sanctions connected with conformity or deviance. As a consequence, two things are being evaluated by others: a) your norm conformity and b) your motive for norm conformity. If you follow the norm only to get social approval and avoid social disapproval, you will often be found out as somebody who conforms only opportunistically, i.e. as somebody who is likely to deviate if you think you can get away with it. As a consequence, you lose rather than gain social approval. For example, a judge who is known to follow professional standards only in order to reap approval from his colleagues will not be respected and he might even be suspected of being open to corruption when the chance of detection is low. In order to get social approval reliably, you must subscribe to the norm yourself, which introduces your *self-approval* as an important motive in norm conformity and reduces the immediate value of the behavioral confirmation of others. Although the importance of self-approval is ultimately dependent on the approval of others (via their judgment of your motives), it strongly diminishes the *direct* pursuit of behavioral confirmation and creates an instrumental goal for social approval that is quite distinct from the pursuit of gain. The stronger the supporting background goals (such as self-approval and other-approval), the more likely that norm conformity becomes a dominant frame.

*Loss avoidance* As mentioned above, Kahneman and Tversky (1979) showed that, depending on a reference point, events will be coded as gains or as losses. Loss means 'uncompensated' loss. When effort and other reductions in physical well-being or social approval (or in instrumental goals like wealth) can be readily interpreted as 'costs' or 'investments' for the achievement of gain, then they will not be coded as losses. To the degree that a sizeable reduction in resource cannot be linked to the production of gain, loss avoidance becomes an important instrumental goal. The importance of this goal is enhanced by the asymmetry of the effects of gains and losses, as shown by Kahneman and Tversky. People are more motivated to avoid the loss of ten dollars than they are motivated to gain ten dollars. Thus, loss avoidance can crowd out gain quite easily as a major goal of action. It is important to note that since loss is coded relative to a reference point, it can occur without a factual reduction in assets. If somebody else gets something, I may

feel *relatively* deprived and thus I may feel I lost something. Loss avoidance is thus our third major instrumental goal.

In sum, we have three quite general major instrumental goals: gain (i.e. increasing your wealth and/or status); acting appropriately (i.e. conformity to some situationally relevant social norm, or doing the right thing); and avoidance of loss (i.e. the goal to either avert the threat of loss or reduce actual loss). Each of these three goals can, of course, be linked to lower-level instrumental goals, like investing in education for an expected increase in absolute and relative wealth. But it is not likely that the list of general instrumental goals will grow much longer with further investigation.

With the help of this theory, it is also possible to break out of the old duality between utility and morality, between either acting in pure self-interest or acting on the basis of moral commitment. Etzioni (1988) has also suggested that this dichotomy be broken up. For him, economic factors interact with moral commitments to produce behavior. Yet, he does not specify how this interaction takes place. On the basis of the framing theory offered here, it is suggested that there are two kinds of gain orientations and there are two kinds of solidarity orientations. Let me briefly expand (see Lindenberg 1988 and 1992 for more detail).

*Gain* as a motive is of course widely used in economic analyses, but since framing is not (yet) used in economic analysis, there is little theory on its intricate relation to institutions. Rules are frequently assumed to be so well enforced that opportunistic behavior never pays. Because this assumption had been so widely accepted and because it is so unrealistic, agency and transaction cost theory were able to get much mileage out of attacking it. Opportunistic behavior does pay at times and new rules and structures will emerge to prevent that. However, neither agency nor transaction cost theorists consider the possibility that the same opportunities for opportunistic behavior are sometimes pushed (almost) 'out of sight' and sometimes greatly magnified by framing effects. I will briefly present the main points that lead toward such a theory which I have developed in a paper on 'contractual relations and weak solidarity' (Lindenberg 1988).

Gain is a goal that relates to the increase of wealth and/or status, irrespective of the means that are used to achieve this goal and irrespective of the question whether the person to whom this goal is ascribed acts as sole principle or as a principle-agent combi-

nation (e.g. as somebody who steals for his family). When gain is the frame then the action situation is structured in terms of opportunities for gain, i.e. the alternatives perceived are those that pertain to gain and are ordered in terms of their assumed instrumentality in leading to gain. Alternatives suggested by others (e.g. interaction partners) are considered and then placed at the appropriate rank in the ordering of all alternatives. It seems useful to make a distinction between two kinds of gain frames: opportunism and weak solidarity.

When the salience of the gain frame is high (i.e. it is not appreciably lowered by other goals in the background), then the actor will choose with a probability close to unity the alternative that he believes will yield the highest gain. In situations where the highest gain can be achieved by strict conformity to the law and social norms, it will be chosen but when the top alternative involves fraud, deceit, misrepresentation, theft or brigandage it will be chosen just as well. This is what Williamson (1984, p. 198) calls 'self-interest seeking with guile' and what I call *opportunism*. Yet, as Hirschleifer has put it: 'from the most primitive to the most advanced societies, a higher degree of cooperation takes place than can be explained as a merely pragmatic strategy for egoistic man' (Hirschleifer 1985, p. 55).

The salience of the gain frame can be lowered by other considerations. There are the varied examples of personal nicety in a dog's world. For example, pity with the person from whom you have taken the money may reduce the salience of gain and thus increase the likelihood that the alternative suggested by the other (to leave him part or all of the money) is chosen by you. However, a more systematic break on opportunistic behavior may not depend on personal nicety. Powerful structural limitations on opportunism are norms and the self-interest in the long-term relation. Within a framing theory, the interaction of norms and gain can be modeled without inviting the sociologist's dilemma. The crucial cultural invention for this link between norms and gain is the application of solidarity norms to bilateral human relations rather than to the group as a whole. The reason this is such a large step is that it changes reciprocity expectations from being 'general' (i.e. to be fulfilled at some point by somebody of the group) to being 'balanced' (i.e. to be fulfilled in a reasonable amount of time by the specific other)<sup>5</sup>. In principle, this step made it possible to bridge the gap between gain and solidarity by allowing *do ut des*

expectations together with *signals* conveying interest in the relationship itself. When these balanced reciprocity norms are operative in a particular relationship, they are so compatible with the pursuit of gain that in most instances, they only exert their influence on the frame from the *background*, lowering the salience of 'going all out'. The most likely result is a strong domination of equity considerations over the use of power differences<sup>6</sup>. In addition, the relationship will be flanked by two kinds of relational signalling.<sup>7</sup> First, alternatives that signal a definite disinterest in the relation will be eliminated from consideration; and secondly, acts that signal a positive interest in the relation will at times be displayed. An example of the first is the opening bid in bargaining. If that bid, by the cultural standards, is incompatible with the relationship (for example because it is too low and therefore insulting as an expression of a low estimation of the other's good or service) then it will not be made even if it is well known that a low opening bid gives you a better price. An example of the second is the gift giving, for instance in the form of not insisting on some contractual detail that greatly inconveniences your partner at the moment. In order to distinguish the gain frame that is thus influenced by solidarity norms from a normative frame of group oriented solidarity (which is quite incompatible with gain), I call the former *weak* solidarity and the latter *strong* solidarity. It has been shown elsewhere, that this distinction between weak and strong solidarity is important for an understanding of governance structures for incomplete contracts<sup>8</sup> and thus for every kind of organization. Weber (1961; 1978) had already observed that the state of nature is not war of everyone against everyone else but a situation in which strongly solidary groups are tied to each other only through the absence of ethical regulation (i.e. complete opportunism). The general direction of development in the West had been toward breaking up the strong solidarity ties within groups and building ethically regulated relations within and between groups. In other words, Weber already described a development in the direction of tempered gain-maximization (i.e. weak solidarity). However, due to his types of action, it was not possible to him to relate this insight to a theory of preference formation.

## 5 Conclusion

Because of the convergence between the socio-economic sciences, it becomes quite apparent that we need a theory of preferences and that there is little help from both traditional economics and sociology in finding such a theory. In economics preferences were taken as given and in sociology they were tied to a process of socialization without regard to the questions how internalized norms and values could influence behavior once it is admitted that individuals weigh alternatives of action. The present paper summarizes a variety of integrated suggestions toward a theory of preferences that fits the emerging common model of man in the socio-economic sciences. It consists of basically two parts: first, the theory of social production functions, and second, the theory of framing. The former identifies two general human goals, viz. physical well-being and social approval, and interprets all other human goals as instrumental goals in given social contexts. In that way, all but the most fundamental preferences must be explained structurally, i.e. with the help of the social context, and learning (socialization) is at best an auxiliary mechanism in this explanation.

The second element is the theory of framing. The basic idea is that goals compete situationally for the privilege of structuring the situation. One goal will win out (the one that discriminates best among the alternatives) and it will 'frame' the situation in the sense that the alternatives are selected and ordered in a particular way and that information relating to the frame will have a much stronger impact on behavior than information not belonging to it. The other goals not selected as frame do not vanish. They will influence the salience of the frame. This salience, in turn, governs the degree to which the choice probabilities approximate the pure strategy. With high salience, the 'best' alternative is chosen with high probability; with low salience, the choice probabilities are more evenly distributed over the alternatives.

A combination of the theory of social production functions and of framing leads to the identification of some general instrumental goals: gain (in terms of wealth and/or status), norm-conformity, and loss avoidance. It also sheds some light on the old distinction between utility and morality by allowing a distinction between weak solidarity (gain frame tempered by solidarity norms) and strong solidarity (norm-conformity frame).

Institutions largely determine which frames (say, gain and weak solidarity) are dominant in a society. In turn, dominant frames stabilize the institutions. The theory of preferences can thus also be used for macro-analysis<sup>9</sup>.

## Notes

- 1 See for example Welch (1979) for an analysis of these size effects.
- 2 As far as I can see, there are at least three different kinds of competencies: human capital, cultural capital and self-command capital. Much has been written about human capital and the increasing importance of education. Recently, there has also been a push toward an empirical investigation of cultural capital, originally instigated by Weber and richly embroidered by Bourdieu. Cultural capital refers to the abilities for handling symbols of all kinds and thus to decipher and handle cultural products. Self-command capital refers to the ability to realize long-term goals despite possibly disturbing short-term influences. This skill has received recently more attention because with the convergence in the socio-economic sciences, it became clear that the ability to defer gratification is not the automatic result of internalization but rather a skill that is learned during the process of socialization.
- 3 Recently the discrimination model has been tested extensively, also in comparison to Kahneman and Tversky's prospect theory. The experimental evidence strongly corroborates the discrimination model and suggests that some elements of the prospect theory (like the asymmetric utility function for losses and gains) work better when integrated into the discrimination model (see Braspenning 1992).
- 4 As we have seen above, within sociology there is renewed interest in these stabilizing habits but it is seen as an alternative to purposeful action rather than integrated with a theory of purposeful action: 'the neoinstitutionalist rejection of intentionality is founded on an alternative theory of individual action, which stresses the unreflective, routine, taken-for-granted nature of most human behavior and views interests and actors as themselves constituted by institutions' (Powell na DiMaggio 1991, p. 14). Thus, the sociological neoinstitutionalists see themselves confronted with the choice of either dropping the routine aspects or the relative price aspects and deciding for the latter. Framing theory was designed to make this unfortunate trade-off unnecessary.
- 5 The difference between general and balanced reciprocity is described in detail by Sahlins (1972).
- 6 See Lindenberg (1988, p. 48 ff) for more detail on the theoretical derivation; and see Ligthart and Lindenberg (forthcoming) for some experimental evidence.
- 7 The mechanism of these signalling effects within a framing theory are somewhat tedious and will therefore be skipped here. Suffice it to say that signalling is assumed to work via temporary frame switches (from gain to normative and back) and (with regard to positive signals) via investment behavior when the expected result, viz. the successful frame manipulation of the other, is not far off into the future. Wielers and Lindenberg (1991) could prove relational signalling for child minders via wages (for higher income employers) and via spending social time (for low income employers).
- 8 See Lindenberg (1988); Wielers (1991); Ligthart and Lindenberg (forthcoming) for more detail and empirical evidence.
- 9 See Lindenberg (1992) for an attempt to arrive at such a macro-analysis.

## References

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## Notes

- 1 See for example Welch (1979) for an analysis of these size effects.
- 2 As far as I can see, there are at least three different kinds of competencies: human capital, cultural capital and self-command capital. Much has been written about human capital and the increasing importance of education. Recently, there has also been a push toward an empirical investigation of cultural capital, originally instigated by Weber and richly embroidered by Bourdieu. Cultural capital refers to the abilities for handling symbols of all kinds and thus to decipher and handle cultural products. Self-command capital refers to the ability to realize long-term goals despite possibly disturbing short-term influences. This skill has received recently more attention because with the convergence in the socio-economic sciences, it became clear that the ability to defer gratification is not the automatic result of internalization but rather a skill that is learned during the process of socialization.
- 3 Recently the discrimination model has been tested extensively, also in comparison to Kahneman and Tversky's prospect theory. The experimental evidence strongly corroborates the discrimination model and suggests that some elements of the prospect theory (like the asymmetric utility function for losses and gains) work better when integrated into the discrimination model (see Braspenning 1992).
- 4 As we have seen above, within sociology there is renewed interest in these stabilizing habits but it is seen as an alternative to purposeful action rather than integrated with a theory of purposeful action: 'the neoinstitutionalist rejection of intentionality is founded on an alternative theory of individual action, which stresses the unreflective, routine, taken-for-granted nature of most human behavior and views interests and actors as themselves constituted by institutions' (Powell na DiMaggio 1991, p. 14). Thus, the sociological neoinstitutionalists see themselves confronted with the choice of either dropping the routine aspects or the relative price aspects and deciding for the latter. Framing theory was designed to make this unfortunate trade-off unnecessary.
- 5 The difference between general and balanced reciprocity is described in detail by Sahlins (1972).
- 6 See Lindenberg (1988, p. 48 ff) for more detail on the theoretical derivation; and see Ligthart and Lindenberg (forthcoming) for some experimental evidence.
- 7 The mechanism of these signalling effects within a framing theory are somewhat tedious and will therefore be skipped here. Suffice it to say that signalling is assumed to work via temporary frame switches (from gain to normative and back) and (with regard to positive signals) via investment behavior when the expected result, viz. the successful frame manipulation of the other, is not far off into the future. Wielers and Lindenberg (1991) could prove relational signalling for child minders via wages (for higher income employers) and via spending social time (for low income employers).
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## Disadvantage or discrimination? Ethnic minorities and education in the Netherlands'

J.L. Peschar

### 1 Introduction

There is a large and expanding body of social science research on ethnic minorities in society. Different disciplines place emphasis on various aspects of this subject matter. Prejudice and attitudes fall in the domain of social psychology; political actions and movements attract political scientists, whereas educationists seek to improve the performance and achievement of minority students. Yet, sociologists focus on a different question, namely to what extent does the minority criterion coincide with other socially relevant criteria? In addition, the issue of social reproduction is relevant: do ethnic minorities experience disadvantages or discrimination and does this affect the educational and occupational careers of their children? Such issues have recently become a main concern in the Netherlands and this has led to a national debate on ethnic minorities.

For a long time ethnic minorities have received little attention in the Netherlands. This applies to general matters such as unemployment, but also to specific issues, such as the education of children of immigrants and ethnic minorities. In this respect the Netherlands seem to fall behind, somewhat, in comparison to other countries. This is not because there are no ethnic minorities in this country. When referring to ethnic minorities, two categories are usually included in the Dutch statistical definitions. The first category includes persons with their origin in the former Dutch colonies: Dutch Indies, Surinam, Dutch Antilles. Secondly the immigrants from other countries (especially the Mediterranean) are usually included in the definitions.<sup>2</sup> The total number of persons with an immigrant status amounts to 623.000, whereas the number of persons with allochthonous status