TWO PAPERS ON TIME IN ECONOMICS*

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PAPER 1

ON THE CONCEPTS OF ANTICIPATIVE OR A PRIORI AND RETROSPECTIVE OR A POSTERIORI UTILITIES

WHEN one speaks of the utility of a commodity or an action or a situation for a person or a group of persons, the time to which the utility refers is usually assumed away so that the impression created is that of an invariant utility with respect to the time of decision specific for that commodity or group of commodities under consideration and for that person or group of persons under consideration. In this note it is proposed to introduce the concept of variant (with respect to the point of decision) utility and in particular, the concepts of anticipative or a priori utility and of retrospective or a posteriori utility and discuss in brief their functions and consequences.

We shall start with a simple example to illustrate the concepts. It has been pointed out and also demonstrated to some extent that the utility of money is not linear so that the marginal utility of money or utility gained by an additional unit of money depends on the amount of money already in hand. Take a hypothetical case of a person who is down and out and is in great need of money. His utility of even a small addition of money is quite large and on the basis of this he takes the decision of donating some blood to earn a small amount of money. A little later, after he has donated the blood he comes to know that a relative unknown to him has left him a huge fortune. His retrospective utility of his past action now changes and he regrets the fact that he parted with his blood for such a meagre amount. In this particular example the former utility which has been made the basis of his decision, we call his anticipative or a priori utility and his latter utility which has been made the basis of evaluation of his action we call the retrospective or a posteriori utility. The difference between the two may form a partial basis for the regret or exulta-

* These papers were written nearly four years back but it is only the very appreciative and encouraging comments of Professor G. L. S. Shackle for which I am greatly indebted to Professor Shackle that have emboldened me now to seek their publication. I am grateful to Professor D. R. Gadgil, Professor N. V. Sovani and Dr. M. Namjoshi for their valuable comments which I would like to make the basis for further work.