Theoretical Perspectives

1. Rational Choice

http://users.ox.ac.uk/~sfos0060/
SociologicalTheory.shtml
1. Rational choice
2. Evolutionary psychology
3. Values and meaning
4. Interpersonal interaction
5. Social integration
6. Social networks
7. Semiotic systems
8. Functionalism and cultural evolution

Slides available Monday by 9am

intentionally hard to follow for those who don’t attend lecture!

http://users.ox.ac.uk/~sfos0060/SociologicalTheory.shtml
Explain **individual** action

- Max Weber (1920): Sociology is ‘the interpretive understanding of social action, and thereby … causal explanation of its course and consequences.’

- **Methodological individualism**
  - object of explanation is action *in aggregate*
  - reductionism is proven scientific heuristic (Popper 1982)
  - individuals are observable, unlike macro entities
  - individual action can be understood …
Understanding action

- Intentional stance (Dennett 1981)
  goal/desire (end) + belief (means) => (rational) act

- Folk psychology

  ‘we treat each other as if we were rational agents, and this
  myth ... works pretty well because we are pretty rational’
Rational choice

1. An individual’s desires/preferences are **consistent**
   - defining **utility**

2. **continuous**, not **lexicographic**
3. People have **identical** and **constant** desires/preferences

- ‘tastes neither change capriciously nor differ importantly between people’ (Stigler & Becker 1977)
- never invoke changing preferences to explain behavioural change; never invoke varying preferences to explain behavioural variation
- preferences are the fulcrum for explanation
Self-interest

• Assume that preferences are self-interested, with some exceptions (e.g. utility depends partly on your child’s utility)

• Thomas Hobbes (1651): ‘the greatest part of mankind’ are ‘pursuers of wealth, command, or sensual pleasure’

• Adam Smith (1776): ‘the desire of bettering our condition comes with us from the womb, and never leaves us till we go to the grave … An augmentation of fortune is the means by which the greater part of mankind propose and wish to better their condition.’
Simplest RCT

Desires/preferences

incentives / costs & benefits / payoffs
Style of explanation

• Specify incentives and utility, showing that individual's choice maximized utility (*individuals in aggregate*)
  • implication: **anyone** in that situation would do the same
• Smith (1776): why was teaching worse at Oxford than Glasgow?
  • incentives: fixed stipend vs. student fees
  • utility = (+ leisure, + income) ‘It is the interest of every man to live as much at his ease as he can’
  • in Scotland, teacher must give up some leisure to gain income; in Oxford, teacher gained nothing by giving up leisure
  • **not** a difference in desires (or ‘culture’): if an Oxford fellow moved to Scotland, he would respond to opportunities by becoming a better teacher
• Note: desires are postulated; do not ask!
My incentives depend on what you do: **game theory**
- e.g. stag hunt (Skyrms 2004)

=> collective action

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(2) Belief formation

- Really we act on the basis of **beliefs** about incentives
- Distinguish between *incorrect-albeit-rational* and *irrational* beliefs (Popper 1994)
- Bayesian learning: prior + evidence => posterior (Breen 1999)
(3) Broadening preferences

- Smith (1759): ‘How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him’
- Preference for approval, akin to money (Homans 1974)
- Experiments prove importance of other-regarding / social preferences (Fehr & Gintis 2007)
  - more cooperative
  - willing to punish unfairness
    => collective action
Rational choice as peculiarly modern?

- Values
- Institutions
  - capitalism: private property, money
  - democracy
  - emancipation from patriarchal family
Limitations

0. Psychically unrealistic (Pettit 1995)
1. Problems with rationality
   • is maximizing possible—especially under conditions of uncertainty? (Simon 1978)
   • experiments reveal inconsistent preferences and irrational beliefs (Kahneman 2011)
   • inconsistency over time, myopia (Ainslie 2001)
2. What explains the incentives?

- can they in turn derived from self-interested rational action?
- e.g. income is predicated on property rights, how enforced?

=> Weber’s legitimate domination (1920, ch 3)

=> Durkheim’s insufficiency of contract (Division of Labor, 1893)
Summary

Rational choice:

• assumes invariant desires, primarily self-interested

• people act differently
  — because they face different incentives or
  — because they have different (albeit rationally derived) beliefs

• Virtues:
  • parsimonious, unifying
  • “makes sense”
  • stimulates falsifying experiments
  • self-interest is ubiquitous
QUESTIONS FOR DISCUSSION

• Is self-interest a testable hypothesis or an uninteresting tautology?
• ‘All social action is rational when viewed from the standpoint of the actor.’ Discuss.
• Can apparently altruistic actions be reconciled with rational choice theory?
• Are any social institutions sustained by self-interest alone?
• Is Stringer Bell more “rational” than Avon Barksdale (The Wire, series 3)? Discuss with particular reference to Hobbes and Smith.
• Smith argues that lecturers will not put effort into teaching if they are paid a fixed stipend. Today’s universities do pay a fixed salary and yet most lecturers put more than minimal effort into teaching. Can this be explained by self-interest? Can this be explained by rational choice with non-egoistic preferences?
References

Thomas Hobbes, *Leviathan* (1651)
Adam Smith, *The Theory of Moral Sentiments* (1759)
Daniel Kahneman, *Thinking, Fast and Slow* (2011)
George Ainslie, *Breakdown of Will* (2001)