

## Rational choice theory

It also known as **choice theory** or **rational action theory**, is a framework for understanding and often formally modeling social and economic behavior. The basic premise of rational choice theory is that aggregate social behavior results from the behavior of individual actors, each of whom is making their individual decisions.

- The theory also focuses on the determinants of the individual choices (methodological individualism).
- Rational choice theory then assumes that an individual has preferences among the available choice alternatives that allow them to state which option they prefer. These preferences are assumed to be complete (the person can always say which of two alternatives they consider preferable or that neither is preferred to the other) and transitive (if option A is preferred over option B and option B is preferred over option C, then A is preferred over C).
- The rational agent is assumed to take account of available information, probabilities of events, and potential costs and benefits in determining preferences, and to act consistently in choosing the self-determined best choice of action.
- In simpler terms, this theory dictates that every person, even when carrying out the most mundane of tasks, perform their own personal cost and benefit analysis in order to determine whether the action is worth pursuing for the best possible outcome. And following this, a person will choose the optimum venture in every case.
- This could culminate in a student deciding on whether to attend a lecture or stay in bed, a shopper deciding to provide their own bag to avoid the five pence charge or even a voter deciding which candidate or party based on who will fulfill their needs the best on issues that have an impact on themselves especially.

Rationality is widely used as an assumption of the behavior of individuals in microeconomic models and analyses and appears in almost all economics textbook treatments of human decision-making.

- It is also used in political science, sociology, and philosophy. Gary Becker was an early proponent of applying rational actor models more widely. Becker won the 1992 Nobel Memorial Prize in Economic Sciences for his studies of discrimination, crime, and human capital.

A particular version of rationality is instrumental rationality, which involves seeking the most cost-effective means to achieve a specific goal without reflecting on the worthiness of that goal.

- Rational choice theorists do not claim that the theory describes the choice *process*, but rather that it predicts the outcome and pattern of choices.

- An assumption often added to the rational choice paradigm is that individual preferences are self-interested, in which case the individual can be referred to as a homo economicus. Such an individual acts *as if* balancing costs against benefits to arrive at action that maximizes personal advantage.
- .Without specifying the individual's goal or preferences it may not be possible to empirically test, or falsify, the rationality assumption. However, the predictions made by a specific version of the theory are testable. In recent years, the most prevalent version of rational choice theory, expected utility theory, has been challenged by the experimental results of behavioral economics. Economists are learning from other fields, such as psychology, and are enriching their theories of choice in order to get a more accurate view of human decision-making
- Rational choice theory has become increasingly employed in social sciences other than economics, such as sociology, evolutionary theory and political science in recent decades. It has had far-reaching impacts on the study of political science, especially in fields like the study of interest groups, elections, behaviour in legislatures, coalitions, and bureaucracy.<sup>[10]</sup> In these fields, the use of the rational choice paradigm to explain broad social phenomena is the subject of controversy.
- The concept of rationality used in rational choice theory is different from the conversational and most philosophical use of the word. Colloquially, "rational" behaviour typically means "sensible", "predictable", or "in a thoughtful, clear-headed manner." Rational choice theory uses a narrower definition of rationality.
- “At its most basic level, behavior is rational if it is goal-oriented, reflective (evaluative), and consistent (across time and different choice situations). This contrasts with behavior that is random, impulsive, conditioned, or adopted by (unevaluative) imitation.”

Early neoclassical economists writing about rational choice, including William Stanley Jevons, assumed that agents make consumption choices so as to maximize their happiness, or utility. Contemporary theory bases rational choice on a set of choice axioms that need to be satisfied, and typically does not specify where the goal (preferences, desires) comes from. It mandates just a consistent ranking of the alternatives. Individuals choose the best action according to their personal preferences and the constraints facing them. E.g., there is nothing irrational in preferring fish to meat the first time, but there is something irrational in preferring fish to meat in one instant and preferring meat to fish in another, without anything else having changed.

### **Social behaviourism + interactionism**

It is now time to define social interaction. As previously discussed, behavior comes in many forms--blinking, eating, reading, dancing, shooting, rioting, and warring. What then distinguishes social behavior? Behavior that is peculiarly social is oriented towards other *selves*. Such behavior apprehend another as a perceiving, thinking, Moral, intentional, and behaving person; considers

the intentional or rational meaning of the other's field of expression; involves expectations about the other's acts and actions; and manifests an intention to invoke in another self certain experiences and intentions. What differentiates social from nonsocial behavior, then, is whether another self is taken into account in one's acts, actions, or practices.

For example, dodging (avoid by a sudden quick movement) and weaving through a crowd is not social behavior, usually. Others are considered as mere physical objects, as human barriers with certain reflexes. Neither is keeping in step in a parade social behavior. Other marchers are physical objects with which to coordinate one's movements. Neither is a surgical operation social behavior. The patient is only a biophysical object with certain associated potentialities and dispositions. However, let the actor become involved with another's self, as a person pushing through a crowd recognizing a friend, a marcher believing another is trying to get him out of step, or a surgeon operating on his son, and the whole *meaning* of the situation changes.

With this understanding of social, let me now define social acts, actions, and practices. A *social act* is any intention, aim, plan, purpose, and so on which encompasses another self. These may be affecting another's emotions, intentions, or beliefs; or anticipating another's acts, actions, or practices.<sup>1</sup> Examples of social acts would be courtship, helping another run for a political office, teaching, buying a gift, or trying to embarrass an enemy.

Social actions then are directed towards accomplishing a social act. So long as their purpose is a social act, actions are social whether involving other selves or not, whether anticipating another's acts, actions, or practices. The actions of an adolescent running away from home and living in a commune for a year to prove his independence to his parents and those of a physicist working in an isolated laboratory for years on a secret weapon for U.S. defense are both social. And no less social are the actions of a girl combing her hair to look attractive for her date.

But there are nonsocial acts, such as aiming for a college degree, trying to enhance one's self-esteem, planning to go fishing, intending to do scientific research on the brain, and so on. No other self is involved in these acts, but may be involved in the associated actions. Are such actions social if the act is not? Of course. Regardless of the act, associated actions are still social if oriented to another's feelings, beliefs, or intentions, or if they anticipate another's acts, actions, or practices. For example, in trying to achieve a college degree, usually a nonsocial act, we may have to consider a professor's perspective in answering an exam, or an adviser's personality before selecting him.

Finally, there are social practices. These are rules, norms, custom, habits, and the like that encompass or anticipate another person's emotions, thoughts, or intentions. Shaking hands, refusing to lie to others, or passing another on the right are examples. Not all practice, however, is social. Drinking and smoking habits can be manifest while alone, and many norms can be practiced without thought to others, such as using the proper utensils when dining alone.

## **Social interaction**

Social interactions are the acts, actions, or practices of two or more people mutually oriented towards each other's selves, that is, any behavior that tries to affect or take account of each other's subjective experiences or intentions. This means that the parties to the social interaction must be aware of each other--have each other's self in mind. This does not mean being in sight of or directly behaving towards each other. Friends writing letters are socially interacting, as are enemy generals preparing opposing war plans. Social interaction is not defined by type of physical relation or behavior, or by physical distance. It is a matter of a mutual subjective orientation towards each other. Thus even when no physical behavior is involved, as with two rivals deliberately ignoring each other's professional work, there is social interaction.

Moreover, social interaction requires a mutual orientation. The spying of one on another is not social interaction if the other is unaware. Nor do the behaviors of rapist and victim constitute social interaction if the victim is treated as a physical object; nor behavior between guard and prisoner, torturer and tortured, machine gunner and enemy soldier. Indeed, wherever people treat each other as object, things, or animals, or consider each other as reflex machines or only cause-effect phenomena, there is not social interaction. Such interaction may comprise a system; it may be organized, controlled, or regimented. It is not, however, social as I am using the term.

Note that my definition of social is close to that of Weber (1947). For him behavior was social by virtue of the meaning the actor attaches to it. It takes account of the behavior of others and is therefore oriented in its course. Thus, to use Weber's example, two cyclists bumping into each other is not social interaction; the resulting argument will be. However, what Weber meant by orientation and behavior is left ambiguous, as noted by Alfred Schutz (1967). I have tried to clarify this ambiguity here by considering the constituents of behavior (agents, vehicles, and meaning), kinds of behavior (reflex, action, act, and practice), and what is distinctively social about social behavior.