

Lecture notes on Debra Satz and John Ferejohn, "Rational Choice and Social Theory," *Journal of Philosophy*, 91.2 (Feb 1994): 71-87.

Most philosophers see Rational Choice Theory (RCT) as psychological (agent choices are based on preferences and beliefs) and individualistic (social phenomena are aggregates of individual actions). SF argue that individual psychological interpretation of RCT is optional, and that in some contexts a social externalist interpretation works better. In those cases the explanatory power lies in features of the environment: you explain behavior via interests you impute to agents occupying social positions with strong constraints (this is not an inductive survey but a deduction). Thus SF aim to show that RCT is compatible with "structuralism." (JP: note that "structuralism" here is a term for a position that is to be distinguished from reductionist "methodological individualism" – denial of social emergent phenomena as explanatory, since aggregation of individual action accounts for any social phenomenon. SF define structuralism as "social theory that offers explanations in terms of irreducible relational or structural properties" [72].)

PART I: detaching RCT explanations from psychological explanations.

A. *The received view.* When interpreted psychologically, RCT provides a thin and formal rationality: it's just about matching ends and means; there's nothing there about evaluating ends, which are simply given. In internalist versions, RCT is seen as describing causal processes among mental states: the belief / desire setup provides a reason for choices, and it provides a normative standard of instrumental rationality: it tells how you should act in order to achieve your goals.

The psychology of internalist RCT doesn't seem realistic. Herbert Simon shows that in complex situations we often don't figure out optimal solutions (as that would take up too much time to get all the relevant information) but we "satisfice" – our choices take into account the cost of information gathering so that we decide based on what is good enough, based on what we know at any one time. Sometimes we make intransitive choices (Tversky and Kahneman). If you were to use RCT to guide behavior in moral situations you would be a "fool" (Sen and Anderson).

But RCT need not be seen as individualistic and psychologistic. It works best in illuminating structures or regularities of action governing all agents in a particular situation; in these cases it's not individual choice that explains action but environmental constraints.

B. *Limited autonomy of RCT from psychology.* SF prefer a moderate externalism (ME) to radical externalism (RE). RE denies causal power of mental states; they are just

posits we infer from behavior, enabling prediction. SF agree with RE that formal rationality only entails “as if” explanation: we don’t know what’s going on inside the head, but the agents act as if they were maximizing preferences. All RE claims is that behavior is consistent with goal seeking.

SF reject RE: they don’t deny mental states exist nor do they deny that you can interpret some phenomena psychologically. But they don’t want to commit themselves to the implausible RCT psychological explanations. They note that successful RCT explanations of behavior are externalist, looking at constrained social environments of agents, and requiring only that behavior be understood as if it was maximizing preferences, that behavior is consistent with means-ends rationality (and not that actual means-ends calculations are taking place inside heads).

PART II: some RCT explanations are based on features of the environment of the agent.

*A. Moderate externalist RCT and structuralism.* Lots of social science is not posed in terms individualistic psychology, but only looks for conditions for relatively stable patterns of behavior. So a lot of economics deals with conditions for equilibrium and the effects on behavior of changes in parameters. So you can swap out individuals and you will still see the behavior pattern. In these cases you can impute preferences to individuals based on their position in a structure.

For example, the theory of the firm predicts profit-maximizing behavior, but that can be multiply realized in different internal belief / desire setups. Also, political party behavior is much more predictable than individual voter behavior. See also James Scott’s analysis of peasant behavior: based on the constraints of their social position – edge of starvation – they are risk-minimizers.

In each case you could inductively examine individual mental states and arrive at generalizations. But you miss the substitution possibilities; what’s really happening is that the environment is selecting for individual psychologies compatible with social constraints.

KEY POINT: “We believe that RCT is most credible under conditions of scarcity, where human choice is severely constrained” [81].

Compare with selection pressures in evolutionary biology: just as the biological environment selects such that we can predict behavior by assuming fitness-maximizing, even though that behavior might not be caused by intentional states of the organism, the social environment can be thought to exert selection pressure that produce maximizing behavior even if the mental states are not aiming at maximization; all that’s needed is that the behavior is produced “as if” maximization calculations were occurring. For example, you might undergo costs to yourself because your intention is to benefit a loved one, but that behavior is consistent with

what would be produced were fitness-maximizing calculations to have happened. That is, you behave “as if” you had calculated fitness maximization, even though you acted on the basis of your love. [JP: You can here distinguish proximal vs distal explanations for your action; proximally, you act out of love, but distally, your capacity for love was selected for due to its fitness-maximizing effects.]

*B. Objections to structuralism.* Methodological individualism (MI) is opposed to structuralism (the deduction of interests of agents from social positions).

MI is reductionist, but there are problems with reduction: you can't always derive a higher-level law from lower-level laws, because you can have multiple realizability: you can achieve fitness in many ways. Supervenience is an option but then you run into Burgean externalism: two organisms with identical brain states but different semantic content because of different environments. Hence you would have a difference in the supervenient phenomenon (the content) without a difference in the supervenience base (the brain states).

MI assumes fundamental explanatory power rests with individuals. But fundamentality depends on explanatory goals. Also, explanations differ by question. For example, Durkheim and suicide: if you go to individuals, you miss the number of social ties that Durkheim thought was explanatory. Furthermore, SF deny all social phenomena are explainable by individual behavior. We should see that sometimes it's the social structures that cause the behavior, not vice versa, as in the relation of credentials and employment.

Adopting a weak reductionist position can finesse the time lag problem: the structural explanation must be compatible with at least one microlevel account. But that microlevel account cannot simply replace the macro / structural account, because of multiple realizability and because sometimes you want to explain the genesis of desires and beliefs and not just look at the relations between them once given.

Nothing in SF's story is incompatible with non-MI internalists. But sometimes internalism produces redundant or misleadingly concrete answers.

PART III: Conclusion.

SF do not want to do away with internalism, but they do hold that externalism is warranted in many contexts, such as the theory of the firm in neoclassical economics and political party behavior: the common point is the environment of competition for scarce resources, such that one can impute interests to actors based on social position. The irony here is that RCT is best predictive in situations with severe constraints on choices, such that the agents are behaving as if they are maximizing. The danger lies in reading back off those situations to construct a theory of human psychology. [JP: And a further danger lies in seeing non-RCT behavior as a fault that needs correcting by implementing institutional changes that constrain choices such that “rational” maximizing behavior is produced.]