RATIONAL CHOICE THEORY: ASSUMPTIONS, STRENGTHS, AND GREATEST WEAKNESSES IN APPLICATION OUTSIDE THE WESTERN MILIEU CONTEXT.

Michael I. Ogu
Department of Political Science and Public Administration
Babcock University, Ogun State, Nigeria

Abstract
This study reviewed the origin of the rational choice theory and how it came to be adopted as one of the major approaches or paradigms of analysis in the political science sub-field of contemporary political analysis, its basic hypothesis, underlying assumptions, and criticisms of the theory as well as application areas outside the western milieu context. The study adopted the qualitative approach to research, and referenced scholarly text books, articles, journals and monographs in the areas under investigation. The theory arguably, begins, from the viewpoint of the individual, as against viewing various individuals interacting and relating together, social situations, or groups. The emphasis on the individual interest has always been the starting point of the theory, even though some scholars have argued to the contrary. Despite the steps involved in reaching rational decisions, choices and decisions are made simply by ‘muddling through’, as long as the decision made would likely lead to the perceived best possible outcome. Individuals hardly follow the steps provided in the rational model to reach decisions that they regard as rational. Rationality hence is a subjective phenomenon, since an individual from time to time can be both rational and irrational in reaching decisions.

Keywords: Rational Choice, Hypothesis, Assumptions, Muddling through.

Word Count: 197

1 INTRODUCTION
The rational choice theory, also known as choice theory or rational action theory, is a theory for understanding and often modelling social and economic as well as individual behaviour. It is the main paradigm in the currently-dominant microeconomics school of thought. It is also central to modern political science, as well as other disciplines such as sociology and philosophy. Becker (1976) recorded that “the rational choice theory was early popularized by a 1992 Nobel Memorial Prize Laureate in Economics Science, Gary Becker, who was one of the first to apply rational actor models more widely”. Elster (1989) stated the essence of rational choice theory when he said that “when faced with several courses of action, people usually do what they believe is likely to have the best overall outcome”. The ‘rationality’ defined by the rational choice theory adopts a more specific and narrower definition, which simply means that “an individual acts as if balancing costs against benefits to arrive at action that maximizes personal advantage.” (Friedman, 1953)

The rational choice theory is argued to be the result of the envy of other disciplines on economics, and its principles of choice in human behavior. Scott (2000) asserts:

It has long appeared to many people that economics is the most successful of the social sciences. It has assumed that people are motivated by money and by the possibility of making a profit, and this has allowed it to construct formal, and often predictive, models of human behaviour. This apparent success has led many other social scientists to cast envious eyes in its direction. They have thought that
if they could only follow the methods of economics they could achieve similar successes in their own studies. These sociologists and political scientists have tried to build theories around the idea that all action is fundamentally 'rational' in character and that people calculate the likely costs and benefits of any action before deciding what to do. This approach to theory is known as rational choice theory, and its application to social interaction takes the form of exchange theory.

In politics, as well as economics, there is always the competition for scarce resources. Since the 1950s, the semblance between market competition for goods and political competition for power and its privileges has given a large number of scholars, especially social scientists, the impression that the economic methods could also be usefully applied in the study of politics. James Buchanan and Gordon Tullock (1974), in their book, The Calculus of Consent: Logical Foundations of Constitutional Democracy, stated that in the study of political science, one assumes, that "the representative or the average individual acts on the basis of the same overall value scale when he participates in market activity and in political activity". Tullock (1976) affirmed this when he asserted that "Voters and customers are essentially the same people. Mr. Smith buys and votes; he is the same man in the supermarket and in the voting booth."

Barry Weingast, a Stanford University professor, in Shapiro (2006) said "Rational choice has come quite a way. Thirty years ago, it was far outside the mainstream in political science in almost every respect." Terry Moe also in Shapiro (2006) said that rational choice had taken the discipline of political science "by storm." Moe stated two reasons for this: first, it had huge analytical strengths. Secondly, more than a methodology, he said, rational choice was "a family of theories" or "a technology for developing theories."

Rational Choice Theory is an approach that could be used by social scientists to understand human behavior. Green (2002) identified that the spread of the rational choice approach beyond conventional economic issues is discussed by Becker (1976), Radnitzky and Bernholz (1987), Hogarth and Reder (1987), Swedberg (1990), and Green and Shapiro (1996), among others.

1.1 OBJECTIVE OF THE STUDY
The following are the objectives aimed at by the study:
1. To review the origin of the rational choice theory and how it came to be adopted as one of the major approaches or paradigms of analysis in the political science sub-field of contemporary political analysis.
2. To identify the theory’s basic hypothesis, assumptions, and major areas of application of the theory in the social science.
3. To attempt a critique of the approach, bringing out the strengths and weaknesses.
4. To draw conclusion from the foregoing analysis.

1.2 RESEARCH QUESTIONS
1. How did the rational choice theory originate in political science?
2. What are the basic assumptions, criticism, strengths and weaknesses?
3. What are the theory’s areas of considerable application in political science?
2. GROWTH OF THE RATIONAL CHOICE THEORY

Rational choice is argued to have developed as part of the behavioural revolution in American political science of the 1950s and 1960s which sought to investigate how individuals behaved, using empirical methods. The approach has increasingly become a growing approach to political science, especially in the United States. Anthony Downs (1957) was the first to apply rational choice theory to electoral behaviour and party competition. His work, reviewed in Hinich and Munger (1997) went further to revolutionize the studies of elections. Other directions in which rational choice theory has gone away from the works of Downs include areas of collective action, public choice, rent seeking, among others. Olson (1965) showed that individuals with self interest would not always take part in collective action to accomplish a common goal, for instance, why would some of us refuse to pay our tax despite the fact that the monies derived from taxes are used to develop our society; improve basic amenities and security. This has lead to the development of the collective action theory, which can assist us to explain how collective actions failures can be grossly reduced if the decision-makers involved are small.

The subject of public choice posits that the intervention of democratic governments to repair market failures have often created more problems than it solved. In part because, the combination of the self interest of bureaucrats in maximising their budgets and bureaucratic control over information on cost structure of state provisions of public goods results in their over provision, at the expense of the citizenry (Niskanen, 1971).

Post-war intellectual developments go back through microeconomics and welfare economics, nineteenth-century liberalism and utilitarianism, and the work of classical political economist like Adams Smith, John Locke and Thomas Hobbes. If rational choice theory owes intellectual debts to the liberal tradition, it has made repayments by suggesting lines of analysis and arguments within the field.

Rational choice theory adopts a quite different approach to the study of social action, human agency, and social systems and structures. There are many variants of rational choice theory which tend to differ from other perspectives in the following ways.

The rational choice theory begins, firstly, from the viewpoint of the individual, as opposed to viewing several individuals interacting together, social situations, or groups. The emphasis on the individual interest is always the starting point of the theory. Although some theorists of rational choice make different assumptions about the individual and proceed to larger social groups and systems, each theorist begins with the individual as the foundation unit of the theory. In the words of Abell (2000), "it is only individuals who ultimately take actions and social actions … individual actions and social actions are optimally chosen" and "individuals’ actions and social actions are entirely concerned with their own welfare". These basic assumptions portray the methodological individualism of the theory— the individual as actor with an initial concern only about him or herself, as well as his or her welfare. Upon the foundation of individualism, the rational choice theory may go further to portray how sharing, cooperation, or norms emerge, and the role they play in the decision making process.

Another major differential aspect of the rational choice theory is the fact that it is sociologically minimalist. It begins with a few simple assumptions about the individual and the relationship among individuals, and then builds models of social action and interaction that describe and explain the complexities of larger groups, systems, and whole societies. This approach is very different from the systems and structural approaches of Durkheim or Parsons, who make social norms and values at the societal level an essential feature of their perspective. It also differs from the writers in the Marxian and Weberian traditions that emphasize large-scale, global, and historical social forces. The rational choice theory also runs opposed to the symbolic interaction, interpretive, and feminist approaches that adopts a
dense and complex view of social actors and social interaction. The latter consider meaning, interpretation, emotions, experiences, and a wide variety of aspects of human existence, none of which can be reduced to the other, nor is capable of simple explanation. Contrastingly, the theory adopts a relatively spare and simple model of the individual, one that can be applied across time and space, so that it is a universal model.

3. ASSUMPTIONS OF THE RATIONAL CHOICE THEORY
There are a few assumptions made by rational choice theorists. Abell (2000) noted three assumptions made by rational choice theorists. These assumptions include:

1. **Individualism** – it is individuals who ultimately take actions. Individuals, as actors in the society and everywhere, behave and act always as rational beings, self-calculating, self-interested and self-maximizing, these individual social actions are the ultimate source of larger social outcomes. From this first overarching assumption derives the four other major assumptions summarized below.

2. **Optimality** – Individual choose their actions optimally, given their individual preferences as well as the opportunities or constraints with which the individual faced. Abell (2000) defines optimality as taking place when no other course of social action would be preferred by the individual over the course of action the individual has chosen. This does not mean that the course of action that the actor adopts is the best in terms of some objective, and outside judgment. The rational choice theory, therefore assumes, according to Abell (2000), that individuals “do the best they can, given their circumstances as they see them”.

3. **Structures** - Abell argues that structures and norms that dictate a single course of action are merely special cases of rational choice theory. In other words, the range of choices in other circumstances differs from choices in a strong structural circumstance, where there may be only one choice. Although these structures may be damaging to the rational choice model, individuals will often find a way to exercise action optimally, hence the rational choice model may not necessarily show harmony, consensus, or equality in courses of action. Again, structures, as we know them, may not be optimal from the viewpoint of an individual with few resources, however, the rational choice approach will attempt to explain is how this situation emerges and is maintained through rational choices.

4. **Self-Regarding Interest** – This assumption states that the actions of the individual are concerned entirely with his or her own welfare. Abell (2000) noted that in as much as this is a key assumption in the rational choice approach, is not as essential to the approach as the assumption on optimality. He also noted that various types of group sentiments could exist, such as cooperation, unselfishness, charity, which initially may seem to be contrary to individual optimality. Rational choice theorist may argue that these sentiments can be incorporated into the rational choice model by observing that such sentiments may ultimately be aimed at pursuing some form of self-interest. For instance, charity movements or efforts Abell says, could ultimately be aimed at making an individual feel good or could be a means of raising one’s social esteem in the eyes of others.

5. **Rationality** – This appears the most predominant assumption of the rational choice theory. All individuals, according to this assumption act in ways that would benefit them more; every individual is most like to undertake courses of actions that they perceive to be the best possible option and one that would immensely be to their own advantage.
4. STEPS IN THE RATIONAL CHOICE PROCESS
In order for a decision or choice process to be accepted as rational outside the individual, such a choice process must be arrived at based on certain steps that form the guideline for concluding such actions as rational. Green (2002) outlined certain steps which he believes the rational choice analysis should follow:

1. Identify the relevant agents and make assumptions about their objectives.
2. Identify the constraints faced by each agent.
3. Determine the “decision rules” of each agent, which characterize how an agent’s choices respond to changes of one kind or another – for example, how the quantity of tomatoes purchased might change with price or income. This task is usually accomplished mathematically by the solution of a constrained optimization problem.
4. Determine how the decision rules of various agents may be made consistent with one another and thereby characterize the equilibrium of the model. Effective analysis of complex interactions between agents normally involves the use of mathematical methods, which can sometimes be quite sophisticated.
5. Explore how the equilibrium of the model changes in response to various external events. That is, determine the predictions or implications of the model. Again, this step can involve substantial use of mathematics.
6. Examine whether the predictions determined in step (5) above are consistent with actual experience.
7. Draw conclusions and any implications (for government policy, for example) implied by (6).

The steps outlined above can simply be summarized into:
- Definition of the problem
- Identification of decision criteria
- Weighing the criteria
- Generation of valid alternatives
- Rating of each alternative on each criterion
- Computation of optimal decision

5. STRENGTHS OF THE RATIONAL CHOICE THEORY
The rational choice theory has largely emerged in the political science subfield. It has been commended as the prototype for a more deductive approach to political analysis. Becker (1976) has described the rational choice model as “a unified framework for understanding all human behaviour”, Rogowski (1997) also asserts to the model as the “most rigorous and the most general theory of social action that has been advanced in this century”. Hirshleifer (1985) simply describes the theory as “universal grammar of social science”. Other advantages of the rational choice theory can be summarized as:

1. Generality; This means that one set of assumptions relating to each type of actor in a given circumstance, is compatible with any set of structural assumptions about the environmental setting in which the actor is present.
2. Parsimony; The common knowledge of rationality assumption, the assumption of isomorphic and self-regarding utility function, when combined with the rational optimization model, allow rational choice theories to treat variations in choices among actors and by an actor over time as entirely a function of their structural position. Preferences and beliefs are simply perceived as the only relevant variables for determining action.
3. Predictive; Assumptions of the rational choice model have been used to produce a wide variety of decisive theories, whose predictions about the measurable real world phenomena rule out a much larger set of outcomes than what is already generally
accepted to be unlikely. The decisiveness of rational choice theories depends on structural as well as the individual actor’s assumptions.

6. APPLICATION OF RATIONAL CHOICE OUTSIDE THE WESTERN MILIEU

The rational choice theory is a growing paradigm in political science and can be applied to a range of areas in the discipline, especially, voting behaviour, policy formulation and implementation, rule formation, among others. This paper will discuss a few applications, namely political party competition, legislation of rule and collective actions, coalition building, among others. These views of application have been subjected to increased arguments in the following classic literature; Social Choice and Individual Values by Kenneth Arrow (1951), An Economic Theory of Democracy by Anthony Down (1957), The Logic of Collective Action by Mancur Olson (1965).

1. **Gaming:** This is a mathematical means of viewing competitions between small numbers of ‘players’. These players have to compete in such a way that the result of such competition would satisfy the interest of each member of the team. In reaching this result, every member of the team is assumed to be rational and would hence seek his/her own interest first before that of the team to which he/she belongs.

2. **Party Politics:** Competition among political parties can be dismissed as rational, based on the assumptions of the rational choice model. Every political party will always engage in activities that will ultimately lead to the realisation of their own interests maybe alongside pursuing democratic or other purposes of governance. From the nomination of candidature to the campaign tactic and strategies, up until the conduct of the election and behaviour of voters, all these activities seem to be manipulated by political parties, either by physical or psychological methods, to bring about the achievement of the party interests first, other things can follow after.

3. **Legislation:** Most of the time, if not all of the time, bills and policy suggestions made by members of the legislative chamber are made with the aim of achieving some form of personal interests first, and maybe the interest of the public could follow. Individuals, in the first place, get appointed into legislatures offices to fulfil some form of personal interests as against the intention to serve the public. Thus, their mere appointment into the legislature is a drive to fulfil some personal interest; hence all other activities that follow as a legislator can be dismissed as rational.

4. **Public Good:** Collective actions have been described as activities that are pursued in the interest of the public. However, arguments have arose indicating that the only conditions under which individuals will pursue public interest are cohesion, small public and increase in compensation, against these conditions, individuals will ultimately pursue their individual interests. This scenario can be seen in individual behaviour within organisations, institutions, communities and even within the smallest social unit – the family.

5. **Coalition Building:** The place of rationality in building coalitions cannot be over-emphasized. Coalitions are built for the purpose of gaining more influence and power which may be difficult for the individual organization to develop on its own. Some instances of coalitions in politics could include combining votes in an elected body or combining resources during a political or civic campaign. In most cases, if not all, there are more reasons why coalitions are formed than those known to the individuals involved in such coalitions; hence, they could be means by which some individuals achieve personal (rational) ends with the help of others.
7. **RATIONAL CHOICE AND COLLECTIVE ACTION**

Individuals are perceived by the rational choice approach as being rational, self-calculating, self interested and self maximizing, hence, it is difficult for individuals to participate in collective action or work towards the good of the public unless the public good would lead ultimately to their own interests. Olson (1965) identified three different types of groups within which an individual can exist, namely;

- **Privileged groups:** These are groups in which members are most likely to gain more from a public good than they would have gained if they had to provide for such good by themselves.
- **Latent groups:** Member of the latent group could free ride (withhold his contribution to the public good), without causing any observable reduction in the supply of such good.
- **Intermediate groups:** (if any member of this group withholds his contribution, it will cause a noticeable decrease in supply of the good, or a noticeable rise in cost to other contributors).

Buchanan and Tullock (1974) asserted that “the individual will find it profitable to explore the possibility of organizing an activity collectively when he expects that he may increase his utility”. He goes further to identify two distinct ways in which collective action may increase individual utility, firstly, it may reduce the external cost which the private actions of other individuals could impose on the individual in question, secondly, collective action could enable an individual secure some external benefits which may not be secured by the individuals efforts alone.

Buchanan and Tullock (1974) defined collective action as “the action of individuals when they choose to accomplish purposes collectively rather than individually, and the government is seen as nothing more than the set of processes, the machine, which allows such collective actions to take place.”

Individuals are ever engaged in collective actions, whether such actions leads the individuals to accomplish their self interests or not. It is evident from the findings of this paper and other researches on individual behaviour that individuals will only give commitment to collective actions that would ultimately lead to their own self maximizing, self calculated interests. However, individuals are sometimes compelled, either by circumstance or other reasons, to engage in collective actions that might not necessarily lead to achieving their interest, and such individuals also need to be commitment to such actions which would ultimately be in the interest of the public and not necessarily themselves. When there are few members of a group that would benefit from collective action, cooperation among members of such group could result from extensive interaction, mutual monitoring, and even commitments to each other that could prevent self-interested actions. But when the reverse is the case, most of the members of the group, if not all, perceive free riding to be clearly in their interest, and therefore act rational within such groups.

Olson (1965) posits that collective action can be sustained by what he called ‘selective incentives’, for instance, a group can only attract its members if it ensures that only members benefit from whatever negotiations are entered into, thereby making collective action possible. Hechter (1987) supported the above assertion by concluding that associations are formed if there is a possibility for such an association to monopolise a resource and exclude non-members. However, Scott (2000) hold the view that organisations and associations that do not act in the manner prescribed above still do manage to attract members, and such organisations also often thrive.

8. **PUBLIC GOODS AND THE FREE RIDER PROBLEM**

A free rider can simply be described as someone who enjoys the benefits from a commodity for which he/she doesn’t make equivalent expenditure (either with time, money or other materials). Samuelson (1954), quoted in the Stanford Encyclopaedia of Philosophy asserts that some goods, once they are made available to one person, can be consumed by others at no additional marginal cost; this condition which he referred to as ‘jointness of supply’ or
'nonrivalness of consumption', because an individual’s consumption of the good does not affect the other, just as on the contrary, for instance, an individual’s driving a Bentley car would prevent another individual from driving the same car. Hence, price theory commends free riding on the provision of such goods, which could include radio broadcasts, national defence, and clean air. If any of these goods are provided for anyone, they have by default been provided for everyone in the area which the goods exist or for the group it is produced. Another characteristic of public goods, according to Paul Samuelson, which would make it difficult to practice them, is the impossibility of exclusion. Samuelson argues that once public goods are supplied, it is impossible to exclude anyone from the consumption of such goods. This view has however been criticised as being analytically interesting, but empirically inadequate; states could exclude people from enjoying access to electricity, radio and television broadcasts, just to mention a few. The problem of exclusion is simply more of a problem of technology than logic, even though an attempt to exclude individuals, using technology may be high. However, there are some goods that are both 'joint in supply' and 'nonexcludable'. Indeed, the interest of this paper is goods that are in fact provided collectively, independently of whether they are joint in supply or nonexcludable, although these are not technically public goods, according to Samuelson's explanation of the concept, such goods can rather be regarded as collective goods and as such, we can handle challenges as regards providing them as challenges of collective action. It is pertinent at this point to emphasize that there is a clear difference between 'public goods' and 'collective goods', as the two concepts hardly mean the same thing. Public goods, following Paul Samuelson’s description of the concept are goods that are provided by government, and on which free riding is commendable; such as goods that have been provided as a result of voting a particular candidate into political office, on such goods individuals are permitted to free ride. Collective goods, on the other hand are goods that are not supplied 'jointly'; by members of a group or community, and although it is possible to exclude free riders from enjoying such goods, excluding free riders would involve a more expensive process, and possibly irrational to other members of the collection. Olson observed that many politically provided goods, such as highways and public safety, lack the qualities of Samuelson’s public goods; such goods also suffer the free rider problem, which ultimately reduces the supply of such goods. However, there are conditions under which self interested, self maximizing and rational individuals, who are most likely to free ride, can be made to participate in collective action. Such conditions could include; application of force, provision of extra incentives and involvement in small groups. These conditions do not guarantee committed involvement of self interested individuals in collective action.

9. CRITICISMS
Several critique and scholars have identified certain shortfalls of the rational choice approach. Aside, some of the disagreements that have been attributed with accepting the basic assumptions of the approach, there are a number of other weaknesses that have been attributed with the rational choice theory. Some of these weaknesses are:
1. Problems associated with inadequate information and uncertainty. This may make it difficult for individuals to make rational decisions. As a result, they may rely on other ways of making decisions.
2. Human social action and interactions are complex, and many of the theories examined earlier may provide better guides to how these take place.
3. Theorists of rational choice argue that macro level structures and institutions can be explained from the models of individual social action. But there are problems of
aggregation of individual to societal level phenomena. These same difficulties exist in well developed economic models.

4. Norms and habits may guide much action, and once these take root people may not question them but use them to pursue meaningful social action.

5. One problem of RCT is that some theorists argue that almost everything humans do is rational, even philanthropy and self-sacrifice. By expanding to include all forms of action as rational, action that is non-rational or irrational becomes part of the model. By including every possible form of action in rational choice, it is not clear how the standards of what is rational and what is not are constructed.

10. CONCLUSION

The rational choice theory as has been portrayed above assumes the near impossibility of ‘all things being equal’, and on this basis, individuals make choices and decisions that they see as rational, not minding that the circumstances, and situations in which these decision are made has a large impact on whether or not such decisions are rational, also, the values, beliefs and philosophy of the individual also influence the rationality of choices and decisions made by individuals. In the final analysis, individuals hardly follow the steps provided in the rational model to reach decisions; choices and decisions are made by simply ‘muddling through’, as long as the decision made would likely lead to the perceived best possible outcome. Hence, rationality is subjective, as individuals can be both rational and irrational in reaching decisions from time to time.

REFERENCES

Arrow, K. J. (1951); Social Choice and Individual Values, Cowles Foundation for Research in Economics: Yale University, Volume 12 of Monograph, New Haven Publication.


Hinich, M. J. and Munger, M. C. (1997); Analytical Politics, USA: Cambridge University Press.

Hirshleifer J. (1985); The Expanding Domain of Economics. The American Economic
Review, Pg. 53 – 68.


Rogowski, G. (1997); Router Joinery, Taunton Press.


Scott, J; Rational Choice Theory in Browning, in G.; HalcI, A.; and Webster, F. (eds.) (2000); Understanding Contemporary Society: Theories of the Present, Sage Publications.


INTERNET
