Rational and moral action: a critical survey of rational choice theory

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Summary

This book is about rational choice theory from a different point of view. It is different for three reasons. First, it pays attention to the unintended consequences of intended actions. Second, it employs a non-instrumental approach to moral actions. And third, it argues that choice opportunities matter. These subjects are elaborated in the Parts II, III, and IV of this book. Part I deals with a critical outline of rational choice theory, as it is conventionally understood. It is a critical outline because it pays much attention to the problems with which rational choice theory wrestles. I describe how they are defined, solved or remained unsolved. I think that such a problem-oriented approach reveals both the strengths and the weaknesses of any theory, and in this case rational choice theory.

The main conclusions drawn in Part I are simultaneously introductions to the other Parts. One of the objections to rational choice theory I formulate in chapter I is that the concept of rationality is contaminated with the concept of self-interest. I propose to set these concepts apart. Subsequently, I connect the concept of rationality with the concept of reflectivity; the extent and the way an agent deliberates about his actions. The connection of rationality and reflectivity creates ethically burdened arguments around the question whether choices or actions should be subjected to a criterion of justification.

In the discussion of expected utility theory I refer to Allais' critique. The Allais' critique boils down to the view that the mathematical expectation of outcomes is not relevant because most people view their choices as unique. Therefore they are risk averse and try to avoid the experience of regret. Two consequences follow from this: choices are framed and the consequences of acts have to be split into an objectively realized and in an experienced (relief, pride, regret etc.) component. Utility takes two forms (or aspects): a substantive and a symbolic aspect. Dependent on the context, the ranking number can be determined by the substantive or the
experienced component of the outcome of an action. When an agent, for instance, frames his choice in a morally significant context, then the symbolic utility representing the experienced component will determine the ranking of the preference. This splitting of the concept of utility also meets the distinction between an agency aspect and a well-being aspect of actions.

One of the main problems of game theory is that in strategic interactions there are many strategic possibilities and therefore many potential solutions. We want game theory to deliver unique solutions as evidence that social rules that solve coordination and cooperation problems can emerge spontaneously. However, it appears that sometimes such solutions only arise when agents draw upon pre-existing social norms. This means that rules (and institutions) are in such cases explained by referring to other rules (and institutions), which conflicts with methodological individualism. Fortunately, this is consistent with institutional individualism, the methodological approach I recommend. In institutional individualism some institutions are endogenous and human behavior is described as being discursive, i.e., human agents reproduce (or transform) by their actions the conditions that made their actions possible. This is explained in the chapters on the agent-structure relationship.

I introduce institutional individualism in Part II where I described the unintended consequences of intentional actions. The study of unintended consequences introduces invisible hand explanations. I examine two such approaches: a general equilibrium approach and an institutional approach. Both try to explain why, in general, these unintended consequences result in an orderly supply and demand of goods and services in an orderly society. I argue that the institutional approach is the more general one and propose to apply such an approach to rational choice theory, stressing the role of habits, rules and norms in the explanation of choice behavior. In the chapter on social choice theory two issues are of central importance. One is the concept of prudence as a moral rule for practical reasoning. The second concerns the principle of
justice that is most conducive to collective welfare. Prudence, though important in many ways in practical reasoning, is limited as a moral concept because it is focused on the material well-being of agents. It is limited in a second way, in that it is not only instrumental to the good but simultaneously preference-based. It cannot easily accommodate the idea of sacrifice or the contribution to a collective good such as provisions for the poor or actions that have no bearing on one's own well-being. To do justice to these motives and to incorporate the agency aspect of the individual a non-instrumental moral concept is needed.

Part III, deals with questions such as the existence of moral imperatives, the conceptualization of a proper choice, and the place of commitment in rational choice theory. In this Part one of the most significant aspects of human action, namely the making of meaning, is made most explicit.

In Part IV the principle of average utility is compared with Rawls' difference principle and Gauthier's principle of maximum relative concession. Since Gauthier presents a bargaining solution in which distributional issues are side-stepped I concentrate on the comparison between the first two mentioned principles. The arguments for these principles are deduced from a thought experiment called the original position. Since the construction of the original positions already seem to implicate the proposed principle I take another road and turn to the debate between egalitarians and prioritarians. In this debate the conclusion is reached that there is support for the difference principle as part of the prioritarian view. In addition to the difference principle I defend Sen's capability approach as the best articulation of an opportunity concept for choice.

I conclude with an Epilogue in which the concept of liberty or freedom is central. I try to explain why the negative concept of liberty is so overwhelmingly endorsed in rational choice theory by referring to the writings of Hayek. In accordance with the arguments in the previous chapters I argue that the positive conception of liberty is most helpful to support the opportunity concept of choice.