

Assignment #7

MACS 30000, Dr. Evans

Due Monday, Nov. 26 at 11:30am

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3. Watts (2014)

Rational choice theory, which was firstly introduced in the 1960s, constructed a framework of theoretical assumptions that rationalized behaviors. It is criticized “on the grounds that they relied on implausible or empirically invalid assumptions about the preferences, knowledge, and computational capabilities of the actors in question or, alternatively, that they yielded predictions that were also demonstrably at odds with empirical evidence”.

Watts believes that the main pitfall in commonsense theories of action is that, although the explanation can account for some observed outcome, there is no guarantee that it will make sense of other outcomes when generalized, even worse, it doesn't correspond to the specific outcome. “Correspondingly, reasons that seem salient ex-ante will fail to make accurate predictions, while the reasons that ex-post seem to have been predictively accurate, had they been known at the time, could not necessarily have been known at the time even in principle.

Watts' proposed solution to the issues with rational choice modeling and causal

explanation is that we should produce “more scientifically rigorous if not more satisfying explanations” instead of “empathetic view of explanation”. He further suggested two ways of achieving that. One is that sociologists should give more weight to experimental methods, such as including field experiments, natural experiments, quasi-experiments, and laboratory experiments. The other is that statistical models in causal inference, econometrics, statistics, and computational methods should be employed when analyzing non-experimental data. What’s more, the power of those statistical models should be evaluated depending on their prediction, namely, out-of-sample prediction.

The paper criticizes commonsense theories of action and uphold the significance of scientific methods for explanations and predictions. Granted, ability to explain reality is important. However, this paper gives too little credit on classic theoretical models. Simplified theoretical models with specific assumptions can allow us to start to understand the complex real world. By firstly analyzing one rational individual, we can then enter the realm of analyzing a market. From point to line, from one player to the whole market, we can start from simple and gradually approach the reality. Although the generalized theoretical model can’t precisely predict the real situation, it sets the rules and gives us a framework to research on. I didn’t mean that we should always use classic models. On the foundation of theoretical models, we have developed behavioral economics, which adjusted the assumption. Therefore, simplified theoretical models doesn’t mean no research on non-classic disciplines. It exists for the purpose of enhancing our conceptual power and benefiting causal inference and prediction.

References

Watts, Duncan J., "Common Sense and Sociological Explanations,"
American Journal of Sociology, September 2014, 120 (2), 313–351.