Beyond Rational Choice

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Mary Zey, ed., *Decision Making: Alternatives to Rational Choice Models.* (Newbury Park, CA: Sage, 1992.) 460 pp.; $49.95 hardcover, $27.95 paper.

Every now and then I find myself leafing through another Sunday supplement or looking at magazines at the grocery checkout, and queries cry out to me: "Have trouble making decisions?" "Can't decide which car to buy?" "Which career is for me?" This is followed by one or another version of a now familiar litany, "Six easy steps to master difficult decisions!" "Follow these six steps to the right decision every time!" These are, of course, popular variations of the rational model of decision making whose risibility many teachers of politics, administration, or organization theory have enjoyed for years.

But now that even those who used to be the primary proponents of this model are taking recourse to titles like *Quasi Rational Economics*, it is clearly time to put it out to pasture with other worn-out paradigms, and Professor Zey's anthology does that and more. To begin with, some very simple items of empirical evidence can be summoned up to deflate the overblown utility or applicability of this model. Kenneth Arrow is, as so often, right on target when he asks why, for example, when everyone knows that income increases with education, not everyone is even trying to make the same choice of getting more education. Why, too, as another of the many eminent and very able (too many, alas, to do justice to each of their individual essays here) contributors ponders, are we then more likely to buy insurance from fellows who appear avuncular and to invest more money with charismatic characters like Michael Milken? And, finally, why is it that even the proverbial professor of economics, surely the personification of homo economicus (economic man), leaves that tip at the roadside restaurant to which he will never return? Professorial forgetfulness? More likely it is the "moral sentiments" Robert Frank cites in a later chapter as one explanation for leaving those tips, or the matter of "habit" which Charles Kamic's extensive discussion makes an equally credible one.

These are but two of a considerable arsenal of powerful and persuasive "alternatives to rational choice models" of decision making offered, respectively, under the headings of "micro" and "macro" alternatives in Parts II and III of this fine anthology, following a Part I that fires a well-aimed battery of critiques at the rational choice model.

One of the most fundamental problems, as Zey herself points out in the very first essay, is that what is taken to be a universal explanation of behavior and called rational choice is really just an exceedingly unilateral model based on an economic metaphor (limited further by its purely capitalistic premise). While this gives the individual homo economicus an entirely unwarranted centrality in decision making, Zey also argues that individuals as such are, in fact, less likely to make decisions than are social collectives, from couples to complex organizations (an argument she supports with commendable scholarship in her piece on RICO reform in the last part). Homo economicus and his preferred playground, the marketplace, are in fact quite recent evolutions as a species and an economic mechanism, as just a peek into cultural anthropology or social history quickly reveals.

That decisions are heavily dependent on social context is likewise supported when, in the second critical essay, Herbert Simon says that people put into the "Prisoner's Dilemma" tend to pursue a "tit-for-tat" strategy (bearing out his much earlier "satisficing" argument) and reminds us, moreover, that we are much influenced by the language in which things are presented to us. Oddly enough people seem, for example, to find an 80 percent chance of surviving surgery much preferable to a 20 percent chance of dying from it.

In order to provide some more reality based foundations for a new decision-making model Amitai Etzioni offers "normative-affective" factors in the first of the "microalternative" explanations, contrasting his realistic descriptive approach to the prescriptive one of the "rational" model. As it turns out, even decisions to commit crimes of robbery and theft, which would seem to be the most economically motivated decisions of all, are dominated by such normative-affective factors. As Jack Katz documents, people as otherwise unalike as the ordinary "street criminal" Robby Wideman and the high-roller Wall Street criminal Michael Milken "do their stuff" largely as a way of keeping score, setting records for the sheer dazzle of it, rather than for economic desire or need.

Where Part II deals with "microalternative," more or less psychological explanations of individual behavior, Part III addresses the "macroalternative" social explanations of group and organizational behavior. An underlying question to ponder here is that if organizations functioned rationally because the individuals in them functioned in automatic rational accord with the goals of the organization, why would we need all the methods of control exercised in them?

Apart from the fact that such uniform aggregates of individuals as postulated by the rational choice model in no way account for the varied multiplicity of decision makers actually within an organization, these aggregate models also fail to account for other social dimensions essential to decision making such as trust, as James Coleman judiciously reminds us. Trust is but one example of the "embedded" nature of decision making: Decisions are made within specifically given sets of social relations, as Mark Granovetter explains in fine detail, using the example of trust in the case of the diamond business which is done on a handshake. Homo economicus, once again, is a highly "undersocialized" abstraction from the reality of such embeddedness.

The greater efficacy of embeddedness as an explanation of decision making is, finally, most adroitly demonstrated in Zey's own study of the RICO reform effort. The Racketeer Influenced and Corrupt Organizations Act was, of course, first chiefly aimed at so-called organized crime, but "Senate committees added violations of federal laws involving mail, wire, and securities fraud in 1982 and 1984," which thus enable the act to cover corporate executives, savings and loan officers, and investment bankers who engaged in fraud.

The addition of those amendments subsequently occasioned some members of Congress to challenge them on the grounds that in legal terms RICO was "vague, too broad in scope, too severe." Now if one observes that this challenge arose only after those '82 and '84 amendments, the mystery buff might ask who would want to reform the act (i.e., "who benefits?")? When it turns out that it was chiefly one senator, Dennis DeConcini, and a number of his colleagues (subsequently frequent headliners as the Keating Five, and not, alas, a rock band) who were moving for this reform, one begins to understand "embeddedness." Zey is careful to point out that there is an important distinction here in this embeddedness between money and status. Organized crime figures certainly have money with which they could ostensibly bribe government officials or otherwise buy influence, but they do not have the status and hence the legitimacy of those people who were moving the Keating Five, the people who actually make the laws, to "reform" RICO. These are those very (and ordinarily presumed very respectable) "corporate executives, savings and loan officers, and investment bankers" who just as ordinarily get laws pertaining to them in just the way they want precisely because of their "embeddedness." (It is important to note here that the fact that Keating and his Five did not get completely away with it is the exception, not the rule. As James Burke and Neil Fligstein point out in different ways in their essays, today it is indeed the financial elite who are most firmly embedded in government policy decision making.)

Still uncertain about the real determinants of decision making? Stop waffling! Read this book. It will not pretend to give you a complete new model of decision making, but it decidedly gives you a choice assortment of fundamental building blocks towards such a model.