

Methodological Individualism

Background, history and meaning

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10 Rational choice individualism

Among the more noteworthy developments in recent social science is the upsurge of a theory and/or methodology called ‘rational choice’. This would not be my business, however, were it not for the fact that rational choice is launched as a form of methodological individualism. Sometimes it is even treated as the only form of methodological individualism (Janssen, 1993: 26). This view, which is most common among economists (Sproule-Jones, 1984: 169), is not adopted in this book. As I hope is evident from previous chapters of this book, there are other forms of methodological individualism than rational choice (Van Parijs, 1981: 302–4; Elster, 1989a: 105; Vanberg, 1994: 7).

In an earlier treatise on methodological individualism (Udehn, 1987), I even expressed doubts concerning the purity of rational choice, or ‘situational logic’, as a form of methodological individualism. It seemed to me that rational choice is much more permissive concerning the explanatory use of social institutions and social structure than is the original principle of methodological individualism. My first response to this situation was to deny that rational choice is necessarily individualistic. It all depends upon the entities used in a rational choice explanation. If social institutions, social structure, or some other type of social entity, enters the explanandum, or, better, the antecedent, of a rational choice explanation, then it is not compatible with the principle of methodological individualism. I did suggest a second route, however, in the form of a distinction between a *strong* and a *weak* version of methodological individualism.

Today I prefer this second route and conceive of rational choice theory as one form of methodological individualism. My reason for this, is that this view of the matter seems to have emerged victorious, at least among political scientists, sociologists and analytical Marxists. Indeed, rational choice stands out as the most vital form of explicit methodological individualism in contemporary social science. It should be noted at the outset, however, that not all agree that rational choice is necessarily a form of methodological individualism (Farmer, 1982; Satz and Ferejohn, 1994), not even all rational choice theorists, themselves do so, as we saw in chapter 8.

The first, and still the main, field of application of rational choice outside economics is in political science. I have dealt with this field of application, to some extent in the previous chapter and, at great length, in Udehn (1996). Since

I prefer not to repeat myself more than necessary, I will be extremely brief here. I do not think any injustice is done to political science, however, by brevity since it is my impression that the big issue in political science has been rational choice, not methodological individualism. Most political scientists seem to take it pretty much for granted that rational choice is individualistic, but without going into much detail about its exact meaning and intent (cf. Ward, 1995: 79). It may also be noticed that rational choice entered political science mainly in the form of game theory, which I have already discussed in chapter 8.

The first really comprehensive use of game theory in political science was, by William H. Riker and Peter C. Ordeshook, in *An Introduction to Positive Political Theory* (1973). The basic assumption of their approach was that of rationality and, as a corollary, that of individualism. 'What we insist upon ... is that collectivities, regularities about people in them, and the common goals and values of collectivities can be understood only by understanding the individual persons who make up the collectivities. And in this sense our method is individualistic' (p. 37).

In *Game Theory and Political Theory* (1986), Ordeshook begins with two assumptions: 'methodological individualism and purposeful action. Methodological individualism holds that we can understand social processes and outcomes in terms of people's preferences and choices' (p. 1). This means that groups do not act, except by means of their members. 'The assumption of methodological individualism is but a reminder that only people choose, prefer, share goals, learn and so on, and that all explanations and descriptions of group action, if they are theoretically sound, ultimately must be understandable in terms of individual choice' (p. 1). Six years later, Ordeshook (1992) has replaced the assumption of purposeful action with the much more narrow assumption of 'individual action motivated by self-interest' (p. 175). According to Ordeshook's interpretation of rational choice, this means that 'political institutions are the product of the self-interest of those who establish them' (p. 177). It does not seem, however, as if Ordeshook suggests that all institutions must be treated as endogenous, since he also mentions the constraints they impose on human behaviour (pp. 186f, 191f).

William H. Riker is much more clear on this point. In a paper delivered at the Public Choice Society (Riker, 1988), he makes a forceful plea for taking social institutions much more seriously than economists usually do. He is especially dissatisfied with the Chicago economists mechanical use of utility-maximisation, but also with the work of James Buchanan. To take social institutions seriously, according to Riker, is among other things to see their role in the selection of equilibria. 'What particular one [equilibrium] is arrived at ... is mainly a matter of the constraint imposed by institutional arrangements, which are, therefore, as important for outcomes as the desires, tastes, and values of the participants' (p. 252).

I believe that most political scientists share Riker's view of the importance of social institutions. The work of Kenneth Shepsle, for instance, is based on the assumption that 'institutions do matter' (1989: 131). It is my impression that most uses of rational choice in political science are based on this assumption and

for a very good reason. Political action typically takes place in an institutional context of well-defined legal rules.

On the basis of this extremely brief survey, I draw the unwarranted conclusion, that most rational choice individualists, among political scientists, are institutional individualists in the sense of Agassi and Boland; they see the necessity of treating social institutions as exogenous variables in their models of political activity. A different view seems to be taken by Robert Grafstein (1991: 262ff), who argues that Shepsle's institutionalism, despite appearances to the contrary, fails to go beyond the state of nature, typical of social contract theory.

Because methodological individualism is hard to give up, many theorists, as we have seen, find that the best way to accommodate this effect is to pack all the institutional details, the regularities of behavior variously called norms, or rules, into the heads of the participants. Acting on this knowledge, participants continually reinforce the institution – that is, reproduce the behavioral patterns associated with it. The institution as such does nothing.

(Grafstein, 1991: 266)

It is clear that by 'methodological individualism' Grafstein means psychologistic individualism and also that he believes that rational choice institutionalism in political science exemplifies this type of individualism, rather than the institutional individualism of Agassi and Boland.

This interpretation of methodological individualism can be found also in Satz and Ferejohn (1994), who draw the conclusion that rational choice is not necessarily individualistic. Having argued that rational choice derives most of its explanatory power from a consideration of the social environment of the acting individuals, they suggest a marriage between rational choice and structuralism, which is not individualistic, or reductive.

A different route has been taken by some sociologists, who share the belief of Satz and Ferejohn in the fertility of joining rational choice and structuralism, but who nevertheless conceive of this approach as a version of methodological individualism. Obviously it is very different from the original version of methodological individualism, since it includes an important holistic element in the form of social structure. It has been called structural individualism.¹

Rational choice sociology

There has been much more resistance to rational choice in sociology than in political science. The reason for this is, no doubt, that sociology emerged partly as a reaction to rationalism in social theory. The roots of sociology are mainly in Romanticism and most of the early sociologists were critical of the theory of the social contract, of utilitarianism and of economic theory. Although not all of them. Herbert Spencer was an individualist and rational choice plays some part in his sociology, even though he is known to sociologists mainly as a founder of

functionalism. Some may think of Vilfredo Pareto, who was both an economist and a sociologist, and certainly a promoter of rational choice. But not in sociology. Pareto is actually the source of the common idea that economics is about rational action and sociology about irrational action (Samuelson, 1947: 90).

The real pioneer of rational choice in sociology was Max Weber. We have already seen, in chapter 4, that Weber wanted to import methodological individualism from economics to sociology. We have also seen (pp. 95–7) that Weber was something of a pioneer of rational choice in economics. It remains to point out that Weber intended to assign a central role to rational choice also in sociology. It is true that instrumentally rational action is only one of four types of action in Weber's sociology – the others are value-rational, affectual and traditional action – but it is the most important, and for two reasons: first, the historical development of the West has been such that instrumentally rational action is now the dominant type of action in our culture. Second, as I have already indicated, instrumentally rational action is methodologically primary. When trying to understand an action, we should always start by assuming that we have to do with rational action. Only if we fail to account for an action by assuming that it is instrumentally rational, should we turn to other types of explanations: that it is due to emotion, tradition or intrinsic values (Weber [1922] 1978: 4ff).

Weber's rational choice sociology was no success story. Talcott Parsons at first wanted to build sociology on a theory of action, but emphasised values more than instrumental rationality, and soon turned in the direction of systems theory. Another neglected attempt to create a rational choice sociology was made by the economist John C. Harsanyi, who also recognised it as a form of methodological individualism and raised it against Parsons's functionalist sociology. The road to success, according to Harsanyi, is the use of game theory together with his own, new, concept of 'rationality', which yields determinate solutions for all game situations and, therefore, for most social situations. Social institutions and practices, for instance, can be explained in terms of the balance of power among individuals (Harsanyi, 1962; 1966b).

Harsanyi recognised two opposite theoretical approaches in the social sciences: the relationistic approach, which is individualistic, and the functionalistic approach, which is collectivistic. Since Harsanyi favoured the former, he set out to show its superiority to the latter. He chose to demonstrate its superiority with respect to social phenomena, such as social status, social values and social institutions (Harsanyi, 1966a: 357f; 1968: 305f).

Social status is, besides economic gain, the most important incentive and motivating force of social behaviour. A person has high social status in a group if all or most other members of the group show deferential behaviour towards him. The other members of the group show deferential behaviour towards a certain member of the group if they attach special importance to his activities within the group. Social status, thus, is a form of power relationship; as such, it depends upon the ability to influence other people through rewards and/or punishments. The ultimate explanation of social status, according to Harsanyi, is in terms of a

person's ability to deal out rewards and punishments (1966a: 359–69; 1968: 316–21).

Social values play an important role in the functionalist and conformist approach represented by Talcott Parsons. According to Harsanyi, the most important defect with this approach is that it cannot explain social change. By contrast, the rationalistic approach can account for both stability and change. Social values, their stability and change, are explained, in all essentials, in terms of the self-interest of individuals. When it serves the self-interest of a sufficiently large number of individuals to change their values, and when the pressure for conformity is not too strong, then there will be a change in social values (Harsanyi, 1969: 513–15, 526–32).

Like social values, social institutions are explained by Harsanyi in terms of an incentive for people to change their behaviour '[A]s a result of certain changes in the society or in its natural environment or in its relations with its external social environment, some people have decided that their interests would be better served by a new type of institutional arrangement' (Harsanyi, 1969: 532). Accompanying this individualist explanation of social institutions, Harsanyi proposes an individualist concept of 'social function'. The 'social function' of an institution is defined as 'all the benefits that various individual members of society derives from its operation' (p. 532). The individualist concept of 'social function' is contrasted with the collectivist concept, according to which social institutions are explained in terms of their contribution to the maintenance of the social system as a whole.²

One particularly clear example of the use of a collectivistic concept of function is the theory of social stratification suggested by Davis and Moore. In their well-known (among sociologists, at least) article 'Some Principles of Stratification' (1945), they explained the universal fact of social stratification in terms of the functional necessity 'faced by any society of placing and motivating individuals in the social structure. As a functioning mechanism a society must somehow distribute its members in social positions and induce them to perform the duties of these positions' (p. 243).

Harsanyi feels that there is something suspect about this explanation of social status in terms of the functional needs of society as a whole (Harsanyi, 1966; 1968), and so do I. His own explanation of stratification is unfortunately not an improvement upon that of Davis and Moore. By blurring their important distinction between social position and the status attached to it, Harsanyi ends up with a circular explanation of social status in terms of social status. The reason is probably that Harsanyi as an economist and methodological individualist lacks a concept of social structure.³ Such a concept was introduced in rational choice sociology by the sociologist James Coleman.

James Coleman

James S. Coleman was, until his premature death in 1995, the undisputed leader of rational choice sociology. At the end of his career, he also proclaimed himself

a methodological individualist, but he was always careful to point out that his was a 'form' of methodological individualism, implying that there are other forms as well. I think this caution was very wise, because Coleman's methodological individualism is of a peculiar kind, far removed from the original version of this doctrine (cf. Heckathorn, 1997: 8f). It is different, not only from the original strong version of methodological individualism, but also from Joseph Agassi's weak version of institutional individualism.

When Coleman (1994b) looks back upon his life as a sociologist, it appears – to the reader, if not to himself – as a constant attempt to unite holism and individualism. In the 1950s, he tells us, sociology was split in two: first there was theoretical sociology, which conceived of society as a system. On this holistic side of the split was also the tradition of community studies, which used the community as the unit of analysis. On the other side of the split, there was the survey method of empiricist sociology, almost exclusively focusing on the individual as the unit of analysis. In Coleman's earliest vision of sociology, the unit of analysis was the social system but it should be investigated with the quantitative methods of empiricist sociology, rather than with the largely qualitative methods of community studies (pp. 30f). At this time Coleman was a holist, conceiving of himself as a 'Durkheimian' (1990d: 49; 1994b: 33). It was only some years later that Coleman detected rational choice and came to see it as the solution to the problem of analysing social systems in terms of individuals (cf. Swedberg, 1996: 315–7). In addition to rational choice, however, there has remained a holist side to Coleman's work, in the form of a consistent structuralism. It is my thesis in this section, that Coleman never argued that the behaviour of systems could be explained in terms of individuals alone. Individuals are usually implicated in social structures and sociology can only advance by paying attention to this fact. Coleman's vision of sociology is really a combination of rational choice and structuralism.

The first clear expression of Coleman's turn to rational choice individualism is probably in the article on 'Collective Decisions' from 1964. Inspired by George Homans's individualist theory of exchange, he complains that 'sociologists have characteristically taken as their starting-point a social system in which norms exist, and individuals are largely governed by those norms' (p. 166). The main flaw with this procedure, according to Coleman, is that it leaves traditional sociological theory unable to answer what should be its central problem; the problem posed by Thomas Hobbes: Why is there not a war of all against all?

In this paper, I will proceed in precisely the opposite fashion to that taken by the advocates of homo sociologicus. I will make an opposite error, but one which may prove more fruitful. I want to begin the development of a theory of collective decisions, and in so doing I will start with an image of man as wholly free: unsocialized, entirely self-interested, not constrained by norms of a system, but only rationally calculating to further his own interest. This is much the image of man held by economists, and with it the economists have answered one part of Hobbes's question: how is it that although the

men who make it up are wholly self-interested, the economic system can operate with one man's actions benefiting others. It was the genius of Adam Smith to pose an answer to this part of Hobbes's question.

(Coleman, 1964: 167)

Coleman's own answer to Hobbes's question is a theory of exchange, inspired, I believe, not only by Adam Smith and George Homans, but also by the public choice theory of James Buchanan and Gordon Tullock. Like the latter, he uses game theory to analyse a legislative game of vote trading. Like the latter, he also insists upon self-interest, rather than rationality, as the essence of economic man. Since then, Coleman remained convinced that assuming self-interest is a proper point of departure for social theory (see, e.g., Coleman, 1990c: 31f).⁴

Since then, Coleman also used to maintain that the central problem of sociology was to explain social phenomena in terms of individuals, rather than the other way around. His own efforts to solve this problem led him to develop two different, but related, theories: first, there is his general and individualistic theory of social systems. Second, there is his individualistic explanation of the emergence of rights and social norms.

The basic elements of Coleman's original theory of social systems are actors and resources, or events. Actors have interests in these resources and events and control over some of them. The basic theoretical ideas are (1) that individuals are self-interested and act so as to maximise the utility they derive from resources and events and (2) that in order to maximise this utility, they exchange control over resources and events with each other.⁵

Coleman's theory of social systems is obviously a theory of exchange, borrowed from economics and public choice and, like the latter, it is individualistic. Indeed, it should be more individualistic, since economics is usually satisfied to treat firms and households as acting units. 'For most purposes in sociology, we cannot assume purposive acting units at a level above the individual' (Coleman, 1965: 105). The fundamental unit in Coleman's analysis of systems of exchange is the acting individual, or person. Acting units larger than single persons are constructed entities and can only be justified if it is possible to show that the individuals composing the larger unit have unitary goals. The analysis of 'already-formed units of social organization', according to Coleman, 'must begin with persons, and move up from there, or if, in an application, it begins at a level above persons, it must be ultimately analyzable into relations among persons' (1975: 85f).

In the early versions of Coleman's theory of exchange, individuals have *de facto* control over resources and events, but no *de jure* control, or legal rights. They may also have control, or power, over other individuals, but no rights to command, or authority. Nor are there any social norms to regulate exchange between individuals. As we have seen, Coleman's basic urge was to rid sociology of explanations in terms of norms and other social entities. Eventually rights and norms, and their derivatives authority and social capital, become important elements in Coleman's social theory, but he retains the individualist inclination to explain their emergence and maintenance, rather than accept them as given to

analysis. 'The question for rational action theory is why and how does a norm arise and how is it maintained'.⁶ The same goes for rights and authority relations: 'Just as a theory of rational action cannot take social norms as given, even though norms are found in all social systems, a theory of rational action cannot take authority relations as given, even though authority is found in all social systems' (Coleman, 1992a: 142).

It is my impression, however, that Coleman no longer believes in the possibility of making a clean sweep. His explanation of the emergence and maintenance of norms is not in terms of individuals alone. The emergence of social norms is subject to two conditions, each necessary and both sufficient. 'Both conditions may be described as socio-structural' (Coleman, 1990c: 241).⁷ The first condition is the existence of 'externalities of an action which cannot be overcome by simple transactions that would put control of the action in the hands of those experiencing the externalities' (Coleman, 1990c: 251). The second condition 'is that under which the second-order free-rider problem will be overcome by rational holders of a norm'. 'This condition depends on the existence of social relations among beneficiaries' (p. 273). A similar observation concerns the modern paradigm of methodological individualism: the economic analysis of market exchange. According to Coleman (1984: 85), economic transactions and institutions depend upon the existence of trust between actors and since 'trust is a *relation* between two actors', it depends 'not simply on the average *level* of trust, but on the *social organization* of trust'. The interesting consequence of this, for a rational choice theory of trust, is 'the combination it involves of rational action theory and structural theory' (Coleman, 1992a: 147).⁸

I have presented the individualist side of Coleman's work and turn now to his holist side; his structuralism. As I have already indicated, this theme is there from the beginning, but it is most pronounced in two of his books: *Power and the Structure of Society* (1974) and *The Asymmetric Society* (1982).⁹ In these books, Coleman stresses the importance, for modern society, of the development of a new type of social actor: states, corporations, trade unions, parties, etc. The emergence of these actors onto the scene, has led to a complete transformation of social structure. Of special importance is their status as 'legal', or 'juristic' persons, with rights and duties of their own, which makes it possible to concentrate a previously unseen amount of power in these fictitious persons. A basic theme of Coleman's books is that society, or the social system, must be conceived of as being made up of two elements: natural persons and corporate actors. Thus, we arrive at three different kinds of relations: (1) between natural persons, (2) between corporate actors and (3) between natural persons and corporate actors (Coleman, 1974: 87ff). The third type of relation, Coleman calls, asymmetric, since it involves actors, or persons, of different types and unequal in size and power (Coleman, 1982: 19ff). A corollary of the distinction between natural persons and corporate actors is that we must make a distinction between the former and the positions they occupy in corporate actors (1974: 36, 49; 1982: 14f).

Now, these distinctions were never made by a methodological individualist before – only by methodological holists – and they provide the main reason for

arguing that Coleman's version of methodological individualism is different from all earlier versions.¹⁰ The main difference is that Coleman admits that corporate actors have interests of their own, interests which are distinct from the interests of the natural persons, who occupy positions in the corporate actors. Thus, 'corporate actors are, in their actions, motivated towards purposes of their own – very often purely growth – for which membership benefits are viewed merely as constraints' (Coleman, 1974: 29). If this is so, social structure enters rational choice explanations, not only as constraints upon action, but directly as a determinant of actors' interests. It is a matter of social structure, not of personal aptitude, that households maximise utility, firms maximise profit, politicians votes and bureaucrats budgets – if this is, indeed, what they do.

Coleman's structuralism was not a temporary aberration from the individualist track, but a permanent part of his social theory. The arguments he put forward in *Power and the Structure of Society* and in *The Asymmetric Society*, are restated with equal force in *Foundations of Social Theory* (1990c: parts III and IV) and in his Presidential Address to the American Sociological Association in 1992 (Coleman, 1993a). In the latter (1993a: 7f),¹¹ Coleman argues that positions, or offices, occupied by persons, not persons themselves, are the elements of the social structure of purposively constructed corporate actors. Therefore, relations within corporate actors, are between positions, not persons. This has always been the central idea of social holism (see Udehn, 1987: 83–97).

The bifurcation of Coleman's sociology into an individualistic and a structuralist part is not my own fabrication. It is how Coleman, himself, describes his approach from an early date: 'Thus the general characteristics of this approach are two: a model of a purposive actor ... and a structural system of activities in which the actors are embedded' (1965: 103). This approach reflects society itself:

Individuals constitute one set of elements, each a purposive acting entity, each occupying positions or roles. The organization of roles, that is, the purposive social organization, is another type of element in society, with many of the same properties as actors that the individual has.

(Coleman, 1971: 74)

At the end of his career, Coleman still describes his approach in terms of two components: 'One is rational action ... and the other is social structure which provides the constraints, incentives, and contexts of action that bring about the transitions between micro and macro levels'. In order to distinguish his own approach from other approaches, he calls it the 'rational-structural approach' (Coleman, 1992a: 134).

Because of his structuralist view of the social system, Coleman has become more critical of economic theory than he seemed in his programmatic 1964 article on 'Collective Decisions'. Twenty years later, he is still maintaining that the central problem of social science is that of 'moving from a model of individual behavior to a theory of the behavior of a system composed of those individuals'

(Coleman, 1984: 86). But now he also maintains that this problem can only be solved by 'taking social organization explicitly into account in making this transition, rather than assuming it away' (p. 86). The problem with economics (and with much quantitative sociology) is that it ignores social structure. This is a pity, because introducing more social structure is the most promising avenue to scientific progress in economics. Rational choice sociology borrows some elements from neoclassical economics, but differs from the latter by taking social organization and social institutions seriously. 'Neoclassical economics would either ignore such social structure altogether, or treat it as endogenous, while rational choice theory in sociology does not hesitate to regard prior social structure as exogenous in analysis of system functioning' (Coleman, 1994a: 170).

The hallmark of rational choice theory in sociology is the combination of an assumption of rationality on the part of individuals, but replacement of the assumption of a perfect market with social structure, sometimes regarded as endogenous and other times regarded as exogenous, which carries individual actions into systemic outcomes.

(Coleman, 1994a: 167)

According to his friend and colleague Gary Becker (1996: 378), 'Jim makes a major advance', relative to economics, 'by incorporating social structure into the theory'. He also observes, however, that 'Jim was not content simply to take social structure as given. He recognized that it was desirable to try to build up the structure from the interactions among the choices of individuals and other actors'.

I believe I have shown conclusively that there is a structuralist, as well as an individualist, side to Coleman's sociology. I will now turn to his methodological individualism and try to show that it is a new version of this principle, different from all earlier versions, including the institutional individualism of Agassi and Boland.

Coleman's methodological individualism is explicitly stated for the first time in a programmatic article in *American Journal of Sociology* in 1986. In the abstract of this article, he says that his programme for social research has two essential elements:

The first is the use of a theory of purposive action as a foundation for social theory; this entails acceptance of a form of methodological individualism and rejection of holism. The second is a focus in social research and theory on the movement from the level of individual actions to macrosocial functioning, that is, the level of system behavior.

(Coleman, 1986c: 1309)

A first thing to notice is that Coleman refers to his methodological individualism as a 'form' of this doctrine, implying that there are other forms as well. A second thing is that his methodological individualism uses a theory of purposive

action as the ‘foundation’ for social theory. Other expressions, used by Coleman, are that his form of methodological individualism ‘grounds social theory in a theory of individual action’ (p. 1309) and that ‘(p)urposive action of individuals can be taken as a starting point by sociologists’ (p. 1312).¹² None of them rules out the use of institutions and social structure as determinants of action and, therefore, as co-determinants of system behaviour. A third thing worthy of attention is that Coleman’s foundation is a theory of ‘purposive action’. This is in distinction to methodological individualism based on other theories of action, or behaviour (cf. Coleman, 1979: 76). A fourth observation is that Coleman claims that his form of methodological individualism implies a rejection of holism. This is a highly debatable assertion, stated with no argument at all to support it. I maintain, to the contrary, that it is no more the case that all forms of methodological holism excludes reference to purposive action, than it is the case that all forms of methodological individualism excludes reference to institutions and social structure. Both positions are about equally contentious. A fifth point concerns the second element of Coleman’s programme. I suggest that the focus on the movement from individual behaviour to macro-social functioning at the level of system behaviour is fully in line with the original strong version of methodological individualism, but it is not common among methodological individualists to talk about ‘macrosocial functioning’ and ‘system behaviour’.

Coleman returns to methodological individualism in *Foundations of Social Theory* (1990c) and in an interview with Coleman by Richard Swedberg in 1987, but published the same year as the former work (Coleman, 1990d). In *Foundations*, Coleman is even more cautious, and his methodological individualism less restrictive, than in the article from 1986. He repeats that he is suggesting a form, or ‘variant’, of methodological individualism, but adds that it is ‘a special variant’.

No assumption is made that the explanation of systemic behavior consists of nothing more than individual actions and orientations, taken in aggregate. The interaction among individuals is seen to result in emergent phenomena at the system level, that is, phenomena that were neither intended nor predicted by the individuals. Furthermore, there is no implication that for a given purpose an explanation must be taken all the way to the individual level to be satisfactory. The criterion is instead pragmatic: the explanation is satisfactory if it is useful for the particular kinds of intervention for which it is intended. This criterion will ordinarily require an explanation that goes below the level of the system as a whole, but not necessarily one grounded in individual actions and orientations.

(Coleman, 1990c: 5)

Essentially the same view of methodological individualism emerges in the interview. Coleman now takes the somewhat odd view that ‘methodological individualism can work at more than one level’. Thus, ‘for some purposes, one could carry out an analysis of a system of action among firms as actors, without going down to the individuals within the firm ... for some investigations, one would be,

I think, justified in taking corporate actors as having all the properties of an actor'. Coleman is aware, of course, that this is not how methodological individualism is usually conceived: 'True methodological individualism takes natural persons – the actions of natural persons – as the only starting point and looks at the system of action that occurs among these' (Coleman, 1990d: 50).

The most noteworthy element in Coleman's methodological individualism, as stated in the above texts, is that it does not demand that we go down to the level of individual action when explaining the functioning of social systems. Another strange element is the idea that 'interaction among individuals is seen to result in emergent phenomena at the system level' (Coleman, 1990c: 5). This has always been a central tenet in the metaphysics of holism, but alien to all forms of atomism, including methodological individualism (see Udehn, 1987: 83–97). It could be, of course, that Coleman conceives of 'emergence' in some unorthodox way, but I do not think so. He maintains that rights and norms are supra-individual social entities, with an existence of their own, and irreducible to the level of individuals.¹³ This is social holism, pure and simple.

I have found two other references to 'methodological individualism' in Coleman's work. The first is in an article on 'The Economic Approach to Sociology' (1992a) and the second in 'A Rational Choice Perspective on Economic Sociology' (1994a). In the first, the economic approach to sociology is defined by a form of methodological individualism, stated, somewhat vaguely, as being characterised by the fact that 'explanation involves the actions of individual actors' (p. 133). 'Its central defining property is that a foundation of rational action underlies all theoretical work' (p. 134). This is in sharp contrast to the methodological holism of functionalism in sociology, which 'introduces teleology at the level of social systems, implicitly treating the system as an actor acting purposively' (p. 125 ; see also Coleman, 1992a: 135).¹⁴

In the second article, nothing new is added to his earlier explications, except that he now states methodological individualism explicitly in terms of his well-known diagrammatic representation of the micro–macro relation in social theory (1994a), also introduced in Coleman (1986a), in his programmatic 1986 article in *The American Journal of Sociology* (1986c) and in *Foundations of Social Theory* (1990c).¹⁵

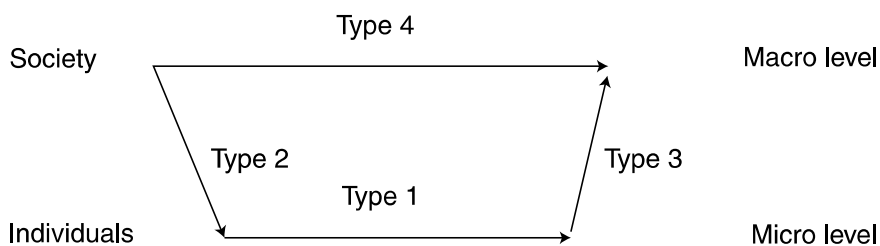


Figure 10.1 Coleman's micro–macro scheme

Source: Coleman (1986a: 347; 1986c: 1321f; 1990c: 5–10; 1994a: 166f)

With the help of this diagram, Coleman identifies four types of explanations, or relations between variables, occurring in social theory. In type 2 relations, psychic states and/or individual behaviour are explained in terms of social structure or some other macro-social entity. In type 1 relations, actions of individuals are explained in terms of some psychic state; a drive, motive, or intention. In type 3 relations, the behaviour of the social system is explained in terms of the actions of individuals. Type 4 relations, finally, connect one macro-social state, or entity, with another. This relation, according to Coleman, represents methodological holism (1986c: 1321). Methodological individualism is represented by the remaining relations 2, 1 and 3, or macro–micro–macro (1986c: 1322; 1994a: 166f).

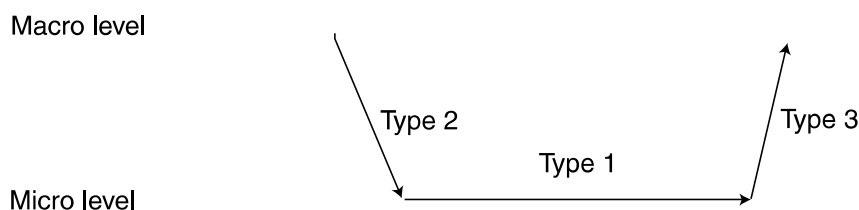


Figure 10.2 Methodological individualism according to Coleman

Source: Coleman (1986c: 1322; 1994a: 166f)

It is obvious, I believe, that Coleman's version of methodological individualism is not the psychologistic version. Type 2 relations imply that social phenomena may be part of the explanans and used as exogenous variables. Coleman's scheme is, in fact, well suited to make the distinction between two distinct types of methodological individualism, which I have called the *strong* and *weak* versions of this principle (see pp. 195–9, 227).

Before Karl Popper's plea for institutionalism in social science, there was only the strong version of methodological individualism. This version is represented by type 1 and type 2 relations in Figure 10.2. According to the strong version of methodological individualism, methodological *holism* is represented by both type 2 and type 4 relations. With Karl Popper and his followers, however, came the so-called institutional individualism, which is, no doubt, a weak version of methodological individualism. It is significant that Hedström and Swedberg (1996: 297) call their first type a situational mechanism after Popper's situational analysis, even if they do not seem to adopt his institutionalism.

In one of his last writings, Coleman (1993b) takes the opportunity to clarify and somewhat amend his earlier position, as stated most fully in *Foundations*. In a reply to the structuralist sociologist Peter Blau, who criticised his analysis of vote trading, Coleman says that he agrees that social structure provides the incentives that leads to vote trading.

But there is another question: Where does this structure, which provides the incentives that lead to vote-trading, come from? Obviously, from prior interdependent actions of individuals and corporate actors, whose interests and actions were shaped by the incentives and constraints provided by the social and political structure existing at that time. Thus structure at one time (macro-level) generates the conditions which together with existing interests shape the actions of actors (micro-level) that jointly produce [*sic*] outcomes which modify the structure of a later time (macro-level) which generates conditions that again (through constraints and incentives) shape actions (micro-level) that jointly produce outcomes (macro-level) and so on.
 (Coleman, 1993b: 63)

The novelty in this quotation is that Coleman adds a time dimension to his earlier structural individualism. In his own words, it ‘illuminates the complementarity of structure and action, as well as the alternation in time between the micro–macro and macro–micro’ (p. 63). Coleman’s original diagram can now be extended to take the following form (cf. Abell, 1996: 261):

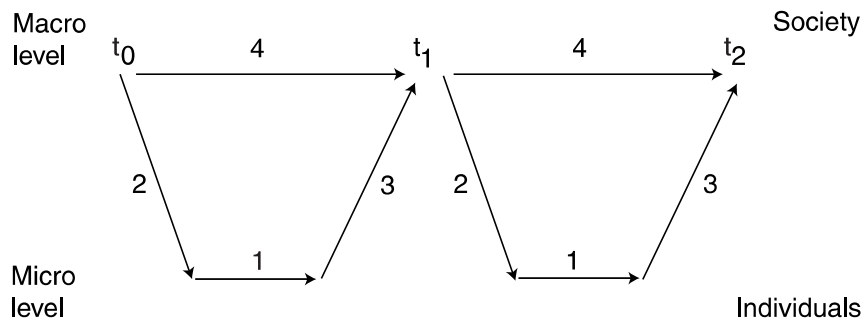


Figure 10.3 Coleman’s micro–macro scheme extended in time

What this diagram shows is a never-ending dialectic of structure and rational action, which is similar to some other ‘dualistic’ approaches to the relation between individual action and social structure.¹⁶ The question is: What part do institutions and social structure play in the explanation of social phenomena? If we look for an answer in the writings of Coleman, we will find quite a number of distinct ways in which ‘society’ explains, first, the behaviour of individual and, second, the behaviour of social systems.

As a first step, we may distinguish between an internal, or subjective, and an external, or objective, effect. Every individual living in society is socialised and internalises, in varying degrees, the values and beliefs prevailing in the society, or group, to which he/she belongs. In addition, individuals almost always confront ‘society’ as an external constraint upon their actions at the moment of action.

Some sociologists, such as Weber, see society, entirely as a subjective reality, whereas others, such as Durkheim, insist that society is objective and external to individuals. Coleman recognises both aspects of society, and criticises the early Parsons's approach to institutions, for being too subjective. 'By refusing to *define* institutions in terms of structures, Parsons is not rejecting the structural or objective orientation to institutions, but wants, rather, to develop a theory based on the relation of the individual to social structure' (Coleman, 1990a: 334). According to Coleman (pp. 337f), however, the important thing to be explained is the emergence of institutional structures; concrete structures of relations between individuals or, rather, between social positions (see above).

These external constraints are conceived of, by the strong version of methodological individualism, as simply the actions and reactions of other individuals, but Coleman does not follow suit. He conceives of social structure as a distinct element in the explanation of social phenomena. The role of this element is obscured by the diachronic form of his diagram and also by the above quotation from Coleman. It might seem as if social structure comes into play only in type 2 relations and only the actions of individuals in type 3 relations. This is not the case. Social structure is at work also in type 3 relations. This is most clearly seen in Coleman's discussions of economic theory.¹⁷ When 'Introducing Social Structure into Economic Analysis' (1984), Coleman argues for 'taking social organization explicitly into account' when making the transition 'from a model of individual behavior to a theory of the behavior composed of those individuals' (p. 86). This is clearly a type 3 relation. The same argument reappears in 'A Rational Choice Perspective on Economic Sociology' (1994a). Recapitulating the relations in his well-known diagram, he now maintains that the third relation consists of 'the combination of the actions of individuals, in some institutional structure, to bring about systemic outcomes' (Coleman, 1994a: 166).

Both the institutions through which the micro-to-macro link takes place, and those through which the macro-to-micro link takes place, may be taken as exogenous in rational choice theory, in studying the effects of particular institutional structures on individual actions or on systemic outcomes
(Coleman, 1994a: 171)

Coleman's most explicit statement to this effect is in his reply to some critical remarks by the structuralist sociologist Peter Blau:

the 'interdependence' of this third step is something which Blau slides over, while it is essential to the theory. The interdependence consists of the particular institutional structure within which the actions must take place, the institutional structure that consists of constraints and incentives. It is one kind of institutional structure in an economic market, another in the American Congress, still another in the British parliament, and another in bureaucratic organization.

(Coleman, 1993b: 63)

Thus, there is no doubt that Coleman saw institutional structure as part also of type 3 relations. A more complete form of the Coleman diagram, therefore, would be the following:

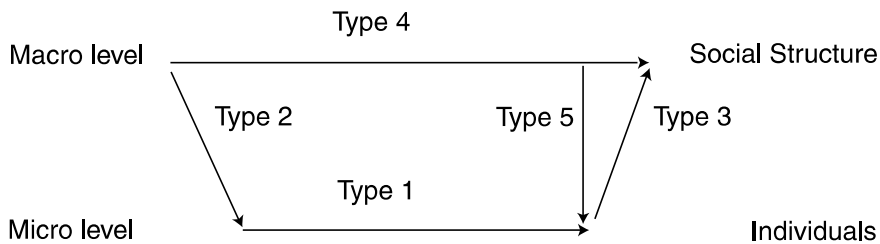


Figure 10.4 Social structure as a determinant of individual action

The reply to Blau is interesting, because Coleman makes some amendments to his earlier position. From his 1964 article on ‘Collective Decisions’ to his *Foundations*, Coleman consistently maintained that it is more important to explain micro-to-macro, or type 3, relations than to explain macro-to-micro, or type 2, relations (1990c: 6; 1990b: 35). His main reasons for this is that this is the most difficult and the most neglected problem in social science, or, at least, in sociology (Coleman, 1986c: 1320ff; 1988: 174). In his reply to Blau, however, he admits that he made the opposite error of neglecting type 1 relations in *The Foundations of Social Theory*. ‘Were I writing the book over again, I would give considerably more attention to this macro-micro relation’ (Coleman, 1993b: 63).

In the latest writings of Coleman, it is no longer possible to detect any preference for an individualistic rational action theory over structuralism. Since they are complementary, both are equally necessary and equally important. Concluding a discussion of existing and possible areas of application of ‘The Economic Approach to Sociology’, Coleman writes:

In all four of these areas of application, the role of rational action theory is central. Also central, however, is structural theory. Rational action theory drives the phenomena, for it constitutes an engine of action for the actor. Its complement, structural theory, is necessary to translate the action from the micro level of actors to the macro level of systems of action. The resulting system of behavior is a consequence both of the ‘engine of action’ provided by rational actor theory and structures of interdependence of actor’s actions which generate system behavior from individuals’ actions.

(Coleman, 1992a: 147)

An interesting thing about this quotation is that Coleman now makes a distinction between rational action theory and structural theory. I believe that this distinction is sound, since there is nothing in a theory of rational action, or

of rational choice, to suggest the idea of social structure. I also believe that it supports my suggestion that Coleman's programme is really a combination of individualism and structuralism. Therefore, insofar as it is a manifestation of methodological individualism at all, it is best characterised as structural-individualism.

One important question remains: What is the difference between the institutional individualism of Popper's followers and the structural individualism of James Coleman? Before suggesting an answer, I admit that it is possible to conceive of structural individualism, as a form of institutional individualism. This is so, because, in my view, as well as in Coleman's, social structure is institutional structure, a direct or indirect, result of social institutions. What, nevertheless, makes structural individualism distinct is that social structure is something more than mere institutions. In institutional individualism, individuals act in a situation consisting of other individuals and institutions, which, in Giddens's phrase, both 'enable and constrain' their actions. Actors may have heterogeneous desires and beliefs, but they do not necessarily, or typically, occupy positions and they have no relations that derive from their positions. Individuals interact and their actions are, therefore, interdependent, but there is no interdependence of the situations they face prior to interaction. Interdependence is a contingency of interaction. The behaviour of the social system is the aggregated result of the actions of individuals, or the resultant of their interaction.

In structural individualism, on the other hand, actors are occupants of positions, and they enter relations that depend upon these positions. The situations they face are interdependent, or functionally related, prior to any interaction. The result is a structural effect, as distinguished from a mere interaction effect. In addition to natural persons, then, there are social positions and corporate actors made up of social positions. The behaviour of social systems is, at least in part, determined by the structure of those systems.

The difference between institutional individualism and structural individualism can be illustrated by the examples of modern microeconomics and Coleman's analysis of corporate actors. As we have seen above (pp. 245ff), there is a growing awareness that microeconomics exemplifies institutional individualism, rather than the original, strong version of methodological individualism. Individuals are price takers and prices depend upon the institution of money. In addition, modern markets are possible only because of the rights of property and contract. Within this institutional framework, individuals interact and the result is new prices and a new allocation of resources. The process by which this takes place is usually described as 'aggregation', but as Coleman (1986a: 347; 1986c: 1321; 1987a: 154) observes, this is a misleading term: 'for the phenomena to be explained involve interdependence of individual's actions, not merely aggregated individual behaviour' (1990c: 22). '[S]ocial structure is something other than the undifferentiated, fully communicating social structure that is assumed in the perfect market of neoclassical economics' (1994a: 167). Since it is difficult to provide a positive explication of structural individualism, I suggest a

negative one: structure is tantamount to a failure to solve the problem of aggregation, in economics, as elsewhere.

When it comes to corporate actors, 'Rights are held by functional parts of the organization, and then by positions in each of these parts' (Coleman, 1994a: 173). Thus, according to Coleman, social structure is something more than institutions, in the sense of rules of individual behaviour. It is also more than the interdependent interaction which results from individuals following rules of individual behaviour. Social structure consists largely of corporate actors, constructed by some individuals with the help of rights and norms created by other individuals, but existing independent of each one of them, or at least of most of them. Corporate actors are made up of positions, which are independent of the individuals filling these positions. The social systems emerging from type 3 relations, therefore, cannot all be depicted as resulting simply from the actions of individuals acting in an institutional environment. It is the result of individuals acting in a structure of interdependent positions, existing prior to the interaction of individuals filling these positions (Type 6). According to Coleman (1991: 6) these constructed social structures may have unintended consequences. Thus it is not just that individual actions have unintended consequences, as in the idea of spontaneous order and in Elster's supra-intentional causality (see below), but that there are systematic unintended consequences of social structures (see Coleman, 1992b: 266). An even more complete form of the Coleman diagram, therefore, would be like this.

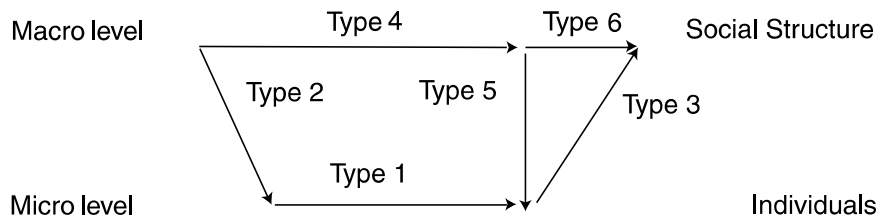


Figure 10.5 Social structure as positions to be filled

A possible example of this Type 6 relation would be some forms of matching between individuals and a set of pre-existing social positions that are somehow filled by acting individuals.

There is one more aspect of Coleman's individualism that I would like to mention. Among the Austrians, methodological individualism was typically tied to a particular theory, like theoretical economics, or a particular research programme, such as Weber's interpretive sociology, but there was no claim that all social theories must conform to this methodological programme. In contradistinction to this, the Popperian principle of methodological individualism was advanced as obligatory for all historians and social scientists. James Coleman

seems to me closer to the Austrians. He does not say that all explanations in history and social science must conform to the principle of methodological individualism. Type 2 and Type 4 relations in Coleman's diagram are considered permissible, despite being holistic. His argument is that type 2 relations should be supplemented by the neglected type 3 relations and that type 4 relations should be provided with microfoundations, consisting of a conjunction of type 1, 2 and 3 relations. Coleman's methodological individualism, then is microfoundational, but not reductionist (see p. 336). He wants to supplement holistic explanations, not abolish them. Since he conceives of macrophenomena as real social phenomena, he does not believe that holistic explanations are half-way, in the sense of Watkins. They are half-way in the sense of being partial, but not in the sense of being not yet reduced.

Raymond Boudon

The main pioneer of rational choice sociology, besides James Coleman, is the French sociologist Raymond Boudon. He differs from Coleman mainly in being less of a structuralist, even if he wrote his first book on this subject (Boudon, 1968), and by being more interested in the subjective, or psychological, side of rational choice. His main source of inspiration is Max Weber (Boudon, 1984: ch. 2). Like the latter, he focuses on the subjective meaning of action, or on beliefs (Boudon, 1989). In the end, he is led, by this focus, to launch a cognitive model, as an alternative to rational choice (Boudon, 1996; 1998). More exactly, Boudon conceives of the cognitive model as more general than rational choice, but including rational choice as a special case. One reason the cognitive model is more general is that it includes action that is not self-interested and not even instrumental.

Unlike Coleman, Boudon is not prepared to abandon *homo sociologicus*. Boudon's *homo sociologicus* is not the one we are used to, however, but a close relative to *homo economicus*, differing from the latter mainly in being less rational (1981: 7, 155–63; 1982: 7–9, 153f). At first, Boudon based his version of rational choice on Herbert Simon's idea of bounded, and subjective rationality; later on he relied more on Max Weber's and Georg Simmel's *verstehende* sociology (1989; 1994; 1996).

Also unlike Coleman, Boudon is not particularly attracted by Hobbes's problem of order. Like most social scientists, Boudon realises that, for explanatory purposes, at least, the social order must be accepted as given. According to Boudon, the 'state of nature' is but one of several legitimate paradigms in sociology (1982: 161f, 183–5).¹⁸

In an early article, Boudon (1975) recognises three basic paradigms in macro-sociology: functionalism, neo-Marxism and interaction analysis. His own preference is for the third, which he also calls 'analysis of the *aggregation of actions*' (p. 398) and his main interest, at this time, was in the unintended, especially the perverse, consequences of interaction (1982). Characteristic for interactionist paradigm is situational logic and methodological individualism (1982: 201–5):

This principle means (in the broad sense used here) that the sociologist must employ a method which considers the individuals, or individual actors, included in the system of interaction as the logical atoms of his analysis. To express the same principle in a negative manner, the sociologist cannot be satisfied by a theory which considers an aggregate (a class, a group, a nation) as the most elementary unit to which it will descend

(Boudon, 1981: 36f)

There are some oddities about Boudon's methodological individualism. It 'assumes', for instance, 'very strongly that one can state a proposition like "Germany prefers the costs of war to those of submission", for the subject of the proposition designates a many-headed actor provided with a mechanism of collective decision-making – the German government' (1981: 37). It would seem that Boudon uses the term 'methodological individualism' in a weak sense, indeed. This impression is strengthened by the fact that he finds examples of methodological individualism, not only in Tocqueville, Weber and Pareto, but also in Marx, Durkheim, Parsons and Merton (1981: 38; 1982: 7).

Boudon returns to methodological individualism in his article 'The Individualistic Tradition in Sociology' (1987). This time, methodological individualism is given the following explication:

To summarize: suppose M is the phenomenon to be explained. In the individualistic paradigm, to explain means making it the outcome of a set of actions m . In mathematical symbols, $M = M(m)$; in other words, M is a function of the actions m . Then the actions m are made understandable, in the Weberian sense, by relating them to the social environment, the situation S , of the actors: $m = m(S)$. Finally, the situation itself has to be explained as the outcome of some macrosociological variables, or at least of variables located at a level higher than S . Let us call these higher-level variables P , so that $S = S(P)$. On the whole, $M = M(m[S(P)])$. In other words, M is the outcome of actions, which are the outcome of the social environment of the actors, the latter being the outcome of macrosociological variables.

(Boudon, 1987: 46; see also 1984: 29ff)

As far as I can see, this is in all essentials the same version of methodological individualism as that of James Coleman, but expressed in another language.¹⁹ In translation, $M = M(m)$ corresponds to Coleman's type 3 relation, $m = m(S)$ corresponds to Coleman's type 1 relation and $S = S(P)$, finally, to his type 2 relation. A difference, which is not visible in the two representations of methodological individualism, is that Boudon attaches much more importance to $m = m(S)$ than does Coleman to the type 1 relation. Also, being an explication of methodological individualism, Boudon's symbolism lacks anything corresponding to Coleman's type 4 relation, between two social, or macro-phenomena. This does not mean, however, that Boudon fails to pay attention to this relation. On the contrary, he recognises several paradigms

besides the individualistic one, which engage in seeking macro-relations. The nomological paradigm, in particular, has, as its main objective, 'to discover macrosociological regularities, or lawlike statements' (p. 46). In most studies, belonging to this paradigm, 'no effort will be made to relate the statistical relation between variables to their real causes; that is, the individual behaviors of which they are the outcome' (Boudon, 1987: 62). Also the interpretive paradigm assumes that, 'as soon as we leave the low levels illustrated by organization or small group studies and proceed to more complex levels, the individual actors can advantageously be forgotten' (p. 47).

For Boudon, as for Coleman, methodological individualism is another name for his advocacy of microfoundations, or 'micro-explanation'. Like Coleman, Boudon regards statements concerning macro-phenomena as descriptive, and requiring micro-explanation.²⁰ Behind his methodological individualism and his plea for micro-explanation, there are certain metaphysical beliefs about man and society.

the more a sociologist is convinced that social facts are the product of individual actions, the less he will have an interest in searching lawlike regularities ... individual action and the products of individual action constitute the only and ultimate reality which a sociologist has to deal with. A relationship between A and B can be nothing else but the product of individual actions, so that A will produce B or its opposite depending on the complex set of characteristics of the system of action.

(Boudon, 1983: 14)

In my view, these statements raise more questions than they answer, but they show the kind of considerations typically to be found behind an adherence to methodological individualism. Perhaps the ultimate motive behind Boudon's methodological individualism is a wish to salvage some freedom on the part of the individual in the determination of his own actions (1981: 6–13, 163–66; 192: chs 1 and 7). As a matter of fact, I suspect that Boudon is guilty of a conflation of social holism with sociologism, or social determinism, which is typical of those who accept a considerable amount of holism, but who still want to identify themselves as methodological individualists.

So what is the holistic element in Boudon's methodological individualism? As we have seen, it assumes that the situation of individuals 'has to be explained as the outcome of some macrosociological variables, or at least variables located at a higher level than S' (Boudon, 1987: 46). What is hidden in this suggestion? One obvious candidate is social institutions: 'By system I mean the outcome of the aggregation of a set of individual actions taken within a given institutional framework' (1975: 400). Boudon's methodological individualism, then, is really institutional individualism.

But this is not all. Like Coleman, he conceives of the social system, or its structure, as a set of interrelated positions, independent of each individual, which is one step further removed from the strong version of methodological

individualism. This becomes clear if we take a look at his explanation of the failure of short-cycle higher education in France.

According to Boudon, the logic of the situation for those opting for higher education is similar to that of the prisoner's dilemma. Faced with the choice between long- and short-cycle higher education, every student has an interest in choosing the former alternative. But if all do, some of them will come out worse than if they had chosen the short-cycle alternative (Boudon, 1982: 96–104). This consequence is the result of assuming, among other things, that students are equal and perceive themselves to be equal. By assuming, instead, that students from different classes, and their families, are different in important respects, we get a model which explains the unequal access to higher education for students with different social backgrounds. Besides differences in values and linguistic ability, Boudon draws attention to differences in the estimation of advantages, disadvantages and risks accompanying investment in higher education (Boudon, 1981: 135–42). Nevertheless, there has been an increase in the average level of education. A further problem is how to explain why this increase has not led to the expected increase in inter-generational social mobility. Boudon's answer is in terms of a fixed stock of social positions to be filled. When the queue to the top positions gets longer, there is an increasing number of people whose claim to these positions becomes ineffective (Boudon, 1981: 67–75).

This analysis indicates that Boudon is not only an institutional individualist, but a structural individualist, as well. And, indeed, there is lots of additional evidence to back the conclusion: Boudon is a structural individualist, like Coleman (cf. Hechter, 1983: 8).²¹

Analytical Marxism

In the last twenty years, we have witnessed the birth of a somewhat odd creature. Quite a few seem to look at it as something of a monster. I am thinking of Analytical Marxism, also called Rational Choice Marxism. The most scandalous fact about this approach to Marxism is that it endorses methodological individualism, or the claim that Marxism must be provided with microfoundations.²² How is it possible to turn a critic of methodological individualism (see p. 11) into a methodological individualist? Lots of Marxists believe that it is not at all possible and the critical literature is, by now, hard to survey.²³ Fortunately, for me, I do not have to take a stand on this issue here. I am interested in the theory called Rational Choice Marxism, irrespective of its compatibility with the social theory of Marx. This means I can ignore the huge body of literature discussing the question whether rational choice and methodological individualism are compatible with Marxism, or not. My own view, stated without an argument to support it, is that it is possible to use rational choice in Marxist analysis, but not to reduce the latter to the former. Methodological individualism is, I believe, even harder to square with the basic assumptions of Marx's social theory. The only version of methodological individualism, which is at all conceivable within

a Marxist approach, is the structural individualism developed by rational choice sociology.

With these provisos, I turn to a brief presentation of the most outspoken methodological individualists among rational choice Marxists: Jon Elster and John Roemer.

Jon Elster

The most influential case made for rational choice in social science is probably that of the Norwegian historian and philosopher Jon Elster. Like Harsanyi, Elster launches game theory as an alternative to functionalism within social science. In the case of Elster, however, it is not the functionalism of Parsons, but that of Marx and the Marxists, which is deemed deficient and therefore to be replaced by a more scientific approach.

Elster's main objection to functionalist explanation in social science is that it posits a 'purpose without a purposive actor', thus presupposing some kind of objective teleology. Institutions or behavioural patterns are explained by their beneficial consequences without being intended by anyone. Elster agrees, of course, that institutions may have beneficial consequences for some group in society without being intended by anyone, but this does not explain the existence of the institution unless the mechanism responsible for the maintenance of these institutions is specified. The defect with most functionalist explanations of social institutions is that they fail to specify the feedback mechanism whereby social institutions with beneficial consequences are maintained.²⁴

Elster provides several examples of the illicit use of functionalist explanations in social science, especially in Marxist social science, and suggests that functionalism should be replaced by the rational choice approach, especially in the form of game theory. The rational choice approach, Elster claims, is the best among available approaches to human behaviour, and game theory is invaluable to the Marxist analysis of exploitation, class struggle and revolution.²⁵

Contrary to the belief of many Marxists, Elster also claims that Marx himself used the rational choice approach. It is part of Marxian economics that capitalists move their capital to the industry where the highest profits can be found and that they innovate in order to survive. This surely presupposes rational action on the part of capitalists (Elster, 1983a: 165ff). Elster also gives some examples in order to demonstrate the utility of game theory for the analysis of class struggle (Elster, 1982: 465ff; 1985: 371ff).

Like Coleman and Boudon, Elster justifies rational choice in terms of a quest for microfoundations. The ground for this seems to be justificatory, but not of the usual empiricist variety. Microfoundation is not a matter of observability, but of finding the causal mechanism at work. According to Elster, 'To explain is to provide a *mechanism*, to open up the black box and show the nuts and bolts, the cogs and the wheels, the desires and beliefs that generate the aggregate outcomes' (1985: 5). The need for microfoundations seems to be especially pressing within Marxism. 'Without a firm knowledge about the mechanisms that

operate at the individual level, the grand Marxist claims about macrostructures and long-term change are condemned to remain at the level of speculation' (1982: 454). This is where game theory comes in.

Game theory provides solid microfoundations for any study of social structure and social change ... For Marxism, game theory is useful as a tool for understanding cases of mixed conflict and cooperation: cooperation in producing as much as possible, conflict over dividing up the product. Game theory can help understand the mechanics of solidarity and class struggle, without assuming that workers and capitalists have a common interest and need for cooperation. They do not.

(Elster, 1982: 477f)

Although optimistic about the future prospects of the rational choice approach, Elster has a keen sense of its limitations (Elster, 1979b: 112ff). In this, he differs favourably from many other defenders of the rational choice approach, such as Becker and Harsanyi. First of all, game theory is limited in its scope to the sphere of the intentional. But there are also fields in social life where causality reigns. There is, according to Elster, both a sub-intentional and a supra-intentional causality, circumscribing the field of intentional action. 'Sub-intentional causality' refers to socialisation; the process in which our preferences and beliefs are shaped, while 'supra-intentional causality' refers to the causal interaction between intentional agents, i.e., when individuals act upon the belief that other people display traditional behaviour rather than rational action (Elster, 1978: 157–63; 1979b: 20, 83–8). He also admits that not all intentional action is rational, that it is subjected to structural constraints and usually takes place with less than perfect information. Nevertheless, 'there is a hard core of important cases where the rational-choice model is indispensable'. This model, furthermore, is 'logically prior to the alternatives, in the sense that the social scientist should always be guided by a postulate of rationality, even if he may end by finding it violated in many particular cases' (Elster, 1979b: 116). This is Elster's so-called 'principle of charity', which he borrows from the philosopher Ronald Davidson.²⁶

Elster is not only a proponent of rational choice, but of methodological individualism as well, and he seems to share the common presumption that the two are inseparably linked.²⁷ By 'methodological individualism', Elster means 'the doctrine that all social phenomena – their structure and their change – are in principle explicable in ways that only involve individuals – their properties, their goals, their beliefs and their actions. Methodological individualism thus conceived is a form of reductionism' (Elster, 1985: 5).

Elster's methodological individualism, as stated in this quotation, is the original, strong version of this doctrine. This is suggested by the fact that social phenomena appear only as that which is to be explained (*explanandum*), whereas that which explains (*explanans*), includes only individuals – their properties, goals, beliefs and actions. An even more clear statement to this effect is this:

The elementary unit of social life is the individual human action. To explain social institutions and social change is to show how they arise as the result of the action and interaction of individuals. This view, often referred to as methodological individualism, is in my view trivially true.

(Elster: 1989b: 13)

The interpretation of Elster's methodological individualism as a strong version of this doctrine gains additional support from his claim that it is a form of reductionism. The implication of this claim is that Elster is a psychologistic methodological individualist. 'Many argue that sociology cannot possibly, or at least not today, be reduced to psychology. Since I insist that the individual human action is the basic unit of explanation in the social sciences, I am committed to this reduction' (1989b: 74; see also 1993: 7).

There is one thing, however, which makes for a weakening of Elster's methodological individualism: the words 'in principle'. Like J.W.N. Watkins (see pp. 215f), Elster admits of half-way explanations. Temporarily, at least, the social scientist can be satisfied with explanations at the macro-level. In some situations, it may even be harmful to make a premature attempt to reach rock-bottom (1983b 116; 1985: 6, 359).

Elster's methodological individualism is based on ontological individualism. This is evident from his attempts to clarify this doctrine. Methodological individualism, according to Elster, is not incompatible with the fact that 'individuals often have beliefs about supra-individual entities that are not reducible to beliefs about individuals'. Nor is it incompatible with the fact that '[m]any properties of individuals, such as "powerful," are irreducibly relational, so that accurate description of one individual may require reference to other individuals' (Elster, 1982: 453).

A second indication of strong methodological individualism is that he agrees with Weber and Hayek that the fact that people entertain holistic concepts, or beliefs, about society is not a threat to methodological individualism, since these beliefs are the beliefs of individuals. Or, in other words, the fact that methodological individualism does not hold in intensional contexts is not a problem, since it is enough for social science that it holds in extensional contexts (Elster, 1985: 6). This view suggests the intersubjectivist theory of society treated, at length in chapter 5. A third indication of strong methodological individualism is Elster's 'reduction' of social relations to relational properties of individuals, which follows from the second one. In his reply to Michael Taylor, Elster says:

Taylor's main point is that my view does not allow structures as causes. By a structure he means a set of relations, e.g. relations of production, defined in abstraction from the specific relata. In his opinion, structures, thus defined, have causal efficacy. I disagree. I think *beliefs* (and, more generally, attitudes) about structures, thus defined, have causal efficacy, but as I say in the book, methodological individualism does not hold within intensional contexts. In

extensional contexts, what has causal efficacy is a relation with its relata or, as I put it, individuals together with their relational properties.

(Elster, 1986b: 67)

This is a typical ingredient in an individualistic ontology, which makes for conceiving of social order as interaction, rather than structure (cf. Taylor, 1986: 5). On the basis of these clarifications of the doctrine of methodological individualism, I think it is safe to conclude that Elster is also an *ontological* individualist. This conclusion is supported by his view of social institutions as ‘essentially ... collections of human beings’ (1993: 8). The clearest statement to this effect, however, is in a reply to Charles Taylor:

Through the triple interdependence studied by game theory – between rewards (through envy and altruism), between choices and rewards (through general social causality), and between choices (through mutual anticipation) – the individual emerges as a microcosmos which sums up in itself the whole network of social relations. This in my view makes for a plausible explanation of the emergence of the norms of solidarity, though here as elsewhere their persistence may be better explained through the diffuse socialization processes in the family than by explicit considerations of this kind.

(Elster, 1980: 218f)

Elster, then, is not only a methodological individualist, but an ontological individualist, as well: that much is clear. But he is not committed to the most extreme version of methodological individualism, as exemplified by the theories of the social contract and of general equilibrium. He denies being an atomist and he conceives of human beings as social beings (Elster, 1993: 7). Elster’s idea of the individual as a microcosmos, suggests that his social ontology is closer to Leibniz’s monadology, which would not be a coincidence, since Elster once wrote a book on Leibniz (cf. Moggach, 1991).

Compared to Coleman and Boudon, Elster is much more of an individualist. While the former are structural individualists, Elster is a fairly clear case of strong psychologistic individualism. It makes no explicit room for the treatment of social institutions and social structure as exogenous variables in social scientific explanations, at least not in rock-bottom explanations. The question remains if Elster makes more room for social institutions and social structure in other parts of his work. I think this is the case. I think it is possible to find at least traces of institutional and structural elements in his general model for explanations of human action.

According to Elster, human action may be seen as the end result of two filtering processes. The first filter consists of structural (physical, technical, economic and institutional) constraints upon action. The set of possible actions remaining within these constraints is called, by Elster, the ‘feasible set’, by most others the ‘opportunity set’. The second filter consists of the human mind as the locus of choice. More specifically, it consists of the individual’s preferences and it

functions so as to single out one alternative, within the feasible set, as the action to be taken.²⁸ Exactly what belongs to the external constraints, limiting the alternatives, and what shapes preferences is hard to tell and a matter of dispute among adherents of rational choice.²⁹

According to Elster, there are two alternatives to rational choice. The first is structuralism, which may be seen as a limiting case of rational choice, when there is only one, or a few, alternatives in the opportunity set. In this case, the individual has little or no choice. Elster interprets structuralism as implying an assumption of severe limits to choice, or of a strong social determinism. I do not think this is a fair interpretation of structuralism, but I leave this matter unsettled. It is certainly not the only one, as Elster admits, himself.³⁰ For my present purposes, it suffices to point out that, according to Elster, there are structural constraints upon action, which enter rational choice explanations through the opportunity set.

Elster finds another alternative to rational choice far more important. This alternative says that the mechanism realising one member of the feasible set is causal rather than intentional. This may be due to various obstacles to rationality, such as habitual behaviour, tradition, values, norms and roles. Elster agrees that action is causally influenced in this way, but not directly. Traditions, values and norms influence human action indirectly, through the preferences (Elster, 1979a: 76–8; 1979b: 114–16). I think there is some ground for this view in the case of values, but less so in the case of habits, traditions, norms and roles. In these cases, we come closer to the truth, if we conceive of them as constraints upon action, or as alternatives to rational choice.³¹ I believe that Elster is here committing a mistake which is the obverse of that commonly ascribed to Durkheim. While Durkheim was led, by his correct observation that social facts are external to each one of us, to the conclusion that they are external to all of us – which is a correct conclusion in one sense of ‘all’³² – Elster seems to be led, by the fact that values and norms are internalised, to the conclusion that they do not act as external constraints upon action. But this is an unwarranted conclusion. Even if it is true that values and norms, which we acquire in the process of socialisation, become internalised and act directly upon my preferences, the internalised values and norms of other people confront me as external constraints, in the form of expectations, sanctions and overt behaviour. The fact that all, or most, individuals, follow the institutional rules of a society, makes these rules external to all of them, only not all of them collectively.³³

Nevertheless, even if Elster is right to suggest that ‘society’ influences peoples’ preferences rather than their opportunity sets, this is still a ‘social influence’, which seems to imply a break with strong methodological individualism, but ‘*only if* the causes of the attitudes and beliefs which cause action are themselves nothing but actions and properties of individuals’ (Taylor, 1986: 4). Elster is not crystal clear on this point. According to him, this social influence, suggests

the idea of a *general sociological theory*, in which preferences and desires are explained endogenously as a product of social states to the generation of

which they also make a contribution ... which, needless to say, in the present state of the arts appear to be light-years away – would include (i) the explanation of individual action in terms of individual desires and beliefs, (ii) the explanation of macro-states in terms of individual actions, and (iii) the explanation of desires and beliefs in terms of macro-states.

(Elster, 1983a: 86; see also 1983c: 141ff)

As we saw above, Elster recognises two types of causality in human affairs: supra-intentional and sub-intentional causality. The explanation of desires and beliefs in terms of macro-states, mentioned in the quotation above, is a case of sub-intentional causality. The different forms of this type of causality can be subsumed under the general heading of ‘socialisation’. As such, it is fully compatible with the theory of society as subjectively meaningful action (see chapter 5) and does not imply any element of holism. But according to Elster, preferences are also shaped by class position and class interest (1982: 468ff; 1983c: 141ff; 1985: 460). This introduces a structural element, which is holistic. Paradoxically, then, sub-intentional causality seems to be more holistic than supra-intentional causality. The latter type of causality is a matter of the interaction between individuals, but there is nothing to indicate that this interaction is determined by structure.

It is a peculiar feature of Elster’s ‘general sociological theory’ that it does not make room for structural constraints upon action (see Taylor, 1986: 3–5).³⁴ It is possible, however, to read the following quotation as implicit recognition of such constraints:

Simply to postulate causal relationships between macro-variables will not do. We may observe an empirical regularity ... but we have explained nothing until we can show (i) how the macro-states at time t influence the behaviour of individuals motivated by certain goals, and (ii) how these individual actions add up to new macrostates at time $t+1$.

(Elster, 1983a: 84; see also 1983b: 116)

Elster’s general sociological theory seems to have much in common with the rational choice models suggested by Coleman and Boudon, except that it is much less structuralistic than that of Coleman and less structuralistic even than that of Boudon. This is rather surprising, considering the fact that Elster conceives of himself as a Marxist of sorts.

Elster’s attempt to reinterpret Marx as a methodological individualist has been rejected by a majority of Marxists (and some others), who feel that this is going too far. The number of critical writings is by now enormous, and quite a lot deal with methodological individualism.³⁵ It is quite understandable if Elster has grown tired of defending himself against all this critique. Whether for this, or for some other reason, Elster seems to have decided that methodological individualism is not a subject he wants to discuss any more. His recent contributions

to methodology are about ‘social mechanisms’, which are now treated as separate from methodological individualism (Elster, 1998: 47).

I will not make another contribution to the already immense number of critical writings on Elster’s attempt to make sense of Marx. First of all, because, I do not believe that I have anything of importance to add. Second, because I believe that Elster has done Marxism and social science a great service, irrespective of the ultimate validity of his interpretation, or reconstruction. I do believe, however, that it is possible to find examples in Elster’s work on Marx of interpretations, which are more in line with structural individualism than with psychologistic individualism. One example may be Elster’s suggestion that Marxist class theory ‘attempts to explain collective action in terms of the class position of the individuals engaged in it’ (1985: 336). Elster denies that this is a violation of methodological individualism. According to him it is only a convenient shorthand. This is a somewhat desperate methodological individualism by fiat. It is, of course, possible to claim, with equal right, that all holistic statements are shorthand for statements about individuals.

John Roemer

John Roemer is a Marxist economist, who has used the tools of neoclassical economics in order to create an ‘analytical’ Marxism. He is also a moral philosopher, who wants to get rid of exploitation. In both capacities, he has relied on methodological individualism as the proper method of investigation.

In his first book, *Analytical Foundations of Marxian Economic Theory* (1981), Roemer’s main objective is to turn Marxian economics into a science, with the help of mathematics, deduction, equilibrium analysis and the microfoundations approach (p. 7). He notes that Marxism is a theory of class, rather than of the individual, and admits that it is possible to ‘build a model in which classes are the atoms of the system’, but chooses the individualist path: ‘The reason is this: that individuals act as members of a class, rather than as individuals should be a theorem in Marxian economics, not a postulate’ (p. 7; see also 1982b: 518). Roemer invokes Marx, himself, in support of this methodological individualism.

In his next book, *A General Theory of Exploitation and Class* (1982a) Roemer focuses his attention on one particular topic of fundamental importance to a Marxist theory of history: exploitation. Once again he uses a neoclassical approach.³⁶ In the model he uses, ‘both exploitation status and class position emerge endogenously as a consequence of individual optimization in the face of a constraint determined by one’s ownership of productive assets’ (p. 15). This is traditional methodological individualism, even if one institution, viz., ownership, remains exogenous.

Roemer compressed his theory of exploitation to an article (1982c), where the individualist ambition appears even more clearly (p. 262f). Of those Marxists, who commented on Roemer’s article, at least one, Adam Przeworski, was enthusiastic about Roemer’s methodological individualism.

In describing a society, Roemer begins with noting the set of techniques of production available to it and the distribution of wealth characteristic of it. Then he imputes objectives to individuals. This is what is given about a particular society and this is all that is given. He then shows that when individuals pursue their objectives, under the constraints of the technology and the structure of property, they will enter necessarily into class relations within [sic] one another and will produce a definite distribution of income.

(Przeworski, 1982: 306)

Przeworski then goes on to argue that the orthodox Marxist idea that individuals enter objective social relations and occupy positions in a social structure which is independent of particular individuals is a tautology.³⁷ He ends his comments by joining in the pleas for a methodological individualism (p. 313).

Roemer returns to the issue of methodological individualism in the programmatic anthology on *Analytical Marxism* (1986), but this time he observes a difference between the 'hegemonic individualism' of neoclassical economics and that of analytical Marxism. Whereas the former assumes fixed preferences, 'Marxism ... asserts that people's preferences are in large part the consequence of social conditioning' (p. 193). According to Roemer, it is the task of rational choice to develop a theory of endogenous preference formation. But this takes place in an existing social environment.

Thus individuals are formed by society, and these individuals react rationally to their environments to produce tomorrow's environment, which in turn produces individuals who think somewhat differently than before, and react in their environment to bring about yet another equilibrium.

(Roemer, 1986: 196)

This is the familiar chicken-and-egg history once again, and we may recall Popper's argument, that the only way to get rid of the social environment is to push the regression back into the state of nature. This was the argument that led Popper to adopt institutionalism. Roemer chooses another path. He suggests that an individual's preferences might be determined by her meta-preferences, which in their turn, are determined by the expectations of others, given the place she occupies in the social structure (1986: 198f). It seems to me that Roemer reintroduces social structure as an exogenously given variable in his account of preference formation. This impression is confirmed, by Roemer's article on 'Marxism and Contemporary Social Science' (1989). This time, he seems more willing to admit the possibility of a non-reducible social determination of preferences. Methodological individualism, now,

does not preclude explaining why individuals conceive of their interests as they do (that is, why they have the particular utility functions they have);

indeed, the Marxist explanation is that a person's conception of his interests is moulded by his place in the economic structure.

(Roemer, 1989: 278)

Structural individualism

A somewhat paradoxical conclusion of this chapter is that, of the four methodological individualists discussed in this chapter, the two Marxists are least committed to structuralism. This is paradoxical because structuralism is often considered to be one of the most typical features of Marxism. Anyway, the main result of this chapter is that there has emerged a new version of methodological individualism that we may call 'structural individualism', with a term borrowed from the Dutch sociologists Reinhard Wippler (1978a) and Werner Raub (1982). Structural individualism is the weakest form of individualism, for the simple reason that it is a synthesis of individualism and holism. The term holistic individualism, suggested by Philipp Pettit, for a similar position (Pettit [1993] 1996: *passim*), is an alternative, but I have settled for structural individualism.³⁸

To have reached structural individualism, we have come a long way from the most radical versions of methodological individualism in the theory of the social contract and the theory of general equilibrium, and also from the less extreme versions of methodological individualism advanced by J.S. Mill, Carl Menger, Max Weber, Friedrich von Hayek, George Homans, Karl Popper and J.W.N. Watkins. In their versions of methodological individualism no causal, or explanatory, power is attributed to social phenomena. In the two-level graphic representation I have used in this book, no arrows lead from the social level to the individual level. According to structural individualism, however, there are several distinct ways in which social phenomena influence individuals. Drawing upon the various representatives of structural individualism, I recognise the following types of influence:

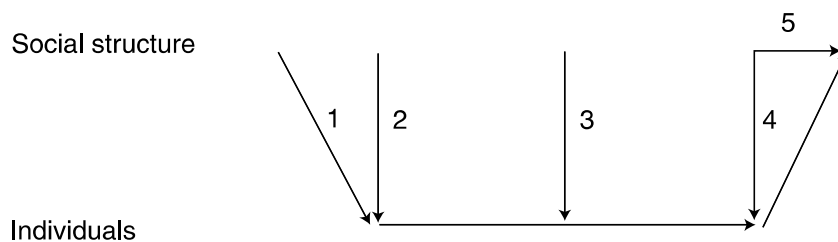


Figure 10.6 Structural individualism

Arrow 1 represents the general influence of culture on individuals' preferences and beliefs in terms of social structure. This explanation is holistic only if the social environment is conceived of as situated on the social level. While most

structural individualists do that, many methodological individualists conceive of this influence as flowing from some individuals to other individuals. The most obvious example is the theory of society as subjectively meaningful action. I guess that also Elster would see it this way. Arrow 2 represents the influence of social structure on our preferences and beliefs. The way our preferences and beliefs are influenced by our own place in the social structure. This type of influence is more difficult to reduce to the individual level. This type of influence is acknowledged by Elster, but more clearly by John Roemer and most clearly by Michael Taylor and Adam Przeworski. Arrow 3 stands for another type of structural influence on our preferences and actions: that which has to do with our social roles. If I engage in the maximisation of profit, for instance, this is only because I am the manager of a firm. If I preach in a church, this is only because I am a priest. This type of influence is clearly recognised by James Buchanan and James Coleman, for instance. Arrow 4 represents the institutional, or structural constraints on the opportunity set. This type of influence is recognised by virtually all institutional and structural individualists. Arrow 5, finally, represents the structural determination of *interaction*; the way in which the interdependence of the social situations of a set of individuals produce structural effects. Among methodological individualists, this type of influence is most clearly and explicitly recognised by James Coleman, but I believe it is part also of Raymond Boudon's version of structural individualism and of the structural individualism of the Dutch sociologists Reinhard Wippler, Werner Raub and Siegwart Lindenberg.