“Rational Choice Theory” actually consists of a family of theories, usually but not always mathematical, that investigate the ways that actions taken by rational individual decision makers can interact in often surprising ways to generate stable aggregate outcomes. This workshop is an introduction to rational choice theories and their uses in social science. It focuses on the logic of rational choice analysis in both explanatory and, to a lesser extent, normative contexts. The aim of the workshop is to both impart the basic techniques of rational choice modeling and explore the intuitive and theoretical issues that motivate and limit any use of those techniques. The workshop especially is concerned with matters of how we might interpret and empirically test formal models. In other words we will focus on the problem of determining just what any particular class of rational choice theories tells us about the social and political world and just how it purports to do so. Topics include models of voting, bargaining, collective action, social norms, institutions, and even culture. Readings are drawn from economics, political science, sociology and anthropology. Although the workshop does not presuppose familiarity with either game theory or the mathematics needed to solve game theoretic problems, some prior knowledge of those topics will be an advantage. Students interested in this workshop are therefore strongly advised to take the Game Theory workshop in the first session.

Class format throughout will combine lecture and discussion, but the balance will shift from the former to the latter as the session progresses. Since the success of the workshop depends in large measure on student participation I expect students to come to class prepared. That means that I expect students to at least try to do the assigned reading in advance. It also means that there are no free-riders I treat all students - whether or not they are registered for a grade - as full participants for purposes of participation and discussion.

NOTE: Students who register for a grade must write two short analytical papers on topics to be negotiated with me. They should speak with me very early in the session.

PLEASE NOTE: We will start in on the Gamm and Shepsle paper on the first day!
Assigned Readings

What follows is a list of assigned readings, often accompanied by recommendations for further readings (marked *) that provide either helpful background or more detailed theoretical or technical presentations of issues raised in the assigned material. I propose the recommended readings solely as a guide for those who might wish to pursue topics in greater depth. Both assigned and recommended readings are available in the Summer Program library. I also append a list of reliable texts and a schedule of when I anticipate covering which parts of the assigned materials.

I: Basic Issues in Rational Choice Explanation


II: Preferences and Rationality


III: Modeling Rational Action

A: Markets: Coordinating Parametric Action in a Decentralized Environment:


B: Politics and Society: Strategic Interaction in the Rest of the World


Thomas Schelling. 1978. Micromotives and Macrobehavior. W.W. Norton. [Chapters 1 and 3].


C: Game Theory

[i] Basics.


[ii] **Solving Games.**


[iii] **Some Matters of Interpretation.**


C: **Bargaining Theory**


IV: Public Goods, Collective Action, and the Possibility of Decentralized Coordination

A: Rescuing Decentralized Solutions I: The Coase Theorem


B: Rescuing Decentralized Solutions II: Mechanism Design


* David Kreps. 1990. A Course in Microeconomic Theory. Princeton. [Ch. 18].

C: Rescuing Decentralized Solutions III: Community


V: **Centralized Institutions and the Necessity of Politics**

*A: Social Choice*


*B. Institutional Equilibria: Legislatures*


*C. Equilibrium Institutions*


VI: Thinking About Models: Conceptual Problems & Empirical Assessment


* Donald Green and Ian Shapiro. 1994. Pathologies of Rational Choice Theory. Yale University Press. [Chapters 1-3,6,8]
VII: Rational Choice In Strange Places


Appendix: Some Advice on Texts

For good, relatively non-technical overviews of rational choice theory see:

For those interested in the historical development of rational choice theories, there are two volumes that collect many of the seminal papers.

In recent years numerous texts have appeared that offer good background to this course and a solid foundation for further study in this area. Several texts, listed roughly in ascending order of technical difficulty, cover social choice theory.

A good reference book (now in a 2nd edition) containing relevant short encyclopedia entries covering a wide variety of topics in game theory from *The New Palgrave: A Dictionary of Economics* is:

There are many recent, reliable game theory texts. Here is a good selection. Again, they appear roughly in order of increasing level of technical/mathematical difficulty.

There is always the most important question - “Why Do We Care?” And that question is at the intersection of “analytical,” “explanatory,” and “normative” tasks. You might start with any of these texts:

And for some intriguing interviews with prominent game theorists about why they care:
Class Schedule

Here is a rough guide to when we will cover the various readings. Hopefully we will not diverge from this plan too much!

**Week One**

*June*

22 Monday - No Class  
23 Tuesday - Introduction; Gamm & Shepsle  
24 Wednesday - Elster; Satz & Ferejohn; Hausman; Morrow  
25 Thursday - Morrow (con’t); Hausman; Little  
26 Friday - Becker; Milgrom & Roberts; Schelling (both)

*July*

29 Monday - Harsanyi; Rubinstein ;Myerson; Clinton  
30 Tuesday – Gibbons  
1 Wednesday - Knight & Epstein  
2 Thursday – Kreps  
3 Friday - Catch Up

**Week Three**

6 Monday - Schelling; Sugden & Zamarrón; Myerson  
7 Tuesday – Muthoo; Elster  
8 Wednesday - Coase; Farrell; McKelvey & Page  
9 Thursday - Hammond & Miller; Taylor; Calvert  
10 Friday - Arrow; Sen; List

**Week Four**

13 Monday - Shepsle; Strom; Krehbeil  
14 Tuesday - North; Calvert; Knight  
15 Wednesday - MacDonald; Signorino; Clarke/Primo; Johnson  
16 Thursday - Harvey; Achen; Grief; Kreps  
17 Friday - Bates, et al; Johnson