

## **Paradigms and Sand Castles**

## CHAPTER 5

### **How the Approach You Choose Affects the Answers You Get**

#### **Rational Choice and Its Uses in Comparative Politics**

As the new millennium begins, feuding seems to be dying down between advocates of traditional comparative approaches and those who have embraced rational choice. Those of us who use rational choice learn continuously from those who do not, and many of those who find the approach uncongenial have nevertheless been influenced by the insights it has brought to light. This interaction among approaches has been fruitful, if occasionally acrimonious.

Nevertheless, a tension remains between the traditional values of the comparative field and rational choice scholarship as it is usually practiced. Rational choice arguments are being applied in more and more substantive areas, a development that has been seen as threatening to the most basic values of the comparative field by some and as scientific progress by enthusiastic converts. Comparativists have always prized the acquisition of deep and thorough knowledge of the politics, society, and history of the countries they study, and they have invested heavily in the fieldwork and language training necessary to gain this depth of understanding. This kind of knowledge, however, often seems to have no place in rational choice arguments. Nothing in the rational choice approach requires ignoring context or relying on superficial knowledge of politics and history, but both often occur in practice, as comparativists have noticed. This is a real shortcoming in a good deal of the rational choice literature and one that comparativists cannot take lightly.

On the other side of the scales, however, rational choice provides some intellectual tools for theory building that are currently unmatched by other commonly used approaches. Although imaginative scholars can build theories within any research tradition,

the tools of rational choice make it easier. Rational choice has spread from one research domain to another in the same way that other efficiency-enhancing innovations spread, and for the same reasons. It helps those who use it accomplish something they want to accomplish: creating theoretically cogent and empirically testable arguments. In addition, it is relatively easy to use. It requires only a little specialized knowledge and no great mathematical ability, so the “start-up” costs are low.

Decisions about what approach to take to particular research questions should be based on assessments of what kind of leverage different approaches offer for answering the question of interest. Research approaches are not religions or parties to which we owe lifelong loyalty. They are tools we should pick up as needed and lay down when they do not suit the task at hand. All have strengths and weaknesses. Of the sets of research tools currently used in comparative politics, rational choice seems to be the one most often misunderstood by those who do not use it (and by some of those who do).

The reason for this misunderstanding is largely accidental. Rational choice entered political science through the study of democratic politics in general and American politics in particular, at a time when many comparativists were focused on countries mired in poverty and authoritarian rule. Although issues relevant to developing countries have always been amenable to research using the rational choice approach,<sup>1</sup> they are quite different from those studied by most early rational choice scholars. Only a decade or so ago, Robert Bates (1990, 46) lamented that due to the dearth of democracies in the developing world, knowledge of the advances made by rational choice theorists in explaining democratic politics merely added to the frustrations facing students of developing countries. Now, however, with democratic processes squarely at the center of politics in most of Latin America and Eastern Europe and becoming important in more and more parts of Africa and Asia, many more students of developing countries have begun to find rational choice a useful way to approach the study of politics.

The main purpose of this chapter is to offer a clear introduc-

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1. See North (1979); Levi (1988); and Olson (1993) for examples of important rational choice arguments about economic transformation and the development of democracy. But the immense proliferation of rational choice explanations has occurred in the context of democratic politics. These theories have only recently been applied to current political processes in developing countries.

tory description of the rational choice approach, in the process dissipating some widespread misunderstandings. The first section of the chapter concentrates on this. Rational choice arguments offer more leverage for answering some kinds of questions than others, and the discussion below shows how these differences derive from the assumptions on which rational choice arguments are based. The next section describes some of the most important contributions of rational choice to the study of political science and offers some suggestions for their further extension into areas of interest to comparativists. The last section addresses the question, What characteristics should an approach possess in order to be useful? This chapter is not intended to proselytize for rational choice, but rather to explain its appeal, give it its due (but no more than its due), and note the substantive areas in which it has been especially fruitful.

### **Distinguishing Features of Rational Choice**

In contrast to most arguments in the dependency, historical institutionalist (as defined by March and Olsen 1984), and comparative historical sociology traditions, rational choice arguments use the individual, or some analogue of the individual, as the unit of analysis. They assume that individuals, including politicians, are rational in the sense that, given goals and alternative strategies from which to choose, they will select the alternatives that maximize their chances of achieving their goals. Institutions, other structural characteristics such as ethnic divisions or the size of the peasantry, and immediate political circumstances enter rational choice arguments as factors that shape second-order preferences (that is, strategies employed to attain goals). These contextual factors determine the alternatives from which individuals may choose their strategies and the costs and benefits associated with strategies. Factors that shape first-order preferences—what I am here calling goals—are outside the deductive structure of rational choice models (that is, the models do not attempt to explain their origins), but goals nevertheless play a crucial role in rational choice arguments. The most compelling use of this approach results from the creative synthesis of the rational actor assumptions with, first, a plausible attribution of goals and, second, a careful interpretation of the effects of institutions and other factors on the feasible strategies available to actors for achieving these goals.

### Misperceptions about Rational Choice

Many who have worked outside the rational choice tradition hold misperceptions of it that interfere with their ability to use the insights and methods associated with it. So, before considering the applicability of some of these ideas outside the context in which they emerged, I discuss some of the most common misperceptions so that they can be set aside. They include contentions that rational choice arguments

- are inherently conservative;
- assume that all people are motivated by material interests (the economists' famous *homo economicus*);
- assume that people's preferences are stable or unchanging;
- are based on unrealistic assumptions, since people are not really rational, and they lack the information and calculating ability assumed by rational choice theory;
- are ahistorical and fail to take context into account;
- are deterministic; and
- cannot be used to explain path-dependent situations.

In the following paragraphs, I discuss each of these misperceptions in turn, including the grain of truth upon which each pearl of misperception has been accreted. This section aims to clear away some misunderstandings and to delimit the domain in which rational choice arguments are likely to be useful. Although none of the statements listed above is generally true, some are true in some instances; and, when they are true, rational choice arguments are not likely to provide much leverage for understanding events.

### **Ideology**

Although a number of scholars whose sympathies cluster to the left of the political spectrum use rational choice models (e.g., John Roemer, Amartya Sen, Michael Taylor, Adam Przeworski, David Laitin, and Michael Wallerstein), one continues to hear the claim that rational choice arguments have a conservative bias. Apparently, this stems from the prominence of University of Virginia and University of Chicago economists in the development of the public choice subfield, which often focuses on the

economic inefficiencies caused by government interventions in markets. It is true that many economists, especially those associated with the public choice literature, show a touching faith in markets and a deep suspicion of government involvement in economic matters. And some of these economists have helped to build the current economic liberalization orthodoxy that is having such a major impact on developing-country economies. Public choice is only one subfield, however, in what has become a very large field of rational choice arguments applied to many aspects of politics. As the work of the individuals listed above shows, the tools of the rational choice approach can be used to serve many different ideals (cf. Barry 1982).

### **Goals**

A second misperception is that rational choice arguments assume that material interests motivate human beings. This is simply false. The “rationality” assumed by rational choice arguments is of the narrowest means-ends kind. Assumptions about the goals held by individuals are supplied by the analyst, not by the approach. The approach only assumes that people (1) choose the means they consider most likely to result in desired ends; (2) can weakly order their goals (that is, given any set of alternatives, they will prefer one to the other or be indifferent between the two); and (3) hold consistent preferences (that is, if they prefer chocolate to strawberries and strawberries to cabbage, then they prefer chocolate to cabbage). Although one can think of situations in which the second or third condition might not hold, they are not common. If one limits the domain of rational choice arguments to areas in which these conditions seem plausible, the domain remains extremely broad.

Because the rational choice approach makes no assumptions about goals, the analyst who seeks to apply it to a particular problem must identify the goals of the actors involved. The analyst cannot usually offer direct proof, such as survey data, to show that actors really do have the goals imputed to them, since such data may not be available and, even if it is, actors may have good reasons to lie about their goals. Nevertheless, checks on the analytic imagination are built into the rational choice approach: if the analyst misspecifies actors’ goals, then their behavior will differ from that predicted. Inconvenient facts will cast doubt on the argument, as they would within the framework of any other approach.

In practice, analysts often make plausible assumptions about the goals of actors, but these assumptions are supplied by analysts, not by the approach per se. For most arguments in economics, and for some in political science, it is entirely plausible to attribute goals of material self-interest to actors. If one wants to explain how firms set their prices or which industries lobby for tariffs, it is reasonable to assume that material interests shape these decisions. There is, of course, nothing unique to rational choice in the idea that material interests motivate much of human behavior. It is an idea shared by most Marxist, neo-Marxist, pluralist, corporatist, ad hoc, and journalistic accounts of political behavior.

Many of the most interesting rational choice arguments about democratic politics, however, do not conceptualize the salient actor as *homo economicus*. Instead, they attribute to democratic politicians the goals of reelection, political survival, and career advancement. In some countries, the advancement of a political career may be the surest road to amassing a fortune, but, more commonly, officeholders could make more money doing something else. A rational choice argument might not offer a satisfactory account of why certain individuals choose politics while others choose business or professional careers. Once the choice has been made, however, it seems reasonable to attribute the goal of survival in office to those who have previously demonstrated a preference for officeholding, and rational choice arguments have had substantial success using this assumption to explain the behavior of politicians.

The theoretical bite of rational choice arguments depends both on the plausibility of the goals attributed to actors and on the ability of analysts to identify the goals a priori, that is, without reference to the specific behavior to be explained. Most of the time, analysts are on firm ground when they assume that actors prefer more material goods to less or that politicians prefer continuing their careers to ending them. It is obviously not true that all politicians prefer continuing their careers, since some retire before every election; but if the average politician has this goal, then the argument that assumes this goal will explain average behavior. Rational choice arguments tend to become less persuasive and less useful as the real goals of actors become more idiosyncratic. Thus, rational choice arguments do a good job of explaining why most members of the U.S. Congress cater to the interests of their constituents; but they would

not, in my view, do a good job of explaining why a few Russian intellectuals joined Lenin in his apparently hopeless struggle to overthrow the czar. It is possible to construct a rational choice explanation for this behavior if one begins by attributing to the followers some very idiosyncratic goals. Such an explanation is not satisfying, however, because it leaves unexplored one of the most puzzling factors needed to explain Lenin's followers: the origin of their unusual goals.

The ability of the analyst to attribute plausible goals to actors a priori thus limits the domain within which rational choice arguments are useful. Because the approach sets no limits on what the goals may be, it is possible to construct rational choice explanations for apparently irrational (in the everyday sense of the word) behavior by claiming that actors were rationally pursuing their own (peculiar) goals. The person who, for instance, gives all his or her possessions to a religious cult can be said to be rationally pursuing the goal of self-abnegation. But when goals are directly inferred from observed behavior, rational choice arguments slide from "creative tautology," to use Brian Barry's phrase (1970), into mere tautology.

Rational choice arguments are not usually useful for explaining acts of extraordinary heroism, stupidity, or cruelty, which are often motivated either by highly idiosyncratic goals or by lapses of means-ends rationality. (They can, however, deal reasonably well with run-of-the-mill cruelty and stupidity, such as that which occurred during the war in Bosnia.) They are not useful in situations in which goals must be inferred from the specifics of the behavior one seeks to explain. Such "explanations" are vacuous.

Some examples from the study of revolution may help to clarify when plausible goals can be attributed to actors a priori, thus making rational choice arguments useful, and when they cannot. Powerful rational choice arguments have been suggested to explain why peasants, who can plausibly be assumed to wish to maximize their own welfare, sometimes join revolutionary movements (Popkin 1979); why members of radical organizations, who can plausibly be assumed to try to maximize their chance of achieving power, choose particular political strategies (DeNardo 1985); and why postrevolutionary regimes, which can plausibly be assumed to seek to maximize survival in power, choose particular economic policies (Colburn 1986). In these instances, the analyst can identify goals that, on the one hand, are plausible

and that, on the other, motivate many behaviors besides the one the analyst seeks to explain.

In contrast, there is, to my knowledge, no rational choice argument to explain why a few educated, comfortably middle-class individuals ignore family responsibilities and more secure and lucrative career opportunities in order to join nascent revolutionary movements in which the likelihood of achieving power is far lower than the likelihood of ending up dead or in jail. We know that such individuals play an important role in the early stages of revolutionary movements, regardless of objective chances for the movement's success. They can be incorporated within the rational choice framework as people who have unusual goals, and they are sometimes taken as a given in rational choice arguments that explain why people with more average goals sometimes join movements (e.g., Lohmann 1992, 1993). But rational choice arguments have not offered, and I suspect never will offer, a persuasive explanation for the behavior of such exceptional individuals. Only their strategies, given their goals, are grist for the rational choice mill.

### **Stable Preferences**

The claim that rational choice arguments assume unchanging preferences is a misunderstanding born of a failure to distinguish everyday language from technical language. Rational choice arguments require only that preferences or goals remain stable during the time it takes actors to choose strategies. This can be for the minute or two it takes an actor to decide how to vote in a committee, or it can be for a period that covers many years, if the analyst believes that actors faced the same situation repeatedly over a long period of time. The duration of stable preferences depends on how the analyst interprets the situations facing actors. If the analyst's reading of history suggests that goals changed over time or in reaction to external shocks, then he could incorporate such change into the rational choice argument through a change in payoffs. Since the preferences that are assumed—for example, the preference for more over less material goods or for remaining in power as opposed to losing office—are so basic, however, they actually tend to remain stable.

Many discussions of the implausibility of unchanging preferences arise from a confusion between the term *preferences* as used in the rational choice idiom—what I call “goals” here in

order to avoid this confusion — and the everyday language use of the word *preferences*. The latter has a much broader meaning than the rational choice word *preferences*. The everyday meaning includes both the kinds of underlying goals that are referred to as preferences in the rational choice idiom and also attitudes toward (preferences about) choices or activities that would help achieve the goals. These attitudes are not referred to as preferences in the rational choice idiom; they are called strategies, strategic choices, or, occasionally, second-order preferences. They include policy preferences, institutional preferences, and most other preferences about real-life choices. Second-order preferences are choices of strategies for achieving first-order preferences. Within rational choice arguments, politicians' policy and institutional preferences (in everyday language) are strategic behaviors aimed at achieving their goal of remaining in office. Policy preferences may alter radically in response to changed circumstances, but this does not imply that preferences, in the rational choice sense, have changed. The politician's first-order preference for remaining in office remains unchanged, but he rationally picks the policy or institutional strategy he considers most likely, in the circumstances he faces, to help him achieve that goal. Policy and institutional preferences are virtually always endogenous in rational choice arguments, as critics claim they should be; but they are called strategies, not preferences.

In short, the objection that rational choice arguments make implausible assumptions about unchanging preferences arises from a misunderstanding. The assumptions actually necessary to rational choice arguments about the stability of preferences are minimal and substantively innocuous in most situations.

### **Information and Calculating Requirements**

A fourth objection to the use of rational choice arguments is that they make unrealistic assumptions about human calculating ability and information acquisition; it is argued that although people may try to pursue their goals efficiently, they lack sufficient information and calculating ability to do it. There is a sizable grain of truth in these claims, but it is mitigated by three circumstances. First, the information requirements are more implausible in some situations than others. Rational choice arguments are most likely to be useful in situations in which these requirements do not strain credulity, and it is in these areas, as I show below, that

they have been most successful. Second, for several reasons (also discussed below), people can sometimes behave as if they had sufficient information and calculating ability even when they do not. That is, they make the same choices they would have made if they had had full information and unlimited mental ability. Rational choice arguments also work pretty well when the analyst can demonstrate reasons to believe that people behave as if they were making rational calculations even if they are not. Finally, although the simplest rational choice arguments usually assume complete information, techniques exist for incorporating incomplete information into models. Models that assume incomplete information can get complicated, but they pose no problem in principle.

Rational choice arguments are easiest to devise in situations in which actors can identify other actors and know their goals, and in which the rules that govern interactions among actors are precise and known to all (Tsebelis 1990, 32). Many situations in democratic politics exhibit these characteristics; consequently, rational choice arguments have successfully explained a number of democratic processes. Interactions in legislatures, between legislatures and the bureaucracy, within party leaderships, within ruling coalitions, and in other political bodies established in democratic settings tend to involve easily identifiable actors whose goals are easy to establish and whose interactions are governed by precise, well-known procedural rules.

Rational choice arguments can even be used successfully in democracies that differ substantially from the ideal, as do many of the democracies in developing countries. Limitations on effective participation, representation, or party competition do not reduce the usefulness of rational choice arguments, as long as there is some competition in the system and as long as interactions among political actors remain reasonably predictable and transparent to all involved.

Rational choice arguments are also more likely to be useful when explaining outcomes of high salience to the individuals involved. People spend more time and effort acquiring information when the results of their decisions have important consequences. The average citizen is often “rationally ignorant” about politics; her vote will have almost no effect on political outcomes, and therefore it would not be rational to spend time learning all about the issues and candidates. In contrast, the average legislator, whose career depends on making electorally

correct choices, has good reason to use time and energy to stay well informed. Because of the visible and well-structured nature of governing institutions in established democracies and the importance to the careers of elected officials of making the right decisions, rational choice arguments have proved especially useful in explaining behaviors in these institutions.<sup>2</sup>

Whether rational choice arguments can be used successfully to explain decision making within authoritarian regimes depends on the regime's level of transparency, stability, and predictability.<sup>3</sup> Rational actor assumptions are likely to be plausible in regimes in which the rules governing survival and advancement are clear to both participants and observers and are relatively unchanging, but not in regimes in which many decisions are made in secret by a small group of individuals and in which rules and rulers change frequently, radically, and unpredictably.<sup>4</sup>

Rational choice arguments can be useful in some circumstances even when actors lack crucial information. Actors can sometimes learn through trial and error to choose the same strategies that they would have chosen if they had had full information and an unlimited ability to calculate. Thus, if situations are repeated over and over again, people can be expected to learn over time to understand them and to make more effective decisions. The more important the outcome to the person, the more effort will be expended on learning. It has been suggested that rational choice arguments will not work in very new or transitional democracies, because the rules and players have not become established and actors have had no time to learn about the new system. Recent research suggests that this concern is overstated. The electoral incentives created by democracy are so powerful and transparent, and the results of decisions so important to hopeful politicians at the birth of democracy, that they spend

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2. See, for example, Ferejohn (1974); Fiorina (1977); Fiorina and Noll (1978); Hammond and Miller (1987); Mayhew (1974); and Shepsle and Weingast (1981b).

3. The point being made here has to do with the plausibility of the information requirements of the rational choice model for individuals operating in different kinds of political systems. When the analyst treats the state itself as a rational actor, authoritarianism has little effect on the plausibility of assumptions about information and may make more plausible the unitary actor assumption implied by treating the state as an actor.

4. Smith (1979), for example, has used motivational assumptions consistent with the rational choice approach (though without explicit rational choice jargon) to explain the behavior of officials in Mexico's PRI (Institutional Revolutionary Party). The Idi Amin government in Uganda, at the opposite end of the predictability continuum, would have been much harder to analyze in this way.

whatever effort is necessary to acquire information and update it constantly to keep up with the fluidity of the political situation. To judge by their decisions, they are about as well informed and can calculate about as well as politicians in more institutionalized democracies (Frye 1997; Geddes 1995, 1996).

A plausible argument can be made, however, that voters in new democracies have fewer incentives than would-be politicians to learn about the options available in the new system and thus learn more slowly. As a result, substantial numbers of new voters may fail to vote for the parties that would best represent their interests in early elections. Modest support for this argument can be found in analyses of early electoral behavior in Eastern Europe. Before the first democratic election in Hungary, voters told survey researchers that they preferred social democratic policies, but they did not vote for parties that offered this option (Kolosi et al. 1992). Most Russian voters polled before the 1993 parliamentary elections preferred centrist policy options, but centrist parties lost to more extreme parties on both the left and right (Treisman 1998). The strongest vote for communist successor parties in Bulgaria, Romania, and Poland has come from the most backward rural areas, not from the regions with a concentrated blue-collar vote that former communist parties have tried hardest to attract. In general, the association between socioeconomic status and party vote is substantially lower in Eastern Europe than in Western Europe. Although the evidence is not strong enough to prove that this is caused by incomplete information, and various other explanations have been suggested, incomplete information is a plausible contender.<sup>5</sup> If so, then the general tendency of rational choice arguments to be more useful for predicting elite behavior (because elites are more likely to approximate the information requirements of the model) than mass

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5. Some have contended that East European voters have longer time horizons than are usually attributed to voters in the West, and that they vote for candidates who offer radical reform despite short-term costs because they expect that they or their children will benefit in the long run. This argument seems less plausible now than it did a couple of years ago, since the vote for candidates and parties that actively support radical economic reform during their campaigns has fallen in more recent elections. Other analysts, most notably Jowitt (1992), argue that citizens in the new democracies of Eastern Europe have goals different from the essentially materialist ones usually attributed to voters in established democracies. If Jowitt's view is correct, East European voters are not inefficiently pursuing the goal of policies that will improve their material situations because they lack sufficient information about the new system; rather, they are pursuing, perhaps efficiently, other goals.

behavior may be more marked in transitional or fluid political situations.

Actors may also behave as if they were rational without conscious learning if some selection mechanism exists to weed out behaviors that lead to outcomes different from those a rational actor would have chosen. Just as differential survival rates eliminate less-efficient mutations in evolutionary theories, they can eliminate actors in other arenas who follow strategies that fail to converge with the outcomes that would have been produced by rational (that is, efficient) choices. It has been argued, for example, that firm managers do not actually think about profits when they make most decisions (Nelson and Winter 1982). Nevertheless, existing firms behave as though they were profit maximizers, because competition drives out of business those that deviate too far from profit-maximizing behavior (Alchian 1950; Winter 1964). The same kind of argument can be made for politicians. Politicians may sincerely believe that they are ignoring constituency and interest group pressures and voting according to conscience, but if they deviate too far from behavior that maximizes their chances for reelection, they are likely to be defeated in the next election. As with learning, natural selection requires repetitions. Neither learning nor evolution can be used to support a claim that actors behave as if they were rational in unrepeated situations.

To summarize, the information and calculation requirements of the rational choice model are stiff. Rational choice arguments are more likely to succeed in explaining behavior when actors closely approximate these requirements. The appropriate domain of rational choice arguments thus includes situations in which outcomes are very important to actors, since that impels the gathering of knowledge; situations in which the rules governing interactions are clear and precise; and situations that occur repeatedly so that actors can learn or so that efficient strategies can evolve even in the absence of conscious learning (Tsebelis 1990, 31–39). Where choices have few consequences (e.g., “cheap talk,” such as survey responses) or little effect on overall outcomes (votes in elections), we should expect scant investment in information gathering, and rational choice arguments may not predict actors’ behavior very well. Where information is kept hidden from actors or the rules that govern interactions change frequently and unpredictably (as in some dictatorships), rational choice arguments will probably not be useful. When it is not reasonable to think that

individuals can actually figure out their own best strategy, when situations are not repeated, and when no plausible selection mechanism can be identified, rational choice arguments are likely to offer less explanatory leverage. Despite these numerous limitations, however, much of politics remains inside the rational choice domain.

### **History and Context**

The claim that rational choice theories ignore history and context is true to the same degree that it is true of all theories. All theories identify causes that can be expected to have the same effect, with some probability, within a specified domain. History and context may determine the domain within which a theory is useful. Or they may determine the values of the variables that enter the theory as purported causes. Or they may supply the other variables that impinge on the relationship of interest and thus affect the probability that the cause will actually have the predicted effect. History and context enter into rational choice arguments in the same ways. If there is any difference, it is that the rational choice approach provides criteria for selecting specific elements from the vast rococo of reality for use in arguments, rather than leaving the choice entirely to the observer's intuitions.

Contrary to the claims of critics, most rational choice arguments about political behavior actually give primacy to institutions and other contextual circumstances as causes of outcomes. "The rational-choice approach focuses its attention on the constraints imposed on rational actors—the institutions of a society. . . . Individual action is assumed to be optimal adaptation to an institutional environment, and interaction between individuals is assumed to be an optimal response to each other. Therefore, the prevailing institutions . . . determine the behavior of the actors, which in turn produces political or social outcomes" (Tsebelis 1990, 40).

A couple of examples may clarify the integral relationship between context and rational choice arguments. In an article that treats Catholic hierarchies as rational actors attempting to maximize the number of the faithful, Anthony Gill (1994) finds that the amount of competition from Protestant evangelists, along with a few characteristics of the historic church-state relationship in each country, predicted whether the Catholic Church opposed

authoritarianism. In other words, the behavior of interest (opposition to authoritarianism) is explained by a circumstance (level of Protestant competition) and a small set of institutions (that structure church-state relations) in conjunction with the assumption that the church hierarchy acts rationally to pursue its goal (of maximizing the faithful). The goal is shared by church leaders in all countries. Their strategies for achieving it, however—support for or opposition to military governments—depend on circumstances and institutions that vary across countries and affect the costs, benefits, and feasibility of different strategies. These circumstances and institutions thus cause differences in behavior.

A second example explains the initiation of land reform. Using an argument that treats Latin American legislators as rational actors bent on reelection, Nancy Lapp (1997) finds that institutional changes that increase the importance of the peasant vote (e.g., illiterate suffrage, secret ballot, or easy registration) increase the likelihood of land reform. The goal of legislators in all countries is assumed to be the same: remaining in office. They attempt to do this by voting for policies for which constituents will reward them at election time. When literacy requirements prevent most peasants from voting, rational politicians have no reason to provide them with policies that would benefit them, but when peasants are enfranchised, incentives change. An institutional change thus leads to a change in legislators' strategies for pursuing an unchanging goal.

In these and other rational choice explanations of political phenomena, variations in institutions (in the example above, changes in electoral laws) and other contextual circumstances (in the first example, the amount of competition from Protestants) cause differences in the incentives faced by rational actors, who then make decisions in accordance with the incentives they face. Far from being ahistorical and acontextual, rational choice arguments about politics depend heavily on context.

### **Determinism**

The rational choice model, that is, the deductive logic that connects the choice of means to preexisting goals, is deterministic. This does not, however, imply that rational choice arguments make deterministic predictions of behavior. The most useful way to think of rational choice arguments is as if-then statements with the following form: *if* the actors have the goals the observer

claims, and *if* the information and calculation requirements are plausible (for any of the reasons noted above), and *if* the actors actually face the rules and payoffs the observer claims they do, *then* certain behavior will occur.

Some slippage can occur at each *if* without necessarily eviscerating the whole argument. A few actors may have goals that differ from the majority's. For example, a few members of Congress may not care about reelection. If most do, however, the argument will still explain the behavior of most of them and therefore the outputs of the legislature. Some actors may lack information or the ability to calculate. For example, freshman legislators may not yet have learned the ropes, but if most legislators are not freshmen, the argument will still hold, on average. Or the observer may misunderstand the situation that faces some actors even though the situation facing most of them has been correctly interpreted. For example, the observer may incorrectly assume that payoffs to members of small parties are the same as payoffs to members of large parties. If so, the argument will still explain the behavior of members of large parties. In all of these examples, an empirical test of the argument (if one is possible) should show that the argument explains a substantial part of the outcome, though not every individual action. In other words, the argument results in probabilistic predictions and explanations, just as other social science arguments do.

### **Path Dependence**

The concept of path dependence was invented in economics to explain situations in which choices at time 1 affect the costs, benefits, and availability of options at time 2. It thus offers a rational explanation for behavior at time 2 that at first glance appears irrational. It is rather ironic, given the genesis of the idea, that the notion has arisen that rational choice is not useful for explaining path-dependent phenomena. The claim that path-dependent situations require a different form of argument seems to have sprung from a combination of two of the misperceptions noted above: the idea that rational choice approaches ignore history and context, and the misunderstanding of the meaning of the word *preference* in the rational choice idiom. Once these two misperceptions are abandoned, it is clear that rational choice arguments often provide sufficient leverage for explaining path-dependent outcomes.

This section has dealt with a series of misconceptions about rational choice arguments. It has shown that several of them are simply that: misunderstandings that should not be permitted to muddy the waters any longer. Other misperceptions bring to light serious impediments to using rational choice arguments to explain all conceivable human behaviors. I have argued that these objections should be taken seriously and used to delimit the domain within which rational choice arguments can be expected to be useful. I now turn to a different question: What distinguishes the rational choice approach from others?

### What Really Distinguishes the Rational Choice Approach

The defining features of the rational choice approach are (1) methodological individualism, usually applied to individual people but sometimes also to organizations that can plausibly be expected to behave as unitary rational actors;<sup>6</sup> (2) explicit identification of actors and their goals or preferences; (3) explicit identification of the institutions and other contextual features that determine the options available to actors and the costs and benefits associated with different options; and (4) deductive logic. The rational choice approach has no monopoly on any of these features. Furthermore, most arguments originally posed within other frameworks can be translated into rational choice idiom. Advocates of structuralist arguments, for example, believe that structural conditions such as terms of trade or the distribution of income cause outcomes. They consider it unnecessary to spell out explicitly how

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6. In my judgment — not shared by all practitioners — a further limitation on the appropriate domain of rational choice arguments is that they are only likely to be useful when the unit of analysis is either the individual or a hierarchical and well-organized group. The reason for the need for hierarchy and organization is that, as Arrow (1950) and McKelvey (1976) have shown, nondictatorial methods for aggregating preferences within groups lead to cycles and thus violate the consistency requirement of rationality. See also Elster (1986, 3–4). Extensive research on the U.S. Congress shows that institutional arrangements within groups can prevent cycling and lead to stable outcomes, and thus it may be reasonable to treat even democratic states as unitary actors in some circumstances. But these kinds of institutions do not exist in unorganized groups such as classes. It seems reasonable to treat unions, states in the international arena, and parties (in some circumstances) as rational unitary actors, since the analyst can usually discover the institutions that lead to preference stability. In general, however, unorganized groups such as classes or interest groups do not behave as rational unitary actors. One can use rational choice arguments to explain the behavior of members of these groups and the behavior of groups as aggregates of these individuals, but not the behavior of such groups as though they were corporate units.

structures determine the incentives facing particular individuals and thus determine their choices and, through their choices, social outcomes. Nevertheless, the analyst who wants to incorporate these intervening steps into a structuralist argument usually has no trouble doing so.

In short, there is nothing very unusual about the assumptions or structure of rational choice arguments. Nevertheless, the focus on the incentives facing individuals, the ruthless pruning of extraneous complexity, and the use of deductive logic have together resulted in a cluster of theoretical results both novel and fruitful (discussed below).

### **The Uses of Rational Choice**

The rational choice literature in political science is now so enormous that it is impossible to catalog it even briefly. One major strand uses economic incentives to explain economic and political outcomes. This strand simply extends standard economic theories into areas where their implications had not previously been fully understood (e.g., Przeworski and Wallerstein 1988). Many Marxist and pluralist arguments, if carefully articulated, could be subsumed into this category of rational choice, since they expect people to pursue their material interests through political action. Standard spatial models of policy choice, a rigorous articulation of the pluralist conception of politics, fit within this strand. Recent creative applications of this venerable approach often highlight the implications of some hitherto underappreciated element of economic theory. Thus, for example, Ronald Rogowski (1989) derives expectations about coalition formation and change from the Stolper-Samuelson Theorem about the differential effect of changes in international prices on the political interests of holders of scarce and abundant factors. Jeffrey Frieden (1991) argues that asset specificity, that is, the costliness of moving capital or skills from one use to another, explains why some business interests have more policy influence than others.

Other applications of the rational choice approach depart further from its roots in economics. Rather than attempting a comprehensive survey, I focus here on the developments within rational choice theory that demonstrate the kinds of insights that emerge as a consequence of the rigor and deductive logic of rational choice arguments. The applications of rational choice

that have most changed the way political scientists think about the world have been those that show the nonobvious effects of aggregation and interaction among rational individuals. It was not the assumptions about self-interest and the rational pursuit of goals that distinguished the analyses that produced these worldview-changing ideas, but rather the careful articulation of the logic that underlies aggregation and interaction. Many other analyses have assumed, though often implicitly, that people are rational and self-interested, but they lacked the conceptual tools to see that the behavior of groups cannot be directly inferred from the interests of individuals in the group.

I deal here with three categories of argument: those that demonstrate the unintended and nonobvious results of aggregating individually rational choices; those that unpack the black box of the state by looking explicitly at the individuals who actually make state decisions, at the goals that shape their behavior, and at the incentives they face; and those that treat political decisions as strategic interactions among actors rather than decisions under external constraint. There is a great deal of overlap among these categories; in fact, nearly all the studies discussed below treat political outcomes as the result of strategic interactions among actors. For substantive reasons, however, it seems useful to discuss some strategic interactions under the rubric of aggregation and others elsewhere.

### The Consequences of Aggregation

The theoretical development within the rational choice framework that has had the most radical and far-reaching effect on our understanding of the political world is the series of proofs that group decisions will not necessarily, or even usually, reflect the interests of the majority in the group, even if members of the group are entirely equal and decisions are arrived at democratically. Among a number of nonobvious and sometimes perverse aggregation effects, two stand out in terms of their political and theoretical consequences: the proof that majority rule does not necessarily result in policies that reflect majority preferences; and the demonstration that individuals who would benefit from public goods usually will not, if they are rational, help achieve them.<sup>7</sup>

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7. See Schelling (1978) for other aggregation effects.

## Cycles under Majority Rule and the Effects of Intralegislative Institutions

Kenneth Arrow (1950) developed the original proof that the aggregation of preferences through majority rule (given a set of plausible and unrestrictive conditions) may lead to policy cycles.<sup>8</sup> The theoretical work in this area is mathematical, and I am not the person to summarize it adequately. Instead, let me note some of the substantive implications that flow from it.

First, majority rule is no guarantee that the interests of the majority will be reflected in policy. A series of votes in a representative institution, such as a legislature, can result in any possible policy outcome, depending on the *sequencing* of votes on different options (McKelvey 1976; Schofield 1976). Hence the importance of agenda control, since those who control the agenda control the order in which measures are brought to a vote. Given the Arrow and McKelvey results, one need not posit powerful interest groups that buy votes through campaign contributions or hegemonic classes that control governments to explain the failure of legislatures to represent the interests of the majority of voters. Powerful groups *may* greatly influence policy—whether they do is an empirical question—but the mere existence of unrepresentative policies does not demonstrate that they do. The consequence of this result is to focus attention on the leadership and institutions within representative bodies in order to figure out who controls the agenda and how, and to figure out what causes policy stability when Arrow's proof leads to the expectation of cycling.

An enormous rational choice literature has arisen, most of it focused on the U.S. Congress, that seeks to explain how congressional institutions and procedures lead to relatively stable policy outcomes (Shepsle 1979; Shepsle and Weingast 1984, 1987a, 1987b; Denzau and MacKay 1981, 1993).<sup>9</sup> Implicitly or explicitly, these arguments also address the question of how representative legislatures are likely to be under different institutional arrangements (especially rules governing the role of committees, assignment to committees, and amendments from the floor). Some comparative work on the effects of intralegislative institutions

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8. These ideas are further developed in McKelvey (1976, 1979); Sen (1970); and Schwartz (1986).

9. See Krehbiel (1988) for an extremely useful review of some of the most important arguments and how they fit together.

has been done (e.g., Huber 1992; Tsebelis 2002), but not much on legislatures in developing or former communist countries.<sup>10</sup>

Research in this area could help to explain differences in representativeness across countries, tendencies toward immobilism versus legislative effectiveness, and biases in policy outcomes. It would also, by broadening the range of institutions across which comparisons could be made, make an important contribution toward the development of theories about the effects of intralegislative institutions. In order to apply these models to legislatures in developing countries, assumptions about the functioning of the institutions themselves would obviously have to be revised. Since a number of presidential systems in new democracies resemble the U.S. system in terms of the fundamental division of power between the president and legislature, however, there is reason to believe that models developed to explain outcomes in the United States would provide a useful starting point for the study of intralegislative institutions in the new systems.

### **Collective Action Problems**

More than thirty years ago, Mancur Olson (1965) demonstrated the political consequences of combining standard assumptions about individual rationality with the notion of public goods developed by economists. Public goods have the following properties: once supplied to a target group, no member of the group can be excluded from enjoying them, whether the person helped to create them or not; and use of the good by one individual does not reduce its availability or usefulness to others. The standard example is clean air. Once laws limiting pollution have been passed, clean air (the public good) can be enjoyed by all. Whether or not specific people do anything to bring it about—work to pass a clean-air law, for example, or pay for antipollution devices for their cars—they cannot be denied its use, and, in most circum-

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10. The first steps in this direction have been taken by Londregan (2000); Ames (1995a, 1995b); Remington and Smith (1998a, 1998b, 1998c, 2000); and Baldez and Carey (1999). Ames (1987) contains some discussion of the committee system and procedures for appointing committee members and chamber leadership in Brazil between 1946 and 1964. A number of descriptive studies of Latin American legislatures were carried out during the 1970s—for example, Hoskin, Leal, and Kline (1976); Agor (1971, 1972); Pakenham (1970); and Smith (1974). Many observers currently follow legislative activities closely in their respective countries. Only a few efforts have begun, however, to adapt the models developed to explain the effects of legislative institutions in the United States to conditions in the legislatures of developing and former communist countries.

stances, the fact that many other people are breathing it does not crowd anyone out or reduce the air's healthful effects. Consequently, it is not rational for any individual to contribute toward attaining the good. If, on the one hand, enough people are already willing to do the work or pay the cost to bring about the public good, there is no reason to do anything oneself, since one will enjoy its benefits when it arrives regardless of whether one worked for it. If, on the other hand, there are not presently enough individuals at work to produce the public good, there is still no reason to contribute, since any one person's efforts are extremely unlikely to make the difference in whether the public good will be produced. There are, as it turns out, certain conditions under which it is rational for individuals to band together in collective action, but the conditions are somewhat stringent and often go unmet. Hence, effective collective action toward a commonly held goal often fails to develop, even when it seems to a casual observer that it would be in everyone's interest to cooperate.

The logic of collective action leads to devastating revisions of some standard ideas about politics. It breaks the link between individual interests and group political action that underlies virtually all interest-based understandings of politics, from Marxist to pluralist. The failure of lower-class groups to organize to defend their interests, for example, is transformed from an anomaly to be explained by false consciousness or Gramscian hegemony into the behavior expected of rational lower-class actors.

The effects for democratic theory are equally serious. The logic of collective action leads to the expectation that the interests of average citizens are unlikely to influence policy-making, since ordinary people are unlikely to organize to express their interests effectively. In general, government policies that supply benefits to groups are public goods for the group, even if the goods themselves are privately consumed. Organizing to press for benefits is costly to the individuals who could benefit from the goods if they were supplied, and, because the goods are public, it is not rational for individuals to bear these costs if they can free ride instead.

The logic of collective action has a number of frequently observed but—prior to Olson—misunderstood substantive consequences. Groups in which resources are distributed unequally, for example, are more likely to be able to organize than are groups in which members are more equal; inequality increases the likelihood that one member of the group will receive enough

benefits from a public good to be willing to shoulder the costs of lobbying, regardless of the free riding of others. This argument has been used to explain why industries that contain one or a few very large firms are more likely to be protected by tariffs.

Small groups are more likely to be able to organize to press for the policies they prefer than are larger groups. In small groups, members can recognize whether others are contributing and punish those who free ride. As a result, they can solve the collective action problem by changing the incentives facing individual members. This explains why special interest groups are often effective in the policy arena even when most citizens disagree with them or could benefit from different policies. The relationship between group size and the ability to organize also helps explain the prevalence of agricultural pricing policies in Africa that benefit the relatively small number of urban consumers (and their employers, since low food prices reduce the demand for wages) at the expense of large numbers of rural producers (Bates 1981).

Previously organized groups are more likely to achieve the policies they want than are the unorganized. Because organization is costly, groups that have already paid start-up costs have an advantage over groups that have not. It is easier to change the purpose of an existing group than to form a new one. This argument has been used to explain why political leaders in new states often mobilize followers along ethnic lines. It is more difficult to form new groups than to turn existing ethnically based organizations to new purposes (Bates 1990).

Most of these substantive arguments were originally made in the context of either the United States or Africa. Nevertheless, their implications for other countries are obvious. Tariffs elsewhere have also tended to protect large industries. Pricing and other policies affecting the relative welfare of urban and rural dwellers have, on average, disadvantaged the less well organized rural inhabitants of most developing countries. Barriers to the entry of new parties representing recently enfranchised groups have, on average, been high. The logic of collective action implies that policies, *even in fair and competitive democracies*, will tend to benefit the rich and well organized at the expense of the more numerous poor and unorganized, simply because the former are more likely to be able to exercise their rights effectively; it thus offers a possible explanation for one of the central characteristics of policy choice in most of the world.

The closely related tragedy of the commons, or common pool,

logic explains why resources held in common by a group will often be overexploited. Unless institutions have been established and enforced to allocate rights and responsibilities, rational individuals will use as much as they can of the common pool, since they know that if they do not, others will; and they will not invest in maintaining it, since the fruits of their investment would be shared with many others. The obvious examples of common pool problems come from the environment. Common pool logic explains why the oceans tend to be overfished, why lands bordering the Sahel are overgrazed and turning into desert, and why many large mammals were hunted to extinction by early humans. As with Arrow's paradox, understanding the common pool problem has led to an interest in discovering how people have solved common pool problems (Ostrom 1990; Ostrom, Schroeder, and Wynne 1993; Ostrom, Gardner, and Walker 1994). Recently, this logic has been used to show why tax collection is inefficient in Russia (Treisman 1999) and in Argentina (Jones, Sanguinetti, and Tommasi 2000). Although the details differ because of differences in political system and circumstances, in both cases, access to the common pool of revenue via revenue sharing creates incentives for provincial governments to overspend and to underinvest in revenue collection.

#### Inside the Black Box of the State

Most of the paradoxical effects of aggregation result from the pursuit of individual interests by actors in society. Their representatives in government are either assumed simply to reflect constituency interests (as in the cycling and intralegislative institutional literature) or never discussed with care (as in the collective action literature). In the collective action literature, elected representatives are usually assumed to reflect the interests of whichever groups lobby hardest or make the largest campaign contributions.

A second stream of rational choice theorizing focuses explicitly on the actors inside the black box of the state.<sup>11</sup> This strand differs from the first in that political leaders are not assumed to reflect the interests of constituents or dominant coalitions. In-

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11. The word *state* is not often used in literature dealing with the United States. Within the standard terminology of comparative politics, however, the kinds of arguments prominent in the study of politics in the United States that focus on the causes of decisions by presidents, legislators, and government bureaucrats open up the black box of the state to see how the mechanisms inside work.

stead, explicit attention is given to the ways that institutions affect which interests politicians find it politically useful to represent and how the struggle for survival in office affects not only policy choice but institutional choice and other behavior of political leaders. Societal interests form a backdrop to the interactions among politicians but do not dominate them.

Despite the emphasis placed on the state by new institutionalists and others, rational choice arguments are more likely to make systematic links between particular institutional characteristics of states and the behavior of elected and appointed officials. Practitioners of rational choice were not the first to notice the autonomy of the political realm (or the state), but they have been quite successful at producing theories that use state or political characteristics to explain policy outcomes. Two major research traditions have provided the intellectual foundations for much of the current work in this vein: Douglass North's seminal arguments (1981, 1985, 1989a, 1989b, 1990) situating the causes of institutional change in the struggle over revenue between rulers and major economic interests; and work aimed at explaining the behavior of legislators in the United States (e.g., Downs 1957; Mayhew 1974; Fiorina 1977; Jacobson and Kernell 1983; Shepsle and Weingast 1981b, 1987a, 1987b).

Rational choice arguments about state or government actors begin with explicit attention to their goals and then consider the ways that various behaviors and choices can affect the achievement of goals in given institutional settings. The keystone of the approach is a simple model of politicians as rational individuals who attempt to maximize career success. In the U.S. context, this is often simplified to maximizing the probability of reelection, but somewhat broader conceptions of what it is that politicians maximize have been suggested and successfully used by comparativists (Rogowski 1978; Ames 1987). Using this one simple assumption about goals and a small number of characteristics of the U.S. political system, rational choice arguments have explained many of the behaviors that characterize members of Congress: the devotion of large amounts of resources to constituency service; the preference for pork; position taking and credit claiming; the avoidance of votes on controversial issues; and the assiduous pursuit of media coverage (Mayhew 1974; Ferejohn 1974; Shepsle and Weingast 1981a).

Other rational choice arguments link election seeking or survival maximizing to particular kinds of policy outcomes. Anthony

Downs (1957) has argued that parties trying to maximize the probability of election in a two-party system offer policy platforms that converge to the center of the electorate's preferences. James Buchanan and Gordon Tullock (1962), followed by a long series of books and articles in the public choice tradition, have claimed that various inefficient government interventions in the economy can be explained as results of the efforts of election-seeking politicians to secure support from constituents and campaign contributions from special interests.

Comparativists have built on, extended, and adapted these arguments to other political contexts with different and often more fluid institutions. The literature on rent seeking (Krueger 1974) uses politicians' interest in holding on to office to explain why they choose policies that create rent-seeking opportunities that reduce growth. Certain government policies create monopoly rents by limiting competition in certain endeavors, and rent seekers attempt to buy their way into these protected niches through campaign contributions and bribes. These attempts divert resources out of productive investment and result in an inefficient allocation of scarce resources (Buchanan, Tollison, and Tullock 1980). Robert Bates (1981, 1983) shows that agricultural policies chosen to consolidate political support lead to reduced food production, reduced agricultural exports, and recurring balance of payments crises. His argument that the fall in African agricultural production can be explained by government policies aimed at keeping the price of food low and at capturing the surplus generated by production for export has been one of the most influential in this category. Recent work by Bates (1989) and Michael Lofchie (1989) has further explored the nuances of African agricultural policy using the same logic and assumptions. Forrest Colburn's explanation (1986) of postrevolutionary agricultural policy in Nicaragua follows a similar line of argument. In short, politicians' interest in political survival explains why in both Africa and Latin America, policies have been pursued that have impoverished peasant farmers and reduced food production. Politicians have courted the support of urban dwellers, who have more political clout than rural people, by keeping food prices low. These low prices reduce the income of small farmers and decrease their incentives to produce for the market. In all these cases, analysts have shown how political incentives lead state actors to adopt economically inefficient policies. Barry Ames (1987) goes a step further to claim that presidents in Latin

American countries generally choose policies in order to maximize their chances of survival in office. Similar arguments have been used to explain policy choices in communist countries (Anderson 1993) and in Japan (Ramsayer and Rosenbluth 1993; Noll and Shimada 1991; Cox and Thies 1998, 2000; Cox, Rosenbluth, and Thies 1999, 2000).

An important innovation in rational choice explanations of policy outcomes is the veto players model developed by George Tsebelis (1995, 2002), which shows how political institutions change the policy outcomes expected in standard spatial models. Each branch of government that must agree to a policy before it can become law and each party that is a member of the ruling coalition and must therefore also agree to a policy is counted as a veto player. Tsebelis shows that the more veto players there are in the political system and the more dispersed they are in the policy space, the less likely it is, all else being equal, that policy will be changed.

The comparative study of the effects of political institutions has a long and distinguished history (Duverger 1954; Lijphart 1990; Lijphart and Grofman 1984; Rae 1967; Taagepera and Shugart 1989). But until recently, most of this literature focused on the effect of electoral institutions on either the number of parties in the system or the fairness of the translation of votes into seats,<sup>12</sup> and these were not issues of great interest outside Western Europe. Now, since democratization and other constitutional changes have taken place in so many developing and former communist countries, institutional questions have taken on new salience among scholars who work on these areas.

The literature on the effects of political institutions in new democracies that has blossomed so profusely since the “third wave” implicitly, though not always explicitly, assumes rational office-seeking politicians (e.g., Shugart and Carey 1992; Carey and Shugart 1998; Jones 1995; Ordeshook and Shvetsova 1994; Remington and Smith 1998b). It investigates the effects of different electoral rules and other political institutions on the kinds of parties that develop and the behavior of politicians. Virtually all of these studies, contrary to claims made by Green and Shapiro (1994), include serious empirical tests of arguments. Although some of these arguments are not expressed in rational choice

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12. Exceptions are Cain, Ferejohn, and Fiorina (1987); Cox (1990); Shugart (1995, 1998); and Shugart and Carey (1992).

idiom, their logic depends on implicit assumptions that politicians seek office and rationally choose strategies for achieving it. Electoral rules and political institutions have the effects they do because they determine the feasible set of strategies for seeking office and the costs and benefits of each option. This literature extends arguments originally developed to account for party systems in Western Europe to new, mostly presidential systems in developing countries. These analyses offer general answers to questions about how many parties are likely to exist in particular systems, how easy it is for new parties to form, and how broad a range of interests is likely to be represented in legislatures.

Another strand of rational choice literature addresses the question of why ethnic parties have become so important in a number of newly independent or democratizing countries. Several observers have argued that would-be political leaders make ethnic identity salient and mobilize it because the preexisting organizations and personal networks within ethnic groups reduce the cost of organizing from scratch (Cohen 1974; Laitin 1986, 1998; Bates 1990). Where many members of an ethnic group feel disadvantaged and discriminated against because of their ethnicity, or where stories of violence and atrocities committed against members of the group remain vivid in the memories of many, members of the group would be especially responsive to these efforts. The point of the arguments, however, is that lasting ethnic mobilization is rarely spontaneous. It is fomented and institutionalized by politicians who see it as the best strategy by which to pursue their own quest for political power.

Still other rational choice arguments examine coalition formation. William Riker's seminal analysis (1962) of coalition formation began a long and fruitful inquiry into the study of coalitions. Most of this work focused on European parliamentary systems, but it is now being extended to Japan and, with some revisions, to presidential government in multiparty systems.

A variety of rational choice arguments have shown that the relationship of election-oriented politicians to self-interested bureaucrats affects legislative oversight, policy implementation, and the supply of both public goods and constituency services (Niskanen 1971; Arnold 1979; Fiorina and Noll 1978; McCubbins and Schwartz 1984; Geddes 1994). Other studies have explained government corruption and reforms aimed at ending it (Manion 1996; Shleifer and Vishny 1993; Geddes and Ribeiro 1992; Geddes 1999b).

Buchanan and Tullock (1962) were the first to argue explicitly that political institutions are politically motivated creations, and that their establishment and operation can be understood only by understanding the individual purposes they serve. Since then, changes in many other political institutions—innovations in the committee system of the U.S. Congress (Cox and McCubbins 1993), changes in nominating procedures for British members of Parliament and in French electoral laws (Tsebelis 1990), and the choice of representative institutions and electoral rules in West Germany (Bawn 1993), Latin America, and Eastern Europe (Frye 1997; Geddes 1995, 1996)—have been explained as results of the efforts of politicians to maximize their long-term electoral success.

In short, a set of extremely simple arguments that begin with the assumption that politicians are self-interested maximizers of the probability of political success, along with a context supplied by the institutions of a given political system, provide explanations of many of the political outcomes scholars would most like to understand. Solid empirical evidence supports most of these arguments.

### Strategic Interactions among Political Actors

Most of the arguments discussed above examined the interactions of rational actors, even though most did not explicitly use game theory to do it. In this section, I describe game theory as an additional tool for illuminating the logic of interactions among rational actors. To the standard apparatus of rational choice arguments, in which individuals respond to a particular set of institutional incentives, game theory adds the idea that individuals strategically interact with each other to produce social outcomes. That is, game theory “seeks to explore how people make decisions if their actions and fates depend on the actions of others” (Ordeshook 1986, xii). In non-game theoretic arguments, individuals are assumed to pursue their goals within constraints imposed by the environment. In game theory, actors decide how best to pursue their goals after taking into account both environmental constraints and the equally rational and strategic behavior of other actors. Since strategic behavior and interdependence are fundamental characteristics of politics, game theory offers a particularly useful approach to understanding political actors and processes.<sup>13</sup>

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13. Extremely good, moderately technical introductions to game theory can be found in Ordeshook (1986) and Moulin (1982).

Game-theoretic explanations of politics have emerged from the study of elections and legislative decision making, mostly in the United States. Much of this literature, like that on intra-legislative institutions, is both abstract and highly technical, and I do not discuss it here. Indeed, a shortcoming of many game-theoretic studies is that, because of the great complexity of interactions among strategic players, they are heavy on mathematical theorizing and short on credible empirical results. Thus, I focus here on less technical and less abstract applications of game theory that have proved fruitful in substantive terms.

One of the most important contributions of game theory to thinking about politics is the prisoner's dilemma, which is a generalization of the collective action problem discussed above (Hardin 1982). The prisoner's dilemma describes the logic of situations in which two or more individuals would all end up better off if they could agree among themselves to cooperate, but if binding agreements are impossible, each will be better off if he or she chooses not to cooperate. Since it is rational for each individual to refuse to cooperate, none do; the goal is not achieved, and all are worse off than they might have been had they cooperated. Much of the work on prisoner's dilemma games has focused on the difference between single interactions and interactions that are repeated (or iterated) over time. Although it is always rational for all players to defect in single games, under some circumstances cooperation is rational when games are repeated.

Prisoner's dilemma games have been used to explain many situations in international relations. They can also offer leverage for explaining domestic political outcomes — for example, interactions among coalition partners; pacts such as the Colombian National Front, in which traditional enemies agree to cooperate to limit competition in order to secure the democratic system that benefits both and to exclude other potential competitors; and the pervasiveness of patron-client relationships. Other simple games illuminate the logical structure of other situations.<sup>14</sup>

One of the earliest nontechnical game-theoretic arguments of relevance for students of developing countries is Guillermo O'Donnell's analysis (1973) of the game between Argentine parties between 1955 and 1966, in which he demonstrates the per-

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14. See Tsebelis (1990) for a description of the most commonly used simple games and the relationships among them.

verse consequences of the military's ban on the Peronist party. Tsebelis's game-theoretic analysis (1990) of interactions first between party elites and masses and then among elites of different parties, though focused on Belgium, has clear implications for understanding politics in other divided societies. It can be used both where divisions are ethnic and where they are based on class. His treatment of electoral coalitions in France should be read by anyone interested in countries that have multiparty systems and runoff elections, such as Poland and Brazil. Game theory has also been used to illuminate aspects of regime change (Przeworski 1986, 1991, 1992; Colomer 1995; Cohen 1994; Geddes 1999a, 1999c).

In my opinion, game theory is the most potentially fruitful strand of the rational choice approach. Its strategic and interactive image of politics is realistic, and it can be used to illuminate political situations without recourse to advanced mathematics. Although theoretical developments in game theory will continue to be made by the mathematically gifted and trained, interesting substantive insights can arise from quite simple and tractable games.

### **Rational Choice and the Research Frontier in Comparative Politics**

To some extent, the choice of which intellectual perspective to embrace is simply a matter of taste. A taste for rational choice arguments may involve little more than a preference for the austere over the rococo. It is often suggested that an attraction to the rational choice approach implies a (naïve) belief in human rationality, or at least a belief that if people are not rational, they should be. Some practitioners may feel this way, but I, at any rate, do not. The appeal of the rational choice approach, in my view, lies in its substantive plausibility in numerous political situations; its theoretical coherence; the fruitful simplification of "buzzing blooming" reality it offers, which facilitates comparative work; and its capacity to explain puzzling outcomes and generate nonobvious conclusions.

Rational choice arguments deal only with systematic patterns of incentives that lead to systematic patterns in outcomes. In contrast, more contingent political arguments, such as those that characterize the Juan Linz and Alfred Stepan series (1978) on the

breakdown of democracy and the Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead series (1986) on redemocratization, focus on the specific conjunctural circumstances that make particular decisions understandable. The strength of such contingent political explanations is that they offer a very complete description of events. Their weakness is that they do not easily lend themselves to the construction of general theories because they do not distinguish between systematic and idiosyncratic causes. Rational choice arguments have the opposite strengths and weaknesses. They invariably omit from the analysis colorful and arresting details that some observers consider important. But by abstracting from the specifics of particular cases, they make theory building possible and facilitate comparisons across cases that may at first appear too different to compare.

Many criticize rational choice models on the grounds that they simplify reality to such a degree that the model seems to bear no resemblance at all to the real world. And some work unquestionably deserves this stricture. Rational choice arguments can easily cross the line from simple to simplistic. Persuasive and useful applications of the rational choice approach, however, take into account the most important features of the social and institutional setting. They also draw insights from important abstract arguments. The bite of good rational choice arguments comes from the synthesis of empirical evidence from the cases under examination and abstract deductive logic.

Using rational choice models requires the analyst to identify relevant actors, to determine their preferences, and to present a plausible justification for the attribution of preferences. Observers can, of course, make mistakes in their attribution of preferences, but rational choice models do "have the advantage of being naked so that, unlike those of some less explicit theories, [their] limitations are likely to be noticeable" (Schelling 1984). The rational choice approach does not prescribe any particular methodology for testing hypotheses, but persuasive work combines deductive rational choice arguments with examinations of evidence to see if it conforms to the expectations generated by the deductive model.

This summary of rational choice explanations has dealt only with some of the best-known arguments that directly address questions fundamental to understanding politics. Even this brief survey shows that there is a well-developed rational choice litera-

ture replete with theories that have only begun to be extended and modified for use in newly democratic countries. Analysts have so far made use of only the simplest of the theories about parties and legislatures that have been proposed in the context of U.S. and West European politics. With spreading democratization, this literature has begun to seem more relevant to scholars interested in understanding politics in countries outside the North Atlantic core.

Recent events have set the agenda for future applications of the rational choice approach. Because institutions determine available options and affect strategic choices, the institutional fluidity of democratizing and recently democratized countries poses a challenge and an opportunity for the rational choice approach. Two areas seem to me especially overdue for systematic attention from rational choice practitioners.

The first is the emergence and consolidation of democratic political processes. The analysis of legislatures and party systems in new democracies is at the forefront of the research agenda in comparative politics. The institutionalist approach to post-transition politics takes the transitions as given, thus bypassing the consolidology cul-de-sac, and seeks to analyze current political processes. One of the advantages of this approach to thinking about the development of democratic processes is that it avoids the value-laden arguments about what consolidated democracy should be and how far some competitive but flawed real political systems deviate from whichever definition is chosen. Instead, analysts draw expectations about the effects of particular political practices from theories developed in the study of democratic politics elsewhere; if outcomes in new democracies differ from expectations, existing theories must be modified. This more detailed and theoretically informed examination of political processes results in a more accurate assessment of exactly how and why the differences affect outcomes, if they do.

Scholars writing about many different countries have produced an impressive body of literature on the effects of the institutional variation in new democracies, in the process adding considerably to preexisting literature on the consequences of electoral institutions.<sup>15</sup> Most new democracies have presidential or semipresidential systems. Presidential elections create centripetal incentives in party systems in the same way that single-member legislative

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15. For a very useful summary, see Carey (1998).

districts do.<sup>16</sup> Where legislators are elected by proportional representation (PR), as they are in most new democracies, the electoral system is pulled in both directions — toward a two-party centrism by presidential elections and toward more ideologically dispersed multipartism by PR legislative elections.

Work on the Latin American presidential systems has discovered that rules that affect the size of presidential coattails determine which pull is stronger. Where presidential and legislative elections occur at the same time, presidential coattails are strong, and parties that cannot compete for the presidency tend to fade away; in these cases, two-party systems tend to emerge. Where elections for different offices occur on different schedules, parties that have no hope of winning presidential elections can nevertheless continue to do well in legislative and municipal elections, and thus they can survive (Shugart 1995; Shugart and Carey 1992). Presidential runoffs also encourage the persistence of small parties. Rather than forming preelection coalitions, small parties enter the first round in order to establish their bargaining power as coalition partners for the second round. Moreover, legislative elections occur at the same time as the first round of the presidential election (if they are concurrent), which means that small parties run in them as well. For these reasons, party fragmentation tends to be greater in countries with presidential runoffs.<sup>17</sup> In parliamentary systems, district magnitude has the greatest effect on party fragmentation, but in presidential systems, district magnitude has less effect than runoffs and election schedules (Jones 1995).

The effects of a number of electoral rules have been pretty thoroughly worked out. These include, as noted, the effect of presidential runoffs and different election schedules on party fragmentation; the effect of ethnic heterogeneity on party fragmentation (Ordeshook and Shvetsova 1994); and the effect of preference voting, term limits, and running multiple lists under the same party label on party discipline in the legislature and on candidate campaign strategies (e.g., Ames 1995a, 1995b, 2001; Carey 1996; Taylor 1992; Archer and Shugart 1997; Cox and

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16. But see Ordeshook, Shvetsova, and Filippov (1999) for a more nuanced view.

17. There has been some controversy over the effects of runoffs, but the balance of the evidence at this point supports the claim that they encourage party fragmentation. It is very hard to disentangle this question empirically, because runoffs have generally been initiated in countries with fragmented party systems, so it is hard to judge whether the runoffs are cause or effect.

Shugart 1995; Morgenstern 1999). These are the nuts and bolts of democratic politics, and a great deal of progress has been made in figuring them out.

The first steps have also been taken toward figuring out some more complex institutional issues. Scholars are beginning to build an understanding of presidential powers and the relationship between presidents and legislatures. Many of these studies begin from the premise that the probability of democratic breakdown is increased by conflict between the president and the legislature.<sup>18</sup> Scholars have explored two factors that might contribute to potential conflict or stalemate. The first is divided or minority government. Conflict or stalemate is obviously less likely if the president's party has a majority in the legislature, so analysts pursuing this line of thought emphasize the electoral rules that increase fragmentation in the party system, which in turn increases the likelihood of minority presidents.

The second involves the president's constitutional powers to set the legislative agenda, veto legislation, and issue decrees, that is, the president's power to pursue his own agenda even without legislative support. The implicit idea here is that stalemate is less likely if the president can do much of what he wants without legislative support. John Carey and Matthew Shugart (1998) have proposed an index to measure these presidential powers, though they have not shown what effects they have. A recent discussion of presidential powers by Scott Mainwaring and Matthew Shugart (1997a, 1997b) attempts to combine the constitutional powers emphasized by Carey and Shugart in earlier work with what Mainwaring and Shugart call partisan powers, meaning essentially the amount of support the president has in the legislature. This addition brings the notion of presidential powers closer to what we think of intuitively as strong presidents. At this point, these arguments have not gone very far either in terms of theorization of the relationship between presidents and legislatures or in terms of showing clear empirical effects of different arrangements, and this subject remains central to the research agenda.

Legislatures in developing and ex-communist presidential systems have received much less attention than presidents because analysts have considered them less influential. Legislatures are

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18. This is a widely believed but, until recently, untested idea. Cheibub (2001) shows that party fragmentation in presidential systems, contrary to much that has been written, does not increase the likelihood of democratic breakdown.

beginning to be taken more seriously, however, and some path-breaking work has recently appeared. John Londregan's study (2000) of the Chilean Senate is the first to offer an in-depth analysis of legislative committees in a contemporary Latin American legislature.<sup>19</sup> Thomas Remington and Steven Smith have done a series of studies (1995, 1998a, 1998c, 2000) that draw on the literature on the U.S. Congress in order to analyze the Russian Duma and its relationship to the president. Legislative studies are on the research frontier for those working on new democracies.

The work noted above focuses on the effects of political institutions, but such analyses always lead back to the prior question: What caused the institutions in the first place? The second area for new research seeks to explain the creation of new institutions. Rational choice arguments about the creation of institutions are in their infancy. Most explanations of institutional change by economists assume that efficiency gains explain changes, without considering who reaps the benefits of efficiency gains and who loses. The challenge for rational choice theorists is to revise such economic arguments by incorporating the effects of different actors' pursuit of their own, often inconsistent, goals and the nonobvious effects of the aggregation of multiple individual choices.

The period of transition has been a good time to investigate this question, because a large number of countries have chosen new democratic institutions or modified old ones. Scholars analyzing these choices have shown that in both Latin America and Eastern Europe, new political institutions have been chosen to further the electoral interests of those who served on the roundtables, legislatures, and constituent assemblies that picked them (e.g., Frye 1997; Remington and Smith 1996; Colomer 1997; Geddes 1995, 1996). These studies are a beginning, but a great deal remains to be done.

The convergence to mainstream theories and methodologies for analyzing politics in democratic developing countries is occurring because a very large body of theory on democratic politics exists, and those who are making use of it can see that it gives them leverage for understanding a good deal of what is going on. Once the countries that analysts were interested in had democratized and politics had become more rule bound and transparent,

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19. Ames (1987) analyzes the role of committees in the Brazilian Chamber of Deputies between 1946 and 1964.

useful theories were available as a starting point for understanding political processes. Democratization opened up niches for certain kinds of work, and scholars, many of them young and well-trained, moved into them. As the tools of rational choice have become more familiar, scholars have also found other creative uses for them, outside the areas with long traditions of rational choice scholarship.