

# Old workers' movements and "new political economy" : uses and drawbacks of rational choice theory

Autor(en): **Van der Linden, Marcel**

Objektyp: **Article**

Zeitschrift: **Traverse : Zeitschrift für Geschichte = Revue d'histoire**

Band (Jahr): **4 (1997)**

Heft 1

PDF erstellt am: **24.04.2024**

Persistenter Link: <https://doi.org/10.5169/seals-12443>

## **Nutzungsbedingungen**

Die ETH-Bibliothek ist Anbieterin der digitalisierten Zeitschriften. Sie besitzt keine Urheberrechte an den Inhalten der Zeitschriften. Die Rechte liegen in der Regel bei den Herausgebern.

Die auf der Plattform e-periodica veröffentlichten Dokumente stehen für nicht-kommerzielle Zwecke in Lehre und Forschung sowie für die private Nutzung frei zur Verfügung. Einzelne Dateien oder Ausdrucke aus diesem Angebot können zusammen mit diesen Nutzungsbedingungen und den korrekten Herkunftsbezeichnungen weitergegeben werden.

Das Veröffentlichen von Bildern in Print- und Online-Publikationen ist nur mit vorheriger Genehmigung der Rechteinhaber erlaubt. Die systematische Speicherung von Teilen des elektronischen Angebots auf anderen Servern bedarf ebenfalls des schriftlichen Einverständnisses der Rechteinhaber.

## **Haftungsausschluss**

Alle Angaben erfolgen ohne Gewähr für Vollständigkeit oder Richtigkeit. Es wird keine Haftung übernommen für Schäden durch die Verwendung von Informationen aus diesem Online-Angebot oder durch das Fehlen von Informationen. Dies gilt auch für Inhalte Dritter, die über dieses Angebot zugänglich sind.

---

# OLD WORKERS' MOVEMENTS AND "NEW POLITICAL ECONOMY"

## USES AND DRAWBACKS OF RATIONAL CHOICE THEORY<sup>1</sup>

MARCEL VAN DER LINDEN

*Summary:* In the last twenty years, rational choice theory grew in popularity as an approach to the study of social movements and organizations of activists. Building on Mancur Olson's pioneering work "The Logic of Collective Action", economists, sociologists and students of industrial relations applied rational choice theory to various forms of industrial conflict, trade-union development, the structure of mutual aid funds, etc. This paper reviews the rational choice approach and its applications, in order to assess their utility for the writing of labour history.

\*

Everyone studying the development of social movements faces questions like the following:

- Why do some people take part in campaigns while others don't?
- Why do some people join an organisation while others don't?
- Why does an organisation get the structure it has, rather than another?
- Why does an organisation or movement have the specific programme of demands or ideology that it does, rather than another?

Sooner or later labour historians face these kinds of questions as well. They are difficult questions and, unsurprisingly, they are often not adequately addressed at all. Typically historical accounts provide only descriptions – to the effect that particular categories of people were active while others were not, and that organisational structures had particular characteristics.

Rational choice theory claims, at least in principle, to be able to answer questions such as the labour historians formulate them. Thus – viewed from a neo-classical utilitarian perspective-rational choice theory lays bare the micro-foundations of macro-level processes (i. e. social movements and organisations). In the following I will assess this claim in the light of the history of labour movements. In so doing I set out from the view that, although neo-classical thought as such is methodologically and conceptually flawed, some elements of neo-classical theory may be usable if they are integrated in another

128 ■ theoretical framework. As Jim Tomlinson correctly states, "whatever the

criticisms which may be offered of the general apparatus of neo-classical economics, such critiques can never be the final word. For neo-classical theorising [...] escapes to a greater or lesser extent the signs of its birth and is much more open-ended than some critiques would allow.” Naturally, “one’s birth *does* mark one more or less profoundly. But the extent of this differs between individuals; in the same way the limits of neo-classical economics are transcended in different degrees in different areas of analysis.”<sup>2</sup>

One way to interpret rational choice theory is as in fact no more than a technique for the analysis of social problems, and as Michael Lebowitz notes, “it is critical not to confuse particular techniques with their original emergence or the use which has been made of those techniques”.<sup>3</sup>

To begin with, I will briefly review relevant aspects of rational choice theory. I will then go on to discuss attempts to apply the theory in the area of labour history and industrial relations. To finish I will make some evaluative comments.

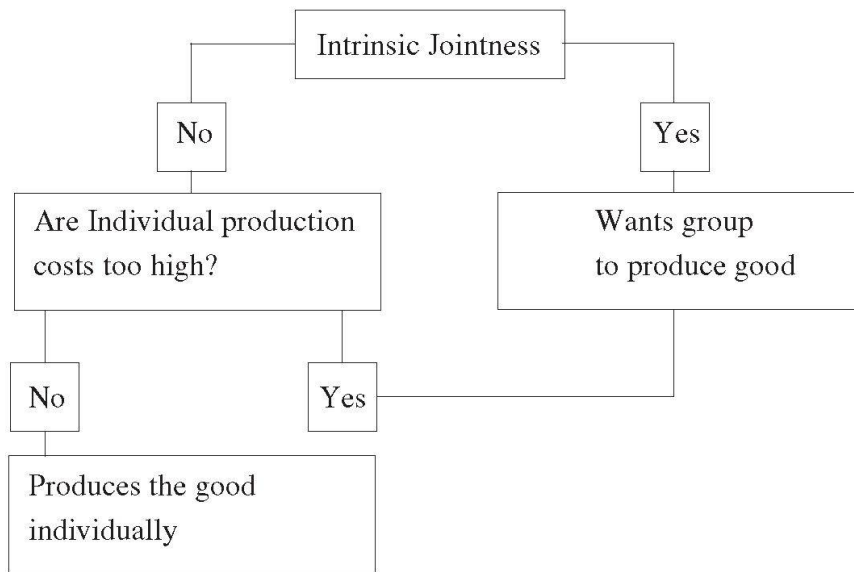
## I

I.1. Although rational choice theory has its precursors, it emerged as a distinct school of thought in the 1950s. Its intellectual foundation is contained in three books: Kenneth Arrow’s *Social Choice and Individual Values* (1951), Anthony Downs’ *An Economic Theory of Democracy* (1957) en Mancur Olsons *The Logic of Collective Action* (1965). Arrow developed the “general impossibility theorem” (about the aggregation of individual preferences); Downs thought of a model to explain ideological strife between political parties in parliamentary democracies; and Olson applied the theory to collective action.<sup>4</sup> Although rational choice theory was an invention of “bourgeois” economists, it has since the 1980s become popular in Marxist circles as well. Important authors in this regard are John Roemer, Jon Elster and Adam Przeworski among others.<sup>5</sup>

Rational choice theory has two key founding assumptions:

- Rational action is defined as the attempt to maximise utility. Thus someone acting rationally tries to acquire as much as possible of the good to which s/he attributes utility (taking into account the costs of acquiring information).
- Actions are accomplished only by individuals. The individual is the unit of analysis for all social processes, and every group action is reducible to a series of individual actions (“methodological individualism”).

Both assumptions are highly controversial, and the cause of extensive debate. Does action have to be oriented to maximising utility in order to be judged rational?<sup>6</sup> How tenable is methodological individualism anyway?<sup>7</sup> Whatever ■ 129

**Figure 1: The “decision tree” of a rational individual seeking to acquire a good**

standpoint is taken, however, the chief task rational choice theorists always set themselves is to explain collective behaviour from the maximising actions of individuals.<sup>8</sup>

I.2. Rational choice theory can be applied to collective action and organisations. Before examining more closely how this is done, however, it is important to say something about the way rational choice analysis is generally constructed. Like any other approach, it has its points of departure, the theoretical axioms, from which other postulates are derived in a more or less logical fashion. One such derived postulate is that individuals join a group only if they cannot achieve outcomes on their own which they think they can achieve when they work together with others. In rational choice terminology, a *joint good* is produced by a group of individuals formed for this purpose. Such a common good could be anything: a car-free street, a favourable collective employment contract, or an agricultural subsidy of the European Union.<sup>9</sup> Two sorts of joint goods are distinguished:

- Goods with “intrinsic jointness”, i. e. goods which for technical reasons cannot be produced by a single individual (e. g. the live performance of a Beethoven symphony).
- Expensive goods, i. e. goods which, although they could technically be produced by one individual, are produced at far less expense by a group (a swimming pool, for example).



A joint good is either competitive or it is not. A good is competitive if its consumption by one person entails that another person cannot consume it at the same time. For example, where I park my car, no one else can park. But a traffic light or a specific radio frequency is not competitive: everybody can look at it, or listen to it, without preventing others from doing the same.

A joint good (such as a parking spot) can furthermore be exclusive or non-exclusive. Lighthouses financed with Dutch tax revenue can also be used by foreign vessels, and are for this reason non-exclusive. By contrast, the protection provided by Dutch dykes applies primarily to Dutch residents and in this sense is a fairly exclusive common good.

Rational choice theorists define non-competitive goods and non-exclusive goods as public goods and, as such, they are the polar opposite of private goods. In reality, purely public goods occur rarely or not at all, and in almost all cases they are collective goods, i. e. goods which are to some degree non-competitive and non-exclusive.



I.3. The distinctions made are crucial for rational choice theory, because the central question at stake is that of profit-maximising behaviour, i. e. of the benefits gained from an action. Suppose a group of individuals carries out an action for a public good, why would a rational individual take part in that action? This is, according to Mancur Olson and others, the essential problem of the trade union movement: it generates public goods, i. e. gains from which not only members but also non-members can profit. If, for example, an industrial union secures a favourable collective employment contract, this advantages not just union members but also other workers employed in the relevant sectors. In consequence, individual workers may very well decide not to join the union because they reap the benefits of union activity anyway, through the efforts of their unionised colleagues. A Dutch newspaper recently commented that: “The membership rate of the Dutch trade union movement has fallen markedly in the last decades. In 1963, only 40% of the professional population belonged to a union. Today it is 28%. [...] This reduced participation was not caused by negative attitudes toward trade unions. To the contrary, unions were positively valued in the Netherlands, including by non-members. Over 60% of the population considers that strong trade unions are necessary.”<sup>10</sup>

What is being referred to here is the problem of free-riders, as Olson calls it. More than half of those who consider "that strong unions are necessary" do not attach any practical consequences to this belief for themselves. As group size increases, Olson argues, this effect becomes more important; the share an individual can contribute to the success of a union or an action becomes less and less, while the relationship between individual contributions and the ultimate aggregate result becomes more and more abstract. This free-rider problem occurs in all sorts of areas, e. g. in elections ("my vote counts for nothing in the total, therefore I am staying home") or in separating out recyclables prior to rubbish collection ("How I dispose of my rubbish is of no consequence for rubbish processing as a whole"). The difficulty is always the same: behaviour guided by considerations of solidarity cost the individual something and these individual costs are weighed against the benefits accruing from it.

Within organisations comparable behaviour also occurs: people do want to profit from the goods which the organisation produces, but also want to exert the least possible effort to acquire them (the phenomenon of "shirking").

## II

II.1. The rational choice theory has been applied to a variety of different areas, from voting behaviour to the causes of wars. Historical applications are relatively less numerous than contemporary problems, but even so some interesting attempts in that direction have been undertaken, especially in the field of labour history. Before briefly discussing the most important of these attempts, however, let us first consider the object of research in this field from a rational choice perspective.

In the history of the labour movement there are at least five important organisational forms: mutual aid societies, consumer cooperatives, producer cooperatives, trade unions and political parties.

These organisations are globally distinguished in two types: the first three produce exclusive goods (private goods) such as health insurance, discounted consumer goods, and employment. The activities of such organisations are therefore exclusively benefiting members. By contrast, trade unions and political parties supply goods with a clearly non-exclusive character: collective employment contracts for entire industrial sectors, legislation, etc. The gains such organisations can realise are almost always accessible for outsiders. There are therefore great possibilities of free-riding in organisations of this



II.2. In general, rational choice theory claims it is easier to form organisations and maintain them if they produce private goods, than if they produce primarily collective goods. The first group of organisations, after all, are unaffected by the free-rider problem and therefore have fewer hazards to overcome in consolidating themselves compared to the second group. In his important book *Principles of Group Solidarity*, Michael Hechter derives from this result an hypothesis about the two stages in the development of organisations in general: “In the first stage, individuals form groups to attain joint *private* goods, like credit and insurance, but to do so they must establish formal controls, which constitute a *collective* good. Once these controls are in place, a second stage becomes possible. The group’s resources, now protected by the existence of formal controls, can be diverted (under a set of circumstances that needs to be investigated) to the production of further collective, or even *public*, goods.”<sup>11</sup>

Applying this to labour history, we would expect to find that mutual aid societies, consumer and producer co-operatives historically and logically precede trade unions and political parties, and that unions and parties directly or indirectly grow out of the first-mentioned type of organisations. This is a bold hypothesis, and to what extent it holds true is difficult to say. However, it does appear that most early trade unions did emerge out of mutual assistance funds (or from guilds or guild-type organisations).

II.3. Let us now examine one problem that all the types of organisations mentioned have in common to a greater or lesser degree. *Shirking* is such a problem according to rational choice theory, since rational individuals will try to retain the benefits of membership while reducing their personal costs to zero. Shirking becomes easier when control over individual members is reduced. Every organisation makes attempts to enforce obedience to the rules among members. The measure of obedience is determined by the extent to which the organisation is managed (either by the members collectively or by a bureaucratic administration). The imperatives of management are twofold:

- The group (or the leadership) must be able to determine whether or not members are honouring their obligations (monitoring).
- The group (or the leadership) must be in a position where they can discipline members who do not stick to their obligations. The worst punishment is of course ostracism, but it is clear that there are also less heavy penalties (e. g. fines).

If required, the management function can be made into a separate activity in its own right: certain “agents” then are given this task to perform as a division of labour.

Historians of the labour movement know these problems very well, for example, ■ 133

when it is a question of mutual insurances (health, unemployment or death). The first forms of shirking which these organisations face is the refusal to make contributions. The solution to this problem is simple and sufficient. Those who do not pay after a short time lose the right to a benefit. More of a nuisance is the second variety: members try to get a benefit from the social fund unfairly, by pretending to be ill or unemployed. The response to this is further policing. Thus, for example, many mutual health funds had the rule that the sick had to be visited regularly by a member of the management committee. The question of shirking was incidentally also the reason why commercial schemes preferred to start out with life insurances – death is more difficult to fake than illness.<sup>12</sup>

II.4. Let us now examine more closely the free-rider problem which has received so much attention in the rational choice literature. Is it rational for workers to join a trade union (many studies, including Olson's major work, deal specifically with trade unions)?<sup>13</sup> At first sight, the answer is affirmative, because the relationship between the individual worker and his/her employer is asymmetrical: the worker owns only him/herself, his/her own personality; the employer by contrast is supported by the capital invested in his/her enterprise. By joining with other workers in a similar position, this unequal situation can be partly overcome, enabling the staff to compel management to meet their demands and needs.<sup>14</sup>

If this is so, why then are not all workers organised in trade unions? The answer according to rational choice theory must be sought in the costs which trade union membership brings with it. These costs are in part direct (financial contributions, time taken up by participating in meetings, etc.) and partly indirect (possible negative consequences for career, etc.).<sup>15</sup> If, for an individual worker, the expected direct and indirect costs of membership cancel out the anticipated benefits, it is rational not to join the organisation, but to free-ride: to hope that colleagues will organise themselves, and in this way continue to produce the beneficial spin-offs for those who remain on the sidelines.

The standard rational choice view is that collective action becomes less likely as the size of the relevant group grows, because as the group grows the benefits of free-riding increase.<sup>16</sup> Jon Elster however defends the thesis from a rational choice perspective that not small but intermediate groups are the best point of departure:

- a) The risk of penalties reduces as group size increases. There is therefore "an internal maximum, that is, the possibility of collective action is the highest for some intermediate group size".<sup>17</sup>
- b) The "communication distance", which depends not only on geography, but



means of communication have [...] an ambiguous effect on class consciousness. By bringing class members together, they favour solidarity; by enabling geographical mobility they undermine it. [...] The net effect is in general indeterminate, but once again we may expect maximal solidarity to be produced by an intermediate degree of development of the means of communication.”<sup>18</sup>

- c) The turn-over rate in group membership (i. e. all forms of mobility) also suggests the importance of intermediary groups. “Very little mobility tends to make social barriers appear absolute, and the idea of tearing them down unthinkable. Very high mobility, on the other hand, makes the system so fluid and the groups so impermanent that no durable collective actors will emerge.”<sup>19</sup>

That aside, rational choice theorists also identify some other factors which can play a role:<sup>20</sup>

- d) Objective uncertainty which threatens to result in losses for some group of workers. “Deprived of their most valuable resource – information – rational actors are thereby motivated to seek the counsel of others.”<sup>21</sup>
- e) The monitoring capacity of the employer: the more extensive it is, the greater is the chance that the individual must pay indirect costs, and the less is the incentive for individuals to organise themselves.<sup>22</sup>
- f) The competition of other workers, both in their “own” enterprise and in others. The more intense this becomes, the more difficult initial organisation becomes.

All considered, the initial setting up of workers’ organisations with a free-rider problem (like trade unions) is an important problem that has not been convincingly solved by rational choice theory. The initiators of such an organisation are not “rational” within the framework of rational choice theory, because it is difficult to explain what benefits they could personally derive from such an initiative, relative to the costs of their efforts. This finding generates a variety of *ad hoc* theorems. The most influential is the theory that there are “political entrepreneurs”, “who, for their own career reasons, find it in their private interest to work to provide collective benefits to relevant groups”.<sup>23</sup>

II.5. Once the trade union has been established, the free-rider problem continues, and as the organisation grows larger (relative to small and intermediate groups) its importance grows. This issue received a lot of attention in rational choice literature, beginning with *The Logic of Collective Action*. Other authors have since pointed out that trade unions possess various means to combat free-riders. All these means are attempts to reduce the difference between costs and benefits of individuals.<sup>24</sup>

- a) The higher the individual costs (measured in financial contributions, time, energy) the more difficult it is to persuade people to collective action. One solution is to reduce the costs involved in membership. This can happen, for example, by making the leaders fulltime paid functionaries who take on the necessary work and so save time and energy otherwise required from individual members. In turn, this leads of course to the well known problem of the organisation's internal power relations, but I am leaving that out of consideration.
- b) Conversely one can also try to increase the costs of non-membership. The most well known approach is the institution of the closed shop (pre-entry or post-entry).
- c) A third option is to offer members selective benefits (supplementary collective or private common goods). These are goods and services provided exclusively for the benefit of members, for example legal aid in individual disputes, access to holiday homes, supply of home appliances at reduced prices. Also very important in this connection are insurances schemes. Prior to the advent of the welfare state, trade unions gained organisational stability from the fact that they did not only fight for better wages and conditions, but also provided health insurance, etc. for members.
- d) A final possibility consists in federative organisational structures. By deliberately maintaining small branches or re-establishing them, trade unions can try to strengthen group loyalty which is more conducive to favourable cost-benefit calculations.

II.6. The relationship between producers' co-operatives and trade unions has been discussed from a rational choice perspective by Christiane Eisenberg. She defends the idea that producers' co-operatives were more attractive in the early stages of the national labour movements than trade unions.<sup>25</sup>

- a) The free-rider problem makes membership of a producer co-operative more attractive than membership of a trade union.
- b) Producer co-operatives were small and homogeneous, trade unions were larger and more heterogeneous; the importance of the individual and organisation therefore correspond more clearly in the first than in the second.
- c) Trade unions operate within the capital-labour contradiction and maintain it, while producer co-operatives transcend this contradiction, at least at the level of the enterprise.<sup>26</sup>

II.7. The rational choice logic can of course be applied not only to organisations

136 ■ but also to actions. Thus Debra Friedman has postulated a theory to explain why



workers will or will not participate in strikes.<sup>27</sup> She summarises her argument in the following impressive equation:

$$Y = (X_1 + X_2) \text{SEU} + X_3 - X_4 - X_5j + X_6 - X_7$$

The variables in this equation are defined as follows:

- Y the individual's net benefit from participation in the collective action. If Y is positive the individual participates, if Y is negative the individual does not participate. If Y = 0 the individual will take a conservative attitude, avoid uncertainty and not participate in strike action.
- X<sub>1</sub> the amount of public good s/he expects to obtain in the event that the collective action is successful (the wage and benefit structure).
- X<sub>2</sub> the amount of private reward s/he expects to receive, if the collective action is successful (e. g. extra wages, shorter workweek, better conditions).
- SEU the estimate of the increment in "subjective expected utility" from a successful collective action, i. e. the marginal benefit the workers expects to receive from the post-strike contract as against the benefits of the pre-strike contract. This subjective estimate depends on the information at the individual's disposal and on the influence brought to bear on him/her by others about this likelihood.
- X<sub>3</sub> the amount of private reward expected for participation, regardless of the probable outcome (honour, prestige, authority, power, position).
- X<sub>4</sub> the amount of private punishment (the costs) the individual expects to bear if the collective action fails (foregone wages, unemployment).
- X<sub>5</sub> the cost of injury the individual expects to suffer through participation (e. g., as a consequence of confrontations with the army or the police).
- j the likelihood that injury will result from participation.
- X<sub>6</sub> the amount of private punishment the individual expects to receive if he or she fails to join the collective action (ostracism, shame).
- X<sub>7</sub> the individual's share of the cost of providing the public good and the private rewards.

It is not my purpose to discuss this formula in depth, and I do not intend to consider the question of whether the variables all make sense or together present a complete picture. I will limit myself to two remarks.

In the first place, the equation is obviously a pseudo-equation because it is not possible to estimate anything with it in practice. One could, of course, make calculations based on "utility units", but these cannot be made operational in social and historical research.<sup>28</sup> Its main use is that a number of considerations playing a role among individual workers on the eve of a possible strike are identified and combined. In the second place, the equation shows that – from a ■ 137

rational choice standpoint – all sorts of different cost-benefit analyses have to be made at the same time. It is a moot point whether real human beings really pay attention to all these considerations, never mind all at once. The individual cost-benefit analyses can become so complex that people don't pay as much attention to them as a theoretician might suppose; in such cases people more or less instinctively resort to stock formulas drawn from their own experience, to abbreviated arguments. The decision to join a strike or not might well be made in such an "abbreviated" manner.

II.8. At an aggregated level one can of course treat a group of individuals as a single collective actor (a group "acting as one person"). The condition for this is, as Barry Hindess has remarked, that "there are specifiable mechanisms for reaching decisions and means of action. In that respect human individuals, national and local governments are all actors".<sup>29</sup> An attempt in this direction was made by the American sociologist Adam Przeworski, who adopted as a working hypothesis that a workers' party is able to overcome the free-rider problem to a great extent. In this way it becomes possible to treat this party itself as a single individual actor.<sup>30</sup>

Przeworski's most controversial thesis concerns the impossibility of the electoral road to socialism. His argument is essentially the following:<sup>31</sup> the working class nowhere amounts to more than half the population. This means that pure workers' parties have never been able to exist anywhere which comprise more than 50 percent of the electorate. Because of this impasse the workers parties were everywhere forced to make a choice:

- either they adhered to a purely proletarian orientation – with as a consequence a continuing incapacity to establish socialism.
- or they tried to ally with other social groups (peasants, intermediate strata, staff functionaries) – but then they had to water down their proletarian policy, with the result that they alienated a section of the working class (this is what Przeworski calls the "electoral trade-off").

This theory generated a lot of debate and proved empirically difficult to sustain.<sup>32</sup> The most important theoretical flaw seems to be the original premise of Przeworski's theory: the existence of a core working class whose interests diverge from those of other wage-earners. This premise is assumed without argument and, according to its critic Michael Burawoy, this explains why the lived experience of the working class is overlooked: the theory "lacks micro-foundations at its most critical point".<sup>33</sup>



## III

After this brief *tour d'horizon*, we can say something more about the use of the rational choice theory for writing labour history. Rational choice theoreticians themselves most often have grandiose pretensions. They appear to believe that, in time, it will be possible to explain all social processes with their approach. This attitude – John Dearlove characterises it not without some justification as “a dangerous and limiting lack of intellectual humility”<sup>34</sup> – does not seem very wise given that, on the one side, numerous collective actions that have been investigated only partly conform to the logic of rational choice theory, while on the other side questionable *ad hoc* hypotheses (such as the “political entrepreneur”) have to be invented to bolster up the theoretical framework.<sup>35</sup>

The question arises whether this conclusion gives sufficient reason to abandon the rational choice theory lock, stock and barrel. Intuitively I do not think so; the contributions to the reconstruction of workers protests just sketched are by no means completely worthless. They illuminate aspects which are often disregarded, and they bring some questions into sharper relief. It therefore seems useful to search for a way in which the insights of rational choice theory can be integrated into a more realistic theory of history.

Both founding premises of the rational choice theory (see I.1) do not hold water. The idea that rationality refers only to means (maximising gains over costs, i. e. instrumental reason) and not to ends (i. e. teleological reason) is simply untenable. Since they function in many different groups at once, human beings moreover have recourse to multiple sources of identification, and each of their possible identities implies specific preferences. Thus: “If collective action is based on the individual’s choice of identity -as a worker, or as a woman, or as a migrant, or as a Catholic, etc. – then the association of rationality with maximizing economic utilities has to be questioned.”<sup>36</sup> Rational choice theory is based on a conception of “one-dimensional man”, whereas in the real world, because of their pluriform identity, individuals experience many different and mutually contradictory “preference schemes”.

Methodological individualism is based on a logical fallacy. Saying that every social aggregate consists of individuals is not logically identical with saying that only individual behaviour has explanatory power. The central weakness of methodological individualism inheres in the fact that it tries to create a non-social explanation of individual behaviour. This is however impossible. “For the predicates designating properties special to persons all presuppose a social context for their employment. A tribesman implies a tribe, the cashing of a cheque a banking system. Explanation, whether by subsumption under general laws, advertion to motives and rules, or by redescription (identification), always ■ 139

seems to involve irreducible social predicates.”<sup>37</sup> Now the social context is of course in turn also traceable to the behaviour of individuals – without action on the part of individuals there would be no social interaction – but admitting this does not deny that social structures can have explanatory autonomy. “However far one pushes back the story, action-explanation will still involve both individuals’ beliefs and actions *and* the structures on which their powers partly depend.”<sup>38</sup>

What we need is, therefore, an anti-reductionist approach: acknowledging the importance of micro-level accounts in explaining phenomena, while allowing for the irreducibility of macro-level accounts to these micro-level explanations.<sup>39</sup> Individuals always operate in a context, a social structure and cultural milieu, which they have not made themselves (cf. Marx). “Men do not create society. For it always pre-exists them. Rather it is an ensemble of structures, practices and conventions that individuals reproduce or transform, but which would not exist unless they did so.”<sup>40</sup> So we have on the one side the social structure and on the other side the individual agents. Both feature ambivalence. Social structures are both the condition and the consequence of individual action; and individuals are simultaneously active initiators and passive “instruments” of the historical process. Every theory of history has to come to terms with these ambivalences, the *caveat* being that we “cannot have a model of individual action and one of institutional structure that are mutually inconsistent”.<sup>41</sup> In this light, it becomes clear that rational choice theory amounts to a form of “distorted consciousness”. Not only the motivations and preferences, but also individuals’ options for action are viewed in a one-sided manner. The picture of reality that the rational choice theory offers is therefore as a whole incorrect and misleading. But sometimes our world looks like the caricature that the rational choice theory makes of it (above all in situations where individual material self-interest dominates) and in such cases a partial insight can be gained from it.<sup>42</sup>

#### Notes

- 1 Paper presented at the workshop “Histoire et sciences humaines”, Université de Lausanne, November 3–4, 1995.
- 2 Jim Tomlinson, “Democracy inside the black box? Neo-classical theories of the firm and industrial democracy”, *Economy and Society* 15 (1986), 220–250, 221.
- 3 Michael A. Lebowitz, “Is ‘Analytical Marxism’ Marxism?” *Science & Society* 52 (1988), 191–214, 195.
- 4 Russell Hardin gives a detailed exposition of rational choice theory in *Collective Action* (Washington, D. C. 1982). Others surveys are: Terry M. Moe, “On the Scientific Status of Rational Choice Theory”, *American Journal of Political*



- Science* 23 (1979), 215–243; Helmut Wiesenthal, “Rational Choice”, *Zeitschrift für Soziologie*, 16 (1987), 434–449; Peter Abell (ed.), *Rational Choice Theory* (Aldershot 1991).
- 5 Alan Carling, *Social Division* (London: Verso, 1991) provides an overview of this school. Critiques of this school are given by W. H. Locke Anderson and Frank W. Thompson, “Neoclassical Marxism”, *Science & Society* 52 (1988), 215–228, and Ellen Meiksins Wood, “Rational Choice Marxism: Is the Game Worth the Candle?” *New Left Review* No. 177 (September–October 1989), 41–88.
- 6 Herbert Simon for instance has argued that people “satisfice”, i. e., that they accept solutions that are “good enough”. See Simon, “A Behavioural Model of Rational Choice”, *Quarterly Journal of Economics* 69 (1955), 99–118; by the same author, “Rational Choice and the Structure of the Environment”, *Psychological Review* 63 (1956), 129–138. On the later debate, see Marina Bianchi, “The Unsatisfactoriness of Satisficing: From Bounded Rationality to Innovative Rationality”, *Review of Political Economy* 2 (1990), 149–167.
- 7 The debate started already in the 1950s. See Maurice Mandelbaum, “Societal Facts”, *British Journal of Sociology* 6 (1955), 305–317; Leon Goldstein, “The Inadequacy of the Principle of Methodological Individualism”, *Journal of Philosophy* 53 (1956), 801–813; Maurice Mandelbaum, “Societal Laws”, *British Journal for the Philosophy of Science* 8 (1957–58), 211–224; Leon Goldstein, “The Two Theses of Methodological Individualism”, *British Journal for the Philosophy of Science* 9 (1958–59), pp. 1–11. An interesting recent symposium took place in the *Revue européenne des sciences sociales/Cahiers Vilfredo Pareto* 82 (1988): especially the contributions by Alain Caillé, Marc Guillaume and Philippe Van Parijs.
- 8 Rational choice theory has more principles, but these are less relevant here.
- 9 For what follows: Michael Hechter, *Principles of Group Solidarity* (Berkeley 1987).
- 10 *De Volkskrant*, April 6, 1995.
- 11 Hechter, *Principles*, 123.
- 12 See Marcel van der Linden (ed.) *The Comparative History of Mutual Benefit Societies* (Bern 1996).
- 13 Trade unions are a favourite topic of rational choice analysis. See, apart from the literature mentioned elsewhere in this paper: Alison L. Booth, “A Public Choice Model of Trade Union Behaviour and Membership”, *Economic Journal* 94 (1984), 883–898; *idem*, “The Free Rider Problem and a Social Custom Model of Trade Union Membership”, *Quarterly Journal of Economics* 99 (1985), 253–261; Norbert Eickhof, “Mitgliedschaft bei Gewerkschaften”, *Hamburger Jahrbuch für Wirtschafts- und Gesellschaftspolitik* 18 (1973), 157–186; Wolfgang Streeck, *Gewerkschaftliche Organisationsprobleme in der sozial-staatlichen Demokratie* (Königstein/Ts. 1981); Berndt Keller, “Olsons ‘Logik des kollektiven Handelns’. Entwicklung, Kritik – und eine Alternative”, *Politische Vierteljahresschrift* 29 (1988), 388–406; not available to me was Thomas Gerlach, *Organisation und kollektive Interessenvertretung von Arbeitgebern und Arbeitnehmern in der Schweizer Textilindustrie 1935 bis 1955. Eine Studie zur Logik kollektiven Handelns* (PhD: Zurich; published as a book in 1994).
- 14 An RC analysis of the asymmetrical relationship between capital and labour (each having their own ‘logic’) is developed by Claus Offe and Helmut Wiesenthal, “Two Logics of Collective Action”, *Political Power and Social Theory* 1 (1980), 67–115; reprinted in Claus Offe, *Disorganized Capitalism. Contemporary Transformations of Work and Politics* (Cambridge 1985), 170–220, 334–340.
- 15 Norbert Eickhof, *Eine Theorie der Gewerkschaftsentwicklung* (Tübingen 1973), 24, 40, 44, 105–109. Donald Roy summarises obstruction by employers – often supported by the state – under three main headings, “fear stuff”, “sweet stuff” en “evil stuff”. “Fear stuff” refers to intimidation tactics, e. g. by threatening dismissal of workers trying to organise collectively; “sweet stuff” is improving working conditions to take the wind out of the sails of the union; and “evil stuff” consist in casting aspersions on the unions, for including con-

- demnation of union activity as being against the common public interest and so-called "red baiting". Donald F. Roy, "Repression and Incorporation", in Theo Nichols (ed.), *Capital and Labour. Studies in the Capitalist Labour Process* (London 1980), 395–414.
- 16 Mancur Olsen, *The Logic of Collective Action. Public Goods and the Theory of Groups* (Cambridge, Mass. 1965), 28; Pamela Oliver, "Rewards and Punishments as Selective Incentives for Collective Action: Theoretical Investigations", *American Journal of Sociology* 85 (1979–80), 1356–1375; Russell Hardin, *Collective Action*, ch. 3.
  - 17 Jon Elster, *Making Sense of Marx* (Cambridge 1985), 354.
  - 18 *Ibid.*, 355.
  - 19 *Ibid.*, 355–356.
  - 20 Debra Friedman, "Toward a Theory of Union Emergence and Demise", in Michael Hechter, Karl-Dieter Opp and Reinhard Wippler (eds), *Social Institutions. Their Emergence, Maintenance and Effects* (Berlin 1990), 291–306.
  - 21 *Ibid.*, 299.
  - 22 Eickhof, *Theorie der Gewerkschaftsentwicklung*, p. 105, argues the indirect costs in the early phase of the development of trade unions are of greater importance to members than the direct costs.
  - 23 Hardin, *Collective Action*, 35. More extensively: Norman Frohlich, Joe Oppenheimer, and Oran Young, *Political Entrepreneurship and Collective Goods* (Princeton 1971).
  - 24 Olson, *Logic of Collective Action*, 66–97; Eickhof, *Theorie der Gewerkschaftsentwicklung*, 44–53; Colin Crouch, *Trade Unions: The Logic of Collective Action* (Isle of Man 1982), 55–70.
  - 25 Christiane Eisenberg, *Frühe Arbeiterbewegung und Genossenschaften. Theorie und Praxis der Produktivgenossenschaften in der deutschen Sozialdemokratie und den Gewerkschaften der 1860er/1870er Jahre. Mit einem Vorwort von Walter Hesselbach* (Bonn 1985), 17–19.
  - 26 The validity of these considerations seems beyond question to me. But Eisenberg overlooks one important point. The membership of a producer co-operative was much riskier than the membership of a trade union, because a much greater investment without guaranteed outcomes was expected from members. Precisely this aspect can explain why there have been so few labour-managed firms. Marcel van der Linden, "Households and Labour Movements", *Economic and Social History in the Netherlands* 6 (1994), 125–141. This conclusion is however not inconsistent with rational choice theory.
  - 27 Debra Friedman, "Why Workers Strike: Individual Decisions and Structural Constraints", in Michael Hechter (ed.), *The Microfoundations of Macrosociology* (Philadelphia 1983), 250–283.
  - 28 This is an important objection to all theories which base themselves on general cost-benefit analyses. See: Zie: Peter Schaber, "Sind alle Werte vergleichbar? Kosten-Nutzen-Analyse und das Inkommensurabilitätsproblem", *Analyse und Kritik* 16 (1994), 153–165.
  - 29 Barry Hindess, "Rational Choice Theory and the Analysis of Political Action", *Economy and Society* 13 (1984), 255–277, 272.
  - 30 In several contexts, Przeworski seems to treat the working *class* as a collective agency, which has rightly earned him a reprimand because classes as such are not actors, i. e. they are not loci for decision and action. *Ibid.*
  - 31 Adam Przeworski, *Capitalism and Social Democracy* (Cambridge 1985); Adam Przeworski and John Sprague, *Paper Stones. A History of Electoral Socialism* (Chicago 1986).
  - 32 Desmond S. King and Mark Wickham-Jones, "Social Democracy and Rational Workers", *British Journal of Political Science* 20 (1990), 387–413; Diane Sainsbury, "Party Strategies and the Electoral Trade-off of Class-based Parties", *European Journal of Political Research* 18 (1990), 29–50; Herbert Kitschelt, "Class Structure and Social Democratic Strategy", *British Journal of Political Science* 23 (1993), 299–337.
  - 33 Michael Burawoy, "Marxism without Micro-Foundations", *Socialist Review* 2 (1989),



- 53–86, 69. See also Adam Przeworski, “Class, Production and Politics: A Reply to Bura-woy”, *ibid.*, 87 f.
- 34 John Dearlove, “Neoclassical Politics: Public Choice and Political Understanding”, *Review of Political Economy* 1 (1989), 208–237, 229.
- 35 Case studies revealing the limits of RC theory include: Dieter Urban, “Die verhinderten ‘Free Riders’ von Rheinhausen”, *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 42 (1990), 81–108, and Evert Smit, “‘Havenartiesten’ in actie. Het mobilisatieproces bij wilde stakingen in de Rotterdamse haven”, *Amsterdams Sociologisch Tijdschrift* 21 (1994), Nr. 3, 40–66. Problems from a political science perspective are discussed in: Donald P. Green and Ian Shapiro, *Pathologies of Rational Choice Theory. A Critique of Applications in Political Science* (New Haven 1994).
- 36 J. M. Bartelet, “Class and Rationality: Olson’s Critique of Marx”, *Science & Society* 55 (1991), 446–468, 460.
- 37 Roy Bhaskar, “On the Possibility of Social Scientific Knowledge and the Limits of Naturalism”, in John Mepham and David-Hillel Ruben (eds), *Issues in Marxist Philosophy*, vol. 3 (Brighton 1979), 107–139, 112–113.
- 38 Alex Callinicos, *Making History* (Cambridge 1987), 38.
- 39 Erik Olin Wright, Andrew Levine and Elliott Sober, *Reconstructing Marxism. Essays on Explanation and the Theory of History* (London 1992), 115.
- 40 Bhaskar, “On the Possibility”, 120.
- 41 Herbert Gintis, “The Analytical Foundations of Contemporary Political Economy: A Comment on Hunt”, in Bruce Roberts and Susan Feiner (eds), *Radical Economics* (Boston 1992), 108–116, 109.
- 42 In the case of labour history RC-theory seems to partially reflect forms behaviour prevalent in phases of movement decline or routinization.