Rational Choice and Bounded Rationality
FS 2010
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Rational Choice (or rational action) theory (RCT) strives to explain the behavior of social systems by explaining the behavior of the actors in the system. Hence, it describes the motivations, preferences, restrictions on behavior and behavior itself of individuals as well as groups or organizations in society. Rational choice theorists are divided in the literature into advocates of different versions of rational choice. Such versions are for example the narrow one used by many neoclassical economists, in which only objective constraints are taken into account in a utility maximization process. Another is the wide version, in which there are no limitations on the constraints and the preferences, which can be taken into account in a model, or the bounded version suggested by Herbert Simon, in which there is no maximization process at all in a decision making but rather satisficing. Publications dealing with the different versions of rational choice and its empirical testing or criticizing rational action will be discussed during the seminar.

Tasks:
1) Participants are expected to make a presentation for one course-session. The presentation is combined with a discussion with the other participants.
2) Participants write an essay at the end of the seminar (about 10 pages, double spaced, Font 12). The essay should summarize the paper presented and discuss how it is related to other papers discussed during the semester.
3) One should read the papers to be discussed in advance – before the meeting.
4) One is expected to participate in the discussion in class, bring questions.

Suggested literature (you are welcome to suggest your papers):

The following literature list is in part just a suggestion. Students are welcome to propose alternative papers, especially dealing with empirical tests of rational choice theory.

** = Paper has to be presented by someone
* = the topic of the paper has to be presented (if you know another paper on the topic, you may suggest it)

Until the 15th of February 2010 every student has to name three papers that s/he would like to work on (with priority A, B, C; please send to matta@soziologie.uzh.ch). In the first session s/he will be assigned one of those papers. Please make use of the possibility to inform yourself in advance about the rough content of the papers; e.g. use literature databases or ScholarGoogle and read the abstracts. The papers will also be available as pdf-files at the webpage http://www.suz.uzh.ch/davidov/lehre.html. Send requests for user name and password to matta@soziologie.uzh.ch.

1) Introduction to the course topic

2) Utility function and Von Neuman Morgenstern
3) Game Theory:  

4) Narrow and wide versions of rational choice:  

5) Bounded Rationality and Satisficing  

6) The Theory of Planned Behavior/Ajzen and Fishbein (attitudes, social norms and restrictions)  

7) Prospect Theory  
8) Critics of Prospect Theory and new conception of bounded rationality

9) Application of Prospect Theory

10) Empirical tests of rational choice models

11) Criticisms of RCT, open questions and advances

12) Values and attitudes