Rational Choice & Its Limits

Sociology

The action model borrowed from economics, and where it breaks.

Explain outcomes from individuals choosing the best available means, then check what the assumption misses.

Aggregate outcome = sum of individual choices under constraint

Union with 5,000 members Olson: free riding	**Few join the strike**
Shared grazing land Commons problem	**It is overused**
Everyone prefers mixed Schelling tipping	**Streets segregate**

THE COMMON MISTAKE

× **People act irrationally, so the model fails.**

✓ **The model fails when preferences are formed socially, not when people err.**

Rational choice takes preferences as given. Sociology's core claim is that preferences have a social origin, which the model cannot supply.

Strongest where options are few and stakes clear; weakest for habit, identity and norm-following behaviour.