

## Rationality and Political Institutions: An Introduction

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The empirical application of rational choice theory was the main goal of the research program 'Politics As Rational Action' at the Department of Government, Uppsala University from the middle of the 1970s to the middle of the 1980s. It turned out, however, that empirical applications meant much more than just taking ready-made models and using them to explain different decisions. Our results forced us to go back to our models and reformulate them to be able to grasp what has been labelled 'the essence of decision'. In short, our conclusion was that political actors had less freedom than was assumed in our theory but more freedom than our academic antagonists of various deterministic schools (behavioralism, Marxism) presumed. In the concluding book of the project series I described these extremes of Scylla and Charybdis, between which a realistic model of rationalistic politics should try to find its way, with the metaphors of fireflies and puppets:

Let us look at two assumptions about politics that, though diametrical opposites, seem equally incorrect. One is the assumption that politicians are like fireflies who perform their dance freely without any restrictions whatsoever on their freedom of movement. This assumption frequently underlies abstract textbooks on game theory and rational choice theory. In reality, politicians cannot move as freely around the game matrices as these mathematics books presume. Politicians are limited by economic resources and political traditions. Sudden ideological or strategic switches would destroy people's confidence in them, which is their greatest asset in the political game. An evaluation of what can be done without overburdening government finances or straining a coalition is thus also part of the calculations of a rational actor. Such evaluations provide a framework that sets limits on a politician's room to maneuver. Given the current state of research, the greatest contribution a scholar can make in conducting empirical research on rational choice theory is thus to work out a decision-maker's alternatives, while taking into account the limits on his maneuvering room resulting from economic, political, and other constraints.

But it would be equally incorrect to portray the actors as totally controlled by structural factors, as mindless puppets entirely manipulated by outside forces. It is possible to distinguish alternatives for the actors to choose between, no matter how narrow their room for maneuvering may seem. A freedom of choice in politics enables politicians to act in a particular way instead of another way, thereby improving their chances of implementing some of the ideology their voters have entrusted them to represent (*Ideology and Strategy*, Cambridge University Press 1988, 11-12).

In the continued research of the department, the focus has consequently been on the limits and constraints of the actors' freedom to choose. In the present special issue of this journal on 'Rationality and Political Institutions' contributions are presented by five scholars, who did not participate in the original project but work in its tradition, combining it with new, constraint-oriented approaches.

*Bo Rothstein* looks at the actor-structure problem from the time dimension, trying to identify 'the formative moments' when constraints are somewhat loosened and options somewhat better for the politicians not only to play the game but also to set the rules of the game.

*Anders Westholm* examines the power implications of the combination of principles that rule a stock company: the majority principle and the market exchange. Using empirical data from the Swedish stock market, Westholm argues that whereas a model based solely on instrumental rationality is insufficient to explain the participation of voters, it does well in accounting for that of stockholders. Small stockholders have weak incentives to give voice to their opinion. However, in contrast to voters they have the exit alternative which is powerful in the sense that selling will lower the price of the company's stock.

*Jörgen Hermansson* analyzes the dramatic development towards democracy in Eastern Europe in the fall of 1989. Hermansson demonstrates how game theory can help us to understand the 'snowball effect' in the popular uprising against the authoritarian regimes. An explanatory model is suggested where the costs for the individuals to participate in collective protest actions are low and the opportunities for change thus considerable.

The significance of a constraint is that it forces politicians to act in a certain way; otherwise they are punished by negative consequences. Both *Mats Lundström* and *Nils Karlson* take up this aspect. Lundström discusses the very assumption of rationality as it has been critically treated by F. A. Hayek, the social scientist in modern times who has most strongly advocated the thesis that any rational political plan to improve society is counter-final and leads to unhappy results. Lundström maintains that Hayek's criticism is illogical, however. His consequentialism is in itself an expression of rational calculation. Karlson, also inspired by Hayek, expounds the concept of institution: institutions should not simply be seen as a set of rules that constrain actors but as unplanned and unintended regularities of social behavior. Consequently, not only the state should be brought into the analysis in order to understand the institutional limits for political action but the whole civil society with its social norms as well. Karlson argues, moreover, that we should do this without giving up our rationalistic, individualistic methodology.