**Rational Choice Theory**

Economics plays a huge role in human behavior. That is, people are often motivated by money and the possibility of making a profit, [calculating the likely costs](http://economics.about.com/od/production/ss/The-Costs-Of-Production.htm) and benefits of any action before deciding what to do. This way of thinking is called rational choice theory.

Rational choice theory was pioneered by sociologist George Homas, who in 1961 laid the basic framework for exchange theory, which he grounded in assumptions drawn from behavioral psychology. During the 1960s and 1970s, other theorists (Blau, Coleman, and Cook) extended and enlarged his framework and helped to develop a more formal model of rational choice. Over the years, rational choice theorists have become increasingly mathematical. Even [Marxists](http://sociology.about.com/od/M_Index/g/Marxist-Sociology.htm) have come to see rational choice theory as the basis of a Marxist theory of class and exploitation.

Human Actions Are Calculated And Individualistic

Economic theories look at the ways in which the production, distribution, and consumptions of goods and services is organized through money. Rational choice theorists have argued that the same general principles can be used to understand human interactions where time, information, approval, and prestige are the resources being exchanged. According to this theory, individuals are motivated by their personal wants and goals and are driven by personal desires. Since it is not possible for individuals to attain all of the various things that they want, they must make choices related to both their goals and the means for attaining those goals. Individuals must anticipate the outcomes of alternative courses of action and calculate which action will be best for them. In the end, rational individuals choose the course of action that is likely to give them the greatest satisfaction.

One key element in rational choice theory is the belief that all action is fundamentally “rational” in character. This distinguishes it from other forms of theory because it denies the existence of any kinds of action other than the purely rational and calculative. It argues that all social action can be seen as rationally motivated, however much it may appear to be irrational.

Also central to all forms of rational choice theory is the assumption that complex social phenomena can be explained in terms of the individual actions that lead to that phenomena. This is called [methodological](http://sociology.about.com/od/M_Index/g/Methodology.htm)individualism, which holds that the elementary unit of social life is individual human action. Thus, if we want to explain[social change](http://sociology.about.com/od/S_Index/g/Social-Change.htm) and social institutions, we simply need to show how they arise as the result of individual action and interactions.

Critiques of Rational Choice Theory

Critics have argued that there are several problems with rational choice theory. The first problem with the theory has to do with explaining collective action. That is, if individuals simply base their actions on calculations of personal profit, why would they ever choose to do something that will benefit others more than themselves? [Rational choice theory](http://sociology.about.com/od/R_Index/g/Rational-Choice-Theory.htm)does address behaviors that are selfless, altruistic, or philanthropic.

Related to the first problem just discussed, the second problem with rational choice theory, according to its critics, has to do with social norms. This theory does not explain why some people seem to accept and follow [social norms](http://sociology.about.com/od/N_Index/g/Norm.htm) of behavior that lead them to act in selfless ways or to feel a sense of obligation that overrides their self-interest.

The third argument against rational choice theory is that it is too individualistic. According to critics of individualistic theories, they fail to explain and take proper account of the existence of larger social structures. That is, there must be [social structures](http://sociology.about.com/od/S_Index/g/Social-Structure.htm) that cannot be reduced to the actions of individuals and therefore have to be explained in different terms.