

**RATIONALIZING  
CAPITALIST DEMOCRACY**

The Cold War Origins of Rational Choice Liberalism

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gic interactions, of uncertainty, or of individual and collective choice.<sup>17</sup> In the context of this research, the rationality project is better thought of as a normative and prescriptive science of decisionmaking, because it is highly abstract and does not necessarily pertain to the average person's approach to making choices.<sup>18</sup> As the new corpus of ideas developed, especially within the context of military strategy, it was thought of more as a guide to rational action than a matter of empirical description.

The excitement surrounding game theory soon became a catalyst for change in a number of academic and managerial fields. Economics, operations research, and public policy were readily transformed by the new decision techniques. Other American social sciences also responded to the opportunities made possible by this new science of choice: William Riker pioneered positive political theory in political science; James Coleman developed the rational choice approach in sociology; and the psychologists Amos Tversky and Daniel Kahneman undertook experimental tests of the validity of the rational choice axioms in actual decision situations.<sup>19</sup> Beginning in the late 1960s and 1970s, evolutionary biologists began to incorporate the results of game theory in the concept of the "selfish gene" and in biological studies of altruism and cooperation.<sup>20</sup> The rationality project became central in much of American philosophy through the work of Patrick Suppes, Donald Davidson, and David Lewis. Today, its reach extends to the professional programs and daily practice of business, public policy and law, while game-theoretic simulations play a key role in Wall Street portfolio management; it is fair to conclude that by the close of the twentieth century, rational choice theory had become part of the mainstream intellectual endowment of the United States and continues today to have increasing relevance worldwide.

The various branches of the rationality project can be categorized as the study of either individual or collective decisionmaking; game theory is relevant to both branches, because it can be pursued either from the first-person viewpoint of one individual (or nation) seeking to "win" or from the systemic perspective of collective action problems resulting in either unstable social outcomes or in stable "equilibria." Whereas decision theory focuses on individuals' rational attainment of "expected utility," the social sciences that employ rational choice theory concentrate on collective action problems that give rise to complex social phenomena.

The term "rational choice theory" may be used to refer to either the individual or collective branch of study within the encompassing rationality project. Most often, it refers in the social sciences specifically to the study of interactions between two or more individuals resulting in collective outcomes that may be modeled, assuming that the individual agents

act in accordance with the rationality axioms. The rational actor formalism offers a precise mathematical means to make predictions about how strategically self-interested agents will interact to produce collective outcomes. Rational choice theorists seek to explain and predict agents' individual and collective actions in political environments such as elections, legislative committees, political party platform formation, constitutional design, as well as individuals' religious affiliations. They have also developed specific tools and concepts for studying collective action problems, thereby bringing such phrases and terms as "tragedy of the commons," "free rider," and "Prisoner's dilemma" into common parlance.

Rational choice theory has provided an innovative means to study the process and efficacy of collective decisionmaking, and has been used to analyze the normative foundations of democratic institutions and public policy. It has offered a fresh approach to what is considered to be a longstanding problem of political action: how individuals' actions can be coordinated to achieve effective and legitimate government. Rational choice approaches to politics represent a focused attempt to solve a set of puzzles about upholding individual freedom and achieving a just government reflecting citizens' interests, puzzles that have characterized the discourse of liberal democracy for the past two centuries.

**THIS** book provides a narrative account of the ascendancy of rational choice theory in the fields of public policy, social choice theory, public choice theory, and positive political theory, and it seeks to understand how and why rational choice has become preeminent. Understanding both the significance of the ideas constituting rational choice and the theory's multiple, interrelated roles is key to this effort: the theory serves as a public policy tool, as a highly abstract approach to social science, and as a philosophic underpinning for American economic and political liberalism. Achieving an adequate sense of the scope and reach of the theory can seem to be an overwhelming project if not approached methodically. This is because the full extent of the rationality project, combined with the tremendous ferment it has generated in social science in addition to its significant impact on democratic theory, could easily fill the pages of multiple volumes.<sup>21</sup> This book focuses exclusively on rational choice theory as it pertains to collective decision problems characteristic of democratic government.

In part 1, my account of the meteoric rise of rational choice theory begins at the RAND Corporation. RAND was not only the nation's first think tank but also was at the center of American Cold War efforts to generate a science of military strategy to aid leaders in making superior deci-