A NOTE ON METHODOLOGICAL INDIVIDUALISM

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We must distinguish sharply between political and methodological individualism. Both have nothing in common. The first starts from the most general propositions as, for example, that freedom contributes to the development of man and to the general welfare more than anything else, and posits a series of practical claims; the latter does nothing like that, claims nothing and has no specific presuppositions. It only means that in the description of some economic phenomena one starts from the action of individuals. The question is merely this, whether the starting point is appropriate and leads sufficiently far or whether for some problems or for economics as a whole it is better to choose the society as the starting point. But this is merely a methodological question without any principal significance.

Joseph Alois Schumpeter, Das Wesen und der Hauptinhalt der Nationalökonomie, Berlin, Duncker & Humblot, 1908: 90f. [Translation: C.M.]

Since its original formulation by Schumpeter in 1908, the principle of methodological individualism has been proposed, defended and combatted in different versions and in different contexts by a series of social scientists and philosophers. Raymond Boudon has been one of the most distinguished proponents of methodological individualism, rejecting at the same time rational choice theory. In this note I would
like to elaborate on the distinction between methodological individualism and rational choice theory and to argue a simple point that seems to me to be systematically neglected: methodological individualism is a postulate which is part of the metalinguage about social scientific theories, whereas rational choice theory is designed to offer explanations of human action and is thus part of the descriptive language about social phenomena.

Before proceeding to clarify this point, it is important to make two other distinctions. Methodological individualism is not to be confused with political individualism — this is a distinction already made in the quotation of Schumpeter above and is, as a matter of fact, what has motivated him to introduce the term “methodological individualism” in the first place. Methodological individualism is not to be confused with ontological individualism either, i.e. with the position that a society is made up by individuals, or in an alternative formulation, that there is no such thing as a society distinct from the individuals of which it consists. Put simply, political individualism is a doctrine about the appropriate organization of a polity, ontological individualism a doctrine about the nature of what exists in the social world and methodological individualism a doctrine about what kind of social-scientific explanations are more successful. One can hold any of the three doctrines without having to hold any of the rest for reasons of logical necessity or considerations of consistency. One can, for example, be a socialist and reject political individualism, and at the same time adopt methodological individualism as a methodological principle in the inquiry of social phenomena. So, too, one can hold the view that only individuals exist in the social world and at the same time reject methodological individualism.

Leaving aside these confusions that are easier to tackle, I would like to focus on the distinction between methodological individualism and rational choice theory, since it is this confusion that seems to me to be the most common one. Methodological individualism has been formulated differently by different authors — something quite natural for a principle that is exactly one century old — and I will not endeavour here to provide a critical review of those formulations.\(^3\) The exact formulation of the principle is less important for the distinction that I want to draw, the crucial point being that methodological individualism is a methodological principle, and it cannot therefore be true or false. Methodological individualism, as the claim that all social phenomena must be explained
through the situations, dispositions and presuppositions of individuals — or expressed differently, that social reality is to be explained by the interplay between individual actions under different conditions (Albert 1998: 18), is a meta-theoretical postulate. As such, it cannot have a truth value, but can only be more or less fruitful in guiding the creative potential of social scientists to work out good social scientific theories. Its application can be restricted to specific domains, such as the domain of pure economic theory, as originally suggested by Schumpeter, or it can, alternatively, be employed as a universal principle for any scientific study in the social realm as it has been in the last few decades. It is important, however, that methodological individualism clearly operates on the level of the meta-language, suggesting how good theories of social phenomena can be attained.

Rational choice theory, in contrast, is designed to offer explanations of the actual behaviour of the individuals. It is designed as an empirical theory or model and can, thus, be true or false. Leaving aside the fact that many formulations of rational choice theory are quite problematic, the important point is that viewing human behaviour as purposive action, conceptualized as respecting the principle of consistency of preferences and of utility maximization, is just one among many theories on offer that attempt to explain individual behaviour (Mantzavinos 2001: part I). It operates thus at the level of the descriptive language of phenomena and does not constitute a method.

Now, if I am right and the distinction between methodological individualism and rational choice theory I have offered is correct, what difference does it make? In this short note, I want just to point to the most obvious consequence: all theoretical and empirical criticisms against the rationality postulate and against rational choice theory in general that have become prevalent in the last years and that seem to be quite convincing would not call into question the value of methodological individualism as a heuristic principle. The methodological commitment of trying to develop explanations focusing on the interplay among individual actions under different conditions would remain possible: conceptualizing of action in accord with rational choice theory is just one of the multiple ways of unfolding the heuristic potential of methodological individualism, but it need be neither the most important nor the most successful one.
NOTES

1. The original German passage is the following:


2. This position of his is most apparent in Boudon (1998a, 1998b, 2001 and 2003).
3. For important and thorough reviews see e.g. Udehn (2002) and Hodgson (2007).
4. Steel (2006) in an otherwise very innovative paper in which he discusses methodological individualism with reference to philosophical accounts of explanation, also commits this error.
5. For a discussion, see Mantzavinos (2005: 97ff.).

REFERENCES