

# Combining rational choice theory and hermeneutics

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Despite appearances, rational choice theory and hermeneutics have much in common. The aim of this paper is to explore some of these commonalities. Previous suggestions to combine rational choice theory and hermeneutics have been put forward, in main, by advocates of the latter and have focussed on the use of hermeneutics to overcome anomalies in the rational choice model. By contrast, my concern is how rational choice can complement hermeneutical analyses of cultural phenomena in the political arena. To focus the discussion, I will limit my analysis of hermeneutics to the tradition of Gadamer, Charles Taylor and in particular Paul Ricoeur. On the other end, I will confine myself to interpretative rational choice theory. They will be introduced in sections 2 and 3, respectively. This will lead up to the conclusion that hermeneutics and rational choice theory draw attention to different but interrelated constraints on the actions of political agents. I will introduce and compare those constraints in the final section, under the banner of ideology. The discussion will culminate in the thesis that a hermeneutical critique of political ideology, central to Ricoeur's philosophy, can be enriched by taking into account the unintended collective consequences of individual actions, a phenomenon central to political life and a stronghold of rational choice modelling.

## 1. Hermeneutics

Hermeneutics, originally a philological and exegetical discipline, became relevant for the social sciences when it turned its attention, in the end of the eighteenth century, to the problematic of *social knowledge* (Bauman 1978). Crucial was the Romantic shift from the text to its author, based on the idea that works of arts are purposeful systems that reflect the thoughts and emotions of their author. To share in the experience of the author, the reader had to use his imagination to reach beyond the letter of the text and understand its 'hidden' meaning. In the nineteenth century, Dilthey completed a next turn, towards the understanding of *historical* social knowledge. Reality itself became the object of interpretation, especially the "coherence of history, considered

as the great document of mankind” (Ricoeur 1981: 48). The significance of coherence was its purpose, its capacity to express human life. Because human beings expressed themselves in historical texts, human sciences had a different source of knowledge than the natural sciences; hence, Dilthey’s distinction between the understanding of history (*Verstehen*) and the explanation (*Erklären*) of nature.

The tie between ‘understanding’ and history gives rise to the notion of ‘hermeneutic circle’: gaining knowledge is a circular rather than a linear process: it does not lead up to final and conclusive knowledge, but remains open for re-interpretation. Similarly, the interpretation of specific texts is a circular process: the meaning of a passage can only be established on the basis of the meaning of the whole, which in turn depends on the meaning of the part. Because the whole and the part are mutually dependent, the interpreter seems to be trapped in an endless oscillation between the ‘text’ and its ‘background’.

The social and historical turn both took place at the epistemological plane: they were concerned with what we know about other human beings. In the twentieth century, the work of Heidegger turned the attention to how human beings *are*. This ontological turn gave birth to a tradition that could be labelled ‘post-Heideggerian hermeneutics’, which is what I will focus on in this paper. In this tradition, the object of interpretation is not *historical life* rather than knowledge.<sup>1</sup> The tradition is that of Gadamer, Taylor and Ricoeur, the latter of which have applied it to the understanding of social *action* by considering ‘text’ as a metaphor for ‘action’.<sup>2</sup> In the following I will introduce this branch of hermeneutics, and show how it redefines the hermeneutical circle, with its problems of consensus and truth.

### *Heidegger and self-interpretation*

Heidegger (1962) re-interprets the difference between human and non-human beings in terms of their *ontology*: human beings ‘inhabit a life world’, whereas non-human beings are merely ‘figurants’ in the life worlds of humans. This is one way of saying that humans understand and *interpret their being*, experience their existence as

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<sup>1</sup> There is another hermeneutical tradition that focuses on the understanding of ‘life’: that of Alfred Schutz and the ethnomethodology of Harold Garfinkel. The theories of Schutz and Heidegger are both based on Husserl’s phenomenology, and share important similarities.

<sup>2</sup> For the application of the ‘model of the text’ to social action, see Ricoeur (1971) and Taylor (1971)

meaningful.<sup>3</sup> Specifically, Heidegger draws attention to the fundamental structure of interpretation, applied to our ordinary experience of our-selves and our surroundings. He believes that the ‘understanding’ hermeneutics had been concerned with so far is only one part of our ordinary experience: it is preceded by pre-understanding, and is itself a pre-condition for its articulation. Thus, ordinary experience consists of three ontological moments: pre-understanding, understanding and articulation.<sup>4</sup> In the following, I will clarify these moments respectively.

On the level of pre-understanding, we anticipate possibilities of acting and being.<sup>5</sup> In this our experience is not only pre-reflective, but also pre-linguistic: we do not stand as a subject over ‘objects’, but have not differentiated separated ‘beings’ in this sense. Rather, we anticipate new ways of using things and new ways of being before they are existent. This ‘anticipatory structure’ is the ‘life world’ that is characteristic for the human ‘mode’ of existence.

Next, Heidegger draws attention to the inarticulate understanding of a situation that precedes all interpretation (Ricoeur 1981: 57). On this level, we understand the things around us as ‘some-things’ and ourselves as ‘some-one’. This understanding depends on the prior level, in that it is an *explication* of our pre-understanding. Only because we pre-understand being we can achieve understanding and come to experience what we ordinarily call ‘reality’. That is to say that our understanding is mediated by a background that renders it purposeful: we understand things as ‘tools’ to do this or that, and understand our lives as meaningful. The notion of ‘purpose’ allows us to orient ourselves in a situation, but also allows us to orient ourselves in ‘ethical space’. Crucially, understanding necessarily involves an evaluative moment: understanding something *is* evaluating it as intelligible or meaningful. The background that renders things ‘visible’ does so precisely by rendering them intelligible. My understanding of a hammer, for example, is not separable from my understanding of its purpose: only because I understand what it is for, I understand what it is. Similarly, Heidegger says, we cannot understand ourselves other than by understanding the meaning of our ‘life as a whole’. To end with, the background that allows us to understand our actions and ourselves is constituted by standards of intelligibility, which determine the boundaries

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<sup>3</sup> Heidegger calls this condition *Dasein*: ‘being somewhere’, i.e. being-in-a-world. In hermeneutical terms this is expressed as ‘being a self-interpreting animal’ (Taylor).

<sup>4</sup> Cf. the triad ‘situation-understanding-interpretation’ in Ricoeur (1991: 67). His discussion forms the basis for the overview I present here.

<sup>5</sup> Pre-understanding in my sense corresponds to what Heidegger calls ‘fore-having’.

of what we can experience as intelligible. These standards can change, and if they do we transform and expand our ‘life world’.

Finally, we can *articulate or express* our understanding in speech or writing. This is possible because of a ‘mimetic relation’ between ‘life world’ and ‘texts’: the relations of purpose and meaning that shape our pre-understanding into a coherent ‘world’, are similar to the relations between the parts of a text and its whole.<sup>6</sup> Because a part has a certain function in the text as whole we can understand it. This parallel allows us to ‘imitate’ life in texts, and understand (temporally and culturally) distant ways of life.

Heidegger’s analysis of our ordinary ‘experience’ transforms the way hermeneutics perceived its task and method. Its task becomes the articulation and transformation of pre-understandings, rather than sharing in the experience of the author of the text. The text becomes autonomous, and its interpretation independent from the author: the pre-understanding of the reader that a text elicits is what matters. Heidegger shows that a *two-way relation* exists between text and life: not only can life become expressed in texts; texts can be ‘enacted’ in life. That is to say, imaginative variations in being can become real, if they transform the way the reader understands the world. In short, *the interpretation of signs unfolds possibilities of being*. By showing us possible ways of being (while concealing others) historical texts shape how we understand ourselves and other beings. Because humans are, in the final analysis, beings that understand themselves through the interpretation of historical texts, they can only transform their self-understanding by changing their interpretation of history.

This change in the task of hermeneutics has consequences for its methodology. The hermeneutical circle is still central, but takes on a positive meaning. Heidegger states that “what is decisive is not to get out of the circle but to come into it in the right way (Heidegger 1978: 195). By ‘getting out’ he means destroying all pre-understanding. Enlightenment thinkers, notably Kant, insisted that our judgment should be based on *reason* rather than pre-understanding. That is, that we should distance ourselves from our pre-understandings. But if understanding is an explication of pre-understandings, there would be nothing left to explicate if we would follow Kant’s advice. Therefore, we must ‘enter the circle’ in the right way, by ensuring that our pre-understandings are not arbitrary or one-sided. Rather than destroying all meaning, we can achieve a

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<sup>6</sup> *Mimesis* means imitation, cf. Ricoeur (1992: 152-157). Ricoeur derives the notion from Aristotle, who believed poetry to be an ‘imitation of action’. Poetry can ‘imitate’ action because the organisation of action is susceptible to a similar kind of narrative configuration as the events in a story.

more profound meaning through a transformation of our pre-understandings. On this view, the hermeneutical circle is not a problem, but the fundamental possibility that characterizes human existence.

## 2. Rational choice theory<sup>7</sup>

Before turning to interpretative rational choice, I should outline two methodological assumptions regarding the motivation and rationality of actors, which I believe to be characteristic for rational choice theories.

The first assumption is that the choices of rational actors under certain circumstances can be modelled as based on consequential evaluation. Rational choice models assume that actors will only choose an action if they value its consequences at least as much as the consequences of any other action available to them. The value of this methodological assumption is that it makes an explanation of choices in terms of incentives possible: if the consequences of actions are the basis for people's choices, changes in these consequences will result in changes in choices. This allows rational choice models to analyse how the incentive structure of the choice situation (modelled as a 'game') influences individual choices, and particularly their collective outcomes.

The second assumption characteristic for rational choice theories is methodological individualism: the view that social entities, in the end, should be reduced to choices of individuals. For methodological individualism, the sheer observation of a social norm or regularity does not count as an adequate explanation of one's action. It demands a 'deeper' explanation, which clarifies how it emerged from and it is reinforced through individual choices.

Where does this leave the relation between hermeneutics and rational choice theory? The latter's methodological individualism does not conflict with hermeneutics: the 'life world' is an individual world, which is constituted by cultural norms in a sense not unlike the way the structure of a game constitutes the choices of individuals. Both determine what individuals *perceive* as meaningful or rational (respectively), rather than prescribing what they ought to do.

The first assumption reveals a similar resemblance. Rational choice theorists treat the beliefs and preferences of actors as a given, as their goal is to construct an incentive

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<sup>7</sup> The discussion of the assumptions of consequential evaluation and methodological individuals is based on my paper for the 'Rational politics' module ("Two rational choice accounts of norms").

structure that effectively combines the choices they bring forth. Clearly, this kind of modelling is quite different from narratives and unable to 'imitate' meaningful life. However, precisely because it different, I want to suggest, rational choice models and hermeneutics might be complementary. Is it not so that we want political co-existence to be partly meaningless? Meaning, hermeneutics teaches, is derived from your place in a meaningful whole. But is not the point of structures as markets that they do *not* form such wholes? And in politics, is the social contract not intended to overcome disagreements about the meaning of the whole? The meaningfulness of these structures is not accidental, but their purpose: a market is important because it does *not* render the actions of participants in the economy meaningful in any way. Thus, it allows people to derive the meaning of their actions and lives from other connections. This suggests that although we need connections that are meaningful, we also need connections that are meaningless.

If this is so, it is to be expected that markets and social contracts are not susceptible to hermeneutical analysis, but only to the 'meaningless' modelling of economists and their heirs. Such models, I suspect, 'unfold' possibilities of 'being together' that are abstract and have no meaning. Rational choice modelling reveals what is possible in the realm of abstraction and meaninglessness. This insight will point to a fruitful combination of hermeneutics and rational choice models, which I will develop in the next section. But first, I will discuss two prior suggestions that rational choice theory and hermeneutics are complementary interpretative strategies.

#### *Rational choice as an interpretative model*

Consider first Ferejohn's (1991) suggestion that the rational choice framework and hermeneutics<sup>8</sup> offer complementary intentional explanations of cultural phenomena. In isolation, he claims, they are 'inherently limited' and able to "eliminate certain patterns of action as inconsistent" at best, but their respective limitations can be "(partly) overcome by appeal to the other" (idem, 281). According to Ferejohn, their principal difference is their area of application. Rational choice theory, "constructs explanations by 'reconstructing' patterns of meanings and understandings (...) in such a way that agents' actions can be seen as maximal given their beliefs" (idem). It is applied to the 'sphere of choice': the domain of strategic choices and allocations that

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<sup>8</sup> In his own terms: 'cultural-interpretivism'.

are constrained by the logic of rational choice and calculation. Hermeneutics, on the other hand, claims that “social sciences cannot hope to predict behavior” but “only to come to some understanding of events and practices after the fact” (Ferejohn 1991: 280). It concerns the sphere of ‘meaning’: shared understandings about the nature of the situation, the identities of agents it, and common expectations about how they will interact. In this sphere, action is constrained by “subtler ideational logics” (idem).

The hermeneutics Ferejohn has in mind is the theory of Taylor. The limitation of his approach is, he claims, a failure to discriminate between coherent interpretations, and the necessity to rely on intuitions external to the hermeneutical method. The ability of rational choice theory to alleviate the incompleteness of hermeneutics stems from the mutual implication of the spheres of choice and meaning (idem, 288). Ferejohn argues that social action is “located on the boundary between the sphere of action” (...) “and the sphere of meaning” and thus “cannot be completely understood without taking both spheres into account” (1991: 288).

Hadari (1987) also claims that the rational choice framework must be construed as interpretive (when applied to political action).<sup>9</sup> “Rather than mistakenly conceiving of preference explanations as logical or causal ones”, he says, “we should realize their hermeneutic nature” and “no longer recoil from reflection on the origins and nature of preferences (idem 340-6). On this view, economical approaches to politics should adopt a more holistic approach and take the political context into account. Hadari suggest two implications for the use of preferences in rational choice models.

First, a distinction must be made between ‘discrete’ and ‘conceptual’ preferences, that is, between uncritical wants that are not grounded in judgement and grounded choices (Sheffrin 1978).<sup>10</sup> Because the latter lies beyond the reach of economic models, they should incorporate information from other disciplines. Secondly, rational choice must understand preferences as endogenous, since the assumption of the exogenous nature of preferences excludes the “transformation of signs”, which is “fundamental for the understanding of political change and leadership” (Hirschman 1971: 6).

Hadari illustrates the importance of interpretation in rational choice theories with the conception of ideology proposed by Roemer. Roemer (1985: 86) defines ideology as

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<sup>9</sup> Although he indicates in the start that he (also) has rational choice models in mind, he mostly refers to microeconomics in general. To simplify, I read ‘rational choice’ where he writes microeconomics.

<sup>10</sup> On this distinction, see also Von Wright (1963; 1971), who refocused his attention from what he calls ‘intrinsic preferences’ to ‘reasons for action’. Cf. Hadari 1978: 351n8.

“a self-imposed limitation by the agent on the set of feasible strategies he might choose in an attempt to achieve a goal.” Against this view, Hadari (1987: 350) argues that it is “epistemologically naïve” to think “that the strategic space of any actor is objectively given, and (ideological) constraints on acceptable means are subsequently imposed.” He insists that ideology, rather, shapes the preferences and strategic set of the actors and influences the construction of our reality. This is similar to Ferejohn’s suggestion that political action is not only bound by the ‘calculating logic’ of choice but also by the ‘subtler ideational logics’ of meanings. To conclude, political actions can be constraint in two ways; since rational choice theories and hermeneutics limit their analysis to one of them, their analyses might be complementary. I will elaborate on this suggestion in the next section.

### 3. Ideology: cultural and economical

In this section, I will compare two accounts of ideology, one from a hermeneutical point of view and another from a rational choice perspective. Consider first Ricoeur’s account of ideology. For Ricoeur, ideology bridges the ‘credibility’ gap between the impossibility of a definitive justification of power, and the need for its legitimisation. Its main function, he says, is “to reinforce the belief in the legitimacy of the given systems of authority in such a way that it meets the claim to legitimacy” (Ricoeur 1991: 315). In true hermeneutic fashion, this claim must be addressed on the level of meaning: the use of political power must have a significant basis that goes beyond the mere self-interest of the ruling class. That means that ultimately, the use of power can only be justified interpreting it meaningfully. I will call this conception ‘ideology as interpretation’. The hermeneutical contribution to politics consists in its potential to articulate and transform ideology.

Our final question, then, is what the ‘strategic’ constraints rational choice theories are concerned with might add to the picture. How can we extend the scope of ideology to the strategic set of (political) actors, and why should we? I will illustrate my case with Bawn’s model of ‘ideology as convention’. Bawn (1995: 305) defines ideology as “an enduring system of beliefs, prescribing what action to take in a variety of political circumstances”.<sup>11</sup> Ideology is important, she suggests, because it creates preferences

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<sup>11</sup> In choice theoretic terms: a convention (Lewis 1969), that functions as a ‘focal point’ for the creation of a coordination equilibrium in a repeated mixed motive game of political decisions (Schelling 1960).



about issues people have no direct self-interest in. On the long term, they derive their force from self-interest, however. Moreover culture and ideology are, according to Bawn (1999: 307), conventions in different realms: culture “determines the nature of cooperation in the face-to-face interaction of everyday life”; ideology “coordinates political behaviour in larger arenas.” Next, I will compare Bawn’s notion of ‘ideology as convention’ (IC) with Ricoeur’s ‘ideology as interpretation’ (II).

### *Combining the two notions of ideology*

IC and II are similar, I propose, in that they are both means to sustain a certain kind of social cooperation. The IC that rational choice theorists investigate achieves this end by setting up the incentive structure of a situation so that it is in the self-interest of all actors to cooperate. However, when different cooperations are possible, IC is a form of choice ‘manipulation’: it structures a situation so that the collective consequences of individual actions serve a certain end. It is ‘manipulative’ in that individuals are not normally aware of these consequences, which may be intended by the structure’s ‘designer’, but are not intended by the agents participating in the situation. It conceals that there are different conventions possible, which would serve people’s self-interest no less. For this reason, it can be strategically exploited by setting up the structure in such a way that it brings forth consequences that are against the intentions of the individual. I will call this IC-distortion.

In a similar vein, II aims to sustain cooperation by presenting it as not just serving direct self-interests, but as having historical significance. Such appeals to historical meaning are ‘manipulative’ to the extent that the supporting individuals do not realize that the history allegedly supporting the cooperation could be interpreted differently. People with ‘symbolic power’ may exploit it to achieve ends individuals would not legitimise if they knew the alternatives. Moreover, the appeal to one interpretation at the expense of another might be based on self-interests, rather than their intelligibility. I will call this II-distortion.

I believe that constitutional and economic design is the counterpart of what Ricoeur calls *force*. To achieve an end, we will have to force people to act in certain ways and to refrain from others. But to the extent that their self-interest can be aligned with the common interest, they need not be forced. Therefore, incentive structures are no less in need of legitimisation than the use of force. However, this legitimisation cannot be

achieved through II if the purpose of the structures is their meaninglessness. Rather, legitimisation in this context amounts to showing that the structures are purely based on self-interest and have no meaning. This is the task of IC.

To conclude, in modelling different IC's rational choice theories allow us to extent the range of the meaningless incentive structures we consider possible. This possibility can not be established hermeneutically, precisely because it takes place in the sphere of economic abstraction rather than concrete historical life. Hermeneutics, by contrast, allows us to articulate and transform II's and thus unfolds possibilities of meaningful being. The study of politics needs to take both into account, since the political sphere is not cultural or economical, but mediates between the two. Therefore, in politics, we need rational choice theories as much as we need hermeneutics.

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