【書 評】

**Michel S. Zouboulakis, *The Varieties of Economic Rationality:
From Adam Smith to Contemporary Behavioural and
Evolutionary Economics***

London and New York: Routledge, 2014, 188 pp.

This book examines past and present scholars' economics-based thinking with regard to economic rationality. Although various studies have mentioned economic rationality, few comprehensive inquiries have addressed rationality itself. The work of this author is therefore significant.

What, then, is the reason for taking up the topic of rationality in particular? As the author indicates, the way in which we define the concept of rationality stipulates the fundamental character (*raison d'être*) of economics. For instance, if we define economic rationality as *homo economicus* (i.e., oriented toward utility or profit maximization)—as the marginalists did—we may construct a highly abstract and mathematical system, because the premise is simple, clear, and seemingly universal. The system, however, may deviate from reality, and we are uncertain whether economic predictions deduced from such a simple premise can be reliable. In consequence, defining the concept of rationality is the key to making economics more realistic and useful. This book touches upon the research subjects of a number of thinkers, from Smith to contemporary scholars.

The book comprises 12 chapters that investigate 12 types of rationality. The economists researched are those relatively committed to cultivating the concept of economic rationality, and so their inclu-

sion does not necessarily relate to their influence in economics. (For example, Pigou is barely mentioned.) The point is whether or not new knowledge regarding the concept of economic rationality is introduced here.

The major theses of this book are summarized below. Above all, economic rationality has never been a unique concept throughout economic theory history. The idea may significantly differ among economists, as shown by detailing historical changes in the concept of rationality throughout economic theory. This evolution has not been linear but rather complex and sometimes contradictory. The 12 types of economic rationality proposed since the end of the 18th century can be broadly classified into three major criteria, where each type belongs to one criterion or the intersection of two criteria—although Hayek as one type belongs to none! These are as follows.

I Social embeddedness of individual actions

Economic rationality is formed by individuals' social embeddedness in a specific social and cultural context. According to this criterion, we need not reference psychological motives to explain how an economic agent acts, and there are no requirements for the precondition of perfect knowledge and computational super-capacity. This is

because socially embedded individuals are supposedly induced to make decisions in line with rules, conventions, routines, and other social institutions.

II Psychological foundations in explaining economic behavior

The role of psychology is weighed as the basic source of various motives behind economic choices. This criterion denies the significance of the role performed by sociological elements. Owing to an over-emphasis on psychology, each agent is seen as lacking unlimited knowledge and superior computation abilities.

III The requirement of perfect knowledge and computation capacity to act correctly

Psychological and sociological factors that explain individual decision-making are refuted by this criterion, which states that above all, agents should be presumed to be super-rational; that is, they have perfect information and excellent computation. Individuals are therefore thought to be capable of attaining optimization.

Although this book mainly discusses economic rationality, it covers a wide range of related topics. After all, these are concerned with understanding humanity and society, both of which are constantly changing.

Let me present the lessons I personally obtained from this book. First, it is important to consider whether economic rationality as a premise should be empirically demonstrated. While scholars like Mill, J. N. Keynes, and Hutchison held empirical validity of the premises, others like Walras, Friedman, Popper, Machlup, and Hicks did not adhere to that. Nonetheless, science

cannot rely on arbitrary and empirically invalid assumption; indeed, “[t]he realistness of its hypotheses is therefore the precondition for every theory aiming to explain reality” (80).

Second, there is a trade-off between the possible range of applications of a premise (generality) and the explanatory ability (realisticness) (106). In other words, the more abstract the premise, the less capable it is of explaining real outcomes. The economic rationality inherent in *homo economicus* is held in marginalism and neoclassical economics. Here, the premise is small in intensive magnitude but large in extensive magnitude: although the premise can be applied to a relatively wider range of events, its explanation potential is low.

Finally, as Jevons and Walras proposed, there may arise a significant separation between economics and other social sciences if economics becomes too “scientized.” The author, acknowledging the utility of studying economics both as a separation from and as an organic part of the social sciences, does not agree with either the extreme autonomy or subordination of economics. Like Arrow and Simon, the author assumes that economics will likely require increased communication with other disciplines. After all, we should recognize both the limitations of “the legitimacy of separating economics from other human disciplines” and the fact that “we cannot abandon partial economic theory for the sake of a loose sociological description of the economy” (139).

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