OUTLINE OF LECTURE 3: THE RATIONAL ACTOR MODEL

1. Rational Actor Model
   a) (instrumental) rationality: purposeful behavior
   b) intelligence
   c) the (idealized) model
   d) optimal choice
      • mistakes
      • unintended consequences
      • deliberate risk
   e) utility and expected utility
   f) uncertainty
      • environmental
      • strategic

2. Critiques
   a) individual limitations (bounded rationality)
   b) organizational (principal-agent)
   c) social aggregation

3. Why model is still useful?
   • purposeful behavior despite mistakes
   • actors learn from experience
   • actors design institutions to overcome problems
   • analysis tools actively developed
   • what is the alternative?

4. Strategic choice
   a) actors: preferences, beliefs
   b) environment: actions, information
   c) strategic interaction