Decision Making in Public Policy

POSC 315: Introduction to Public Policy

Week 8

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The Decision-Making Process

Agenda Setting → Decision-Making → Implementation → Evaluation

- Policy design in the Alternative Selection stage requires decisions about what "tools" to adopt
- Decision-making also permeates ongoing policy design, budgeting, implementation, and evaluation

Understanding Decision Points

Key Considerations

- Decisions occur throughout the policy process
- Multiple decision points at each stage
- Different actors involved at different points

Complexity Spectrum

Complex: What is the best way to reduce traffic fatalities?

Simple: Should we build a new bridge?

Our constitutional system intentionally slows policy-oriented decision-making.

Decision-Making Theories

Three primary theoretical frameworks to understand how decisions are made in policy contexts:

Rational Choice

Optimizing decisions based on complete information

Bounded Rationality

Satisficing with limited information & capacity

Incrementalism

Making small changes from the status quo

Rational Choice Theory

The Rational-Comprehensive Model is the starting point for many decision-making theories.

Key Assumptions

- All important factors are considered
- Analysis of goals separate from tools
- Goals are isolated before tools are considered

Definition of "Good" Policy

A *good* policy is the *technically* best policy that maximizes benefits and minimizes costs.

The "Economic Man"

Rational Choice depends on the existence of a perfectly rational actor:

Complete and Perfect Information

- About problems
- About causes and effects
- About consequences of alternatives
- About consequences of inaction

Perfect Calculation Ability

Can accurately weigh all costs and benefits

Optimization in Rational Choice

- The rational actor chooses the option that maximizes benefits and minimizes costs
- All alternatives are considered comprehensively
- Decisions achieve maximum social gain

Limitations of Rational Choice

- Information is never complete or perfect
- Costs and benefits are difficult to predict accurately
- Decision-makers face resource constraints
- Bureaucracy helps make the model more realistic

Six Steps to Rational Choice

1. Define the problem - What exactly are we trying to solve?
2. Identify decision criteria - What factors matter in making this decision?
3. Weight the criteria - How important is each factor?
4. Generate alternatives - What are all possible solutions?
5. Rate alternatives - How does each solution perform on each criterion?
6. Compute optimal decision - Which solution maximizes benefits?

Rational Choice: Example

Case: Highway Safety Policy

Problem Definition

Reduce traffic fatalities on interstate highways by 50% within 5 years

Criteria & Weights

- Effectiveness (40%)
- Implementation cost (30%)
- Time to implement (20%)
- Public acceptance (10%)

Alternatives Analyzed

1. Lower speed limits
2. Increase enforcement
3. ***Mandate vehicle safety features***
4. Improve road design
5. Enhance driver education

Decision

After comprehensive analysis, the highest-scoring option is selected as it provides optimal benefit-cost ratio.

Bounded Rationality

Herbert Simon (1916-2001)

Nobel Prize in Economics (1978)

> "The capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world."

Core Concepts in Bounded Rationality

Intertwined Elements

- Goals and tools are considered together
- Means and ends are not separate
- Values and facts are interconnected

Definition of "Good" Policy

A "good" policy is one where consensus can be reached among stakeholders.

The "Administrative Man"

Bounded rationality recognizes that human rationality is limited:

Rationality is "bounded" by:

- Limited information
- Limited time
- Limited cognitive capacity
- Limited resources
- Limited information processing
- Competing priorities

Satisficing in Bounded Rationality

"Satisfice" = "Satisfy" + "Suffice"

- Administrative actors choose the first option that meets minimum criteria
- Makes the most rational decision with available information
- Achieves satisfactory (not maximum) social gain
- Recognizes that further search for solutions has costs

Rational Choice vs. Bounded Rationality

Rational Choice	Bounded Rationality
Complete information	Limited information
Values and facts are separate	Values and facts are intertwined
Goals before tools	Goals and tools considered together
Means and ends are separate	Means and ends are intertwined
Seeks technically best policy	Seeks policy with consensus
Comprehensive analysis	Limited analysis
Heavily theory-driven	More pragmatic approach

Bounded Rationality: Example

Case: City Homelessness Response

Decision Context

- Rising homeless population
- Mayor facing re-election in 6 months
- Limited city budget
- Incomplete data on homeless demographics
- Multiple stakeholders with competing interests

Satisficing Approach

- Review 3-4 policy options (not all possible alternatives)
- Set minimum criteria: must be implementable within 4 months, cost under $2M, and address immediate shelter needs
- Select first option that meets all criteria
- Choose temporary shelter expansion despite knowing it's not the comprehensive solution that would be optimal

Incrementalism

Charles Lindblom (1917-2018)

"The Science of Muddling Through" (1959)

Builds on Herbert Simon's work on bounded rationality

- Recognizes limited information processing capacity
- Focuses on making small, manageable changes
- Reduces risk through incremental adjustments

Successive Limited Comparisons

Key Elements of Incremental Decision-Making

- Compare alternatives to the status quo
- Choose the alternative that is the least different from current policy
- Incremental change becomes the norm
- Build on existing policies rather than creating from scratch

Benefits of Incrementalism

Simplifies Decision-Making

- Reduces alternatives to consider
- Focuses on marginal changes
- Allows reliance on feedback

Manages Risk

- Makes process serial and remedial
- Avoids large, irreversible errors
- Enables course correction

Limitations of Incrementalism

Not Always Appropriate

- Some problems are too complex for incremental solutions
- Some problems are too urgent to address incrementally
- Some problems require fundamental, not incremental, change

When "Muddling Through" Won't Work

Some decisions require huge leaps:

- Moonshots & major technological initiatives
- Responses to wars & national security threats
- Managing pandemics & public health emergencies
- Addressing economic depressions & major recessions

Incrementalism: Example

Case: Environmental Regulation

Status Quo

- Current emissions standard: 30 parts per million
- Industry has invested in existing compliance technology
- Environmental groups want 10ppm standard
- Economic concerns about rapid changes

Incremental Approach

Year 1: Reduce to 25ppm (small change)

Year 3: Reduce to 20ppm (assess impacts)

Year 5: Reduce to 15ppm (if feasible)

Year 7: Consider further reductions

Each step builds on previous experience and allows for adjustment based on feedback and new information.

Dysfunctional Decision-Making

Dysfunction often arises not from disagreement but from problematic agreement.

- Hesitation to disagree with the group
- Difficulty speaking truth to power

- Tendency to prioritize harmony over critical thinking

Savvy administrators put safeguards in place to avoid these pitfalls.

Groupthink

Definition

A mode of thinking where people prioritize group cohesion and unanimity over critical evaluation of facts, alternatives, and consequences.

Historical Examples

- The Bay of Pigs Invasion (1961)
- The Challenger Disaster (1986)
- The Abilene Paradox

Groupthink: Example

Case: The Bay of Pigs Invasion (1961)

Decision Context

- Kennedy administration planning invasion of Cuba
- High-pressure, high-stakes national security decision
- Group of like-minded advisors
- Strong leadership preference for action

Groupthink Symptoms

- Illusion of invulnerability
- Collective rationalization of warning signs
- Suppression of dissenting views
- Self-censorship by advisors with doubts
- Disastrous outcome: failed invasion and international embarrassment

The Garbage Can Model

Michael Cohen, James March, Johan Olsen (1972)

Decisions are made in an "organized anarchy" where problems, solutions, participants, and choice opportunities mix together.

Problems

Solutions

Participants

Choice Opportunities

The Garbage Can Model

Four Streams in the Organization

1. Choices looking for problems
2. Issues looking for decision situations
3. Solutions looking for issues
4. Decision makers looking for work

When timing aligns these four streams, decisions happen - but not necessarily in a logical or rational way.

Garbage Can Model: Example

Case: University Curriculum Reform

Elements in the "Garbage Can"

- **Problems:** Declining enrollment, employer complaints about graduates' skills
- **Solutions:** New online learning platform (purchased but unused), faculty expertise in interdisciplinary teaching
- **Participants:** New dean seeking to make mark, faculty committee members with varying agendas
- **Choice Opportunity:** Annual curriculum review meeting

Decision Process

When these elements converge at the curriculum meeting, the online platform (a pre-existing solution) is suddenly matched with the enrollment problem, despite not being designed for this purpose.

The decision appears rational but actually resulted from the timing of streams coming together, not comprehensive analysis of alternatives.

Key Takeaways on Decision-Making

Theoretical Models

- Rational Choice
  - Optimization with complete information
- Bounded Rationality
  - Satisficing with limited information
- Incrementalism
  - Successive limited comparisons

Dysfunctional Models

- Groupthink
  - Prioritizing unanimity over critical thinking
- Garbage Can Model
  - Solutions seeking problems in organized anarchy

Understanding these frameworks helps us analyze and improve decision-making in public policy contexts.