

# The rational model of policy and decision making



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Public Policy and Policy Analysis: The Rational Model Question: The rational model of public policy making, though heavily criticized, is the most widely used and or talked about model. Discuss why. By Lefoko O. Molebatsi (University of Botswana) Instructor: Prof G. S Maipose 2001 1 Selected Essays by Lefoko O. Molebatsi (2001)

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## Introduction

According to Dunn (1994: 330), rationality is a self conscious process of using explicit reasoned arguments to make and defend knowledge claims. The rational model of policy and decision making, although heavily criticized, is the most widely used and/or discussed model. The purpose of this short essay is to explore the reasons. It starts the discussion with the definition of the rational model, and then the rational comprehensive theory, and thereafter the concept of bounded rationality. Just before the conclusion, the paper discusses some criticisms of the rational model.

### Definition Of The Rational Model

According to Owen E. Hughes, the rational model was well defined by Lindblom (1968, p. 12) as: 1. faced with a given problem 2. a rational man first clarifies his goals, values or objectives and then ranks or otherwise organizes them in his mind; 3. he then lists all important possible ways of policies for-achieving his goals 4. and investigates all the important consequences that would follow from each of the alternative policies; 5. at which point he is in a position to compare consequences of each policy with

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goals 6. and so choose a policy with consequences most closely matching his goals<sup>1</sup>.

This is distinctly what policy models endeavor to do. As is well known following the work of Simon (1957), a completely rational decision making process demands too much of those making the decision<sup>2</sup>. 2 Selected Essays by Lefoko O. Molebatsi (2001)

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Instead of making an ideal decision individuals will break large complex problems into small, understandable parts; choose the first alternative that is satisfactory; avoid unnecessary uncertainty; and behave in accordance with repertoires of appropriate and useful behavior<sup>3</sup>.

This however denotes that in spite of the fact that individuals aspire to be rational, their rationality is bounded by circumscribed cognitive and romantic competence. A rational policy is one that achieves “ maximum social” gain; that is, governments should choose policies resulting in gains to society that exceed costs by greatest amount, and government should refrain from policies if costs are not exceeded by gains<sup>4</sup>. It is worth noting that there are two salient tips in this elucidation of maximum social gain. First, no policy should be adopted if its costs exceed its benefits.

Second, among policy alternatives, decision makers should choose the policy that produces the greatest benefit over cost. In other words, a policy is rational when the difference between the values it achieves and the values it sacrifices is positive and greater than any other policy alternative<sup>5</sup>.

However, one should not view rationalism in a narrow Pula-and-Thebe

framework, in which basic social values are sacrificed for Pula savings.

Rationalism incorporates the assessment of all social, political, and economic values sacrificed or achieved by a public policy, not just those that can be calculated in monetary terms.

To select a rational policy, policy makers must: (1) know all the social value preferences and their relative weights, (2) know all the policy alternatives available, (3) know all the consequences of each policy alternative, and (4) calculate the ratio of benefits to costs for each policy alternative, (5) select the most efficient policy alternative<sup>6</sup>. This rationality assumes that the value preferences of society as a whole can be known and weighted. It is not enough to know and weight the values of some groups and not 3 Selected Essays by Lefoko O.

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others. There must be a complete understanding of societal values. Rational policy-making also requires information about alternative policies, the predictive capacity to foresee accurately the consequences of alternative policies, and the intelligence to calculate correctly the ratio of costs to benefits. Finally, rational policy-making requires a decision-making system that facilitates rationality in policy formation.

According to Thomas R. Dye (1998), this model of maximum social gain is often used to think about the optimal size of government programs. Ideally government or business budgets should increase until maximum net gain is achieved, and then no more should be spent<sup>7</sup>. The model of maximum social

gain is applied to public and business policymaking in benefit cost analysis. The first applications were developed in the 1930s by the US corps of engineers in programs for dams and river basin development. Today it is applied to virtually all government policies and programs.

It is the principal analytic framework used to evaluate management spending decisions<sup>8</sup>. However, there are many barriers to rational decision-making. In fact, there are so many barriers to rational decision-making that it rarely takes place at all in management policy and decision making. Yet the model remains important for analytic purposes because it helps to identify barriers to rationality. It assists in posing the question, why is policymaking not a more rational process<sup>9</sup>, hence the perpetual talk and or utilization of the same within public and business policymaking circles. Selected Essays by Lefoko O. Molebatsi (2001)

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Rational Comprehensive Theory Perhaps the best-known theory of decision-making is the rational comprehensive theory. It draws considerably from the economist's view of how a rational person would make decisions as well as from theories of rational decision-making developed by mathematicians, psychologists, and other social scientists<sup>10</sup>.

Perhaps it is worth noting that the rational comprehensive theory specifies the procedures involved in making well-considered decisions that maximize the attainment of goals, whether personal or organizational. The rational-comprehensive theory usually subsumes these elements: 1. The decision-maker is confronted with a problem that can be separated from other problems or at least considered meaningfully with them. 2. The goals, values

or objectives that guide the decision-maker are known and can be clarified and ranked according to their importance. 3.

The various alternatives for dealing with the problem are examined. 4. The consequences (costs and benefits, advantages and disadvantages) that would follow from selecting each alternative are investigated. 5. Each alternative and its attendant consequences, is then considered with the other alternatives. 6. The decision-maker will choose the alternative, and its consequences, that maximizes attainment of his or her goals, values, or objectives<sup>11</sup>. The outcome of this modus operandi is a rational decision that is, one that most effectively achieves a given end.

In short, it optimizes; it is the best possible decision <sup>11</sup>. Rational decisions bring about either large and basic or limited changes in public policies. Perhaps it is important to note that these decisions are more often than not in line with the ideals and aspirations of elites, who are happy with the political situation as it stands. Thus, this contributes (I submit) to the wide usage of the rational model within the fraternity of management policy and decision making. 5 Selected Essays by Lefoko O.

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Despite heavy criticism of the rational model, some authors continue to view it as an ideal. An idealized model of rational policymaking process consists of a „ rational individual? undertaking the following sequential activities: 1. A goal for solving a problem is established 2. All significant consequences of

each alternative strategy are predicted and the probability of those consequences occurring is estimated. 3.

Finally, the strategy that most nearly solves the problem or solves it at least cost is selected<sup>12</sup>. 4. All alternative strategies of achieving the goal are explored and listed. One salient feature of the rational model is that the model is rational per se. The rational model is „ rational? in the sense that it prescribes procedures for decision-making that will lead to the choice of the most efficient means of achieving policy goals. Rational theories are rooted in enlightenment rationalism and positivism, schools of thought which seek to develop detached, scientific knowledge to improve human conditions<sup>13</sup>.

They are based on the belief that society? s problems ought to be solved in a „ scientific? or „ rational? manner, by gathering all relevant information on the problems and the alternative solutions to them, and then selecting the best alternative<sup>14</sup>. The task of the policy analyst is viewed as developing the relevant knowledge and then offering it to the government or business for application. However, policy makers are assumed to operate as technicians or business managers, who identify a problem and then adopt the most effective or efficient way of solving it.

It is for its problem-solving orientation that this approach is also known as „ scientific? , „ engineering? , or „ managerialist? <sup>15</sup>. Thus, it comes not as a surprise to find the rational model of public policy making being the most widely used and talked about model, so to speak. 6 Selected Essays by Lefoko O. Molebatsi (2001)

In decision-making studies, the rational model is rooted in early attempts to establish a science of organizational behavior and public administration<sup>16</sup>.

Elements of the model can be found in the work of early students of public Administration such as Henri Fayol in France and Luther Gulick and Lyndal Urwick in Britain and the US. Drawing in the insight gleaned by Fayol from his studies of the turn-of-the-century; Galick and Urwick codified a model by which they argued the best decisions could be taken. The PODSCORB model they developed suggests that organizations can maximize their performance by systematically Planning, Organizing, Deciding, Selecting, Co-coordinating, Recruiting, and Budgeting. „ Deciding? n a particular course of action for Gullick and Urwick, amounted to weighing the benefits of any decision against its expected costs<sup>17</sup>. There is no doubt, that doing this requires rationality. Later, many analysts subscribing to this perspective began to argue that this forum of decision-making would generate maximal results only if all possible alternatives and the costs of each alternative were assessed before a decision was made- the „ rational-comprehensive? model of decision-making. The new emphasis on comprehensiveness proved problematic, as critics were quick to point out<sup>18</sup>.

However, this does not in anyway deter policy analysts and policy makers alike from using the model. It seems to me, many challenges and/or limitations associated with the use of the model or discussions about it strengthen ones intellectual capacity in the sense that it calls for human perfection. Even if rarely achieved, the thing is, decent men often strive for perfection. And as such they would try as much as possible to leave no stone



urned before a paramount decision-is made. 7 Selected Essays by Lefoko O.

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**BOUNDED RATIONALITY** The limitations and/or criticisms of the rational model in many cases culminate in prescriptive analysis, which by one way or the other contributes to the amelioration of the model. Among many critics of comprehensive rationality there was one Noble Prize winner Herbert A. Simon. More than twenty-five years ago, Simon developed a theory of bounded rationality, according to which decision makers simply avoid the effort to be rational and comprehensive at the same time.

While choices are rational, they are nevertheless bounded by the practical circumstances under which choices are made<sup>19</sup>. To Simon it is impossible for the behavior of a single isolated individual to reach any high degree of rationality. The number of alternatives he must explore is so great, the information he would need to evaluate them so vast that even an approximation to objective rationality is hard to conceive<sup>20</sup>. This formulation discerns the bounds or limits of comprehensive rational choice when decision makers seek to maximize some valued consequence.

In contradistinction to this type of behavior, Simon proposes the concept of satisficing behavior. Satisficing behavior refers to activities of choice where the decision maker seeks to identify courses of action that are just “ good enough, that is, where the combination of satisfactory and suffice produce a “ satisficing” choice” <sup>21</sup>. In other words, the decision maker does not need to

consider all the many alternatives that, in principle, might produce increases in the benefits of action (that is maximizing behavior).

The decision maker need only consider the most evident alternatives that will produce a reasonable increase in benefits (that is satisficing behavior)<sup>22</sup>. Nevertheless, the work of Simon contributes profoundly to the continued use and/or talk about the rational model of policy making. 8 Selected Essays by Lefoko O. Molebatsi (2001)

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#### Other Criticisms And The Refutation Thereof

The rational comprehensive theory has received substantial criticism. Lindblom contends that decision makers are not faced with concrete, clearly defined problems. Rather, he says that they first have to identify and formulate the problems on which they make decisions<sup>23</sup>. For instance, when prices are rising rapidly and people are saying “ we must do something about the problem of inflation. ” What is the problem? Excessive demand? Inadequate production of goods and services?

Administered prices controlled by powerful corporations and unions? Inflationary psychology? Some combination of these? One does not willy-nilly, attack inflation. Instead the causes of inflation must be dealt with, and these may be difficult to determine. Defining the problem is, in short, often a major problem for the decision maker<sup>24</sup>. Nonetheless, the limitations associated with defining the problem does not in any way hinder the decision maker from exploring other avenues in the fraternity of rationality.

Lindblom (1968) also objected that rationality is both pointless, because there can be no social welfare function against which policy choice may be optimized, and that it is impracticable, because it demands comprehensive, synoptic consideration of alternatives, which is beyond human powers. While accepting the truth of both of these assertions – and agreeing that they invalidate the naive model of rational collective decision-making – we are nevertheless able to formulate a coherent concept of “ limited rationality” which avoids Lindblom? s two objections<sup>25</sup>.

This ideal notion of rationality requires policy makers to choose those policies which best suit their own preferences, except where more than one such optimum exists, in which case choice among elements of this optimal set should be made on the basis of preferences of groups whose 9 Selected Essays by Lefoko O. Molebatsi (2001)

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values differ from the policy makers. However, many critics of the rational model do not necessarily aim at nullifying it. Rather, they largely contribute to the further modification