

# Is Decision-Making Rational?

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# What we'll cover

- What do we mean by rational?
- Rational theories of decision-making
- Reminder of key components of governance
- How do these impact on the 'rationality' of decision-making?
- Other decision-making schools of thought
- Conclusion

# Definition



Rationality “the quality of being based on or in accordance with reason or logic” (Oxford English Dictionary)

# Definition

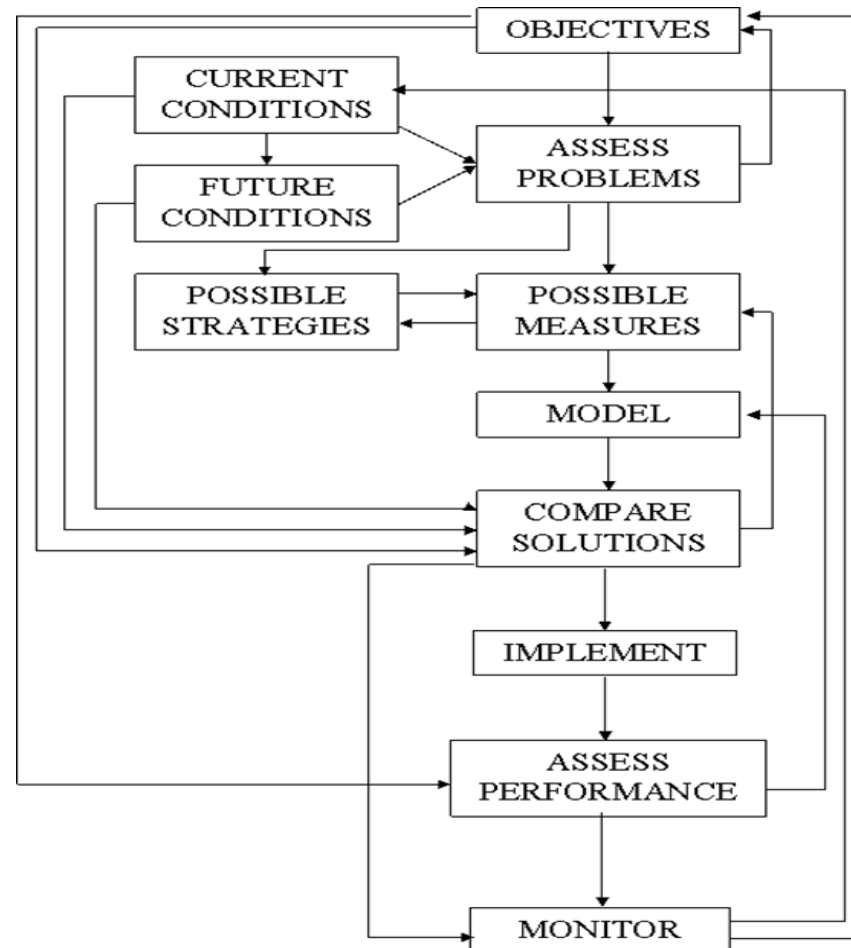


First, there are cognitive limits to the individual in terms of the choice sets which can be perceived and can evaluated (Simon, 1955).

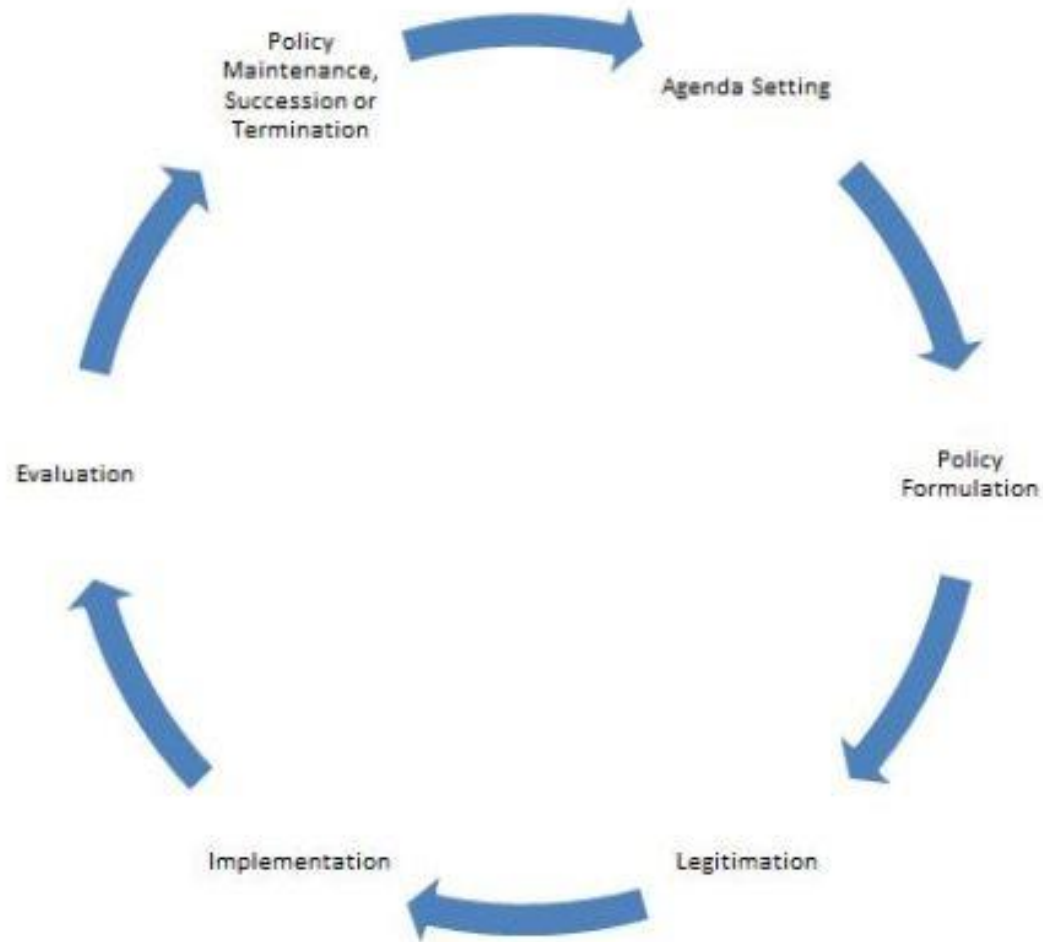
Simon suggested that individuals or organisations satisfice rather than optimise... It is not that individuals are irrational, simply that their choices are 'intendedly rational' within the limits of knowledge, context, environment, uncertainty, timescales and other constraints.

Finally, the environment that individuals are in provides some clues as to outcomes and individuals will therefore seek to make best use of these clues to limit the range of options for the search (Simon, 1956).

# Systems Analysis Model



# Policy Cycle Model

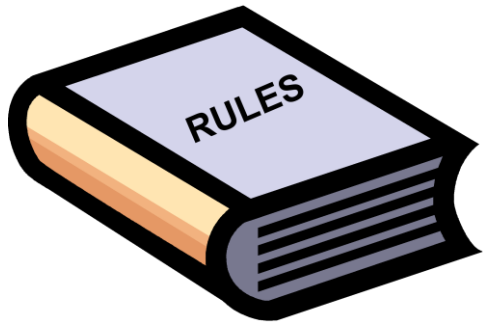


<https://paulcairney.wordpress.com/2013/11/11/policy-concepts-in-1000-words-the-policy-cycle-and-its-stages/>

# Governance: A definition

“Steering and co-ordination of interdependent (usually collective) actors based on institutionalized rule systems”

Treib et al. (2007, p. 3)



Rules, laws, formal  
AND informal practices



Network of actors  
State and non-state



Policies  
Objectives, Instruments  
& Settings

# Governance: Networks



Network of actors  
State and non-state

## Volkswagen scandal puts EU lobbying under spotlight

— filed under: [Headline](#), [automobile](#), [FOCUS](#), [US](#), [Volkswagen](#), [lobbying](#)

(BRUSSELS) - Scandal-hit Volkswagen has for years hired a cadre of lobbyists in the EU capital of Brussels who work intensely behind-the-scenes to influence policy and secure European regulation with a lighter touch.

Activists have long warned of the power of lobbying in Brussels, with German car makers the most powerful in the industry, although French, Japanese and US auto manufacturers also push hard.

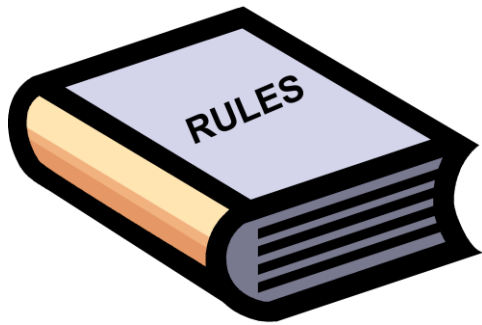
The auto lobby is second only to the financial industry in the hallways of EU power as reported to the European Union's transparency registry.



VW



# Governance: Rules and Practices



Rules, laws, formal  
AND informal practices



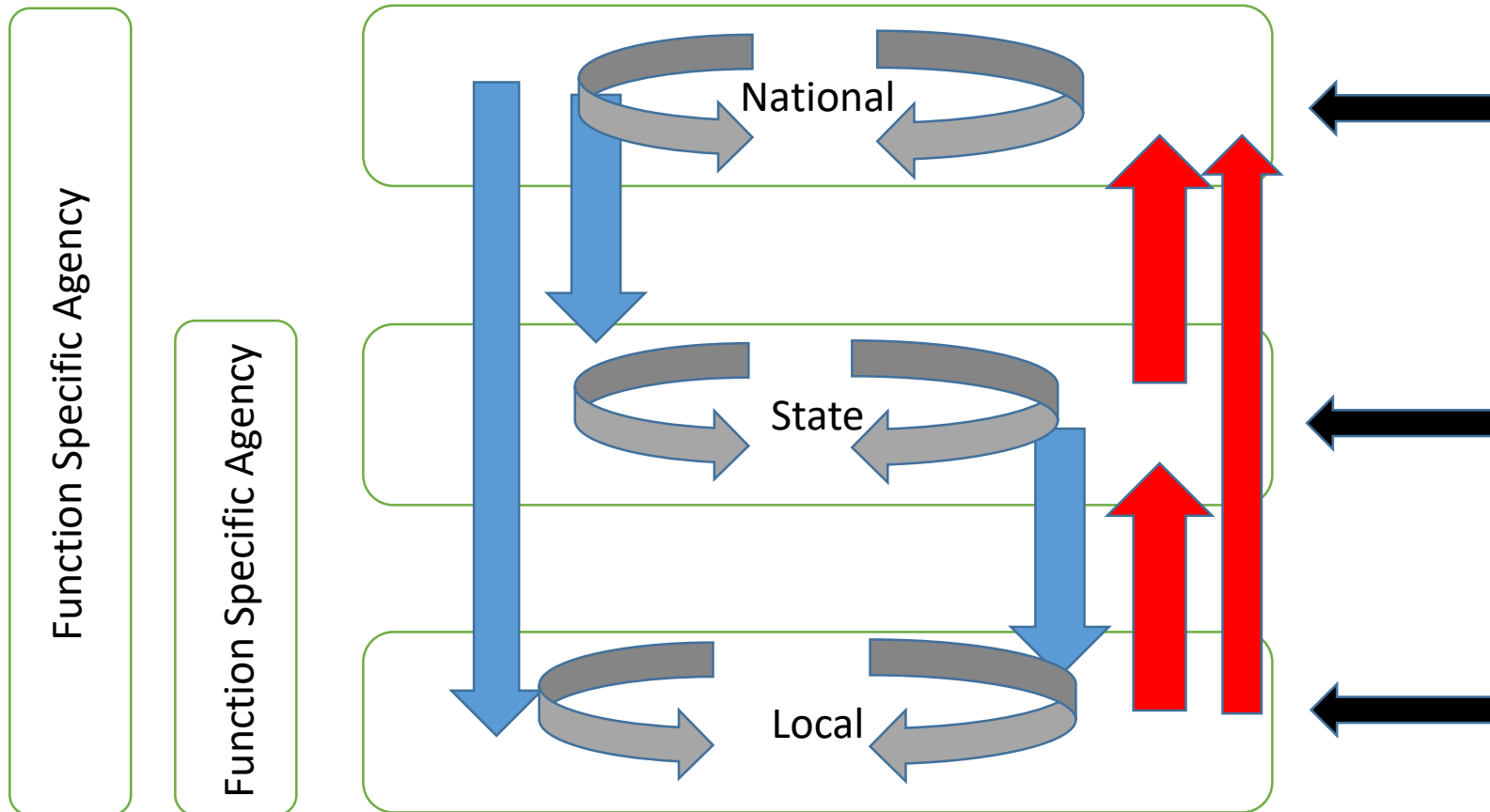
# Governance: Policies...



Policies  
Objectives, Instruments  
& Settings



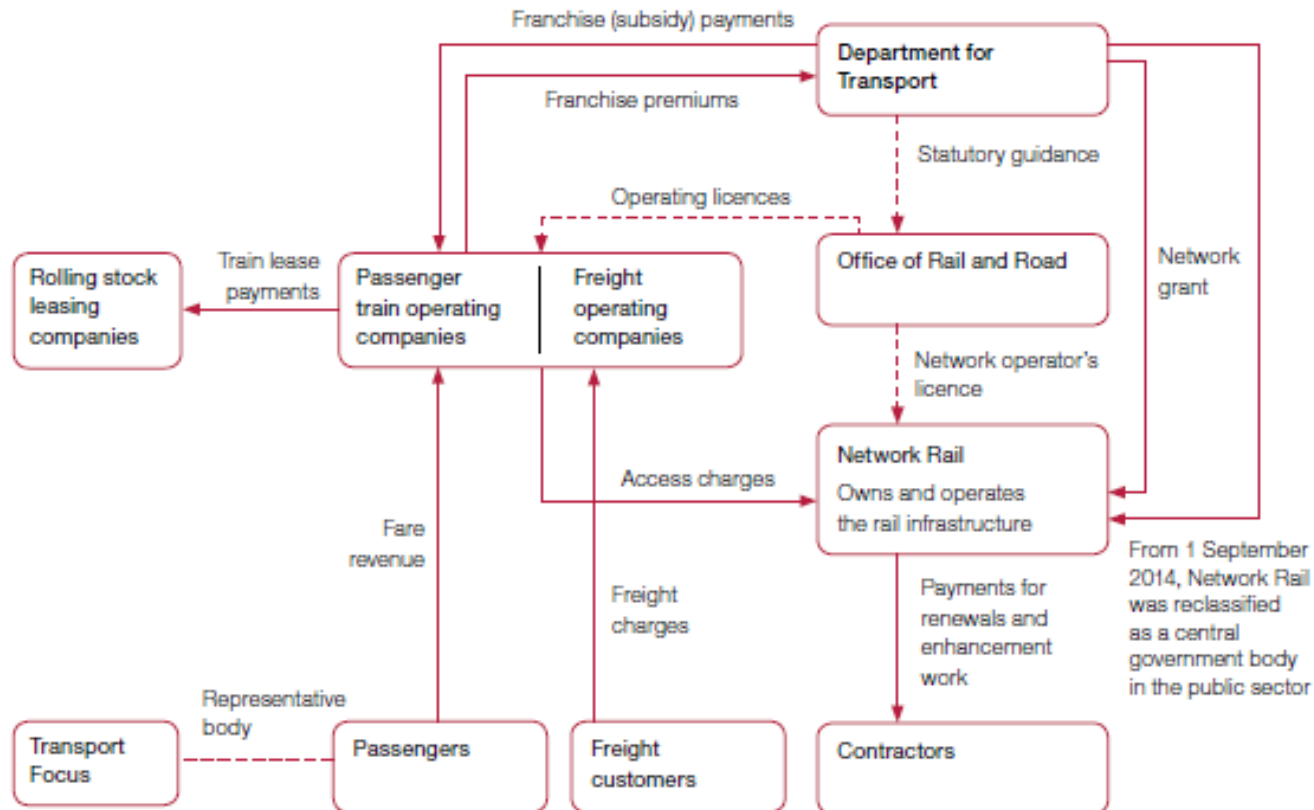
# Boundaries are inevitable





# Boundaries are inevitable

An overview of the rail industry



Source: Adaptation of the figure in the National Audit Office report *Regulating Network Rail's efficiency*



# Networks are broad



# Reflection



Failure to understand networks and their influence on policy design and implementation (non-implementation) is a major weakness in transportation

“institutions matter, shaping actor preferences and structuring both the processes of policy making and substantive policy.” (Bulmer and Padgett, 2004)

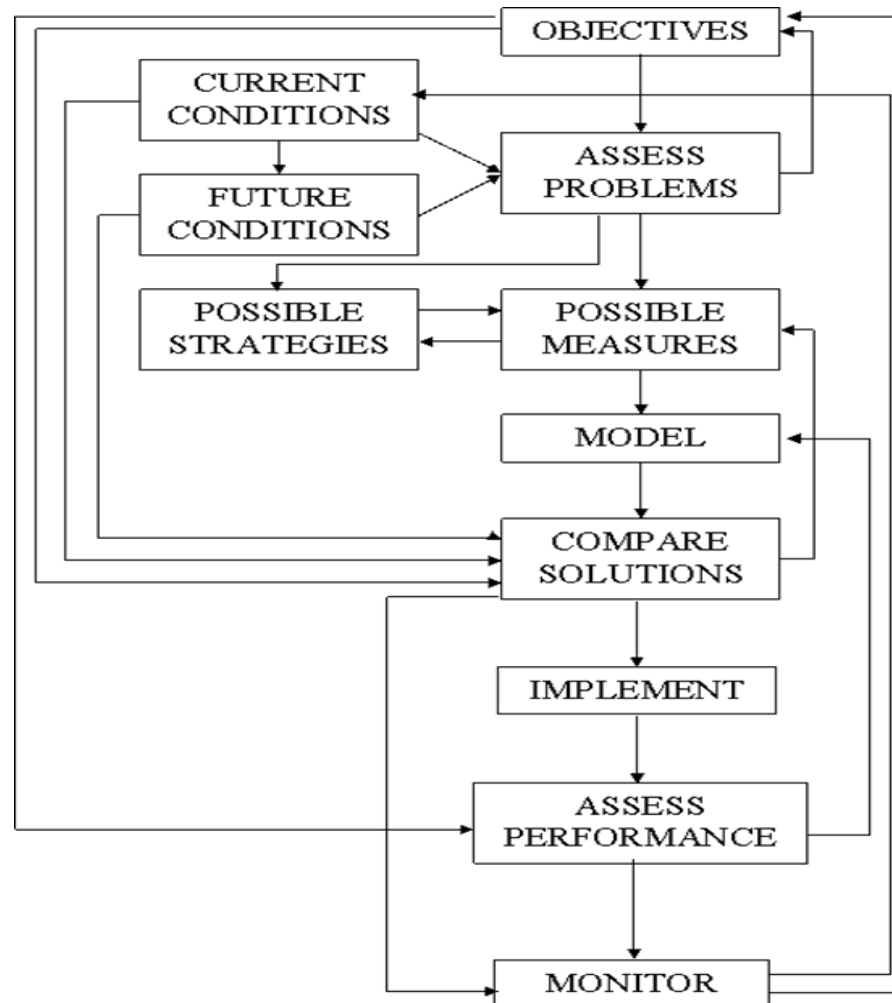


# Rational Planning Revisited

What data is collected?  
What data is legitimate?  
How is it presented?

*Policy is what you spend  
your money on*

*Whatever you want to look at  
the answer was a tram*



What objectives?

Which problems matter?

Who decided and how?

What model runs?

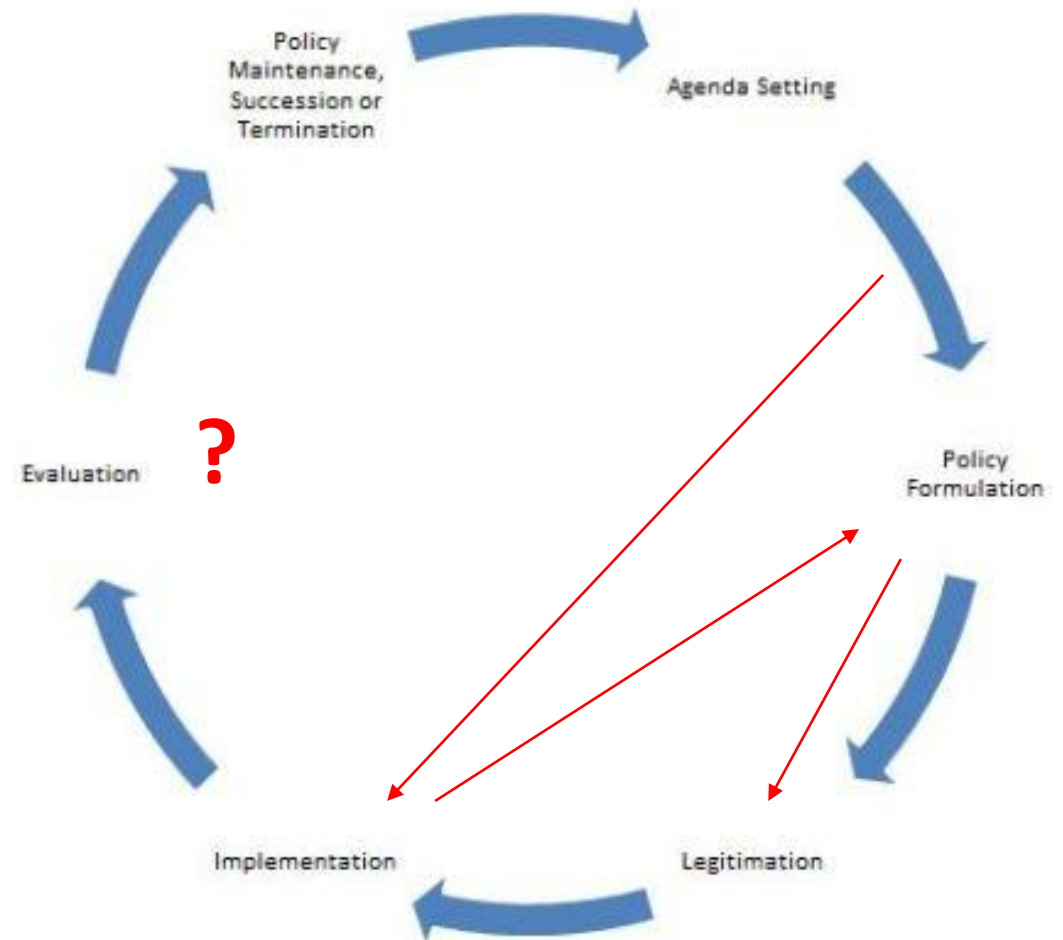
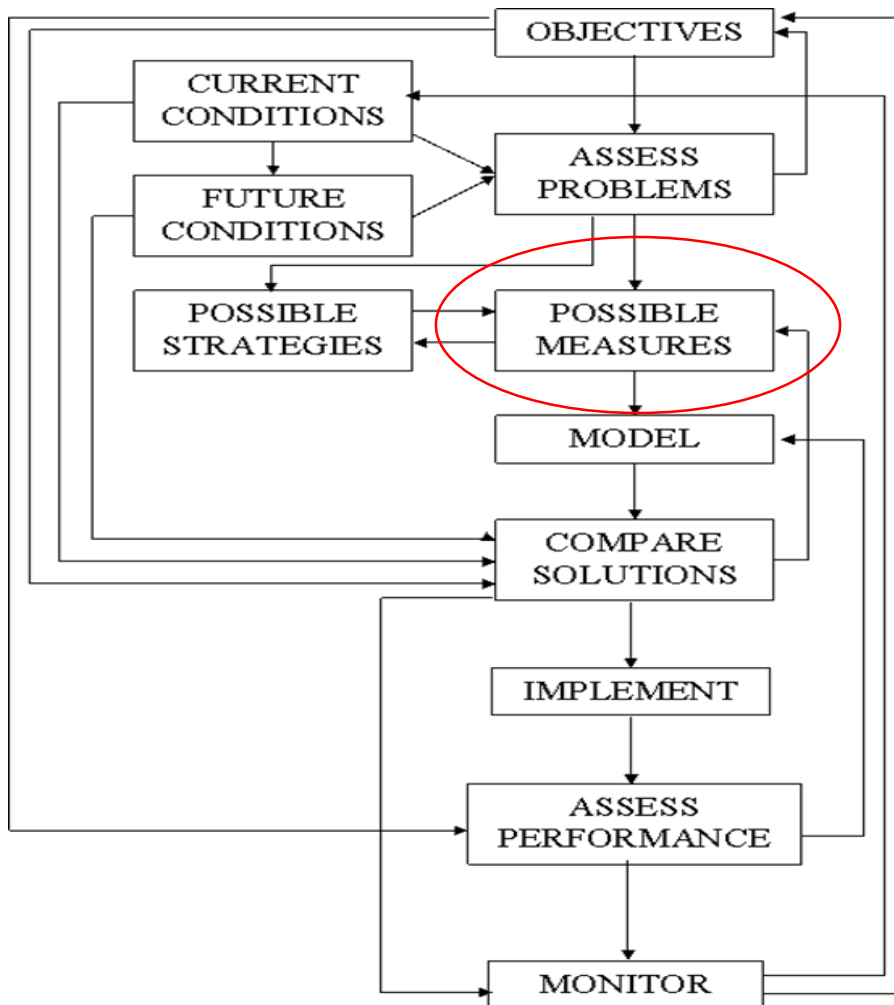
*If it looks like it is working we  
don't really want to revisit that*

# Ideas and Framing: Smart Cities Mission India





# Rational Planning Revisited



# Reflection



Should the state organise public transport or leave it to the market?

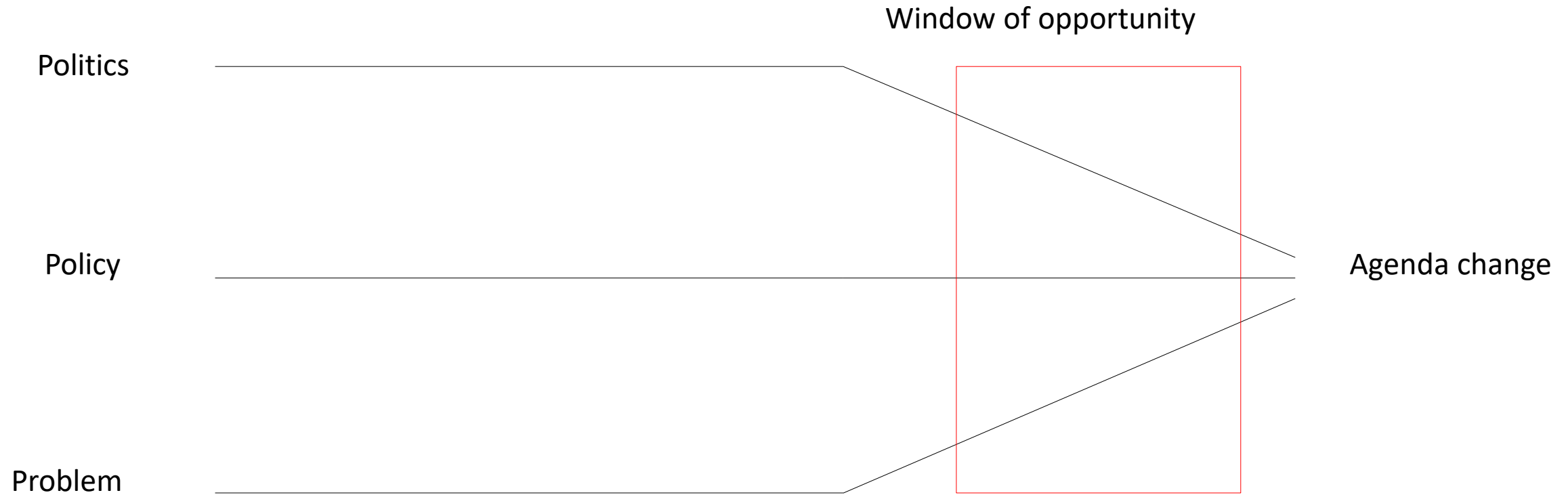
Should public transport be subsidised and by how much?

How should it be subsidised? Which groups will benefit?

These are not questions which have a right and wrong answer. They are contested over time by actors in the **network**

Analysis can support decision-makers (or be ignored or mis-used) but it does not define the answer.

# Multiple Streams Approach



Policy entrepreneurs – invest their resources to push their pet projects

# Politics stream



- Electoral factors
- Partisan factors
- Pressure/interest group activities
- ‘national mood’ – common ways of thinking beyond the confines of a policy community

## **Windows of opportunity?**

- General election – new party in power or new mandate
- New leadership
- High profile campaigning – press attention

# Policy stream



- Incremental accumulation of knowledge by experts
- Ideas circulating looking for ‘their time’
- Policies that get serious consideration often need to meet several criteria; technically feasibility, fit with the dominant values of society, political support, have budgetary workability

## **Window of opportunity?**

- Often not in this stream – softening up process
- Policy approach (solution) likely to fit a problem or picked up by a political party

# Problem stream



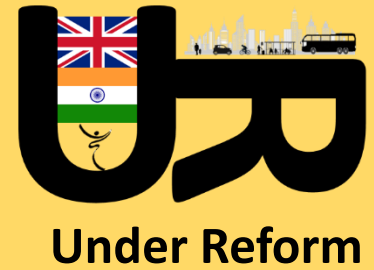
- Respected indicators show a worsening problem, or a new problem
- Crisis – natural disaster, ‘run’ on the banks
- High profile event – Paris climate change conference

## **Window of opportunity?**

- Arguably all of the above
- Key is that the problem is recognised as such

*Conditions only come to be defined as problems we come to believe that we should do something about them’ (Kingdon 1995, 101)*

# Conclusion



- Rational policy-making is a myth
- Policymaking does not happen in a bubble, it operates in the context of changing political agendas and different points of view
- Policymaking is part of broader process of governance. State is important but by no means the only actor
- Need to think about how policy gets made through a network of actors at different scales
- Political agendas set the priority for action
- Ideas and policy framings permeate through the whole process – affect the notion of the problem and the solution
- Evidence/knowledge of issues is but one influence on action

# Reading



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- Treib, O., Bähr, H. and Falkner, G (2007) Modes of governance: towards a conceptual clarification, *Journal of European Public Policy*, **14**(1), pp. 1-20