

# **Understanding Politics and Public Policy**

Foundations and Core Concepts

POSC 315: Introduction to Public Policy

Lecture 8-2

Decision Making (Part 2 of 3)

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California State University, Fullerton

# 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.

# Satisficing in Bounded Rationality

## Key Principles

- 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

# 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: implementable within 4 months, cost under \$2M, address immediate shelter needs
- Select first option that meets all criteria
- Choose temporary shelter expansion despite knowing it's not the optimal solution

# Incrementalism

## Foundation

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

- Compare alternatives to the **status quo**
- Choose the alternative that is the **least different** from current policy

# 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

- 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 Steps

- Year 1: Reduce to 25ppm
- Year 3: Reduce to 20ppm
- Year 5: Reduce to 15ppm
- Year 7: Consider further

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

## Three Models Compared

### Summary Table

<b>Rational Choice</b>	<b>Bounded Rationality</b>	<b>Incrementalism</b>
Complete info; Optimization; Comprehensive	Limited info; Satisficing; Consensus	Small changes; Status quo; Serial process

## When to Use Each Model

- **Rational Choice:** When information is complete and time allows for comprehensive analysis.
- **Bounded Rationality:** When information is limited but consensus is needed.
- **Incrementalism:** When only small changes are feasible or risk needs to be minimized.

## Key Takeaways: Alternative Models

- **Bounded Rationality** acknowledges human cognitive limitations
- **Satisficing** can be more practical than optimizing
- **Incrementalism** reduces risk through small changes
- Different situations call for different approaches