

# Complexities of the Decision-making Process

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Permit me to share with you today a few reflections on how our society makes decisions about its natural resources. What I will say can apply equally to all natural resources, including rangelands. Of course, decisions about particular resources can have unique characteristics. But I would prefer to generalize and, in doing so, will try to make four major points:

*First*, each of you is an expert in the complexities of decision making. You just don't usually think about it in a systematic way.

*Second*, decisions about natural resources are essentially choices about the allocation of wealth. This fact is significant because rhetoric surrounding decisions often disguise this fact.

*Third*, in a complex, information-based society, the *process* of decision making is often as important as the decision itself.

*And fourth*, we often fail to make the best decisions because we cannot see our hidden assumptions that are made about a problem or the expectations of a solution.

To expand on my first point, we *all* are experts on making decisions. The *American Heritage Dictionary of the English Language* defines a decision as "the act of reaching a conclusion or making up one's mind." We make up our minds hundreds of times a day. Sometimes we decide something in just a split second. Even so, we are first faced with alternative choices, collect data about possible outcomes of different choices, consider elements of risk, affix probabilities to different outcomes, and weigh choices against what we want for ourselves. Then we take the plunge—we choose! This process of deciding is the basis of all decisions, whether made in a moment or over months.

But how often do we think about these specific steps? Seldom, if ever. Just take one example—buying kleenex at the supermarket. We must know if we need it, for what purpose, what we usually buy, the performance of our last box of kleenex, the color we want, one ply or two ply, the cost, and the brand. One factor may overwhelm all the others, like cost or color. But you weigh all of these factors, and more, before buying.

This example, and the fact that we all make decisions, may seem trivial. But really it is not. Almost all of the so-called bigger or more formal resource decisions—like should the Board of Forestry regulate hardwoods or should federal grazing fees be increased—involve the same decision making process. In fact, one of the tragedies of big business and government today is to make so many steps in this simple process that it becomes almost mystical. And, I might add, very slow. What we really need is a course in demystifying

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the decision making process—a so-called kleenex box course. We weigh our wants, needs, alternatives, and constraints. Then we choose.

In his popular and hard-hitting book, *What They Don't Teach You at Harvard Business School*, Mark H. McCormack points out that most of us are overly dependent on old facts, on out-moded conventions, or are still making decisions on what worked twenty years ago.

He illustrates this with the story of the circus that prevents a baby elephant from running away by chaining it to a stake. When the animal pulls at the chain the cuff chafes its leg. It hurts, and the baby elephant concludes that to avoid pain it had best stay put.

But when the elephant matures to a box-car size, the circus still chains it to the same small stake. The adult animal could now pull the stake out of the ground like a toothpick. But—here's the point—the elephant remembers the pain and is too dumb to use the new set of facts. He doesn't consider how circumstances have changed. The tiny stake keeps a two-ton elephant at bay just as effectively as it did the baby.

This said, let me become more abstract and philosophical, by introducing my *second* point. History teaches us that we have finite quantities of people, land, and natural resources. The wealth of nations comes from their peoples and natural resources. Each Society decides how it will allocate its wealth—both between segments of society in any given generation as well as between generations. Thus we might see gold mined and used for wealth today. Or we must see it left in the ground for the future.

Political systems have arisen to carry out and justify the acceptable allocation of wealth. Revolutions and repression occur when the allocation is not satisfactory. And certainly, among the leadership of a society, one will usually find those who want to keep the status quo *and*, as well, those who want change. Often, control of wealth, or the power to redistribute it, is at the core of resource decisions.

**What is the debate over hardwoods** except a battle between those that want to use hardwoods for their various, sometimes mutually exclusive, purposes? A rancher wants to convert hardwoods to pasture or cropland. Or a real estate developer wants to cut so he can build homes in the oaks. Friends of the Green Foothills are primarily concerned with the aesthetics. Neither of these may be compatible with preserving the breeding ground for cavity nesters. What clearer example is there of the gain in wealth today *versus* the preservation of wealth of experience for tomorrow. All we have to do to see this is to think that wealth is both money *and* breadth of experience for future generations.

**This ethic has been a driving force** in our national parks and wilderness areas. Senator Cranston's ill-conceived Senate Bill 7, the so-called "California Desert Bill," is a statement that wealth should be vested in non-commodity users of

today and future generations. Commodity users in both cases, today and the future, lose out. And my premise that most resource decisions are over allocations of wealth is illustrated again. We seriously limit and mislead ourselves if we think that it is any other way.

This brings me to my *third* point. In our complex, information based society, the *process* of decision making is often as important as the decision. In part, this stems from our country's heritage. The American Revolution, at least in rhetoric, came partly because perceived rights and procedures had been violated. Thus we have the Bill of Rights and other guarantees of the United States Constitution. We have three distinct branches of government—legislative, executive, and judicial. And one of the key responsibilities of the judicial branch is to protect our rights and procedures.

Probably every sophomore textbook in business administration has a chapter on decision-making. As a professor of management, I can tell you all about our information models and decision support systems, and how our computers are programmed to make the correct decision. Like the Edsel. Like deregulating the thrift industry. Like disconnecting the odometers from Chrysler demonstration cars. Will high technology replace the cerebrating, sensitive, empathetic human decision maker? No!

**You may wonder why I point this out.** Well, in the field of forestry regulation on private lands in California, due process clauses of the Constitution have been invoked in a definitive way. Courts have held that the public and neighboring landowners have a right to receive meaningful advance notice of timber harvesting operations. The Board of Forestry under both the Brown and Deukmejian Administrations has struggled with questions related to public notice. The Board has had to consider notice of proposed timber harvesting operations as far as a mile downstream to protect the rights of downstream water users. We appear to have reached an acceptable system of notice, but we still face court challenges on other aspects of constitutional due process.

Three other trends stand out. One is the belief that government should function in the open. Secret decisions by governmental bodies are no longer tolerated, at least in California. Thus we have various open meeting laws that prohibit closed meetings for all but the most limited reasons. This trend shows no sign of abating. In each of the last five legislative sessions, there have been significant bills introduced to further tighten open meeting laws. Basically, the only matters we can now discuss in closed session are those related to personnel, forester licensing, and our legal position when we have been sued.

Stephanie Salter's column in yesterday's (7/12/87) *San Francisco Examiner* speaks to this poignantly in describing the trial of Oliver North:

For four straight days it was the best way to pass the time since Watergate. No, not because a Republican president is again in hot water, but because we, the American people, were once again 'up close and personal' with our government—that unwieldy, bloodless, pain-in-the-neck from which we usually feel very alienated.

The second trend, which picked up steam in the 1970s, is the belief that the public has a right to know the potential

effects of decisions involving the environment and to participate in these decisions. The National Environmental Policy Act and the California Environmental Quality Act are the pivotal points here. In California, no resource decision that requires a governmental permit and that involves potentially significant adverse effects to the environment escapes the procedural requirements of these laws. The public has the right to know the outline of a proposed project and to comment. Agencies must consider all comments and take appropriate steps towards mitigating concerns.

I might also add that in the case of forestry and rangeland resources, another procedural layer has been added. At the national level, planning and decision making must occur consistent with the Resources Planning Act, the National Forest Management Act, and a host of related laws. For somewhat different reasons, mostly to keep in step with the information demands of the federal programs, California has the Forest and Range Resources Planning Act.

**All of these laws related to environmental protection** and resource planning cost time and money. Yet they enjoy strong popular support and appear to be with us to stay.

The third trend is the belief that regulatory agencies should be constrained. This view arose from the widely held perception in many legislatures across the country during the late 1970's that regulatory agencies had run amuck. Regulations and regulators were blamed for excessive costs of business. And indeed there were enough abuses of common sense, epitomized by the proposed Dow Chemical Company expansion in Solano County, to support legislative action to control regulatory agencies. Some legislatures passed laws that let them overturn regulations. In California, the Office of Administrative Law was created to review the necessity, authority, and clarity of regulations.

This Office has its own independent rule-making authority. In the past few years, it has established complex procedures governing how regulations are to be advertised to the public and how evidence must be considered by regulatory agencies. On the positive side, it has reduced the number of regulations and probably improved the quality of deliberations by agencies. On the negative side, it has increased the time it takes to adopt regulations up to tenfold and has created a new bureaucracy in the design and review of regulations.

**Why all this complexity, you might ask?** I'll offer you a theory. At least in California, there is a strong sense that governmental decisions must be made without the appearance of being arbitrary or capricious. The resentment of the likes of King George still festers in the American psyche. In the simplest terms, probably too simple for the astute historian, what else would explain open meeting laws, application of due process, creation of elaborate laws to guide environmental decisions, and legislative constraints on the perceived excesses of regulatory agencies. We appear to demand procedural safeguards against wanton decision making and as a society are willing to pay the price.

One element of this price is that some interest groups or individuals have learned to use the procedures to influence the actual decision. It is common to find challenges to decisions that take the form of procedural protests in administrative agencies or in the courts. As you know, this has been a

avored weapon of environmental groups. I could say much about this, but my point in noting it here is merely to show you that procedures, or arguments over procedures, represent two things: concerns over fullness or fairness of the decision making process or act as weapons to affect the decision itself. In this last case, I return to my second point—namely we are once again arguing about the allocation of wealth.

Earlier, I suggested that we are all experienced at decision making. And I also said that my *fourth* point was that we often fail to make our best decisions because we cannot see our hidden assumptions that we make about a problem or our expectations of a solution. There is no bigger complexity than the fact that we do not know ourselves as decision makers.

I wrote about this in a recent *Journal of Forestry*. There I pointed out that today's world is full of stress and change, dominated by global interrelationships, rapid technological change, and an exploding availability of information. Today's global society is undergoing fundamental shifts and is reassessing the values and meanings of things and events. Some futurists believe that we are now in the early stages of a change in our industrial society, of a transformation perhaps as profound as that of between the Middle Ages and modern times.

The effect of all this is that we are being forced into a perception of society that is humanistic, intuitive, and holistic. Decisions can no longer be made solely on efficiency and continuing economic growth. Quality-of-life considerations—clear air, clean water, endangered species, noise, viewsheds, archeological burial grounds, and solitude have become much more important. They are the new wealth of an advanced, information-based society.

**When we think about our decision**, if we do, we usually follow set thought patterns. We get caught in these patterns. Roger Van Oech in his two books, *A Kick in the Seat of the Pants* and *A Whack on the Side of the Head*, observes what he calls mental blocks. These imprison our imagination. With work, these attitudes can be changed. But, he warns: "the human body has two ends to it: one to create with and one to sit on. Sometimes people get their ends reversed. When this happens they need a kick in the seat of the pants."

Some of our biggest mental blocks are our attitudes toward a complex decision making process. One example is that because of the large amount of uncertainty that exists in a complex world, we think that we cannot bring about change. Often we just drop out in indifference and apathy.

Or we hold the view that the way we have always done business will work in the future. A classic case of this mental block is the view that traditional marketing strategies used in California will succeed in a global economy. We assume that the foreigners will buy what we produce rather than asking what *they* want first. It seems like it is so simple to ask first, but our customary thinking habits prevent us from seeing this simple shift in approach.

Still another block is the attitude that things would be better if we could only get rid of the complexity—back to the simple, good old days, if you will. I find this view especially prevalent among businessmen. They bemoan environmental permits, governmental regulations, and public involvement

in the decision making. How nice, they say, to be able to plan and simply carry out a project without all this hassle. And among some groups, repeal of the California Environmental Quality Act is the unwritten political platform.

**This type of thinking limits one's ability** to deal with complex issues. It leads to polarization and to lose/lose positions. I can think of several examples where potentially beneficial projects or laws were lost because of this type of outlook. In contrast, I have a close friend who is a powerful advocate of embracing the opposition. He has been able to locate several very controversial projects by bringing in the opposition at the planning stage. He gets agreement that the project must be built someplace and then essentially pays the opposition to critique and locate the project. My friend is prosperous because he has worked hard to see through his mental blocks. Or as Van Oech might say, he is using the right end for decision making.

I don't mean to belittle the difficulty of coping with complexity. Rather I am asserting that we should not let it overwhelm us. We can start by recognizing that we are all experienced decision makers. We deal with big decisions in the same way we treat little ones.

We can also start from a frame of reference in decisions related to natural resources. I have asserted that most such decisions relate to the allocation of wealth. This includes the new wealth of our society, things like the quality of life and the knowledge that we are providing well for our grandchildren. Perhaps you would want to practice with this frame of reference for a few days. Maybe it will simplify things.

And finally, our decision making process in government has grown more complex for many reasons. But I think that the most fundamental reason is a reassuring one—we Americans don't like arbitrary and capricious decisions by our public officials. We were raised in this tradition and it continues alive and well. However, simplistic—and even if my analysis is wrong—this bodes well for the future. Decision and change in a democracy may be slow, but they do take place. That alone is reason enough to pay for whatever inconvenience complexity may cause.

Perhaps, to make my point, I have erred in this paper by oversimplifying both the function and process of decision making. So let me close with a word of emphasis on the gut-wrenching act of setting public policy in natural resources. It is very difficult, particularly in California.

**What's the toughest decision you have had** to make in the past four years? Hard to remember? Not for me. The decision by the Board of Forestry *not* to declare hardwoods a commercial species—and thereby *not* to regulate the resource—was by far my most difficult.

Which course of action from our array of alternatives was truly in the public interest? Which public? What course was most enforceable? What of the private property rights guaranteed by the Fifth Amendment to the American Constitution? How do we respond to the campaigning media? To the vocal pressure groups? The preservationists?

After literally years of research, testimony, and debate we determined that a non-regulatory approach would best serve the State's overall interest. As policy makers, we are attempting to solve the problem by placing trust and responsibility with the people who control, manage, and who own the resource. The long-term solution is theirs.

Thank you.