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## Translating Your Economic Analysis Into Relevant Policy Information

Sandra S. Batie\*

The title of this paper reflects an ambitious objective: translating economic analysis into relevant policy information. Not everyone desires to translate their economic analysis into policy information. In many cases, neither the comparative advantage of a person's skills nor professional rewards lie with effective policy analysis. However, effective policy analysis may be the objective of many agricultural economists and is critical to providing input to informed public policy.

Nelson [1987] notes that many economists tend to identify with the role of a technical expert separate from politics and value judgments. In many instances, what is not realized is that this belief has historical roots: it is the belief of the "progressive" thinking that dominated governmental organization from 1985-1990.

The proper role for an economist is typically regarded as that of a professional expert who advises government in technical and scientific matters and takes social values and political preferences as given. Once these values and preferences have been expressed by political leaders economic expertise can be applied to make the governing process work as efficiently and as effectively as possible. For example the standard procedure of specifying an objective function (based on social values and democratic preferences) and the finding the maximizing solution (the technically efficient answers) is a direct translation from progressive themes. [Nelson, 1987, pp. 53-54]

While this role of the humble technician has many supporters, it is not a particularly effective way to conduct policy analysis. This observation leads me to the first of five guidelines for translating your economic analysis into relevant policy information.

### Abandon the Humble Technician Role

Economists must abandon the humble technician role and become client-oriented and advocates for specific policy directions. Shabman [1984] refers to the abandonment of the humble technician role as assuming the role of a "policy entrepreneur". For many of us, the word "advocate" grates uncomfortably. We are imbued early in our careers with the belief that our work should not be "advocacy oriented" but should be "objective and neutral".

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However, I am speaking of advocacy for an economic way-of-thinking as opposed to an advocacy for personal beliefs. This distinction is admittedly fuzzy. On one hand, economists as policy experts are expected to present dispassionate objective advice that stems from their science. On the other hand, policies are fashioned in political arenas and information, no matter how objective, will be used by representatives of one side of an issue to advance their viewpoint. Economics is not ideologically neutral. "The tools of policy economics will involve their user in...[an ideological political] debate, even if unwillingly" [Shabman, 1984, p. 60].

The economic ideology also conflicts with other ideologies. To illustrate this, let me draw an example from a Washington Post article [Wednesday, July 29, 1987, A-11] when the U.S. Court of appeals ruled that the Environmental Protection Agency could only use health factors to determine safe emissions levels of toxic pollutants and cannot base decisions on how much it will cost industry to meet safe levels. In applauding the decision, David Doniger of the Natural Resources Defense Council stated:

The court has said that officials can no longer turn peoples lives and health into ordinary commodities like wood or plastic by using cost-benefit analysis to determine safe levels of dangerous substances.

In Mr. Doniger's view, if you recommend the use of the results of a cost-benefit analysis for policy formulation, you are already allied with one side of the debate.

#### Recognize Government's Role

Economists need to recognize the role of the government in our society and have an appreciation of that role. Much economic analysis ostensibly designed for policy advice involves such things such as innovative approaches for marginal cost pricing of public goods, or demonstrations of efficiency gains from using market or quasi-market allocations [Anderson, 1983].

In a political arena, standard efficiency based analyses such as these can create pressure for change. However, standard economic efficiency analyses are less useful for new program development *per se*, however, although they can help groups involved in political bargaining identify the stakes in participation. They rarely create a positive basis for creating new policy rules or other institutional changes. [See Libby and Allee 1985].) Such standard economic analyses tend to be ignored when programs are being debated because they do not usually relate to the true political issues:

- What is a fair distribution of resources,
- What should be the dominant values of society, and
- What are the legitimate roles of government in distributing resources and shaping values [Shabman, 1983].

For example, with respect to distribution of resources, if you conduct an analysis that assumes reliance on consumer preferences, as reflected through willingness and ability to pay, you may find your analysis will be considered irrelevant in some policy settings. Implicit in your analysis is that the values of the rich are to count more than the values of the poor--an assumption that many politicians would find unpalatable.

To be more effective in policy design, economists should have a clear understanding of the equity objectives being debated and not leave such matter to others [Leman and Nelson, 1981]. Distributional analyses are of exceptional interest in political settings. Who gains and who loses from policy changes are the important "stuff" of politics, as is advice on how losers can legitimately be compensated [Shabman, 1983].

Since most political decisions involve incremental changes from the status quo, the policy entrepreneur economist would be well advised to forego the urge to seek the optimum. The effective policy analysis recognizes that the changes he or she will influence are likely to be modest; basic change or sweeping reform are far less likely [Nelson, 1987]. In most cases, the effectiveness of the economist in a political setting will be greater by focusing the analysis on incremental changes and by interpreting past choices rather than providing blueprints for future choices [Shabman, 1983].

As Shabman notes:

From this perspective policy analysis is a type of intellectual experiment to expand the range of choices to be considered as deviations from the existing situation, beyond those which may be explored if each choice had to be tested by actually taking political action. [Shabman, 1983, p. 93].

Importantly, policy implementation frequently gets less than deserved attention in policy formulation and analysis. Congress often passes legislation with vague terms which must then be implemented by Administrative agencies. Much policy is finalized and its effects determined by decisions at this point. Policy analysis can make significant contributions by paying attention to implementation difficulties. Unfortunately, economists are particularly good at identifying decision rules, but are far less adept at making them operational in a politically feasible manner [Libby and

Allee, 1985]. Resist the temptation to state that your analysis demonstrates that if marginal cost equals marginal benefit then government policies could make everyone better off, but how to do it is not part of the study.

#### Consider History and Tradition

Recognize that every organization has its own history and traditions. To influence an agency, you will have to conform to some degree. An example is the Soil Conservation Service (SCS), an agency has been leary of economists and social scientists. The general view was that economists did not really understand or appreciate soil scientists or engineers, nor do they have the commitment to the mission of saving soil that has dominated the agency. Economists are those who place limits on things, try to measure, say what can not be done, or suggest what should be done (frequently with an area of disciplinary superiority). They question whether there are benefits for saving soil for its own sake--thus reputing the mission of the agency as seen by many, and they point out that even things worth doing come at a cost. They tend to neglect goals that are not associated with economic efficiency, and they neglect the problems of implementation of proposed new strategies seen as more efficient than past practices.

As a result of these incompatabilities of ideologies, SCS and many other agencies initially had very little use for economists or other social scientists. More recently they found they needed better project justification as the Office of Management and Budget (OMB) and environmentalists found economic analysis provided an easy way to say no. Agencies had to hire economists in self defense and more and more economists found themselves in agencies--as a minority but with potential to be useful in policy design, strategic planning, and agency defense. They arrived with a large tool kit and found an environment for accepting their input into the policy making process which was much better than before.

To be effective in an agency setting, an economist needs to understand the agencies historical traditions; the alternative is to be seen by non-economist colleagues as threatening at best and a "loose-cannon-on-the-deck" at worse. Neither image increases the receptivity of others to your analysis.

Respect for your colleagues also suggests the importance of avoiding economic jargon and using politically neutral words. For example, do not say, "bribe the farmer with subsidies", but rather, "assist the farmer with cost-sharing". Use analogies and jargon your audience can under-

stand. Seek out the assistance of others and do not "oversell" economics [Leman and Nelson, 1981]. Be aware of and articulate the weaknesses of your own analyses.

#### Develop Tactical, Political, and Communication Skills

As important as scientific and technical knowledge are the ability to communicate to policy audiences in a manner that does not offend but makes your points forcefully.

Nelson [1987] makes the point strongly:

Many economists...need to invest greater effort in improving writing skills, facility in reasoning by analogy, command of institutional details, knowledge of legal processes and reasoning and political awareness and savvy. They...need to devote more time and effort to investigations of history, law, politics, and institutions, and their bearing on economic topics of political concern. Advocates of economic policies...need to tailor their policy proposals to reflect an understanding of how these policies will be publicly perceived--in terms of social equity, the public sense of fairness, impact on personal liberties, infringement on private property rights, and other such public concerns [Nelson, 1987, p. 86]

Shabman [1984] also counsels that to be effective one must be aware that there are "better times" to do certain analyses--or what is frequently termed the "teachable moment". How issues are defined dictates the range of possible solutions. Thus an element of political savvy is recognizing when is the right moment to provide economic information and when there is likely to be increased political receptivity for economic information. The timing of analyses can be the key to their influence. In "Washington-ese", there is an expression "the train has left the station". This is a short-hand way of saying while one can be too soon with economic analyses--one can also be too late.

A parallel expression--keeping with the train metaphor--is "know a train when you see one". This refers to the situations where current proposals have so much support that economic analyses for changes have little or no political support. This may mean that one should in the words of Leman and Nelson [1981]--lower their sights, advocate policies that are realistically possible, and provide analysis of those policies and their outcomes.

#### Use Economic Principles

Often the simplest ideas have the greatest return. In many situations, economists have greater influence not by conducting analyses, but by influencing and managing analyses conducted by others. This means that being an advocate for the economic-way-of-thinking involves stressing the

principles of economics: opportunity cost, elasticity, supply and demand, marginal analysis, and the role of economic incentives.

Economists are the ones to point out that more here means less there, that there is no such thing as a free lunch, that there is a difference between total average and marginal, and that just because something is your most important priority does not mean that all your resources should be directed at it if the return at the margin is small. Economists note that just because a program has been successful doesn't necessarily mean that more should be done, that all things worth doing are not necessarily worth doing well, and that if a little is good, a lot is not necessarily better.

Economists have insights into what influences people. They have insights into how to design institutions which rely on incentives for changing behavior, and how to influence people so they will act in their own self interest and yet pursue the desired social outcome.

These are simple yet powerful concepts. They can be used in all decision settings and are particularly useful when there is only time for a quick, off-the-cuff analysis. They can make an economist valuable in the policy arena.

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I am not an expert on experts in the policy process. However I have found these five guidelines: abandon the humble technician role; recognize government's role; consider history and tradition; develop tactical, political, and communication skills; and use economic principles useful in my own work. Hopefully, others may too as they seek to translate their own economic analysis into relevant policy information.

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