

# What Makes Economic Research Relevant for Policy Advice

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# Economics & Policy Advice

## Overview of today

- Timing is everything
- What Helps
- What Doesn't
  - Yellow flags
- Emerging Issues and Needs



# Timing is Everything

- Truism of sport, comedy and policy
- Issues of our time appear to be at the confluence of environment and economy
- World`s financial system in shock, climate change heating up, biodiversity loss, water shortages, fisheries highly stressed
- Solutions include many things, but economics and science must be core



# Timing is Everything...

- Opportunity now to correct problems of limited ecosystem consideration in the market
- What aspects of ecosystem does an industry depend upon: water supply, water quality, soil, pollination
- What are industry and other beneficiaries who depend on those services doing to protect it



# What Helps

- Policy = the decision and the rationale
- Economic Research Relevance = When the economic analysis answers a question(s) important to the policy issue



# What Helps – Know Your Role

- Policy is a cake – economic analysis is one ingredient. Others include science, legal, political philosophy, party platform, fed-prov relations, public opinion, etc.
- Know your role in the mix
- What is the decision that this info will help to make
- Know the size of the pan (policy space)
- Make sure the directions are clear

# What Helps – Expand Your Influence

Understand the context

- What is the org` s policy agenda
- Policy field – is this tinkering on the edges of established policy issue, new to org, jurisdiction, country, world. Stakeholder rigidity
- Consider election cycle, emerging issues, leading thinking, for the appropriate window
- Bring something new, especially for environmental issues, need to challenge status quo



# What Helps – Project Management

- Face time with client. Relationship before, during and after the project
- Clear lead, consistent management of project, clear questions, methodology, points of re-evaluation
- Adequate scope
- While respecting the client and situation, get up the food chain to ensure relevance
- Risk management– hired guns and sacrificial lambs
- Ensure the client understands your position on communicating the analysis publicly





# What Helps - Communications

- Communication is the source of most analytical evil
  - Your analysis is going to be used in many different contexts (referenced by politicians, presented by others, reduced from 100 pages to 2 paragraphs in a CDI, or 2 lines in a Bnote, etc.)
    - Write for a layperson
    - Simplify
    - Summarize
    - Be clear about limitations



# What Doesn't

- Limited relationship - far more problems arise from communication between client and analyst than from quality of analysis
- Lack of clarity about the work's limitations – ensure info users & decision-makers understand
- Writing for other analysts – write to minimize misinterpretation, poor decisions, awkward media situations



# What doesn't – Yellow Flags

- Generally not problem with the analysis, but rather the context in which it is done, timing, policy field closing or expanding, thinking and planning of the client
- New government when relationship of bureaucracy and politicians not well established
- End of term or pre-election rush



# Yellow Flags

- Lack of focus – guidance too general
- Rapidly evolving situation
- Limited face time with client



# Emerging Issues

- By 2050 world population will likely reach 9 billion (6.7 billion today). 1 billion now live without enough water to meet basic needs
- Environment is degrading rapidly. Present management systems not working.
- Dual challenge of energy (impacts of production, distribution, use) supply-demand and reducing emissions e.g. Biofuels debate
- Water undervalued, underpriced and poorly managed
- Commercial fisheries critical
- Endangered species increasing
- Diseases, pests, heat-moisture stresses



# Emerging Issues

- More market based tools needed
  - Adaptation at the producer, regional and macro-economic scale of more atmospheric CO<sub>2</sub> on soil productivity
  - Water payment-management mechanisms – Vittel
  - Resource management e.g. ``Fish Scales`` transferable quota concept
- Ecosystem approach to economic analysis
  - Dam in India
- IUCN (Environment, Economic and Social commission) and UN economic agencies to convene conference toward unified vision of sustainability, characteristics, key challenges and questions



# Summary

## Economic Analysis Relevance

- Timing is everything
- Be clear on the question(s), be clear with the answers
- Expand your influence
- Communication the source of most analytical evil
- Watch for yellow flags
- Ted Turner says tackle important issues