



# **Relevance of Agricultural Economics Research to the Policy-Making Process**

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# Outline

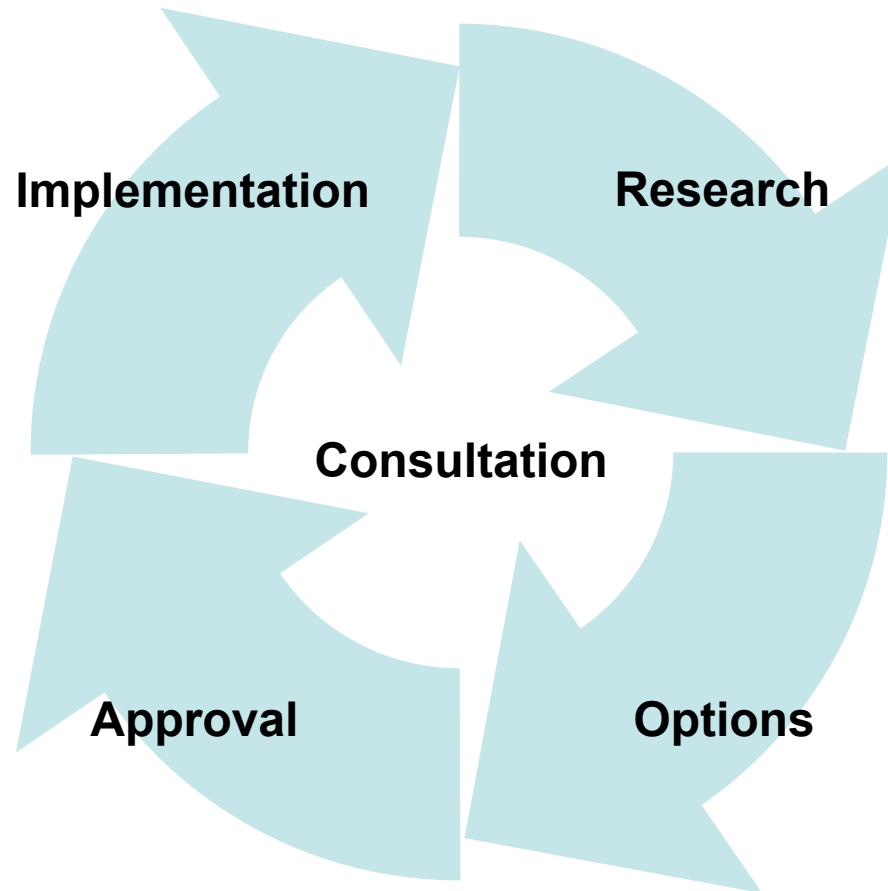
- Overview of the policy-development process
- What makes (agricultural) economic research relevant to the policy-development process
- Case Study: Growing Forward
- Potential directions for future work

## Policy development is an iterative process, and economic analysis can be used at every stage



- Four stages of the policy-development process:
  1. Identify and study the problem
  2. Identify options and test their saleability
  3. Get approval to announce and implement
  4. Implement
- In practice, formal policy research opportunities are constrained by:
  - Framing of issue at outset
  - Timing of need

**Policy development is an iterative process, and economic analysis can be used at every stage**



# What makes economic analysis “policy relevant”?



## *Relevant analysis:*

- **Is simple**
- **Is timely**
- **Contributes to long-term understanding**
- **Catches windows of opportunity**

## *Challenges to relevance:*

- **Institutional Inertia**
  - Big changes take time
- **The world is more complex than the theories or models that try to explain it**
- **Lack of convergence of research results**
  - Across disciplines
  - Within economics (e.g., results from one economic model can differ from the results of another model)
- **Some answers don't have practical applications**

## What is the measure of success for the policy relevance of economic analysis?



- Richardson (1994, US): two ways to measure success:
  - How often does the economic argument rule in policy decisions: probably 10-15% of the time
  - How often does the economic argument change the nature of the debate: probably 20-50% of the time
- Sound analysis and information improves policy-making process at every step

## Case study: Growing Forward



- Growing Forward is the second-generation federal-provincial-territorial accord governing agricultural policy
- The previous Agricultural Policy Framework (APF) focused on:
  - Limited set of national Business Risk Management (BRM) programs
  - Coordinated programming to improve environmental performance on-farm
  - Development of market-ready on-farm food-safety approaches
  - Federal investment in market-development assistance



## Case study: Growing Forward (cont'd)

- Growing Forward development began in 2006, with:
  1. A review of APF effectiveness
    - Not enough emphasis on competitiveness, notably through innovation
    - Confusion regarding environmental role
    - General criticism of the APF development process from industry
    - Provinces felt non-BRM measures had inadequate flexibility
  2. An extensive consultation and review process
    - Broad analytical papers prepared and circulated
    - Opinions widely solicited
  3. Resolution of BRM issues
- Since 2007, focus has been on negotiating non-BRM action
  - Common objectives, funding, terms of flexibility



## Future directions for policy research

- Can participate in the debate about income support
  - Is there a “farm problem”?
  - Are farmers different from other entrepreneurs?
- Can inform development of approaches to enhancing competitiveness
  - What is the industrial organization needed to enhance competitiveness?
  - How effective are various measures to enhance competitiveness?