



Parliament Hill, where ideas become law. In looking at supply and demand in public policy, writes Mel Cappe, “what we are building here is a model of the market for ideas.” Tourism Ottawa photo

Supply and Demand for Ideas and Evidence in Public Policy

Mel Cappe

It used to be that the public service had unique sources of data and privileged access to ministers. That is no longer the case. The market in ideas is now highly contested and very competitive. The days of whispering in a minister’s ear and launching a new policy initiative are long gone. Former Clerk of the Privy Council Mel Cappe looks at how public policy is formulated in 2015. One major change? If you have ideology you don’t need evidence.

In trying to develop a “policy on public policy,” we should think about two things: the production function of public policy and the use to which the product of public policy is put.

In the case of the production function: What are the factors of production? How are they transformed through a production function? And what are the outputs we are trying to achieve? From this we can derive a supply function of public policy.

We should then turn to the use to which the product is put and look at

how public policy is applied. Essentially, what we are building here is a model of the market for ideas.

In considering the use of the output, we have to consider the increasing complexity of the nature of the problems we face. Then we have to take into account the increasing complexity of the solutions to those problems. This increases the marginal value of analysis and evidence in addressing them.

Let's look first at the internal capacity of the public service to do serious work in the production of evidence and applying it to policy analysis and development. It used to be that the government telephone book (anachronistically, a large, bound, paper document with everyone's name, position and telephone number in it, weighing about a kilo) had someone with "policy" in their title on every page.

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In the Government Electronic Directory System among the departments beginning with the letter A (essentially, Aboriginal Affairs, Agriculture and ACOA) there are 554 people with the word “policy” in their title. There are literally thousands of people who do policy work in the Government of Canada. The capacity on the production side is actually quite high. And

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with programs like the Advanced Policy Analyst Program, the Recruitment of Policy Leaders and other departmental elite recruitment programs, the public service actually has significant ability and capacity to do serious work developing an evidentiary base for policy development and doing evidence-based, policy analytic and policy development work. Departments like Finance, PCO and especially Employment and Social Development Canada and Industry Canada still have significant policy shops, with highly trained, sophisticated and very clever analysts with graduate degrees from top flight universities from around the world. The Clerk has made recruitment and policy her priorities.

However, the public service is no longer the privileged source of policy analysis and advice. Rather, the policy production function is broader and deeper than in the “good old days”. Academia, NGOs, industry associations, think tanks, the private sector, consultants, law firms, public intellectuals, lobbyists, media and non-profits often do serious analytic work that can make huge contributions to the public policy debate. It used to be that the public service had unique sources of data and privileged access to ministers. That is no longer the case. The market in ideas is now highly contested and very competitive. The public service still has to play its role of filtering out the private pleadings and applying the broader public interest test, but the days of whispering in a minister's ear and launching a new policy initiative are long gone.

Now let's look to the demand side of the market. Who are the *demandeurs*

of policy analysis and policy development. In the elaborated model, one could articulate a sophisticated structure of electoral politics, political parties, Parliament, and prime ministers through ministers leading to a demand curve for ideas in the market for public policy. It used to be that a scribbled question by the Minister in the margin of a memo would lead to dedicated research projects and elaborate modelling to determine the answers.

However, that requires ministers to ask policy questions before they find policy solutions. It requires prime ministers to be open to evidence convincing them of the importance of the issue at hand, an analysis of the effects of the problem on Canadians, and the development of policy options and approaches that could be elaborated to deal with the problem.

This model presumes ministers and PMs asking questions before they have answers: has violent crime increased or decreased in Canada and why? It presumes that we would invest in data collection with quality assurance to ensure that we know who we are, the problems we face and possible policy avenues to address them: for instance, a long form census instead of a voluntary national household survey.

In this model, the demand curve of ideas in the market for public policy is robustly shifted out and to the right. It still slopes downwards, but it values ideas. The marginal value of the last idea is significantly positive. Unfortunately, now that ministers ask fewer questions and demand less of their public servants, the marginal value of the last idea is very large. But

it is not actually leading to increased use. Curiosity is a prerequisite for vigorous public debate.

The more that ideology plays into the picture, the more that answers are provided before the questions are posed. If you have ideology you don't need evidence.

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What we have observed over the past number of years is a deterioration in the demand side of the market in ideas. The public service has maintained a high level of analytic capacity ... so far. But if the muscle is not exercised, sclerosis and paralysis will set in and the muscle will atrophy. There is a feedback effect or interdependence between supply and demand. Hiring of high quality analysts will become more difficult. The good ones will leave. The quality of their work will deteriorate and ministers will feel vindicated in not calling on the service's advice.

The same will apply to those who produce the evidence. Whether it is in Statistics Canada or in the science community inside government, the production of evidence on which policy should be based will be in decline. When I was DM at Environment Canada during Program Review in the mid 1990s, we preserved the science and cut deeper in service: a courageous decision of the minister of the day, and the correct one. The

nature and essence of the public good was clearly in the science.

As Daniel Patrick Moynihan famously said, everyone is entitled to his own opinion, but not his own facts. If the overwhelming scientific consensus of the Intergovernmental Panel on Climate Change (including scientists from Saudi, Qatar and Venezuela) is that climate change is anthropogenic, it is not up to the minister to find a lone denier and justify inertia by saying it is in dispute.

And you must think about the production function for the creation of science and scientific evidence. Quality scientific research requires scientists to publish their research, to reach out to their collaborators and competitors and subject their results to public and peer challenge. This is inherently a public scientific process.

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I firmly believe that the government of the day should always encourage its scientists to engage with their colleagues and the public about their research. However, I am equally convinced that government should prohibit scientists from getting into the realm of public policy debate. That is the role of ministers in our Westminster parliamentary democracy. One

can make a clear distinction between the science and the policy. The cod expert in Fisheries and Oceans actually does not know enough about other groundfish, about aquatic ecosystems and about human use of the resource to actually speculate on cod policy and the total allowable catch for cod.

The scientist should be doing what he or she does best and that is advise on the state of the cod and factors at work that affect them, then let the rest of the scientists in DFO and the policy analysts integrate it with what will happen in the larger domain.

The resolution of the competing demands on the resource make the science an important evidentiary basis on which to ground a decision. But the decision itself is not a scientific one, but rather a political one. People will say “it's just politics”, but politics is a good thing. Decision-making in the presence of uncertainty, political dynamics, and competing interests requires a ministerial, not scientific decision.

Quality public policy requires a fine understanding of the nature of the problems that afflict us, of the impacts of alternative policies and an analytic basis for informing public policy. This requires a robust evidentiary basis for the market in ideas. It requires a vigorous, analytic and highly educated public service to do the analysis. And most importantly, it requires ministers who will ask tough questions, be open to the evidence and be prepared to make their decisions informed by that evidence and analysis. **P**

Mel Cappe is Professor in the School of Public Policy and Governance at the University of Toronto and formerly president of the Institute for Research on Public Policy. Previously, he was Clerk of the Privy Council, Secretary to Cabinet and head of the public service. mel.cappe@utoronto.ca