Counter balancing evidence-based policymaking with intelligence-based policymaking

Seminar to be given to the Masters of Public Policy students at the Blavatnik School of Government
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Summary

Evidence-based policymaking is currently in vogue across many OECD governments. This approach relies on the analysis of data and other information to assess policy challenges and the performance of government interventions. Yet, the extent to which evidence-based analyses are able to inform *future* policy interventions remains unclear. In general terms, decision-making over future public policy stances rests upon assumptions about the rate of change in prevailing conditions and the degree of uncertainty and risk posed by potential future scenarios. Simply put, the higher the level of risk and uncertainty associated with future policy interventions the lower the utility of evidence-based approaches based upon experience to date.

Given the importance of this challenge for policymakers, this seminar presents exploratory work being conducted by the HC Coombs Policy Forum on the advantages of an alternative *intelligence-based* approach that adapts the structured competing hypothesis testing methods used in intelligence tradecraft for more general applications in public policy. One benefit of this approach is that it provides a framework for decision-making under conditions of uncertainty, ambiguity, and risk. In today's complex and crisis-driven policy environment, it is often not possible to wait for more evidence to become available before decisions are made. The important role played by governments as an uncertainty and risk managers of last resort requires the capability to make decisions *despite* severe information constraints.

Another advantage of intelligence-based policymaking is that it is better positioned to handle *reflexive anticipatory responses*. If government releases an evidence-based assessment of a particular policy challenge (e.g. in social policy or business regulation) it is likely that the behavior of the actors and entities whose behaviors constitutes the policy challenge may change in response to their improved understanding of government's diagnosis of cause and effect - and resulting plans for future interventions. This increases the risk that evidence-based policy prescriptions aiming to generate public value via 'open' approaches to transparency and accountability will reduce the impact of the policy intervention. In effect, the very release of the diagnosis of the problems and intended solutions can reduce the net present value of the intervention. This is a familiar issue in intelligence tradecraft (e.g. counter-intelligence) and its broader significance for public policy is, arguably, under-valued in current evidence-based policy rationales (especially when coupled with a strong transparency ethos).

The proposition to be investigated is that *both* evidence-based and intelligence-based approaches are needed in public policy. The challenge is to work out how to use them in practice. A new concept of (risk-based) discount rate symmetry between the future *and* the past may provide a useful link. Just as we apply a risk and social rate of time preference-based discount rate to assumptions and estimates relating to the future, so too should we also apply a similar discount rate to the *past*. The value of findings obtained from the analysis of the past (i.e. the evidence base) does not eliminate uncertainty and risk over what actually happened and what actually caused this. Consequently, from a decision-making perspective, uncertainty, ambiguity and risk do not just relate to the future. They also relate to our understanding of history, and the lessons for decisions that need to be made *today* about what to do in the *future*. As a result, the degree of diagnostic uncertainty over cause and effect can be thought of as a U-shaped curve that reaches its lowest point in the immediate past (lags in receiving and assessing information mean that there is always more uncertainty over the present than the immediate past).

The seminar will consider ways of implementing this integrated approach as a practical tool for governments by using structured hypothesis testing techniques that are able to make sense of the vast volumes of data that are now available, together with the tighter timelines and more ambiguous and uncertain conditions that characterise modern public policy contexts.

A brief discussion-starter paper will be made available a week before the seminar.

Mark Matthews is Executive Director of the HC Coombs Policy Forum, which is a partnership between the Australian Government and the Australian National University tasked with carrying out experimental and exploratory work with the potential to enhance the efficiency and effectiveness of public policy in Australia − and beyond. He can be contacted at: mark.matthews@anu.edu.au .