

***Beyond Technical Information Providers:
The Expanded Role of Policy Analysts
and their Judgment Behaviors***



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Policy Analysis and Policy Decision

If policy analysis is not used, why do we produce so much of it? (Shulock 1999)

Debates over the Utilization of Policy Analysis

	Optimistic Views	Pessimistic Views
Accuracy	Better information increases the quality of decision	Inaccuracy of policy analysis
Politics	Crystallizing competing objectives and interests in a rational way	Policy-making is political rather than rational
Relevancy	Source of invaluable information for decision	Irrelevant due to the limited analysis scope
Normative Ground	Burden of proof for justifying Gov't expenditure	Advocate policy analysis

Debates over the Utilization of Policy Analysis (Cont.)

- **Empirical Evidence**

- **The growth of research institutes (59 in 1970 → 306 in 1996)**
- **Emphasis on the evidence-based policy-making (NPM, result-driven government, new managerialism)**
- **Indirect utilization of research (Shulock 1999, Weiss 1980)**
- **Pre-feasibility study of the Korean government**

Unusual Success of PFS

- **Strong legal authority**
 - **Instead of doing PFS in ad hoc manner, it is institutionalized by law**
- **PFS is applied to most of major projects before budget allocations**
 - **PFS becomes critical process in budgeting**
- **Analysts are allowed making judgment**
 - **Analysts' judgments are respected by budget agency and the National Assembly.**
 - **PFS results are rarely overruled by budget agency and the National Assembly (24 of 153)**

Research Question

- **How is PFS successfully institutionalized in Korea ?**

- **How can we explain the success of PFS despite some limitations ?**
 - **Legal requirement of PFS would not be a sufficient condition for more utilization of policy analysis**
 - **Both politicians and bureaucrats do not want to lose their discretion to make decisions**

Policy Environments Supporting PFS

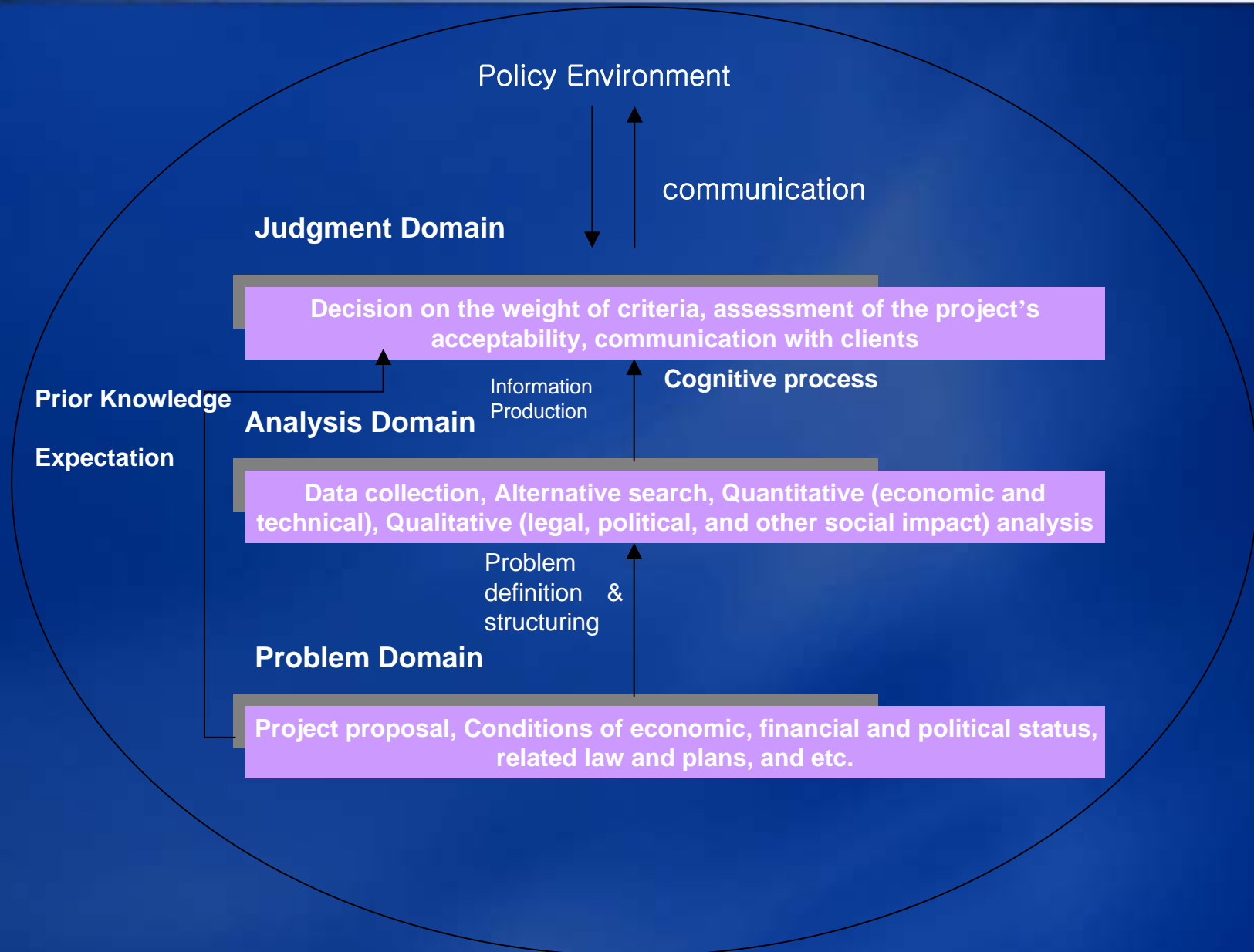
- Asian Crisis
 - Strong Government Reform Initiative
 - Symbolic failures of major public investment projects
- Government faced the strong pressure of adopting transparent and systematic investment decision process
- Why not using internal agency but KDI? → weakened trust in government

Enhancing the Accuracy of Analysis

- ***Prevention of adversarial policy analysis***

- **Minimizing the methodological ambiguity by using acceptable guidelines of PFS**
- **Inclusion of project-specific factors to avoid criticism on omission bias**
- **Gaining supports by allowing experts to join PFS**
- **Preventing adversarial Policy analysis**

Explicit Judgment Model Preventing Arbitrary Interpretation



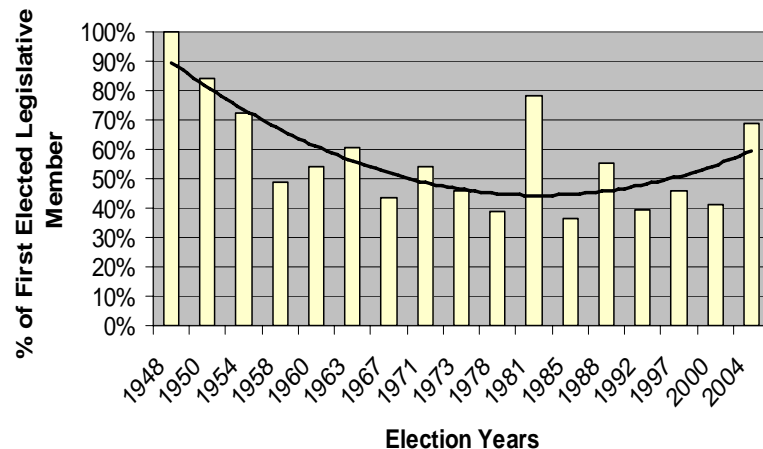
Despite the Variation of Scoring, Explicitness reduces Uncertainty in Interpretation

- **What will happen if we do not have analysts' judgment information?**
 - **Arbitrary Interpretation of acquired information from analysis**
 - **I simulate judgment of four 'straw men' for describing such an arbitrary interpretation**
 - **Study proves that more than 90% of arbitrary interpretations have the larger variation than the largest STD in empirical scoring of PFS (3.28)**

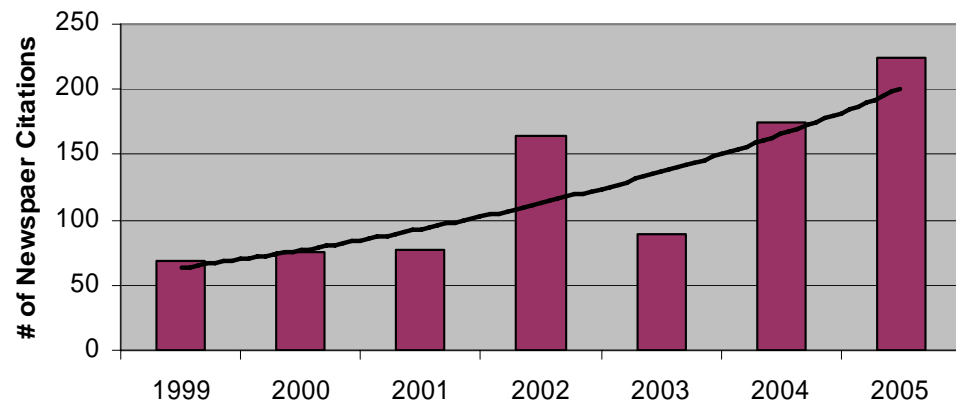
Absence of dominant decision-maker

- High turnover rate of National Assembly memberships: Hard to make political bargaining among politicians
- Weakened coalition among politicians and bureaucrats
- The public having more chance to monitor government's activities

The Changes of the Legislative Members



The Increase of Public Recognition for PFS



Limitation 1: Different Interests Affect Analysts' Scoring

- In all project fields, KDI analysts demonstrate negative scoring and private analysts indicate positive scoring behavior.

Project field	Affiliation					
	KDI			Prv		
	Score of Economic Efficiency Deviation*					
	N	Mean	StdErr	N	Mean	StdErr
Rail	56	-1.37	0.27	39	0.94	0.4
Road	95	-0.98	0.18	68	1.32	0.32
Dam	22	-1.96	0.45	11	0.93	0.84
Harbor	10	-1.62	0.53	11	1.55	0.63
Others	55	-0.32	0.27	32	0.56	0.51
All	238	-1.04	0.13	161	1.07	0.21

Note: Deviation from the average score of each project on economic efficiency
Controlled the inter-project difference

Limitation 2: Democratic Legitimacy

- Too much transferring the authority of public decision-making from the politicians or bureaucrats to policy analysts
- If policy analysts decide public policy, the democratic legitimacy would be replaced by technical legitimacy

Limitation 3: Validity of Analysts' Judgment

- **Analytical Validity: Errors in cost and benefit estimation, unintended consequences**
- **Interpretative Validity: Is analysts' judgment the same to that of bureaucrat, politicians or the public?**

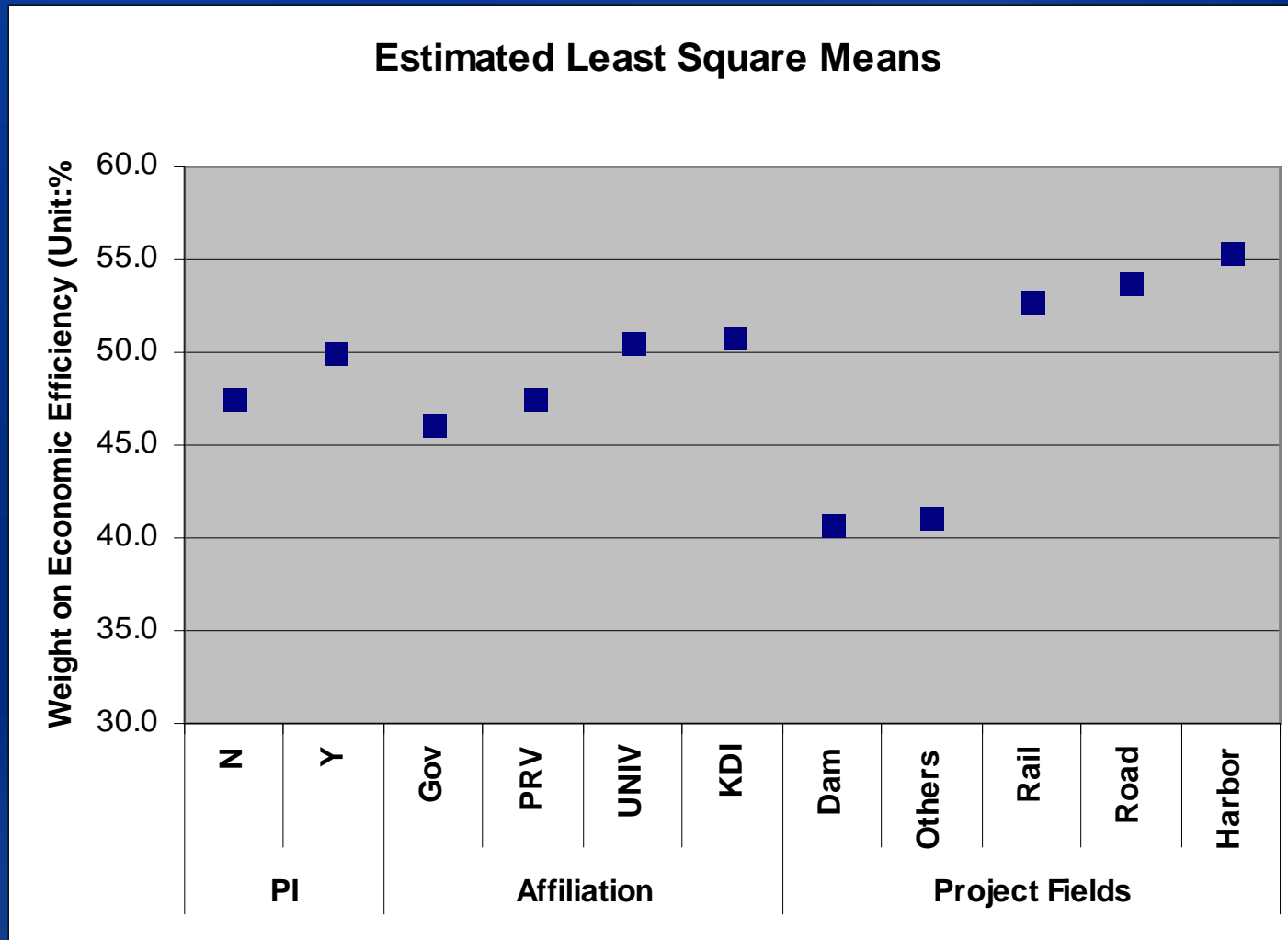
Conclusion

- To provide policy-relevant information, analysts should expand their role to judgment domain
 - We do not need to limit the role of policy analysts to technical information providers. Their judgments can help bureaucrats and congressmen to understand the policy analysis results
 - Nevertheless, we should not confuse with “judgment” as “decision”
 - *Technocratic guidance* is only reference information. Analysts’ judgments should pass the competing argumentative process
- Quantified information or using the same weighting vector is not a fundamental solution

Conclusion

- **To provide more relevant policy advice, analysts have to improve the validity of their judgments**
 - **Organization of balanced research team is critical**
 - **Procedures for reassessment of analysts' judgment should be added in judgment process.**

Significant impact of analysts' role in the analysis, their affiliation, and project field on the weight of economic efficiency

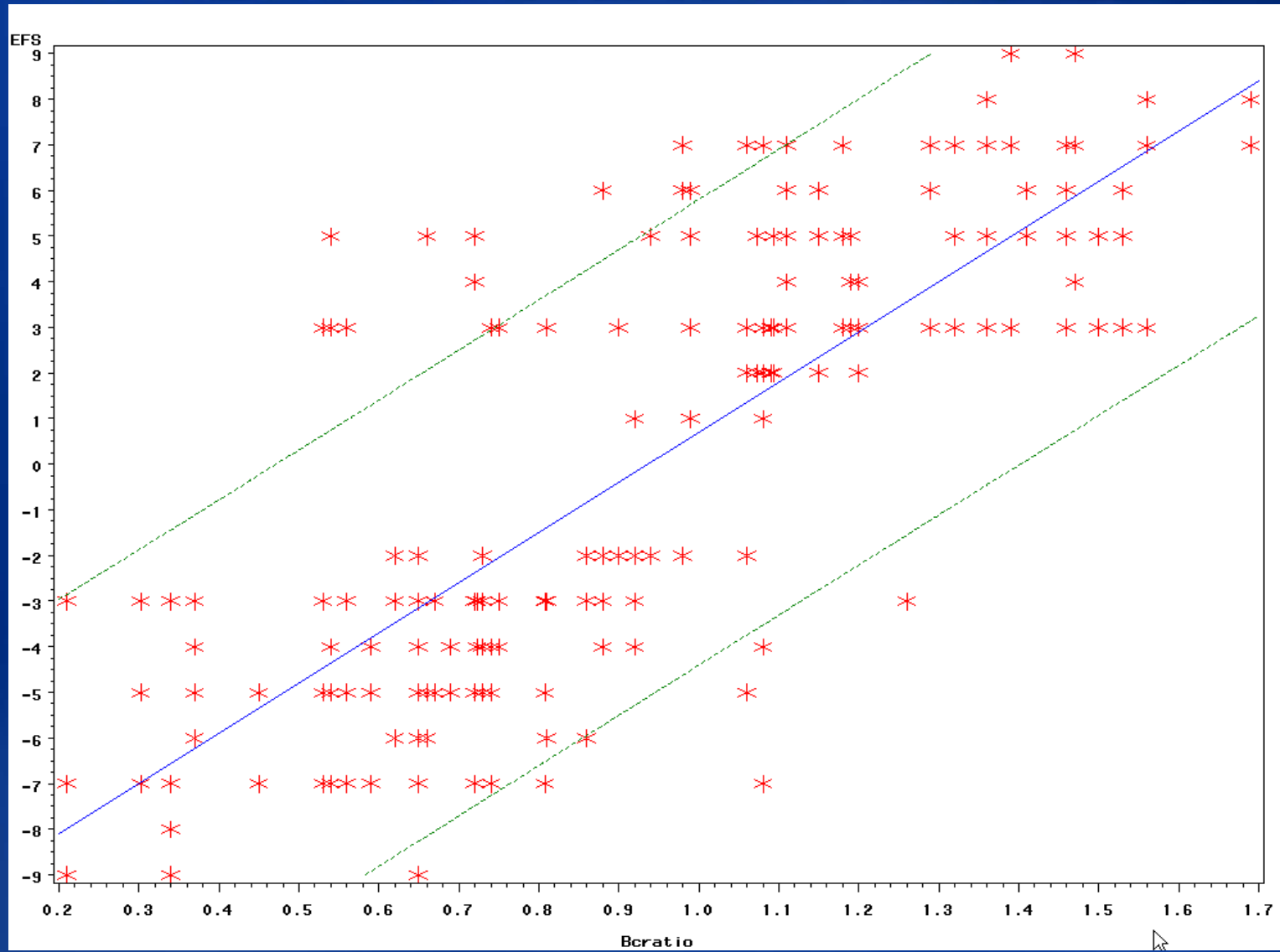


R-Square: 23.91%, 95% confidence interval

Quant. Information Does Not Necessarily Lead to a Consensus in Scoring

Criteria	Quant. Information	Average STD*
Economic Efficiency (EF)		2.47
Basic Policy Factors		
Backwardness (BW)		3.28
Regional Econ. Impact (ED)		2.46
Commitment (CP)		2.18
Financial Feasibility (FF)		2.87
Relevance (RV)		2.76
Environment (EI)		2.61

*Nine point AHP scale





Thank You and Any Questions ?