**Fulbright NEXUS**

**Economics Group**

1. **Introduction** *(Mariana Conte Grand, UCEMA)*

There has been considerable debate in our Nexus cohort on how researchers can best support policy makers. While there is increasing literature about research-policy interactions (George 1994, Edwards 2004, Laverne 2007, Bammer et al 2010, for example), our intention with this document is to try to contribute to this discussion from our own experience. Our experience comes from three developing countries (Argentina, Colombia and Uruguay), both from interactions with national and local governments. Three of us are environmental economists and one of us is a trade economist, and we are all involved in research that seeks to influence policy in our countries.

We believe it is important to increase the influence of agenda, evidence and expertise from the academic community to the government, but it is equally important to understand that there is a way back. There are potential mutual gains in improving the communication among academic researchers and policy makers. This means that the relationship to construct is that of engagement. As pointed out by Edwards (2004), the research-policy nexus is not an “input-output relationship (research in and policy out)” but it is an iterative one. This same concept lies behind “adaptive management” (Cash and Mosher 2000). We want to emphasize the need for high levels of communication and information flow that allows to build trust through participation and mutual learning.

Under this main philosophy (that of promoting mutual learning among researchers and policy makers), we have chosen to organize our thoughts around four issues we consider key in that understanding:

1. How different is the **agenda** in the minds of academicians and practitioners;
2. What are likely feedbacks related to **data** availability, access and analysis towards policy;
3. What are the **methodologies** used for policy making, which others could be used and how they could be understood by non specialists;
4. How research **results are presented** to policy makers: the need to provide succinct and jargon-free guidance, but at the same time make clear the hypothesis of your research and the subsequent sensitivity analysis we perform. Highlight the importance of **framework** in policy making process (decisions and implementation): understand the restrictions imposed by different stakeholders (identify potential supporters and opponents) and show the policy maker different alternatives.

In what follows, we will describe what has being our experience intervening within each of those four areas.

1. **Environmental policy and economic research in Argentina** *(Mariana Conte Grand, UCEMA) VERY DRAFT*

An environmental economist would say that there are three key dimensions to consider in any policy agenda: 1) Understand that environmental problems deserve a policy because they have efficiency and equity consequences, and that such a policy is as important as any other; 2) Have in mind that there is a range of available instruments to attack environmental problems (namely, standards, taxes/subsidies, tradable permits, deposit/refund mechanisms, liability schemes, or firms´ environmental information dissemination programs); 3) Be conscious that designing a policy requires assessments regarding its benefits and costs (be clear that environmental regulations are costly per se and may impact competitiveness or industries´ location) and that, as a consequence, zero pollution is not feasible if there has to be economic activity.

In Argentina, while the first environmental government agency (Secretaría de Recursos Naturales y Ambiente Humano) was created within the Ministry of Economics, there is almost no economist working there. This means that the agenda as understood by our profession cannot be present. Environmental policy makers tend to adopt positions toward favoring zero pollution. They tend to be interested in policy instruments they know (standards or tradable permits -thanks to the carbon Kyoto mechanisms-). And, while they generally acknowledge that there are developed countries which set taxes, they understand those as a “rights to pollute” and not as true environmental regulations. On the other side, deposit/refund mechanisms are generally considered as a private sector device to save costs (recycling bottles), while legal liability and information disseminations are not understood as environmental public policies. Similarly, policy designers usually like to talk about costs and benefits, but they do not have knowledge on how those can be approximated.

The assertions in the last paragraph could be considered subjective appreciations if it was not that there are clear examples of them. One illustration of the “zero pollution” and lack of valuation argument are readily at hand. The City of Buenos Aires passed on January 2006 a lwa called “Ley de Basura Cero” (*zero waste law:* www.buenosaires.gov.ar/areas/med\_ambiente/**basura**\_**cero**/). The law implies a reduction to zero of waste (that can be recycled or reduced) sent to landfills by 30% in 2010, 50% en 2012, 75% in 2017 and 100% in 2020. The instruments put in place to help implementing this law are based on community education towards recycling. This law was not driven by any consideration of benefits of reuse and recycling of materials (less environmental and health costs and less transportation costs and other costs of waste sent to landfills) versus costs of doing so (costs of differential recollection, cost of recycling plants or energy costs of recycling). Hence, it is not clear if the recycling targets respond to a good design or to mere voluntary assessments. The point is that the city of Buenos Aires has not being able to fulfill its obligations under that law. Part of it can be due to a design problem because a target was set, with no benefit and cost analysis and the instruments chosen to implement the target lacked any incentive mechanism. Similar laws exist for other provinces as the Province of Buenos Aires, with similar problems.

A second example is when Argentina had a conflict with Uruguay regarding the permission granted by the Uruguayan government in 2005 to build a pulp mill in Fray Bentos, on the Uruguay River that limits with Argentina. For Uruguay, it was the biggest foreign investment in his history, but Argentina claimed that pulp mills would pollute the river, and the conflict scaled to closing Argentina and Uruguay borders, with the consequent economic costs in terms of tourism and trade. This problem ended up at the International Court of Justice (a summary of the facts can be found in <http://www.icj-cij.org/docket/files/135/15895.pdf>). Finally, the Court stated that Uruguay had been wrong in the procedure to inform Argentina but he had taken all provisions to protect the river, while Argentina had not been able to prove harm to its interests. Former president Kirchner adopted a zero pollution strategy implying that Uruguay should not accept such investment. However, with an economic mind, Argentina should have selected other ways to fight. If it had made clear that it would for compensation if damages actually happened, that per se acts as a legal regulation type of instrument. If that was clear, Uruguay would have all the interest to avoid inflicting Argentina any harm and take good care. In addition, before any claim, Argentina should have undertaken its own environmental impact valuation. We did so partially and after the conflict had scaled.

A third example on agenda issues is the design in the 80s (decree 2125/78) of an industrial effluent discharge fee. The tariff included a fee for discharges within the maximum allowable level and a higher penalty for discharges above the maximum allowable threshold. There were provisions for increasing the fee levels gradually over a 10-year period. In practice the fees were never widely applied and the system was modified in 1989 to lower the fees and revise the penalties because environmental groups sued the government on the grounds that the fee system amounted to a license to pollute beyond legal limits. The court declared the decree introducing the fees to be unconstitutional (this experience is reported in von Amsberg, 1995). This last example illustrates the fact that public sectors officials to not understand clearly what taxes as environmental instrument mean.

To summarize, the knowledge on what is environmental economics research agenda is low. Policy makers like to hear about how economics is linked to the environment, but they do not have much insight on what the topics in that agenda are. In addition to that lack of awareness, they tend to have, however, a bad impression of environmental economics as a “neoliberal” perspective that would allow the environment to be harmed in benefit of firms. This is somehow clear in each of the examples provided above.

On the other side, public environmental data in Argentina is almost non existent. It does not mean that there is no data. It does not mean either that there is no legislation to get the data, but it does means that cannot find it easily. There are real impediments for researchers to assess data held within the bureaucracy. This is particularly that way in the environmental area, but it is not the case in other government agencies. For example, health data is easily provided by the Ministry of Health when requested, and that ministry also publishes health statistics on its web page.

Again, a couple of examples related to the assertions in the last paragraph may turn out useful. First of all, taking as a reference the national Environmental agency (Secretaría de Ambiente y Desarrollo Sustentable: <http://www.ambiente.gov.ar/>), it is easy to see that there is no Environmental Statistics section. Nevertheless, it is possible to request information under the legal procedures of the environmental disclosure law number **25.831 passed in 2003** (<http://www.ambiente.gov.ar/?idarticulo=6909>). This law was an improvement to foster future collaboration on environmental publicly available data sources.

The fact is that while data is known to exist (on hazardous waste, on water quality near the Buenos Aires coast, etc.), it is not published. This is in contrast to other countries, where “Community Right to Know” allows even to learn about environmental variables at the level of zip codes. To summarize, publicly available environmental data is scarce in Argentina. This makes work difficult for researchers, but it also impedes public officials to have any advice on how to organize the data and on which would be interesting indicators to analyze. There is much work to do in what respects environmental database construction and availability.

Even when they have the capacity, with few exceptions, environmental policy makers in Argentina tend to be unresponsive to absorb how results are generated. They have the impression the research methodologies are too complex for them to understand. As for data, there is no disclosure related to models built to understand environmental dynamics. As a single example, there is no model on climate change inventories or on environmental assessments related to climate change. The same holds for other areas.

To summarize, in my experience, influence of research in policy making has depended on building a relationship with particular public servants who found my work interesting, rather than on general government directives toward closing the gap between research and policy. Much work can be done in this sense in the future.

**References**

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