

*Notes on the History of Policy Analysis*

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What is the history of policy analysis? Most of us (and most textbooks) would likely say that it was a product of post-WWII military planning carried out by the RAND Corporation and several other “think tanks”. A typical reference to the origins of policy analysis would be this, drawn from an article (Walt and Gibson 1994:358) on analysis in health policy. “Policy analysis draws on concepts from a number of disciplines: economics, political science, sociology, public administration and history, and emerged as a subdiscipline in the 1960s, mainly in the United States.” Policy analysis has intellectual roots in the “stages of the policy cycle” approach of political scientist Harold Lasswell (1950s), the policy agenda setting theory of Anthony Downs (1960s) and in the development of cost benefit analysis in the 1950s by applied economists such as Otto Eckstein and John Krutilla. In the late 1960s, funded by Lyndon Johnson’s Great Society, cost benefit analysis was extended from military and water resource problems to health, education, poverty, etc. Starting with Princeton in 1948, graduate professional programs in public policy have proliferated among major U.S. universities.

However, it is surprisingly easy to find examples of performing most of the functions of policy analysis (definition of problem, analysis of alternative policies, defense of a recommended policy) somewhat earlier. For example, the Army Corps of Engineers was required by Congress to use a form of cost benefit analysis in 1936. There were a number of comprehensive analyses of forest resources going back to the 1890s. In *The Coal Question* (1865) William Stanley Jevons made an explicit large-scale, long term, economic forecast. (His forecast—that England would face an energy crisis in the 1920s as its coal reserves were depleted—was very wrong!)

There are other, even earlier, examples:

- Edwin Chadwick’s Report on the Sanitary Conditions of the Labouring Population (1842), the foundational work in public health policy.
- Thomas Jefferson sent a message to Congress in 1803 giving a justification for the Louisiana Purchase
- Alexander Hamilton’s Report on Manufactures (1791) in which he proposed tariffs to raise money for national economic development, especially for building roads and canals
- Adam Smith’s *The Wealth of Nations* (1776)—the seminal work in economics, but motivated by analyzing national policy on trade
- Thomas Malthus *An Essay on the Principle of Population* (1798)
- several works (1770s-1790s) by the Marquis de Condorcet, some of which are foundational in the development of the theory of statistics
- the Spanish “arbitristas” (early 1600s) who tried to explain the economic decadence of Spain and the poverty of its people and to propose solutions to the King (two important points—analysis of role of migration to New World, which they considered bad for Spain, and reform of the municipal tax system so more revenue could be raised)
- Julius Sextus Frontinus (Rome 95 AD)—Appointed Water Commissioner for Rome, Frontinus wrote a history of Roman water policy and law, described the water supply system in detail, and (perhaps most strikingly) described the water management institutions and commented on their effectiveness, with particular attention to preventing then-prevalent water theft—e.g. “As concerns the draft of water by private consumers, it is to be noted: No one shall draw water without an authorization from Caesar, that is, no one shall draw water from the public supply without a license, and no one shall draw more than has been granted. By this means, we shall make it possible that the quantity of water, which has been regained, as we have said, may be distributed to new fountains and may be used for new grants from the sovereign. But in both cases it will be necessary to exert great resistance to manifold forms of fraud.”
- going even farther back, an amazing document by Xenophon (c. 400 BCE) called “*Ways and Means*” In it, he tries to explain why Athens is rich and how to keep it that way (foreign traders are important, so make sure that courts treat them fairly in commercial disputes) and even employs a form of cost- benefit analysis in analyzing whether Athens

should buy municipal slaves and put them to work in the silver mines (he recommends this as a good investment). See <http://classics.mit.edu/Xenophon/xen.ways.html>

- There are even passages in the Bible [Old Testament] that might be interpreted as descriptions of policy analysis. In Genesis 41, Joseph interprets a dream of Pharaoh by making a prediction (“seven years of great plenty, followed by seven years of famine”), then suggests a policy based on the prediction (government confiscating and storing 1/5 of the harvest during each good year), and is rewarded for his apparently good advice by a lofty post as royal policy advisor! (“there is none so discreet and wise as you are: You shall be over my house, and according to your word shall all my people be ruled: only in the throne will I be greater than you.”)

These examples make me think that there are many more. What kind of reports were done by classical Chinese and Indian bureaucrats, who were highly educated and sophisticated? When was regional poverty first systematically analyzed? Where do we draw the line between simple advice-giving and true policy analysis? Were there analytic advances at early periods that were then lost for hundreds of years? Was there a concept of risk? Of opportunity costs? Of discounting? Did early policy analyses ever provide detail on implementation institutions and implementation issues that might arise? Was there ever an analysis of distributional consequences of either a policy or the problem it addressed? If so, was it ever related to determining sources of support or opposition to the proposed policy? (“whose ox will be gored” analysis). Was there any mechanism for evaluating decisions *ex post*? Should our consideration of early policy analysis be limited to public policy, or should it also extend to analysis of private decisions, such as the sophisticated quantitative work of German forester Martin Faustmann (1849) on the financially optimal time to cut a tree?

One fascinating question is “What gives authority to the policy analyst? Today, authority generally comes from advanced degrees, publications, and in some cases high level experience in the field. [This can be controversial, as in the recent debates over whether the Secretary and Assistant Secretary of the Treasury and the chair of the Securities Exchange Commission should have “inside” experience on Wall Street.] Authority may also derive from commissioned studies of a problem, often by institutions perceived to have specific expertise, such as presidential commissions, the National Research Council and major “think tanks” such as the Brookings Institution, the American Enterprise Institute and the Urban Institute. In earlier times, authority might come from mystical claims [oracles] or visions. Note that Joseph’s hard-headed advice to Pharaoh was based on his interpretation of Pharaoh’s dream, which “all the magicians of Egypt and its wise men” could not explain.

I’m writing to see if anyone else is interested in this topic, which has long seemed to me

related to the very foundations of policy analysis, both as it is taught and done in a formal sense at the Terry Sanford School and as it is done in a less self-conscious manner at the Nicholas School, the Department of Economics and in the many centers and institutes at Duke that are devoted to particular subjects (e.g. Center for Child and Family Policy). It could ultimately be a book, but given its breadth, I think a small conference or set of subject oriented seminars (e.g. economic growth policy, anti-poverty policy, military preparedness and strategy, forest policy) would be the best first step. It/they should involve economists and policy analysts, but also historians of a wide variety of geographic locations and time periods.

#### Selected Bibliography

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