



Getting policy traction with microdata

Productivity Partnership Data School
Improved Access to Economic Microdata in Canada

51st Annual Conference of the Canadian Economics
Association,

June 4, 2017

Motivation

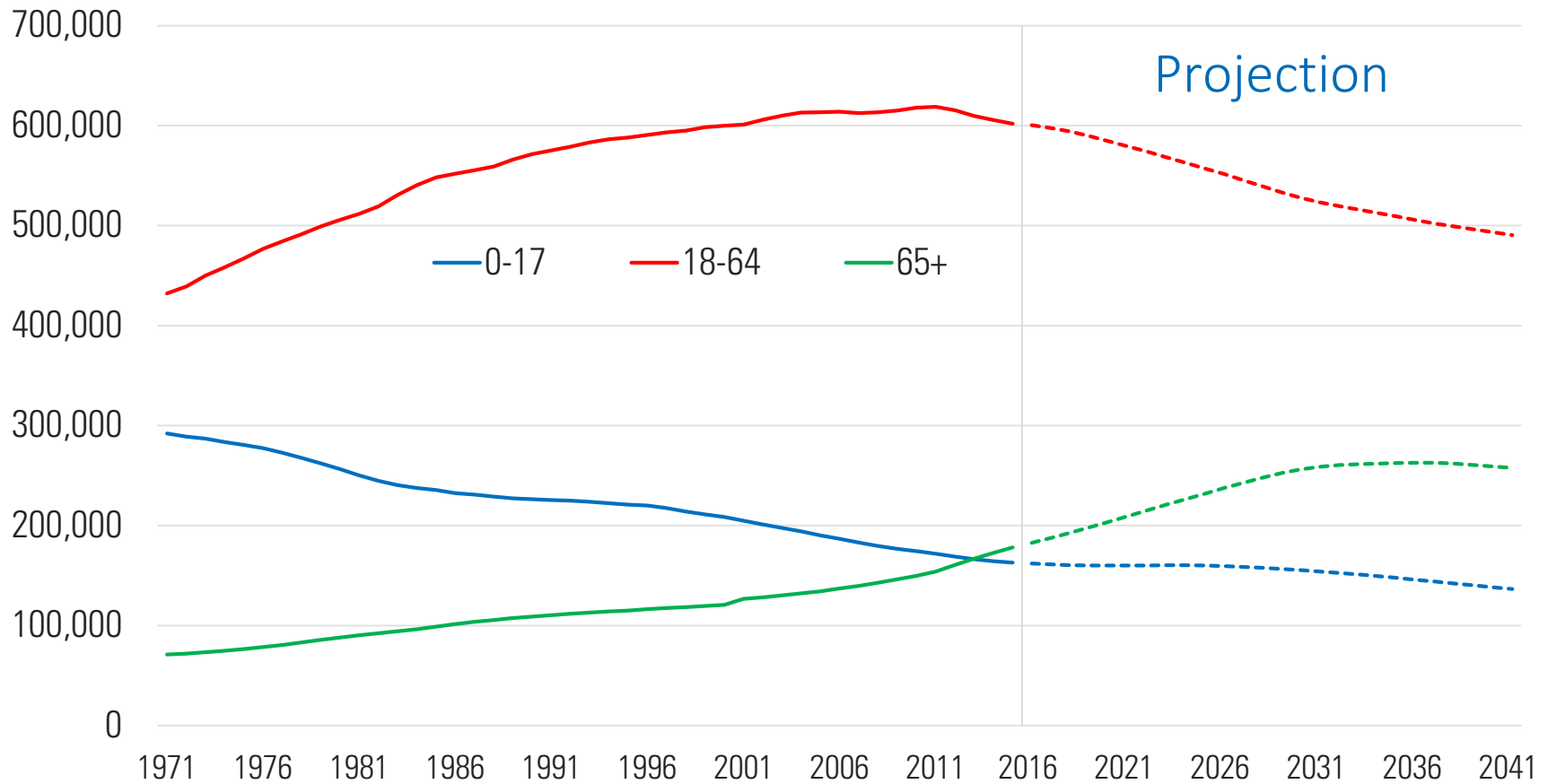
Nova Scotia Department of Finance and Treasury Board has policy challenges

- Economists focus on fiscal priorities and economic analysis of major projections, investments, events, etc.
- Limited capability for research, though we do have greater access to microdata than other institutions
- We have the tools, but we don't have the resources to use them
- Rely on the community (represented at the CEA) to carry out the policy research.

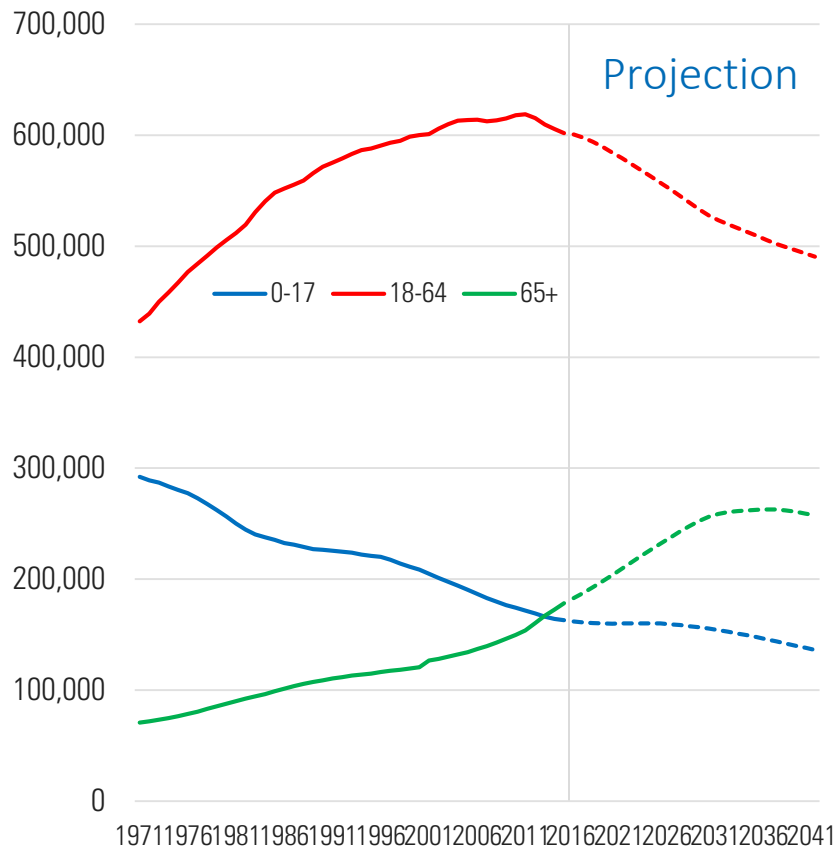
So I'll share our chief concern about productivity with you.

- I know you can address it through improved access to data.
- But I need to share additional barriers to policy improvement with you that are not addressed by greater empirical evidence

Example: NS demographic outlook



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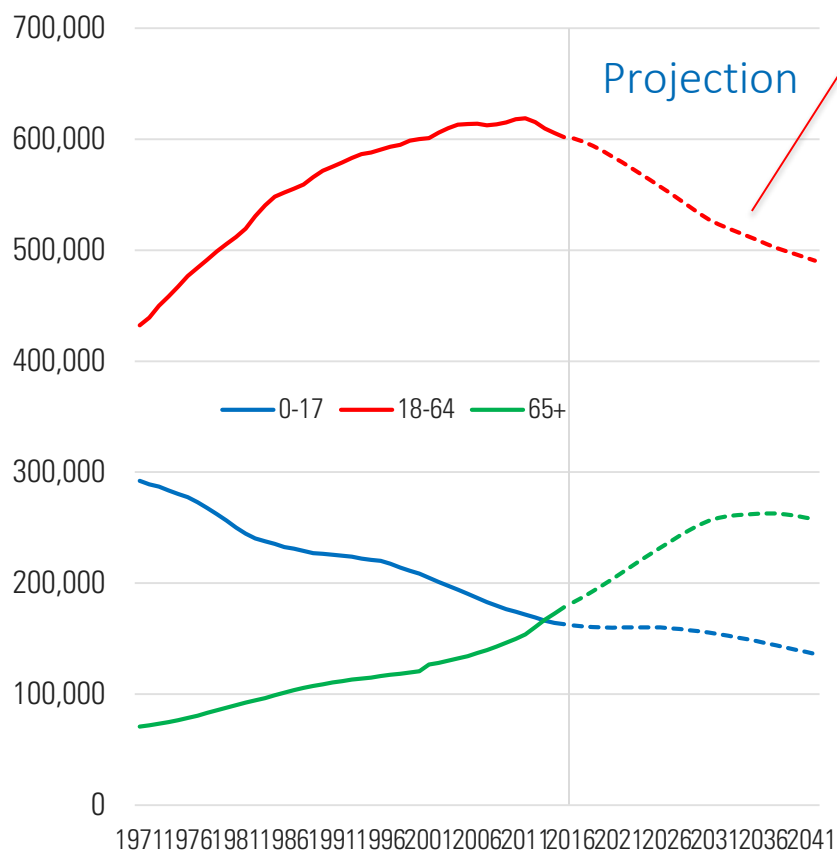
Nova Scotia's population projected to decline in the coming 25 years

- Biggest change: those aged 18-64 aging into the 65+ cohorts
- Over 100,000 fewer in typical working ages
- Fundamentally different contribution of labour to output

Two paths:

- Productivity improvement
- Decline in output
- Each suggests a set of policy response

Does productivity research (and therefore improved microdata) help?



Our main problem is here... demographic future affects production and income (*inter alia*)

How much insight does a technologically and demographically different past or present it offer us about future productivity?

Still questions as to whether we are even constructing productivity indicators correctly.

Question to empiricists

So much of the evidence we gather here is aimed at improving policy

If good policy advice is borne of robust examination of the evidence...

...why are we forever challenged by bad policy initiatives?

...why do good policy initiatives still face criticism despite ever-growing evidence of their success?

Translating greater evidence into better policy

Far too much emphasis is placed on building more robust and/or more nuanced estimations

- Even when the policy conclusion is unlikely to change

Too many papers end with brief and generic policy recommendations

- “This will be of interest to policy makers...”
- These need to be much more fully developed. Specific actions, programming, investments, legislation
- Leaving economic policy to non-economic policy makers becomes a source of compromise or misinterpretation.

Translating greater evidence into better policy

Too many papers end with lip-service paid to distributional impacts

- Underestimate (and often obscure) the frictions for some parties as they adjust to a new policy
- Deliver insufficient measures to fully compensate
- Creates aggrieved groups that can be exploited for political gain

Too many papers that *look* like good empirical evidence

- The community of economists can identify self-serving exaggerations and we dismiss them in our proceedings.
- Policy-makers cannot discern the quality of analysis
- Given as much weight as robust and tested analysis; more if the self-serving analysis is heavily promoted to them
- We need to actively call out self-serving and biased research.

Access to and examination of microdata is necessary but insufficient

Inadvertent or willful ignorance of the evidence is a barrier to policy improvement

- More evidence does not stop it from being ignored

We probably know the policy interventions to use and to avoid in addressing coming changes in productivity.

- Need to market a coherent set of policy recommendations with wide agreement among economists
- Need to be transparent about and substantively address the frictions and dislocations that will affect some groups
- Need to actively dismiss (not just ignore) the self-serving analysis and recommendations promoted by charlatans

This is not easy: ask the EcoFiscal Commission