Statistics and Policy Evaluation

Assemblée Pléniére CNIS
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Outline

1. Complementarity of policies

2. Statistics, Knowledge & Policy

3. Policy evaluation: the role of statistics

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1. **Complementarity of policies**

2. Statistics, Knowledge & Policy

3. Policy evaluation: the role of statistics

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Policy complementarity

- Reforms have different time dimensions depending on the institutions, which need to be changed

- In addition, policies are strongly interrelated (OECD evidence):
  - Fiscal and monetary policies
  - Macro and structural policies
  - Across structural policies

- As a consequence of the time- and issue-interdependence of reforms, fragmented (piecemeal) policy implementation may create inefficiencies (2nd best result), which may lead to policy reversals

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Some examples

- The EU Lisbon strategy: the complementarity between real exchange rate, fiscal and human capital policies needs more attention. Strong upward price pressures in the non-tradable sector (e.g. Services) require an appropriate framework for competition policy and regulatory reform

- Many OECD countries increase the retirement age but this will not produce results if the labour market is not creating jobs for older workers and health status is not improving

➔ *Performance of one reform area may be closely related to progress in other policy areas*

Matrix of policy interactions

| →	Health	Social security	Education and R&D	Fiscal policy	Monetary Policy	Financial sector reform	Product markets	Labour markets
Health	--	Reduce early retirement by disability	Incentives for Human K accumulation	Reduce spending pressures				Better health status
Social security	Sustainable retirement incomes	--	Incentives for Human K accumulation	Reduce implicit liabilities		New market segments	Reduce producer tax wedges	Reduce labour tax wedges
Education and R&D	Healthy lifestyles; Innovation	Financial literacy	--	More effective spending	Non-price competitive-ness	Financial literacy	Higher skills	Higher skills
Fiscal policy	Resources for long-term financing	Resources for long-term financing	Resources for long-term financing	--	Aggregate demand management	Avoid Crowding-out	Reduce producer tax wedges	Reduce labour tax wedges
Monetary Policy			Improved individual financing	Impose budget discipline	--	Reduced inflationary pressures	market interest rates	Reduce need for indexation
Financial sector reform	Higher activity rates, Innovation	Development of annuities, reverse mortgages	Improved individual financing	Prevents systemic risks	Prevents systemic risks	--	Improved credit conditions	More investment and employment
Product markets	Higher activity rates; Innovation	More employment for older workers	Increases return on education	Improves profitability and tax base	Lower price pressures	Lower level of bad debts	--	More job creation
Labour markets	Higher activity rates	More employment for older workers	Increases return on education	Improves employment and tax base	Lower wage pressures	Lower risks of excess indebtedness	Easier Entry/Exit mechanisms	--

➔ Positive spill-over of policy (*i*) on policy (*j*) (cf. Macedo & Oliveira Martins, 2008)

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Statistics, knowledge and policy: a broken chain?
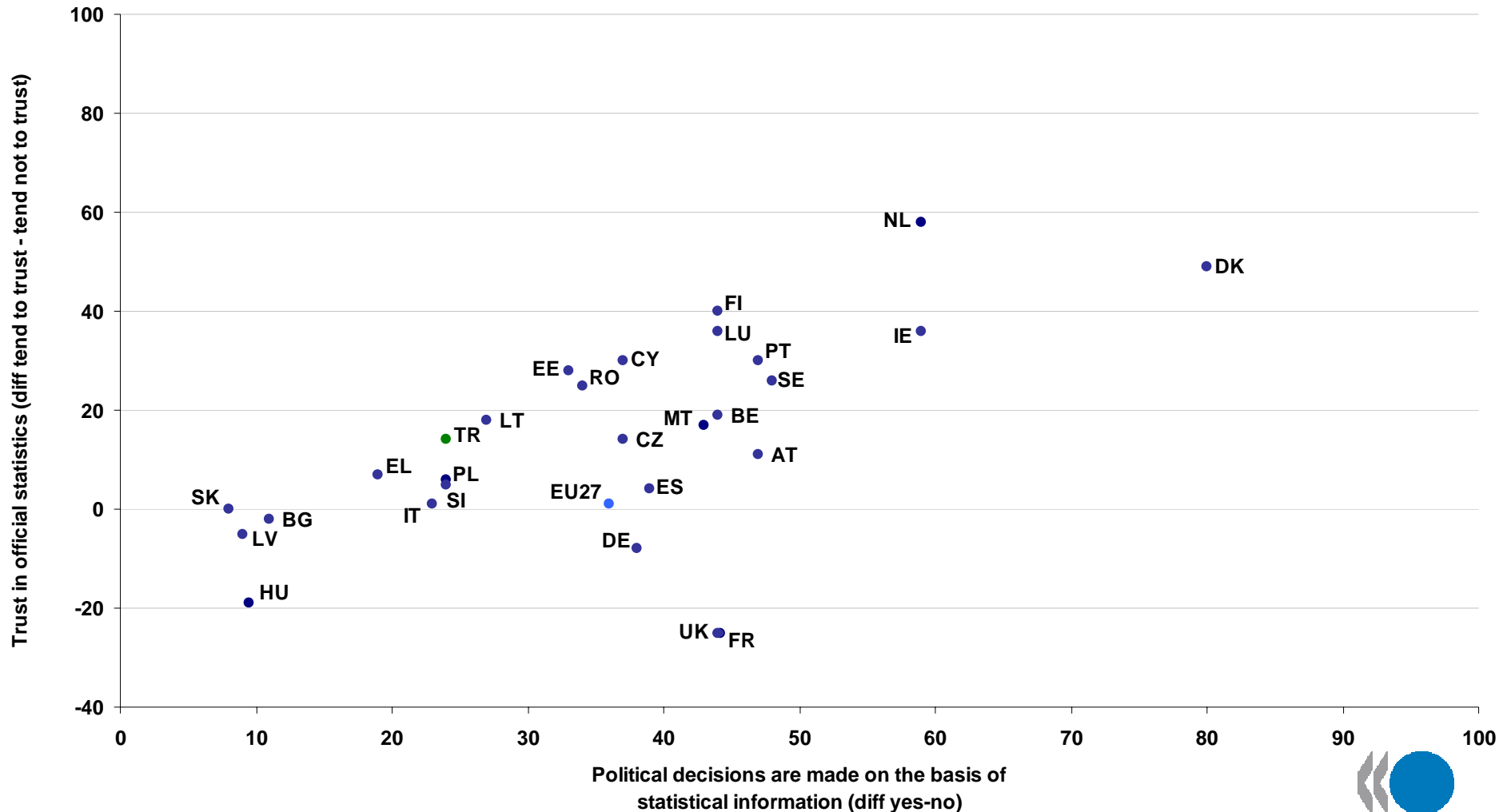
Building knowledge
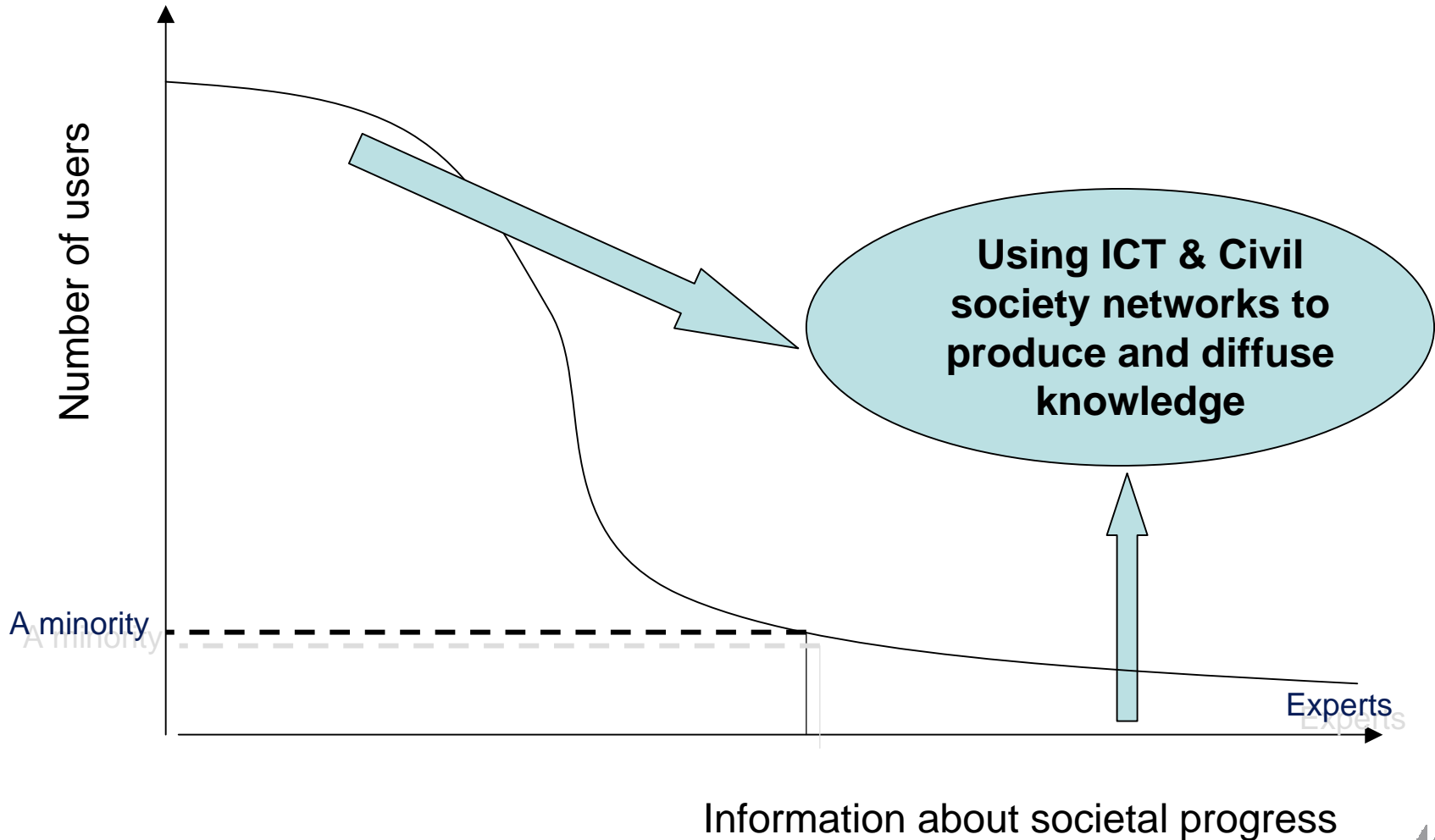
The Istanbul Declaration

- A **culture of evidence-based decision making** has to be promoted at all levels of government

- We affirm **our commitment to measuring and fostering the progress of societies** in all their dimensions and to supporting initiatives at the country level.

- We **urge statistical offices, public and private organisations, and academic experts** to work alongside representatives of their communities to produce high-quality, fact-based information that can be used by all of society to form a shared view of societal well-being and its evolution over time.

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Policy-making accountability

- **Performance indicators**
  - Ex: Atkinson Review (UK), StatRes/Kostra (Norway) or Information Society Programme (Finland)
  - Direct measure of output in key public services (health, education)
  - Environmental dimensions
  - ➔ *Not to confuse monitoring with performance assessment*
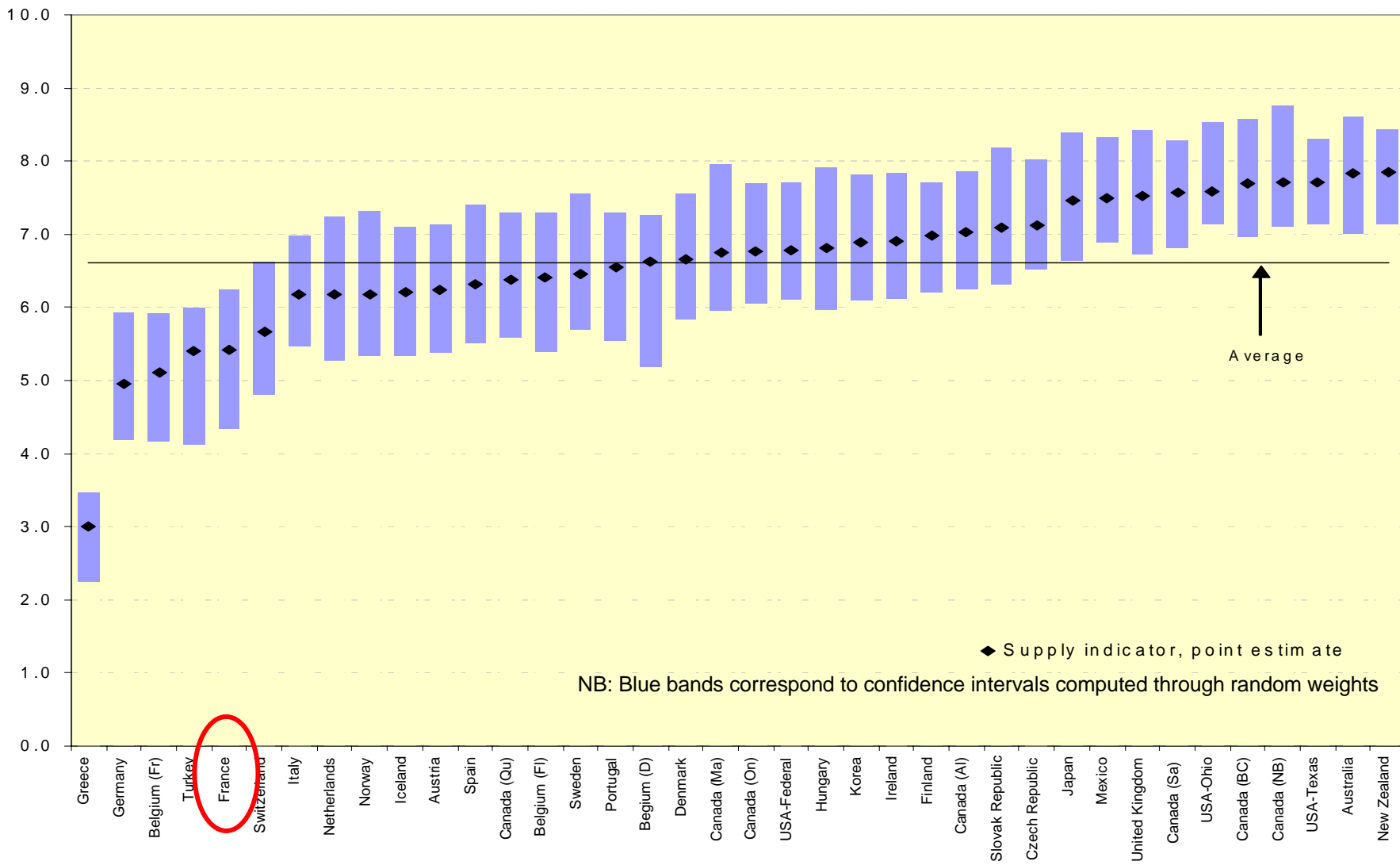
- **User surveys**
  - Tracing changes in behaviour
  - The debate about subjective statistics

- **International benchmarking**
  - PISA, Institutional indicators (PMR, EPL, etc.)
  - OECD Going for Growth exercise relating indicators to performance and establishing priorities

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OCED Composite Supply indicator of Higher Education

(administratively-based systems=0 incentive-based systems=10)

Average

◆ Supply indicator, point estimate

NB: Blue bands correspond to confidence intervals computed through random weights

Greece, Germany, Belgium (Fr), Turkey, France, Switzerland, Italy, Netherlands, Norway, Iceland, Austria, Spain, Canada (Qu), Belgium (Fl), Sweden, Portugal, Belgium (D), Denmark, Canada (Ma), Canada (On), USA-Federal, Hungary, Korea, Ireland, Finland, Canada (Al), Slovak Republic, Czech Republic, Japan, Mexico, United Kingdom, Canada (Sa), USA-Ohio, Canada (BC), Canada (NB), USA-Texas, Australia, New Zealand

Role of National Statistical Offices

- Decentralised model: a network of NSOs, International Organisations and Research Institutes
  - Statistical data are no longer only gathered by official statistical agencies, but by academic providers too (especially in the field of longitudinal micro data)
- Are NSOs under threat?
  - A challenge, but public institutions have a privileged position, provided that trust exists (e.g. to gather confidential micro-data information)
- Should NSOs be in charge of the evaluation?
  - They have the scientific expertise
  - They need independence
  - Need resources to measure government inputs and outputs

Merci!