

# Session I: The relevance of micro data for evidenced-based policies

Discussion

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## **Statistics and intelligence in central banking**

- » Masaaki Shirakawa

## **Survey measurement of heterogeneous probabilistic expectations**

- » Charles F. Manski

## **The relevance of micro data for evidence-based policies**

- » Role of Micro data in economic policy analysis: distributions, correlations, causal analysis at the micro level – really needed?
- » Ex-ante evaluation and ex-post evaluation: two sides of the same coin?
- » Inconsistencies between micro and macro data: a problem for policy analysis?

## **The trinity of empirical research in economics**

- » Description: comparing the comparable
- » Forecasting: anchors of stability in past phenomena
- » Causal analysis: what would have happened, if ...

Observed heterogeneity is not an insurmountable problem ... but conducting research disregarding this heterogeneity is an inexcusable sin.

## **The distinct contribution of economic analysis**

- » Incentives: direction and intensity of reactions to policy
- » Budget constraints: most directly observed, standard
- » Expectations: formed probabilistically or otherwise

All of those aspects might be characterized by substantial heterogeneity ...

## Macro statistics, micro statistics, intelligence

- » „quantifiable“, „systematic methodology for collecting data: replicable“, „aggregate number“ – it is even for individual units !
- » „mostly published / not published“ – the research question should be the paramount aspect in choosing the level of aggregation
- » „intelligence“ might also be gathered at the macro level

## The relevant distinctions: utilization and source of information

- » Research: gathering insights, answering policy questions, ...
- » Communication: explaining choices, seeking compromises
  
- » Hard data: revealed preferences
- » Soft data: taking statements (of survey respondents) seriously

## Evidence-based policy

- » What it is not: exhaustively defined by extensive use of data
- » What it rather is: an approach which offers a transparent and sober discussion of the prerequisites for and the limitations of the analysis.
- » False sense of precision and other pitfalls ...

## Lessons for central banking (if I may be so blunt)

- » Treading the path taken by economic research institutes in recent decades ... becoming more genuinely scientific, not more technical
- » Breaking up internal borders of organization, communicating and collaborating intensely between units within the organization
- » Pursuing a problem-oriented organization of work ... being as transparent as possible