

Session B:

Strengthening Policy Analysis



Strengthening Policy Analysis

➤ “What we need to do, however, is to link policy and outcomes”

1. Actions not assessed in terms of outcomes
2. We get the baseline wrong
3. The total effects of policies are not assessed
4. Little sign that countries are trying to learn from one another
5. EU analyses should present policy choices to countries

What do we need to do? Get a better tool-kit.

- We do need better tool-kits, but we also need policymakers committed to using them
- The need to 'do something' takes priority over finding the best policy approach
- Lack of policy experiments (UK as a partial exception)
- Lack of explicit ex post auditing; time-limited policies

What are the strong and weak points of different types of analysis? Model family approach

Advantages

- 1) Easy to understand
- 2) Timely
- 3) More cross country comparisons
- 4) Identify anomalies/interactions
- 5) Focus on policy

Disadvantages

- 1) Miss complexity of 'real' world
- 2) Assumption-driven
- 3) Limited information on outcomes

There is often no 'right' measure or of things like work incentives

- US: Unemployed got 55% of earnings for 6 months, then 10%. 90% of unemployed were so for less than 6 months.
- Belgium: Unemployed got 65% for 1 year, then 40%. 40% were unemployed for less than 1 year, 60% for more.

US had higher benefits (?!)

- Sometimes greater 'realism' gives a misleading picture
- Need a range of different tools to use for different purposes