Using administrative data for public policy in labour markets

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IDEA CERGE EI

About

- IDEA = Institute for Democracy and Economic Analysis

- Academic non-partisan think-tank

- Policy oriented research

- Generates and disseminates a broad range of leading ideas for policymaking based on solid analysis

- Non-ideological, evidence based approach

Latest studies

- **The impacts of introducing the waiting period in 2008 for sick leave** (Filip Pertold)

- **The impact of higher wages of politicians on municipal elections** (Ján Palguta and Filip Pertold)

- **The consequences of the postponed abolishmend of super gross wages** (Klára Kalíšková and Michal Šoltés)

- **Czech teachers´ intelectual skills in international and generational comparison** (Jana Krajčová and Daniel Münich)

- **Obesity in the Czech Republic: an international comparison using data from the SHARE project** (Filip Pertold and Jiří Šatava)

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Current state of policy debate:

- Very little evidence-based discussion, mainly ideology or opinion survey type of evidence
- Administration is not ready to provide evidence for policy makers even if they demand it (example: minimum wage policy)

Essentially non-existing general framework for using administrative records policy research

Different admin data from labour market:

- Unemployment records (OK Prace)
- Social security records (CSSZ)
- Tax records (Financni sprava)
- Structure of Earnings Survey (Trexima)

Some fragments are used for basic statistics. SES data are occasionally used for policy and academic research. Major source for applied labour market research: Labour Force Survey, SILC.

Sign of improvement: Czech Statistical Office has launched a data lab.

I believe that following conditions must be met to be improve policy making using admin data (Card, Chetty, Feldstein, Saez)

(a) fair and open competition for data access based on scientific merit
(b) sufficient bandwidth to accommodate a large number of projects simultaneously
(c) inclusion of younger scholars and graduate students in the research teams that can access the data
(d) direct access to de-identified micro data through local statistical offices or, more preferably, secure remote connections1
(e) systematic electronic monitoring to allow immediate disclosure of statistical results and prevent any disclosure of individual records

Long-term analysis of randomized field experiments. Field experiments are a powerful method for scientific evaluation of alternative policy choices, and the US was an early leader in the use of field experiments to evaluate negative income tax policies in the 1960s.

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Evaluation of active labour market policies
- connecting survey data with social security data

Tax research
- elasticity of taxable income

Minimum wage research
- more and more relevant for nowadays policy purposes. Policy makers are interested to mitigate inequalities.

Research on determinants of gender pay gap.
- **What is the main driver for gender pay gap**
- **Discrimination, motherhood, sorting into occupations etc.**

Wages and selection into politics
- **Are wages effective tool to improve pool of politicians?**

Kleven et al. (2017, 2019): estimating child earning penalties for women and men for Denmark and other countries.

Key aspect: labour market data are connected to data about maternity/parental leave benefits, or fertility data. Event study approach.

Sufficiently long period, longitudinal structure, sufficient amount of characteristics about individuals, firms etc.

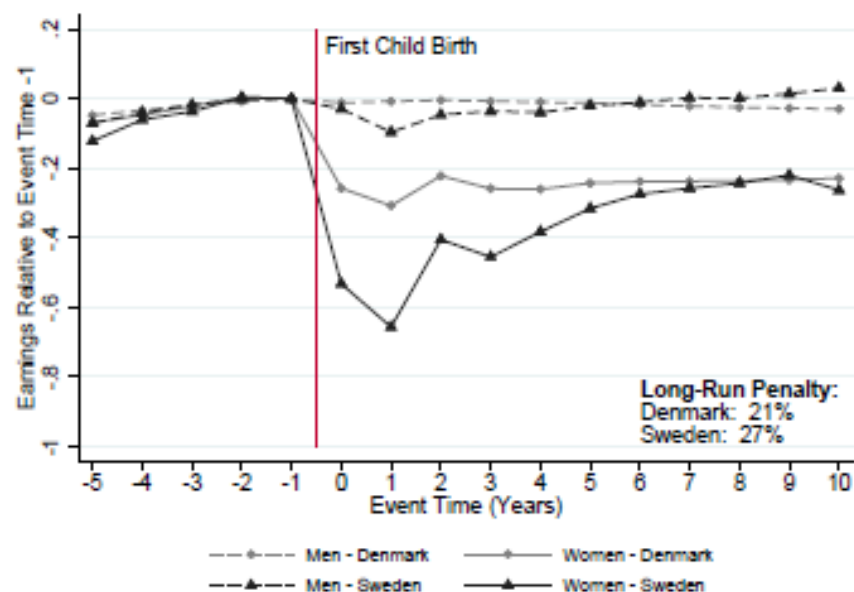## Figure 1: Child Penalties in Earnings in Scandinavian Countries

Long-Run Penalty:
Denmark: 21%
Sweden: 27%

Men - Denmark   Women - Denmark
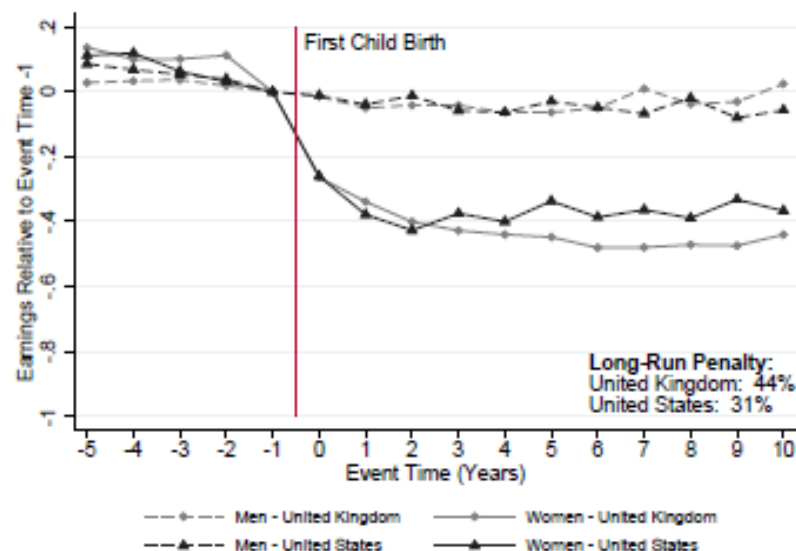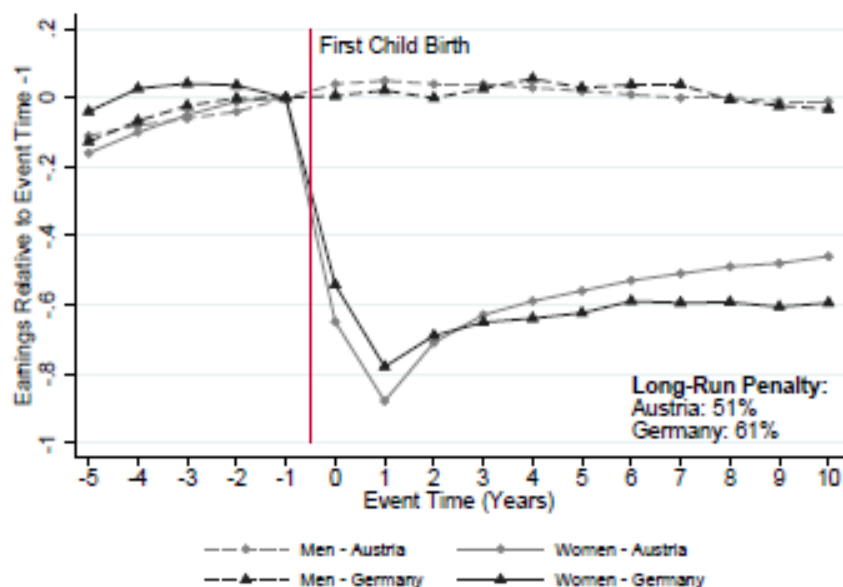Men - Sweden   Women - Sweden
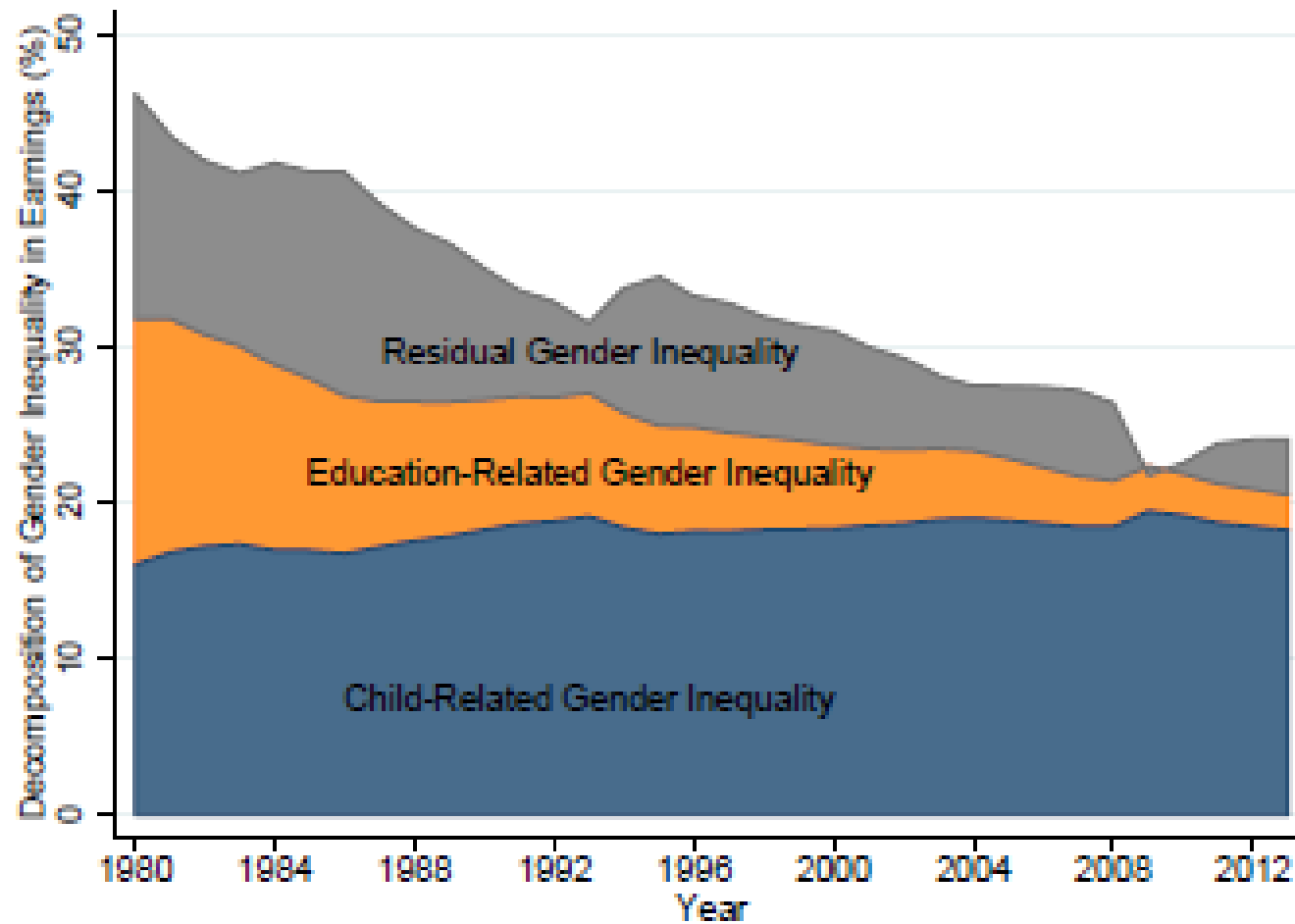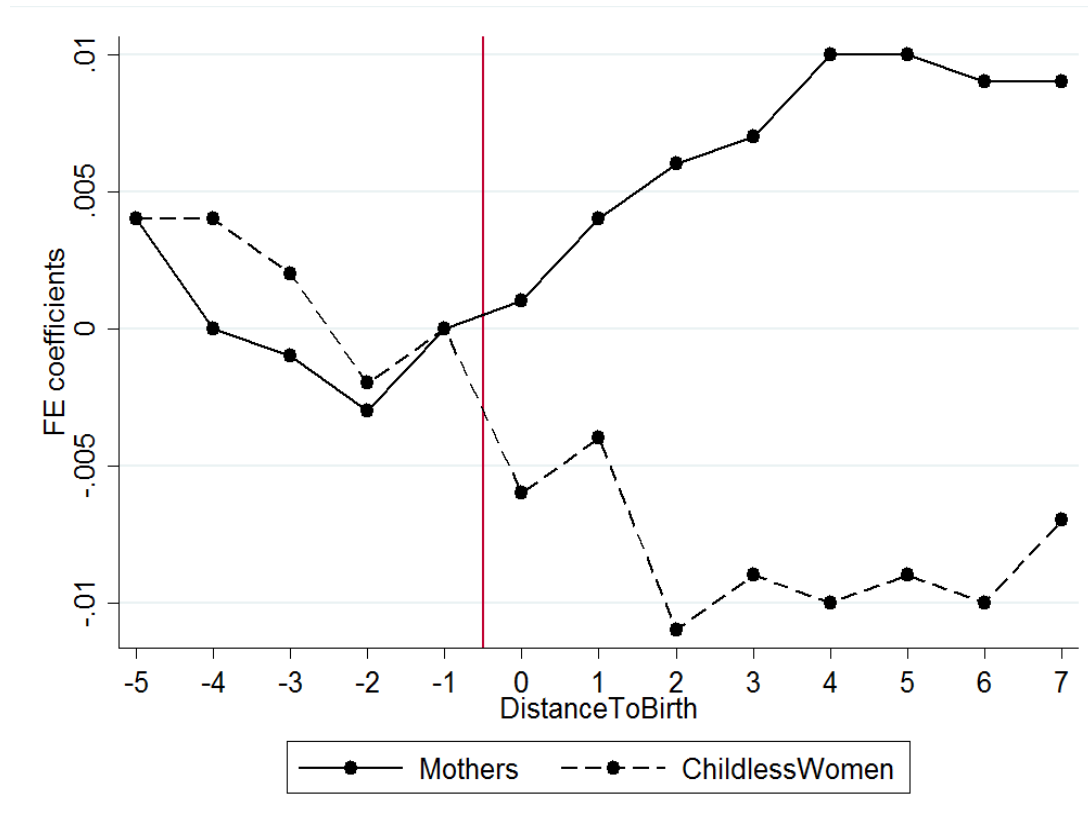
Figure 2: Child Penalties in Earnings in English-Speaking Countries

Long-Run Penalty:
United Kingdom: 44%
United States: 31%

Men - United Kingdom   Women - United Kingdom
Men - United States   Women - United States

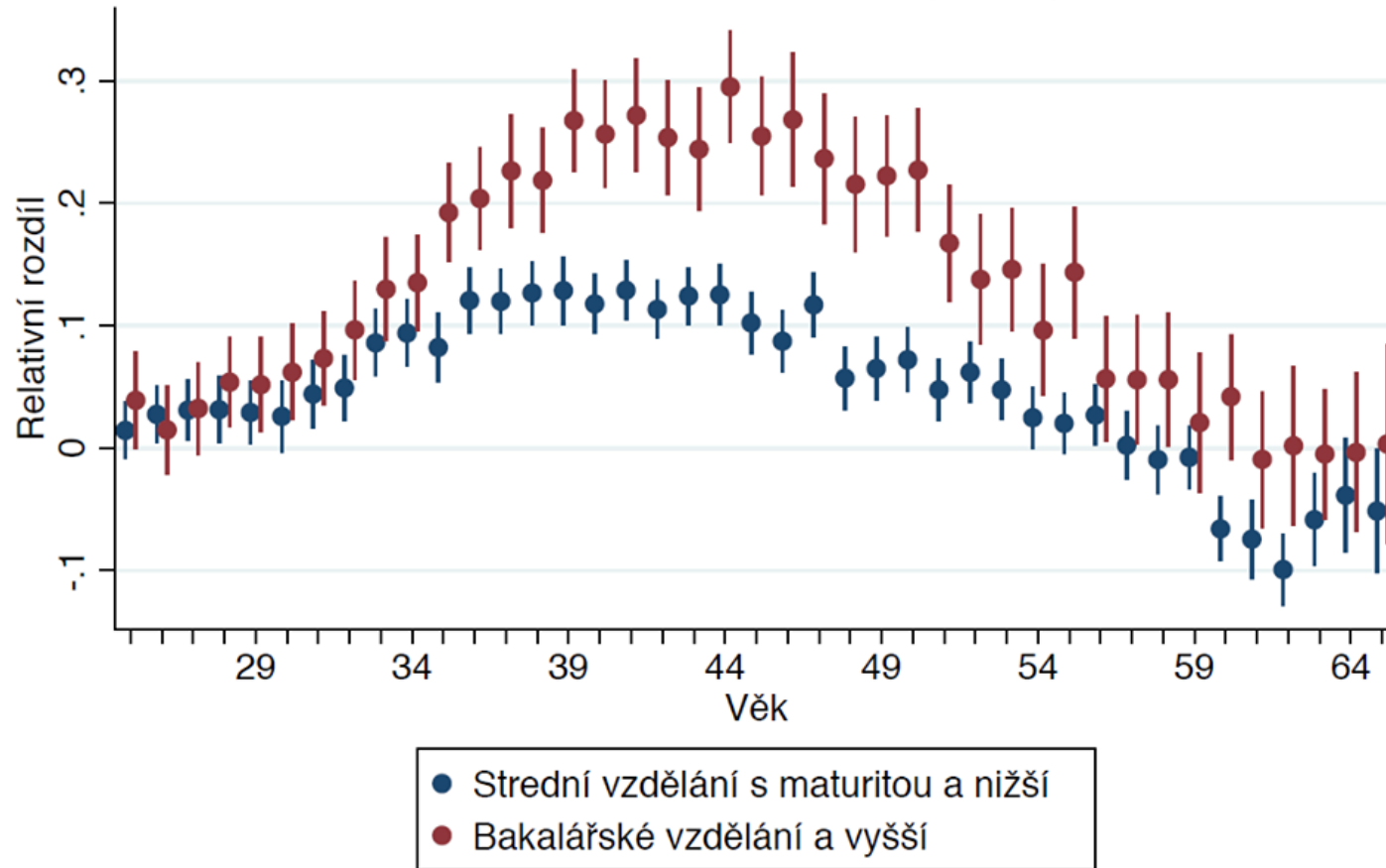## Figure 3: Child Penalties in Earnings in German-Speaking Countries

Long-Run Penalty:
Austria: 51%
Germany: 61%

Men - Austria   Women - Austria
Men - Germany   Women - Germany

B: Child-Related Inequality vs Education-Related Inequality
(Post-Child Effects vs Pre-Child Effects)

Datta Gupta, Pertold, Pertold-Gebicka (2018): Potential explanation motherhood dip may sorting into public sector during motherhood

Relativní rozdíl v průměrném hodinovém výdělku mezi ženami a muži (2017)

Legend:
- Střední vzdělání s maturitou a nižší
- Bakalářské vzdělání a vyšší

(X-axis: Věk; Y-axis: Relativní rozdíl)

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Policy conclusions:

Parenthood is the key determinant of gender pay gap.

Governments may learn from each other how to make it smaller, but total equality is probably not feasible even if paternity leave is shared.

Pure discrimination based on gender is unlikely a factor, at least in western countries.

Can we promote more equal sharing of childcare duties between mothers and fathers?

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>   **- Discrimination, motherhood, sorting into occupations etc.**

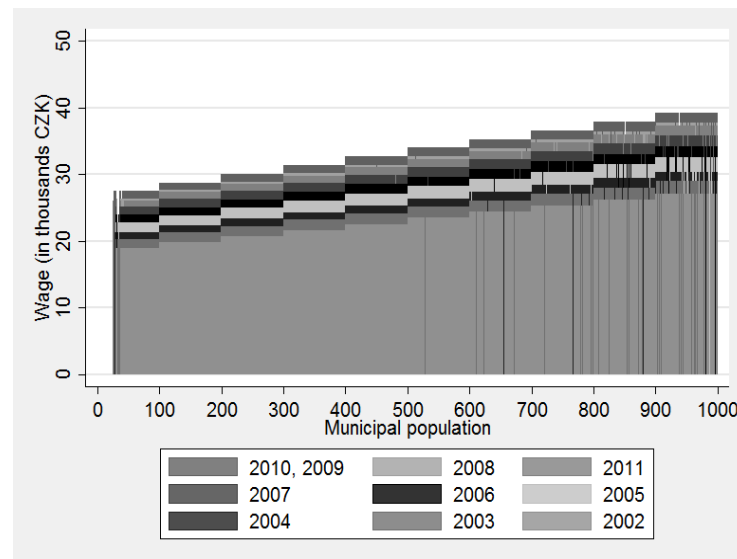**Wages and selection into politics**
>   **- Are wages effective tool to improve pool of politicians?**

Wages and selection, and competition in elections
       - Are wages an effective tool to improve pool of politicians and improve competition?
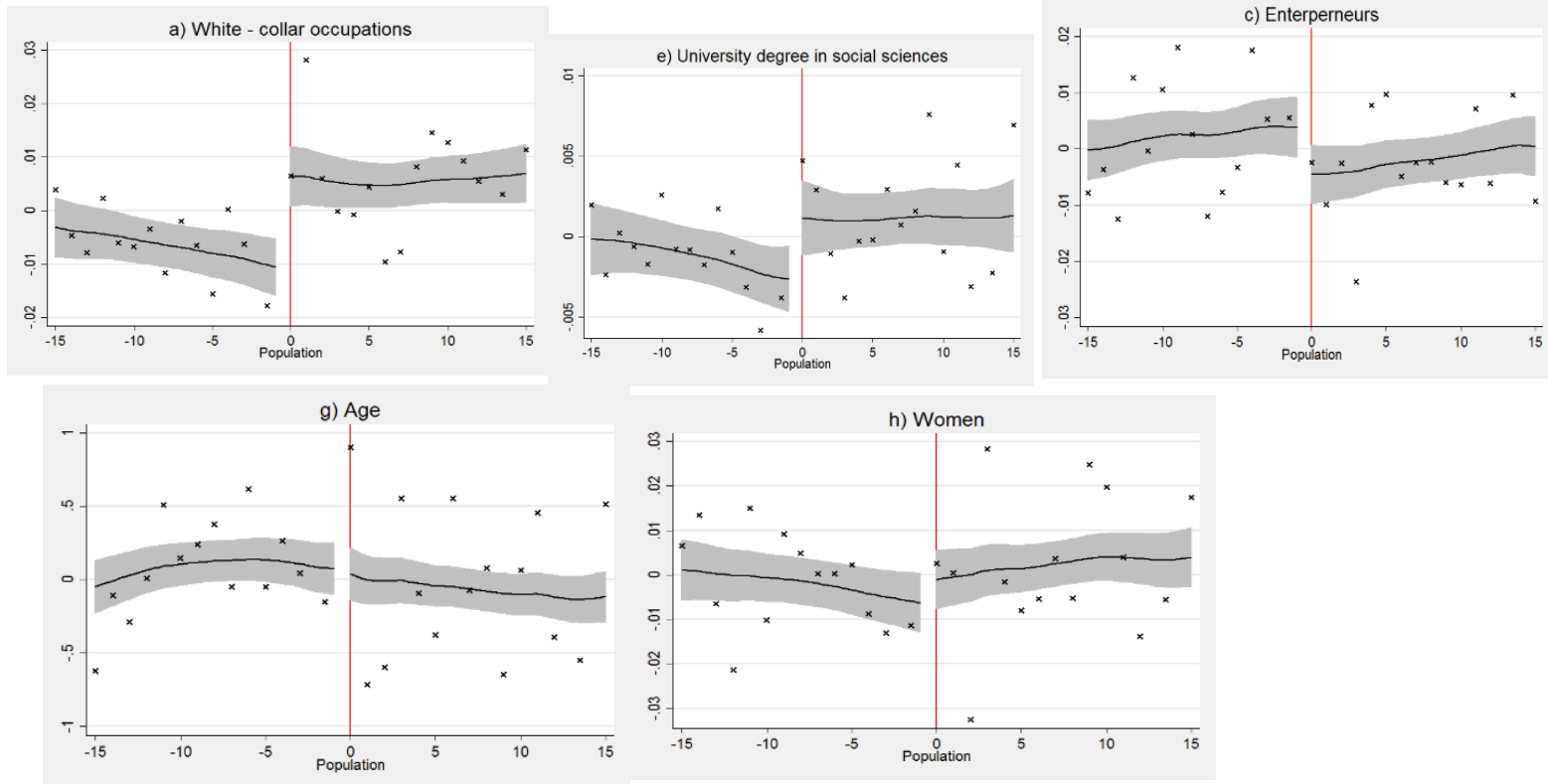   **- Some evidence suggests yes (Italy), but there is also opposite evidence.**

Here we use two sources of data from municipal elections and politics:
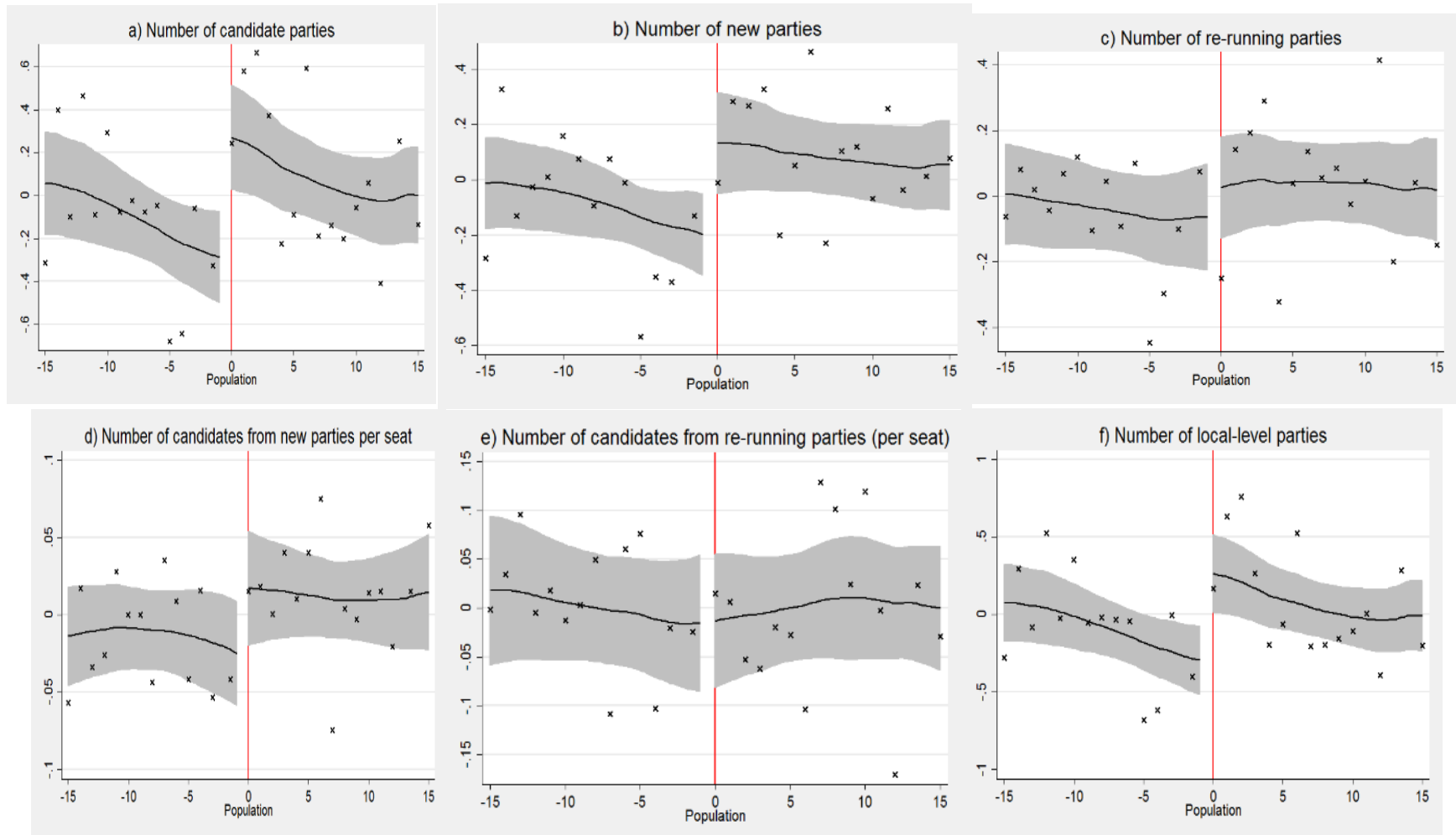**1. Administrative data about wage schedule based on the size of municipalities**

2. Information about elections: Candidates, elected politicians etc. (Czech Stastical Office), their gender, occupations and education

We use RDD and find following results on selection into elections

Results on competition:

Willingness to re-run

Conclusion:

Higher wages improve selection, at least in terms of occupational experience.

Higher wages promote competition, motivate past runners to run again.

Higher wages increase number of candidate parties.

Higher wages may be an efficient tool to improve political competition in qualitative and quantitative way.

Thank you for your attention

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