

Open Policy Analysis

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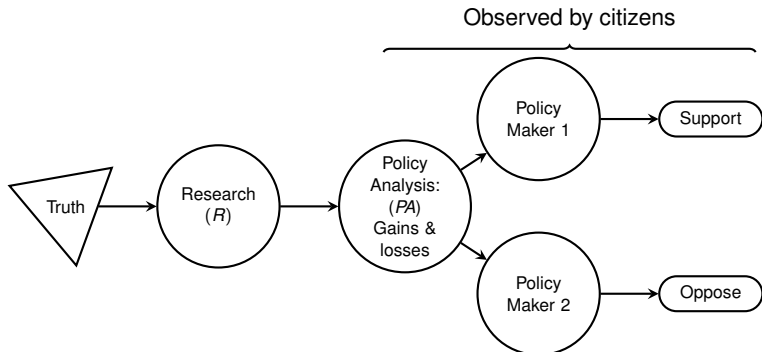
RT2, Los Angeles
September 7, 2018

- 1 Why we need Open Policy Analysis (Hoces de la Guardia, Grant & Miguel, 2018)
- 2 Application to policy estimates of the minimum wage.

Examples of Policy Analysts



One Ideal Evidence-Based Policy Link



Open Science

Issues:

- Scientific misconduct
- Publication Bias
- P-Hacking
- Replications problems

Solutions:

- Ethical research
- Registrations & PAPs
- Guidelines and Protocols
- Reproducible workflow

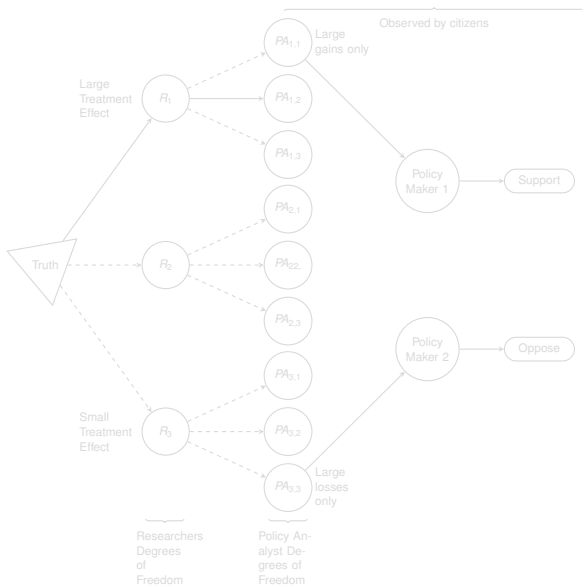
Credibility Crisis Of Policy Analysis

- Incredible Certitudes (Manski, 2013)
- Report wars (Wesselink et al, 2013)
- Alternative facts (“The Death of Expertise” Nichols, 2017; “The Death of Truth”, Kakutani 2018; “Truth Decay”, Rich & Kavanagh 2018)

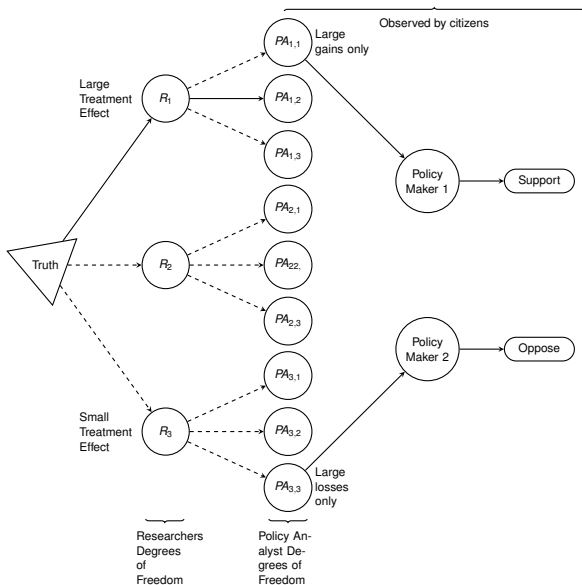
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How This Affects The Evidence Based Policy Link?



How This Affects The Evidence Based Policy Link?



Relevance

Main consequences of policy analysis that lacks openness:

- 1 Policy makers can cherry-pick facts
- 2 Hinders automation and/or systematic improvements of reports
- 3 Unclear how research affects policy estimates

Cherry Picking Evidence

“When I was director of the CBO, I was very frustrated when we would write a policy report [saying] a certain policy would have these two advantages and these two disadvantages, and the advocates would quote only the part about the advantages, and the opponents would quote only the part about the disadvantages. That encourages the view that there are simple answers. There aren’t generally simple answers. There are trade-offs.”

— Douglas Elmendorf (Director of CBO, 2009-2015)
Harvard Magazine, 2016

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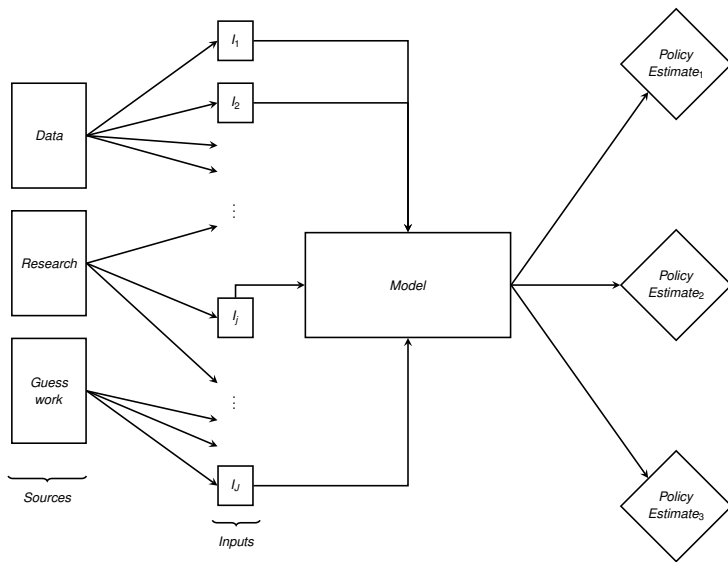
Open Science

	Empirical Research	Policy Analysis
Problems	Reproducibility Crisis	Credibility Crisis
Solutions	<i>Open Science</i> Principles, Guidelines, Applications	

Open Policy Analysis

	Empirical Research	Policy Analysis
Problems	Reproducibility Crisis	Credibility Crisis
Solutions	<i>Open Science</i> Principles, Guidelines, Applications	<i>Open Policy Analysis</i> Principles

The Process of Policy Analysis



Principles for Open Policy Analysis

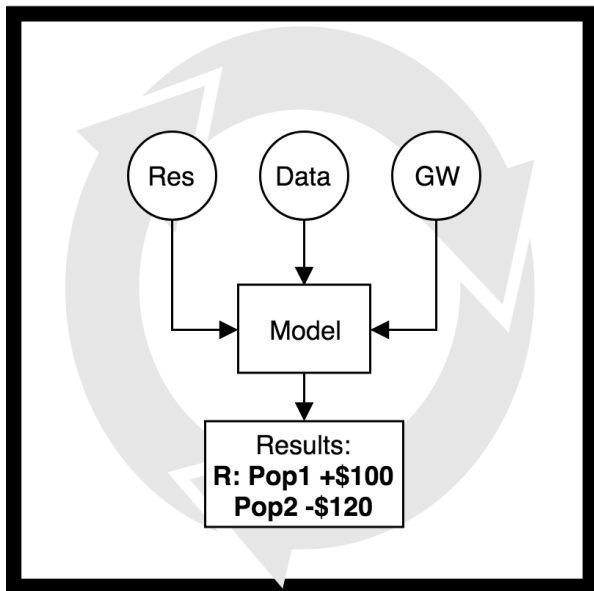
Proposed principles:

- 1 Computational Reproducibility
- 2 Analytic Transparency
- 3 Output Transparency

Principle 1: Stop re-inventing the wheel

Computational Reproducibility

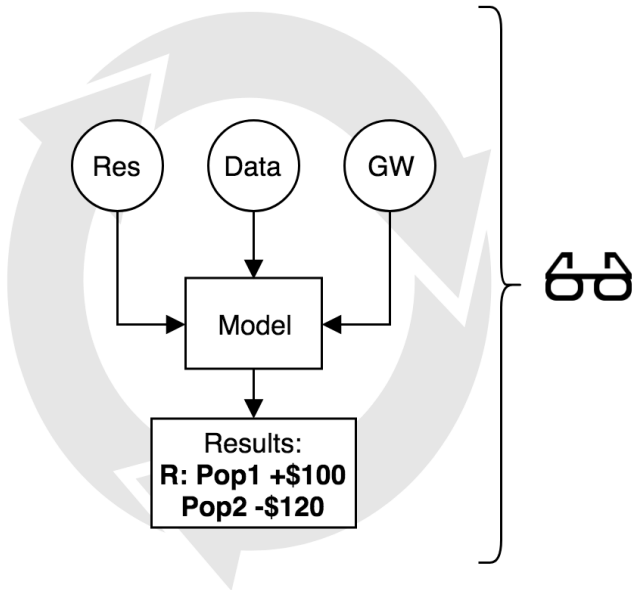
- Literate Programming
- Version control
- File structure
- **Label sources**



Principle 2: Show your work (readable)

Analytic Transparency

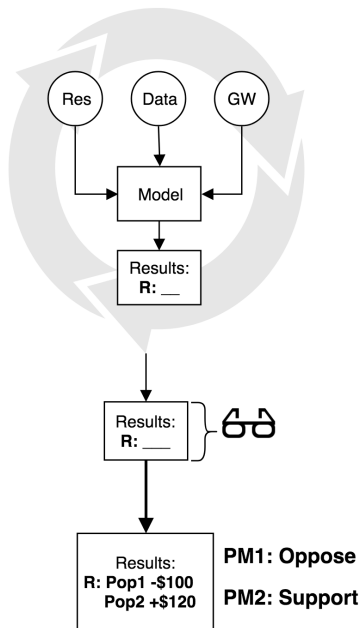
- Open code
- Open data
- Report as Dynamic Document



Principle 3: Let's all agree on one table/viz

Output Transparency

- Pre-committed output display
- Assumptions-output link

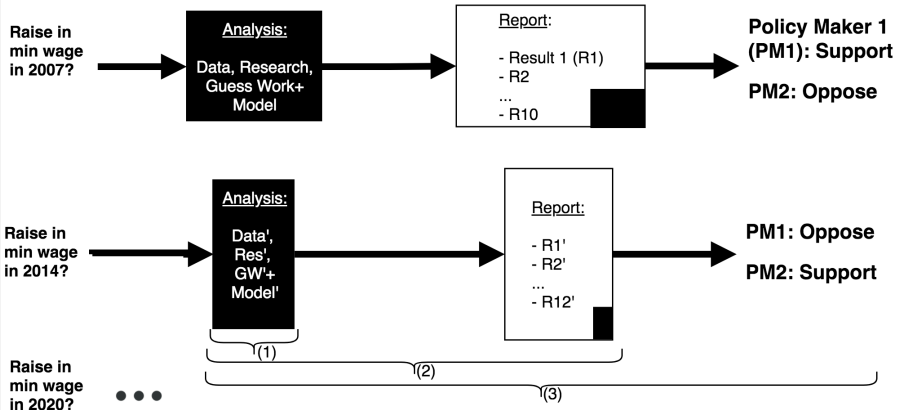


Summing Up: Where We Are

Traditional Policy

Analysis

A



Summing Up: Where Should We Go

Open Policy Analysis

- Raise in min wage in 2007?
- 2014 (changes in + -)
- 2020, 2030, ...

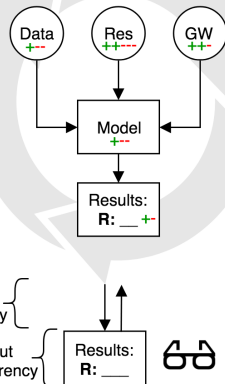
Results:
R: Pop1 -\$100
Pop2 +\$120

PM1: Oppose
PM2: Support

Computational
Reproducibility

Analytic
Transparency

Output
Transparency



- 1 Why we need Open Policy Analysis (Hoces de la Guardia, Grant & Miguel, 2018)
- 2 **Application to policy estimates of the minimum wage.**

Description of Case Study

“The Effects of a Minimum-Wage Increase on Employment and Family Income” Congressional Budget Office (2014)

Description: CBO estimated the effects of a raise in the federal minimum wage from \$7.25/hr to \$10.10/hr.

Main policy estimates:

- 500,000 jobs would be lost.
- 16.5 million workers would receive a salary increase.
- Distributional effects: below poverty line (PL) +\$5billion; between one and three PL +\$12billion; between three and six PL +\$2billion; above six PL -\$17billion

Key research estimate: Elasticity of labor demand for teenagers in the labor force.

Adapting TOP Guidelines to Policy Analysis

<input checked="" type="checkbox"/>	Dimensions	0	1	2	3
Computational Reproducibility					
<input type="checkbox"/>	1. Follow a common template for file structure		Some FS	Standard FS	SFS + sources dir
<input type="checkbox"/>	2. Label and document each input sources (data, research, guesswork)		List	+ sources	+detailed links/ref.
<input type="checkbox"/>	3. Make code readable.		Scripts in repo/ xls with SOPs	High readability + QA report	One-Click (DD)
<input type="checkbox"/>	4. Use a version control strategy.		Some naming	Clear naming	Git
Analytic Transparency					
<input type="checkbox"/>	5. Open Code		Final	Final + prep	Human read (DD)
<input type="checkbox"/>	6. Open Data (raw & analytic files).		Final	Final+raw	+ repository + inst 4 S.I.
<input type="checkbox"/>	7. Open Report		Final	Final + VC	+ DD
<input type="checkbox"/>	8. Open notes		List	Final	Final+VC
Output Transparency.					
<input type="checkbox"/>	9. Define results format before publishing/justify changes format output		General	Specific	Specific + VC

Applying Guidelines to Build an Open Report

DEMO

Sensitivity Analysis: Status Quo

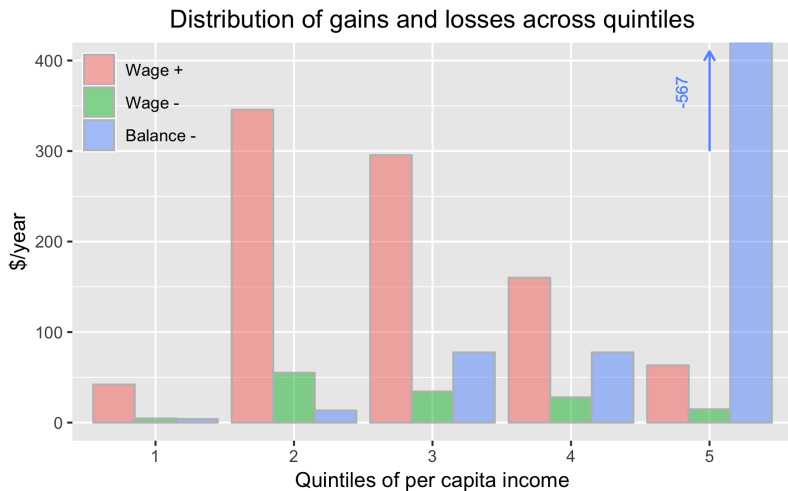


Figure: Default settings

SA: Change in Elasticity of Labor Demand

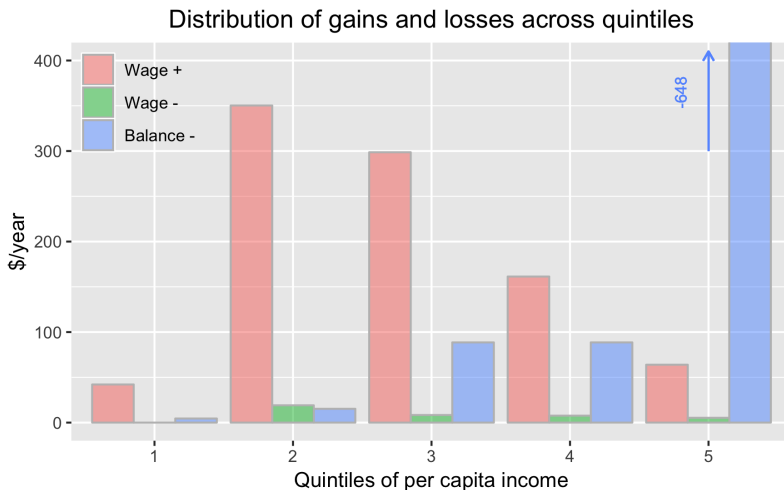


Figure: From $\eta_{lit}^{teens} = -0.1$ to $\eta_{lit}^{teens} = -0.01$ ($\Delta -90\%$)

Sensitivity Analysis: Status Quo

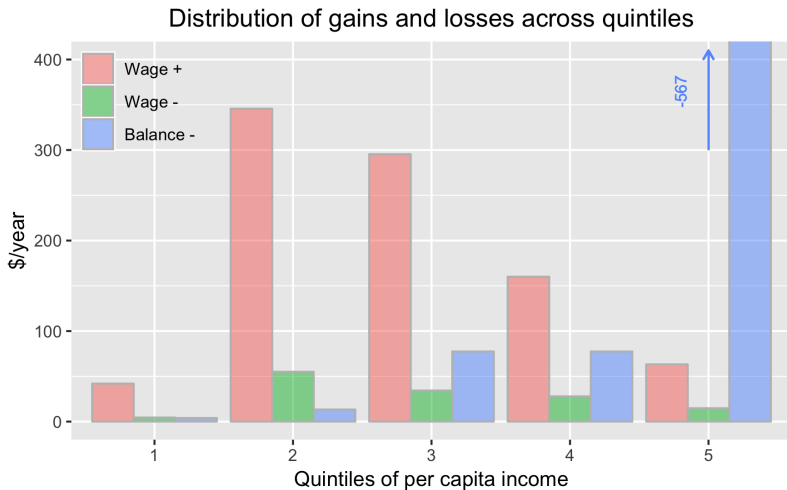


Figure: Default settings

SA: Change in Distribution of Balance Loses

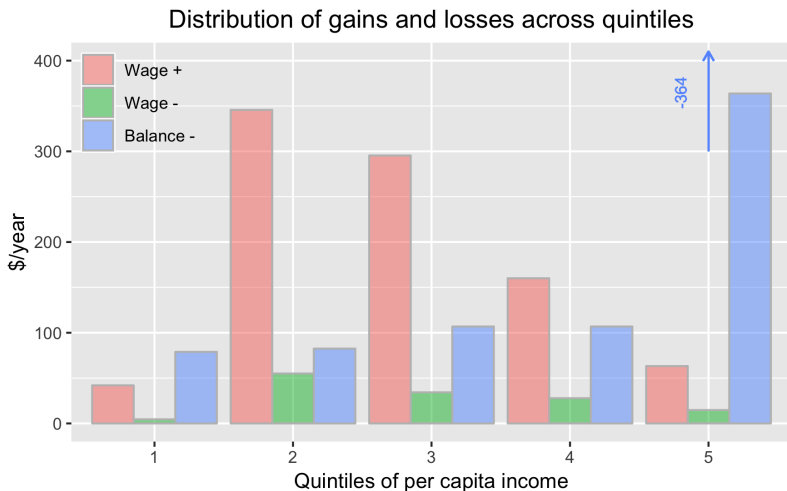


Figure: From (1PL, 6PL) ~ (1%, 29%, 70%) to (20%, 40%, 40%)

Sensitivity Analysis For Multiple Parameters

Table: $\% \Delta W$ for a $\% \Delta$ in inputs. Two sample policy makers.

		Re-distributional Preferences			
		Dislikes ($\rho = -0.1$)		Likes ($\rho = 0.1$)	
Source	Input	$10\% \Delta^+$	$10\% \Delta^-$	$10\% \Delta^+$	$10\% \Delta^-$
Data					
	Annual wage growth (g_w)	-3%	2%	-2%	1%
	Annual growth in N	0.8%	-0.9%	0.5%	-0.5%
Research					
	η_{teen}	-4%	4%	-2%	2%
	Ripple Scope (8.7, 11.5)	37%	-24%	21%	-14%
	Ripple Intensity (50% Δw)	5%	-5%	3%	-3%
Guess Work					
	Extrapolation factor (F_{ex})	-3%	2%	-1%	1%
	Non compliance (α_1)	-7%	7%	-4%	4%
	Substitution factor (F_{sub})		20%		-8%
	Net benefits	-5%	5%	2%	-2%
	Distribution of balance losses				
	Current: (1%, 29%, 70%)				
	(1%, 4%, 95%)	22%		13%	
	(5%, 35%, 60%)	-17%		-9%	
	$1/N$	-129%		-73%	

Limitations

- There is additional scope for reproducibility.
- Complete case study requires extensive institutional knowledge.
- Guidelines need to be build based on consensus of practitioners.

What lies ahead

Let's assume this becomes the new status quo.

- Costs of producing the next report on effects of minimum wage will be very small.
- Every additional effort will imply improvements on the “state of the art” report (e. g. $dB L$; $\eta(MW)$, $\alpha_1(MW)$)
- Learning about one parameter (QALYs, DWL) will update estimates *across* reports.
- Much easier to have a substantive and normative policy debate.
Pilot example: [Shiny App!](#).

Your next steps to push OPA forward

- Collaborate with BITSS to open up your PA.
- Fund OPA: directly or conditionally.
- Train students/analysts in OPA.
- Present/showcase your OPA. Pioneers: GiveWell, AEI.
- Nominate a PA to be open [here](#).

Thank you.

Pre-prints:

Why OPA

OPA Case Study

Slides at

<https://tinyurl.com/yacz2z78>

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