

Comments on *Review of Statistics for Economic Policymaking, First Report* Christopher Allsopp.

We warmly welcome the considerable amounts of new and useful information that the report is recommending be provided and the report's many sensible recommendations. However, we have a number of misgivings, some of a very general nature and others that are more specific.

Our primary concern is with the apparently narrow interpretation of the brief for the report. The remit is "to look at the statistical requirements *for economic policy making*" (para 2.1). However, the recommendations are made "only with the present regional policy agenda in mind." (paragraph 6.5). This generates a number of problems.

First, evidence-based policy requires data that allow the testing of a range of alternative existing policy perspectives and views, from both the government and opposition parties and also from other interested groups. Presumably this review aims to put in place regional statistical systems to operate for a long time in the future. Therefore the idea that the main criteria for collecting official data should be the value to the existing government in the operation of its present policy represents a retrograde step. Further, an important aspect of data provision is continuity. Clearly the value of regional data would be seriously undermined if each new government were to set up a new data collection system to meet its particular policy needs

Second, the emphasis on the present policy agenda leads to undue prominence being given to data for monitoring, as against understanding, policy. As section 2.5 states: "One of the commonest reasons put to us for requiring particular regional data was the existence of a target for the variable in question". Of course, when organisations are set targets by the government, independent information is needed on their progress towards fulfilling those targets. However, the evaluation of regional policies requires an understanding of how regions operate, both internally and as a national spatial system. There are some passing references to understanding in the report, in paras 2.1, 2.30 and

3.22 for example, but this is not seen, or certainly not emphasised, as an important part of policy making. Surely this is mistaken.

Third, the focus on the needs of the present policy agenda leads to the emphasis in the report on regional accounting and the need for regional GDP (or GVA) figures. As the report states, regional GVA is inherently difficult to calculate accurately and is widely misunderstood as a measure of regional prosperity. However, as para 6.58 points out: “The demand for Regional Accounts data ... is a demand for data now. The RDAs and devolved administrations ... are already involved in local policymaking; and while the regional PSA target has a fairly long time horizon, it is clearly important that systems need to be in place to assess performance accurately.” Our fear is that a review that should have a long-term perspective is being *at least partially* driven by very short-term considerations. Rather than a wide-ranging investigation of the needs for thorough *ex ante* regional policy appraisal and *ex post* evaluation we have what might be interpreted as the search to find the least-cost method to calculate a target to which the government is already committed.

Fourth, we believe more thought should be given to the provision of regional trade data. Section 6.11 argues against providing an expenditure based measure of regional GVA because this would require “a matrix of inter-regional trade flows, for which no data exist at present and could only be obtained at significant cost.” But a key characteristic of regional economies is that they are very open to trade. In the Scottish economy, a large peripheral region, almost one half of final demand comes from RUK and ROW exports. Are we to understand the regional economies of the UK without knowing what they trade and with whom? Further, a large number of local impact studies are undertaken in the UK every year. In almost every case the most crucial, and uncertain, piece of information will be the regional import propensities. Of course, these inter-regional trade data might be simply too expensive to construct but other countries do it and a more detailed discussion of the likely costs would be reassuring.

We would emphasise that provision of inter-regional trade data would not necessarily have to be frequent. Even periodic provision of such data is of such critical importance to a full understanding of the regional economies of the UK that, in our judgement, it merits more careful consideration. At present we do not have even a single observation of interregional trade flows in the UK, yet there is no theory of regional economic development with which we are familiar that fails to accord trade a central role.

Again we reiterate that there was much we found of interest and value in the report, notably the recommendations on regional price data, interregional migration, key elements of expenditure (including public expenditure and revenues) and the many examples of attempts to improve the range and quality of regional data in the UK. However, we are concerned that an overly-narrow interpretation of the terms of reference may result in missed opportunities to effect yet further lasting improvements in the value of UK regional data.

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