

Economic Statistics and Qualitative Data

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Business Surveys

- Widely carried out
- Provide a timely indicator of the state of the economy
- Often invested with magical properties
- Reliance on balance statistics as indicators of GDP
- Reliance on statistical relationships reminiscent of the early days of econometrics
- Some commentators do not understand the difference between these and real data

Consumer Surveys

- Develop an arbitrary aggregate called consumer confidence.
- Leads to an extraordinary belief that confidence is the main determinant of consumption.
- In UK little explanatory power in a traditional consumption function
- But some evidence that measures are better than initial ONS estimates of RPDY as indicators of consumption.

What should be done

- 1. Run consumer and business surveys as panels
- 2. For business surveys link to IDBR
- 3. Match to high-frequency surveys such as MPI and analogous sources for construction and services

Statistical Analysis

- 1. What is the relationship between what firms say in qualitative and quantitative surveys?
- Work on CBI survey for manufacturing (Lui, Mitchell and Weale, JRSS 2010/1) suggested that the answers are related but that responses are affected by collective sentiment as well as their own experiences. Currently it would be helpful to know about construction.

- 2. Alternatives to the balance statistic. Are some firms responses more informative about GDP than other firms responses?
- Probably yes, but we were unable to obtain a long enough run of CBI data to know how well this works out of sample. (Mitchell, Smith and Weale, JAE forthcoming).

- 3. Are changes of opinion important?

Seen in aggregate the answer is probably yes (Mitchell, Smith and Weale, EJ 2002).

- 4. Can surveys help with other aspects of consumer behaviour?

Almost certainly but this can be established only on matched data.

Consumer Surveys

- Little experience of high-frequency panels.
- It is probably worth testing an internet panel survey, but selection biases may be a problem.
- Again, changes of view may tell us more than simply levels
- It may be possible to weight results in a way which improves their signal.

Conclusions

- Little technical progress with surveys in fifty years.
- Private sector role is perhaps an obstacle to experimentation.
- Work with CBI survey has demonstrated one-off matching is possible and helpful.
- Possibly ONS could find ways of bringing business surveys into ambit of IDBR via double-blind codes.