THE AMERICAN ECONOMIC ASSOCIATION

Committee on Economic Statistics

Response to OMB's Request for Comments on a Proposal to Modify
Statistical Policy Directive No. 3: Compilation, Release, and Evaluation of Principal Federal Economic Indicators

The American Economic Association (AEA) is a 20,000+ member organization dedicated to promoting economic research and intellectual exchange about economic issues. The AEA's Committee on Economic Statistics (AEAStat) promotes access to timely, detailed, high-quality, and useful economic statistics provided by the Federal government and other sources. AEAStat welcomes this opportunity to respond to the Office of Management and Budget's request for comments on a proposal to reduce the time period during which employees of the Executive Branch are not allowed to comment publicly on newly released principal federal economic indicators (PFEIs) from one hour to 30 minutes. While AEAStat recognizes that changes in how information is communicated and disseminated can warrant revising standards around statistical releases, we have concerns that the proposal's minimal discussion of the trade-offs associated with reducing the delay is not sufficient to establish that a 30-minute delay would still meet the objectives of Statistical Policy Directive No. 3.

Directive No. 3 aims "to ensure that the Federal data and estimates used to assess current economic conditions meet **high standards of reliability and usefulness** and that agencies release them to the public in a fair and orderly manner." The one-hour delay was included to draw a clear "distinction between the policy-neutral release of data by statistical agencies and their interpretation by policy officials." OMB's current proposal asserts that because the public now consumes news and information quite differently than it did in 1985, this delay can be reduced to 30 minutes "without compromising the underlying principles of Directive No. 3." According to the proposal, reducing the delay would allow "Executive Branch officials [to] enter the dialogue thirty minutes earlier," which OMB believes "is likely to lead to a more robust discussion."

AEAStat Committee discussions, as well as outreach to economists who regularly track PFEI releases, show lack of consensus within the profession on the current OMB proposal. Economists generally agree that some time delay is essential,[1] and we are happy to see that point reflected in the proposal. Having no delay could lead to a decline in public trust that our economic statistics are being produced objectively and without political influence. We believe that such a decline would impede economic discourse and increase reliance on alternative sources of information that are not produced objectively and with the high-quality standards of government statistics. Loss of trust could also undermine public

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[1] This was the central point of AEAStat's June 10, 2019, comment on OMB's earlier proposal to eliminate the delay.

support for our statistical agencies and reduce response rates and data quality for federal statistical surveys.

However, economists differ in their views as to whether the 30-minute delay would be sufficient for upholding Directive No. 3 objectives. Some agree that a 30-minute delay would adequately separate the PFEI release from Executive Branch comments on it, noting that people who check PFEI-related news in the first hour are likely well-informed and clear on the distinction between the PFEI release and Executive Branch interpretations. Others are concerned that, in a context of rising distrust in government-provided information,[2] relaxing measures that draw a bright-line distinction between policy-neutral data releases and Executive Branch perspectives could be ill-advised. Suspicions about Executive Branch influence over PFEI releases are clearly not a thing of the past, as was shown in social-media reaction to an unexpectedly strong jobs report for May 2020.[3]

AEAStat views the lack of consensus among economists as reflecting actual uncertainty about potential effects of OMB's proposal. To help resolve this uncertainty, we encourage OMB to undertake evidence-based analyses relevant to assessing expected effects of the proposal, and to reconsider and/or resubmit the proposal after learning what the evidence says. Increased use of social media, the internet, and other new technologies has created an abundance of data on the dissemination and interpretation of economic news and information. OMB can use those data to examine how PFEI-related information is accessed and interpreted on release days and evaluate potential effects of reducing the Executive Branch delay. Readily available social-media data show the Bureau of Labor Statistics (BLS) to have 89,100 Twitter/X followers currently, with its release-morning postings on the September 2023 employment and CPI-inflation reports attracting 128,200 and 42,300 views respectively.[4] The Bureau of Economic Analysis (BEA)'s Twitter/X posting on the advance estimate of Gross Domestic Product for 2023:Q2 has had 286,800 views.[5] Executive Branch comments can take the form of TV news appearances by top economic staff, presidential and top-staff press briefings, press releases, blogs, and social-media posts.[6] As federal government agencies routinely track website usage statistics and other metrics of public engagement with their content, we expect OMB can access detailed high-frequency, cross-outlet data valuable for characterizing, among other things, types of people who follow PFEI-related communications on release mornings,[7] the extent to which their comments indicate concerns

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[2] Pew Research Center, "Many Americans Say Made-Up News is a Critical Problem that Needs to be Fixed," June 5, 2019.

[3] B. Casselman, "No, the Jobs Report Wasn't Rigged. Here's What Happened," *New York Times*, June 8, 2020.

[4] Followers and views as of 10/22/2023, at 11:53am: https://twitter.com/BLS_gov; BLS 10/6/2023 8:30am post on the September 2023 jobs report; and BLS 10/12/2023 8:34am post on the September 2023 CPI. See also E. Groshen, "The Importance of the U.S. Bureau of Labor Statistics and Critical Issues it Faces," *Business Economics*, 2018, 53(2): 86-99.

[5] Followers and views as of 10/22/2023, at 11:55am: https://twitter.com/BEA_News/status/1684543222708588544.

[6] See, e.g., https://www.whitehouse.gov/briefing-room/; https://twitter.com/WhiteHouse ("Jobs Report" items); https://www.whitehouse.gov/cea/written-materials/blog/; https://www.c-span.org/; https://twitter.com/WhiteHouseCEA ("Jobs Report" items).

[7] Studies that have developed useful approaches for characterizing social-media followers of economic and financial information include Y. Gorodnichenko, T. Pham, and O. Talavera, "Central Bank Communication on Social Media: What, To Whom, and How?" UC-Berkeley Working Paper, 2021, and M. Ehrmann and A. Wabitsch, "Central bank communication with non-experts a road to nowhere?" *Journal of Monetary Economics*, 2022, 172: 69-85.

about the statistical agencies' separation from the Executive Branch, and the extent to which public comments change after the Executive Branch weighs in.[8]

President Biden's January 2021 "Memorandum on Restoring Trust in Government through Scientific Integrity and Evidence-Based Policymaking" stated that "It is the policy of my Administration to make evidence-based decisions guided by the best available science and data." To address current uncertainties about expected effects of reducing the Executive Branch delay, AEAStat asks OMB to undertake evidence-based analysis of this proposed change, re-submitting the proposal with this evidence if analysis confirms OMB's expectation that decreasing the delay to 30-minutes would not negatively affect the objectives of Directive No. 3.

Karen Dynan

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The following are the members of the AEA Committee on Economic Statistics who endorse this comment:

Pat Bajari, PhD, Chief Economist and Managing Director of Core AI, Keystone Strategies.

Erik Brynjolfsson, PhD, Jerry Yang and Akiko Yamazaki Professor and Senior Fellow at the Stanford Institute for Human-Centered AI, and Director of the Stanford Digital Economy Lab.

Karen Dynan, PhD, Professor of the Practice of Economic Policy, Harvard University; former U.S. Treasury Department Assistant Secretary for Economic Policy and Chief Economist; and former Senior Adviser, Federal Reserve Board of Governors.

Erica L. Groshen, PhD, Senior Economic Advisor at the ILR School of Cornell University, former Commissioner of the Bureau of Labor Statistics, and former Vice President and economist in the Research and Statistics Group at the Federal Reserve Bank of New York.

Bradley Hardy, PhD, Associate Professor, McCourt School of Public Policy, Georgetown University, and nonresident senior fellow in Economic Studies at the Brookings Institution.

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[8] A growing literature on social-media reactions to central bank communications could help inform OMB analysis, as it has developed approaches for examining who follows central banks' social-media communications (e.g., financial-market participants, academics, government-affiliated people, and members of the general public); types of news to which their followers react (via comments, retweets, and "likes"); and potential for some types of communications to spark large, broad-based increases in social-media traffic involving controversial/subjective interpretations of incoming facts. D. Masciandaro, O. Peia, and D. Romelli, "Central Bank Communication and Social Media: From Silence to Twitter," *Journal of Economic Surveys*, 2023, 1-24. Gorodnichenko, et al., op. cit. Ehrmann and Wabitsch, op cit. For evidence of effects of presidential tweets on financial-market expectations of future policy actions, see F. Bianchi, et al., "Threats to Central Bank Independence: High-Frequency Identification with Twitter," *Journal of Monetary Economics*, 2023, 135: 37-54.

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