

EUROMOD: present past and future

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Outline

- Present
 - EUROMOD: unique in three ways
 - A short review of how it is being used
- Past
 - How did we get here?
 - Lessons from our history
 - Reflections on longevity
- Future
 - Three directions for development and a unifying challenge
 - The two essential ingredients
- First, the elephant in the room

EUROMOD: present

EUROMOD a unique tax-benefit model x 3

1. 28 countries in a common framework
 - Cross country comparisons, EU-level analysis
2. Open access: “the most used microsimulation model in the world”
 - Many users and stakeholders
 - Bridging the gap between academic research and policymaking
3. Highly flexible, but organised, documented, validated and transparent
 - (Relatively) easy to simulate major reforms to policy structures; to do “policy swaps”
 - Purpose-built software: “tax-benefit modelling” language; user interface; “plug-ins” and “add-ons” for special purpose analysis
 - Spin off models for non-EU countries; extensions/adaptions to national models

EUROMOD users

- Number of hands-on users?
 - Hard to measure!
 - Actively registered individuals in the last 3 years (no double counting)
 - Not including spin-off model developers or users,
 - Not inter/intranet users
 - Not EUROMOD national team members only using their national model
 - ~290
- Next EUROMOD release for users: December 2016
 - Up to 2016 policies
 - 2014 EU-SILC data for 11 countries; 2015 data for 1 (LV); 2012 for the remainder

Research uses

- Current/recent work is showcased at this conference
- Journal publications (~70)
 - Applied Economics, Cambridge J. Economics, Eastern Economic J., Economic J., Economic Policy, Economica, Economics Letters, Fiscal Studies, Int. J. Microsimulation, Int. J. Social Welfare, Int. Tax & Public Finance, J. Common Market Studies, J. Comparative Economics, J. Economic Inequality, J. European Social Policy, J. Human Resources, J. Policy Analysis & Management, J. Policy Modeling, J. Public Economics, J. Social Policy, Labour, Labour Economics, Oxford Bulletin Economics & Statistics, Oxford Economic Papers, Political Studies Review, Public Finance Review, Review Income & Wealth, Review Labour Economics & Industrial Relations, Social Choice & Welfare, Social Indicators Research, Social Policy & Administration, Social Policy & Society,
- Book chapters (~25)
- EUROMOD Working Papers (~160)
- Citations (8000+)
- EUROMOD papers at conferences including APPAM, EALE, ECINEQ, EEA, ESPANET, FISS, IARIW, IIPF, IMA, SASE...
- Plus IZA events, NetSILC events, ZEW events, EUROMOD events...

Use by policy institutions

- European Commission Joint Research Centre #22 [poster number]
- Eurostat (flash estimates) #18
- *Growing importance in the EC given EUROMOD's relevance to the post-crisis agenda to bring the social and the distributional implications of policy to the centre stage.*
- OECD
 - Lithuania #7
 - Basic Income (keynote)
- National level
 - Scottish Parliament #13
 - Slovakian Council for Budget Responsibility #24
- *Also commissioned analysis (many posters originated this way) and policy use of academic research (OECD, IMF, EC)*

Three main types of research application

- The effect of policy (changes) on the income distribution
 - Existing policies #36, #37
 - Actual changes (historical) #3, #28, #29
 - Proposed or illustrative changes #30
- Microsimulation-based indicators (using “what if” functionality)
 - Work incentives #16, #23
 - Automatic stabilisation #2, #33
- Enriching existing micro-data
 - Nowcasting #10, #18
 - Net-to-gross and vice versa #5

Spin off models and national adaptations

- Non-EU models using EUROMOD software and approach
 - SAMOD for South Africa - Happy 10th birthday! #19
 - SRMOD for Serbia #9
 - GHAMOD for Ghana #8 – under construction as part of the SOUTHMOD project (*also Ethiopia, Mozambique, Tanzania, Zambia, Ecuador, Vietnam*)
 - *Also Namibia, Russia, Australia, FYR Macedonia...*
- Adapting/extending national components of EUROMOD
 - UK: A model for Scotland #13
 - UK: Making use of longitudinal data from Understanding Society #17
 - Slovakia: “inspired by” EUROMOD #24
 - *Also: web-based models for Flanders (Mefisto) and Austria (Soresi); miCROmod for Croatia; model for Trento, Italy; ...*

Extending the scope and capacity of EUROMOD

- Adding indirect taxes (paper on Spain) #14 + 13 other countries
- Adding childcare policies (5 countries) #4
- Adding property taxes (Latvia #12; Germany #26) and making use of HFCS data #5
- Using the imputed value of home ownership (8 countries) #27
- Linking to labour supply models (papers on Luxembourg #32, Serbia #9, Italy #6, UK #25) + many others

EUROMOD: past

A little history: what were the milestones?

- **1996:** The initiative for EUROMOD arose because of difficulties in making national model calculations comparable (Callan & Sutherland, 1997)
 - EU15-wide project; funded by various EC FP research grants (1996-2004)
- **2005:** I-CUE Research Infrastructure DS FP6: a step change
 - Preparing to add the 2004 10 NMS; software re-written; EU25 network established
- **2009:** start of support from DG-EMPL of European Commission
 - annual updates, EU28, EU-SILC
 - software “professionalised”
 - guidelines, templates and establishing an effective way of working
 - opening the doors to many opportunities

Three lessons from our history

1. The important role of “bottom up” research funding and an academic environment in which to innovate
2. The value of involving national teams while also maintaining strong central control
3. The benefits of making EUROMOD openly available

1. The important role of “bottom up” research funding and an academic environment in which to innovate

- It was a group of academic researchers who founded EUROMOD with an idea and an ambitious vision
- At the time there was no demand for it from policy makers and no “strategic direction” from funders; left to them it would not have happened.
- EUROMOD now inhabits a special place between scientific research and policy; but it needed to develop in a non-bureaucratic environment that encourages innovators
 - Motivated not by profit (there are otherwise parallels with the history of IT development) but by the satisfaction of creating something unique as part of a research community. [More about people later.]

2. The value of involving national teams while also maintaining strong central control

- Much more than a federation of diverse national models with questionable comparability of results
 - Protocols, guidelines, templates, common variable naming etc.... in the construction of the model
 - While allowing a huge range of options in using it for analysis e.g. for specifying simulations and results
- But drawing on national expertise and allowing country-specific flexibility in some diverse dimensions; illustrations include:
 - Data: use of national SILC;
 - Assumptions: treatment of non take-up;
 - Procedures: role of each national team.

3. The benefits of making EUROMOD openly available

- More stakeholders
- More feedback (a better model)
- A larger and more inspiring research community
- As well as being the right thing to do with public funding

A little history: what are the lessons?

1. The important role of “bottom up” research funding and an academic environment in which to innovate
2. The value of involving national teams while also maintaining strong central control
3. The benefits of making EUROMOD openly available

Reflections on longevity

- 20 years is a long time to take making an impact! Maybe we were ahead of our time or maybe it just needed to take that long. But persistence has been necessary.
- The longer EUROMOD continues
 - the more powerful it becomes
 - the bigger task it is to update and revise consistently
 - the larger the responsibility.

EUROMOD: future

Four directions and a unifying challenge

1. Continuing tax-benefit policy analysis of EU28 – plenty of possibilities
 - But maybe time to **tighten up** comparability across countries?
2. Expanding scope and questions to be addressed
 - Extending policy scope with additional/alternative micro-data; linkage to other types of model
 - For individual countries or some/many/all
3. Extension to more countries of the world
 - “Spin-offs” as now without conforming to guidelines or insisting on open access, or being archived as part of EUROMOD?
 - Or also with the possibility of “WORLDMOD” as a unified whole (or set of unifiable components), necessarily with **looser** comparability guidelines?
4. New modes of access
 - If we do all 4 the **challenge** is how to maintain **c**oherence, **c**onsistency and **c**omparability while still facilitating this deepening and broadening.
 - It is both **technical** and **organisational**.
 - Is it time for a new step change?

Two essential ingredients

1. Appropriate high quality micro-data

- Advantages of the EU-SILC
- Challenges and solutions

2. The right people

- Clever, committed, hard-working people with respect for each others' contributions.
- National team members
- The core team in Essex (and elsewhere) both current and previous

Finally ... a 200th anniversary



This painting of Wivenhoe House was commissioned by the owner, General Rebow in 1816. 'Wivenhoe Park, Essex' by John Constable, Wiedener Collection. Image courtesy of the National Gallery of Art, Washington.