



The way forward with economic policy evaluation in Finland

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Plan of the presentation

1. Why?
2. What?
3. Example

1. Why?

- Several reasons why public budgets under increased stress in many countries.

→ Increased pressure to

1. justify

2. choose and

3. design public policies.

1. Why?

- Ex-post evaluation does not lead to experts choosing policy objectives.
- It does help in choosing
 1. how to achieve a given policy objective.
 2. among objectives that compete for limited resources.

1. Why?

- Ex-post evaluation helps in
 1. deciding what not to do once an objective is known,
 2. deciding how to do whatever one is doing and in
 3. incentivizing those designing policies to think ahead.
- Ex-post evaluation is an invaluable tool for politicians, civil servants and voters.

1. Why? Example #1

- Medical research drives treatment decisions (think of drug approval processes).
- Health care for the elderly puts an increasing strain on the health care systems of all European countries.
- What is and is not effective?
- Think of knee / hip / other surgery which is increasing dramatically.
- Is it useful?

1. Why?

- Approach 1: ask the patients, ask the doctors.
- Result: Very useful.
- Approach 2: randomized control trial.
- Result: not that useful.
- 10 000 unnecessary operations at cost of 100Meuro.
- While randomized trials may be difficult to implement, there are other tools available.

2. What?

Ex-post evaluation may not mean much.

Key is in

1. design,
 2. data, and
 3. implementation.
- Best plans yield the best outcomes.

2. What?

- Evaluation needs to be taken into account when the policy is designed.
- Bad example: adopt a new policy without any testing.
- Better example: adopt a new policy, but first randomized trials / small differences in actual policy / randomization within the system.
- Counterargument: The decision-maker needs info now, not in 5 or 10 years' time.

2. What?

- Accumulating knowledge is key.
- Learning from other countries is central.
- These are only achieved if evaluation is
 1. systematic
 2. results are published and
 3. processes are transparent.

2. What?

- A concrete step: making (public sector) data available.
- Great example: the subsidy data base at Statistics Finland.
- Many unexplored possibilities.

3. Example #2

- Example: R&D subsidies.
- Randomized trial #1:
 1. randomly choose firms.
 2. tell them “the gov. finances 35% of your R&D”.

3. Example #2

- Randomized trial #2:
 1. let firms apply as before, let Tekes decide subsidy-%.
 2. then randomize +/- 5%-points.

Conclusion

Ex-post evaluation, properly implemented, is a great tool for policy-making.

Helps politicians and civil servants both to choose policies and to evaluate them.

Helps voters understand what is achieved, and why things are done the way they are done.

Arthroscopic Partial Meniscectomy versus Sham Surgery for a Degenerative Meniscal Tear

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