



## THE AMERICAN ECONOMIC ASSOCIATION

Committee on Economic Statistics

### **AEASat Statement on Implications of New Privacy Protection Methods for Economic Research**

**Premise:** Federal statistical agencies have long been obligated to preserve the privacy of respondents to statistical data collections, and have done so using such traditional statistical disclosure limitation (SDL) methods as top-coding, swapping, and omitting geographic or industry detail from public-use micro data and tabular files. But with detailed digital information on people and businesses rapidly accumulating and computing firepower increasing, these traditional SDL methods have become inadequate for the task. To adapt to the changing environment, federal statistical agencies are exploring new SDL methods (like differential privacy) combined with new ways of providing access to micro data on U.S. households, workers, and businesses (like synthetic data combined with validation or verification servers). These changes will substantially alter how researchers access micro data from federal data collections, outside of restricted data-access programs like the Federal Statistical Research Data Centers (which allow researchers to directly access confidential federal data for approved research projects).

The AEA's Committee on Economic Statistics (AEASat) held a working session on New Privacy Protection Methods at the Allied Social Science Association meetings in New Orleans, in January 2023.<sup>1</sup> There was wide agreement that (1) This issue is likely to have a large impact on the products of statistical agencies and for economic research using those statistics; (2) The agencies are in relatively early stages of developing and implementing SDL methods; and (3) The economics profession is both unprepared for and not much involved in the development of new SDL methods, new privacy protected statistical products, and new micro-data access options.

Thus, AEASat has the following recommendations:

1. The statistical agencies and the economics profession should collaborate on developing a communication and dialog strategy about the adoption of new SDL methods and its implications for economic research. Engagement on these issues needs to be multi-faceted, multidisciplinary, and ongoing.
2. Economists' awareness needs to be elevated. AEASat, AEA members, and other economics associations should help promote this awareness, especially among researchers whose work relies on public-use micro-data files, and make the case that engagement is in researchers' self-interest.

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<sup>1</sup> A summary of the discussion held at the working session is available at: <https://www.aeaweb.org/content/file?id=18904>.

3. Economists can help inform professional organizations in other disciplines that similar efforts to raise awareness of and provide information about upcoming changes would benefit their members as well.
4. Economists should work on adapting and developing econometric and statistical methods that permit robust inferences to be drawn from analyses of data to which SDL methods have been applied.
5. Work is needed that the economics profession can and should contribute to, including efforts to:
  - a. Develop methodological tools that will better capture welfare tradeoffs involved in evaluating alternative strategies for privacy protections.
  - b. Train our profession, including the pipeline of new scholars.
  - c. Exploit opportunities for innovation in access modes and methodologies that can improve research outcomes in the new world.
  - d. Help statistical agencies find the best ways to adopt formal privacy protections as part of the overall ongoing transformation of our national data infrastructure toward more blended statistical products.
  - e. Help agencies develop their communication and dialog strategies.
  - f. Encourage journals to put policies and practices in place for reviewing manuscripts based on privacy-protected data.
6. Funders can help by supporting efforts to develop appropriate privacy protection methods, including by sponsoring research projects, seminars, workshops, interagency personnel agreements, and opportunities for researchers to collaborate with statistical agency staff.