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TRANSCRIPT

Event

Federal Statistics For Economic Security

"Federal Statistics in the Age of Economic Security"

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FEATURING

Rachel Lyngaas
Senior Policy Researcher, RAND;
Professor of Policy Analysis, RAND School of Public Policy

Trent Reasons
Partner, EY-Parthenon

Oliver Wise
Executive Director, Bloomberg Center for Government Excellence (GovEx),
Johns Hopkins University

CSIS EXPERTS

Philip Luck
Director, Economics Program and Scholl Chair in International Business, Economic Security & Technology Department, CSIS

Transcript By
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Philip Luck: Welcome back, everyone. Thanks so much for joining us again.

So, I'm Phillip Luck. I'm the director of the Economics Program here at CSIS. I've been here since January. Before that, I was the deputy chief economist in the U.S. Department of State. So, I'm very excited to be hosting or be directing this conversation on federal statistics in an age of economic security, which I think is a really important aspect of this that I think gets or has not gotten the attention that I think it should, going forward.

So much of the conversation this morning and later into the afternoon is going to be discussing, you know, how both businesses and the American people value and need federal statistics and how that, of course, creates the classic public goods problem, which is valuable to everybody. Nobody wants to put their money in the hat to pay for it.

What I think we can talk about a little bit in this session which I think is valuable is how data is also incredibly useful for the government itself for issues of economics and national security, which this in some sense, I would argue, is going to solve the public goods problem because the federal government should care quite a bit about security issues.

So, you know, what I wanted to talk about here again is what is the role of data in both national and economic security, focusing primarily on the economic security, and as sort of a scene setter, I mean, we're in a world, as we all know, that's increasingly complex. There's an increasingly interconnected global economy.

We have a system where global power competition is coming back. There's an erosion of a rules-based economic order and this leads to conversations around economic security, geoeconomics, whatever you want to call it.

But essentially, at the end of the day, this is states using economic levers to influence others, and as the United States we'll want to be able to understand what its vulnerabilities and what its levers are within that and how we need to understand the economy to make sure we as a society manage those risks and opportunities.

So what we want to be thinking about today is what is this stuff, what is economic security, what data do we need to secure it, what role is economic intelligence playing and how is that potentially different from other sources of information, and to what degree, if we need additional data or additional institutions, how do we need to think about setting those up and making sure they're robust for not only the challenges today but the challenges, going forward.

So, without further ado, I want to welcome our excellent panel to the discussion here.

We have Trevor – Rachel Lyngaas from – the senior policy researcher at the RAND Institute, a professor of policy analysis and formerly the first chief sanctions economist at the U.S. Treasury, which is where we first met on the opposite sides of IPC calls. (Laughs.)

We have Trent Reasons, who's at EYParthenon. Also has a long career in the U.S. Department of Treasury and a senior advisor at the Federal Reserve.

And Trevor (sic; Oliver) Wise, executive director of Bloomberg Center for Economic – for Center for Government Excellence, previously the chief data officer at the U.S. Department of Commerce.

So, I sort of set things out a little bit in my thinking about this session. I'm going to welcome our panelists to sort of give some initial thoughts, and then we'll launch into some questions.

So, Trevor?

Oliver Wise: Sure. And it's Oliver Wise –

Dr. Luck: Oh, I'm sorry, sir.

Mr. Wise: – but I've been called much worse. (Laughter.)

Dr. Luck: Oh, sorry. Apologies.

Mr. Wise: Great. So just a bit about myself, I'm, as of two months ago, executive director of the Bloomberg Center for Government Excellence at Johns Hopkins University at the new school of government and policy there. We help city governments principally. We help them use data and AI to advance their data and AI practices so that they can better serve their residents.

But prior to that, so as of late August, I was the chief data officer at America's data agency the Department of Commerce, and I see a lot of friendly faces here who are colleagues of mine then, as well as the acting under secretary for economic affairs, which is the position that has oversight authority over the Census and the Bureau of Economic Analysis.

So first of all, I just want to thank CSIS and Navin in particular for hosting this event. I think it's completely appropriate that federal statistics and the federal data ecosystem be discussed within the context of national security and economic security. I think it rarely is.

But I think, especially in the mid-21st century, that that's entirely appropriate and apt, and I think what the public knows federal statistics for is we use it – perfect markets require perfect information and it's the federal government's role to put forward as perfect information as possible so that those markets can function well.

So, there's that fundamental role, that infrastructural role that federal statistics plays in that environment. But in the world of competition – geopolitical competition – which when you're in the federal statistical system you can't really say because the federal statistical system needs to be policy agnostic but now that I'm not there I can say it – we certainly are in.

The domains of that competition are principally technological, and whatever country out-innovates the other will – their worldview will dominate in that geopolitical order. And the federal data system, of which the statistical system is the capstone of, is an underleveraged but extremely important asset in promoting innovation.

So in addition to better decision making – better policy decision making, better understanding how the economy works – that data that the federal statistical system ultimately shepherds and releases through very important statistical products is the biggest collection of economic and social data, and just the way federal environmental data is used to advance the earth sciences and meteorological sciences using AI and that federal data on genomics or that federally funded research that leads to genomics has led to huge advances in how we understand biophysics, which is leading to discoveries in pharmaceuticals and understanding how diseases work.

This is a hugely important tranche resource that can be used to better understand how the economy works and if we use that data right, we can become much better at optimizing these tradeoffs that economists do between inflation and employment, for example.

And just as we use – AI is now better, really, than the best Go players, it's better than the best biophysicists, it's better than the best radiologists, we should expect that – a world in which they are better than the best economists – (laughs) – I hate to say in this room. (Laughter.)

But if we're going to be much better policymakers, we ought to be able to apply these technologies to this incredible corpus of data. Also – why don't I just stop there and then I'll –

Dr. Luck: OK. Great.

Mr. Wise: I'll have more provocative things, but I'll share those later.

Dr. Luck: OK. Well, more provocative than the Economist statement I don't think. (Laughter.) But, Rachel, to you.

Rachel Lyngaas: OK. Thanks, Phil.

So, I guess I can also give, like, a very high-level overview of me, why I'm here. This issue really hits close to home. So, you know, I'm an economist by training. I actually studied development economics so how I sort of fell into this national security space is an odd and long story.

But I think fundamentally I felt like sanctions, coercive economic tools, tools that we see the U.S. government using more in this era of geoeconomic competition I felt like these are something – these are policies that are really impactful. They have ramifications, not just economic but even social implications, and we really ought to be, like, testing these policies and informing our policymakers with the rigor that we apply other sorts of macroeconomic policies or even microeconomic policies.

So that's sort of – just fundamentally I saw an information problem there and I dove in, and lo and behold, you know, RAND has me teaching a course on this stuff. So, you know, it's a very interesting, pertinent topic and I'm going to speak a lot from my experience, as Phil alluded to, kind of working on these in our national security apparatus. So, by that, I mean the executive branch kind of feeding into decision making that senior policymakers made.

Now, just getting to your broader question, Phil, when we talk about economic security data, I think that fundamentally we're talking about something that the U.S. government statistical system, as excellent as it is, is really not built to handle.

We're talking about, like, often dealing with international data, questions that have international ramifications. We're talking about who depends on whom and how quickly systems can adapt under geopolitical stress, and while our statistical agencies are really excellent at measuring economic flows like trade, investment and

prices, they're not really designed for things like mapping vulnerabilities or chokepoints or exposure to coercive policies of our economic competitors.

So, framing this very simply in terms of where I see the core gaps for economic security decision making is one around, like, elasticities so and looking at this across different sectors. So, in a crisis policymakers need to know how much production can shift, how quickly, how we can substitute inputs, and what sort of price responses we can expect from those.

So oftentimes we're – you know, we're coming up with those numbers based on kind of what we see in academic literature and there's only certain sectors where this is actually studied like energy, crude oil prices.

But as we know or at least as I learned after kind of diving into energy statistics in a lot more detail, like, it's really variable based on, like, what type of oil you're producing and the same could apply to, like, different technology supply chains.

But this is, like, some fundamental data that's kind of needed to be at policymakers' fingertips to be able to then brief people and say, OK, this is kind of like the price impact that we would expect from this kind of shock and I think that's, like, core information that they need to make decisions.

Secondly, just harking back to my Treasury background, a little bit on financial flows, so oftentimes we're inferring risk through trade data and it's kind of like an indirect measure of what's actually happening in terms of financial flows. So, we don't have a lot of visibility into cross-border payments, things like trade invoicing, what currencies are being used, and the data that we do have is often too slow in production for the kinds of, like, rapid decisions that policymakers need to make.

So, trade data on an international basis, often available on a month lag, like, that is not enough time to really be able to inform decision making. And then more fundamentally I'd say there's a governance issue here. Like, there's Commerce, Treasury, Department of Energy, Department of War, all see slices of this data.

But kind of synthesizing that across agencies that all have different rules and standards and restrictions on data sharing is a very challenging problem that I think that we need to solve if we're going to be – if our government's going to adapt to the challenges that we currently face.

And I'll pause there because I know we'll dig into more later.

Dr. Luck: Excellent. Thanks so much.

Trent?

Trent Reasons: Great. Thanks, Phillip, and thanks for inviting me here at CSIS. Longtime listener, first time participant, first time caller.

One correction. I recently left EY-Parthenon, so I've been – I left there last month to more fully deploy myself and my teams into this issue of economic security. I'm a little bit of an unusual person in that I spent the first 15 years of my career in markets as a trader on the sell side, and I mention that because a lot of the reason we're talking about economic security has to do with crises and has to do with disruptive events.

We experienced that through COVID, and part of the playbook that I have experienced, you know, throughout my career is, you know, seeing the crisis from the standpoint of being a derivatives trader at Lehman Brothers and then moving into Treasury to help set up the systemic risk committee, the FSOC, and other apparatus and data to advise on capital markets issues, going to the velocity point that you raised, Rachel, timeliness and information, and realizing that the government knows a lot of things and collects a lot of different data.

There's a lot of things the government doesn't know. There's a lot of things the government doesn't share with each other or with market participants or the public and there's good reason for that often. But with COVID it was revealed that we have a serious supply chain issue.

We have interdependencies in our economy that, you know, when you do the economic analysis and construction of value chain realizing, oh, there's components from the Philippines and there's components from China and from Sri Lanka, et cetera. So, a lot of the work that I've been a part of for the last decade in strategy has been working with federal agencies on these issues of where are these disruptive points, where are these interconnected portions, how can we account for them, and then how can we be predictive about it and stress test it.

So, an important component we learned from the financial crisis was that there just wasn't a visibility of risks. There was a lot of stuff that was off balance sheet or off exchanges and, you know, that uncovered a whole bunch of different problems for institutions that caused significant harm to America and to the world financially.

And so, applying a similar framework of systemic risk into supply chains is absolutely needed from a standpoint of we need to at least know where the U.S. data sits, where those dependencies sit, and where's ROW – where's the rest of the world.

We're not going to be able to replicate the best types of labor or capital or technology and innovation or governance data from other countries, but we can sure try because companies are doing it every day. Investors are doing it every day, and they have to make a bet, right?

They have to make a position and have confidence about it, and I think that there really is a lot more that can be garnered by public-private partnerships around types of alternative data that could be applied to existing data, perhaps new data set collections, but most importantly, experimentation and testing.

You know, as a former institutional trader your mark to market is every day. When you're a policymaker and mistakes get made either they go down a memory hole – (laughs) – or elections change or what have you. But it's an important thing to remember that as economists and as policymakers there's got to be back testing. There has to be a way to be able to confirm the data sets were right – there's a Pareto efficiency here – or they really didn't help us at all, right?

And being able to be open enough, I think, as Mark had said earlier, you know, coming from a place of humility that says we don't actually know everything and we need to be open to that type of experimentation and testing to say there's things that we know and there's a whole lot of known unknowns.

And lastly, I would just say to Rachel's point as well about the sharing. You know, there's so much of the work that I've been doing the past decade, which is really taking insights, information, analytics from one agency and enabling another agency to actually see the Wizard of Oz, right, behind the curtain.

As an American, I just think that's terrible. I understand the legal restrictions. We've all worked with MOUs and with our wonderful friends who are general counsels at different agencies. But it is a serious problem and it's something that is – as much as there are liability issues there are legal restrictions. There's PII issues, et cetera.

There's got to be a better way to run this railroad and enable that kind of cross visibility of different types of inputs, of different types of analysis, and then be able to test each other between different – the

Department of War is going to have their own purview of what happens in a hot war situation at the tail, right, of the distribution of events and what that looks like for the U.S. economy and for different industries.

The Treasury is going to have a whole different kind of point of view about what does that mean for liquidity and capital flows, what does that mean for trade, what does that mean for our foreign competitors and/or enemies, or frenemies in some cases, for sanctions or for different types of capital controls.

Like, so having the Eye of Sauron to some extent, for you Tolkien fans, to be able to look at and say, we can share a vision of these different data sets and have ways to apply analytics and test each other and actually be able to kind of move forward to a place where we have a very good grounding in where those defibrillators or ventilators are made, where those chip components are made, and what are the cost trade-offs. What are the switching costs of moving to different production, either types and modes of technologies or locations and geographies? What are those big pillar impacts across capital, labor, technology, and the governance and infrastructure of different types of locations around the world?

So, there's so much room to go on in this in terms of education about economic security, but I think we've done a pretty good job. I'll give us an A+ on that, maybe?

Dr. Luck: Yeah, A++. (Laughter.) No, no, you guys have laid out enough things to fill up a few days of conversation, so we'll have to reconvene this at some point.

Well, Oliver, I want to start with you, which is basically, so I think we've laid a lot of great ideas here about, you know, what are the sort of, you know, the externalities that are present of security that sometimes are internalized, how we need to think about stress testing, and how do we think about this for competitiveness, which, you know, to Navin's point earlier, is sort of at the core of economic security is our ability to innovate.

So where do you see the sort of most important places for federal statistics playing in this big morass right now and where do you think some investment should be made?

Mr. Wise: Sure. I'm going to back up a second before I get into that answer.

So back to the competitiveness question and competitiveness on AI. I think the basic template of any national AI strategy is you need to lead on – to build AI you need compute, you need the algorithm, and you need data. We have an answer now for – there's bipartisan momentum on the compute side of things and that's, I think, how most of industrial policy and AI policy is thought of in terms of leading the way on compute.

Algorithms are pretty well taken care of by the private sector. Data is a component of that stack that hasn't had the attention I think it needs from either the Biden administration or this current administration and backing up from purely statistical systems but just thinking about the federal data ecosystem of which the statistical system is a subcomponent, I think there's a huge role to play. So that's one.

Also, in order to make the – for agentic AI to really take hold and to drive adoption and to really drive value for the customers or clients who are using it the data has to be made interoperable with those agentic systems so that that value can be created.

So, an example of that is Anthropic introduced a really important solution to the market about a year ago I think that is relevant here where basically they introduced a competitor to the Bloomberg terminal. So, for the past 20, 30 years the way if you're a financial analyst you get information is you have a Bloomberg terminal that gives you data and then that analyst uses their own human expertise and contextual understanding of that data to give better insights to the traders that they work with.

Anthropic really changed the script on that in the last year and introduced a new solution where that analyst is fueled with an AI agent who can help them arrive at those insights a lot quicker than they could have. That vertical, that whole product, rests on the introduction of model context protocols, which is a new paradigm for making data much more compatible and understandable to AI.

So I think in that world in which users are going to expect to use agentic AI to be more competitive than their peers, federal statistics plays a big role in that and I think the statistical system could really up their game in helping promote economic growth and adoption of these technologies – positive adoption of these technologies by making their own data products more AI ready.

Dr. Luck: OK. Great. Excellent.

Trent, I want to pick up on something you were talking about which is, you know, thinking about all these ways in which we sort of have either blind spots or sort of, you know, need to understand, you know, the way the economy works that we maybe historically didn't realize we did pre-COVID or things like that.

So where do you see sort of the biggest blind spots we have right now? I mean, there's a million of them, obviously, but, like, where do you see ones where either you think we're, you know, with a little bit of devotion of time we could make real progress or they're just so huge regardless of how far away it is we need to start working on it really hard right now?

Mr. Reasons: Yeah. So, I think one of the – one thing that could be done that I think would be relatively simple is some harmonization across different types of data sets that are currently available both from the federal statistics system, which, by the way, I don't want to be remiss. I want to also thank everyone here who is a public servant in the statistical system. It is vitally important. Your work does not go unnoticed.

I think that that's a – I feel like that's a relatively low lift and I think, to Oliver's point, AI can be a huge game changer as far as that's concerned. I also think AI can be a large game changer for localized economic data and financial data.

As we saw out of the housing crisis back in '08, a lot of the modifications and things that had to go through the GSEs, a lot of the localized mortgage and lender type information, it was very hard to stitch together. There were a lot of hardworking people both in the financial sector as well as the public sector working towards that.

I feel like that's sort of a simple ChatGPT entry now to be able to harmonize some of that. So, I think those are some of the low lift things. I think the longer slog is really the interdependencies within. The focus of a lot of departments is final goods, right, to put on our economics hat, and there's not enough focus on intermediate.

There's a lot of focus on raw. So, we see with cobalt, with other rare earth and critical minerals, an ample amount – and I think rightfully so and I'm happy to see it – a focus on extraction and processing.

But it's that intermediate phase, right, or the ATP portion of, say, semiconductors where there's not as much focus and there's actually adjacencies for the United States to play as a major contender.

Why? Because we don't have to go and pull things out of the earth 30 years from now, right? The J curve is not as damaging so – or negative. So, I think those are some things that could be done to be able to provide more of that exploded view.

I don't have a false view – you know, sense that we're going to have everything. We don't need everything. I think that there is a need to have some buckets of what are fairly commoditized types of products and goods, what are some more technically advanced, and what are – you know, going to that rare earths, what are truly rare or where there's near monopoly.

I think if we can start with that kind of viewpoint and collect those large buckets we're going to be much more informed as a government about where those vulnerabilities lie and what can be done to shore them up because I think right now a lot of it is much more high level about those final product goods and the work that we – especially in the last five years we've done a lot of work with agencies at digging into the, well, these ball bearings go into this, you know, fighter – you know, fighter jet or something and it's, like – or this type of special paint is used on this helicopter.

Well, what are the components that go into that? That's very necessary. Is that something we can do and manufacture well here in the United States? Are there available substitutes? So, it really requires an ability to map that.

The last thing I'd say is that I think there's – and this goes to the financial agencies – there's a lot of information that could be shared on credit that the agencies do not do. Working with a lot of agencies that do institutional underwriting as well as consumer and public underwriting, there's a whole host of that data that could just be shared and harmonized under a dashboard rather than having, you know, the public sector kind of rebuilding underwriting capabilities every time that there's a new transaction.

So, there's some memory loss that kind of goes on there that the agencies in the public could benefit from saying we have a history of what this credit performance looks like, or these exports or these imports. So those are some of the areas I think would be relatively Pareto efficient.

Dr. Luck: Excellent. Yeah, and completely agree and I'll just add one thing on your harmonization point to the degree to which we can harmonize across countries. The point – you know, we have NAICS industry codes shared with Canada and Mexico –

Mr. Reasons: It's a nightmare.

Dr. Luck: – which is hugely valuable, but, like, end-use codes aren't harmonized, right? And that's – you know, if we have – we have one integrated North American economy without integrated end-use codes, right, and that just becomes a huge problem. I know people are working very hard on that, but that work should probably be funded better.

Rachel, you hit on a few things I really want to follow up on. The first is, you know, I think we had sort of similar roles when you were at Treasury and I was at the State Department helping to advise on, you know, the development of sanctions and other tools by the U.S. government.

You know, having the tools is one thing. Having the data is one thing. Getting it into the policy process is another. What do you see as – what do we need to build capacity within the interagency, within the U.S. government, to do that analysis better and what – do we need better processes to actually make sure that it's injected into the system?

And then I have a follow-up on that but let me start there.

Ms. Lyngaas: OK. Awesome.

So, I'd say – so I think, Phil, what we have it's really more of a governance problem. It's not a data science problem. I think that we're – fortunately, aside from what I highlighted in, you know, some of my opening comments, a lot of the data is there. It's available.

It's either through statistics that we, the U.S., produce or it's commercially available. So, you know, analysts at a different agency can – the agencies can potentially go on the market and purchase these datasets.

But unfortunately, we have a lot of institutional silos, and I think what we need to break some of that down: shared standards, common identifiers, common understandings about metadata.

I think that, you know, we have a system where – around national security decisions. You know, like, you have the National Security Council convening principles and, you know, a treasury secretary, a secretary of state, et cetera, they kind of each want to be briefed by their own people, frankly, and be advised on, like, what to say at these meetings or what decisions to take.

And so there's duplication across agencies on some of these decisions and I think that that's fine. But there still needs to be some sharing of information across the agencies on, like, what datasets are working to inform these types of decisions so that we're all kind of speaking in the same language and we don't have a situation where policymakers are asking a question and getting, like, four or five different answers depending on what agency they're asking.

And, I mean, more fundamentally, like, how we solve this, you know, I try to be really practical in my recommendations and, you know, when I hear proposals out there to kind of create new bureaus of economic security and I mean, sure. Great.

But, you know, I think I'm realistic in terms of, like, the budget environment and the challenge in, like, building new agencies and infrastructure. You know, it's kind of much harder in practice than in theory.

So just at a very basic level, you know, I think that around some of these key economic security decisions, like, maybe there needs to be some analytic fusion cells that are operated by the NEC or the NSC or maybe it's something jointly that Treasury and Commerce do. So that's on the supply side.

On the demand side, I think agencies are going to get better and quicker at producing this information if they're getting clear and consistent demand signals from leadership. So – and this needs to happen across administrations, which I think more and more we're getting to that place.

But if NSC, NEC, and others consistently require some sort of integrated economic security assessment or a product that can even – you know, maybe something internal, maybe it's something that becomes public. Like, even if, like, Congress requires this to be something that the executive agencies produce, I mean, then agencies will figure out how to make that happen if it's coming from leadership. Like, they'll work with the systems they have, identify budgets, but it's kind of – it's also got to come from the top, I think.

Dr. Luck: That's excellent.

Yeah, I want to pick up on one thing, which is to your point I completely agree this is more governance than data. There are a few. You hit on some of these really important ones, which there are some genuine

data questions that maybe we need to just need to, like, send out the bat signal to academia more on. I'm not sure what it is.

But to your point, elasticities are incredibly important. You know, the number of times, you know, someone tells me we have to figure out where this – what this critical mineral goes into and can we scale it up in the next six months. You're like, well, I'm not sure. (Laughter.)

So how do we – how do we – I mean, I guess maybe this is the best way to ask the question. How do we develop better methodology there? Do we need to make clearer asks to the academic community? Do we need to tell Congress more clearly that these things are needed?

I'll open this up to everybody because that's a pretty big question.

Mr. Reasons: Yeah. I think I'll go back to my point about incubation, sprints, and, you know, basically fast failure-fast learning with the private sector in particular and academia, obviously, as well.

I mean, you find that in financial services, especially in the markets, there is a high linkage of academic engagement not just from the Chicago school back in the '60s and '70s and efficient market advisors and everything else, but, like, there's a long history of that, of engaging within the market participants and the financial institutions. And I think we need something like that here. And I think there's a – I think we need to categorize two different things.

There's the data that exists but then there's the analytics and the actual projections and weightings and forecasting, and I think that there's tons of data that's available but how are we actually using that data, whether it's going to be in forecasting and then testing those forecasts, or dashboarding.

You alluded to – I used to have to do those memos all the time, like, you know, how many – how much tea is in China or something, and it's, like, I don't – let me find out, Mr. Secretary, you know.

So, but those kinds of things I think would work very well and I realize that these – the small p politics of it are not easy but they're absolutely needed. I think, going back to John Maynard Keynes, you know, when the data and the information changes, you know, I change my mind.

Like, I think we need to be able to be proven wrong in some of our assumptions, whether it's about monetary policy and having the best Tealbook that there is, so to speak, or it has to do with economic policy and national security because, again, we may be the United States and

the United States acting on behalf of the security for the world or for the nation, rather, but there's the rest of the world that's just trying to figure out themselves and they're doing it all the time.

So, I'm a big fan of a mosaic approach. Pull a lot of different types of methodologies, see what's working for which types of participants, and try to piece that together into a picture that can be additive to the United States methodology and uses for policy and for governance.

That's purely – you can always throw out what isn't working and different statistical errors, but if we're going to be blind to if the government doesn't create it then we're not going to use it I think is a very myopic view and I think we're likely to kind of get caught into blind spots.

Dr. Luck: Oliver, back to you. I want to ask – I mean, so there's a – we've been, largely, focusing and, you know, it's because I've been asking the questions – (laughs) – on sort of this sort of more short term how we make sure we understand chokepoints and sort of the acute security issue.

To your earlier point, you know, a big part of the sort of long-term security is also your ability to promote, you know, competitive innovation and, you know, growth, and, you know, in part because of that recognition there's been a revamping of industrial policy here in the United States and around the world.

You know, obviously, to do that type of top-down policy well you need good information. What role do you see the federal statistical system playing in sort of the design and also the assessment once policy comes into place of – going forward?

Mr. Wise: I think it's the role that it's always played. We look to the federal statistics system to provide the most accurate, reliable, consistent, objective information given the widest possible frame. So, I don't think there's anything new in that question or in the current era that isn't what the statistical system has done for several hundred years.

Dr. Luck: So, nothing about the new technologies today. Do they make any differences? I'm going to push back on that slightly.

So, I mean, there's been some discussion –

Mr. Wise: I mean, I guess one is that the – traditionally the data that has fed the statistics is surveys and principally surveys, that we live in a world in which that data stack is far more blended and relies on other

administrative data from other parts of government or from private sector data, and if you're going to use those blended sources then, as you said, the data harmonization problem is the real problem that you have to issue in order to make sense for that data.

I think the good news is that the statistical system has been working on that problem for a while now and Ron Jarmin – I think he just left the room – has been a real – has been the chief strategic architect of that at Census and I think is – progress is well underway there of being able to very meaningfully integrate a wide diversity of data sources into meaningful frames so that you can derive insights from those data.

Dr. Luck: So, putting – widening the focus slightly so, I mean, in a lot of the ways – I mentioned sort of international harmonization a minute ago in the earlier conversation. Discussion around sort of measuring things like industrial policy came up.

This in some sense has to be sort of coordination between statistical agencies across government. You know, there's a lot of effort going on right now in the OECD on sort of measuring Chinese steel subsidies or just, you know, industrial policy writ large.

What – you know, what role do you see as sort of – and, again, this comes to the economic security of it because this is about sort of our competition in these spaces, the competition of different industrial policies or different actors and making sure we sort of – you know, to the degree to which we can sort of play within a sort of even playing field.

So, what role do you see, you know, international organizations like the OECD or others playing here and how can we better support the statistical agencies in doing that work?

Mr. Wise: I'm going to politely defer that question.

Dr. Luck: OK. Anybody want to take that?

Ms. Lyngaas I mean, I think that – I think there's a lot of opportunity here, particularly for, like, a lot of these multilateral organizations and multilateral development banks or even, like, the IMF and the OECD that, like, have these historical mandates but are kind of trying to adapt to rapidly changing priorities of their shareholders and kind of remain relevant, particularly in a time where if you think about, like, the financing institutions, you know, the actual financing that they provide is not, like, the dominant source of financial flows out there.

But I think that where they really can add value is on sort of the statistical information that they produce, and in a lot of these multilateral institutions like the U.S. government still plays a leading role and is a dominant voice and can kind of help set the agenda.

And I think that there's a real lack of standardized information about, you know, industrial policies and kind of, like, overproduction of goods and the impact that those can have on the global economy, which is, like, a macro relevance.

So, I think that could potentially be a very good agenda for these kinds of institutions to develop some sort of statistical capacity to answer those questions that I think is relevant for all of their members.

Mr. Reasons: I think I have a little bit of a different – I think what the OECD does is important, but I also think that it runs the problem of creating a platypus fast enough, right? The problem we have with a lot of data and statistics now is the velocity.

We're not getting enough real time, and I think that through a lot of different – it could be IOSCO, it could be OECD – whenever we're bringing other parties to bear and other equities to bear there's a lot of watering down, slowing down of the process.

So, I think they could play an important role in the middle to back end. But if we're talking about United States primacy of industrial policy it's got to be a U.S.-led initiative. I think the Commerce-Treasury JV or something.

You know, I don't know if we necessarily need to create another bureau or something, but I think that could be kind of the catalyst to drive change at some of these other organizations, which are critical on a global scale. But for purposes of the United States this really needs to be something we do, I think.

Dr. Luck: Absolutely. Great. Excellent.

Well, I think we should open it up to questions from the assembled.

Q: Thanks for the enlightening discussion.

The federal government – three agencies in the government are tasked to produce lists of critical and emerging technologies: the National Science Council, the Defense Department, and the National Science Foundation.

So, imagine this is a magic wand and I'm giving it to you. So, what data would you like to see – if you're in charge of actually coming up with every couple years a list of critical and emerging technologies that drive federal policy what data would you like to bring into existence that doesn't exist right now to help you make that decision?

Mr. Reasons: So, I think – well, one problem – great question. One problem is that we're talking about CTAs versus CETs. So, I think I'm one of those people who's – I've spent a lot of time, particularly in the CTA realm, in delineating different aspects of channels of supply and production.

And we talk about commonality and homogenization and standardization. There isn't even within intergovernment kind of that what's primacy, what's emergent.

But I think – look, going back to something that Oliver highlighted about the AI race, different aspects of compute – different aspects of energy, right? We need a lot of power to – whether it's going to be in quantum or in respective compute power for AI and ship manufacturing components.

So, I think there's a lot of different aspects of that kind of labor and capital as well as the critical minerals that we just don't know about and we don't know about – again, going back to, like, the switching costs of having to shift supply chains or switch manufacturing.

Now, we could come up with the same result. The policymakers could look at this and go, oh, hey, this is a pretty good deal if we switch. But the politics always trump that, right? So, but I would argue that, you know, those are some areas where we could use a lot more detailed information about that, kind of the intermediary goods that are brought in to bear there.

But we also really just need to get agreement within the government of critical emerging technologies, critical technology areas. I've seen one agency that defined critical technology dimensions, I think it was.

So, I think we need some common area. But, again, if we're able to draw those data and go to some of the private sector participants – and they don't even need to be sometimes the technology companies themselves. They can be investors. They can be different advisory groups that can provide a window into those big blocks, again, of what are the true costs, what is the scenario planning around difficult diplomacy, one sigma versus hot war three sigma, what does production look like there.

Because at the end of the day, what I want to know, and I think what a lot of policymakers want to know within the government is how much is output actually going to be driven. If we invest $10 – $10 billion – what is the output, you know, feedback and, you know, is it going to be precise?

No, but it's got to be bigger than a breadbox. We've got to be able to dimension this stuff and not just be able to just, you know, wave another magic wand that says it's going to give us, you know, Adamantium or something like that.

Mr. Wise: I think – here's the framework I would use. One, you need to know how consequential that technology will be to our national security, to our economic competitiveness; two, what are our domestic factors of production for that technology; and then, third, what are our adversaries' production capacity for that technology.

So, I think it's going to be kind of contingent on the first question, which is really hard to answer because you're making conjectures or projections about what that technology's likely adoption will be in the future and its consequence.

But if I had a magic wand, I'd be able to tell the future on that and then have really good data on what – on our ability to produce and what our adversaries' ability to produce is.

Q: Yeah, just a quick question about economics and national security and the fact that this specific area gets very close to national security questions or is enmeshed in them, which is often classified or highly sensitive.

So, I'm curious what your thoughts are on the intelligence community, the role of the intelligence community – what should be classified, what should not, how to share information, how to protect information.

Dr. Luck: That's a great question. Anybody want to try that?

Ms. Lyngaas: Yeah. I mean, I think this is an excellent question.

So, I do think that intelligence community is core, you know, for many of these national security decisions. I think that the way, you know, that our system is set up is, you know, the IC does its analysis, produces reports, and then wants to have a little bit of an arms or a total arm's length – if you will, a firewall – from, like, the actual, like, coming up with policy process.

So, you know, my experience in government is, like, having – being often sitting in the policy lane and trying to advise policymakers. But then I've seen IC products that I do – I think are meant to influence policy, like, even if factual.

So, like, maybe we need to rethink a little bit some of these firewalls. And that's with – you know, and that's not even addressing, I think, a lot of your core question, Roz, about, like, what – you know, are we classifying the right information. And, like, I think that there's a lot of limitations that come with working with classified information, like, not as there should be, right, you know.

But just for the purposes of, like, taking some data that I know is publicly available and, like, putting that into a report and being able to brief someone quickly there's all kinds of operational things that slow down that process if you're working in the IC.

So, you know, as we're trying to adapt to something that's quick moving, you know, this might need a little bit more thought and care to think about how the IC should be best positioned to inform policy. Like, whether or not – like, if we are taking something publicly available, like, does it need to be classified because it's, like, going to be briefed to someone very senior?

I mean, I think that's a valid question and but also, like, getting beyond some of the anecdotal information that I think that often comes through classified channels and this has to do with the means of collection.

But being able to apply that more into, like, forecasting and modeling, you know, I think we're also, like, not quite there. But that requires, again, a little bit more integration between IC community and, like, other economists and data scientists working in government that, like, doesn't naturally happen, given that even those, like, human resources and the career tracks, you know, look totally different and there's not a lot of good incentives to collaborate. So, it's a big question for which I don't have easy solutions.

Mr. Reasons: Yeah. I think, just quickly, a lot of stuff is just put on the high side, and I don't know why, honestly. Like, as someone who's been briefed as an official and working in the private it's just ridiculous.

The second thing, the IC does a tremendous service to our nation and to the public and there's very, very sharp, capable people there. But it is a one-way flow of information generally and I think there's a lot of benefit that could be had by the IC having more intake with other

agencies and a bit more collaboration. And look, you can create a room, or you can create, you know, different types of walls to be able to make that happen.

Having been in the interagency realm for over 15 you can make it happen. It's hard to do but I think that's the kind of experimentation that we should be doing, right? I think that there's too much of a sclerotic kind of nature to many parts of our government that because it's been done that way we should just always continue to do it.

So, this is, I think, a really important area actually where just like investing in markets it's informational advantage. Well, the same thing in national security. We have to have informational advantage so let's broaden out. Let's experiment. Let's try different things, because I think that we could really benefit from the IC and they can benefit from the economists and from the statisticians and data analysts.

Dr. Luck: Excellent. I'm going to use my moderator's prerogative to speak to it very slightly, too. I couldn't agree more with both Rachel and Trent.

The last thing I would say just to kind of foot stomp on something Rachel said, you know, I think there's a creep for everything going up on the high side and everything's becoming sort of classified. I think that's really important to push against that within this realm because, to your point, there's really a lot of value in having analysis that's not classified because, to Rachel's point, that means you can have people who are in the policy space also giving good analysis that can inform policy in ways that keeps that firewall very intact.

And also, it just doesn't – it slows things down immensely and it's really hard. You know, I can do analysis and share it with partners really easily unless – you know, unless it's on the high side, right?

So, I think for both speed and making sure we keep that firewall and making sure the analysis stays really core to the policy process we should definitely invest in more economic intelligence within the IC. Commerce doesn't have an intelligence body. They probably should at this point, given the role it's playing in these national security issues.

Well, that's very Treasury of you. Yeah.

Ms. Lyngaas: (Off mic.)

Dr. Luck: (Laughs.) You have OIA.

Ms. Lyngaas: I'm actually – I'm seeing Don Graves nod, like, say no.

Dr. Luck: (Laughter.) No? Oh, OK. All right. Well, all right.

Listen, I – you know, the State guy says you should have it. So, you know.

Mr. Reasons: I was giving, like, easy little bro vibes, you know? (Laughter.)

Dr. Luck: OK. Go ahead, sir.

Q: Thanks. Don Graves, former DepSec at Commerce.

I want to push back fairly hard on that. Commerce does have – it was just stood up in the last administration the Office of Intelligence and National Security that combines data, combines intelligence, has agreements with the IC, a lot of sharing of information.

There was a critical and emerging technology committee that was created in the last administration that brings together all of the 13 – well, not all 13. Ten of the bureau heads of the Department of Commerce, all the relevant components.

So at least in one agency that is going on, and I would just push back a little bit on my friend Trent a little bit. There's good reason at times for some of this data, some of the information, to be kept at a high level and companies are read in when it's important and when it's necessary.

But the point that I made last night there is a lot of information that the U.S. federal government puts out that is exploited by competitors, adversaries, around the world. They don't provide the same amount and quality of information that we do. They use that to their advantage.

There are certain things like chokepoints, for instance, in critical emerging technologies, rare earths, critical elements, et cetera, where data should be protected or at least maybe should be – we should figure out the right ways to share.

So, I just wanted to push a little bit back on the notion that we should just open things up to a wide array of folks. Yes, the business community could value some additional information, could have this information to make better decisions.

But I will tell you that when it comes to things like critical elements and rare earths we actually – and you look at the scale tool that the International Trade Administration created around supply chain risks,

that's exactly what they do but that is not shared broadly and there's a point – there was a point, and we can have a debate over whether or not it should be shared but there was a point to keeping that information closed and not sharing it broadly. But there are folks that actually do have that information and so we do – we can – policymakers can make those decisions on an informed basis.

Dr. Luck: Great. Excellent.

This is a much longer conversation we can have about – but I completely agree. I think there's differences between what's public, what's within the policy process, and then what's also housed within the IC, which are sort of three different buckets.

Great. Well, with that, we'll end this excellent conversation. Thank you so much and please welcome or thank our panelists. (Applause.)

(END.)