

# ECONOMICA OBSCURA: INSTITUTIONS, ARCHIVES, AND POLICY LEARNING

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# WHAT IS THE ECONOMIC QUESTION?

Who accounts for the future value of records created by today's reporting institution?

- Institutions bear current collection and adjustment costs.
- Later policy users benefit from the archive of state information that reporting leaves behind.
- The paper models this intertemporal information externality.

# HOW CAN USEFUL RECORDS DISAPPEAR FROM ROUTINE REPORTING?

**Current operating priority**



**Specialized reporting**



**Future policy loss**

## HOW CAN REPEATED REPORTING LEAVE ONE POLICY QUESTION UNANSWERED?

- An institution repeatedly collects fields aligned with today's operating priority.
- Precision accumulates quickly in that direction and slowly in an orthogonal direction.
- A future policy target that loads on the neglected direction continues to face posterior loss.

## WHAT DOES A REPORTING PATH DETERMINE?

- Operating priorities determine the direction and speed of current reporting.
- Reports accumulate precision in an archive over state directions.
- Future target demand maps archive precision into posterior policy loss.

# WHEN DOES SPECIALIZATION LEAVE INCOMPLETE LEARNING?

## **Theorem (Specialization and incomplete learning)**

*With persistent rank-one specialization, precision can diverge in the favored direction while posterior uncertainty remains positive in a neglected direction.*

Repeated reporting can generate an expanding archive whose target coverage remains incomplete.

## WHAT IS THE DECISION VALUE OF ONE ADDITIONAL RECORD?

$$\Delta_h = \frac{s'P_t(A^h)'DA^hP_t s}{2(v + s'P_t s)}$$

- $P_t$  is archive uncertainty before the report and  $s$  is the report direction.
- $A^h$  transports today's state to a policy decision  $h$  dates ahead.
- $D$  records target demand; the value is zero when the report misses every target-relevant transported direction.

## WHEN SHOULD THE NEXT REPORT TURN TOWARD THE ARCHIVE?

### **Proposition (Archive-dependent reporting threshold)**

*In the Gaussian benchmark, inherited archive precision and future target demand determine a threshold at which a nonzero redirection of the next report minimizes total institutional and policy loss.*

The threshold turns the stock of prior records into a current reporting decision.

# CAN THE ARCHIVE USER'S VALUE IMPLEMENT THE PLANNER'S REPORT?

## **Proposition (Archive-value payment)**

*Under commitment and the stated target assumptions, a path-contingent payment equal to the archive user's decision-loss reduction implements the planner's reporting path.*

The transfer aligns current reporting with a future user's measured decision value.

## HOW DOES THE PLANNER'S REPORT BECOME IMPLEMENTABLE?

- Compute the archive user's loss reduction for each feasible reporting path.
- Commit to a path-contingent payment equal to that reduction relative to the decentralized path.
- The reporting institution then selects the planner's path under the proposition's commitment assumptions.

## WHEN DOES TODAY'S REPORT SERVE A FUTURE POLICY USER?

- A report is valued by the reduction in transported posterior loss for the declared target horizon.
- Repeated priorities can accumulate precision in one direction while leaving another target direction weakly excited.
- A path-contingent payment implements the archive user's preferred reporting path under the commitment assumptions.

## WHAT DOES THE BANK-RECORD EXERCISE OBSERVE?

- U.S. Call Reports supply dated forms, burden measures, and later outcomes.
- Acquisition scores are constructed before the held-out report contents are supplied.
- Predictive loss measures record contribution; it remains separate from monetary welfare value.

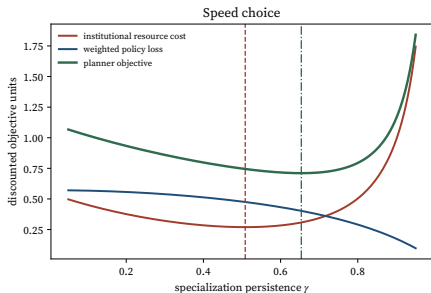
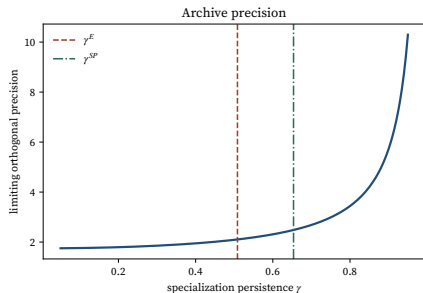
## HOW DOES A FORM BECOME A POLICY-LEARNING RECORD?

- A form submission supplies an observation direction and innovation scale.
- The archive combines that record with inherited precision from earlier forms.
- Held-out forecast loss measures whether the acquired record improves a declared target before its contents are revealed.

## WHAT COMPARISON ISOLATES ARCHIVE CONTRIBUTION?

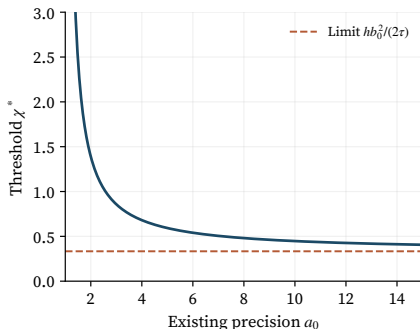
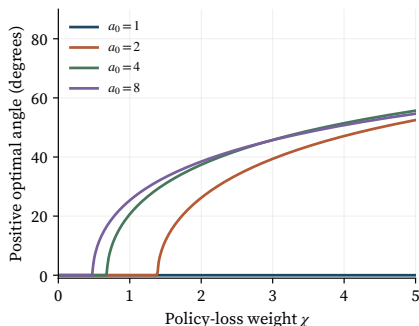
- Prior-year scores rank records under a fixed acquisition budget.
- Uniform selection supplies the benchmark.
- Innovation scale is examined as a mechanism behind score performance.

# WHY DOES THE PLANNER MOVE FASTER TOWARD BALANCED REPORTING?



Main-text specialization speed and archive externality.

# WHICH NEXT REPORTING DIRECTION IS VALUABLE GIVEN THE ARCHIVE?



Main-text archive-conditional reporting design.

## WHAT DO PRIOR-YEAR ACQUISITION SCORES PREDICT?

- Prior-year acquisition scores improve held-out loss relative to uniform selection.
- Innovation scale explains much of the improvement in the reported diagnostic.
- Whole-form burden, forecast loss, and unmeasured monetary value enter separate parts of the interpretation.

## WHICH LITERATURES HELP PLACE THE QUESTION?

- Kamenica and Gentzkow (2011): information design for a receiver's future decision.
- Caplin and Dean (2015): costly acquisition of decision-relevant information.
- Chetty, Friedman, and Saez (2016): administrative data as policy-research infrastructure.
- This paper studies how operating priorities shape the archive inherited by future policy users.

## WHICH INSTITUTIONAL CLAIMS REMAIN SEPARATE?

- Authorized archive access differs from public disclosure.
- Predictive loss reduction differs from a monetary valuation of information.
- Implementation uses commitment and the target structure stated in the payment proposition.

## WHAT SHOULD THE READER CARRY FORWARD?

1. Reporting creates a stock of information for future policy users.
2. Specialization can expand data volume while leaving target directions uncertain.
3. Archive value changes the efficient direction of current reporting.

# TECHNICAL APPENDIX

# HOW DO THE MAIN RESULTS BUILD ON ONE ANOTHER?

**Specialization and incomplete learning**



**Archive-dependent reporting threshold**



**Archive-value payment**

## WHICH FORMAL RESULTS SUPPORT THE ARGUMENT?

- Theorem: Specialization and incomplete learning
- Theorem: Archive-dependent reporting threshold
- Proposition: The planner's specialization speed
- Proposition: State persistence and a specialized archive
- Proposition: Implementation by archive-value payment
- Proposition: Fresh-observation allocation
- Corollary: Complete-learning characterization with sparse reports

## WHICH SCOPE CONDITIONS GOVERN THE CLAIMS?

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