Policymakers could forecast trends such as spikes in unemployment or mortgage delinquencies with the help of Google search activity data

A new report to be published tomorrow on IZA World of Labor investigates how Google search activity data can help detect, in real time and at high frequency, a wide spectrum of breaking socioeconomic trends around the world.

In his article Nikolaos Askitas argues that Google searches express the demand for information on certain topics from users around the world and therefore are a good indicator of socioeconomic trends. Askitas and a group of German scientists are using Google searches for the German Unemployment Office, job search engines, and the well- established German practice of "short-time work" to forecast German unemployment.

Current forecasting methods often rely on economic indicators being estimated. They are then revised several times, and published with a lag. Internet search data are a first, although imperfect, example of progress in timely and accurate measurement. The fact that individuals feel protected in the anonymity of their internet session implies that internet activity data contain no interviewer effects or biases. A search session can also be geo-located using the IP address where the browser session originates.

Even though, as the author admits, this method still comes with deficits, this type of data should be researched by social scientists, methodologists, and data privacy experts. Governments will have to encourage or even legislate for some kind of corporate good practice (for example, in the form of a data tax), to motivate firms with large amounts of data in their proprietary silos to open up the data in aggregate form, while also protecting privacy concerns. Askitas is convinced that internet search data will become an important part of the arsenal of policymakers for understanding breaking trends.

Media Contact:
Please contact Sarah Williams at Bloomsbury for more information, for author interviews, or if you are interested in an exclusive look at the article before publication - Sarah.Williams@Bloomsbury.com or +44 (0)20 76 31 55 08

Notes for editors:
- IZA World of Labor (http://wol.iza.org) is a global, freely available online resource that provides policy makers, academics, journalists, and researchers, with clear, concise and evidence-based knowledge on labor economics issues worldwide.
- The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.
- Established in 1998, the Institute for the Study of Labor (www.iza.org) is an independent economic research institute focused on the analysis of global labour markets. Based in Bonn, it operates an international network of about 1,300 economists and researchers spanning more than 45 countries.