Official Statistics: Ensuring Relevance under difficult circumstances

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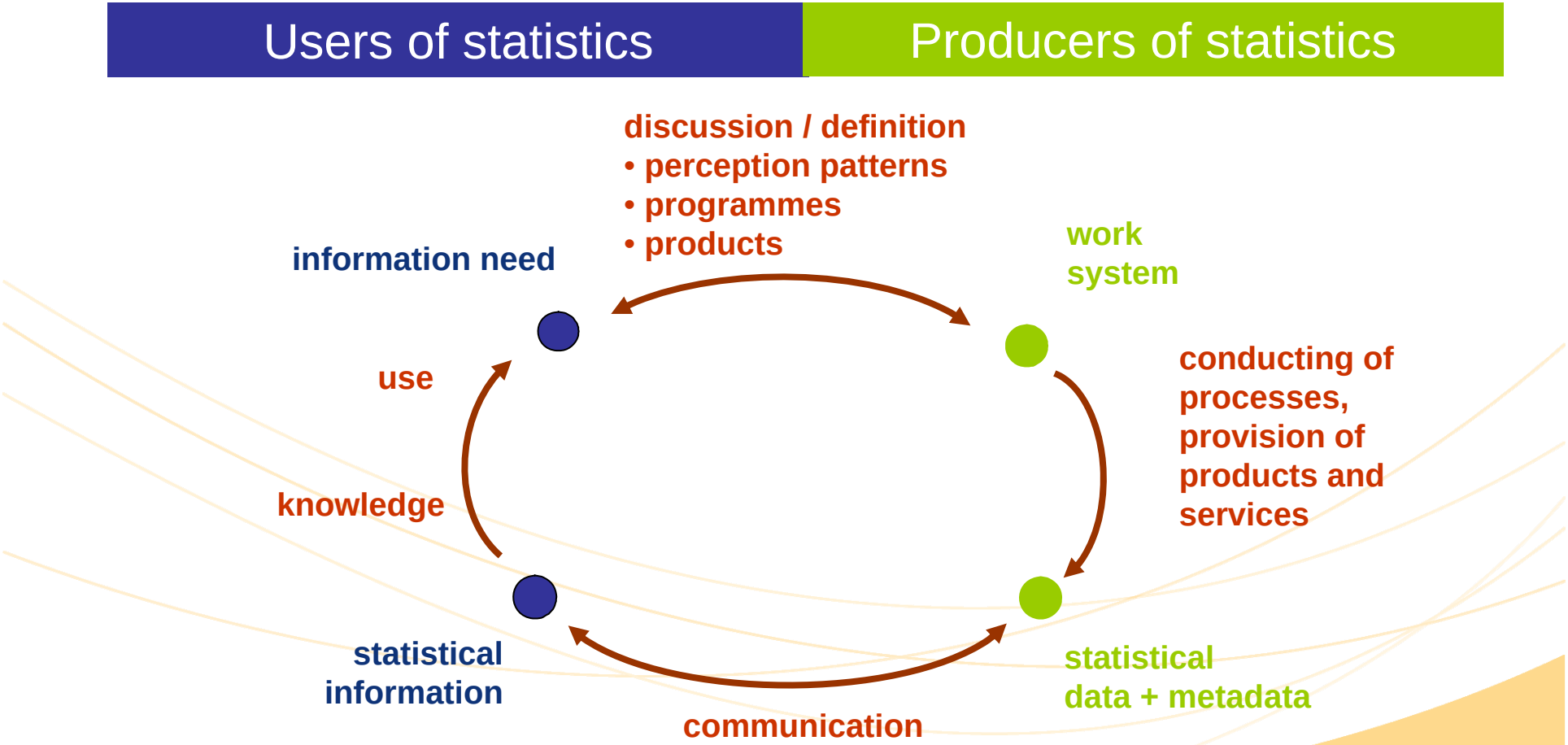
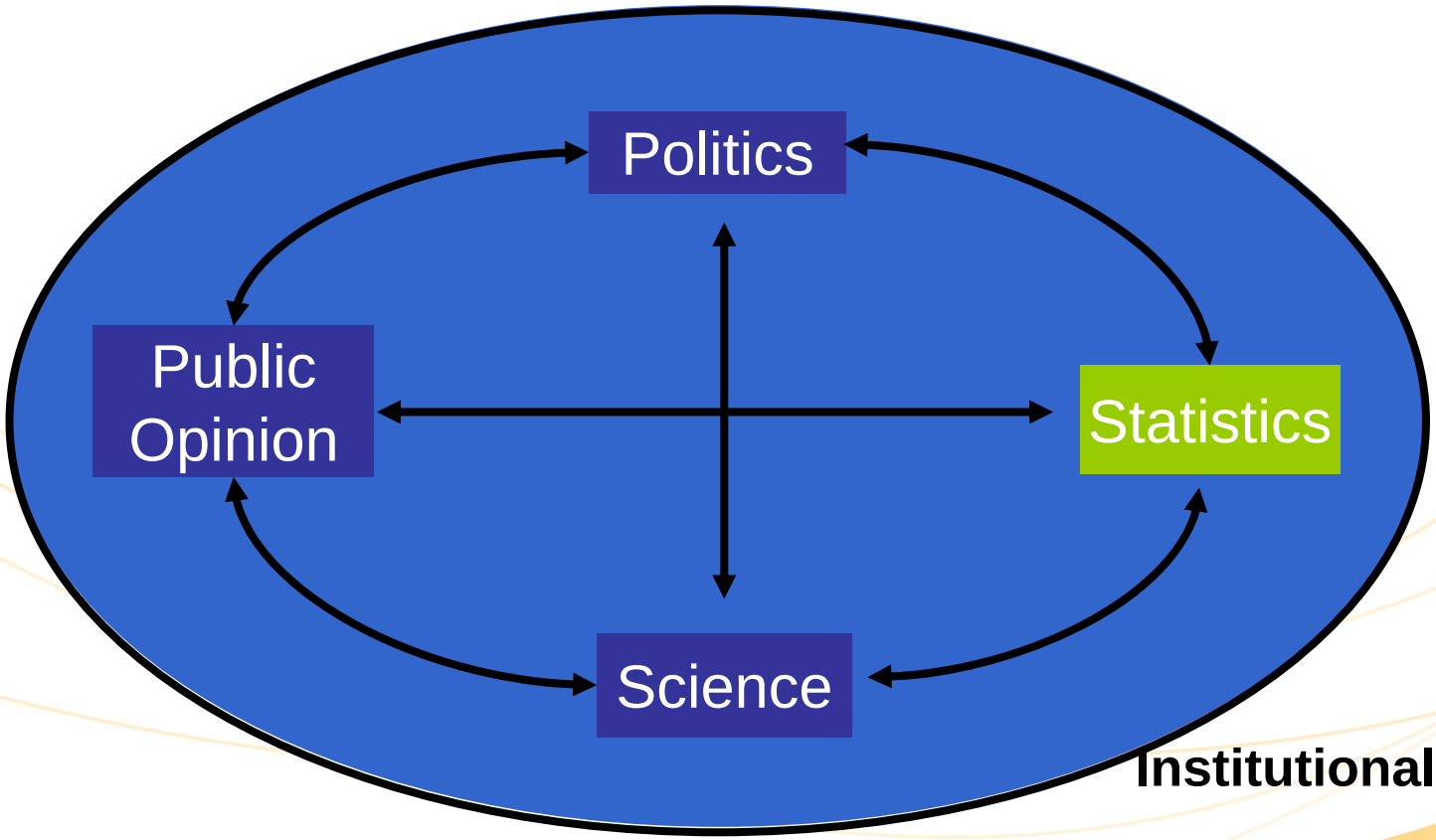
Statistics: a short history

- „Statistics“ is the empirical branch of the science of state (German: Statistik –> Staatswissenschaften)
- Official statistics (political/administrative position, working methods) reflect the development of societies in particular the specific relationship between state and citizens
- Some factors create different political settings:
  - Constitution (democratic, authoritative)
  - Institutional set-up of economy (market, planification)
  - Society (closed/national, globalised)
  - Main sectors of economic production
  - Dynamics of structural change (slow, fast)

Statistic users and producers: Interactions



Information needs: How are they defined?



Institutional setup

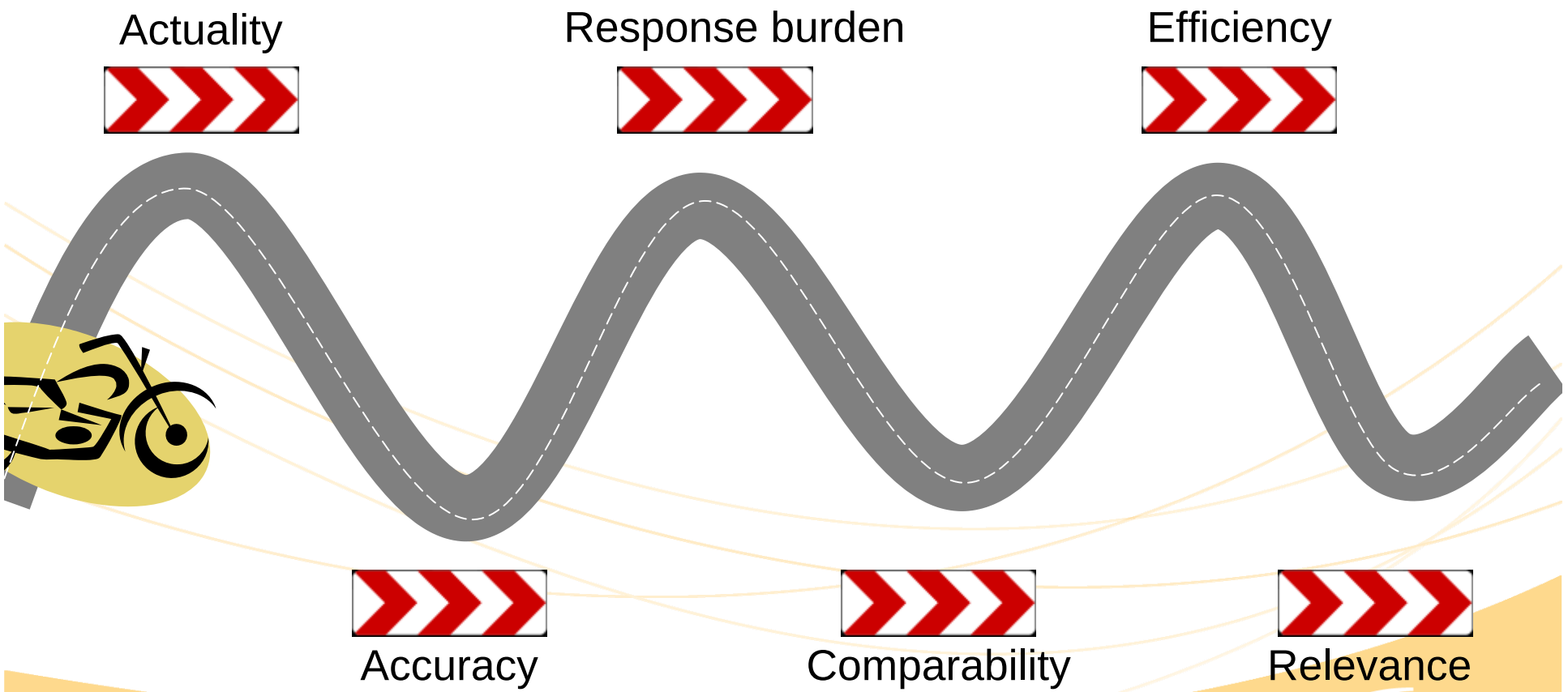
Statistics in an authoritarian regime

- State = authority = single constituent = single user
- Information needs defined by request of government
- Statistical Institute with high importance but low independency
- Focus on planification
- Development of work system with a very high scientific loading
- Production in special processes; survey (obligatory response) based on authority of statistical institution
- Dissemination oriented to the interests of the regime; impartiality not an issue

Statistics in a democracy / global info society

- State is one user as all others (“citizens first”)
- Information needs defined in a dynamic and complex interaction (open platforms etc.)
- Statistical “Services”
- Rapid change processes, horizontal issues, cross-national phenomena
- Development of work system with a very high scientific loading
- Production in integrated processes; surveys limited to areas without existing data
- Dissemination = Communication = public good “Statistics”

The art of finding an adequate working system



eurostat newsrelease
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125/2009 - 2 September 2009

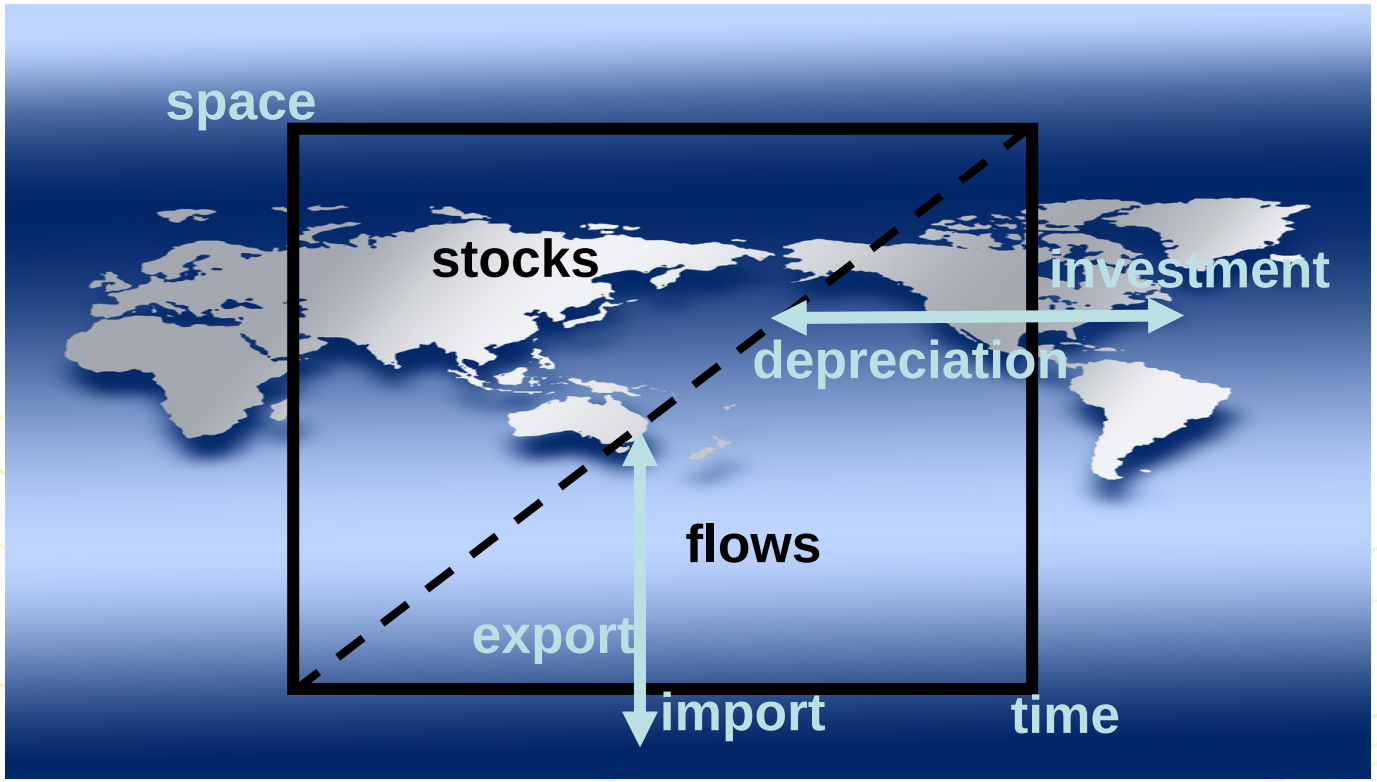
First estimates for the second quarter of 2009

Euro area GDP down by 0.1% and EU27 GDP down by 0.2%

-4.7% and -4.8% respectively compared with the second quarter of 2008

The world in one figure?

The Economic System in Statistics: A “flat” projection

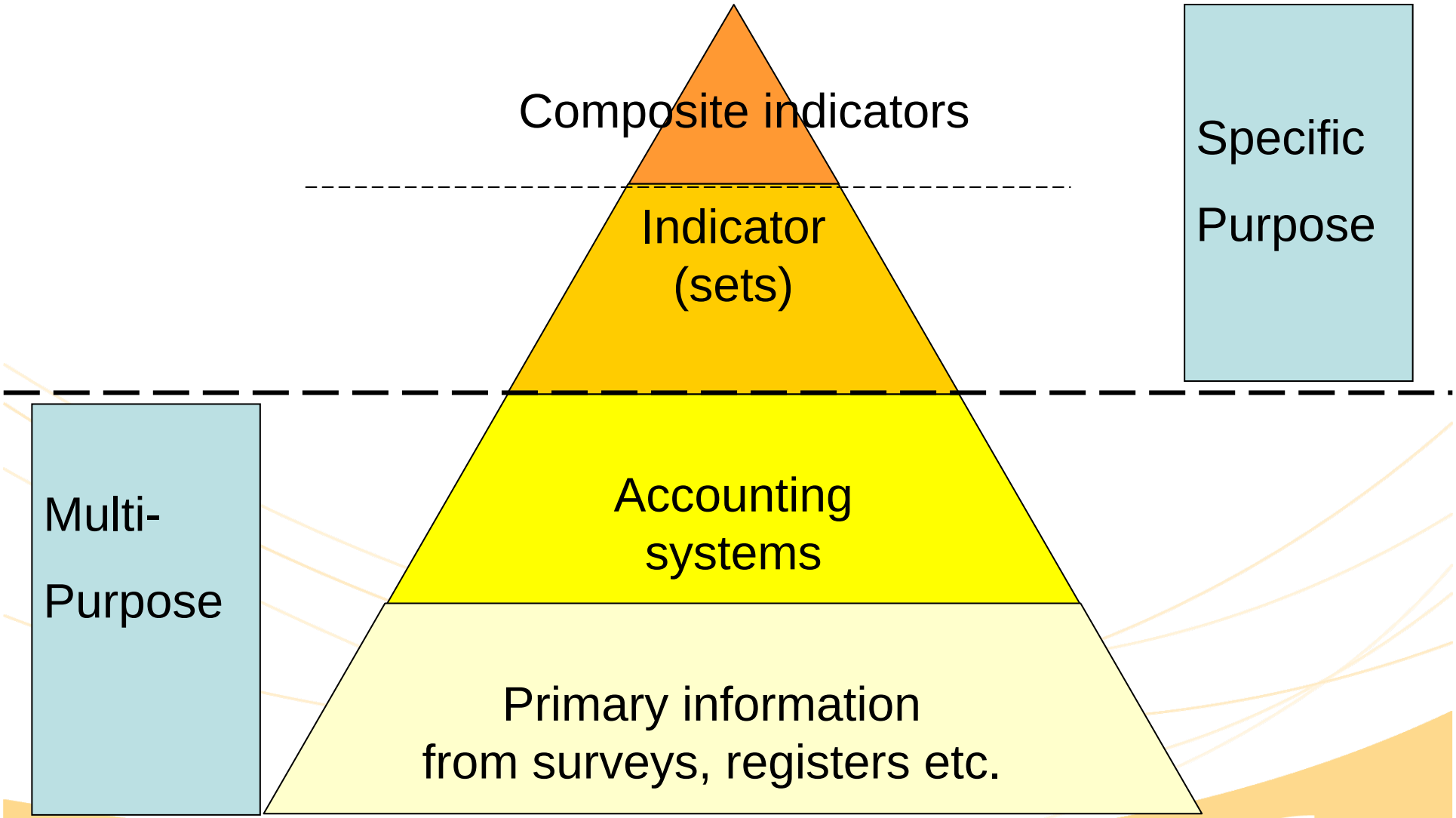


SNA: statistical model rooted in economic theory "Macro-Economic Accounts"

- Mixed approach: Observation based + imputations/models
- Parameters, e.g.
  - Market economy
    - Transactions
    - Market prices
  - National
  - Periodical
  - Property rights
  - Sectoral
  - Products and « Tangibles » in focus
- Models, e.g.
  - Elimination of price effects
  - Seasonal adjustment
  - Depreciation / consumption of gross fixed capital
- Strengths: Flows – Weakness: Stocks
- Quality profile of Official Statistics: Code of Practice, Convention

Fresh political impulse

The Pyramid of Statistical Information:



Strengths and weaknesses are well known

- Extensions of the conceptual model have always been needed
- The present challenges, which create plausible requests, are for example
  - the shift towards knowledge societies (capitalisation of R&D),
  - demographic changes (pension schemes)
  - or the increased relevance of nature as an input factor
- Fundamental dilemma:
  - not every important element of reality is measurable
  - not every measurement can be carried out with the quality of Official Statistics

Preconditions for progress

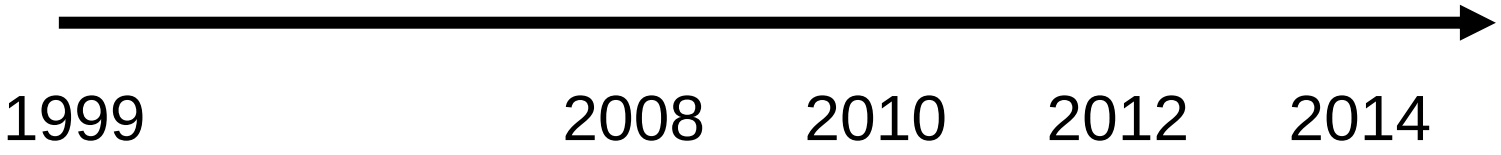
- an appropriate theoretical basis is chosen (economic theory embedded in social/political sciences), if
- the roles between decision-making and evidence for decisions are properly defined and respected, and if
- the relationship between official statistics (looking in the review mirror, information infrastructure) and research (use of statistics on macro-/micro-level for research, models and other applications or policy advice) is based on a well-balanced partnership

Beyond & GDP / Stiglitz: a conceptual approach

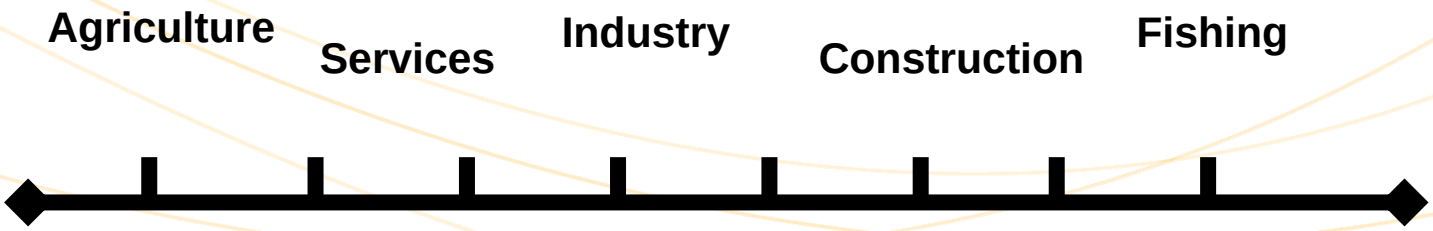
- Start with **growth** as a quantitative (i.e. neutral) measure of change over time for well-defined market economies; the measurement includes all transactions (flows in monetary terms) on the market. Limitations: changes of stocks, cross-period/border phenomena, outside of market activities, treatment of common goods. Analysis of distributional aspects (income, wealth, equal access, cohesion) are only partly captured. Measured growth is not assessed against a normative setting (individual preferences, political programmes, objectives and target values) that would allow a valuation
- **Social progress and wellbeing**: Include the first two pillars of Stiglitz, elaborate the distributional aspects and confront them with subjective measures of well-being. This dimension covers in particular intra-generational aspects.
- **Sustainable development**: growth without compromising the intactness of stocks and the opportunities of future generations (inter-generational aspects). Political objectives will be the major tool for an assessment of achieving "SDI".

Aren’t our hands tied?

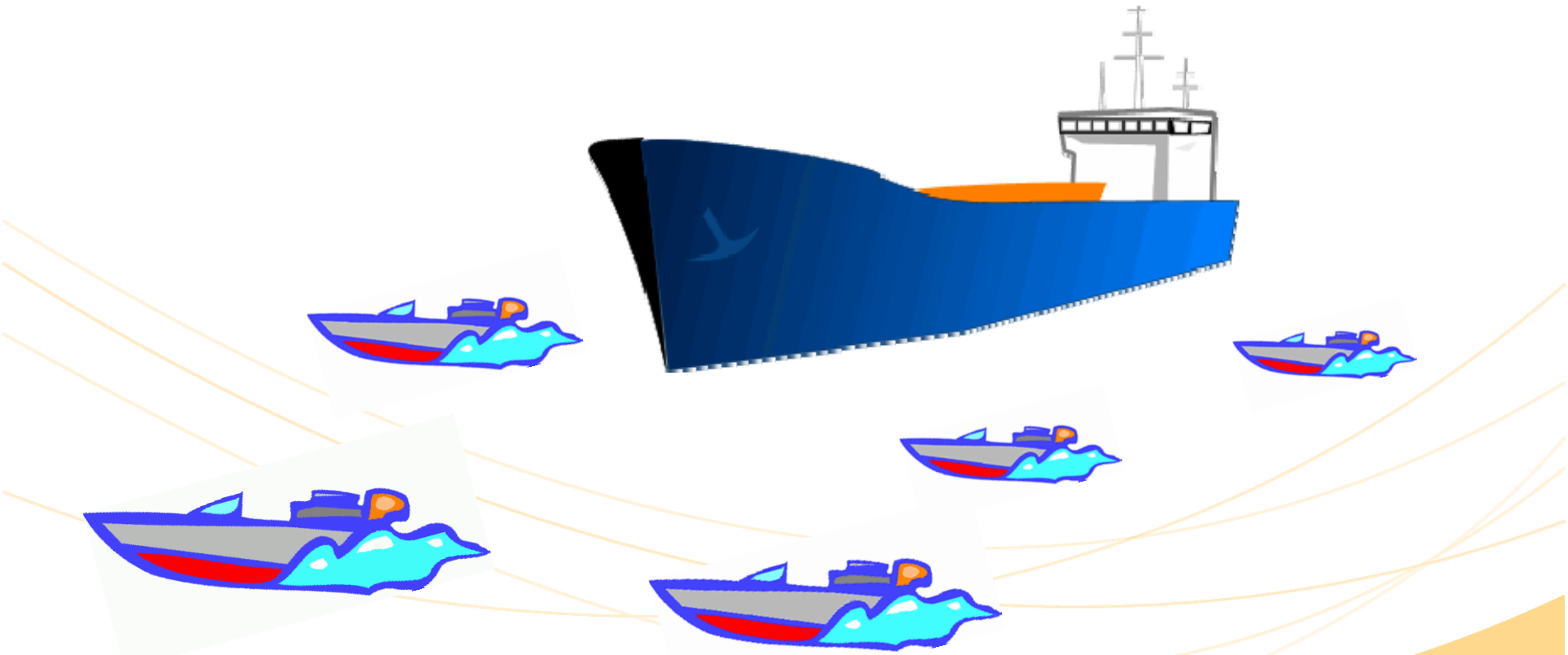
Revised System of National Accounts



New Statistical Classification of Economic Activities in the EU



Continuity and change: Frameworks and flexible modules in statistics



Three phases of change

- Better presentation of statistics
- Principal European Economic Indicators

- Revision of System of National Accounts
- Population census

- Efficient European Statistical System

Best way to proceed

- Combination of a smooth and cautious revision of the so called "core" of national accounts
- supplemented by so called "satellite" accounts which can include elements with another quality profile
- Same priority and allocation of resources
- Different user groups and purposes

2nd generation

- ESA revision consistent with SNA 2008; implementation in 2014
- AEG and the “High Level Forum”: the new SNA 2008 methodology allows to cover all State interventions in the market, in response to the crisis, that have been recorded to date
- Task forces will continue to discuss, at international level, important issues such as emission permits aimed at combating environmental damage, and the treatment of insurance, for example after disasters
- Population census
- European Programme of Social Surveys (EPSS)
- Modernisation of European Enterprise and Trade Statistics (MEETS)
- …

Revision of ESA

- SNA revision is being carried over to the ESA
- Specific needs in a European context, in particular own resources, the excessive deficit procedure and the Structural Funds
- Intensive discussion with NSIs
- Commission's proposal for a revised ESA: June 2010
  - revised methodology
  - data transmission programme
- Regulation of European Parliament and Council: 2012
- Implementation: 2014

3rd generation

- National accounts data must be relevant and timely, but first of all they must be reliable
  - quality of basic data: quality assurance with external control tools (EU procedures as a benchmark)
- Modelling techniques supplementing statistical observation (test in “laboratories” / satellite accounts)
- Integrated system of social statistics
- Integrated system of price statistics
- …

3rd generation (cont'd)

- Enlargement of balance sheet accounts (analysis of wealth)
- Sustainable Development Indicators: simultaneously economic, social and environmental aspects; long-term / short-term
- Coordinate future work in a „Sponsorship model"
  - "GDP and Beyond" (Communication of the Commission, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0433:FIN:EN:PDF)
  - „Stiglitz-Sen-Fitoussi-Commission" (France, http://www.stiglitz-sen-fitoussi.fr/en/index.htm)
  - „Measurement of Progress" (OECD, http://www.oecd.org/pages/0,3417,en_40033426_40033828_1_1_1_1_1_1,00.html)

Situation of Statistical Offices

- Need to reduce costs and increase efficiency
- Increasing demands for statistical products and reduction of respondent's burden
- Improvements in quality are needed
- Emerging user needs
- Progress in information technology

Costs

Products

Quality:

Fitness for purposes

Heterogeneity of user needs

New information needs vs. existing needs ??

Burden

Processes

Starting points for a solution: Efficiency!!

- Standardisation of processes (CVD-approach)
- Re-use of available data (administrative sources, online link to business accounting and other instruments of eGovernment, …)
- Common infrastructure (registers, meta-data, geo-spatial information)
- Meta-data driven architecture
- Collaborative networks, common tools and knowledge sharing
- Decentralised centralisation of production in shared webs
- …

A vision for European Statistics
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0404:FIN:EN:HTML

Technical and methodological challenges

- Standardisation and integration of formerly separated production processes will demand great efforts and an effective change management.
- Stepwise approach and with intensive collaboration
- Quality assessment + assurance of statistics will become much more complex
- The legitimate interest of statistics, i.e. the position vis-à-vis the owners of re-used data (administrators, regulators or others) has to be reconsidered and strengthened

New ways of communicating with users

- The more statistical production is based on complex methodology the more it is necessary to explain the results.
- Trust in the statistical system and the perception of the quality of statistical information are closely related.
- „Official“ has to become a quality stamp that users can assess against predefined quality guidelines
- A basic education in simple statistical elements could help to mitigate a tendency of misunderstanding with the general public (“innumeracy”).
- As a consequence, user orientation has to be the guiding principle in communication.

Thank you for your attention!

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