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STATISTICAL COMMISSION and ECONOMIC COMMISSION FOR EUROPE

CONFERENCE OF EUROPEAN STATISTICIANS

Forty-eighth plenary session
(Paris, 13-15 June 2000)

Introduction to the substantive discussion at the plenary session of the Conference of European Statisticians, June 2000

Prepared by Statistics Netherlands

I. Introduction

1. Statistics Netherlands has agreed to organise the substantive discussion for the coming Plenary Session of the 2000 Conference. This note was prepared to inform the Conference of the plans for the session. Statistics Netherlands has proposed the following title for the session: How international comparability is affected by developments with users and with administrative sources.

II. Subdivision of the topic into sub-items.

2. It is clear that the integration of international statistics will accelerate in the coming years. The need for international comparable statistics is increasing. Also, more timely information is needed, while at the same time other sources (administrative) will be used for compiling statistics. The transition countries will become more integrated and more reliable statistics are demanded. Therefore, the following sub-items are proposed for discussion (these sub-items are presented in more detail in Annex I).

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Sub-item 1. **The need for more timely information versus reliability and international comparability**

Users need more timely information on an increasing range of topics. What is the trade-off between reliability and timeliness? What are the limits of this trade-off, and what circumstances influence these limits? What can be learnt from demanding users? In this context attention can also be paid to the need to extending the observations to subject matter fields for which information is lacking, the services sector and the discussion about the New Economy. How do these topics relate to the need for more timely information?

Sub-item 2. **The use of administrative sources for statistics and international comparability**

Increased use of administrative sources might cause different effects: it may reduce the timeliness and influence the international comparability of statistics. The different legal settings, which provide different countries with different sorts of administrations can be considered. When translations need to be made from administrative sources to harmonised statistical concepts, tools and more resources are needed. Is it desirable to harmonise bookkeeping practices, at the national level and perhaps even internationally, in order to increase international comparability?

Sub-item 3. **Changing use of statistics in transition economies.**

For transition countries special attention can be paid to the different options they might have to increase and improve the use of their statistics. There is a particular interest in the changed relations with the users, from the former planned economy to the present situation. Which ‘old’ problems are no longer relevant, which ones are still relevant and which new problems have arisen?

Some of the sub-items have of course already been discussed on several occasions. Nevertheless we consider that presentations of experiences and views in these matters will be useful.

3. We would like to mention the more general aspects that were put forward by Mr. Tim Holt (ONS, UK) in 1998, for they are also relevant for this discussion.

- The need to identify and engage all users of the statistics

- The need for conceptual clarity
- The role of international standards and comparability
- The role of collective professional assessment
- The role of international agencies

Additional details on each of the sub-items are provided in the Annex.

III. Organisation of the session.

4. There are two kinds of papers for this session: “Invited” papers (‘the main papers’) and “Supporting” papers. The chair will preside over the session and general discussion, but discussants will be invited to comment on the invited papers and to summarise the contributing papers. The three sub-items can be discussed in the following way. For each invited paper of each sub-item approximately 10-15 minutes will be allocated. In our view linkages exist between the sub-items, therefore it is perfectly possible to address in the contributions also aspects of the other sub-items. But if reference is made to these other sub-items this should preferably be done in separate paragraphs of the paper. The invited authors will introduce their own papers. After each sub-item there will be some time for discussion. During the various discussions speakers are kindly requested to speak for no longer than 2-3 minutes.

5. The discussants should give comments on the papers presented and may ask the authors some questions. They will also be asked to summarise some of the key points that are put forward in the supporting papers for their sub-item. They are invited especially to pronounce on the topics they consider to be priority issues or a structural dimension of the topic. Also they will propose a number of topics that could be discussed in some detail. National Statistical Institutes and other international organisations interested in contributing supporting papers were requested to send in their the “supporting papers” in accordance with the rules as explained under the heading papers.

IV. Authors

6. The names of the invited speakers are mentioned below. The organiser considers the position of the European Central Bank, as a key user, of such economic, political, and statistical importance, that its views on the future may be of interest to all ECE/CES members. Furthermore, it is expected that contributions from the USA and Germany would give an important additional dimension to this opening discussion.

V. Papers

7. The invited papers should preferably be no longer than 10-15 pages A4 (maximum 5,000 words). The invited papers will be translated into all three official ECE working languages (English, French, and Russian) if they are submitted prior to the translation deadline.

8. The supporting papers should be no longer than 5 pages. Since these papers will not be translated, authors were encouraged to submit an English version or at least produce a summary in English.

VI. Organiser/chair: Mr. Henk van Tuinen, Member of the Board of Directors of Statistics Netherlands, will also present an introductory paper to the discussion.

Items, invited authors and discussants.

Sub-item	Invited papers			Discussants
	Author	Organisation	Country	
1. Timeliness, reliability and International Comparability	Mr. Wolfgang Schill	ECB, Deputy Director General		Mr. Yves Franchet, Director General Eurostat
	Mrs. Katherine Wallman	Office of Management and Budget, Chief Statistician	USA	Idem
	Mr. Johann Hahlen	Statistisches Bundesamt, President	Germany	Idem
2. Administrative sources and International Comparability	Mr. Jan Plovsing	Statistics Denmark, Director General	Denmark	Mr. Henk van Tuinen, Member of the Board of Directors of Statistics Netherlands
	Mr. Paul Champsaur	INSEE, President	France	Idem
3. Changed use of statistics (in transition countries)	Mr. György Sandor	Central Bank of Hungary, Director	Hungary	Mr. W. de Vries, UNSD, New York, Deputy Director
	Mr. Vladimir Sokolin	Goscomstat, Chairman	Russia	Idem

Annex I

How international comparability is affected by developments with users and with administrative sources.

I. <u>Introduction</u>

1. This paper provides a more detailed explanation of the three sub-items, with related questions, we would like to propose for the item for substantive discussion at the 2000 plenary session of the ECE Conference of European Statisticians.

2. It is clear that the integration of international statistics will accelerate in the coming years. The need for international comparable statistics is increasing, in terms of the number of areas they cover as well as number of variables they contain. Also, more timely information is needed, while at the same time other sources (mostly administrative) will be used for compiling statistics. Furthermore, the transition countries will become increasingly integrated in the world markets. All these reasons make it necessary to develop a clear understanding of which measures statistical organisations can take themselves to improve their standards of relevance and reliability and to speed up the production processes. In addition should be examined how these developments affect the international comparability.

3. In the present proposal for the 2000 Conference, we aim to create a better understanding of the practical problems we face in improving both the production of timely, comparable and high quality information, as well as the working together in the field of international statistics.

4. A number of sub-items have been selected for discussion.

II. <u>Sub-items</u>

a) The need for increased timeliness of statistics versus reliability and international comparability

5. First of all there is a growing need for more timely data, especially in the area of short term indicators (quarterly and monthly). The IMF stimulated

this process with the introduction of the GDDS and the SDDS. The commitment of countries to provide information to the IMF on the basis of the SDDS strongly contributed to the improvement of the understanding of the statistical outcomes and the timeliness. The European Central Bank, recently installed as the central monetary authority in Europe, is increasing its demands for statistical information to underpin its policies, thus adding new challenges to the European statistical community. Eurostat is another case in point, requesting more transparent statistics for its EURO-SICS databank, eventually to become a databank with short-term information for a growing number of variables, including 15-year time series for the EU-11 and the EU-15. The European ECOFIN Council of Ministers acknowledged that: “There is an obvious trade-off in data production between speed and the level of detail and accuracy.”

6. What these three initiatives have in common is an increasing need for more timely information for more indicators. But can the present production processes cope with these demands for more timely information? A comparison of indicators presented by Eurostat/Deutsche Bank between the USA, Japan and Europe made it evident that the USA and Japan have much shorter production times for many indicators than Europe. This holds for Europe as a group and for most of the individual countries. If the production processes in Europe were to be speeded up, what could be learnt from colleagues in the USA and Japan? What changes are needed: a change of methods, a change of attitude towards using preliminary information, a change in institutional arrangements or a change in all three? In fact we want address here the limits of accuracy and reliability both from the viewpoint of users and from the statistic producers, in relation to standards of quality.

7. If we look at the methods of data collection and processing we see that major changes are taking place as new IT tools are being used to reduce production times. However, producing indicators faster might mean that the information of part of the survey population cannot be included in estimation procedures simply because their responses are too slow, either because their internal accounting systems are updated too slowly or because supplying data for statistics is just not their highest priority. What can be done about this? What strategies should be followed? What are the institutional hindrances, and how can they be overcome? How is the balance or trade-off between timeliness and reliability perceived at the national and international level? The points of view of supra-national organisations on these questions would be most interesting as well.

8. In order to deal with these matters it is necessary to understand more fully the motivation of the users who formulate these information needs. They can explain why they need the information and what for them the limits

regarding reliability exactly are. The requests for information can be satisfied with provisional information and perhaps even (imputed) estimates can be used to correct for missing information on some economic actors. The consequence of using less reliable information to realise fast estimates might be that the number and extent of the revisions increase. Is this a problem?

9. One could argue that it is up to the users to define their levels of acceptance. Monthly indicators, quarterly GDPs (flash estimates) can be produced at a very fast speed. This can imply that information is produced for rather general and strongly aggregated levels. Is this what users want? How does the demand for more timely information relate to the demands for more quality and the integration of missing developments, the services sector and the New Economy? Should users be informed of the pros and cons of fast but less reliable figures?

10. The following are possible questions for authors to reflect on:

- Can the present production processes be speeded up significantly?
- What kind of changes in methods or changes regarding the acceptance of preliminary figures, or both, should take place?
- What are the limits of the trade-off between timeliness and reliability?
- What are the subject matter fields with most serious problems? Is fast information on the New Economy possible?
- Do differences exist between the national and international use of figures regarding the acceptance of data with (relatively) limited reliability?
- Can standards regarding this trade-off be formulated?

b) The use of administrative sources for statistics and international comparability

11. There is a tendency to make more use of administrative sources in order to reduce the burden on enterprises. In some cases this process might lead to longer production times, and thus have a negative effect on the timeliness of statistics. The increasing use of administrative sources confronts us with a number of opportunities and problems that are worth discussing in some detail on the basis of practical examples. Firstly, there is the issue of legislation and confidentiality. What kind of legislative problems have to be overcome to gain access to administrations? On what grounds do objections exist at the national level? For instance, in many countries tax records and similar registrations may not be used for statistical purposes. Could the use of (national or even international) harmonised bookkeeping practices solve part of the problem? Is this feasible? Also, while it might be very useful to combine administrative sources to create new information, this might be

forbidden by law because of confidentiality matters. What are the limits and how can they be addressed?

12. The second aspect is related to validity and reliability. Administrative sources have their own concepts for the purpose of registration, concepts which are not necessarily statistical. Therefore a translation must somehow be done from the administrative concepts towards the statistical concepts. To what extent will the validity, reliability and international comparability be affected?

13. A third aspect is that when administrative sources are used, this will place a larger burden on the statistical office to make the data fit the harmonised concepts that are used. Thus when the burden for respondents is lowered, that of statistical offices will increase. How can we deal with this effect in times of decreasing budgets for statistics?

14. Regarding this topic the authors are asked to concentrate on future developments and problems like international comparability and (again) timeliness in relation to the use of administrative sources. The following types of sources can be distinguished.

1. Administrations of enterprises. (Here the aspect of bookkeeping systems is relevant.)
2. Administrations from enterprises kept by other enterprises (accountant practices).
3. Administrations/registrations within local and regional governments.
4. Administrations/registrations within institutions that have certain specialist and dedicated functions (e.g. social security registrations).
5. Administrations/registrations within central government (e.g. taxes).

15. How should these potential sources be approached? A country list of relevant administrations and registrations can be drafted. Secondly the sources should be examined on their conceptual usefulness (including the aspect of pollution). This means that the concepts in the registers and administrations should be compared with the statistical concepts. Thirdly they should be looked at from the point of legal and institutional accessibility. Fourthly it should be looked at from the point of IT, whether use is possible and in which ways (primary use and/or secondary use). But in doing all this it should remain clear that it is preferred that the analysis is done using the target variables as starting points, and that not is started with the availability of data only.

16. Statistics Netherlands considers it is less useful to use available data just because they are available, while then having to mould them into existing

definitions. So the analysis of differences between the contents of administrations/ registers and "what needs to be measured" according to international standards is extremely important. Also, a plan should drafted on how to use the information, taking into account the need of combining this information with other administrative sources and with the results of surveys. Here the aspect of quality is important since different sources can be of different quality. Furthermore, 'new' statistical techniques are needed to use these sources or combinations of them.

17. For the discussion it could be useful to reflect on the need of possible international standards regarding:

- bookkeeping systems
- IT techniques
- statistical protection techniques
- conceptual co-ordination
- coherence of concepts used
- safeguarding the consistency in time
- to provide legal conditions for use.

18. It would be interesting to learn the existing views on future developments and whether future standards are possible and/or needed.

19. From the point of view of international comparability perhaps some agreements need to be made to ensure that the essence of the harmonisation aimed at is preserved. What are the opportunities and limits of increased use of administrations, in view of national experiences?

20. The following are possible questions for authors to reflect upon:

- What kind of legislation or rulings regarding confidentiality promotes or hinders the use of administrative sources?
- Is the harmonisation of bookkeeping practices possible, and if so, at which level of information?
- How can the use of administrative sources affect the reliability and validity of statistics?
- Will the use of administrative sources increase the burden for NSIs?

c) Changing use of statistics (in transition countries).

21. The accelerated integration of international statistics as part of the globalisation process makes it necessary for transition countries, too, to become increasingly comparable with the market economies, statistically and otherwise. To achieve this, feedback and support from national users, in

addition to the international community, can be most helpful. However, as each country has its own history and relations with users, there cannot be one single model to improve the use of statistics. In spite of this, options can still be discussed on how to stimulate the national use of statistics.

22. The transition process has affected all fields of NSI work in transition countries. Many NSIs in the formerly planned economies have already changed their relations with both the data providers and the users. In the past the use of administrative information by NSIs was common. At present some countries still successfully use these former sources, while others do not. Also in the past, in some countries *individual records were passed on to ministries and planning authorities* for planning and other purposes, practices which go against the international standards of confidentiality.

23. But even at present, in some of these countries the political authorities try to prevent the disclosure of some aggregated information because this is considered to be confidential. The question can be raised *whether international guidelines are needed* to clarify the publication responsibilities and rights of NSIs? Also in some non-transition countries political authorities sometimes express their subjective views on the publication programmes of statistical institutes, either in a positive way for instance by making more money available or in a negative way by criticising the (statistical) messenger. And in doing so trying to have some influence of the statistical publications. Therefore the autonomy of publicising and disclosing information on economic activities, including the government sector, and social developments are relevant for all statistical institutes. The metadata as developed and introduced by the IMF presents an important example how these matters can be treated.

24. Statistical systems are user-driven systems. International organisations operate in a sense as key users, since they set standards and their information needs are formulated in accordance with the political authorities of the member countries. But statistical systems work best if there is a strong demand from national users. In many transition countries, statistics under the new economic and policy conditions are still developing its relation to their users.

25. In this sub-item we aim to address on the one hand the changes that have taken place in using administrations as sources; and on the other hand what options the NSIs in transition countries have to stimulate the use of statistics at the national level.

26. Some options, although not exclusive, on dealing with users can be examined and discussed:

- The statistical office (CSO/NSIs) might start an own unit for economic analysis. In-house analyses can be done for the purpose of improving the office's own work. But it can also be used to show users outside the NSI what use can be made of the available statistical information. The pros and cons of this can be discussed.
- NSIs may start to co-operate with the academic world, making use of their knowledge on subject matter and methods. What experiences exist, which developments are envisaged?
- The development of user units (for analysis) in other government institutions can be supported. What is already being done in other government institutions (Central Bank, ministries and research institutes) to promote the use of statistics? Which models are used and what are the key topics to become successful? Which pros and cons are seen here?
- Is working together with commercial organisations, banks etc. an option? Do examples exist? What are the pros and cons?
- Is there a need for international organisations to support actively strategies to improve the use of statistics? Perhaps international organisations should stimulate the collaboration between users and producers on concrete projects? What are the views of the international organisations?

27. Questions for transition countries that could be addressed here include the following:

- What changes have taken place in the last ten years between the statistical institutes and their main users?
- Which of the mentioned options are possible? Which have priority? What do national users expect from developing statistical systems?
- How can the autonomy of NSIs in the field of publication and the disclosure of aggregate information be developed and protected?
- What do NSIs and users expect from the international organisations and other partners in this process?
- Should the national statistical institutes, with the help of international organisations, play a role in educating the users in transition countries? What kind of lessons can be learnt here?
