European Statistics: People Count

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Abstract

A vital aspect of setting priorities in statistics is that of relevance to the intended audience, which ultimately is the citizen. In Europe, we have a lengthy history of consultation of users, starting with a committee that became unwieldy after successive enlargements to a more streamlined model used today. This is focused on two committees that were set up in the aftermath of the adoption of the European Statistics Code of Practice, which itself is an instrument for empowering the citizen. Statistical programmes are also the subject of scrutiny of parliament and other organisations representing the citizen. The paper will also examine ways of communicating statistics to the citizen.

Introduction

For the overwhelming proportion of the past two millennia, statistics have been a tool of government: collected by the state and for the state. From the census ordered by Emperor Augustus at the time of the birth of Jesus Christ, through to the authoritarian regimes of the 20th Century, statistics were a tool of control and planning. (Let us not forget that the former was needed for the purposes of taxation, not for any attempt to improve social wellbeing within the Roman Empire.) Even as recently as the 1980s in the United Kingdom there was a review of the national statistical system which concluded that the primary purpose of government statistics should be for government needs[1]. Knowledge is, and always has been, power. So in the early years, dissemination was limited to what the powers that be wanted the people to know. Bad news was stifled and good news, often subject to some manipulation, was accentuated. Statistical institutes were of high importance, but had little independence.

In the latter half of the 20th Century, the tide began to turn, with increasing democracy, technology and communication channels leading to a democratisation of statistics. By 1993, when the United Nations Statistical Commission approved the Fundamental Principles of Official Statistics[2], independence of statistical services was seen as the norm.

New driving global forces, such as migration, international trade and the environment have made it necessary for everyone, decision makers, politicians, voters, consumers and investors to look beyond their own borders. These are problems that cannot be solved within the insular boundaries of a nation state. Similarly, a crisis can spread very quickly from country to country. Large government debts in some states have effects far beyond the respective national borders. Investors in global financial markets act and decide

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1 Sir Derek Rayner: Review of Government Statistics, Report to the Prime Minster, December 1980

2 http://unstats.un.org/unsd/dnss/gp/fundprinciples.aspx

without looking at their own passports. Global solutions are needed, and, as a consequence, global statistical information services must be available.

More recently, austerity measures have been introduced as a reaction to increasing pressure on public finances in many developed countries. The European Union has borne the brunt of this in a number of its member states with public spending being reined back severely. This has led to increased scrutiny by governments, parliaments, the press, investors and citizens on the value for money being provided by public services.

Finally, a recent increased level of scepticism towards governments in general (for example towards the European Institutions in the press and the historically low approval ratings of the US Congress) underlines the need to improve communication with the taxpayer.

Statistical information for evidence-based decision making

This renewed democratisation of statistics is apparent in a number of ways: governments come under scrutiny from their voters (and from voters in other countries); businesses want to scrutinise their own performance and that of their competitors; social partners need to scrutinise the working conditions of their members. Statistics are also needed to directly feed into public decision-making, for example in allocation of social funding, and to decide if a country is qualified to enter the EU single currency.

This means that official statistics must be fit for purpose and the users need to trust that they are so: they must be relevant, timely, accurate, accessible and free of political interference. To gain this trust implies a dialogue with the users.

This paper will show how in Europe, in the past two decades, this process has evolved from a basic talking shop to the mainstreaming of quality and trust issues throughout the European Statistical System. The result is a number of closely linked initiatives, such as committees with real statutory responsibilities, a code of practice with a rigid implementation plan, a new statistical law and a quality assessment framework underpinning statistical processes.

First steps at a forum for consultation in European Statistics

In April 1989, a seminar entitled "The Post-1992 European Statistical Information System" took place in Brussels[3]. It was attended by over 200 official statisticians and users, including Jacques Delors, then President of the European Commission, and Henning Christophersen, then Vice-President. It concluded that due to the changes which would take place in economic and social fields through the European Single Act, the creation of a committee reflecting the opinion of the European society at large on Community statistics was felt to be necessary.

And so the 'European Advisory Committee on Statistical Information in the Economic and Social Spheres', known by its French acronym, CEIES, was born. Its mandate was to give an opinion on the relevance of the Community statistical programme, how it was monitored, and on the associated costs incurred by the Community, the national statistical institutes and the data providers. Each member state was represented by two "private" members (users from academia, business, finance, trade unions, etc.) and the

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[3] "The Post-1992 European Statistical Information System", Proceedings of the seminar, Brussels, April 1989, Eurostat News, special edition, 1989, Catalogue: CA-AB-89-006-EN-C

head of the national statistical office. The European Commission was also represented, both by Eurostat and the policy-making directorates general. Its first meeting was in 1991 and its last was in May 2008. It organised plenary sessions, sub-committee meetings and a total of 35 seminars.

However it soon grew to an unmanageable size. In 1991 there were only 12 member states in the EU, so 36 country members. By 2008, there were 27 EU members and 4 members of the European Statistical System in the countries of the European Free Trade Association, thus a potential total membership of CEIES of well over 100. Furthermore, there was a need for profound reform of the role, mandate and composition of CEIES, to allow for a strengthened input from users.

The European Statistics Code of Practice

The need for a Code of Practice for European Statistics came out of the first "crisis" on public finance statistics in the early 2000s. These statistics were being used to make some very important decisions, such as the eligibility of countries to join the euro and the economic policy of the eurozone itself. It became apparent that the existing quality assurance was not sufficient, especially with regard to reliability: what constitutes quality for one purpose may not be sufficient for another. The concept of "Fit for purpose" became the quality benchmark.

This was combined with the need to have some principles of governance for the players within the European Statistical System to provide a framework under which the fitness for purpose could be ensured.

The European Statistics Code of Practice[4] is a self-regulatory instrument, which was unanimously endorsed by the Statistical Programme Committee on 24 February 2005. It consists of 15 principles which have to be applied in relation to the production of European statistics.

The independence, integrity and accountability of the national and Community statistical authorities were reinforced in 2005 with the publication of Communication COM (2005) 217 and its accompanying recommendation, which promulgated the Code. Both legal texts were part of the strategy announced by the Commission to improve the EU governance of fiscal statistics.

The Code has a dual purpose: on the one hand, it aims to improve trust and confidence in the statistical authorities by proposing certain institutional and organisational arrangements and, on the other hand, it aims to reinforce the quality of the statistics they produce and disseminate, by promoting a coherent application of best international statistical principles, methods and practices by all producers of official statistics in Europe.

More recently, in April 2011 the Commission published the Communication COM (2011) 211[5]: "Towards robust quality management for European Statistics" which sets out the strategy leading to a quality management framework for statistics related to enhanced economic policy coordination. In this Communication, the revision of the Code is announced, a task which is now well advanced. This revision mainly focuses on strengthening the professional independence and on improving the coverage of administrative sources.

The Code governs the production of European statistics which can be considered as a public good. As such, citizens receive general benefits from its implementation. The Code can also be considered as an

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4 http://epp.eurostat.ec.europa.eu/portal/page/portal/quality/code_of_practice

5 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0211:FIN:EN:PDF

instrument to empower citizens (some of its principles are closely related to this empowerment), as well as to assuring fundamental citizens rights. The following principles of the Code are closely related to citizens and their environment:

Principle 5 – Confidentiality. Compliance with the indicators of this principle assures the privacy of data providers, including households and guarantees that the information provided is only used for statistical purposes. Therefore, citizens can trust that privacy is guaranteed.

Principles 6 and 15- Impartiality, Objectivity and Accessibility. These principles require that all users are treated equitably and have access to statistical releases at the same time in an understandable manner. Transparency is very important in the implementation of the impartiality principle and any pre-release access to outside users needs to be publicised. In addition citizens have the right to get statistics presented in a comprehensible format, with complementary metadata, and also to be informed of the quality of the statistical outputs disseminated. The free dissemination of statistics, as is the practice of Eurostat, reinforces the notion of statistics as being a public good. In addition, confidential data is also available to researchers under certain conditions[6].

Principles 2 and 9- Mandate for data collection and non excessive burden on respondents. The indicators of Principle 2 state that on the basis of a legal act the statistical authority may compel response to statistical surveys and this may be a concern for individuals. To balance this obligation Principle 9 states that the production of European Statistics needs to be done in such a way that the response burden placed on citizens is limited. This may be achieved either by spreading the burden as widely as possible over the survey population or by using alternative sources to surveys such as administrative data.

Principles 11 – Relevance. European statistics must meet their users' needs. Therefore users have to be consulted periodically in order to assess their needs and also to advise the producers of statistics on emerging needs. This is done in practice by conducting user satisfaction surveys.

The Code, which is now being revised, strengthens the professional independence of the statistical authorities and improves the coverage of administrative sources. Both objectives have some consequences for citizens. A reinforced professional independence will increase the citizen's confidence in official statistics, while a more prominent use of administrative data should reduce burden on individuals responding to surveys.

A New Statistical Law

We have seen how the Code of Practice strengthened the accountability of European Statistics towards the citizen. In 2009, a new Statistical Law[7] was adopted. This introduced and defined the concept of "European Statistics", including statistics produced by the European System of Central Banks (ESCB). This clarifies the scope of statistics at European level and of cooperation within the ESS.

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[6] Commission Regulation (EC) No 831/2002 of 17 May 2002 implementing Council Regulation (EC) No 322/97 on Community Statistics, concerning access to confidential data for scientific purposes. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:133:0007:0009:EN:PDF

[7] Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics

This law also established the governance procedures for the European Statistical System (ESS). This consists of three main pillars: a European Statistical System Committee ESSC, the European Statistical Advisory Committee ESAC[8] and the European Statistical Governance Advisory Body ESGAB[9].

The ESSC is responsible for guiding the ESS in the development, production and dissemination of European Statistics. It is chaired by Eurostat and consists of the representatives of the national statistical systems of the 27 EU member states, plus the 4 members of the European Free Trade Association (EFTA). This "summit" of European statistics meets four times a year and is the major decision making management body of the ESS. It also assists Eurostat (representing the European Commission) on its delegated legislative powers. The 2009 Statistical Law also assigned it responsibility for the transmission and protection of confidential data.

The ESS consists of Eurostat and the national statistical institutes and other national authorities for developing, producing and disseminating European Statistics in the 27 EU member states and the 4 EFTA members (Norway, Iceland and Liechtenstein participate in the ESS through the European Economic Area (EEA) Treaty and Switzerland through a bilateral Agreement with the EU on Statistics). It is estimated that this network consists of some 50,000 statisticians.

The 2005 Commission Communication and Commission Recommendation on the independence, integrity and accountability of the national and Community statistical authorities[10] envisaged to have a new external advisory body that would be entrusted with overseeing the implementation of the Code of Practice by the ESS as a whole, in addition to advising at European level on statistical priorities. In November 2005, the Economic and Financial affairs Council indicated that there was a need for two separate bodies: a reformed CEIES and a future high level advisory body. With regard to the reformed CEIES, the Council concluded that it should be composed of representatives of all stakeholders of European Statistics; on 11 March 2008, the European Statistical Advisory Committee (ESAC), was established.

ESAC plays an important role in ensuring that user requirements, as well as the costs borne by information providers and producers, are taken into account in the Community's statistical information policy. It is asked to give its view on the balance (priorities and resources) between different areas of the Multiannual Statistical Programme as well as the Annual Statistical Work Programmes of the Commission. In times where Statistical Offices are increasingly faced with the need to reduce costs and increase efficiency and satisfy growing demands for statistical products and emerging user needs, ESAC can play an important role in helping to identify priorities and facilitate exchanges with the large variety of users groups. One recent activity in this respect was the setting up of an open Social Platform called "Friends of ESAC". Furthermore, a network of users' representatives is under discussion where each ESAC member would establish contacts with users in one or two Member States in addition to their own. In areas where European users' networks already exist, these should be the first contact points for ESAC. Another proposed activity of ESAC is to establish links with national statistical user councils. This is foreseen in the legal instrument setting up ESAC. A significant number of current ESAC members are already members of their national

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[8] Decision No 234/2008/EC of the European Parliament and of the Council of 11 March 2008 establishing the European Statistical Advisory Committee

[9] Decision No 235/2008/EC of the European Parliament and of the Council of 11 March 2008 establishing the European Statistical Governance Advisory Board

[10] Communication from the Commission to the European Parliament and to the Council on the independence, integrity and accountability of the national and Community statistical authorities, COM (2005) 217

councils. Finally it will be an important task of ESAC to enhance communication between the research community at European level and the producers of statistics.

The new high-level advisory body ESGAB should enhance the independence, integrity and accountability of Eurostat and, with regard to the peer review assessment of implementing the European Statistics Code of Practice, of the ESS, thus to enhance the trust and credibility of European official statistics. It assesses the degree of compliance with the Code of Practice by the ESS, and expresses its conclusions in annual reports sent to the EP and Council. The Board met for the first time in March 2009. Two reports have been published, the third is still ongoing. It was born from the 2004 "Greek crisis" with the aim to help prevent future crises. The 2005 Commission Communication on the independence, integrity and accountability of the national and Community statistical authorities in 2005 put forward an idea of an external advisory body as part of a larger re-organisation of governance structures.

The Board was kept small (7 members) and the nomination of the members was split equally between the Institutions. ESGAB transmits its annual report directly to the European Parliament and Council.

One challenge is that in today's economic and financial climate, even more official statistics are needed. The decision-makers and citizens alike expect these figures to be reliable and of high quality. This puts statistical systems under pressure, but it is also an excellent opportunity to build confidence. Another challenge is that the statistical authorities do not act in a vacuum: they also need the legislators to ensure that their legal base guarantees professional independence.

A further challenge is that the increased use of official indicators to manage policy is the tendency of such indicators to be influenced by the policies they are designed to control, thus negating their original purpose, a phenomenon known as "Goodhart's Law"[11]. This means that there is a need to protect the indicators and the institutions that produce them against interference. As an independent watchdog, ESGAB plays an essential role in ensuring integrity, thus maintaining trust in the statistics used in managing European policy.

These committees all have a special role in the approval process for the multi-annual European statistical programmes, but they are not the only users that are involved. The process for the approval of the EU Statistical Programme for 2013-2017 will be according to the "Codecision" procedure, meaning that the same text has to be adopted by the Council and the European Parliament (EP). In the past, the proposal has been scrutinised by nearly all the EP's committees as opposed to normal legislation which is usually dealt with by just one of them. This is a lengthy process, but the feedback is helpful. In addition, two EU committees, representing the "civil society", the Economic and Social Committee and the Committee of the Regions also prepare opinions on the programme.

New statistical initiatives throughout Europe have led to new fora springing up involving the citizen. A particular example is the United Kingdom where the Prime Minister asked the National Statistician to develop measures of national well-being and progress. This process started with a wide public debate. The consultation held between November 2010 and April 2011 consisted of 175 events attended by 7,250 people and a total of 34,000 public responses. An Advisory Forum for Measuring National Well-Being has been set up consisting of fifty users and producers of statistics from the UK, the rest of Europe and beyond.

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[11] Goodhart, C.A.E. (1975) ‘Monetary Relationships: A View from Threadneedle Street’ in Papers in Monetary Economics, Volume I, Reserve Bank of Australia, 1975

Recent initiatives

The statistical spectrum is constantly evolving. The recent crisis has led to two major new initiatives in Europe, which could equally be applied as solutions to global problems.

One lesson was that the monitoring of macroeconomic indicators under the Stability and Growth Pact was insufficient (a particular example occurred in Greece). To this end, in September 2010 the European Council adopted a package of measures tightening up the macroeconomic surveillance powers. Up to that moment, work had focussed on the qualification criteria for entry into the euro single currency, i.e. inflation, debt and deficit. The new package defined new measures:

- an alert mechanism though a scoreboard;
- preventative surveillance based on discussions and in-depth reviews;
- a procedure to detect excessive imbalances amongst the various sectors in the economy;
- an enforcement mechanism for Euro area members.

This gave Eurostat the possibility to go into countries and ask a number of questions: Are public finance data flows appropriate to ESA (SNA)? Is the data exhaustive? Is the quarterly data timely and consistent? How do member states control this data? How reliable are the data flows between public entities and the NSO? Are the registries of entities controlled by general government complete? Is the European Statistics Code of Practice being implemented properly?

The second is the "Europe 2020" Strategy, adopted in 2010, which complements the new European macro-economic governance. It is a policy framework for economic, social and environmental development in the next decade. It requires growth to be "smart" (based on knowledge and information), "sustainable" (more resource efficient, greener) and "inclusive" (making use of employment skills and aimed at reducing poverty). There are headline targets in 5 areas:

- Raise the employment rate for women and men aged 20 to 64;
- Raise investment in R&D;
- Reduce greenhouse gas emissions, increase renewables, increase energy efficiency;
- Reduce school dropout rates, increase share of those having tertiary education;
- Lift at least 20 million people out of the risk of poverty and exclusion.

The targets and indicators are defined at EU level. Within each headline target, each member state defines national targets and indicators.

Other challenges include the Stiglitz-Sen-Fitoussi report of the Commission on the Measurement of Economic Performance and Social Progress in September 2009[12] and the EU's GDP and Beyond Communication in August 2009[13]. The latter's aim is to complement GDP data with environmental and social elements, report better on inequalities, to make information more timely and to develop a sustainable development scoreboard. This will be done through the creation of a group of interest of EU member states, called an EU Sponsorship, on “Measuring progress, well-being and sustainable development” with the object of analysing and disseminating relevant existing data and to propose a strategy to develop further relevant statistical information.

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[12] http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf

[13] http://eur-lex.europa.eu/Notice.do?checktexts=checkbox&val=499855

New portfolio, new challenges

We have seen how statistics has evolved from a means of the state controlling the citizen to a tool by which the citizen can, in effect, control the state. Apart from the obvious moment every few years when the voters express their satisfaction or otherwise with the government of the day through the ballot box, there are other ways in which statistics are more geared to the people.

For a start, progress and national well-being is now being measured in more then merely euros and cents. People want to see monetary growth, but want it in a sustainable, "greener" way. This means that we need to reassess how we compile the statistics. The basic tools are available, for example, Input-Output tables in the national accounts, but they need to be put together in a different way. Statisticians should take account of a broader view of the production process, taking more account of the labour market and nature.

Statistics must be seen as a public good: trust and fitness for purpose must be ensured by robust frameworks, such as the EU Code of Practice and the UN Fundamental Principles, both of which are being reassessed at the time of writing.

Statistical production processes which, up to now, have been rather linear, with a statistical need being met through a survey, must be made more three-dimensional. Different data sources need to be combined and aggregated. As well being more cost-effective (both on a monetary and response burden basis), this makes statistical systems more adaptable to the changes in user needs.

Finally, the fact that democratic society is more participatory demands a rethink of the traditional procedures and media used in all processes of statistics. This is not limited to new ways of dissemination. Rather, participation has to be enhanced right from the very beginning of the production chain, when statistical programmes are decided and statistical products are developed.