

S I G M A

The bulletin of European statistics

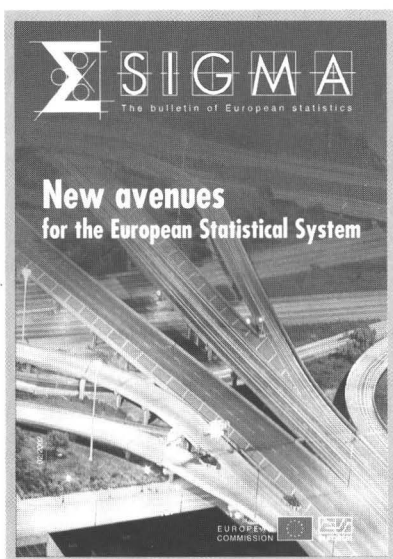
# New avenues for the European Statistical System

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## In this issue of Sigma...

With new governance principles taking root, enlargement around the corner and the need for rapid EMU statistics, the European Statistical System has never had to look at itself in the mirror to such an extent. This is why in September 2002, the heads of the National Statistical Institutes and Eurostat came together to tackle the questions in the Sicilian city of Palermo.

In addition to presenting a selection of the papers given at the conference, we widen our lens to include several statistical users' views and other initiatives that tie in with the elements discussed – and still under discussion.

In the course of your reading, you will ...

- see more clearly why the ESS needs to get its house in order,
- understand what's being done about it – including local initiatives, and
- find out what users have to say.

**Yves Franchet**, Eurostat's Director-General, opens this issue, giving way to Commission President **Romano Prodi**, who shares his vision of statistics.

Getting down to the nitty-gritty issues, and with the concept of 'Europe First' gathering momentum, **Paul Champsaur**, Director-General of INSEE, examines which areas the 'Europe First' concept could be applied to. The ONS' **Len Cook** also takes up the concept and shares some distinct ideas about the future ESS.

We then give over to a user, **Swaha Pattanaik** of Reuters, who rates European statistics from the point of view of the media and financial markets. Zooming in on the theme of the ESS' relationship with users, **Svein Longva**, Director-General of Statistics Norway, urges us to focus on the public more, "making them our boss". For **Joachim Lamel**, sealing a pact with the citizens is what is in order. Some of these ideas are, in fact, already being put into practice, as exemplified by **Sabine Bechthold** and **Sylvia Zühlke** of DESTATIS that is rolling out the welcome mat for researchers. **John Morley**, of the Commission's DG

Employment, highlights the need to help politicians understand statistics better.

With the ESS' identity and visibility also high up on the agenda, **Ruud Van Noort**, Director-General of Statistics Netherlands, pleads for making the ESS into a 'statistical authority'. **Daniel Byk**, Eurostat Director responsible for dissemination, beats the drum for a common dissemination strategy. As an example of the dissemination work underway at national level, INE Portugal's **Pedro Campos** shares his country's experiences on an outreach project that makes statistics less of a yawn for schoolkids – future users of statistics.

With enlargement drawing near, **Tamás Mellár**, Director-General of KSH Hungary, would like to see the Candidate Countries more involved in building the ESS. And DG Enlargement's **Maurice Guyader** gives his views on statistics – crucial for the enlargement process.

Rounding up Palermo, we select the hottest quotes from the roundtable and give the floor to **Luigi Biggeri**, Director of ISTAT, **Yves Franchet**, and **Pedro Solbes**, European Commissioner responsible for Eurostat, who share some closing thoughts.

## Also in this issue...

With 10 countries poised to join the EU, we continue our new series of profiles with **Slovenia** and **Hungary**.

We also look at the **World Congress of the International Statistical Institute** that will meet again in Berlin in 2003 – a century after the German capital last hosted the event.

Eurostat's **Paloma Seoane** explains how social statistics take a shot in the arm with EU-SILC.

Finally, we raise a toast to Eurostat's 50<sup>th</sup> anniversary in May 2003.

**Philippe Bautier**  
Assistant chief editor

We would like to **thank** all those who have contributed to this edition:

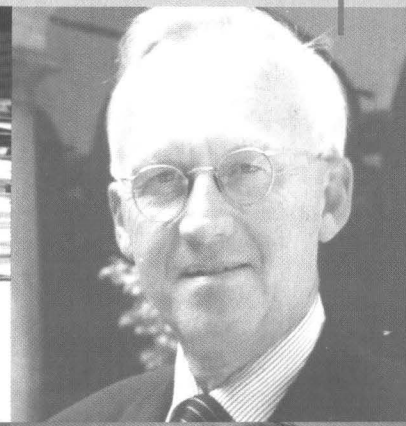
Katalin Bálint, Toma Banovec, Sabine Bechthold, Luigi Biggeri, Daniel Byk, Pedro Campos, Paul Champsaur, Claudia Cingolani, Len Cook, Roberta Fontana, Maurice Guyader, Günter Kopsch, Joachim Lamel, Svein Longva, Tamás Mellár, John Morley, Annika Näslund, Swaha Pattanaik, Ruud van Noort, Paloma Seoane, Bernd Störtzbach, Nikolaus Wurm, Magdalena Zebre and Sylvia Zühlke



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# One goal, one vision

The European Statistical System finds itself at a major crossroads. With the imminence of enlargement, new governance principles are beginning to take root that will shape the Union's fundamental texts and structures of governance. The time is therefore ripe to set about constructing a new model for the ESS to enable it to play its full part in an enlarged Europe. In fact, enlargement provides us all with an opportunity to stand back and look at ourselves and prepare for tomorrow.

## A stronger legal foundation

The ESS has shown itself to be capable of rising to a number of challenges, if not moving mountains over the last 50 years. Look at the *de facto* European Statistical System that has been set up in Europe, the work on methodology and harmonisation, the preparations for the euro or enlargement, or the contribution to the world statistical system in sharing and exporting our know-how! This has been achieved with Eurostat as a stronger and well-recognised Directorate-General of the Commission.

The ESS has actually been running ahead of those movers and shakers advocating New Governance, pioneering many of the principles put forward. But the ESS actually doesn't exist – not legally speaking! And without a strong legal basis nor the connected public recognition, there is a risk that the ESS won't be able to tap the benefits from these new governance principles of deci-

sion-making, accountability, transparency and so forth.

For the public, a strong legal foundation also provides an indicator of our credibility and quality, and also puts our independence into black and white. *These ideas are taken up by Ruud Van Noort in his contribution on the ESS's quest to become a 'statistical authority'.*

## Greater visibility

Connected with the absent legal basis, the ESS currently suffers from a lack of political visibility and difficulties to lead a discussion on the major statistical objectives for the future, and implement the decisions, which follow.

Although the CEIES (European Advisory Committee on Statistical Information in the Economic and Social Spheres) has provided an interface between users and producers, it cannot establish the political debate necessary for having a real European policy for statistics.

This is why it could be useful to create a European council for official statistics with adequate membership to enhance the political debate about statistics in Europe, promote a more integrated approach to official statistics in Europe and contribute to the creation of a real European statistical identity.

In addition, the ESS should have its own brand and portal, offering a unique picture and using it as a fundamental tool for communication, collaboration and decision-

making. The creation of a common dissemination platform has a central role to play in this strategy (see the contribution from Daniel Byk).

## Catering better for users

New Governance is, indeed, also about responding to citizens' needs because they should know what Europe is all about in statistical terms. This is why the ESS needs to reformulate its mission statement to make clear that it caters for all users with legitimate needs, is open to all administrative levels, cares about quality and defends the principles laid down in the treaties.

But the ESS also needs to develop an integrated approach in managing relations with users and customers, and adopt a common approach to statistics as a public good, generally free of charge, based on a common Internet portal with the same standards for data presentations. *Rethinking the ESS according to users is at the heart of the contributions by both Joachim Lamel, from the viewpoint of the CEIES (p 18), and Svein Longva (p 13), who coins the idea of 'non-governance'.*

## Subsidiarity as a two-way road

Some of the weaknesses of the ESS lie in the fact that it consists of different national systems that, although sharing many common features, have not been designed to achieve a common result. Because of this patchwork of systems, and the problems encountered in

applying subsidiarity, the principle needs to be seen as aiming at more efficiency, performance and quality, as putting all our efforts together into a European action.

By benchmarking national systems to determine the strengths and weaknesses of the application of subsidiarity, the ESS will be able to evaluate the application of the subsidiarity principle and suggest areas where reversing it and sharing common tasks, eg. by setting up centres of excellence, could lead to greater efficiency.

## Europe first: a win-win situation

The needs of the financial markets and the ECB have underlined the fact that in several areas European statistics are more relevant than national ones, which is why, for improving quality and timeliness, it would be beneficial if the ESS concentrated on producing European figures before or at the same time as national data.

Of course, this 'Europe first' principle must be introduced after strategic analysis involving all ESS members on where and how the principle could be applied.

What's more, it must not jeopardise the quality of national statistics. *Paul Champsaur puts this 'Europe first' idea to the test in his contribution (p 8).*

So much for the global vision, let's now focus on getting the ESS's house in order in terms of structural and operational aspects.

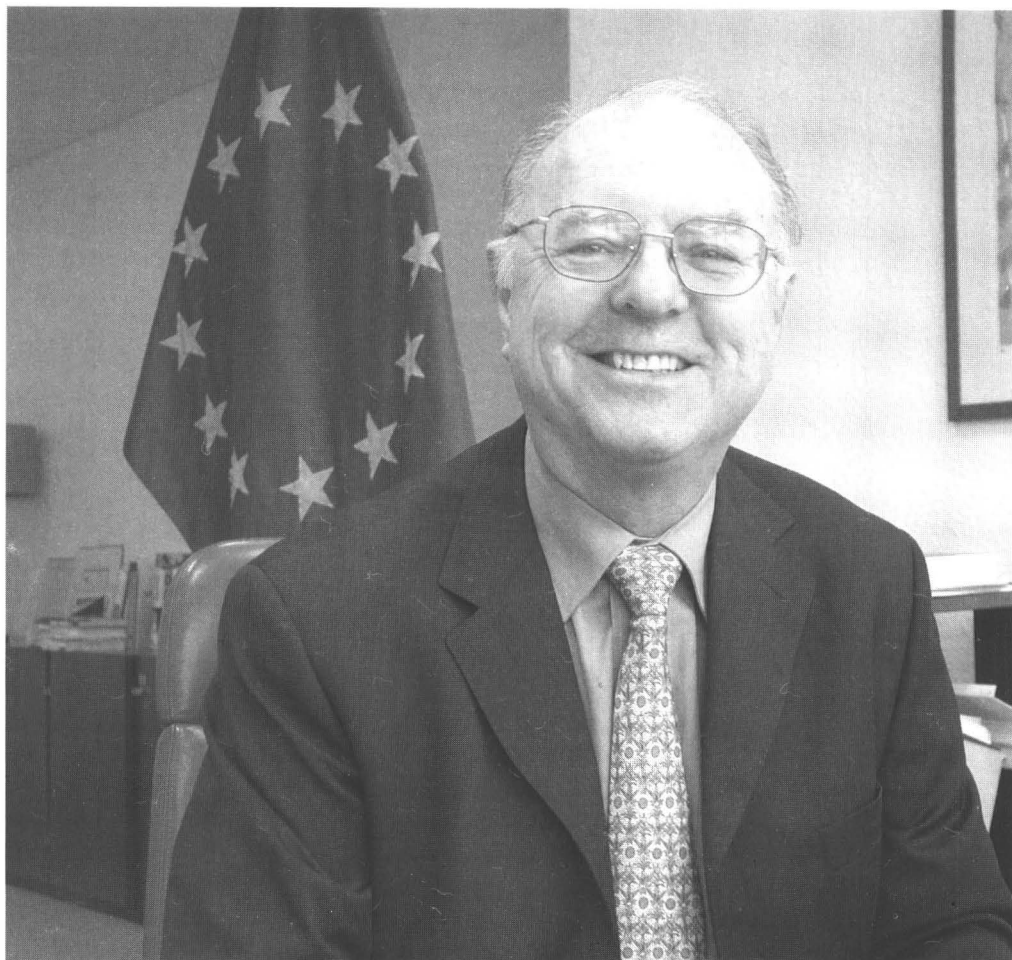
## Improving management structures

The current management structure of the ESS, although considerably improved in recent years, will most probably buckle if not snap under the weight of some 30 Member States. The structures can only be efficiently organised if we agree and develop a common understanding of the fundamental processes that we have to run together. Defining those processes and separating their day-to-day running from the strategic revision and re-orientation process will allow for a better division of work within the various administrative levels.

The adoption of a common quality framework and a common strategic management framework is a prerequisite for this system's success. The new management structure should be flexible and open to relevant participation, and not to a systematic "national representation", giving more room to the application of quality management principles.

### A quick reaction force

The need to make greater use of statistical information to administer Community policies, the emergence of new phenomena and the volatility of what needs to be measured require the ESS to be more able to react very rapidly. The past has shown that often at European level the time between identifying a need and producing the relevant statistical information can be measured not in months but years! There is therefore a need to consider introducing a 'fast track' procedure with the goal, whenever urgency is required, to respond to new demands within a year.



### Better strategic planning

Strategic planning in public organisations begins when the organisation starts thinking about the best way to accomplish its mission. The so-called statistical law and the five-year statistical programme are of course very good elements, but more is needed if an acceptable level of strategic planning is to be reached within the ESS. What we need is to explore new ways of working together in the management of the strategic planning cycle to make the organisation function in a better coordinated and synchronised way.

### Stronger mutual roles

As ESS partners, we should always try to foster the capacity, the quality, the

image, and the notoriety of our institutions at national, European and international level. Enhancing their capacity and quality requires that all NSIs benefit from the best practices in the system and from their position within the ESS.

Recognising and reaping the benefits of our mutual strengths, we should have a common cooperative strategy for strengthening the image and notoriety of the ESS. We should all feel responsible for what our partners in the ESS are doing; their weaknesses are in fact the weaknesses of all of us. Strong and respected NSIs and a strong and respected Eurostat should be part of our partnership agreement and a vision shared by all of us.

### A stronger scientific basis

And what about links with the scientific community? The recent comparison exercise with the United States, carried out in connection with short-term statistics, swung the spotlight on the weakness of the ESS with regard to links between statistics and scientific circles. Eurostat has attempted to follow up these results by proposing the creation of a European scientific committee for official statistics that would bring the two together.

### Tapping technology

The question of handling technological developments together has to be addressed with the objective of maximising the use of common tools and solutions. If the ESS needs to be reengineered,

the architecture of the new system has to be partly based on a framework whose backbone will be IT technology.

#### More resources

All this may well sound promising, but are there the resources? Resources are a perennial problem at both national and Community level, but there is not enough joint discussion on the matter and no common solutions. Despite the many opportunities, we are not able to reap the benefits. And without the necessary political clout to shape policy decisions, it will not be possible to tackle the problem of resources properly. In terms of cost – and this brings us back to increasing our visibility – we need to help people not only understand the net gains society makes by having statistics, but also the losses which would stem from their absence.

This is not a messianic vision, but just some indicative ways of how we can push forward and deepen our reflection on the tomorrowland of the ESS. But we all have to get our heads down on this. We would also be wise to bend a receptive ear to the Candidate Countries who will not only be future Member States, but also have the benefit of doing everything afresh (see *Tamás Mellár's contribution for the Candidate Countries' vision of the ESS on page 30*). What is essential is to build a climate of mutual confidence that is necessary for constructive dialogue, because our future depends on our capacity to work together in trust.

**Yves Franchet**

Eurostat Director-General

## The ESS: a working construction

Anyone who attempts to search for mention of the 'ESS' in EU law will come out of the library with their notebook empty. Although the ESS is a common system that is well-known and routine for statisticians all over the EU and beyond, it remains a working construction with no explicit legal foundation.

The ESS describes a network of cooperation between Eurostat and the national statistical authorities in the EU member countries that collect official statistics. Norway, Iceland, Liechtenstein, Switzerland and the Candidate Countries have observer status.

The notion 'European Statistical System' was first coined in a Eurostat document presented to NSIs no earlier than 1988. However, the beginnings of such coordination can be dated back to 1953 when Eurostat was created as a Statistical Division of the High Authority to meet the requirements of the Coal and Steel Community.

Following the Treaty of Rome in 1958, the Statistical Division turned into a joint service of the then institutions, European Coal and Steel Community, European Economic Community and Euratom, under the official name, 'Statistical Office of the European Communities'.

### Eurostat as a broker

Eurostat's role in this network is mainly to act as a broker in the search for common solutions and, in general, to forward harmonisation and to provide the statistical information base required for EU policy.

At the heart of the ESS is the Statistical Programme Committee (SPC), which is chaired by Eurostat and brings together the heads of Member States' national statistical offices. The SPC discusses the most important joint actions and programmes to be carried out to meet EU information requirements and, particularly, agrees on the five-year Community Statistical Programme.

Set up in 1991, the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) and the European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES) also play a central role in the network, particularly in high-level consultation among statisticians and between statisticians and users.

### A legal footing for Community statistics

With the inclusion of Article 285 in the Amsterdam Treaty in 1997, Community statistics received for the first time a constitutional basis enshrining the principles of professional ethics.

In the same year, the Council of the European Union adopted what is known as the Statistical Law. This regulation writes down the rules of organisation that gradually had been developed between national and Community statistical authorities and defines the basic conditions, procedures and general provisions governing official statistics at EU level. Finally, a Commission Decision reaffirmed and placed the role and independence of Eurostat within the Commission on an official footing. Therefore, while some parts of the system have had their legal roots firmly planted, the ESS, as such, is like a mature tree on bad soil, without an explicit legal foothold – a fact perceived as a weak spot by European statisticians, and one that, with view to enlargement, gets all the more crucial to address.

**ROMANO PRODI**, President of the European Commission, attaches great importance to statistics and understands full well that EMU and enlargement are the two big challenges statistics has to rise to. Here, he shares his vision ...



## Figures we can trust

**W**hat better time to reflect on the future of the European Statistical System (ESS) – the debate on the European Convention is in full swing, ushering in a new and decisive phase in the reform of the EU institutions. The ESS will need to find its place in this new institutional landscape, at the same time as rising to the challenges of enlargement and EMU. In each of these areas of European integration, statistics plays a vital role.

Clearly, for enlargement to happen smoothly, our policies need to be applied sensibly so that the economic and social life in the Candidate Countries converges with that of current Member States. But no policy can be fully effective unless it is based on accurate, detailed knowledge of the basic data. And this, in turn, depends on the data being both reliable and easily comparable at EU level. This calls for the harmonisation of survey methods, working tools and organisation.

### Valuable public asset

Economic and Monetary Union poses just as great a challenge for statistics as enlargement. The work performed by national statistical institutes was crucial to the introduction of the euro. Your speed in responding to the challenge posed by the euro was remarkable. The changeover – which called for an organisational and logistical effort unmatched in economic history – went through without a hitch,

thanks in particular to the timely and accurate information Eurostat and the NSIs supplied.

Now that the EU has given further proof of its shared destiny by taking the plunge on the common currency, reliable statistics are just as valuable a public asset as the stability of the euro's value over time. For the coordination of fiscal and budgetary policy, decisions and recommendations addressed to the EU as a whole and the individual Member States must be based on reliable, accurate statistics.

At a time like the present, with its far-reaching challenges and lively constitutional debate, the EU has an interest and a duty to raise the issue of the way Community statistics are to be managed, as it did for the currency.

The challenge facing us now is to develop a genuine system of statistics that incorporates both national and Community dimensions. The European Statistical System is an important tool in this respect.

### The watchwords of independence, quality, timeliness

The principle of independence of production of Community statistics is enshrined in Article 285 of the Treaty. This applies in particular to statistics on government deficit and debt in connection with the Stability and Growth Pact. Here, I must stress the importance of the scientific independ-

ence of the national and Community institutes and the overriding need for all the bodies concerned to apply best practices.

Equally important is the 'Europe first' initiative. The euro economy is an entirely new phenomenon that needs observing and describing. 'Europe first' can help provide valuable knowledge of the euro at aggregate level, and I am pleased and encouraged by this.

Through this integration effort, and by putting the EU rather than the national level first, the European Statistical System will be able to catch up in some aspects with the US, for instance. Of course, different logistical, historical and institutional conditions make it difficult to compare the US and the EU. But economic and financial management of the EU of the single currency calls for more frequent surveys and more timely, quality data.

Political leaders and economists are not the only people who need statistics. In a democracy, *all* citizens need them. If we want to express an informed judgement, we must bear a whole string of factors in mind, ranging from population to level of education, from absolute size of the economy to growth rate.

### Lifting the fog

A few, well-chosen, well-presented figures can be more helpful and much more enlightening than hours of talk. Good dissem-

ination of statistics – and by that I mean quick dissemination of data that are easy to grasp – keeps the problem in proportion.

For statistics to be a real tool of democracy, the figures must be both reliable *and* easy to grasp. I fully realise how complicated this is. First, there are the characteristics of the data themselves – how accurately they were collected, recorded and processed – which all fall within the statistician's responsibility. Then there is the way the data are presented and disseminated. And here the responsibility of the professional statistician dovetails with that of government.

### Stemming the flood

There is also the challenge of data overload. A recent study puts world production of new information annually at 250 megabytes for each person on earth – man, woman and child. The total figure is so large it defies imagination – between one and two exabytes of data, or 10 to the power of 18. This means that we are inundated by a veritable flood of data. A flood you must help us stem. Helping us to manage and navigate through this rising sea of data, placing quality over quantity is the most important contribution the ESS can make.

What the ESS is asked to do is no mean task: it means restoring our fellow citizens' faith in figures and affirming the huge importance of statistics for democracy. ■

# Europe's top statisticians in Palermo



*It was not the first – and it will probably not be the last time that Europe's top statisticians put their heads together to think about "The future of the European Statistical System". What better occasion to reflect on future needs, challenges and workings of the statistical system with ten new countries waiting to join the EU family, increasing the number of EU Member States to 25!*

*Sigma seized the opportunity of the latest DGINS\* meeting in Palermo to gather opinions, viewpoints, statements, and to take an in-depth look at the strategies and visions presented on the burning issues of "Identity and visibility of the ESS", "Europe First", users and, of course, enlargement.*

\* French acronym for Directors-General of National Statistical Offices

"The advent of the euro and the place of Europe as a distinct political and economic identity have increased the pressure for Europe-wide statistics. The ESS is expected to provide the quality and timeliness normal for any state of the size and economic significance of the EU. This has naturally led to comparisons with the USA, in the scope, form and timeliness of EU-wide economic statistics."

And this is exactly where the 'Europe First' idea comes into play. Market integration and the common currency have given primary importance to indicators that affect financial and economic conditions in the European market. For Len Cook, the conclusion of the EU becoming a distinct entity is clear: "We should all strive for getting European statistics out first."

## Speeding up

Producing timely European aggregates of key market sensitive measures cannot, in his opinion, supplant national figures. "National figures will continue to be important not only for benchmarking but also for monitoring policy implementation, normally carried out at a national level, for structural studies and business cycle analysis." Rather than squeezing out national data, 'Europe First' should be interpreted as allowing for different production timetables for EU aggregates and national figures.

Globalisation is one more aspect contributing to the growing significance of European statistics: "Increasingly, the nation is not an effective boundary for containing organisations in a global economy. Within Europe, labour, capital markets and environmental considerations cross political structures. Money, goods, jobs and workers circu-

late, unlike culture, identity and place. We need to reorient statistics against the background of crumbling national borders in many areas."

## Overlapping interests

Mr Cook observes that, in general, NSIs are perceived to be more concerned with national and sub-national users and Eurostat with EU-wide needs. This suggests a perennial conflict between EU and national needs. However, "in reality there is a significant overlap with national and regional users requesting comparable statistics from across the EU, and the EU increasingly requiring sub-national statistics for policy purposes."

The two types of interest cannot easily be separated. "In reality, NSIs have two parallel focal points in providing domestic and Eurostat needs", Mr Cook says. Rather than drawing such an artificial line, he suggests looking at the priority domains, which differ at the EU, and the national and regional levels.

While Europe-wide measures focus first on wealth creation and the market, interest rates, exchange rates, inflation and the dynamics of the macro economy, the sub-national level places more emphasis on the environment, personal safety and crime and the equity in service availability. At the national level, the statistical mix is comprehensive and comprises equally the various types of economic statistics, social and environmental statistics, among others.

Other than in the economic field, where there is a predominant interest in providing early European aggregates, Mr Cook sees much less immediacy to do so in the social



**LEN COOK**, the UK's National Statistician and Director of the Office for National Statistics (ONS), stresses a better common understanding of 'Europe First' and shares Paul Champsaur's view about the areas where it could best be put into practice. But he also has some distinct views on the roles and the functions of the future ESS and its different movers and shakers.

## Getting European statistics out first

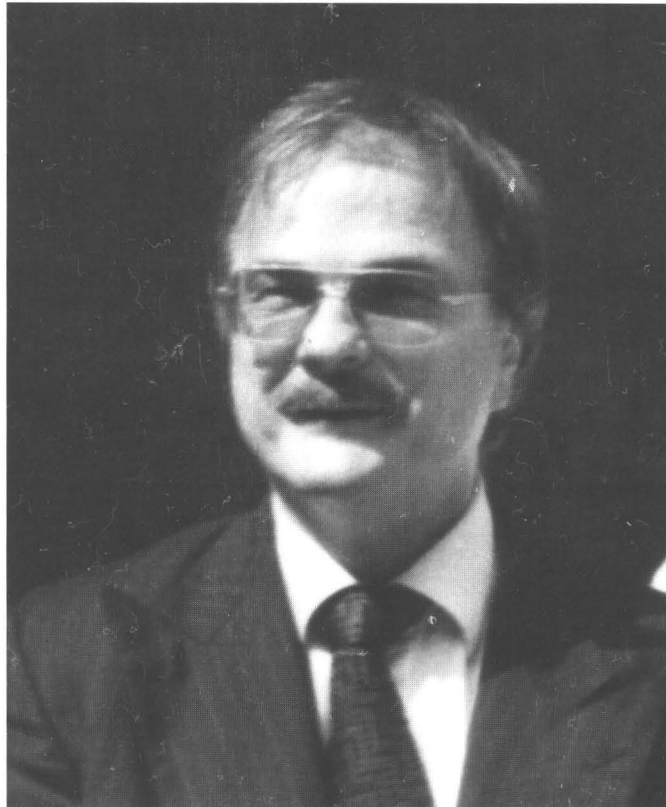
area. Coherence and comparability are qualities that are first and foremost required in this field. However, this poses the problem of translating cultural background – tremendously important for the description of social phenomena – into international standards.

### Managing tensions better

Discouraging? No need to be. For Mr Cook, these kinds of tensions between various interests and views are perfectly normal: "Think of the difficulties we have in our own countries when we try to find an agreement on a standard for more than one field. The issue is not to remove those tensions nor forget that they exist, but to keep finding better ways of managing in spite of them."

A re-balancing of interests in statistical information at all ends of the ESS seems therefore necessary. We need to clear the fog over what Europe-wide policies are and over which national policies the information base can be effectively prepared only on a Europe-wide basis.

Mr Cook explains: "We must recognise clearly where, in fact, there is no distinct country solution to problems without understanding the Euro-



**The New Zealander, Len Cook (52)**, took over as Director of the UK Office for National Statistics (ONS) in May 2000. Before becoming the UK's National Statistician and Director of the ONS, he spent almost 30 years with Statistics New Zealand (SNZ) – among others, as Deputy Government Statistician and, before heading for London, as Chief Executive.

pean context." One concrete example is foreign trade where, with Intrastat, a common solution has already been put in place or the issue of an ageing population. "If we just look at what is going on in our own countries, we fail to see the trends elsewhere

and that might offer a possible solution."

### Clearly understanding the needs

In the future ESS, Mr Cook hopes that all its bodies will be able to perform their roles

"more vigorously". He also thinks that Eurostat should be the sole and unique reference hub where all European policy organisations articulate their information needs. "There needs to be a clear understanding at Eurostat across the whole spectrum of these needs."

That's not all. Eurostat needs to continue to fulfil its role of building up increased trust between countries while the national institutions cultivate their relations with citizens, retaining their trust in statistics and their understanding of it as a vital cog in the democratic machinery.

Mr Cook also calls for increasing awareness about government policies affecting the production and provision of statistical data, such as the freedom of information, pricing policies, data protection and secrecy acts etc. The differences in these policies from one country to another are often an obstacle for more unified action within the ESS. "Eurostat should therefore try to foster a clear view of what the European position is on general policy areas affecting official statistics."

Mr Cook's vision of the future ESS is a network in which "partner countries can readily share the knowledge, tools and practices commonly held to be best practice in the ESS". But it does not stop there – it would also "enable all parts of the ESS to develop better, through the sharing of good practices and the collaborative development of core systems". All in all, it would not only be an "intellectual and political system but also a technological and scientific network that constantly works towards improving statistical processes." ■

'Europe First' is a slogan that appears on each and every single agenda of statisticians' meetings. And for a very good reason: it describes the dilemma, in which Europe's statistics finds itself – being a group of nations but having to compete with the one big nation, the US, in terms of early provision of statistical indicators.

**PAUL CHAMPSAUR**, Director-General of France's INSEE, takes both a broad and pragmatic approach to the issue and poses one central question: "When is it desirable and legitimate to look for 'European' data first and foremost?"

## 'Europe First' for what?

The new millennium marks a new stage in the creation of a European statistical area. With EMU, economic information has become vital not just for the Community authorities but for a whole range of users, compelling us to review and tighten our production timetable for certain indicators.

Then there is the forthcoming enlargement of the European Union – a first in history in terms of scale. Enlargement will undoubtedly expose the fragile nature of some of the ESS' constructions and force NSIs and Eurostat to make an unprecedented effort, even to review their working methods from the bottom upwards. Europe will become more heterogeneous, and paradigms such as the one on formal harmonisation, which was valid in a Europe of different but still relatively homogeneous countries, will lose their relevance.

When it comes to speeding up the provision of EMU data, the US statistical system is a reference point for the ESS. But as such, it must be looked at in a balanced way. There are parts of it that we should make an effort to imitate, particularly the wealth of statistical information and early provision of certain good-quality indicators.

In certain cases, this could be a justification for implementing innovative technical solutions, such as supplying preliminary national sub-indices which could not be interpreted at national lev-

els, but which would make it possible to construct an aggregate European index far more quickly.

However, other aspects are not suitable for the European situation, such as economic statistics constructed solely to meet federal needs. The US approach cannot therefore be used systematically. Our approach must be suited to the non-federal nature of our institutions. It must be both less systematic and more pragmatic. So, let me take a pragmatic approach and try to answer the question as to which fields the expression 'Europe First' could sensibly apply.

### 'Europe First' highly demanded

Looking at the three main statistical fields – business statistics, social data and macro-economics – it seems to me that the first two are at either extreme, while the last falls somewhere in the middle of this continuum.

Starting with business statistics, this is an area to which the expression 'Europe First' is well suited. The relative similarity of the accounting frameworks and commercial law, the Single Market and the fact that competition law is essentially European,

make close harmonisation of data legitimate. The users – particularly businesses themselves – rightly demand it.

However, this does not mean that European authorities should be served before national authorities and users. What it means is that the construction of Europe has resulted in a new reference framework, which is very important and has made the old national ones less relevant.

Statisticians must therefore dedicate themselves to finding instruments that are suitable for describing this field. This task is sufficiently important that the focus of the main European regulations on enterprises should not be diverted to purposes other than providing as accurate as possible a description of the systems of production (for example, environmental concerns, legitimate as they are, should be addressed elsewhere).

### Overcoming statistical barriers

More specifically, the demand for information on European groups is clearly going to grow very quickly, given that the relevant agent for analysing groups is definitely the European Union. For the moment, this demand cannot be met: the lack of a harmonised identifier for enterprises creates a kind of 'statistical barrier', which is completely anachronistic and which makes it very difficult to monitor enterprises outside national frameworks. Eurostat should make an effort to resolve this issue.

To give you another example, the 'Europe First' rule would seem to imply that Eurostat should publish as much aggregated data as possible given that, particularly in industry, the relevant markets are no longer national, but European.



After graduating from the *Ecole Polytechnique* in Paris, Paul Champsaur (58) started his career as professor of economics in France and at Leuven University in Belgium and worked especially on micro economics and economic policy. In 1984, he took over as Vice-Director of the Economic Forecasting Department at the Ministry of Economy and Finance, before being appointed Director-General of INSEE in 1992.

# Europe First !?

Since the European Monetary Union (EMU) materialised into banknotes and coins, the call of the financial markets and the ECB has been getting louder to speed up the provision of market-relevant euro-zone data.

And there is good reason for turning the volume control up high. Comparing this newly created 'euro economy' with that of the US, another world economy of about the same size, reveals that major market-relevant indicators in the US are published well before those in the euro-zone. In this context, the term 'Europe First' has been coined. But just as is the case with all buzzwords for complicated processes, it can be interpreted in several ways:

However, to achieve this goal, the difficulties related to statistical secrecy must be overcome. If Eurostat were to publish aggregate data and NSIs published national data, it would, in certain cases, be possible to deduce easily identifiable data. This would contravene the rules on confidentiality. If Eurostat is to publish more aggregated European data, the NSIs should restrict themselves to publishing national data only where doing so would be compatible with the rules of statistical secrecy, taking into account European publications.

## 'Countries first' in the social area

I would put social statistics at the other end of the spectrum. These touch upon fields governed by national policies – and will doubtless remain so for a very long time. Priority must therefore be given to preparing statistics for national purposes and, in particular, to providing national decision-makers with the tools

More generally, and in the context of benchmarking with the USA, 'Europe First' refers purely to the timeliness of the data and of speeding up the delivery of national data so that an aggregate can be provided earlier than is currently the case. The underlying concepts and surveys would basically be unchanged except for more estimation methods being used and aggregates being based also on preliminary national data. 'Europe First' would be a sort of counter-project to 'Europe last' as Sweden's Director-General Svante Öberg puts it.

More specifically, 'Europe First' refers to 'European surveys', i.e. surveys designed to meet a specific European need

they need to monitor the policies they have implemented. So here, countries come first.

However, having established that principle, one cannot deny that there is also demand for social statistics at European level. But this demand is almost never justified by there being a common social policy.

There are actually two types of demands. In some cases, the demand is to satisfy a need for certain knowledge in order to implement an action outside social policy. For example, the EU does not have a common employment policy. However, as the structural funds are allocated in part according to the rate of unemployment, and one wishes to avoid injustices when allocating them, there is a clear need to harmonise the definitions of unemployment (more specifically, of the level of unemployment) and of the active population.

In other cases – particularly for certain structural indicators – the

earlier than national surveys do (or also to use other sources). This could possibly imply that the data could no longer be representative at a national level or that a breakdown by country could no longer be available.

Finally, 'Europe First' can also be interpreted more widely from the viewpoint – in Paul Champsaur's words – "*that the construction of Europe has resulted in a new reference framework, which has made the old paradigms less relevant*" and which calls, as a consequence, for a closer harmonisation of European statistics and for a supranational approach, for example, in the case of multinational enterprise groups and their activities.

demand for statistics simply refers to politically sensitive data, such as 'lifelong learning'. There is no common social policy here either, but it is easy to understand that the political authorities would like to have a snapshot of the current state of affairs. Though this concern is valid, we should strive to avoid creating a plethora of structural indicators and to warn against the illusion that they are perfectly harmonised tools, which, over time, would make it possible to rank Member States.

## A European mould won't help

Another danger to be aware of is that, in many cases, the need for knowledge will hardly be met by imposing a single European mould. The concepts underlying the production of social statistics, which are formally harmonised reflect institutional, administrative, fiscal, etc. realities which vary profoundly from one Member State to the next.

We are therefore entering fields where trying to produce truly harmonised data is often illusory. And the problem cannot generally be solved by correcting the data, as doing so simply introduces a second bias: that of the – necessarily different – conventions that the various Member States have opted for when defining the correction methods.

In certain cases, formally harmonising the data is not even remotely desirable, as the information is impoverished in comparison with the unharmonised product. It would therefore be better to retain the national measuring tools and, in international comparisons, add metadata to explain the conceptual differences between the various Member States.

All things considered, it is often preferable to maintain the national series to which the public and the users are accustomed, for example, when analysing sensitive phenomena such as poverty. At the least, this should be done until these users take such an interest in European data that they will no longer accept the hard core of non-comparability, which characterises them at the present time.

In any event, creating European social statistics must not be reduced to a simple bureaucratic procedure where Eurostat would draw up draft regulations on the basis of the inchoate requests from various Commission departments or from the Council. What is needed in these fields is in-depth technical instruction and a thorough analysis of what already exists in the various Member States.

## Economic statistics half-way between

Between these two extremes – one where Europe clearly has pri-

ority and where data must be highly harmonised, and the other where the individual countries clearly have priority and where the need for harmonisation is weaker – we find economic statistics.

These are in the middle for two reasons. First of all, responsibility for macroeconomic guidance of the countries in the euro-zone is shared between the ECB, which handles monetary policy, and the national authorities, which handle budgetary policy, although their freedom in this respect is partly restricted by the stability and growth pact.

Secondly, macroeconomic variables on the labour market serve many purposes. For the European and national authorities, they are crucial for analysing the state of the economy, but, at the same time, they are largely determined by national policies (the length of the working week, whether or not there is a minimum wage, the amount of unemployment benefit, etc.). For these reasons, the ideal would be to satisfy European and national demand simultaneously.

Germany alone accounts for 30% of the euro-zone's GDP. The two largest countries account for 50%, and the four largest for 80%. Because of this high degree of economic concentration, it is legitimate to make a distinction between 'large' and 'small' countries in a way that would clearly be irrelevant in any other context.

### No conflict of priorities

In the field of economic statistics, at least with regard to the 'large' countries – ie. those whose situation necessarily influences that of the euro-zone – there should not be any contradiction or conflict of priorities between national and European needs. I would go even

further and say that in this context

**“it is neither possible, nor useful to distinguish between European and national needs.”**

Rather than opening the door to a possible separation between 'European' statistics (ie. those constructed for European purposes) and 'national' statistics, the two types of needs must be kept congruent. On the one hand, new European requirements – and there are many legitimate ones – must have a positive impact on our production of statistics and thus, at the same time, improve the information available to decision-makers and national users. On the other, European needs will be better met if the relevance and accuracy of national data series is maintained.

### Why aggregates won't suffice

This need is clearly crucial for turning points in the economic cycle. Let me give you an example. In late 2000, a slowdown in activity in the United States was expected, and it was known that this would inevitably affect Europe. However, for the analysis of the European economy – and for the quality of short-term forecasts – the key element was the information on the weakness of the German economy beginning in summer 2000, that is, without any direct link to the US economy.

The German slowdown was initially caused by weak household consumption, generally attributed to high oil prices. At the same time, most of the euro-zone economies were still growing strongly. Only during the first half of 2001 did they begin to suffer from the combined impact

of the slowdowns in Germany and the United States.

This example shows that the economic cycles within the euro-zone are not perfectly synchronised. Clearly, given Germany's size, any slowdown in its economy will have an impact on the aggregated data for the euro-zone. But it is essential to know that this *does* come from Germany, or, to look at this from a wider perspective, from one country rather than from another.

There is no specific European need which would be met simply by providing aggregated data for the whole of the euro-zone, as the European authorities can hardly be indifferent to the fact that a shift in the trend of economic growth comes from a particular country (or group of countries) or even an economic agent in that country.

In other words, as Europeans, it is in our shared interest that the statistical information on any of the 'large' countries be detailed and reliable. Thus, with regard to economic statistics, 'large' countries undeniably have an obligation to produce results although the principle of subsidiarity remains fully applicable and the technical means they use to achieve these results should, in the majority of cases, be solely up to them.

**“Without a shade of a doubt, the requirement that 'small' countries provide exactly the same information as 'large' ones should be consigned to the past.”**

In any case, particularly with regard to short-term economic statistics, if several 'small' countries consider that the burden this might impose on them is exces-

sive, they should be able to use a greatly simplified method.

Clearly, if the objective is to have good quality and timely short-term information at the European level and if this depends on good-quality and fast data from the 'big' and less so from the 'small' countries, then it would be neither reasonable nor useful to have the same expectations of them.

It would certainly be constructive and sufficient for both the small countries and Europe if they could provide a certain number of statistics on a quarterly rather than a monthly basis.

I would like to see the same prudence and pragmatism applied for social statistics. Formal harmonisation as hitherto practised works well when economic and other accompanying conditions of the countries are sufficiently homogeneous. But with enlargement, we will go towards more heterogeneity.

Gentlemen's agreements could be a way forward. In the field of social statistics they would be subject to a probation period, which should lead to good quality reports allowing the comparability of data to be tested.

In the economic area, they are a flexible method to rapidly implement new measures and to cushion the shock of shortened deadlines.

I do not intend to question the 'statistical *acquis*' nor do I hazard going backwards. Regulations and, in particular, framework regulations in certain areas and aspects will continue to be of high importance.

But, to stress what I said earlier, a single mould won't fit for all. A differentiated tactic, I am convinced, will bring us forward. ■

Financial markets and the media are among those users putting a lot of pressure on European statistics to improve, particularly in terms of timeliness. *Sigma* asked **SWAHA PATTANAİK** of Reuters, the news and financial information agency, to rate European statistics. What she says gives plenty of food for thought.

## Eurostat is half way there

Financial market economists, who analyse data for fast-reacting traders, are exacting taskmasters. The last time Reuters polled such analysts, they gave Eurostat 5.5 out of 10 for its data – only slightly better than the rating of 5 out of 10 they had given it in the first two years of monetary union. So why was the glass half empty?

Financial experts and private individuals have an insatiable appetite for up-to-date information on the health of economies and firms. The current climate of uncertainty has got them scouring the newswires and papers for clues to when stock markets will end their relentless decline and the world's biggest economies embark on a solid recovery.

This puts official statistics at a significant disadvantage to the daily drip of news from companies and the surveys released by private organisations. Firms' sales figures can give an insight into consumer demand long before national figures are available, their investment plans are a key indicator of confidence and future production, and the layoffs they announce today will feed into the official jobless figures only months later.

The foreign exchanges, the biggest market in the world,

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She covers EU macroeconomic policy, EU finance ministers' meetings, and the regular diet of economic statistics released by Eurostat and the European Commission. Previously based in London, she has been writing about financial markets, macroeconomic policy, and economic indicators since 1991.

used to hang on every economic report but are now increasingly inclined to take their cue from stock markets, corporate news, or rumours about cross-border mergers and acquisition.

Anecdotal evidence aside, there are the soundings of business health, such as the Reuters purchasing managers' surveys, which give an up-to-date overview of how the manufacturing or service sector is faring and firms' plans for the coming months.

Most of the data released by national statistics offices are

less timely. Still, official statistics have the stamp of authority and remain the benchmarks for policy-makers and financial markets.

National economic reports from Germany, France, Italy, or the UK, attract considerable attention from the currency and bond markets as they paint a broad-brush picture of the health of the EU or euro-zone economy well before the aggregated EU and euro-zone figures are available.

In fact, private economists can usually take a pretty good guess at what Eurostat figures will show once they have seen the national data that are released by Europe's biggest economies. This doesn't detract from the value of Eurostat's pan-European figures as pretty much the only official snapshots of the health of the region's economy.

But financial experts seem to be more interested in such figures as a matter of historical record, and as useful fodder for models which crunch the numbers and try to predict the future. Rarely do the reports move markets.

Most figures released by Eurostat show how the economy was doing one or two months ago, rather than giving much insight into how it is

faring now, let alone how it will be doing next month.

It is not just financial markets that are grumbling about economic reports, which they say are outdated by the time they are released. The European Central Bank (ECB) and other policy-makers who steer the European economy through troubled waters are relying on information that is a few months behind the curve when they make decisions that will affect the future.

Eurostat has responded by publishing an early estimate of euro-zone inflation. Also, more timely official data is available from the Commission, which releases economic sentiment surveys and model-based forecasts of quarterly euro-zone growth rates. These are the official pan-EU reports that get the most attention from financial markets and the media.

### It's all in the packaging

Gathering the data and ensuring it is harmonised to produce reliable statistics on the EU economy may be the hardest part of Eurostat's job. Moreover, such raw statistics may be enough for those who have the time to go through the figures in detail. But to get the biggest bang for their buck, it is vital that statistics offices don't fall at the final

hurdle – the presentation of all their hard work.

News agencies – the first port of call for traders who want to know about economic data – are inundated with information and ideally want to know well in advance that an economic report is going to come out so they can prepare for it properly.

Some national offices have yet to get this first step right. Germany, Europe's largest economy, is a case in point, with statistics frequently released with very little or no advance warning.

When each second counts, wire journalists also always prefer to have a release under embargo. This gives them the time they need to make sense of the data and look beyond the headline numbers to the interesting details that tell the real story.

Add context to journalists' wish list – a 10 percent decline is always more interesting if it is the biggest drop in a year than if it is the largest in a year and it is far more newsworthy if inflation has been above the ECB's self-set two percent ceiling for 24 months rather than two.

Having statisticians on hand to dig up this sort of information before the report is due to be published is helpful. Britain's national statistics office, for example, is particularly good at giving such briefings. An indication of the trend is also always interesting as is any additional insight into the key forces driving the economy.

### Theories one step ahead

Apart from improving the presentation and timeliness of the data that Eurostat already compiles, there is always a

demand for more insight into the health of the European economy.

Reliable measures of changes in EU productivity would be one of the first items on the wish list. There is little use in policy-makers complaining that the EU lags the United States on this front if there is no official data – no matter how flawed or controversial. Without hard numbers, there is no way of knowing if and when we have caught up.

On all these issues, Eurostat is to some extent at the mercy of national statistics offices and the data they collect. It is understandable that national statistics offices, let alone one at the EU level, do not move as quickly as private institutions in gathering the

sort of data needed to test the latest theories on why some economies do better than others. One example of such data would be a price index of information technology in constant performance terms.

Still, a more realistic goal might be an index of leading indicators at EU level, even though it would undoubtedly take time to establish the reputation of such a statistic.

### Problems loom

Eurostat and national statistics offices may be working to improve matters in some of these areas but the problems could get worse following the looming enlargement of the European Union. Private economists say there are still large discrepancies between

the official statistics released by the various candidate countries.

The problems have less to do with their timeliness than with the extensiveness of the data some of these countries compile. For example, one country's breakdown of gross domestic product gives figures for net exports without listing exports and imports separately. Reliability is another issue – a sharp revision to Hungary's current account last year is just one of the glitches which has stuck in the minds of the financial markets.

Economists are far from sure that all these problems will be ironed out in time for enlargement – in which case 5 out of 10 may come to seem like a pretty good grade for pan-EU statistics. ■

<http://www.reuters.com>



In just the same league as Joachim Lamel (see page 18), **SVEIN LONGVA**, Director-General of Statistics Norway, calls for a broad user orientation of the ESS, which would give users falling outside the narrow scope of 'governance' equal chances to influence statistical priorities and access information. He holds up the UN fundamental principles of statistics as a roadmap, and points to ways of balancing the weights of different user groups.

# "Make the public our boss"

**Y**ou don't necessarily have to have clocked up a lifetime in statistics to realise that statistics moves with the times. The role of official statistics has been changing with the increasing complexity of our societies, with new planning and management mechanisms, with the increasing literacy of the population and the further development of democratic societies, and not least with growing international cooperation, market liberalisation and globalisation.

An important aspect of this development has been the increased user focus and growing awareness of the multiple purposes official statistics serves. Until some 20 years ago, the production of official statistics was in general rather static and production oriented, and often driven by the requirements of government.

However, the broader user focus and the increased importance of official statistics in democratic societies pose new challenges in defining the borderlines of official statistics and in setting priorities and weighting the requirements of different users.

Community statistics, Mr Longva feels must still keep its

head down on this before the different requirements are truly balanced out. Governance – serving governance can be briefly described as the mission of statistics – is still too often confined to administrative and economic public management whereas a more comprehensive interpretation, comprising also democratic participation, would be appropriate.

*Policy needs and needs of the public, aren't they largely congruent?*

"They might be in parts but not necessarily in every single aspect. So, one part of the question is indeed whether the ESS also covers the real interests of the general public or whether it concentrates on what is demanded by policy-makers. But it is also about whom we are orienting ourselves towards, how we publish things, the way we formulate our results and the way we disseminate them.

Finally, the question is also, in a more general perspective, how we are perceived by the public – as an extension of the governance sector of each country and of the Commission in Brussels or simply as an independent information provider, an apparatus of our

**Official statistics provide an indispensable element in the information system of a democratic society, serving the government, the economy and the public with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens' entitlement to public information.**

**UN fundamental principles of statistics, §1**

own and free from political interference."

## Statistics for freedom and democracy

Imagine an ESS mission statement reading along the lines of: "Be it an individual or a company, small or large, we don't care: we cater for all users." Marketing experts could probably word this better, but the rough message is one that Svein Longva would definitely endorse. Reminding

us of the UN fundamental principles of statistics, Svein Longva reads in them the obligation for official statistics to produce impartial and relevant statistics for the whole of society and accessible for everyone under equal conditions. And he refers to Commission President, Romano Prodi who said that information is essential for the freedom of individuals and for democratic participation.

"I interpret this as an obligation for statistics in democratic societies to serve the general public and the users outside the government sector and to enable them to actively take part in the public debate." This quickly leads to official statistics being regarded as a public good, as something whose usefulness for one user will not be reduced by it being used by others. In the case of statistics, it might even be the opposite – that its value increases with usage.

Public goods however cannot be left to market forces: "No one has the sole right to use the results, which means that there will be too little production of that public good, 'statistics'. Providing the basis for public debate in an unbiased manner without being coloured by one or the other interest is the central task of official statistics. Leaving this task to private information providers, would endanger democracy", Mr Longva worries.

## Balancing priorities

In addition, the increased focus on statistics as more or less directly applicable for governance or public management, at national and European levels, can lead to bias in priority setting – only subject areas considered to be 'good for governance' get priority and resources, whereas areas with



Svein Longva (58) has spent a lifetime in statistics – starting at Statistics Norway as a student in 1966, he continuously climbed up the ladder to become director of research in 1984 and finally Director-General in 1991.

He is also very much committed to international statistical work and has been President of the Conference of European Statisticians since 1999.

2001. Background statistics were published on topics such as previous election participation rates, living conditions, health, environment, labour market, migration and the economy – in short, on topics that were considered to be relevant to issues addressed in the debate.

Far from being reproached for interfering in the political debate, Statistics Norway even received positive reactions to this initiative, which was welcomed as providing useful and impartial information. “We should not leave this field to more-or-less serious survey takers that might create confusion and frustration amongst the public”, Longva argues.

### Statistics people can digest

What’s more, a broader user orientation will also affect the profile of the statistical output and the manner in which statistical information is presented. Svein Longva elucidates: “The orientation towards a broad user group starts by understanding their general ability to use traditional statistical tables. Reaching a broad audience requires processing pure numbers to a larger degree. Thus, we might have to proceed in the direction of analysis and to transform ‘pure’ statistics to information and understanding.”

This can be a sensitive issue because the borderline between well-founded comments and unfounded or biased assumptions is difficult to draw. On the other hand, statistical agencies are normally in the best position to provide valid comments. They have the fundamental knowledge of underlying definitions,

a user demand with less weight and not so clearly pronounced will not be covered.

Tighter public budgets will tend to increase this bias giving priority to public demands – or ministries that pay. Despite budget cuts, demand from public bodies for statistics might be increasing and these bodies will only pay for what they see as their immediate requirements. “It is thus important to focus on the balance of priorities between statistics oriented towards ‘governance’ and statistics with a wider audience”, Mr Longva claims.

The requirement of several NSIs to complement their Government-financed budget by project financing will certainly improve user orientation but carries the risk of misuse and may finally jeopardise general confidence. It is therefore important that user-financed statistics is a fully integrated part of official statistics.

*So what should be done concretely to widen the horizon of official statistics in terms of user orientation?*

“Making statistics available to the media as a vehicle for transmitting information to the gen-

eral public is crucial but not sufficient. Starting by giving the world of education and non-governmental organisations better access to statistical data, the ESS should strive to build up closer relationships with these groups.”

A statistical council that includes representatives of data providers, NGOs and the media, in addition to representatives from the government sector, are in Mr Longva’s view a valuable tool for systematically involving these partners in the discussion of priorities and programmes. However, to improve its effectiveness an exchange of experiences would be needed

in order to use this tool more effectively. “Systematic user orientation, including direct consultation with user groups and broad user surveys should be an essential activity of any statistical system”, Mr Longva concludes.

### ‘Feeding’ the public debate

As a means of raising participation and a possibility for official statistics to become relevant in the public debate, Mr Longva suggests adjusting the publication programme to major events, as Statistics Norway did in the pre-election campaigns in 1999 and

## A more adapted and flexible method

“It seems quite obvious to me that it is impossible to continue an identical, parallel development in all areas of statistics in all member countries. It is too expensive and too rigid. You simply cannot insist on getting exactly the same type of information from, say, Germany and Luxembourg.

“Therefore, we will have to concentrate on singing from the same hymn sheet when it comes to structural statistics, while in short-term statistics and other areas we should be more oriented towards giving a general picture of the development across Europe, without necessarily going into details. Developing Europe-wide indicators is a logical consequence of this reflection.”



collection methods and quality of the statistics that is necessary to go into further analysis. For Longva, it is a duty to convey as much as possible of this knowledge about data and metadata in a user-oriented form. "It helps to promote relevant use and to avoid misuse of figures.

"Obviously, we are not clever enough to put statistics together to form a comprehensive picture of society. In the future, being a good statistician will not suffice, we will also have to be good at disseminating statistics in a more digestible form that makes it more accessible to everybody.

"Simplifying is a complicated business, more complicated in fact than digging down into statistical details. We must be careful that these simple indicators and figures are put into the correct context and framework, and avoid too simplistic usage and interpretations. This also means that we should cooperate more with journalists, social scientists and other professionals.

"Developing our analytical skills and capacities is of utmost importance when it comes to rising to the challenge of extracting and disseminating digestible information. Giving 'value-added' to the numbers we produce without compromising integrity and quality is on top of the agenda in the years to come."

### Incentives for the business sector

"The business sector has previously often been considered more as data providers than as users, with a focus on relieving the response burden", Longva observes. But apart from being dependent

on their good will and cooperation as respondents, the ESS also has an obligation to contribute to a well-functioning market by providing useful information as a basis for planning and decision-making.

One could surely not assert that the ESS has not given enough emphasis to the business sector. Just think of the refrain, 'decreasing the response burden', which frequently comes across in strategic reflections of the ESS. However, there still seems to be some space for improvement.

Svein Longva advocates in this context more specific and detailed statistics targeted at the business sector to be disseminated to enterprises. Such statistics could comprise data for market analysis such as data on persons and households on a detailed geographical level, which can be used in the customer's own GIS system, and data on smaller groups of businesses for benchmarking.

"Enterprises are interested in comparing themselves with their competitors, or in benchmarking as one would say nowadays", Longva explains. Statistics Norway started some time ago with giving

such feedback to data providers in the business sector. "Such tailor-made statistical information entails specific preparation for each single data provider. But it doesn't automatically represent a heavy additional workload for the statistical system since it can be done in a standardised manner."

Such feedback on relevant statistics would be a motivation for data providers and would contribute to higher response rates and improved quality of the collected data and would be advantageous for both parties, Mr Longva expects.

### Getting closer to the scientific world

Finally, the way in which the ESS is perceived and accepted as professional will depend largely on the competences and capacities of the NSIs and Eurostat in social and economic research. Mr Longva adds that without a minimum of this competence, the statistical system will have difficulties in maintaining its possibility to adapt to new requirements and be an active partner in relation to new research.

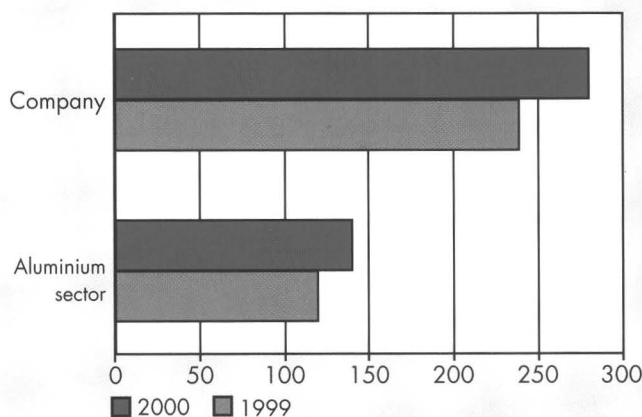
Providing the research community with better access to official statistics in general,

and to micro-data in particular, represents for Svein Longva a key element in this respect. A European Data Archive and safe setting approaches are keywords in this context. (See the following article in which Sabine Bechtold and Sylvia Zühlke describe how this is being put into practice in Germany.)

Improving the relationship of the ESS with the research community along these lines should be accompanied by improving training facilities and documentation to support high quality research across the EU.

"The settings for the ESS are rather positive", Mr Longva concludes. "Take the CEIES as a body representing different user groups and data providers, which has played and can play a central role in pointing to the needs of civil society. We should strive to make better use of it and perhaps seek liaison with other existing forums such as the Network on European information and training for non-profit organisations.

"Governance goes far beyond policy-making. We must not forget that in the end it is the public at large – the society as a whole who is our boss." ■



### Giving something back

Motivating measures such as providing respondents with a tailor-made comparison of the respondent's own data with the average of their branch could positively affect response rates, the quality of response and, last but not least, the way statistics is perceived.

The above example shows CO<sub>2</sub> emissions per produced unit of aluminium (kg/t) for a company X compared with the national sector average.

Official statistics must be more open and provide scientific research with more data. This is the call that has gone out to the statistical offices and the European Statistical System. In Germany, the Federal Statistical Office and the Land statistical offices have taken more than a step in the right direction by setting up research data centres. **SABINE BECHTOLD** and **SYLVIA ZÜHLKE** explain Germany's experience.

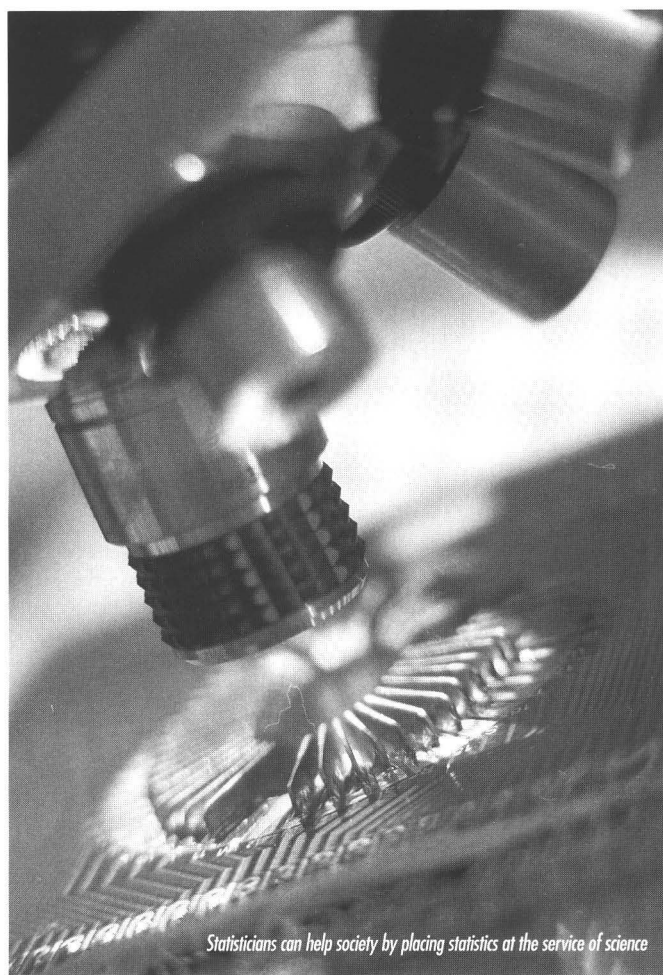
## Researchers, come in, please

The complex nature of economic and social change and the progress made in science and information technology have drastically transformed the data needs of modern society. The data needed to analyse and shape the modern world must yield information on subsets of society and permit analyses of economic and social change on the basis of longitudinal data.

The publication of results in the form of tables, which always involves compromises to accommodate different uses, is no longer enough. What fits much more with requirements in terms of methodology and contents is to make statistics available as standardised Scientific Use Files (SUF) and Public Use Files (PUF), and to provide access to microdata which have not been rendered anonymous and which can be used to carry out analyses that are more detailed than tabular data allow.

### "More access to microdata", scientists say

Over the past few years in Germany, there has been a keen debate about access to official microdata for the purposes of scientific research. A Commission for the improve-



*Statisticians can help society by placing statistics at the service of science*

ment of the information infrastructure set up by the Government came up with suggestions on how to improve the interaction between scientific research and statistics.

Suggestions included the involvement of data users in setting up survey and process-

ing programs, plans to update basic and advanced training in the statistical field and various options concerning access by scientific researchers to the microdata produced by public data producers. One of the Commission's central recommendations was to set up a data producers' research data centre as soon as possible.

### Research data centres get green light

The German statistical system met this request when the Federal Statistical Office set up a Research Data Centre (RDC) in 2001 and the statistical offices of the Länder set up a joint RDC in 2002. Although mutually independent, these two centres will be coordinating their work very closely in order to provide scientific researchers with improved access to their data.

The RDC for the statistical offices of the Länder is being run on an associative basis, each office forming a regional site. It is headed by a steering committee, whilst administration and coordination is the responsibility of a unit set up within the North Rhine-Westphalia Office for Data Processing and Statistics. This is the official contact for the RDC and is thus authorised to disclose binding information about the data and services it provides.

In Germany, the majority of surveys are carried out on a decentralised basis by the Land offices, which therefore hold the bulk of the resultant statistics. Before scientific researchers can be provided with improved access to data, the Land offices must first set up an infrastructure for centralising the storage of data. This will allow official data to be accessed centrally from the various regional sites of the RDCs. In addition to this, an information system will be set up to provide comprehensive information about official statistics and the various ways in which they can be used.

### 'Scientific Use Files' – no mean feat

From the scientific research point of view, the ideal situation is one in which as many data sets as possible have 'Scientific Use Files'. In the field of household and personal surveys, data sets which have been rendered anonymous and which can only be de-anonymised by expending a disproportionate amount of time and energy, have existed for a number of years now.

In the case of individual econometric data, however, this highly user-friendly system of data access via SUFs cannot yet be used, as there is still no way of ensuring viable factual anonymisation without compromising – perhaps seriously – the information content and thus the analysis potential.

As enterprise statistics are generally completely different from household and personal data in terms of characteristics, other anonymisation measures steps must be taken for this type of data. To make headway in this field, official statistical bodies in Germany have joined forces with the Institute for Applied Economic Research (IAW) in Tübingen on a research project entitled "Factual anonymisation of individual data on enterprises and businesses", the objective being to investigate the possibilities of rendering individual econometric data factually anonymous and – if possible – find a way of using SUFs for enterprise data too in the future.

#### Controlled remote data processing

In the case of data which are not available as SUFs, or

Sabine Bechtold (46) with a PhD in economics, set the ball rolling for the FSO's Data Centre. This was her last project before parting company with the Institute for Research and Development in Official Statistics after 12 years and joining the population statistics division of the FSO in October 2002.

Sylvia Zühlke (33) with a PhD in political science, has been with the North Rhine-Westphalia Office for Data Processing and Statistics for three years and is involved chiefly with household surveys and the analysis of longitudinal data. Over the past year, she has played a key role in setting up the Land RDC.

which are to be used to investigate topics that cannot be researched using existing SUFs, owing to anonymisation work already undertaken, both RDCs offer the option of controlled remote data processing.

This means that experts write their analysis programs at their workstations using a standard software program and then send them to the research data centres. There, the programs are applied to the original, non-anonymised, data and the findings then checked for statistical confidentiality before being transmitted to the researcher.

#### Visiting researcher scheme

In addition, a 'visiting researcher' scheme is being operated at both the FSO research data centre and at all regional offices of the

RDC for the Länder. Under this scheme, researchers may work with anonymised microdata that cannot be transferred as SUFs for use outside the statistical offices, since the automatic input of additional information must be prevented if the factual anonymity criterion is to be complied with.

Visiting researchers can also work on research projects involving contractually agreed cooperation between one or more of the statistical offices, on the one hand, and outside experts, on the other. For these, access can be given to individual data that have been formally anonymised only.

However, this is an option only if the analysis is an official statistical project for which outside help must be brought in, owing to a lack of capacity or of know-how. The results of such analyses are the property of official statistics and are checked for confidentiality prior to publication. However, the researchers involved also have user rights.

#### Confidentiality and ...

In addition to their work relating directly to improving the use by scientific researchers of the microdata produced by official statistical bodies, the two research data centres will also be addressing basic questions of data access. These include, for instance, the question of statistical confidentiality in the face of an ever-increasing volume of readily available additional information, and the expansion of cooperative links with other national and international research data centres.

A survey among users carried out in summer 2002 revealed a keen interest of scientific circles in research data centres. Roughly 600 of the 700 scientists surveyed indicated that they regularly use microdata for their work. The results of the survey also indicated that the need of the users is manifold. This means that research data centres will have to offer a broad range of data from various fields in order to fulfil this demand.

Over the next few years, one important field of work will be the transposal of the EC directive regulating access to confidential data for research purposes, the aim being to join forces with Eurostat to devise rules and procedures – with the full backing of Member States – that will benefit scientific research.

Given that the ESS is in the midst of reflecting about how to build bridges with the scientific community, these initiatives are definitely steps in the right direction. In short, we believe that statisticians can help society by placing statistics at the service of science and tomorrow's technological developments. ■

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Based on how Europe's citizens perceive statistics, **JOACHIM LAMEL** of the CEIES\* develops the concept of a pact between the European Statistical System and citizens. Rather than being regarded as a Government tool, the ESS, must turn into an instrument for use by the people of Europe and have the interests of all users in mind.

# Citizens first

*The many jokes and sarcastic remarks made about statisticians, statistics and the use of statistics are obviously misplaced. But why is it that politicians only want to believe the statistics that they themselves have falsified – as no less than Winston Churchill is alleged to have said?*

*Why do many people think that statistics is the highest form of lying and nod approvingly when people say that you can use statistics to prove anything – even the opposite? Why are statistics as a rule held responsible for the incorrect use of correct statistical information, and not the person who – knowingly or unknowingly – used it incorrectly? Why do statistics tend to have a dubious reputation – in so far as the public thinks about them at all?*

Joachim Lamel provides an answer to these questions: "Over the centuries, statistics always appeared in the guise of an instrument used by the administrative authorities, and its results as secret knowledge, which made people become sceptical about 'official' statistics – a legacy that continues today. Many people still regard statistics as a means



of wielding power, and respondents complain about the trouble they are put to, often without knowing why."

For Community statistics, the situation is even more complex. "On the one hand, the EU is felt to be aloof, while on the other, it is thought to be excessively dominating in several areas", says Mr Lamel. All this seems to lead

to a certain alienation of citizens with respect to statistics, in general, and European statistics, in particular.

## Winning the public's trust

However, the production of statistics is an important element in the infrastructure of any modern democratic society, be it for policy-decisions, monitoring and assessing poli-

cy measures or any other purpose at all levels of society – and this is true of national statistics and European-level statistics alike. Providing relevant and high-quality statistical data is not possible without the understanding and the cooperation of the public.

Following this analysis, Mr Lamel infers: "Making this function of statistics clear to the general public is one of the major tasks facing us. The strategic objective for the further development of the ESS must be to turn it into an instrument for the citizens of Europe, who must be put in a position to use it as a source for the information they need on the state of society and for keeping track of policies." This would also contribute to greater involvement of people in EU policy – a principle set out in the White Paper on European Governance.

"Users' interests – users in its widest sense, meaning the citizens of Europe and the institutions of an organised civil society, such as businesses, trade unions, employers and employees, the media, educational and research establishments – who up until now seem to get the shorter end of the stick – must take pride of place in the system as it develops in future."

To this end, Mr Lamel claims to take as many users as possible explicitly into account and to get non-governance users involved in the planning and production of statistics at an early stage. This, he expects, would automatically lead to an increased relevance of what is being produced.

"Improving the European public's general attitude to statistics will be no easy task", he admits. Although many measures such as the setting up of Data Shops and the websites as access points have already been taken, a great deal remains to be done. In this context, he would welcome a common ESS portal as a single access point, "which would certainly help to facilitate the search for ESS data.

"Another important measure should be aimed at intensive users and try to integrate them more closely into the statistical network. Intensive users are also those who are most outspoken on statistical matters as well as being important suppliers of data in many cases.

"Every possibility for improving the dialogue between the ESS, the users and the respondents must be exploited."

### The earlier, the better

Making citizens familiar with statistics should, in Mr Lamel's view, start at school: "The earlier people learn about the role of statistics in a modern democratic society and how to deal with it, the better. Eliminating statistics from economic studies, as some Member States have apparently done, is definitely a step in the wrong direction."

Part of the pact with citizens is for Mr Lamel to make the usefulness of statistics clearer to the European public than it has been in the past. "Once the user has found the statistical information he was searching, and provided that they are supplemented by the necessary methodological explanations and metadata, the

Joachim Lamel was until recently Executive Secretary of the industry section of the Austrian Federal Economic Chamber and is Vice-Chairman of the European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES).

The CEIES is a key player in mediating between statistical producers and users at the European level. Made up of representatives of industry, employees, science, the media and consumers, the CEIES is the mouthpiece for European civil society, or non-governance users, to use the expression coined by some commentators.

As such, the CEIES regards itself as a counterweight to the government user level, which in the perception of Mr Lamel determines largely how Community statistics are shaped.

usefulness should be a direct result of the data and obvious.

"However, the critical point in our attempts to establish statistics in the minds of the citizens as an instrument used by civil society will be, making people realise the indirect benefits. This is crucial to our achievement of a positive attitude to the ESS."

### Let's seal a pact with the public

Closely linked to this is the question of direct and indirect costs. For users, the costs of statistics consist above all of the costs of gaining access to statistical information. The position of the CEIES in terms

of costs of statistics is clear and derives from the EU's 'statistical law'<sup>1</sup>, which states that "dissemination shall be carried out in such a way that access to Community statistics is rendered simple and impartial throughout the Community", and from the CEIES's understanding of statistics, as a public good. Basic data should therefore, according to the CEIES, be available free of charge.

But there is another aspect of costs, which is essential to the question of usefulness of statistics and when it comes to explaining the role of statistics in democratic societies: "Non-availability of statistics entails substantial costs for society that exceed by many times the costs of obtaining the corresponding information", Mr Lamel explains. "The availability and quality of statistics for the guidance of policy measures are particularly important for those members of the public at whom the measures are directed, but basically all European citizens are concerned.

"An example might illustrate the kind of amounts involved without wanting to go into the theory of financial policy: In 2000, private consumption in the euro-zone totalled 3 662 billion euro. A 0.1% reduction in the inflation rate would therefore increase purchasing power in this economic area by 3.7 billion euro. However, the link between the statistics required and the quality of policy measures all too often goes unnoticed.

"The ESS should therefore endeavour to make a pact with the public", Mr Lamel concludes. "This entails making people aware of what it would cost if statistics were not

available and making them understand that statistics is a precondition for making better and more targeted policy. This might sound simple, but we have to put it into practice and prove the usefulness concretely for all statistical projects.

"But above all, it should be the strategic objective of the ESS to create a win-win situation, in which both parts benefit. The citizens of Europe will provide the statistical system with the data and information that only they possess and that cannot be obtained from other sources.

"The statistical system will, in return, give the general public access to all results, thus enabling citizens to form a picture of the current state of society. Statistics is not a thing in its own right; it is made for society. In a system in which both parties are aware of this relationship, statistics will surely be better rooted in society.

"The ESS's 'Unique Selling Proposition', as it would be called in business terms, or simply the relative advantage it has to offer compared to other statistical information providers on the market, consists in the relevance, reliability and comparability of the data it provides and in the independence of its actors. Citizens should know that ESS data help to lift the fog, that the data are not one or another shade of colour and that they can rely on them unconditionally. Our strategy must be to further exploit this plus point and make the ESS a brand-name for these qualities." ■

<sup>1</sup>) Council Regulation (EC) No. 322/97 of 17 February 1997.

**JOHN MORLEY**, of the European Commission's Directorate General for Employment and Social Affairs, encourages European statisticians to address all – even the 'touchy' – questions. From the perspective of both policy and users, he comments on the concern that the ESS might be one-sided in its user focus.

## What about politicians' numeracy skills ?!

**B**efore reflecting on the future of the ESS and European statistics, let's try to answer one question first: whom does the ESS serve? Several views seem to imply that there has been too much focus on the needs of the Commission, rather than on those of the general public, national governments, the regions, or analysts.

If that were true, it would obviously have quite serious implications for political and economic governance and democracy. And it would be an obstacle to our statistical services contributing to the task of making Europe more tangible to our populations.

### Barking up the wrong tree

In my view, however, it is a misreading of the situation. The European Commission may be taking the lead in pressing the case for comparable EU-wide data, but this is largely on behalf of others – national governments, social partners, and NGOs (non-governmental organisations).

The reality is that, since the changes brought by the Amsterdam Treaty and EMU, national governments increas-



*"We need to help politicians become more numerate and make greater use of EU-wide data and comparisons."*

ingly benchmark their performance against others – whether in economic and social fields or beyond.

And both the main European social partner federations – the ETUC (European Trade Union Confederation) and UNICE (Union of Industrial and Employers' Confederations of Europe) – now issue their own benchmarking reports with national, and sometimes regional, comparisons.

Across the social field – encompassing employment, income, social protection, social inclu-

sion, health, education and training – we now have governments actively engaged in pursuing common policy goals at EU level, through the rather oddly described 'open method of coordination'.

The crucial political characteristic of this 'method' is that, while individual governments work towards commonly defined goals – on employment, social protection, or health – they are free to decide how to achieve them.

Such freedom of choice does not remove the need for com-

parisons, however. Rather, it has led to pressure for much better, more comparable, EU-wide statistics so that governments and others can measure progress against their peers.

### Comparable data, please

Policy-makers and public alike ask similar questions – about economic growth, living standards, employment and unemployment, health, equality, poverty. And in most cases, people want to know how their country or region compares with others.

Likewise, analysts want to look at causes and consequences. Where cross-country comparisons can provide valuable insights, especially when time-series data are limited.

In all this, the notion that there is value in retaining national or regional statistics which are technically superior to those available elsewhere, but which are not easily comparable, has little public appeal.

Indeed, a lack of comparability is an enormous source of frustration and irritation for most people. On the whole, the public trust statisticians more than they do politicians. And they feel that they are being duped if they cannot easily compare!

Let me illustrate this with examples: one showing the value of comparative European data, one showing where a more common European approach is needed and one showing a surprising gap in European data.

The employment data provide an example of good practice. At the Lisbon European Council in spring 2000, the EU Member States set quantitative employment targets for the EU in terms of the employment rate. This was a major political step forward – in terms of both, setting targets and moving away from comparisons based on less reliable unemployment data.

Interest in these results, and the desire to extend this approach to other policy fields, has encouraged rapid progress in developing household panel data. This has meant considerable progress in some areas, not least in terms of the distribution of incomes, but it has also high-

**John Morley**, aged 62 and an economist by background, has been working closely with statisticians for more than 30 years, firstly in the UK, then at the European Commission, where he dealt with employment issues and the development of the labour force survey, before becoming more involved in other areas of social and economic policy. He is now Adviser to the Director-General at the Commission's Directorate-General for Employment and Social Affairs.

lighted some shortcomings – notably in terms of measuring skills and abilities.

The evidence of a strong relationship between a compressed income distribution and a high average level of literacy has significant policy implications in terms of education investment and social transfers. Yet, not all EU countries participate in the literacy assessment.

### What about holidays?

My third example concerns holidays – a subject dear to the hearts of Europeans, but where, surprisingly, we have little comparable data.

As it happens, I was approached last summer by an American researcher who wanted to publish a paper criticising the lack of basic US legislation on holiday leave, and who was looking for data.

While it was easy to demonstrate the superior legal rights in the EU compared with the US, it was much more difficult to compare the realities since

there is no 'official' data comparing holidays actually taken in the EU compared with the US. Given the continual arguments about the comparative merits of the EU versus the US socio-economic models, this seems a serious oversight on our part.

### Nothing is too difficult

I would like to address one more basic question – whether we are moving fast enough in adapting the supply of data to our changing economic and social needs.

I can see two clear schools of thought here. One would have been well represented by one of the UK's past Chief Statisticians, Roger Thatcher (no relation!), who put tasks into different categories. And one of them was called the 'too difficult' category, where he would have put this question.

On the other hand, I find myself continually perplexed that we know so much more about what goes on in the agricultural sector – which employs 4% of our populations – than we do about the various branches of the service sector which, together, generate two-thirds of our GDP, and provide even more of our employment.

Users recognise that an awful lot has been done to improve data availability on a variety of new issues – such as child care, social inclusion, the knowledge society, quality of work and so on. With the gender dimension treated much more systematically these days. But that is not a reason to hold back from a more fundamental review across the whole economic-social field.

The ECB has certainly helped shake things up, and mobilised support for better short-term data.

However, there is equally a need for more structural data – on issues like productivity and the measurement of capital stock. And particularly on the economic and employment structures within the different sectors grouped under the label of services.

### Getting to look like Uncle Sam

Turning to comparisons with the United States, I fully recognise that the EU is not the US in political terms. But it is its equivalent in economic terms – size of GDP, trade with the rest of the world, and possibly the degree of integration between regions. And the EU and US are becoming increasingly similar in terms of economic management – a single market for all, and a single currency for most countries in our case.

There can, in my view, only be one sensible long-term outcome – which is an integrated EU-wide ESS, able to deliver data to the EU public, and the world at large, in the same way the US is currently able to do.

Data have a great deal of political potential. My only surprise is that so little top level political use has been made of it so far in the EU compared with, say, the US. Maybe one of the key tasks for the future should be to encourage more EU politicians to become more numerate and make greater use of EU-wide data and comparisons. Let's help them do that. ■

Tomorrow's ESS needs a sturdier institutional status if it is to be recognised as the independent statistical authority of Europe. This is the main conclusion of **RUUD VAN NOORT**, Director-General of Statistics Netherlands, who analyses the ESS in terms of an 'authority' enjoying professionalism, independence and impartiality, as well as a sufficient budget. *Sigma* asked him to share his vision with us.

## All together now for a statistical authority

If I stand back and look at the ESS' performance, I see a mixed picture. Generally speaking, the ESS is well respected as a data producer for EU policies, with its statistics being used heavily by the Directorates-General of the Commission, the European Central Bank (ECB) and the Council.

However, the ESS is not exactly 'in the picture' when the policy-makers discuss and decide about the relevance and quality of statistics needed to formulate, monitor and assess policy objectives.

This is especially the case in the field of open coordination (The Lisbon Process) and subsequent demands from Councils, which have been constantly growing in recent years. Each Council – Ecofin, Social or Environment Councils – defines its own list of structural indicators without consulting the ESS. Neither Eurostat nor the ESS as such are asked to give their professional advice on the relevance or quality of an indicator. In the absence of a structure, in which the ESS is consulted and asked for its professional opinion, it finds itself merely



Ruud van Noort (59) has been at the steering wheel of Statistics Netherlands since September 1999. Since then, he has earned an international reputation for himself. Before taking up his post at Statistics Netherlands, Ruud van Noort had been director-general of the National Institute of Public Health and the Environment (RIVM) of the Netherlands.

receiving 'orders' to produce statistical data.

### Dialogue with policy

This just-do-it philosophy is not a health state of affairs. Being professional is also about being pro-active and giving

advice, even on one's own initiative. Whenever a new policy area is on the table for development, either by the Commission or Council, the ESS should give advice on the statistical consequences and options for a sound statistical basis.

The ESS (Eurostat and the NSIs competent in the respective area) needs to set in train an immediate dialogue with policy-makers about the statistical component of the policy area in question. Involving the ESS (through the Statistical Programme Committee, SPC\*)



in the dialogue with the users very early on helps to avoid unrealistic expectations.

### A statistical protocol for the ESS?

Without undermining the importance of Article 285 of the Treaty, the 'statistical law' and its accompanying Commission Decision, I would like to see the institutional position of the ESS and SPC be beefed up. Without a strong institutional foothold, the ESS runs the risk of being ignored by other, more firmly rooted, institutions.

So, what could be a possible way forward? The status of our statistical partner, the European Central Bank, could show us the way. The Protocol to the Treaty of Maastricht, the ECB and the European System of Central Banks (ESCB), defines the tasks of the ECB; it was given the power to launch legislation in so far this is deemed necessary for the execution of its tasks.

The same model could be used for the ESS. Such a protocol could not only govern how statistical legislation is passed, it could moreover secure a much stronger position for the SPC: no decision would be made about statistics or statistical indicators without consulting the SPC.

Injecting the ESS with a strong institutional status means putting its independence down in black and white in legal terms. This can have an important psychological effect and can contribute to an increased credibility.

In the short term, we could try and strengthen the position of statistics by a permanent Council Working Group on

Statistics. The most important task of such a group would be to serve as the interface between the Directorates-General of the Commission, as main users, and the ESS. It would be part of a more proactive involvement of the ESS in the translation of policy needs into a concrete statistical programme without inventing the wheel all over again. The definition of the required indicators should not be left to the users alone, but made by both users and statisticians.

The most important question for such a group would be: 'How can the needs be treated in the most effective way?' This could be profitable for all parts – for the society at large because we could limit the response burden by verifying what is already available, for the NSIs because we could try and avoid costly and time-consuming new enquiries and, finally, for the users, because we could deliver timely results.

### Independent in its actions

But independence, which would be locked in by a Statistical Protocol, is first and foremost demonstrated by the way the ESS acts. It is a *sine qua non* that statistical output is not influenced by political interference in definitions, methods and concepts.

To what extent is this case for the ESS? In some areas the definitions, for example, for unemployment, are decided through comitology where the SPC as the statistical authority is responsible. In other areas, the Council and the European Parliament decide on the methodology and concepts in framework regulations and are thus subject to procedures, which leave more room for political views or preferences.

With a view to independence, any formal decision on methodology and concepts should be left to comitology procedures.

Very much related to this issue is the authority for the publication of statistical results. Any appearance that political services have a say in when and how statistical results are released must be avoided. Users and the public must be able to rely on the impartiality of the statistical authority.

### Making better use of available knowledge

But the independence of the ESS is not only shown in the fact of being responsible for concepts and methodology, or in its status being legally enshrined, it also materialises in a professional attitude, where the ESS shows its competence as a high profile centre of knowledge.

It goes without saying that the ESS must work much harder towards achieving the status of such a high profile centre of knowledge. Both Eurostat and most NSIs suffer from insufficient resources to cope with all the new requirements they are increasingly faced with, at both EU and national levels.

The way we work together in the ESS hitherto is not based on integrating statistical systems or a structural exchange of expertise and knowledge. In the future ESS, we should seek to solve problems by tapping more national knowledge and experience. If the angle of work were to shift and focus more on such an objective, much more could be done with fewer resources.

Why shouldn't what works perfectly in research, the envi-

ronmental field or public health not work in statistics? Thematic centres pool together their efforts and concentrate work on a specific topic, which allows faster progress to be made than everybody working on their own.

Within the ESS, several NSIs that are strong in a specific area could come together and make everybody share the fruits of their work. In this win-win situation, everybody could make full use of their strengths and share the developments within the ESS, while having more time to get on with their day-to-day business.

### Speed up for Europe

A rather weak point of the ESS has been, and still is, the delivery of timely results. Official statistics are published long after the reference period. Users, both at the national and international levels, fail to understand why the production of reliable statistical results takes so long.

And yet, if we look at the decision-making process for new legislative acts, we can still see that quite a lot of countries ask for longer delays before transmitting the results to Eurostat. From a statistical point of view, the reasons for requesting such derogations are quite understandable.

But we have to remember that there is the risk of users resorting to other, non-official sources, for data available in the shorter term.

One of the main goals of the ESS should be, therefore, to meet the timeliness and other quality criteria laid down in

\* The SPC, in which all heads of EU NSIs are represented, is the decision-making body at the ESS-level.

all legal acts and gentlemen's agreements.

The problems in terms of timeliness at present in EU statistics hamper Eurostat in its compilation of EUR12 and EU15 totals. With the future enlargement of the EU, these problems will only multiply. It is, therefore, vital to explore the means for compiling EU/EMU totals even if not all member states deliver their results on time.

Of course, it remains the responsibility of each individual country to decide whether it will meet the same timeliness of results for national data.

For the Netherlands, the main principle will be to disseminate national results with the same timeliness as EU/EMU results. Nevertheless, Statistics Netherlands is exploring the possibility for sending preliminary data to Eurostat for the compilation of EU/EMU totals, even when the data are not considered sound enough for dissemination at the national level.

On the other hand, the ESS has shown that it can provide an adequate answer to users' demands, such as through the work of the EU/USA Benchmarking Task Force and the subsequent Friends of the Chair group on improving short-term economic statistics.

These groups, like the Leadership Groups (LEGS), prove that teamwork by Eurostat and NSIs is much more productive. Working along these lines, as a strong integrated network, is, in my opinion, the best – and only – way forward.

### The financial backbone

None of the characteristics of a professional statistical authority can be met without sufficient funds. This is just as true at the European as at the national level. New demands need to be accompanied by proposals of how it could be financed – either by appropriating money to it or by naming those statistical requirements that have proven to be obsolete and can be trimmed down.

The current system of financing, in which large parts are directly financed by the respective Directorate-General, does not allow Eurostat or the SPC to set the priorities in those parts of the programme topping the agenda. Take the statistical requirements for EMU. Although EMU statistics were considered to have the highest priority both from the national and the EMU perspective, the budget was inadequate. On the other hand, money was available in areas that were considered to be less policy relevant.

A core programme of statistics should therefore be centrally financed rather than directly by interested users. This would not only introduce a constant element in the financing process but it would, above all, allow for re-allocating means to priority domains.

### Getting started

I'm not asking for a lot of extra money from the Commission – I am simply pleading for combining the discussion on additional requirements with that on budgeting, because they are clearly related.

## "Ten commandments"

Ten commandments especially designed for the ESS should help to bring about a change:

1. The ESS has to demonstrate its professionalism by becoming pro-active and giving statistical advice for all new policy areas.
2. The ESS needs to set up a dialogue with users about new data requirements at the earliest possible stage.
3. The institutional positions of the ESS and SPC need to be strengthened, ie. by aiming at a Statistical Protocol in the Treaty.
4. The ESS should aim at a permanent Council Working Group in the field of statistics.
5. The ESS strategy needs to make very clear the need for a sound financial basis for the statistical system.
6. Recruitment procedures should be changed so that Eurostat can recruit permanent staff with statistical expertise more flexibly.
7. Decision-making on statistical methodology and concepts should be kept in the hands of the ESS, ie. through comitology procedures.
8. The ESS should aim to obtain the status of a high profile centre of knowledge and expertise in the field of statistics.
9. Exchange of expertise and knowledge within the ESS should be organised in a more systematic way.
10. Strategic planning is to be included in the agendas of the Partnership Group and the SPC on a regular basis.

Achieving these goals will require a lot of effort and won't happen overnight. Some parameters such as the political climate may even be beyond our power.

But this should not leave us feeling powerless. There are possibilities and actions we can focus on, such as better strategic planning, concentrating on all 'players' involved – the Directorates-General of the Commission, the Commissioners, the ECB,

the Council's various formations and their Committees, the European Parliament, national authorities, and the media. We need to pinpoint what we want to achieve with each relevant party before we then agree on which actions are to be taken and by whom.

These issues should be placed frequently on our agendas, because honesty compels us to admit that the statistical system is all too often ignored. ■

**DANIEL BYK**, Eurostat Director in charge of dissemination, takes a closer look at how the dissemination function contributes to the ESS' image, and argues that it is part and parcel of the statistical process that 'creates' an identity, which can only be seen and assessed via the same function.

# Showcasing 'Statistics Europe'

For users in the know, for the 'data literate' and the general public, European statistics well and truly exist. There is a growing demand for and on statistics, and they pop up more and more in the media. Open a newspaper, or turn the TV or radio on, and they are there, with decimal points and percentages, averages, year-on-year comparisons and so on.

When the ECB takes a critical look at the information available for managing European monetary policy, and when Reuters publishes an annual comparative analysis of Europe and the USA in terms of socio-economic indicators, the whole European statistical set-up comes into the spotlight and is seen as falling short.

The increasingly specific and well-researched questions posed by journalists are an indication that ESS data are regularly consulted and that people also grasp the system behind it. More than that, 'experienced' users understand our respective roles. They naturally expect different services from Eurostat and the NSIs or other parts of the ESS, but they can see the connection between what Eurostat can disseminate and the roles and/or responsibilities of other parts of the ESS.

The comments that are prompted gradually build up the



image and identity of the ESS. In other words, the dissemination of ESS statistics provides the system's very image and indeed identity.

## The business of information brokering

What is judged, assessed and evaluated is the statistical production of the ESS. Dissemina-

tion sets the conditions for this assessment. But what is the situation of common dissemination concretely?

Joint projects for disseminating ESS figures have been started in a number of areas. We have worked together to develop a set of statistical dissemination products such as Europroms for industrial products. Incorpora-

tion of European data in products compiled nationally within the ESS is more and more common, as is the distribution of Eurostat news releases by the press offices of some NSIs.

With the development of the Euro-Indicators database and the respective website, the ESS has responded to the need of short-term indicators for economic analysis. And there is one facility, which teaches us valuable lessons about users' needs, the Data Shop network.

## Datashopping ...

The Data Shops provide an information service to the users of European statistics who are mainly outside big government departments or institutions. To give an idea of the numbers involved, we currently deal with about 45 000 requests a year and have about 120 000 users on our records. Total network sales have virtually doubled in four years. Most of the Data Shops are run by the NSIs, which thus supply the necessary staff.

Talks are now in progress with the OECD so that it can also disseminate statistical data from us.

## ... for quality

Just as for the production of statistics, certain quality criteria also apply when it comes to dissemination.

Adapted to the nature of dissemination, such criteria could be the relevance in responding to requests, the exhaustiveness of the answers, the freshness of data provided, adequate presentation and explanation for users, correct pricing, the speed in responding to requests and a personalised follow-up.

The large majority of the 16 Data Shops have, in fact, signed a quality charter and have committed themselves to these criteria, adherence to which is continuously monitored and facilitated by Eurostat. One interesting finding of this exercise has been that users do, in general, not complain about the price but about the freshness of the data and about the relevance and service offered.

### Role of the Internet

No strategic reflection can seriously be made without considering the Internet with its obvious success. Let me try and discern some trends:

- ▶ Websites can pursue different aims: publicity for the institute and its products and services or access to all or some of the data (with some blurring of the aims).
- ▶ There is a trend currently for access to be free of charge to what is termed database or general information.
- ▶ There is strong pressure from Internet users to get properly documented information. If it is not properly documented, the burden on site operators (webmasters and so on) increases with the success of the site.
- ▶ Navigation among ESS sites – easy if links exist – makes comparisons easy and sets up a kind of rivalry or imitation.
- ▶ In this respect, the ESS has a pooled experience with its Euro-Indicators site (<http://europa.eu.int/comm/eurostat/Public/datashop/print-catalogue/EN?catalogue=euroindicators>), which prompted much discussion over

whether access to the data should be payable or free of charge (there was considerable national pressure for upping the charges).

- ▶ Paradoxically, it can be seen that after a downturn in revenue from regular sales (products and services) as a result of the increased availability of free data, the demand for tailor-made services grows.
- ▶ The effect on traditional products (printed or electronic publications) is considerable, with a slump in sales of bestsellers.

We should use the Internet for one of our next concrete projects and raise the image and visibility of the ESS by setting up a common platform. This would facilitate the access to ESS data and at the same time enable the user to grasp the ESS as an entity rather than as fragments.

### Branding the ESS

The concept of such a common portal is fairly unproblematic; it is the implementation that poses difficulties. The simplest version of such a platform would be to unite all parts of the ESS under a common address and heading. Such a common 'Statistics Europe' site would, in addition to giving a general presentation, redirect the user to the different parts of the ESS.

In a more sophisticated version, such a platform would enable the user to access the different sources (NSIs, Eurostat, etc.) around diverse statistical subjects. There are, of course, technical questions that need to be addressed such as whether to store the information centrally or separately according to the data source.

Other questions concern user friendly-navigation. A common portal would require the meta-information to be offered in all the languages of the ESS and correspondence between each possible language combination. To this can be added the design of a powerful search engine to enable non-specialist users who do not necessarily master the statistical terminology to search successfully.

One thing to remember is that we are not starting from zero, but that we have to reinforce our strategic discussion and put it into practice.

### 'As well as' instead of 'either / or'

But going beyond several joint projects for common dissemination in a wider sense necessitates reaching an agreement on some basic questions. Instead of continuing to discuss blanketly about *whether* data should be payable or free of charge, we should start talking about *in which cases*.

One does not rule out the other. Again, looking at Internet trends I see the tendency moving from 'everything free' to a mixed approach taking better account of the heterogeneity of needs.

'One size won't fit all' is a constant refrain, but we should draw the conclusions of this knowledge. Before you renovate your house, you will probably weigh up a finished product against a do-it-yourself solution.

Even if you are a handyman, you will not always go for the do-it-yourself approach. You will evaluate the costs and time needed and will opt for one or the other solution on a case-by-case basis.

The same logic must apply when disseminating statistics. Some basic information must certainly be free of charge while the large part of services and products must be targeted and focus on the expectations of diverse user categories. Such services carry, of course, a certain price tag.

We should also fulfil the demand for services with value added. This ranges from giving users access to know-how and metadata to providing the results on the medium selected by users and to a tailor-made and personalised treatment of demands.

The work of dissemination thus becomes a kind of brokerage, providing service beyond the products on offer.

### Lessons to be drawn

The experience with the Data Shops and with the Internet lead to some more general findings that may help and show us the way towards an intensified discussion on a common ESS dissemination policy.

Our identity and image rest, in particular, on the dissemination of the data produced by the ESS. Dissemination showcases the quality of all our work. Care and concern for quality are thus vital.

The success stories in statistical dissemination, whether at national or Community level, involve targeted products or services, which are tailor-made for a specific use or group of users. Universal products or services are pie in the sky. Free Internet access to every database does not satisfy the needs of specialist groups. We need to go for approaches that are created in response to properly identified needs. In this regard,



"... teaching lessons about users' needs – the Data Shop network."

the world of education (secondary and higher education) undoubtedly represents an important target for cooperation and concerted action within the ESS. (Pedro Campos describes in the following article how the INE Portugal approaches this target.)

### Right people for the job

Compilation and dissemination of statistics are different jobs. We are not jacks-of-all-trades. We need to train people and/or work with specialists and professionals. Our lack of success in relation with the dominant medium in society, television, also points to this need to cooperate with specialists whose skills differ from ours.

In service activities, quality depends on the quality of the people handling requests. The degree of competence, training and concern for effectiveness are major factors in how users view quality. Our shortcomings in this area stem from choices, which all too often give these jobs to people who are inadequately qualified or who do not have the proper skill levels.

The Internet and free access for everyone are not miracle solu-

tions with a one-off cost. Without good and easy to understand quality meta-information, the back-up that is needed to cope with all the requests is hard to manage properly. Regular input of relevant metadata is also very costly.

### Joint action for a common goal

Dissemination of statistics within the ESS has undergone a radical mutation in the last decade. Demand has grown, and there is greater variety. But the changes around the corner are even greater.

We are just experiencing the start of the Internet and its effects. We are thinking about the future of various statistical fields, about the problems that are emerging in matters such as globalisation and the information society. But it is as though we were being swept along by the technological advances affecting dissemination instead of making use of them.

It is not a case of harmonising dissemination policies and measures and providing a neat set of rules and regulations, but in addition to sharing good practices, we need to tackle

problems together and share ideas about the future of dissemination. ESS involvement in genuine strategic thinking about dissemination is a major challenge.

We need to strengthen the links between the dissemination of national statistics and the dissemination of European statistics: by making it easier to navigate and switch between national and Community websites, by developing concerted approaches to sectors that are poorly or inadequately covered – education, for instance – and by showing in this way that the dissemination of European statistics, like their compilation, is an integral part of NSI activity.

### Strategic thought is needed

The ESS suffers from a deficit of reflection and dialogue to make further progress in joint dissemination. In other areas of European official statistics, the directors in charge meet regularly and elaborate a strategic vision whereas the specialised groups deal with the implementation and the day-to-day business.

In dissemination, a working party exists for consultation, cooperation, dialogue and exchange of information.

However, over time the focus has more and more shifted to the day-to-day management of concrete projects. As a response, a reflection group on the future of statistical dissemination has been set up with the aim of looking at the questions involved, good practices, trends and possible future scenarios.

This group, with its strategic role, has however not yet received the full backing of the NSIs, for several reasons. The mixed membership hinders the dissemination groups to play the part of a sectoral committee, unlike for example in social or business statistics.

Strategic reflection on dissemination takes place, but the strategic vision is elaborated in each Member State separately. A large part of the people feeding the debate at a country level is simply not taking part in the European working group. Therefore, messages on a joint dissemination strategy for the ESS have hitherto been confined to lip service.

To this can be added that for 'soft activities' such as communication, dissemination and marketing, there is less of an obvious obligation to cooperate than for the 'hard activities', statistical production.

Dissemination is not a matter for legislation – we need pioneers and forerunners. At least the large countries should be represented in the working groups. But since there is no immediate pressure to cooperate in dissemination, neither the means nor the time is dedicated to this issue.

It takes time for everyone to come round to the conviction that there is only one common way forward. But we should be mindful of the need to catch the moving train. ■

Official statistics has targeted the world of education as fertile ground for public outreach. With this in mind, Portugal's statistical office (INE) has designed a website – ALEA – facilitating statistical literacy for tomorrow's users and budding statisticians. **PEDRO CAMPOS**, head of dissemination at INE's Porto regional directorate, describes the aims, workings and first experiences with the site.

# Now, that's edutainment

Let's be frank. To understand the written word, let alone statistics, we sometimes need a huge amount of grey cells as well as mental gymnastics training. To understand statistics, one not only needs to master a foreign statistical terminology, but they also need to know about methodology and metadata.

Statistical users must therefore be provided with tools to decipher this specific language and young people, in particular, must be helped to overcome their reluctance to deal with this subject and become critical and responsible users of statistics.

This is where the ALEA project comes into play. ALEA – Local Action of Applied Statistics – is a new instrument to support the teaching of statistics to primary and secondary school students and teachers through an interactive page on INE's website (<http://www.ine.pt>).

The project started out as a joint proposal by Tomaz Pelayo Secondary School from Northern Portugal and INE, and has now become a joint project with a third partner, the Ministry of Education. The school, having considerable computer resources, namely a multimedia workshop where it edits and produces educational material, was particularly qualified for such a project. In terms of resources, ALEA has benefited from European

funds through Portuguese operational programmes aimed at developing educational resources and training.

What's in it for us? The answer is simple. Statistical institutes, in carrying out their activity, are responsible not only for producing, disseminating and analysing statistical information but also for ensuring that this information is understood as objectively as possible. Our specific interest in ALEA is in disseminating data and promoting the use of statistical information for a specific public.

## Multi-disciplinary input

To create the site, we needed more than statistics anoraks! The ALEA team brings together people from INE and Tomaz Pelayo Secondary School with different backgrounds – economy, statistics, mathematics and sociology. An external consultant – who also consults for the second-

ary school mathematics programme on which all the statistical concepts presented in ALEA are based – contributes in terms of elementary statistical concepts. Not to mention the web designers involved in page design and content creation, and schoolteachers who translate the website so that English- and French-speaking students in other parts of the world can also benefit.

## Rethinking statistics pedagogy

One reason that pushed us to become more proactive in the 'statistics and education' area was that, in Portugal, the teaching of statistics was recently included in the O-level (7th, 8th and 9th years) and A-level (10th and 11th years) mathematics syllabi.

Elementary topics such as the gathering and organisation of data, data representation and interpretation, measures of cen-

tral tendency and probability calculation are taught at primary school level, while secondary school students are introduced to more elaborate concepts such as inductive statistics.

This development encouraged us to reflect on the usual introductory courses in statistics. The ALEA project, taking advantage of its complimentary character in relation to the classic concept of the lesson, is equipped to adapt to the new paradigms of teaching statistics.

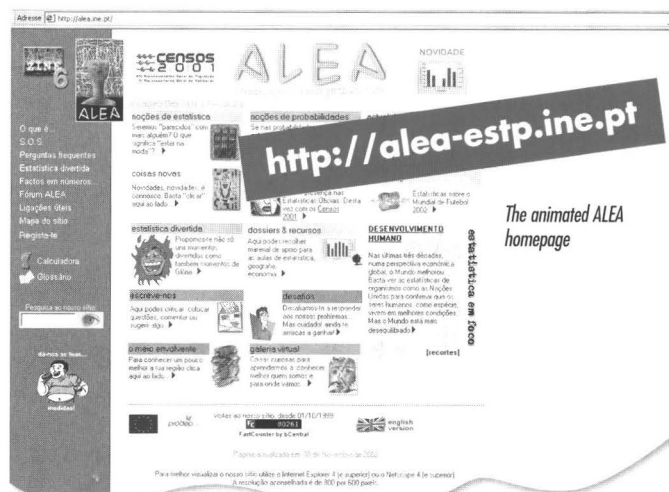
For readers who are unfamiliar with the world of teaching statistics, statistics pedagogy is said to follow four paradigms. Statistics as

1. a branch of mathematics;
2. data analysis;
3. experience planning;
4. a problem-based matter.

## Encouraging statistical reasoning

Traditional statistics teaching focuses on the first three aspects. However, statistical reasoning must come before statistical methods. It is not advisable to present statistics at the introductory level as a branch of mathematics. Good statistics should, of course, be identified with purity and mathematical precision, but it is also associated with careful thinking.

Adopting the last paradigm implies, therefore, demonstrat-



ing that statistics are part of a problem-solving strategy. Statistical methods would, thus, be used to define a data set and not the other way round. Under this perspective, the course is organised as a series of applied problems – problems that could very well be taken from news items with a statistical content found in the mass media. Demonstrating the power, elegance and beauty of statistical reasoning by using realistic examples will encourage students to use critical thinking skills – an ability for life.

In this sense, the ALEA project aims to create a place where both teachers and students can take part in solving everyday problems giving rise to reflections of a statistical nature. It also gives an opportunity to use interdisciplinary activities by using and serving other subjects besides mathematics.

In some courses, students are suggested to read the texts before the lessons, during which only questions regarding the data sets to be analysed are discussed. By placing a vast quantity of available official statistical information at the disposal of students, and by allowing them to create their own documented databases, ALEA complies with this pedagogical approach.

### Learning by doing

Developing students' statistical reasoning includes active learning strategies that make it possible to supplement what they have heard and read on statistics, and actually produce statistics. Experimental learning ('learning by doing') must be supplemented by the written and oral presentation of results.

Because writing helps to clarify and understand a subject, students present their statistical project with its objectives, how data

were gathered, data-based inferences and, finally, questions or reservations concerning the conclusions found. The results of the best statistical work in the courses, after correction by the teacher, are then made publicly available in the 'Virtual Gallery' of ALEA's website.

### Statistics can be fun

Who said statistics was boring, all work and no play? Our site proves the contrary with a selection of edutainment activities using fun cartoons, animated images and the like.

With the 'Trivial Statistics' game, based on the famous Trivial Pursuit, the idea is to better understand INE's website by asking questions on a number of different topics (demography, health, external trade, etc.). Knowledge and speed are important elements of the game.

In 'Glory of Statistics', the user is asked about descriptive statistics, and must calculate, against the clock, parameters like median and average for a given list of values.

### Other features & initiatives

Statisticians are well aware of how the media can sometimes misinterpret statistical data. The site therefore tries to stimulate users' understanding of statistical information in the media, with analysis and comment of texts extracted from newspapers and magazines.

Other practical tools such as a calculator enable the user to edit data obtained through classroom or field activities such as compilation of questionnaire results, collection of data sets, among others.

One of our latest projects was in the context of the 2001 popula-

*Test your statistical knowledge – ALEA proves that statistics and fun can be good bedfellows*



tion and housing census. We carried out a survey with a sample of about 200 schools, involving almost 11 000 students. This mini-census entitled 'you count, too', collected information about the use of information technologies (PC, Internet), daily aspects of the students, including transport, friends, etc.

We have also developed two courses, available online: 'Statistical concepts', presenting elementary concepts of descriptive statistics and 'Probability concepts', providing concepts and exercises on probability.

An e-learning environment is also being created, based on the two statistical courses available on ALEA. This area will allow teachers and students to develop some statistical skills, under the guidance of a tutor, who can remotely monitor the class, using synchronised resources such as a chat room or, even through sporadic face-to-face statistical sessions.

And if that's not enough, a CD-ROM and other multimedia products have also been developed to supplement what is on the Internet.

### Some 400 visitors a day!

The ALEA website averages about 400 visitors per day,

who spend about 13 minutes online; a real success!

Moreover, the feedback has generally been very positive. Every day, the ALEA team receives suggestions for improvement; contributions to the Virtual Gallery, or questions via the "ALEA Forum".

The ALEA project is widely known in academic circles and teacher disciplinary groups. Several times a year, we promote the ALEA web pages by providing schools with posters, the magazine ALEAZine and CD-ROMs. To maintain a direct link with the users, the ALEA team maintains a list of contacts with teachers and schools. In addition, cooperation projects are being established with the Statistical and Mathematical Societies and the Mathematical Teachers Association.

People from the ALEA team are frequently invited to present the project in conferences and seminars related to edutainment, distance learning and statistics teaching. And if you go to the next ISI world congress in Berlin in August 2003 (see article on page 47), you will hopefully bump into us presenting it and share your comments and suggestions with us. ■

We've heard about people's ideas for reviewing the way the ESS works. We've also learned about enlargement as one of the main challenges. But what do the Candidate Countries think? How can they contribute to the discussion? In preparation for Palermo, the NSIs of the Candidate Countries came together in Budapest to discuss how they think we can get the ESS house in order. **TAMÁS MELLÁR**, President of the Hungarian Central Statistical Office, who hosted the meeting, gives the lowdown.

# ESS rethink: a puzzle for 25 and more players

**A**s the Candidate Countries, we have been working closely within the ESS for a good decade now, so much so that we feel, in many respects, part of the family. We know that the future of European statistics lies in the future of the ESS and that we have the strength to make it the best system in the world. This is why we would like to offer our hands and tools in carving out its shape.

## Organisation matters

Where should we begin? Apart from endorsing moves to establish a solid legal footing for the ESS, our general view is that the ESS should work as a coordinated network, rather than a single administrative structure. The system requires strong professional integration based on mutual trust and commitment in a non-hierarchical network, in which the

roles and responsibilities of all partners in the ESS are clearly defined.

Within this structure, there is a need for central coordination, a role which we think Eurostat should play more. Attention should also be paid to coordination within Eurostat, especially between its various units. Currently, there are a number of issues that are handled differently by individual units within Eurostat, which often puts an additional burden on the shoulders of NSIs.

In addition, there needs to be a better division of responsibilities between the Statistical Programme Committee (SPC) and working groups. Well-prepared and documented working groups should deal with technicalities, leaving more time for the SPC to deal with strategic and programmatic issues. But to achieve this, the structure and procedures of working groups should be revised, including the standard and the timely availability of documents, allowing enough time for NSIs to discuss internally before meetings.

A more delicate issue to put into words is our concern about our

unclear status in decision-making. We accept that we are not yet EU members. But with enlargement looming ever larger on the horizon, the participation and responsibilities of the Candidate Countries in the decision-making processes of the ESS should be clearly defined. Preferably, our status should be equal to that of other members of the ESS, considering that we are already obliged to provide all data and indicators that the Commission requests.

## Promoting dialogue about statistics

Planning at the national level will be much more efficient if the appropriate bodies of the ESS are able to decide on how and when international commitments should be fulfilled. Unexpected and sometimes uncoordinated or unrealistic requests often put the NSIs in a difficult situation, their resources being far too limited to be able to adjust to new requirements at short notice. The balance between the costs incurred, the burden on respondents and the satisfaction of users should always be considered.

This is where a powerful European statistical council (ESC), established to fit the overall structure of the ESS, could play a pivotal role. An ESC could be the body that promotes political dialogue about European statistics at the national level and could advise politicians on statistical issues at the EU and national level, recognised by political partners. There is a definite need for priority setting in an environment where political decisions are not necessarily followed by financial decisions, at least concerning the ESS, especially at the national level.

Moreover, a unit or body could be established that would be



Tamás Mellár



responsible for the evaluation of the importance and usefulness of certain surveys – mainly to consider whether the purpose and usefulness of the survey justify the costs.

### Users galore

As far as users are concerned, we feel that the current statistical activity of the Union is strongly focused on serving the Commission's needs. However, integration, globalisation, the free movement of capital, goods, services and people have broadened the range of users to include business and civil society. And it can only be expected that the range of users will further expand, as the reform of European Governance for enhancing openness, transparency and accountability, stimulates closer cooperation with civil society, the market, the scientific community, national institutes, regions and small areas.

In our view, the ESS can fulfil the needs of a broader range of users by providing European, as well as comparable national, regional and small area data and comparative analyses. Our experience is that users want ready-to-use products, rather than having to put the product together themselves. They expect more analyses from statisticians.

Analysis at the European level or comparative analysis may need coordination. In addition, some of our users are analysts who will expect access to European, as well as comparative national, regional and small area data files or databases and meta data. These emerging needs may mean that in the future the ESS will also have to act as a coordinated dissemination network in fulfilling users' needs and not just as a producer. This is why we need to address the harmonisa-

tion of databases, dissemination tools and dissemination practices in the ESS as well as a common policy on which statistical products should be considered as a public good and which are marketable.

A high quality service to users requires a careful assessment of users' needs. However, an important obstacle to monitoring and analysing users' needs is that users of European statistics are often not known to NSIs. This is why the NSIs should have a better knowledge of the users and uses of European statistics, by focussing integration more on users.

### The timeliness-versus-accuracy debate

The problems of statistical systems are compounded, especially with the increasing need for short-term indicators within a very short period, as is the case for ECB requirements. The ESS, and especially the NSIs, will have tremendous difficulties in producing the indicators within the requested deadlines, and will need to overcome serious readjustment problems in their data collection and data processing methods.

How and to what extent could these statistical indicators be replaced by estimates based on models? If they can be replaced by model estimates, which institutions should be responsible for the modelling? Is it a task for NSIs, when it is well known that many NSIs do not even plan to engage in modelling and forecasting? If not the NSIs, which national institutions can be accepted to produce estimates that will be used as "quasi official statistics"? Or should an international actor, Eurostat, pro-



*Candidate Countries staying in tune with the ESS ...*

duce these estimates? Or the ECB itself?

For some data, the suggestion has been made of having a specific EU data collection, based on a sample, which would be representative for the whole of the Union.

The conceptualisation of the survey would be done by an EU institution (Eurostat), and the data collection would be carried out by the NSIs. The raw individual records would be transmitted to Eurostat, and data editing and processing would be carried out there.

This sounds promising, but the feasibility of such a solution needs careful analysis, including the practical, legal and methodological aspects. And again, although not wanting to play the same record, if Candidate Countries are member states by the time such a solution is introduced, if it is, our involvement in the feasibility analysis would be advisable. ■

### We newcomers have an advantage

For reasons of space, I cannot pay justice to all the ideas canvassed. But, by way of a conclusion, when we look at the challenges before the ESS and our own experience in building statistical systems, we think that the Candidate Countries could well be in a better position than our EU friends concerning the strategic planning of statistical integration.

Just take a look at our national programmes of adoption of the *statistical acquis* or the inventory of European statistical programmes, which is regularly reviewed in each country. Progress in this field is constantly monitored by national administrations and by the Commission. Such lessons from this long and sometimes tortuous process could be worth consulting for the integration and planning efforts of all members of the ESS. Our hands are at the ready. ■

With enlargement looming ever larger on the horizon and the European Statistical System in the midst of looking at itself in the mirror, it's the best moment to find out what users think. DG Enlargement's **MAURICE GUYADER**, from the 'Negotiations & Pre-Accession Coordination' directorate, is an ideal user to speak with. He is involved in preparing the reports on which the enlargement process depends. *Sigma's* GLEN CAMPBELL met up with him.

## Statistics open the road for enlargement

The airwaves are starting to crackle more and more with enlargement this, enlargement that. And it's not surprising. The next wave of enlargement is unprecedented in terms of the sheer number of countries joining, the geographical coverage and the fact that the vast majority of countries come from the former Soviet bloc with a wealth of different histories, cultures and economic situations.

In October 2002, the Commission recommended to close accession negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia. The objective is that the first group of new members should join the EU in time for the elections to the European Parliament scheduled for June 2004.

### Regular reports are key

Of course, such negotiations and decisions need to be well informed if they are to work. This is where the regular reports come in, which are accompanied by a strategy paper that makes recommendations to the Member States regarding these decisions.

The regular reports give the state of play of the Candidate Countries towards member-

ship of the European Union and provide the basis for Member States' decision-making in the framework of the enlargement process. The latest reports of October 2002 were particularly significant, since they were supposed to enable the Commission finally to recommend that the accession negotiations be closed by the end of 2002 with the 10.

About 90% of the statistics used by DG Enlargement in the regular reports come from Eurostat. The picture of data coverage and timeliness is mostly very good, with trade being somewhat a star performer particularly in terms of timeliness. But it isn't all a bed of roses. There are several petals falling off and buds not flowering.

### Help, the data don't tally

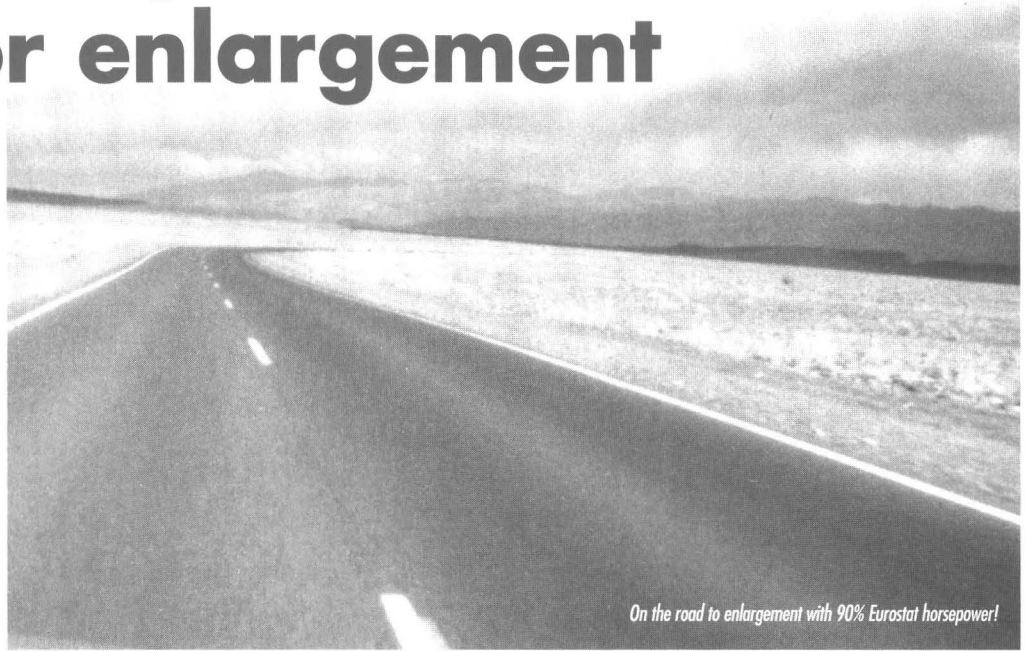
Mr Guyader has plenty of anecdotal evidence that highlight data problems. Reconciliation between Eurostat and national sources is one such difficulty. "It can be very awkward in bilateral meetings when we present Eurostat data – which is our bible – that diverge from the data given by the country itself. Normally, there is always a small margin of difference, but sometimes the variations are huge, which can have far-reaching consequences!

"This was the case with the trade data for Hungary, for example, up to 2000. According to Hungary, it was in surplus with the EU, whereas for us, it was the EU that was in surplus with Hungary! The problem is not a result of poor statistics, but rather

because one side includes a set of data for trade zone whereas the other doesn't.

Another problem of data reconciliation is pretty much home-grown, so to speak, in terms of the Commission as a whole. DG Agriculture also compiles data on the Candidate Countries' agricultural sector, using Food and Agricultural Organisation sources, and compiles aggregates that are not exactly the same as Eurostat's. This has led DG Enlargement to register a surplus for the EU and DG Agriculture to declare lower figure. On this point, Mr Guyader wishes that there were just one source – Eurostat – to avoid such mind-boggling muddles.

"These kinds of situation make our work difficult. We lose the work we've prepared con-



*On the road to enlargement with 90% Eurostat horsepower!*

cerning arrangements, negotiations and so forth, and look like we haven't done our homework properly. What's more, policy-makers can lose trust in statistics."

### Getting better

In Mr Guyader's view, on the issue of Candidate Country data, Eurostat has improved over the last decade – which he recognises is a limited time for getting statistics up and running. "We now have excellent statistics" he boasts. But he confesses that the speed of improvement can actually cause problems when it comes to explaining methodological breaks to politicians!

This data improvement problem was the case with GDP measured as Purchasing Power Standards (PPS) with Lithuania recently, where there was a significant gap of between this and last years' data, simply because the data are more accurate now. Other examples are not far away. Again, Mr Guyader laments the task of explaining this to the higher administrative and political ranks.

It is also difficult plodding through statistics from different organisations – if not a nightmare. "Data often seem to be different for the same item. But how can we have two different – official – sources", he says. "Look, for example, at the foreign direct investment (FDI) data from UNCTAD (United Nations Conference on Trade and Development) and the EBRD (European Bank for Reconstruction and Development) – they are rather different. Even something as basic as GDP per capita in PPS figures from the World Bank and Eurostat diverge. What is needed, in my view, is for Eurostat to take the lead in fos-

tering contact and cooperation with other organisations."

### A blemished picture for FDI

According to Mr Guyader, FDI statistics is one of the areas running into obstacles and one that needs development. "Compared to the very satisfactory situation for trade data", he says, "the picture for FDI data is wanting in terms of coverage and timeliness, so we can only shrug our shoulders at politicians' requests for certain FDI data. And we find it difficult trying to explain to them that while we have good trade data, our FDI data are thin on the ground."

The data that they can expect from Eurostat on FDI in the Candidate Countries are between one and two years old, for the global situation quite overdue in politicians' eyes, not mentioning the lack of greater detail such as how much a country attracts. And there is no precise idea of the origin of the flows. To help plug the holes in this Swiss cheese, three other sources are used: the EBRD, UNCTAD's World Investment Report and the OECD for Poland, Hungary, the Czech Republic and Turkey. But it is far from ideal.

### Preparing tomorrow

In view of the existing data problems, Mr Guyader looks to the future with a small bubble of question marks above his head, particularly in terms of the euro. When the Candidate Countries join, this means that there will be sizeable group of countries outside the euro-zone at least for a few years. Data quality and knowing what's what will perhaps never have been so important, in his view.

For this reason, he would like to see the Commission- Eurostat- ECB triangle, and particularly the dialogue between the latter two, strengthened.

Concerning the European Statistical System, although Mr Guyader admitted to not knowing anything of it – a fact which brings home the need to increase the visibility of the ESS – he nonetheless shared some thoughts about how he would like the system to look. From his stance as a Commission user of data, reinforcing the European statistical system is the only solution for simple access to reliable and comparable EU-branded data via Eurostat.

He understands that setting up centres of excellence will

undoubtedly benefit the statistical system in terms of delegation and avoiding duplication of effort, but if contact points are multiplied, he is a little concerned. Mr Guyader just wants one port of call for data, not a telephone trip around Europe.

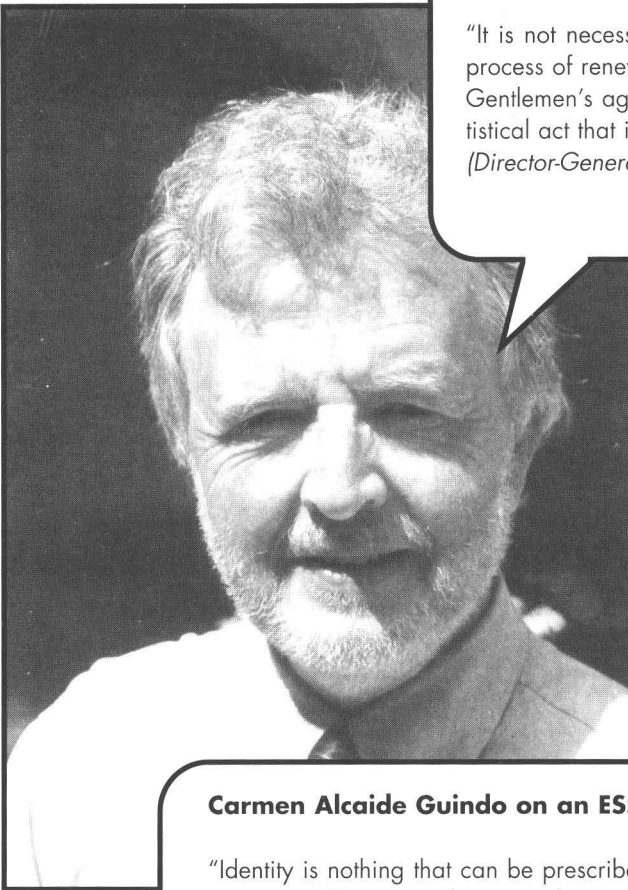
On the 'Europe First' proposal (see articles on pages 6 and 8), in terms of prioritising the rapid production of European data, he thinks it is the recommended route to follow. And he points to the Candidate Countries' efforts in adopting the statistical *acquis* which by and large have managed to come an incredibly long way by making the *statistical acquis* their goal. Proof that setting a common goal works. ■



After joining the Commission in 1980 to work as an economist on economic and financial affairs, Maurice Guyader has been working on Eastern Europe and the Newly Independent States since 1990, and more particularly on preparing enlargement reports since 1997.

He has been working in DG Enlargement's 'Negotiations & Pre-Accession Coordination' directorate since 1999 and is responsible for economic matters, trade analysis, economic studies, OECD and UN relations.

He has also kept a firm foot in the academic world as an associate professor at Paris-Sorbonne III in European economics.



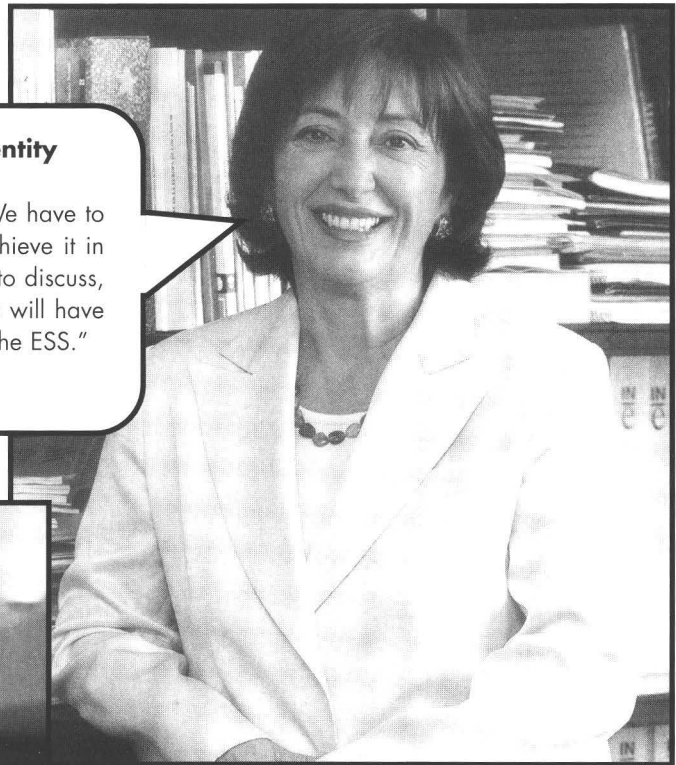
**Svein Longva on a statistical protocol**

"It is not necessary to wait for legal action to start the process of renewal. Maybe we should start acting on a Gentlemen's agreement basis and later introduce a statistical act that is in accordance with this behaviour."  
(Director-General of Statistics Norway)

# The microphone is yours

**Carmen Alcaide Guindo on an ESS identity**

"Identity is nothing that can be prescribed. We have to create our European identity and we can achieve it in spite of all our cultural differences. We have to discuss, define, approve ... and maybe, one day, we will have a statistical protocol reflecting the identity of the ESS."  
(President of INE Spain)



**Enrico Giovannini on a research profile for the ESS**

"The reputation of the ESS as a high quality data-provider also depends on users' perceptions about the quality of research activities. It is therefore vital for the ESS to take the lead in developing new statistical methods. Improving its research profile requires not only enhancing the right skills and staff but also an increased mobility of researchers between Eurostat and the NSIs. Pilot exercises for centres of excellence should be started today rather than tomorrow."  
(Director of the OECD Statistics Directorate)

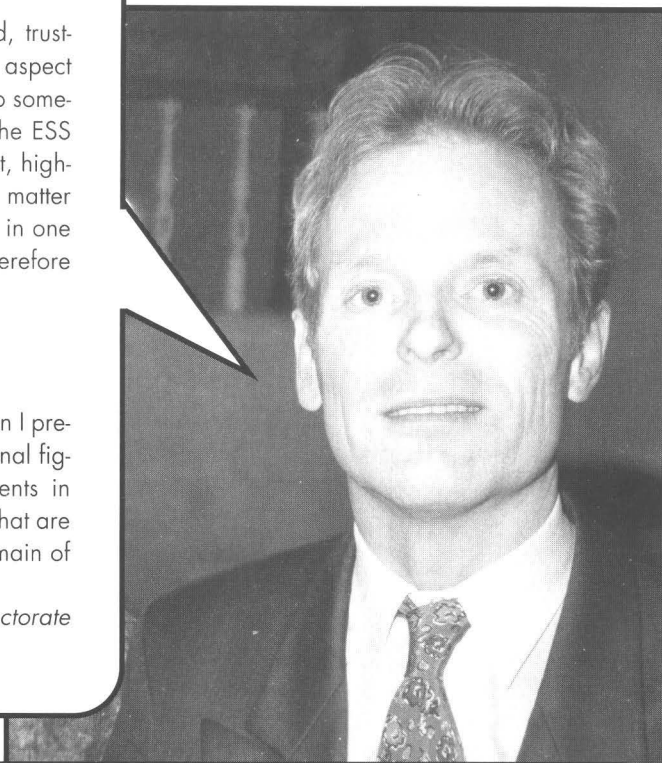
**Steven Keuning on statistical independence**

"The core product of the ESS is an undisputed, trustworthy view of reality – this is an essential aspect which has to be written down and cemented into something like a charter of the ESS. The profile of the ESS as perceived by the public must be independent, highly professional and undisputed. Concerns, no matter whether they relate to independence or quality, in one country can spill over to the whole ESS and therefore should be of concern to all."

**... and on Europe First**

"Europe First or 'First for Europe' – the expression I prefer – will certainly not obviate the need of national figures. Understanding the underlying developments in the European aggregates from national figures that are published at the same time or a bit later will remain of utmost importance."

*(Director General of the ECB Statistics Directorate General)*

**Adelheid Bürgi-Schmelz on high and low priorities**

"We should definitely pay more attention to the demand side, both government customers and civil society users have not only top, but also low priorities. Statistical projects carry a price tag that need to be agreed on at the same time as a project is put on a list of priority activities to be implemented."

**... and on bundling know-how**

"We need to look for more synergies within the European statistical community. If we can use common tools and practices, if we bundle our know-how into centres of excellence across Europe, we will be much better equipped to handle the increasing demand. The old management rule that structure follows strategy also applies to statistics. I therefore agree with Yves Franchet when he says that we have to extend the principle of subsidiarity from a one-way path to a two-way street – a street connecting European and national statistics for the benefit of all."

*(President of Statistics Switzerland)*

**Luca Paolazzi on building trust in statistics**

"If you want to enhance the trust of people in your figures, then increase the level of detail. Take the prominent example of the released inflation figure and the perceived inflation ...

The average smoothes out increases and decreases of prices while the perception of people concentrates on increases, so if you spread the data that are nearer to the perception of people, they will try to identify their experience with statistics and trust statistics as a whole."

**... and what education has to do with it**

"Address the question of education, because education and trust are linked. Just as the primitive man and woman were afraid of thunder because they could not understand and explain the natural phenomenon, there is apprehension about, and distrust of, statistics among the non-statistically-literate. So teach people statistics, and maybe start with the media."

*(Journalist, Il sole 24 ore)*

Gathering at the DGINS conference, Europe's Directors-General of the National Statistical Institutes gave some clear indications of the basic pillars of what the ESS' new edifice could look like. In the wake of Palermo, an action plan was set up and adopted by the SPC at the end of November to strengthen the ESS, improve how it functions and implement 'First for Europe'. Eurostat's Director-General **YVES FRANCHET** sums up the main points of the plan.

## Palermo mutates into an action plan

**T**he Palermo conference is over and everyone has returned home. What next? More than just a talking shop around a drawing board, this meeting offered an opportunity to gather all our ideas on reinforcing and improving the functioning of the ESS and to evaluate some of the current actions. But there is no time to lose now to put these ideas into action. We need to act and fast.

### Action plan gets thumbs-up

I greatly welcome, therefore, the SPC's (Statistical Programme Committee) green light for an action plan, which allows us to get the first actions immediately on the road.

Exploring ways to give greater visibility and status to the ESS is the action plan's chief aim. A new legal basis, whatever its form, should enable data to be exchanged between members of the ESS, permit a greater flexibility for providing financial support to those ready to work for others (centres of excellence, exchange

of officials...) and support a common dissemination policy.

The plan is broadly three-pillared and responds to the proposals canvassed at Palermo. It sets out to reinforce the strength and visibility of the ESS, improve how the system functions and addresses 'Europe First'.

A large majority of the SPC approved the proposal to set up a task force, chaired by the UK's Mr Kidgell and supported by Eurostat, to examine all legal and institutional issues concerning the future of the ESS, and with a view to a future European Constitution. In addition to the UK, the task force will include participants from Germany, France, Ireland and the Netherlands.

The Partnership Group will be responsible for the other items listed in the action plan, and will define the scope of actions proposed and establish a timetable for their implementation. Moreover, the group's chairman will make proposals to make the Partnership Group more robust.

## ESS ACTION PLAN

### Strength and visibility

#### ✓ Give a legal basis to the ESS

- Ensure the maintenance of Article 285 in the new Treaty
- Define a coordinated approach to the co-decision procedure, and
- Examine the possible revision of the Statistical Law in order to include the role of the NSIs in coordination at national level

#### ✓ Develop a European dissemination policy, including communication with citizens

#### ✓ Create a European council for official statistics, assisted by a scientific committee

- Launch a reflection on the opportunity and feasibility of creating this council, its mandate, its composition, its institutional status, and the future of the CEIES

#### ✓ Reinforce Eurostat's role as coordinator of statistical activities within the Commission

- Revise the organisation of the Directors' Committee of Statistical Information (CDIS) and how it functions



Starting from these lines of action, Eurostat will try and keep the ball rolling. We will set up a specific Circa site to circulate the relevant documents and to allow all interested countries and relevant bodies to contribute to

the discussion. Building a firm ESS, strong enough to tackle enlargement and other future challenges, requires a constructive contribution and the joint effort of all of its players. The ball is in the network. ■

- Examine the possible association of Member States in the CDIS

- ✓ **Examine the legal instruments governing work in the ESS** such as flexibility, gentlemen agreements, framework regulation, and so on

### Improve how the ESS functions

- ✓ **Set up a strategic planning and programming cycle for the ESS**

- Improve the consistency of the Community Five Year Programme and annual working programmes

- Improve priority-setting

### ✓ **Strengthen the ESS**

- Conduct benchmarks and common analysis of the strengths, weaknesses, opportunities and threats of Eurostat and NSIs

### ✓ **Reinforce the Partnership Group**

- Propose possible actions to reinforce the Partnership Group

### ✓ **Revise the structure of Eurostat's working groups**

- Map the current situation
- Define the role of sector groups
- Clarify the mandates, reporting structures and working methods of working groups and task forces

### ✓ **Continue the implementation of the recommendations of the leadership group (LEG) 'Quality'**

- ✓ **Set up a 'fast track procedure' to allow the ESS to respond to urgent new requests**

### ✓ **Increase exchanges of staff within the ESS**

### Implementing 'First for Europe'

- ✓ **Define where and how the concept of 'First for Europe' could be applied effectively**

- Identify new areas where the concept 'First for Europe' could be applied

### ✓ **Give more content to the subsidiarity principle**

- Identify areas where we could work better together (eg. centres of excellence, pooling of expertise, LEGs, etc.)

### ✓ **Start a reflection on the use of advances in technology**

- (technological developments, common tools, use of Internet, exchange of data, working methods...) to improve efficiency

# Istat on the right wavelengths

**A**s the organiser of the conference, Istat's President, **Luigi Biggeri**, helped navigate the course of the debate on the future ESS. What lessons has he drawn from this exchange and does he think we are closer to a solution? Sigma asked him.

I don't want to be a party-pooper, but we are not out of the woods yet. We shouldn't forget that national statistical systems are firmly rooted in their culture and history – each very distinct. This heterogeneity puts quite a brake on achieving full comparability of data and methods.

Coupled with this is the fact that the ESS is still too young and lacking clout. However, although there is still much to do, we are starting to clear the clouds. Although it took us two decades to get where we are now, our preparations for enlargement have been relatively swift. We can do it. We just need to blow

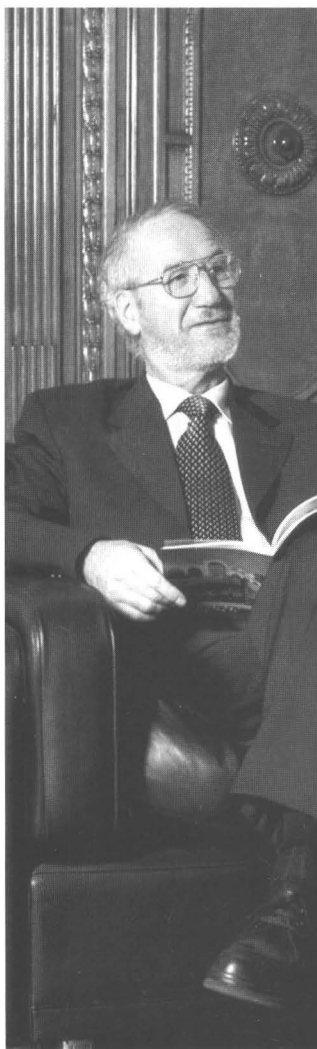
more wind and in the right direction.

*Where do we go now?*

The first route signposted by the conference is a stronger legal basis. But stop, this doesn't mean that we need to drive ourselves into a sticky-red-tape street with red lights everywhere. It means rather setting up a legal framework giving us a mission and clearer vision and in which we can function more flexibly through partnerships, centres of excellence or other arrangements, catering for both European and national policy needs.

*In your view, what are the most promising ideas that have been tabled?*

In the pool of excellent ideas canvassed, setting up a European scientific council has particular resonance, as it would give the ESS the independence injection it



badly needs. The members of such a council would not only include producers of statistics, but also represent users and their needs. This way, users would have more of a say in deciding which kinds of surveys are most important.

The second idea concerns cost-effectiveness. We need to make policy-makers and the public not only understand statistics better, but also make them aware of the overall costs and benefits of statistics to society – and over time. Although the cost of producing particular statistics may exceed the benefit today, we may well be thankful for having invested resources in them in the future. This is the kind of message we ought to be getting across.

*Looking back on these two days, which conclusions have you drawn personally for Istat?*

First, it's good to feel that we are on the same wavelengths as other partners and thinking about how we can change things. For example, one of our initiatives concerns the question of cost-effectiveness, where we are preparing an evaluation of

the costs of different surveys to show our parliament how much it costs at national and local levels to have good statistics of a high quality.

Second, while we endorse the idea of 'Europe first', both national and EU needs to be

reconciled and there is a fear that national statistics will somehow be supplanted by European interests through, for example, European over national surveys. This is where the syntactically *and* semantically different 'First for Europe' idea comes into play. This slo-

gan is perhaps better than 'Europe first' because it describes better the objective that we have all set ourselves – that for monetary policy and for the sake of the markets, we should find ways to provide EU and EMU aggregates on a more timely basis. ■

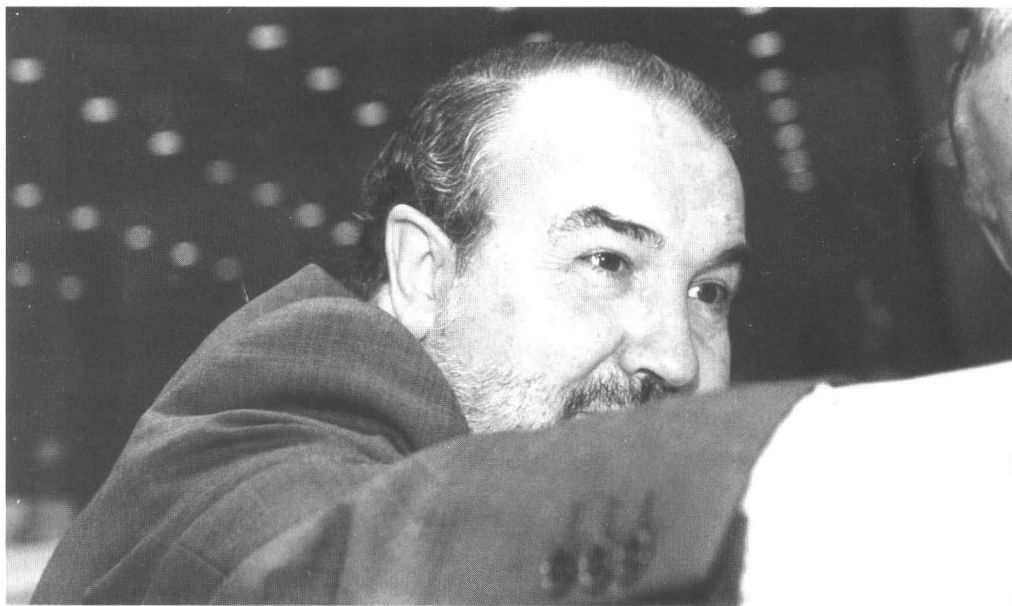
As the Commissioner responsible for Economic and Monetary Affairs and Eurostat, **PEDRO SOLBES** has a substantial interest in the strengthening of the European Statistical System. Mr Solbes is also Chairman of the CEIES and participated in its meeting last November. Here is his message:

**T**he strengthening of the European Statistical System was the subject of the DGINS conference in Palermo. The ESS is currently working on proposals and I would not wish to pre-judge the results of these deliberations, but I would wish to make three points.

First, the institutional position of Eurostat: the ESS needs Eurostat to maintain its independence and scientific quality, and I am convinced that the best way to ensure this is to keep Eurostat as an integral part of the European Commission. The Commission, as guardian of the Treaties, is the only institution that can ensure that the fundamental principles of statistics, as enshrined in the European Statistical Law are followed with complete independence. Eurostat must, therefore, remain within the Commission.

Second, the long-term future of the CEIES: Whatever is decided about the CEIES, whether it is strengthened or transformed into a different body, such as a European council for official statistics, the user view must be maintained. The ESS cannot deliver a top class service without substantial input from its users. The CEIES and the parallel national bodies must be at the centre of the programming of statistical activities.

## A robust Eurostat for a fortified ESS



In addition, the White Paper on European Governance calls for opening up the policy-making process to get more people and organisations involved. Consequently, I believe that whatever road is taken, the users' view should be given more importance.

Finally, financing. As Commissioner for Economic and Monetary Affairs, I am particularly interested in statistics

connected with Economic and Monetary Union. However, the Council has decided that there will be no Community funding for the EMU statistical action plan, ie. no additional financial help from the Commission. It is therefore the responsibility of the Member States to provide adequate funding for these statistics.

But we all know that high-quality statistics do not come

cheap. That said, the level of financing of statistical systems is very small, less than one percentage point of GDP.

However, the cost of making decisions based on poor quality statistics can make several percentage points worth of difference to GDP. This needs to be remembered and adequate funding maintained. ■



# "Like an early-morning cockerel"

Where can you in the same day walk in the Alps and swim in the Adriatic, stopping in at a handful of beautiful towns and cities bearing the imprint of the Habsburg Empire and the Venetian Republic? The answer is: Slovenia. With just under two million inhabitants, it will be one of the smallest Candidate Countries to join the European Union. *Sigma's* GLEN CAMPBELL spoke with **TOMAŽ BANOVEC**, Director-General of Statistiè Urad Republike Slovenije – the Statistical Office of the Republic of Slovenia (SORS).

## A mixed statistical system in the past

Although the collapse of Communism represented a real watershed in the timeline of Slovenian statistics, it did not altogether mean bulldozing everything down and starting from scratch. Far from that. According to Mr Banovec, "Communism in the former Yugoslavia was not the same variety as that in other Eastern bloc countries, where the strains were much stronger. More particularly, it was more market-oriented with self-managed state enterprises.

"The managers of these enterprises needed statistics, first, for understanding the domestic Yugoslav market and, second, for exports and imports. Because of this mixed economic context, the Yugoslav statistical system was therefore somewhat of a hybrid, a 'two-timer', to use the metaphor, using both the Material Product System (MPS)

and the System of National Accounts (SNA). For example, we had statistics on prices, tourism and services which were very unorthodox domains for MPS."

## Rocking boats

But Slovenia did more than that: "We in Slovenia went a step further, with our staff – well before the break-up of Yugoslavia – doing a lot of homework on SNA methodology. When we had meetings in Belgrade with the federal statistical office in the former Yugoslavia, we sometimes even did some vigorous boat-rocking by advocating the SNA approach, going against the currents from the federal capital.

## Key statistical data

Population:	2 million
Number of staff:	389
Average age:	42
Share of women:	67.6%
Of which in management positions:	15.6%
Tertiary education:	65.0%
Staff aged 30 and below:	13.9%

Like the majority of NSIs of the former Eastern bloc countries, women outnumber their male colleagues at the SORS (see above). And when you look at the organisational chart, there are many men at the top. Why? Mr Banovec explains: "Working in statistics is not easy. The work is tough and the salaries not always the best on the market. Too easily discouraged by the mountain of work before them, and if they are not promoted, men are more likely to leave and go elsewhere."



Home of Slovenian statistics

"We weren't given free rein to do as we pleased until the break-up of Yugoslavia, when we had a green light to drive ourselves forward. Belgrade still called the shots, laying down methodology and controlling all foreign contacts. For example, when we expressed the wish to work with Eurostat, the response was a clear 'no'.

"In a way, at least as far as Slovenia is concerned, it was less a question of having to change than being allowed to flourish – something that became possible after the break-up of Yugoslavia and Slovenia's independence."

## Headstart

These two aspects, Mr Banovec explains, gave Slovenian statistics a headstart in adapting to a *bona fide* SNA-based system and to adopting the EU's *statistical acquis*, although it was a relative latecomer to Phare techni-

cal assistance that started in 1992. And it's hats off to them for successfully pulling through the challenges raised by the demanding, if not awesome, statistical chapter.

"Right from the start", says Mr Banovec, "we knew that getting our classifications, methodology and registers into order was indispensable. Our strategy paper away back in 1993 made this absolutely clear. Other milestones on this uphill path included the common declaration of cooperation with Eurostat in 1994 and the 1995 statistical law that lay stable legal foundations."

"We knew that what was good for Eurostat was good for us, and this is still our view today. I would also say that we were fully aware of our humble position in the world: we only represent some 0.03% of the world's population. So, if we cannot understand Europe and the



Photo © Zare Modlic

When he retires this year at the age of 64, Tomaž Banovec will be able to look back on his career with contentment. Certainly, when you tot up his experience in statistics administration – 22 years as Director-General of the Statistical Office of the Republic of Slovenia – he looks like a grizzled veteran.

Graduating in geodesy in 1965, his career started off in cartography and he became director of the Institute of Geodesy. He then moved into social affairs and deputy-directed the Institute of Social Planning in 1975. Keen to get experience of another domain, he was appointed director of the Centre for Informatics and Social System of Information in 1979. In 1981, he took up his present post at the helm of the Statistical Office of the Republic of Slovenia.

To find out more about Slovenia's statistical system, click on: <http://www.sigov.si/zrs/slo/drz.pdf>

world statistically, our economy and society cannot understand and determine themselves.

"We therefore linked the statistical programmes of Slovenia and of the EU very closely together – a strategy that was given more backbone and justification with the opening of accession negotiations in 1998. And this emulation goes beyond the statistical *acquis* to include Eurostat's corporate-style management practices imported into our own system."

### Measuring up to the *acquis*

Slovenian statistics measures up well to the standards of the *acquis*, despite problems here and there. It's singing from the same hymn sheet as other NSIs. The instruments are generally well tuned, the players generally well rehearsed and the main conductor – Mr Banovec – maintaining the tempo.

To start with, the statistical infrastructure is robust: the existing legal framework built up from 1995 was made

more watertight by the National Statistics Act of 2001, providing for independence, data confidentiality and monitoring of programmes of statistical surveys. Internal management and organisation are good. As is dissemination which uses up-to-date technology.

Demographic and social statistics are up to standard, bar a few technical creases such as structural earnings statistics and implementation of the ISCED classification (International Standard Classification of Education). Agricultural statistical information is detailed and comprehensive.

Mr Banovec admits that there are, however, a few discordant notes in this otherwise tuneful ensemble, and they concern economic statistics – particularly macroeconomic. Although the problems are few, they are in the areas of national accounts, agricultural accounts, structural business statistics and some short-term statistics. This has been because of a lack of human resources both in number and skills.

### Weaving the international cooperation web

EU cooperation has been particularly valuable with the perspective of enlargement: know-how, courses, pilot projects, patience, being allowed to choose suitable partner countries, among a host of others. Of course, it wasn't always a picnic. For example, the patchwork of statistical models in use around Europe sometimes made the learning and comparison process more difficult.

Apart from working with the EU, Mr Banovec is very quick to cite all the pluses of international cooperation. Thanks to the

OECD's technical cooperation project (TECO) in the early 70s, Slovenian statistics was able to start working with other countries and particularly with Germany's North Rhine-Westphalia region, with which they worked on databanks and methodological training.

In addition to working with Nordic countries on setting up their register-based statistical system, they also enlisted their guidance on economic statistics in a market economy in preparation for calculating macroeconomic aggregates under SNA. Although there is little bilateral cooperation with other Candidate Countries, there is a great deal of pilot projects and other initiatives such as those currently underway via CARDS (Community Assistance for Reconstruction, Development and Stability).

### Skills for sale

Slovenian statistics is a bit like the bright and amiable fellow student at school to whom one can turn for lecture notes or help – particularly for other former Yugoslav countries, in the so-called CARDS countries or South Western Balkan countries.

Mr Banovec is proud of such recognition, but there is a downside: "If you are good, this happens, but it can be too costly in terms of human resources. Because we are cashstrapped for employment growth, this means more work for us and especially for the other staff who have to take on their work in their absence. In addition, there is no cash for long-term stays and so on. It's like a rose with a thorn in it."

### The smaller, the harder

The NSIs of small and large countries are a bit like the small family firm and the

giant factory. Although smaller countries have a smaller volume of data, the workload is generally the same qualitatively, but actually quantitatively greater because of the proportionally smaller staff: the variety of datasets, the methodological problems and the international commitments don't change much. It's hard luck but economies of scale are a pleasure more for the bigger countries to enjoy.

Mr Banovec elaborates: "It is difficult, but we manage. We try to be better organised through better administration, identifying administrative units and linking administrative sources. We are not experts of only one field but try to favour a horizontal hands-on approach. What's more, because we're small, we know each other better, know whom to contact etc. We also play a big role in determining and organising the statistics-related work in the ministries. These ministries and other agencies

provide us with the data and we look after their processing and dissemination."

Smaller countries also generally have the additional problem of data confidentiality: the fewer the units, the less anonymous they feel, and the less inclined they are to give away data. So, to remedy this situation, statisticians have to find ways of collecting and disseminating data where anonymity is guaranteed. Mr Banovec elaborates: "To avoid identification, we suppress data that are the aggregate of up to three units only and where one of them has a 50% share in the aggregate. Otherwise, we try to obtain the agreement of the unit concerned or restrict dissemination. But we have not yet been able to develop common rules."

Workload is not the only problem for smaller countries. They often have a tougher time making their voices heard during negotiations or shaping the working environment to suit

## Facts and figures

Centralised and independent, the Statistical Office of the Republic of Slovenia (SORS) is the main nerve centre of the Statistical Service of the Republic of Slovenia, set up by the 1995 National Statistics Act (amended in 2001).

The SORS is responsible for most of official statistics, statistical programmes, coordination of methodology, definitions and classifications, while data collection tasks are assigned to seven other so-called authorised producers (government or semi-independent agencies): Agency of the Republic of Slovenia for Public and Legal Records and Services; Bank of Slovenia; Institute of Public Health of the Republic of Slovenia; Ministry of Finance; Pension and Disability Insurance Institute of Slovenia; Employment Service of Slovenia; and the Health Insurance Institute of Slovenia.

Users and providers also have a say in things via the Statistical Council and its 24 advisory committees in charge of discussing and advising on the programmes, law and standards. It has no regional offices.

them, perhaps a little like Davids among Goliaths. But this simile is not appropriate for Slovenian statistics, Mr Banovec underlines, nor has it caused much of a problem for them.

### Nordically register-based

Registers have a lot of advantages compared to surveys and questionnaires. Intentionally piling on the adjectives, they offer permanent, rich, versatile, rapid and cost-effective sources of data. As a result, time and

money setting up surveys and questionnaires can be reduced to a minimum, more *ad hoc* basis.

The mainstay of Slovenia's sectoral statistics is a register-based statistical system, built up over the last two decades. Realising that our Nordic colleagues had this down to a fine art, Slovenia started cooperating in the 1970s with Denmark and Sweden on this subject. But it was not until 1983 that the system was put into place.

## Putting the jigsaw pieces together

When you look at the history of Slovenia, it's advisable to search out your dusty old school history book from the loft as a reference. Better still, an updated and expanded edition. Apart from being one of the former Yugoslav republics in the former Communist bloc, the past geopolitical landscape of Slovenian statistics not only includes the influences of Belgrade and Ljubljana, but also Budapest, Vienna and, yes, Rome. Let's fast rewind.

As a result of the Austro-Hungarian Empire, the first independent statistical service that covered most of Slovenia was set up in Vienna in 1863, with Budapest taking care of the remainder. When the Empire crumbled with the First World War, Slovenia became part of the Kingdom of Serbs, Croats and Slovenes (renamed Yugoslavia in 1929), and Belgrade became the seat for the central statistical service, with a special statistical section for Slovenia being established in 1919. In

line with the changed geopolitical landscape, the statistics for a number of territories were maintained by Rome, while Vienna kept them for another region.

Following a decree on organising the Federal Statistical Office of Yugoslavia in 1944, and the iron curtain going up, the Statistical Office of Slovenia was established in June 1945 to collect, process and disseminate statistics for what was now one of the Yugoslav republics. In 1953, it became an independent administrative body and was later renamed the Statistical Office of the People's Republic of Slovenia.

## Breaking away

What's happened over the last 50 years has to be seen against Yugoslavia's economic and political context that restored and increased ties with the West. This about-turn started with the quarrel between Tito and Stalin in 1948, an epoch-making event which was more of a rebellion against Moscow's economic and political supervision than of an ideological nature. As a result, Yugoslavia opened up its borders to foreign

tourists and its own citizens, introducing market economics and worker self-management. For Slovenian statistics, this meant the development of a number of statistical areas such as statistics for services, prices and tourism and a keen interest in Western statistical approaches and methodology, although not as much as it would have liked.

Not so long after Yugoslavia broke away from Moscow in the domino chain reaction that took hold of Eastern Europe, Slovenia declared independence from the Yugoslav federation, which led to ten days of fighting between the Slovene forces and the federal army. For Slovenian statistics, this was a difficult moment. In the wake of the ten-day war, Slovenia put a moratorium on transmitting statistics to Belgrade, yet the Office — caught between the commitments of the former federal regime and the fledgling independent Slovenian state — was still doing this, which was understood as treason in Ljubljana. But once the water came off the boil, and Slovenian independence was finally won at the end of 1991, the protagonists and actors established their new roles in this new system, shaping a new chapter in Slovenian statistics.

Using both personal and business identification numbers, the SORS can obtain and link personal and individual data from any administrative register for statistical purposes and can compile registers for different subject matters. The benefits of such a system speak for themselves for big statistical undertakings such as a census. For the 2002 census, much of the information came from these registers.

Slovenia has three main registers: the Central Population Register (held by the Ministry of Interior), the Business Register (Agency of the Republic of Slovenia for Public and Legal Records and Services) and the Register of Territorial Units (Surveying and Mapping Authority of the Republic of Slovenia). The register system is decentralised for data collection, using various so-called authorised producers, such as the Agency of the Republic of Slovenia for Public and Legal Records and Services (see facts and figures). However, processing, dissemination and confidentiality are the exclusive ambit of the SORS.

Mr Banovec realises that there could be more authorised producers to cope with the growth of data and expertise required. This is already happening, for example, with the delegation of data collection to Slovenia's Agriculture Institute.

### On the ESS

On his views of what the ESS should look like in the future, there are three good reasons why Mr Banovec is a good person to speak with. Slovenia is a Candidate Country and thus a future member of the ESS. What's more, Mr Banovec has been



Photo © Žare Modlic

Magdalena Žebre

heading Slovenian statistics for the last two decades, and has experienced the tremendous benefits of international cooperation and the assistance stemming from preparation for EU accession.

Mr Banovec believes that "the European Statistical System will be the best in the world". But he realises that before we can boast that superlative, we've still got some uphill climbing to do. He's looking through much the same crystal ball as other statisticians in terms of reaching out better to all types of users, better anticipation of future needs, short-term statistics, new phenomena such as e-commerce, globalisation, environmental protection, among others.

And he is particularly sensitive about the need for resources and methods to help statisticians deal with new tasks so that they don't fall into similar traps and make big blunders.

Apart from the ESS, he also sees the advantages of other international partnerships such

as the UN or especially the OECD, which he sees as a good and necessary outlet for free-minded forward-thinking.

### More of a zealot than an advocate

Magdalena Žebre – State Undersecretary for International and European Affairs – was also present in the interview. After Mr Banovec rushed away to another meeting, our impromptu discussion together not only provided another viewpoint about the progress made by Slovenian statistics but, more particularly, a view of Mr Banovec's management style. Something of a mini scoop. Effective management is important in any organisation, but it is all the more interesting in organisations that have to usher in radical changes – exactly what's been happening in the Candidate Countries.

According to Mrs Žebre, Mr Banovec is very much an *avant-gardiste* and forward-thinker, but this made him somewhat of an *enfant terrible* in the federal

governmental circles in the eighties before the break-up of Yugoslavia. With convictions of the necessity to adopt Western statistical methodology, he ruffled more than just a few feathers by banging the drums for change.

Mrs Žebre: "We Slovenians speak of the early cockerel crowing that wakes everyone up far too early out of the wrong side of the bed. Mr Banovec was like this, studying hard and open-minded. He was able to say "no" to government and "you are not right." His style was to step gradually but firmly into the water, not to plunge headfirst into waves, ignoring the tide and powerful undercurrents. He gradually forced things through and was a catalyst."

She also congratulates him for his delegation and confidence in staff: "He has always been open to grassroots proposals, giving us a sense of responsibility and allowing us to develop. If we do make a mistake, rather than aggressively reprimanding us, he sits down to talk things through and encourage us, helping to shape and improve our careers. This is something that is fairly unique to the statistical office; you don't find this to the same extent in the ministries or even sometimes in the private sector. He is like a conductor in front of his orchestra, helping each player to get their notes, pitch and tempo right."

Without wanting to labour the metaphor, the orchestra should play well on the night of enlargement, even if Mr Banovec will have handed the baton to someone else by then. We, the audience can look forward to welcoming them on stage. ■

Reputed to be one of the Central and Eastern European Countries whose integration into the European Union is expected to go rather smoothly, Hungary boasts a sound political basis and favourable economic conditions. *Sigma's* BARBARA JAKOB asked **TAMÁS MELLÁR**, President of the Central Statistical Office (KSH in its Hungarian acronym), to tell us more about the state of Hungarian statistics and the preparations underway for joining the European Union family.

## We want to be among the best

**H**ungary's courageous decision to open up its frontiers to its Western neighbour, Austria, in that memorable summer of 1989 blasted a hole in the iron curtain and spelled the 'beginning of the end' of the Communist experiment. Even in Cold War times, Hungary was regarded as the Eastern bloc's most Westernised country. Consequently, the transition towards a market economy took place – albeit with some hardship – more smoothly than in other Eastern European countries.

It is difficult to say whether this was also the case for statistics. But Hungary was certainly the first country to experiment with Western-type statistics and, for example, started to provide national accounts figures alongside MPS-data (Material Product System) already at the nadir of the Cold War, in the 1960s.

Tamás Mellár, President of the KSH, would nevertheless call the first years of transition in statistics in the 1990s a battle. But a battle from which it has finally come out victor. Hungarian statistics is, together with that of some other Candidate Countries, almost fully harmonised and thus no longer benefits from PHARE funding. At the KSH, this is pondered with both contentment



and concern. On the one hand, it can be interpreted as an achievement under not so favourable circumstances. On the other, one feels that there are

still plenty of tasks ahead before Hungarian statistics can attain its ambitious and fierce goal to catch up with the most developed countries in the world.

**Tamás Mellár's (48) CV** suggests that he is a very versatile person. An economist by education, he has alternated between the world of production and that of education and research, later getting his hands on policy-making and, finally, statistics.

At the turbulent beginnings of the transition to a market economy, he headed the research department of the Institute for Privatisation Studies. With this know-how up his sleeve, he was called to become the Chief Economic Adviser in the Prime Minister's Cabinet Office in 1992, before becoming professor at the economic policy department of the Budapest University of Economic Sciences in 1994 and heading the economics department of Gödöllo Agricultural University in 1997. He was appointed President of the Hungarian Central Statistical Office in 1998.

### Changing attitudes ...

"Apart from the political revolution, the first and major change was ideological", Mr Mellár recalls. "Our clients and stakeholders, the people, Government, researchers, businesses as well as the statisticians, themselves, had to change their mindsets. Statistics in the previous political setting were mainly used as a planning tool, and as a tool of official decision-makers to check actual progress against plans.

"Statistics, however, is an important tool for creating and maintaining democracy. Democracy depends on people being able to take part in the public debate. To do this, they must have access to reliable information on all the important issues and be able to scrutinise the policy process in its various stages. We, as statisticians, had to learn our new role."

### ... and getting used to new tools

As a direct result of transition to a market economy, a dramatic change came about in the number and variety of respondents to business surveys. Prior to 1990, all the roughly 20 000 enterprises were surveyed. After 1990, businesses started to proliferate, rocketing to around 1 million. Mr Mellár: "Sample surveys were introduced, but the methodological problems of sampling a population of businesses, whose activity was not very well known, were overwhelming.

"A business register had to be built up at the same time as developing the new methodologies. But because social and demographic statistics had been very advanced before 1990, methodological development in this area was not all

that difficult. Our IT infrastructure, however, was badly in need of modernisation. All that with extremely poor resources, in a country with declining economic performance and very high inflation.

"The most difficult development, besides building up a business register and organising sample surveys, was probably the harmonisation of macroeconomic statistics. The full adoption of the System of National Accounts (SNA) and the ESA 95 (European System of National Accounts) was a Herculean task.

"Technical assistance and international cooperation projects were an important motor for transformation. What's more, EU harmonisation was a kind of magic word in Hungary that made national politicians more willing to invest in statistics", highlights Mr Mellár. "With the formal adoption of our candidacy to EU membership, the target was set."

To all these difficulties can be added the shrinking KSH staff at that time. Many of the high-skilled professionals were lured by the expanding private sector, capable of offering more attractive salaries. And it was again the economic statistics department that was most affected, since it was mostly economists demanded on the market and less so specialists in the soft human sciences – which were more represented in social statistics.

#### Fit for the future

Salary adjustments in the private sector in the late 1990s and in 2000 put a halt to this development, placing the KSH on a more equal footing when competing for high-skilled recruits.



*Tamás Mellár demonstrates credibly that the analysis elaborated under the peer review was not produced only to be forgotten in his in-tray. Based on the findings of the peer review a development plan has been set up called 'The Canadian Programme'. Sitting at his desk, Mr Mellár always has it within sight. "When we decided to have such a peer review carried out, it was because we wanted a real change", he says, and adds "It is one of the most important things that I would like to have achieved when I leave this post."*

Apart from getting a better image for itself, the KSH has recently taken measures to make the office an increasingly attractive workplace. A rotation scheme allows newcomers to acquire experience in different statistical sections. In parallel, a six-week intensive training course makes them familiar with 'Surveys from A-Z'. "A sat-

isfied, broadly-oriented staff with attractive career prospects is a key element of a strong statistical office", Mr Mellár believes.

Having mastered the transition, the KSH is now preparing for a future with more and ever new tasks. A broad Training and Carrier Development Program-

me, which is not yet finalised, is part of this strategy and partly derives from recommendations made in the framework of a peer review.

#### Let's go under the microscope

Asking for such a peer review is rather unusual among statistical offices – Hungary was the second in Europe after Switzerland – and rather uneasy too since it means bringing all the weaknesses of the system into light. But this was exactly what the KSH intended. "We wanted to know where we stood and how we could catch up with the most developed countries", Mr Mellár explains. "And we wanted to orient ourselves towards the best – the reason why we addressed Statistics Canada." On Mr Mellár's invitation, Ivan Fellegi (Chief Statistician of Canada) and Jacob Ryten carried out this exercise in 2000/2001 (see [website http://www.ksh.hu/pls/ksh/docs/news/eszakvizs.doc](http://www.ksh.hu/pls/ksh/docs/news/eszakvizs.doc)).

The peer review gave the KSH a good overall grade but identified a number of areas where progress could be made. "Some of the recommendations were not so dramatically new, and we suspected a few things", Mr Mellár points out, "but it strengthened us and helped me to convince my colleagues."

Following the findings of the peers, a number of committees were established to discuss ways of getting rid of the deficiencies concerning:

- relations with other members of the official statistical system (ministries),
- financial management,
- public and client relations,

### Social statistics lagging behind

"There are hardly any discrepancies between EU and national objectives when it comes to Hungary's business and economic statistics", Mellár says.

But for social statistics, it is quite a different kettle of fish. At the early stages of transition, when the economic performance of the country was poor and resources scarce, all available resources had to be devoted to business and economic statistics. EU harmonisation also concentrated mostly on economic statistics. In the social sector, the labour force survey and international migration were the only important areas of harmonisation.

Social statistics at that time did not get adequate attention and support, although the transition period brought about a lot of social tensions, which ought to have been monitored statistically. Resources, however, needed to be shifted to other, possibly more urgent, statistical fields.

- ▶ human resources management and training,
- ▶ modernising the organisation of the regional offices, and
- ▶ the introduction of modern data collection and data capture techniques.

### Having the right and the power

As the peer review pointed out, possible friction in the statistical system may arise from the fact that although the KSH plays a leading role in shouldering the responsibility for methodology, it does not have outspoken enforcement powers.

Within the Hungarian statistical system, a number of statistics are, in fact, carried out by ministries and the central bank. This requires strong coordination in order to ensure consistency and quality of the statistics produced by the different actors. Given its central place within the statistical system, only the KSH can fulfil this coordinating role, but its scope is restricted to bilateral contacts and agreements.

To this can be added that the ministries are in a better position to influence the statistical programme. They enjoy the right to suggest surveys to be included in the national statistical programme, on which the state secretaries give their opinion before passing it on to Parliament for adoption. This is why the KSH is sometimes obliged to carry out surveys under the heading 'official statistics', which are in fact administrative information.

To illustrate the numbers involved, of the 500 projects included in the compulsory data collection programme, around 300 are carried out on behalf of ministries.

### Let market forces rule

"Within the current system, the ministries have the incentive to ask for more and more surveys without verifying other sources, and it is up to us to deliver. We would like to cure the situation by making a clear distinction between public statistical goods, official statistics and administrative information. The latter two would be the responsibility of the ministries who could then decide to drop official statistics surveys or to ask the KSH or any other organisation to deliver the data. This gives both partners more freedom – the 'what' and 'how' and 'how much' will be subject to discussion." It means that the KSH will have to compete with private enterprises, but Mr Mellár is confident that his office can stand up to competition.

The very cumbersome procedure of setting up the annual statistical programme has also been raised by the peers. The annual programme containing the compulsory data collection projects are subject to a legal act in which the questionnaires need to be included. Not only is this procedure rather extensive and detailed, but it also takes a lot of time to prepare and does not give the statistical office much room for manoeuvre.

"Almost two years for preparing a new survey just doesn't give us enough flexibility to react to newly arising needs", affirms Mr Mellár. "For this reason, we will try and get the go-ahead from the government to launch a limited number of compulsory surveys beyond the annual programme.

"In addition, I would like to see the National Statistics Council transformed into a supervisory



*Witness of the past – the building that hosts the KSH is probably one of the most beautiful 'homes of statistics' in Europe.*

## Back in time

The first attempt at establishing a national statistical service in Hungary in 1848 was not a lasting success. After the failure in the struggle for independence from Austria, it was dissolved only one year later.

Following a compromise with the Austrian monarchy to establish an independent Hungarian administration, a statistical office with more or less the same tasks as today's KSH, the acronym for *Központi Statisztikai Hivatal*, was established in 1867. A few years later, in 1874, a first legislative act on the organisation of national statistics went through Parliament.

Under the Communist regime, the KSH fulfilled the information needs of a centrally planned economy. But Hungary was also the first country of the Eastern Bloc countries to experiment with Western style macroaccounts. Already in 1968, it started to calculate macro accounts not only according to the Communist Material Product System (MPS) but also in parallel to the Western system of national accounts.

This gave the KSH a relative advantage and made it easier to adapt to the new statistical needs of the market economy emerging at the beginning of the 1990s.

The Statistical Act of 1993, which builds on the tradition of statistical laws in Hungary, aims at giving statistics a stable legal footing and at enabling it to fulfil its role in today's society.

body, which controls and evaluates our operations. Currently, its role is restricted to assisting in the setting up of the statistical programme and to giving advice. But I believe this measure would contribute to gaining public trust and be in our best interest."

### Just who's boss around here?

Next on Mr Mellár's checklist is a reform of the Office's operational system. One part of it will be to introduce a project-based management system instead of the hierarchical system currently in place. Not only boosting efficiency and more flexibility, it will also mean better financial management, particularly for allocating the budget to diverse projects.

The second part concerns the structure and staff allocation of the regional offices. For a relatively small country, Hungary has a fairly large number of county offices. In the long term, a reduction in the number of regional offices will be inevitable.

"The current structure", Mr Mellár explains, "is based on a data collection system, which is neither efficient nor up to date. The new methods of electronic data collection will swallow up fewer resources in data processing. We cannot insist on maintaining the old methods. I prefer to start thinking proactively about a reasonable solution, ourselves, than to twiddle our thumbs for a change to be imposed upon us from outside."

"On the other hand, we will need more people in analysis, dissemination and methodology. People realise how essential this is and understand that they have to learn and take on new skills."

### A moving target

"Changing circumstances and emerging user needs require constant readjustment. We have had to catch up a great deal before satisfying the statistical *acquis*, which is anyway a moving target. But we are there, or almost ... "

The KSH is currently examining the last few potholes in the road towards full compliance with



Budapest's Chain Bridge links the two cities Buda and Pest

the statistical *acquis*. Trade statistics has recently been taken over from the Ministry of Economic Affairs, which gives the KSH not only full methodological responsibility for this core area. It also puts it in a better position to prepare for Intrastat, the trade statistics system for the common market.

A solution has also been found for the very delicate question of how public deficit and debt statistics are being handled. Statistics on public deficit and debt in Hungary are prepared by the Ministry of Finance, which over the past few years have continued to apply its own methods.

Mr Mellár seems relieved: "The new Minister (after the elections in May 2002) announced that they would report debt and deficit figures in accordance with ESA 95. The KSH will provide methodological information and instructions, and the Ministry will from next year onwards report monthly and quarterly budgetary deficit figures. We will check this information and produce the official

annual figure, which gives us better control over the process."

No sooner has one goal been achieved than another one is set – this seems to describe Hungary's first statistician best. "For several years, we had to devote all our financial, human and psychological resources to methodological development and harmonisation. With our plate full of changes in statistics, we perceived the stability of the organisational structure as an asset, and felt that ushering in more changes would be counterproductive. Now that we can see light at the end of the tunnel, we have to address organisational and management issues and introduce modern management solutions, which can in the future provide us with additional resources."

Perceiving change as a chance rather than as a threat is certainly a virtue that helps to keep a cool head for mastering future challenges and achieving an ambitious goal – to be one day among the best reputed statistical offices in Europe, if not throughout the world. ■

**The KSH** currently has a staff of around 1 900, half of them working in the Budapest headquarters and the other spread throughout the 19 county directorates. The central organisation, planning, methodological work and most of the analytical and dissemination activity are concentrated in the headquarters, whereas the county offices mostly take care of data collection. The county offices are also an important focal point for administration and the users in the counties.

Statistical activity is generally governed by the Statistics Act adopted in 1993, last amended in 1999. It defines the KSH as an independent organisation within the public administration and provides for the President and Deputy Presidents to be appointed and dismissed by the Prime Minister.

	Population 10 million	
	KSH central office	County offices
Number of staff	917	1 020
Tertiary education	63%	42%
Staff aged 30 and below*	19%	15%
Staff over 50 years*	35%	32%

\* (Management and civil servants only)



In August 2003, reunited Berlin – a city which many people, and not only Berliners, consider to be Germany's most exciting city – will host the most important forum for statisticians of all disciplines from around the world, the world congress of the International Statistical Institute (ISI).

# The world of statistics meets in Berlin

**W**orldwide, this scientific association counts some 5 000 members from all fields of statistics. Vital for the development of statistical methods and processes, it helps to promote their world-wide application through international cooperation. It is the only institution, which can look beyond the confines of the individual disciplines and transcend all national boundaries.

Many forums and groups of various kinds exist for the exchange of ideas worldwide in different subject areas, and most countries have a statistical society for interdisciplinary discussions. However, only the ISI can offer a combination of both – a worldwide interdisciplinary forum.

The most important platform is the biennial world congress, at which statisticians can gather information on the latest developments in statistics and discuss this new knowledge through personal contacts.

## Two causes for celebration

Exactly 100 years after the first – and so far only – international conference of statisticians in Germany, an ISI congress is now being arranged here for August 2003. The first ever worldwide conference of statisticians took

place exactly 150 years ago, in 1853.

As well as celebrating these two anniversaries, the German organisers especially want to take advantage of the opportunities presented by such a large-scale event to foster the public image of statistics and to present their own country to the rest of the world, to show what it is capable of doing.

They are expecting around 2 500 participants, who, during the seven days of the conference, will be able to listen to papers from the whole statistical spectrum, present the latest findings and hold discussions with colleagues from the same or different subject fields.

The German organising committee will be responsible for arranging the wide variety of contributed papers and scheduling them along with the invited papers, for which the ISI Secretariat is responsible.

## No exclusive club

According to Günter Kopsch, who vice-chairs the National Organising Committee, the meeting will follow the trend of the past few years and organise the programme to appeal to users such as businesses, associations and the media, scheduling the relevant events as close together as possible. The ISI congress is no exclusive club.

Along with the broad range of topics, the two sessions on the

statistics of the host country – "Official statistics in Germany under five different political systems" and "Some German academic statisticians of the 20th century" – will no doubt be one of the main attractions. A session of the best papers from developing countries is also planned, along with a further session in which the ISI President, the Australian, Dennis Trewin, will invite particularly prominent representatives of the statistical world to give papers.

Outstanding statistical personalities from all over the world have been asked to speak, and their invited papers are expected to be among the highlights of the meeting.

## Involving developing countries more

One of the ISI's declared aims is to strengthen links with statisticians from the developing and transition countries, and for this reason, the ISI is awarding its own prize, the Jan Tinbergen award.

Various arrangements have been made to ensure that young colleagues from the





## Welcome to Berlin

In 1903, Germany hosted a Session of the ISI for the first and, so far, last time. Exactly 100 years later, the 54th ISI Session will be held again in Berlin, the capital of reunited Germany.

Dramatic events and worldwide changes, both for the worse and for the better, and in which Germany has had a considerable share, have left their mark upon this last century.

Nevertheless, the International Statistical Institute has never departed from its original idea of inviting statisticians from all countries and continents to come together every two years, not only to exchange their professional knowledge and findings, but also to get to know the various regions of our earth, their

people and their cultures. This has become far more than just a good old tradition.

To keep the flame of this universal idea flickering, and on behalf of the International Statistical Institute and the National Organising Committee, I would like to invite you to take part in the 54th ISI session in Berlin from August 13th – 20th, 2003.

In an age when technology and economy around the world are becoming ever more closely interlinked, the need for global cooperation in the field of statistics is greater than ever ...

*Hans Günther Merk – Chairman of the National Organising Committee*

developing countries do not have to forego the chance to take part for want of financial backing: the German organisers and the ISI, for example, will pay the expenses of 25 to 30 participants.

In the offices of the National Organising Committee, which is housed at the Federal Statistical Office in Wiesbaden and in Berlin, and where seven colleagues work full time, further ways are being considered to make it easier for statisticians from developing countries to take part. For example, reason-

ably priced accommodation in government guest-houses is being offered especially for this group, and funding is being made available from the ISI's development fund, from the World Bank and from the Statistical Society of Japan.

Since Berlin is a particularly attractive location for the countries of Central and Eastern Europe, which are currently in transition, the organisers expect at least to equal, if not to exceed, the Helsinki figure of 16% of participants from developing

and transition countries in 1999 and the 18% notched up in Seoul in 2001.

An extensive programme of tutorials is being arranged in connection with the congress, and satellite meetings and short courses will be held both before and afterwards to accompany the scientific programme.

There will be a parallel exhibition on "Statistics, Information and Networks" and innovations in information technology which are relevant to statistics.

*Anyone interested in the congress, whether a member of the ISI or not, can find information, including the outline schedule, on the Internet under [www.isi-2003.de](http://www.isi-2003.de), together with details of registration, fees, accommodation, etc. You may register without obligation up to the end of February. Printed versions of Information Bulletin No 1 can be obtained upon request. A second information bulletin with further details will then be sent in March to all those who have pre-registered, so that people can formally register for the congress – also via the Internet.*

## <http://www.cbs.nl/isi/>

Established in 1885, the International Statistical Institute (ISI) is one of the world's oldest international scientific associations. Fully autonomous, it seeks to develop and improve statistical methods and their application through the promotion of international activity and cooperation. The permanent office of the ISI is situated in Voorburg, the Netherlands.

It is organised around committees and sections with elected, ex-officio (the Chief Statisticians) and corporate members such as national statistical societies. The sections reflect the ISI's approach to integrate a wide number of fields under the statistical umbrella, ranging from mathematical statistics and probability, statistical computing and surveys to official statistics and statistical education.

The ISI contributes largely to international cooperation in organising and participating in conferences and bodies of international organisations.

Through the publication of a scientific journal, it spreads knowledge about new and best methods in statistics. One of its major achievements is clearly the ISI Declaration of Professional Ethics. These principles have

been adopted by the UN Statistical Commission and have subsequently influenced many statistical laws throughout the world.

The ISI has consultative status with the United Nations Economic and Social Council (Ecosoc) and with the United Nations Educational, Scientific and Cultural Organisation (Unesco).



# 54th Session 2003

## International Statistical Institute Institut International de Statistique Internationales Statistisches Institut

### On the menu

The scientific programme covers the whole range of statistical fields. Scheduling the 600 to 900 expected contributed papers, plus the 300 or so papers to be given by invited speakers

(invited papers) over a very short period of time is merely one of the challenges facing the organisers. In the two to three time slots allotted to the scientific programme every day, participants can select from up to 14 parallel sessions on offer,

around four to six of which are invited paper sessions.

Along with the scientific exchange of ideas, the two-yearly meetings are also used for the ISI General Assembly and other administrative business.

An extensive social programme, with some events free of charge, will also be the chance for statisticians from all over the world to get to know the new 'old Berlin' and ensure that the conference will also be a social gathering.

	Monday August 11	Tuesday August 12	Wednesday August 13	Thursday August 14	Friday August 15	Saturday August 16	Sunday August 17	Monday August 18	Tuesday August 19	Wednesday August 20	
07.30	Preparation	Preparation and Registration	Registration	Administr. Meetings	Administr. Meetings	Excursions	Excursions	Administr. Meetings	Administr. Meetings	Administr. Meetings	
09.00				Scientific Meetings	Scientific Meetings			Scientific Meetings	Scientific Meetings	Scientific Meetings	
10.00				Lunch Break Administr. Meetings	Lunch Break Administr. Meetings			Scientific Meetings	Lunch Break Administr. Meetings	Lunch Break Administr. Meetings	
11.15				Scientific Meetings	Scientific Meetings			Excursions	President's IP Meeting	Scientific Meetings	Scientific Meetings
12.00				Scientific Meetings	Scientific Meetings				ISI General Assembly	Scientific Meetings	Scientific Meetings
13.00				Administr. Meetings	Administr. Meetings			Excursions		Administr. Meetings	Administr. Meetings
15.15				Administr. Meetings	Administr. Meetings						
16.00				Opening Ceremony	Welcome Reception			Concert	Reception	Farewell Party	
17.30											
18.00											
19.00											
20.00											
21.00											
22.00											

### Facts in brief

In 1997, after the official invitation was issued, a National Organising Committee began work, initially as an informal grouping. The Committee is made up of representatives of the German Statistical Society, research institutes and universities, as well as the

Federal Statistical Office and the Offices of the Länder of Berlin and Brandenburg, and more than twenty national institutions which, as producers or users, all have links with the world of statistics.

An office set up in the Federal Statistical Office is in charge of organisation. It

has seven officials and is assisted by a congress management agency (as well as by the various departments of the Federal Statistical Office).

The budget has been guaranteed by the Federal Government, as part of the budget of the Federal Statistical Office.

In the past, the biggest contingents have come from USA and Japan, followed by the 'large' EU countries. ■

Photo on page 47: Press- and Information Office of the Land Berlin/G. Schneider

After eight years (1994-2001), Eurostat and the Member States have decided to pull the plug on the European Community Household Panel (ECHP) project and replace it from 2003 with a new instrument, EU-SILC (Statistics on Income and Living Conditions). **PALOMA SEOANE**, head of project of EU-SILC, explains the reasons for turning over a new leaf.

## A new dawn breaks for social statistics

Statisticians and users alike will agree that the European Community Household Panel (ECHP) has offered a unique information source with a large range of topics, standardised methodology and procedures and a longitudinal panel design. However, and there is no hiding it, the panel has always suffered from operational problems, of which the most significant is data timeliness. Others relate to initial response and attrition rates and the non-participation of Sweden.

The political scene has also changed, particularly after the Lisbon, Nice, Stockholm, and Laeken summits, where

strong support was given to the eradication of poverty and to a better understanding of social exclusion and to the central request for more timeliness. Thus, the content and timeliness of production needed to be tailored according to the fresher political needs and the existing set of variables reviewed. What was good about the ECHP – its strengths and the experience gained from it – are being saved from the shredding machine to develop its successor.

### A new social reference tool

EU-SILC is expected to become the EU reference

source for comparative statistics on income distribution and social exclusion at European level, particularly in the context of the 'Programme of Community action to encourage cooperation between Member States to combat social exclusion' and for producing structural indicators on social cohesion for the annual spring report to the European Council.

It will provide two types of annual data:

- ▀ Cross-sectional data pertaining to a given time or a certain time period with variables on income, poverty, social exclusion

and other living conditions, and

- ▀ Longitudinal data pertaining to individual-level changes over time, observed periodically over a four year period which will be restricted to income, labour and a limited set of non-monetary variables of non-monetary indicators of social exclusion.

For both the cross-sectional and longitudinal components, all household and personal data will be linkable.



*ECHP and SILC teams (from-left-to-right): Jean Thill, Head of Unit Anne Clémenceau, Christine Wirtz, head of SILC-project Paloma Seoane, Laurence Damiani, Gérald Pieltain and Thierry Kruten*

Furthermore, modules providing updated information in the field of social exclusion will be included starting from 2005.

For the cross-sectional component, the plans are to achieve the minimum effective sample size of around 80 000 households in the EU as a whole (86 000 including Iceland and Norway). The allocation of the EU sample among countries represents a compromise between two objectives: the production of results at the level of individual countries, and production for the EU as a whole.

Requirements for the longitudinal data will be less important. For this component, an effective sample size of around 60 000 households (64 000 including Iceland and Norway) is planned.

### More timely and flexible

Since improving timeliness has been one of the tool's core objectives, and because it is universally recognised that the longitudinal dimension takes more time in data production, priority has been given to the delivery of timely and comparable cross-sectional data.

Another characteristic is flexibility in terms of data sources and sampling design. Eurostat strongly encourages the use of existing data sources, whether they are surveys or registers and the use of national sampling design.

Nevertheless, an integrated design for those countries planning to launch a new operation is recommended by Eurostat. This design aims to be the most cost effective and

efficient for both, cross-sectional and longitudinal requirements. On the other hand, the integration of the new instrument into established national statistical systems should be promoted.

### Where are we now?

The introduction of a legal act for EU-SILC was decided and a draft SILC framework regulation approved by the Commission in December 2001, which was adopted by the European Parliament at the first reading with some minor amendments in May 2002. A common position is planned to be adopted by the Council targeted for January 2003.

In parallel, Eurostat and the Member States are currently developing the instrument's technical aspects. More concretely, four Commission regulations ('Sampling and tracing rules', 'Definitions', 'List of primary variables' and 'Field-work and imputation aspects') are being developed.

It is hoped that these regulations will be approved by the SPC in May 2003. Later on, two Commission regulations will be developed: one on the variables included in the modules and another on the content of the quality reports.

The EU-SILC project is planned to be launched in 2003, on the basis of a 'gentleman's agreement', in six Member States (Belgium, Denmark, Greece, Ireland, Luxembourg, and Austria) as well as in Norway.

Given the procedural time lags in the co-decision procedure, the starting date for the EU-SILC instrument under the framework regulation of the European Parliament and of the

Council has been postponed to 2004, with a derogation for three countries (Germany, Netherlands and the UK) to start in 2005. This is under the condition that they supply comparable data for the year 2004 for the cross-sectional common EU indicators that have been adopted by the Council before 1 January 2003, in the context of the open method of coordination.

Under the framework regulation, Iceland will also launch SILC in 2004, and, if all goes according to plan, the Candidate Countries in 2005.

### Fine-tuning necessary

A pilot survey was launched in 2002 in all the Member States as well as in Norway, in order to test technical aspects of EU-SILC. However, at the time of going to print, only five countries have sent the micro-data files to Eurostat.

Based on the experience of the pilot experiment, the difficulty of collecting some of the data – particularly gross income at component level, health variables, and housing costs – was observed. As a result, some variables have been dropped from the instrument and others reformulated.

For the cross-sectional component, micro-data files at the Community level for the data collected during year N will be made available for scientific purposes by the end of February N+2.

The social cohesion indicators based on the cross-sectional sample of year N that will be included in the annual Spring Report of year N+2 to the European Council will

be available in December N+1.

For the longitudinal component, micro-data files at Community level for data collected up to year N will be made available for scientific purposes by the end of July N+2.

### EU-SILC for whom?

One of the main uses of ECHP data was the production of structural indicators for the annual spring report to the European Council. Four of them are based on ECHP data: distribution of income, risk-of-poverty rate before and after social transfers, and persistent risk of poverty. Thus, EU-SILC is expected to offer an even greater data source for this project.

DG Employment – already very much involved in ECHP work – will be the most important regular user of EU-SILC data for different projects with its plans to increase both financial and human resources on this issue.

Data are expected to be used not only for poverty/social exclusion analysis, but also for issues such as gender pay gaps, labour analysis, child care and so on.

Last but not least, the social statistics research community – an extensive user of ECHP data in the past – will also make up a substantial proportion of users.

In conclusion, EU-SILC will strengthen the fabric of social statistics by offering what the ECHP could not: mainly timeliness and flexibility of sources. Social research and policy-making will be all the better for it. ■

If you are one to forget birthdays ... reach out for your agenda now and pencil in 15 to 21 May, 2003: Eurostat turns 50 and celebrates its jubilee – and 50 years of comparable, harmonised European statistics. And it wants to share the celebrations with all those who have helped make Eurostat what it is today – and with those who will shape it tomorrow.

# Happy birthday, Eurostat

It's 50 years since Eurostat saw the light of day as a statistical service for the fledgling 'European idea' in 1953, when the first building blocks of a European community were put into place with the European Coal and Steel Community.

And it's been 50 years of hard grind and teamwork – involving the National Statistical Institutes, as well.

The overarching task underpinning Eurostat's history has been harmonising the statistics of 6 Member States, then 9, then 12 and 15. No mean feat when you consider the differences between countries.

In the 50, 60s and early 70s, Eurostat's development was gigantic: the SEC 70 system of economic accounts and the NACE nomenclature were introduced and most of the major surveys were set up.

In 1974, the first domain was put in to the New Cronos database.

Then in 1988 – against the backdrop of accelerating European integration, the Single Market, Maastricht, the creation of the European Economic Area (EEA), EU enlargement, German reunification and the creation of Economic and Monetary Union and the European Central Bank – Eurostat was called upon by the Commission to provide a high quality statistical system.

Other key dates in its 50-year history include 1989, when the Statistical Programme Committee (SPC) and the first statistical programme were set up, and 1990, when Eurostat was authorised to receive confidential data.

These developments lay down the foundations of



today's European Statistical System.

A keen interest in Eurostat's history is what led former Eurostat Directors, Alain Chantraine and Alberto de Michelis, to prepare a readable and enjoyable biography looking back at Eurostat's 50 years.

Drawing on interviews, cameos and anecdotes, their work sets out to chart the 50-year timeline, bringing out not only the triumphs, but also the most challenging and painful moments of this construction.

## Events galore

A host of events is on the menu, making it a memorable occasion – and both a European institution and Luxemburgish event at the same time. The week-long festivities will open to the sounds and melodies of the association 'Femmes d'Europe' on Thursday 15 May.

Friday 16 May will be the main celebratory day, focussing on retrospectives of the past 50 years. In addition to His Royal Highness Grand Duke Henri, Mr Juncker, the Prime Minister of Luxembourg, and European Commissioner Pedro Solbes, participants, contributors and guests will include figures from

Eurostat, the Commission, other European institutions and a host of other bodies and statistical institutes. And for some light relief, Luxembourg's renowned 'Voices International' choir will also be there with their lively and varied repertoire.

But that's not all! Other events include, on Saturday 17 May, a dinner dance for all Eurostat staff and their partners, and between 19 and 21 May, a range of sports events, a rally and a quiz on Eurostat trivia.

To remember those who have helped pioneer and construct Eurostat, and for those who don't mind letting others see what they looked like with baggy trousers and thick-rimmed glasses in the 60's and 70's, there will also be a 'family' album on show, with giggling guaranteed!

In a nutshell, 'let's party' will be very much the motto next 15-21 May. And why not: 50 years of Eurostat is definitely something worth celebrating. The *Sigma* team also wishes to raise a toast and inform readers that our next issue will be devoted to Eurostat's birthday. ■

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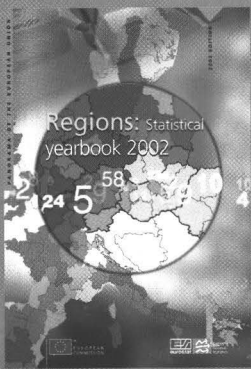
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