

S I G M A

The bulletin of European statistics

Social Europe

NEW HORIZONS FOR STATISTICS

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Statistical Office of the European Communities



In *this issue* of Sigma...

Now that social matters are firmly back on the public agenda – with an extraordinary European Council meeting dedicated to employment and the strengthening of social policy following the Amsterdam summit – the focus of this *Sigma* was a natural choice!

In the following pages we aim to...

- ▶ clarify the importance and role of social policy, and consequently of social statistics
- ▶ emphasise the role of social statistics in economic policy, and
- ▶ give some pointers to the possible future of social statistics.

To this end we asked **Lidia Barreiros**, Eurostat Director responsible for social statistics, to review EU social policy and describe the way ahead for social statistics.

We then turn to **Paolo Garonna**, Director-General of ISTAT and founding father of the Siena Group, the international 'think tank' for social statistics – a man with a knack of lifting topics out of their academic context and dropping them with a thud into the real world.

Allan Larsson, Director-General of the Commission's DGV (Employment, industrial relations and social affairs), gives his view on how the European Union can support the process of modernisation of the workforce and workplaces and cut unemployment.

Robert Weides, Director-General of Luxembourg's national statistical institute (Statec), discusses preparations for the European Council meeting on employment.

Professor **Tony Atkinson** of Oxford University, one of the UK's most distinguished social statisticians, examines social exclusion – a topic that crops up more than once in this issue – and other social 'headlines'.

Members of CEIES (the European Advisory Committee on Statistical Information in the Economic and Social Spheres) give their views as representatives of trade unions and employers' associations and describe their expectations of social statistics.

Finally, the choice of the UK Office for National Statistics (ONS) for our regular profile of an EU NSI is particularly appropriate. The formation of ONS in 1996 by the merger of the Central Statistical Office (CSO), mainly responsible for economic statistics, and the Office of Population Censuses and Surveys (OPCS), which embraced the social arena, has given a much sharper focus to UK social statistics. And **Tim Holt**, ONS Director, comes from a distinguished academic social statistics background.

Add all this together and the result, we trust, is a package that will leave you with a much clearer picture of the challenges faced by social statisticians, and those who rely on them for guidance, as we approach the millennium.

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SIGMA COMMENT

Eurostat responds to social policy

by Lídia Barreiros

2

SIGMA THEME

SOCIAL EUROPE

A nettle we must grasp

John Wright in conversation with Paolo Garonna

4

New jobs for a new Europe

by Allan Larsson, Director-General of DG V

10

Statec & the Summit

Steffen Schneider in conversation with Robert Weides

12

Social exclusion could be not having a mobile 'phone

Professor Tony Atkinson of Nuffield College, Oxford, surprises John Wright

14

Two new members of the CEIES sub-committee on social statistics write about their expectations

▶ **Statistics 'always controversial'**

by Bill Callaghan

19

▶ **Why we need balance in social statistics**

by Botho Graf Pückler

21

Social statistics enjoy a renaissance

Barbara Jakob quizzes Eurostat's Hubert Charlier and Michail Skaliotis

23

Data driven by social policy

How Eurostat gives decision-makers basic data on key topics

26

On course for the millennium census

by Aarno Laihonon

29

FOCUS ON MEMBER STATES

Exciting times for UK statistics

John Wright profiles the Office for National Statistics and top man Tim Holt

30

Major new survey by Irish CSO

by Joe Treacy

38

New Directors-General at INE

39

Denmark joins Data Shop 'club'

by Inge Feldbaek

40

One of several Eurostat Data Shop openings in EU capitals

FOCUS ON EUROSTAT

Lies, damned lies or good statistics?

by Alberto De Michelis

Eurostat and convergence – what has this to do with Disraeli?

42

All systems 'go' for Russian statistics

by Yuri A Yurkov

46

Hard copy access to 'infobahn' fast-lane

Steffen Schneider asks Hans Wilhelm

about the EU Document Repository and how Eurostat uses it

49

Lidia Barreiros,
Eurostat
Director, sets
the scene for
the theme
Page 2

Paolo Garonna, founding father of the
Siena Group talks about extending
the frontiers of social statistics into
uncharted territory
Page 4

Robert Weides, Director-General of
Luxembourg's NSI on his perspec-
tive of the Employment Summit
Page 12

An understanding is signed with
Eurostat and Yuri A Yurkov,
Goskomstat's President, reflects on
a new era for Russian statistics
Page 46

Eurostat responds to social policy

by Lídia Barreiros



Lídia Barreiros is Director of Eurostat Directorate E – Social and regional statistics and geographical information system

In its Communication on *Modernising and improving social protection in the European Union*, adopted in March 1997, the Commission also stressed the need to increase awareness of social policy as a productive factor. Far from being just a cost, social policy can and should be productive. After all, it pursues basically the same goal as economic policy – to improve well-being.

The two can be mutually reinforcing. Main difference is that social policy focuses more on the well-being of vulnerable groups in society.

The Amsterdam Treaty strikes a new balance by making employment an explicit EU objective and firmly establishing "social policy as a productive factor". And new provisions have been adopted on non-discrimination, equal opportunities, and public health.

For social policies to be effective, they should be based on facts – many of which must be supplied by social statistics. But to be relevant, social statistics must derive from the social policies they are designed to illuminate.

The new employment guidelines approved in November 1997 at the extraordinary European Council meeting indicate the future role of social statistics. For the "effective monitoring and assessment of employment policies and identification of good

practices", the Council points to the importance of common indicators, based on comparable statistics. Earlier, three White Papers – *European social policy*, *Growth, competitiveness and employment* and *Teaching and learning* – defined, to some extent, the issues the Commission wishes to illuminate using analyses based on comparable data.

Among key issues are: the labour market and new kinds of employment; financing social protection; poverty and social exclusion, disadvantaged groups, low incomes and forces behind marginalisation; equal opportunities; how people experience transition, particularly between school and work and work and retirement; initial and life-long training; health and safety at work; and, finally, migratory movements.

To meet these concerns, Eurostat has launched in the last five years a large number of statistical operations and improved existing ones. These include the European Community Household Panel (ECHP), the Continuous Vocational Training Survey (CVTS), efforts to harmonize further the Household Budget Surveys (HBS), pilots of a European Employment Cost Index and a Time-Use Survey (TUS), and preparation for a quarterly Labour Force Survey (LFS).

Data requests are piling up in an environment of budgetary restraint. As a result, use of registers and administrative

Economic and social aspects are two faces of development. What purpose monetary union if unaccompanied by progress in social cohesion between Member States and, within them, among different groups of society?

Interest in social issues is strong and rising. This was recognised at the Intergovernmental Conference in Turin in March 1996 when the Commission advocated "a people's Europe promoting a European social model".

records will have to expand. We have already begun work on this difficult area.

Eurostat must anticipate

"Social expenditure should do more to promote employment" was a point raised at the Job Summit. High EU unemployment means it is not a concern that will go away.

It is Eurostat's job to anticipate requests for data that inform discussion of such issues. That's why, at the request of the Commission's DG V, we launched, early in 1997, an operation to compare, EU-wide, spending on – among other things – making it easier for people to get their first job and on job creation and reduction of long-term unemployment.

Our statistical plan is very ambitious. It can't succeed without intensive cooperation between officials working on social policy, NSIs and social scientists.

An early experience was in the late eighties with a Eurostat seminar on *Poverty statistics in the European Community* in Noordwijk, Netherlands. Policy-makers, researchers and NSIs set the scene for Eurostat's first medium-term programme on poverty statistics. This led to the first-ever comparable data on EU poverty, published in 1991.

In January 1998, Eurostat asked for a high-level think tank to ensure continued progress and debate in this difficult area. Progress must be made in introducing new dimensions of poverty measurement – from a monetary concept to multiple deprivation and social exclusion; from static to dynamic analysis; and from the individual or household to spatial poverty. And more needs to be done to 'capture' the homeless.

CEIES seminars have been another forum for defining information needs of policy-makers and researchers and identifying major methodological problems and suggestions for solutions.

Since February 1994 the Mondorf seminars have served as a meeting place for directors responsible for social statistics in Member States, researchers and officials working on Community social policy. They have provided the opportunity for open, informal discussion on the new challenges facing Community social statistics. Conclusions are used as a basis for adapting the European system of social statistics to EU-wide developments and new user-requirements. They are submitted to Eurostat's Statistical Programme Committee for approval.

Statistics must speak

Statistics don't speak unaided; we have to help them by selecting data to illustrate a message, providing useful orders of magnitude, presenting figures to raise questions, put responses in context etc. This is what Eurostat

must do to have its impartiality and usefulness recognised. Ultimately, it is also what gives Eurostat its unchallenged legitimacy.

Progress is being made on making data available on CD-ROM, the Internet, and databases. This requires from us, above all, to respect deadlines – to provide recent data and solid documentation so statistics are more easily used; not to mention ensuring we have good intermediaries to sort the data according to clients' needs.

The task of informing demands we go further and present data to...

- ▶ provide information on social change at EU level
- ▶ describe the living conditions of vulnerable groups – young people, lone-parent families etc
- ▶ indicate those phenomena likely to increase lack of social cohesion between individuals and regions, and
- ▶ analyse the forces behind marginalisation, poverty etc.

To do this, my Directorate has put emphasis on publishing reports on social fields. The most important is *Social portrait of Europe*, the third edition of which is about to appear. Other publications are less regular. For example, on the occasion of the 4th World Women's Conference in Beijing, we published a small volume on disparities between men and women in a number of fields – work, politics, etc. Last year a book entitled *Young people in the European Union – or the ages of transition* was published. It runs to 100 pages, containing analyses, graphs and tables.

In the same vein there is *Key data on education* and a new publication, *Key data on vocational training*. Some of these publications are produced in collaboration with other Commission Directorates-General.

Another new publication soon is a pocket book presenting trends in main social indicators, chosen by EU representatives at an *ad hoc* working group.

With exception of the latter, all these publications attempt, by means of simple commentaries, to describe social change in Member States. At the same time, some of the subjects address Commission objectives in the social sphere.

Finally, *Statistics in focus* is a flexible medium of four to eight pages enabling presentation of initial results of a survey or small study.

Explaining and publishing statistics and analyses are the only way for us to have a public profile. That is why we hope to develop strong partnerships in this field with the national statistical institutes.

**EUROSTAT DIRECTORATE E
BASIC SOURCES**

New (last five years)

- European Community Household Panel (ECHP) – 1st wave in 1994
- Continuing Vocational Training Survey (CVTS) – 1995
- Structure of Earnings Survey (SES) – 1996
- European Employment Cost Index (EECI) – 3 pilot surveys (1994-1996)
- European Statistics on Accidents at Work (ESAW) – 1995
- Migration Database (MIGRAT) – 1993
- Social Indicators (SOCI) – 1997

Improved (last five years)

- Continuous European Labour Force Survey (LFS) – from 1998
- Household Budget Survey (HBS) – 1993
- Unesco/OECD/Eurostat Questionnaires on Education Statistics (UOE)
- Eurostat Questionnaire on Initial Vocational Training Statistics (VET)
- European System of Social Protection Statistics (ESSPROS) – 1997
- Demographic Database (DEMO)

Is there a chasm between economic and social statistics? Is there over-emphasis on the former at the expense of the latter? Why don't practitioners in the one talk to those in the other? Has this led to a black hole in our understanding of the human condition? Are statisticians to blame? The Siena Group exists to extend the frontiers of social statistics into uncharted territory. Its founding father is PAOLO GARONNA, Director-General of ISTAT, the Italian NSI. *Sigma's* JOHN WRIGHT talks to him about...

Paolo Garonna is driven by a passion. Put simply, it is this:

Each and every one of us is affected by a wave of rapidly-changing social phenomena sweeping across Europe: phenomena we don't really understand because we don't – we can't – measure them properly. But measure them we must. Statisticians take heed!

ISTAT's Rome office is stately, Italianate, an oasis of calm amid Rome's manic traffic.

Garonna, cultured, relaxed, is clearly a man who uses words with great precision, a rare gift, even among those he describes as 'the ruling classes'.

In such a place, from such a man, you don't expect such words as 'catastrophic', 'potentially explosive', 'bleak', 'disruptive for democracy'. So they have all the more impact.

We are talking, of course, about social statistics. And **Garonna** has this knack of lifting the discussion out of its academic context and dropping it with an almighty thud into the real world. For instance...

"We see great reluctance by Member States to accept that there should be a dialogue over social issues.

"But it is coming and will come. Unfortunately it might come by accident, through conflict. We Italians, exposed in the Mediterranean, feel under

A nettle *we* must grasp



Paolo Garonna's appointment as Director-General of ISTAT in 1992 followed a distinguished academic and professional career that started when he graduated in law from Rome University in 1971. In a pointer perhaps of things to come, he completed and successfully defended at the University's Institute of Economics and Public Finance a dissertation entitled Negative income tax and the alleviation of poverty.

After four years in the Vice-presidency he was elected President of the Conference of European Statisticians in 1997, which, under the aegis of the UN, is seen as one of the main bodies governing the global statistical system.

Before joining ISTAT he worked for OECD in Paris. He did much to coordinate labour statistics between the UN Economic Commission for Europe, the ILO and Eurostat.

After graduating he pursued his studies with a master's degree in economics from Denver University, on a Fulbright scholarship, and a PhD from Cambridge.

A range of distinguished academic appointments is intertwined with the other elements of his career. Currently he holds the Chair of Applied Economics at the Faculty of Statistics, University of Padua.

From 1983-87 Mr Garonna was a member of the group of economic advisers to the Italian Prime Minister. In the same period he was also an economic adviser to the Labour Minister. Subsequently he was an economic adviser to the Treasury Minister.

threat from the diversity of social conditions separating countries that geographically are so close. It's potentially explosive. We're increasingly vulnerable to the spill-over of conflict. We can't insulate ourselves from this."

I ask what particular social issues worry him?

Garonna: "Cultural conflicts, communities unable to live together. I don't want to be catastrophic, but social order is very vulnerable. Just think of former Yugoslavia and the complete inability of social scientists and politicians to predict events. I'm not criticising – I'm saying we're often unable to see such conflicts until they really explode.

"Then there will be whole generations who feel excluded and will react in their own way. The youth issue will be explosive because society is really preventing youth from sharing and contributing.

"Then the family: how we can organise a society based on solid family relationships and, at the same time, have the professional and territorial mobility inherent in our working lives; particularly how can we share responsibility between the sexes?

"Such tensions need to be understood and monitored. If they explode they really can be disruptive for democracy.

"I don't want to sound bleak. I think there are a lot of opportunities in terms of technology, education, learning through

exposure to different cultural climates and international dialogue. But we need to recognise those opportunities, measure them and then master them."

I say that measuring such phenomena places a very heavy burden on statisticians.

"Yes", he says, "it does."

But do the politicians who guide our destiny really want to hear this kind of talk?

"If not, it's their fault. But this myopia affects us all. We're unable to look beyond what's happening tomorrow or yesterday. Unfortunately the decisions necessary to have some control over what's happening the day after tomorrow have to be taken now.

"I think it's too easy to blame the politicians – after all, they reflect their constituencies, and we live in societies unable to understand themselves.

"Again this is a measurement problem. The ruling classes are unable to provide the vision that can form the cement in the definition of a community. Within the ruling classes I include intellectuals, business leaders and statisticians. We must educate the ruling classes in developing a long-term vision as an antidote to fragmentation.

"In Italy – and, indeed, all over Europe – we are completely focused at present on monetary union. We should also be considering what happens afterwards."

Burning issues for Siena

Such concerns, of course, are the driving force of the Siena Group.

Garonna explains: "When we set up the Siena Group there

were already quite a few international statistical task forces – on national accounts, industrial statistics, money and banking statistics etc. But, although there was considerable interest in issues like poverty and measurement of social conditions, there was no way of looking at social statistics as a whole – particularly at the crucial sequences and linkages between different areas.

"Messages from the social policy arena were all the same: we need a coherent policy stance because we can't do with one hand what we undo with the other. And for taking coherent policy decisions in the social field and linking them with economic decisions we don't have enough statistical indicators."

He goes on: "I did my PhD with Dick Stone in Cambridge in the early seventies. So I was in the intellectual environment that led to his idea of developing, within the UN context, an integrated set of social and demographic statistics as a way of carrying forward the national accounts revolution.

"So I did realise there was a gap – and, to some extent, there still is – in social statistics. This isn't to deny we've achieved remarkable success in specific fields, such as employment and unemployment statistics. Standardisation has been very impressive in ILO and other fora. In areas like labour force surveys you can really control the collection process, and particularly the concepts, that grow into the measurement process.

"But the basic problem in social statistics is trying to compare

'Father' of Siena

Paolo Garonna is seen as the founding father of the Siena Group.

The group's beginnings were in 1993 when, in memory of statistical pioneer Sir Richard Stone, ISTAT organised a seminar on national accounting and social statistics in Siena. ISTAT, Statistics Sweden, Statistics Norway and Eurostat later agreed to continue the work started in Siena on developing and coordinating social statistics.

This venture was to be organised around a core of interested individuals and statistical agencies – all taking part voluntarily without any formal mandate from international or national statistical organisations.

The Siena Group held its first seminar in Stockholm in June 1994. It made an inventory of the 'state of the art' as a basis for continued work. A year later in Oslo the focus narrowed and general strategies for social statistics emerged:

- ▶ Increasing the authority of social statistics.
- ▶ Promoting efficient use of existing resources.
- ▶ Reducing fragmentation by developing information on

relationships between social and economic variables.

- ▶ Applying an integrated approach to the analysis and international harmonisation of social statistics.

At Stockholm the group decided that later seminars should concentrate on specific topics. Main theme in Oslo was monitoring youth exclusion. In June 1996, in Paris, it was inter-generational relations and social mobility, and a year later, in Switzerland, the way to a multi-cultural society. The 1998 seminar in Australia will look at the family and its changing role.

Other Siena activities include publication of collected papers, regular reporting to interested international organisations, promotion of joint NSI ventures, and encouragement of international comparison of specific social issues.

In 1997 the Group produced, under the ISTAT umbrella with **Garonna** as joint editor, a major publication called *A statistical portrait of youth exclusion*. This was Siena's first attempt to present comparable statistics for a specific social issue and see how much insight statistics could provide. It brought together statistics describing the transition from childhood to adulthood for nine advanced economies together with a European perspective.

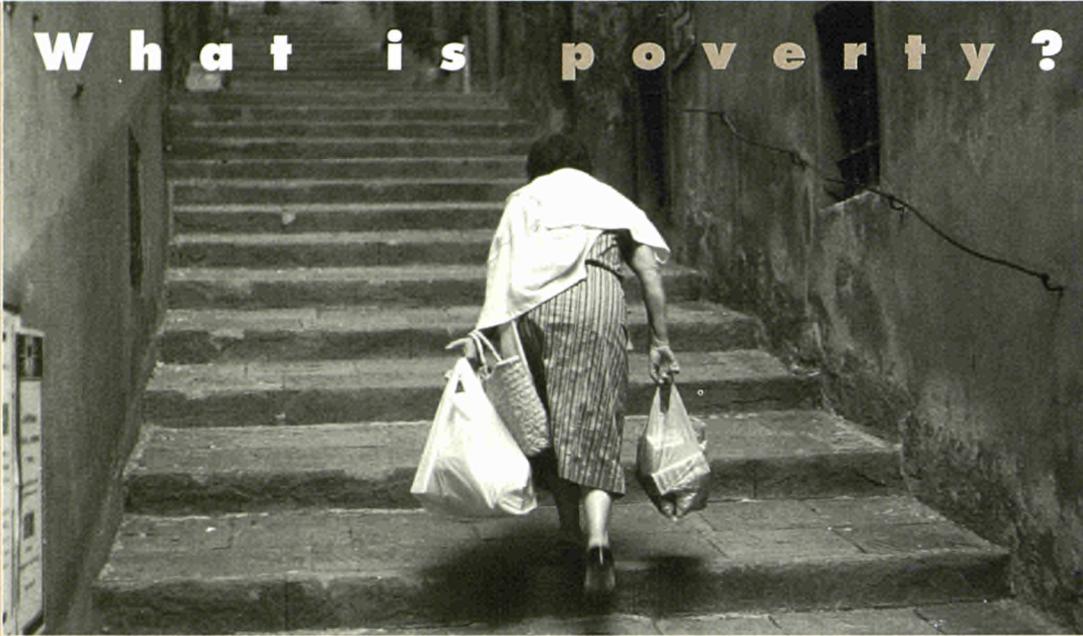
what's happening in one field with what's happening in another, and establishing links.

"One typical case is the transition from education to employment. It's amazing the things we don't know; even more serious, those we cannot know on the basis of existing data, because we can't compare the concepts built into statistics of education, because

the classifications are not the same etc.

"Although we can compare sufficiently to allow estimates of the state of public finances in various countries, we can say very little about poverty and social conditions in those countries. And this is before we even address the major problem of international standardisation.

What is poverty?



I say a question that worries me in this whole area is: as our consumer society approaches the millennium what do we mean by 'poverty'? Has it lost its meaning?

Garonna: "That's exactly the problem. You have the right question. It can be extended to what do we mean by work, by product and, therefore, by the wealth of a country?"

"Increasingly we're challenging the basic conceptual and theoretical premises of statistical work – more so in social statistics but also in production. The difficulty of measuring productivity in services leads many people to say 'We see the computer revolution everywhere except in statistics'. True: the concepts behind the computer revolution are not part of our measurement process. So it is in social statistics: we need to go back to basic conceptual work and ask 'what do we mean by...?'"

"On poverty, I'm not saying we should discontinue what we're doing already. We should do it more and better and engage more in international work – particularly at European level –

to have standard measures of money poverty. But we do need to construct measures of poverty based on the concept of basic needs. We need to go back and define how we measure absolute poverty based on basic needs.

"It's also important to measure specific poverties, including the new poverties. Independently of money income, we see impoverishment linked, for instance, to the urban environment. If you go to some urban peripheries in Europe – and increasingly in some rapidly-developing countries – you find income not lacking, you find television sets, probably even computers; but you do find basic deprivation in terms of the environment, housing, participation in community life etc.

"You could argue there is no poverty in the EU any more. But increasingly there are middle-income strata that, in the past, were not subject to impoverishment but are now significantly at risk of it. This comes through changing social conditions, changes in the welfare system, in family structure. In some middle-income families, ill-health, handicap family disruption or job loss at a certain

stage of a career can bring real poverty. Denial of a certain kind of education might also be classed as poverty in our knowledge-driven society. We are unable to measure any of this.

"Neither can we measure homelessness – cases of extreme poverty. It is very difficult to 'see' such people. They don't appear in censuses; sometimes they're linked to illegal immigration."

I am still struggling for a definition of EU poverty in 1998.

Garonna: "The problem is that, as with a lot of phenomena, you don't have a single definition because it is multi-dimensional. It's like inflation. There's consumer inflation, the GDP deflator, measures of money – M1, M2, M3. And so with poverty.

"I'm not saying your question is irrelevant but you can't really say simply that someone is poor or not poor. In the same way you are rarely either hot or cold – there is a continuum between the two. It is difficult to say if a person is poor or not poor, more poor or less poor. That's why working towards multi-dimensional concepts of poverty is so important."

"So the Siena Group decided we should try to do something, and in several directions:

"Firstly, to try and bridge these separate fields. We know we have to swim against the tide because government structures and the accompanying statistics are organised along separate policy lines. This is increasingly recognised as a problem. We need a coherent and consistent perspective.

"In this, national statistical institutes in countries with a tradition of a centralised statistical system, have a remarkable advantage. They already work with a 360-degree kind of approach; they are obliged to bring different things together.

"Second challenge is that in social analysis there is, with important exceptions, little tradition of involvement or engagement by NSIs. In general NSIs are not recognised as leaders in the production and analysis of data on social conditions. Bringing together the various 'actors' and philosophies involved is a major task."

'We have lost a vision'

A naïve question, perhaps, but why, I ask, is all this so important?

Garonna: "We have lost that encompassing vision that underpinned the development of national accounts. A classic book by one of the founding fathers of national accounting – John Hicks, a pupil of Keynes – was called *The social framework*. And if you go back to that tradition you do see the two together – the *economic framework* and the *social framework*."

Did Keynes, I wonder, send us down the wrong road in concentrating our energies on economic measurement at the expense of social theory?

Garonna: "I think the road in those days was clearly defined. In the early forties, energies were focused on the fight against the powers attacking civilisation. To do that we needed to measure welfare in broad terms. There was an integrated approach to economic and social welfare, albeit with an economic emphasis – because there was an economic effort to be made – but without losing sight of the social implications.

"Later, for many reasons – cultural, structural etc – there was a sharp demarcation. And so you had an economic approach and then you had a social approach, and they didn't talk to each other for too long. This, if you like, is the third strand of the Siena Group: to fight against academic compartmentalisation.

"Dick Stone's idea was to integrate national accounts into a broad social and demographic accounting framework, because they are all linked – through the labour market, for instance. And now you could add the environment.

"Perhaps it was naïve to think of a grand social theory. Now we all know, after a century of anti-positivism, that there isn't a single social theory; that there can't be a single approach to enable us to derive standard concepts. We must be multi-cultural and accept pluralism and flexibility in theoretical terms.

"This doesn't mean we should give up the statistician's job of defining concepts so they reflect mainstream and commonly

understood philosophies. But the fact remains that, in both economic and social fields, on the basis of standard concepts, we are increasingly unable to capture the reality of what is happening; although this is much more apparent in the social sphere.

"Take poverty. I don't think we should be defensive. We have done an amazing amount of work in measuring poverty lines and defining standard concepts. We have come up with figures – but figures of relative poverty based on incomes.

"But we miss completely the concept of poverty based on basic needs.

"In the nineties in Italy, but also across Europe, we've had the most serious slump in the post-war period. This has greatly affected social conditions in Italy – unemployment has jumped, the small firms sector has slumped, there has been social disruption. But, if you look at poverty and inequality statistics, we've had an improvement, because we're all a bit more equal, but poorer.

"Our statistics increasingly have captured that aspect of poverty – inequality. But they have been increasingly unable to define, in real terms, the accompanying social conditions – to measure the quality of life."

OK, then, I prompt, let's progress from poverty – albeit imperfectly defined – to the latest 'buzz words', *social exclusion*...

"Social exclusion comes from acknowledging that standard measures of poverty are insufficient so you need a broader concept with more qualitative aspects. And so, in that sense, it is much more vague."



I say that many see it as a deeply worrying social phenomenon. Does he share this view?

"It is an enormous problem. You have a society that increasingly sees important segments unable, for many reasons, to feel fully participant, empowered, in economic, social and institutional life.

"You see the scale of it in the labour market, in education, in

social mobility, in multi-culturalism, in different systems coexisting and conflicting. It can give rise to explosive social conflicts. We see these materialising in the difficulty of bringing together different sectoral interests into a policy, a political perspective or even just some kind of general interest. It is a problem of democracy, of social justice, of a change in values. And it is a problem of economic stability."

An example?

"There are many. One major problem is that of different communities integrating or disintegrating. There is the question of immigrants. We need immigrants but have great difficulty in coming to terms with this because we even have a problem in integrating them with our own people.

"Multi-culturalism is not an option. When it becomes an option it is serious because it means we're looking backwards rather than forwards.

"Another example is that increasingly we see youth at the margins of social and economic life. Italy is an extreme case. Youth is delaying entrance into adulthood in terms of marriage, children, jobs, housing, their own independence... This is creating enormous conflicts because it implies generations losing their adult status by entering adulthood too late: they start a career too late, marry too late, can't have children etc. So they miss out on life, and this is leading to enormous frustration."

Youth has been very much on the agenda of the Siena Group. And at its meeting at the end of 1998 in Australia the spotlight will turn to households and families. As **Paolo Garonna** points out "we don't have a standard family any more".

Where now?

I ask where all this is leading?

"To more work on measurement issues – particularly increasing the dialogue between substantive scientists and statisticians on reviewing basic concepts; getting them back to working together, which they are not doing sufficiently at present. Bringing together users and producers of data. Then redefining classifications and developing accounting frameworks for social statistics."

Looking, say, to the middle of the next century, do you think we'll be measuring things in a different way – perhaps with much more emphasis on social rather than economic aspects of human development?

"I think we shall have – I hope we shall, otherwise we'll be in trouble – a more integrated approach to social and economic issues: *homo economicus* more analysed and theorised as a human being than an economic unit.

"We'll also need an inter-temporal approach: not simply measuring what is happening but seeing it in relation to what has happened and what will happen. So the need for longitudinal data across Europe is essential, *essential!*

"We shall be analysing more paths, rather than taking snapshots of an instant in time. And we shall need an international perspective in the face of globalisation of communication and new technologies.

"People will be led to compare more and more. The whole idea that somehow social justice and the ethical approach is limited to a national community or even to a local community will go, because people will be increasingly mobile. So we really do need to address the 'unharmonisation' of concepts."

Garonna's preoccupation with concepts and definitions of social statistics brings the discussion firmly back to the present...

He asserts: "Somehow to assume that we statisticians can define, for example, a crime would appear to undermine the whole idea of national sovereignty over the legal framework. But this is happen-

ing. Similarly, who defines an immigrant or a foreigner? Often now it is the statistician rather than the nation state.

"I could continue. I think this process must lead to a redefinition of sovereignty, which will have very profound institutional implications for the state and various communities. It will enhance the role of statisticians as those who establish and operate a bridge between the scientific community and public and private decision-making by measuring what is really happening.

"So this is a very bright future for statisticians – a very challenging one – if they manage to keep that bridge open. It will be a disaster if they don't."



'YOUTH

– delicate, impetuous, fragile'

"The downsizing and restructuring of welfare programmes has unleashed a vehement and ruthless intergenerational confrontation; rapidly-changing values, lifestyles, interpersonal and family relations are strongly affecting youth; structural reforms in labour markets, political institutions, education patterns and technological innovation reshape fundamentally the environment within which the passage to adult status takes place.

"Youth is a delicate, impetuous and fragile age, and has always been so. But today the challenges facing youth, and its exposure to the risk of exclusion, are taking on new and more worrying contours. For one thing, the 'residual' approach to the consideration of youth, which has been prevailing until recently, is proving to be wrong and inadequate.

"By residual approach, we mean an approach where the difficulties of the situation facing youth are seen as a consequence of a broader social issue, be it unemployment or education or inequality. Youth unemployment is part and parcel of the wider question of unemployment, and is inherently linked to the causes and consequences of the growth in jobless; but it cannot be simply be reduced to a by-product or special case of labour market malfunctioning.

"The same thing can be said of youth exclusion in relation to poverty, education, skills mismatch, crime and insecurity, integration of immigrant and minorities, degradation of urban life.

"All major issues of societal change and living standards have a youth dimension and specific perspectives affecting youth."

– Paolo Garonna writing in the Siena Group report *A statistical portrait of youth exclusion.*

'Virtue from necessity'

I say I don't want to sound like a wet blanket, but do statisticians really have the imagination for all this?

"Statisticians have been very slow in the past. But I think virtue will come out of necessity.

"They will have to play that game because of the increasing demand imposed on them by communities. It's true, there are difficulties. There is resistance in the statistical community. On the whole the statistical culture is not yet ready for this. But we are getting there.

"A few years ago who would have thought that a major decision on EU economic and monetary convergence would have been left to statisticians somehow measuring what is really happening? But this is now in the process of being accomplished. And I think the risk we all perceived of statisticians not being able to measure such things because politics would intervene...well, this has not materialised.

"I think, on EMU, the public are sufficiently confident that what statisticians have produced is an exact enough measure of reality on which to base individual decisions. I think this can be repeated in the future with other issues. It will require profound

"We are reshaping the whole framework of the statistical environment in Europe. One important aspect of the Siena Group is to create social statisticians, because, as a profession and as a social group, they don't exist. You have national accountants, employment and health statisticians, demographers... But there is now an increasingly need for people with the leadership, vision and recognition of the problems to really make a difference in the field of social statistics."

– Garonna describing the Siena Group.



The Istat building in the heart of Rome. The statue is Sekhmet, Egyptian goddess of numbers. Ancient Egyptians and Romans always faced problems of sharing and dividing. So statistics were part of their lives.

institutional investment and certainly substantially more independence for statisticians, with institutional guarantees of independence.

"Measurement requires independence.

"Economists and social statisticians are starting to work together more. Mind you, it's much

more difficult to get to an agreed social theory than economic theory. There hasn't been a Keynes in the social field to produce a social framework of this kind. But we are moving along that road."

I ask: isn't the world now too complicated, sophisticated, jaded to produce a 'social Keynes'?

"It's a circle, isn't it? You create an intellectual process by social conditions. Post-war economic needs, the reconstruction of Europe, have predominated – so it's not by chance that the emphasis has been on economics. But I think emphasis is returning to the

social scene. I wouldn't be surprised to see a new wave of social thinking. There's a great demand for that. But right now we're in a phase of the circle in which – in public opinion, the media, academia and statistics – social preoccupations lag behind."

The interview draws to a close. I ask for biographical details.

Garonna is 49. He's been at ISTAT since 1992. *Will he stay?*

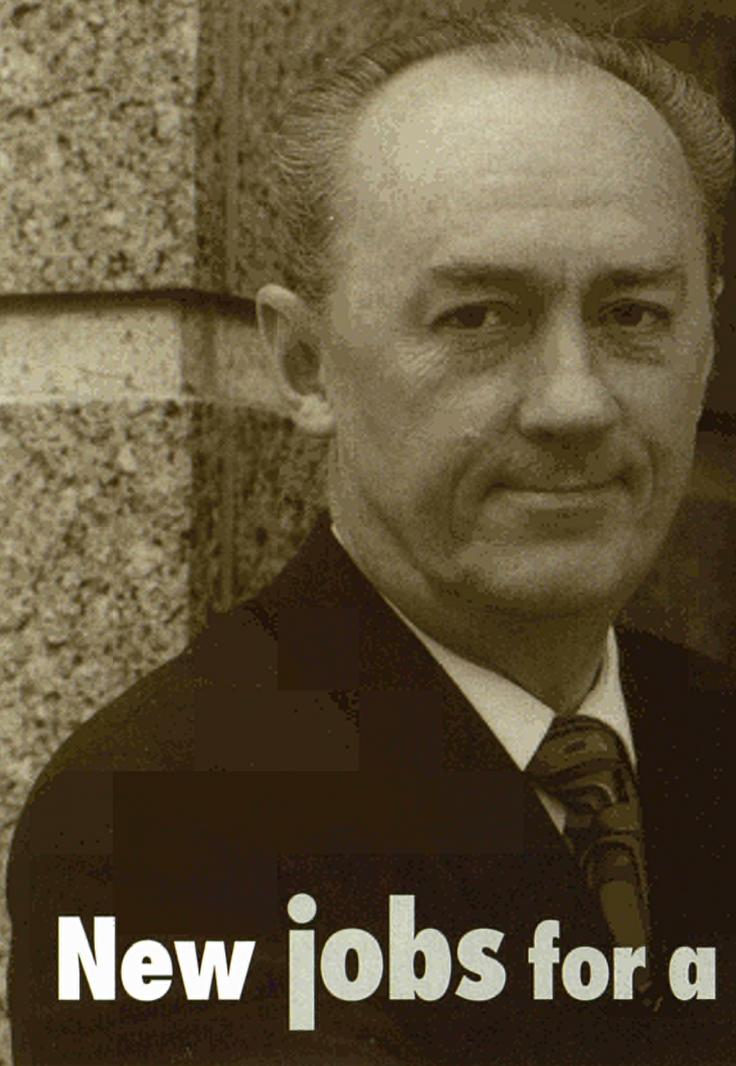
"The future is uncertain", he says.

We agree that, if the interview has established anything, it has established that!

"The independence of statistical offices, established in the United Nations Fundamental Principles of Official Statistics, their separation from partisan politics and sectoral constituencies and their links with scientific research and academic communities, enable them to play an authoritative and credible role in this area [youth exclusion] where political sensitivities and contrasting interests are sharp and visible.

"Separation from politics, and Government policies, implies that statisticians cannot, and should not, propose or support policy solutions or take sides in policy confrontations; but they can, and must, go beyond description, as far as identifying and analysing the major issues, developing scenarios for policy analysis, reporting on trends, patterns and policy performance."

Paolo Garonna writing in the Siena Group report *A statistical portrait of youth exclusion*.



As other articles in this issue of *Sigma* underline, EU social statistics are inextricably linked - and will be increasingly - to unemployment and its consequences. This is a burning issue in Europe today with some 18 million people out of work. The EU Jobs Summit in Luxembourg at the end of 1997 is seen as a big step forward in generating work for the new millennium. *Sigma* asked ALLAN LARSSON, Director-General of DG V (Employment, industrial relations and social affairs), for the Commission's view on a topic of major importance to the statistical community.

New jobs for a new EUROPE

The scale and nature of employment problems and the new understanding that the EU should be an economic entity forced Member States to underline - both in the Amsterdam treaty and at the Jobs Summit in Luxembourg - that "employment is a matter of common concern".

Added urgency comes from the common scale and nature of EU employment problems and the need to modernise our systems.

Earlier economic policies were based on the premise that Member States were competing as if they were companies; that growth came from exports. The result was that competitiveness manifested itself in defensive action against neighbours. This meant monetary dumping through devaluation, social

dumping through lower standards, fiscal dumping through subsidy or other budgetary manipulation.

The reality is that most Member State trade is within the EU. The single market has changed the conditions that shape the development of our economic and employment policies. Fifteen sets of rules have been replaced by one, with markets expanding and competition increasing among enterprises.

A common market requires all parts of the economic entity to be in good health to guarantee the well-being of the whole. Failing economic performance - including unemployment - affects the growth of all.

If a Member State pursues passive labour market policies, this is a matter of common concern. The same goes for measures to

promote employment. Policies subsidising jobs in one Member State at the expense of jobs in another are not tenable.

Two key factors lie behind our employment failures of the last 20 years. Firstly, the inability to handle macro-economic shocks. Secondly, our failure to modernise our labour markets as economies developed and changed radically and quickly.

All significant job losses have followed such macro-economic shocks. And unemployment has become long term because job demand and the supply side change at a different pace. This has created a two-speed labour market.

Often, new jobs are created in successful enterprises that demand highly-skilled workers. Turnover on the demand side is

around 10%. But on the supply side it is much lower: only 2-3% of the labour force leaves the labour market and enters from education and training. This creates bottlenecks when the economy grows, redundancy when it declines.

Huge challenge

Generally speaking, we have underestimated the pace of change and how it has been accelerated by new technology. Education and training is becoming outdated. The workforce is required to do different things and do things differently. Many more jobs are demanding better education and training.

Two more facts: 20% of young people leave Europe's educa-

tion and training systems without recognised marketable qualifications. This makes them prime candidates for precarious work and unemployment. And although half the unemployed have no recognised skills, less than 10% receive any training for the new, more qualified labour market.

This has led to an inflow of four million people into long-term unemployment every year.

Introduction of new technologies and dramatic demographic developments – fewer young workers, more older ones – create a huge challenge for economic and social policy in Member States.

On average, 80% of existing technologies will be replaced by new ones in the next decade. Our economies will transform into the more diversified, knowledge-based production of goods and services.

Also in the next 10 years the structure and composition of the EU labour force will change dramatically. The population aged 20-30 years will fall by 17% or nine million. The 50-60 group will increase by 12% or 5.5 million and the one 30 to 50 by 7%.

In general, the youngest group will be better trained than any generation in history; most will be very attractive to employers. But the message for those between 50 and 60 – those that employers are prone to discard – must be, 'Equip yourselves to fill the gap in numbers, skills and competencies created by the dramatic fall in the employers' more-favoured group'.

Women have accounted for the entire growth of the EU labour force in the last 10 years. But there is still a gender gap of 25

million jobs. There is also a gap in working time and conditions and career development.

Employment growth in the next decades will depend hugely on greater participation of women. This will be essential to sustaining our ability to fulfil the 'inter-generational contract' – from schooling and healthcare to pensions and training.

The way ahead

The Council identified an approach based on four priorities or 'pillars' to achieving stronger employment performance. These four pillars are:

- ▶ Entrepreneurship
- ▶ Employability
- ▶ Adaptability
- ▶ Equal opportunities.

Entrepreneurship: The focus here is on how to stimulate more and better jobs by promoting a stronger business and entrepreneurial environment and by supporting job creation. The objective, of course, is significant and lasting increase in employment.

The Council agreed on three policy directions. Firstly, it confirmed the need "for coordination of macro-economic policy for sustainable growth to boost employment". Secondly, it agreed the EU should harness all Community policies in support of employment. And, thirdly, it agreed a number of ways to encourage entrepreneurship and make it easier to start and run a business.

The Council called on the European Investment Bank and the European Parliament to support investment in job creation

and innovation in small and medium enterprises.

Employability: This concentrates on bridging the skills gap so all job-seekers can take advantage of new employment opportunities to avoid long-term unemployment. The Council agreed a number of significant commitments to job-seekers. Governments undertook to offer training and work experience to young people before they have been unemployed for six months. Unemployed adults should be supported within 12 months. Governments also committed themselves to increase to more than 20% the retraining capacity for the unemployed, a big challenge for Member States since it means more than doubling present training capacity. This offers a strong platform for a new pro-active policy for people with disabilities who are two to three times more likely to be unemployed, and to be so for longer periods, than the rest of the working population.

Member States are also committed to improving the quality of schools – to reducing 'drop-outs' and skills deficiencies at their root.

Adaptability: This recognises the need to modernise the organisation of work, including flexible working, to make firms productive and competitive and to achieve the required balance between flexibility and security. Such agreements could cover annualised working hours, reducing working time and overtime, including part-time work, and continuous training and career breaks.

To encourage retraining, Member States should re-examine tax obstacles to investment in human resources and possi-

bly offer tax or other incentives to develop in-house training.

Equal opportunities: Another aim endorsed in Luxembourg was the need to modernise societies so men and women can work on equal terms, with equal responsibilities, to develop the full growth of our economies. This is the first time Prime Ministers have committed themselves personally and explicitly to presenting concrete initiatives that will be scrutinised by their peers and by the European Institutions.

Not only did the Council stress the importance of more employment for women, it identified the need for better child care and the elimination of other obstacles to returning to work.

This strategy will be translated into national action plans. Heads of State and Governments are committed to making them work. Prime Ministers are now responsible and accountable for employment and social policy through an annual review of each Member State's plan. Progress will be evaluated annually by the European Council.

It is now up to Member States to marshal all their forces – local, regional, public and private. Only by doing so can they fulfil the commitments made in Luxembourg: to encourage enterprise and job creation, to create a culture of employability, and to modernise working life throughout the Union.

STATEC & the Summit

The ground for the Luxembourg Summit had already been prepared at the Essen European Council in 1994, with a strategy to fight unemployment laid down in the Commission White Paper on Growth, Competitiveness and Employment.

Right now, EU labour market problems are so acute that they need to be tackled on a wide scale. How?

There has been a measure of inter-institutional cooperation:

The European Parliament has made budgetary provision and examined the possibility of reallocating certain components of the Community budget.

The European Investment Bank has become involved. It will provide funds for SMEs, new technologies and the main European infrastructures and networks.

And an innovative method has been introduced – one inspired by its use for some years in the field of economic convergence...

Luxembourg Prime Minister Jean-Claude Juncker insisted on several occasions well before the Summit on a monitoring system for employment indicators, similar to the convergence pressure exerted on Member States over EMU – EMU methods transposed to the social sphere, if you like.

Statistics have a key role to play in the setting up of quantitative guidelines in the social field following the European Council Employment Summit last November. Statec, the NSI of Luxembourg under whose Presidency the extraordinary Council took place, was closely involved in the Summit's preparation and organisation.

Sigma's STEFFEN SCHNEIDER asked STATEC Director ROBERT WEIDES to reflect on the event...

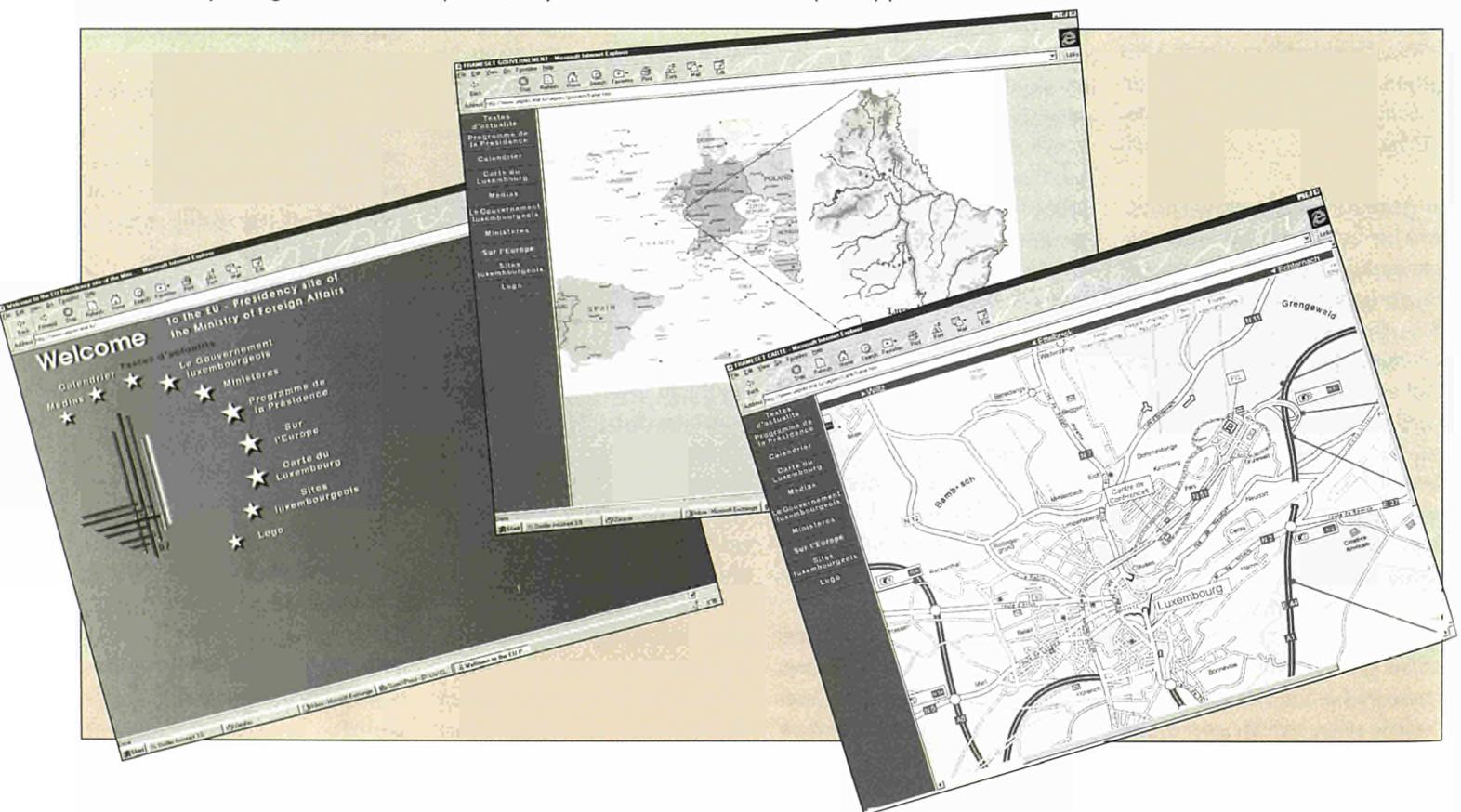
Indicators identified

After the Summit, Eurostat identified the indicators necessary to comply with the four policy guidelines established for 1998. The guidelines are:

- ▶ improving employability
- ▶ developing entrepreneurship
- ▶ encouraging adaptability by businesses and their employees, and
- ▶ strengthening policies on equal opportunities.

Eurostat assessed the exhaustiveness and validity of its own and Member States' databases in these fields and determined the action needed to develop specific statistics to monitor the phenomena. This included making the Labour Force Survey quarterly and developing the Continuing Training Survey. At present, work is underway to define exactly the indicators that need to be monitored, their availability and measures to improve it.

This approach compares with the work on economic and



monetary convergence, where the Maastricht Treaty indicates a number of statistical criteria.

Specific objectives have not been set, but in certain areas, such as training for the young and long-term unemployed, a number of parameters have been established. But the context will be different from that of the convergence criteria, as the guidelines will be established in accordance with the principle of subsidiarity, allowing greater flexibility in the approach adopted.

The original hypothesis was that quantitative analyses of the labour market could be used to establish more specific criteria, leading, if necessary, to guidelines at Community level and involving Member States more directly in the process. It was not until final preparations for this Summit that it became clear that subsidiarity was to play a greater role, with a number of countries not willing to commit themselves on a similar basis as in the framework of the EMU.

While this process has yet to be finalised, it is on the right track.

A timetable has been drawn up and national employment plans will be assessed at the Cardiff European Council in June. In addition, social issues will form part of the agenda at each European Council meeting. This in itself is innovative.

Summit a success?

The Council should not be judged in terms of direct results but rather for the meth-

ods introduced. In the future national employment plans will be subject to monitoring. Statistics will have a role to play in this; the Presidency Conclusions refer directly to them.

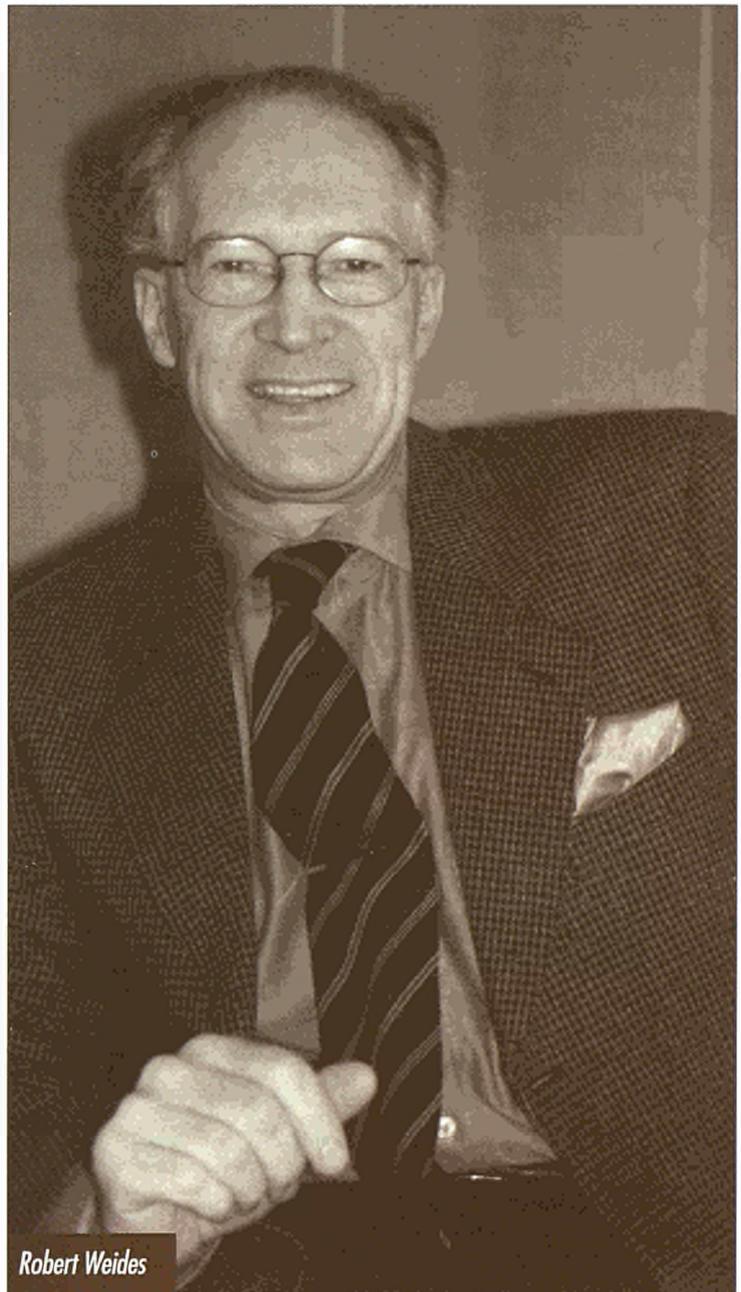
Statec made a proposal on a specific monitoring system to the Presidency through the Ministry of Economic Affairs. The Commission added its comments.

This proposal calls for quantifiable monitoring on comparable bases:

- ▶ It recognises the importance of common indicators.
- ▶ It insists at the same time on the importance of comparability.
- ▶ It lays down the framework for multilateral monitoring and assessment.
- ▶ It refers to the identification of good national practices and transposing these, where appropriate, to Community level.

Although Luxembourg is not confronted with mass unemployment, this doesn't mean its inhabitants are indifferent to it. Over the last 20 years or so the Luxembourg economy has been turned upside down from one long geared to industry to the type of service economy seen in neighbouring countries.

But this transformation has been much quicker than elsewhere. Along the road, we faced the same problems as our neighbours but tried to solve them in a different way. Helped by developments in the tertiary sector, in particular the financial



Robert Weides

sector, the healthy state of public finances enabled the government to implement ambitious retraining programmes. This model cannot be transposed entirely to other countries where the budgetary situation is much more delicate.

This point can be illustrated as follows... Statec has calculated Luxembourg's unemployment rate on a very wide basis. This takes into account all the labour market support measures and retraining programmes devised to offer employment

opportunities to the young unemployed and establish early retirement schemes for workers in the iron and steel industries. As a result, the unemployment rate is put at between 4% and 5%, much higher than the harmonized rate. So we are no strangers to the scourge of unemployment as such.

But with the setting-up of these guidelines the work of statisticians, as well as that of politicians has only just begun. The follow-up will be seen at the Cardiff European Council under British presidency.

Neither of us is quite sure where the interview will take us. I say that once tape recorder is on preoccupations usually surface. So let's see where it leads us...

He says a key function of social statistics is to create headlines that make people question things.

Our conversation reveals he's adept at creating headlines himself...

- ▶ "In terms of income distribution, the EU is much less unequal than the USA."
- ▶ "Before 1989, statistics in Central European countries were probably better than British statistics in some areas."
- ▶ "Most statistics are about people; most people distrust statistics."

And particularly intriguing...

- ▶ "Social exclusion is not the same as poverty. You can be poor and not excluded and excluded and not poor." Social exclusion, he observes, could be not being allowed a mobile 'phone. Now there's a headline!

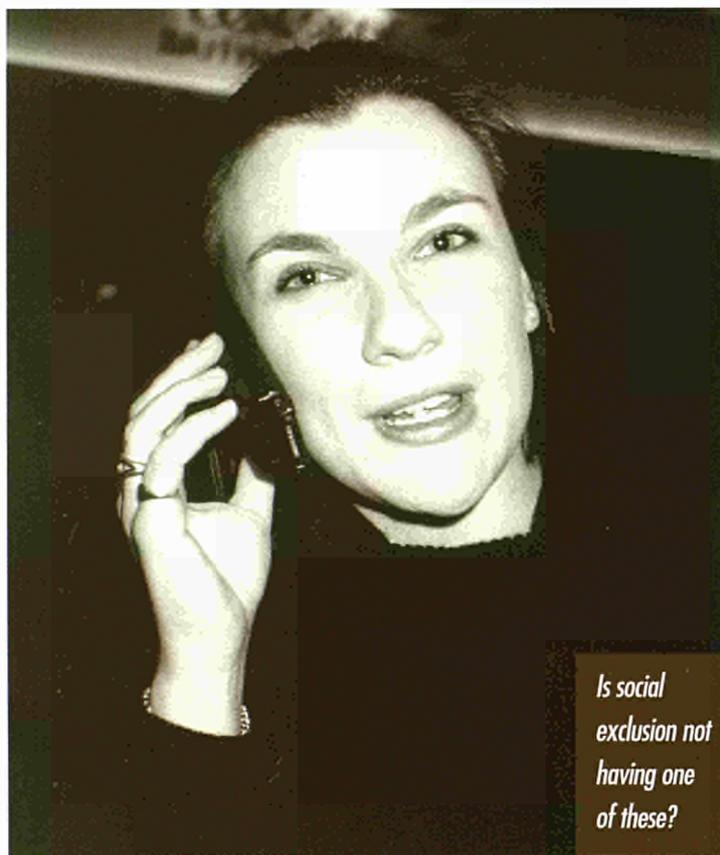
But let's go beyond headlines...

A very simple question

As part of the Commission's current framework programme, **Professor Atkinson** is involved in a research project to construct a model of tax and benefits systems using household survey data. "The concept is quite simple: to do at EU level what is done in most Member States, either officially or by academics. The idea is to use the survey

Many advances in social statistics are stimulated by academics – often better placed to 'think the unthinkable' than colleagues in national statistical institutes or Eurostat, who may be more preoccupied with day-to-day concerns. *Sigma's* JOHN WRIGHT visits Oxford University to talk to one of the UK's most distinguished social statisticians, the very-European PROFESSOR TONY ATKINSON, Warden of Nuffield College.

Is social EXCLUSION not having a mobile 'phone?



Is social exclusion not having one of these?

able. Even with a standardised source like the European Community Household Panel (ECHP), interpreting what the same questions mean in different countries poses many issues."

I ask where this is leading.

"I think this is a very under-recognised issue. We talk a lot about Europe at a macro-economic level, but posing simple questions like 'What does EU distribution of income look like?' is still difficult.

"Is it driven mostly by differences among countries – with Greece, Portugal and Spain at the bottom – or mainly by differences within countries? Studies so far certainly suggest differences within countries are the single most important thing. Those among countries are not, in this context, very striking. So it's actually a matter as much for national policy as it is for European convergence. A very simple question – but until we asked it about two years ago no one had any idea of the answer."

He continues: "Then: does Europe look like the USA? The answer is no. If you

data as a base to calculate and, in some cases, estimate the impact of changes in key policy parameters.

"We did some work about 10 years ago, taking French and British tax systems and asking such questions as 'What would happen if Britain had a tax system like the French and vice versa'? How much of the

difference is due to policy and how much to different household structures etc? In the current project we aim to construct the same kind of model but effectively treating Europe as a single 'country' – clearly a major undertaking.

"EU-wide, there are big differences in tax and benefits structures and in data avail-

allow for differences between Luxembourg and Portugal, the EU is still a much less unequal entity than the US; again, a piece of arithmetic no one had done before.

"We tend to think of the US as full of Bill Gates-type billionaires. But Bill Gates has his equivalents in Europe. The big difference is really at the bottom. The US has probably about a fifth of its population on really very low incomes. In a number of European countries it's around five per cent – a much smaller problem. This reflects the absence in the US of social protection at the bottom end of the scale."

A myth

But surely, I say, statistics show social protection in the EU as very uneven, with the Scandinavian countries way ahead.

Atkinson: "Scandinavia is not necessarily any better than Belgium, the Netherlands, Luxembourg or even France. There's a sort of myth about the Scandinavian system. Poverty rates are no lower in Sweden than in the Netherlands.

"The southern European countries have more gaps because they don't really have the equivalent of UK income support – a means-tested safety net. The French didn't have until fairly recently. The Irish have improved theirs very significantly and Portugal has just introduced a minimum income. Differences are being reduced.

"The UK stands out. We've moved from roughly the middle of the European countries to being the most unequal, I would say."

Professor Tony Atkinson is Warden of Nuffield College, Oxford University. His previous academic appointments have included Fellow of St John's College, Cambridge University, 1967-71; Professor of Economics, Essex University, 1971-76; Professor of Political Economy, University College, London 1976-79; Tooke Professor of Economic Science and Statistics, London School of Economics, 1980-92; and Professor of Political Economy, Cambridge University, and Fellow of Churchill College, 1992-94.

He has been a member or adviser to several UK government committees examining income distribution and other areas of social policy, and his professional activities have extended well into Europe. For example, he was a member of the Research Council of the European University Institute, Florence, 1988-94, and a member, *Wissenschaftsbeirat, Zentrum für Sozialpolitik*, Bremen University, 1990-93.

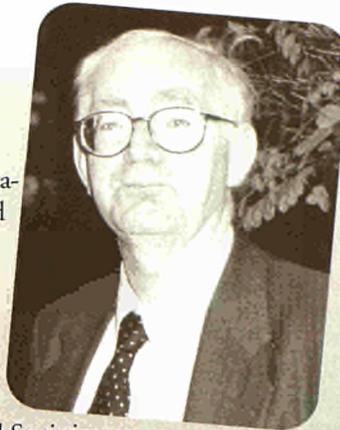
He has Honorary Doctorates from the Universities of Lausanne, Frankfurt, Liège, Athens, Bologna, Louvain, and from the *Ecole Normale Supérieure*, Paris. He is a founder member of the *Academia Europea*, and a past President of the European Economic Association.

Nuffield College

Nuffield is a postgraduate college specialising in the social sciences, particular economics, politics and sociology. It is named after Lord Nuffield, a founder in Oxford of the British motor car industry. It is relatively small with only about 90 students, around a third from other European countries.

The college has been – and is – the source of some of the major research developments in British social science.

It was the birthplace of the 'Oxford school' of industrial relations. It pioneered development of cost-benefit analysis for developing countries and has made a major contribution to the methodology of econometrics and its application to policy issues. The senior members of the sociology group at Nuffield include social statisticians and social historians as well as sociologists. Their specialities are stratification, medical sociology, political sociology and the sociology of labour markets.



I suggest that accession of the Candidate Countries (CCs) could completely distort such comparisons – might very well introduce US-style inequality to the EU.

He replies: "One difficulty of looking at Europe as a whole is that countries of a couple of million never actually show up very much in the statistics. In that sense, some CCs – for example, Cyprus – won't make much difference either way.

"Before 1989, Central European Countries (CECs) were considerably less unequal than most European countries. This was certainly true of the Czech Republic, less so of Hungary, with Poland about average – all countries with very compressed earnings distribution etc. That's changed to some extent but we haven't seen a Russian-style widening of inequality in most of them. On the other hand, clearly Poland's income per head is quite a long way below that of Greece and Portugal."

Won't the lower standard of their data make the construction of his EU-wide model something of a nightmare?

He reacts rather sharply to this! "The Poles, Czechs, Hungarians had excellent statistical services. It was always one of those paradoxes – politically insulated but with extremely good, but often unpublished, statistics.

"I think their statistics pre-1989 were probably better than British statistics in some areas. I think the problem is more that their economies are changing, which makes measuring things difficult. But I wouldn't start from the presumption that statistically they are very backward.

Nuffield has a strong international and European flavour

"Of course, Russian statistics were pretty unreliable. But, for example, the Poles were advising a whole range of countries on how to run sample surveys. And the Dutch and Hungarians had a long-running comparative project on income distribution, looking at such things as handling the informal economy."

Ambitious venture

After such a stout defence of social statisticians in CECs, what about the ECHP, itself a target of some criticism? To what extent does it give an accurate picture of EU social trends?

Atkinson: "Well, it is an ambitious venture – not easy for Eurostat because it's at arm's length. It wouldn't be at all surprising for such a dataset to have quite a lot of teething troubles. In fact, I think it has been very successful. One has to ask what one would have expected."

"I think in the next few years we shall see a lot of use made of it and will say, 'Thank goodness we did that'."

But, I press, how safe it is to make general observations on the social state of the EU as a whole from such a relatively small sample spread throughout Member States?

"One question is how different is it from doing it within one country? Countries are not homogeneous. It is probably more difficult for a single team to control the implications of questions and answers in a range of countries. Undoubtedly it leads to wrong conclusions on occasions, but that's equally possible using national data."

"Statistics are always a very potent force in causing people to question

"Social and economic change in itself calls for a review of statistical practice. Collecting the same data year after year ensures continuity only in name, since the economic and social phenomena themselves are evolving and mutating."

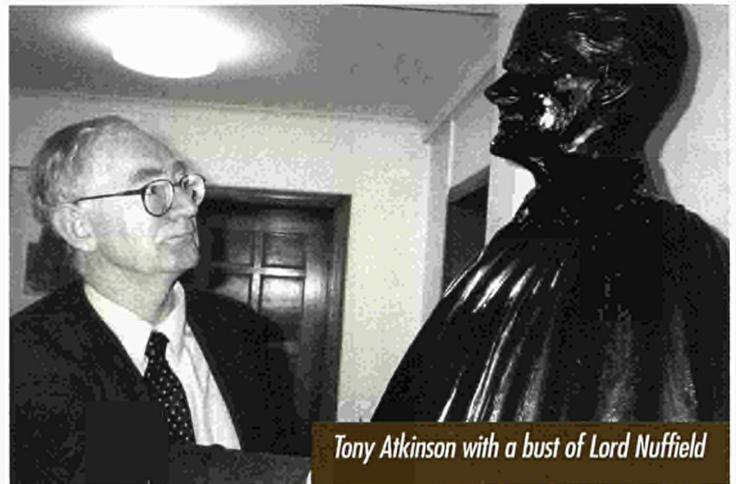
things. It may be that some questions are red herrings. But I think that on the whole it does good to raise some of these things, even if the headlines are perhaps deceptive."

So, red herrings aside, what are the big questions at present for social statisticians in Europe?

Atkinson: "Without doubt, the whole debate about poverty in Europe. The data that measure it are crude and open to all kinds of problems. But they have thrown up a headline figure that people can refer to – probably not very accurate but near enough. It gave former Commission President Delors something to keep these issues on the agenda. It also stimulated quite a lot of research."

"It used to be 50 million people living below the poverty line in EUR 12 – Delors quoted that figure a lot. All the time he was trying to say that the EU is not just EMU – there's a social dimension to Europe as well."

"These and data on unemployment, homelessness, tax structures, spending on benefits etc. Very hard to do properly but without them we would have a lot less well-informed discussion."



Tony Atkinson with a bust of Lord Nuffield

What does he think of the quality of Eurostat social data?

"One tension in all statistical areas involving Europe is between Eurostat's EU-wide statistics and nationally-based statistics. Sometimes one feels it would be nice to have rather more of what Eurostat does on occasions but other people do more of: bringing together national sources with a compendium of how you get from one to another. For example, how are EU-wide statistics related to those from INSEE?"

Unemployment without poverty

Professor Atkinson has a long-standing interest in poverty in Europe and how you measure it.

He says: "It's interesting that, if you leave aside the UK, we've seen very substantial increases in unemployment in most EU countries without associated large increases in poverty. As a rule of thumb, the Americans used to work on one per cent on the unemployment rate equals one per cent on the poverty rate. So we would expect to see an eight per cent rise in poverty."

"We've seen nothing like this, leaving aside the UK with a 12% increase. The UK is off the

map in that sense. But in most countries – Ireland, Italy, France, Finland, Denmark, Belgium... possibly small rises but not as much as you would expect. That in itself is quite interesting. Conversely it suggests that if you manage to get unemployment down it may lead to a reduction in the fiscal cost of social security but not to a great reduction in poverty."

But what is poverty?

Atkinson: "The usual and purely arbitrary definition is percentage of average income. It's debatable whether this is right – or perhaps some broad-

"Setting people in their context might help overcome the problem that statistics are at worst arid and at best difficult to interpret. One way to make them mean more is to go back to the practice of earlier social investigators and combine data from representative samples with case study material... I have suggested that a video of families (based on actors) living at different income levels would be a powerful presentational device."

er measure. But it is a convenient and easily-explained criterion.

"I also think that alongside fiscal macro criteria to measure progress we should have social criteria like the poverty line. Indeed, the Irish Government have adopted a poverty target as part of their national anti-poverty strategy. This does place quite a lot of weight on the statistics. It is always difficult to turn statistics that are useful for analysis into the object of policy. But we do it with monetary indicators – Maastricht criteria etc. Similar social indicators might help rebalance things.

"There have been significant developments in EU social statistics – like the ECHP, which one hopes will continue. These are expensive and can only really be done by a team driving from the centre. It's my impression that if anything the ECHP is under-resourced. It's very important they should have adequate staff – not just for the statistical inquiries but also to be able to develop and use them. Only by using

Incredible fixation with GNP

Says Professor Atkinson: "GNP is a pretty abstract notion. Economists – Keynes and others – have done a very good job, quite rightly, of persuading governments that they need these macro-economic figures for economic policy. You do need these numbers but there are limits to their significance and we seem to have developed an incredible

fixation with them and with monetary aggregates and stock-market figures.

"For example, if we all decided not to work on Thursdays it's not clear that the resulting fall in GNP would be a good measure of how much worse off we were. It depends what you mean by 'worse off'.

"The US has high GNP but works many more hours a year than most Europeans. If you look at GNP per hour worked they are below Belgium. This is an example of why GNP is not a particular good indicator. Some people might like working long hours – but it's not clear this is true of everyone or even on average."

them do you become aware of their weaknesses.

"At the moment I'm optimistic about its future. But such things are always rather fragile. It's very easy for initiatives to stop or somehow momentum to be lost."

The problem, I observe, is people are far more interested in macro-economic than social statistics.

He questions this.

"I think *people* – as opposed to governments – are more interested in social statistics."

But, we agree, economic statistics are much more 'on the

map'; there's nothing on the social side comparable to GDP. And yet there are so many big social issues crying out for both measurement and resolution.

What is 'social exclusion'?

One such issue is 'social exclusion', very much a in-phrase at present. Says **Atkinson**: "There's a great deal talked about this as a problem in Europe, but we haven't really made very much progress in quantifying it.

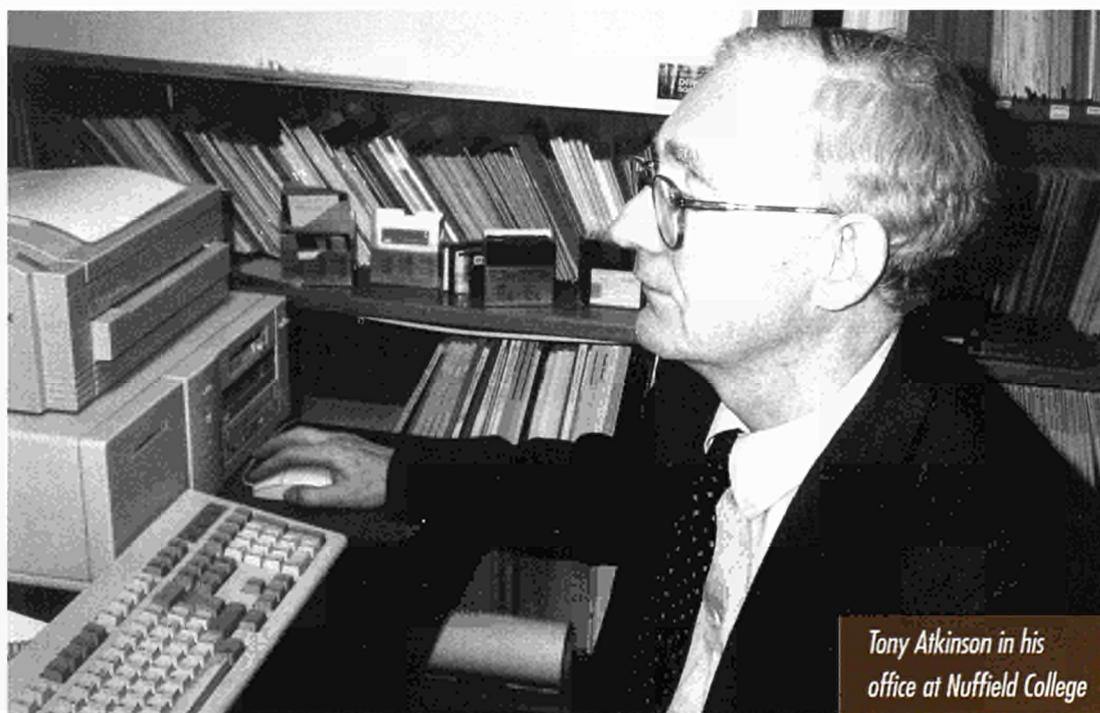
"Such measures are probably going to be a mixture of indi-

vidual and area or small-scale statistics. And here again we probably have a weakness in European statistics – it's often very difficult to piece together individual data based on random samples of population."

Professor Atkinson talks of Charles Booth, the wealthy English shipowner and statistician who, at the end of the last century, organised and financed a great investigation, *Life and labour of the London poor*. This found 30% of London's population in varying degrees of poverty. On his wall **Atkinson** has the Charles Booth social map of London.

"He examined the city as a whole. Nowadays you would find perhaps 100 people living there who were part of the ECHP. You wouldn't know in which street they lived; what their neighbours were doing; or if the factory round the corner had just closed etc. I think that's the sort of meso- rather than macro- or micro- statistical area where perhaps we need some creative thinking about proper statistical measures.

"Most academics can't afford to do this kind of large-scale work. It would require government money – someone to pull it together with the vision to make it a concrete statistical tool."



Tony Atkinson in his office at Nuffield College

A vicious circle

Says Professor Atkinson: "Most statistics are about people; most people distrust statistics. Reformers have employed statistics to change the course of social and economic policy, and governments have suppressed them to conceal social problems. Yet the collection of statistics is seen as a form of bureaucratic control or an intrusion into privacy. There is a great deal of ambivalence about statistics.

"Reaction in some countries to this distrust has led statistical agencies to limit their use to the immediate concerns of government and exclude outside researchers (either explicitly or via pricing). This reaction may, however, lead to a vicious circle. When government-collected data are of little use then their collection may not be justifiable. Where the only analyses are in official publications, then they may be denounced as partisan. If one is concerned to legitimise official data collection, then I believe one needs to:

- adopt an explicit and easily-understood policy of protecting individual confidentiality
- subject to this, allow access to all researchers at cost of supplying the data
- develop interactive forms of data presentation rather than relying on tables and graphics whose form is determined by the supplier."

How big a problem – and a threat – is social exclusion?

"It's one of these words that means what you want it to mean."

What do you take it to mean?

"There's a tendency to equate it with unemployment. I suspect that's only part of the story. I think it's probably as much to do with people's consumption as their work. Someone told me the other day he been told point blank he couldn't have a mobile 'phone because he had the wrong postcode.

"What we are talking about essentially is simple credit

rationing based on geographical indicators. If you can't, say, get a bank account you can't have various other things that many of us take for granted. All sorts of things hang together. I suspect that this type of exclusion will be an increasing problem as suppliers of goods and services operate sophisticated geographic and possibly other exclusionary devices.

"It's a reflection of our improved information systems. It's not the same as poverty: you can be poor and not excluded and

excluded and not poor. One shouldn't try to equate the two."

Why, I ask, does it matter?

"I think we do have some sense that living in a community involves a certain degree of social integration. It may be an abstract notion of people wanting to belong or distaste about living in a society some people do not feel part of.

"Imagine the reaction If you suddenly announced a caste system in which the bottom third were not allowed mobile telephones. It would be a bit odd."

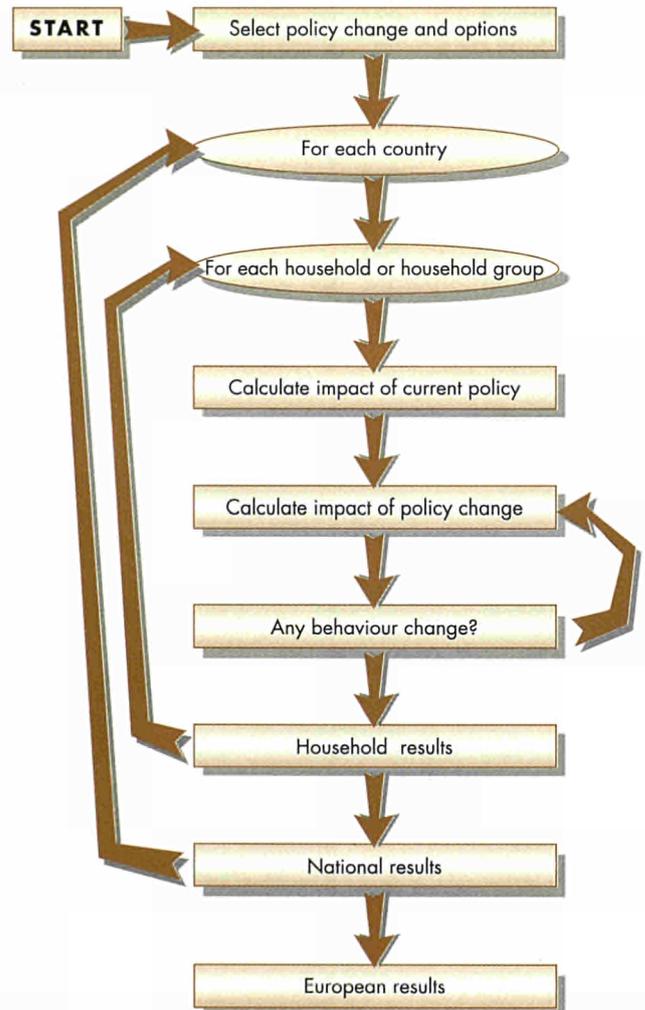
A European benefit-tax model

The European Commission is funding a study involving **Professor Atkinson** to construct an integrated benefit-tax model, Euromod. Covering all 15 Member States, the proposed model would enable evaluation of both the impact of social integration policies and implications of fiscal and economic decisions.

Euromod would aid understanding of the processes and causes of social exclusion, particularly the inter-relationship between social policies and the labour market. It would be of value in assessing the consequences of consolidated social policies and the implications of policies pursued by national governments.

The proposal represents a major departure to current state of the art. The research is proceeding in parallel and full communication with work on national policy models. Euromod is not intended to replace such models but to provide a European perspective and concentrate on comparability across borders.

How EUROMOD will work



The European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES) exists "to assist the Council and the Commission in the coordination of the objectives of the Community's statistical information policy, taking into account user requirements and the costs borne by the information producers". Its work is carried out by various sub-committees. One covers social statistics. *Sigma* asked two new members of this committee to pen their thoughts on social statistics. First – a senior British trade union official...

Statistics

'always controversial'

by Bill Callaghan

The TUC



The Trades Union Congress (TUC) is the national centre for Britain's independent trade unions. Unions voluntarily pay an annual subscription per member affiliated. At present it comprises 75 unions representing total membership of around 6.7 million workers. This makes the TUC the largest pressure group in British society.

Between them the eight biggest TUC unions have nearly five million members. A further six unions all have more than 100,000 members. At the other end of the scale there are small organisations with fewer than 100 members.

Although a mixture of economic and labour market changes over the past 15 years has made it difficult for unions to sustain membership, it remains about one in three. Collective bargaining structures cover more than half the workforce. And 44 of the 50 top British companies recognise and negotiate with trade unions.

As Head of the TUC's Economic and Social Affairs Department and its chief economist, I use social statistics every day of my working life. And at the weekends, statistical 'facts' are freely peppered around the pages of the newspapers and news magazines.

Economic and social statistics have always been controversial. In the 1970s the emphasis, at least in the UK, was on price statistics – not surprisingly given the public policy background.

Both Conservative and Labour Governments operated prices and incomes policies. The oil price shocks had a major impact, and the move to decimalisation of the currency made consumers and voters all too aware of retail prices.

In the 1980s and 1990s attention shifted to unemployment. From a level of just over a million at the end of the 1970s, it reached three million by the early 1980s, fell sharply in the late 1980s, and rose to three million again by early 1993.

UK unemployment traditionally has been measured by a head count of those receiving unemployment benefits. As an historical aside, it is worth noting that in the late 19th century – before a state national insurance scheme was introduced and



when trade unions and friendly societies were the only providers of protection in times of sickness and unemployment – trade unions were the main source of labour market data.

In the 1980s the then Conservative Government made a series of administrative changes to the unemployment benefit system. Net effect was to reduce the number of those eligible for

unemployment benefit and therefore the numbers officially unemployed. On top of this, so-called efficiency reviews in the Civil Service led to substantial cutbacks in labour market statistics. Some key series, such as previous occupation of the unemployed, were discontinued.

Combined effect of all these changes was to produce deep

distrust in official statistics in general and unemployment figures in particular. Official statisticians, quite unfairly in my view, were accused of 'fiddling the unemployment figures'. Nevertheless the fact remained that policy analysts like me were finding it difficult to analyse economic and social developments. For example, the amount of labour market slack represented by the claimant count figures by end of the 1980s was very different from a similar figure at beginning of the 1980s.

Moreover, lack of any public consultation meant it became increasingly difficult to explain the various changes.

Overwhelming pressure

However, towards end of the 1980s, pressure to improve labour market statistics had become overwhelming. I was one of the speakers at the 1990 Statistics Users' Conference, and contributions from Department of Employment (DE) statisticians (at that time responsible for labour market statistics) showed a new willingness to engage with users. Following that conference, I helped set up the Labour Market Statistics Users' Group (LMSUG) with membership drawn from users of statistics in the private sector, local authorities, central government departments, Training and Enterprise Councils, and trade unions. Purpose of the group is to:

- ▶ develop and maintain close liaison between users and producers of statistics
- ▶ represent the interests of users to the Employment Department and other official organisations, and
- ▶ promote the exchange of information and expertise between users.

Over the past seven years, the group has benefited from the cooperation of DE statisticians and latterly those from the Office for National Statistics (ONS), which now has responsibility for labour market statistics.

Europe has been one of the main driving forces behind recent improvements in UK labour market statistics. The Labour Force Survey (LFS) has proved a rich and valuable source of data. Development of the quarterly LFS in 1992 has enabled more rapid publication of key data on employment, training, redundancies and unemployment.

Understanding both the potential and pitfalls of the LFS formed part of LMSUG's early work.

Naturally, the group has had animated discussions on the relative merits of using the claimant count measure of unemployment rather than an LFS measure in line with standard ILO definitions. Papers for meetings and seminars of the group have demonstrated there is a range of possible measures of unemployment and users need to be aware of whether they wish to measure labour market slack or social distress.

Introduction of the Job Seeker's Allowance (JSA) in 1997 to replace unemployment benefit has led to further discontinuities in the administrative measure of unemployment.

I believe there is a strong case now for a monthly LFS measure of unemployment. There is widespread support for such a measure among policy analysts but the constraint, as ever, appears to be one of resources.

Despite the JSA-induced changes, there has been a genuine fall in unemployment in the UK. But with the TUC and many commentators forecasting a slowdown in the economy in



1998, the need for accurate and up-to-date statistics will become even greater.

EU impetus

Unemployment statistics are not my only concern. Pay and earnings statistics could soon loom larger in public debate, and again the EU provides the impetus with development of EU-wide measures of labour costs.

Through my membership of the Low Pay Commission – established to advise the UK Government on the level of the National Minimum Wage – I have special interest in the quality of earnings data.

There are two main sources of data – the LFS and New Earnings Survey (NES). By way of illustration, the 1996 LFS gives an average full-time weekly pay figure of £334.20, and the NES a figure of £351.70, a 5% difference. However, percentage difference is 11.9% for all workers in the bottom decile and 18.4% for female workers in the bottom decile.

There is not space in this article to analyse all reasons for possible underestimates produced by the LFS or possible overestimates from the NES. Suffice to say the credibility of the Low Pay Commission's report will depend on credible data.

Looking to the wider European future, the TUC will be paying close attention to the impact of EMU on jobs and living standards, in addition to continuing impact of the single European market. Need for accurate measurement of these changes will be paramount, and trade unions in individual Member States increasingly will be making EU comparisons.

With these great changes to the EU economies, and enlargement still to come, it's an exciting time to join CEIES. Trade unions are key users of social and economic statistics. I hope to play my part in ensuring EU statistics are relevant to the needs of the social partners – both day-to-day in the workplace and in developing policy at local, national and EU levels.

Next we turned to a senior official of the German employers' association for his view...

Why we need balance in social statistics

by Botho Graf Pückler*

If the single market is to be successful and EMU a reality, a working, self-contained statistical system, providing up-to-date, high-quality, meaningful statistics for all user groups is required.

It is therefore clear, in my view, that European statistics cannot show any bias towards the political requirements of individual European institutions.

CEIES makes a major contribution to establishing a balanced statistical system at Community level, since users, data suppliers and producers of statistics are all represented. Its task is to identify and align user needs, formulate strategies for development of European statistics, and make appropriate recommendations to either the Commission or Statistical Programme Committee.

Subsidiarity is of particular and fundamental importance in this context. It is intended to ensure the freedom that Member States have so far enjoyed in statistics is maintained as far as possible. This applies most of all to how data collection is organised and implemented - especially since, in some Member States, employers' associations have taken over part of the work of national sta-

tistical authorities. For this reason data suppliers and users - businesses or the associations that represent them - should be involved from the outset in the discussions of individual expert groups at EU level.

Within the extensive European Statistical System, social statis-

tics are of growing importance. This is not only because of the tense labour market situation, differences in income between regions, sectors and sections of the population, and other social imbalances. It is also because the future European Central Bank will require statistics on trends in factors affect-

ing prices. Eurostat is now on the point of expanding the system to encompass more social statistics.

New ground

Central to all this are wage and labour cost statistics. Eurostat has succeeded in readjusting these, particularly the four-yearly Survey of Labour Costs and the Structure of Earnings Survey. New statistics are to be added, most importantly the European Employment Cost Index (ECI), the methodology of which was modelled on the American Employment Cost Index, and the quarterly Labour Costs Index, which, in conjunction with productivity trends, is intended to reflect changes in unit labour costs.

With the introduction of the Employment and Labour Costs indices, Eurostat is breaking new ground in wage statistics. In particular the introduction of the ECI, designed to measure changes in the price of labour, represents a major methodological and financial challenge for Member States.

Since 1992, a working party of the expert group on wages and salaries has been discussing the methodology of the cost index and conducting pilot studies to examine its practical implementation in terms of cost-benefit. Such effort shows the difficulty of such work, given the financial constraints on both the producers (statistical offices) and data suppliers



* Graf Pückler is head of the statistical section of the Confederation of German Employers' Associations.

(businesses). It is to be hoped that ultimately we shall have a cost index whose benefit to companies will outweigh its costs.

The Labour Costs Index has a different function. Unlike the ECI, which has a fixed basket of goods, it reflects the quantitative changes in individual cost components as well as changes in prices. In this sense it is more akin to short-term indicators. The index will be particularly important in wage negotiations, since, together with the productivity index, it determines changes in unit labour costs.



The four-yearly Labour Costs Survey, which covers the various labour costs businesses incur, is especially important. This is because it gives information about the structure of and changes in labour costs. It is therefore an essential yardstick for management in comparing labour costs with the average in their industry.

But its ultimate value lies in its results being still sufficiently up-to-date when published. For this to happen, businesses must be informed in good time that a survey is to be conducted, so they or their local units can install appropriate pay-slip software, and so NSIs send results to Eurostat on time.

Gaps remain

Despite progress undoubtedly made in European wage statistics, gaps still remain. We still have no short-term earnings survey using the same methods and definitions in all EU countries. The Harmonised Earnings Survey does not fulfil these conditions - even though it is the oldest statistical survey

in the European system of wage statistics.

It is still not possible to compare absolute levels of earnings - manual workers' hourly pay or non-manual workers' monthly salaries - in Member States. At best, rates of change can be compared.

There are still only a few EU countries that compile statistics of negotiated standard earnings. I consider this a major shortcoming - especially since these statistics could be compiled by referring to wage agreements, without any extra burden on businesses. And only a few countries have a standard and actual earnings index adjusted for changes in the structure of employment and therefore, via the rates of change, reflecting net increases in earnings. So it's impossible to measure wage drift in a uniform manner EU-wide.

Among other surveys important for social policy, I must highlight the European Labour Force Survey. Unlike the surveys mentioned above, this covers households rather than businesses

and so far has been conducted annually.

In Germany it has been incorporated into the micro-census. Within the Union undoubtedly its significance is growing. But results are comparable only up to a point. The new design should enable comparable results for the whole of the EU. This will give the Commission and Member States a readily available means of measuring and analysing both employment in individual countries and the social conditions of households.

But I believe that, given the extensive list of characteristics, it is excessive to conduct it every quarter. I therefore welcome the fact that this survey allows use of administrative data for sub-sectors and, in individual cases, can be conducted once a year.

Future needs

What still needs to be done?

With introduction of the euro in what's likely to be 11

countries on 1 January 1999, competition between goods and business locations between and within these core countries will be heightened considerably. So businesses and policy-makers will need statistics that reflect socio-economic conditions in member countries.

These include, for example, data on working hours and income distribution. Another important factor - increasingly as EU members grow closer - is measuring mobility of labour: not only sectoral and regional movements but also job flexibility.

Finally, it is essential that we also develop uniform European statistics on training, both initial and continuing. But this may be particularly difficult due to differing educational systems and syllabuses.

I am convinced that CEIES, in its discussions and seminars, will identify the needs of a balanced Community statistical system - one that takes account of the interests of both producers and users.

The extraordinary European Council meeting in Luxembourg last November recognised employment as a key issue of concern. This places a special demand on Eurostat units E1 and E3 for data on the labour market and education to back up employment policy. *Sigma's* BARBARA JAKOB talks to the units' heads, HUBERT CHARLIER and MICHAÏL SKALIOTIS.

Social statistics ENJOY a RENAISSANCE

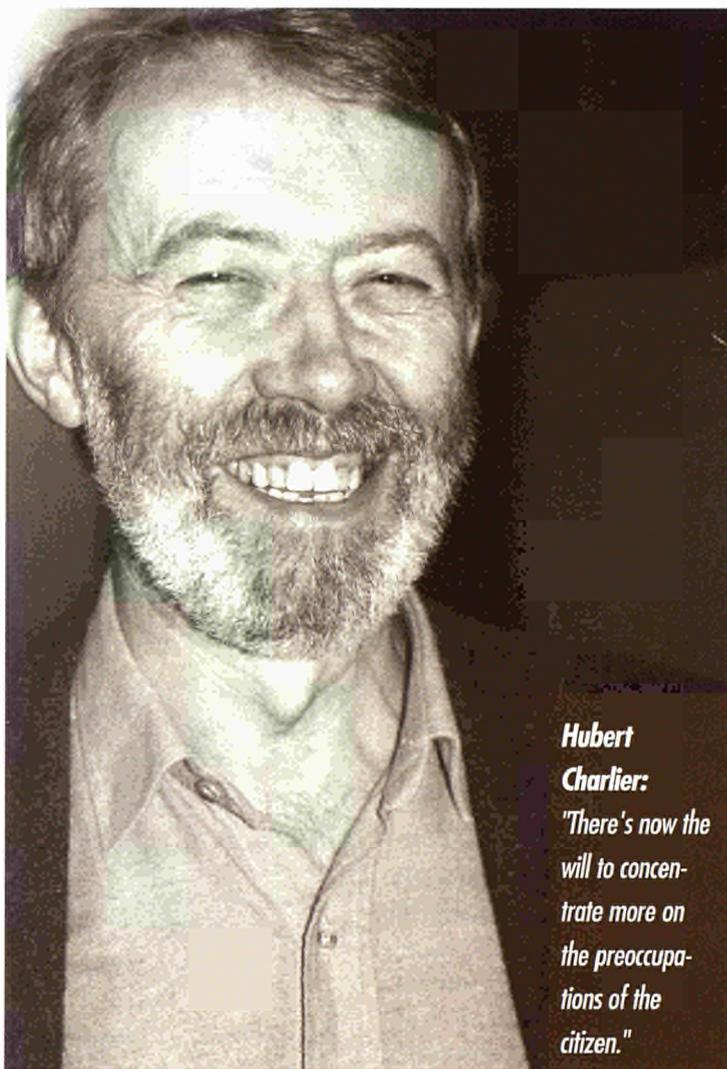
After a phase of economic indicators being almost exclusively at the centre of public interest in statistics, social statistics are enjoying something of a renaissance at EU level. This has been boosted by the European Council's focus on unemployment and its recognition of the increasing interdependence of the economic and social spheres.

This all came at "the right time", says **Michaïl Skaliotis**, head of Eurostat unit E3 (Education, health and other social fields). "Unemployment is unacceptably high, with all its consequences, especially for young people. Employment policy is now the centre of preoccupation. It was time to deal with social policy more concretely."

"Monetary Union has had priority for the last five years and demanded all energies", declares E1's **Hubert Charlier**. "There is now more will to concentrate on the other preoccupations of the citizen and further develop social policy, especially on employment."

Anticipating the future

As both stress, the point is not just to react to latest political developments. It is necessary "to anticipate policy requirements and translate them into concrete statistical work", as



Hubert Charlier:
"There's now the will to concentrate more on the preoccupations of the citizen."

Skaliotis puts it. "It is now several years since Eurostat gave more priority to social statistics and especially to those on the labour market and education and training", adds **Charlier**.

"We are now in a relatively good position.

► The Labour Force Survey results are now available in all

Member States in reasonable time (spring 1997 data will be available in March 1998), and a new Council Regulation has just been adopted to facilitate the move to a continuous survey providing quarterly results and allowing for more flexibility (*ad hoc* surveys will be added from time to time to the core survey).

- The Community wage and labour cost statistics have also been redesigned, with the main aim of providing short term information in view of the Monetary Union (when the exchange rates are fixed, monitoring the trends in labour costs will be crucial for national and EMU employment policies). Comparable quarterly Labour Cost Indices have to be compiled by national statistical institutes and transmitted to Eurostat from 1999 onwards.
- The need to monitor the implementation of the Employment Guidelines will boost these ongoing projects, and should not result in too many new statistical developments.
- Statistical implications of the summit – identification of needs and indicators to be used and whether these can be met by existing surveys – are currently under discussion within the Commission.

Quality is the objective

Charlier, whose unit provides basic indicators on the labour market, sums up last year's work as guided by five main objectives. *Improving...*

- timeliness
- comparability
- coherence
- relevance
- accessibility of data

Making data more up-to-date means two things to **Charlier**: reducing the delay in the availability of data,

especially the Labour Force Survey (LFS), and increasing the frequency of statistical surveys – for instance, the quarterly LFS. A quarterly index of labour costs has also been launched.

Comparability is especially important for politically-sensitive data such as the unemployment rate. Explains **Charlier**: “Unemployment is extremely sensitive and visible – in the foreground. That’s why we need data that attracts the least-possible criticism.

“Unemployment rates are also used by Commission services to define regions eligible for the structural fund. This must be based on comparable data. We are aware that much remains to be done in this field. An expert meeting will be organized in Spain in mid-1998 and entirely devoted to comparable measurement of unemployment.

“The next key area is to improve the coherence of all employment data. The credibility of statistics depends on the coherence of data coming from different sources.

“To provide relevant data it is essential to be flexible enough to answer unforeseen and emerging needs and political demands”, adds **Charlier**.

“Within the LFS framework, it is now possible to conduct additional surveys every year, and a programme is currently being defined. Additional surveys on accidents at work, on transition from school to work and on work organisation are envisaged.”

Last but not least is better access to data. Apart from making all data available on NewCronos, the general Eurostat databank, many complex LFS demands are now met very quickly.

In contrast to **Charlier’s** unit, it’s only recently that the spotlight has fallen on E3’s area of education and training. Policy requirements stem mainly from the Amsterdam treaty and subsequent summits, and from Community action programmes in this area (Leonardo da Vinci and Socrates).

A whole list of policy concerns determines the work programme:

- ▶ adapting education to the demands of the information society
- ▶ equal opportunities for men and women
- ▶ internationalisation of education
- ▶ transition of young people from education to labour market, and
- ▶ lifelong learning.

Discovering links

It is important for employment policy that statistics enable conclusions to be drawn on the links of education and training with the labour market. Data on initial education and lifelong learning are particularly important.

Skaliotis explains: “Educational attainment is crucial in determining people’s opportunities in the labour market. Large-scale household surveys, such as the European LFS, enable us to link educational attainment to the risk of unemployment, for example. On vocational training, the LFS gives some answers on how individuals and workers receive training.

“Ageing of the labour force and rapid changes in technologies make lifelong learning indispensable. Education and training are no longer a single

phase followed by employment and retirement. There is now interest in continued training as a significant part of lifelong learning.

“We conducted a survey of enterprises on continuing vocational training (CVTS) with the aim of finding out what enterprises are investing/doing in upgrading the skills of their workforce in order to cope with structural and technological changes. This, very first survey, has provided basic information on the incidence of training, cost, access and types of training.

“It is satisfying for us to see these results used for policy – for example, in negotiating State Aids for vocational training; there was an issue on the cost of training courses for SMEs and we could help by providing the appropriate data.

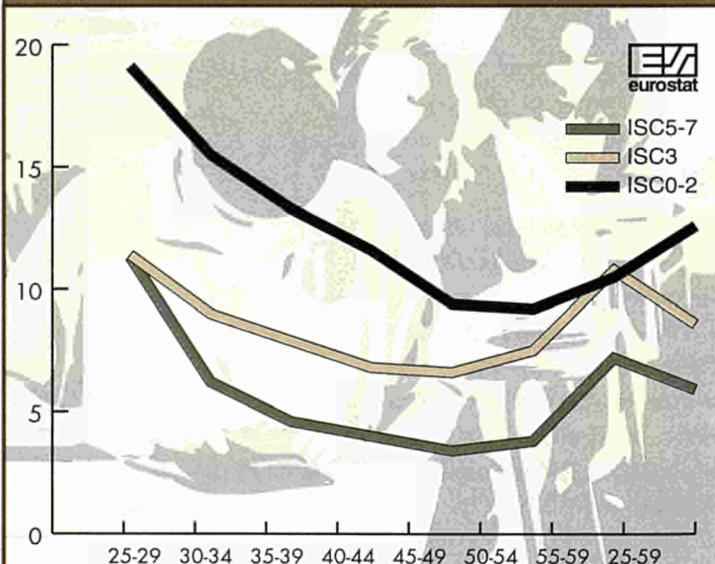
“There is no doubt that training is considered today an active policy measure; you can prevent unemployment if you have the right training at the right time and targeted to the right people. We discover that often training does not reach the people who need it: it goes to those who are already skilled. So here is an imbalance. These statistics can be used for formulating relevant policy actions, eg providing incentives to enterprises for training the low-skilled workers, etc.

“I personally believe that investment in human resources should be treated the same way as capital investment. If this becomes reality then the quality and coverage of training statistics will increase tremendously.

“In order to have a complete picture you need to know what

Advantage of the higher educated

Unemployment rates by age, according to the highest qualification attained, EUR15, 1996; ISCED 5-7: higher education, ISCED3: upper secondary education, ISCED 0-2: lower secondary education or below.



A higher educational level considerably reduces the risk of unemployment for an individual. This is true for all age groups, but particularly for the young. It highlights the paramount importance of a good initial education and/or training for the integration of young people into the labour market. It seems likely that the reduction of educational attainment with age is linked to the increased weight of working experience and of non-formal qualifications that can make up for a lack of formal qualifications later in life.

governments are investing in education and training as well. There are two major administrative sources or instruments we use extensively in this respect.

"First the VET (Vocational Education and Training) data collection which provides a wealth of information on a programme-by-programme basis.

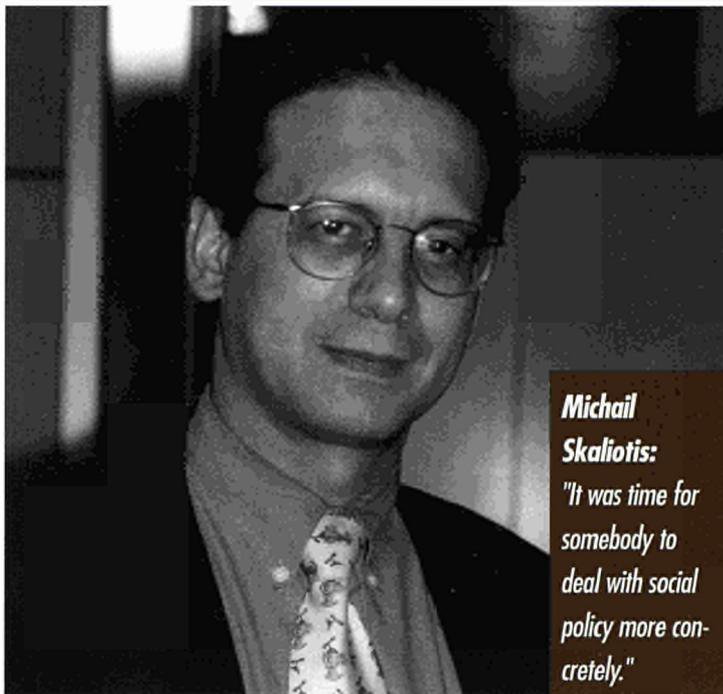
"Second, we use the so-called UOE (Unesco, OECD, Eurostat) questionnaires about education in schools and universities. These basic data allow analysis of a number of policy-relevant topics such as foreign language learning – so important for international mobility-participation in education, educational expenditure, etc. Also, the issue of equal opportunities between men and women starts in the education system. Such early pointers are more or less projected into the labour market."

Close contact with users

Despite all the achievements, existing data can't meet all the demands from policy-makers for reliable and comparable statistics. **Skaliotis** gives his priorities for coming years:

"We aim to establish indicators for vocational education and training. You have well-established indicators like unemployment, GDP – and in education we now have some macro-level indicators like the one on attainment levels of the population. We would like to do something like that for vocational education and training – develop policy-driven indicators.

"Taking into account the lessons we have learnt from the first CVTS, we would like to have a second survey of enterprises on



Michail Skaliotis:
"It was time for somebody to deal with social policy more concretely."

continuing training. The Statistical Programme Committee has agreed and is supported by several Commission services. The survey will be held in 1999, 2000 at the latest.

"We also have a project looking at the providers of training. First it's methodological work. Later we expect to have a good basis for surveys.

"Another priority is transition from school to work and drop outs from school, especially as a follow-up to the employment summit. We are using the LFS and national data and we shall also have some indicators that are easy to understand.

"In general we shall continue what we have done in the past – working closely with the responsible Directorates-General of the Commission. We can point to a tangible outcome of this. For our publications on key data on education and on vocational training in the EU, we cooperated closely with the respective EU services. It is easier to produce policy-relevant indicators if we work with those responsible for policy."

Challenges ahead

"For our unit the next years' priorities will lie in more efficient collecting and provision of existing data", **Charlier** says. "The amount of data we're providing will increase considerably. We shall change to quarterly figures in certain fields and extend coverage of Phare countries. One challenge will be to get the new LFS up and running, especially complementary surveys. This isn't simply routine: it's completely different every year.

"New statistics on salaries and labour costs will be implemented. So our system of statistics should be much more balanced. Developing a system of labour accounts that allows us to integrate all employment data from different sources into one system is another challenge.

"One point we always have to keep in mind is improving the comparability of unemployment statistics. Because of different national definitions this still causes problems.

"On harmonizing unemployment rates, I expect considerable improvement in the contin-

uing implementation of the LFS in Member States. At present we use annual survey data and non-harmonized indicators to arrive at the monthly figure. If we could have monthly or at least quarterly data directly from the LFS, this would be a significant improvement. But we should still have to consider making questionnaires more comparable – not easy with Member States who prefer to arrive at harmonized concepts using the questionnaires and methods they prefer. But I'm convinced that in such a sensitive field as unemployment some more harmonization is essential."

"Harmonization is a key word", **Skaliotis** agrees. "But for us it's mostly comparability. Certainly it's linked to harmonization, but for our outputs we need comparable data and indicators and policy relevance. As I've said, the feedback when our data are used for policy intervention gives us enormous pleasure."

Main publications:

Unemployment –
Monthly bulletin

Labour Force Survey –
1996 Detailed results

Minimum wages

Structure of earnings

Key data on vocational training in the European Union

Continuing vocational training survey in enterprises – results

Education across the European Union – statistics and indicators

Key data on education in the European Union

Poverty and social exclusion are probably now the most discussed phenomena when it comes to social concerns. It is the task of Eurostat unit E2 (Living conditions) to give decision-makers basic data on such key topics. This article describes some of the background to the unit's work.

Data driven by social policy

Political decisions and declarations drive and form the basis of Eurostat's work in the social arena.

In the past it was mainly the *Green book on European social policy* of 1993 and *The future of social protection: a framework for a European debate* that fuelled the debate on social statistics and determined the need for indicators. More recently, social questions such as exclusion were identified as key policy issues in the Amsterdam Treaty and Agenda 2000. All this reinforced the need for relevant social indicators.

Income, poverty and social exclusion are of direct interest to the general public. Several reports have been published and each has created debate – among statisticians but also at a political level. Figures on numbers of EU poor have been published using different measurements with widespread discussion of the applications used.

HBS & ECHP

Sources of such statistics are the Household Budget Surveys (HBS) and European Community Household Panel (ECHP).

HBS are multi-purpose surveys of such subjects as consumer

spending, income, housing and demographic characteristics. The data are used for a broad range of analyses of living conditions.

A special EU-wide survey in 1963-64 covered the original six Member States. Since then the approach has been to compile information from existing national surveys conducted around a common reference year. Data have been collected for 1979, 1985, 1988 and 1994, and next reference year is 1998.

To further harmonization at EU level, Eurostat also gives recommendations on methodological questions; these have been followed to a great extent by Member States.

Planned now is annual collection of data from countries where they are available. In general, this proposal is also supported positively by Member States.

Turning to the ECHP, in 1991 Eurostat set up a task force to meet the strong demand for a database on household and individual income data. Its major mandate was to assess, with Member States, income data in registers and existing national household surveys.

Article 136

of the Amsterdam Treaty set as objectives for the Community and Member States "the promotion of employment; improving living and working conditions so as to make possible their harmonization while the improvement is being maintained; proper social protection; dialogue between management and labour; the development of human resources with a view to lasting high employment; and the combating of exclusion".

This was through a detailed questionnaire on the income content of these sources. It was also charged with checking if the available outputs could be harmonized satisfactorily.

But this output approach failed. So it was decided to have a specific EU survey – the ECHP. Aim was to adopt an input-oriented approach rather than attempting strict harmonization of existing outputs. Although the questionnaire was designed centrally at Eurostat,

The overall growth and employment prospects in the coming decade are encouraging. At the same time, there could still be very different patterns of employment and social development within the Union, or within Member States. Special efforts will be required to ensure that the benefits of growth can be used to promote a more cohesive and inclusive society. Beyond the targeted use of structural funds and other Community instruments, the Union can play a supporting role by encouraging best practices and facilitating cooperation in the fight against social exclusion and all forms of discrimination.

Extract from Agenda 2000.

in close consultation with Member States, it is flexible enough to adapt to national circumstances.

ECHP is thus the most closely coordinated component of the European system of social surveys. It is given a central place in the development of comparable EU social statistics and has made it possible to face the increasing demand for comparable information across Member States on income, work, poverty and social exclusion, housing, health, and various other social indicators of the living conditions of private households and people. It also makes it possible to study the inter-relationship.

This multi-dimensional, multi-purpose survey involves annual interviewing of a representative panel of private households and individuals in most Member States. In the first wave in 1994 a sample of some 60,000 nationally-representative households – around 130,000 people 16 and over – was interviewed in the then 12 Member States. Austria, in 1995, and Finland, 1996, have since joined the project, Sweden remaining the only exception.

Number and variety of data requests indicate wide use of ECHP results and a high level of interest. There have been analyses of low income and poverty, social benefits, living conditions of the elderly, health, housing conditions, family responsibilities, households types, and so on.

As soon as the second wave is available, the panel will be able to provide information on EU social dynamics, as the same individuals are interviewed each year. In contrast

to a cross-sectional survey, it will supply data on relationships and transitions rather than only on levels. For example, it will enable study of transition from school to work, flows in and out of poverty or social exclusion etc.

Decision to create a European input made it even more important to validate the output against other existing EU sources – for example, the Labour Force Survey – and national sources – such as HBS – to remove unnecessary discrepancies and make possible the merger of such data. A document summarising what has been done in this area is currently under way. The question of how to reconcile conflicting outputs was one of the major focuses of a high-level think tank” on poverty held in Stockholm in January.

Time-Use Surveys

Time-Use Surveys (TUS) are another important area. These aim to...

- ▶ provide comparable social statistics on time use in European countries and different population groups
- ▶ contribute to formulation of gender and family policy – for example, on the distribution of paid and unpaid work (in line with recommendations of the 1995 4th World Conference on Women in Beijing), and on problems in reconciling demands of work and family
- ▶ produce data for satellite accounts of household production and checking coverage of national accounts (in the area of unpaid work between households)
- ▶ contribute to the formulation of working-time policy (eg

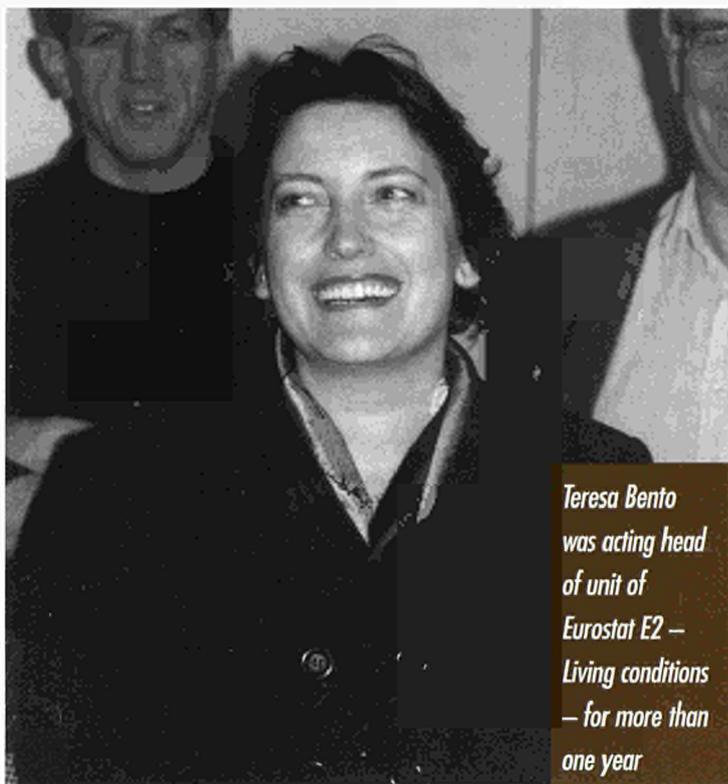
total daily, weekly, annual work loads – paid and unpaid work – organisation and flexibility of work).

Data can also be used for analyses of mobility and aspects of culture and leisure.

The TUS core is a time-use diary. Household members 10 years and older are asked to keep this on two designated days, randomly selected, one during the week, the other at the weekend. Respondents record their activities in their own words. In addition, those in work note daily hours worked in one week. Background variables are obtained by interview, using household and individual questionnaires.

Coordinated harmonized TUS were conducted for the last time in the sixties, which resulted in comparable data. Since then several European countries carried out surveys and applied more or less a standardised design. However, methods, definitions and sampling differed, which led to insufficient comparability. That's why the main objective of the continuing TUS project is to pave the way for international comparisons.

Several pre-tests and pilot surveys in 18 European countries were carried out in 1996/1997. The methodology of the pilot surveys is still being evaluated. Experience gained should be useful in assessing the feasibility of Harmonized European Time-Use Surveys, which could be implemented from 1999 onwards. However, at present it is not sure which countries are going ahead – for the time being no co-financing from the EU is available and there is no regulation on the project.



*Teresa Bento
was acting head
of unit of
Eurostat E2 –
Living conditions
– for more than
one year*

ESSPROS

Eurostat's involvement in social protection statistics dates back to 1963 when – in response to various demands, particular from the Commission's Directorate for Employment and Social Affairs – it endeavoured to compile them on social spending at Community level.

Initial compilations of data covered various branches of social security, such as obligatory sickness insurance and old-age pensions. But, despite efforts at harmonization, the data fell short of comparability.

Reason was data were influenced heavily by the administrative and legal structures of social protection systems, which differed, as much then as now, between Member States. Best way to overcome this basic problem appeared to be construction of an analytical model that, brushing aside institutional differences, would reflect more satisfactorily the sort of social protection people received.

In the following years, conceptual aspects were developed and data quality improved. Eventually, this culminated in the design of new methodology – and a change of name: the Social Accounts became the European System of Integrated Social Protection Statistics or ESSPROS.

In the early nineties, the desire grew within Eurostat to revise this early methodology. One reason was revision of the national accounts jointly undertaken by the UN, IMF, OECD, World Bank and Eurostat. In view of close links between the two statistical systems, it was thought modifications to national accounts definitions, classifications and conventions made it advisable to change ESSPROS accordingly.

It also became apparent that ESSPROS methodology needed more flexibility to meet the increased and shifting data requirements of social policy research. The Commission and Member States expected

Eurostat to provide a variety of statistical indicators to help assess crucial issues such as social exclusion, employment promotion, fairness, private social provision, medical care and its growing cost, which could not be answered by the traditional ESSPROS.

What's more, emerging cooperation with OECD implies, among other things, that basic data be aggregated according to slightly different definitions. This meant a new type of ESSPROS was needed – one with more open-ended design that allowed users to regroup basic information easily according to particular needs. First data based on this revised methodology (ESSPROS Manual 1996) are published soon.

The revised methodology increases flexibility in various ways, most importantly in the move to a configuration consisting of a core system supplemented by modules.

The core system corresponds to the standard information on social protection receipts and expenditures published annually by Eurostat. For this reason, although many of the data in the core system are of the greatest importance for the evaluation of social protection, the scope of the core is based on the data for which all Member States can provide up-to-date information regularly, rather than on the basis of importance *per se*. The core system is described in the ESSPROS Manual 1996.

The modules contain supplementary statistical information on particular aspects of social protection, and need not apply the definitions and conventions adopted for the core so strictly.

Each module will have its own methodology, and possibly its own specific sources and/or methods of estimation. These will be described in separate volumes of the manual.

New module

The extraordinary meeting of the European Council on Employment proposed for the first time Employment Guidelines which set specific targets for all Member States to combat unemployment and to create new jobs. The achievement of the employment targets are to be regularly monitored under a common procedure for assessing results. Therefore, common indicators, based on comparable statistics, are necessary for the effective monitoring and assessment of employment policies.

Anticipating the need of additional statistical information with a view to monitoring labour market policies of Member States, Eurostat, in cooperation with DG V (Employment, industrial relations and social affairs), launched in 1997 a feasibility study to create a new ESSPROS module on labour market policies. Member States have provided the Commission with an inventory of the labour market measures which have been implemented to combat unemployment and to create new jobs.

The scope of the database will analyse in more detail the current information on unemployment provided by ESSPROS, as well as more recent active measures such as training, placement and counseling, reduction of labour costs (associated with the hiring of unemployed people), and stimulating job cre-

ation by public authorities or by means of start-up incentives for unemployed.

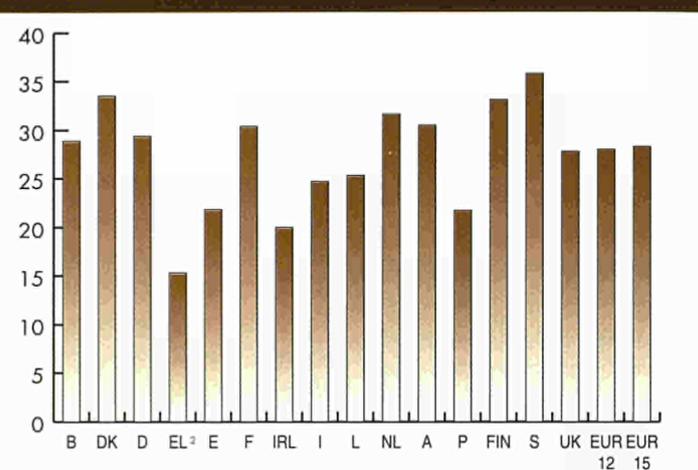
Information will be collected on:

- ▶ types and characteristics of labour market policy measures

▶ expenditure for each relevant measure, and

- ▶ characteristics of participants and beneficiaries of labour market measures with respect to age, sex and employment situation.

Social protection expenditure¹ as a percentage of Gross Domestic Product, 1995

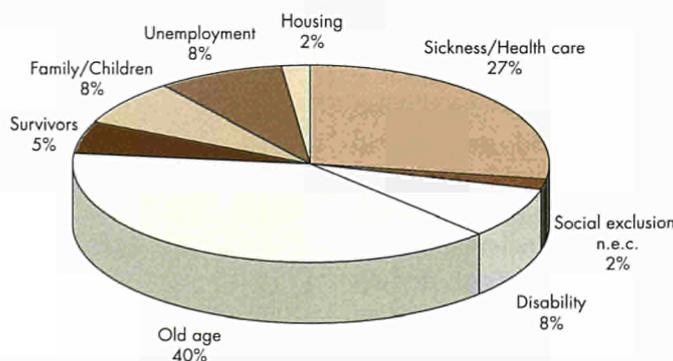


Social protection expenditure accounts for as much as 28% of Gross Domestic Product in the European Union. Some countries are clearly under the mean, whereas some others, particularly Sweden, are well above the average. The high percentage of social protection expenditure is one of the characteristics of the welfare society in Europe.

Definition: Social expenditure at market prices.

Source: Eurostat – European System of Integrated Social Protection Statistics (ESSPROS methodology 1996).

Social protection benefits¹ by function, EUR15, 1995²



The highest share of social protection expenditure (40%) is dedicated to the old age function, and the increasing ageing process of the European Union's population continues to reinforce this. Sickness and health care accounts for 27% of social protection expenditure.

Source: Eurostat – (ESSPROS methodology 1996).

1 Re-routed social contributions are not included
 2 Eurostat estimate

ON course for the millennium CENSUS

by Aarno Laihonon

Countries around the world have started preparations for the 2000* census round.

Population and housing censuses are still a major source of demographic and socio-economic statistics in most countries. They are also a unique source of geographically-detailed data. The demand for these has increased rapidly in recent years – led, for example, by development of powerful geographic information systems applications in spatial analysis, and by logistics, physical planning and managing transportation networks.

This is why censuses are still conducted in most countries, even if the relative cost of a traditional census has risen to a level more and more difficult to justify in an age of government budget cuts. Costs were, for instance, a main reason why Germany decided against the traditional census around the year 2000. And, because of cost, many countries, especially in Scandinavia, have developed use of existing administrative data sources to replace the direct collection of census data.

Content of censuses has been coordinated internationally under United Nations recommendations. The UN Regional Commission for Europe (ECE) prepared recommendations for Europe for census rounds 1960, 1970, 1980 and 1990. The EU prepared its own programmes to satisfy Community data needs for census rounds 1980 and 1990. These relied on UN/ECE recommendations and were based on Council Directives 73/403 and 87/287.



Aarno Laihonon is responsible for the census in Eurostat unit E4 (Regional indicators and accounts, population and geographical information system)

Eurostat started preparations for the 2001 Community census round in 1995 by launching a series of multilateral workshops on different aspects. Such workshops have included:

- ▶ Census processing – UK, March 1995
- ▶ Census geography – Austria, June 1995
- ▶ Using administrative data in population and housing censuses – Finland, October 1995
- ▶ Dissemination of census data – Belgium, December 1995
- ▶ Census 2001: methods and content – Portugal, June 1996 Two more were planned for early 1998.

The workshop proceedings have been published jointly by the organising national statistical institutes and Eurostat and are available from either.

Lively discussions

Preparations for Community census guidelines and table programme for the 2001 round were started by a working party meeting in spring 1996. The Statistical Programme Committee (SPC) of Eurostat agreed

in May 1997 on guideline principles and requested an extensive and comprehensive table programme to reduce *ad hoc* data requests afterwards.

After further preparatory work by a task force and final working party discussion, SPC approved the EU census programme at its meeting on 27 November 1997 in Luxembourg. This followed a lively discussion, with some reservations by one Member State and some slight modifications

The EU census programme is – for Community purposes – a clarification and extension of UN/ECE recommendations for census round 2000, prepared by ECE Statistical Division in collaboration with Eurostat.

This time the programme has the nature of a 'gentlemen's agreement', which Member States will try to keep as far as reasonably possible considering national circumstances. It means that this time the EU census programme will not have any special legal basis.

However, compared with the former Directive-based guide-

lines and programme, it can be considered a clear step forward.

It has a wider international scope and explicit connection with the UN/ECE census recommendations. The content will be taken into account not only by EU and EFTA countries but also by most Central and Eastern European countries and even by many Newly-Independent States.

More notice is taken of new and different ways to produce census statistics – such as use of registers and administrative records, as well as sample surveys, instead of traditional separate data collection from the whole population.

The programme is far more comprehensive and detailed than before, building on the cross-classifications of the *core variables* of the UN/ECE recommendations, included by most Member States in their national census programmes.

So this time the programme is a detailed description of actual and potential data needs for Community purposes. This does not increase data collection but allows Member Countries to take such needs into account in good time when planning and executing their national tabulation and dissemination programmes.

In this way the Community programme serves EU-wide needs on one hand but reduces the prospect of burdensome unanticipated *ex post* Community data requests on the other.

Guidelines and tabulation programme, with explanatory notes, will be published and disseminated by Eurostat in summer 1998.

* The UN recommendation is for a population census to be held in the year 2000. For the EU this will be at the beginning of 2001.



NATIONAL STATISTICS

The time seems right to profile the UK Office for National Statistics (ONS). This *Sigma* is about social statistics and ONS now embraces these - as well as the economic variety - after its 1996 birth upon the marriage of the Central Statistical Office (CSO) and the Office of Population Censuses and Surveys (OPCS). ONS boss DR TIM HOLT has a distinguished academic background in social statistics. And, of course, Britain now has a new Government, and that has certain implications for official statistics. Against this background *Sigma's* JOHN WRIGHT talks to HOLT at ONS's new HQ in London's Pimlico.



Exciting times for UK statistics

We go straight to the point.

The changes in Britain's political landscape after 17 years of Tory 'rule' are enormous.

I ask Tim Holt if Tony Blair's Government is making any difference to ONS?

"Not in the daily production of statistical outputs - but, yes, in other ways."

He explains: "Any Government coming to power after 17 years is likely to want its policies grounded in reasoned analysis and quantitative information. So they're looking for much stronger support from statisticians."

"When a Government's been in power for a long time, like the Conservatives, policies are established and they need less analytical support in making judgements."

"Also, New Labour was elected with a commitment to strengthen further the independence of statistics. It wants wide consultation, so at present we're exploring the options."

I ask what might be the biggest single step in this direction?

"No single step. But I want ONS to be at the heart of the Government Statistical Service (GSS) with a very strong sense of producing and commenting on statistics from a politically-neutral stance in a way that engenders trust and confidence."

I say fine, but one thing some observers might consider working against this is the extent to which UK Government Ministers see key data before publication.

Holt replies: "Yes. There are countries where there is absolutely no advance access. There are others with a very small amount for certain key

data. This varies from one hour to one day or thereabouts. For a small range of market-moving economic statistics, ONS allows prior access of 40 hours to a very restricted group of people."

Are you comfortable with that?

"I would like to see it strengthened further - to explore any possibility of revising and refining that access. But what I am comfortable about is that the numbers are prepared and produced by us - already fixed - with no question of Ministers interfering with them."

"But access of some kind is common in very many countries."

Perhaps, I suggest, the problem is not the Government changing the figures but selectively 'leaking' in advance. Given this Government's record in priming public opinion, this must be a danger? It has certainly happened in the

past under previous administrations.

"Ministers want numbers in advance so as to take the right policy stance when they are released - preparation rather than leaking. There's always the risk of leaking and that's one reason it's incredibly important, with market-moving information, to have very restricted access."

"What is interesting is that on one or two occasions when there has been a problem - whether leak or slip of the tongue is a moot point - our basic policy is so clearly enunciated that the press jumped on it and said something was wrong. This is a very powerful way of reinforcing among recipients the need for discretion."

Any such problems since the new Government came to power?

"No, not at all."

H e c t i c s t a r t

Dr Holt became first Director of ONS when it was formed in April 1996. He also serves as Registrar-General for England and Wales and as Head of the Government Statistical Service (GSS).

He joined the Civil Service in July 1995 as Director of the Central Statistical Office (CSO). Before that he was Deputy Vice-Chancellor and Leverhulme Professor of Social Statistics at the University of Southampton on England's south coast.

His move from academia coincided with transfer to CSO of responsibility for labour market statistics, including unemploy-

ment. During his first nine months he was also preoccupied with the amalgamation of CSO with the Office of Population Censuses and Surveys (OPCS) to form ONS.

Merger of CSO, responsible largely for macro-economic statistics, and OPCS, which produced vital statistics and ran population censuses, marked further centralisation of the GSS. This began in 1989 with expansion of CSO to include other areas of official statistics. Objective was to deliver better public access to the entire range of official statistics.

Dr Holt obtained a BSc in mathematics and a PhD in mathematical statistics from

the University of Exeter in the West Country of England. After a period as a research fellow at Exeter, he spent over three years with Statistics Canada. He then became a social statistics lecturer at Southampton University in 1973. He was made head of department in 1980, dean of the social science faculty in 1981, and Deputy Vice-Chancellor in 1990.

M a r a t h o n m a n

Married with two children, he commutes to work each day by train from his home near Southampton, 130 km from London. It takes over an hour-and-a-half each way and, he says, gives him useful reading time.

He is a fellow of the American Statistical Association and the UK's Royal Statistical Society, and a visiting fellow of Nuffield College, Oxford (*see article on page 14*).

At Southampton **Dr Holt** undertook extensive research and consultancy work for governments across the globe and a variety of private bodies.

Interests include cooking, walking in remote areas and jogging. He occasionally uses the CSO gym. "I have", he says, "run the odd marathon – but nothing serious."

Statistics or matchsticks?

Holt continues: "Although ONS works to the Economic Secretary to the Treasury [*a middle-ranking Minister in the UK Finance Ministry*], we see ourselves serving Government quite widely – trying to support a range of Ministers with different responsibilities."

Some British Prime Ministers were known to be more aware of statistics than others. Winston Churchill founded CSO during the war; a future PM, Harold Wilson, was a statistician. On the other hand, there was a PM

who famously confessed to understanding figures with the aid of matchsticks. I ask **Holt** if Tony Blair is a 'statistics man' or a 'matchsticks man'?

"To be honest, I have no basis on which to judge so far. But he is keen on information informing policy development and on taking a long-term view. This comes across very strongly. And this implies, I think, a role for statisticians in informing policy development."

So might your budget be more relaxed than under the last Government?

Holt: "No, not at all. The Government is very clear that,

although we have a greatly strengthening economic position, and, certainly in terms of public expenditure, things are improving very rapidly, it intends to maintain a very tight fiscal stance. It is committed for the first two years to the expenditure plans of the previous administration, which were very tight indeed. There's every evidence it is sticking determinedly to that."

One big change is Tony Blair's commitment to Europe. Has this made any difference to ONS's approach? My recollection is that CSO didn't take it all that seriously in the past.

"No change because of change of Government. But I don't recognise your description.

"I think statistics are rooted essentially in international standards and cooperation. We need good-quality, comparable statistics from other countries for our own national needs, as

well as the Commission's needs for coordinating EU policy.

"Certainly, all the time I've been here and under my predecessor, Bill McLennan [*now Head of the Australian Bureau of Statistics*] we've tried to adopt a very positive and contributory role towards Eurostat and international bodies like OECD.

"There's always tension between Commission requirements and national needs for statistics. If we can align these as far as possible, rather than their acting in opposition, we shall be better able to fulfil our responsibilities to both."

'Constructive Europeans'

Would you regard ONS as just as much an EU 'player' as other NSIs?

"I very much hope so. There is a national interest in good international statistics. I don't see a division."

Declaration of interest

John Wright was Head of Press Relations and Publications at CSO 1989-92. He remained on the staff of CSO (and subsequently ONS) while on secondment to Eurostat from 1992 to end-'95, shortly after **Tim Holt's** arrival. He then left government service. He was also with CSO 1974-78 as Deputy Head of Information. In all, he has worked under four Heads of CSO.

There was once...

"If you're referring to the eighties' doctrine that activity should be dominated by a rather narrow view of national governmental need, you may well be right. Before my time: it really is in the past."

So you're good Europeans now?

"I hope we're *constructive* Europeans. That's not to say everything in the Commission is right and doesn't benefit from healthy criticism. But it should be criticism designed to improve rather than simply be destructive."

Any particular areas of tension at present between ONS and Eurostat?

"There are always areas of tension between Eurostat and Member States; it's partly because of resources.

"Eurostat has a responsibility to make the European Statistical System as comprehensive as possible. This means a wide range of new demands. If you look at the economic and public expenditure cycle of Member States, at any point in time some will be under stress and not resourced to respond as they might wish.

"Eurostat's problem is we're never all aligned in these matters. These tensions are a fact of life almost.

"Beyond that, yes, I think there are other areas of tension where we and other Member States see Eurostat not taking enough account of existing statistics to try to embed new needs in what's already available.

"Maybe what's available needs to be better coordinated. But we don't have a blank

John Kidgell,

pictured here, is ONS Director of Macro-Economic Statistics. He is one of the most senior members of staff and living proof of Holt's assertion that ONS is serious about Europe. This eminent national accountant is well known outside London as first non-central bank Chairman of the EU's Committee on Monetary, Financial and Balance of Payments Statistics (CMFB). His appointment, in spring 1997, was – is – seen as very important for the national statistical institutes. He is also a founder member of the IMF Balance of Payments Statistical Committee.



piece of paper. It's much better if Eurostat tries to improve what's there rather than pretending almost that it doesn't exist and defining some new set of objectives."

Is this is what LEGS (leadership groups) is all about?

"This is a Dutch idea [see CBS profile in Sigma 4/97]. They don't necessarily have every Member State participating, so they're not decision-making bodies. They are, if you like, a mechanism for formulating policy and ideas and pushing development forward.

"But the key thing is that, because they're chaired by a Member State rather than Eurostat, there's more of a chance they'll take account of and balance the needs of both Member States and the Commission. I think this is very healthy and positive.

"No statistical organisation in Europe, whether Eurostat, NSI or an international organisation, has a monopoly of expertise. In fact, real expertise is fairly thin on the ground

in some areas; and we need to make best use of whatever there is, wherever it is, to bring forward the best developments. I don't think we're quite doing that yet."

'I am critical'

Since he seems to be criticising the top-down approach, isn't he on record with reservations about the European Community Household Panel (ECHP)?

Holt: "The ECHP was used to estimate what Eurostat refers to as poverty in each Member State. Now, ECHP is a useful vehicle for some purposes. But it's a relatively small dataset compared with others that individual Member States might have available for such estimates. Member States have placed great emphasis on Eurostat harmonising outputs rather than inputs, and ECHP is being regarded as a European standard input when better sources are available in some countries.

"There were differences between estimates we had

published and Eurostat's estimates. I don't think we have our practices quite right. Firstly, in making sure we're using best possible sources. Secondly, in making sure that, where there are differences between new outputs and those already published, we're aware of these so we can comment sensibly on the sources of such differences and how they can be reconciled.

"In a sense, to produce a new output as if nothing had come before is, I think, not best practice. And I *am* critical – I have been critical – of that.

"It is a difficult task. I don't underestimate it. But reconciliation of such statistics can only really be made by Eurostat making use of expertise available in Member States."

Like a factory

Europe aside, I enquire, what other issues preoccupy ONS at present?

P o v e r t y o f f t h e m a p ?

I say when it comes to poverty it has been suggested that the UK is 'off the map' compared with the rest of the EU. What do you think?

"Are you talking about the statistics or what they measure?" asks Holt. "I think the quality of our national estimates on people in households below half average income etc are actually very soundly based. Of course, they might be good estimates of what's a fairly uncomfortable picture.

"It's certainly true that between 1980 and 1995

income distribution in Britain, which had been much closer to a European model, moved much closer to an American model – so there is now much greater income disparity than 15 years ago.

"But measuring poverty or income distribution is not simple. According to Eurostat's figures, what we measure is the proportion of people in households below half average income. So what you'll have, roughly speaking, is a quarter of the population in that bracket,

whether the country is wealthy, with high income levels, or less so. It's a relative measure. And so, in a sense, I suspect EU figures don't actually portray enough dispersion among countries in terms of what one might call absolute economic deprivation.

"The best example is Luxembourg and Belgium. They use the same currency. But someone who lives across the border in Belgium but on the same income would be viewed differently from someone in Luxembourg."

He replies: "I think we have to be very clear that we're not in the business of commenting on Government policy. We have to be neutral. But I think that if we can paint as complete and coherent a statistical picture as we can and comment on the strength and weaknesses of the figures, so that people can understand the condition of lone parents or whatever, then we shall have performed a very useful function.

"Now, that picture may be inconsistent with Government policy. But it is not for us to go that next step and criticise the policy or make that connection. But it is our job to inform all sides of the political debate."

I indicate that I still think that, in some controversial areas, New Labour might not be wildly enthusiastic about this.

"I'm not talking about changing our function. This is incremental – evolution not revolution. But I think it's important. And it means changing the

way ONS people think – giving them clear ground rules but also encouragement and support to move a little in that direction."

Was amalgamation of CSO and OPCS to form ONS a good thing? What difference has it made?

"Hugely good", says Holt. "We now have responsibility for both social and economic statistics, and labour market statistics. If we go back to single parents, you can't paint a picture of a group like that without taking account of both economic and social conditions, and so you have to bring the two together.

"The other great benefits are in technology transfer. These span the office and some will take years to realise, with some linkages we never contemplated."

Clearly, he adds, management of the larger organisation is a challenge, with divisional directors now the key people 'driving' the organisation.

What sort of qualities does he look for in such leaders?

"Intellect, clear thinking, good understanding of the concepts that underpin their particular area. Some – the majority – also have to be good managers. ONS is known to be very tightly managed – relatively cost-effective compared with most similar organisations. Some must have real knowledge-base expertise. I would like to see quite a number of our professional staff acknowledged as experts in their fields."

Anything you don't tolerate in senior staff?

"I try to give people as much devolved responsibility as possible. They clearly need to do this within a framework and I must provide that. I've had no occasion to say that I don't tolerate something. But if there were people working outside that framework that's something we would have to address. But it's not a problem."

"A statistics office is, in some ways, like a large factory – churning out numbers, month in, month out, for others to consume, interpret, analyse. That activity will always be vital and I wouldn't wish to undermine it.

"But I would like to see us go beyond – engage in analysis that is perhaps more issue-based; focus on different parts of society and present a more comprehensive picture of them.

"If we could do more of this, it would actually help us to quality assure our data. And it would also help us play a stronger role in projecting the importance of statistics and the independence of the office and the contribution it makes to public debate."

I ask what happens if you come out with something – for example, on single parents – that doesn't agree with what the Government says?

Not into sensation

I say that, for good or ill, poverty statistics always make headlines. If such publicity intensifies the debate, do esoteric arguments about methodology and coverage etc actually matter all that much?

Holt: "I have no difficulty with headlines; no wish to suppress any information. But one should produce reports not to create headlines but designed to inform. This means when you do produce estimates you have a responsibility to put them in the best possible statistical context. I realise this is difficult – but that's our responsibility as statisticians. I don't think we're in the sensational headline-creating business. That's not informing public debate."



*Tim Holt inside
his new offices*

Upward curve

How does he see ONS's reputation compared with that of CSO, which had more than its fair share of criticism both nationally and internationally?

"The mid-eighties was probably the low point. Then I think Bill McLennan began to push the reputation on an upward curve.

"I very much hope that everything since – the creation of ONS, a much stronger link between economic and social

data, a more pro-active international role, my emphasis on quality, customer-focus and openness... all are improving our reputation year by year by year. But frankly you don't do that by step jumps, and you shouldn't. Reputation should be soundly based on continuous improvement."

Areas where ONS is particularly good?

"Several. In some of our work in health statistics there are people recognised as national experts. That's true also in population and demography.

"The national accounts area has always been relatively well regarded. We do things that are probably more advanced than other countries. We have a more integrated set of production and financial accounts on a regular basis than many other countries."

The UK invented national accounts, didn't it?

"Well, that's rather chauvinist. I regard knowledge as international, really. But the framework was developed in this country, it's perfectly true, and people like Harry Campion, the first CSO Director, had a huge influence in terms of producing the first sets of national accounts.

"But national accounts don't stand still. Concepts change. They need to be further developed and we have tried to play a very active role. Now there's a lot of emphasis on satellite accounts – on the environment, health, education, work outside the production boundary, household activity – and we're trying to

play a strong role within the limits of our resources.

"But I'm not willing to claim the UK is in the vanguard of anything. I think there are strengths in different parts of Europe, different parts of the world. ONS needs people of sufficient expertise to interact with the best, so we are aware of best international practice and can help develop new ideas and bring them into the office to improve our quality."

Given his social statistics background, there's no danger, is there, of economic statistics taking a back seat at ONS?

"You can't afford this. A lot of the most rapid changes affect macro-economic statistics: globalisation, development of the service sector, stronger emphasis on international trade, particularly in services, changes in productivity... So pressure on economic statistics is very, very strong.

"Social changes are real, too – ageing, one-parent families,

Can't stand still

I ask Holt if there is a danger of statisticians generally becoming trapped in the same old way of measuring things and asking themselves 'Why should we change?'

"The problem about that view is that even if figures we collected last year were good figures, society changes so fast that they won't be relevant in five years' time. So we can't stand still. Look at the changes in the labour market – different levels of attachment, of participation, lots more people working part-time, and so on. If we don't try to capture and take account of these and improve our quality of understanding of the impact between labour market activity and output and productivity etc, then we shall be failing the policy needs of the future."

Churchill's 'baby' married at 55



Winston Churchill, who set up the CSO to help him manage the wartime economy, watches over Holt and Sir Jack Hibbert, a former Head of CSO.

The occasion: celebration on 17 January 1996 of the CSO's 55th birthday and the last before the merger with OPCS to form ONS.

CSO, the UK's main provider of economic statistics, began where it ended: in the building known to generations of civil servants as GOGGS (Government Offices, Great George Street). This lies under the shadow of Big Ben atop Churchill's bomb-proof underground bunker, now a popular museum and venue of the birthday party.

Sir Jack was one of two former CSO Directors present. The other was Sir Claus Moser, a refugee from Hitler's Germany and, like Holt, an academic and distinguished social statistician. He did much to modernise the CSO in the seventies, including introducing the trend-setting *Social trends* publication.

Churchill was acutely aware of the value of statistics. He knew valuable time could be wasted arguing about the validity of different data. In creating CSO he insisted only final authoritative working statistics should be brought before the War Cabinet for discussion, rather than individual government departments issuing random figures. He proclaimed: "The utmost confusion is caused when people argue on different statistical data."

Keynes was there

Thus CSO played a key wartime role. In 1941 Britain became first sovereign country to produce a measurement of national income as parts of its budgetary policy. The man responsible: John Maynard Keynes, who had a defining influence worldwide on the economic management of nations.

National accounts remained at the core of CSO's work over the years and it became an acknowledged world leader in the field.

Having proven its worth to Churchill in the war, CSO became a permanent part of the government

machine – and up to 1989 continued to enjoy a special relationship with the Prime Minister of the day.

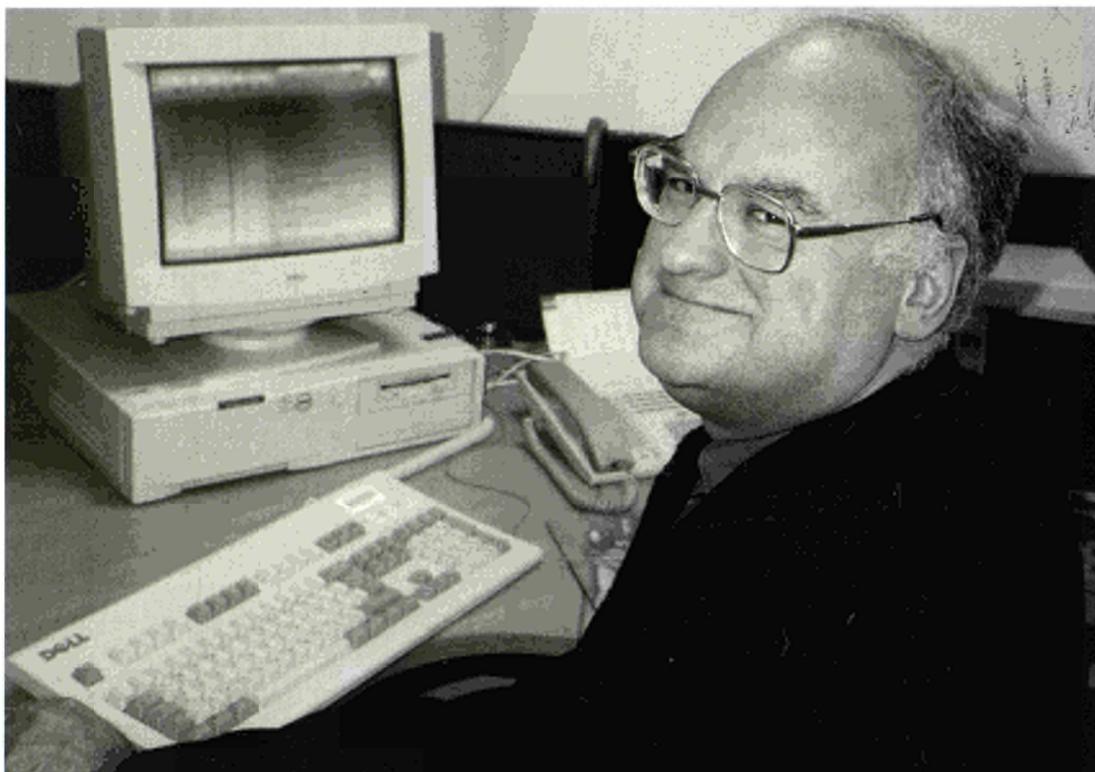
It ceased to be part of the Cabinet Office in '89 and reorganised to take in the Business Statistics Office at Newport in South Wales, the important retail prices index (the measure of inflation) from the Employment Department and equally-vital trade figures from the Department of Trade and Industry.

Two years later it became a government agency. Subsequently it took over responsibility for another

major economic indicator – employment data, including earnings surveys.

UK official statistics used to be heavily decentralised under the umbrella of the Government Statistical Service. Now, although statisticians still work within and for individual Departments of State, most key areas are concentrated in ONS.

In another break with the past, ONS has moved from the grandeur of GOGGS, next to 10 Downing Street in Whitehall, to a modern office block in Pimlico, a somewhat bohemian area of Central London.



Head of Information Ian G Scott. He pioneered a US-style 'lock-up' system for release of CSO and now ONS statistics to the news media. This involves journalists reporting to ONS half-an-hour before the release time of key indicators. They are locked in the press briefing room with no communication with the outside world and given the news release of the day. They can study it, ask questions and even enter data and stories in their terminals permanently installed on the premises. At release time – 9.30 am to the second – a buzzer sounds and they can transmit to their offices or live to the wire. In seconds the news flashes round the world. It's a system that's stood the test of time since 1989 – of mutual value to both ONS and journalists.

children born outside marriage etc; but they take place at a slightly slower rate."

Any sleepless nights?

Any data coming across his desk that cause sleepless nights because of implications for future generations?

"The whole question of ageing population, dependency ratios, unfunded pension provision, and the consequences for public expenditure as we move into the first quarter of next century are really quite worrying. As it happens, the UK may be in a slightly better position than some other European countries.

There's much greater dependence here on funded occupational pensions etc, with a real shift in the last 25-30 years. So our position looks less worrying. But if you look at Europe as a whole and its future competitiveness in the wider world, it is a big issue."

How long will he stay at ONS?

"As long as it takes. I was appointed for an initial term of three years."

Chances are you'll take ONS into the next century?

"I hope so. There or thereabouts. Age catches up with you, you know." He's 54.

On his last day at ONS, I ask, are there three things he would like to have achieved?

"I'm very nervous about epitaphs. People who do things to create an epitaph often get diverted. But... If ONS can become established in the public mind and work effectively in an integrated way, I think that will be a major basis for developing statistics into the next century – I really do."

Doesn't sound very exciting, does it?

"I think if you look at where UK statistics started at the beginning of this century... How they evolved rather differently than

in most countries... What happened from the creation of CSO in 1941... And then... in the mid-eighties, CSO was 300 people, by the mid-nineties 1,000, and now ONS with 3,400... And the critical mass of what it contains is so much larger... Then, well, it may not be exciting in your terms – but actually I think there has been significant development in an area I regard as fundamental to democracy."

Wait a minute, I say, the UK is such a highly-developed democracy and has been for so many centuries, there's surely no possible threat to democracy?

He laughs – but, as always, the good rejoinder...

"I think that countries newly-emerged from other regimes – for example, former Soviet countries – because they've had to think through their democratic and constitutional positions and mechanisms for accountability, may actually, in some senses, be in better shape than a country undisturbed for so many years."

So you still insist there's a case for ONS as a guardian of the democratic process?

"Not the guardian of the whole democratic process – a guardian of making sure statistics are available to all. We live in a plural society. Many people, many different organisations have a need for statistics to play their full part in public debate. Because of our monopoly of many of these statistics, we have a duty to fulfil that wider democratic need. I think that is at least as strong today as it ever has been."

Index of exclusion

Ask if he sees any dark areas in UK or Europe not being measured by statistics?

"A lot of social statistics depend on household and other surveys and on administrative information – areas where individuals interact with the 'machine', if you like. In areas like social exclusion there must be concern that some of the people most socially deprived are not even appearing in the figures, because they don't interact with the machine."

We talk a lot about social exclusion. How do you define it?

"These issues are very difficult – often multi-faceted. It worries me that sometimes we produce definitions like poverty that are a bit too myopic – too narrowly focused on one aspect. Perhaps we need to develop some index of social exclusion – a bit like indices of deprivation. These enable people to talk about multiple deprivation

– meaning those below certain standards in a range of indicators, a combination of which leads to profound deprivation, rather than simply being unemployed or whatever. I guess social exclusion is a similar sort of conceptual problem."

But can you really envisage a UK index of social exclusion? Doesn't this fall into the category of statistics too difficult or controversial to compile, so statisticians don't even try?

"I'm not sure I would phrase it quite like that. But there are issues where one has to evaluate how difficult it is to do even conceptual development – and then whether one could actually deliver anything at the end of the day. That's why so much of this work tends to take place – rightly – in the academic field."

Is there much fresh thinking going on in statistics at present?

"I don't know. The worry is that one goes through these cycles of lack of resource. What gets



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News Release

Family Spending in the United Kingdom 1996-97

Average weekly expenditure of households in the United Kingdom was £209, according to the latest Family Expenditure Survey*, compiled by the Office for National Statistics. Households spent £290 in 1995-96.

- Spending on food and non-alcoholic drinks, at an average of £55.10 per week (£52.50 in 1995-96), was the largest element of household expenditure.
- Average weekly expenditure ranged from £265 in the North East to £351 in the South East.
- Average gross weekly income was £397, compared with £381 in 1995-96.
- Average gross weekly income ranged from £321 in the North East to £483 per week in the South East.

Family Spending 1996-97* has two new features: a chapter looking at spending on telecoms and computers, and additional analyses of expenditure by place of purchase. Other findings include:

- Sixteen per cent of households in the UK had a mobile phone.
- Households with mobile phones spent an average of £5.90 a week on them.
- Over a quarter of households had a personal computer.
- Expenditure on satellite TV subscription and cable TV subscriptions increased with income.
- Twenty-two per cent of households bought newspapers from large supermarket chains, and 77 per cent bought newspapers from village outlets.

* Family Spending 1996-97 published by The Stationery Office
ISBN 0 11 620947 X price £37.50.

In this News Release amounts of less than £100 are rounded to the nearest ten pence, and amounts of more than £100 are rounded to the nearest pound.

Prepared by the Government Statistical Service

Example of ONS news release on social statistics. Name of the statistician responsible for the data is always given so journalists can make direct contact

squeezed out is thinking time. That's crucially important because it gives you a platform for the next stages of development. Once you lose that capacity it's a real worry.

"It's certainly my ambition to strengthen that platform. I see it as a goal to try to improve what I would call the intellectual space in the organisation."

Will he go back to university work?

"I don't know. I am still a professor at Southampton. My academic colleagues might think I've never left!"

But you're glad you came here?

"Oh, yes. It's a privilege."

Looking East

I ask Holt if he worries about the added complication that transition countries will bring – are bringing – to the European Statistical System?

"Not at all. I think the countries most likely to gain accession first have done a huge amount to develop their statistical systems. They often have highly-qualified staff. I think they'll make a positive contribution very quickly.

"I don't have an image of deficient statistical systems taking 15-20 years to evolve to be on a par with those of countries in the EU since its creation. They have drawn hugely and wisely on the expertise available.

"I think there will be other ways they'll have an impact. It's difficult managing some Eurostat meetings with 15 countries. When you start getting up to 21 or beyond then I think the way we arrive at decisions will have to change."

I note that we have naturally swung back to Europe again, which may be a sign of the times in London! So, huge meetings with simultaneous translation... is there a better way of doing business?

Holt: "I think large meetings are inevitable. The key is probably very careful preparation so when you come to the meeting the real issues that need to be resolved have been bottomed out and you can spend your time productively in a very focused way. The idea of a *tour de table* to find out what each country thinks on a particular issue is not very intelligent."

What reaction when you express this view to Eurostat?

"I think Eurostat would like a more effective way of conducting meetings. But it's very difficult to see the way forward. Member States will always worry that their national interests might be ignored or neglected. If one creates a sense that this is what is happening, the system will fall into chaos."

Major new survey by Irish CSO

by Joe Treacy*

Several million pounds are being spent by the Irish Central Statistics Office (CSO) on a new survey that is a major development in gathering information on the country's population, households and labour market.

The survey marks a number of CSO 'firsts' in a large-scale survey:

- ▶ the first time laptop computers are being used, and
- ▶ inclusion for the first time of a range of social topics.

The Quarterly National Household Survey (QNHS) began in September 1997. It replaces the annual Labour Force Survey (LFS). Up to now, this has been the main source of data on numbers of people at work and unemployed.

Ireland first conducted an LFS in 1975 with an annual survey since 1983. The new survey goes further. It will provide quarterly information on Ireland's rapidly-changing labour market and also cover a range of social topics on a modular basis.

The QNHS is the second largest statistical project in the state after the five-yearly Census of Population. Almost 40,000 households will be surveyed each quarter in a total of 2,600 blocks – or small areas – country-wide. These have been selected to provide representative national and regional results. This means surveying about one in every 25 Irish households each quarter.

Survey questions include the normal range of demographic, household and labour market enquiries that form



Joe Treacy

the backbone of labour force statistics.

The first social module, included in fourth quarter 1997, relates to public assessment of the quality of nursing services. A housing module is being included in first quarter 1998 and other social modules are in hand for future quarters.

The questions will provide the basis for quarterly statistics about the Irish people and their economic and social well-being. Key results will, of course, be those relating to employment and unemployment. But CSO also expects considerable interest in the new social topics.

By replacing the annual LFS, the QNHS will also prepare

Ireland for the latest EU requirements for quarterly labour force surveys.

3,000 households a week

Laptop computers are being used to conduct computer-assisted personal interviews (CAPI). The software package chosen is Blaise, the well-known Statistics Netherlands' package. The laptops are AST Ascentia J20 and some 130 interviewers are using them to interview 3,000 households a week.

CAPI dispenses with the need for the 16-page LFS questionnaire. Conducting QNHS by traditional meth-



QNHS project team: standing, left to right, Joe Treacy, Marie Creedon, Ger Healy, Garán Hayes; seated, John O'Connor, Therese Finn and Mary McColl

ods would have used more than 12 tonnes of paper a year – heavier than a double-decker bus! The new technology also makes interviews faster and simpler, leading to speedier results.

Once information has been collected on laptop it is transferred on diskette to CSO's office in Cork via one of eight regional offices. This reduces the need for traditional processing – data entry, editing etc. It is planned in future to transfer data via modem.

The survey took just 14 months to develop – from approval in June 1996 to household interviews starting in September 1997. This is thanks to the efforts of a small but dedicated team spanning CSO's Labour Market and Information Technology divisions. Key players include Ger Healy and Marie Creedon in Labour Market and Ciaran Hayes who led systems development in IT. Rapid application development (RAD) techniques were applied to design and implement the new computer systems as quickly as possible.

The survey team will keep busy in the months and years ahead as results are prepared for publication and questions updated quarter-to-quarter. First QNHS results should be published in mid-1998 and, in the long run, quarterly results should be available three months after the end of each quarter.

** Mr Treacy is the CSO's senior statistician for labour market and social statistics*

New Directors-General at INE

There are two new Directors-General at the Spanish NSI, the Instituto Nacional de Estadística (INE).

Mr Gerardo Prieto Pérez has been appointed Director-General for Economic Statistics and Human Resources, and Mr Ildefonso Villán Criado for Population and Information.

Mr Gerardo Prieto Pérez is a science graduate and member of the Spanish Association of Professional Statisticians. His career at INE stretches back to 1974.

He has been responsible for projects such as compilation of the

National Classification of Economic Activities and the Central Business Directory, as well as setting up centralised data collection units and designing sampling frames for various surveys.

Previously Deputy Director-General for Sampling and Data Collection, he has also lectured on these topics at the Universidad Autónoma in Madrid since its establishment and is the author of various publications.

Mr Ildefonso Villán Criado graduated in mathematics, specialising in statistics and applied research. On leave of absence

from the Association of Professional Statisticians, which he joined in 1979, he is a member of the Senior State Council for Information Systems and Technology.

The bulk of his professional activity within INE has been in the field of information technology, for which he was previously Deputy Director-General.

He is the secretary of the Senior Statistical Council's Working Group on Data Protection, a member of the Spanish delegation on the European Commission's Committee on Statistical Confidentiality, and the INE representative on the National Committee for Cooperation between Public Administrations in the Field of Information Systems and Technology.

He lectures on statistical activities and is author of various publications on data processing procedures and methodologies and the confidentiality of data.



Denmark joins Data Shop 'CLUB'

by **Inge Feldbaek** of Statistics Denmark

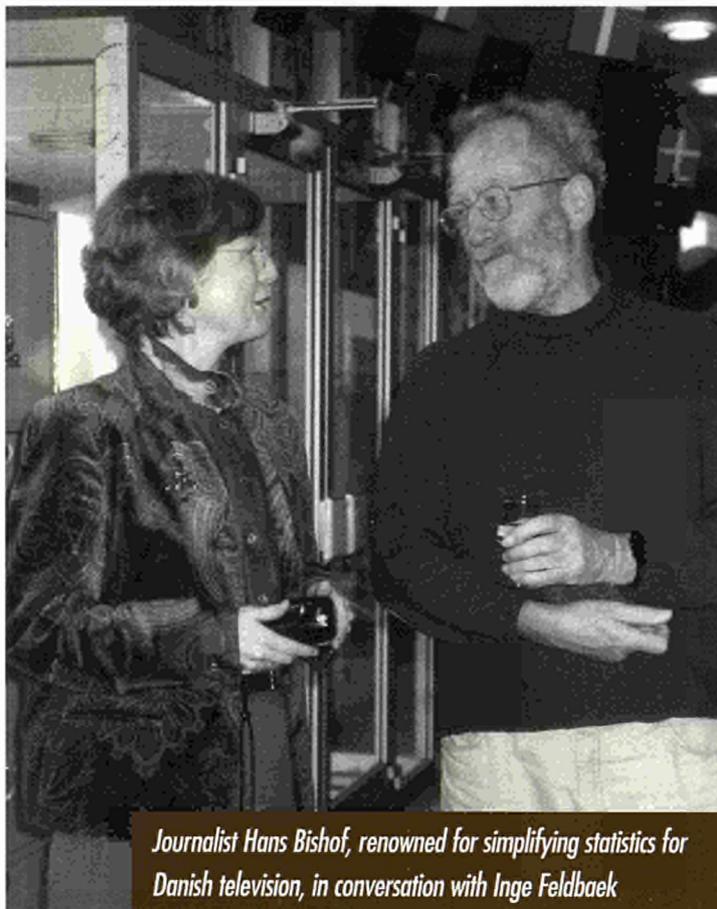
On 17 December 1997 Jan Plovsing, Director-General of Statistics Denmark, and Daniel Byk, Adviser responsible for Eurostat directorate C*, joined forces to launch the new Eurostat Data Shop in Statistics Denmark in Copenhagen.

This joins Eurostat Data Shops in Brussels, London, Luxembourg, Madrid, Milan, Paris, Rome, New York, Stockholm and Berlin, the last two opening in the same month as the one in Copenhagen. Further openings are planned in Voorburg in the Netherlands and Lisbon, Portugal.

Purpose, said Plovsing in his welcoming speech, was to make it easier for Danes to get their hands on European statistics.

He explained that the Statistics Denmark library for many years had been an information centre for international statistics, serving many Danish companies operating on international markets. They knew Statistics Denmark willingly – and competently – shared its statistical knowledge of other countries.

For many years, he added, Statistics Denmark had offered Eurostat's printed and electronic publications.



Journalist Hans Bishof, renowned for simplifying statistics for Danish television, in conversation with Inge Feldbaek

With the opening of the Eurostat Data Shop they were now able to sell data extracted directly from Eurostat data-banks. But the shop included more than data. It was part of the European statistical network. This meant enquiries to national statistical institutes in other EU countries could now be made through Statistics Denmark.

Danish users of statistics were used to paying for statistics. The Data Shop services were no exception. But prices,

decided by Eurostat, were the same in all countries.

Used on the spot, Plovsing continued, statistics were free of charge, and everybody was encouraged to explore the library's vast collection of statistical publications displayed in the reading room.

Eurostat and Statistics Denmark shared the view that easy access to independent, relevant and accurate statistics was important to

the proper working of the democratic process. They viewed the Data Shop as an important step nearer to this common goal.

Daniel Byk said: "If we don't have easy access to comparable statistics on our countries, the EU will not be able to face the challenge of democracy, the single market and the single currency.

"Eurostat's role is to publish comparable statistics: to coordinate, impose common definitions, and put pressure on national statistical institutes, if necessary, to act together and arrive at harmonized data. Harmonized data are comparable data, and this is the main difference between Eurostat data and those of international organisations.

"Eurostat is well on the way to a Data Shop in every EU country, in close cooperation with national statistical institutes. We work together in a very pragmatic way to allow for national dissimilarity."

He went on: "Living in the information age, we must accept that information is a 'sales object'. We compete with other providers. We must prove we can disseminate our data as efficiently as the other providers in a professional market.

"One product you can access through Data Shops is *Europroms* – commodity statistics of industrial production put with external trade statistics of Member States. Eurostat did not invent this idea. We copied it from Statistics Denmark and, with other Member States, made it work for all EU countries.

Danish 'invention'

"Where does the Data Shop idea come from? Some years ago, we had a study to find the best way of marketing data in Europe. We learned of the Danish concept of a Data Shop. So we asked: can we copy it? And we did."

Byk said other Data Shops would be opening soon in the Netherlands and Portugal.

I later talked Søren Carlsen, Head of the Statistics Denmark Information Centre.

"We can now contact the Data Shop in Luxembourg and get answers to our questions very quickly", he explained. "And when we want statistics from, say, France, we just fax their Data Shop."

Did Eurostat Data Shops work in the same way in all countries?

"Not necessarily. There are rules that can't be negotiated, for example on fees. But the contract with Eurostat is adaptable to the country concerned. Here the Data Shop is integrated with our information centre. Other countries might have a separate one or even one established by a private firm. Marketing might be very much adapted to national practice."

How had the Eurostat Data Shop affected services for Danish users?

"On-line access to NewCronos and COMEXT databases means figures up to three months earlier. And that's what they appreciate."

* Information and dissemination; transport; technical cooperation with non-member countries (except Phare- and Tacis countries); external and intra-Community trade statistics

The Danish Data Shop was one of three opened in EU capitals in December 1997. The others were in Berlin and Stockholm. The network of information services for European statistics is now spread across almost the whole of the EU.

In Stockholm the new Data Shop was officially opened the day after the one in Copenhagen. Again, Eurostat Director Daniel Byk was there, performing the ceremony with NSI Director Gösta Guteland. Around 80 customers, journalists and representatives from the European Commission's network in Sweden attended an inauguration structured round seminars and demonstrations of Eurostat databases. The databases *NewCronos* and *Europroms* particularly captured people's interest, together with two seminars on international data: *Eurostat from a user's perspective* and *International statistics for market analysis*.



The Eurostat Data Shop in the German capital is also hosted by the national statistical office. At the opening, NSI President Johann Hahlen welcomed it as an interface between producers of European statistics and German users.

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This article summarises a speech to the European Finance Convention in Luxembourg in November 1997.

On the eve of passage to Phase III of EMU, ALBERTO DE MICHELIS,

Eurostat Director for economic statistics and economic and monetary convergence, describes the statistics to be used for the decision – and for future management of monetary policy.

Lies, damned lies or good statistics?



Everyone knows the famous saying attributed to Disraeli, the 19th century British Prime Minister: "There are three types of lies: lies, damned lies and statistics".

We might well ask ourselves if this is still the case. Or if the science of statistics has evolved to reflect the truth. It is worth recalling that the word *Statistik* was first used in Germany in 1749 and meant 'science dealing with the facts of a state'.

But to return to statistics today and the subject that currently dominates the scene: the euro. I would like to approach this from three angles:

- ▶ The link between statistics and the euro
- ▶ Role of the Commission and Eurostat in particular

- ▶ And are the statistics reliable or does Disraeli's ghost still linger?

Article 109j of the Maastricht Treaty requires the Commission and EMI each to report to the Council on Member States' progress in fulfilling their obligations in the achievement of EMU. The Council will then decide, in spring 1998, which countries have met the conditions for joining.

These reports must examine the state of convergence on four criteria: consumer prices, government finances, long-term bond yields and exchange rates. They must also take into account...

"... the development of the ECU, the results of the integration of markets, the situation and the development of the bal-

ances of payments on current account and an examination of the development of unit labour costs and other price indices."

Once Stage 3 begins, this procedure will be repeated periodically as long as any Member State has a derogation (Article 109k). Also, according to Article 104c, the excessive deficit procedure will continue to be applied in Monetary Union. And the Growth and Stability Pact agreed at the end of 1996 implies further statistical indicators to be monitored by countries that are members of EMU.

The Protocols on excessive deficit procedure and the convergence criteria require the Commission to provide statistical data needed for their application.

The EMI and the Commission are already reporting on the economies of Member States with convergence criteria in mind. In the EMI's case, Article 7 of its statute imposes an obligation to do so.

Both reports are drafted on the basis of a commonly agreed database, currently being finalised by Eurostat and EMI statistics division.

For proper assessment of the criteria – especially inflation, debt and deficit – being used to decide future membership of EMU, they need to be established on a common basis in line with harmonized rules.

In this connection, Eurostat is responsible for:

- ▶ the harmonized index of consumer prices
- ▶ compliance with standards for calculating debt and deficit, *and*
- ▶ harmonizing calculation of Member States' GDP and GNP.

Harmonized index for inflation

To measure inflation, a harmonized index of consumer prices (HICP) has been devised by Eurostat in collaboration with national statistical institutes (NSIs) of Member States¹. It was first published for January 1997 and is used to make international comparisons of trends in consumer prices.

In accordance with the Treaty on European Union, it is used by the Commission and the European Monetary Institute to assess the criterion of price stability as measured by the inflation rate. Each month NSIs calculate monthly indices for their own countries according to the HICP and send them to Eurostat. Procedures used by each NSI in applying harmonized methodology are checked by Eurostat, which then calcu-

Eurostat & EMU

lates the European Index of Consumer Prices (EICP). This is the weighted average inflation rate of EU Member States.

ESA for debt & deficit

In accordance with the Treaty on European Union², the European Commission monitors development of the budgetary situation and government debt and deficit in Member States and compliance with the corresponding convergence criteria.

Since it is obvious that statistics required to measure the convergence indicators must be strictly comparable, Eurostat collaborated closely with NSIs of Member States and statisticians of central banks to devise the European System of Economic Accounts (ESA 79). This provides the reference for calculating debt and deficit.

Member States use ESA 79 to present their various budgetary operations and Eurostat checks that it has been properly applied³.

In specific cases in connection with assessment of debt and deficit, where accounting procedures have not been clearly outlined or where cases are not covered by ESA 79, there is a clearly defined procedure for reaching a decision.

This consultation on methodology is prepared by a task force. The statistical problem is then referred to two expert groups:

working parties on national accounts and financial accounts. Finally, Eurostat consults the Committee on Monetary, Financial and Balance of Payment Statistics (CMFB), comprising senior representatives of NSIs, all the central banks and the European Monetary Institute. After hearing the position of members on each item, CMFB – a consultative body – reaches an opinion in line with its rules of procedure and presents it to Eurostat.

When making its final decisions on the treatment of accounting operations⁴, Eurostat has always taken the utmost notice of the opinions of CMFB and other expert groups consulted. Every decision is based on such opinions adopted unanimously or by large majority.

The principles established for accounting treatment apply not only to the Member State in question but automatically and identically to similar operations in every Member State.

Eurostat's decisions are solely on the basis of statistical principles that comply with the harmonized rules for national accounts.

The actual data are supplied by NSIs. Eurostat's job is to ensure the rules are properly followed.

The outcome is a very high degree of comparability in calculating Member States' debt and deficit.

Harmonizing Member States' GDP and GNP

GDP is the denominator in the debt and deficit ratio. It is also the main aggregate for calculating the fourth Community resource. Common definitions are therefore essential. The methodological reference is ESA 79, which still applies.

A new national accounts manual, ESA 95⁵, will be used throughout Member States from 1999 and make it possible to achieve a fuller and more detailed picture of economic and financial structures. ESA 95 will be used also from 2000 to calculate aggregates connected with the excessive deficit procedure.

All Eurostat proposals on methodology are discussed by the GNP Committee (committee) and adopted as Commission decisions.

Work on harmonizing calculation of GDP is considered to be making very good progress at present.

Uniform criteria for underground economy

Up to now each Member State has had its own method of including the underground economy in GDP. In 1994 the Commission adopted a decision defining common methodology for such esti-

mates, with uniform criteria for all Member States. Now the relevant authorities are recalculating GDP from 1988 onwards on the basis of the new Community method.

Eurostat is not yet in a position to assess the results of the work undertaken by Member States' NSIs. The new data will be sent to the Commission and to Eurostat in October 1998. Eurostat will then check the figures and compare the new results with those based on national methods.

From April 1999 – when the EU's revised system of national accounts, ESA 95, is introduced – the new data, including the underground economy on a harmonized basis, will be applied for Community purposes. These will have an impact on EMU and an even greater one on the calculation of own resources. Since the Commission has entered a reservation on the budget from 1988, own resources will have to be recalculated from that year.

Eurostat has agreed with the Statistical Programme Committee that GDP data will not be amended in the second phase of EMU.

1. See Eurostat news release No 21/97 of 5 March 1997 for more details
2. Article 104c of the Treaty on European Union and the Protocol on the excessive deficit procedure
3. Regulation (EC) 3605/93 on the excessive deficit procedure
4. See also Eurostat news releases No 10/97 of 3 February 1997, 16/97 of 21 February, 24/97 of 26 March and 33/97 of 30 April
5. Regulation (EC) 2223/96 on ESA 95

Heated debate

Recently the world's consumer price indices specialists, economists and decision-makers have been shaken by a heated debate originating in the USA in the wake of the Boskin Report. This was named after the Chairman of a Congressional Committee that questioned the reliability of American price indices. It concluded inflation had been overvalued for over 20 years, severely damaging the US economy.

It goes without saying that European statisticians have drawn valuable lessons from the report in setting up the new harmonized EU index.

Is this index now perfect? No, and never will be – just like any index with methodology and implementation in constant need of monitoring and improvement.

Does it offer good quality? Here, no hesitation – yes. It incorporates best practice of Member States and the very latest findings of economic and social research.

In a recent speech, Chairman of the Federal Reserve Alan Greenspan underscored the importance of reliable and harmonized indices as a solid foundation for the euro. And the necessary work, which Eurostat began three years ago, is well advanced. From 1999 onwards, the Monetary Union price index, which we shall calculate as the basis for Central Bank decisions, will be a reliable measure of inflation – in terms of both coverage and methodology.

Following this step towards EMU, I believe we must push

ahead further on harmonization. Economic globalisation means decision-makers need indicators that are not only reliable but comparable worldwide. Harmonization of methodology – through intelligent choice of best practice – will be the major task facing NSIs in the next few years.

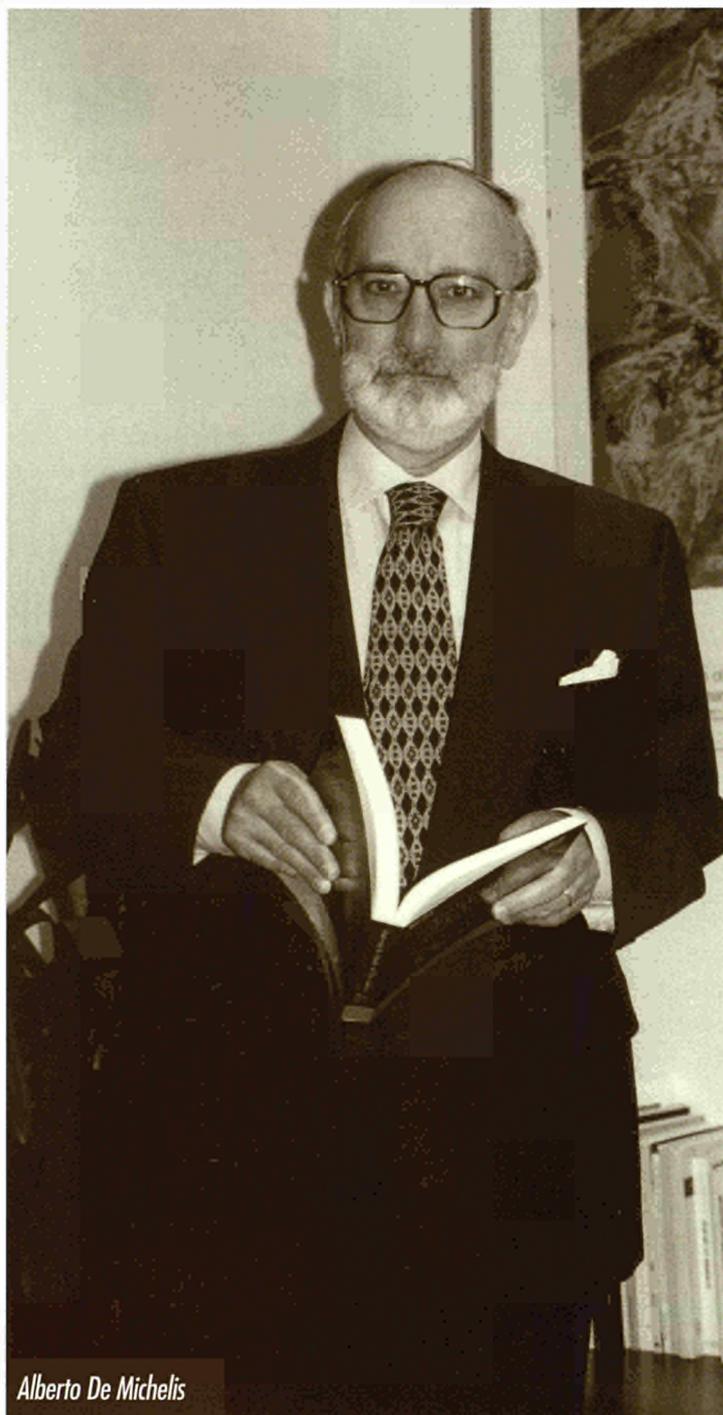
Government finances

On government debt and deficit as a percentage of GDP, Eurostat's work is twofold, based on two Council Regulations and a Council Directive⁶.

From first notification sent to the Commission in February 1994 to that to be sent in September 1999, the calculation of debt, deficit and GDP follows ESA 79 rules.

Eurostat experts, supported by EMI statisticians, have undertaken a country-by-country analysis of methods of furnishing the wide range of statistics required. Aim is to provide users with a set of more comparable and reliable statistics in line with ESA 79 methodology. In addition, several decisions on harmonized treatment of specific problems have been taken following consultation with CMFB. These cover:

- ▀ interest rates: capitalised interest, zero coupon bonds, deep discounted bonds, linear bonds, indexed bonds and fungible bonds
- ▀ interest rate and currency swaps
- ▀ sale of gold by central banks
- ▀ export insurance guaranteed by government



Alberto De Michelis

- ▀ financing and exploitation of public infrastructure by private sector enterprises
- ▀ financial leasing
- ▀ pension funds
- ▀ classification of units acting on behalf of the EU
- ▀ financial advances in national accounts, and
- ▀ payments from central banks to central government from

revaluation or sale of financial assets.

All these recommendations were being notified to national authorities for implementation in February 1998. Eurostat, with NSI support, will check implementation by all Member States.

On harmonization of GDP calculation, there has been work on the common interpretation of definitions. An evalu-

ation of coverage of GNP-GDP, including the underground economy, will be finalised in 1998 by all Member States. Results should be implemented after the decision on the move to Stage 3, since they might lead some countries to significant changes in recorded GDP at a critical time.

Landmark

We are now on the eve of a landmark: the decision on EMU in spring 1998.

This will also be important for European statisticians. All eyes will be on data specified by the Treaty and statisticians will bear the heavy burden of assuring their quality. We have already come a long way. Four years ago, when we embarked on devising a method of recording Member States' debt and deficit figures, we faced chaos. Each country interpreted ESA '79 rules its own way, and results were not very comparable.

Over the past few years, aided by leading European and world specialists, we have reversed that situation. The consultation structures we have established, particularly CMFB, have given us a set of high-calibre, well-argued opinions enabling very good decisions.

Will the spring 1998 data be reliable and comparable? Yes – and decision-makers will be able to work on the basis of sound statistics.

But statistical work will not end there. Checking the results conform to ESA rules will continue. The data will also be used for decisions under the Growth and

Stability Pact, which comes into effect with the euro in 1999.

More statistics

Measurement of inflation and public finances are indicators of fundamental importance to conduct of monetary policy – but not the only ones. Others are needed: quarterly national accounts and monthly GDP trend indicators; indicators of prices, wages, labour costs, external trade, industrial output, labour market, balance of payments etc.

These indicators must meet three criteria: relevance, timeliness and comparability.

Building a battery of such indicators has been a Eurostat task for some time.

First stage is definition of relevance. Essentially this entails deciding the indicator most appropriate for measuring the phenomenon in question. This stage is complete – even if has meant changing some national practices.

Second stage is timeliness. Decision-makers need data by specific deadlines. It is not always easy to get 15 NSIs and 15 central banks to produce indicators at the same time. And that is the crux of the problem: simultaneous data to permit EU aggregation. Clearly, there are problems if a country with a major impact on the EU economy is late in delivering. We are currently working with all Member States to resolve this.

Even more complicated is agreeing on comparability. This will take longer. For many countries, adopting a single indicator with the same con-

tent and methodological basis entails fundamental changes in data production. This will take time – but we shall get there.

To sum up, Eurostat, in agreement with the European Central Bank, will issue, from 1999 onwards, short-term indicators required for managing monetary policy, the euro. This means increasingly-comparable data to specified deadlines to meet user needs. The data will also be available on the Internet.

Was Disraeli right?

Eurostat was firmly in the media spotlight in 1997 – not always enjoying a good press. Decisions taken to harmonize and interpret ESA accounting rules were sometimes criticised for favouring a particular transaction or country.

Does this mean statistics are worthless – that Disraeli was right?

Of course not. They are, indeed, reliable and comparable – albeit subject to some degree of statistical uncertainty.

Every serious statistician and economist knows perfectly well, for example, that GDP measurement is subject to a margin of error depending on quality of basic data.

In an interview with *La Tribune* in November 1997, French economics Professor Christian de Boissieu stressed that "obsession with achieving 3.0% to within 0.1 or 0.2 percentage points does not make any sense, due to the simple fact of statistical error". While sharing his opinion, I

would stress that the efforts of European statisticians in recent years have considerably reduced such margins of error; and, in particular, have ensured comparability.

In his Frankfurt speech, Alan Greenspan stated that "when measured inflation is low, the proper direction of monetary policy could depend crucially on the accuracy of those measurements". He concluded that "the harmonization of CPI in Europe is just one of many examples demonstrating why price measurement techniques cannot be static".

Eurostat's declared mission is to provide the EU with a high-quality statistical information service. Of key importance to the sciences of statistics and economics is the ability to use the most advanced techniques to enhance statistical reliability.

I shall end by quoting Mr Greenspan again. "If the challenge for our statistical agencies is not to lose in their race against technology, the challenge for policy-makers is to make our best judgements about the limitations of the existing statistics, as we design policies to promote the economic well-being of our nations."

6 Regulation on excessive deficit procedure (93/3605/EC), which set up notification by Member States to the Commission of their debt and deficit figure in accordance with the European System of Accounts 2nd edition (1979); Regulation ESA 95, adopted by the Council in June 1996 (2223/96/EC); and GNP Directive (89/130/EEC) for calculation of GDP.

Goskomstat's cooperation with European national statistical organisations in the TACIS programme began in 1993 and several stages have been completed.

First stage mainly involved finding solutions to methodological issues. It was also linked closely with statistical reform being implemented in our federal programme. Under the state programme of 1993-96 for converting the Russian Federation to an internationally-accepted system of accounting and statistics, steps were taken to accelerate the statistical system's adaptation to new conditions.

Main result of TACIS is that we are now able to use statistics to assess the socio-economic situation adequately, analyse the processes taking place, and arrive at administrative solutions. This results from development and recent introduction into national statistical practice of the system of national accounts, which allows calculation of GDP and other macro-economic indicators.

A survey has been introduced to allow calculation of a consumer price index and other price data. Statistics have been developed to depict living standards and unemployment.

In developing such systems, it was very important for Goskomstat to benefit from the international expertise of foreign experts in the TACIS projects.

There are many examples of successful changes in Russian statistical practice. In industrial statistics, a method has been

A new era for Russian statistics was signalled by an agreement signed in December 1997 by YVES FRANCHET, Director-General of Eurostat, and YURI A YURKOV, Chairman of the State Committee of the Russian Federation on Statistics. Goskomstat is now very much a member of the international statistical 'club'. In this article MR YURKOV highlights his efforts to raise Russian statistics to international standards, and the help received from the EU.

All systems 'GO' for Russian statistics



Yves Franchet, Director-General of Eurostat, and Yuri A Yurkov, Chairman of Goskomstat pictured at the signing in Luxembourg of the memorandum of understanding on exchange of statistical data. This further step by Goskomstat into the world statistical community aims at obtaining support to adapt further to international statistical standards and create a statistical basis for integration into the world economy. Action will be within the joint working programme of Goskomstat and Eurostat under Tacis cooperation. Goskomstat will supply Eurostat with key economic indicators and detailed external trade data. Aim is to enable EU institutions and Member States to assess the Russian economy and its relationship to the Community. On the other hand, key economic indicators on European countries will be made accessible to Russia through delivery of Eurostat data.

developed, with German Federal Statistical Office assistance, for calculating an index of orders received and analysing its components taking seasonal factors into account. During consultations, it was decided to switch from sectoral to structural surveys of

the main indicators of industrial production.

In wholesale trade statistics, again with German help, we developed a programme of statistical surveys of enterprises, prepared a questionnaire for monthly surveys, and con-

ducted an experimental survey. Methodology for calculating an index of turnover has also been developed.

In retail trade statistics, we established a questionnaire for monthly surveys and ran test surveys in two regions fol-

lowed by a survey for all Russia.

There has been important methodological work with specialists from ISTAT on developing a method of surveying the non-official economy.

Reliability recognised

Harmonisation of methodology for the 1996 livestock census has been completed, again with German FSO help.

There has been excellent cooperation with the British statistical services in examining the problems of transport, services and housing construction statistics.

Training in collection of data on external trade has been organised in France and the UK for a large group of staff from Goskomstat's State Customs Committee and the Ministry of Foreign Economic Relations. The TACIS project in this field includes assistance in statistics of external trade in services, construction of an index of external trade prices, mirror statistics, and intra-trade measurement.

The UK is helping with a project on a quarterly labour force survey. Russian specialists have had consultations on the technology involved in developing such a survey and on a system for selecting and training enumerators. First set of equipment needed for enumerators has been received and a survey is being prepared.

Above all, such close cooperation with experts from different EU countries has given

Russian statisticians the opportunity to evaluate what they were able to do and had already achieved and to adjust their methodology.

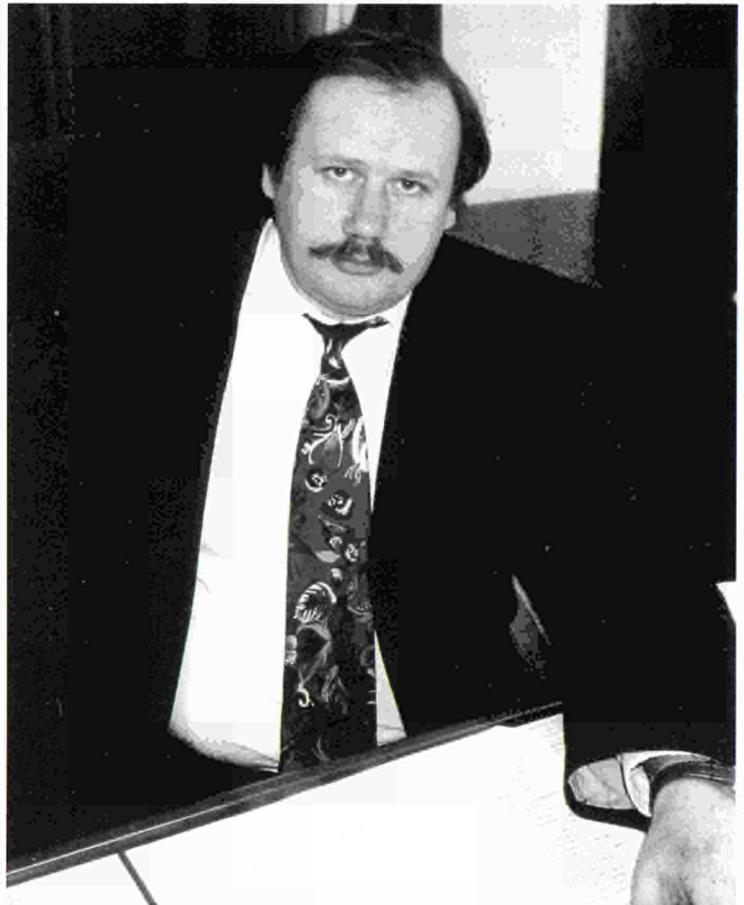
Acknowledgement Russian statistics' reliability comes from inclusion, since April 1996, of official Russian data in IMF's quarterly bulletin on international finance.

There is also a big improvement in cooperation between Goskomstat and international organisations. Goskomstat fulfils its obligations in this field by regularly submitting statistical data and responding to questionnaires etc to over 20 international bodies.

In 1992 and 1993, only 30-40% of the questionnaires we received from international organisations were completed. Implementation of the state programme, work under TACIS and methodological developments have led to a constant rise in the introduction of indicators that correspond to international standards. This now allows us to respond to over 80% of questionnaires – in line with international practice.

With the very active participation of NSI staff of Denmark, Sweden and Finland, Goskomstat has put a lot of effort into organising a marketing service. With Eurostat's cooperation, statistical stands were organised at the Frankfurt International Book Fair in 1996 and 1997.

At Goskomstat, a centre has been established to disseminate statistical publications; in this new activity, Goskomstat's library will play a key role.



Under TACIS, equipment has been supplied to compile an electronic catalogue of publications. Resources will be increased thanks to use of CD-ROMs and the Internet.

In the very near future, all this will allow enquirers to obtain data very quickly or work directly in the library's reading room.

Many achievements have been made possible by the technical re-equipment our offices started in 1993. In less than four years, this has resulted in the supply of over 3000 PCs and network equipment, as well as introduction of telecommunications equipment – all funded from the federal budget. At regional and district level, modems have been introduced to exchange information and an e-mail system for statistics organised – and printing resources have been improved.

A lot still to do

Such emphasis on new computer equipment results from a state statistical system with a fairly powerful methodological base but insufficient hardware and software. The next stage of TACIS cooperation will aim at obtaining consultancy services to form sets of information and data-banks oriented towards serving the client – in other words, based on real needs. It is also very important for us to establish a complete regional statistical system, fully adapted to international standards, which then could be reproduced and applied to the entire statistical network.

TACIS projects are now more closely linked to national statistical programmes.

For example, the 1997-2000 programme for reform of

Russian statistics is based on results already achieved. Its implementation will allow conversion of Russian statistics to the principles of a market economy almost by the end of the century.

One key task is a system of indicators fully depicting socio-economic development during the reforms being implemented throughout Russia.

To achieve this we need to...

- ▶ Add to the existing system new indicators that reflect formation of a multi-faceted economy, labour and capital markets, a competitive market environment and a mechanism for regulating it; transformation of the system of ownership and, accordingly, a system for allocating incomes
- ▶ Integrate Goskomstat's data with financial, banking, tax and customs statistics. This will allow us to make fuller use of them in analysing macro-economic processes and the situation in individual sectors of the economy and in the regions.

In this major task, there is an essential consultancy role for new international experts appointed under TACIS.

Introduction of these indicators will be accompanied by improvement in economic and statistical analysis as well as perfecting practical methods for studying new phenomena in socio-economic development.

The system will apply the principles of cost-effectiveness, simplification of procedures for collecting information, and the need for complete and objec-

tive data. It will be necessary to eliminate superfluous flows of information from departments and ministries and increase the exchange of information between them.

We already have useful experience in demarcating the sets of specialist information that have to be developed and in organising inter-departmental exchange of information with the Ministry of Finance, State Customs Committee, Central Bank of Russia, the Federal Tax Service and other federal bodies.

New dynamic observation

In converting to an internationally-accepted system of accounting and statistics, Goskomstat has started to develop a series of tasks associated with organisation of socio-economic monitoring.

This is a new form of dynamic observation based on systematic all-round depiction of specific socio-economic phenomena. To supply the federal government bodies with full information required for decision-making, it is intended to create and develop from 1997 to 2000 a monitoring system for

- ▶ the socio-economic sphere, public health, the socio-economic situation of various population groups, environmental protection and worker protection
- ▶ the economic and national security of Russia, and energy security
- ▶ the business activity of various sectors of the economy
- ▶ the state of raw materials and mineral resources and their use

- ▶ scientific and innovation potential
- ▶ education.

Of equal importance is development of combined methods of statistical observation based on balanced use of data collected by Goskomstat and through departmental statistics and scientific calculations. We need to agree with different departments the concepts of and approaches to calculation of statistical indicators.

From 1997 to 2000, there will be much attention to developing methodology for new types of sample surveys for Goskomstat, and to the problems of raising sample survey data to total population level. This will shed new light on important issues such as household budgets, the activity of enterprises in the distributive, construction and catering trades, and the hidden economy.

By simplifying statistical observation and substantially lowering its cost, it will be possible to apply a qualified approach. Large and medium-sized enterprises of all types of ownership will be observed exhaustively and by use of returns. Small enterprises will be covered by sample surveys. Elements of this approach are already being implemented: since 1997, the small business sector has been covered by sample surveys.

The statistical system's methodological 'arsenal' will also be supplemented by more active application of sociological and short-term economic surveys, remote sensing and other non-standard ways of collecting data.

Main result of re-equipping statistical bodies with new hardware and software will be a switch to an uninterrupted technological system for collecting, transferring, processing, storing and presenting data. This must be accompanied by the application of resource-saving technology for electronic processing of data involving the cost-effective use of energy, materials and staff.

Without precedent in the world

All these elements together will provide the technological framework and faster processing for growing volumes of information, improved quality and shorter deadlines for presenting data. Often this work will be without precedent in world practice in terms of the time taken between the socio-economic phenomena occurring and the processing and delivery of statistics to the main users.

In examining results of the first stage of TACIS, we need to mention the first joint publication by Eurostat and Goskomstat, *Russia and the EU Member States in 1996*, to be published this year in Russian and English. It contains key indicators on economic and social development of Member States compared with Russia from 1990 to 1996. There is also summary historical information on both EU and the Russian Federation.

In future there will be constant exchange of statistics between Goskomstat and Eurostat within the framework of the memorandum of mutual understanding that I signed in December 1997 with Mr Franchet.

Eudor-Stat came on stream at the end of October 1997. It is a system enabling Commission and European institutions' staff, Eurostat Data Shops and European Document Centres easy access to Eurostat documents and publications. Its underlying philosophy is 'electronic first'.

Bottom line is a drastic reduction in print runs, and lower costs.

STEFFEN SCHNEIDER talked to project manager HANS WILHELM of Eurostat unit C1...

to 'infobahn' fast-lane

So why go to all that trouble? Why the countless meetings, telephone calls, notes and breakneck overtaking manoeuvres on the information super-highway?

If only all questions were so easy to answer. Project manager **Hans Wilhelm** doesn't need long to consider his reply: "It's simply a question of storage. To offer a good and rapid service, the sales offices and Eurostat Data Shops must constantly maintain a large stock of publications – that takes up space and adds to the workload. The new system provides an elegant solution to the problem."

Eudor...

The system is called Eudor-Stat. Eudor (European Union DOcument Repository) is a new development of the Community's Office for Official Publications for internal use within the Commission. It is designed to facilitate access to official EU documents and publications through electronic archiving and delivery. It also rationalises the distribution side using Internet technology. Eudor consists of two services:

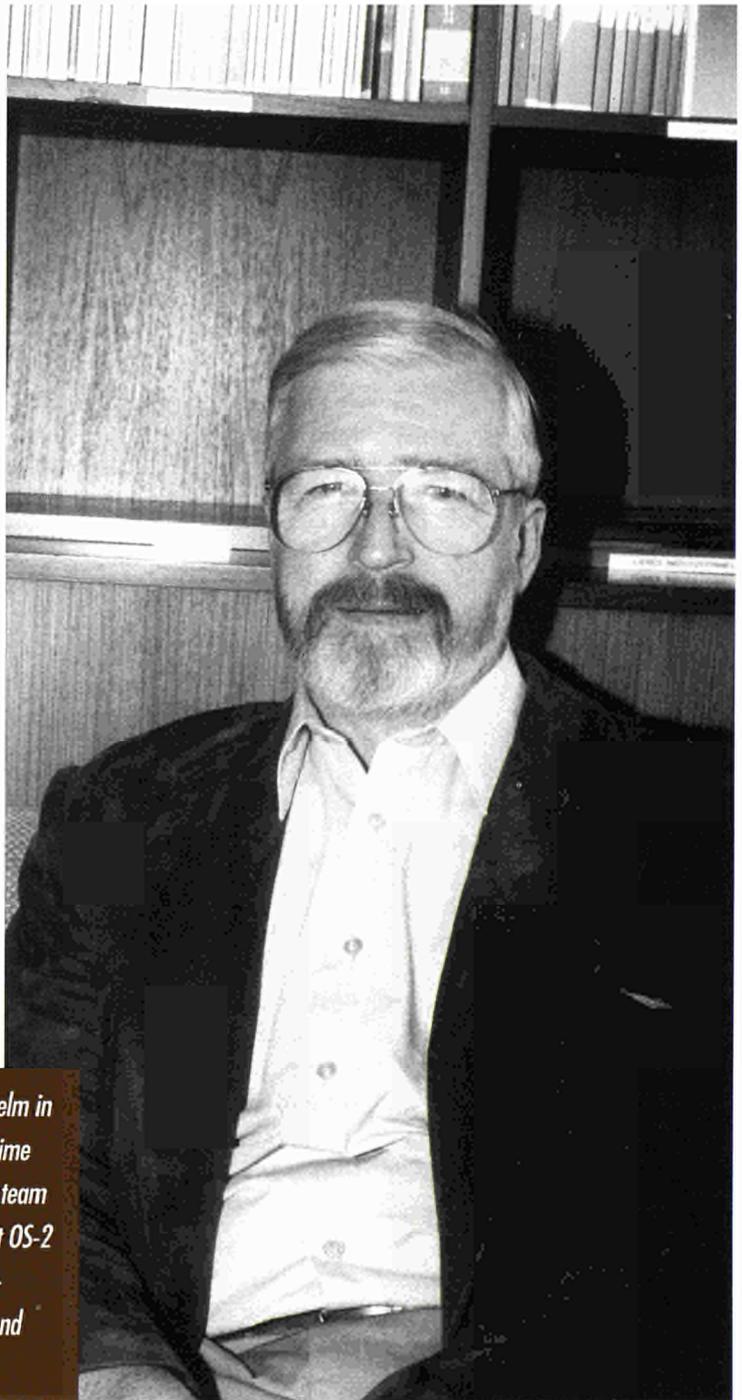
- ▶ a bibliographical database containing the titles and references of all available documents; this database is used for searching, and
- ▶ an optical archive of image files containing the complete texts of the documents.

At the Publications Office the system is already up and running for COM documents and the *Official Journal*.

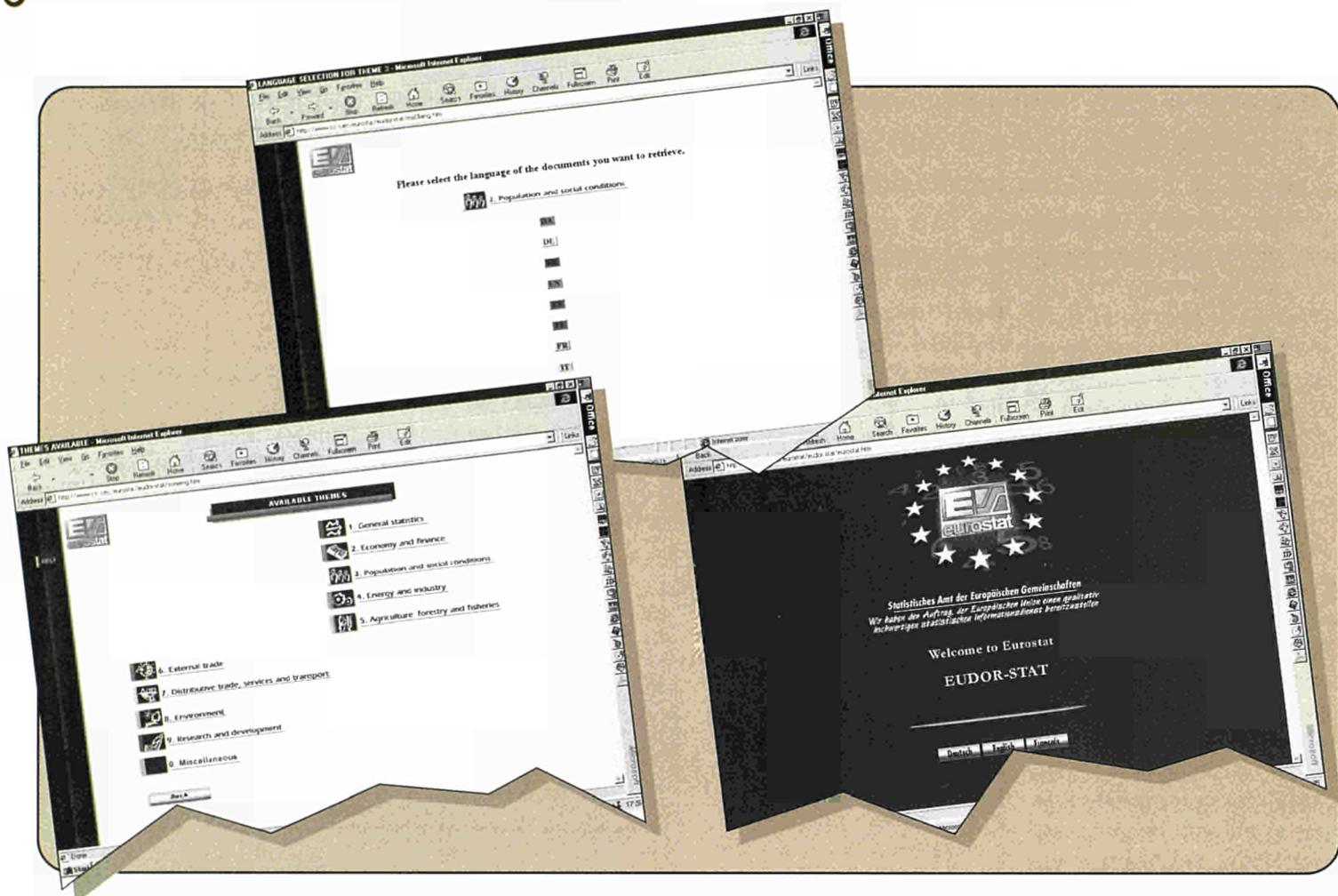
...Stat

Eurostat decided to create a statistical collection within this system, and work on Eudor-Stat started at beginning of 1996. The FTP server contains all black-and-white Eurostat documents and publications in DIN A 4 format issued since 1 June 1996, covering all published language versions. It is updated weekly. In the near future, coloured publications and different formats will also be loaded.

Lead time from publication to on-line availability is 10 to 14 days, outperforming conventional dis-



Hans Wilhelm in the meantime joined the team of Eurostat OS-2 (work programme and planning)



tribution channels. The weekly update is delivered every Friday – so, on the following Monday, Eudor-Stat is in line with the status of the week before last.

Solving specific problems

Far from simply 'hitching a ride', Eurostat played a key role in shaping the project and tailoring it to its own needs. **Hans Wilhelm** explains the specific Eurostat problems the new system can solve:

"In the past, statistical documents have been printed in large numbers, with more than 50% of the print run distributed free of charge to other Commission departments and EU Institutions. Not only is this very expensive but there is rarely an across-the-board interest in

specific items, let alone the entire content.

"Eudor-Stat now makes everything available on-line. A colleague who needs, say, the latest consumer price indices no longer has hard copy, but can access the data 'hot off the press' on his or her PC. The result is a drastic reduction in print runs, the use of more economical printing techniques to handle the smaller volume of paper, and lower costs. The saving is considerable and more than offsets the investment that Eurostat had to adapt the system to its requirements."

Eudor-Stat is not an end-user product for the public at large. It will only become one when Eurostat is able genuinely to trade on the Internet – when the Internet server has evolved from a

marketing tool to a sales instrument. Certain privileged users, such as national statistical institutes, have a special password – the same one they use to access *NewCronos*.

Commission staff can access the system via *Europa Plus*, the internal server of the Commission. Data Shops and the European Documentation Centres will receive an updated CD-ROM once a quarter.

Read instructions before use!

So – an all-round success story, or not quite?

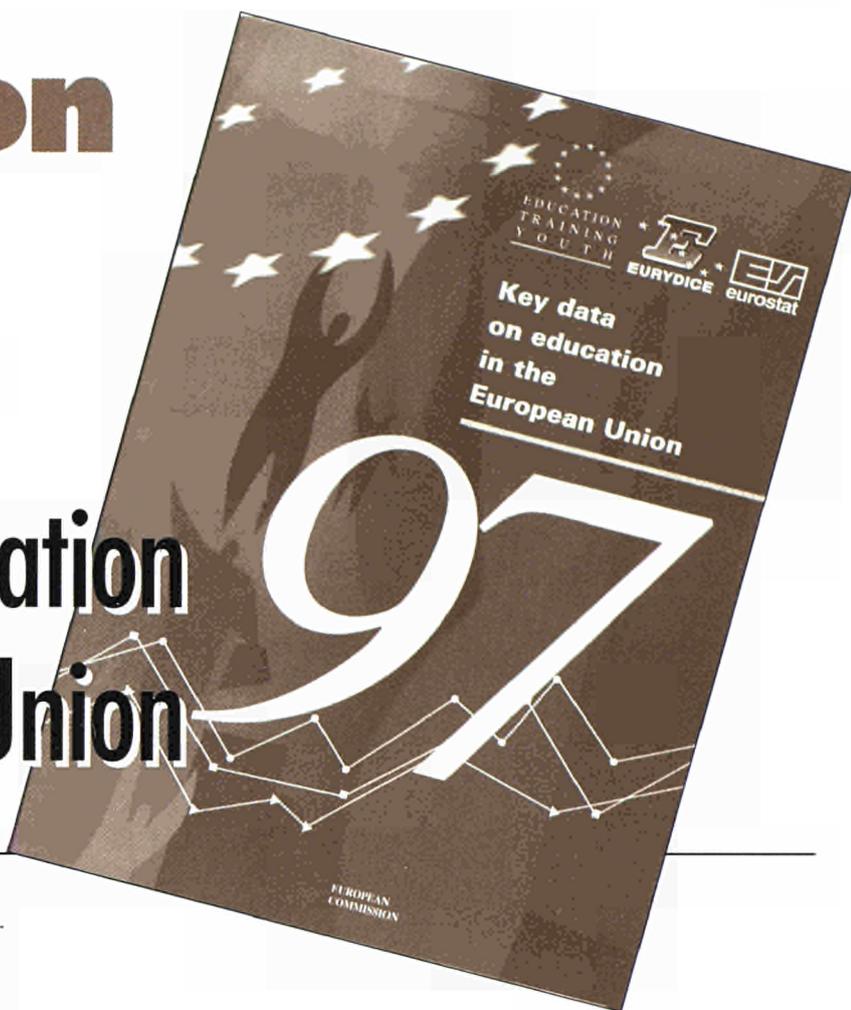
"Well", Hans Wilhelm concedes, "because we were so quick off the mark, we naturally have some teething troubles. To see and print the pages of the stored docu-

ments, users currently need the assistance of *Quick View Plus (QVP)* or another viewer capable of processing multi-page TIFF files." Be sure to read the instructions before use!

He continues: "Over the coming months, however, there will be a progressive switch-over to pdf format. Also in the offing is completion of the German and French versions of the interface, installation of a search module and a better visibility for the other language versions in which the selected document is available."

Hence all the meetings, telephone calls, notes.... Eurostat has had a Web server containing electronic versions of its publications since 1 July 1996. The over-taking manoeuvre has been a success.

Publication of the **third** edition of Key data on education in the European Union



Key data on education in the European Union 1997, 206 pages (25 ECU), is available from the Office for Official Publications of the European Communities or its sales points in Member States.

The European Commission (DG XXII – Education, training and youth), Eurydice, the Information Network on Education in Europe and Eurostat have just published the third edition of the report on education indicators, *Key Data on education in the European Union*.

With some 120 indicators on many aspects including all levels of education, teachers and special education, school autonomy and the context of education, this publication makes an indisputable contribution to increasing Member States' mutual understanding of their education systems. The originality of this work also lies in both the time-series it presents, and which enable the education systems to be seen in a historical context, and the presentation of some of the indicators on a regional basis.

In addition, this third edition now embraces in addition to the 15 Member States, not only the three countries of the European Economic Area but also six Central and Eastern European countries. In this way, the Commission is marking its increasing cooperation with these countries, whose education systems are undergoing major reforms.

With such a wealth of comparable data on the education systems, the Commission hopes to make an active contribution to the promotion of increased knowledge of education in Europe and growing mutual understanding, not only between countries but also between all those involved in this field.

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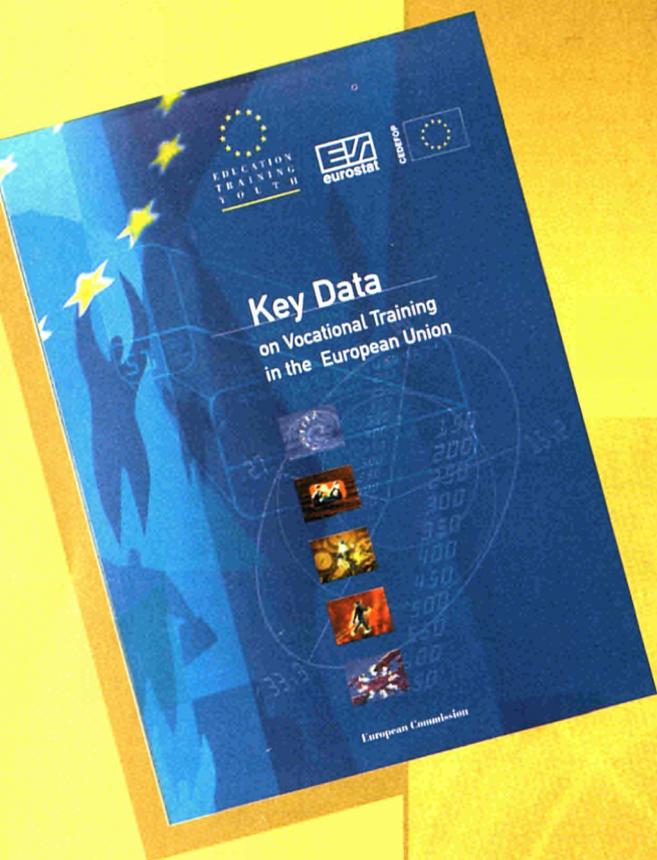
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