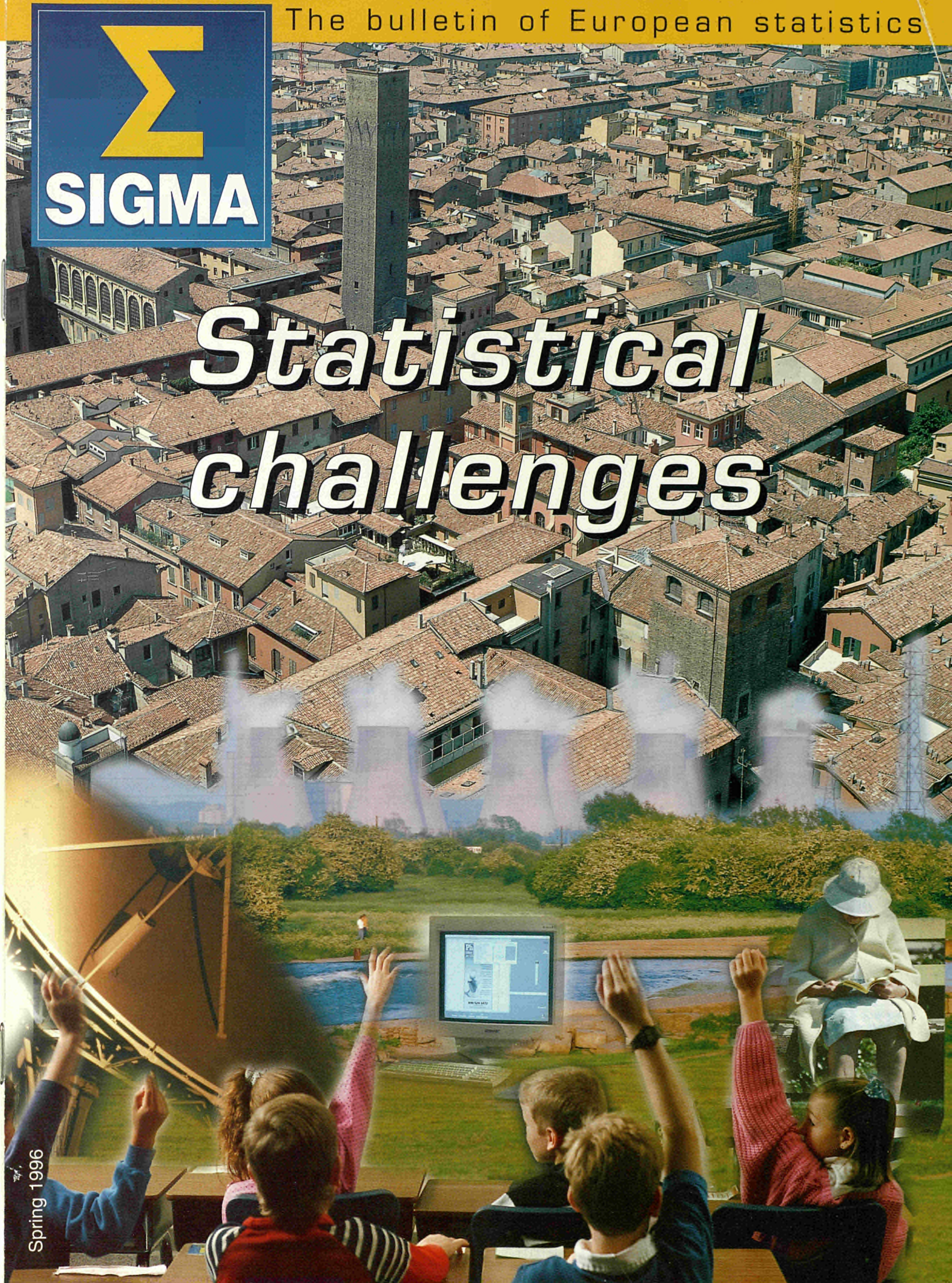




Statistical challenges



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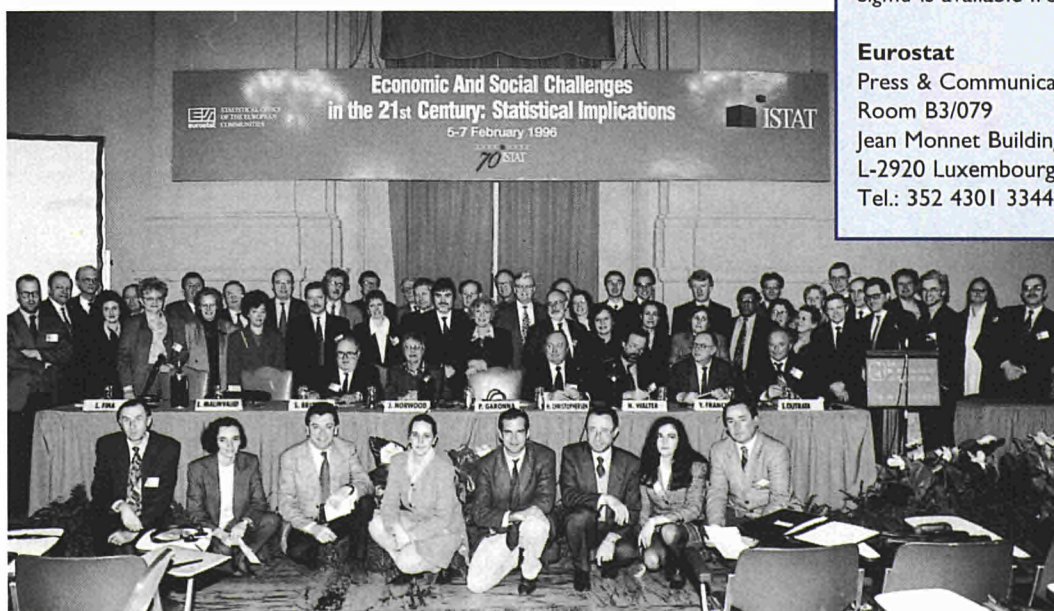
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Delegates to the Bologna Conference on Economic and Social Challenges of the 21st Century: Statistical Implications, which we cover in depth in this issue of Sigma

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Bologna Conference

Facing the economic and social challenges of the 21st century

The approach of the millennium obliges statisticians, economists, researchers, producers and users of data and political decision-makers alike to think ahead in terms which go beyond the merely day-to-day. With this in mind, on the initiative of the Italian Statistical Institute (Istat) and the Statistical Office of the European Communities (Eurostat), a group of such professionals met on 5-7 February in a venerable "palazzo" in Bologna for an in-depth discussion of the economic and social challenges of the 21st century and their implications for statistics. The challenges are numerous, especially with society undergoing increasingly profound and ever faster changes and statistics requiring long and exacting preparatory work if they are to be reliable and comparable.

Profound changes

The plethora of data on a competitive market and the associated information and communication technologies are profoundly changing numerous aspects of economic and social life. They are giving rise to an information society in which the volume, availability and exchange of data are growing constantly and becoming a key factor in competitiveness. Advanced applications are made possible by multimedia technologies capable of combining sound, images, text and figures in inter-

active modes where the user himself plays an active role in the choice of information and its use. To what extent are the figures currently supplied by the statisticians reliable? And to what extent will they be so in future? Have users, especially political decision-makers, become so dependent on one or two aggregated economic variables as to virtually put blind faith in them, despite the fact that preliminary estimates in particular are subject to serious margins of uncertainty. Are inflation rates, for example, overstated - margins of 2% to 3% are cited - because the indices do not take adequate account of, amongst other things, improvements in the quality of products and services? To what extent are production data still accurate when they only make partial allowance for the increasingly intangible nature of economic activity? Why has productivity declined in the majority of industrialised countries when new technologies have provided radical opportunities for enhancing efficiency? These are questions that will give specialists food for thought and above all make them understand that they cannot cling on to concepts from the past when endeavouring to grasp the realities of the present and the future.

Difficult to pin down

At present it is extremely difficult to pin down a new reality com-

monly termed the "intangible economy", which is no longer characterised by physical flows of material goods and products but by an overwhelming flood of data, images and symbols reflecting a shapeless mass carried along by the tide of information technology but also stemming from patterns of consumer behaviour. Defying conventional classification, this flood of information is durable and ephemeral, infinitely divisible, unique and omnipresent, rare and abundant at one and the same time. Hence the need to adopt new conceptual models to relocate the essence of tomorrow's economy from the margins to the centre. This is an exercise rendered all the more difficult by the intangible economy's great sensitivity to data, whereby the very act of measurement changes the phenomenon being measured. Moreover, economic operators adjust their behaviour not only in response to data already available but also in anticipation of future data.

Unlimited growth

While unlimited growth has been pursued with cult-like devotion throughout the 20th century, the concept of sustainable growth has emerged at a time when, despite constant progress in science and technology, society is proving incapable of solving the most dramatic problems such as uncontrolled industrialisation, unemployment, the

gulf between the industrialised countries and the poor nations, the accumulation of nuclear and chemical weapons. What can statistics contribute towards the concepts of sustainability and quality of life which aim to create, not only at the local, regional and national levels but above all in the global context, the conditions for new forms of economic, social, cultural, ecological and scientific development ensuring the survival of mankind and its natural environment? Will the statistical institutes therefore have to revise the scientific and institutional paradigms of their role in, and contribution to, society? In this connection, they have been recommended, amongst other things, to develop integrated indicator systems linking up economic, ecological and social phenomena, to strengthen their role in the field of long-term forward information, to adopt the status of "clearing houses" for findings on sustainable development, and to envisage the creation of a worldwide network of official statistics.

Crumb of comfort

But not everything will be called into question. A crumb of comfort for statisticians is that, more than ever, knowledge remains indispensable for the decision-making process in a democratic society, and statistical information - an integral part of this knowledge - is essential for the future.

Everyone agrees that the official statistical institutions play an irreplaceable role in furnishing assured, accurate and reliable data for the society of the next century. Public authorities will have to make adequate resources available without allowing themselves to be influenced by short-term considerations. At all events, a reduction in resources should never prompt institutes and researchers to make concessions on quality.

The growing complexity of economic and social structures, the globalisation and speed of changes, and the advanced fragmentation of societies call for more intensive collaboration than in the past between various disciplines, and make it necessary to redefine the object measured as well as the instruments used for measuring, while permanently striving for a balance between innovation and continuity.

In an increasingly integrated economy, international cooperation and the sharing of data, findings and methods will remain essential for defining phenomena on the basis of exchanges of experience, common methodologies and real-time connections. The willingness of governments and international organisations to gear themselves more and more to the standardisation of classification structures, the development of common definitions and cross-frontier comparisons will facilitate the task.

The careful protection of the confidentiality of data furnished to government authorities and institutes by individuals and companies will constitute a critical element as - given the electronic means available and the latent mistrust of public authorities - the collection of such data will come to be seen more and more as an invasion of privacy. Hence the need to bolster the status of institutes, to protect their independence and neutrality and to thus assure their credibility.

Difficult to imagine

It is difficult to imagine statistical offices taking on the responsibility in future of being able to produce all the data on an increasingly complex world. They will have to develop cooperation between the public and private sectors, still considered anathema, intensify collaboration

with the world of research, and increase the still insufficient contacts with users.

Statisticians not being born communicators, they must pay greater attention to "selling" their work better, to developing a genuine information policy, to fully exploiting new communication technologies using multimedia capabilities, and to stepping up the pace of dissemination.

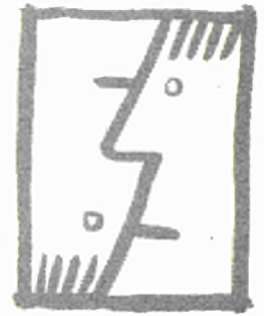
To what extent must statistics address the future? This is a question which, like so many others, ultimately remains unanswered. For some have reproached statisticians with having devoted too much effort to analysing the past and forecasting the future, and have demanded that more effort be applied to the present. Others, by contrast, are prepared to grant statistics a "meteorological" role, its essential value residing in the ability to trigger alarm signals and to detect turning points in major trends. At all events, the role of statistics will never be to bring about transformations but only ever to accompany them by providing reliable data to those who bring them about.

Extremely useful

The Bologna exercise proved to be extremely useful given the quality of the preparations and contributions, the relevance of the questions and deliberations, and the potential avenues opened up for exploration. Each institute must take up at the national and international level the challenges which have been issued in order to go on offering in future "a quality statistical service" in keeping with the Eurostat philosophy.

.....
In the next ten pages we present highlights of the papers presented at the conference...

Social change and social conflicts



STATISTICS & THE ECONOMIC/SOCIAL POLICY GAP

The gap between economic and social policy is highlighted by Tony Atkinson, Warden of Nuffield College, Oxford, in his paper *Social and economic change: implications for statistics in the 21st century*.

He says economic policy has profound social implications. "We tend to talk as though macro-economic policy, budgetary balance, the Maastricht criteria are all abstract concepts removed from everyday experience. But, to a considerable extent, the present problems of the Welfare State are the result of economic failures. When advocating austere macro-economic policies, policymakers often assume that the social costs can be dealt with by a social safety net, but a safety net can easily become overloaded.

"Change has many dimensions, and it is interesting to speculate how one could construct an index of the speed of economic and social change."

"Indeed, in this respect the term 'safety net' is misleading. It suggests a public good which cannot get over-congested... But as a society we do not seem willing to finance such a degree of social protection."

He maintains that this underlines the importance of social and economic analysis on one side and the development of statistical strategies on the other. "Statistics play a very

important role in policy. They are used by civil servants and politicians, and by those who advise them, in order to identify the extent and nature of pressing problems - such as that of social exclusion...

"Social and economic change in itself calls for review of statistical practice, and this becomes even more urgent when there are reasons to suppose that potential social challenges will go unrecorded or mismeasured with existing statistics."

"Unequal distribution is important but only one of the reasons why economic success does not necessarily lead to a great sense of social well-being. Another major ground is that people may have a high material standard of living today but feel insecure about the future. 'Insecurity' is a word used increasingly in the press to describe the absence of the 'feel good factor'."

'Most people distrust statistics'

Mr Atkinson concludes: "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."

"Social and economic change in itself calls for 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."

"Setting people in their context may 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 another practice of earlier social investigators and combine data from representative samples with case study material... At a previous Eurostat conference I went so far as to suggest that a video of families (based on actors) living at different income levels would be a powerful presentational device."

THE 'AWESOME RESPONSIBILITY' OF STATISTICIANS

The world in which we live is a turbulent one in which basic values and beliefs are constantly being redefined. Social and economic phenomena do not stand still; they keep changing, and it often necessary to redefine what is to be measured. So says Janet L Norwood, Senior Fellow, the Urban Institute, Washington DC, in her paper *Social challenges and statistical responses*.

She declares: "As we move into the future people will continue to raise serious questions about the capacity of government to deal with major issues of policy and governance, especially in areas where the interests of some are in conflict with the interests of others, and where little consensus exists about the concepts to be reflected in official statistical series. And since data tend to lag changes in developments, they create an image of the past rather than of the future.

"The task ahead for official statisticians is complicated and difficult because data required for public policy formulation must be relevant and timely."

She continues: "Many of the social problems of the next century have already begun to take shape. The complexity of the phenomena to be measured will continue to increase, making attention to conceptual design and to multi-disciplinary approaches to survey design and analysis more important than ever before."

Among the phenomena she highlights as future challenges are:

- Globalisation of economic activity and its profound effect on the

need for data to analyse employment, unemployment and other aspects of economic well-being.

- Changing family structures.
- Fundamental changes in the nature and structure of work caused by computers.
- Environmental concerns and the social effects of sustainable development.

Distrust of government

"The challenge for the future will be both to produce data clarifying these issues and to compile and promote their understanding so that they are clearly applicable to the problems of everyday life. All of this will need to be done against the background of increased distrust of government and the concurrent problems in securing respondent cooperation and of changing methods of data access and analysis."

Ms Norwood says that although all this will create difficulties, statistical data bases for social policy will, in some ways, be much easier to build in the future than in the past.

"International governmental partnership in statistics, which have so successfully been developed and encouraged by the EU and expanded to the North American continent, will continue to increase. We can anticipate more standardisation of classification structures and perhaps even development of common definitions of some of the most important social issues of the future.

"More emphasis will be placed on international comparisons and survey research and technological design will increasingly be shared among countries. New develop-

ment in data base management and data linkage will make it increasingly possible to integrate survey-based data with administrative-based data and to link computers with data stored in a variety of distributed areas. And the innovation that has and will continue to take place in data collection technology will make it easier and cheaper to collect the information we need."

She concludes that the field of social statistics in the next century will be one of hard work and extraordinary progress.

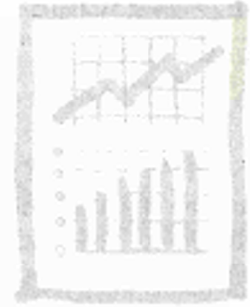
"A host of statistical research problems will require innovation and patience. Many issues of survey design will need to be rethought. The enormous implications of newly-developed technology will need to be harnessed. All this will take time, but the future is full of promise..."

"The statistical system has an awesome responsibility."



Janet L Norwood, Senior Fellow of the Urban Institute Washington DC: "Social problems of the next century have already begun to take shape"

Structural change and labour market responsiveness



STATISTICIANS 'CAN'T BEAR THE FULL RESPONSIBILITY'



Edmond Malinvaud, Professor and former DG of INSEE: "Statisticians cannot have the full responsibility for providing all the relevant information about so complex a world"

In his paper Mr Edmond Malinvaud, Professor and former Director-General of INSEE, tackles the *Impact of technological trends and shifts in specialisation on labour markets and production systems: how could statisticians meet the challenge?*

"In the first place", he says, "globalisation of the world economy means an intensification of the international division of labour. The mass production of those tradeable goods which can be produced by unskilled labour will more and more be transferred to low-wage regions of the world. What has happened so far in this respect is already partly responsible for the increasing skills mismatch observed on European labour markets. Close observation of evolution of the phenomenon, of its many impacts and its compensation by improved competitiveness on other goods and services will continue to rank highly in the demand for accurate statistics."

He goes on: "Goods to be produced and services to be provided in a technologically-advanced environment are more and more complex and diverse. The true capital of an enterprise is a more and more complex set, in which many intangible elements are increasingly important."

"Organisation of production is often becoming more complex and requires more and more flexibility. New forms of labour contracts and labour regulations are spreading. More taxes, transfers and subsidies appear, aiming not only at covering public expenditures and redistributing incomes, but also now at providing specific incentives."

"This increasing complexity is making the simple dichotomy between users and producers of statistics somewhat misleading. Statisticians cannot have the full responsibility for providing all the relevant information about so complex a world."

"Between the users of objective information and the producers of statistics one must more and more recognise the existence of a third mediating group: it is made up of socio-economic analysts and research workers who intervene both ways - in order to transform demand for information into demand for statistics, and in order to uncover in statistical data some information contents which are not directly obvious. Enterprises abound in which the role of this third group is strategic."

"Recognition of the triad matters when duties of producers of statistics are examined. These are no longer only to issue publishable data of interest; they are also to collect and structure databases available for use by analysts and research workers."

"With the present feasibilities for storing very large sets of individual data the second function of official statisticians assumes increasing importance... Research has shown in particular how rich is the potential information content of panels of individual data observed over a number of years."

INFLATION - WE MAY BE DELUDING OURSELVES

Users and above all policymakers have gone much too far in their "belief" in the true value of harmonised aggregate economic concepts and proxies. This is the claim made by Luc Soete of the Faculty of Economics, University of Limburg, Maastricht, in his paper *New technologies and measuring the real economy: the challenges ahead*.

He says: "Increasingly there is a discrepancy between the total reliance, one could say the 'fetishism' of macro-economic policymaking for such aggregate economic concepts and the growing mismeasurement of economic production, its rate of growth and 'real' improvement in economic welfare. One of the main reasons for this is the growing immaterial nature of economic activity, best described by the concept of an emerging 'knowledge-based' economy."

He adds that the trend towards this information society, while not new, has accelerated and, maybe even more importantly, has been altered by the emergence and widespread diffusion of information and communication technologies (ICTs).

Mr Soete says this trend is challenging traditional aggregate economic concepts and measures. He talks of mismeasurement through the "so-called productivity paradox": the long-term decline in productivity growth in the major OECD countries at a time when new ICTs emerged and provided radical new opportunities for increased efficiency and productivity growth. Studies in the USA suggest substantial overestimation of inflation, the largest part related to the failure to consider the improved quality attributes of new goods and services.

"Put more radically", he asserts, "and conforming to the image that the widespread diffusion of ICT goods

and services could be compared to an 'oil shock in reverse', one might argue that most of the EU economies might currently be confronted with an aggregate deflationary trend, hidden through the low, but overestimated official inflation rate."

Some EU countries 'may have deflation'

Mr Soete suggests that the CPI might be currently overestimating inflation in Europe by two to three per cent due to mismeasurement of newly-developing macro-economic trends. "It is important to note that this estimate, as in the case of the US, is relatively conservative, whereby the two per cent is an absolute minimum. The upper level could, however, be much higher than three per cent.

"For many European countries with current official annual inflation rates below three per cent, such as German, France, Benelux or the UK, there is in other words a strong presumption that they are currently confronted with a deflationary trend."

Mr Soete goes on to question "in a rather fundamental way the obsession of policymakers with aggregate economic indicators".

He states: "Thus, if one were to accept the, in my view, reasonable estimate of a current overestimation of the annual inflation rate of some two to three per cent, one should not really be surprised that, given present strict anti-inflation monetary policies being pursued in Europe, one is presently confronted with a major growth and employment problem.

"One should not be surprised that domestic demand, despite the emergence and the rapid decline in prices of new ICT goods and services, has failed so far in most European countries to become the engine of any major new growth upsurge. Finally,

one should not be surprised that governments fail to keep their budgets under control following the many index-linked welfare and social security payments, civil servants' pay rises, standard income tax deductions, exceptions and tax brackets, all based on 'inflation illusion' rather than 'money illusion'.

"The latter potential saving in government spending should, however, not become the driving motivation for taking seriously the issue of improving our measurement of the 'real' economy and the cost of living. Indeed, it will be clear that many of the currently ignored 'quality and new goods and services' features of the 'knowledge-based economy' or emerging 'information society' will diffuse unevenly throughout the population.

"To use those features in the first instance to correct for governments' over-compensation for the 'cost of living' would immediately raise broader questions about the possible need for separate price indices. Some people might indeed quickly gain from the benefits of Internet, tele-banking or cellular telephones; while others might take decades or never use these new services. It could well be that particular groups in society, for instance the elderly, with a larger fraction of expenditures on out-of-pocket healthcare, and less capable of using or accessing the new electronic services, might already today be confronted with a faster rise in their price index than other, for instance, younger groups.

"In short, while there is an urgent need to rethink our statistical economic concepts and measures, there is a similar need to convince macro-economic policymakers that they have become much too dependent on such indicators which appear to have less 'real' economic value than they once thought."

Sustainable development and quality of life



Eurostat ...

LIFE IN TOMORROW'S CITIES

In his paper, Guido Martinotti of the University of Milan, focuses on *Sustainable development and the quality of life in cities*.

He says that when examining closely the quality of life, the urban context is the level to which most indicators have to be ascribed - both in the analysis of the impact of various phenomena on human life and behaviour and in the process of data collection for the measurement construction.

"At the same time", he adds, "it has to be made clear that the urban level should not be conceived in a narrow, municipal sense. In societies where the urban population is estimated between 75 and 80 per cent of the total, the definition of the level of measurement of contextual variables is the real challenge.

"Air pollution is a good example. It is a localised quality of the environment, but it cannot be solved at a local level only.

"At the same time it is important to avoid the dangers of carrying over ideas from a macro-economic analysis to the local plane with the risk, if insufficient attention is given to the parameters of such translation, of introducing purely rethorical or, worse, misplaced expectations."

Population polarisation & new thinking on cars in cities

Just two key points from Mr Martinotti's closely-argued paper:

① He talks of a certain consensus about the polarisation of the population. The creation of a sizeable middle class - a constant feature of economically-advanced societies - was essentially the product of large-scale organisations, both in the public and private sphere. This was characterised both by the diffusion of decision-making in a large managerial stratum and by an affluent and well-organised working class.

As productive organisations become "streamlined" and diffuse production takes the place of labour-intensive large-scale organisations, the structure of the labour force is being affected. Several studies all point to "extraordinary changes in the stratification of society".

From the point of view of data concerning the quality of life this means that we shall not be satisfied with contextual data because the average will mean less an less. "Average income data are not very meaningful if we have to assess the quality of life in a high-stratified population."

The first challenge for data in the next decades, he goes on, will probably be the possibility of having information on inequalities. This will mean knowing in detail the distribution of phenomena. Per capita data will not suffice. And to a degree also environmental data will have to be qualified - for example, a high level of pollution will affect different popula-

tions with varying levels of personal income and health.

② Mr Martinotti argues there will be a need to collect data on different populations with geocoding and with matrices with a time structure. "In the traditional system of statistics - which encompasses a large part of the data now available for quality-of-life considerations - the imputability of data to a certain population is guaranteed by the implicit reference to the nighttime location of the population ie by the residential character. As more and more different

tres to cars. For all the lore about walking or using public transport, the truth is that in a world of car-users a lone aged person without the car is practically captive in his or her apartment. It is typical of elderly persons to move with paraphernalia and to depend heavily on the restricted time of their kin. Thus the alternatives offered - a cab, or using a car only within certain hours or with a permit - are not viable. The consequence is growing isolation and in the end a practical eviction."

He declares that the concept of



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populations come to gravitate to a given area at different moments of the day and different periods of the year, the assumption of an average quality of life for a given area becomes untenable.

"The quality of life of a transient population can be very different, and at times even in conflict, with that of the inhabitants.

"This is already evident in the discussion of the closing of city cen-

city centres without cars is already under serious revision. "I am not advocating the invasion of cars in the city but simply pointing out that what might seem a consensual politically-correct policy - freeing the city from cars - might not be universally beneficial."



Dr Carlo Malaguerra, General Director of the Swiss Federal Statistical Office: "...ensuring sustainable development for all the inhabitants of the planet"

TOWARDS A STATISTICAL REVOLUTION

"It is a matter of fact that our civilisation has devoted the whole 20th century to the cult of unlimited economic growth and has lost an important part of past human values by selectively adapting the heritage of the past for its own use - that is to say for the purpose of unbridled growth."

So says Dr Carlo Malaguerra, General Director of the Swiss Federal Statistical Office, in his paper on *Sustainable development and quality of life*.

He asserts that the main challenge of the 21st century will be the global task of ensuring sustainable development for all the inhabitants of the planet.

Dr Malaguerra devotes a large part of his paper to discussing new types of information and monitoring systems required to meet this challenge. "The need to monitor the process of transition towards sustainable development with new, coherent and interlinked information over long periods of time is likely to revolutionise our traditional concept of statistical information systems."

He goes on: "It is becoming increasingly evident that our traditional methods and tools for analysis and information are not yet appropriate for future developments, for example to measure such key concepts as human pre-occupations, welfare or well-being. Statistical indicators developed in the 20th century focus on only certain areas of economic and social realities. Moreover, they remain heavily compartmentalised.

"We must begin to think more in terms of interlinked systems rather than only in sets of seem-

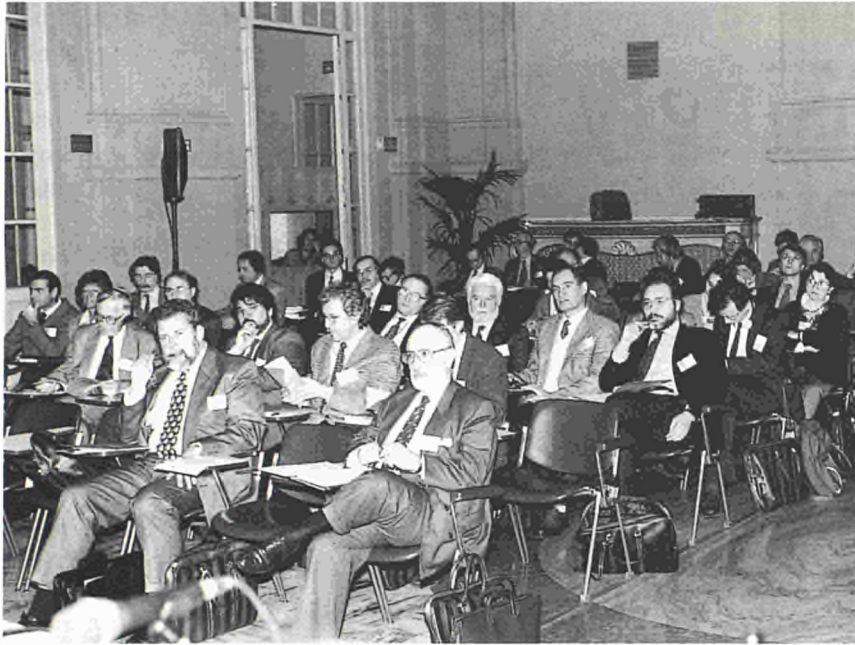
ingly independent indicators. We have not yet succeeded in describing interactions between mechanisms in the technological, settlement, socio/economic, demographic or ecological sub-systems. Least of all, have we paid attention to many inertial dynamic feedback phenomena.

New models for future challenges

"Our analysis tools and information systems do not take adequate account of ecological long-term accumulation and degradation processes. Monitoring of the development of eco-systems or infrastructural asset values with very long life cycles is poor. All this shows the extent to which we now lack crucial information for attempting realistic monitoring with a view to sustainable development in the next century.

"Thus the challenges of the 21st century clearly show the need for a new foundation for our systems of statistical indicators and for the methods and culture of communicating these to users, policymakers, the private sector, social partners and the general public. Attempts have been and are being made to develop new models and systems of indicators to meet current and future challenges. The task is not an easy one as there are conflicting conditions to be met simultaneously."

Dr Malaguerra says in the past decade national statistical offices, mainly in Western Europe, have generally experienced important qualitative changes in their structures and role. After a period of growth in size, tasks and staff, they are now facing a situation where resources are decreasing while information needs are increasing. "As a reaction to this, national insti-



The demanding contributions required full concentration...

tutes in many countries reviewed and restructured their organisation as well as their production policy. Official statistics is thus becoming more and more a priced service (for public and private use) and special attention is being devoted to standards of quality. Moreover, statistical information is now considered an essential state asset for maintaining and developing democratic systems and market transparency.

"Current restructuring and the evolutionary process of official statistics have not come to an end. On the contrary, national statistical institutes should continuously reconsider their role, organisation and tasks. In a situation where the fundamental parameters of our societies change fast and perhaps dramatically, statisticians have to review old scientific and institutional paradigms of their role and contribution to society."

Dr Malaguerra gives some pointers to the profile, role and conduct of official statistics in the next century:

- Official statistics should already anticipate the 21st century by

developing integrated systems of indicators, interlinking economic, ecological and social phenomena.

- Official statistics should strengthen their role and activi-

ties in the field of prospective information, namely by designing and producing scenarios for long-term development.

- Official statistical systems should not only develop their own scientific activities but should also support private and public research on changing societies.
- In the "global village" of the 21st century the ideas of "national" and "international" statistics will probably mean something very different to what they represent today. There is a need for a global official statistical network.

"But what we need above all is a new comprehensive approach focusing on present trends in our changing societies..."



From left to right: Luis Fina, former Director of DGV, European Commission, Edmond Malinvaud, Professor and former Director-General of INSEE, Samuel Brittan, Editor of the Financial Times, Janet L Norwood, Senior Fellow of the Urban Institute, Washington DC, Paolo Garonna, Director-General of Istat, Henning Christophersen, former Vice-President of the Commission and Commissioner for Eurostat, Norbert Walter, Director, Deutsche Bank Research, Yves Franchet, Director-General of Eurostat, Edvard Outrata, President, Czech Statistical Office

An increasingly intangible economy



Charles Goldfinger, Consultant: "Statistics needs to become more and more like meteorology"

DRAMATIC CHANGE IN THE ECONOMIC LANDSCAPE

Another view of the "intangible economy" is presented by Charles Goldfinger, Consultant, in his paper *Intangible economy and its implications for statistics and statisticians*.

Mr Goldfinger says the "defining trend" of the modern economy is the shift to the intangible. "The economic landscape is no longer moulded by physical flows of material goods and products but by intangible streams of data, images and symbols. The source of economic value and wealth is no longer the production of material goods but the creation and manipulation of dematerialised content.

"We live in the intangible economy."

He says this economy is non-linear and non-deterministic. It raises a

whole series of measurement issues for statisticians. "More fundamentally it changes the role, the function and the perception of economic measurement data. Because information is its key resource and output, intangible economy is highly data-sensitive and intrinsically self-reflective. Official agencies no longer have the monopoly of economic data: a lively and diversified measurement and monitoring industry has emerged.

"Statisticians need to undertake a comprehensive appraisal of their business. Adapting to the new environment will require major changes in three key areas:

- conceptual foundations
- modus operandi
- temporal outlook."

Statistics should be "more like meteorology".

"It is not surprising that in the intangible economy the share of intangible investment is expanding relative to physical investment. According to INSEE, intangible investment represented 30 per cent of total investment in 1992 in France and was growing at a quicker rate than fixed assets. Partial evidence shows that in other countries, such as the UK, the percentage is even higher... Despite the recognised importance of intangible investment, the official investment statistics continue to report only the fixed asset accumulation."

Mr Goldfinger concludes:

"Traditionally, economic performance measurement systems provided information about the past. Statisticians put a premium on continuity and comparability of data. Today comparability becomes more laborious to achieve as goalposts are being continuously moved. More importantly, users want data which signal future trends and performance and help them to cope with rapid and unexpected change.

"Intangible economy undermines traditional frontiers and distinctions. Sectoral boundaries are crumbling: previously separate activities of telecommunication, informatics, electronics and audio-visual entertainment are now overlapping. Time-honoured distinctions between work and leisure, home and workplace, intermediate good and final output, consumer and producer, product and service, become blurred. This is...a fundamental trend."

"Statistics needs to become more and more like meteorology: its main value should reside in its ability to provide early-warning signals and inflection points indicating shifts in major trends.

"One of the ways to improve signalling capacity is to rely more on financial markets. In his Congress testimony in August 1994 Alan Greenspan suggested a greater use of financial derivatives to measure expectations:

Information on firm behaviour and signals from financial markets may warn about the development or easing of bottlenecks sooner than highly aggregate readings on unemployment, national income, prices or the traditional monetary aggregates.

"We are living through a period of sweeping transition, from one economic framework to another. A transition is always marked by confusion and apprehension. These are aggravated by lack of visibility as where we are going and how the new destination will look.

"The traditional role of statistics was to create a map of the present. It now has to provide markers for the trajectory to the future."

"To put it bluntly: if measurement systems are to capture the essence of the economy of today and tomorrow, intangibles have to move from the periphery to the core of these systems... For statisticians, focusing on intangibles implies a shift away from macro-economic aggregates towards micro-economic processes and transactions. They should also fundamentally rethink the notion of data."

GDP AFFECTED BY 'INTANGIBLE ECONOMY'?

In his paper *An increasingly intangible economy*, Samuel Brittan, distinguished economic commentator of the Financial Times, asks if errors, delays and revisions in our GDP statistics are due to the growing importance of "intangible products".

Mr Brittan, brother of EC Commissioner Leon Brittan, says: "I doubt if this is the case at least for short-term comparisons. There is a long-standing discussion about how to treat government services and whether to treat them as a production cost or final output."

He adds that goods and service output often move together in the same direction. "If manufacturing output rises, more transport services will be consumed and more computer time will be involved. For such reasons surveys of manufacturing provide a better trend to the whole economy than one would expect from the fact that manufacturing is now often only 20 to 25 per cent of GDP."

Mr Brittan continues: "Most of the recent difficulties with GDP, and related series such as trade, come from changes in classification and measurement techniques arising from the single market programme and unification of Germany. Here one can only ask the European authorities to get on with it."

'More about the present, please'

Mr Brittan also maintains that we have "a curious division of labour" under which statisticians estimate the past and economists try to project the future. "The British Government Central Statistical Office has made heroic efforts to provide 'flash' estimates of the latest

quarter's real GDP a few weeks ahead of their normal publication date. Of course, these had to be revised, yet they are a good deal better than nothing.

"But as an economic commentator what I would most like is the best guess for GDP in the present quarters based on whatever straws in the wind are available. It is not because I want to go by one quarter alone. It is because I can get a better idea of the trend if I can take in an estimate for the present.

"Twice a year the UK Treasury has to publish estimates for the current quarter as part of its forecasting exercise. Even then it slides over the difficulty by taking a half year at a time; an estimate for the current quarter is merged with a forecast of a quarter ahead.

"At all other times I have to rely on the estimates made by academic and commercial forecasters, whose main interest is in what is going to happen. In other words, too much effort is concentrated on history or predicting the future: what I would like to see is more intelligence related to the present. The importance of estimating the present is going to increase if, as I hope and expect, stabilisation policy comes to rely less on forecasts and more on feedback rules starting from the present."

Mr Brittan says there is an increasingly unreal distinction between the world of applied macro-economists and that of economic statisticians. "They have more in common with each other than with fellow economists or fellow statisticians working in different fields. Yet they are in separate compartments, with separate career structures.

"Are not these demarcations between economists and statisticians restricted practices which have no place in the single market we are trying to construct?"

Interim step towards harmonised measurement of consumer prices

New way of comparing EU inflation

Required for the assessment of convergence for Economic and Monetary Union

An important step has been taken towards fully harmonised inflation figures which will be used for decisions on which Member States meet the price stability convergence criterion for participation in Economic and Monetary Union. National measures of inflation will not be affected - Member States will continue to calculate and publish their own Consumer Price Indices according to national needs and definitions.

The introduction of the new system takes place in two steps: Interim indices were being published for the first time on 29 February by Eurostat and the national statistical institutes (NSIs) of Member States. Harmonised Indices of Consumer Prices (HICPs) will start in January 1997.

The interim indices are based largely on existing national Consumer Prices Indices (CPIs). However, in order to improve comparability certain categories of spending have been excluded. In particular owner-occupied housing costs, expenditure on health, education and insurances are left out. They are designed expressly for international comparisons of consumer price inflation, particularly by the Commission and European Monetary Institute in their EMU convergence reports under

article 109j of the Treaty. Neither the interim indices nor the Harmonised Indices of Consumer Prices replace existing national Consumer Price Indices; they are not designed for domestic purposes such as indexation or wage bargaining.

Mr Yves-Thibault de Silguy, the member of the European Commission responsible for EMU and Eurostat, has especially welcomed this development which will enable the European Council to take its decisions on countries participating in Monetary Union on the basis of comparable data.

Eurostat - in close collaboration with NSIs - has been working for over two years on harmonising the different methods used by Member States to compile such indices. The interim indices result from this. They will be produced by each Member State in co-operation with Eurostat.

Given below are, in ascending order of current inflation, the annual inflation rates as measured by the interim indices for the individual Member States, for the twelve months to January 1996 and corresponding figures for October to December 1995:

	<u>January 1996</u> <u>January 1995</u>	<u>December 1995</u> <u>December 1994</u>	<u>November 1995</u> <u>November 1994</u>	<u>October 1995</u> <u>October 1994</u>
FIN	0.8 %	0.3 %	0.3 %	0.3 %
L	1.1 %	1.3 %	1.3 %	1.5 %
NL	1.3 %	0.8 %	0.8 %	0.5 %
D	1.4 %	1.5 %	1.4 %	1.3 %
S	1.6 %	2.9 %	3.0 %	3.0 %
B	1.6 %	1.4 %	1.3 %	1.0 %
A	1.7 %	1.5 %	1.6 %	1.6 %
DK	1.8 %	2.2 %	2.2 %	2.2 %
F	2.0 %	2.1 %	2.0 %	1.9 %
IRL	: %	2.3 %*	2.3 %*	2.3 %*
P	2.3 %	3.3 %	3.6 %	3.7 %
UK	3.2 %	3.5 %	3.2 %	3.3 %
E	3.9 %	4.3 %	4.3 %	4.4 %
I	5.7 % ^p	5.9 %	5.9 %	5.6 %
GR	8.1 %	7.9 %	7.9 %	8.2 %
EU	2.8 % ^p	3.0 %	2.9 %	2.9 %

* The index for Ireland is quarterly, November 1995/1994

^p= provisional

Convergence criterion

The Treaty on European Union sets a timetable for achieving Economic and Monetary Union (EMU) by 1 January 1999 at the latest. Participating countries are required to achieve a high degree of economic convergence, measured in particular in relation to four criteria. One of these criteria requires Member States to have a sustainable price performance and an average rate of inflation observed over a period of one year that does not exceed by more than 1 ½ percentage points that of, at most, the three best-performing Member States in terms of price stability. To conform to the Protocol on the convergence criteria "inflation shall be measured by means of the consumer price index on a comparable basis, taking into account differences in national definitions".

The Treaty also requires that before the end of 1996 the

European Commission and European Monetary Institute (EMI) will report formally for the first time to the Council of Ministers on progress towards achieving the four convergence criteria.

Up to now the only international agreement on CPIs was the resolution on standards adopted at the 14th International Conference of Labour Statisticians in 1989. However a variety of concepts, methods and practices are still used in compiling CPIs and the rates of inflation based on current national data are not regarded as sufficiently comparable for the purpose of assessing the convergence of the economies of the Member States.

How the interim indices came about

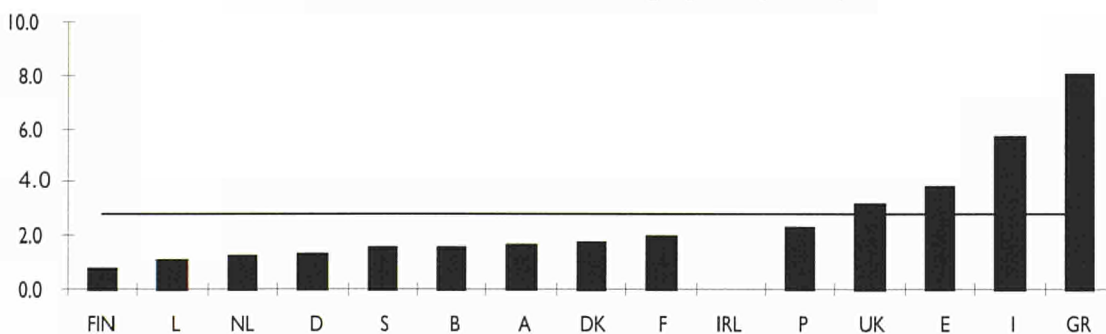
Eurostat - collaborating closely with national statistical institutes (NSIs) - has been working for

over two years to harmonise the different methods used by Member States to compile CPIs. The first tangible outcome of this work was Council Regulation (EC) No 2494/95 of 23 October 1995. This gives a framework for the operation of detailed rules. It was an important step as it lays down a strict timetable - derived from the Treaty timetable - for Member States to follow.

The Regulation stipulates a first step to harmonisation: interim indices based largely on existing national CPIs. It is these that were published in February as a complete set for the first time.

The second step is a new set of Harmonised Indices of Consumer Prices (HICPs). These will appear in a year's time. Technical complexities would not allow an earlier start; there are, for example, major differences in the coverage of the CPIs and important differences in the formulas and compilation procedures used.

Interim indices annual % rates
Horizontal line indicates EU average (January 1996)



Relationship of harmonised and national CPIs

Neither the interim indices nor the Harmonised Indices of Consumer Prices (HICPs) will replace national Consumer Price Indices (CPIs), which will remain as the chosen measure for national purposes. It is not intended, for either the interim indices or the HICPs, to harmonise the expenditure patterns underlying each national CPI. There is no intention to impose a uniform basket in the construction of national CPIs. All Member States are likely to continue their existing CPIs for domestic purposes for the foreseeable future.

The new indices are designed expressly and only for international comparisons, not for domestic use such as indexation or wage bargaining. The focus will be on comparability among the different indices as well as their relative movements.

How HICPs will come in

Harmonised Indices of Consumer Prices begin with the index for January 1997 and will replace the interim indices.

The scope of the Harmonised Indices should be the prices of goods and services available for purchase in the economic territory of the Member State for the purposes of directly satisfying consumer needs. However, the actual coverage of the Harmonised Indices is not

finalised. Under the Council Regulation 2494/95, Eurostat is bringing forward detailed Regulations establishing the specific rules which will govern the production of the Harmonised Indices. These Regulations will be discussed by the Statistical Programme Committee (SPC), comprising Director-Generals of the national statistical institutes. The procedure ensures that points on which there is serious divergence of opinion can be referred back to the Council. This is an important safety net for Member States.

.....
It will not be possible to achieve full harmonisation by January 1997; more work will be necessary. Nevertheless, introduction of interim indices and the replacement HICPs will form a better basis for assessing comparative consumer price inflation than simply comparing today's national CPIs.

How interim indices will work

Interim indices are based almost entirely on national CPIs. In order to improve comparability certain categories of spending have been excluded, where, in the time available, it has been impossible to agree how best to construct comparable measures. In particular, owner occupiers' housing costs, which are not covered in some countries, are measured by equivalent rents in others and by mortgage interest pay-

ments in the remainder, are left out of all Member States' interim indices. Spending on health and education has also been excluded because of major institutional differences between countries in the ways in which consumers pay for such services, either directly or through taxes. Likewise refuse disposal and sanitation services are paid for directly by consumers in some countries and these payments are taken into the CPI. When they are financed out of taxation they are not normally covered by the CPIs which do not cover direct taxes. Some payments relating to the use of a car are sometimes regarded as taxes and sometimes as consumers' expenditure. These have been excluded until agreement can be reached on their treatment.

In addition, certain categories of expenditure that are not in some national CPIs - in particular, alcoholic drink and tobacco - are included for all Member States.

.....
The goods and services covered by the interim indices are given in the table opposite. The following tables give details of the categories which have been excluded from national CPIs and those where additions have been made.

Categories which have been excluded from national CPIs are:

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Imputed rents of owner occupiers		out	out							out		out		out	
Mortgage interest payments	out						out						out	out	out
Refuse disposal and sanitation services (payment as tax regardless of consumption)				out						out					out
Insurance in respect of the dwelling	out		out		out		out				out	out	out	out	out
Water supply (payment as tax regardless of consumption)				out											out
Health	out	out	out	out	out	out	out	out	out	out	out	out	out	out	out
Package holidays and expenditure abroad	out		out		out	out	out	out	out	out	out	out	out	out	out
Travel insurance			out							out		out	out		out
Taxes related to the use of a car, road taxes and tolls	out		out	out	out	out	out		out	out	out	out	out		out
Car insurance	out		out	out	out		out	out	out	out	out	out	out	out	out
Driver's licence fee			out				out		out	out	out	out	out	out	
Education	out	out	out	out	out	out	out	out	out	out	out	out	out		out
Social services	out										out	out			
Financial services	out	out	out		out	out		out		out		out	out	out	out
Other services	out	out	out		out		out	out	out	out	out	out	out	out	out

Categories which have been added to national CPIs are

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Alcohol beverages									in						
Tobacco								in	in						
Services for the routine, maintenance and repair of dwellings				in											

Combined weight of these exclusions and inclusions is about 20% of total consumer spending. The exact amounts vary from country to country

Expenditures excluded from national CPIs when computing the interim indices - approximate weights per 1000

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK*
Interim Index	822	821	826	916	913	875	846	900	883	749	871	876	774	793	796
+ Housing	40	126	92	:	17	:	40	:	:	118	9	62	100	160	120
+ Health and Education	56	36	45	76	44	112	43	78	85	12	46	39	41	25	:
+/- Others	82	17	37	8	26	13	71	22	33	121	74	24	85	22	84
= CPI	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

* The weight for Health and Education is contained in Others.

Apart from the above changes, the interim indices are constructed by exactly the same methods as used by the national CPIs from which they are derived.

COVERAGE OF THE INTERIM INDICES

Food, beverages and tobacco

Bread and cereals; meat; fish; milk, cheese and eggs; oil and fats; fruits; vegetables; sugar, jam, honey, chocolate and confectionery; salt, spices, sauces, soups and food products; coffee, tea, cocoa; other non-alcoholic beverages;

alcoholic beverages; tobacco.

Clothing and footwear

Clothing materials; garments; other articles of clothing and clothing accessories; repair and hire of clothing; shoes and other footwear; repair and hire of footwear.

Housing, water, electricity, gas and other fuels

Rents actually paid by tenants; products and services for the regular maintenance and repair of the dwelling; refuse disposal and sanitation services (where consumers pay according to con-

sumption); water supply (where consumers pay according to consumption); electricity; gas; liquid and other fuels.

Furnishings, household equipment, routine maintenance of the house

Furniture and furnishings; carpets and other floor coverings; repair of furniture, furnishings, carpets and other floor coverings; household textiles and repairs; major and small electric household appliances; non-electric household appliances; repair of household appliances; glassware, tableware and household utensils and repairs; major tools and equipment and repairs; small tools and miscellaneous accessories and repairs; non-durable household goods; domestic services; home care services excluding domestic services.

Transport

Motor cars; cycles and motor cycles; spare-parts and accessories; fuels and lubricants; maintenance and repairs; local and long-distance transport; removals and furniture storage.

Leisure, entertainment and culture

Equipment for the reception, recording and reproduction of sound and pictures; photographic and cinematographic equipment, optical instruments; data processing equipment; other major durables for leisure and culture; games and toys, equipment for sport, camping and open-air recreation; recording media for pictures and sound; gardening and pets; repair of equipment and

accessories for leisure and culture; group and other recreational and cultural services; books; newspapers and miscellaneous printed matter; stationery and drawing materials.

Hotels, cafes and restaurants

Restaurants, cafes and canteens; accommodation services.

Miscellaneous goods and services

Hairdressing and personal grooming; electrical appliances for personal care; other articles for personal care, toiletries; jewelry, clocks and watches; other personal effects; postal services; telephone, telegraph and telefax services.

	January 1996 January 1995	December 1995 December 1994	November 1995 November 1994	October 1995 October 1994
FIN	0.5 %	0.3 %	0.3 %	0.3 %
L	1.1 %	1.3 %	1.3 %	1.6 %
D	1.5 %	1.8 %	1.7 %	1.8 %
DK	1.7 %	1.8 %	1.9 %	1.9 %
A	: %	1.8 %	1.9 %	1.9 %
NL	1.9 %	1.7 %	1.6 %	1.3 %
B	2.0 %	1.5 %	1.5 %	1.2 %
F	2.0 %	2.1 %	1.9 %	1.8 %
S	2.0 %	2.6 %	2.7 %	2.7 %
IRL	2.4 %*	2.4 %*	2.4 %*	2.4 %*
P	2.5 %	3.4 %	3.9 %	4.0 %
UK	2.9 %	3.2 %	3.1 %	3.2 %
E	3.9 %	4.3 %	4.5 %	4.4 %
I	5.4 % ^p	5.6 %	5.7 %	5.5 %
GR	8.4 %	8.1 %	8.2 %	8.3 %
EUR15	2.8 % ^p	3.0 %	3.0 %	3.0 %

* The index for Ireland is quarterly; November 1995/1994
p = provisional

National Consumer Price Indices

Given here are, in ascending order of current inflation, the annual inflation rates as measured by the national Consumer Price Indices for the individual Member States for the 12 months to January 1996 and corresponding figures for October to December 1995:

For further details:

Eurostat
John Astin/Don Sellwood
Jean Monnet Building
L-2920 Luxembourg
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(352) 4301-34070

In the past only a partial picture of the general income situation of the agricultural community was given by the statistics collected. However, with typically a third to a half of the income of agricultural households coming from non-agricultural sources, it has been necessary to broaden the observation points. This has now been carried out. An international seminar organised by Eurostat in January in Luxembourg gave an opportunity to present the facts and pave the way for the future.

Agricultural income under microscope

by Jean Drappier



Fernand Boden, Luxembourg's Agriculture Minister, in conversation with Yves Franchet

Eurostat's view that there was insufficient information on income of the agricultural community prompted them to start development of the Total Income of Agricultural Households (TIAH) project in 1986.

It has taken several years to develop a target methodology, collate methodology used in individual Member States, build a database and prepare publications.

In autumn 1995 a revised methodology for TIAH statistics was published. This took into account both developments in the project and changes to the European System of Economic Accounts (ESA). The publication *TIAH: 1995 report* was also prepared and for the first time contains data and analysis for each of the 15 Member States.

The revision of agricultural statistics in some Member States has pushed forward and stimulated the TIAH project.

It is also important that policy-makers should be kept up to date with these developments, bearing in mind that TIAH statistics have to address agricultural policy needs.

Important for the CAP

Different policies dealing with rural life have encouraged farmers to diversify by seeking profitable non-agricultural income sources to bolster their incomes.

The previous Common Agricultural Policy (CAP) concentrated, with simple economic logic, on price support, which was easy for statisticians to follow. The new CAP, involving a shift away from price support, has extended the number of variables that statisticians need to cover. How should such statistics be designed to provide in policy-makers with useful tools for monitoring the CAP? With this in mind, statistics must be developed that consider all sources of income, not only those from agricultural activities.

A demanding programme

The seminar, held over two days, was opened by Yves Franchet, Director-General of Eurostat, in the presence of Mr Fernand Boden, Luxembourg's Minister of Agriculture. It covered issues such as:

- how best to adapt to the new requirements of income statistics and the resulting implications
- how to handle methodological aspects linked to these new statistics, and
- how to compare results collected in the EU with those from countries outside the EU.

"It was essential", says Fritz Pfähler, Deputy Head of Eurostat Unit FI, "that we pushed for this meeting of policy-makers, statisticians and academics. We needed to pause and take stock: had we taken the right path over the last few years? Did TIAH methodology meet the demands of the CAP? Were we able to present quality macro-economic statistics through the TIAH? What were the possibilities of comparable but supplementary micro-economic data to Eurostat's TIAH results and would these complete the picture? Each of these issues will have implications for the system of agricultural support.

Thanks Dr Hill

"When we decided to organise such a seminar", continues Mr Pfähler, "we realised quickly that we could not do it on our own. That was why we asked Dr B Hill (Wye College, University of London) for his support. He has been at our side since the launch of the TIAH project and without his assistance we certainly would not have achieved our goals. He was involved heavily in the planning, preparation and execution of the seminar. In collaboration with Mr E Cook (Eurostat F-1) he presented the TIAH methodology and results. Furthermore he is present at all meetings of the Economic Accounts for Agriculture Working Party, at which he helps to deal with questions about the TIAH and where he discusses current topics with the representatives of Member States."



Fritz Pfähler: "Thank you, Dr Hill"

Highlights

Which were the most noteworthy contributions during these two days? Brian Davey from Agriculture Canada presented some very interesting ideas. The contribution of Ms M Ahearn from the US Department of Agriculture was also of much interest. Nigel Robson (ex-DGVI) presented the FADN micro-economic instruments with which it had been hoped to measure all income going to agricultural households. Mr W Knüppel, Eurostat Unit E2, illustrated the efforts being made on Household Budget Surveys and the European Community Household Panel project.

But it was widely agreed that the contribution of Professor Dr G Schmitt from Göttingen University was a particular highlight. He emphasised the need to analyse the total income of agricultural households carefully, as the sum of all income components received by agricultural households would heavily influence the production and investment decisions of farmers.

New conceptual challenges

Contributions and discussions dealt with the following themes:

- Statistics on total incomes of agricultural households were confirmed as being important for policy-making, therefore proving a clear need for official statistical systems to be active in this area. As far as Eurostat is concerned this underlines the need to continue to devote resources to its TIAH statistics.



Mr David Heath, Director of Agricultural, Fisheries and Environmental Statistics, Eurostat

- Aggregate statistics can only provide part of the picture of the income situation of agricultural households, though they have the advantages (within the EU) of being consistent with the ESA and of facilitating comparisons between countries. However, it is obvious that complementary micro-economic information is also required. Much of the discussion centered on comparisons between the income of agricultural households and of other socio-professional groups, and also on the number and location of agricultural households whose total income falls below some socially-acceptable minimum. There is evi-

dence to suggest that income is more unequally distributed in agriculture than within other socio-professional groups: a disequilibrium of income between farms of different sizes and types can be observed. This current gap in statistics for the EU represents a major problem to be solved. There are a range of options for achieving this, though one's attention is likely to be attracted first to farm accounts surveys (along the lines used in the USA and by certain national surveys in Germany and the Netherlands), to household budget surveys (as in Ireland) and the European Community Household Panel, and

to taxation data (as in Canada, Denmark, Finland and Sweden). Each of these approaches has its advantages and disadvantages:

- The introduction of statistics based on agricultural households (in contrast to data which relate to the agricultural branch of the economy) presents new conceptual and practical challenges to statisticians. Particular choices to be made include the most appropriate definition of an agricultural household and the best way to define income.
- In order to facilitate the most efficient provision of statistics, policy-makers should be encouraged to make the income support aims of policy more explicit, particularly concerning which types of households are to be supported. Though a spectrum of views about policy objectives are inevitable in an EU that contains a mixture of regions and types of agriculture, a more precise indication of statistical requirements would assist the planning and relevance of data provision.
- Policy-makers should abandon any remaining traces of the attitude which assumes that farmers and their families are solely dependent on farming for their livelihoods and use all their resources on agriculture. This is clearly not the case. Farm families allocate their resources between the farm, other gainful activities, maintaining the household and leisure.
- Taking all income sources into account transforms the income situation of agricultural households, which has an impact on the way that income problems faced



Mr Giuseppe Calò, Eurostat Unit F1, Agricultural Accounts and Structures

by the agricultural community are perceived. In most EU Member States, agricultural households (defined as households where the reference person has farming as their main income source) have total incomes which are near or above the national all-households average. Non-farm incomes add a degree of stability to household incomes, and farmer-households tend to cope with variations in income by saving or dis-saving and by altering the amounts spent on consumption.

- The heterogeneity of households was underlined in the results given in several papers at the seminar. TIAH statistics demonstrated that in households where the head is not primarily dependent on farming as a livelihood - and these households represent more than half the holdings in the EU - the household as a whole receives very little of its income from farming.

Changes in the prosperity of farming therefore make little difference to total income. It is debatable whether such households should be a target for the CAP.

- Consequently, for many farmers there seems to be no real income problem, and where such a problem exists it is likely to be confined to particular sets of unfavourable circumstances.

The increasing complexity of income sources for agricultural households presents great challenges to both statisticians and policy-makers. The task of the statistician is to describe the income situation in agriculture, whereas the policy-maker's role is to use these data to inform decisions on policy actions and the most appropriate means to achieve goals.

Initial conclusions

Fritz Pfähler's initial conclusions:

- ① There was widespread agreement about the increased need for data on the non-farm income of agricultural households at both micro- and macro-economic levels to complement existing data on incomes from farming activities.
- ② Eurostat's TIAH macro-economic statistics are more advanced than the corresponding micro-economic data in the European Union. In future, they could contribute to parallel developments of statistics at the micro-economic level, which are necessary for the analysis of many political problems, such as farmers' poverty.
- ③ There were many suggestions for the further development of the methodology underlying the TIAH statistics.
- ④ Policy-makers were made aware that clearer objectives for income policy would be needed in order to improve the quality and relevance of statistics on the total income of agricultural households.
- ⑤ Brian Davey from Agriculture Canada showed how these statistics can be used for specific policy purposes.

Follow-up

Final conclusions are expected to be reached in the meeting of the Agricultural Statistics Committee in July 1996, which will be attended by high-level representatives of the Member States' statistical authorities and Ministries of Agriculture. Aim of the meeting is to develop new strategies in this area.



Professor Schmitt

Real differences between the incomes of agricultural and non-agricultural households are one of the bases of policies aimed at supporting agriculture in developed countries. While farming income (received from agricultural activity) is well defined, the income of the household members from non-agricultural activities has been systematically neglected.

According to German Statistical Office estimates, incomes of agricultural households are not only higher than farming incomes (holdings relying entirely on agriculture), but are also higher than the incomes of non-agricultural households. For example, the total income of full-time farm households was about 57,000 DM annually from 1989 to 1993, while a household of manual workers earned an average of 51,000 DM and the income of a household of non-manual workers amounted to 54,000 DM.

Agricultural households are able to adjust to changing economic conditions by allocating more resources (mainly working time) to non-agricultural activities and thus increasing their earnings. Since 1972 the agricultural component of total income has decreased from 63 % to 43 %, whereas the income from non-agricultural activities has risen from 18% to 29 %.

One could conclude that the income of the agricultural population has risen by the same degree as the income of other socio-professional groups.



Ms Maria-Jose Pallares Paredes, Confederation of Spanish Agricultural Cooperatives



Mr Lee Myung-Heon, Institute for Agri-economy, Göttingen



Mr David Heath and Mr I Sturgass, Department of Land Economy, Cambridge

THEY CAME FROM EVERYWHERE

Some 150 participants attended the seminar in Luxembourg, coming from EU institutions, Member States, other European countries (in particular several Central and eastern European countries which are EU applicants), the USA and Canada. Experts present represented all three of the target groups identified (policy-makers, statisticians and academics). The statisticians came from many backgrounds (including national accounts - both general and agricultural - and micro-economic surveys of farms and of households). The academics were similarly varied (including policy analysts, household behaviour analysts and farm management specialists).

There has been substantial media interest in the outcome of the seminar and many articles published. The proceedings of the seminar (publication of which will be announced in Sigma) will make the numerous papers available to a wide audience.



Mr C Viau, INRA, France (left), and Mr M Fall, INSEE, Director of Business Statistics, Industry and Agriculture Department, Paris



Mr Pratap Narain, FAO, United Nations

FURTHER READING

The following is recommended for further information:

- Eurostat (1995): Handbook of the Total Income of Agricultural Households (Rev. I)
- Eurostat (1995): Total Income of Agricultural Households - 1995 report

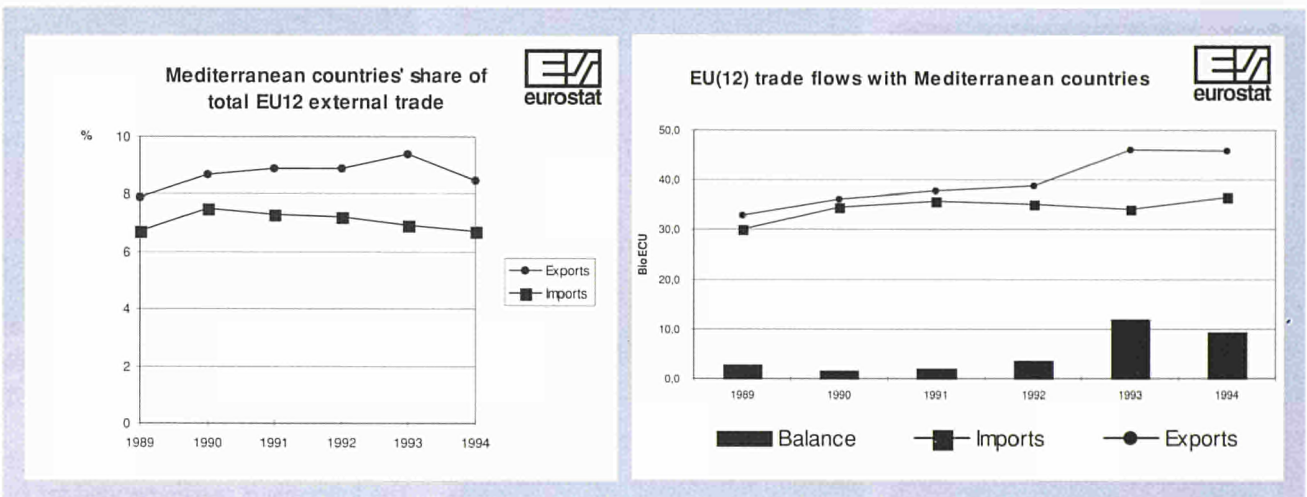


Mrs Eisen, Conference organiser

Comparing the EU and Med 12

Better statistics to flow from Ministerial conference

Swift follow-up by top statisticians



Better statistics - more reliable and harmonised - on the relative positions of the 15 EU countries and their 12 Mediterranean partners should flow from the Euro-Mediterranean Ministerial Conference which took place in Barcelona towards the end of last year.

Eurostat Director-General Yves Franchet and his counterparts from the national statistical offices of the 15 Member States and the 12 Mediterranean countries met in Valencia in a swift follow-up to the Ministerial conference. They agreed on concrete action on statistical cooperation between and within the two regions.

The Declaration adopted at the Barcelona Conference on 28 November agreed among other things on "implementation of appropriate economic cooperation and concerted action...with a view to achieving the objective of the creation of an area of shared prosperity by the year 2010".

Statistics was an area highlighted. It was agreed to "promote cooperation on statistics in order to harmonise methods and exchange data".

The Valencia seminar on 11-13 December was designed to pursue this aim. It was organised jointly by Eurostat and the Spanish National Statistical Office. The seminar was opened by

Susanna Agnelli, President of the EU Council, and Pedro Solbes, Spanish Minister of Economy and Finance. It was hosted by Mr José Quevedo Quevedo, President of the Spanish National Statistical Office

Delegates decided on the following priority action areas:

- comparability and harmonisation of statistics in the Euro-Mediterranean region
- statistical information necessary for the establishment of a Euro-Mediterranean free trade area
- statistical information necessary for the support of Euro-Mediterranean regional policies and particularly in the area of



Mr Fernando De Esteban, Director, Eurostat (right), and Mr José Luis Olivas Martínez, Adviser on Economy and Finance in Valencia discussing Valencian autonomy and cooperation with Mediterranean countries

environment and movement of population

- human resource development
- strengthening of national statistical systems and their institutional framework
- exchange of information and use of new technologies.

A work programme for the first



From left-to-right: Mr Yves Franchet, Director-General of Eurostat, Mr Pedro Solbes, Spanish Minister of Economy and Finance, Mr José Quevedo Quevedo, President of Spanish National Statistical Office, and Mrs Rita Barberá, Mayoress of Valencia

six months of 1996 was agreed. One of the aims is to find out the national needs. Task forces are being created to deal with each priority theme.

The results of this work will be presented at a further Euro-Mediterranean seminar on statistical cooperation in Rome in June this year. Based on research from the missions and task forces, this seminar will define specific objectives and operational procedures.

The 12 Mediterranean countries involved are: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia and Turkey. Key data on them are given below.



Representatives of Eurostat A5 (Relations with ACP and other developing countries). From left-to-right: Bernard Langevin, Head of Unit, Luca Ascoli, Philippe Bautier together with Bernard Boigelot, DGI B

	Area km ²	Population (1000) 1994	Population-growth Av. rate 1990-95	Labour force % of tot. pop. 1990	GNP per Capita (\$) 1993	Inflationrate 1994
Algeria	2 381 740	27 815	2.8	23.00	1 650	29.05
Cyprus	9 250	729	0.9	46.00	10 380	4.70
Egypt	1 001 450	57 851	2.2	28.00	660	8.15
Israel	21 060	5 672	4.7	39.00	13 760	12.33
Jordan	89 210	4 595	3.4	23.00	1 190	3.52
Lebanon	10 400	2 965	2.0	31.00	:	6.80
Malta	320	364	0.7	37.00	7 526	4.13
Morocco	446 550	26 590	2.4	32.00	1 030	5.14
Palestine	6 460	2 238			:	
Syria	185 180	13 844	3.6	25.00	1 170	*11.76
Tunisia	163 610	8 757	2.1	33.00	1 780	4.73
Turkey	779 450	68 005	2.1	43.00	2 130	106.26
Med total	5 094 680	219 425	:	:	:	:

* 1993

After our profiles of the national statistical offices of the new Member States, we turn the spotlight on those of 'the 12'. First, Ireland. Sigma's JOHN WRIGHT visited them in the far west of the EU.

Statistics & the Blarney Stone



Donal Murphy beside the sea in Cork

The Irish are great story-tellers. The new "home" of the Central Statistics Office - in the seaport of Cork, Ireland's second city - is a mere five miles from the Blarney Stone, which, tradition dictates, confers the gift of eloquence on all who kiss it. As CSO Director-General Donal Murphy (55) is himself a native Corkonian, one might reasonably assume that not only has he put his lips to the Blarney Stone he has positively embraced it!

The Irish can also be a little mischievous. In the early 1950s one of Murphy's predecessors, Dr Roy Geary, was contributing to an international convention on the development of national accounts in Paris. The head of the Italian Statistical

Office was holding the floor with some tenacity, Dr Geary finding it difficult to intervene. As it happened, both were lovers of snuff. With a polite bow, Geary offered the Italian his snuffbox. With an equally polite bow, the Italian accepted a generous pinch and took it with gusto up both nostrils. Alas, the Irish snuff was more potent than his usual brand, and he succumbed to a fit of sneezing, whereupon Dr Geary took the floor.

.....
Against such background one approaches an interview with Mr Murphy with a certain expectation...

The Irish, he admits, do have a reputation for forthright intervention within the EU statistical fraternity -

but, he maintains, with good reason...

"The EU is like a convoy of ships. There are big ships and small ships. The UK, Germany, France have good strong engines while some of the smaller countries have less powerful engines. But despite our size and smaller capacity we are expected to comply with one system."

He warms to the theme. "We are particularly active in scrutinising EC data needs. Because of our size the Commission's more excessive demands place us in particular difficulty, for example in terms of burden on respondents.

Eurostat should do more

"There are a number of inconsistencies within the European statistical system. For example, the Commission literally can write blank cheques if someone in Brussels decides they need some statistics. If I were in that position I would do the same - go for extreme detail - because I wouldn't have to pay. When it comes down to Member States, they must deliver and must pay.

"At a purely national level the Finance Ministry might want a whole range of data but there's an automatic brake because the bud-

Former Irish Prime Minister (or Taoiseach) Albert Reynolds faces the press at the opening of the new offices of the Central Statistics Office in Cork on 11 February 1994. Donal Murphy sits beside him.

Dublin, 160 miles away, has grown very big and the Irish Government has a decentralisation policy. The move was traumatic for the CSO as only 60 of the 360 staff now in the new 92,000 sq ft building formerly worked in the Dublin office. Thirty-five of the 150 core staff still in Dublin work in demographic statistics, most of the remainder deal with economic statistics. It's easier in the capital to recruit and accommodate extra staff for periodic inquiries - for example, there will be 200 extra for this year's population census. A continued presence in Dublin is also important for maintaining close relations with the main users who tend to be in the capital.



getary side of the same department has to pay - so there has to be a balance. We would argue that even nationally the balance is wrong - there's too much of a budgetary dimension - but that the balance in the Commission is completely wrong because they make these demands and expect Member States to deliver.

"I have been known to criticise Eurostat very strongly because they are in the middle and, knowing the practicalities of statistics, should be screening the Commission's demands - on matters like timeliness, for example - much more effectively and making them more realistic, which I don't think they do.

"This has been instanced recently with a lot of disagreement at working group and SPC (Statistics Programme Committee, Eurostat) over draft proposals for legislation on a new short-term directive. These have come back twice to the working party because the demands were considered too excessive.

"We are very active in this context and sometimes we worry that it gives us a negative image. But we're just trying to be realistic. The EU has a very sophisticated statistical system which, if we were not members, we would never aspire to. Sometimes we go to our Finance Ministry with a new

Eurostat proposal and they say 'We don't use this data nationally; we don't need it nationally - why should we fund it!'

"It is now consoling to see other countries experiencing resource constraints. The climate is changing. This is exemplified by an SPC resolution last December, in response to arguments that I do admit I was pushing myself, that the Community statistical system was developing too fast and asking for too much. SPC unanimously argued for a slow-down because of resource constraints in all Member States - that we should concentrate only on essential developments required by the single market and EMU."

Enormous benefits of EU membership

Adds Murphy: "If you asked Eurostat to comment on us, they would probably criticise us on timeliness. But that I think is Eurostat's fault. Timeliness is important - as statisticians we know that - but it is related directly to the detail you demand from respondents. For many Eurostat inquiries we would look for far less detail and would produce data far more quickly. That's why we continually argue with them to justify their needs - because of the impact on firms, especially small and medium-sized

ones. "Sometimes people here wonder if those in Eurostat have the practical front-line experience in data collection to appreciate the problems of firms. If they had more of it, they would be much more discerning in that filtering role between Commission demands and what Member States are expected to provide."

Director Gerry O'Hanlon (43), sitting in on the interview, puts it like this: "Few if any of them have experience of what we would term the coalface of mining statistics. Unless you have this it is very hard to know exactly what it's like getting through on the 'phone to a managing director to get a form - spinning a yarn to get past the secretary."

cont. on page 31



Gerry O'Hanlon

WATCHING THE WANDERING IRISH

"Everyone knows about Ireland's historically high levels of emigration", says Gerry O'Hanlon, in charge of this year's population census. "Some 40 million people in the USA claim Irish background - mostly from the last century. And there are 600-700,000 Irish-born people in the UK. The potential for a significant number to return to their roots is considerable.

"We're literally looking into a crystal ball with our population projections, based on different assumptions. We have relatively high structural unemployment. If that were to improve, if our continuing economic growth brought us to the front rank of the EU, then this, coupled with the attractions of our green environment, could lead to a population boom in the next decade or so.

"There's also been traditionally a high degree of internal migration. Dublin has expanded at the expense of western areas. All this means there's always doubt about things remaining as they are.

"In 1976 the census was cancelled for budgetary reasons. Before the '81 census a special one (with only six basic questions) was held in '79. This showed that, contrary to what had been thought - that emigration was continuing - in fact there was net immigration of returning Irish.

"This surprise finding is now embedded in the Irish mind whenever the need for the census is questioned.

"The cost of this year's census is £15 million - bigger than the annual budget of the whole office. If handled correctly it's a great opportunity for a statistical office to promote itself among the general public, because effectively for a brief period we're knocking on everyone's door.

"The population at present is around 3.5 million. Northern Ireland (part of the UK) has 1.5 million. In the middle of the last century the population of the whole island was around eight million. If they had all stayed here and expanded the population would be around five to ten times the present level.

Counting for the future

"There's a strong emotional pull for Irish people to return - often on retirement. We have very few non-Irish nationals living here. The main group would be British. We don't have any significant groups of what would be seen in international terms as immigrants. Practically all other EU countries focus on immigration - the Irish figures traditionally focus on emigration."

Adds Donal Murphy: "Fertility has dropped significantly with births falling from over 70,000 to under 50,000 a year in the space of a decade with consequential effects on schooling.

From being regarded as a country with a very high fertility rate, we now have 1.9 - below the replacement level - and are expecting it to fall further to around the same as UK, France, Scandinavia etc.

Changing lifestyles

"This has resulted from changing lifestyles: women going out to work, planned families etc. The other significant change is the number of births outside marriage - from one to two per cent in 1980 to around 20% now.

"Then there's divorce (Ireland is the only EU country where divorce is not allowed). The recent referendum in favour of lifting the constitution block on divorce was very close. Marriage breakdown was being picked up increasingly by the statistics. It is a moot point whether this will be accelerated when divorce is allowed in some legal sense or whether it would have continued anyway."

Adds Gerry O'Hanlon: "The census (in April) is a national stocktaking which allows us to be clear about all these changes. Our main focus this year is to produce results in record time, with the first in July. We employ 3500-4000 enumerators for two months - they collect data from every household, who are legally required to answer."

.....
But despite all such reservations Murphy and O'Hanlon are adamant about the CSO's "complete, up-front commitment to Eurostat" and the enormous benefits that have accrued to Irish statistics since the country joined the Community in 1973 along with the UK and Denmark.

O'Hanlon: "There is much criticism around about this imposition from Europe - perhaps to an even higher degree in the UK. But when you stand back from it and really look at what is driving your organisation we would certainly have to say that Europe is one of the most powerful influences. If we didn't reflect that in our corporate strategy it would be nonsense."

Adds Murphy, who went straight into the CSO after leaving University College, Cork, in 1964: "Before joining the EC we were relatively under-developed statistically. Statistics were not used extensively within government and not appreciated within government. Resources were given to us grudgingly perhaps.

"Joining the Community was traumatic for the CSO but the importance of statistics was recognised and resources were given to us. We recovered very fast but the Community statistical system is always moving - dynamic - so we have always been in a catching-up mode, and now there is the challenge of the single market and EMU.

"In the old days we had only 15 professional statistical staff in an office of 300 people. Now there's a professional staff of 54 - still relatively low compared with some countries, Denmark has around 150, for example - and a total core staff of around 500.

Isolated - 'not at all at all'

"So the Irish statistical system has gained immensely from participation in Europe. We are now at a level that we would never have reached if we had remained outside the Community. But we must now increase our technical skills base, which means increasing the proportion of professional and IT staff." Recently, he says, they have appointed their first accountant - to work on balance of payments.

.....
Ireland is one of the smallest EU countries in terms of population and geographically perhaps the most isolated. It is also the only other country to speak English, albeit with a distinctive accent. How does this affect the CSO?

Murphy: "Statistically we perform as good as most - obviously not at the top of the tree but well up to an acceptable standard. Of course, we can't compete with the size and muscularity of resources available to statistics in the UK, Germany and France etc, so this makes comparisons difficult. But our system covers most of the span if not the detail of their systems.

"Do we feel isolated? Not at all at all. However, travel to Luxembourg is difficult. I know the peripheral countries have complained about the time it takes to service Eurostat meetings. We made over 200 foreign trips last year. Because of travel difficulties, a two-day working party in Luxembourg for people here in Cork consumes four days and is very expensive."

What's the alternative? "I don't know - but it's a problem.

"Next, do we feel overshadowed by the UK? Certainly not. We're good friends and we usually collaborate on all sorts of things and

think the same way on many developments. And speaking English is now an advantage because it is becoming more and more the working language in Luxembourg. Nowadays the first draft of many documents is in English, which gives us a decided advantage over others."

What, I want to know, does Murphy see as the CSO's biggest challenges?

"Firstly, compliance with the new ESA (European System of National and Regional Accounts). Our national accounts are not well developed. The ESA will require us to produce an increasing level of detail and new accounts - financial, sector, quarterly. This immediate challenge has been recognised nationally and extra resources are now coming on stream to meet it. There's already an improvement in what we publish and in three or four years it will be significant - all due to Community impetus.

Crucial to Irish society

"The second dimension, of course, is EMU. Indicative EMI data reporting requirements would appear far more sophisticated than existing Eurostat requirements, not only in the area of financial and balance of payments statistics but also in economic statistics. A recent document has indicated that the average country would require two years to set up a system to meet these requirements. This is a little worrying. However, there's a political dimension here: our Government is committed to EMU membership so the necessary statistics will have to be provided to the European Central Bank.



CSO strategic planning meeting, Cork

"Our next challenge is social statistics. We don't have an integrated approach to these. We have plans in mind for meeting Eurostat's requirements but Government decisions have yet to be taken. And nationally the challenge is to meet increasing demands in this area from a constrained budget that I don't think will expand significantly."

The CSO's annual budget is around £14 million. But this year it is £25 million. The reason for this is something very particular and crucial to Irish society - the Census of Population.

Gerry O'Hanlon is in charge of this mighty survey. Why is it so important in Ireland?

He explains: "We do a census every five years - in most EU countries it's every ten. This is because the demographic dynamics in Ireland are so significant, particularly in terms of migration. The net migration effect is low at present, although there are large flows in either direction, but this can change very quickly depending on the economic health here or in the UK or the United States. Fertility rates are also going down significantly.

"This is why we need a regular census. We don't have a population register and we have always had close and open frontiers with the UK, so tracking movements is quite difficult."

Still on the theme of challenges, Murphy says: "The Government is curtailing public expenditure to adhere to the Maastricht convergence criteria. The challenge is the three Es - economy, efficiency and effectiveness, to try to maximise the potential for increased productivity and to redeploy resources to emerging areas. Government has recently introduced a system of strategic management so we have adopted enthusiastically a corporate plan, corporate goals, so that the whole organisation is strategically focused."

What, I ask, about making money from marketing statistics, very much in favour among the international statistical community?

Focus on the 'public good'

Murphy: "Our assessment is that our potential market is not large. So we have gone down the commercial road gingerly. We are also very conscious of the division

between a public good and a commercial product.

"Statistics as a public good has always been our policy. The only question is the dividing line between public good and selling a 'product'. We would err - and would always be biased - to the former end of scale because our purpose is to serve not only the needs of government but those of business, research and the public. We are also keen to ensure that our statistics are understood fully and used effectively.

"We have a National Statistics Board, which consulted all users in preparing our current five-year strategic plan. We've had two public seminars last year - one on the measurement of growth, the other on population projections. The former is a very controversial issue. We have a very high level of GDP growth: the difference between GNP and GDP is, however, quite significant because of our large number of multinationals and an outflow of profits from Ireland. Also the original export results of Intrastat - its introduction coincided with a boom in Irish exports - were not fully believed by certain people. So we had this seminar to clear the air. Eurostat was involved. We intend to continue this."

I say that the question I always ask in these interviews is if there is any political interference in the statistical process.

Murphy: "I am aware of no instance of outside interference. There is political interest but no interference in the way we compile statistics or what or how we disseminate, and since the new 1993 Statistics Act that is now embedded in law.

In the Irish language it's An Phríomh Oifig Staidrimh - Central Statistics Office: Some one third of the Irish population indicated that they were able to speak Irish in the 1991 census..

Release procedures are a matter for agreement with government. The arrangement at present is that data are now released at 12 noon. The Prime Minister's Department, and other Departments as necessary, may be advised an hour ahead of release time what the principal figures are, primarily to allow government to be in a position to issue a statement in response to media queries. In the case of more complex releases such as the annual national accounts there may be a more extensive briefing the day before to ensure Government can respond with a separate and independent press statement. The briefings are at my discretion. The Irish media usually treat us reasonably. Ireland is a small country. The media know who to ring in CSO for information. They only really get interested when controversies arise."

Objectivity 'never doubted'

One of Gerry O'Hanlon's jobs is media relations. He says: "We are a government department and traditionally we would have behaved like

good civil servants and not attracted too much attention, with the Minister answering for us. But in recent years we have taken the view that we need to be far more proactive with the media to ensure we have strong relations. This is particularly important when there are issues of controversy regarding statistics - so the CSO view will actually be sought, and we are seen prepared to offer an opinion rather than journalists commenting on something that has just come out of the system.

"In 1990 we had an alleged pre-publication leak of the consumer price index which caused a lot of media and political controversy. Stemming from that we were directed by our Prime Minister to release our statistics at 5 o'clock - after the financial markets closed - and the sensitive ones summarised at 6pm with details the following day.

"It was a necessary but very laborious arrangement and not good for our public image because what chance had you to hit the papers?

Last year we obtained the Prime Minister's agreement to adopt the 12 noon release. Its effect has been seen immediately in terms of references in the papers. Government statements on the figures are clearly different and seen as different, so there is no conflict there.

"While media and economic commentators may question the accuracy of our statistics you will regularly see that qualified by 'We do not doubt the objectivity or the professionalism of the CSO'. I think that is something we are justifiably proud of. Nobody has ever suggested that we have been less than fully objective."

My final questions: What does the CSO do well and perhaps not so well? And what of the future?

Murphy: "I think what we do well is the statistical operation - for example, the census.

"However, we are conspicuous in our absence from Eurostat pilot projects because we don't have the slack resources to turn on for a period of say six months and then

STRONG LINKS WITH CORK

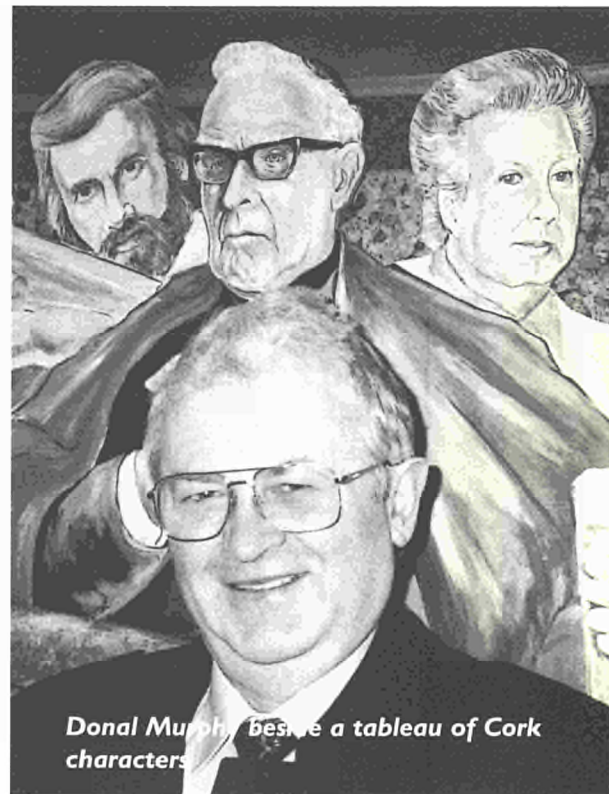
Says Donal Murphy: "I left University College here in Cork having done a Master's in mathematics. I was enticed to the CSO in 1964 with a deal I couldn't offer a new statistician - that nobody would come near me for six months until I finished a thesis on economics...on government time.

"UCC was then the only Irish university with a statistics department. Perhaps CSO is here at the moment because of our high number of Cork-taught graduates and people in the corridors of power reasoning that they might entice them to go back to Cork.

"I was born in West Cork, about 30 miles outside the city, but moved here at an early age, was brought up with-

in two miles of the present CSO offices and went to the national school nearby. The place where I played hurling, our great national game, is just around the corner. So it's my patch."

The first Director of Statistics on the formation of the Irish State in 1922, John Hooper, was also a Corkonian, as was Donal McCarthy, Director from 1957-67; he later became President of UCC. The Cork link was continued by another Corkonian and UCC graduate, Tom Linehan, well remembered by the European statistical community, who was one of the first statisticians appointed to the CSO in 1949 and Director from 1966 until retiring and handing over to Donal Murphy in 1991.



Donal Murphy, beside a tableau of Cork characters

release for something else. Our resources are fully extended to meet existing activities.

"R&D was an area we were not so hot on until recently but we have succeeded in establishing a small R&D unit that I think will prove itself, particularly in terms of productivity."

.....
Both agree that what they are good at is "concentrating on the core and doing it well."

Sharper political & media focus

Gerry O'Hanlon: "The nature of the operation has changed, is changing: from the old system of having a lot of clerical people involved in processing - almost a factory-type operation - to a modern organisation in the information age with computers more and more involved in all aspects of the statistical process. And also the phenomena we are measuring is becoming more complex with a much deeper analysis being required from statistical offices. This obviously has impli-



Donal Murphy with the first two Directors of Irish Statistics - John Hooper (1922-29) and Stanley Lyon (1929-47)

cations for the whole profile of staff. "It's a question of trying to break out of your historical structure, particularly if you exist within a wider civil service with centrally-determined rules and regulations.

"The technocratic approach towards government has never been a strong feature of the Irish system but has become increasingly so in recent years particularly under the European influence. This is reflected in statistics. One example is the use of GDP

as a criterion for allocating EU structural aid. Once all this happens politicians and the media become far more focused on the statistics."

Murphy: "Statistics are becoming much more open to scrutiny. People see they have a bearing on how the country is run."

NEW STATISTICS ACT - STRONG INDEPENDENCE

.....
How does the Irish CSO fit into the government structure?

Donal Murphy: "In 1922, when the country became independent, a number of government departments had little statistical units. These were consolidated into one statistics branch in our Ministry of Industry and Commerce, and in 1949 that unit was created into an independent office, called, as now, the Central Statistics Office, attached to the Prime Minister's department - that was done quite intentionally to ensure that statistics were of high status and independent of political pressures. From that day to this we have had that independence.

"In the past decade there have been quite a number of institutional developments. In the mid-80s a Statistics Board was established to guide the strategic direction of the office - that has proved very beneficial. The Board is chaired by a professor of economics at Trinity College, Dublin, with Ireland's 'social partners' as members: the main employers' organisation, trade unions, the farming wing, Ministry of Finance, Prime Minister's Office. I am ex officio.

"Following this there was a 1993 Statistics Act. We have a very modern legal basis to the statistics now. Previously we operated under a 1926 Statistics Act - a fine piece of legislation, particularly on confidentiality.

"Under the '93 Act my post was elevated from Director to Director-General. It is a statutory position and I am independent in statistical matters and dissemination. However, the Department of Finance still exerts a strong control over staff numbers and expenditure

"The appointment is made by our President, which emphasises the independence of the office. It was also upgraded to permanent secretary (the highest Civil Service rank) - another sign of the importance the government attaches to statistics." Despite this he's on first name terms with all his staff. Jokes Gerry O'Hanlon: "You would get extremely worried if someone came in and addressed you as Director-General!"

CENSUS BEGAN IN 1841

The Irish population census has been held every five years since 1946 with the exception of 1976, when it was cancelled for budgetary reasons. The first comprehensive census was in 1841. The same model is still very much in operation.

In those days it was every ten years and involved the police force as data-collectors. From 1847 onwards there were also annual agricultural inquiries, right up to the early 50s. Says Gerry O'Hanlon: "The rural police called to every farm at least once every year to collect statistics. There would have been a view that even though they might not be welcome for other reasons there this was a very favourably received call because it was not threatening in any way."

We are a team committed to producing and promoting the use of independent, timely and high quality statistical information to support analysis, good planning and decision making by government and society generally. This is the CSO mission statement - born of the organisation's commitment to corporate and strategic planning. As Donal Murphy admits it contains "a touch of the Finns" but also of similar statements in the UK, Australian, New Zealand and Canadian statistical offices, doubtless because of common language. As Murphy says, "We are all in the same business".

GOALS

- We shall meet EU statistical requirements efficiently and in a timely manner
- We shall participate fully in the formulation of EU statistical policy and in the development of statistical methodology so that Irish requirements and circumstances are taken into account
- We shall press for the cost and detail of EU statistical demands to be proportional to need



Deputy Director Tom Keane and an early computing machine used for Irish statistics

LIES, DAMNED LIES AND...

The wife of Dr Roy Geary, CSO Director 1947-57, once complained she was finding it difficult to balance the family budget because of rising prices. Geary somewhat patronisingly dismissed her complaints by saying her perception of rising prices was not supported by the official consumer price statistics. However, he had no reply to her immediate retort: "My good man, I am not concerned with official statistics; I am only concerned with facts".

Though we don't know what we measure

*But we publish it with pleasure
And hide our mortal terror
Of a quite substantial error
- poem by Tom Lineham, CSO Director 1966-91*



When Irish eyes are smiling... at work in CSO, Cork

- We shall expand our statistical/technical skills base and technological capacity to the levels of our EU partners' statistical services so that we can achieve a similar standard of operational effectiveness and competence
- We shall derive maximum statistical, technical and operational benefit from the close relationships which exist between us and the statistical services of other Member States.

- one of the seven goals of the CSO's first corporate plan, published in November 1994



The national drink of Ireland is...

Merger of economic & social statistics in new agency.

Uk gives birth to an Office for National Statistics



For the first time in British history there is now a statistical agency spanning the whole of economic and social statistics. It was formed on 1 April by merging the Central Statistical Office and the Office of Population Censuses and Surveys. The new agency is called the Office for National Statistics (ONS) or National Statistics for short.

The new agency, like the CSO, is accountable to the Chancellor of the Exchequer, the chief economics Minister of the Government, and takes on all the existing functions of the CSO - mainly macro-economic statistics - and of the OPCS: social and demographic statistics including responsibility for the registration of births, marriages and deaths in England and Wales.

The recently-appointed Director is Tim Holt, a former academic. He is quoted as enthusiastic and relishing the challenge the merger presents.

He says: "Let's face it, we are in a department which is actually in growth phase, having new activities brought to us. Few areas in government can say that."

CSO has some 1,500 staff. Over 400 are in Central London, the majority in Newport, South

Wales. OPCS has around 1,900 staff based in Central London, Titchfield in Hampshire and Southport, Lancashire. The plan is for the London staff to be brought together in a new office in Pimlico near Victoria Station in London.

The Prime Minister's Office said: "The purpose of the merger is to meet a widely-perceived need for greater coherence and compatibility in government statistics, for improved presentation and for easier public access."

Tim Holt puts it this way: "The merger, crucially, was created for very good statistical reasons, not as a way of saving money...But there's an expectation that we ought to be able to manage our affairs in some respects more efficiently than CSO and OPCS could separately."

He is content that the new agency will maintain an independent position and not become politicised, and provide quality statistics.

Staff of the new ONS can expect their Director to set a brisk pace. One of his hobbies is orienteering through rugged terrain with a tent and a sleeping bag on his back. Even at 51 he takes part in mountain marathons.

**CHURCHILL'S 'WARTIME
BABY' GETTING
MARRIED, AGED 55**

The Central Statistical Office - set up by Winston Churchill to help him manage the economy during the Second World War - on 17 January celebrated its last birthday, the 55th, before the merger with the Office of Population Censuses and Surveys to become the Office for National Statistics (ONS).

The CSO, the UK's main provider of economic data, began life in the same building as the War Cabinet in Horseguards Road, under the shadow of Big Ben, and has remained there ever since. But in time the ONS will occupy new premises in another part of London.

A celebration party was held in Churchill's underground bunker - now a museum - which lies directly

underneath the present CSO offices. Hosted by Director Tim Holt, it was attended by two former Directors, Sir Jack Hibbert and Sir Claus Moser.

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

Thus the CSO played an important role in the management of the war economy. This led Britain to become in 1941 the first sovereign country to produce a measurement of national income as part of its budgetary policy. First estimates of national income and expenditure were produced that year by a team

led by the legendary economist John Maynard Keynes.

National accounts have remained at the core of the CSO's work over the years and the CSO is today an acknowledged world leader in this field.

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

It ceased to be part of the Cabinet Office in 1989 and reorganised to take in the Business Statistics Office at Newport in South Wales, the important retail prices index (the measurement of inflation) from the Employment Department and the equally vital trade figures from the Department of Trade and Industry. Two years later it became a government agency. Then last year the CSO took over responsibility for another major economic indicator - employment data, including earnings surveys.



At the party to celebrate the 55th and final birthday of Churchill's "baby": Director Tim Holt (left) and former Director but one Sir Jack Hibbert. Churchill looks on!

At any one time there are at Eurostat a substantial number of experts seconded from national statistical offices of Member States. What do they think of their experience? How has it changed their lives? Sigma asked three who have completed such a secondment for their candid opinion...

Back to Denmark with added value

by Inge Feldbaek



Inge Feldbaek - the woman who launched the Eurostat Yearbook

At Statistics Denmark I was Head of the Information Office with a staff of 40. In Eurostat my team never numbered more than four and I became immersed in figures, enjoyed long discussions with new colleagues on methodology, quality and presentation and worked hard to convince them my ideas would work. At times I became lost in administrative rules and cultural traps; at other times I just carried on regardless not realising the difficulties.

My new colleagues came from all over Europe, bringing with them a variety of skills and professional backgrounds. The atmosphere was extremely open-minded and very helpful, far beyond expectation. Unfortunately people tended not to stay very long. Some were only very temporary staff. Others moved to gain new experience.

Eurostat contains "real" officials and "other" staff. "Real" officials are permanent civil servant of the Commission; the others are temporary staff or experts on contract, or, of course, secondees from national statistical offices like myself. For the permanent staff the Commission is their chosen career, Eurostat just one of several options. Although otherwise highly qualified, they might

join Eurostat without statistical experience and leave after a few years. The practice does not help Eurostat to maintain continuity and quality of production.

I missed people used to working with statistics - people with such a feeling for figures that they were able to detect mistakes just by looking at the data.

Work is managed through many meetings, notes and missions. Many useful discussions take place just by meeting people in the corridor. Language is a real mix although French is dominant. Coming from the rather neutral Nordic culture, I enjoyed the jokes and understatement that invariably popped up during a meeting to support the agenda or discussion.

I was granted considerable freedom in work. To almost every suggestion I received the answer "No problem". Eventually I learned that this meant "Not possible, at least in the short run".

I surrendered some of my prejudices but I still admire the Germans for their meticulous way of working and the Dutch for their multilingual skill; feel challenged by the elitist French and the professional British; and am impressed by the bright ideas of the Italians and the grandiose projects of the Spanish.

Big network

I was invited to set up a structural information system - publications like *Europe in figures*, *Basic statistics*, a new Eurostat *Yearbook* and computer-output products like CD-ROMs. But I soon found myself very busy concentrating on the first statistical *Yearbook* of

Eurostat. The book's nine language versions were published at the beginning of August last year.

I thought optimistically that the project would benefit from adequate staff and the help and support of the unit responsible for database management and publications - or at least the necessary equipment and software would be available right from the beginning.

At peak I did manage four people but most not familiar with statistics and publishing. Eventually almost all the technical equipment requested arrived. The main problems then boiled down to collecting and transferring data stored in different databanks on various interfaces or on paper and correcting proofs in nine languages etc.

Work was organised according to resources actually available at different periods of time. It worked because of the extensive freedom and confidence given to me by Eurostat and because of the ability and very positive attitude of the people involved. I gained a lot of experience and I am very grateful for the opportunity.

What of living in Luxembourg? Although small compared to other capitals, the city has a rich cultural life. But it has no university and students go abroad. This certainly influences city life which seems to end quite early, even on Saturday nights.

The countryside is beautiful - a rambler's paradise. And living on the border with Germany I developed a healthy interest in walking and birdwatching. Coming from fairly remote Copenhagen, I took

advantage of the short distances to Brussels, Paris, Trier, Cologne, Strasbourg and Maastricht.

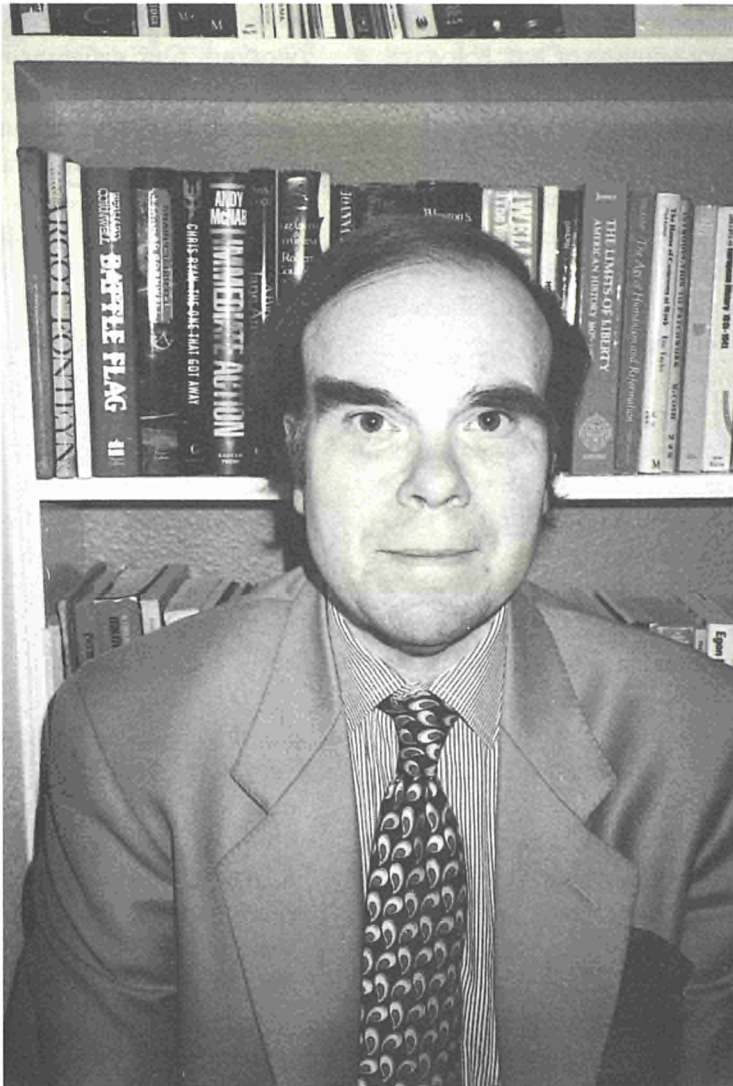
"How can you every think of being away from your husband for three years?" people asked me. "How will your family survive without a mother and a wife?" Well, in my case it worked. Our daughter moved out six years before, our son went to a US high school for a year, and my husband was quite pleased to be left alone to write a couple of books on 18th century Nordic history.

I did miss my family and went back to see them quite often. But I soon realised that being away added new quality to the relationship. As one of my friends put it, "It'll be like being married to a sailor: you'll enjoy being on your own and have a really great time when you are together." Indeed, she was right!

My time at Eurostat has been very worthwhile and I shall surely miss my Eurostat colleagues. But I am taking back to Copenhagen a large professional network, an open mind on how to approach various challenges and a feeling for the importance of European cooperation. I shall do my best to make Statistics Denmark benefit from these experiences and to keep them updated through continuous cooperation with Eurostat in my new job as Head of Publishing and Databanks.

Bad news is really good news

by John Wright



John Wright back home in Oxford

The bad news about my secondment to Eurostat is that it ended by 28-year career in the UK Civil Service. The good news is that now I don't really think this is bad news.

Let me explain. I joined Eurostat at the end of 1992 as a detached national expert from the UK Central Office where I was Head of Press and Information.

I was a Grade 5 - at the peak of a successful career in the Government Information Service. I had worked a total of seven years in the CSO but had also held senior posts in the Ministry of Defence and the Cabinet Office where I was press attaché to the Cabinet Secretary, Mrs Thatcher's top Civil Service adviser.

I was invited to join Eurostat to set up a press service and at the of 49 I saw this as a valuable way of gaining European experience and developing my career even further.

But at the end of my secondment, in November last year, I was obliged to take early retirement from the CSO. At 52 I was out of a job. This was hard to accept. My time in Luxembourg had been recorded officially as a considerable suc-

cess and I had built up a fund of knowledge and experience of the EU and European statistics which, one might have thought, would be of no little value to Her Majesty's Government. Thus the key aims of the secondment scheme had been met.

My experience was in stark contrast to that of secondees from other Member States who returned to secure and often enhanced careers at home. They were amazed by what happened to me, as were the top people in Eurostat. In retrospect I should not have been surprised. My time in Europe coincided with significant reductions in the British Civil Service. At senior levels the rush to shed staff seems to overcome any individual merit or experience. Grade 5s of 50-plus were - are - particularly vulnerable. In addition, my fate is, I believe, just another example of the less-than-serious way in which the UK Civil Service regards the EC.

Given freedom

Enough of the bad news!

When I arrived at Eurostat I was given virtual carte blanche to develop my ideas. Starting from scratch and drawing from my experience, with a great deal of encouragement, I built a press service from zero to a position where it is acknowledged that Eurostat now gains more media coverage than OECD - publicity worth millions of Ecus a year.

After years of getting bogged down with administrative work at home, I was given the freedom to rediscover my professional skills, and even my early training as a journalist, and really achieve something tangible.

Of course, there were frustrations. The management system seemed to lack focus but, on reflection, in many ways gave me more creative freedom (my work on developing *Sigma* being one example) than the British system which has become obsessed with "performance and efficiency targets", "value for money" and striving to emulate the private sector. This has brought undoubted benefits but often just obscures old inefficiencies that still remain.

Facilities at Eurostat are often hard to come by - for example, I had to share a crowded office for two years. Language also caused problems, not helped by my traditional British ineptitude in this respect.

It is stimulating to work with other nationalities to a common purpose. The British still tend to think they can do most things better than anybody else but at Eurostat you soon develop a healthy respect for the ability of other nationalities. They may do things differently but none the worse for that. Eurostat also has a very human face. Colleagues have time for each other and the management seems to value the staff and appreciate their efforts - not invariably, but enough to be encouraging.

For secondees, there are attractive financial benefits, too. And travel - including, in my three years, Moscow, Prague, Stockholm, Helsinki, Oslo, Copenhagen, Paris, Dublin, Wiesbaden etc as well as innumerable visits to Brussels.

And what now? Well, I was given the opportunity to work in the same field for Eurostat, albeit now as an independent consultant. The contacts I have established during my secondment are opening up new challenges. I am establishing a fresh career, which I believe may be just as rewarding as my previous one in the UK Civil Service, which, despite the way it ended, was tremendously satisfying and enjoyable, something I shall never regret.

I recently visited my old office in London. A secretary said you could tell the people who didn't work there any more because they were smartly dressed and didn't look drawn and grey. She was being serious.

So, thank you Eurostat...

One of the first

by Patrice ROUSSEL



Patrice Roussel

Seconded national officials (SNOs) were still fairly thin on the ground in 1989. I became one in order both to gain experience of statistics at the European level and to bring to fruition a project which made the move worthwhile: PRODCOM, the information system on industrial production in the European Union.

After a period of experimentation, the working party on industrial production had decided in late 1988 to study a project to build up a set of statistics based on a list of products so as to permit a comparison of production statistics and statistics on external trade.

Since at the time I was the French delegate to the working party in my capacity as deputy head of statistical surveys at SESSI, the statistics department of the Ministry of Industry, I was particularly interested in the project.

My interest was all the greater because France was one of several countries comparing production and external trade statistics by means of detailed classifications. Denmark was pursuing a two-in-one approach, but in 1989 France was the only country prepared to second an official to see the project through to a successful conclusion.

I thus found myself assigned to Daniel Byk, at that time Head of Unit D2, in Mr Nanopoulos's Directorate.

Not in any organisational chart

While SNOs as a rule do not appear in the Eurostat organisational chart, their competence is not in doubt. In principle, it is the main reason for their coming to Luxembourg.

Is this non-inclusion in an organisational chart a problem? Yes, as far as the visiting card is concerned; no, as regards integration into the Eurostat set-up and into the work of the Commission in general.

Perhaps things have changed since 1992, but from 1989 to 1992, thanks certainly to my excellent relations with the managerial staff of Directorate D, I always felt that I was recognised as a technical expert engaged in a specific project, and the freedom I was given in conducting the PRODCOM project (which resulted in the vote on the approval of a Regulation of the same name on 19 December 1991) endowed me with ample responsibility ... without the need to feature in an organisational chart.

The only trouble, as will be seen presently, may arise at the end of secondment.

What do an official and an SNO have in common?

Subsidiarity prevails, and the two bear no resemblance to each other. For that very reason, it is a good thing for them to rub shoulders.

How do I perceive Eurostat officials? I see them as being both intermediaries between the Directorates-General of the European Commission and the national statistical offices and as organisers of European harmonisation in the field of statistics. Their role and responsibilities are thus primarily of an administrative nature, but it is clear that they need a minimum level of statistical expertise to provide satisfactory guidance on the management side.

In other words, I believe that Eurostat cannot do without SNOs if it is to do its work properly.

In return, SNOs in Luxembourg enjoy the privileged opportunity of meeting statisticians from other Member States. The tranquillity of the Grand Duchy provides a setting most conducive to the exchange of experience and the forging of links that may subsequently prove very useful. But I speak of course in jest - Luxembourg can be lively at times and there are plenty of opportunities for visiting Brussels. The chance to gain

first-hand experience of the workings of the Commission is, in itself, a very good incentive to spend some months in these two cities.

"Distress" of returning.

The approaching end of the secondment is not necessarily distressing, but it has become clear to me from several cases which I have observed that it is better not to wake up on the final day.

To be absent for so long and so far away can indeed be fairly risky when it is not even possible upon one's return to produce an organisational chart showing the importance of the responsibility assumed for three years.

I talk as if the SNO were cut off from his or her home administration during these three years, and this did indeed appear to me to be the most frequent case. There is a danger that this period comes to be regarded as a digression from one's administrative career. The official resumes his or her place on returning, or is given a post which he or she could have assumed directly instead of leaving to join Eurostat.

Fortunately, this was not so in my case. SESSI and INSEE knew that the PRODCOM project had led to a vote being taken on the approval of a Regulation. I can therefore state with confidence that INSEE genuinely regards my time in Luxembourg as a constituent part of my

career development. The return can thus be considered as a straightforward problem of a change in assignment.

I must confess that I found such an international environment stimulating: Not only had I finally found the opportunity to frequently speak English, but the wide-ranging contacts and the advantages of the situation made me somewhat reluctant to return. But I would have returned if I had not been given the opportunity to pursue the links forged with European industrial federations in the PRODCOM context in order to participate in the creation of a European Economic Interest Grouping (EEIG) called DEBA.

But that's another story.

New message for questionnaire response

Big step on road to harmonisation of raw data collection

The Western European EDIFACT Board (WE/EB) no longer exists. It has been replaced by the European Board for EDI Standards (EBES).

The mandate of this new structure has been enlarged to cover all the EDI standard, and it is therefore no longer restricted to the EDIFACT standard.

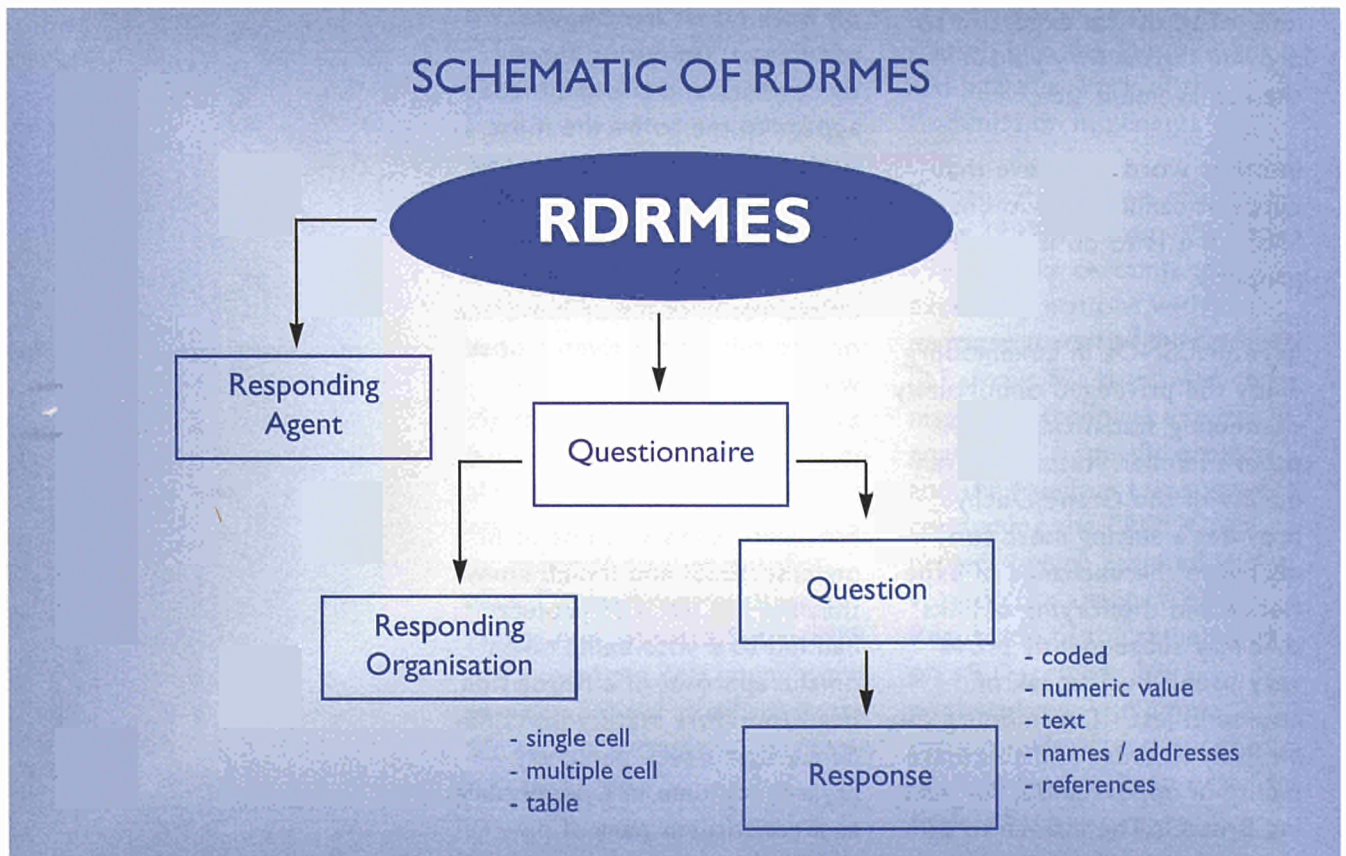
The several "message development" groups have been transformed to the EDI Expert Group - EEG's. Therefore, the former MD6 group is now called EEG6-Statistics.

Eurostat has been heavily involved in the development of an open standard electronic message for questionnaire response data. This has been a big international effort by the following statistical organisations as well as Eurostat:

INSEE, Statistics Norway, Finland and Sweden, UK CSO and ISTAT; US Bureau of Census and Bureau of Labour Statistics; Statistics Canada; and the Australian Bureau of Statistics.

The result is RDRMES or Raw Data Reporting Message. This was accepted for UN/EDIFACT Status I (draft message for trial) last September at the JRT (Joint Rapporteurs' Team) in Oxford, England. The message was in the UN/EDIFACT directory this March.

EEG6-Statistics led this international team, made the submission to UN/EDIFACT and took the project through its various technical assessments.



The RDRMES principle is that each question in a questionnaire is given a unique code. The response data are sent as an RDRMES message identified by this code.

The RDRMES message has the following functions:

- an intermediate data collection agency can be involved - a responding agency
- many questionnaires can be sent in one message
- each question has a unique identifier allocated by the originator of the questionnaire
- the response can be a single cell of data, many cells or a whole table.

Simple and flexible

Although design of the RDRMES message is very simple, it is flexible enough to support all forms of statistical questionnaire. Unlike Generic Statistical Message (GESMES), which supports exchange of metadata as well as data, there are no metadata in RDRMES - except for some basic administrative data. The format of response data is pre-determined by the questionnaire's originator.

As in the case of GESMES, a full set of documentation is being prepared to help users implement data collection using RDRMES. This will comprise RDRMES quick results together with message implementation guidelines.

Says Philippe Lebaube, of the Eurostat secretariat handling the project,:

"RDRMES takes us further down the road of harmonisation of raw data collection. Next logical step will be development of a ques-

tionnaire message that can be transmitted and downloaded into a general questionnaire software tool.

"This will need to contain the relevant metadata, and it hoped experience gained with design and implementation of GESMES will aid design and implementation of the set of messages for raw data collection."

A preliminary trial of RDRMES is currently underway in the UK where the CSO is using it to collect PRODCOM data from electronic operators. The Eurostat SERT project also plans a trial of RDRMES in some of its initiatives in Member States.

It is also on trial with the UK Inland Revenue - the government tax collecting department. The Revenue are introducing tax self-assessment beginning this April. This will involve all taxpayers and will represent a large increase in the number of tax returns.

The RDRMES trial is targeted at intermediaries - notably accountancy firms. A pilot started this February. The system is being used for the tax return and for the acknowledgement by the Inland Revenue back to the sender. The acknowledgement will state whether

the tax return has been accepted or not and will identify errors. Data entry software is being developed for the trial and this will offer a flat file interface to existing accountancy packages.

Report on the trials will be given at the "Statistics, Telematics Network and EDI" working group.



Philippe Lebaube

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Balkan countries organising statistical cooperation

Free at last to work together

by Jean Drappier

In the emerging information society, the role of statistical information is increasingly important for the transparency of government and the exercise of democracy and is a decisive factor in the proper management of the economy and the free market.



Members of the ABS founding committee (from left to right): Mr Milovan Zivkovic, Director of the Federal Statistical Office, Yugoslavia; Mr Alexandru Radocea, President of the National Commission of Statistics, Romania; Prof. Zakhari Karamfilov, President of the CSO, Bulgaria; Mrs Vassilka Peeva, interpreter; Mr Photis Nanopoulos, Director, Eurostat; Prof. Haralambos Papageorgiou, Department of Mathematics and Statistics, University of Athens; Dr Zoltan Kenessey, President of the International Statistical Institute; Mrs Dina Golfinopoulou, Director-General of the National Statistical Institute, Greece; Prof. Omer Gebizlioglu, Vice-President of the State Institute of Statistics, Turkey; Dr Evros Dimitriades, Director, Department of Statistical Research, Ministry of Finance, Cyprus.

Statistical information, which differs from other factual information in the figures it provides, is an essential tool for the management of public affairs and for supervising how they are managed in every sphere. Political decision-making depends on a mass of statistical data with relevant analysis for guidance.

But the importance of statistical information is not limited to its role in aiding political decision-making. It is also vital for democratic transparency and its understanding by every citizen. Lack of information often generates a sense of concern and distrust among people and undermines their support for many decisions which are nevertheless right and justified. The poor dissemination of statistical information is perhaps one of the major democratic deficits affecting many countries.

In the Balkans, where hope is again rising among people who have been divided all too often, statistical information has a primary role to play. It needs to be organised so that it can serve as an instrument for monitoring change and then provide ongoing support for the gradual integration of the region into the European area. It also needs to help towards a better understanding by the international community of the region's problems and assets. And it also needs to become better known to the people, in whom it has to inspire trust.

Information serving democracy

"From democracy in the city-state of Athens, where it flourished below the Acropolis some 2500 years ago, to today's nation-states, the various models for the organisation of society and the practice of democracy have experienced many changes," comments Mr Nanopoulos, Director at Eurostat.

"The changes in democratic societies and the new circumstances in which government operates no longer reflect the simplicity and transparency of direct democracy in the ancient Greek polis. States, because of their size, have had to adopt new systems of indirect democracy through popular representation, thereby creating a gulf between the government and the governed."

Regarded as a vital element for the proper functioning of democracy and the market economy, the importance attached to statistical information emerges even more strikingly in the Balkan countries, which have been beset for so long by so many problems, but where hope prompted by a new 'peace mentality' encourages the idea that everything is once again possible

Association of Balkan Statisticians

It is against this background, and no doubt at the right time, that the Association of Balkan Statisticians (ABS) has been founded at Eurostat's prompting.

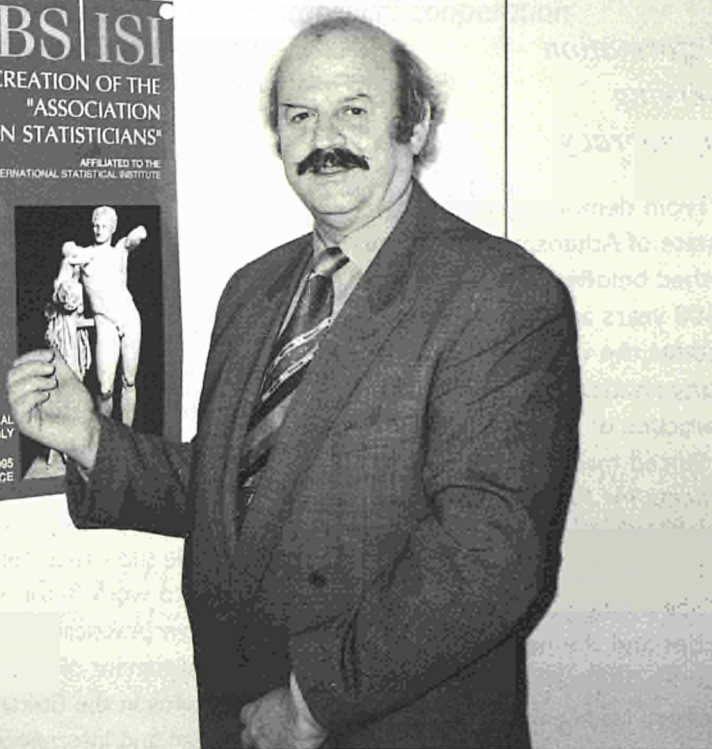
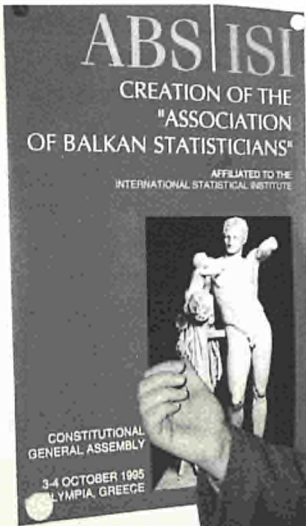
The choice of Olympia for the launch of this association last October was symbolic. "In ancient times" - said Mr Nanopoulos in his opening address - "all the Greek cities which were at war, and heaven knows there were enough of them, made peace for the duration of the Olympic Games. Their most valiant young men met here to compete for the sole honour of an olive wreath.

"It is in the same spirit - inspired by this noble site - that the Association is going to work in this region. It will follow practical objectives, such as the alignment of national statistical systems in the Balkans with European and international standards. It will be open to every country and their people, who are called on to join the wider family known as the International Statistical Institute (ISI)."

The Director of the ISI Bureau, Mr Zoltan Kenessey, was keen to point out that the idea of the Association had come from Mr Nanopoulos, adding that "he drew on major efforts in other fields, such as the Association of Balkan Mathematicians. It is now up to us to support him in his effort."

Free at last

For Mr Yves Franchet, Director-General of Eurostat, "the forming of the Association proves that its members are determined to collaborate in improving the sector they operate in, whereas in the past the people of the Balkans, although they had common interests to defend, had to contend with serious gulfs in communication."



Photis Nanopoulos: "Anything wrong?"

"In five centuries" - continued Mr Nanopoulos - "it is perhaps the first time that the people of the Balkans are really free to work together. The political climate, in spite of all the difficulties that still need to be solved, is right and the 'excuse' of statistical cooperation has made it possible to overcome many differences, something which was never possible in the past.

"Over the last ten centuries these countries have developed a separate culture which both unites them and distinguishes them from the rest of the world. Our action will strengthen cooperation at local level, of course, but it will also serve to show Balkan statisticians that they belong to a worldwide family."

At some time in the near or distant future, these countries

will also be applying for membership of the European Union, and the Association will also be working actively in this direction.

Encouraging a statistical culture

The fact that practically all the directors-general of the statistical institutes throughout the Balkans were involved in forming the Association together with various academics could not fail to inspire anyone. Regional interaction among statisticians - about 90 to start with, but they could soon be counted in their hundreds - has got under way.

Encouraging a statistical culture in this way does not mean relying on strict scientific knowledge, which is imparted in the Balkans with the same texts as we use, but primarily instilling a culture geared to the use of statistics.

An idea to be promoted

In these countries official statistics were all too often regarded as a state planning tool, operated by the government, and not as a means for the general public to keep a watch on government. "Statistics and democracy is the theme we have to promote as often as we can in our conferences, papers and communications," is a recurrent idea advocated by Mr Franchet. "This encouragement can have a tremendous impact on people's

response to information and, more than that, to democracy. It is in fact the information which comes from the various forms of media, the press, radio and television, which helps to bridge the gap between the man in the street and the authorities in power. Thanks to such information, people can also be involved, on a day-to-day basis, in the exercise of government," adds Mr Nanopoulos.

A common language

"In the post-war period the role of statistical information has grown a great deal since, from the creation of a system of national accounts, it has expanded to cover every aspect of how states and societies are organised, thereby providing a unique system of economic and social information.

"The UN Statistical Commission states that the foremost and constant role of a national statistical system is the collection, processing and publication at regular intervals of a complete set of statistical data providing the quantitative information needed for the proper understanding of the economic and social structures of the country, the forces operating within these structures and the correlations between them.

"Statistics are primarily a scientific method for viewing socioeconomic features based on a world language which is necessary for communication with both experts and the general public."

A public commodity

Mr Nanopoulos continues: "The role which is required of statistical information in today's societies calls for the national statistical information system to be recognised as a vital part of the structure needed for the proper operation of democracy, the State, society and all its social institutions. This prompts the conclusion that statistical information cannot be an ordinary market product obeying the laws of supply and demand but has to be a social service, a public commodity provided free of charge or at cost price to anyone for whatever purpose he intends to use the statistical data.

"We have said it before: the future of official statistics is as part of the information society and its success will depend on its ability to make a substantial and useful contribution to the search for answers to global problems, such as the new organisation of world trade, social imbalances and environmental problems.

"It is vital for the politicians in charge of the national systems in every country that wants to tackle these problems to accord the necessary priority to the creation, at national and international level, of all the components that will allow statistical information systems to operate normally, thereby contributing to the proper functioning of democracy, international relations and the search for solutions to world problems."

The interaction of university statisticians and official statisticians will then be fully exploited. "We do not have the experts who can

get across this 'statistical culture' in the countries of the old Eastern Europe", adds Mr Nanopoulos. "We therefore need to form national 'multipliers' who can do the job, and the interaction between academics will generate this new aspect."

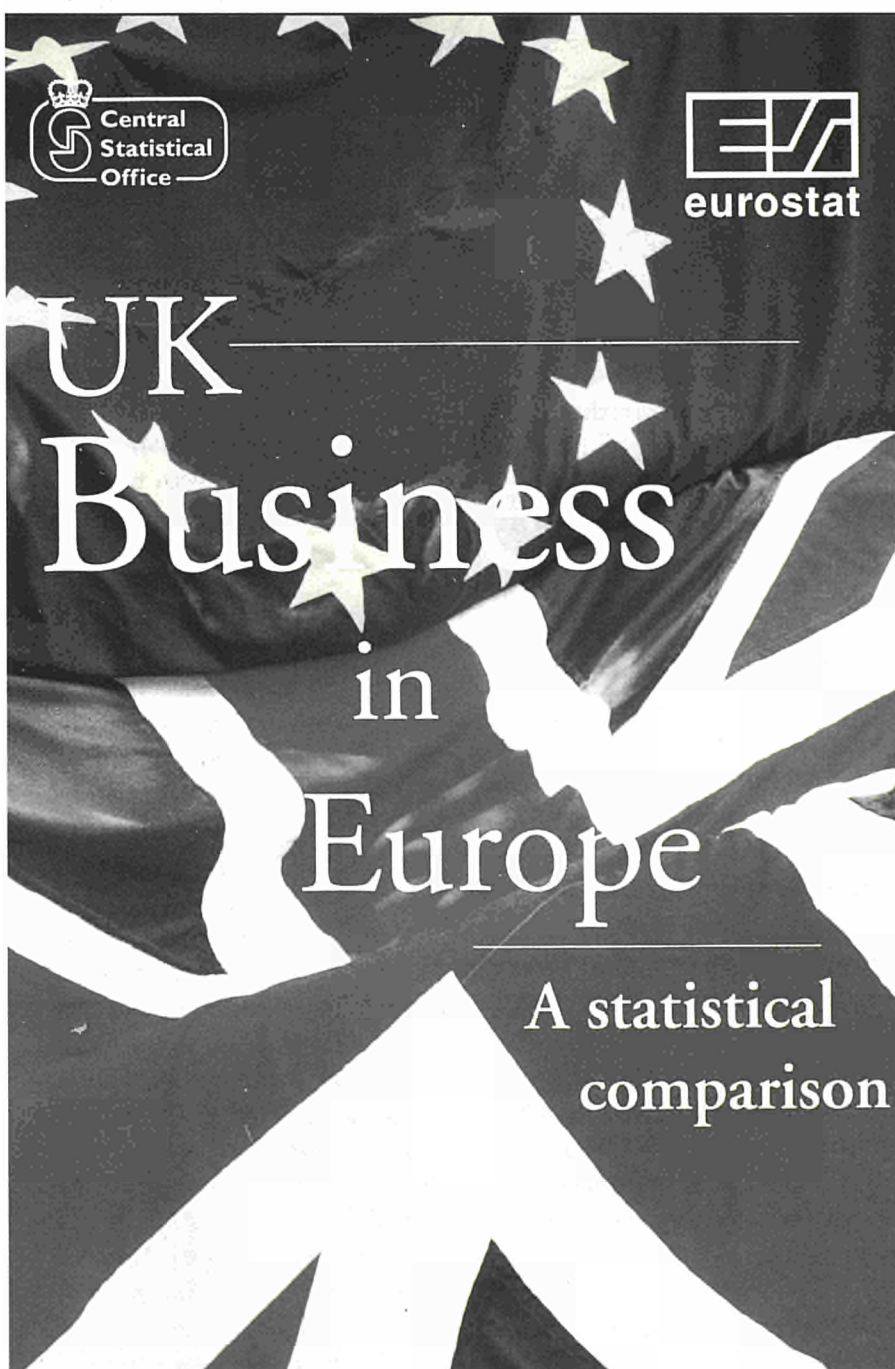
This is why the ABS plans to organise 'national chapters' in 1996, as national branches which will have the job of organising things at national level, encouraging new members to join, publishing a magazine and arranging meetings and workshops on topics such as cooperation between official and university statisticians and identification of topics for regional cooperation.

The next general assembly of the ABS will take place in Istanbul in 1997, in conjunction with the 51st conference of the ISI.

A graduate of the engineering school of the Greek Air Force, Photis Nanopoulos studied mathematics and physics at the Strasbourg Institute of Mathematics and computing and statistics at the University of Nancy. He travelled to the United States, where he gained a doctorate in statistics at Berkeley. On his return to France he submitted a doctoral thesis on probability and number theory and was appointed to the Louis Pasteur University in Strasbourg and then to the Polytechnic University of Athens. He joined Eurostat in 1983 and is currently head of Directorate D (Business and energy statistics, research and development, and statistical methods).

Joint venture between Eurostat & CSO

UK Business in Europe



A joint publishing venture between Eurostat and the UK Central Statistical Office was launched in London on 10 November. It is a 170-page book called *UK Business in Europe - a statistical comparison*. And it shows for the first time, in a single volume, comparisons between the UK economy and other major economies in the EU and with the EU as a whole.

Subsequently, the publication was awarded first place in the non-official category of the European Information Association's 1995 awards for European information sources.

UK Business in Europe is designed to provide a quantitative overview of the business world in a user-friendly way. It reflects the increased efforts towards coordination and rationalisation of business statistics that are becoming more apparent in several NSIs, including the CSO, and within Eurostat itself.

Data in *UK Business in Europe* were drawn mainly from Eurostat data bases but additional data from the CSO and OECD were also used. The publication concentrates on a short analysis of more than 20 industrial and ser-

vice sectors, but also includes details of the labour forces of Member States. These include numbers employed by production industries, services, transport, banking, finance and insurance etc, together with details of population and levels of education, trade unions, tourism and other special topics relevant to business activity such as foreign investment.

The publication was launched at a news conference at the Commission's Representation in London.

In a joint introduction to the book, Yves Franchet, Director-General of Eurostat, and Tim Holt, recently appointed Director of the UK CSO and Head of the Government Statistical Service, say *UK Business in Europe* "is intended for decision-makers, consultants and researchers in all fields, and for the general public interested in business and European affairs." The front cover is a colourful representation of the EU flag and the Union Jack, the British flag, and bears the logos of Eurostat and the CSO.

The joint editors were Simon Allen of Eurostat and Dr Gareth Jones of the CSO. Simon is an expert working on structural business statistics in Eurostat's industrial statistics unit.

On 1 April this year the UK CSO was merging with the Office of Population Censuses and Surveys to form the new Office for National Statistics (ONS). See article on Page 36



Simon Allen of Eurostat.



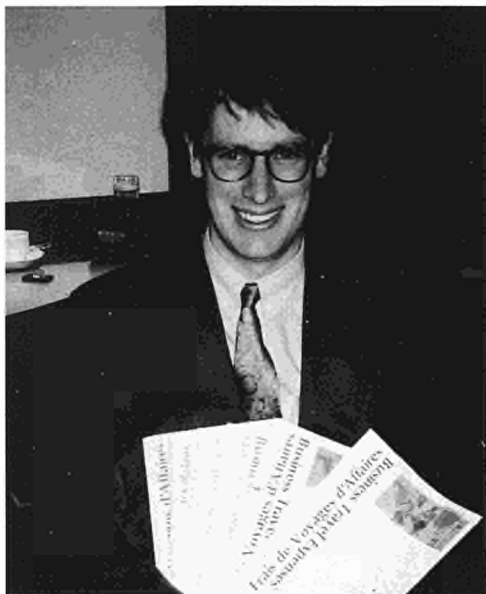
Dr Gareth Jones of the CSO.

Among other things UK Business in Europe shows that

- *In 1993 the UK as a percentage of population had the second largest labour force in the EU - 61.9%. Only Denmark with 67.4% had more. EU average was 55.1%. Germany had 58.3%, France 55.5% and Italy 47.9%.*
- *In the UK there is a greater participation by women in the workforce than in any other major EU country.*
- *Average number of hours worked by full-time employees in the EU in 1993 was 39.6. In the UK the figure was more than an hour higher at 41. In the EU full-time employees worked 2.5 hours more per week than female colleagues. In the UK it was five hours.*
- *Manufacturing unit wage costs in the UK in 1993 were well below the levels of major EU competitors. The UK had significant reductions in its unit wage costs from 1981 that did not occur in other major EU countries.*
- *The UK's intra-EU trade grew from 46% of UK total trade in 1984 to 50.7% in 1993.*
- *The UK has the highest level of trade in services of any major EU country and one of the largest surpluses for this activity.*
- *The UK is the largest energy producer in the EU. In 1992 it accounted for 33.5% of the production of all EU energy. Its share of EU coal production was 42% and it produced 81% of all EU oil.*

Major survey by Eurocost

Where in the world will business travellers get value for money



Stephen Evans of Eurocost at the Brussels press launch

Eurocost - the Luxembourg-based European Centre for Worldwide Cost-of-Living Comparisons, created with the assistance of Eurostat and Member States' statistical offices - launched a major new survey in early February. It details the cost of essential daily spending for the business traveller in 114 of the world's major cities.

For the first time Eurocost, with the assistance of Eurostat, decided to try to obtain coverage in the international news media - with impressive results.

They produced a news release and made it and the report available to the press throughout one day at the International Press Centre in Brussels. The result was a substantial amount of publicity - notably in the *Economist* and *Financial Times*, publications which cover extensively the survey's key target group, the international business man and woman.

The survey shows Moscow as the most expensive city for international business travellers, followed by Tokyo, Buenos Aires and Hong Kong. Cheapest are Minsk, capital of Belarus, and Tirana, Albania. Copenhagen is the most expensive city in the EU and, with Oslo a close second, the dearest place in the world for dinner.

For the survey, Eurocost collected average prices of the following items in the world's main cities for business people:

a night in a 4/5-star hotel; lunch; dinner; taxi fares; telephone calls; drinks in the hotel bar; laundry of a shirt; and a daily newspaper.

Twenty-four hours in Moscow costs \$543 on average compared to \$516 in Tokyo and \$468 in

Buenos Aires. Copenhagen is \$427.

At the other end of the scale, in Minsk \$125 is enough and in Tirana \$126 should cover all the bills, albeit not accommodation in 4/5-star hotels as there are none.

Business Travel Expenses Guide is priced 350 ECU. Businesses can use the data to grant expenses before a business trip or set a maximum limit up to which expenses will be reimbursed.

Dinner in a good restaurant costs the most, on average, \$68 in Copenhagen. Eating well in Everan, Armenia, and Minsk, Belarus, is more difficult as good quality food is hard to come by; however, dinner can be had for \$5 and \$8 respectively.

Contact for further information: Stephen Evans, tel + 352 498458 240, fax + 352 495713 or Internet: Carola.Fabi@eurocost.lu or Eurocost-Luxembourg, 1 rue Emile Bian, L-1235 Luxembourg.

The survey notes that in Tbilisi, Georgia, there is only one business hotel and it is magnificent - marble and gilt throughout. Price per person is only \$264 for which you also receive a free candle as there is rarely electricity at night.

Most expensive cities in the world in which to spend a day and a night	Average daily spending
MOSCOW	\$543
TOKYO	\$516
BUENOS AIRES	\$468
HONG KONG	\$450
COPENHAGEN	\$427

Cheapest towns in the world in which to spend a day and a night	Average daily spending
MINSK (Belarus)	\$125
TIRANA (Albania)	\$126
ERIVAN (Armenia)	\$132
VILNIUS (Lithuania)	\$138
APIA (Western Samoa)	\$140

Wall Street Journal (Europe)
31st January 1996
Page 4

Moscow Visits Are the Dearest For Businesses

By CHARLES GOLDSMITH
Staff Reporter

BRUSSELS — Moscow, followed by Tokyo, Buenos Aires and Hong Kong, are ranked as the world's most-expensive cities for business travelers in a new survey.

Minsk, Tirana and the Armenian city of Erevan were ranked as the least-expensive

TRAVEL

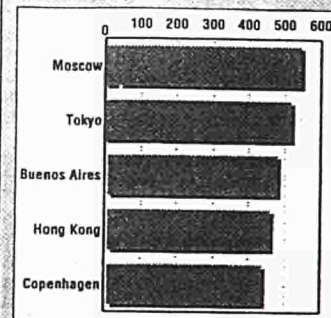
cities in the report compiled by EuroCost, an organization created with the help of the European Union's statistical office, Eurostat. The guide will be updated twice a year.

"I think the fact that Moscow is the most-expensive city will surprise many people," said EuroCost marketing director Stephen Evans, "although people who have traveled there know how expensive the business-class hotels are."

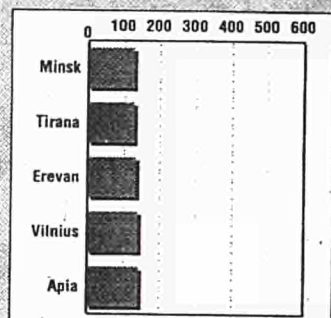
The survey of 114 cities world-wide said that a day and a night in Moscow will cost on average \$543. This calculation is based on \$390 for a double room for a single person at a four-star or five-star hotel, \$44 for lunch and \$56 for dinner (meals include a main dish, a half bottle of wine, dessert and coffee in a "good-quality" restaurant), and \$53 for mis-

On The Road

Most expensive cities, for one day and a night: (Price in dollars)



Least expensive cities:



Source: Eurocost

cellaneous expenditures — such as two short taxi rides, a nonalcoholic drink in the hotel bar, laundry of a shirt by the hotel and an international newspaper.

After Moscow, the highest average daily costs include \$516 for Tokyo, \$468 for Buenos Aires, \$450 for Hong Kong and \$427 for Copenhagen. The Danish capital had the world's most-expensive average dinner price, at \$68, followed by Oslo at \$63, Seoul at \$59, Moscow at \$56 and Tokyo at \$55.

For cheap eats, go to Erevan, where dinner averages just \$5, while bargain-basement dinner prices were also found at Minsk (\$8), Tirana (\$10) and Phnom-Penh (\$12).

In terms of overall daily spending, the rock-bottom costs were \$125 for Minsk, \$126 for Tirana, \$132 for Erevan, \$138 for Vilnius and \$140 for Apia in Western Samoa. In some cheaper cities, there weren't any four-star or five-star hotels, so two-star or three-star hosteleries were used in the survey instead.

The survey, which was conducted by personal visits as well as by phone and fax, found that price and choice don't always go hand-in-hand. The average daily cost in Kiev, for example, is \$286, more than both Rome (\$274) or Barcelona (\$218), but a EuroCost consultant visiting Kiev was asked whether he'd like "eggs or omelette" for breakfast.

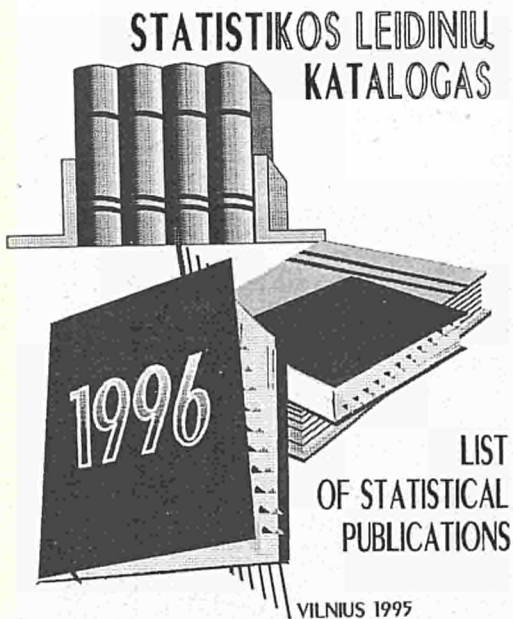
Luxembourg-based EuroCost said that the survey is designed primarily for company travel directors and other bosses, so they'd have a "benchmark" of costs in various cities.

Asked if the guide was really meant as a tool for companies to catch employees who take liberties with their travel-expense accounts, Mr. Evans said, "The tactful way to say it is that this guide provides bosses with a standard expenditure that they hope their traveling employees will adhere to. It's a way to prevent arguments."

Added John Wright, of Eurostat: "I think that this (expense-account writing by business travelers) is an area where there's a great deal of creative expression involved."

Lithuania

Statistical publications reflect march of the market economy



In tune with the political changes in Eastern Europe the national statistical offices of the newly-independent and democratic states are striving to emulate standards in the EU. Change is apparent, for example, in their publications. Lithuania is a case in point and *Sigma* took a look at the 1996 catalogue of the country's Department of Statistics.

The first thing to notice is that many publications are available in English as well as Lithuanian, and there are regular publications giving key indicators in a range of different subjects.

The following is a small selection of the publications available (Lithuanian and English):

* *Statistical Yearbook of Lithuania 1996 is an overview of Lithuania's economic and social development up to 1995. It covers national accounts, finance, population, education, culture, science, health and social care, wages and salaries, industry, agriculture, dwelling construction, trade, transport, etc.*

* *Lithuania in Figures 1996. This pocket-sized reference book gives a statistical snapshot of Lithuania and an overview of all publications and other sources of information of the statistical office.*

* *Estonia, Latvia, Lithuania 1995 gives a comparison of socio-economic development in these states.*

* *Survey of Lithuanian Economy. This statistical analysis covers the national economy, financial markets, prices and economic development of different industries as well as analysis of main current problems. Comparisons with Baltic and other states are included.*

* *Main Economic Indicators of Lithuania - a monthly bulletin containing key statistics on the country's economic situation.*

Further information from the Lithuanian Department of Statistics, Statistical Information Dissemination Section, Gedimino av.29, 2746 Vilnius, Lithuania. Tel.: (3702) 619556, Fax: (3702) 223545



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A publication resulting from cooperation between two EC general directorates (DG II, in charge of economic and monetary matters, and Eurostat), the *EC Economic Data Pocket Book* has the advantage of long chronological data series as well as estimates for 1996 and 1997 produced by DG II. Only published in English at present, its almost 30 tables describe the most important indicators under the following headings:

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The Pocket Book costs 9 ECU (ex. VAT). Subscription for 1996 is 50 ECU.

Additional reading

** Key figures - A bulletin on European union and analysis - monthly*

** Eurostatistics - Data for union analysis - monthly*

** To be released soon: Indicators of the EU - a quarterly supplement to Eurostatistics*

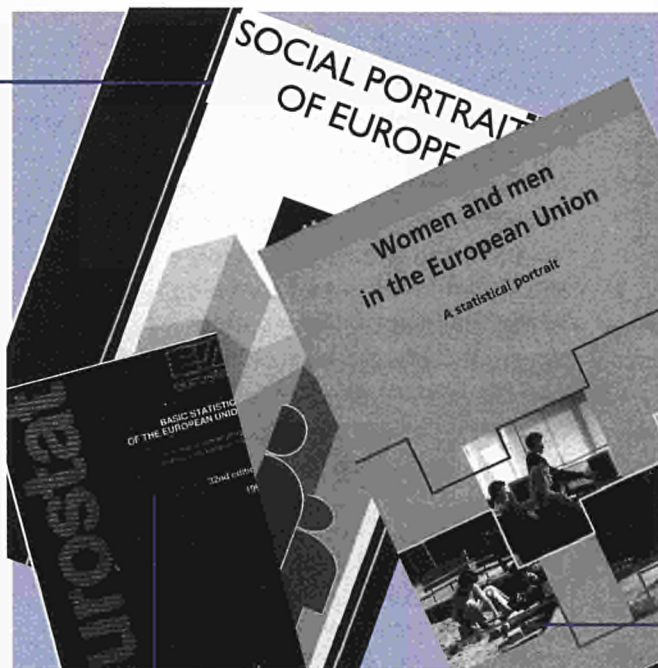
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