UNITED NATIONS SECRETARIAT Department of Economic and Social Affairs Statistics Division

ESA/STAT/AC.161/ August 2008 English only

United Nations Expert Group Meeting on The Scope and Content of Social Statistics 9-12 September 2008 United Nations, New York

The development of Social Statistics in the European Statistical System

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Confronted by a rapidly growing demand for Social Statistics in a context of limited resources, there is a need to reflect on a Strategy to better address these challenges. Starting from a stocktaking of the main societal challenges, the role of the EU and the correspondent statistical needs, some basic principles underlying a strategic approach for the European Statistical System are defined. After an assessment of the current state of play and the latest developments in social statistics, Quality, Responsiveness and Integration are chosen as the main objectives to feed the concrete actions proposed: At a transversal level the "European Household Survey" and the "Core Social Variables" projects and for one specific domain concerning Migration statistics.

Two main reasons explain the need for a strategy for the development of social statistics in the European Statistical System (ESS).

The first one refers to the **rapidly growing demand for social statistics** over the last 20 years. Europe has experienced radical changes over that period with the ageing of its population, the consequences of globalisation, the full emergence of the information society and the enlargement of the European Union, among others. To better understand the impact of these changes, but also to design, monitor and assess public policies implemented to accommodate these changes, more and more statistical information is needed at different levels, be it local, regional, national or European. A strategy is needed to better address those demands and to prioritise them.

On the other hand, producing statistical information is costly and imposes a burden on respondents. Certainly, methodological improvements and better access to administrative sources are new opportunities to **produce high quality statistics** for our users more efficiently and at reduced costs. Nevertheless, a common approach across social domains is a way to be more efficient in the line of the Code of Practice and represents a second main reason for developing a strategic approach.

Starting with an assessment of driving forces and challenges to face, this reflection paper will develop the statistical needs requested by policy makers. Then, the "Statistical Strategy" will be addressed from general principles to priorities for transversal actions and for one specific domain: Migration statistics.

1. Societal changes and new challenges

1.1 Societal changes

To better take stock and understand the main challenges faced by our societies we can build on a very comprehensive and excellent paper "Europe Social reality" issued by the Bureau of European policy advisers in the framework of a public consultation on what constitutes Europe Social reality today.

¹ http://ec.europa.eu/citizens_agenda/social_reality_stocktaking/index_en.htm

Globalization is one of the most powerful driving forces which impacts heavily on the economic, social and environmental dimensions of European societies. From a more social point of view, globalization has a huge impact on migration flows (intra and extra EU), occupations and qualifications of the labour force and, more generally, on inequalities (who are the winners and the losers of globalization).

Population ageing due to increase in life expectancy, the decline in fertility and the baby boomers gradually reaching retirement age, will severely increase the dependency ratio and create risks to public finances. It will also impact on the patterns of private and public expenditures concerning old age dependency and disability, the use of services, savings, and relationships between generations.

Increased **ethnic and cultural diversity** due to increased immigration from countries outside the EU will pose a challenge to the integration of migrants but also with regard to actions against all forms of discrimination. Moreover, as society becomes more diverse, feelings of insecurity and fear of crime increase and "identity and citizenship" are questioned.

Individualisation of values and behaviour and an increased pattern of mobility concerning employment, residence and family challenges our traditional way of describing households, families, and consumption.

Innovation, technological change and in particular the development of ICT have made us enter the knowledge society with rapid changes in occupations, consumption, and training. The concept of proximity (or neighbourhood) has been significantly altered by the internet.

Last but not least, one of the biggest transformations which have affected our societies since the end of the Second World War is the continuously growing participation of women in the labour market. The dual earner household has replaced the male breadwinner norm but **gender equality** is still far from being achieved.

1.2 The role of the EU

In the social field, the essential task of policy makers is to address these challenges in order to improve well being, quality of life and common values for EU citizens. This implies to dispel fears, to change risks into opportunities and foster equal opportunities more than equal outcomes. Social, economic and even environmental policies should not be designed separately. Social spending is not only a means to subsidize the consequences of economic failures but an investment which has also economic outcomes.

In line with subsidiarity and proportionality requirements, Member States (MS) currently have the main responsibility for policy design and implementation and EU action will remain conditional upon proven value added. Nevertheless, as Migration is concerned, the 1999 Treaty of Amsterdam defined it as a topic relevant for community policy and therefore transferred the issue from the 3rd (responsibility of MS, common approach based on agreements) to the 1st (common policy obligatory in MS) pillar of the EU².

Based on a set of shared values clearly expressed in article 2 of the Lisbon Treaty as well as in the Charter of fundamental Rights, EU actions are aimed at rising awareness and inform decision making. Financial instruments are designed to support actions at local, regional and national levels (European Social fund, programmes like PROGRESS, E-society, and European Area of Research).

² At the December 2007 European Council Heads of State and Government recognised the need to develop further a comprehensive European Migration policy to meet the challenges and harness the opportunities which migration represent in a new era of globalization.

As most of the policies concerned fall under the third pillar of the EU, the main objective of the EU is to set up policy frameworks for action based upon the **Open Method of Coordination** (OMC). OMC works through the setting of common objectives by the Commission and the Council, the exchange of best practices, the reporting by Member States on the basis of these objectives and according to their national strategies (taking into account their diverse institutions and traditions). The Commission synthesizes the findings in a joint report which is subsequently endorsed by the Council. For instance, the Employment Strategy which is now a central pillar of the renewed Lisbon Strategy has put forward: quality and productivity of work, child care, immigration, undeclared work, and minorities issues. Now the Council is discussing "fle xicurity" which should feed reforms at the national level.

From raising awareness to setting policy frameworks for action according to the OMC, **complete** and **up-to-date EU-wide data with representative data at the national level** are needed. But even at national or regional levels comparable European data are a more and more requested to answer questions like: What are the results of our European partners? Where is best practice to be found?

1.3 The structure of statistical information

If statistical needs are obviously related to each specific policy, some general structure is nevertheless underlying every domain assessment. This structure is usually organised around different stages:

A comprehensive **set of indicators** permits policymakers to monitor the implemented policy. The overarching sets are the Structural Indicators or the Sustainable Development Indicators, but, in addition, every domain has its own ones: common indicators for the social protection and social inclusion process (including overarching indicators plus social inclusion (Laeken), pensions and health and long-term care indicators), Education, Gender, i2010³. Composite indicators are usually not favoured by statisticians because of their lack of transparency and robustness. First experience, for example for deprivation indicators, is emerging. As social indicators are concerned, short term indicators are only produced for the labour market. Other domains are covered at annual frequency. Nevertheless, in some cases medium term indicators (every 2 or 3 years) would be sufficient.

When a more consistent approach is needed (mixing economic issues with financial amounts needed and social issues), **Satellite Accounts** inspired by the national accounts philosophy supplement the picture given by the indicators. It is the case for Social Protection, Health, Tourism, ICT sector and even Labour Accounts.

Data bases including a huge amount of non confidential statistical information with accompanying metadata are stored in big data warehouses accessible from the internet free of charge to all users.

Dissemination of **anonymised microdata** to researchers becomes more and more important. It gives the possibility to conduct in depth analyses in order to better assess public policies and understand economic behaviour.

Statistical analysis disseminated in the form of short or monographic publications is also to get more importance in the future.

Quality of statistical products is paramount, comprising all the well known criteria: relevance, coherence, accuracy, timeliness, comparability and clarity, but there is a strong pressure to improve comparability and reactivity to new demands.

³ It is crucial that each indicator should be backed by a quality profile which gives metadata information.

2. A Statistical Strategy for the ESS

In short, the essence of our statistical work is to set up statistical infrastructures which are capable to address these diverse needs in the most efficient way, with high quality responses, at low costs and burden for respondents.

We have a lot of statistical tools at our disposal (administrative sources, surveys, accounts). Users are not interested in the details and the set up of the statistical machinery. It is our responsibility to make the best use of these tools to answer the different demands. So it is like filling a matrix with statistical demands in rows and the statistical tools in columns, knowing that different tools can be used to respond to one demand and that one instrument is capable of responding to different demands⁴. Taking a European point of view adds a third dimension to the matrix because tools can vary among Member States: For instance, the Nordic countries have the possibility to access to more administrative sources.

2.1 Basic Principles

To better set up a strategic approach to Social Statistics (to construct this matrix relating statistical infrastructure to statistical needs) some basic principles are to be followed.

2.1.1 Anticipation is the most important one. It is well known that statistical operations need several years to be implemented and fine tuned to produce results with a high level of quality. Often it is too late to start to set up statistical projects from scratch to meet policy needs when they are expressed. It is far more advisable to have anticipated these needs and be prepared to launch the field work. What is already important at national level is crucial at European level because it takes more time to set up and harmonise a new data collection with 27 (or more) countries. There is some kind of a good timing as regards European input: Not too early in order to benefit from some leading national experiences and not too late because of the costs of harmonizing national operations that have developed too differently.

2.1.2 Cooperation is the second sound principle which underlies a statistical strategy for the ESS. It is obvious that cooperation within the ESS but also with the research community and the international statistical community is the only way to save resources and avoid double work. Concerning **cooperation within the ESS**, some initiatives have already been taken in the past (Leadership Group, LEG) or are in progress (ESSnet). Maybe a future question will be whether this cooperation should only be focused on methodological issues or could be extended to production work and whether central financing is proposed or not.

Concerning **international cooperation**, a lot of valuable work is done by the United Nations (mostly UNSD and UNECE), the OECD, and the ILO. Member States and Eurostat participate regularly in those meetings and conferences (CES for example) and, when needed, a coordination of European positions is looked for in advance by Eurostat. From a more operational point of view, joint data collection questionnaires with different international organisations involved (Eurostat, ILO, OECD, UIS, etc.) is another example of efficient cooperation. Moreover, a new "UN City Group" on Social Statistics is very likely to be relaunched, following the previous "Sienna Group". **Cooperation with the research community** is an effective way to enhance Eurostat productivity at different stages of the statistical production – from the design of a statistical operation to the analysis and dissemination of results. It can be organised on a mutual basis or through call for

⁴ Time Use Survey is a very good example of a source of information that feeds of lot of different needs: Time use but also Child care, Gender equality ...

⁵ The need to better work with other international statistical organisation is also a consequence of globalisation which requires statistical comparisons to be made beyond the European Union and with other developed countries.

tenders. For instance this cooperation is largely developed in the demographic field and particularly on population projections. As regards data collection, some kind of a natural division of work between researchers and official statisticians seems to be emerging: the research community specializing in more difficult data collection like Panels (SHARE, GGS, etc). Finally, diverse conferences organised by the research community, by our colleagues from the Commission Policy DGs or by the Ex-CEIES provide very good occasions to exchange views and foster our relationships.

- **2.1.3** Exploit fully the potential of **administrative sources**. They give the opportunity to reduce survey costs, increase (to some extent) quality and provide local information. As regards Social Statistics there is a huge amount of information concerning earnings, income, social protection, health, etc. that can be extracted from tax or social security files. Nevertheless, as in some cases national settings and administrative rules are different, and comparability could be challenged.
- **2.1.4** Enhance the level of **comparability** between figures produced at the national level. Output harmonisation, which means harmonisation of products, has been the preferred way the ESS has developed to better integrate the diversity of national statistical systems (with some exceptions, the ECHP for example). Nevertheless, we know that in some cases and specifically concerning surveys the improvement of comparability needs to make further steps towards input harmonisation which means harmonisation of processes, whose impact on quality is crucial. When full input harmonisation is not possible, the new concept of "**Ex-ante output harmonisation**" used for the EU-SILC project or the ICT usage Surveys meaning that as regards implementation of the survey each Member State keeps the responsibility to make its own choices (under strict quality considerations for the outputs) but that definitions and even the wording of some questions have to be fully harmonised (this being the "ex-ante" part of the concept) can be a fallback solution. Maybe this is a good practice which could be extended to other statistical operations, depending of course on the specific issue.

2.1.5 Division of work between the European and the national levels to comply with European requirements.

At the **European level** priority should be given to produce and disseminate the different sets of indicators needed by the European policy makers. Attention should also be given to 'rationalise' the different sets of indicators and to avoid that different indicators are set on the same topics. As the indicators are mainly used in the context of the OMC, representative national figures are required. This gives a specific place to the "European approach for statistics" which focuses only on European aggregates. For instance, as regards EU sample surveys, we could try to reach, by an adequate sample design, the release of accurate European figures at a higher frequency than national figures ⁶. Another issue is the question of the involvement of small Member States (MS) to produce representative national figures in every case ⁷. Should we adopt a more flexible position leaving the possibility to some small MS to decide upon the level of their involvement for some data collections?

At **national level**, it is up to each MS to decide how to integrate the European requirements into their own statistical system (use of surveys, administrative sources or a combination of both for example). They may also extend the sample size of some surveys or combine surveys and administrative sources to produce the figures required to better answer regional and local needs. MS are also leaders, according to their needs, for launching new data collections concerning new fields or going more in depth in a specific field by collecting more detailed information. Their

⁷ This does not mean that small MS should not participate at all in some data collection, but that their involvement (sample size of surveys for instance) should only be fixed at a sufficient level to contribute to representative European figures without requiring national representative results.

⁶ As unemployment is concerned, a new project has been launched to try to estimate monthly unemployment rates while MS only produce (in general) quarterly figures.

experience will be of utmost value if at a future point of time EU policy makers will ask Eurostat to extend the EU data collection.

The same division of work (comparable EU statistics required for the core of each domain, national statistics going more in depth – as variables or geographical detail are concerned) also applies to the relationship between Eurostat and the other **Commission Policy DGs**. For instance, detailed surveys on specific diseases or health problems would rather be a project to be led by DGSANCO or DGRTD while Eurostat will provide general information concerning health status, health care, etc. This is also the case when DGs use the results of the Eurobarometer.

- **2.1.6** Become involved in common **data analyses**. Quality improvements are usually highly related to the fact that the data are used and analysed. The analyses are of course mainly done by the research community, but in that case the feedback to data quality is not so obvious. If statistical institutes become directly involved in data analyses, the feedback to quality is more straightforward. Moreover the reputation and image of NSIs could benefit from that direction. The service to users could also be improved by giving them a better understanding of underlying factors correlated with some variables or behavioural responses⁸. In that respect, the ESS could benefit from the diverse levels of experience and expertise existing in different MS (see previous principle on cooperation). It is also clear that more statistical data analysis requires access to anonymised microdata.
- **2.1.7** Better assessing the **costs and benefits of statistics** to try to better prioritise new and old demands. As we all experience, demand is expanding, but resources for the ESS are stable or even reducing. Indeed, productivity is gowing (better access to administrative sources, data collection using the internet, automatic editing) but there is still a need to better prioritise within the EU programme. We have also to take into account the burden on respondents, even if this issue is not so dramatic for social statistics using mainly household surveys.

This implies on the one hand to better assess the costs of our statistical operations. So, sample sizes, median duration of interviews and harmonised response rates ⁹ have to be systematically collected for each EU (and even national) survey. The costs born by NSIs to produce new European statistics are also to be assessed attempting to disentangle the whole cost of the requirement (according to the regulation concerned) and the additional cost borne by each MS in order to adapt the existing (if so) data collection. On the other hand, the benefits of each new requirement are more difficult to assess properly because they are related to policy needs and political decision. Nevertheless, the opinion of users (like those expressed by the new European Statistical Advisory Committee (ESAC replacing the former CEIES) and national users' boards need also be better taken into consideration.

More generally, a better management of the difficult issue of **prioritisation** of statistical projects needs a combined "bottom-up" and "top-down" approach. "Top-down" to anticipate new challenges and their corresponding statistical needs and propose some shifts in the allocation of resources (both human and financial). "Bottom-up" to maximise the benefits that can be carried out by reengineering statistical projects according to the results of different quality assessments (like rolling reviews for instance). Nevertheless, the scope of social statistics is so wide with so many different users that it is very difficult to take drastic actions.

2.1.8 Defend our common interest in a **prominent and coherent role for Official Statistics** in a situation in which growing demands for statistics have led to a proliferation of providers of data.

⁸ Using multivariate analysis gives the possibility to disentangle different effects and better understand, for instance, if the gender pay gap is due to access to good jobs, differences in job seniority or "pure" discrimination on the labour market...

⁹ Response rates give different kind of information: One about quality (even if calibration is applied) and one about response burden (time trend is particularly important).

Over the past years, social statistics have profited considerably from the growing policy-interest in using statistical indicators to support policy-making. This trend is likely to continue in the future. In order to be able to prioritise among new demands, it has to be recognised that demands not fulfilled by official statistics will be fulfilled by other sources. Therefore, attention should be devoted to maintain a prominent role for Official Statistics, whenever important policy decisions are at stake and to keep in mind the coherence of the system for official social statistics.

2.2 State of play for Social Statistics

According to the previous principles the assessment concerning social statistics is that **the present situation is fairly good** due to the common efforts by Eurostat and the Member States over the last 10 years:

- Important efforts have been/are being put in place to harmonise the main data collections at EU level by adopting a set of framework Regulations.
- Concerning Surveys, this has been the case for the LFS (Labour Force Survey), EU-SILC (System of Income and Living Conditions statistics), SES (Structure of Earnings Survey), LCS (Labour Cost Survey), CVTS (Continuing Vocational Training survey), ICT (Information and Communication Technologies surveys both for individuals or enterprises), AES (Adult Education survey), EHIS (European Health Interview Survey). Others are at a lower level of harmonisation like HBS (Household Budget Survey) or TUS (Time use survey).
- Social accounts have been developed in the field of social protection (ESSPROS) where the scope was extended and comparability and timeliness improved and for health (SHA) in cooperation with OECD and WHO.
- Quality reports are regularly released for some of these instruments; others are in development.
- Main results are disseminated on the web, free of charge with related metadata information.
- Some microdata files are accessible by researchers (LFS, SES, EU-SILC and CVTS).

2.3 Quality, responsiveness and integration

Improvement of **quality** (especially comparability) and extension of scope to be more **responsive** to users (and particularly the Commission) needs have been chosen as the main objectives to build a strategic approach for Social statistics.

A third objective is to be added: **Integration**. For many years it has been mentioned that contrary to economic statistics that benefit from the National Accounts framework, social statistics are scattered over a lot of sub domains without a comprehensive approach ¹⁰. Observing that the theoretical part of this request for more integration is a very difficult and open-ended issue, we prefer to choose a practical point of view to address this challenge. In particular, the setting up of common classifications and of a set of "Core variables" to be collected in every social survey is a way to improve Integration. Another possibility is to produce more comprehensive analyses and monographic publications for subpopulations taking into account various data sources.

So let us start with proposals at the **horizontal or transversal level** that aim at improving integration and responsiveness.

2.4 Harmonised classifications

Clear definitions and harmonized classifications are the basis for good and comparable statistics. As social classifications are concerned this process is backed by the work done at the international level: in particular the "Guidelines and methods for Censuses" issued by the UN ECE and Eurostat and the work done by ILO for labour market variables.

¹⁰ This search for Integration of social statistics was a major objective of the creation of the "Sienna Group" in 1993.

Some new classifications are also emerging, which will certainly develop in the future: the **European Socio-economic Classification** (ESeC) is in a phase of piloting its implementation in household surveys after having been developed by researchers over the last years.

The "Core Social Variables" project has to be implemented in each EU-household survey as of 2010. This project which had been started many years ago was reactivated in the last two years. It aims at selecting and defining a set of "Core Social variables" which should be collected in every EU social survey in order to be able to produce horizontal information (concerning different areas like labour, income, health, etc.) for ad-hoc sub groups of the population (defined precisely by the core variables or their crossing like urban youngsters, lone parent families, unemployed people with tertiary education, etc.). The objective is not to extract from every survey accurate figures for important variables like unemployment or poverty (this is the aim of the specialised surveys like LFS or EU-SILC) but to collect background information (like employment status or quintile of income) to be used to better describe subpopulations or better analyse behavioural issues (like: Is the digital divide due to education, income or geographical coverage?).

For the time being 16 variables have been selected and agreed upon by the Directors of Social Statistics (DSS) concerning demographic, economic and geographical information It is also intended to add the ESeC when it will be ready. An open issue relates to the variable "Health status". Due to the importance of health conditions to understand behaviour, is it worthwhile (balance between costs and benefits) to include this variable to the previous list?

2.5 The new "European Household Survey"

This project is a fundamental piece of the Social Statistics Strategy. It has two objectives: rationalizing the existing and planned European Household Survey (EHS) and better respond (within two years after the needs have been expressed) to new Commission and policy makers needs. The EHS is conceived as a system of household survey modules allowing flexibility both on the demand side and in terms of national implementation¹¹. The currently proposed annual sample size amounts to 337,500 individuals aged 15 and above i.e. 2,000 individuals per country on average (between around 8,000 in Malta and 20,000 in Germany).

Timeliness is a key characteristic of this project, especially for the modules responding to new Commission needs. For short-term modules responding to new Commission needs, the results at EU level would be available at a maximum of two years after the demands from the Commission DGs were expressed. It would be three years for long-term modules, giving more time for preparation.

The system of survey modules would be made of:

Annual component consisting of:

- A core variables module (which comprises the 16 variables to be included in all EU household surveys);
- A module corresponding to the current Information and Communication Technologies (ICT) survey (household part);
- A module including a selection of such indicators of the five-year European Health Interview Survey (EHIS), which need a more frequent monitoring;
- One short 15' ad-hoc module aimed at responding to new policy needs from Commission DGs.

Indeed, for implementation in Member States it is possible either to us e a new common recommended schema, developed at EU level, or to use existing dedicated national surveys or to attach modules to existing national vehicles subject to relevant constraints (such as sampling, collection period, sample size, timeliness and the inclusion of the defined set of core variables).

Regular non-annual (mainly 5year) component corresponding to five years statistical data collection like the current Adult Education Survey (AES), Comprehensive European Health Interview Survey (EHIS), Victimisation Survey as well as new long-term modules to respond to new policy needs from Commission policy DGs. In the future some of these 5-year modules might deal with certain special populations, such as groups relatively small in size or not well distributed in the general population (such as migrants for example). Several Commission DGs (in particular DG EMPL, SANCO, EAC, JLS) have already expressed a strong interest in this project. Based on initial bilateral discussions, a first list of topics for eight modules (non-discrimination and equal opportunities for all; victimisation and security; consumer protection; food intake; care services; disability; fertility and demography; youth) to be included have been mentioned. Social Capital could also be a good candidate.

2.6 Main statistical challenges for Migration Statistics

The second part of the strategy is devoted to main challenges and leading projects by domain. A lot of information is already mentioned in the five-year statistical programme 2008-2012. Nevertheless it seems important to recall the main strategic lines to be followed in one specific domain "Migration statistics" because of the new awareness of this issue highly related to Globalization.

Concerning migration, there has been, over the last years, a clear shift from national to European issues. Even if the adoption of the 2007 Regulation "Community statistics on migration and international protection" has been an important step towards production and harmonization of migration statistics, a lot of work is still to be done.

Migration is a major and growing issue that continues to impact on all areas of social and economic life. The recent Commission Communication on EU immigration policy has signalled the growing importance of migration as an issue that will be taken into account in all areas of economic and social policy in Europe. In effect, the intention is that migration should be 'mainstreamed' into all policy areas, and should no longer be considered only in relation to narrower fields of immigration management.

A similar mainstreaming of migration-related variables to a wide range of social and economic statistics needs to be envisaged. It will no longer be sufficient to focus as just now on trying to obtain the best possible statistics on the numbers of migrants.

It is necessary to examine how and to what extent it is appropriate for the ESS to meet the emerging needs for migration-related statistics. Similarly, it is necessary to examine how and to what extent the NSI can assume their roles of focal points for the production of statistics in a situation where substantial amounts of policy-relevant information are likely to become available through registers that are out of the control of the NSIs.

One cost effective option to improve the availability of socio-economic data on migrants may be to make amendments to the methodologies of current and future major surveys. Depending on need, these amendments may involve, for example, **over-sampling** targeted on areas with higher than average numbers of migrants, the use of **additional/alternative sampling frames** to ensure that migrants are included, the use of permanent **'migrant modules'** (like the 2008 ad-hoc module of the LFS) to be asked of migrants identified by specific filter questions or the inclusion of additional background variables such as the parents' country of birth in the core LFS.

Another option concerns the better use of administrative information and in particular administrative information on **residence permits**. Eventually, the owners of administrative

systems might even be encouraged to take statistical needs into account when redesigning administrative systems.

In the long term, there will be a need for a **European Integrated System for the exchange of migration data** (both aggregate and possibly microdata) between Member States.