



**High Level Forum  
Globalization and Global Crisis:  
The Role of Official Statistics**  
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**Official Statistics and the Global Financial Crisis**

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# Official Statistics and the Global Financial Crisis

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## The cause of the crisis – a statistical failure?

- **Agreement seems to be emerging as to the causes of the GFC although to date there has been relatively little discussion on why the GFC was not foreshadowed**
  - Notwithstanding this, policy makers have not indicated that there were significant shortcomings in official statistics that hampered their ability to foreshadow the GFC (although perhaps this is because they are too busy dealing with the crisis)
  - This is in contrast with other financial crises (eg Asian Financial Crisis of the 1990s) where deficiencies in official statistics were seen as a major factor
- **There is a general view that financial statistics (including financial accounts and balance sheets) are important in understanding the causes of the GFC**
  - But the crisis first manifested in countries that tend to have well-developed financial statistics!

## The cause of the crisis – a statistical failure (cont'd)?

- **There is also general agreement that a poor understanding of risk was a significant factor in the GFC**
  - We can ask the question – How well is risk, in all its various forms, measured and presented in official statistics, particularly financial statistics?
  - Asset valuations will be a key area for future review

## The impact of the crisis – official statistics helps in our understanding

- **The GFC has fairly quickly impacted the 'real economy'**
  - There is some conjecture on the nature of the linkages, but integrated financial and 'real economy' statistics can help with the understanding of transmission mechanisms
- **Most countries have a range of economic statistics to inform on the economic impacts**
  - The macro-economic accounts (ie national accounts, BOP, GFS) provide a comprehensive theoretical picture but the stage of implementation across countries varies greatly
  - Partial indicators also have a strong role to play, particularly as they are often more timely and/or frequent than the macro-economic accounts
    - Given the rapidity of events, the pressure for more timely statistics will grow and these statistics will come under intense scrutiny, which official statisticians need to be prepared for

## Other Impacts

- **Policy makers and other analysts are also using information provided by non-official sources (eg consumer sentiment surveys, business outlook surveys) to assess economic impacts**
  - Official statisticians need to be aware of this, and inform policy makers on the strengths and weaknesses of these alternative sources
- **The GFC is also having social impacts that will have both short and longer term consequences**
  - Again, official statistical sources can play a significant role in understanding these
  - Statistics on the labour force are particularly important

## Other Impacts (cont'd)

- Statistics on other aspects of social well-being – eg household incomes and wealth, education, health – are also important
  - However, in many countries surveys to measure these aspects are conducted only infrequently and/or results are not always available in a timely way
  - This suggests alternative ways of providing information on social impacts – such as through the use of administrative data sets in particular – need to be established
  - The use of administrative data sets can also help inform on the impacts of population groups that might be particularly vulnerable
- **The GFC may also have an impact on sources and methods**
  - Official statisticians should ensure that their sources and methods are robust to the GFC, particularly those associated with financial statistics

## Understanding the impact of the policy responses

- **Most countries and international institutions are putting significant measures in place to deal with the GFC and its impacts**
  - There will be pressure on statisticians to provide information to assist in analysing the impact of these measures
  - In many cases, the existing statistical base will provide information on these impacts although disentangling the impacts of a specific policy measure from other impacts can often be difficult, which, among other things, may have implications for how the statistics are presented

## Understanding the impact of the policy responses (cont'd)

- There may also be a demand for 'one-off' statistics to measure the impacts of particular policy responses, such as the first round effects of stimulatory measures such as bonuses and tax changes
  - There may be an (unhelpful) tendency for policy makers to bypass official statisticians to obtain these statistics, particularly if they are concerned about the responsiveness of the official statistics system
  - If official statisticians are (hopefully) involved in dialogue with policy makers then they will need to be innovative on advising how to best measure the impacts, because 'traditional' collection approaches are often going to be unable to provide the type of information sought within an acceptable time frame
- Official statistics also have an important role in the accountability of policy and other decision makers for their responses and this may create tensions, which will need to be managed
  - This can sometimes create tensions, which need to be managed, particularly maintaining independence of the NSO

## Some possible actions

- **For the international statistical community**
  - Review financial and related statistics standards, classifications and frameworks, particularly in regard to the ability of these statistics to measure and present risk
    - Balance sheets and house prices are particular areas for focus
    - Good dialogue with regulators and accounting standards setters is needed – they too have a strong interest in the provision of information and a streamlined, harmonised approach to the provision of information would be invaluable
  - Because of the global nature of the GFC and its impacts, ensure good quality ‘global’ statistics so that global effects can be analysed
    - As part of this, continue to strive for maximum harmonisation of relevant statistics across countries

## Some possible actions (cont'd)

- Continue to provide assistance to countries with less developed statistical systems in the provision of statistics to understand the impacts of the GFC and the policy responses

## Some possible actions (cont'd)

- **For national statisticians**

- Maintain an active dialogue with policy makers and other decision makers on information needs to support analysis of GFC impacts and responses
  - This may test the boundaries of NSOs' perceptions of what ought be the key characteristics of official statistics
- Work with other providers of official statistics – eg central bank, financial market regulators -- to ensure a coordinated approach
- Identify innovative ways to meet information requirements, particularly where information from 'traditional sources' is not sufficiently timely for decision making purposes
  - Have a particular focus on administrative data to provide more 'real time' measures to complement survey sources

## Some possible actions (cont'd)

- Help policy makers use non-official information sources in the best possible way
- Ensure that sources and methods for official statistics are sufficiently robust to the impacts of the GFC and the policy responses

## Conclusions

- The lack of official statistics is unlikely to have contributed significantly to the GFC
- Official statistics will continue to be invaluable to monitor the effects of the GFC and the impacts of various policy measures
  - National statisticians need to be responsive to the needs of users – the approximate answers to the right questions – otherwise they will be by-passed in favour of other information providers, particularly where there are strong time imperatives
  - Ongoing, high-level dialogue with policy makers, regulators and other decision makers is essential

## Conclusions

- In the longer term official statisticians will need to review what lessons can be learnt from this experience
- How to adapt and improve relevance and timeliness of key statistics will be critical considerations, as will the delineation of the bounds of official statistics
- There will be significant risks in all of this for official statistics

## The Paradox for Official Statisticians of the GFC

- At a time of heightened need for high quality official statistics to illuminate what is occurring in our economies and societies as the impacts of the GFC unfold and to assist policymakers to understand whether government responses are working or not, most NSO's have for some time been under considerable funding pressures