

Communicating in a Crisis: Statistics Canada's experience

by

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ABSTRACT

This paper argues that national statistical offices can better inform the public and better assist policy-makers during periods of economic crisis by communicating relevant information more effectively and by raising awareness of the relevance and availability of existing information sources. Improving communications around existing information is at least as important as the development of new information sources in responding to the needs of policy analysts during periods of crisis. The paper draws on the recent experiences of Statistics Canada to develop and illustrate these points.

Introduction

National statistical offices are expected to inform public debate on key economic and social issues. It is also their responsibility to support policy-makers and private sector decision-makers in responding to those issues through the provision of relevant and timely information. At no time does the provision of rapid information on current conditions become more acute than during a crisis.

In recent months, Statistics Canada has had many conversations with stakeholders about how it can assist policy makers and business people in understanding, managing and adapting to the current financial and economic crisis.

On some occasions, of course, stakeholders asked us to develop new information sources. But on far more occasions stakeholders have asked us to make better use of the information already available in order to describe the evolution and the consequences of the crisis. And they asked us to make them more aware of what information is available to support their own analysis.

At the same time, Statistics Canada was looking at how well we were describing developments to the economy in our analysis that accompanies each new data release. We concluded that renewed effort was required to improve the quality of our releases and to focus our analysis on the most significant findings in the light of current policy concerns.

The paper is divided into five parts. Following the introduction, information on how the agency has adapted analysis to meet existing needs will be presented. Next, the exploitation of relevant and available information sources will be discussed, followed by a section on releasing the unreleased. The paper will then present initiatives to reach out to policy and analytical communities.

Adapting analysis

When the economy is growing strongly along trend with low unemployment and inflation, Statistics Canada's analysts tend to fall into template driven analysis for release of all our major economic indicators. In other words, the analytical text accompanying the data release is essentially a template, with little change from month to month, or quarter to quarter except for the numbers.

Template-driven analysis is unfortunately encouraged by the habits of Canadian reporters who like to be able to easily find in our templates the information they want to drop into their own templates. They tend to complain when we change anything in our analytical write-ups since it means they have to work harder.

Templates are neither good analysis nor good journalism at any time, but they are particularly pernicious in times of economic change. To be relevant, release analysis must adapt to changing economic circumstances in order to highlight what is genuinely important.

Statistics Canada had tackled this problem previously in 1994, establishing a set of guidelines for analysts writing articles for our news release publication, *The Daily*.

Statistics Canada's *Daily* is essentially an omnibus new release published every working day. By policy, release of all new data and new analytical studies must be announced in *The Daily* before they can be disseminated. Findings of significant data releases and analytical studies are presented in an analytical article, with the length and extent of treatment depending on their relevance to current policy issues. *The Daily* is closely followed by Canadian and international news media, policy analysts and commentators. In itself, it is an extremely useful tool for Statistics Canada to communicate with the public, policy makers and decision-makers during periods of crisis and has served the Agency and the public during the downturn.

In 2008 it was decided that some of the gains achieved in 1994 has been lost and it was time to renew the initiative to improve writing for *The Daily*.

A task force of managers was convened to review guidelines that had been put in place in 1994 as well as the procedures in place for institutional review of releases prior to publications. The task force was asked to consider what measures might prevent future backsliding into bad habits.

The task force reaffirmed the guidelines issued in 1994 and recommended greater engagement of the Agency's policy committee (the Chief Statistician and Assistant Chief Statisticians) in the institutional review process. As a check on backsliding the task force recommended creation of an Editorial Board and increased emphasis on training. The recommendations were accepted by the Policy Committee.

The essence of the initiative to improve our news release analysis was the reaffirmation of key guidelines on how to write a release. The key guidelines were:

- Find a story line. The story is always what is most newsworthy and consequential in the findings of the statistical program for the current production cycle.
- Comment on trends, contributors and relevant context: To the extent that we can isolate clear trends, identify industry groups, commodity groups or geographic areas that are driving change, or provide non-confidential contextual information such as changes in interest rates or exchange rates, we should do so.
- Ensure coherence with other Statistics Canada releases: Analysts must be aware of findings of other statistical programs that are being released before or coincidentally

with their own and any apparent incoherence should be either resolved or explained in the text. Statistics Canada has two important institutions to assist with this work. One is a panel of analysts writing for the Daily that meets regularly to review, confront and challenge findings. The second is a strong current economic analysis program providing integrated analysis that facilitates the identification of potential problems.

- Communicate effectively using text, tables and graphics effectively and writing in plain, neutral language.

Another institution has been critical to ensuring that the guidelines are applied in our most important economic releases. These releases are presented to the Policy Committee for review prior to release. The Policy Committee ensures that releases have clear story lines, presented in context, and focused on current developments. This practice has helped analysts apply the general principles by providing case law.

While the initiative to improve our analytical releases was not undertaken in response to the economic crisis per se it has certainly evolved further as result of the crisis. The initiative has helped to ensure that our releases are well-focussed on what is genuinely important. For example:

- Emphasis in our releases has shifted more to monthly and quarterly change relative to annual change. Year-over-year change fails to capture the most recent events in the economy and can send misleading signals. Data releases from annual programs that are often reporting well after the reference period have been downplayed.
- Emphasis is increasingly placed on trend since the turning point rather than longer-term trends. Our analysis is paying more attention to the second derivatives of the trend line, whether change is slowing or accelerating.
- We have increased emphasis on seasonally adjusted data when available, particularly in price indices. When seasonally adjusted data is available, we no longer publish raw data in the release. It is made available as a companion product to the release for those who require it.
- Since price movements, due to energy and other commodity prices but also due to a depreciating Canadian dollar, have driven a wedge between the nominal and real economy, we have increased the profile of constant dollar estimates in our releases and made a point of commenting when particular sub-series (for example, petroleum exports and imports) are being largely driven by price change rather than volume change.
- In general, since we are in an economic downturn, we are focussing our analytical effort on the short-term. The key point, however, is that our analysis must evolve

with economic circumstances, avoiding templates and highlighting what is genuinely important.

Through these changes we believe that not only is Statistics Canada doing a much better job of informing Canadians about the Canadian economy, but so to are the journalists who rely on, and often quote, our release texts.

Exploiting relevant information

When Statistics Canada analysts ask how long a release text should be, the standard answer is "as long as it needs to be to convey those findings that are newsworthy and consequential in terms of public policy debate and private decision-making, and no longer".

One of the consequences of this thought is that the extent of analysis provided for any given statistical release should evolve in relation to what is going on in the world. Without an external event to create a focus for our analysis, release analysis tends to be perfunctory and releases tend to be short. When a data source is able to illuminate critical aspects of a current issue in the policy arena, it is appropriate for the national statistical office to expand its analysis.

The evolution of the current economic downturn has resulted in Statistics Canada expanding its analysis in a number of its releases. Statistics Canada has exploited relevant data more completely; ensuring releases consider the available information by enhancing various outputs and by giving more weight to topical releases.

There are several examples of this in recent months at Statistics Canada.

Normally, our office relies on the household survey-based, Labour Force Survey as our principal monitor of evolving labour market conditions. The survey is very timely and provides a broad range of labour market data. The survey's limited sample size provides limited scope for detailed industrial or geographic disaggregation.

It is generally felt that, in normal circumstances, the less-timely Survey of Employment, Payroll and Hours, a survey of businesses, provides little additional value for a general audience and our releases have been limited to a paragraph or two. More recently, Statistics Canada has given this release more profile and more analytical attention. The ability of the survey to provide detailed industrial data for employment and payrolls has permitted new insights into the industrial impact of the crisis.

This is equally true of statistical information on Employment Insurance derived from administrative data. When unemployment is low and employment growth strong, there is little attention paid to this information source by either analysts or the news media. However, this source allows Statistics Canada to look at developing an indicator of unemployment at very small areas and to develop measures of duration of unemployment for EI beneficiaries and the number of beneficiaries exhausting benefits. In Canada, the

impact of the crisis varies significantly across geographic areas. Again Statistics Canada has increased the analytical effort and space dedicated to this release.

The Financial Flow Accounts have normally been released as part of the Canadian Economic Accounts with very little commentary. In light of the financial underpinnings of the current crisis, Statistics Canada has begun providing a separate analytical discussion of these accounts and plans to release the Financial Flow Accounts on a separate day in future to increase their profile.

Finally, also within the National Accounts framework, the National Balance Sheet Accounts have increased the amount of market value based data in order to present currently relevant information given recent market fluctuations.

The aim is to use information that is presently available to track the evolution of the crisis and its consequences, and to expand awareness of the data holdings that Statistics Canada has to offer to users

Releasing the unreleased

All national statistical offices will know that timeliness is a concern at all times for policy analysts, not only in periods of crisis. Analysts and statisticians know that there is a trade-off between timeliness and the size of subsequent revisions. Most statistical economic indicators could be released earlier, but only with the understanding that they would be subject to greater revisions. In Canada, in normal times, it is generally agreed that Statistics Canada is achieving an acceptable balance between timeliness and revisions.

In times of economic crisis, this consensus erodes somewhat and pressures for more timely indicators resume. It is perhaps the case that this trade-off changes in times of crisis and that national statistical offices should move release dates forward somewhat, even at the price of greater revisions. Statistics Canada has not yet contemplated such a change though we have explored other avenues to provide more timely data.

In many statistical programs, information is developed to support economic aggregates but not directly released, or not released as frequently as would be possible. These early estimates, which are produced in the course of normal production, could theoretically be released with caveats noted. However, releasing these estimates has risks, and whether or not the benefits outweigh the costs need to be examined.

Statistics Canada has considered two possibilities recently for release of information that is generated in our various production processes but generally not released to the public. One possibility was to release early estimates of retail trade generated in the production process as an early “flash” estimate. Stakeholders have consistently stressed that any measure that improved the timeliness of release of key economic indicators would be helpful. At present, retail trade estimates are released 52 days after the reference period.

A “flash” release would have allowed release of an indicator at the national level of size and direction of change at 42 days. Ultimately, the limited gain in timeliness and our inability to provide any reliable indication at the time of the flash release of the distribution of the change geographically or by trade group, combined with the risk of large revisions, particularly in periods of economic stress on respondents, led Statistics Canada to decide not to proceed.

The discussion of retail trade, however, led us to another, more viable idea which was to release monthly estimates of personal expenditure on consumer goods. These numbers are generated monthly as part of the national accounts process, but are not formally released. By providing monthly information on a conceptually more comprehensive measure of consumer demand, release of these data serves the same objective as the “flash” retail trade estimates proposal.

What is important is that the statistical office consider how it can publish its existing information in ways that [better](#) support decision- and policy-makers.

Reaching out to the community

Perhaps the most important lesson learned by Statistics Canada in responding to the current crisis is the importance of having a complete understanding of the information needs of the policy and analytical community, and the danger of assuming that one knows what those needs are.

Before consulting these stakeholders, Statistics Canada had leapt to the conclusion that we needed to develop new and better data sources and analysis on financial markets. Policy analysts advised us that providing information about events that had already occurred would not help them going forward. What was required was more, better and more timely information on the evolution of the real economy and its social consequences to assist them in developing appropriate policy responses.

The second important lesson is that the national statistical office cannot assume that the policy and analytical communities are aware of all of the information that is available and relevant to their evolving needs.

In virtually every conversation with have had, no matter how sophisticated and knowledgeable the policy analyst or data user, we have found that they are generally poorly informed of the extent of the information available from Statistics Canada to assist them. It is not unusual for Statistics Canada to receive heartfelt pleas to develop information that already exists.

Statistics Canada has engaged with all major stakeholders to seek their views on priority information needs, but also to inform them of the resources already available.

One noteworthy initiative in this effort was the development of a presentation entitled *Recent Economic Events Through the Lens of the Canadian System of National Accounts*, which traces the financial crisis through Statistics Canada's Financial Flows Accounts, National Balance Sheet Accounts, Income and Expenditure Accounts and International Investment Position. This presentation has been given to groups such as the Toronto Association of Business Economists and the Canadian Association of Business Economists. The goal of these presentations is not only to present recent data from the National Accounts given current economic conditions, but also to show users the data that is available for their use.

The main point that has been taken from such sessions is that through better communication, dissemination, and outreach, information needs can be met without generating new data.

Conclusion

As this paper has shown, in times of crisis, national statistical offices can contribute a great deal to public understanding of events and to policy formulation simply by communicating more effectively.