

New Direction of the Reform of the Statistical System in Japan

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Summary

The current reform efforts on the Japanese statistical system began in mid-2004 by the discussion at the Council of Economic and Fiscal Policy chaired by the Prime Minister. Because of the nature of the subject which requires highly special knowledge, a special committee was set up in the Cabinet Office in November 2004 to follow up the discussion and make specific reform recommendations to the government. The committee made its report in June 2005 and the succeeding committee also made its report in June 2006.

These committees pointed out that, while Japan's statistical system was reconstructed fairly rapidly after World War II and evolved in response to social and economic changes, there are deficiencies now in meeting new demands and challenges, such as responding to the rapidly changing industrial structure and meeting the new and various needs of users of statistics.

The current legal framework for official statistics and statistical administration was established mainly by the Statistics Law of 1947 and the Statistical Reports Coordination Law of 1952. The committee recommended that these two laws be revised in order to provide sufficient and sound basis for the production of statistics and also to improve the effectiveness of statistical planning and coordination functions.

Based on the recommendations of the committee, the government is now preparing a legislative bill to revise two laws on statistics. (*The Cabinet decided on the legislative bill, which replaces existing two laws on statistics, just recently on February 13 of 2007 and submitted it to the Diet on the same day.)

This paper describes the outline of the current reform efforts on statistical systems in Japan.

1 Outline of the Current Statistical System in Japan

Official statistical administration in Japan is implemented by the ministries and agencies of the national government, their local branch offices and the local governments. The national government has a so-called “decentralized statistical system” in which each ministry or agency has the responsibility for statistics related to its areas of administrative jurisdiction and has its organization for its statistical works. To coordinate the decentralized statistical system is the responsibility of the Office of the Director-General for Statistical Standards Policy of Ministry of Internal Affairs and Communications (MIC). This office was formerly in the Management and Coordination Agency of the Prime Minister’s Office and was transferred to MIC when MIC was newly established by merging the Management and Coordination Agency, the Ministry of Home Affairs and the Ministry of Post and Telecommunications in 2001.*

The current legal framework for official statistics and statistical administration is mainly provided for by the Statistics Law of 1947 and the Statistical Reports Coordination Law of 1952. The main functions for overall coordination of statistical administration based on these laws are as follows.

- 1) Planning basic policies on statistical systems
- 2) Examining and coordinating official statistical surveys to ensure the accuracy and reliability of statistics, to enhance comparability and to reduce reporting burdens
- 3) Establishing statistical standards to ensure accuracy and comparability
- 4) Coordination of matters related to international statistical affairs

These two laws have contributed to the rapid reconstruction of Japanese statistical systems after World War II and facilitated the production of statistics necessary for policy making and administration of the national government. However, almost 60 years have passed without major changes in these laws. And deficiencies have been pointed out in meeting new demands and challenges, such as responding to the rapidly changing industrial structure, and meeting new and various needs of data users.

* Organizations other than the Office of the Director-General for Policy on Statistical Standards

- The Statistics Bureau of the Ministry of Internal Affairs and Communications plans and conducts such statistical surveys as Population Census which produces basic statistical data on a nationwide scale and on a continual basis and also such statistical surveys as surveys on the prices of commodities and surveys on scientific research and development investment

which many ministries and agencies use in their work.

- Other ministries and agencies have their own organizations for planning and implementing statistical surveys relevant to their administrative jurisdiction.
- SNA statistics are compiled by the Economic and Social Affairs Research Institute of the Cabinet Office. Formerly this research institute was attached to the Economic Planning Agency (of the Prime Minister's Office) which was transferred to the newly created Cabinet Office in 2001.
- Statistical surveys of the national government are carried out by local branch offices of the national government or local governments.

2 Discussion on the Reform of Statistics and Statistical Systems

The current reform efforts on the Japanese statistical systems began in mid-2004 by the discussion at the Council on Economic and Fiscal Policy chaired by the Prime Minister. It was pointed out there that statistical data are insufficient in view of the economic and social changes, especially changes in industrial structures.

To follow up this discussion, a special committee was set up in the Cabinet Office in November to deliberate on economic and social statistics and to make specific recommendations. The committee made its report in June 2005. The succeeding committee was set up to deliberate further on the reform of statistics and statistical systems. This committee made its report in June 2006.**

In the report of June 2005, the committee proposed to develop new statistics such as Economic Census and service sector statistics in response to changes in industrial structures. It also proposed to review statistical systems and to strengthen the function of "headquarters" for the development of statistics.

In the report of June 2006, the committee proposed the reform of statistical systems and the reform to strengthen the "headquarter" function.

Following this report, it was decided in July 2006 by the cabinet decision on "The Basic Policies for Economic and Fiscal Policy Management and Structural Reform of 2006" that a legislative bill for the fundamental reform of statistical systems shall be submitted to the ordinary session of the Diet of 2007.

**** Special Committees for the Reform of Statistics and Statistical Systems**

Two committees were set up as follows, composed of scholars and practitioners. There were some differences in the composition of committee members but both were chaired by Professor Hiroshi YOSHIKAWA of the University of Tokyo who was also a member of the Council of Economic and

Fiscal Policy. Members of the Statistical Council of MIC were also included.

- First Committee

Committee for the Development of Economic and Social Statistics (2004.11—2005.6)

- Second Committee

Committee for the Reform of Statistical Systems (2005.9—2006.6)

3 Necessity of Reform of Statistical Systems

The special committee identified the following problems in the current statistical systems.

- 1) Most of official statistics are planned and produced for administrative purposes of respective ministries and agencies, and there are statistics produced none or insufficiently in spite of the wide needs in the society.
- 2) Production of statistics depends on statistical surveys very much, and the use of administrative records held in government offices is still limited.
- 3) Utilization of statistics and statistical data is insufficient in responding to the newly emerging and increasing needs such as academic research use and in view of advances in communication and information technologies.
- 4) Under the decentralized statistical administration system, the coordinating organization is not sufficiently playing a strong, active role, for example, in presenting the direction of the development of official statistics.

Because of changes in the environment surrounding statistical administration, various problems and challenges have emerged that activities mainly based on the current statistical laws cannot cope well with. In order to respond properly to the changes of the times and social needs and to overcome problems, it is important to make efforts to improve both respective statistics and statistical systems. Especially important now is the fundamental reform of statistical systems.

4 Outline of the New Statistical System

The committee report states that statistics produced by the national and local governments and other public bodies are indispensable for decision-making and other activities of governments and organizations and individuals outside of the governments as well. For that reason, it says, producing necessary statistics as information infrastructure is one of the basic public services to be provided by governments. In view of this, the current statistical reform aims at the change from "statistics for public

administration" to "statistics as an information infrastructure of the society “.

The committee report proposed the following viewpoints in establishing the new statistical systems.

- 1) To build appropriate rules and framework, from the viewpoints of both producers and users of statistics, suitable for “ statistics as an infrastructure of the society”
- 2) To establish a mechanism which enables the production of official statistics in a comprehensive, well-planned and efficient way regardless of sources of information and methods of producing statistics
- 3) To strengthen the function of “headquarters” for developing official statistics

From these viewpoints, it is aimed at making the new statistical systems as the basic systems applicable to all official statistics. Existing two statistical laws (the Statistics Law and the Statistical Reports Coordination Law) shall be integrated into new one.

Major points of the new statistical system, based on the proposal of the committee, are as follows.

- 1) Institutionalize the making of mid-term basic plan to develop and produce official statistics of the government as a whole in a well-planned, comprehensive and efficient way

Making this mid-term plan shall be required by the new law and the plan shall be decided in the form of the Cabinet Decision.

- 2) Establish rules for utilizing administrative records to make statistics in order to lessen the burden of statistical surveys
- 3) Institutionalize the system of population information about businesses and establishments (“business frame”) in order to increase the accuracy of statistics and to reduce the burden of reporters
- 4) Establish rules to make clearer the obligation to ensure confidentiality in cases when statistical surveys are contracted out to private organizations
- 5) Promote the secondary use of statistical data (such as tailor-made compilation and utilization of anonymous micro data) in order to further contribute to academic research by ensuring the protection of confidentiality
- 6) Establishing the new statistical committee, with responsibility to deliberate on mid-term basic plan and other important matters, in the Cabinet Office in order to strengthen the function of “headquarters” in the statistical administration

5 Conclusion

Based on the recommendations of the committee, the Office of Director-General for

Statistical Standards Policy is now preparing legislative bills in order to realize the fundamental reform of statistical systems. They are to be submitted to the ordinary session of the Diet of 2007.*

Enacting new statistical laws to establish new statistical systems and improving statistical systems and statistical administration will be essential for further development and improvement of official statistics in Japan.

*After submitting this paper, the Cabinet decided on the legislative bill, which completely replaces existing two laws on statistical systems and introduces new statistical systems to implement reforms explained in this paper, on February 13 of 2007 and submitted it to the Diet on the same day. It is worthy of special mention that the fundamental reform is moving on as is expected.

Major Changes by the New Statistics Law

○ The new Statistics Law covers all public statistics regardless of the preparation methods

(Current Law) Only covers statistics to be made by statistical surveys



(New Law)

Systematic development of all public statistics, including processed statistics and statistics made from administrative records

○ Preparation of a basic plan for the development of public statistics

(Current Law) Development of statistics by examining and coordinating specific statistical surveys



(New Law)

Promotion of comprehensive and systematic development of statistics by the government according to the five-year basic plan to be decided by the Cabinet

○ Promoting use of statistical data and ensuring complete confidentiality

(Current Law) only statistical figures and tables released by the government are available.



(New Law)

Institutionalization of provision of statistics made by tailor-made tabulation and provision of anonymized data, in response to new needs such as academic researches, etc.
*The new law also stipulates users' obligation to manage statistics properly

The new law explicitly requires the proper management of statistical survey data and protection of confidential matters even in the case statistical survey works are contracted out.

○ Establishment of the new Statistics Committee

(Current Law) Terms of reference of the existing Statistics Council are limited to researches and deliberations on specific statistical surveys and statistics.



(New Law)

In addition to deliberations on specific statistical surveys, the new Statistics Committee deliberates on the five-year basic plan and on other matters to develop public statistics comprehensively and systematically.