

High Level Forum

Statistical Commission and the Global Statistical System: The way forward

60th United Nations Statistical Commission

Ecosoc Chamber

New York

26 February 2007

Pali Lehohla
Statistician-General
Statistics South Africa

Ian Hacking argues that "Quiet statisticians have changed our world, not by discovering new facts or technical developments, but by changing the ways that we reason, experiment and form our opinions."

"Solving a problem simply means representing it so as to make the solution transparent" Herbet Simon in the sciences of the artificial

Abstract

To understand the development of statistics in, and of the world, we need to take a historical perspective and analyse the glacial political movements of the world that are intrinsically associated or are a consequence of these political forces. An occasion such as the 60th anniversary of the United Nations Statistics Commission provides an important opportunity for forging ahead with this analysis and the questions it raises or might raise in the future. The end of the first World War, the establishment of the League of Nations in June 1919 and the convening of the International Statistics Commission in 1920 tell an interesting tale in the history of the global development of statistics. The establishment of the United Nations in 1946 after the collapse of the League of Nations and the formation of the United Nations Statistics Commission (UNSC), in 1947, a year after the formation of the United Nations, is a critical illustration in the chain of this important trajectory. The milestone relating to the adoption of Fundamental Principles of Official Statistics is yet another major contribution by quiet statistician regarding the conduct of world politics and its implications on statistics. The development of the Millennium Development Goals (MDGs), the call for the transformation of the United Nations systems of governance and statistical capacity building may not be idle coincidences of this decade. This is instructive of the fundamental link between statistics and the desire for world peace and stability, the way the world reasons, experiment and form opinions. An aspiration for transparent representation of phenomena and thereby enhancing accountability of nations and the world. Crisis and instability in the world appear to be the midwife for statistics, if this is true, then the converse is that statistics should be crucial for world peace.

Organisation of the input

My input will capture the two World Wars and what appear to be reactions from the world of politics by statistics. Furthermore I will talk briefly to the recent developments regarding fundamental principles, the drive towards MDGs and the call for a restructured United Nations and finally challenges facing new measurement phenomena and the need for the development of national statistical systems and the possibility this affords the formation of a credible global statistical system.

1. Power of intention

In reflecting upon the 60th anniversary of the Statistics Commission, one cannot stop being enquisitive about the reasons for an International Statistics Commission convened by the League of Nations in 1920, just shortly after the League of Nations was founded in June of 1919. It is also too much of a coincidence to observe that shortly after the United Nations replaced its predecessor, the League of Nations in 1946, a year later it establish the United Nations Statistics Commission, the 60th anniversary of which we are commemorating today. The declaration of the MDGs and the call for both statistical capacity building by the UNSC as well as the demand by nations for the

restructuring of the United Nations are less likely to be coincidences or accidents. Let us remind ourselves about the mandate of the League of Nations.

Their mandate was established in the post World War One period mainly to deal with global conflicts before they erupt into open war, to promote diplomacy, foster peace and improve global welfare. The question is why of all constituencies was a grouping as obscure as statisticians got convened. According to Ian Hacking, it is my understanding that statistics and statisticians, quiet as they may be, dramatically impact on the way the world reasons, the way it experiments and forms opinions. So statisticians are an essential constituency to our understanding of higher order notions such as welfare, equity and world peace. And reading from Herbert Simon in the sciences of the artificial "Solving a problem simply means representing it so as to make the solution transparent" suggests to a large extent that as the world seeks transparency statisticians become an essential cog in the wheel. I think behind all these developments are deliberate intentions aimed at some goal of which statistics is an integral part.

2. Understanding the anatomy of power in nations

To understand the position of statisticians in society we need first to understand the anatomy of power in nations. Nations consist of political leadership, business, labour and citizens. Citizens are mobilised politically on a set of principles, objectives, promises, political programmes, implementation designs and time frames to task political leadership to deliver on these issues. The function of politics, business and labour is to provide a working formula for delivery.

2.1 Role of business

The power relation in this equation is that business has as its objective to make profit or generate returns to entrepreneurs as we know from micro-economics 101. So business will choose certain specific set of activities which they exchange for money or profit. These would be goods and services, such as they are constituted in the International Standard Industrial Classification (ISIC) as we statisticians have classified and know them. Indeed if money were to be made without productive inputs and result, such as in gambling, business has shown that they would readily indulge in such adventure and they do. Profit is an end in business and provision of any service that gives a prospect to this end is the means by which business meets this end.

2.2 Role of government

Government has as its objective the provision of services. It is government business to secure peace and security for citizens, provide health, education, water and sanitation amongst the most basic of services. And to achieve this, governments deploy profit from business in the form of taxation. So for

governemnt the end is provision of services and profit and or money become the means by which this end is achieved.

2.3 Role of labour

Labour become the means by which these services are rendered in exchange for wages and salaries. So government and business converge on deploying labour for delivering services. Ideally the public who vote give government the mandate to negotiate the best way in which this delivery should take place amongst business, labour and politics. In South Africa this forum is called NEDLAC.

2.4 Role of statistics

What is the role of the quiet statisticians in this anatomy of power. Theirs is to quietly record the transactions that occur in this anatomy, aggregate them, analyse them, and present them in volumes that identify contributors, beneficiaries and the extent of contributions, benefits and or losses. In short the statistics lay bare causal relationships and consequential results. "Solving a problem simply means representing it so as to make the solution transparent." Why was the League of nations formed?

3. Causes of World War I and World War II

Historians attribute the causes of the two World Wars to the crisis of capitalist accumulation and imperialism with its inherent expansionist tendencies to capture markets. The world has sought to mitigate the basis of this aggression by nations to one another by creating first the League of Nations in 1919 which was transformed to the United Nations in 1946. Tensions in the world on material well being of nations and the world continue.

3.1 World War I

On 28 June 1914 the Archduke of Austria and heir to the Austro-Hungarian throne, Franz Ferdinand, was assassinated in Sarajevo. Though World War I was triggered by the chain of events this assassination unleashed, the war's origins lie deeper, involving national politics, cultures, economics, and a complex web of alliances and counterbalances that developed between the various European powers over the course of the nineteenth century, following the final defeat of Napoleon Bonaparte in 1815 and the ensuing Congress of Vienna as well as the Scramble for Africa in 1885 and the subsequent Treaty of Versailles in 1919.

The reasons for the outbreak of World War I are a complicated issue; there are many factors which are intertwined. Some examples of these are notions of fervent and uncompromising nationalism, unresolved previous disputes, the intricate system of alliances, convoluted and fragmented governance, delays and misunderstandings in diplomatic communications, the arms race of the previous

decades as well as the rigidity in military planning. The need for a more civilised world was apparent after counting the costs of war. So the League of Nations was formed.

3.2 World War II

World War II may be one of the most complicated conflicts in history and it is therefore difficult to explain its origin. Never have so many nations gone to war in so many different ways and by so many different means. Regardless, there are a few basic causes of the war which are recognized by most authorities. Many people see the Second World War as a continuation of the first, so many of the causes of World War I are applicable to World War II. Some of them being:

Treaty of Versailles: In Europe, the Treaty can be said to be the single most important, indirect cause of the war. It placed the blame, or "war guilt" of World War I solely upon Germany and its allies. Secondly, harsh reparations imposed by the Treaty hampered the German economy from progressing by causing rapid hyperinflation. The Weimar Republic printed trillions of currency to help pay off its interior debts, mainly war bonds, thus deliberately annihilating the savings of the middle class.

Territorial Issues: All the nations that started World War II were left wanting for territory in some way by World War I. For instance Germany lost territory after the war. Notably the Polish Corridor, the Memel Territory, the Sudetenland, the Province of Posen and the most economically valuable eastern portion of Upper Silesia.

Nationalism: Perhaps the greatest underlying factor causing the war, narrow nationalism was the primary reason for German, Italian and Japanese aggression. Fascism in these countries was built largely upon nationalism and the search for a cohesive "nation state." Hitler and his Nazi party used nationalism to great effect in Germany, already in this nation fervent nationalism was prevalent. In Italy, the idea of restoring the Roman Empire was attractive to many Italians. In Japan, nationalism, in the sense of "duty and honour" to the emperor, had been widespread for centuries.

Militarism: A highly militaristic and aggressive attitude prevailed among the leaders of Germany, Japan and the Soviet Union. Compounding this fact was the traditional militant attitude of the first two. For example, Japan and the United States were deeply suspicious of each other in the early to mid twentieth century, especially after the end of World War I, in which both fought on the same side. Japan feared US power in the region and the US did not trust Japan. The two were often heated competitors economically in the region, with incremental advances by one side seeming as a serious challenge to the other. The atomic bomb in Hiroshima and Nagasaki may explain the deep seated aggression between these two nations.

The League of Nations had collapsed and the need for a new formation that would organise world order had to be established as a matter of urgency. The United Nations was borne and with it was the United Nations Statistics Commission.

4. What did the International Statistical Commission and the United Nations Statistics Commission achieve

The league of Nations planted the necessary seeds for the valued contribution of statistics in world order and politics. An international convention relating to economic statistics was signed in 1928 and this was followed by eight meetings of experts between 1931 and 1939. Trewin's paper outlines in great detail, the major contribution of Keynesian economics in the development of statistics, especially those that related to macro-economic models and the development of the system of national accounts. We also know up until very recently, these accounts were less transparent as related to matters of national expenditure on defense. Only in recent times under pressure for transparent budgets are defense expenditures reflected in the GDP or GNP accounts. This was a major breakthrough brought about the quiet statisticians to politics. Importantly also were the gems planted by Mahalanobis and others who set the agenda in 1946 for the birth of the UNSC. They laid the foundation for the Fundamental Principles for Official statistics which were later adopted in 1994 almost 48 years later.

4.1 Price targeting

In September 1931, Sweden became the first country to make the stabilization of the domestic price level the official goal of its monetary policy, actually the only country that so far has adopted such an explicit price level target. When Sweden left the gold standard in the fall of 1931, the government, under the influence of the economics profession, introduced a monetary program of stabilization of the domestic price level. The price stability target adopted by the Riksbank in 1931-32 was a price level target, in contrast to the inflation targets adopted by several central banks in the 1990s. With a price level target the longer-term variance of the price level, and hence uncertainty, are smaller.

4.2 Inflation targeting

One of the forerunners of inflation targeting was the use of anchors for monetary policy which included money supply and credit growth. During the 1990s price stability was pursued directly. The gradual consensus that emerged is that *low, stable inflation is important for market-driven growth, and that monetary policy is the most direct determinant of inflation.* The framework ultimately acts as an anchor for monetary policy and guides the expectations of the financial markets and the public. New Zealand was the pioneer and became the first country to

adopt the inflation targeting framework for monetary policy in 1990. Chile followed New Zealand in 1991, becoming the next country to adopt inflation targeting as a framework for monetary policy. Developed economies such as Canada (1991), the United Kingdom (1992) and Sweden (1993) followed. Developing countries have also followed: Israel (1991), Mexico (1994), Brazil (1999) and Thailand (2000). Transition economies did not waste time as well, that is, Czech Republic (1997) and Poland (1999). Following this global move, South Africa adopted inflation targeting as an anchor for monetary policy in the year 2000.

4.3 Progress on the fundamental principles

The advent of democracy has laid conditions for the implementation of the fundamental principles and secondly the handbook on the organisation of statistics offices has served as a useful document complementing implementation in the new environment. The fundamental principles have assisted in the crafting of legislation for the execution of statistical work and defining how offices can be organised. In fact these principles have created the necessary space for growing the notion of national statistical systems. We have seen in newer country legislations, a very strong emphasis on the implementation of the national statistical systems.

The availability of technology as a management tool for collection, compilation, dissemination, access, storage, definition of terms, and management of standards and metadata has enabled the statisticians to implement fundamental principles with greater ease and clarity.

4.4 Progress on millennium development goals

In 2003 Ivan Fellegi raised serious misgivings and concern directed at his Minister on the ability of countries to deliver on measurement and fervently asked for an understanding and intervention on this matter. The concerns were captured and discussed at the UNSC of 2005 and 2006 in the report of the Secretary General. One critical feature is the manner in which statistics are organised at the level of multilateral bodies and the United Nations itself. The restructuring of the United Nations would go a long way in addressing this matter and the UNSC should take the lead in addressing the global system of statistics and the requisite arrangements. At the 2006 Commission, a resolution on statistical capacity building was explicitly taken in relation to the demands of the MDGs. The resuscitation of the regional commissions is yet another critical advance. The Economic Commission for Africa made a deplorable showing in 2005, in particular on the 2010 Round of Censuses, subsequently this situation has been reversed and the Commission has witnessed how these matters are being firmly addressed.

4.5 The 1998 crisis

The drive for more transparent reporting followed the Asian crisis of 1998 and the contagion it thrusts on the so called emerging markets. The international statistics system adopted the IMF Special Data Dissemination Standards (SDDS) and General Data Dissemination Standards (GDDS) under the Data Quality Assessment Framework (DQAF). Whilst the SDDS club still has only 69 of the 192 countries of the world, it is evident that those on the GDDS are increasing and ascendency into the SDDS will soon be achieved.

4.6 The International Comparisons Programme

What would be statistics without comparisons or establishing differences and similarities by theme and by geometry. The International Comparisons Programme (ICP) is one of the most ambitious programmes to attempt understanding of diverse human endeavour. Difficult and full of challenges as it might have, we have seen all the regions of the world in 2006 for the first time bringing results that can be discussed on the table. Based on these results we can review, critique, challenge and strengthen the human development index (HDI) in whatever form it takes in the future.

5. New challenges

Areas of social concern are varied and not so predictable, and all of them require one or the other form of relating to them. In the main therefore there is need to always ask the question what are these concerns, what prompts them and are there any solutions to them. We therefore need to measure them. Are statisticians up to the task? Can we measure governance, democracy and happiness? These issues are very close to politics. Is the democracy as we know and practice it today give voice to the citizens of countries and of the world? Who votes and what percentage of the eligible electorate actually vote? What about civil unrest coexisting with democracy? Are there new forms and channels of representation in the making as well as public concerns? What is the role of statistics and information in an information society? Are we seeking new forms of human solidarity? Do our tools lend themselves to these kinds of new requirements?

These may be the new challenges that will face official statisticians and are we ready.

6. Conclusion

The United Nations Statistical Commission in 1947 was an adaptation to a crisis emanating from the International Statistical Commission of 1920. This was borne out of a crisis in the world politics. To the extent that there are interesting issues to deal with in politics, the field of statistics will always be engaged. Quite clearly,

the International Statistical Commission and its successor the United Nations Statistical Commission have made tremendous contributions in shaping the world of statistical systems. At the level of organisation, they have contributed in raising the questions and eliciting discourse. At the level of content there is greater scope for professionalism and scientific discovery as other thematic interests and parts of the world bring measurement idiosyncracies to the table.

Perhaps the most profound question to ask would be had there been absence of this institution would we have felt the void? It is asking the question can we do without the electronic world of networks?