

# Friends of the Chair Group on the Future System of Economic Statistics: OECD Observations

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Constant review of the statistical system is important...

Digitalisation, globalisation, inequalities in income, wealth and quality of life, slowing productivity growth, stagnant wages, and environmental sustainability have been front and centre of the policy debate over at least the last decade. Not surprisingly, they have also dominated discussions around statistical information systems.

Often, especially concerning issues such as digitalisation, globalisation, and productivity growth, the spotlight has been not only on the adequacy of current statistics to respond to the policy debate but also their reliability, and, indeed, whether current methods are fit for purpose and able to capture a quickly changing economic reality. Writ-large is also the broader issue of complementing our established measures of economic activity such as GDP and income with other indicators of well-being and quality of life to better capture individual and societal progress.

Given these growing pressures, and their concomitant impacts on already stretched resources at the national and international level, a fresh look at our collective (international and national) current systems in terms of relevance, governance mechanisms and impact on users and producers of our statistics is timely.

...but what exactly are we looking at?

It is however equally important that as part of any review, we do not inadvertently throw the baby out with the bathwater, by jettisoning those parts of our systems that have, and continue to serve us well, together with those that require change. **In this respect, it is important that at the start of our discussions, our focus should gravitate around where we are today, and where the problems currently are in the system.**

A question to begin with is which parts of the statistical system should be in scope of the FOCG's mandate, namely governance of *Economic Statistics*: the notion of Economic Statistics being somewhat elusive and how the discussion of the FOCG evolves will depend on how broad the net is cast. The suggestion here is to include the core macro-economic domains, such as national accounts, BoP, trade, prices or business statistics. Also in scope should be those areas that are closely related to the above, and that are specifically designed to help addressing environmental and social issues, such as the SEEA.

An area of note is labour statistics, which would appear to be a natural part of Economic Statistics and where there may be a need of creating stronger links between bodies working on employment statistics (such as the ILO) and the National Accounts and Business Statistics Community, for example to explore the scope for greater coherence in estimates of labour statistics used across different areas and to proceed in tandem when it comes to statistical dimensions of the future of work, i.e. the types of jobs, skills, contracts, or occupations affected by the digital transformation and globalisation.

**The starting point is thus defining the scope of governance of Economic Statistics.** Once there is agreement on this delineation, a task for the FOCG should be to analyse **which parts have served us well so far, which ones need improvement and which ones may be broken and need fixing.**

## Current governance has actually delivered a good deal...

Over the last twenty years, the current governance arrangements in Economic Statistics have provided us with coherent updates to a suite of different accounting standards in the area of macro-economic statistics (SNA/BPM/GFS/MSITS etc.). They have also served us well with effective mechanisms for the delivery of significant extensions (e.g. SEEA), and new statistical activities, e.g. manuals on productivity and capital measurement, Trade in Value Added, introducing distributional measures into national accounts; monitoring financial risks and vulnerabilities (G20 Data Gaps Initiative); Extended Supply Use Tables (ESUTS); Digital Supply-Use Tables, R&D and many more. In the prices area, a series of international manuals have been developed and are updated where needed. All of these initiatives took place within the current governance mechanisms.

Various key bodies at the international level have helped to ensure that these developments have moved in sync: ISWGNA/AEG, BOPCOM, TFITS, UNCEEA in particular, supplemented by many additional bodies created under the auspices of these groups or with structures that recognise that these are the main bodies that recommendations should be channelled back to. In addition, there is a variety of regular meetings, notably within the OECD and Eurostat – on National Accounts, Trade, FDI, TEC, SUTs and ESUTs, etc. –, with each reporting back findings and conclusions to the bodies responsible for implementing changes to international standards.

It would be unreasonable to judge the governance of Economic Statistics against an ambition to deliver full-fledged answers to societal debates about digitalisation, globalisation, sustainability or well-being. By their very nature, Economic Statistics and hence their governance, can provide inputs to relevant information systems (for example by populating the SEEA) but not the answers themselves that cut across a myriad of statistical domains and require specific conceptual frameworks – well-being indicators, and even more so indicators of SDG targets are telling examples.

Indeed, since the impulse given by the Stiglitz-Sen-Fitoussi report over a decade ago many statistical activities have been put in place nationally and internationally to respond to the broader societal questions, and this was accomplished quite naturally outside the governance of Economic Statistics.

We thus conclude that, **from an OECD perspective, the current arrangements in Economic Statistics have generally fulfilled their role of developing and updating international statistical standards. The existing governance has also supported developing responses to some of the new demands** around digitalisation, globalisation, sustainability, or well-being. Issues have mainly arisen around **implementation of standards** at the national level, especially outside the OECD area where NSIs are often resource-strapped.

...but there are many groups, there is danger of duplication and inconsistent outcomes...

Seen from this perspective, the governance system may not be as broken as it often appears to be. At the same time the rationale for setting up new bodies and the co-operation between bodies more generally is not always as transparent as it should be and the sheer number of groups puts a tax on national agencies in particular. If, in addition, similar groups at different geographical levels push in different directions, this heightens the impression that international agencies in particular are not well coordinated.

**A stock-taking of the various international groups (task forces, committees, etc.), how they work together, whether they duplicate activities, what their mandates are and what their reporting mechanisms are should certainly form a key goal of the discussion of the FOCG.**

...and some streamlining should be considered based on agreed principles...

The above could lead to an eventual streamlining of bodies or their mandates, or at the very least greater clarity in reporting mechanisms. **Such streamlining is best approached by first defining a set of principles or objectives against which governance arrangements can be judged.** For instance, from an OECD perspective,

- ***inconsistent overlap of activities at different geographical levels should be avoided.*** This does not imply that the same area cannot be dealt with at different geographical levels but efforts need to be deployed to align work in a consistent way. Cases in point are national accounts, foreign trade and prices, where the ISWGNA, supported by the AEG, BOPCOM, and the IWGPS are the main bodies sitting on top of a pyramid and these bodies coordinate developments. At the level of the OECD and Eurostat there are also bodies dealing with national accounts, each with their specific focus and rules, but closely coordinated so that work feeds into the broader international bodies. Indeed, work at the OECD and Eurostat often take an experimental character or proofs of concept before uptake at the UN level and help to demonstrate feasibility and best practice;
- ***the scope and mandate of existing governance bodies should be regularly reviewed*** to ensure some form of in-built responsiveness to evolving user needs while ensuring that the current systems are responding to growing concerns in a coherent fashion. As an example, the remit and membership of the ISWGNA has been largely unchanged for many years and there might be a case of considering a broader ISWG for (well-defined) Economic Statistics;
- international bodies and their governance structures should ***align conceptual work with data collection activities, common recommendations on data sources*** and the governance of international data sharing. Again, national accounts set a useful example here where international organisations have made important strides towards making **once-only reporting** for countries a reality.

...finally, getting the scope of the FOCG right

In parallel with these discussions, there is a question whether the FOCG should also be looking at types of information systems, production processes, skills, etc. Whilst all of these activities are important, we are of the view that this creates a work programme that may not be manageable within the timeframe of the FOC. Other bodies such as the HLG for Modernisation of Official Statistics should instead be leveraged on here. **Indeed, we need to be careful that through the creation of the FOCG we do not inadvertently begin to exacerbate some of the problems it sets out to solve.**