

Keynote speech 1

Dr. Kei Takeuchi, Chairman of the Statistics Commission: Good morning, ladies and gentlemen. It is my honor to be the first speaker of this important session, and the honor given unfortunately by the fact that the minister could not attend here in the morning.

I would like to talk something about statistical reform in Japan, and I would like to concentrate on the Statistics Act of Japan, which was completely revised in May 2007. And also about the Statistics Commission, which started under the new law, and of which I have the honor to be the first chairman. The revision was almost after sixty years, the previous version of the act was promulgated, and actually it was a very complete revision; we can say it is almost a new law. I hope that it was a major step forward in the reform of process of Japanese official statistics, actually implementing many proposals of reform which have been widely discussed for some years. The former act was promulgated in 1947 and provided the basic framework for the system of government statistics, which was thoroughly reformed after its collapse during the war and defeat. Most of the present important government statistics were started before 1970, and have continued until now with some but not necessarily much revision.

Actually, before the war, official statistics of Japan had been developed to some extent, not much below the international level of that time, which was not so developed compared to the present age. But except for the population censuses and a few others, most statistics then were collected through administration systems and based on records of ministries. During the war time, such statistical figures became state secrets, and the publication stopped. But then reliable information became more and more difficult to obtain, even for the government itself. The statistical system deteriorated, and finally almost collapsed. The government itself did not have exact, reliable figures, even on such basic statistics as population, food production, equipment for industrial production and so on. So, after the destruction and confusion caused by the war and defeat, no one knows the exact situation or how low and bad the situation had become. And also, even existing statistical figures were often distorted, sometimes by the government sectors themselves and sometimes by private sectors. Then it was recognized that it was necessary to establish a system for statistic information collection independent of political or administrative or other influences or interventions, in order that it be free from distortion. So, statistics based on surveys conducted by scientific and objective methods were much emphasized, and actually in the old Statistics Act, the concept of "designated statistics was introduced," which were considered to be the most important of all statistics. But those designated statistics always meant actually designated statistics surveys. The concepts of statistics and statistics surveys were not quite distinguished, that these most important statistics were assumed to be the product of statistical surveys especially designed for that purpose.

And also, after the war, many new statistics surveys and statistics based on them were introduced and also methods of random sampling, which were developed in the 1930s and 1940s in Europe and America, were introduced to Japan, and widely applied in practice. Thus the basic framework of Japanese official statistics after the war were formed. However, after rapid growth of the economy and maturity of economy and society, the Japanese socio-economic condition changed completely, and with it the role of government in the economy. Accordingly, what was required of official statistics was also changed. On the one hand, data for direct economic intervention control were needed less than before, as deregulation and privatization of economy pushed forward. But on the other hand, more refined and precise information based on more comprehensive and accurate statistical data was now required for policies of indirect economic stimulation and coordination by the government, as well as for decision making in the private sectors in today's complex economy. An elaborate system of national accounting had been developed gradually, so to speak, for a long time. Actually, immediately after the war there was only a very simple, primitive system of national incomes, but a complicated system was introduced and then actually put into use in order to guide economic policies of the Japanese government and also to give basic information about the economic situations also to private sectors.

It was now recognized that the previous statistical system did not necessarily fit the changing socio-economic situations, nor was it equipped with the means to meet the new demands placed on it. For instance, it was observed that in the system of Japanese official statistics, the primary and secondary industrial sectors were much more heavily represented compared to the tertiary sector; despite the fact that the latter's relative importance in the economy much outweighed that of the former, which was a legacy of the post-war situation, because then increasing production of primary and secondary, that is food growth and other necessities, were most important, and so the figures for that are also very much required.

Some conditions unfavorable for conducting statistical surveys have also developed. Increasing privacy consciousness, diversifying lifestyles and social activities have made it more difficult to obtain responses to surveys. With limited resources made available to statistics surveys, it has become more difficult to extend or expand existing statistical surveys or introduce new ones. This has led to the recognition that rather than relying solely on statistical surveys in compiling statistics, existing administrative records and registers must be more widely and efficiently utilized. And development of information technology also made it possible to make use of a wide variety of data stored in various parts of the government.

The Japanese statistics system is decentralized. In addition to the Statistical Bureau in the Ministry of General Affairs, several other ministries also have their own statistical sections. The problem with the decentralized system was the lack of comprehensiveness of the statistical system as a whole, while

overlaps and inconsistencies could not be weeded out. There existed organs for coordination, such as Statistical Standards Bureau and statistics council, but their powers were not necessarily sufficient for the task. So, the establishment of a stronger agency for the coordination and comprehensive planning of official statistics was called for. After many discussions, proposals were made by various parties, then the new Statistics Act was introduced, as I mentioned.

The most important points in the new Statistics Act are: (1) official statistics should give the citizens critical information in their decision making, and it is the obligation of the government to produce comprehensive, reliable, and relevant statistics as a part of the public service of the government, not merely for the policy implementation of the government. To that effect, four basic principles are stated: (A) official statistics shall be developed through cooperation of administrative agencies, etc. (B) official statistics shall be produced by appropriate and rational methods in order to ensure neutrality and reliability. (C) official statistics shall be provided widely for the citizens and be easily available for effective use. (D) confidentiality of the information concerning the individuals or juridical persons or other organization obtained in the production of official statistics must be protected.

(2) formerly, the Statistics Act was mainly concerned with statistical surveys and statistics produced from surveys, as I mentioned. But now, the name of the category of important ones had changed from designated statistics to fundamental statistics. The concept of fundamental statistics is clearly distinguished from fundamental statistics surveys, which gives basic data for fundamental statistics. The former includes not only those produced from surveys but also those from administrative records and registers, and also figures calculated from the primary data and various other sources such as the national accounting. Accordingly, it is also stipulated that administrative records held by the government organs may be used for statistical purposes if necessary.

(3) utilization of primary information in the statistical surveys for other purposes than compiling statistical tables is promoted. The so-called order-made statistical tabulation and provision of anonymous data are also mentioned.

(4) the government shall determine a basic plan for official statistics in order to promote comprehensive measures for the development of official statistics, which shall be revised approximately every five years. The basic plan affords comprehensive and unified policies for official statistics to coordinate all statistical agencies and other organs within the decentralized system.

In order to discuss the matters related to official statistics, the Statistics Commission was established. It has wider responsibility than the previous Statistics Council, and it is expected to play the role of

“control tower” for official statistics. The Commission started on 1 October 2007, and has just begun its activities.

The new act is still keeping the basic features of the decentralized system of statistics. Also, it emphasizes the importance of coordination and cooperation of all statistical organs, not only statistical organs but also other government sectors to produce statistics and also to provide that public with statistical information.

As the Chairman of the Statistics Commission, I would like to outline our intended activities for the coming few years. The Commission only started quite recently, and it is now necessary to decide exactly and precisely what we are going to do. Still, we are not quite decided yet. The most important task is the drafting of the first basic plan. For that, we have to designate fundamental statistics and fundamental statistical surveys from all official statistics and statistical surveys. As I already said, the two concepts are separated unlike the case of designated statistics and statistics surveys. So, how to systematize, formulate and decide those things is an important question. It is necessary to evaluate the relative importance and relevance of various statistics and surveys. And for that we must have some kind of scheme for a system of statistics in order to locate various statistics and surveys in the map of statistics. The system of national accounting can be used as a reference framework for economic statistics, but we also need some other framework for social demographic statistics and possibly even for natural or environmental statistics. That kind of discussion would be important. We must also propose various recommendations on how such statistics could be produced efficiently and be made reliable and useful.

Also, we have to consider measures to help the producers of statistics to be more efficient and make use of all available information which exists within the system of the government. Standards or guidelines for the utilization of administrative records and registers for provision of statistical information sources and for secondary uses of anonymous data, etc. must be formulated. Frankly, I would make this point that Japan was not to a small extent, behind other countries. So we have to correct the situation to as much as possible.

Recently, privatization of statistical activities has been discussed, and it has been decided to contract some parts of statistical surveys to private companies. But I think it is necessary to determine basic rules for such procedures in order to guarantee the quality of the job and also quality and reliability of the output.

In order for official statistics to be valuable, they must satisfy separate and sometimes contradictory criteria. That is the continuity or stability and adaptability or flexibility. Sometimes, statisticians

emphasize too much continuity or stability, and sometimes outsiders make requirements on statistics about adaptability or flexibility. Not rarely, the two criteria collide. Definitions of statistical concepts and methodologies for data collection must be defined as clearly as possible, and must remain fixed for long, so that long-term time series data can be obtained and also inter-period comparisons be possible. And also, such standards must be uniform internationally, so that international comparison can become feasible. On the other hand, in order to have relevance and usefulness, statistics must change in accord with changes in the economy and society, changes of social tasks for the government and for other groups, and also in policy objectives. Then, statistics must change. It must be necessary to attain proper balance between these two criteria, under the constraints of available resources, i.e. the budget and personnel.

To give really useful statistical information is not necessarily a quite easy task and requires much ingenuity. And it is also important to have deeper understanding and discussions between statistical agencies and policy planning and implementing government sections, and other private organs and also the academic world and so on must be more stimulated. It is one of the Statistics Commission's jobs to provide the platform for such discourses. Also, it is necessary to promote research on the problem of official statistics. There are many problems, theoretical problems and conceptual problems, and purely technical problems, sometimes related with the theories and concepts of economics and sociology and so on. So, it is necessary to promote research on the problems of official statistics and also to apply the results widely in practice. And then for that purpose, it is also important for the Commission to stimulate cooperation between official statistical organs and academics.

Academic people are not necessarily always interested in practical aspects of official statistics, even though sometimes they may make requirements for statistical data, but I think it is necessarily for them to get involved more in the process of statistic production, in order to improve mutual understanding between official statisticians and academics. Anyway, the Statistics Commission started the job only quite recently. We are still very much in the dark, and we need much cooperation from various sectors, including statistical agencies, but also other sectors of the government, and also advice and opinions from the public and from the international community of statisticians.

So, I hope that the development of statistics in Japan will become most fruitful, but I frankly say it still depends very much on the future. Thank you very much.