

# Counting with Confidence?

## A critique

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The perceived general deterioration of official statistics, charges of political manipulation and the loss of integrity of the statistical profession over the last decade has provoked numerous debates across Britain on a rising tide of concern. The seriousness of the charges was brought sharply into focus by the calling of a special meeting jointly organized by the Royal Statistical Society (RSS) and the Institute of Statisticians (IOS) addressed by Jack Hibbert, Director of the CSO. Following this meeting, the RSS set up a working party to produce a report to assess these claims. The report, *Official statistics: counting with confidence*, was published on July 25th.

### 1. The aims of the report

It is necessary to note at the outset that the report makes no attempt to answer the questions it claimed to be addressing. Is it possible to count with confidence? If not, does this mean that there has been a decline in coverage and quality? Has the wrong sort of information been collected? Have less adequate concepts and methodologies been employed (and if so why)? Has there been a serious decline of integrity and/or an increase in political manipulation? And how serious has this been in terms of dislocating policy from reality? These are the questions which capture a growing crisis of confidence in official statistics.

Rather, the report considers the 'criteria and mechanisms for monitoring the integrity and adequacy of, and public confidence in, official statistics'. Indeed, the report seems to see the lack of public confidence in statistics as the problem, not the reasons for it. Where the state of statistics does need to be discussed, the commentary is a mixture of muted criticism, sidestepping issues or hypothetical outlines of how abuses might possibly occur. The only exploit statement made concerns its unquestioning belief in the integrity of the service (which is so self-evident that it does not warrant a discussion), and since there is no lack of integrity the problem must lie in the organizational structure although whether the two can be separated with such ease is carefully avoided.

Therefore, the focus of the report is on organizational and policy deficiencies subject to the decentralized statistical system and the failings of the statistical product and methodological research are re-interpreted to be primarily located here. This does, however, beg the question why there has been such a sharp deterioration in official statistics perceived by virtually everyone. Had not same structure functioned much better earlier? The report does give an answer - although it is hidden away in an appendix - which seriously undermines later discussion. For the Rayner reforms of 1979-81 meant 'cutting costs (and) did not assess the consequential reduction of coverage and quality'. Indeed the figures supplied show a severe decline in the workforce of the GSS to 47% of its level since the start of the decade which varies from 60% in the DTI to Inland Revenue and Employment where merely one-quarter and one-fifth of the workforce remain. Any industry would see a wholesale decline as a consequence of disinvestment on this scale.

This explanation is significant by its absence from the report; this is reserved for the form of the decentralized statistical system which remained intact throughout the whole period. There is also a secondary factor which is also missing - the change of Government policy towards the GSS part of which has been noticed by the report although it too has been ascribed to the decentralized system. This combined with the Rayner cutbacks and steered the production of statistics in the 'right' direction. Indeed, the RSS emphasis on the organizational structure in itself would appear to be a red herring which no doubt creates a necessary diversion from discussing awkward issues. However, as the next section makes clear this is not just necessary, but is becoming inevitable as the damage feeds through into the economy.

### 2. The demise of official statistics

The RSS report correctly rejects the Rayner doctrine, while it avoids a discussion of its implications. Indeed, the Rayner reforms aimed to cut costs and curtail GSS activities to the 'requirements of government'. It is clear that this has resulted in a general decline in the quality and coverage in statistical output. But as the leaked Benjamin report has pointed out the 'requirements of government' has meant in practice a selective emphasis determined by government fiat which

'seemed to be designed to reduce knowledge of social conditions and needs and, therefore, to reduce also the chances of government policies being criticised'.

Thus unemployment declined, poverty disappeared and expenditure on the Health Service surged ahead irrespective of realities.

There is another side to this in the area of economic statistics which is not so easily hidden. The Commons Treasury and Civil Service committee in April argued that 'the state of statistics is creating major problems for the Government'. Information provided in banking, finance and insurance are poor indeed and the recent incorporation of the Business Statistics Office into the CSO meant a reduction of 200 to 40 industrial sectors being reported, adversely affecting national accounts and virtually all macroeconomic aggregates. For instance, a particularly serious problem for the Government is the divergence of inflation outturns from forecasts: since 1986 the latter have had no bearing on reality in terms of level or trend, and a forecast for a turning point was about a year out. The Rayner reforms have proved not merely a false economy, but its fruits are now sinking in as a large-scale threat now hangs over the Government's economic strategy and one of its own making.

### 3. The delusion of integrity

'The chancellor would never agree to that', I remember being told as a naive young statistician. The task was to address serious issues as given, not to pose awkward questions or to 'rock the boat'. One soon has a good idea of how to play the game. In this context, policy divisions are dependent on their statisticians to do their work for them and work with them, not against them. The problem is not that statisticians do not have ultimate control over their product, but the product itself which is produced according to specific policy directives. This tends to give the delusion of integrity, irrespective of the content of the directives. Yet even if one accepts this 'integrity' however far it is from any meaningful sense of the term, there are plenty of examples which the RSS could have drawn on of blatant abuses of integrity if they had wished. Earlier in the year figures were released which showed that the poor had become richer during 1981-5, but had to be withdrawn following an investigation by the Institute of Fiscal Studies. This was one of many. As the RSS report argues (hypothetically, of course) policy divisions are able to delay or suppress publications routinely when 'wrong' conclusions are reached, or make them widely available when conclusions are favourable. However, it is rather less credible to see the statistical sections as having no role here even if they are not formally involved.

### 4. Centralization?

A centralized statistical system under a Central Statistical Office backed by numerous monitoring bodies and legal obligations are presented as a set of recommendations by the report. In order to substantiate this 31 countries with centralized statistical systems from Albania to Yugoslavia are cited as having 'stronger frameworks'. Is this to be taken seriously? Albania with its 'stronger framework', for example, has the poorest statistical system in Europe. Indeed, there are numerous case studies here which would illustrate the serious problems of centralized statistical systems per se. Centralized or decentralized systems, unfortunately, are treated as though they operate outside a politico-economic system. The ideal presented on which many of these recommendations have been made is the Canadian statistical system. Yet the most significant absence from the Canadian system compared to the UK is the Rayner doctrine. This is the problem with the whole approach its terms of reference are fixed on abstract organizational forms rather than seeing these in the context of Rayner. Indeed, the recommendations may well say more about the need to guard public information from the abuses of the current political setup and the climate it has generated even if the report itself would strongly resist such a conclusion.

### 5. Conclusion

Issues of validity, political manipulation and integrity existed in the late 1970's. However, a new phase emerged as a consequence of the Rayner doctrine implemented by the first Thatcher Government. This was and is a political doctrine with specific policy imperatives to rationalise the GSS and mould its output to the requirements of the political hierarchy. Many of the issues surrounding the demise of official statistics follow from this. Of course, the issues of the extent of centralisation are of importance. However the whole function of the RSS report does have the effect of trapping all participants in a discussion of the relative merits of centralisation in itself, therefore shifting the terms of reference away from the serious decline in statistics that Government policies have created and to place this discussion in context. The report is a useful case in point of the complaints that many workers in statistics have had for some time of the meaning of 'integrity'. The report falls between the two stools of appeasing those who are concerned about the state of statistics, while accommodating itself to the GSS. Yet it has failed on both fronts. Its criticism has so little substance that the GSS has rejected it out of hand, while the statistical community might feel that the primary issues of concern have not been confronted to the extent that the GSS might see itself as vindicated.