

# Structural Reform of the Japanese Statistical System

- Necessity of Official Statistics  
as Public Goods and the Role of  
New Statistical Committee

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# Enforcement of New Statistics Act

**Statistics Act**, which has been established on 1947, was amended on May, 2007 after 60 years. In the new act, the official statistics are recognized not only as “statistics for government policy requirement” , but also as “a public goods as social infra-structure for public information”.

(Objectives)

Article 1. This law aims to prescribe the basic principle to execute and provide the official statistics, in order to make and inform them systematically and efficiently and contribute to the development and improvement of the human life of the public.

# Necessity of Reform

- 1) Official statistics of Japan are confronted with many new challenges:
  - i) Official Statistics should respond to the structural changes in the global economy instantaneously;
  - ii) to adapt to the changing environment for taking the censuses and surveys and encourage IT efficiently to make statistics;
  - iii) to meet the needs for more diversified and advanced uses of statistical information; and
  - iv) to overcome the resource constraints.
- 2) Recent Trends of the world:

Many other countries have made enormous efforts for developing and improving their official statistics by placing a strong emphasis on the important roles that official statistics play in society.
- 3) From the Government needs to the needs of the citizens and the private sector.
- 4) Reforming the decentralized statistical organization.

# Basic Viewpoints of the Reform

- 1) Official statistics should be characterized as “public goods.”
- 2) Official statistics should be developed as a more comprehensive system of data sets that cover not only survey statistics but also non-survey statistics such as SNA.
- 3) The functions of the headquarters should be strengthened in order to secure the means and the resources necessary to achieve the above goals on the basis of medium- and long-term viewpoints and overlooking the whole government statistical system.
- 4) The legal framework for official statistics should be completely reviewed.

# Recent Critiques to JSNA Statistics

- Critique 1: Economic trends with feeling in real market do not necessarily match to the official information in JSNA statistics.
- Critique 2: Official JSNA statistics do not realize the accurate facts as statistics recently.
- Critique 3: Since the statistical discrepancies between Quarterly Estimate (QE) and Annual Estimate are fairly large, policy maker and market related people can not rely on the information of GDP growth rate.

# Improvement of the National Accounts Statistics (JSNA)

- 1) Further efforts should be made to disclose the information on estimation methods of national accounts by collecting the user's need for statistics.
- 2) Closer communication and coordination should be established among the decentralized departments in charge of compiling the basic statistics.
- 3) Additional basic survey is needed in order to compensate the lack of accurate information for the changes of the economy: Service census, Capital and wealth survey including intangible assets, non-market activity statistics and so on.
- 4) The results of the researches on national accounts should be better reflected to the compilation of national accounts statistics, and more active contributions should be made to the international community in statistics from Japan .

# Discrepancy between QE and Annual Report

Current method of QE was revised on January, 2004.

1stQE: Every Quarter one month and 2 weeks later  
(5 days later after the publication “Household Consumer Survey”)

2ndQE: Every Quarter two months and 10 days later  
(5 days later after the publication “Financial Statement of Corporations by Industry” (FSCI))

When we try to estimate the 1<sup>st</sup> QE, the information from FSCI and Balance of Payment are not available.

- Discrepancy between QE and Annual Report comes from the availability of supply-side information like manufacturing census.

Discrepancy between 1<sup>st</sup> and 2<sup>nd</sup> QE, and QE and Annual Report come from the availability of sources.

# New Statistical System

## Strengthening the Headquarters and the Statistical Organization

- 1) With a view to fundamentally strengthening the powers and the functions of the headquarters of official statistics, “Statistical Committee” as a headquarter of the decentralized statistical organizations was established in Cabinet Office on October 1<sup>st</sup>,2007.
- 2) To meet the increasing demand for new field of statistics , possibilities of strengthening the field organizations should be considered by taking account of such measures as reallocating the human resources for existing statistical programs.
- 3) A new human resource development plan should be designed, and recruitment and the job rotation of the staff should be done more systematically.

# Basic Principles of Official Statistics

Official Statistics should provide accurate ,useful and efficient information to the public along with the following basic principles.

1. Independency
2. Transparency
3. Reliability
4. Timeliness
5. Comparability
6. Efficiency
7. Flexibility
8. Effectiveness
9. Accountability
10. Integrity

# Basic Architecture of Statistics

## Medium-term plan

To reinforce official statistics more systematically, a new scheme should be developed centering on the medium-term comprehensive plan for statistical development that will cover the whole range of official statistics. In preparing the medium-term plan, care will be taken to reflect the opinions of academic communities and statistical users. The details of the scheme will be designed officially by the statistical committee and authorized by Cabinet decision.

# Utilization of Administrative Records for Statistical Purposes

New rules to enable wider use of administrative records for compilation of statistics will be designed in the deliberation of the Statistics Committee. The statistical departments should be encouraged to utilize administrative records in the planning and production of statistics in consideration of improving data quality, timeliness, cost, and response burdens.



# Wider and More Advanced Use of Statistical Information

- 1) The process of designing a new framework for utilizing micro data and realizing made-to-order statistical products will be accelerated.
- 2) A more consistent environment for using official statistics will be created by reinforcing the unitary portal site of official statistics, and standardization and harmonization of the statistical terms and the contents used by IT will be promoted.

## Further Problems to be solved

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- 1) Development of professional human resource in government statistical department and collaboration among them.
- 2) Collaboration between academia and government officials .
- 3) International collaboration among statistical agencies.

# Theory and Observed Fact

“In contrast to most physical sciences, we study a system that is not only exceedingly complex but is also in a state of constant flux. ”

“In order to know what the shape of these structural relationships actually is at any given time, we have to keep them under continuous surveillance.”

-Wassily W. Leontief, “Theoretical Assumptions and nonobserved facts”, Presidential address at the 83th meeting of the American Economic Association, Detroit, December, 29, 1970.

# Thank you...

Finally I would like to refer again  
the message by Wassily W.Leontief.

“Without a constant inflow of new data the  
existing stock of factual information becomes  
obsolete very soon.”

Thank you for your attention.

Reforming the Japanese statistical system just stands at the  
starting point now. We have to make our effort continuously in  
the future.