Reimund Mink

Official Statistics—A Plaything of Politics?

On the Interaction of Politics, Official Statistics, and Ethical Principles

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For Annerose

Preface

This book not only describes official statistics as a tool to hold up a mirror to society, but also as an instrument for those who can manipulate this mirror. It addresses the precarious interaction of politics, official statistics, and ethical principles. Three sets of themes can be derived from this relationship, which are the focus of this book: political systems and guiding principles, official statistics as a science of the state, and ethical issues arising from them. Ultimately, the determining factor is the political system that exists in each case.

The book contains 12 chapters. The first three focus on the key concepts of the book: power and morality, official statistics and policy-making, and ethical principles for statistical work. Three further chapters focus on episodes that illustrate, as "drastic" examples, the misuse of official statistics over the past hundred years, covering the situation in the Soviet Union, the Third Reich, and Greece. The remaining six chapters deal with current topics that pose challenges for official statistics. Four of them refer to the phenomena paraphrased by digitalisation and a pandemic, globalisation, Ireland's miraculous economic growth, and happiness research. Chapter 11 describes the adverse effects of power-driven national policies for official statistics while Chap. 12 provides a worldview on statistics by comparing and analysing income and wealth inequality, overpopulation, and climate change.

The book is primarily aimed not only at economists and statisticians working in national and international statistical institutions, but also at readers interested in statistics, national accounts, economic and statistics history, and ethical issues.

Eschborn, Germany — Reimund Mink

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Finally, I would like to dedicate this book to all those colleagues and friends in national and international institutions who work tirelessly for the independence and integrity of official statistics.

Eschborn, Germany Reimund Mink
January 2022

Contents

Abbreviations

AI	Artificial intelligence
ARKS	Statistical Office of the Republic of Kazakhstan
ASA	American Statistical Association
BEA	U.S. Bureau of Economic Analysis
BPM5	*Balance of Payments Manual*, *5thEdition*
BPM6	*Balance of Payments Manual*, *6thEdition*
BStatG	Bundesstatistikgesetz (German Law on Statistics for Federal Purposes)
COVID-19	Corona virus disease-2019 (Corona pandemic)
CPI	Consumer Price Index
CSNA	Canadian System of National Accounts
CSO India	Central Statistics Office India
CSO Ireland	Central Statistics Office in Ireland
DAX	Germany Share Price Index
DDP	German Democratic Party
Destatis	Statistisches Bundesamt (Federal Statistical Office of Germany)
DFG	German Research Foundation
DQAF	IMF Data Quality Assessment Framework
EC	European Communities
ECB	European Central Bank
ECG	Electrocardiogram
EDP	Electronic data processing
EEA	Environmental economic accounts
EFSF	European Financial Stability Facility
Elstat	Ellinikí Statistikí Archí (Hellenic Statistical Authority) since July 2010
EMU	European Economic and Monetary Union
EPSAS	European accounting standards for the public sector
EQAF	European Quality Assurance Framework
ESM	European Stability Mechanism
ESGAB	European Statistical Governance Advisory Board

ESA 95	*European System of Accounts 1995*
ESA 2010	*European System of Accounts 2010*
ESCP	European Statistics Code of Practice
ESS	European Statistical System
ESSC	European Statistical System Committee
EU	European Union
Eurostat	Statistical Authority of the European Union
EU-SILC	European Union Statistics on Income and Living Conditions (Europe-wide survey of private households on their income and living conditions)
Eyse	Hellenic Statistical Office (up to June 2010)
FDI	Foreign Direct Investment
FENStatS	Association of European National Statistical Institutions
GAFAM	Google, Amazon, Facebook, Apple, and Microsoft
GDP	Gross Domestic Product (GDP)
GDPR	European General Data Protection Regulation
GDR	German Democratic Republic
GFSM 2014	*Government Finance Statistics Manual*
GNI	Gross national income
GNI*	Modified gross national income
GNP	Gross national product
Gosplan	Committee for Economic Planning in the Soviet Union
G-20	Group of the twenty most important industrialised and swelling countries
IAOS	International Association for Official Statistics
ICT	Information and communication technology
IMF	International Monetary Fund
IP	Intellectual property
ISI	International Statistical Institute
IT	Information technology
KfW	Kreditanstalt für Wiederaufbau (German state-owned bank)
KGB	Komitet Gosudarstvennoy Bezopasnosti (Committee for State Security in the Soviet Union)
KP	Communist Party
LCU	Large cases unit
MNEs	Multinational enterprises
NA	National accounts
NACE	Statistical Classification of Economic Activities in the European Community
NBS	National Bureau of Statistics of China
NKVD	People's Commissariat for Internal Affairs in the Soviet Union
NQAF	Generic National Quality Assurance Framework of the United Nations
NSDAP	National Socialist German Workers' Party
NSDP	National Summary Data Page

NSIs	National Statistical Institutes
NKVD	Narodnyj kommissariat vnutrennich del (People's Commissariat for Internal Affairs)
OECD	Organisation for Economic Co-operation and Development
OEEC	Organisation for European Economic Co-operation
p.a.	per annum
PASOK	Panhellenic Socialist Movement, Greek party
PC	Personal computer
PLCs	Public limited companies
QAF	Quality Assurance Framework
R&D	Research and development
RKI	Robert Koch Institute
RSFSR	Russian Soviet Federative Socialist Republic
RSS	Royal Statistical Society
SA	Sturmabteilung (paramilitary fighting organisation of the NSDAP)
SD	Security Service (intelligence service within the Schutzstaffel (SS))
SDGs	Sustainable Development Goals
SED	Sozialistische Einheitspartei Deutschlands
SPEs	Special Purpose Entities
SS	Schutzstaffel (paramilitary fighting organisation of the NSDAP)
STES	Short-term Economic Statistics
SDDS	Special Data Dissemination Standard
SDDS Plus	Special Data Dissemination Standard Plus
SDGs	United Nations Sustainable Development Goals
SEEA	System of Environmental-Economic Accounting
SFdS	French Statistical Society
SNA	*System of National Accounts*
1968 SNA	*System of National Accounts 1968*
1993 SNA	*System of National Accounts 1993*
2008 SNA	*System of National Accounts 2008*
2025 SNA	*(Forthcoming) System of National Accounts 2025*
UN	United Nations
UNECE	United Nations Commission in Europe
UNSD	United Nations Statistics Division
USSR	Union of Soviet Socialist Republics
VAT	Value-added tax
WDI	World Development Indicators
WEO	World Economic Outlook
WHO	World Health Organization
WID.world	World Wealth and Income Database
WTO	World Trade Organization
ZAGS	Local birth, marriage, and death registers in the Soviet Union
ZEW	Centre for European Economic Research

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Chapter 1
Introduction

The annoying saying,
you can prove anything with statistics,
is only valid for the inexperienced.
Elisabeth Noelle-Neumann.[1]

"Facts are stubborn, but statistics are flexible", *Mark Twain* once wrote. While politicians sometimes succumb to the temptation to gloss over economic policy developments based on statistical data, it should be the task of statistics to collect, process and publish data as objectively as possible—sometimes even against immense resistance and by paying a high price. Ultimately, it is about the interplay between a world of knowledge and a world of power, between description and decision, between a "there is" and a "we must". Statistical work, like all political action, should be based on ethical standards. This statement is certainly true in general except for times and places in which ethical norms are not observed.

Official statistics—a plaything of politics? The idea of writing a book about this arose for me from the tension between statistics and state power and the ethical norms underlying this relationship.[2] State power differs according to time and place. It is characterised by the specific design and the use of coercion and allocation, by the political determination of a complex system of goals and instruments of structural and financial policy. State power thus differs markedly from that in the private economy. Indeed, the structure of and procedures in government institutions diverge from those in the private sector in that coercion, rather than voluntarism, is the specific means appropriate to them.

Government power is found in autocratically organised states, in states under the auspices of the Enlightenment or in citizen states. Their common outgrowth is a canon of public expenditure that corresponds to the core of governance. These include the

[1] Noelle-Neumann (2004), p. 459. Elisabeth Noelle-Neumann (1916–2010) is considered the Founder of Democscopy in Germany.

[2] Statistics refers in this book predominantly to official statistics which is seen as an important pillar of statistics. Other pillars are academic (or university) statistics or applied statistics. See, for instance, Deutsche Statistische Gesellschaft or Österreichische Statistische Gesellschaft.

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traditional areas of public activities such as internal and external security, justice, financial administration, provision of social services, and official statistics.

The relationship between government action, official statistics, and ethical norms was and remains rather precarious. This leads to three thematic complexes, which are the focus of my considerations: political systems and models, official statistics as the science of the state,[3] which is closely related to them, and the ethical questions arising from them. Ultimately, the determining factor is the political system that exists in each case.

The book contains an introduction, 12 chapters and conclusions. The first three chapters focus on the keywords of the book: power and morality, statistics and governance, and ethical norms for statistical work. Three further chapters deal with episodes that illustrate the misuse of statistics over the last hundred years with "drastic" examples. The first half of the twentieth century was also an unfortunate period for statistics and its statisticians in the Soviet Union and the Third Reich. The chapters are entitled Censuses in the Soviet Union and Afterwards, and Population Statistics and the Final Solution. The story closest to us in time is the one in which Greece settles accounts with an honourable statistician. The following four chapters deal with current topics that pose challenges for statistics. These are the phenomena described by digitalisation and a pandemic, globalisation, Ireland's miraculous growth, and happiness research. Chapter 12 describes the adverse effects of power-driven national policies for official statistics while Chapter 13 provides a worldview on statistics by comparing and analysing income and wealth inequality, overpopulation and migration, and climate change.

1.1 Political Systems and Models

I will begin by discussing the different political systems observed in the past and the guiding principles derived from them. They differ essentially in that the competing political goals such as peace, freedom, justice, security, and prosperity are weighted differently; accordingly, the resulting compromises are regarded as the best possible solutions.[4] In my remarks, I will limit myself to a few examples from the history of European ideas and economy, beginning with the model of the "polis" and that of man as a "zoon politicon".[5]

This model is realised in an Italian city-state of the fourteenth century. The allegorical representation of "good and bad government" serves as the framework for this. We go back to the Renaissance, to the Tuscan city of Siena. Here, the most important virtues of good government and the vices of bad government are described in the masterful frescoes by *Ambrogio Lorenzetti* in the Palazzo Pubblico. The frescoes

[3] Etymologically, the term statistics is closely linked to that (of description and administration) of the state.

[4] Giersch (1961).

[5] Schmidt-Hofner (2016).

impressively show the consequences of government action for the common good of the population.

Later, the basic features of an economic policy system were developed that played a special role in the politics of the young national and territorial states of the sixteenth to eighteenth centuries, that of mercantilism. The primary goal of this system was to strengthen government power. Economic prosperity as a goal, in contrast, was in most countries only a means of strengthening state power in the context of an expansive and aggressive foreign policy.

Mercantilism was criticised by the physiocrats and the English and Scottish philosophers and social economists, who formulated the economic policy model of liberalism as a positive response. It was based on individualistic and utilitarian ideas of norms. They provided the goal and the standard of value: the happiness and welfare of individuals in society.

The system of economic freedom for which they thus provided the justification had its harshest critic in *Karl Marx*, a student of *Georg Wilhelm Friedrich Hegel* who had emigrated to England. *Marx*, who knew the teachings of *Henri de Saint-Simon* as well as those of the English classics, refrained from developing a model of the order that would follow the collapse of capitalism he prophesied, but the system of the Soviet planned economy was one of the possible expressions of a Marxist model in the tradition of *Hegel* and *Saint-Simon.*

While the Soviet Union chose the path of central planning, policies in Germany and some other countries took on mercantilist features after the world economic crisis. In response to this neo-mercantilism and the selective interventionism that preceded it and that is still relevant today as dirigism, the model of neoliberalism emerged. One variant of neoliberalism, which was seen as a model for state policy in Western Germany after 1948, is the idea of the social market economy.

1.2 Statistics and Government Action

Let us turn to the concept of statistics. What are the goals of statistics and which of them are relevant to statistical work? For this purpose, it is necessary to refer to the relevant definitions. One of the main tasks of statistics is to collect data on an issue of interest, to make regional, factual, or temporal comparisons based on these data and thus to prepare decisions. The way in which this task is carried out varies depending on the area of investigation. It essentially depends on whether the data collection can be done in controlled experiments, in which all influencing factors interfering with the intended comparison can be eliminated by appropriate experimental design, or whether the statistician only has the role of a chronicler who registers the data without being able to intervene in their development process. In demographic, social, and economic science—to name but a few fields—it is almost always the latter case.[6]

[6] See Rinne (1981) and Desrosières (2001). Desrosières distinguishes three models on which associated measurement theories are based. First, the model of natural sciences, in which measurement

If we restrict ourselves to official statistics (as a public good), their character becomes particularly apparent in the form of this registration. As already reflected in the term, statistics are closely related to the state (it is about describing the state of the state) and are thus subject to the special features of state structures and state action.[7]

Those in power have always been interested in controlling their understanding of reality. It is not for nothing that statistics got its name as the science of the state. The objective was and is the collection and provision of complete, comprehensive, consistent, and timely information on the situation and the development of a state.[8] One characteristic of good governance is that political decisions are evidence-based. Facts and figures, with their scientific and technical nature, appear to be outside the political realm and thus immune to any infection by political interests. "On the other hand, it is important to make political decisions in a knowledge-based and democratic way. In what way can this be achieved without succumbing to either populist or expertocratic tendencies?[9] At the same time, it is precisely this form of governance, based on expert knowledge and facts, that has recently developed into a deep-seated mistrust, which has led to an influx of those forces in politics that consciously and deliberately cast doubt on the existence of neutral facts. If, in this way, everything is put into perspective and citizens' confidence in institutions and numbers is reversed, then who can be trusted?"[10] Official statistics is not only a tool to hold up a mirror to society but also an instrument for those who can manipulate this mirror. If the mirror does not show what it is supposed to show, then different strategies can be chosen. Accordingly, official statistics has been and continues to be misused by many autocrats to exercise their power. From communist East Germany to present-day China, rulers who were or are interested in monitoring their populations usually used and still use different methods of collecting data than independent statistical offices in modern democracies. In any case, history shows that dictators often either have negligible interest in collecting sound statistics or have little ability to collect them accurately.[11]

This instrumental character of official statistics has often been its undoing, especially in the context of the censuses that have been conducted at regular intervals for a long time. As an instrument of power, these censuses have long served not

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appears as a reflection of prior and observable reality. Second, the model of life sciences, in which latent variables are added, which are intended to depict facts that are not directly observable. Third, the model of social (legal and political) sciences sees their variables as conventionally based and, therefore, open to criticism.

[7] Statistics as a methodology and field of application in scientific and technical areas.

[8] "The concept of statistics in the oldest sense of the word goes back to the eighteenth century and implies a description of the state by it and for it […]. At the beginning of the nineteenth century, in France, England and Prussia, an administrative practice crystallised around the word statistics and formalisation techniques were developed in which numbers were central." Desrosières (2005), p. 165.

[9] Münkler (2020), p. 4.

[10] Radermacher (2020), p. v.

[11] Harford (2021), p. 153.