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Theme 3

Changing Use of Statistics in Transition Countries

Supporting paper submitted by the Czech Statistical Office¹

1. The present Czech statistical service has a rich historical tradition. Its foundations can be found for instance at the time when the territory of today's Czech Republic was part of the Austrian Empire. They were e.g. farming censuses of areas and rural population dating as far back as the 2nd half of the 17th century or the population census of 1869. The statistical service in what is now the Czech Republic could not develop more, since all the statistics, with the exception of farming censuses, were centralized in Vienna. It was not until 1907 that the Land Statistical Office was founded in Prague with a staff of nearly 40; it was able to offer more comprehensive statistical information. The first independent statistical service was connected with the creation of Czechoslovakia. Precisely 3 months after independent Czechoslovakia had been declared - on 28 January 1919 - a bill on the organization of the statistical service was put forward to the National Assembly - the supreme law-making authority of the state. Compared with present legislation, it is surprising that already the then "Act on Statistical Service" established the State Statistical Office as an executive body and the State Statistical Council as an advisory and decision-making body. These bodies centralized all the statistical service into the State Statistical Office and were subordinated to the prime minister. General statistical duty was promulgated to report trustworthy statistical data; according to this Act, individual data were not allowed to be provided to other authorities, particularly tax authorities. In this context, employees of the Statistical

1 Prepared by Marie Bohatá, President of the Czech Statistical Office.

Office were sworn to secrecy. This Act was passed immediately by an overwhelming majority of deputies and came into effect on 5 February 1919. The State Statistical Office had 220 employees in 1919 and more than 800 in 1921. Its activity combined scientific work and statistical practice. Higher civil servants were supposed to contribute to scientific publications and were free to do scientific research. This had an impact on the swift introduction of advanced statistical methods and equipment. As early as the beginning of 1920 the Statistical Office had punch cards technology available that was supplied by the American company "Powers" that was used to process foreign trade and the movement of population statistics. The processing of the results of the population census in February 1921 was based on this technology.

2. The activity of the Czech Republic's present state statistical service took deep roots and has always been guided by efforts to use high standards of methods and tools of work. Naturally, the level and concrete form of this activity in individual periods of time largely depended on political, economic and the social environment and their requirements on statistics.

3. The system of a planned economy and the existing political system were strongly reflected mainly in statistics of production branches. Among statistical priorities were the control of state-owned enterprises and cooperatives in order to monitor their performance against the plan, balancing inputs in and outputs from production branches, and balancing the labour force, etc. The reporting duty was mandatory and individual data protection was non-existent. A relatively reduced scope of statistical methods was used for the above mentioned priorities. There was only one single method - exhaustive surveys - that was employed to control the fulfilment of the plan, because the number of units was relatively low, their existence stable, and the type of activity laid down centrally. As a rule, the type of activity changed at the beginning of a year. On the other hand, some methods of macroeconomic balancing worked and sometimes even required the creation of demanding mathematical and statistical methods. Population statistics continued forming a long-term time series and developing sampling methods with grossing to the universe. In view of existing needs and conditions, as well as other statistical tools were created at a very good level, such as classifications and nomenclatures, a system of definitions of indicators, etc. Certainly, all this was subordinated to the national economic and political environment and the international orientation towards the Comecon.

4. It was particularly in the 1980's that the Czechoslovak statistical service began to lag behind in the areas of research and development and technology, which was common to all the socialist countries at that time. As a result, it was unable to apply new, mathematically demanding methods for dealing with data and new forms of contact with respondents. Nor did occur the necessary changes in the contents of some statistical branches. Statistics of education, information society, etc., either persisted in following a quantitative approach and observation of phenomena and processes, or they were not started at all. This proved that, in terms of quality, the development of a statistical service must correspond with the economic and political development of society which uses this service.

5. A qualitative turning point in the functioning of the statistical service in Czechoslovakia resulted from the changes in society at the turn of the 80's and 90's, when the transformation process of society - and of the statistical service within its framework - was triggered.

6. The process of changes in the Czechoslovak statistical service was complicated by the split of Czechoslovakia into two independent states: the Czech Republic and the Slovak Republic. This resulted in the Czech statistical service being confronted with specific tasks ensuing from the ongoing transformation, the entry of the country into the OECD and NATO, and talks that were opened with the Czech Republic as a candidate state for accession to the European Union, etc.

7. As far as the conditions and environment of the Czech statistical service is concerned, businesses registered by the Czech Statistical Office (CSO) rose from a few thousand in 1989 to nearly 2 million at present. A huge number of private entities took the place of a small number of predominantly medium-sized and large state-owned and cooperative enterprises. Among the above almost 2 million businesses embraced in the CSO Business Register, 85% are so-called micro-enterprises without employees (the self-employed). This is connected with a permanent process of new births and deaths of businesses, small and large, and frequent changes in the type of activity. The tough discipline of the former state-owned enterprises has disappeared and has been replaced by the contrary - the missing sense of any duty towards the state and its institutions particularly on the side of small entrepreneurs. As a result, the Czech statistical service had to grasp quickly with how to deal with the samples and grossing up methods, the unstable sets of reporting units and frequent changes in types of activity. The system of prices regulated by the state has been relatively quickly and almost completely removed. Economic and social statistics had to be quick to respond to the different needs of their users. Moreover, these needs were not always all that clear at the beginning. It was necessary for the Czech Statistical Office to change the contents of surveys designed originally for controlling the fulfilment of the plan and making balances in the conditions of full employment, and to turn them into surveys that provide information on the development of economic and social environment with very changeable structure, in the conditions of increasing involvement in economic globalization and in the conditions of unemployment reaching now 10%, with all the related social impacts. The CSO had to learn quickly how to develop and master new working methods in order to comply with the completely new categories of users: international institutions, cabinets and parliaments coming and going, the enterprise sphere and above all the statistical community at large to be addressed through the mass media.

8. It was quickly recognized that the performing of the new tasks would be impossible without forming new methodological principles, techniques and tools. During the 90's we succeeded in preparing a new system of statistical classifications and nomenclatures, based on international standards. We managed to acquire and even create our own methods of sampling, grossing up, seasonal adjustment, etc., of high quality. The quality of data coming from the Business Register and other registers for the needs of statistical surveys is on the increase. It is beyond doubt that the CSO would not have been able to cope with this challenge without the sustained and substantial assistance given by international institutions, mainly the EU, Eurostat and the national statistical institutes of many EU member states.

9. The Statistics Act that was passed in 1995 brought the CSO back to the principles of the first Act of 1919 in many respects: a comparatively high level of centralization of the state statistical service, laying down reporting duty in law, individual data protection and freedom from political interference. An amendment to the Statistics Act is now being prepared. It should fully ensure its comparability with the

corresponding legislation of the EU member states. Its main features are: achieving full harmonization with the EC law, i.e. individual data transmission to institutions abroad, use of administrative data sources, and issues related to the Business Register and other registers for statistical purposes, issues related to agricultural statistics. The Draft Amendment has been reviewed with experts of Eurostat and NSIs of Finland, Germany and Austria.

10. The programme of the transformation of the Czech Statistical Office is an ongoing one. The adaptation to the conditions of functioning statistical services in the EU member states is one of our main tasks. What we must now do is acquire and comprehend the respective EU directives, regulations and recommendations and adapt them to our specific national conditions in the Czech Republic. In this effort it is important to arrange correctly the priorities of satisfying requirements by the European and national users of statistical products.

11. In compliance with the Statistics Act, the CSO acts as the coordinator and methodological guarantor of the state statistical service in the Czech Republic. This means that the Czech Statistical Office coordinates the workplaces of the state statistical service of the ministries and is in charge of using internationally harmonized methodology prepared by the CSO. Statistical surveys in production branches utilize the CSO statistical registers. On the other hand, the appropriate division of labour allows us to collect much more data and supply much more statistical information than the CSO alone would be able to. The statistical workplaces at the ministries conduct mainly surveys which require a high level of subject matter competence. This applies to industry, as well as transport and communications, education and public health. The coordination and standard methodology enable us to link data from the individual workplaces of the state statistical service. As a result, the needs of the wider community in the Czech Republic and of users abroad can be better complied with. The continual increase in the quality of the system of meta data enhances their transparency and allows the correct interpretation of statistical data and their further use by various specialists – and non-statisticians.

12. The implementation and strict observation of a fixed system of releasing highly sensitive economic and social information according to a release calendar that has been prepared and published in advance for every year contributes to higher transparency and freedom from political interference of the statistical service. As early as October 1999, all the users of statistical data issued by the CSO could know the time and day of releasing information on inflation, external trade, producer prices, etc. Starting with 2000, the release of these data is coordinated with other state authorities. For instance, information on the unemployment rate is released by the Ministry of Labour and Social Affairs simultaneously with the inflation rate by the Czech Statistical Office. Also expanding CSO Internet pages available from 1999 contribute a lot to satisfying the needs of users of both statistical information and methodological tools.

13. In conclusion it should be pointed out that the state statistical service in the Czech Republic over the last ten years has made substantial progress towards adapting to the completely different circumstances and in compliance with tradition has stroven for the high-quality fulfilment of its tasks in society. We would like to express our gratitude for the achievements and for the international assistance that has been provided by the European Union and Eurostat, both with respect to financial resources and available know-how. Albeit the CSO is still far from the end of the transformation process - if ever

transformation can be viewed as completed at all due to the constant world globalization - a quite new user appears: our assistance to countries where less progress has been made in a similar transformation process.
