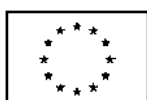


Social statistics in the enlarged EU

89th DGINS Conference

Vouliagmeni Attiki, Greece, 18th – 19th September 2003



EUROPEAN
COMMISSION



THEME 1
General
statistics



Europe Direct is a service to help you find answers to your questions about the European Union

**New freephone number:
00 800 6 7 8 9 10 11**

A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (<http://europa.eu.int>).

Luxembourg: Office for Official Publications of the European Communities, 2004

ISBN 92-894-6232-9

© European Communities, 2004

Table of content

Table of content	5
Programme	7
Keynote speech - Speaking notes.....	11
Theme 1 – Social protection	25
1.1 The search for “social value added”, the Open Method of Coordination and the use of statistical indicators	27
1.2 The implementation of poverty and social exclusion indicators for Malta: a case study	35
1.3 Developing social protection indicators for an enlarged European Union	43
Theme 1 - Social protection - Some comments	53
Theme 1 – Social protection - Discussion	57
Theme 2 – Labour market and social cohesion	59
2.1 Employment and social cohesion: The crucial role of educational opportunities ...	61
2.2 Statistics on the labour market and social cohesion in an enlarged EU	75
2.3 Social cohesion through legislation – Measurement challenges in Ireland	87
Theme 2 - Labour market and social cohesion - Some comments	99
Theme 2 - Labour market and social cohesion - Discussion	105
Theme 3 – Demography and migration in the enlarged EU	107
3.1 The experience of Albania in the migration process	109
3.2 Demographic development and population statistics in Estonia	119
3.3 The Commission takes action to improve statistical information and analysis on migration in the European Union.....	129
Theme 3 - Demography and migration in the enlarged EU - Some comments	133
Theme 3 - Demography and migration in the enlarged EU - Discussion.....	139
Theme 4 – Income distribution and living conditions	141
4.1 EU Statistics on income and living conditions (EU-SILC)	143
4.2 Household income distribution in Cyprus: Surveys, statistical data and uses for social and economic policy	149
4.3 European harmonised statistics on income and living conditions from best national sources – the Danish EU-SILC model	159
Theme 4 - Income distribution and living conditions - Some comments	173
Theme 4 - Income distribution and living conditions - Discussion	179

Theme 5 – Health, education and culture	181
5.1 Health care statistics in the European Statistical System	183
5.2 Education and training statistics in the enlarged European Union	189
5.3 Cultural statistics in Europe.....	199
Theme 5 – Health, education and culture - Some comments.....	211
Theme 5 – Health, education and culture - Discussion.....	217
Round table – Challenges and prospects - Discussion	219
Closing statement of the DGINS Conference 2003 on social statistics in the enlarged EU: Preliminary ideas for a European social statistics action plan	221
Closing statement - Discussion	227
List of participants	229

Programme

89th DGINS CONFERENCE

“Social Statistics in the enlarged EU”

18th – 19th SEPTEMBER 2003

VOULIAGMENI ATTIKI, GREECE

Thursday, 18th September 2003

09.00 – 09.30 **Opening session**

Nicholas KARAVITIS, Secretary General, *NSSG, Greece*

09.30 – 10.00 **Keynote address**

Michel VANDEN ABEELE, Director-General, *Eurostat*

10.00 – 11.00 **Theme 1 - SOCIAL PROTECTION**

Chair: Johann HAHLEN, President, *Statistisches Bundesamt, Germany*

1.1 Platon TINIOS, *Greek representative in the Social Protection Committee*

1.2 Alfred CAMILLERI, Director-General, *National Statistics Office, Malta*

1.3 David STANTON, *Chairman of the Indicators Subgroup of the Social Protection Committee*

Discussant: Heli JESKANEN-SUNDSTRÖM, Director-General, *Statistics Finland*

11.00 – 11.30 **Coffee break**

11.30 – 13.00

Theme 2 - LABOUR MARKET AND SOCIAL COHESION

Chair: José MATA, President, *National Statistical Institute, Portugal*

- 2.1** Elias KIKILIAS, Director, *Institute of Social Policy, National Centre of Social Research, Greece*
- 2.2** Gabrielle CLOTUCHE, Principal Adviser, *Eurostat*
- 2.3** Donal GARVEY, Director-General, *Central Statistics Office, Ireland*

Discussant: Svante ÖBERG, Director-General, *Statistics Sweden*

13.00 – 14.30

Lunch break

14.30 – 15.30

Theme 3 - DEMOGRAPHY AND MIGRATION IN THE ENLARGED EU

Chair: Carmen ALCÁIDE GUINDO, President, *INE, Spain*

- 3.1** Milva EKONOMI, Director-General, *Institute of Statistics, Albania*
- 3.2** Rein VEETOUSME, Director-General, *State Statistical Office of Estonia*
- 3.3** Sandra PRATT, *DG Justice and Home Affairs, European Commission*

Discussant: Len COOK, Director, *Office of National Statistics, United Kingdom*

15.30 – 16.00

Coffee break

Friday, 19th September 2003

9.00 - 10.30

Theme 4 - INCOME DISTRIBUTION AND LIVING CONDITIONS

Chair: Pieter EVERAERS, Director of Social Statistics, *Statistics Netherlands*

4.1 Hans D'HONDT, Director-General, *Institut National de Statistique, Belgium*

4.2 Pambis PHILIPPIDES, Director, *Statistical Service of Cyprus*

4.3 Jan PLOVSING, Director-General, *Statistics Denmark*

Discussant: Jean-Michel CHARPIN, Director-General, *INSEE, France*

10.30 – 11.00

Coffee break

11.00 - 12.00

Theme 5 - HEALTH, EDUCATION AND CULTURE

Chair: Hallgrímur SNORRASON, Director-General, *Statistics Iceland*

5.1 Svein LONGVA, Director-General, *Statistics Norway*

5.2 Tamás MELLÁR, President, *Central Statistical Office, Hungary*

5.3 Ewald KUTZENBERGER, Director-General, *Statistics Austria*

Discussant: Luigi BIGGERI, President, *ISTAT, Italy*

12.00 – 13.00

ROUND TABLE - CHALLENGES AND PROSPECTS

Chair: Nicholas KARAVITIS, Secretary General, *NSSG, Greece*

Co-chairmen: Gabrielle CLOTUCHE, Principal Adviser, *Eurostat*

Participants: Joachim LAMEL, Vice President of *CEIES*

Enrico GIOVANNINI, Director of the Statistics Directorate,
OECD

Willy BUSCHAK, Deputy Director of the *European Foundation
for the Improvement of Living and Working Conditions*

John MORLEY, Economic Adviser, *DG Employment, European
Commission*

13.00 – 13.30

CLOSING STATEMENT

Gabrielle CLOTUCHE, Principal Adviser, *Eurostat*

Keynote speech - Speaking notes

Michel VANDEN ABEELE
European Commission, Director-General, Eurostat

The importance of social statistics

Treaty of Rome: only 12 articles on social policy, mostly connected with employment

- It has always been recognised that social affairs was one of the Community's areas of responsibility. In the early days, the emphasis was on social policy as a continuation of economic concerns such as employment. The twelve articles on social policy in the Treaty of Rome setting up the European Economic Community in 1957, were largely devoted to the Commission's role in promoting co-operation between Member States on employment, working conditions, vocational training, social security, occupational accidents and diseases, and in setting up a social fund.

Treaties of Amsterdam and Maastricht: much greater prominence of social policy

- Since then, there have been many important changes. From an Economic Community it has developed into a European Union. The social aspect has gradually taken on increasingly greater importance, particularly since the Treaties of Maastricht and Amsterdam. In the current text of the Treaty, at least seven of the 21 titles can be regarded as 'social'. This development has meant that there has also been a steadily growing need for the basic information which is needed in order to frame social policy.

The challenge of enlargement

- Another important change of course is that the size of the Community has increased from six to fifteen Member States and will reach twenty-five in the next few months. This has also brought new demands on social statistics. This morning I will summarise some of the developments which have taken place in the last few years. It seems to me that this will enable us to identify the challenges which may be expected in the near future and how we should prepare to meet them.

Labour market: Consequences of the Amsterdam Treaty

Long-established Community statistics

The labour market has always been one of the policy areas where Community statistics have been most fully developed. In particular, the need to provide comparable data for the allocation of structural funds was one of the driving factors in the development of a Community Labour Force Survey.

The employment policy of the EU was radically modified in 1997 by the Amsterdam Treaty, which assigned to the Community several important new tasks:

- the establishment of Economic and Monetary Union;
- the drive towards higher levels of employment and social protection;
- the promotion of a high degree of competitiveness as a condition for sustained growth.
- The Treaty highlighted the need for a strong employment policy which would improve labour market performance and contribute positively to the EMU.

New tasks for the Community in the Amsterdam Treaty

Title VIII on Employment outlines a series of activities designed to enhance the effectiveness of the Member States in developing a co-ordinated strategy for employment:

An employment strategy

The employment strategy should help to make progress towards a skilled, trained and adaptable workforce and labour markets responsive to economic change.

Employment policy

The employment policy must be consistent with the broad economic policy guidelines.

Open method of co-ordination

An open method of co-ordination was introduced, based upon policy co-ordination and benchmarking.

Monitoring mechanism

A monitoring mechanism was set in place, involving:

- a joint annual report by the Council and the Commission on the employment situation;
- adoption of guidelines for the Member States to take into account in their employment policies;
- national action plans for carrying out these policies;
- recommendations from the Commission to Member States and the establishment of an advisory Employment Committee.

A European Employment Strategy

The employment strategy which was first conceived at the special summit on employment in Luxembourg in March 1997 is based upon a set of consistent and comprehensive statistics to make it possible to evaluate the convergence of economic performance, to monitor labour market reform and to implement the requisite benchmarking procedures.

Tasks accomplished since 1997

- the continuous labour force survey was modified to provide quarterly and annual results on employment and unemployment in the Member States and acceding countries, this survey is a cornerstone for international labour statistics;
- an EU operational definition of unemployment was adopted to improve the comparability of the unemployment rate;
- the four-yearly structural business surveys on earnings and labour costs were launched in 2000 and 2002 by the Member States and acceding countries, they yield results on the structure of the labour costs and the distribution of earnings;
- a quarterly labour cost index is available from 1996 onwards with a partial coverage of the market sector, this index will soon be replaced by a better comparable index of labour costs per hour worked;
- in the 2nd quarter of 2003, data collection began of the quarterly job vacancy rate;

- an annual database is available from 1998 containing detailed information on participants and expenditure for specific labour market policy measures aimed at improving the employment situation of certain vulnerable groups.

Current priority tasks

- The quality of the labour force survey must be ensured. A complete coverage (including non-nationals), a high response rate and rapid availability of the main results within six weeks are key conditions for the quality of the labour force survey. An amendment to the 1997 Council Regulation of the labour force survey has therefore been proposed, identifying those structural variables which need to be surveyed only once throughout the year.
- The coverage of the structural business surveys on labour costs and earnings need to be widened to include the public services (which account for about 30 % of employment and about 20 % of value added) and small enterprises with less than 10 employees. This extension of the coverage of both surveys has been endorsed by the Statistical Programme Committee. In addition, earnings data should also be available at least once a year. Annual data are needed on changes of the wage dispersion (wage moderation) by job and personal characteristics. Information dating back several years is of little use for an understanding of the current situation, and also an analysis of the annual trend is essential for determining policy and cyclical effects.
- The structure of earnings survey is a vital tool linking employee data with employer characteristics and requires to be expanded. It should be expanded with data on work organisation, the use of technology and worker's involvement, which are in some cases available in businesses or in separate surveys.

Social Exclusion: The challenge of Lisbon

Social statistics was revolutionised by the conclusions of the Lisbon Council in March 2000 and its ambitious aim for the European Union ‘to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion’.

Monitoring mechanism

It was apparent that the ten-year strategy outlined at Lisbon would require regular monitoring through statistical indicators. The Commission was requested to provide an annual synthesis report to the Council on the basis of a set of structural indicators. About one-third of these, in the current version, refer essentially to social issues.

Following subsequent meetings of the Council at Nice, Gothenburg and Laeken, a monitoring mechanism was developed which in many ways parallels the Luxembourg process in the Labour Market area. This includes:

- a Social Policy Agenda;
- common objectives on poverty and social exclusion;
- national Action Plans on social inclusion, the exchange of good practices across Member States through peer reviews;
- the adoption of common indicators to monitor progress towards the common objectives and encourage mutual learning.
- The product of this process, based upon these various components, is the regular Joint Report on Social Inclusion drafted by the Commission and finalised in collaboration with the Council.

Laeken indicators

The indicators most commonly used in the context of social exclusion are those proposed by the Indicators Sub-Group of the Social Protection Committee for the Laeken Council meeting in 2001. The Laeken indicators are still undergoing refinement.

- They are more detailed than the structural indicators used for the synthesis report, since they are focussed upon social issues.
- The data on which they are based are standard sources such as the EU Labour Force Surveys and the European Community Household Panel (ECHP).
- Information taken from the new EU-SILC (EU-Statistics on Income and Living Conditions, will be used as soon as this comes on line. EU-SILC will be anchored in the different national statistical systems so that priority is given to this instrument at national level.

- Existing data sources, whether they are surveys or registers, will be used in EU-SILC as far as possible.
- The cross-sectional and longitudinal micro-data sets will be updated on a yearly basis, and 'ad hoc' modules will be added to the cross-sectional component of EU-SILC starting from 2005.

Social Exclusion : Priority tasks

Transitional period ECHP to EU-SILC

Achieving a smooth transition from figures derived from the ECHP to EU-SILC will be a priority in coming years until 2007 (when exemptions to certain countries and for certain items will be exhausted). During this transitional period, data will be obtained from national sources. Because this area is relatively new, there are still considerable challenges to be faced.

Income data

- The quality of income data will need to be carefully monitored both during transition to maximise consistency, in particular concerning coverage of certain population groups in certain countries and for the long term particularly comparability of data coming either from survey or from registers.

Areas needing development

- The lack of indicators on such topics as housing is a serious defect. Homelessness is clearly an extreme form of social exclusion, and one of the most pressing social concerns. The feasibility of compiling comparable statistics on housing and the homeless must be evaluated and coverage extended to persons living in collective institutions. Other areas that need to be developed as a matter of priority include social participation and other aspects of living conditions, recurrent and occasional poverty, poverty and work, access to public and private essential services such as health and education, indicators at local and regional level, indebtedness, etc. Another area in need of development is non-monetary indicators.

Need to review existing indicators

- Several existing indicators are in need of revision. For example, in relation to the definition of risk of financial poverty, the decision to place the main emphasis on relative rather than absolute or fixed thresholds may need to be reviewed in connection with the enlargement, to take into account differences in average living standards and the degree of income inequality in the accession countries.

Need for harmonisation with other social statistics

- Harmonisation must be ensured with other social statistics, including sustainable development indicators; employment; education; healthcare; housing; social protection.

Education and Training

The Lisbon goal: 'lifelong learning'

The goal set at Lisbon to develop a knowledge-based economy put 'lifelong learning' at the forefront of social concerns. The effect of the Lisbon Council upon statistical work in this area may be seen in:

- the Commission Communication on creating a European Area of lifelong learning (2001);
- the detailed work programme on the Future Objectives of Education and Training Systems (2002);
- the Council resolution on lifelong learning (2002);
- and the Council Resolution on building social and human capital in the knowledge society (2003).

Existing statistics on lifelong learning

It may be noted that none of the main tools currently available is particularly well adapted to the topic of lifelong learning.

- In the area of education, the joint Unesco-OECD-Eurostat administrative data collection on education statistics covers principally the logistics (pupils, staff, expenditure) of the national initial education and training systems.
- In the area of vocational training, the Continuing Vocational Training Survey, based on enterprises, is a source of information on the logistics of Continuing Vocational Training.
- These specific surveys are complemented with education related questions in household surveys (the Labour Force Survey and EU-SILC and their modules) and training related questions in enterprise surveys (Structural Business Statistics).

But these sources do not cover the needs for statistics on lifelong learning, since they focus either on the system (in the case of the UOE) or on the provider (CVTS), rather than on the individual as learner.

New Adult Education Survey

From 2005, a new general strategy has been proposed for statistics on lifelong learning:

- An Adult Education Survey has been developed and will be implemented for the first time in 2005, to be repeated regularly thereafter.
- a review of existing sources from a lifelong learning perspective;
- development of new indicators;
- implementation of the CVTS as a regular survey based on a regulation.

A further issue to be resolved is the question of skills measurement, in particular those of adults. The development of appropriate tools for this purpose will be an important challenge for the next few years.

Culture

References in Title XII of the Treaty

The current version of the Treaty establishing the European Community refers to:

- improving knowledge and dissemination of the culture and history of the European peoples;
- conserving and safeguarding cultural heritage;
- cultural exchange and artistic creation.

Incentives for statistical work

It is not easy to define what statistics would be appropriate in the field of culture, but there are several reasons for tackling this problem:

- A Council resolution in 1995 on the promotion of statistics on culture and economic growth called on the Commission, in close co-operation with Member States, *to ensure that better use is made of existing statistical resources and that work on compiling cultural statistics proceeds smoothly.*
- More recently the European Parliament has asked for more statistical information on Culture, referring to the need to support the current work in the field and underlining the economic importance of culture and cultural industries.

- It is intended during 2004 to produce a publication on European culture statistics and also to draft a proposal for a sustainable system of production of cultural statistics, including an appropriate legal basis, but work in this area remains restricted by limitations of resources.

Health

Requirement for public health statistics

- The Community has had responsibilities in the field of public health only since the Maastricht and Amsterdam Treaties (although the specific topic of health and safety at work was already covered earlier).
- Health care systems, as well as integration of persons with disabilities and health and safety at work, feature prominently in the Social Policy Agenda 2000-2005.
- The Community action programme 2003-2008 in the field of public health includes as one of its three main strands 'Health information and knowledge', with an explicit reference to 'the statistical element of health information to be developed using the Community Statistical Programme'.

Immediate priority to ensure at least annual data on core areas

Much has already been achieved, in the areas of health status (perceived health and diagnosis-related morbidity, disability and causes of death) and health care services (health care providers, manpower, expenditure and financing, performance of health care services). The immediate priority is to ensure a steady supply of basic data, at least annually, for all Member States and future Member States, in the following core areas:

- accidents at work;
- occupational wiseases;
- causes of death;
- health interview surveys;
- integration of disabled persons;
- systems of health accounts;
- manpower.

Future information needs

In terms of analysis and dissemination, EU statistics on health and safety will need to address the following themes

- aspects related to population aging and increased longevity;
- fair and equal accessibility of health care services at sustainable costs;
- statistical data for supporting programmes to promote better health and self reliance at higher ages (how can people be prevented from ‘entering’ the health care services and residential homes and care, live longer at home);
- adequacy and efficiency of health care delivery (balance price/quality, and comparison input/output);
- obtaining adequate manpower and deployment this manpower (some Member States already have a shortage);
- trans-border consumption of health care.

Social Protection

European system of integrated social protection statistics

The European system of integrated social protection statistics (Esspross) is based on a classification of the risks or needs from which the beneficiaries are protected, such as unemployment, disability, or (increasingly importantly) old age.

- It gives an overview of all kinds of care from the perspective of individuals and households. This provides an independence of institutional structure which makes it possible to make comparisons between Member States.
- The system also includes the organisation which provides the protection. This is done on the basis of the units of observation (institutions providing social protection) or parts of institutions (those with some autonomy of decision or available accounting data).
- The main areas of social protection which have been covered in the past have been unemployment benefits, social security payments and child allowances.

Ageing society

Recently, the traditional concern about social protection as a safeguard against exclusion has become stronger with the awareness of the effects of ageing in European society:

- The sustainability of pensions has become one of the main issues in the fight against social exclusion.
- Following the Lisbon Council, agreement was reached on a series of common EU objectives to secure the future of pensions systems, grouped under three main headings: adequacy of pensions, financial sustainability, and adaptation of pensions to a changing society.
- A joint report on adequate and sustainable pensions compiled by the Commission and the Council in December 2002 included an initial set of indicators, agreed by the Social Protection Committee and the Ageing Working Group of the Economic Policy Committee. These indicators are still under development.

Requirements

Current social developments in the EU will necessitate improvements to the European system of integrated social protection statistics (Esspross):

- There is a need to deal adequately with occupational pension schemes, which are already widespread in certain Member States. The methodology is under discussion, but closer links with business statistics need to be developed in order that the necessary data can be made available.
- The impact of social transfers on the distribution of household income (income distribution before and after transfers) is one of the major issues related to social exclusion. It is often pointed out that increased expenditure on social protection is no guarantee of better results in the fight against exclusion.
- A further difficulty is that measures which are implemented are not immediately reflected in the statistics. The process of collecting and publishing the statistics means that there is an inbuilt time-delay before the results of policy measures become apparent.

Demography and Migration : an essential basis

Requirements

Information about population numbers and population movements is perhaps the most basic element of social statistics.

- As the denominator for an extensive range of social and economic measures, accurate population statistics are essential.
- Demography and migration statistics (including historical data, current estimates and projections of future trends) are an essential basis for the development and implementation of social policy, and for the analysis and evaluation of the results of policy actions.
- Demography and migration statistics are important elements also in the field of economic policies (GDP/capita, functioning of labour markets, unemployment, transition from education to work, life-long learning, transition from work to pension etc.). In recent years, a particular importance has been given to migration statistics by the need to develop and monitor policies on asylum and immigration.

Current developments

In the last few years, new challenges have underlined the need for further development.

- The political changes taking place from the beginning of the 1990s led to increasing migration throughout Europe.
- The introduction under the Treaty of Amsterdam of Title IV on Visas, Asylum, Immigration and other policies related to free movement of persons created a requirement for a monitoring policy involving monthly data collection.
- Also, gradual awareness of the ageing of the population has led to concerns for sustainability of pensions, health care systems, social protection systems and immigration policies.

Priorities for Statistics on Demography and Migration

Existing demographic statistics display a number of shortcomings. In view of these, the following tasks in the area of demographic statistics must be tackled over the next few years.

- Household and family statistics, as collected in the LFS and other surveys, should be made publicly available on a more regular basis.

- The quality of annual population statistics needs to be improved through better recording of internal and international migration (both legal and illegal).
- EU statistical legislation should be introduced for migration and asylum to improve the supply of harmonised data to Eurostat.
- Consideration should be given to the harmonisation of census dates.
- Developing UNECE-Eurostat census recommendations (for the 2010 census round) would give more weight to new methods to produce census statistics than traditional census taking.
- The main set of harmonised population projections should be produced every 3 years instead of the present 5-6 years.
- The coverage of migrants in existing or new social surveys should be increased, if necessary by the use of targeted sampling techniques.

The challenges

I have tried to give a fairly comprehensive overview of the present state of social statistics within the European Statistical System. My purpose in doing this, has been to try to identify the main challenges which we face.

1. Increasing pace of demand

One obvious conclusion is the increasing pace of demand. Social policy occupies an increasing proportion of the political debate, and the need for social statistics has grown considerably in recent years. Recent European Councils have resulted in a series of social policy measures. To support these measures, many sets of statistical indicators have been created. Not only must data be collected in order to provide these indicators, but even before this can be done it is often first to define the indicators in statistical terms and to underpin them with a generally acceptable methodology.

2. Difficulties of co-ordination

Social statistics is an area particularly vulnerable to difficulties of data collection. Social surveys are expensive to implement and difficult to adapt. It is a slow procedure to change methodologies and adapt questionnaires to satisfy new information requirements. The procedure is made even slower by the need to co-ordinate all the Member States.

3. Greater complexity

Not only is the demand for social statistics growing in size but it is also becoming more complex. There is a requirement for more integrated information, with increased linkages across the different areas. For example, the ageing society is a concept which needs to be illuminated by information from many areas including demography, health and social protection. Similarly, the goal of sustainable development has social as well as environmental implications. Another possibility is to give consideration to the development of tools such as a cohort or longitudinal study which would facilitate the investigation of causal relationships and background social factors.

4. Organisational issues

There are also organisational challenges. Even where the information which is needed already exists, sometimes it does not lie within the responsibility of the national statistical offices who have been the traditional partners in the European Statistical System. Often it is collected by other organisations such as government ministries. The working methods which have been built up over a number of years are therefore not always well adapted to these latest demands. There is a requirement to adapt working methods to the demands of functioning as a group of 25 Member States, soon probably to increase further. Here progress has already been made through the initiative of the task force of the Directors of Social Statistics, which proposed a model for new working structures. The implementation of this model, which will soon enter the test phase, will need to be carefully monitored.

In each of the main areas which I have covered, I have indicated new political concerns and increasing information requirements. In order to face these challenges, it is essential to develop a comprehensive strategy for the future of social statistics. I am confident that the discussions of the next two days will see real progress made in this direction.

Theme 1 – Social protection

1.1 The search for “social value added”, the Open Method of Coordination and the use of statistical indicators

Platon TINIOS¹

1.1.1 The overall context – social value added

A key challenge confronting the EU today arises from a dissonance: On the one hand, palpable progress in moving the Union forward can be seen in a series of major achievements: Enlargement, culminating in the Treaty of Athens is of immense and more than symbolic importance. Equally, the launch of the Euro signals as much a successful ending, as a new beginning. This success goes hand in hand with mounting evidence on the part of citizens of disillusionment, verging on open distrust: The difficulty in approving the Treaty of Nice in Ireland, the negative result of the referendum on the Euro in Denmark, even the low turnouts in the referenda approving EU membership in some of the accession countries are all examples of Euro-scepticism, or what Tsoukalis (2003) calls “the gap between politics and economics”.

The crisis of legitimacy coexists and is partly fuelled by the critics of globalisation. The (self-) image of Europe as a grouping of states attempting to counterbalance the automaticities of global competition is challenged by those who see it as merely a “*Europe for Business*”. Far from being an bulwark against the worst aspects of globalisation, this view sees the EU as a part of the mechanism of global capitalism; rather than part of the solution, the EU is seen as part of the problem.

The answer chosen by the EU to this dilemma is to try to go beyond its origins as a Common Market and demonstrate its relevance to the European Citizen. The way it has attempted to do this, starting from the mid-80 is to try to develop a social side - a “social face” - to its activities. The role of the EU in the social sphere has been formalised and integrated in the overall EU policy vision in the Lisbon Strategy emanating out of the Lisbon council of March 2000. In the Lisbon strategy social protection is seen as a factor of production and is placed, along with competitiveness and employment, as a pillar of equal importance in the overall strategy.

Recapitulating, EU legitimacy is to be achieved by exhibiting relevance - value added - to the citizen and to his daily life. Exhibiting greater activism in the social sphere and articulating that more closely with economic policy has been the chosen course for that ever since the Lisbon council. The Open Method of coordination is the vehicle which has been selected for this purpose².

In this context, the actual implementation of the Open Method of Coordination, in order to come close to succeeding has to overcome two hurdles. In both cases, the measured and careful use of statistical indicators has much to offer:

Firstly, the danger of empty rhetoric - of how to guarantee that EU involvement is non-vacuous. “Social protection as a means of production” is very convenient as a slogan. “*Si non e vero, e bien trovato*” – “even if were not true, it should have been”, to paraphrase an Italian saying. That is why we should examine whether it is just a rhetorical trick or a mere vacuity. We could mention many cases where this verdict is totally valid; where “social protection as a means of production” is merely vacuous and is offered to make everyone happy.

Secondly, the challenge of subsidiarity - how to exhibit positive value added at the *Union* level when all concrete initiatives must originate at the *national* level. Moreover, how to formulate meaningful contributions to policy when infrastructures, starting points and institutions differ.

In both cases, the judicious use of statistical indicators has the potential to make an important difference for the success of the overall aims of the EU in this area. Conversely, insensitive or inappropriate use has the negative potential to bring the whole process into disrepute and to be a step backwards.

In what follows, an overview of the Open Method of Coordination is followed by three examples where statistical indicators can play crucial roles.

1.1.2 Two approaches in caricature

What is new and what is "open" about the OMC? In order to fix ideas, it is useful to proceed to a juxtaposition (though some would say a caricature) of the new *outcome* based "open method" with the more traditional "Closed" regulation-inclined approach.

A. THE “OPEN” APPROACH --- FOCUS ON OUTCOMES	B. THE “CLOSED” APPROACH --- FOCUS ON REGULATIONS
<ul style="list-style-type: none"> • "Soft Law" • Harmonisation and targeting of ultimate goals • Emphasis on final outcomes as measured by indicators • Evolutionary – gradualist – non-actionable • Philosophical basis utilitarian - maximisation of social welfare • Targeting of magnitudes <i>outside</i> the Government’s ambit and control 	<ul style="list-style-type: none"> • "Hard law" • Harmonisation and targeting of intermediate means. • Emphasis on instruments as signalled by legal texts • Can give rise to legal action – role to the courts in interpreting • Philosophical basis rights-based - • Role given to Courts. Rights In principle actionable • Targeting of magnitudes <i>within</i> Government Control - effort indicators, follow up of measures taken
Ideal is Community of Values.	Ideal is Community of Laws.

The ‘traditional view’ usually sees Community action as measured by the passage of legislation, in one form or other. The EU involvement results in creating a legal obligation to conform and hence ultimately to coerce member states in meeting most often minimal standards- a least common denominator approach. In contrast, the OMC as soft law carries no coercive power, but attempts to produce the “*greatest common factor*” in elevating ambitions in order to meet targets outside the immediate control of governments³.

What are, or what should be, the criteria of success of the EU level procedures? In devising criteria, we must be reminded of the purpose of the exercise - to allow the EU to exhibit value added to the citizen. Thus, regardless of how the approaches can be judged on the *national* level, the criteria *at the EU level* are rather more clear cut. Given that virtually the whole of social policy lies within the bounds of subsidiary, this observation amounts to saying that EU involvement will be judged as positive if it facilitates national developments; if it produces improvements in *national* systems and *national* processes. Equally importantly, they will be judged as successful if they can foster cooperation and not competition between the different layers of authority and the diverse actors at national and at EU level. Given the importance of the whole enterprise for EU legitimacy, it is especially important that the EU should not promise more than it can deliver.

There is a view that the Open Method of Coordination is only a corridor leading to regulation. Thus ‘soft law’ is merely a transitional stage leading to hard law and the passage of regulations. The OMC can be useful in passing from one state of rest to another. This view is derived from a rights

based view of public interventions, which considers the enactment of a new social right as the highest form of intervention.

Implicit in this view is a judgment that social institutions' can be ranked independently of their context and that 'social progress' proceeds on a linear path. On such a path the process of learning will take the form of following the footsteps of the best performers. In such an environment it is always safe to legislate. *Alternatively* a social environment made uncertain by the processes of globalisation, creates "the proliferation of a broad class of situations in which inaction is unacceptable but omnibus solutions are plainly unworkable" (Cohen and Sable 2003). The Open Method of Coordination is in the alternative view an innovation in Governance, important in itself and capable of being sustained in the long term⁴. It is thus capable of forming a permanent situation is not by nature transitional.

1.1.3 Three reflections on indicators and the success of the OMC

The proper use of statistical indicators goes at the heart of the OMC as a political process. In what follows three observations will be made on crucial aspects bearing on the use of statistical indicators by policy makers which have bearing on the production and presentation of statistics.

Openness creates the need for better understanding of data.

The first observation goes at the heart of the OMC: The very situations which necessitate the application of the OMC as an open approach will also create problems of data comparability. Hence, the progress of the OMC must necessarily go hand-in-hand with major improvements in the statistical infrastructure and the richness of indicators of context.

As was mentioned before, open approaches are be chosen where countries share political ambitions in terms of ultimate goals but must use diverse instruments to attain these goals. This might be due to different institutional frameworks, a different history (or different 'mindframes'), or different starting points or points of development. The situation in the social field even in the relatively homogeneous group of the EU-15 is full of such examples: the choice of universalistic or social-insurance modes, the use of implicit or explicit means tests. The importance of the family and informal social support networks and the political history of the Welfare State itself could give rise to a distinct "Mediterranean Welfare State" to complement the "Central European", the "Scandinavian" or the "Anglo Saxon Model".

However, the same situations, which imply that 'closed' regulation-based approaches would be meaningless or even counterproductive, mean that there will be major issues of comparability of data between countries. In particular, if sensitive use is not made of context information, the

interpretation of data may lead to perverse conclusions. Without a deeper understanding of how data are generated and if cross-checking and context is not used, it thus could create the danger of “statistical fetishism” or ‘statistical beauty parades’.

Outcome indicators and the pursuit of content

At the other extreme, the often expressed view that ‘*nothing* is comparable’, could justly be dubbed “statistical nihilism”. Such a view would relegate the OMC into a vacuous wish list. Participants, as was often the case in the past, would ritually repeat their firm belief in the social future of the EU without actually taking any concrete action to pursue those beliefs.

The Open Method of Coordination relies on the extensive use of outcome indicators⁵. The use of previously agreed statistics of outcomes in order to judge and compare progress is a factor differentiating the OMC from a simple wish list. In terms of formulating policy, it adopts at the EU level a hands-off approach, conceding that Member States know their own systems and their idiosyncrasies better, and that measures that work in one context need not work in a different one. Thus participants in the OMC are not committed to particular policies but they are duty bound to pursue a given set of objectives the best way they know how. Thus, the commitment is to a quantifiable improvement in the lives of the poor, and not to the adoption of a particular policy. Given the peculiarities and different starting points of the national systems, the pursuit of uniformity could, at times, be self-defeating.

Input indicators focus on commitment or on effort; roughly they measure “*what has been done*”. *Output* indicators, on the other hand, centre on results – “*what needs to be done*”. Changing from one to the other can have profound beneficial results in the way that social policy is carried on domestically. Two such implications on the political economy of social policy may be mentioned.

Firstly, it encourages a wider and not simply instrumental viewpoint. By focussing on results (the position of the poor) it does not limit attention to the measurable input indicators directed at redistribution, i.e. to transfer payments. Much and possibly the most significant parts of the policy gains exclusion operate by influencing the *before transfer* distribution of income: Training programmes, education, investment relief, micro credit, family policy all operate by increasing poor peoples *earning* capacity, before transfers enter the story.

Secondly, outcome indicators encourage cooperation and synergy between various actors at the national level. All analysts agree that social exclusion is a multifaceted phenomenon, which may originate in one area of deprivation but may quickly spread through cycles of deprivation. As a result a wide variety of social policy actors - ministries, institutions, but also social partners, NGOs

the civil society- must be brought to bear to provide a convincing answer to a problem. Input or effort indicators introduce an element of competition between the various actors. If a share of a fixed budget is at stake, then the game is very definitely competitive: What A spends is not available for B. Generalising, marks for effort are essentially a zero-sum concept. If the aim is to show who does the most, one of the best way of proceeding is to eliminate the competition.

In contrast, if the criterion of success is outcomes, which, moreover, are measured in such a way that it cannot be influenced directly by the social policy actors and exists independently of their efforts, then all actors have an incentive to cooperate. That, after all, is the most effective way of affecting the objective.

The last example is intrinsic to social policy. Social policy by definition concerns people, individuals and families. The problem facing them is not compartmentalised by area of competence or responsibility; social problems are thus horizontal. In contrast, all governments but also NGOs are typically organised on a *functional* basis, and always in a vertical way. Attempting to judge the efficacy of vertical instruments trained to a horizontal objective, if the criterion is effort, would amount to versions of "who got there first" - a zero-sum non-cooperative concept. On the contrary, if we attempt to measure the well being of our "client", then the incentive is to ensure that everyone gets there in time to work together. After all, it is in this way that the outcomes are best and most reliably affected.

OMC and the search for equilibrium

The slogan "Social Protection as a means of production" could have been used as *either* the ideological excuse of blind denial of reforms, *or*, worse, as the justification of situations directly hurting the poor such as the various poverty or unemployment traps which are a frequent feature of advanced welfare states.

The Lisbon Strategy (Rodrigues 2001) is very careful to place the "modernisation of the European Social Model" in the very specific context of facilitating technological and structural change. Thus it makes no claims that 'social protection' *in general* is part of the growth strategy; the *movement* (the 'modernisation') of social protection in a particular direction, on the contrary, could be part of a growth strategy. Thus social protection will help growth if it is part of a reform strategy of the diverse social systems in the member states responding to the common challenges of technological progress and globalisation.

Though the Lisbon strategy does not unquestioningly endorse *any* social systems, it is equally careful to stress that an overall strategy will require *parallel* progress in the 'pillars' of productivity,

employment, sustainability and social protection. Maintaining a balance between the pillars is possibly one of the key and most innovative features of the Lisbon Strategy.

The danger that is most immediately apparent is that of “statistical myopia” – to pursue most actively those aspects of the overall strategy that lend themselves most readily to quantification. Thus the balance of the Lisbon strategy could be dictated by the imbalance of statistical measurability of the different pillars: Aspects which are more advanced in measurement (such as National Accounts) could be given more weight than others where comparable data is at a lower level of development (such as sustainability or the social area). Worse, inappropriate targets may be set simply because they are available rather than because they are worth pursuing.

1.1.4 Overcoming statistical pathologies and the future of the OMC

In the context of this short note, and with a certain laxity for coining neologisms, three kinds of pathologies in the use and interpretation of statistics were mentioned:

- “*Statistical fetishism*” – inappropriate or out of context use of statistics without full understanding of the meaning or how they are related to ultimate social goals;
- “*Statistical nihilism*” – The view that nothing can be measured, nothing is comparable, and hence that anything goes;
- “*Statistical myopia*” – Overdue emphasis on what is available, complacency in not seeking new or better measures.

At the heart of the problem facing the producers of Statistics is that the situations where statistical indicators would be most urgently needed are exactly those where existing indicators are likely to be weakest. Improvements in statistical infrastructure and in the interpretation of statistics are thus of key importance in the overall chances of success of the Open Method of Coordination and the Lisbon Strategy.

REFERENCES

- [1] T. Atkinson, B. Cantillon, E. Marlier and B. Nolan, 2002, *Social Indicators: The EU and Social Exclusion*, Oxford.
- [2] J. Cohen and C.F. Sabel, 2003, “Sovereignty and Solidarity: EU and US”, in Zeitlin and Trubek 2003.
- [3] Rodrigues, M.J. (ed), 2001, *The New Knowledge Economy in Europe: A Strategy for International Competitiveness and Social Cohesion*, Edward Elgar, London.
- [4] Simitis, C., 2003, “Where Now for the Lisbon Agenda?”, *Progressive Politics*, vol 2.1 pp 63-68.

- [5] Supiot, A. 2003, “Governing Work and Welfare in the Global Economy”, in Zeitlin and Trubek, 2003.
- [6] Tsoukalis, L., 2003, *What kind of Europe?*, Oxford.
- [7] Zeitlin, J. and D.M. Trubek, 2003, *Governing Work and Welfare in a New Economy: European and American Experiments*, Oxford.

¹ Platon Tinios is an economist, advisor to the Prime Minister of Greece. He has served as Greek representative on the Social Protection Committee and its Indicators Subgroup from their inception. The views expressed in this article are personal.

² See Rodrigues, 2001. Simitis 2003 provides a review of the Lisbon Strategy three years on.

³ In this respect it has more in common with the Anglo-Saxon “common law”, rather than those legal systems based on Roman law. Interesting parallels can also be drawn from the US.– see the papers in Zeitlin and Trubek, 2003.

⁴ Zeitlin 2003 stresses the many similarities between the OMC and experimental forms of Governance at the State level in the US, such as welfare to work and health care reforms.

⁵ For indicators in the social inclusion process see Atkinson et al, 2002.

1.2 The implementation of poverty and social exclusion indicators for Malta: a case study

Alfred CAMILLERI
Director General, National Statistics Office, Malta

This paper relates the experience of National Statistics Office, Malta in the participation and support of the structured dialogue and policy-making on, as well as the evaluation of, poverty and social exclusion at national level. It also details the process of the implementation of the related programme of indicators.

Combating Poverty and Social Exclusion at EU level

Following the inclusion, by means of the Amsterdam Treaty, of the fight against social exclusion in the provisions relating to the Union's social policy, the European Councils of Lisbon (March, 2000) and Feira (June, 2000) declared the fight against poverty and social exclusion as one of the central elements in the development of the European social model. The Governments and Heads of State agreed on the need to take steps to make a decisive impact regarding the eradication of poverty by setting suitable objectives to be agreed by the Council by the end of the year. The Councils declared the promotion of social cohesion as an essential element in the global strategy of the European Union in order to achieve its strategic objective for the next decade of becoming "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion". It also set a goal for full employment in Europe in an emergent new society that is more adapted to the personal choices of women and men.

During these Councils, it was agreed that policies for combating social exclusion should be based on an Open Method of Co-ordination, combining national action plans and a programme presented by the Commission to encourage co-operation in this field, namely the Community Action Programme to Combat Social Exclusion (2002-2006). The Open Method of Co-ordination formalises the "convergence of objectives" approach. It is a process of co-ordination that is based on inter-governmental cooperation rather than on supranational action. Furthermore, it is more oriented towards "soft" regulation and benchmarking on good practices than towards binding legislation.

At the Nice Summit (2000), the Open Method of Co-ordination on social inclusion was agreed on. Four main objectives for the promotion of social inclusion were identified, namely:

- to promote participation in employment and universal access to resources, rights, goods and services;
- to prevent risks of exclusion;
- to take action in favour of the most vulnerable groups;
- to mobilise all the relevant actors.

Member States and the Commission were invited to develop commonly-agreed indicators of poverty and social exclusion.

Poverty and social exclusion assume complex and multi-dimensional forms that require the mobilisation of a wide gamut of policies under the overall strategy. Alongside employment policy, social protection has a prominent role to play, while the importance of other policy areas such as housing, education, health, information and communications, mobility, security and justice, leisure and culture cannot be discounted. It is necessary, therefore, to mainstream the objective of fighting poverty and social exclusion into relevant strands of policy, at both national and community level.

Indicators on Poverty and Social Exclusion

Following the political agreement reached at the European Council in Nice, the Member States and the Commission sought to develop common approaches and compatibility with regard to the compilation of indicators. These would allow the Member States and the Commission to monitor progress towards the goals set by the Lisbon European Council, namely:

- to make a decisive impact regarding the eradication of poverty by 2010;
- to improve the understanding of poverty and social exclusion in the European context;
- to identify and exchange good practices.

It is evident that a proper assessment of the multi-dimensional nature of social exclusion begs considerable in-depth research, to culminate in a substantial number of indicators. On the basis of the above principles, the Social Protection Committee agreed on a group of indicators on poverty and social exclusion.

In Malta, the National Statistics Office (NSO) was tasked with the research needed to identify these indicators, and with their subsequent compilation and publication.

National Policy-making for the Promotion of Social Inclusion

At a national level, two important policy documents have already been, or are in the process of being drawn up. These are: the National Action Plan to Promote Social Inclusion (NAP); and the Joint Memorandum on Social Inclusion (JIM). These would identify the key issues/challenges and policy orientations for promoting social inclusion in line with the common objectives set out for the Union.

The JIM was conceived as a process of mutual learning involving both the EU Commission services and our national authorities and aims to:

- build up the necessary capacity in government bodies and mobilise other stakeholders in fighting poverty and social exclusion;
- measure the extent of poverty and social exclusion and identify the major problems affecting the country within the context of the current economic and social background;
- develop the social statistics system by promoting the adoption of EU commonly-agreed indicators on social inclusion;
- assess the key immediate and long-term challenges to social inclusion;
- increase awareness of the common broad objectives agreed to in the Nice European Council, as well as of the working methods that have been implemented at EU level;
- develop a national integrated strategy to stage an effective fight against poverty and social exclusion, taking into account the EU agreed objectives;
- acknowledge existing policies and recent policy reforms adopted in the country with the aim of fighting poverty and social exclusion and promoting greater social inclusion;
- develop a consensus on policy priorities to underpin the forthcoming preparation of the Structural Funds' Single Programming Document;
- highlight key issues for further policy review in the context of the first NAP/JIM to be prepared after accession.

The JIM has also become a main policy document that would integrate the poverty and social exclusion issues as well as identify and determine priorities for policy action in order to improve social inclusion. The priority policy areas for action as identified in the JIM include the:

- prevention and eradication of childhood poverty;

- reduction of illiteracy and the improvement of educational attainment for all;
- incentive to undertake paid work in order to address the economic problems of poverty and social exclusion;
- improvement in the employability of persons and their mobility towards better jobs through vocational education and training and lifelong learning;
- increase in the activity rate of women;
- improvement in the welfare of disabled persons;
- increase in the supply of affordable housing.

The NSO was continuously involved in the development of both the NAP and the JIM. Our direct interaction with policy-makers in the development of these policy documents has served us well. It has made us increasingly aware of the challenges facing our country in the fields of poverty and social exclusion and of the policy directions being adopted in order to tackle the relevant issues. It has also helped us to understand better our role in the process and to define or re-define the statistical requirements according to circumstances. Finally, our direct involvement has not only helped to clarify our course of action in these areas; it has also increase our relevance to the socio-economic and political process within the country.

Research on Poverty and Social Exclusion and Policy-making: the Maltese Experience

Until very recently, local research on poverty and social exclusion was sporadic and mostly incoherent in approach. Initiatives for such research were mainly forthcoming from individual government ministries, academics, and pressure groups, the latter mostly operating within the Catholic Church.

Most ministries carried out their own research within the context of their own mission and policy-making frameworks. Quite often, this was undertaken with the minimum of collaboration and coordination with other policy areas within Government. The work carried out by a number of academics was on behalf of a number of ministries, while the above-mentioned pressure groups acted mostly on their own initiative.

The National Statistics Office had never addressed poverty and social exclusion in an orderly and holistic manner. Research on the socio-economic conditions of various sub-groups within our society, like those of women, children and youth, was carried out. In addition, the Office runs a gender statistics programme on a regular basis. However, and although various issues related to

poverty and social exclusion came within the ambit of these separate initiatives, a coherent and distinct programme of research on poverty and social exclusion *per se* has never been carried out. Or rather, the different streams of our research investigating these phenomena were never strung together in a logical and comprehensive manner, in a way that would offer an all-rounded and analytically-sound picture of the state of affairs in Maltese society.

The need to start compiling the mentioned indicators and our requirement to support Government's policy-making on poverty and social exclusion and its eventual evaluation within the guidelines set by the EU's Open Method of Co-ordination has, somewhat, helped to change all this, mainly due to two reasons:

- a) The approach demanded that Government, through the Ministry for Social Policy, modify its own way of doing things. Different policies aimed at tackling different, albeit related, socio-economic conditions and situations started being analysed and evaluated together and within the context of an increasingly well integrated, coherent and focused strategy. Consequently, the dialogue between the different ministries intensified and disparate policies were developed in a more integrated manner, being modified where necessary.
- b) The approach led to an early realisation, on the part of all parties including the NSO, that unless the policy-making, implementation and evaluation processes are well linked and synchronised with the work being carried out by the NSO, there was little hope that the new approach could be adequately developed and supported. The approach demanded an increased level of integrated analysis that in turn generated an increased demand for statistics. On its part, the NSO had to streamline its operations in order to support the co-ordinated approach at the policy-making level. As a result, new and increased synergies had to be created between the different statistical programs being run by the Office in acknowledgement of the realisation that such a process could only be effectively supported in this manner.

In addition to the above, the Office was commissioned to carry out various research projects on behalf of various entities in order to provide the necessary background information for this co-ordinated approach. In this context, I cannot but mention our work on the demand for and supply of childcare services for the Ministry for Social Policy, our survey on poverty for the National Commission for the Family and, our research work on the costs of disability. We have also carried out research projects of a social or economic nature.

Indicator Compilation in Malta

Although various indicators included in the indicative list of indicators have been compiled in Malta before and included in various studies, such a comprehensive list of indicators had never been attempted. Therefore, the compilation and release of these indicators in one set was a first both for the National Statistics Office and for the country.

The indicators were compiled on the basis of the most recent datasets. However, where appropriate and feasible, a time series of the indicators was compiled on the basis of the available historical datasets. The exercise in itself proved to be quite an interesting challenge on two counts:

- a) From a methodological point of view, the Office had to familiarise itself with the theoretical and methodological underpinnings of each indicator and to carry out additional quantitative and qualitative research in order to assure itself that the resultant indicators would faithfully capture and describe the realities and circumstances obtaining in the country.
- b) The Office was fully aware of the social and political implications of such an indicator set. As a consequence, and after calibrating and validating its results, it had to devise a strategy on how best to disseminate the indicators without getting itself enmeshed in a public debate on either the methodological aspects of our work or the political implications arising from the result of our work.

Once the Office felt confident enough of its results, it set the ball rolling for their local release. A comparative publication containing the local indicators and those in respect of other countries and the EU as a bloc was prepared. In addition to being presented numerically and graphically, each indicator was supplemented by a concise and clear explanation of its methodological basis.

The Office did attempt to interpret any of the indicators within the local socio-economic context. We felt that this went beyond the remit of our institution.

Publication of Indicators

The approach to the publication of the indicators assumed a two-pronged dimension. In the course of the week earmarked for their publication, two activities were held.

In the first instance, Government was made aware of the availability and the contents of these indicators. Therefore, a presentation of these indicators was made to the Cabinet Select Committee on Social Affairs. This Committee, chaired by the Prime Minister, was composed of the Minister for Social Policy, the Minister of Finance, the Minister of Health, the Minister of Education and the Minister for Economic Affairs. In the course of this meeting, the Office had the opportunity to present and explain these indicators and to answer questions with respect to their methodology and quality. A very thorough discussion on the relevance of these indicators for Government policy-making and evaluation was carried out. Apart from understanding and accepting the fact that these indicators shed light on the various national socio-economic policies and their outcomes, Ministers appreciated the effectiveness of these indicators as international benchmarks against which to measure national socio-economic well-being.

Within two days from the Cabinet presentation, the National Statistics Office organised a seminar during which these indicators were presented to the public. An open invitation to potential participants was extended through local newspapers. Moreover, the NSO invited a panel composed of the Minister for Social Policy, the Opposition Spokesperson on Social Policy and two researchers on socio-economic matters to discuss the findings. The turnout for this seminar was very encouraging and the level of the discussion on the practical implications of the findings was quite satisfactory. Furthermore, the Office had the opportunity to explain its findings in detail and to clarify any misconceptions that might arise from the exercise itself. The seminar was accompanied by a comprehensive media release by the Office.

The above-mentioned exercise returned very good dividends to the Office. There was a vibrant news coverage of the seminar and its content. Most important, the reportage was carried out in the right way. In addition to this, the release of these indicators generated a considerable amount of discussion both in the print and audio-visual media of national socio-economic policy-making and its impact on the eradication of poverty and social exclusion. It also triggered off a heated debate between the main political parties on alternative policies and courses of action in various areas of national life. Indeed, this debate is practically ongoing.

The above-mentioned events and discussions led to:

- a) a wide acceptance of the indicators by their users. Their usefulness and credibility has never questioned or doubted;
- b) increasing use of the indicators by politicians and other users;
- c) an increasing demand for more detailed and related statistics including data relating to the obtaining situations in respect of certain geographical areas;
- d) an increasing demand for more specialised research on areas such as poverty, the long-term unemployed and certain socio-economic groups like persons with disabilities.

Concluding Remarks

On a national basis, the indicators are not sufficient to support the co-ordinated policy-making approach being promoted by the Open Method of Co-ordination. This approach has managed to amalgamate various strands of policy-making and increase the level of awareness and understanding of certain problem areas at a national level. This improved level of awareness and understanding has led to an increased demand for research into these areas - research that must be supported by appropriate statistics. As a result, the demands that are being placed on the national statistics system are substantial while the pressure to deliver on a number of fronts has become a continuous challenge.

However, the process has also provided us with the opportunity to align the national statistical system and its output with (1) the needs of policy-makers and other key actors (2) life as it is lived by the poor and socially-excluded. By unearthing and highlighting social issues and problem areas, I hope we are prodding decision-makers into addressing them. Furthermore, we are providing the material needed to inform decisions and policies. By means of this course of action, I trust we are putting the NSO at the service of the achievement of an all inclusive-society.

1.3 Developing social protection indicators for an enlarged European Union

David STANTON

Chairman of the Indicators Subgroup of the Social Protection Committee

The paper summarises the work to develop the Laeken indicators for the 15 EU Member States and then examines whether they are suitable for the enlarged EU of 25 Member States. The need to re-examine the purpose of these Indicators arises from the much narrower income distribution in the accession countries. The “at risk of poverty” **rate** in these countries is very low even if the median income **level** in each country tends to be lower than most of the existing EU countries. The paper argues that the proper use of the Laeken indicators requires that no one indicator is considered on its own. Poverty and its causes are multi-dimensional. A full use of the Laeken Indicators might be enough without having to commit to an EU low income threshold or a range of indicators based on ownership of consumer durables [often referred to as non-monetary indicators]. But if there is a case for increasing the indicators consideration should be given to using data drawn from each countries Social Assistance and Social Security systems

1.3.1 Background

The Indicators Subgroup of the Social Protection Committee was set up at the beginning of 2001 with an immediate remit to agree a set of indicators that Member States should use in the preparation of National Action Plans on Social Inclusion [NAPS]. These Plans form the framework for extending the open method of co-ordination [OMC] into the area of social policy. The purpose of the OMC is to help Member States to learn from each other how better to tackle social exclusion and poverty. The success of the OMC in other areas of policy, for example employment, depended on the ability to measure progress in a way that allowed comparisons to be made and lessons to be drawn. The Indicators Subgroup was therefore established to develop a set of indicators that would be used in future NAPS. The result was the Laeken Indicators agreed in December 2001.

1.3.2 Laeken Indicators

The agreed indicators were grouped into three classes. Primary indicators represent the key lead indicators with the secondary indicators providing additional explanatory power and should be seen as underpinning the primary list. A third list of indicators that allow member states to highlight special issues in that country. The third tier are not necessarily harmonised at EU level.

Table 1: Primary Indicators of Social Inclusion

	Indicator	Definition
1.	At-risk-of-poverty rate after social transfers	Share of persons living in households with an income below 60 % national median income (breakdowns by age and gender, most frequent activity status, household type, tenure status + illustrative values of the at-risk-of-poverty threshold)
2.	Inequality of income distribution	S80/S20 income quintile ratio: Ratio of total income received by the top 20 % of the country's population with the highest income (top quintile) to that received by the 20 % of the country's population with the lowest income (bottom quintile)
3.	Persistent risk-of-poverty rate (60 % median)	Share of persons living in households with an income below the 60 % risk-of-poverty threshold in current year and in at least two of the preceding years (incl. gender breakdown)
4.	Relative median at-risk-of-poverty gap	Difference between the median income of persons below the low income threshold and the at-risk-of-poverty threshold, expressed as a percentage of this threshold (incl. gender breakdown)
5.	Regional cohesion	Coefficient of variation of employment rates at NUTS 2 level.
6.	Long term unemployment rate	Total long-term unemployed population (≥ 12 months; ILO definition) as proportion of total active population (incl. gender breakdown)
7.	Persons living in jobless households	Persons aged 0-65 (0-60) living in households where none is working out of the persons living in eligible households.
8.	Early school leavers not in education or training	Share of total population of 18-24-year olds having achieved ISCED level 2 or less and not attending education or training (incl. gender breakdown)
9.	Life expectancy at birth	Number of years a person may be expected to live, starting at age 0, for Males and Females.
10.	Self-defined health status by income level.	Ratio of the proportions in the bottom and top income quintile groups (by equivalised income) of the population aged 16 and over who classify themselves as in a bad or very bad state of health (incl. gender breakdown)

Table 2: Secondary Indicators

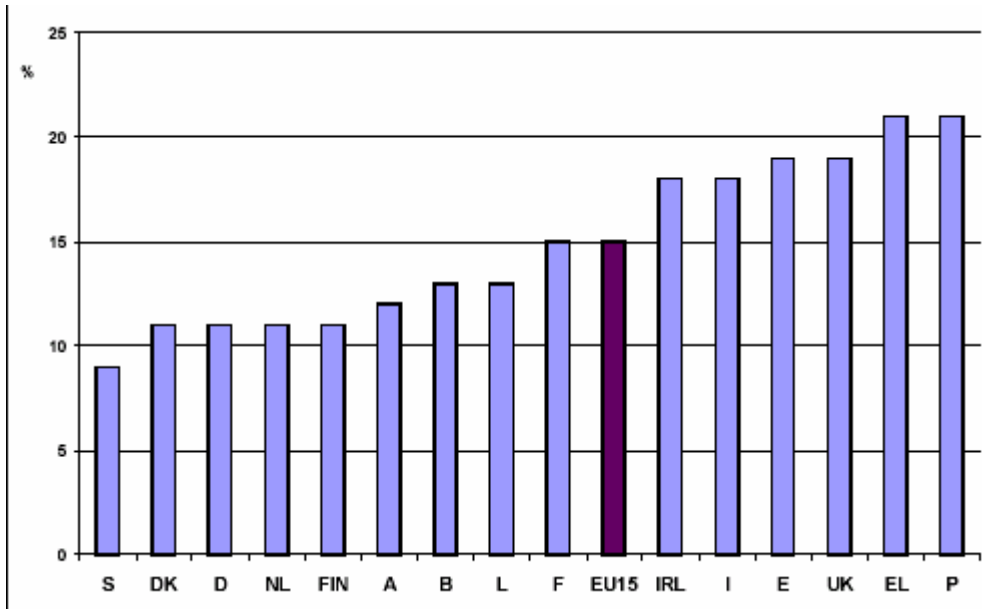
11.	Dispersion around the risk of poverty threshold	Share of persons living in households with an income below 40, 50 and 70 % of national median income
12.	At-risk-of-poverty rate anchored at a moment in time	For a given year n, the “at-risk-of-poverty rate anchored at a moment in time (e.g. year [n-4])” is the share of the population whose income in that given year is below a risk-of-poverty threshold calculated in the standard way (here for the year [n-4]) and then up-rated for inflation (here, the period concerned is [n-4]-n, but the inflation rate to be applied if the European Community Household Panel (ECHP) is used as data source is that for the period [n-5]-[n-1] because the income reference year in the ECHP is the year prior to the survey)
13.	At-risk-of-poverty rate before social transfers	At-risk-of-poverty rate where income is calculated as follows: 1. Primary income, i.e. income excluding all social transfers 2. Primary income plus old-age and survivors’ pensions. 3. Total income, i.e. including all social transfers (= indicator 1) (incl. gender breakdown)
14.	Gini coefficient	Relationship of cumulative shares of the population arranged according to the level of income, to the cumulative share of the total income received by them
15.	Persistent risk-of-poverty rate (50 % median)	Share of persons with an income below the 50 % risk-of-poverty threshold in current year and in at least two of the preceding years (incl. gender breakdown)
16.	Long term unemployment share	Total long-term unemployed population (≥ 12 months; ILO definition) as proportion of total unemployed population (incl. gender breakdown)
17.	Very long term unemployment rate	Total very long-term unemployed population (≥ 24 months; ILO definition) as proportion of total active population (incl. gender breakdown)
18.	Persons with low educational attainment	Educational attainment rate of ISCED level 2 or less for adult education by age groups (25-34, 35-44, 45-54, 55-64) (incl. gender breakdown)

A very important characteristic of this area of policy is the absence of a consensus on either definitions or causes of poverty, social exclusion and deprivation. Nor is there good, timely reliable data in the key area of household income although the EU Social and Living Conditions project [SILC] is a major step in overcoming this deficit. For all these reasons it is important that all the indicators are used when analysing a country’s policies and monitoring progress in tackling poverty and social exclusion. I am therefore at some risk of being accused of ignoring this advice because I am going, initially, to concentrate on the indicator that measures the “at risk of poverty rate”.

1.3.3 At risk of poverty in EU-15 and the accession countries

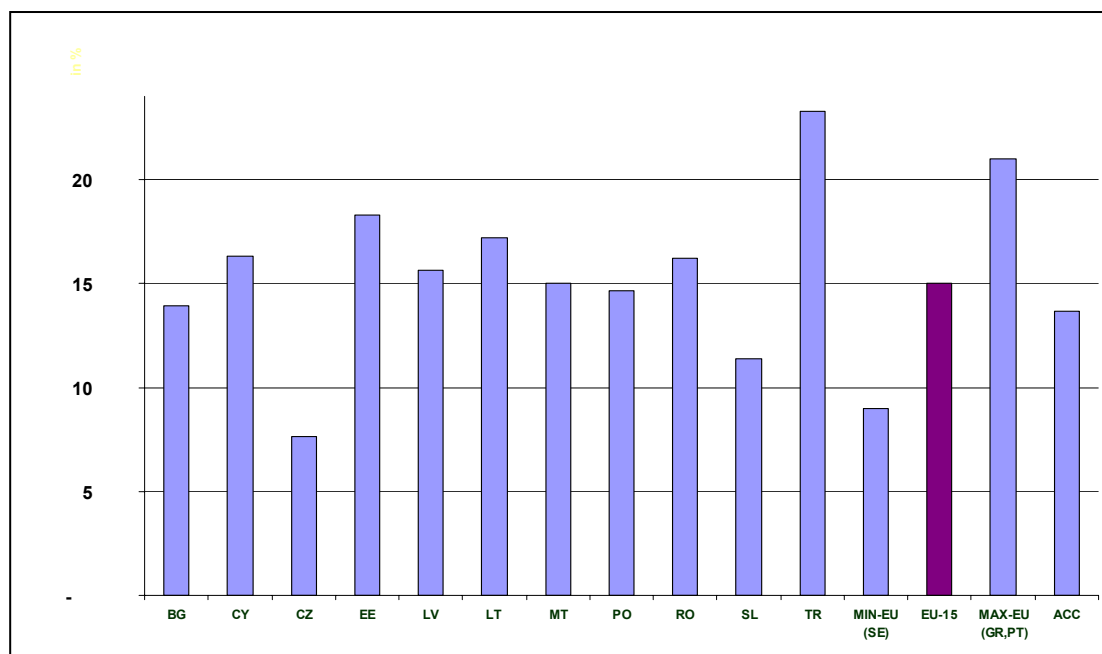
Chart 1 shows the at risk of poverty rate for the EU-15 and chart 2 for the accession countries.

Chart 1: At risk of poverty rate for the EU-15¹



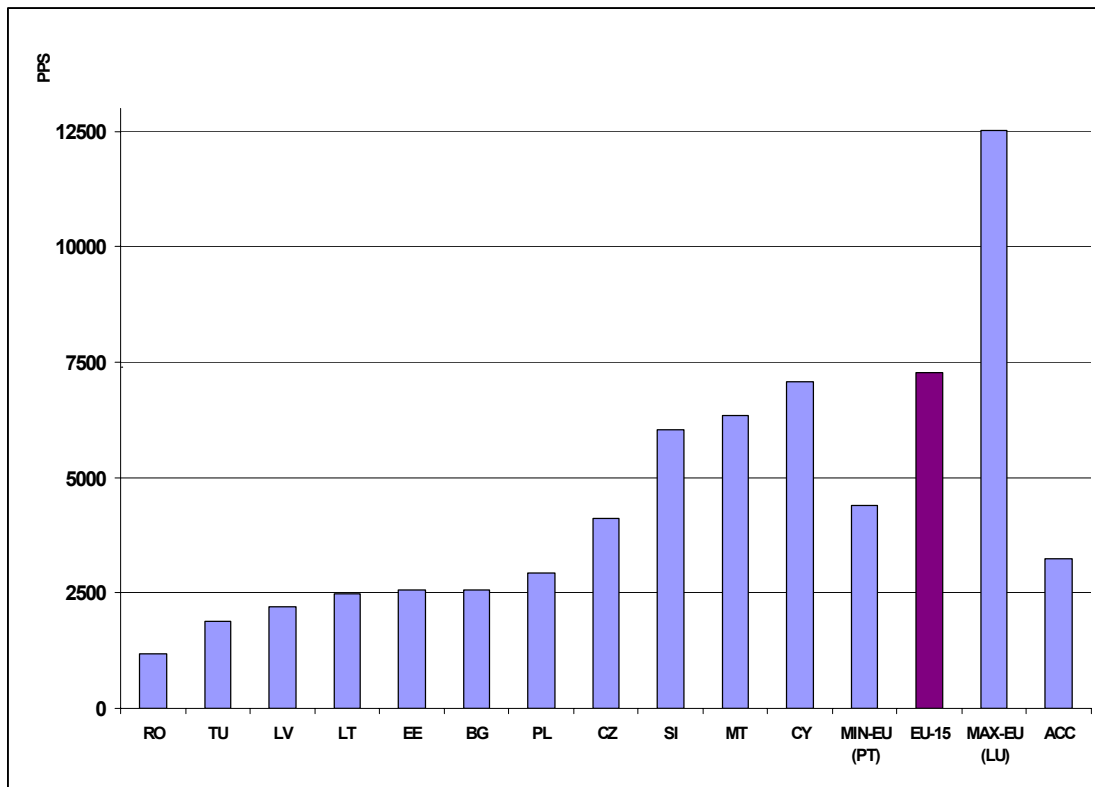
The EU-15 rate shows some relation between high median income and lower at risk of poverty rates. The Nordic countries and Germany all have narrower household income distribution as well as higher median incomes. The outlier in the loose association is the UK with a high at risk of poverty rate – around 18 %. This reflects a combination of high employment rates but uneven distribution of jobs across households. The high proportion of people living in households where no one works reflects the UK’s relatively high number of lone parent households and their lower propensity to be in work.

Chart 2: Accession and candidate countries at risk of poverty rate²



Initially the results for the 10 accession and candidate countries seem counter-intuitive. For all countries the at risk of poverty rate is lower than the highest in the EU-15 and the majority have rates that are either lower or very near the EU-15 average. The lowest rate, The Czech Republic's, is lower than any in the EU-15. Some of this puzzle is explained by comparing the level of median income in all 25 countries. Eurostat have calculated, for single person households, the at risk of poverty thresholds for the 10 and compared them with the EU average. Only Cyprus, Malta and Slovenia have values higher than the minimum EU-15 level, Portugal. In many countries, the level is less than half the EU-15 average [see Chart 4].

Chart 3: At risk of poverty threshold for a single person household in 1999, except CY (1997), CZ (1996), EE (2000), MT (2000), TR (1994)³



Work done in Eurostat has shown that using other Laeken indicators, especially those focussing on the depth of poverty, the accession countries are not as homogeneous as the single at risk of poverty rate would suggest. The full range of Laeken Indicators does make it possible to understand the social inclusion policy challenges facing these countries. I am oversimplifying for brevity but the first and most important message is that the priority for nearly all these countries is to ensure rapid economic growth in general. For nearly all the countries in this group household income distribution is relatively narrow. The challenge will be to ensure that the economic gains from membership of the EU do not greatly change the current dispersion of household income. There will be special challenges for example in countries where there is marked depth of poverty. Providing there is a willingness to use all the Laeken Indicators they can provide a good basis for using the open method of co-ordination in the area of social policy. The purpose is to allow Member States to learn about the policies and challenges in the various countries. Identifying good practice will help all countries tackle the challenge of poverty and social exclusion.

1.3.4 The argument for augmenting the Laeken Indicators

Some commentators, for example Michael Förster, Géza Tarcali and Matthias Till⁴ have argued that there is a need for further indicators that reflect the special circumstances of the accession countries. This is an excellent survey of the need for an augmented set of indicators using non-monetary / deprivation indicators. This is not the place to give a full response to their paper but it remains one of the best argued cases for trying to develop a more integrated approach using both relative low income measures and composite indicators of deprivation.

It is worth standing back and asking what we are trying to monitor with these indicators and I am going to work with a definition of poverty that is people living in low income households for long periods. Low income needs to be defined relative to the society that determines anti poverty policies. Social policy is the responsibility of Member States and therefore the indicators of low income reflect this by defining low income for each country. Although there is not yet a common source of data on household incomes the SILC project will eventually ensure that this is available for the EU-15 as well as the new countries. But for some time to come there will be gaps in income data. Perhaps one of the most important is the absence of duration data in many of the existing data sets. As a substitute for low income duration data many of the deprivation measures could act as a proxy because they are primarily about ownership of consumer durables. People experiencing short spells of low income often own most of the durables: telephone, fridge, washing machine, microwave [perhaps]. Long periods on low income make it likely that replacements cannot be afforded. There is strength to this argument as a short term solution to the lack of data on duration but there are difficulties.

In many of the higher income European countries the level of consumer durable ownership, even at low incomes, is very high and apart from housing these types of indicator are not very discriminatory. They provide little information that is not given in the low income indices. Furthermore the differences between the accession countries and the EU-15 are wider than is apparent from the at risk of poverty rate combined with an index of the low income threshold in each country.

1.3.5 Alternative third tier indicators

In this last section I want to raise the possibility of using a source of information that has so far been neglected in monitoring poverty and social exclusion. In some sense a good example of making use of this data is Sweden where administrative records are used as the basis for collecting the information that will form the Swedish Survey of Income and Living Conditions. I am not here arguing for that even if in the long run I think technology will enable more countries to use

administrative data records to construct household income data. I want to argue for making more use of data collected as part of the Social Assistance and Social Security Benefit systems. Each country's social assistance and social security systems are the first defence against destitution, poverty and social exclusion. It is remarkable that no indicator in the Laeken list refers to the social security system operating in each country. We have no way of monitoring the number of people who depend on social security benefits or the duration pattern of this benefit dependency.

In one sense this data side steps the issue of what is poverty or low income. The social assistance level is the level Governments in democratic countries have chosen as the income level below which no one should fall. In richer countries this level is usually higher and the coverage wider. But the levels and coverage are in some sense the revealed preference for what is the poverty level.

The data cover not only the number of people living on these income levels and their household circumstance but they also provide reliable data on duration without having to use cohort survey data with all the attendant problems of bias resulting from non random attrition.

There are strong counter arguments. First the systems across any or all EU countries are very different. This makes it impossible to see the indicators as strictly comparable across Europe. But they do tell a story about how social security systems are working in the fight against poverty and social exclusion. At present there is no information on this aspect of policy in the Laeken Indicators.

Second the data needs to be augmented with information on the number of people who do not claim social security benefits and live below the social assistance levels. Only one EU country regularly collects the information. Perhaps others should be encouraged to follow. But it is not true that the indicators based on household income surveys have complete coverage either. They do not cover some of the most excluded and deprived members of society those who do not live in households; the homeless and people living in institutions. There is no coverage for these in the existing Laeken indicators. It is not obvious which system's omissions are of more concern.

But on balance there is a case for making greater use of these data especially when there is an absence of data on duration. They measure poverty by the standards within each country. They give a measure of the extent to which there is high dependence on all the social security benefits. This is a complement to the employment rates that measure the role of work in combating social exclusion.

1.3.6 Conclusion

Concentrating on the single at risk of poverty rate in the accession countries can lead to a call for a wider set of indicators because on their own they suggest that in a great many accession countries this rate is low compared with many EU-15. But if all the indicators are used they do give a broader understanding of poverty and social exclusion in both the EU-15 as well as the accession countries. A useful addition would be to have indicators that measured the dependence on social security benefits particularly if there was a measure of benefit duration.

¹ Statistics in Focus POPULATION AND SOCIAL CONDITIONS THEME 3, 8/2003 Statistics
Poverty and social exclusion in the EU after Laeken-part 1
Ian Dennis and Anne-Catherine Guio

² Statistics in Focus POPULATION AND SOCIAL CONDITIONS THEME 3, 8/2003 Statistics
Monetary poverty in EU accession and candidate countries
Ian Dennis and Anne-Catherine Guio

³ As footnote 2

⁴ Income and non-income poverty in Europe: What is the minimum acceptable standard in an enlarged European Union? Michael Förster, Géza Tarcali and Matthias Till. 27th General Conference of the International Association for Research in Income and Wealth, Sweden August 2002.

Theme 1 - Social protection - Some comments

Heli JESKANEN-SUNDSTRÖM
Director General, Statistics Finland

I want to express thanks to all the contributors for the papers we have had the pleasure to read and listen to in this session. They give us an enlightening overview of several important aspects of our work on this field of statistics and indicators. I have chosen to comment only one of the themes that I think are present in all the three papers from different points of view. I call this theme “understanding inputs and outcomes in the field of social protection”.

Firstly I must go back to the title of this session, social protection. I would like to remind all of us of the meaning of this term to a statistician: social protection, as a field of practical statistical work with a long tradition, is distinguished from other areas of social statistics by its nature of macro statistics. At the centre of interest are policy *inputs*, that is, income transfers and social services designed to protect citizens against social risks.

After the Summits of Lisbon and Nice, however, debates and discussions under the topic of social protection have been dominated by the policy *outcomes*. This tendency is accelerated by the prominent role in the open method of co-ordination given for social indicators such as cohesion structural indicators and Laeken poverty indicators. These indicator sets are almost exclusively based on household- and person statistics. In the papers presented here, many illuminating remarks have been made about the open method of co-ordination and other Union guidelines that increase our understanding and acceptance of the choice of outcome indicators and rejection of social protection input indicators.

1. About a gap between measurement of inputs and outcome

For a start, I wonder, whether the present divergence between measurements of inputs and outcomes should be considered as a gap which is hard to cross, and if yes, what are the tools to bridge this gap. It seems to me that the contributors of this session give us a lot of materials to think about this.

In his thoughtful presentation Mr Tinios discusses the merits of overcoming this duality. He asks, on page 2, how to formulate meaningful contributions to policy in the context of subsidiarity when infrastructures, starting points and institutions differ. He answers his own question, on page 3, that EU involvement will be judged as positive if it facilitates national developments. What are the consequences of these criteria of success? In statistical work, this leads to a challenge: to be able to use our harmonised statistics and indicators, we need to know more about our national differences.

To be able to evaluate national policies and to be able to co-operate on the Union level in stead of competing we need tools to understand the basic differences of our societal contexts. What we need is more research, deeper understanding of the *differentia specifica* of each Member State's societies, especially their welfare systems. The notion of different welfare state regimes, presented by Mr Tinios, is a good example of this. Policy outcomes are not enough to be followed - the developments have to be made understandable through input indicators in their proper contexts. But who has all this wisdom that is needed for avoiding the pathologies that Mr Tinios so splendidly characterises?

2. About the interpretation of statistics data

Mr Camilleri's presentation included an interesting remark - among many other useful lessons – when he writes, on page 6, that his office did attempt to interpret any of the indicators within the local socio-economic context, but felt that this went beyond the remit of the institution. This problem is more than familiar to - I guess - most of us. But one has to ask: if the producer of the information is not able to interpret his data, then who is? In the Maltese effort, a lot of learning and research were needed to fulfil the task of indicator compilation. Importantly, interaction between the NSO and policymakers became necessary - and it was successful in Malta.

It is clear that the NSOs have to protect their integrity, but on the other hand, interpretation of complex social statistics takes a lot of expertise that the NSOs often do have. In Mr Camilleri's words (on page 5), *“unless policy-making, implementation and evaluation processes are well linked and synchronised with the work being carried out by the NSO, there was little hope that the new approach could be adequately developed and supported. The approach demanded an increased level of integrated analysis that in turn generated an increasing demand for statistics.”* This notion has important consequences to the work processes carried out in the NSOs. In the recently published Statistics Finland's Social Statistics Strategy, a similar conclusion was made of increasing demand for integration of data bases and “cross-statistical” analytical work.

3. About the international comparisons and the different welfare systems

Mr Stanton makes a most fruitful, concrete proposal that rises from the need to integrate information on social protection inputs to outcome-oriented poverty indicators. To describe the proposal roughly, Mr Stanton considers the possible usefulness of mobilising data which monitors the dependency of households on income transfers to keep themselves above the poverty line, in the case of Sweden, data from Social Assistance and Social Security Benefit systems. The idea of taking social protection measures into consideration even when the ultimate target of measuring the

outcomes is welcome. But, a lot of research and co-operation is needed until we know how to measure and even more, how to interpret. In statistics, we often get what we are fishing for!

I recognise that Mr Stanton presents his case as a third tier indicator, that is, an indicator which is nationally relevant and not suitable for strict comparisons between different societies. However, I can see a comparative ethos in his thinking.

If we reflect Mr Stanton's proposal more carefully, we can illustrate the crucial importance of getting familiar with the broad context of welfare regime of each nation. If we measure only monetary redistribution (income transfers such as unemployment allowances, social assistance, child benefits, and the like), in the universalistic Nordic regime we find that these transfers seem to be received by virtually everyone - rich or poor. In another regime, the incidence of redistribution might be quite different.

Secondly, we have to consider what is left outside the scope of the commonly agreed monetary indicators of poverty. In the Nordic regime, services produced by the public sector form a substantial element in the household living standards. For example, households do not pay for their children's education, day care fees are heavily subsidised, basic health care is free, old age pensions are ensured for everyone, et cetera. In other regimes, services are more often produced in the private sector and households need the income to pay all this. In the Nordic countries, households are, instead, taxed heavily and hence in some of these countries disposable income is relatively low even in the income deciles above the median.

In consequence, the median income is quite low in Finland and Sweden compared with other EU countries (the 6th and 7th lowest). A consequence of a low median is a low poverty rate. A household belonging to median income class in Finland or Sweden would be nearly poor in Denmark and certainly poor in Luxembourg. However, I do claim that taking into consideration the services households receive, the standards of living of the poor households in Sweden and Finland may be higher than in poor households in some richer countries. A good question is still, what do we compare when we compare the relative monetary poverty rates in our countries? Many experts say that we compare the shapes of the income distributions, not poverty in our countries. That's why an extra indicator of social assistance dependency is worth research.

I agree on Mr Stanton's proposal that direct measurements of social security are needed. They would be a step towards bridging the gap between inputs and outcomes. My aim is to ask for more research and analysis of our commonly agreed indicators in their proper contexts. Following the

tripartite typology proposed by Mr Tinios: avoiding statistical myopia is just as important as avoiding statistical fetishism and nihilism.

Theme 1 – Social protection - Discussion

The Czech delegation drew the attention of the participants to the fact that due to the difficult transition from planning to market economy the Czech statistical data on social protection from the 1990s cannot be used for comparison purposes at EU level.

The Italian delegation suggested using a multi-dimensional approach when measuring social reality by taking the perspective of the individual, i.e. defining indicators for the different types of vulnerable individuals (e.g. immigrants, disabled, elderly, etc.). Mr Stanton (Chairman of the Indicators Subgroup of the Social Protection Committee) explained that the poverty and social exclusion indicators *are* broken down by many variables and that these actually are sensitive to these issues. It is true however that because weight is given to income derived indicators, household circumstances are given more importance than individual circumstances and that therefore the measuring is done at household level.

The United Kingdom raised the problem of the limits of using simple measures. In the area of social protection statistics practical relevant measures sometimes create false and contradictory comparisons. Mr Stanton (Chairman of the Indicators Subgroup of the Social Protection Committee) recognised this problem but said that whereas in macroeconomics clear international definitions exist, in social statistics it is extremely difficult to agree on definitions.

The Slovenian delegation stressed the importance of a close cooperation between ministries and the statistical office so that policy makers understand the data presented both at EU level, for comparison purposes, and at national level.

Mr Tinios (Greek representative in the Social Protection Committee) underlined that policy makers want “stylised facts”, data that are easily explainable, and that therefore causal relationships of data are very important.

Mr Hahlen (Germany) closed the session by once again emphasising the political sensitivity of this area and the importance for statisticians to work hard to be able to produce the requested data.

Theme 2 – Labour market and social cohesion

2.1 Employment and social cohesion: The crucial role of educational opportunities

Helias KIKILAS and Giannis SAKELLIS
National Center of Social Research

In recent years, the central policy orientation for enhancing social cohesion across EU is that of increasing the employment rate. In our opinion, this is a necessary but not a sufficient condition and can be at best a partial answer to a multifaceted problem. The essential reason may be the fact that the quality of jobs is a crucial factor upon which the extent, the “depth” and the morphology of the social inclusion depend. The increase in the number of low quality jobs is far from securing a satisfactory level of social cohesion, at least in a meaningful sense. At the same time, it seems that the rapid technological progress intensifies the processes of the population’s “skills’ polarization” and increases the vulnerability of the low skilled workers. The existing mechanisms for the re-integration of the unemployed to employment are far from offering enduring employment abilities. Such an objective would demand a general improvement in the quality of jobs so as to ensure some of the sufficient conditions for a long-term perpetuation of learning abilities. Accordingly, the critical field is the population’s educational level and the crucial variable is the access in education.

The role of inequality in education opportunities and the effect on income distribution have been the subject of academic discussion for many decades. Especially in the 1970s, the Human Capital theory (J. Mincer and G. Becker) and the critical thought of the radical school (S. Bowles and H. Gintis), gave impetus to disputes concerning the effectiveness of the social protection expenditure in respect of the reduction of economic and social inequalities and the further strengthening of social cohesion.

The debate is still vital because, although the social expenditure as a percentage of GDP is growing (in some Member States in faster rates), the economic inequalities remain significant. In addition, the risk of poverty remains at high levels although measurement problems must be taken into consideration. It seems that apart from specific factors that are related to the management and the distribution of social expenditure, inequality-reproducing forces, which are inherent in the structure of the economic growth model, are also functioning in modern developed societies. The inequalities of access in education are a key factor in the reproduction of inequality. The significance of this parameter is greater because of the importance attributed to the life long learning process in the context of the dynamics of the Lisbon message. Indeed, since the effectiveness and the diffusion of the life long learning policies depend on the population’s typical education background it can be reasonably

argued that the inequality of access in typical education leads to life long learning inequalities. As a result, the latter may turn from a social cohesion factor into a factor of inequality.

The high positive correlation between the levels of education and employment of the population is documented for almost all EU Member States. A similar relation also appears between the levels of education and unemployment, especially long-term unemployment. Nevertheless, one of the most crucial factors that the high levels of employment keep step with the low levels of economic inequalities, is the educational level of the population and, dynamically, a shifting structure of public expenditure which favors the educational expenditure and, supported by social policy, expands people's potentials in accessing the basic educational systems.

In regard to the above and in the context of planning, monitoring and evaluating policy measures, the important field of the sufficiency and suitability of the official collected statistical data must be examined.

Introduction

It is no exaggeration to say that in recent years the key policy orientation of the European Union in promoting social cohesion has been that of increasing the employment rate. In our opinion, this is a necessary but not a sufficient condition and can at best be described as a partial answer to a multifaceted problem. The essential reason may be that job quality is a crucial factor upon which the extent, the "depth" and the morphology of social inclusion depends. Merely increasing the number of low-quality jobs is far from securing a satisfactory level of social cohesion. At the same time, it would seem that rapid technological progress intensifies the processes of "skills polarisation" and increases the vulnerability of low-skilled workers. The existing mechanisms for re-integrating the unemployed are far from offering long-term employment abilities. Such an objective would demand a general improvement in job quality so as to ensure some of the *sufficient* conditions for a stable maintenance of learning abilities. It seems to an increasing extent that what is of the essence *is the educational level and the crucial variable is access to education*.

In most EU countries social policy focuses on addressing the problem of social exclusion from the moment people lose their jobs. Regular policies combine short-term measures to "energise" the various categories of unemployed via financial incentives to take up work (chiefly disincentives to discourage people from remaining unemployed). However, the problem is that the endeavour to "re-skill" jobseekers in the short term has limited results in a context in which people spend a long period of their working life without achieving fresh skills and, above all, without maintaining or acquiring basic training skills. At the same time, focusing on wider financial incentives (mainly via restructuring of the benefits system) seems to ignore indicators which show that the majority of

unemployed people are keen to work even for non-pecuniary reasons. The percentage of unemployed persons who are keen to work even when work is not necessary for financial reasons is the same in Sweden as in the United Kingdom, and is higher in countries with generous unemployment benefits such as Denmark and the Netherlands. In other words, a system featuring a high level of living standards for the unemployed may well co-exist with a high level of willingness to work on the part of the unemployed.

Hence there seems to be a need to shift European social policy away from short term "remedial" measures towards the development of long-term preventative programmes which will protect citizens from marginalisation by ensuring ongoing skills enrichment during their working life.

The Lisbon objectives, social cohesion and the quality of work

Increasing the employment rate is the basic objective both of labour market policies and social policies at European level. The Lisbon European Council set as objectives for 2010 an employment rate of 70 % for the entire population of working age (up from 64 % today), with over 60 % for women (up from 55 % today), while the Stockholm Council laid down as intermediate targets for 2005 the levels of 67 % overall and 57 % for women. These objectives involve an increase in total employment of almost 20 million persons by 2010 (of which 10 million by 2005), while at least 50 %-60 % of the new jobs must be occupied by women. The increases in employment required to achieve these goals will have to be at least double that of those set for the 1990s. Besides, given that there are a total number of 13 million unemployed in all EU countries, the complete elimination of unemployment will not be enough to achieve these goals and a considerable number of persons from the non-active population will have to enter the labour market¹.

Employment rates in Greece are considerably lower than the European average and consequently both labour market policy and social policy will face a real challenge. The overall employment rate in Greece is 8.5 % below the European average, while in the case of young people aged 15 to 24 and women it is almost 15 percentage points lower. Certain "crude", rule of thumb calculations also highlight these gaps: for Greece to achieve the average European level for 2001, the total number of employed would have to increase by almost 585 000 persons (from the de facto level of 3.8 million in 2001, or by 15 %, while the total increase for the entire decade 1991-2001 was 7.5 %), the number of employed aged 15 to 24 would have to increase by 200 000 (from the de facto level of 350 000 in 2001 or by 57 %), while in the case of women employment would have to increase by 500 000 (from the de facto level of 1 455 000 in 2001 or by 34 %) and in the case of young women aged 15 to 24 by 105 000 (from the de facto level of 150 000 in 2001 or by 70 %)². Note also that the official jobless figures for 2001 were approximately 450 000, of whom 270 000 were women.

On the other hand, if Greece were to achieve the European targets for 2010, namely 70 % for the total working population and 67 % for women³, total employment would have to increase by 1.2 million persons (or by 30 % as compared with the present⁴), and female employment in particular would have to increase by 730 000 persons, or 50 % above the present level⁵.

Schematised data

It is generally agreed that employment is a must for improving the lot of "marginalised" population groups in the EU. However, integration in the labour market is not the same as social integration and consequently does not, on its own, resolve the problem of social exclusion in a satisfactory manner. Many categories of jobs and many workplaces in the EU do not provide the opportunities and potential for personal development; do not promote job satisfaction or provide a satisfactory and dignified level of income or job security – contrary to what is assumed by those who argue that employment is the royal road to social integration. The problem is bad enough for the semi-skilled and the unskilled as a whole, but it is particularly sharp in the case of unskilled workers in temporary or part-time employment and in the case of unskilled older workers. Besides, there are many indications that at least during the 1990s there was a significant intensification in work, associated with job cuts, the growing demand for increasingly high quality products, and brisk company restructuring operations⁶.

Assuming that the criteria for a high quality job are:

- job security;
- access to training;
- career prospect and;
- level of income;

it can be concluded that 25 % of European workplaces may be classified as low-quality jobs (European Commission 2001, Chapter 4). It is particularly interesting to note that an individual's educational level has a major impact on his job quality: less than 30 % of the jobs held by low-skilled workers can be characterised as "high quality jobs" on the basis of the four above-mentioned criteria, while highly skilled persons occupied 60 % of high quality jobs. There is abundant evidence that low-skilled workers are at real risk of social exclusion both because of the difficulties of improving their quality of work and the high probability that they will be made redundant or discouraged and that they will leave the labour force. Women, young people, the under-educated,

primary sector workers, unskilled manual labourers and workers in "basic" jobs are over-represented in the category of low-quality employment. It is equally interesting to note that two thirds of the jobless who find work again are employed in low-skill jobs.

(Note that in Greece the illiteracy of the fifties and sixties 'bequeathed' low training skills and that as a result it is impossible for persons aged 45 to 65 to access training programmes).

Apart from the dimensions relating to job security, training, career and income, working conditions are a critical factor in determining the quality of employment. Recent indicators show that there has been no evidence of an improvement in working conditions in EU countries during the 90s. Rather, in certain cases the situation has deteriorated. According to the European Foundation⁷, work-related health problems are on the rise; the percentage of workers exposed to physical hazards is at an exceptionally high level and also rose during the 90s, while 49 % of workers say that they are working more than 40 hours a week.

Besides, work rhythms have particularly high negative levels and the situation is rapidly deteriorating: the percentage of persons in highly intensive jobs rose from 48 % in 1990 to 56 % in 2000, while the percentage of workers who have to meet very tight deadlines rose from 50 % to 60 %. And this occurred in tandem with an increase in the level of "control and autonomy" of employment, in the sense that there was an increase in the percentage of employees who themselves have freedom to choose their working rhythm and method. In a nutshell, despite the major growth in the range of *choices* on the part of workers at the level of "control and autonomy", in reality workers do not exercise these choices and their work is becoming more and more intensive. This indicates transformations in the nature of work which is less and less dependent on the operating rhythm of the machinery or production standards and is increasingly dependent on clients and the range of demand. In this connection there are increasing signs that "flexibility" does not necessarily go hand in hand with better working conditions, particularly in the case of casual labour, such as various types of temporary (and part-time) employment. It seems that the already high levels of stress at work – a problem which is increasingly being recognised at European level – are being aggravated by the extensive working hours and growing problems in reconciling work with family life and the need for leisure time. It is possible that the persistence of these trends will seriously stymie the endeavour to lengthen working life and will make early retirement more attractive even for highly skilled groups, and consequently will exacerbate the already serious difficulties facing the social protection and pension systems.

These data substantiate the theory of the dualism of the labour market and the labour force (Doeriger, P. and Piore, M. (1971), Edwards, R. (1979)), according to which the primary segment

consists of workers who have jobs with decent wages, relative job security, positive career aspects and good working conditions general. The secondary segment consists not only of unemployed and discouraged workers but also of workers who have low-quality jobs with low wages, insecure employment conditions and a dearth of educational opportunities and career prospects. There are very few cases of people moving from low-quality jobs (or from unemployment) to high quality jobs (European Commission 2001 Chapter 4) and the outlook is particularly gloomy for the undereducated. On the contrary, downward mobility towards unemployment and discouragement is widespread in the case of workers in the secondary segment and notably in the case of women and the unskilled. At the same time, workers with casual and temporary or part-time jobs are particularly at risk of social exclusion, either because of unemployment or because of job stagnation.

To conclude, those who face the greatest risk of social exclusion are not only the long-term unemployed with low skill levels but also casual workers who do not have the possibilities and opportunity of education, training and career advancement. On the other hand, a high level of education and specialised vocational training seems to be a way of avoiding low-quality jobs. Low-quality jobs are far more likely to lead to unemployment and to discouragement than to better jobs.

Education and equal opportunities

Investment in human capital plays a key role in the Lisbon strategy because it is considered not only as a key factor in economic growth but also as a mainstay of social cohesion policy. Human capital is considered to be a critical input for the development of new technologies and a *sine qua non* for the adoption and effective use of these technologies – but also as a necessary prerequisite for "employability" and a necessary "weapon" in combating social exclusion and discrimination.

The close correlation between levels of education and employment is evident in almost all EU and OECD Member States. The same applies to levels of education and unemployment, mainly as regards long-term unemployment. According to the OECD (2002), the EU unemployment rate of persons aged 25 to 64 who have a medium and high level of education is (respectively) 40 % and 60 % lower than that of the workforce with a low educational level.

On the other hand, the levels of employment of persons of medium and high educational levels is 38 % and 56 % higher respectively, while their rate of participation in the labour force is 32 % and 46 % higher than the corresponding rates for the under-educated. The situation is similar in all EU and OECD countries. The results of Eurostat's Labour Force Survey 2000 confirm the close link between educational levels, employment and participation in the labour force. There is a drop in the

unemployment rate and an increase in employment and participation in the labour market as we move from low to high educational level in almost all EU countries (Greece and Portugal being exceptions from the rule in that the level of unemployment is higher in the case of persons with a medium educational level). For all countries, the transition from low to intermediate education level reduces the unemployment rate by 4 percentage points and increases the rate of participation by 18.8 percentage points. An examination of the difference between the higher and lower educational levels shows that the numbers increase by 6.5 and 27 percentage points respectively.

The same applies when the levels of education, employment and social cohesion are correlated on an inter-country basis. A series of simple Cartesian grids schematizes the data as follows:

- countries whose population has a high level of education are those in which the levels of employment are higher;
- high levels of education correlate positively with low levels of long-term unemployment;
- high levels of education and employment correlate positively with low levels of poverty risk;
- high levels of education and employment correlate with more effective systems of social protection, at least as regards the criterion of reducing the poverty risk associated with social expenditure.

It can be argued that one of the most critical factors as regards the correlation between high levels of employment and relatively low levels of economic inequality is the population's educational level; hence - as regards dynamic trends - a shift in government spending towards education, with the assistance of social policy, expands the possibilities of access to the basic education systems.

The role of inequality of opportunities in education and its impact on income distribution has been the subject of academic discussion for several decades. Particularly during the 1970s, the theory of human capital (mainly developed by J. Mincer and G. Becker) and the critical approach of the radical school (S. Bowles and H. Gintis) cast doubt on the efficiency of social protection expenditure as a means of reducing economic and social inequality and improving social cohesion.

Indeed, the debate continues. The reason is that despite the increase in social expenditure as a percentage of GNP (and in certain Member States the increase has been rapid), substantial economic inequalities still persist. Despite all the problems associated with measuring poverty and notwithstanding the progress made in certain Member States, a high risk of poverty still pertains. Thus, it seems that apart from certain aspects connected with the general management and

distribution of social expenditure, modern developed societies are characterised by dynamics which promote the reproduction of inequality and are endemic to the structure of the economic growth model. The inequalities of access to education play a critical role in the reproduction of inequality. This parameter assumes wider dimensions given the importance attached to lifelong learning in the framework of the Lisbon declaration. Indeed, while the effectiveness and diffusion of lifelong learning programmes depends on formal education, it makes sense to argue that if inequality in access to formal education leads to inequality in lifelong learning, the latter, instead of fostering social cohesion, will produce inequality.

One critical aspect which is often overlooked in connection with the growth of economic inequality is that when analysing the distribution of income it is crucial to distinguish between inequality of **income** on the one hand and inequality of **opportunities** on the other. Equal income means that somebody receives the same income. Equal opportunities means that somebody has the same opportunity to reach the top (or the bottom) of the income hierarchy, in the sense that his family background does not in any way affect his opportunities for financial and professional advancement. Inequality of opportunities, from this angle, exists when there are mechanisms which transfer financial success (or failure) from parents to children.

The approach to the problem of inequality of opportunities, particularly as regards education, is of critical importance for the understanding of the mechanisms which cause or intensify wider economic and social inequalities. First of all, one dimension of inequality concerns the years ('quantity') of education received by children of low-income families by comparison with children of high-income families. These inequalities as regards income level are reflected in the drop-out rate in primary and secondary education, the ability to continue study in third-level education, the student dropout in third-degree primary education, and the age differentials at the same level of studies.

Another quantitative approach to inequalities concerns the differences between the funding of specific educational institutes (working class and rich families) at all educational levels: the meagre financial resources allocated to schools catering to children from poor families has an adverse effect on average class size, resulting in the need to rely on obedience-focused teaching methods and rote learning, the multiplicity of optional courses, and the availability of specialised teaching staff. All this stymies the development of a flexible and open educational environment, since there are scant opportunities for independent creative work and individualised monitoring on the part of the teachers. This puts paid to the possibilities of developing creative features and flexible key skills which are essential both for productive work at the higher echelons of the job hierarchy and for

lifelong learning, particularly in the framework of rapid technological development. In recent years, there has been growing consensus that the scant amount of financial resources targeted at ‘downgraded’ schools is due to two main reasons: firstly, because of the systems of linking funding of an educational institute with its educational “output”, and secondly because of the trend to transfer responsibility for funding to local authorities; as a result, the educational quality in poor areas is being increasingly degraded. Add to this the intra-school differences facing children with a different family and economic background, as a result of the different treatment imposed by the methodological design of the curricula and the testing and advancement procedures, as well as the differences as regards access to third-degree education between schoolchildren with the same levels of “academic skills” but with a different economic and family background.

If one of the targets of education is to offset the low social mobility associated with the inheritance of wealth and privilege, the education system must be structured in such a way that children from relatively poor families receive more rather than fewer benefits from education, as they do today. The absence of a counterbalancing factor in favour of poor families de facto undermines the liberal argument that an equal education system will offset the inequalities resulting from other features of the social system. One particularly relevant aspect as regards implementing this standard is the domain of social culture. In modern societies professional roles can be classified on the basis of the degree of “control and autonomy” exercised by the person who occupies the corresponding job (note that this degree is also one of the quality indicators of employment mentioned in the previous sector). There are clear indications that in different occupational roles satisfactory performance depends on personality characteristics which differ considerably: for example, some roles require autonomy and internal discipline while others emphasise obedience, willingness to accept external controls, etc. These personality characteristics are primarily developed within the family and it is logical to hypothesise that the distribution of children’s personality types will tally with their parent’s personality characteristics: children whose parents have specific positions in the job hierarchy grow up in environments in which the methods of upbringing (and most likely the environment as a whole) tend to develop personality features which are compatible with their satisfactory employment in the occupational roles of their parents. Broadly speaking, for example, children of managers and professionals are taught “self-reliance” while children of clerks and employees are taught obedience. While this develops within the family framework, it is reinforced via the education system, mainly – as was mentioned above – as a result of the differentials in funding the specific educational institutes (working class and rich families) and the methodological structure of the curricula, and the procedures of selection, advancement and testing at all levels of education. This leads to the production of different types of skills as a function of family

background. The operation of the labour market translates, with the aid of the inequalities in access opportunities, the differences in social culture and personality characteristics into inequalities of income and professional hierarchies and reproduces on a continuous basis the inequalities of access to high-quality employment.

It is a fact that both educational expenditure as a percentage of GNP and in terms of expenditure per student have increased during the 1990s in almost all OECD countries (OECD 2001). Besides, corresponding increases are to be noted throughout the European Union both as regards expenditure on social protection as a percentage of GNP and as regards per capita social costs (Eurostat – 2002). However, is public funding of the education system (free education for all) or an increase in the quantity of education **a necessary and sufficient condition** for equalising educational opportunities on the basis of the existing distribution of economic and social inequalities? The answer would appear to be negative, since despite the fact that young people today are more educated (OECD 1999), their labour market prospects do not seem to be improving, while mechanisms conveying financial failure from parents to their children seem to be expanding, since the core of the problem concerns children from unemployed and poor households.

The typical policies at this level involve the public education system, the labour markets and social welfare, and often combine measures which relate both to the demand side and the supply side. As far as supply is concerned, the policies focus on expanding the employability of young people via the development of curricula, “remedial” training programmes and vocational guidance and counselling. On the demand side, the adoption of minimum wages for young people and the creation of subsidised jobs for young people (mainly in the public or social sector) are two of the main measures applied. The goals of these policies are manifold: a smoother transition to stable and quality employment, a more effective linking of young people and employment, low levels of youth unemployment, particularly long-term unemployment, and the possibility to obtain adjustment skills in a constantly changing work environment. However, the ambition should be counterbalanced by recognition of the critical role played by various social and financial backgrounds in shaping educational and job opportunities for different people. We totally agree with Bowers, N., Sonnet, A. and Bardone, L. (1999) who argue that *“it is quite naïve, in fact, to believe that education and active labour market policies aimed at disadvantaged youths can overcome handicaps that have their origin in the economic and social disadvantages faced since early childhood. Only a broader and more long-term policy of poverty reduction and equalisation of socio-economic conditions, that targets support on disadvantaged families and communities, can hope to achieve this”*.

Statistical adequacy

Effective policies designed to improve the quality of work, on the one hand, and to prevent inequalities in economic and occupational opportunities (and in particular education opportunities), on the other, have to be energised at a number of levels. The national governments and the European Union must accept responsibility for emphasising just how important these issues are, for example by disseminating information on good practice. A major responsibility both of governments and the EU is the preparation of representative and first-rate harmonised national studies as a basis for the development of comparable social indicators. As regards the quality of work, the possibility of reaching agreement on common indicators already exists (European Commission 2001a). However, despite the fact that the general approach is in the right direction, the quality of the available indicators varies greatly; hence, simply assuming that the existing data sources are enough may lead to the selection of unsuitable and flawed measurements. The deficiency lies in the failure to invest the resources needed to develop a harmonised **survey of the quality of work** with a view to assembling comparable sampling data of adequate size and quality, so as to furnish reliable information on trends as well as an adequate analysis designed to provide information on the critical sub-groups of the population.

At the level of assessing and monitoring trends in inequality of education (but also as regards economic and social opportunities in general) we consider that it is of the essence to develop a **survey of economic and social opportunities**. Alternatively, exceptionally useful data could be assembled via the enrichment of household surveys, such as the Labour Force Survey or the new SILC (formerly ‘Household Panel’).

Finally, we consider that it is of particular importance to ensure proper use of the surveys and to ensure that the relevant results are published, which provide us with data on trends in economic and social conditions, and chiefly the Household Panel.

The heart of the matter is that this source of relatively comparable data is mainly used to compare situations between given points in time – in other words the data are used as stock values as though they were derived from a sample survey — while very little importance is attached to **specifying the characteristics of inter-situation mobility** (i.e. the use of the data as flow values), which one would expect to be the main use of a panel survey. It is characteristic that, out of the total of 17 Laeken social cohesion indicators, only one indicator (persistent risk of poverty) is referred to as a ‘flow situation’.

BIBLIOGRAPHY

- [1] Bowers, N., Sonnet, A. and Bardone, L. (1999): Giving Young People a Good Start: The Experience of OECD Countries, In OECD (1999): Preparing Youth for the 21th Century: The Transition from Education to the Labour Market, Paris.
- [2] Burtless, G. (2000): *The Greek labor Market*, Introduction at the Conference “The Financial Performance and the Perspectives of Greece” the Bank of Greece and The Brookings Institution, 7-8 December 2000, Athens.
- [3] Commission of the European communities (2002) Report From the Commission To The Council, The European Parliament, The Economic And Social Committee And The Committee Of The Regions *Report requested by Stockholm European Council: “Increasing Labour Force participation and promoting active ageing”* COM(2002) 9 Final, Brussels, 24.01.2002
- [4] Doeriger, P. and Piore, M. (1971): *Internal Labour Market and Manpower Analysis*, Lexington Mass
- [5] Edwards, R. (1979): *Contested Terrain: The Transformation of the Workplace in the Twentieth Century*”, N.Y. Basic Books
- [6] Esping-Andersen, G., Gallie, D., Hemerijck, A. and Myles, J. (2001): *A New Welfare Architecture for Europe?*, Report submitted to the Belgian Presidency of the European Union
- [7] European Commission (2000): *European Economy, no 71*, DG for Economic and Financial Affairs
- [8] European Commission (2001): *Employment in Europe 2001*, DG for Employment and Social Affairs
- [9] European Commission (2001a): *Employment and social policies: a framework for investing in quality*
- [10] European Commission (2002): *Employment in Europe 2002*, DG for Employment and Social Affairs
- [11] Eurostat (2002): *The Social Situation in the European Union 2002*
- [12] Marx, I. (1999): *Low pay and poverty in OECD Countries*, Employment Audit, Winter 1999
- [13] OECD (1999): Preparing Youth for the 21th Century: The Transition for Education to the Labour Market, Paris
- [14] OECD (2001): *Education at a Glance*, OECD Indicators, Paris
- [15] OECD (2002): *Employment Outlook*, Paris.
- [16] Paoli, P. and Merllie, D. (2001a): *Third European Survey on Working Conditions 2000*, European Foundation
- [17] Paoli, P. and Merllie, D. (2001b): *Ten Years of Working Conditions in the European Union*, European Foundation
- [18] Scarpetta, S., Bassanini, A., Pilat, D. and Schreyer P. (2000): *Economic Growth in the OECD Area: Recent Trends at the Aggregate and Sectoral Level*, Economic Departments Working Paper no 248
- [19] Vanderbroucke, F. (1999): *The Active Welfare State: A European Ambition*, Den Uyl Lecture, Amsterdam, 13 December 1999.

¹ These data are derived from the statistics in the annex to the European Commission's document (2002) and the Commission's calculations (2002)

² The labour market data are based on the results of the Labour Force Survey carried out by the National Statistical Service of Greece for the second quarter of 2001

³ Note that these goals apply to a total of 15 countries. Some Member States have not laid down such targets at national level, and these issues are often discussed by the competent authorities. Besides, the 70 % target does not require an equivalent percentage in each Member State but can be achieved via various combinations, given that certain countries have already achieved this goal.

⁴ Note that total employment for 1991-2001 rose by 7.5 %, whereas there was a downward trend after mid-decade.

⁵ These calculations are based on the statistics in the annex to the European Commission's document (2002). As regards the calculations, it was assumed that the rate of change in the corresponding population of working age by 2010 is equivalent to the annual rate of change during the 1991-2001 period.

⁶ Esping-Andersen, G., Gallie, D. Hemerijck, A. and Myles, J. (2001)

⁷ Cf. Paoli, P. and Merllie, D. (2001a) and (2001b)

2.2 Statistics on the labour market and social cohesion in an enlarged EU

Gabrielle CLOTUCHE
Principal Adviser of Social Statistics, Eurostat

This paper provides an overview of the demand for statistics on the labour market and social cohesion in addition to what is currently available. Short-term and structural statistics are distinguished and an analysis of the situation of EU countries as well as candidate countries is presented. The conclusions about improvements and developments of statistics in order to meet the demands of the Lisbon, Stockholm, and Barcelona Councils can be an input to the report of the Commission on assessing progress on the Lisbon strategy (request of the Spring Council 2003).

2.2.1 Introduction

This paper presents the statistical tools, which are currently available as well as needed for information about key policy objectives in the domain of labour and social cohesion in an enlarged EU of 25 Member States. The sections refer to the economic and employment policy, in particular the Lisbon strategy. In March 2000, the Lisbon Council agreed a new strategy to strengthen employment, economic reform and social cohesion in a knowledge society. The (proposed) employment guidelines for the next three years - and the broad economic policy guidelines on the level of economic policy co-ordination - identify medium-term objectives with clear targets to deliver the Lisbon strategy in an enlarged EU. These guidelines and the policy targets are presented already under the heading of the first objective of full employment within the Lisbon strategy. Improvements of statistics and additional data are needed to measure progress in achieving these policy objectives.

Following the introduction under Article 136 and 137 EC by the Amsterdam Treaty of the fight against social exclusion among the social policy provisions, the Lisbon Council recognised that the extent of poverty and social exclusion was unacceptable. Building a more inclusive European Union was thus considered as an essential element in achieving the Union's strategic goals. The Lisbon Council agreed to adopt an Open Method of Co-ordination in order to make a decisive impact on the eradication of poverty and social exclusion by 2010. Common indicators are necessary to monitor progress and are described in details in this paper.

In 2000 also, the Ecofin Council endorsed an action plan to improve EU/€-zone macro-economic statistics, including labour market statistics. Recently, the Commission and the Council called in

particular for the development of a set of key macro-economic indicators. All these statistical demands are treated in detail below. Our assessment of the statistical needs distinguishes general strategic goals for statistical development and improvements of statistics in the acceding countries.

2.2.2 Macroeconomic policy and short-term statistics

Macroeconomic policy aims at sustaining economic growth and employment besides in preserving price stability. A set of four Principal European Economic Indicators (PEEI) is established for the labour market: the monthly unemployment rate, the quarterly employment rate, the quarterly labour cost index and the quarterly job vacancy rate. These indicators are not only needed as Eurozone statistics, but they are important to underpin the surveillance of economic policy. Besides these four PEEI, another requirement for short-term statistics concerns a volume measure of employment in hours worked. This measurement of hours worked is the preferred measure of labour input for the calculation of labour productivity.

The labour force survey¹ is the source for consistent estimates of employment and unemployment while business surveys are the source for the labour cost index² and the job vacancy rate³. The hours worked data will be part of the quarterly national accounts data and included in the ESA95 transmission programme⁴.

The unemployment rates will progressively comply with the definition according to the Commission Regulation (EC) no 1897/2000, this applies to the EU-15 as well as to the Acceding Countries. A backward series of the labour cost index will be available from 1996 and studies will be carried out to extend the coverage. The data collection of the quarterly job vacancy rates started in May. Acceding countries should also launch the collection of job vacancy data. The reduction of the delays of the transmission of the four indicators, except the unemployment rate is essential.

	EU-15	Acceding countries	EU-25
Unemployment (March 2003)	7.9 %	14.7 %	9.1 %
Quarterly employment growth (Q4, 2002/Q4, 2001)	0.2 %	- 0,8 % (ex Malta)	0
Labour cost index (Q4, 2002)	3.6 %	Missing data for some acceding countries	

2.2.3 Employment policy and structural statistics

Globalisation, changes in the behaviour of businesses and in the structure of product markets have effects on the response of the labour market. Besides the focus of macro-economic analysis on the business cycle, it also focuses on determinants of labour market performance in the long term.

The surveys on structural statistics on earnings and labour costs (SES and LCS) provide comparable data on the level and composition of the outlays of businesses for the remuneration of labour and on the distribution of earnings to analyse economic and social cohesion. Because employment (about 30 %) and the share of value added (about 20 %) of the public services are significant and because small enterprises with less than 10 employees are important for employment policy, data on earnings and labour costs are needed to fill the statistical gap for this part of the economy. The extension of the coverage of both surveys to all economic activities and size classes is part of a six year action plan to improve the integrated system of earnings and labour cost statistics - endorsed by the 49th SPC.

The SES is carried out every four years. Data are already more than five years old until new data are available. Therefore, data on gross hourly earnings and annual gross earnings are available each year. The breakdowns of these data are very limited (full-time/part-time x sex x ISCO major group or NACE sections). According to the action plan for the integrated systems of earnings and labour cost statistics, other service activities (sections L-O) will be covered from 2007 onwards.

This action plan already looks at the possibility to link individual data on wages with the labour force survey. Information would then be available on wages in relationship with individual characteristics, e.g., age and educational attainment and job characteristics (permanent/temporary job). It may be useful to look at the possibility to compile an annual database with linked employer-employee data on the basis of accounts data available in businesses and a limited survey to fill the gaps. While the NSOs are responsible for the data collection methods, Eurostat would be involved in the design of the content of the database.

Acceding countries are well integrated in these domains particularly concerning the SES and LCS. The new developments should be synchronised across the 25 countries.

	EU (excluding BE and IT)	Acceding countries (excluding Malta)
Hourly labour costs (2000), C-K	€ 22.70	Between € 2.71 - 10.74

2.2.4 Structural reform "towards full employment: more and better jobs" and statistical requirements

2.2.4.1 Policy objectives and priorities

For a successful implementation of the Lisbon agenda, Member States should foster three complementary and mutually supportive objectives of full employment, quality and productivity and social cohesion and inclusion. The targets for the overall employment rate, the female employment rate and the employment rate for older workers were set by the Lisbon and Stockholm Councils. The labour force survey is the source for these structural indicators as well as for a detailed description of the characteristics of employed persons. The variables to be added to the labour force survey, in particular the continued receipt of wages and salary will provide empirical evidence to better explain differences in employment across the Member States.

To achieve the Lisbon objectives, structural reform should concentrate on priorities for action. Gender mainstreaming applies across each priority action. A first priority action is the implementation of active and preventive measures to prevent the inflow into long-term unemployment and to support both the unemployed and inactive people to (re-)enter into lasting employment. The public employment service is involved and administrative data are used for monitoring progress⁵ - although the labour market performance is assessed on the basis of the labour force survey.

While active and preventive measures concern labour supply, job creation is a demand side condition for employment growth with an emphasis on entrepreneurship and business dynamism, in particular of small and medium size enterprises.

Labour markets must become easier to adapt and (equal) employment opportunities must be extended to all without discriminating people at a disadvantage. Equal opportunities mean that obstacles for female labour participation should be removed. In this context, the Barcelona Council agreed that an effort is needed of the Member States to provide childcare for children until the compulsory school age. With respect to the remuneration, the gender pay gap should be progressively eliminated. Incentives to enter employment and to raise labour participation should make work more attractive. They require a reform of the tax and benefit system while preserving an adequate social protection. The wage-wedge (the difference between labour cost and net wages) and the regulation and administrative burden are causes of undeclared work, a broad policy mix should address these causes and reduce undeclared work. Transitions are important, successful transitions (e.g., from school to work, from household activities to work and from work into retirement) and access to employment can contribute to rising employment rates (Employment in Europe 2002⁶).

Carrying out the "skills and mobility action plan"⁷ will promote occupational and geographical mobility thereby solving bottlenecks on the labour market and reducing regional disparities. A right balance between flexibility and security, that depends on labour market regulation, will help businesses and workers to more easily adapt to economic changes.

Flexibility and security is only one dimension of quality in work besides health and safety, the balance between work and family life, work organisation and working time arrangements (see also the next section "improving quality in work and productivity"). Social dialogue is a condition to implement these priority actions. All these requirements are part of the proposed Employment Guidelines for the next four years.

2.2.4.2 Targets and statistical tools

Many targets underpinning these guidelines can be measured on the basis of the labour force survey. Examples are working times, the effective average exit age from the labour market, early school leavers and unemployment rates of nationals from third countries. It is the source for eight structural indicators in the domains of employment and social cohesion. But improvements of the labour force survey are needed,

particularly of the effective coverage of the population of EU nationals and nationals from third countries.

The labour force survey is a primary source for the national accounts estimate of employment. Coverage, a high response rate and accurate measurement are essential to capture all employment, including undeclared work. Another step is an estimate of the extent of undeclared work, Member States may have data.

Information on significant transitions is available from ad hoc modules of the labour force survey (the 2000 ad hoc module on the transition from school to work and the planned 2006 module on the transition from work into retirement). The labour force survey could yield additional data on year-to-year flows between inactivity, job search, temporary and permanent employment but statistical problems need to be solved.

Furthermore, ad hoc modules are useful because they provide detailed information about specific groups or about the context of labour participation and the life cycle. The 2002 ad hoc module on employment of disabled people is an example of a module with data on the labour participation of a specific group of people at a disadvantage. The 2005 module on the reconciliation of work and family life will provide data on the relationship of work conditions and care responsibilities.

Because ad hoc modules need to be repeated to describe the trend and on the other hand, new ad hoc modules are needed to meet emerging policy demands, a programme of two ad hoc modules per year should be considered.

The balance between work and family life, also the division of household duties between the members of the household concerns the use of time. The time use survey shows the allocation of time to different discretionary and non-discretionary activities.

The content of the labour force survey in the acceding countries meets the list of required characteristics; an adaptation will be needed to include the new characteristics. The sample size of the labour force survey in some acceding countries may be too small for reliable, des-aggregated estimates by 5-year age classes and sex (for example the effective average exit age).

Other statistical sources than the labour force survey, viz., business surveys or administrative files on the basis of business reports are used to monitor specific targets, e.g.,

- the improvement of health and safety at work to reduce accidents at work;
- the access to continuous vocational training⁸;
- the work organisation (in particular ICT usage⁹);
- the availability of childcare¹⁰ and care of other dependants;
- the gender pay gap, possibly on the basis of the annual data on gross hourly earnings;
- the reduction of the tax burden on low-wage earners or
- the EU wide availability of job vacancies notified to a public employment agency¹¹. The development of the structural component of the job vacancy survey, as a comprehensive source on all job vacancies would be relevant, in particular, to monitor labour shortages by sector, region and occupation¹².

Some surveys tools may be missing in the acceding countries.

Hardly any information is available on social dialogue and worker involvement, except the coverage by collective agreements and data about the negative consequences of a failure of the social dialogue, data on industrial disputes. Complementary data could be available in the linked employer-employee database.

	EU	Acceding countries
Total employment rate (Q2, 2002)	64.2 %	56.7 %
Female employment rate (*)	55.5 %	51 %
Employment rate of older workers (55-64) (*)	39.8 %	30.2 %
Activity rate (2002)	69.6 %	65.8 %
Female activity rate	60.9 %	59.5 %
<u>Adaptability in work:</u> Participation in continuous vocational training (1999)	40 % (men), 38 % (women)	19-53 %
Part-time employment (Q2, 2002)	18.2 %	1.9-10.7 %
Employment rate gap of women with 1 or > 1 children under 6 years of age	-12.4 points	
<u>Increase labour supply:</u> Effective average exit age (*)	59.9 years	Unreliable for some countries
<u>Gender equality</u> Gender pay gap (1999)	84 %	Data are missing
<u>Integration of people at a disadvantage:</u> Unemployment gap between EU nationals and third country nationals	8.7 points	Not relevant
<u>To make work attractive:</u> Tax on low-wage earners, in the case of a single wage earner without children, OECD method (*)	37.7 %	41.9 %
(*) also structural indicators		

2.2.5 Statistics to monitor "improving quality in work and productivity"

Quality in work is closely linked with achieving a competitive and knowledge-based economy. It will contribute to raising human capital and labour productivity. To boost productivity, it is necessary to invest in skills, knowledge, innovation and physical capital and to use more new technologies. A better education and training system and lifelong learning will provide people with the skills required for a modern workforce in a knowledge-based society.

The continuous vocational training survey and the labour force survey are the tools to describe the investment in human capital, lifelong learning and the effect in terms of raising human capital and employment. In this sense, lifelong learning is already linked with the first objective of full employment. The needs for educational statistics are not elaborated here but in a separate chapter.

	EU	Acceding countries
Life-long learning (2002); population aged 25-64 (*)	8.4 %	4.9 %
Gap in employment rates between persons with at least ISCED5 and less than ISCED3	35 % points	
(*) also structural indicators		

2.2.6 Strengthening social cohesion and inclusion

2.2.6.1 Policy priorities

The importance of promoting participation in employment has been highlighted - but holding a job is not always sufficient to escape poverty and social exclusion: low earnings, resulting from a range of labour market problems including recurrent unemployment, inability to find full-time work and low wage rates, or a particular family structure, such as one with two or more dependants and only one earner, are at the origin of the problem of the so-called “in-work poverty”.

The link with the labour status is partly reflected in the agreement at the Laeken European Council to provide a breakdown of the at-risk-of-poverty rate by most frequent activity, and the inclusion of indicators such as jobless households. Proposals have now been made to include an additional breakdown of the at-risk-of-poverty rate: by work intensity of the household, and to add a new indicator of ‘the working poor’: individuals who are classified as employed (either in wage and salary employment or as self-employed) and whose household equivalised disposable income is below 60 % of median equivalised income. Due to political sensitivities and technical statistical difficulties, it is not proposed to develop an indicator of ‘low pay’ *per se*.

Since the Lisbon European Council, an open method of co-ordination applies in the field of social cohesion. This involves agreeing priorities for social reform (the Nice 2000 policy agenda, subsequently revised by the Social Affairs Council in December 2002). The current priorities are fourfold: (i) to improve participation in employment; (ii) to extend access to resources, rights, goods and services; (iii) to prevent risks of exclusion; (iv) to help the most vulnerable. Having agreed the priorities, Member States then prepare two-year national action plans (NAP/Incl). This process is still in its infancy in the EU: the first set of NAP/Incl was prepared in 2001; a second set of NAP/Incl reports is being prepared during 2003.

Achievement of objectives set out in the NAP/Incl is measured using a common set of indicators. A first set of 18 indicators was adopted at the Laeken European Council (December 2001) and there is an ongoing process of refinement/development. The headline indicator is the “at risk of (monetary)

poverty rate”, supplemented by various breakdowns, measures of income inequality and measures of access to employment/to education/to healthcare. The portfolio approach is intentional, reflecting the multidimensional nature of poverty and social exclusion.

2.2.6.2 Data availability

Figures for the initial set of indicators were first published by Eurostat in April 2003 (see table below). The primary data sources are the European Community Household Panel (ECHP) and the Labour Force Survey (LFS). In future, there may be additional sources. Achieving a smooth transition from figures derived from the ECHP (gentlemen’s agreement) to EU-SILC (regulation) will be a priority in coming years until 2007 (when exemptions to certain countries and for certain items will be exhausted). EU-SILC will apply to current and future EU and EEA Member States, and may be adopted by other countries too. Whilst it cannot be a panacea, and there may be technical problems during its implementation, EU-SILC is expected to become the reference source of annual statistics on social inclusion.

During the transition, data will be obtained from national sources. For the 10 acceding countries, Joint Inclusion Memoranda (JIMs) are currently being negotiated with the Commission. An attempt is being made to apply the existing EU approach and indicators. Results of pilot data collection in 2002 are about to be published by Eurostat: a second round has just been launched (the source is primarily Household Budget Surveys). The launch of EU-SILC in these countries is a key priority (all are expected to have done so by 2007, together with Bulgaria, Romania and Turkey).

	EU	Acceding countries
At-risk-of-poverty threshold (PPS)	7 263 (1999)	3 252
At-risk-of-poverty rate *	15 % (1999)	14 % (CZ 8 %, EE 18 %)
At-persistent-risk-of-poverty rate *	9 % (1999)	Not possible at present time
Relative at-risk-of-poverty gap	22 % (1999)	19 % (CZ 13 %, EE 25 %)
Inequality: Gini coefficient	0.29 (1999)	0.28 (SI 0.22, EE 0.36)
Inequality: S80/S20 quintile share ratio *	4.6 (1999)	4.2 (SI 3.2, EE 6.3)

Persons in jobless households (0-65) *	12 % (2001)	12 %
Long term unemployment rate *	3 % (2001)	8 %
Very long term unemployment rate	2 % (2001)	Not available at present time
Long-term unemployment share	41 % (2001)	c. 51 %
Early school leavers not in education *	18.9 % (2002)	8.4 %
Persons with low educational attainment (25-64)	36 % (2001)	c. 20 %

Life expectancy at birth	78 years (2001)	c. 73 years
--------------------------	-----------------	-------------

* = also a structural indicator

2.2.6.3 Outstanding issues

There are several issues to be resolved in the short to medium-term concerning statistics on poverty and social exclusion, some of which are of particular relevance to acceding countries (ACC):

- gaining agreement upon non-monetary indicators to complement income poverty measures (EU and ACC pilot project results are expected during 2003);
- a review of the equivalence scale currently employed (potentially complex and essentially arbitrary: EU and ACC sensitivity analysis will be undertaken during 2003);
- monitoring the quality of income data during transition to maximise consistency, in particular concerning coverage of certain population groups in certain countries;
- the possible use of subjective measures to complement income poverty measures;
- introducing a greater focus upon the situation of children;
- the possibility of regional breakdowns (EU pilot project results are expected during 2003);

- evaluating the feasibility of compiling comparable statistics on housing and the homeless (EU pilot project results are expected during 2003) and extending coverage to persons living in collective institutions;
- ensuring harmonisation with other social statistics, including sustainable development indicators; employment; education; healthcare; housing; social protection;
- beginning to monitor newly identified aspects of exclusion (possibility to introduce EU-SILC modules in future).

2.2.7 Conclusion: need of statistical developments

- To improve the short-term indicators for the labour market, in particular the job vacancy rate, labour cost index and employment, in terms of coverage and timeliness;
- to improve the structural earnings and labour cost statistics in coverage of activities and enterprise size;
- to develop a database with linked employer-employee data, including data on wages, employee, workplace and business characteristics;
- to develop the structural dimension of job vacancy statistics;
- to improve the quality of the labour force survey; the implementation of the distinction between quarterly and structural variables fully takes into account the double objective of the survey, to produce short-term estimates and a structural description and it may contribute to maintain a high response;
- to develop the system of ad hoc modules of the LFS to address specific policy issues;
- to look at the use of the LFS for longitudinal changes;
- to ensure harmonisation of the EU-SILC data with social and other statistics;
- to ensure smooth implementation of and transition to EU-SILC;
- to complement existing indicators with alternative measures and develop new measures as necessary to reflect evolving, multidimensional nature of poverty and exclusion;
- to develop regional breakdowns of indicators of poverty and social exclusion;

- to evaluate feasibility of expanding data collection for EU-SILC to cover the homeless and persons in institutional households.

¹ Council Regulation (EC) no 577/98 and Regulation (EC) no 1991/2002 of the EP and Council

² Regulation (EC) no 450/2003 of the EP and Council

³ Gentlemen's agreement of September 2002

⁴ proposal for a Regulation of the EP and the Council, COM(2002) 234

⁵ Labour Market Policy Database is a source on beneficiaries and expenditures on labour market policy measures

⁶ http://europa.eu.int/comm/employment_social/employment_analysis/employ_en.htm

⁷ COM(2002) 72

⁸ the 1994 and 1999 continuous vocational training survey

⁹ Statistics in Focus, theme 4, 12/2002

¹⁰ statistics on income and living conditions from 2007 onwards, until then on the basis of national sources

¹¹ EURES charter of 4.4.2003

¹² Council resolution of 3.6.2002, OJ C 162 of 6.7.2002

2.3 Social cohesion through legislation – Measurement challenges in Ireland

Mr Donal GARVEY and Mr Donal KELLY
Central Statistics Office, Ireland

Strong social cohesion is critical to the sustainability of economic development and long-term stability of European society. The information needs of policy in this area are very demanding of NSI's, since the population groups of interest may be difficult to measure using traditional survey approaches and specialist expertise may be needed to elicit the required information at interview. NSI's must be willing to face these challenges and develop appropriate methodologies. Developing, linking and exploiting administrative data for statistical purposes may be part of the answer.

2.3.1 Introduction

It is recognised that divided societies cannot guarantee stability in the long-term and that social equality underpins the well-being both of individuals and society. Over the past eight years or so a number of high-level meetings (Copenhagen, 1995; Council of Europe Heads of State, October 1997; EU Heads of State, Lisbon, Nice and Laeken 2000-2001) have focused on issues around social cohesion. The European Social Charter was revised in 1996.

So far as we can establish there is not a consistently applied definition of what constitutes social cohesion. The idea of social cohesion is being developed in a fascinating body of literature from across the social sciences that is gradually coalescing into a more or less coherent framework for understanding social order and its effects on economic life. The themes are diverse and range from the links between economic development and social cohesion, to the effect of social cohesion on the level of recorded crime in disadvantaged areas. Although, a consistently applied definition does not appear to exist, there is greater consensus about what threatens social cohesion; and in general, public policies focus on unemployment, poverty, income inequality, the rights of individuals and minority groups, social exclusion and exclusion from the information society.

An example of this is the approach adopted by the European Committee for Social Cohesion (CDCS) which does not define social cohesion as such, but identifies some of the factors affecting it, including:

- preventing the factors of division (such as an excessive gap between rich and poor or the multiple forms of discrimination) from becoming so acute as to endanger social harmony;

- the importance of decent and adequately remunerated employment;
- combating poverty and social exclusion, particularly in the areas such as housing, health, education and training, employment and income distribution and social services;
- strengthening social security systems;
- developing policies for families, with particular emphasis on children and the elderly;
- partnership with civil society bodies, in particular trade unions, employers' representatives and NGOs.

Given its breadth as a concept, a comprehensive set of data is required to make an assessment of the level of social cohesion within a society. A great number of different measures, both direct and indirect are observed in the literature. Some examples of direct measures are:

- measures on memberships rates of organisations and participation in organisations;
- measures on trust (e.g. of others; or in public institutions).

Indirect measures are related to structural factors such as class, ethnicity, and gender inequalities, which may undermine the capacity of different groups to work together, e.g.

- income distribution measures (Gini coefficients, and share of income to middle 60 %);
- ethnic heterogeneity.

There are very significant challenges for NSI's if policy in this broad area is to be developed in an evidence-based manner.

2.3.2 Labour Market and Social Cohesion

Participation in the labour market has long been viewed as an important factor in combating social exclusion and poverty. A job can also be an important source of social empowerment and personal validation. Traditional analysis of labour market data over a long period of time has highlighted potential inequalities in areas such as gender, marital status, pay gaps, etc. As a result many of the social cohesion/exclusion indicators adopted at an international and national level (e.g. Laeken, OECD, World Bank) are related to participation in and access to the labour market.

In 1999 the Equality Authority was established in Ireland to replace the Employment Equality Agency, with a remit to support the Employment Equality Act (1998) and the Equal Status Act

(2000) (“Equality Acts”), which prohibit discrimination¹, on the following nine grounds: gender, marital status, family status, age, disability, race, sexual orientation, religious belief and membership of the travelling community. The Appendix illustrates recent Irish trends relating to some of these nine grounds, using available labour market data.

The depth of traditional analysis may not, however, be sufficient for policy purposes. For example, what impacted on the increased female employment rates and the increased labour force participation rates for married women? Was it – changing social norms; economic need; taxation policy which made second incomes more valuable; changed fertility behaviour?

Another factor which influences labour market participation of married women and lone parents is the cost and availability of childcare. A recent social module linked to the Quarterly National Household Survey showed that over 75 % of couples where both partners were at work relied on external childcare facilities. Family support networks were important, with almost one third of families which required external childcare relying on unpaid relatives. A significant number of women indicated that they had to quit a job, could not take up an offered job or were prevented from looking for a job because of the impact of childcare arrangements.

2.3.3 Measurement challenges

The Appendix paints a certain picture of Irish society from largely a labour market perspective and clearly there are some coverage gaps that impede a more complete discussion of social cohesion issues. The main survey instruments (e.g. LFS) are not well placed to address the data for some marginalised groups in the detail required by policy-makers and interest groups alike. Apart from difficulties in defining concepts such as ‘ethnicity’ and ‘disability’, there are also measurement issues. Some groups are likely to be under-represented within sample surveys to the extent that it is impossible to publish data on them. For instance, groups such as travellers and asylum seekers are difficult to access in the context of large-scale official surveys. Many asylum seekers in Ireland are accommodated in non-private households and a significant proportion of travellers still live a nomadic lifestyle. Despite a number of obvious risks, we are strongly considering the possibility of using the 2006 Census of Population as the vehicle to launch and support subsequent targeted social surveys.

In addition to data collection problems, a related challenge concerns the contrast between the capability of specialised small-scale social science research and the prerequisite of official statistics to provide large-scale representative data. While NSIs are urged to remain cognisant of relevant social science theory [1] and to accommodate the data needs of social researchers it must be realised

that in some instances the methodologies at the disposal of official statisticians are not compatible with the subject matter from both a technical and ethical standpoint. Number of examples illustrate this point. Firstly, though highly experienced in a certain field, interviewers working for NSIs may not be trained to pursue overly sensitive or specialised subjects with respondents (e.g. sexual orientation, disability, ethnicity, lone parenthood). Secondly, the move to a more multicultural society inevitably brings with it an array of languages and cultures that may inherently limit the scope of the survey process, particularly when this process is driven by the strict time and volume demands of large-scale surveys. Similarly, some people with disabilities may require specialised interview techniques and equipment that are not feasible for use in large-scale surveys. Finally, those who are marginalised may have been subject to negative experiences at the hands of society, and to ask them for data which may directly relate to their status within society could have a negative impact on them [2]. As well as considering the social data required by policy makers and interest groups, it is also vital that we consider the process we adopt and the effect it may have on those we seek to measure.

Therefore, while official statisticians need to react to changing user needs, we must also remain cognisant of the dangers and limitations of embarking on social research without fully evaluating the capacity of our instruments to provide the data required.

2.3.4 Irish social and equality statistics

As mentioned earlier, policy-makers have become increasingly interested in developing statistics on social topics as decision-making is subject to greater public scrutiny; and interest groups and researchers alike make greater demands for appropriate social data to evaluate policy. While official statistics have always been an important source of social data, we have seen above that many of the groups on the margins of Irish society do not feature in such data. Much of the data available from official sources is supplied from household surveys and censuses but there is also a substantial amount of data held within administrative records in various government departments.

To this end a study was undertaken in Ireland to evaluate the requirements for social and equality statistics in the country, and to establish the extent to which these needs might be met by existing data held within existing administrative records [3]. In evaluating such data the National Statistics Board hoped that gaps might emerge which could be used to set priorities to be addressed in a programme for the development of social and equality statistics in Ireland. This exercise has been described and summarised in a recent paper by one of the authors to the ISI Satellite conference in Szczecin, Poland [4].

The first step in this programme was a survey of ten key government departments and some associated agencies, aimed at determining which sorts of indicators are in use by these departments and what their perceived data needs were. This initial exercise identified around 200 social and equality data sources with a person-specific focus that are “currently providing, or could potentially be enhanced and developed to give, information on Irish society”. In assessing the data available, the study took account of existing international indicators including Laeken, but also the nine grounds for discrimination identified in the Equality Acts (see table).

Classification of data sources by department² and classification variables

Disaggregation categories	DAF	CSO	DCRGA	DES	DETE	DELG	DHC	DJELR	R/C	DSFA	DoT	Total
PPS Number		1		3	2	12	3	1	21	54		97
Computerised		22	1	33	3	7	21	14	21	54	2	178
Nine grounds³												
Gender		23	1	29	6	20	23	13	18	53	3	189
Marital status		20		6	2	19	11	11	21	54	1	145
Family status/Carer Responsibilities		15	1	11		18	5	8	6	53		117
Age		23		24	5	20	24	14	2	54	3	169
Disability		3	1	12	1	7	8	2	6	9		49
Race/Ethnicity ⁴				2			2	3				7
Sexual orientation							2					2
Religious affiliation		2		2			1	3				8
Membership of the Traveller Community		1	1	9	1	4	1	1				18
Other variables												
Socio-economic status		7	1	18	3	17	12	6	2		1	67
Income		2		7	2	15	2	3	18	52	1	102
Geographical coding	1	23	1	26	5	22	23	10	21	54	1	187
Nationality	1	15		15	2	5	6	6		26		76
Data sources	1	23	1	34	6	24	24	15	22	54	3	207

While some key social variables are well represented across the departments (e.g. gender, age and marital status), variables such as disability, ethnicity, sexual orientation and membership of the Traveller community are not as prevalent. More critically, a common unique identifier is not available across all data sources, and this effectively limits the capacity for analysing the data. The Personal Public Service (PPS) number is common to less than 50 % of the data sources identified.

The next step being undertaken by CSO project team involves an evaluation of the actual datasets held within the various government departments, with a view to issuing guidelines on standardising and optimising them for wider usage and dissemination. It is the long-term goal of the project to

maximise the statistical potential of all social data held within administrative records, by promoting the use of standard classification and disaggregation variables across all datasets.

2.3.5 Conclusion

There are significant challenges involved for NSI's in filling the information needs of policy makers across the broad sweep of issues in the area of social cohesion. The location, mobility and small size of some of the population groups of interest may make them less amenable to good measurement using traditional survey methods. It is also likely that such groups could be under-represented among survey respondents. In addition, some of the desirable lines of inquiry may be specialist in nature and beyond the level of expertise of NSI field interviewers.

Because of the importance to society of these issues, there is an onus on NSI's to be willing to develop methodologies in pursuit of relevant social statistics. This might include the adaptation of existing vehicles, such as the Population Census, provided they are not placed at too much risk.

The possibilities involved in developing, linking and fully exploiting administrative data for statistical purposes must be kept under constant review as potentially a very useful and cost effective source of new information.

APPENDIX: Labour Market Trends for some “At Risk” Categories

Gender

Recent data (Q1 2003) from the Irish LFS show that the employment rate for women aged 15-64 years (55 %) is significantly below the corresponding rate for males (over 74 %). Ten years ago the corresponding rates were females (38 %) and males (64 %).

While the past number of years has seen a dramatic increase in the number of women in employment, some traditional trends persist. For example almost one third of women in employment have part-time jobs, which is three-quarters of all those with part-time jobs; only one third of ‘Managers and administrators’ are women; three quarters of ‘Clerical and secretarial’ posts are held by women and on average women work 32 hours per week in comparison to 41 for men. The current labour force participation rate for women aged 15 or over is 49 % in comparison to 70 % for men. Just ten years ago, the female labour force participation rate was 35 % while that for males was 70 %. It is a target of the national Anti-Poverty Strategy that a participation rate of 60 % be achieved for women by 2010.

Marital/Family Status

The overall labour force participation rate for persons aged 15 or over in Ireland is 60 %. The participation rate for Irish married women is 48 % (up from 31 % ten years ago) in comparison to a rate of 59 % for single women. In contrast 76 % of Irish married men are in the labour force. In the quarter ending February 2003 just under 51 % of women living with a husband/partner in a family unit with children were in employment, which compares with 29 % ten years earlier. Currently 45 % of lone parents are in employment in the Irish labour market, which compares with 22 % in 1993. Interestingly, while the proportion of male lone parents in employment has risen from 36 % to 50 % over the ten years, the corresponding proportion for female lone parents has increased more significantly from 19 % to 44 %.

Foreign Nationals

With increasing prosperity, inward migration has become a significant factor in Irish demographics in recent years. The 2002 Census results showed that almost 6 % (225 000) of the Irish population were foreign nationals, about 40 % of whom are immigrants from outside the EU. An analysis of the nationalities of those migrating yearly to Ireland reveals that in 1987 more than two-thirds were returning Irish. However, this trend has changed dramatically and in 2002 of the 48 000 people entering the country 38 % were Irish, while almost 35 % were from non-EU (incl. USA) countries [Sexton, 2002]. The number of work permits being issued to non-EEA citizens has also increased

dramatically in the past number of years. In 1999 just over 6 000 work permits were issued (and renewed) by Ireland, but in 2001 almost 36 500 work permits were issued and renewed. An analysis of the occupations for which permits are issued shows that the “more than 70 % of the posts in question relate to unskilled or semi-skilled activities, while less than 15 % involved managerial or professional functions” [5]. This is most likely a function of the work permit system in Ireland whereby permits are issued to employers rather than workers and only in situations where the employer can show that no Irish person is available to do the same job. Workers with permits cannot change job while they are in the country. There is an alternative system of work visas which allows movement between jobs but this is restricted to specific occupations only (e.g. medical, computers) [6].

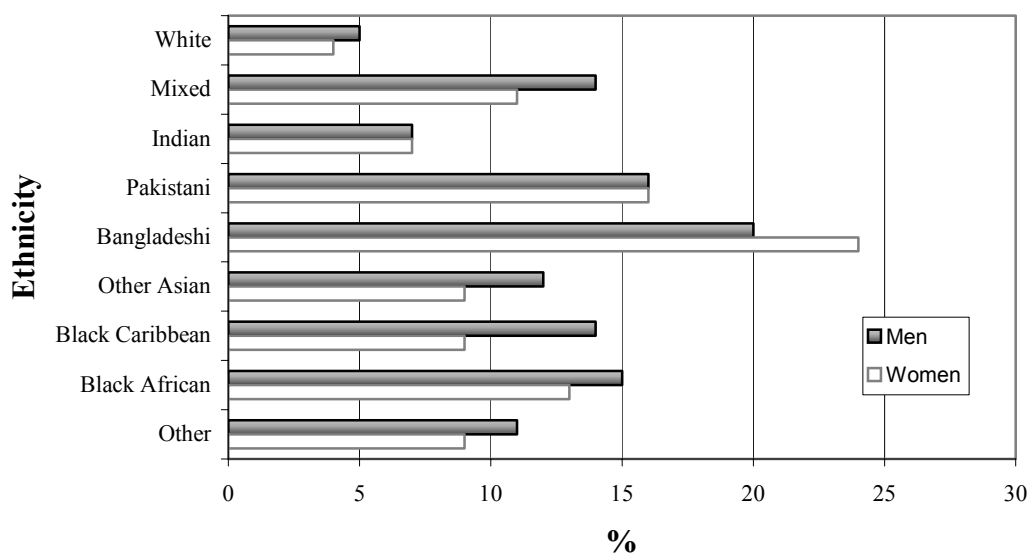
Asylum seekers

While the number of people entering the country as economic immigrants has been increasing rapidly in the past few years so too has the number of people entering the country as asylum seekers. In 2002, 11 300 people applied for asylum in Ireland. While Ireland’s per capita intake of asylum seekers is now higher than most other European states, the overall intake is only 2.7 % of the EU’s asylum seekers [7]. Officially, asylum seekers are not allowed to work in Ireland while their asylum applications are pending. However, it seems likely that asylum seekers who do venture into the labour market are involved in unskilled work for poor wages.

Travellers/Ethnicity

Travelling people are an indigenous group of Irish people who have a unique culture and way of life that distinguishes them from other Irish people. Some Travellers are characterised by a nomadic lifestyle, and as a community Travellers are widely acknowledged to be experiencing high levels of poverty, social exclusion, educational disadvantage, illiteracy, a shorter life expectancy, ill health and unemployment. A new question on the 2002 Census found that there are just under 24 000 travelling people in Ireland. The addition of a question on membership of the ‘Travelling community’ to the Census will open up a whole range of data on issues like Traveller education and employment which heretofore has only been available through small-scale surveys and anecdotal evidence⁵. For example, a Northern Ireland study of ethnic minorities suggested that as many as 4 out of 5 travellers have not had a paid job in the past 10 years [8]. The economic advances in the past few years have not translated into more jobs for members of the travelling community. While travellers may experience discrimination at the hands of employers, many travellers do not have the educational skills to access the labour market and prefer self-employment to work as employees.

Unemployment rates: by ethnic group and sex, 2001/02 (UK LFS)



There is a considerable body of international research which points to the links between migrants/ethnic minorities and unemployment. An ILO study of four European countries (Germany, Spain, Belgium and Netherlands) found that at least one in three migrant job applicants met with discrimination [9], and it concluded that despite there being high labour market participation rates in the countries concerned that their migrant populations are disproportionately represented in the ranks of the long-term unemployed. Statistics from the United Kingdom LFS also illustrate (see graph above) that unemployment is substantially higher amongst non-white ethnic groups, and there is no reason to assume that it would be any different in Ireland.

People with Disabilities

Another group at risk of poverty and social exclusion, who have difficulty in accessing the labour market are people with disabilities. A recent 2002 Eurostat LFS module focussed on people with disabilities and their experience of the labour market. Over 10 % (271 000) of persons aged between 15 and 64 in Ireland indicated that they had a long-standing health problem or disability. Some 40 % of those aged 15 to 64 who identified themselves as having a disability or a long-standing health problem, were in employment as opposed to 65 % of those in the total population for the same age category. The most common disabilities/long-standing health problems identified by the survey were chest or breathing problems (41 500), followed by heart, blood pressure or circulation problems (39 200) and back or neck problems (37 800). The main problem with this

module was that it did not collect detail on the extent to which a particular condition impacts on the respondent's daily life.

Across the world (e.g. UK and USA) it has been notoriously difficult to measure the prevalence of disability in the population. Australian research [10] which tested disability questions in advance of the 1996 and 2001 censuses found that the initial data were unreliable when followed up by face-to-face interviews, to the extent that they did not include Disability as a topic in their 1996 and 2001 censuses. Many people with ‘disabilities’ do not perceive themselves as disabled and many do not consider that their condition in any way affects their daily lives. Future work in this area may need to consider measures which focus on the limitations experienced by people in their daily lives rather than specific disabilities, and also consider the value of face-to-face interviews rather than self-report measures.

REFERENCES

- [1] Ritzen, J. (2000), Social Cohesion, Public Policy and Economic Growth – Implications for OECD countries, Paper presented OECD/HRDC International Symposium on *The Contribution of Human and Social Capital to Sustained Economic Growth and Well-Being*, Quebec City, March 20.
- [2] Social Research Association (2002), Ethical Guidelines, Social Research Association: London.
- [3] Government of Ireland (2003), Developing Irish Social and Equality Statistics to meet Policy Needs: Report of the Steering Group on Social and Equality Statistics, Stationery Office, Dublin.
- [4] Garvey, D. (2003), Policy-making in an Information Age - New challenges for the Management of National Statistical Offices.
- [5] Sexton, J.J. (2002), Continuous Reporting System on Migration (Sopemi): Report for Ireland for 2002, Other Publications by External Agencies No 23. OECD, Paris.
- [6] Woods, M. and Humphries, N. (2001), Seeking Asylum in Ireland: Comparative figures for asylum seekers and refugees in Ireland and Europe in 2000 and 2001, Programme of Applied Social Science Research, Social Science Research Centre, University College Dublin.
- [7] World Refugee Survey (2003).
- [8] Irwin, G. and Dunn, S. (1997), Ethnic Minorities in Northern Ireland, University of Ulster: Coleraine.
- [9] Zegers de Beijl, R (1999), Migrant discrimination in the labour market: A comparative study of four European countries, ILO, Geneva.
- [10] Australian Bureau of Statistics (2003), Testing a Disability Question for the Census.

¹ These Acts outlaw discrimination in employment vocational training, advertising, collective agreements, the provision of goods and services and other opportunities to which the public generally have access on these nine distinct grounds.

² Department of Agriculture and Food (DAF); Central Statistics Office (CSO); Department of Community, Rural and Gaeltacht Affairs (DCRGA); Department of Education and Science (DES); Department of Enterprise, Trade and Employment (DETE); Department of Environment and Local Government (DELG); Department of Health and Children

(DHC); Department of Justice, Equality and Law Reform (DJELR); Office of the Revenue Commissioners (R/C); Department of Social and Family Affairs (DSFA); Department of Transport (DoT).

3 Nine grounds of discrimination identified by the Equality Acts.

4 Although the race ground under the equality legislation incorporates nationality, this table treats nationality as a separate category.

5 Additional analysis of this variable is due in January 2004.

Theme 2 - Labour market and social cohesion - Some comments

Svante ÖBERG
Director General, Statistics Sweden

Introduction

Questions regarding the labour market and social cohesion have become important policy issues within the EU. These issues also reflect a need for corresponding statistics. Today, labour market statistics are indispensable when discussing problems and prospects of future EU statistics. In a national context, the questions relating to the labour market and social cohesion have also become more important, not only echoing the EU policy needs, but also as a part of the national agenda. I would also like to emphasise that the trend of using quantitative policy goals where statistics are used to monitor and check the track record can be seen clearly. Today we will discuss three very interesting papers which all illuminate different aspects of this complex phenomenon and the measurement of it. I will start by giving a short presentation of each – how I interpret them – and then draw some conclusions.

EU statistics on the labour market and social cohesion

Ms Clotuche presents an impressive overview of all the major EU statistical projects regarding the labour market and social cohesion in a policy context. Her presentation clearly reminds us about a major change in the European Statistical System during past years: labour market statistics and social statistics are now included in the high profile policy goals of the EU such as the EMU and the open method of coordination.

Within the European Statistical System continuous improvements of statistics on the labour market have taken place during past years. Ms Clotuche's presentation covers labour market statistics for macro economic policy (e.g. EMU Action Plan and PEEI), employment policy (SES and LCS), structural reform towards full employment (LFS. etc) and monitoring of improving quality in work and productivity (LFS, CVT). Within all these areas she describes the policy content and statistical requirements as of today and as planned within the European Statistical System (ESS). Some of the surveys are more strategic, such as the LFS, and many improvements regarding coverage and other quality dimensions are needed according to Ms Clotuche. She also refers to the strategy of using ad hoc modules attached to the LFS, which should also be applied beyond that already agreed upon to

meet new policy needs. Some specific problems in the acceding countries regarding meeting the discussed requirements make special adaptations necessary.

The other area in focus - social cohesion – has also increasingly been addressed by our political leaders. Perhaps social cohesion is not at the heart of the ESS in the same way as labour market statistics, but these two areas are of course related to each other. The LFS is thus also an important data source regarding social cohesion. The launching of social indicators as key instruments in the open method of coordination has implied that social cohesion and exclusion/inclusion has grown in importance in the European Statistical System. The coming EU-SILC will be the reference source regarding social inclusion. As this study will not be completed before 2007, many transition arrangements will be needed, both in present and acceding Member States.

Ms Clotuche ends her presentation with a long list of further developments needed for statistics on the labour market and social cohesion. Among items mentioned I notice general quality improvements as well as many targeted actions. One such action is to develop a database with linked employer-employee data. Another is to ensure harmonisation of the EU-SILC data with other statistics as well as the implementation of the same. Ms Clotuche also launches a proposal to develop regional breakdowns of indicators on poverty and social exclusion. All in all the present and planned need within this statistical area involves large-scale improvements that put pressure on the ESS.

Social cohesion and measurement challenges in Ireland

My colleague Donald Garvey is a co-writer of a very interesting paper dealing mainly with measurement challenges regarding social cohesion in Ireland. It supplements the picture of the corresponding situation at the EU level drawn by Ms Clotuche and emphasises that an increased concern for national policy regarding social cohesion has taken place. The extremely rapid growth of the Irish economy probably might also have had specific effects in the Irish society regarding social cohesion, but this is not exclusively highlighted in the paper. Labour market statistics are only briefly touched upon in this paper as the main focus lies in social cohesion.

Interestingly enough the paper shows that an operative definition of the phenomena – social cohesion – itself does not seem to exist. Instead, social cohesion is – both in the EU context and nationally – defined with help of what might threaten it or which factors affect it. The paper rightly underlines the importance of participation in and access to the labour market when discussing social cohesion and exclusion, but the main point made is to have the inequalities *within* the labour market

in focus. The authors also underline that traditional analyses might not be sufficient for policy purposes.

The paper addresses measurement challenges when dealing with marginalized groups in the Irish society. Several examples of under-represented groups in social surveys are given (such as travellers and asylum seekers), and a question is raised whether the next census (year 2006) should be used to launch and support subsequently targeted social surveys. Some examples regarding problems with the methodologies used within the official statistics when interviewing special groups are mentioned. At the same time the authors address the more general question of what is the proper relationship between official statistics and targeted social research.

One of the most interesting and inspiring parts of the paper is the screening exercise regarding the existence of and need for social and equality data at the key government departments and agencies. Some of the EU indicators as well as national ones were used to see to what extent social variables were represented across the institutions involved. I would think that a similar survey would be interesting in any country, including Sweden.

For many years now, we in the Nordic countries have been building up a system to exploit administrative data for statistical purposes. Our experience has been overwhelmingly positive. Still, much effort is constantly needed to keep the system workable and develop it further. One of the main prerequisites for this is the use of the civic registration number as a unique identifier across the public institutions – something that seems to be problematic in the present Irish context. Nevertheless, I think that we in Sweden should carry out several mapping exercises of the type described in the Irish paper.

Employment and social cohesion: The critical role of educational opportunities

Mr Sakellis from the National centre of social research in Greece presents a somewhat different paper that contains information and reflections on what affects social cohesion, rather than how it could be measured with help of statistics. This of course is an important reminder to us as statisticians of a wider scope attached to our professional discussion. The main argument of Mr Sakellis is that education (e.g. access to it) is a critical variable when discussing social cohesion. In this context he mentions the importance of life-long learning, although, as he states, the inequalities in previous (typical) education might also be reflected in life-long learning.

Comments

These three papers presented at this session clearly demonstrate that statistical needs stemming from European social policy goals are impressive and imply an ongoing rapid growth of European social statistics. This is a very positive message in the sense that EU harmonisation of statistics is now moving from economic statistics, which has been the main focus in recent years, to yet another area, social statistics, and that this harmonisation seems to be based on explicit policy needs. In an integrated world people need to be able to compare countries in various aspects, and harmonisation of statistics helps them to do that. The Labour Force Survey (LFS) and EU Statistics on Income and Living Conditions (EU-SILC) will be two of the pillars in this area, but other statistics will also contribute to describe EU social developments.

Nevertheless, there are some problems that we as producers of statistics need to be aware of in this connection. First, we need to think about how policy needs are translated into demands on statistics so that we do not end up with too much detail. In several cases over the last years, there has been a tendency to ask for so much detail that statistics are nearly impossible to produce. Also, the response burden can be way too high. (Two such examples are early proposals on statistics on labour prices and job vacancies). We also need to avoid overloading existing surveys. Recently, demands have been strong to extend the Labour Force Survey (LFS) with more variables and modules. This might jeopardise the whole survey. Another example, though much earlier and in another area, is statistics on foreign trade within the EU (Intrastat). This survey alone accounts for 74 per cent of the response burden Statistics Sweden put on Swedish companies.

Second, there are quality problems that need to be addressed. Ms Clotuche lists areas that we do not cover with present EU statistics and points to improvements that are needed in the quality of present statistics. The Irish paper mentions several problems that we have to deal with, in particular when we try to measure the situation for marginalized groups. In addition, the quality of social statistics varies across the EU and even more so across the enlarged EU.

Another observation is that statistics on the labour market and social cohesion have to a large extent been developed in a piecemeal way. Data collection is divided between many separate sources that are not directly related to each other. This implies that the picture is rather fragmented. Data from different sources need to be better linked together to allow analyses of interdependencies and give a richer picture.

Also, there seem to be weak links between social statistics on EU and national levels. I would like to see more links from the EU to the national and vice versa. Ms Clotuche states the need for better

use of existing national data, and the Irish paper relies on some of the EU regulated surveys, such as the LFS. But no further analysis is made to combine the two perspectives.

One possibility to strengthen the links between different aspects of the labour market and social cohesion, and also between the EU and national levels, might be to rely more on microdata. This could include, as Ms Clotuche mentions, linking employer data to employee data. Very interesting work is now going on in the international statistical community to find ways of increasing the use of microdata for statistical and research purposes while safeguarding the confidentiality of the data.

To conclude, I find developments within the area of labour market and social cohesion both inspiring and demanding. As national statistical institutes, we will be faced with much stronger demands for statistics in this area. At the same time, there are important challenges to meet. I would appreciate a comprehensive and concrete action plan for further development of statistics in this area.

Theme 2 - Labour market and social cohesion - Discussion

The Czech delegation made an inventory of topics in this area that would need further developments:

- accuracy of regional estimates such as unemployment, provided that the dispersion of indicators increased with domains in the NUTS classification;
- gender dimension;
- measurement of minority populations and their situation in the labour market;
- effect on comparability and quality when linking data from census, business and household surveys;
- collecting data on small enterprises;
- measurement of level of non-registered employment and salaries, in branches such as agriculture and construction.

A future question to be tackled concerned how to measure the influence of globalisation in this area.

The participants in the session gave answers to some of the topics mentioned by the Czech delegate. Mr Garvey, delegate from Ireland, addressed the regional question.

Surveys were in fact designed in such a way that they were able to provide reasonable regional figures (the Irish survey had a sample size of 39 000 households).

Ms Clotuche (Eurostat) commented on the gender discussion and said that it was always essential to break down indicators by sex. This possibility was supported by the main household surveys such as the LFS, ECHP and EU-SILC in the future. She also addressed the issue of measuring non-registered employment, stating that a joint paper by Eurostat and DG Employment and Social Affairs had been prepared for the July 2003 informal Council held under the Italian presidency.

The delegate from Malta asked about the need for population registers to have a census every five years. In reply, Mr Garvey (Ireland) pointed out the benefit of population registers in Nordic countries where they could get more detailed data.

The Polish delegate warned of the negative influence that political pressure might cause on the organisation of household surveys that were useful and needed careful preparation.

Finally, the Italian delegate asked Ms Xenaki (Greece) about priority for the quality of work indicators. Ms Xenaki (Greece) answered that these indicators had been agreed by the Laeken Council. The existing sources which were available did not allow their calculation with sufficient quality, and that was the reason for recommending a survey on the quality of work to get harmonised data.

Theme 3 – Demography and migration in the enlarged EU

3.1 The experience of Albania in the migration process

Milva EKONOMI

General Director, Institute of Statistics INSTAT, Albania

Emigration has once again become an important and contentious issue in the European Union. Within Europe, most migration is not permanent, but part of a process of mobility in which both return and serial migration are natural economic responses to a dynamic economy. There are beneficial effects of migration, on both the home (origin) and host (destination) regions.

In this paper it is shown a general view of migration occurrence in the last ten years, contoured with accompanied effects, in Albania case which seem to be positive in medium and long terms.

Different researchers consider Albania as a country in transition, but how much true is it if we see it in view of demography changes? What factors are influencing the movement of Albanian people towards the West European Countries and Overseas.

Introduction

Free movement of people is a basic Single European Market (SEM) right, and has been an integral part of the European integration process from the very beginning. International migration within and from central and eastern European countries (CEECs) towards the West is of concern to Governments in the region. Since the breakdown of the communist block, these countries have experienced considerably greater and more frequent population movements. Political crisis, ethnic conflicts and aggravated economical and social situations, have accelerated migratory flows from these countries. The closer the central and eastern European countries get towards EU membership, the hotter the issue of East-West migration becomes. Present EU Member States expect that EU-enlargement will increase the EU population by roughly a third.

Regarding the EU policies on controlling the increasing migratory flows in the enlarged EU, it is evident the necessity of positioning the Balkan countries. The adherence of these countries, constitute a new era in the relations between these two groups implying the migration occurrence.

Albania is part of other Balkan countries, which have turn the desire of being part of EU in an objective accompanied by policies and strategies built for the future. Having the age-long migration tradition and geographical vicinity with old members of EU, Albanian have accepted the integration not only in bilateral agreements circumstances, but also in informal immigration practices. This

kind of migration has been roughly and impetuous bringing evident effects in the social economic situation.

The paper will bring an Albanian migration description as part of migration of other east-block countries, influencing factors and their further effects on the economic and social profile of the country. Based on demography indicators, estimations for the future migration will be clarified and helpful for the actual debates on this subject.

3.1.1 Balkan nationals versus EU emigration policies

The Balkan countries are in different phases of adherence to the EU and NATO, deeply reflected in the population's mobility. Nationals of these states have no lawful means in EU law to move for temporary or longer term purposes to take up employment or self employment in the Member States. In light of the interests of the EU in stability and cooperation in the region this position ought to be remedied. Progress on the integration of these states into the European Union's internal market is one of the objectives of EU for the creation of free movement of - persons, goods services and capital.

Europe in practice provided already a considerable liberalisation of the movement of persons and the possibilities of (frontier) work before the full free movement rights came into force. Thus the position of the Western Balkan countries has become more and more anomalous as the strategy of the EU to relieve immigration pressure and pursue a programme of liberalisation of movement of persons within and around the EU has taken form and come into effect. Liberalisation of movement of persons in the region, for family visits, study, work and holidays is vital to the stability.

In the experience of the EU it is primarily young people who are unable to find work at home who are sufficiently adventurous to travel abroad to look for work. They also often accept responsibilities to help their families back home, at least until such time as they establish families themselves. Thus measures which permit a relaxation of border and immigration restrictions for young people from the region would take pressure off the national labour markets in the region and may provide a much needed source of foreign currency in the form of remittances.

The obstacle of movement of persons for economic purposes from the Western Balkan to the EU consists on the existence of the mandatory visa. This means that their nationals cannot cross the border into an EU state for any purpose without obtaining a visa. This can be a long and arduous task involving travel to the capital city and one or more visits to the consulate of the destination Member State. All nationals of these states (with the exception of Croatia) are required to obtain a "Schengen" visa for a short visit to any Member State. All the obstacles are a measure to control the

phenomenon of illegal immigration that constitutes a problem for most members of the European Community.

Regardless of these issues, have been constructed legal frames and bilateral agreements, which are considered as efforts for the control of illegal migration flows. Balkan nationals sort out as an important matter diminishing this kind of migration, that means the positive positioning and the maximal attempt for the implementation of the EU recommendations. The Stability Pact has deeply influenced on consolidation of political partnership focusing on regional vision for the development of common strategy. This is a chance, which is given to Balkan national for converting historical diversity in common development challenges for a better future. This process has increased the attention of the EU members towards Balkan region and in the same time it has improved regional incentives level to fulfil the EU requirements.

3.1.2 Migration tendencies in central eastern European countries in general and in Albania in particular

International migration within and from central and eastern European countries towards the West is of central concern to Governments in the region. Since the breakdown of the communist block, these countries have experienced considerably greater and more frequent population movement than under the old system.

The lower opportunity cost of living, the higher the potential for migration, to any place, by any means, with the attendant, emotional, psychological, political, cultural and moral consequences, latent or open, that will in turn make themselves felt in the following generations. Intra-regional and international migration from the central and eastern European countries is occurring in a totally different economic and political context than in the period preceding the collapse of communism. It is sparked and fuelled by the eruption of simmering ethnic and social conflicts into open warfare, but also occurs in response to economic push and pull factors as social and economic developments and opportunities diverge and fluctuate widely among the countries of the region.

Real number of central and eastern European nationals working outside their own countries are unknown, even though figures provided by Eurostat, OECD and other sources offer some indication. The available information on flows of foreign nationals into and across the region is unreliable and certainly understates actual figures, as it only reflects numbers of registered immigrants. An indication can only be gleaned when comparing entry and exit figures, border apprehension etc. across the range of most affected countries.

3.1.3 Albania as part of emigration occurrence in CEEC

The end of 1990's changed Albania into a high potential immigration country. This potential was stimulated by some factors and conditions such as negative economic factors and poor living conditions, which combined with a high-educated population conscious for their capacities brought the willingness to be oriented towards Europe. The West was becoming into an ideal for the Albanians. The decreasing development resources and employment possibilities didn't respond to the increasing demands of human and intellectual resources.

It has to be bear in mind that until 1989 migration was virtually non-existent, except as a clandestine operation, fraught with risks. The deeply and quickly political changes, which began in central eastern Europe, stimulated in Albania instruments, energy and ideas, which until then were waiting the right moment to "explode". The first enthusiasm over the new possibilities brought with the freedom of movement, being able to freely move inside the country as well as to leave a country that have subsisted for years in a state of virtual oblivion, cut off from the outside world, swept over Albania like a wave, as the visible manifestations of newly-won democratic freedoms.

Among central and eastern European nationals, Albanians were the most keen to leave their country. In the last decade, Albania became the best-known example between the CEECs. Estimative data shows that 10 per cent of the population may have left Albania in the early 1990s today they are standing at around 20 %. During the course of the years there were two waves of immigration towards the west European countries, at early 1991 and 1992, where a considerable number of Albanian left the country by boats in 1997, when the civil unrest occurred.

For the Albanian individuals the income gap was one of the main factor which influence their decision to leave the country and to migrate. Income gap has to be see in it proper dimension. At the beginning of the emigration process the income gap had the meaning of finding out ways to survive. But this was not only the one. The security of their own life offer by those countries was another reason. I am sure that this type of needs before being asked by Albanians was asked by humanity.

Meanwhile they were approaching an illegal migration the "hospitality" they found in the countries where they were directed was regulated by different practice and policies. In a relatively short period a considerable part of them were know as legal person and had started a job.

But the receiving countries are face some changes in the demographic structure in the recent moment and also the studies demonstrate that they will continue to face such problems in the future. Population in the EU is ageing rapidly. With low birth rates, the proportion of young people under 15 has declined for a number of years and is projected to continue to do so in the future, falling

from 17 % in the future to 14.5 % in 2025. By contrast, the proportion of those aged 65 and over is rising significantly and is set to increase from around 16 % of total population in 1998 to 22 % by 2025. Moreover, within this, the relative number of people of 80 and older is rising faster still.

The retirement of “baby boomers” together with the declining number of young people is set to reduce working-age population in the EU from around 2010 onwards, and this is projected to fall from around 251 million now to some 243 million in 2025. At the same time, the average of those of 15 to 64 will increase.

These, in turn will be determined by a range of economic and social factors, most especially by the availability of jobs, but also by education developments, social attitudes towards women working, the availability of child-care support, the age of retirement, the details of pension schemes, the structure of households and so on.

At the same time, such a possibility brings into focus the problem of maintaining, updating and extending the skills of the people concerned, which is already a concern given the ageing of the work force. The training of such workers becomes part of the process of lifelong learning, which in turn means that people acquire new skills throughout their working lives and are accustomed to doing so. This kind of development, which requires a change in attitudes as well as in working practices, is essential if the potential of older workers is to be effectively tapped, which could prove vital for EU producers to remain competitive on world markets. But in the schemes of job creation they are vacant position as workers and not skill workers, which the first persons to look for those are the emigrants.

3.1.3.1 Few demographic characteristics of Albanian population

The last population and housing census, April 2001 demonstrate a negative growth rate, indicating a reduction of the population from 3 182 417 to 3 069 275. The growth rate has fallen over time mainly as the fertility rate has decline. But since 1990 the negative growth rate is also result of a large scale emigration, which has been the main component of population change. Estimations based on the two last censuses 1989 and 2001 and the total number of deaths and births in the inter-census period indicate that 0,6 million persons have emigrated from Albania and majority are males. The absence of the emigrants has left a whole in the pyramid scheme on both sides, among men as well as woman. In 2001, for the first time in the history of Albanian censuses, women outnumbered men. This is evident at the woman age from 15-40 as well above 70. These are easy understandable, because of the young adults age were more effected by migration which is male

dominated, and the male over mortality counterbalances the higher prevalence of boys than girls at birth.

In the course of the two last censuses Albanian family size was diminishing. The average number of person in April 2001 was 4,2 in comparison with March 1989 that this was 4,7 person per household. The downsizing of the family helps in the creation of some new features of the Albanian households. These has to be taken in consideration during our discussion on emigration. The family size as it is today shows a weakness of the family ties that influence as a pushing factor in the decision of the Albanian families towards migration behaviours.

The emigrant's preferences show a hierarchy ranking in the first place Greece and Italy followed by Germany, USA, United Kingdom and Canada. The number of Albanian emigrants in Greece constitutes round 55 % of the total emigration, in Italy round 31 %, in Germany round 4 %, in USA. 4 %, in other countries 6 %. (Living Condition Survey, October 1998).

Nowadays in the Albania, meanwhile for the economic reality we can perceived the transition concept, as a path that has to be followed to arrived in given status, for the social reality this can not be applicable. The Albanian society is continuously under transformation. The Albanian are looking for finding other values and this make them looking for changes, trying to find new places to live, and new alternatives. This is a view which can give some more elements on why the Albanian emigrate.

3.1.3.2 Which are the motives of emigration

Motives are the internal moving force that stimulates the emigrants to be involved in the process of emigration. The motives that make the population moving can be divided into social-economic motives and in non-economic motives. The first group of motives is classified in two subgroups that are: the motives of the work and wages and in motives for meeting the requirements of optimal living standards. The second group includes wars, religious, political and ideological conflicts and also the natural disasters, etc. The studies in this field are very limited in home, but from a survey organized by the Albanian Population Studies Center, carried out in 2000, where there have been interviewed 1 199 emigrants from which 676 persons in Greece and 523 in Italy, have been drawn some conclusions. The motives of emigration emphasized on the survey were: (i) Higher wage, (ii) support to the family that stays in homeland, (iii) better working conditions, (iv) better living conditions, (v) conditions for personal or other family members' education, (vi) political motives.

First as it can be seen primary are the motives of the economic character, where the major part 73,8 % is constituted by motives of the subgroup of the work and wages (higher wage, support to

the family that stays in homeland and better working conditions), while the other subgroup the one of meeting of the requirements of the living standard (better material conditions of the everyday living outside the work), constitutes 23,2 % of the total amount of the motives. The non-economic motives constitute only 3 % of the total amount of the motives.

Second in the framework of the sixth main motives that have push the Albanian emigrants to emigrate, the motive “support to the family that stays in homeland” constitutes 28,4 % of the amount of three main motives. The support of the emigrants for their families that stay in the homeland plays an important role for the over passing of the difficulties of the transition period. From a survey carried out in 1998 the average amount of money sent back home resulted to be equal 100 dollars per month. This amount constitutes a considerable income for the family if we compare it with the public sector wages and play an important part in the level of the families receiving them. The remittances play a certain role also in the development of the small and medium business in Albania, especially when they have started as home business.

3.1.3.3 Does the migration have positive effects?

Remittance is one of the most evident effects of emigration, for example the remittances for the first quarter of year 2003 are 193 million USD. This inflow has contributed in financing 67.6 % the trade deficit. Such a figure can be considered as a reliable indicator for an optimal foresight for remittances, which normally should be about 650 million USD for the whole year. According to estimations made the "The Economist Intelligence Unit" (EIU), remittances reach 460 million USD per year. These remittances are very important for the macro economic stability covering 43 % of imports.

There is clear evidence that a short period of migration enhances both the employment of *migrant on return to the home country and the migrant's chance of establishing a business*. Migration flows thus need to be considered in terms not just of aggregate or net flows between countries, but also in terms of the length of stay as this will have important consequences for the return to migration both to the individual migrant and to home and host countries. There is a considerable importance attached to short term, seasonal and contract migration in the process.

Those choosing to migrate for a period benefit from job opportunities available to the hosting countries. The emigrants in general had *obtained useful professional experience*. Exchanging ideas and experiences brings to the development of both expecting and home countries. Such effects become real with the increasing of emigrants' education and professionalism in schools and in

training courses. This experience is observed in Albania where persons who have come back establish many businesses especially in service area.

The arrival of new members enriches the EU increased cultural diversity and interchange of ideas and a positive impact of understanding different cultural and historical traditions. *The multiculturalism brings new benefits to the society and brightens multi-cultural education* and usage of foreign languages. Some argue that multiculturalism, as a policy is one of the best possible ideologies for a modern society with great cultural and ethnic diversity, as it minimizes political crises. It provides the best base for development of an individual and tolerant society. Some elements are transferable in the country of origin as well during the returning phase.

3.1.3.4 Does Albania miss things?

In the migratory process it is widely involved also the intellectual elite, which presents some different features from the other social groups that have emigrated. In order to light up this phenomena have been analyzed partially the three more representative segments of the intellectual elite of our country such as: the universities and high schools, the Scientific Research Centres and the Artistic and Cultural Institutions.

From the data of the population census of 1989 results that the education level of the population is relatively high and there is a considerable percentage of the population with high education. During the transition period there are observed high rhythms of the qualification and specialisation of the specialists in comparison to the past. In particular are distinguished the universities and the high schools of the country. By the Tempus Program only nearly 1 000 pedagogues of the high education system have received fellowships for training abroad without including here those who have been educated abroad on their own expenses. In 2002 only in Italy studied 8 000 Albanian students. The support per capita from the international community through the different programmes that is given to the high education mainly during the first years of the transition period is twice higher than that support given to the other countries.

As the result of many economic, social factors the emigration of the intellectual elite in Albanian has been visible. For the institutions of the three above-mentioned segments during the 4-years period 1991-1994 have emigrated 27 % of their staff (pedagogic-scientific and artistic-cultural) reaching after four years in 1998 in 40 %. In the universities and in the high schools the level of the emigration is 2 times lower than the one in the artistic and cultural institutions.

The structures of the emigration of the intellectual elite in the international market have their own particularities in the social, geographic and demographic point of view. The social and demographic

structures of the emigration of the intellectuals are characterised by the feature of the mature age, the relatively wide participation of the female in the migratory processes, emigration accompanied with the family, legal and organised emigration, etc.

One of the factors that has influenced in the emigration of the intellectual elite such as professors or researchers is the relatively low level of the wage in comparison to the other social groups. In Albania a head of the family with postgraduate educational level has no visible differences with his analogues with eight years or secondary educational level.

The data shows that the education level of the head of household helps the family to earn more than national average income per household, but their living conditions are not that good. Accession to drinkable water, continues electricity are very difficult to be meet with good quality. These conditions aggravated also by polluted environment such as dust, mud etc represent a number of difficulties in the everyday life. Seems that these conditions will help the elite to quicker take the decision about the migration. Of course the life can not be as simple as that, but the desire to find new alternatives in their own profession push it too.

By countries results that the structure of the emigration of the Albanian intellectuals elite has been relatively lower in Greece and Italy and higher in Canada, France, USA, Germany, England bearing in mind an increasing tendency towards Canada and USA.

3.1.3.5 Do the emigrants wish to come back?

A principle of returned emigrants has been till now that of failure. Mainly, those emigrants who couldn't integrate in the expectant societies have come back. The failure ideology is explainable when illegal emigration dominates. Recently the legalization of emigrants has changed the legal/illegal emigrant's ratio thus changing this ideology. There is less emphasis on permanent migration and more on temporary labour migration with the wish to return to Albania more pronounced.

The larger majority of people want to work, live and stay immobile where they have their roots. People prefer the status quo to an unfamiliar or insecure change. The abolishment of these can only be true when individuals in their microeconomics, social and cultural environment find obstacles that forced them to overshoot the value of immobility.

The experiences all over Europe show that when a development system of social security and welfare is put in place, the immobility is present even under the long term unemployment.

The existence of a developed system of social security and welfare will be always an indicator which will influence as a pushing and a pulling factor. The pulling position will be at the beginning where the Albanian are trying to find the better economic reality and the pushing factor will be after some years of living in the hosting countries, when the education of the children has been completed or at least started.

Unless in Albania there will be not significant improvement in the living conditions, economic environment, more job opportunities the desire to move towards European countries will be present, the quality of individuals leaving the home country will be more selective, as far the lottery on American and Canadian green cards is very attractive.

Will the emigrants come back? Still the answer to this question will need more time.

REFERENCES

- [1] Barjaba, K. (2001), Migratory Feature Model, *Economy and Transition*, 4 (30). International Organization for Migration, Profiles and Motives of Potential Migrants from Albania, Geneva, (1995).
- [2] Misja, V. and Gëdeshi, I. Emigracioni i Elites Intelektuale, (in Albanian) Papapanagos, H. and Sanfey, P. (2001), Intention to Emigration in transition Countries: the case of Albania, *Journal of Population Economics*, 14.
- [3] Piracha, M. and Vickerman, R. (2002), Borders, Migration and Labour Market Dynamics in a Changing Europe, Final Report.
- [4] Stacher, I. and Dobering, J. P. (1997), Migration in central and eastern Europe, Compilation Report on Recent Migration Trends in the CEI States (Central European Initiative).
- [5] Wallace, C. (2000), Patterns of Migration in Central Europe, Conference on Economic and Social Dimensions of EU Enlargement.
- [6] Thomas Straubhaar, East –West Migration: Will it be a problem?
- [7] INSTAT, The population of Albania in 2001, Main results of the population and housing census
- [8] INSTAT - Living Condition Survey

3.2 Demographic development and population statistics in Estonia

Rein VEETÕUSME

Director General of the Statistical Office of Estonia

3.2.1 Population of Estonia in the landscape of Europe

Estonia with its population of 1.36 million at 1 January 2003 belongs among the smallest countries in Europe. According to the data presented by the Council of Europe for the beginning of 2002 the population is smaller than in Estonia only in 7 countries of Europe. Estonia also belongs to the countries with the lowest population density together with the Nordic countries and Russia [1].

While more than half of European countries still experience population growth mainly due to the positive net migration, Estonian population has decreased already during a decade. By the natural growth of population Estonia is counted among the 6 countries with the most significant population decrease in Europe. With a total fertility rate of 1.37 in 2002 Estonia is situated in the middle of the list of European countries, but by mortality it belongs to the group of countries with the highest rate of more than 13 deaths per 1 000 population. Thus, the under reproduction level fertility simultaneously with a relatively high mortality is partly responsible for the negative population growth today. In addition, but particularly in the first half of the nineties this was supported by a voluminous emigration flow. The total population decreased between the two last censuses due to the natural decrease of 42 206 persons and due to the net emigration of 83 370 persons.

When looking for the reasons of the current population development one should return back to an earlier period starting from World War II as a consequence of which Estonia lost its independence for half a century. The most drastic results of this period of history are reflected on the population composition and development of Estonia.

3.2.2 Historical development of Estonian population – the basis for today's situation

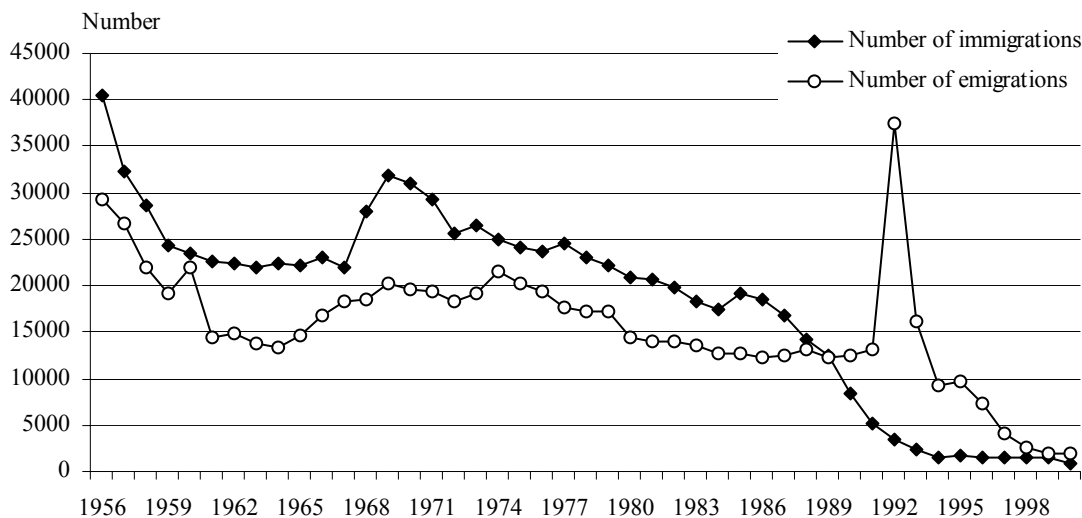
The demographic development of Estonia has been, to a great extent, influenced by the changing population composition during and after WW II. Between 1940 and 1953 the population losses of Estonia have been estimated on the level of at least 17.5 per cent of total population, and even currently the native-born population is still about 10 per cent lower than its pre-war level [2].

On the other hand, these losses were exceeded in numbers by mass immigration from different parts of the Soviet Union, mainly from Russia, which started after WW II. The long-lasting and strong influence of international migration on the population growth appears clearly in the proportion of

non-nationals in the population. The high share of foreign-born population (26.8 % in 1989 and 18.4 % in 2000) places Estonia in a specific situation in comparison with most European countries [3], [4].

Figure 1 presents international migration flows starting from the middle of the fifties. The space between the two curves presents the total net immigration that turns to the voluminous net emigration at the beginning of the nineties.

Figure 1: International migration flows of Estonia, 1956-2000



As a consequence of the continuous excess of immigration over the emigration the population grew until the beginning of the nineties. Correspondingly, significant changes occurred in population composition and, first of all, because the immigrant population, as usual, had a much younger age structure in comparison with the native population. Therefore, the direct influence of immigration on the total population was contributed by the fertility of the immigrant population.

Estonian demographers have noted that without the direct and indirect contribution of immigration, the natural population decrease in Estonia would have started already in the seventies [2]. In reality it was postponed until 1991 that is consequently the indirect outcome of the long-lasting immigration.

3.2.3 Feature of the Estonian population change in the nineties

As already pointed out, the beginning of the last decade of the century brought along significant changes in the population of Estonia. During the first years of the nineties we observe adverse tendencies in almost all population events. The in-depth analysis of the Estonian population development affirms that in reality these changes started earlier and most obviously the change of the socioeconomic situation due to the regained independence just fastened and underlined the regularities of the population development.

Without doubt all processes in the population development are related and changes in one process will, after an appropriate space of time, be reflected more or less significantly on another. Thus, it is impossible to ignore any of them when looking for the reasons why the society has reached the disadvantageous demographic situation that we face today in Estonia. Still, not going into deep analysis of the interaction of these processes general features and preconditions of the recent development could be pointed out.

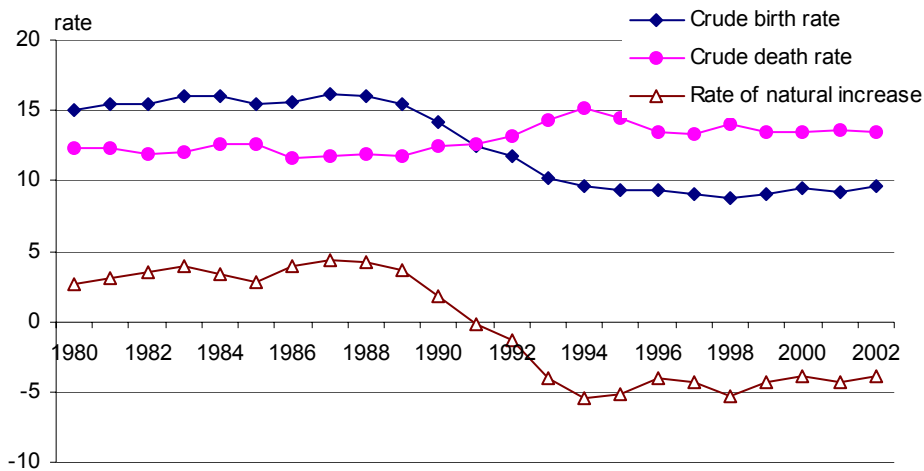
The nineties are characterized by a rapid decline in both the absolute number of births and rate of fertility. The decline in fertility started at the very beginning of the decade and within 4-5 years the fertility indicators decreased by more than a third. The annual decrease of the number of births was 7-15 %. Thus, the fertility declined rapidly from the level that was sufficient for the population replacement (TFR was 2.26 in 1988-1989) to 1.28 in 1998, that is the decrease of almost one child less per woman on the average [5].

After the slowing down the decline stopped in 1998 and thereafter we observe at first a small growth and then the stabilization of fertility till the present time. Figure 2 presents through crude rates the development of fertility and mortality and the natural increase of the population.

In parallel with the decrease in fertility we observe a certain increase in the mortality also in the first half of the nineties that accents the influence of the fertility decline on the overall decrease in the population. While the increase of the crude death rate could be explained by the unbalanced age-structure of the population, the life expectancy was also lower during some years in the first half of the nineties in contrast to a considerably long period of stability in the past.

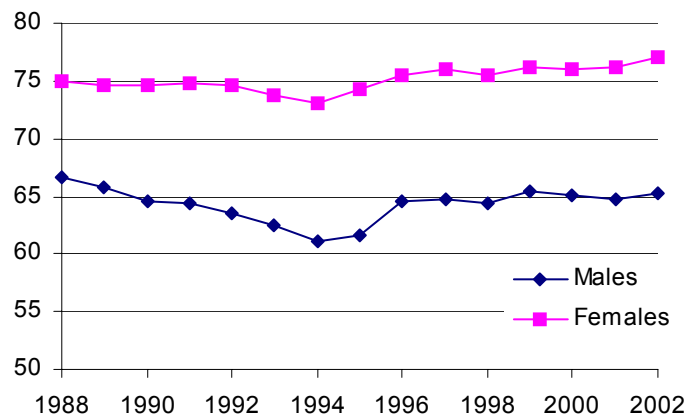
Numerous flows of immigration have produced a growth of certain population cohorts in the past. Nowadays these birth cohorts are reaching the old age and, despite the fact that these cohorts also decreased in the course of emigration in 1990, it is one of the reasons that deepens the aging process of Estonian population.

Figure 2: Crude birth rate, crude death rate and rate of natural increase



To review the mortality development the life expectancy is the most suitable indicator. This indicator was for a long time relatively stable in Estonia but decreased somewhat in the first half of the nineties and a slight development could be noticed only in the female life expectancy recently. However, in comparison with most European countries the life expectancy is low, reaching by the preliminary estimates for 2002 only 65.2 years for males and 77.0 for females (figure 3).

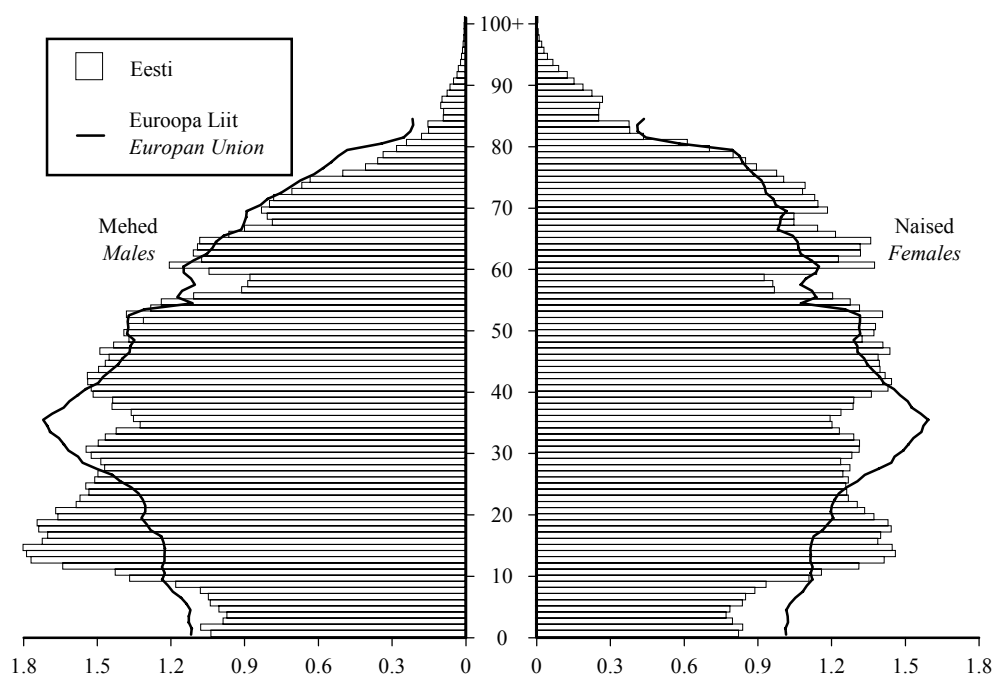
Figure 3: Life expectancy at birth for male and female, 1988-2002



The consequence of the significant decrease and the subsequent stabilization of the number of births appears clearly when presenting these birth cohorts in population age structure. Figure 4 compares the age structure of Estonian population with that of the European Union. It should be mentioned here that contrary to Western Europe Estonia has not experienced the so-called baby-boom after WW II and the variation in the size of cohorts, excluding the recent birth cohorts, reflects most

generally immigration waves. At the same time, the age structure of the immigration flows was influenced by the low fertility during two World Wars.

Figure 4: Estonian population by sex and age, 1 January 2002, and the European Union population by sex and age, 1 January 2000



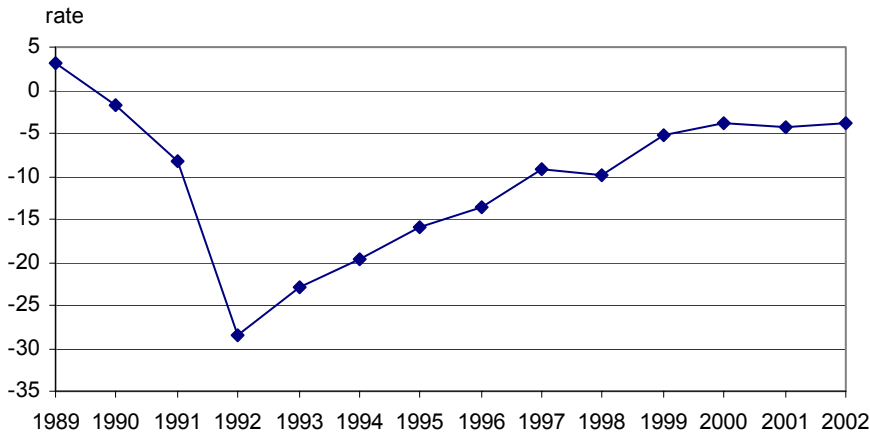
The current population age structure promises to maintain the number of the working age population during the next ten years. However, after that the decrease will be sharp. The numerous birth cohorts reaching at that time the retirement age will accent the disproportion of the age structure caused by the small number of births in the nineties.

In addition to the natural decrease the development of migration processes also supported the decline in the total population. The signs of the decrease in immigration flows were already visible at the end of the eighties. The beginning of the next decade brought along the immigration quotas that caused the diminishing of immigration flows. In 1992 and, to some extent in 1993, the unprecedented high emigration flows were accompanied by the decrease in immigration flows. Thus, the opposite changes in both immigration and emigration caused the turnaround from net immigration to net emigration. As a conclusion, the rapid decrease of the population mentioned above was the interaction of all components of the population change.

Although the decrease in population slowed down during the second half of the nineties, for years the natural growth of population still remained negative and by the beginning of 2003 the population had fallen to the level of 1970. Figure 5 presents the annual population growth rate

starting from the years of rapid changes more than ten years ago until 2002. At the beginning of the new century the population processes have been more stable but still the decrease in population remains significant being comparable only with few countries in Europe. In 2001 a more significant annual decrease was estimated only in the Ukraine, Latvia, Russia and Bulgaria [1].

Figure 5: Annual population growth rate, 1989-2002



3.2.4 Problems and possibilities of population statistics

The weakest area of population statistics is undoubtedly migration statistics. In Estonia the collection of reliable statistical data on internal and international migration flows became more and more difficult when the Soviet system of population registration with the related legislation was abandoned at the beginning of the nineties. The creation of a full legislation basis for the registration of population lasted for almost ten years. As a result, for the people the need to get registered at the place of residence lost importance. More specifically, this is observed through the decrease of the annual number of internal and international migration registered by local authorities. Two examples illustrate the situation. At first we compare the international immigration flows of Estonia with the same registered as emigration in the countries of origin. For countries the registration of international immigration is always more important than international emigration. Therefore the immigration flows should be better registered in the country of destination than emigration flows in the country of origin. However, when comparing these data for Estonia with those for the Nordic countries, especially for Finland, Estonian immigration flows seem to be much smaller than emigration from these countries. The use of different definitions of migrant is also one possible reason for this, as is probably the case with Germany, but to speak about definitions is not even meaningful when it is clear that the registration of migration events is far from exhaustive (Table 1).

Table 1: Immigration flows registered in Estonia and the corresponding emigration flows in the country of destination, 1990-2000

	Country of origin (O)							
	Belorussia	Denmark	Finland	Germany	Latvia	Lithuania	Russia	Sweden
1990 emigration from O	283	1	NA	NA	387	145	5187	NA
immigration into EE	275	0	14	213	327	142	5315	3
1991 emigration from O	219	13	38	NA	246	70	4012	NA
immigration into EE	145	0	6	104	197	89	3735	3
1992 emigration from O	113	64	130	329	212	49	2601	28
immigration into EE	121	1	29	52	157	38	2484	27
1993 emigration from O	88	129	226	665	99	34	1582	50
immigration into EE	56	7	85	51	102	31	1368	46
1994 emigration from O	47	156	297	665	54	6	1058	50
immigration into EE	36	1	79	25	42	15	1013	41
1995 emigration from O	28	129	363	864	44	8	877	58
immigration into EE	30	-	129	22	76	19	970	47
1996 emigration from O	17	156	367	986	59	2	822	63
immigration into EE	41	5	114	27	63	10	941	40
1997 emigration from O	14	116	256	898	38	6	702	72
immigration into EE	32	3	111	28	62	12	984	43
1998 emigration from O	9	240	282	839	34	3	550	78
immigration into EE	31	4	113	34	50	6	892	33
1999 emigration from O	9	228	264	721	38	1	564	71
immigration into EE	23	9	107	35	52	12	858	42
<i>1992 - emigration from O</i>	<i>325</i>	<i>1218</i>	<i>2185</i>	<i>5967</i>	<i>578</i>	<i>109</i>	<i>8756</i>	<i>470</i>
<i>1999 immigration into EE</i>	<i>370</i>	<i>30</i>	<i>767</i>	<i>274</i>	<i>604</i>	<i>143</i>	<i>9510</i>	<i>319</i>
<i>Ratio EE / O (%) *</i>	<i>114</i>	<i>2</i>	<i>35</i>	<i>5</i>	<i>104</i>	<i>131</i>	<i>109</i>	<i>68</i>

* Ratio between the immigration registered in Estonia and the emigration counted by the countries of origin.

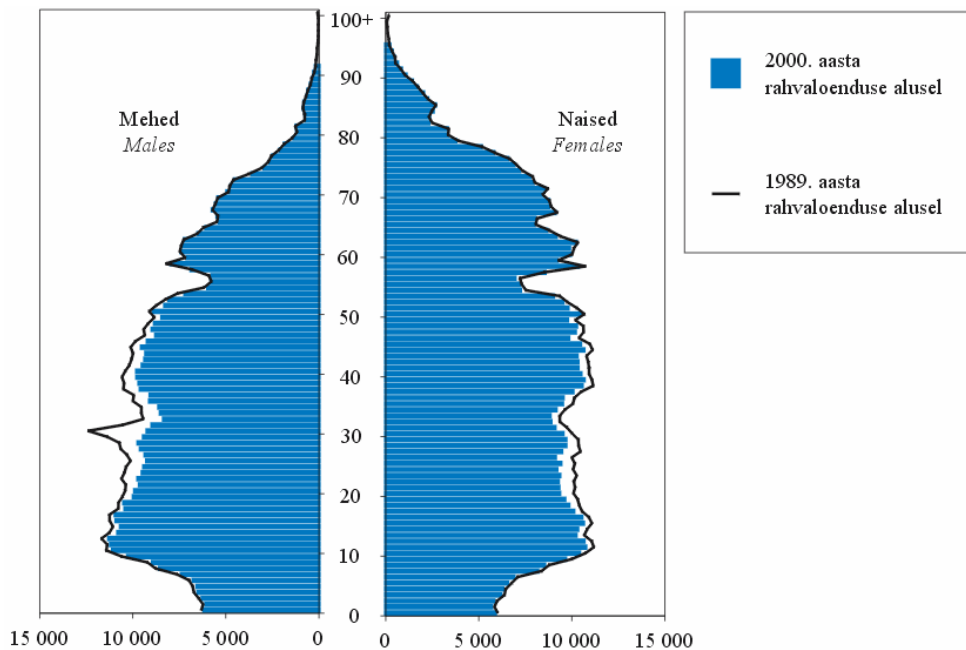
Sources: *Recent demographic developments in Europe 2001*, CoE; Eurostat New Cronos; national sources

In the second example, we reach the same conclusion when comparing the 2000 population census results with population estimates for the intercensal period for which vital registration data were used. Despite the fact that the population censuses and the registration of vital events between the censuses are fully independent data sources for statistics, at least as was the case in Estonia, the regularities of population development give the possibility to evaluate the migration statistics between the censuses. More specifically, the registration of births and deaths is generally good in Estonia but the same is not true for the registration of the change of the place of residence.

The 2000 Population and Housing Census enumerated less than 1.37 million persons whose permanent residence was in Estonia while in 1989 the population was more than 1.57 million. Compared to the 1989 Census, the population had decreased by 12.5 %. At the same time, the estimated change of the population based on vital events, the number of births, deaths and migrations, between the two censuses showed only a decrease of 8.1 %.

Considering the possible underestimation of the Census results it is still obvious that the difference between the registered events and the population change is very large. So we may consider that the difference between the population change according to the censuses and that according to vital statistics is mainly due to the under-registration of international migration events, more precisely the underestimation of emigration. Figure 5 compares the 2000 population as enumerated in the census with the population estimated on the basis of the 1989 Census and registered vital events.

Figure 5: Population age structure according to the data of the 2000 Census and an estimate based on the 1989 Census and events for the intercensal period.



Consequently, both examples prove that the migration statistics are undoubtedly the weakest area of Estonian population statistics. The problems of registration of the place of residence extend to the other fields of population statistics - from estimation of the total population of the country to the regional population count. It also has an influence on the quality of vital statistics, more precisely, on the regional vital statistics.

3.2.5 Need for legislation in the field of migration data collection

For the full coverage of the migration events needed for the annual population accounts at national and regional level, including movements of both nationals and non-nationals, there is no alternative to an exhaustive registration of migration events, more generally, to the registration of the place of residence. It is clear that in comparison with the registration of births and deaths it is much more difficult to force people to register the change of residence. There should be a kind of legal push for this, either to persons or to authorities. However, it is clear that at first legal conditions should be

created to cover all residents with the system of registration. It should be needful to regulate the obligation of nationals and foreigners to inform the authorities responsible for the registration of inhabitants of the living in the country.

On the international level, the problems of migration statistics, mainly those of international migration statistics, have been under close attention for a long time, including the recent revision of recommendations for international migration statistics. Although the increasing need for migration statistics has been pointed out at numerous meetings on population statistics in Europe, improvement has not been as fast as expected. Therefore specific actions supporting national statistical institutions in terms of legislation could be appropriate. The Action Plan for the collection and analysis of Community statistics in the field of migration presented at the last Joint ECE-Eurostat Work session on Migration statistics includes the activities for preparation of Community legislation on statistics in the field of asylum, entry and immigration [6]. However, it is clear that without a concrete action plan of migration data collection supported by legislation the desired results will not be achieved. International migration is an international process, so here for the comparability of statistics the regulations are needed on the European level.

As concerns the population, but especially migration statistics in Estonia, some improvement might be expected in connection with a further development of the Population Register. This may, in the first place, concern the internal migration data, as the local administrations are highly interested in the correct information about their populations. On the other hand, the intention to improve the population registration system based on the wider use of different population related registers promises new possibilities for the improvement of data availability and, accordingly, for obtaining more statistical information. However, as we know, the vital registration system as well as the population register is an administrative tool that is meant first of all for the administrative purposes and therefore could be used for the statistical purposes with a certain concession.

3.2.6 Conclusions

We consider that there should be a certain increase in the numbers after the simplification of settlement from Estonia to Western European countries. However, from the point of the regularities of the demographic development of Estonia, the significant increase of emigration flows from Estonia is not expected in the nearest future.

The rapid change in the population development is not foreseen in the near future. Still, the slight increase of fertility is most obvious as the increase in the average age of mother at the birth of child gives the base to believe that at least one part of lost fertility in the nineties will be compensated by

the postponed child-birth. We also expect that the development of mortality will turn slowly to the more positive direction.

Consequently, we expect that the already achieved stabilization of the population development will remain and that there will also be a significant improvement in the field of population registration in the nearest future.

REFERENCES

- [1] Council of Europe, (2002) Recent demographic developments in Europe
- [2] Katus K., Puur A., Põldma A. (2002) Eesti põlvkondlik rahvastikuareng, *Cohort Population Development in Estonia* RU sari D No 2, Tallinn 2002 (in Estonian)
- [3] Statistical Office of Estonia (1995), Population of Estonia by Population Censuses
- [4] Statistical Office of Estonia (2002), 2000 Population and Housing Census. III, Place of Birth and Migration III.
- [5] Statistical Office of Estonia (2002), Population 2001
- [6] Eurostat, (2003) Communication from the Commission to the Council and the European Parliament to present an action plan for the collection and analysis of the Community statistics in the field of migration. Paper presented at the Joint ECE-Eurostat Work Session on Migration statistics, (Geneva, 28-30 April 2003)

3.3 The Commission takes action to improve statistical information and analysis on migration in the European Union

Sandra PRATT
*Deputy Head of the Immigration and Asylum Unit
European Commission, DG Justice and Home Affairs*

I would first like to thank the organisers for inviting DG Justice and Home Affairs to take part in your annual conference this year. We are very pleased to have this opportunity to reinforce our contacts with you. My Director, Jean-Louis de Brouwer, had hoped to be here himself as announced in the programme, and he has asked me to express his very sincere regrets that he was prevented from doing so at the last moment.

We are a new Directorate General, set up just four years ago, but the importance of social statistics has been well appreciated since the outset. This is particularly so in the case of the unit of which I am Deputy Head, which is concerned with the development and implementation of the immigration and asylum policy of the European Union. In fact I would go so far as to say that without accurate and comparable statistical information we could not carry out our work at all.

The European Council has given the Commission a mandate to develop a common policy on immigration and asylum. Since 1999 we have been putting in place a legal framework which sets out common standards and procedures for the admission of third country nationals to the EU on humanitarian grounds or for work or study. We have also been coordinating action amongst the Member States and the acceding countries to control our external borders more efficiently and to fight illegal migration, trafficking and smuggling.

We have taken a comprehensive approach because we see that all the different aspects of migration and asylum phenomenon interact with each other. For example, there is evidence that opening legal migration channels can help to reduce illegal migration flows. There is research which indicates that the availability of undeclared work acts as a pull for illegal workers and may also influence the numbers of people applying for asylum.

However, the precise impact of such factors is not always easy to demonstrate. From the very beginning we have been confronted by the lack of comprehensive, comparable and reliable statistical information about migration and asylum flows and about the situation of migrants in the European Union. Without such information it is difficult to define clearly what action needs to be taken, to decide priorities, and to measure the effect of the policies we implement.

It is very difficult for example to analyse the role that migrants play in the labour market. This is becoming ever more important given the declining and ageing of the EU population and the likely increasing need of migrants to fill job shortages. But we have reliable statistics only on foreign nationals and this makes it impossible to carry out cohort studies especially involving 2nd and 3rd generation immigrants.

To take another very concrete example DG Justice and Home Affairs is responsible for the operation of the European Refugee Fund which has a budget of 216 million euro for the period 2000 to 2004. It finances the reception and integration of refugees and of persons given temporary protection in the Member States and the repatriation of those who are refused permission to stay. The majority of this fund is distributed on an annual basis between the Member States in proportion to the numbers of such people who have entered or been admitted during the previous three years. These figures must be provided each year by Eurostat and each year, because of difficulties in comparing the data available, we have problems in establishing them.

As you know, the Commission has been working for more than a decade now to improve statistical data on asylum and migration. A first Action Plan on this issue was presented in 1998 which led to the development by Eurostat of two data bases to support the work of the Council Working Parties on asylum and illegal entry (respectively the CIREA and Cirefi groups).

Council Conclusions adopted in May 2001 underlined the continuing need to improve the quality of Community statistical outputs and the exchange of statistics on asylum and migration which were taking place on the basis of a series of «gentleman's agreements». Much of this work was focussed on harmonisation of definitions, improving data quality and documenting the differences generated by differing systems at national level.

The Second Action Plan, which was put forward by the Commission earlier this year (COM(2003) 179 of 15 April 2003), analysed the progress made and came to the conclusion that the system of «gentleman's agreements» was no longer sufficient to meet Community needs. It called for the establishment of a legal framework as the only way of ensuring that the Community could apply, monitor and assess its asylum and immigration policy effectively.

We are now, therefore, at the beginning of a new phase in which, within the next few years, data production, supply, processing, analysis and dissemination will take place, for the first time, within a legislative framework at EU level. This reflects the growing importance of migration and asylum issues in policy terms and, therefore, of migration and asylum data. There was a tendency to subsume these areas under the general heading of demographic data but I think it is now clear that

they should be seen not as a sub-field of population statistics but as a distinct, though overlapping area of specialisation.

DG Justice and Home Affairs has been working very closely with Eurostat to ensure that our new legislative proposals on statistics will be realistic and feasible. They must, as far as possible, meet the policy needs both of the Commission and of the Member States as well as requirements for transparency and access for the citizens of the EU.

In recent years there has been a growing demand – from Member States and from the European Parliament – to establish a system for exchanging information on asylum and migration at the European level. The Commission responded last year by setting up, initially as a pilot project, the European Migration Network specifically to provide more and better information on the multidimensional phenomenon of migration and asylum. This network will work in close co-operation with Eurostat and will develop an information base covering a variety of different aspects of migration and asylum. Its added value will be in terms of monitoring and analysis and in identifying and responding to new information needs through appropriate research.

Considerable efforts are being made to bring together through this network national sources of information, including statistical offices, in order to avoid overlaps and to capitalise on existing strengths and weaknesses. The overall objective is to obtain comparable information on the sensitive issues concerning migrants and asylum seekers and their impact on European society.

The network will, for example be participating in the preparation of the Annual report on statistics in migration and asylum. The first report will be on line in November and we are already discussing with the network how it can participate in the 2002 report which should be made available next year.

Early next month, to discuss this and other issues, I shall be chairing in Brussels a meeting of the European Migration Network with a number of statistical experts from the Member States and the acceding countries and members of the Committee on Immigration and Asylum who are mainly officials from home and justice ministries. This is another example of the practical steps we are taking to bring together policy makers and data suppliers in a regular dialogue.

In this way DG Justice and Home Affairs is providing a lead at EU level, whilst also acting as a catalyst at national level, bringing together national officials from Ministries of the Interior, Employment, Foreign Affairs and from statistical offices to develop a common understanding of the needs of data suppliers and data users. This co-operation will continue, so as to ensure that the

production and analysis of Community statistics is informed by a common understanding of policy needs and of the constraints and challenges faced by data providers.

What we have learned in developing this new field at European level, is the importance to the Community of having available official data provided by National Statistical Offices which are reliable, objective and comparable. I hope in this brief presentation to have shown you some of the ways in which we work with Eurostat and with the national statistical offices to achieve this and how crucial such a collaboration is to the success of our work in DG Justice and Home Affairs.

Theme 3 - Demography and migration in the enlarged EU - Some comments

Len COOK
Office for National Statistics, UK

Estonia and Albania as case studies

Estonia and Albania show the magnitude, complexity and breadth of impact of current demographic transitions, as well as their speed. The demographic transitions are a balance of global trends, regional adjustments and transitions special to the country. The policy impact will span pensions, health care funding, migration policy, education and housing. The effects among communities in the same country may be as important as global trends on the country as a whole. We need to distinguish between transitions and fluctuations in population shifts and should seek to limit the impact of population and measurement volatility on policy.

The extension of the membership of the EU will have a significant impact. Fertility in all countries is below replacement (Czech, Slovenia, Slovak Republic and Latvia all less than 1.2). The average age of mother at first birth is over 29 years (except Estonia, Latvia, Lithuania, Poland, Slovak Rep where < 25). Life expectancy is rising substantially to over 75 years (except Estonia, Latvia, and Lithuania < 65 years). Enlargement of the EU will increase its ethnic and cultural diversity. Two thirds of the population is of labour force age. In the current EU, the numbers aged under 15 years old are the same as those aged over 64. In the accession countries the balance is towards the younger age group (18 % : 13 %). Several countries are in decline through natural change (Sweden, Italy, Germany, Poland, Hungary, Estonia, Latvia, and Lithuania).

International migration: understand reliability of existing sources

The very nature of immigration is changing, in form, significance, origin and impact. With globalisation, people become highly informed about long distance neighbourhoods. Estonia (like the UK) is a very unusual country, in that it is both a significant migrant sending and receiving country. Return immigration is not a failure, and may trigger local economic success. Some cities have become international centres attracting many varieties of migrants.

The spread of emigrants to other countries can depend on historical links, educational background of migrants and past migration patterns, for example of migrants from Albania, 86 % overall leave for Greece or Italy, but well qualified migrants migrate further afield.

The usual experience is of a reasonable capacity to measure inflows but a limited capacity to measure outflow. Flows of people are often large in the EU, and if outflow is measured less well then immigration may be exaggerated. Measurement becomes increasingly important as the volatility of population flow and labour supply increases. As fluctuations in population increase, it becomes more difficult to keep administrative systems up to date, and former residents may stay on in administrative systems long after they have left. We need to develop a European consensus on migration statistics, as we have with Intrastat (LFS, Administrative). Asylum is just one part of migration flows of importance. Migrant remittances make a critical economic contribution.

Emerging context, expected population form, and likely responses to change in 2011

There are a number of underlying changes emerging in populations in Europe that will have an impact on how we measure the population. Current emerging patterns are:

- Ageing population, increasing life expectancy in most countries
- ageing workforce (exacerbated in some specific industries);
- ageing of the post war baby boomers in most countries;
- a (sometimes slow) decline in fertility, and women having children later;
- more lone parents - but recent trends show a less rapid increase;
- increase in ethnic population, and different age and family profiles among ethnic communities;
- more one person households;
- increasing cohabitation, marrying later in life, complex family structures;
- regional/local differences in the pattern of change;
- increasing commuting to work (daily/weekly), and international commuting;
- international immigration, and international emigration.

Other future statistical issues

Other issues that will affect migration and population and its measurement include:

- how to measure use of languages;
- younger, more fertile communities will experience most rapid increases in numbers of aged;
- developed economies have major job losses in manufacturing, and unrealised potential for ICT based savings (i.e. banking), and services growth.

Can the economic inclusion of migrants be advanced in industrial countries, unless reinforced by educational, cultural and managerial advances during their economic transitions?

Some future policy issues

Looking more widely, we can see policy issues beginning to emerge that we will need to be aware of in developing systems to monitor and predict population change:

- ethnic communities challenge characterisation of family implicit in public policy on pensions, marriage, tax and benefit unit;
- equity issues in policy of economic strength, gender, race and region, and intergenerational equity and sustainability;
- political sustainability of policy, and capacity for decisive policy making, needs demonstrable fairness of policy impact on each community.

The research questions from the last census round

The 2001 Census in the UK highlighted a number of areas where we need to further develop our population statistics service. Issues to consider include:

- improving the quality of inter-census population estimates, and measures of their reliability;
- developing measures of reliability of sources of international migration;
- providing reliability measures of local authority population estimates;
- question how far the definition of “usual residence” provide a sufficiently relevant population base for policy;

- development of a clear path to the integration of census, surveys, registers and administrative records;
- how to explain the higher inter-censal migration loss.

Quality of inter-censal estimates and measures of reliability: the way ahead

We need to establish early on with users their expectations of reliability of population estimates from the census, in advance of the census itself. Expectations of reliability should provide objectives for enumeration management, so we can plan for a wide range of enumeration strategies. The 2010 census must plan for changing context, expected population mix in 2010 and likely responses to population structure of 2010.

The US and France have introduced survey based approaches; we need to ensure we design coherence into our statistical sources.

Trends in census non response United Kingdom, 1981-2001

Non response at each census	1981	1991	2001
All persons reported in previous census	8.7	10.2	12.2
All persons reported in previous decade	10.5	12.0	16.5
Children reported in previous decade	7.2	8.7	14.3
Migrants reported in previous decade	47.5	61.8	66.0

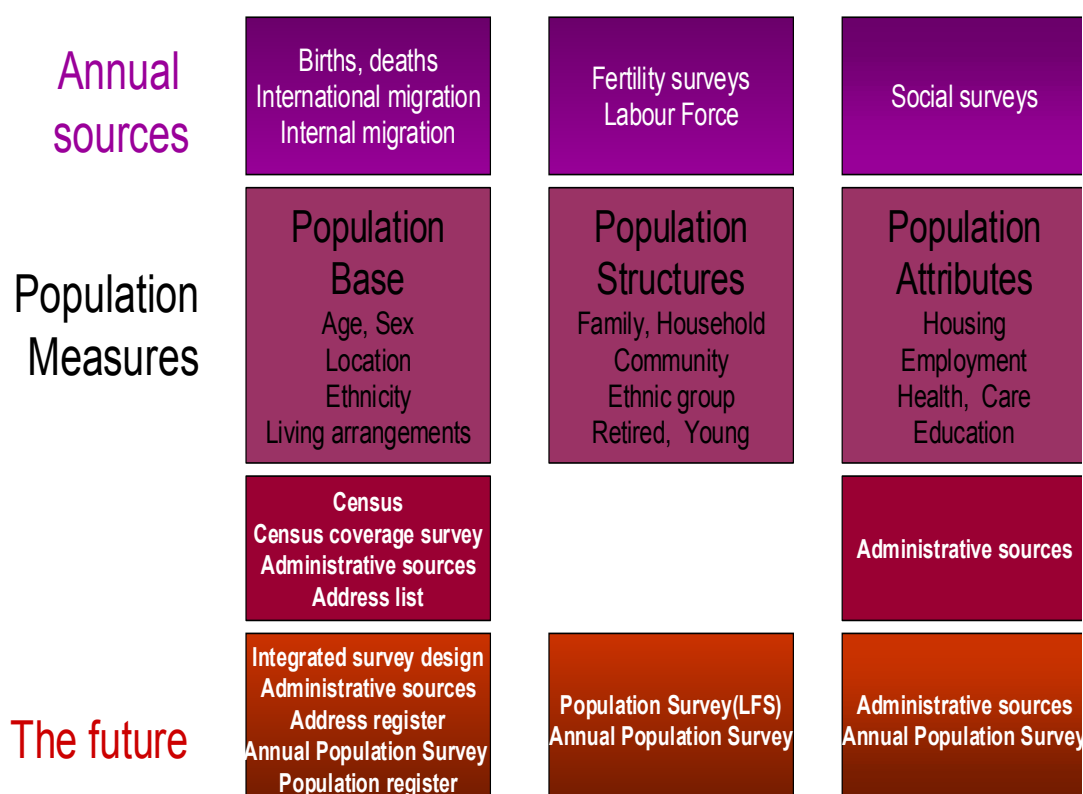
Does usual residence provide a relevant population base for policy?

There is a growing share of the population that changes its place of residence in any year. People, including children, can be resident in two or more countries, local authorities, households and families. There can be seasonal influences in residence changes. Populations relevant for services in health, education, workday, employment, care and utilities may be quite different from usually resident populations. At each area level, we need relevant measures of reliability to ensure confidence of users. The papers understate this major issue in large countries.

Plan for the integration of census, surveys, registers and administrative records

We need to design confrontation into each source, particularly for local authority reliability. As we develop the address register as a dynamic list of places of residence, containing quality and turnover information, we can use it as a survey frame, which will strengthen the continued reliability of population base measures, at local authority and higher level aggregations. The population register will enable person level coherence of administrative information about structure, attributes of the population, and analytical power of population base between censuses.

Statistical sources for population measures



Thinking about the next census

We need to think more holistically than just the census, and consider a more integrated, more flexible *population statistics* system. There may perhaps be some form of ‘census’ at the core but it would be linked to other sources (administrative systems, surveys, etc.) by person. The use of administrative systems will increase over time, leading us to ask whether the census should reduce to a very small question set. An alternative option is to move to a rolling census, as done in the US and France. The implementation of the population register and the development of a sound legislative base for statistics across the EU will be big determining factors in the future of population measurement.

Theme 3 - Demography and migration in the enlarged EU - Discussion

The UNECE informed participants that preparations for the next census round should start. This means that jointly Eurostat and the ECE should launch the discussion for the revision of the census recommendations and eventually the migration recommendations.

Migration is a phenomenon that is difficult to measure correctly. The importance of non-observed migration was also stressed and the need to estimate it using a combination of different sources. It was recognised that especially in the field of migration, co-operation among the National Statistical Institutes would be of a great advantage. Some countries with no emigration data could estimate the number of emigrants by looking at the immigrants in the main receiving countries. OECD mentioned an initiative it has taken to create a database that will allow such calculations. Ireland has benefited from a close co-operation with the United Kingdom when trying to estimate the number of emigrants from Ireland to the United Kingdom, bearing in mind that is free movement of people between the two countries.

The issue of confidentiality when exchanging micro-data should not be underestimated.

The discussion also showed the importance of having independent statistics that could be used by policy makers. Policy makers should be able to interpret statistics to support their policies.

Theme 4 – Income distribution and living conditions

4.1 EU Statistics on income and living conditions (EU-SILC)

Hans D'HONDT

Director-General, Institut National de Statistique, Belgium

EU-SILC is to become the European Union (EU) reference source for income and social inclusion statistics. It is a key element of the investment Belgium and all other EU Member States need to make in order to build statistical capacity in the context of EU co-operation in the field of social inclusion. This was highlighted at the December 2001 Summit in Laeken.

The new open method of co-ordination in the field of social inclusion as well as the structural indicators to be produced for the Commission's annual Synthesis Report increase even more the need for reliable, comparable and timely data on income distribution and on the level and composition of poverty and social exclusion.

Contrary to the *European Community Household Panel* (ECHP), which was organised from 1994 to 2001 on the basis of gentlemen's agreements between the Commission and the Member States, EU-SILC will have a legal basis: a framework Regulation that is to be adopted by both the European Parliament and the Council of EU Ecofin ministers (co-decision procedure). There are several reasons for this change. Most important is the need for adapting the content and timeliness of production of the instrument to the new political goals, particularly after the Lisbon (23-24.03.2000) and Nice (7-9.12.2000) summits. During these summits, priority was given to the eradication of poverty, and a better understanding of social exclusion on the basis of commonly agreed indicators was requested. As a consequence, there is an increasing demand for comparable and timely data on income and social exclusion, particularly in the context of the 'Programme of Community action to encourage co-operation between member states to combat social exclusion', and for the Structural indicators to be produced annually for the spring report of the European Council. Further, ECHP also faced problems of initial response/attrition rates. Finally the non-participation of one of the EU countries in the project was a disadvantage and in general a better integration of the EU project in the National Statistical System of several countries (e.g. Belgium) was needed.

It is highly desirable that EU-SILC is fully integrated into established national statistical systems, because the use of existing national data sources - and in particular that of registers - is strongly encouraged.

Since EU-SILC is to become the reference source of comparative statistics on income distribution and social exclusion at the European Union level, priority is to be given to *high quality* (mainly comparability and timeliness, especially for the cross-sectional component) and *flexibility*:

Data are required in both cross-sectional (pertaining to a given time in a certain time period) and longitudinal (pertaining to individual-level changes over time, observed periodically over a certain duration) dimensions. However, clear priority is to be given to the delivery of *timely and comparable cross-sectional data*. Requirements for longitudinal data will be less important – in terms of both coverage and sample size.

EU-SILC has to be flexible in terms of data sources. Therefore the use of existing data sources, whether they are surveys or registers is encouraged. However, for those countries starting a new operation (e.g. Belgium) an integrated design is recommended.

To become the reference source the statistics produced must be flexible enough to answer the needs of the policy makers. This brings us to the question of constructing meaningful and comparable indicators; the statistical output must indeed allow for the construction of *adequate indicators*. The subgroup on indicators of the Employment Committee and the Social Protection Committee draw up the list of indicators with which European employment and social protection strategies are being measured and evaluated. In this respect the interaction between the European Statistical System and the committees is crucial. It can be considered on the European level but interaction should also take place on the national level. There still is a lack of contacts between the persons in charge of the National Statistical Institute and those in charge of for the Committee. Statisticians sometimes have the impression that some of the persons representing the country in the Committee do not always have a clear view of what is happening in the statistical world, and that therefore work is often done in parallel and without real co-operation. A better interaction between those parties could avoid situations where one and the same country takes conflicting positions: whereas in the committee it pleads for new data or indicators, the statisticians afterwards state that the demand cannot be fulfilled. A better interaction would make sure on the one hand that in the Committee statistical constraints are better taken into account, and on the other hand that the statistical department tries to tune better to the wishes of the Committee.

This brings us to the fact that to become the reference source we should also take into account the fact that *good statistics have some constraints*. Some of the most important ones regarding statistics on income distribution and living conditions are that:

- statistics should be timely since economic conditions change rapidly and obsolete income statistics are of little use for policy;
- statistics should be reliable and solid;
- one should avoid to make too many demands on household survey respondents.

These considerations imply that:

- Household surveys should be short and simple (with a short questionnaire and questions that ask for information that respondents can easily provide). It may be tempting to ask for full information on many domains. This however would ultimately be self-defeating, as respondents will get tired and bored, leading to item non-response (visible) and, even worse because it is mostly undetected and undetectable, to inaccurate answers. (This remark applies in particular to the measurement of household income: in any decision on the reference period to be used for survey-based measures of household income, measurement and survey technical issues should weigh heavily).
- Household surveys should be on a large sample, in order to get sufficient statistical reliability, not only for the sample as a whole, but also for subgroups (such as the unemployed, one-parent families etc). This is only feasible if the questionnaire is short and simple.
- One should not try to cover everything in one survey. Special topics, in particular those relating to special (hard-to-count) populations should be dealt with in special targeted surveys. This is true for e.g. homeless persons, immigrants, and institutionalised population.
- Whenever possible, information should be obtained from other sources, such as administrative data.
- Micro-simulation can be used to estimate some unknown income components or concepts from given ones. E.g., in many cases the respondent may not know very precisely how large his/her gross income is, but may have a reasonably accurate idea of his/her take-home pay. In this case a net-to-gross model may provide a better estimate of actual gross income than the respondent him/herself.

Also, it is important to ensure the co-operation and involvement of the social science research community (in Universities and other social science research centres) in each country in the gathering, processing, preparation and analysis of data. The advantages are several:

- they have generally extensive and detailed knowledge of social and economic conditions, of social policies etc., leading to better data;
- they have a strong interest in getting accurate and timely data. Therefore, such involvement will probably speed up the process between data-collection, and publication of results;
- in particular, revisions after the first release of the data, which harmed so much the reputation of the ECHP, can be prevented;
- more results will be disseminated quicker and more widely.
- This implies however that the data should be handed to researchers in an easy way and (nearly) free of charge. A good step in this direction is the introduction of article 12 in the EU-SILC Framework regulation about access for scientific purposes to EU-SILC confidential data.

A major reason why EU-SILC could well become the reference source for EU Statistics on Income and Social Exclusion is the fact that it will be a *mainly output harmonised statistic*. As we know, the goal of harmonisation is to rationalise resources and to increase data comparability. It is important for several administrations at the national as well as the international level.

For EU-SILC variables (and not specifically questions or operationalisations) will be harmonised; a common set of core units, core variables and core classifications will be used.

Also, since a lot of constraints and demands are stipulated in the Framework and the Commission Regulations, we can even say that EU-SILC goes further than just output harmonisation.

Finally, the issue of *undeclared work* is of great importance and consequence for social security and social protection of people and it is therefore an important hard-to-count phenomenon to include in our statistical system.

Measuring underground economy is not easy. Figures in different studies differ widely.

National Accounts (should) take into account the “black economy”. The Labour Force Survey (LFS) takes into account every kind of paid labour activity, also activities without a formal contract, work done by students or pensioners... Differences between LFS results and administrative data can partly be explained by undeclared work. But not every moonlighter admits this fact during the LFS-interview so, also in LFS, black work is underestimated.

The EU-SILC project started in 2003 on the basis of a gentlemen's agreement in six member states, among which Belgium. In Belgium only the cross sectional component will be carried out in 2003. As from 2004, when EU-SILC will start under the European Regulation, it will consist of two components: a cross sectional component, which is the first priority, and a longitudinal component, more limited in terms of content.

The most important specifications of the SILC 2003 project are:

- sampling design: some 6 000 private households will be interviewed. The representativeness of the results for Belgium is ensured;
- fieldwork: the survey will be carried out via CAPI (*Computer Assisted Personal Interview*);
- period fieldwork: the households will be interviewed between September and December 2003;
- list of variables: most of the questions are imposed by Eurostat. Some additional variables (not Eurostat) will be asked;
- register: we will start testing which (income) data can be collected from registers.

Previously to the main survey a pilot survey with CAPI was successfully carried out in 2002. Recommendations and lessons learned by the Pilot Study were taken into account in the EU-SILC 2003 survey.

Pilot survey

In the spring (preparation) – summer (fieldwork) - autumn (processing) of 2002, Statistics Belgium (NIS-INS) carried out a pilot EU-SILC survey.

Our goals were to test:

- data collection (questionnaire and more specifically the concept of income and the reference period for collecting income data, response rate¹, length of interview, CAPI experience and Blaise program, organisation of fieldwork);²
- forwarding of data to Eurostat;
- extrapolation.

We choose not to integrate this pilot experiment in an existing survey, as this will also not be the case for the SILC 2003 project.

The *questionnaires* were developed in collaboration with universities that have experience of the ECHP projects. Since we intended to discuss the best way of measuring income components in Belgium, certain income components were asked in two different ways in the survey to obtain either the income for the last 12 months or income for year N-1.

It was chosen to carry out the survey via *Computer Assisted Personal Interview (CAPI)*. Among the advantages is a smoother fieldwork (automatic routing, guidance through the questionnaires), allowing shorter interview duration, automatic controls with data entry and thus faster production as well as better data quality.

A stratified two-stage *sampling plan* was set up. Municipalities (communes-gemeenten) were chosen as primary units. In each Region, the inclusion probability of each municipality was proportional to its size (number of households). Drawing was systematic, the municipality frame of each Region first being sorted by “INS-NIS code”³. In each of the selected primary units, private households were drawn by simple random sampling. There was an under-representation in the EU-SILC pilot of widowers and widows, self-employed and pensioners and older citizens. There was a higher acceptance rate in the Flemish Region (well-known phenomenon in many of Statistics Belgium’s surveys!).

As already mentioned the project is launched this year in Belgium. In 2003 it is a simple integrated survey, from 2004 we will try to use administrative data whenever possible and advisable.

¹ According to Eurostat, an answer rate (given voluntary participation) of at least 60 % is desirable in order to obtain reliable results: however, Statistics Belgium’s experience with the Household Budget Survey (which admittedly requires a longer effort from the household) showed that only 12 % of the contacted households accept to take part.

² The Sampling Frame was the Population Register.

³ Hierarchical code based on the “province” = NUTS 2, the “arrondissement” = NUTS 3, and further alphabetically.

4.2 Household income distribution in Cyprus: Surveys, statistical data and uses for social and economic policy

Pambis PHILIPPIDES
Director, Statistical Service of Cyprus

1. Introduction
2. Data sources for the analysis of income distribution in Cyprus
3. Distribution of income in Cyprus and measures of inequality used
4. Socio-demographic characteristics of the population in the quintile distribution of income
5. Use of income statistics and their dynamics

4.2.1 Introduction

The demand for statistical information on the level, distribution and evolution of household income has been growing, particularly among policy makers and researchers, in order to analyse the impact of economic and social policy as well as of other events on the socio-economic conditions of households.

More specifically, the need to identify low income earners, socially excluded people and other suffering portions of the society has increased the demand of detailed and continuous information on the economic well-being of the population. Statistics on income distribution are also very sensitive and of great interest to journalists, the media, political parties and international bodies.

4.2.2 Data sources for the analysis of income distribution in Cyprus

4.2.2.1 Household Budget Survey

The only data source available at the moment for the analysis of income distribution in Cyprus is the Household Budget Survey (HBS).

These HBS's have been carried out by the Statistical Service of Cyprus on a regular and systematic basis since 1966. These surveys were conducted every 5 years mainly for revising the consumer price index and until 1979 were of a limited scope and confined only to households belonging to specific income groups. As from 1984 the growing demand for household income data obliged the Statistical Service of Cyprus to embark on a new series of HBS's which were expanded to cover

households of all types. The objectives of these surveys have been extended and were not only carried out for the purpose of monitoring changes in the consumption pattern of the households for the revision of the weights and items of the consumer price index but also to provide, among others, information on the distribution of income at the household level with a breakdown by source of income of the various socio-economic and demographic groups.

The most recent analysis on income distribution was based on the results of the HBS carried out in 1996/97, the survey being broadly harmonized with the EU recommendations. The survey was conducted over 12 months in order to account for seasonal variations in the income and expenditure of households. Currently, the 2003 HBS is carried out covering 3 500 households in the period January-December 2003.

The questions on income are particularly detailed. Every individual member of the household (aged 15 +) reports his/her full income, by income category (wages and salary, self employment income, pension, property income, social welfare transfers etc).

The quality of the income data can be generally judged as good. More specifically, data on wages and salaries are considered quite accurate, especially net income. An underestimation is suspected in income generated from self employment.

4.2.2.2 SILC Survey¹

As from 2005, the EU-SILC survey will be launched in Cyprus which is expected to provide not only at EU level, but also at national level, additional tools for analyzing household income and living conditions. The most important aspect of the SILC survey will be undoubtedly the possibility of undertaking longitudinal studies as the survey makes provision of continuously monitoring the same households and individuals over time.

In this way it will be possible to study the changes in the income and living conditions of various groups of people and consequently to adjust the policies and measures so that people will have a prospect of moving out of relative poverty and improve their standard of living.

4.2.3 Distribution of income in Cyprus and measures of inequality used

Cross sectional analysis has been the standard way of analyzing income distribution in Cyprus. It is of course realised that this approach provides only limited results, and that the underlying dynamics should also be investigated. However, surveys in the form of continuous panel studies have not yet been carried out, thus the analysis is confined to cross sectional.

The income concept used to examine the distribution is that of the **income per adult equivalent calculated for each household member on the basis of total household income and** by applying the modified OECD scale i.e. 1.0 for the head of household 0.5 for persons over 14 years and 0.3 for members less than 14 years.

The measures used to examine income inequalities are:

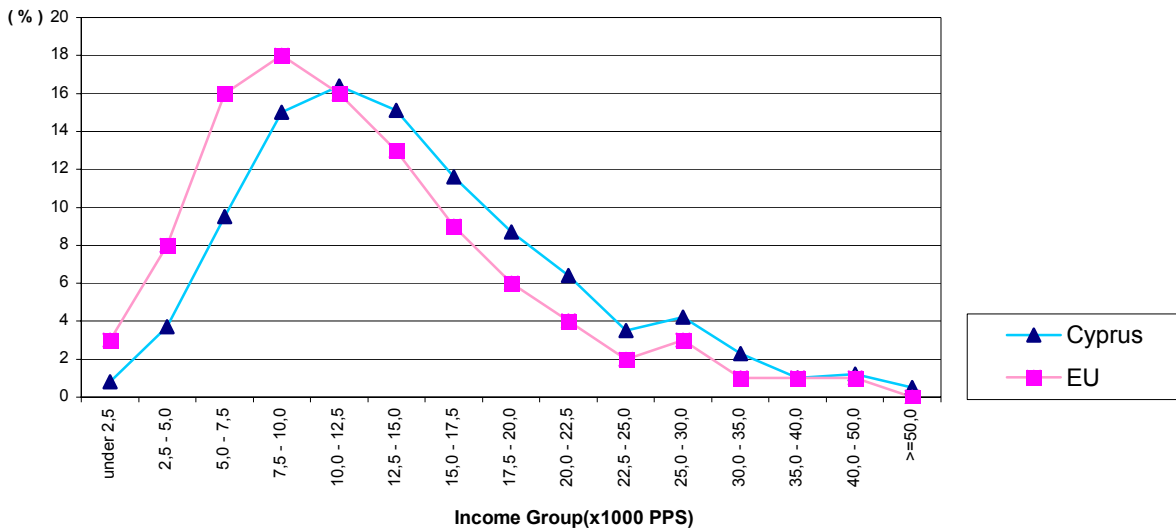
- the share of income in deciles and quintiles of population;
- the ratio S80/S20;
- the Gini Coefficient;
- the share of population below the income thresholds of 40 %, 50 % & 60 % of the median equivalised income (for the relative poverty estimates).

Following are some indicative data of income distribution and inequalities in Cyprus while comparison to corresponding EU parameters is also given to the extent possible.

4.2.3.1 Population by income group

The shape of the distribution in Figure 1 below is the typical one seen for income distributions generally, with Cyprus and EU following very similar patterns. There is a small percentage of the population with low incomes, most of the population is grouped in the mid-range and beyond that, to the right there is a long tail of high income population.

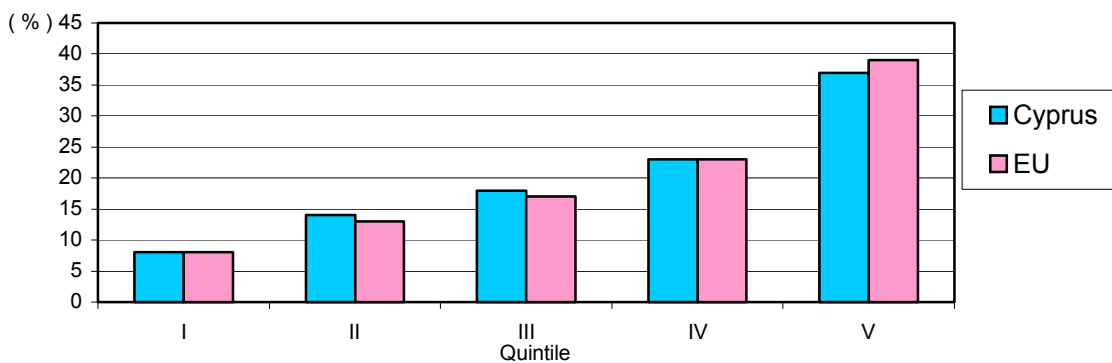
Figure 1: Distribution of population by income group for Cyprus (1996/97) and for EU (1996)



4.2.3.2 Income by quintiles of population

Income disparities can be further studied by examining the share of income in the quintiles of population i.e. inequality examined by calculating the shares of total income for equal proportions of the population. In 1996/97, the least well-off 20 % of the population in Cyprus received only 8 % of the total income, while the upper 20 % of the population received 37 % of the total income, i.e. giving an S80/S20 ratio of 4.6 compared to 4.8 in the European Union.

Figure 2: Percentage share of net income by quintile for Cyprus (1996/97) and EU (1996)

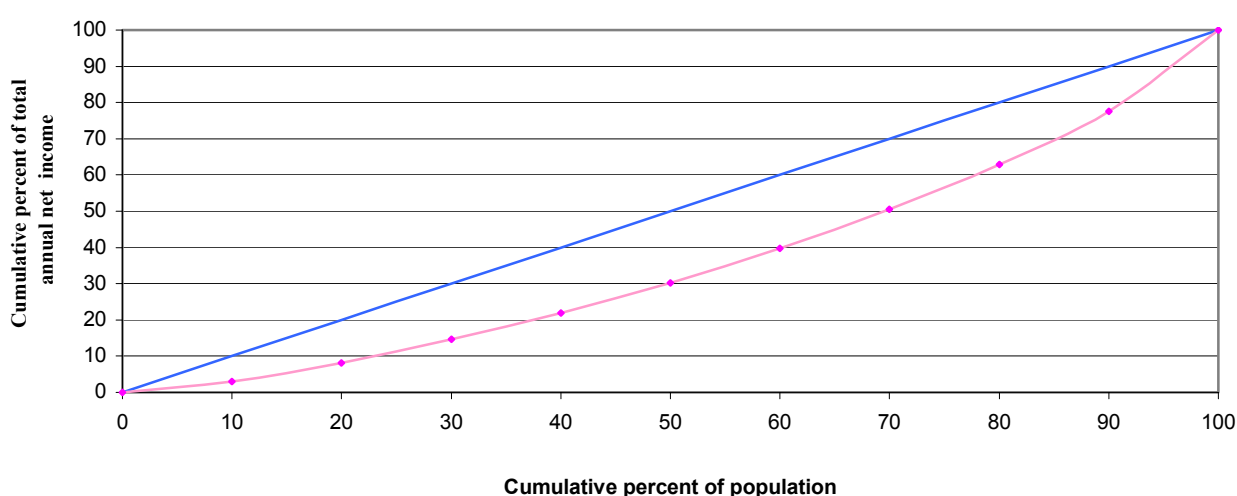


4.2.3.3 Gini coefficient and Lorenz curve

Another measure of income inequality used is the Gini coefficient which takes values between 0 (perfect equality) to 1 (perfect inequality). In 1996/97 the Gini coefficient (calculated on the basis of net income per adult equivalent) in Cyprus was 0.29, which was the same as the respective average of the EU countries with only five EU Member States having a lower Gini coefficient than Cyprus (Denmark had the lowest, 0.23).

The Lorenz curve presented in Figure 3 below shows the income distribution from which the Gini coefficient was computed for Cyprus.

Figure 3: Lorenz curve of net equivalised income, (1996/97)



4.2.3.4 Population below the relative poverty line

In order to identify the magnitude of the number as well as the type of individuals who are at risk of poverty, three relative poverty lines were constructed, corresponding to income thresholds of 40 %, 50 % & 60 % of the median income per adult equivalent.

The proportion of population below these levels in 1996/97 were:

6 %	of population below	40 % of median income
10 %	“ “	50 % “ “
16 %	“ “	60 % “ “

Taking the 60 % line of poverty as basis for comparison, the corresponding EU percentage amounted to 18 % in 1996 (ranging from 12 % for Denmark to 25 % for Greece and Portugal).

4.2.4 Socio-demographic characteristics of the population in the quintile distribution of income

Inequalities in the level of income are further examined in relation to various characteristics of the population e.g. age, educational level, type of household as well as the labour category of members of the households.

4.2.4.1 Age

Examining the age structure of the population across the quintile distribution of income, (Table 1 below) what is particularly revealing is that a disproportionate high number of older persons falls in the lower quintile, (63 % of all persons 65 year and over).

Table 1: Percentage distribution of population by age-group and quintile of income (1996/97)

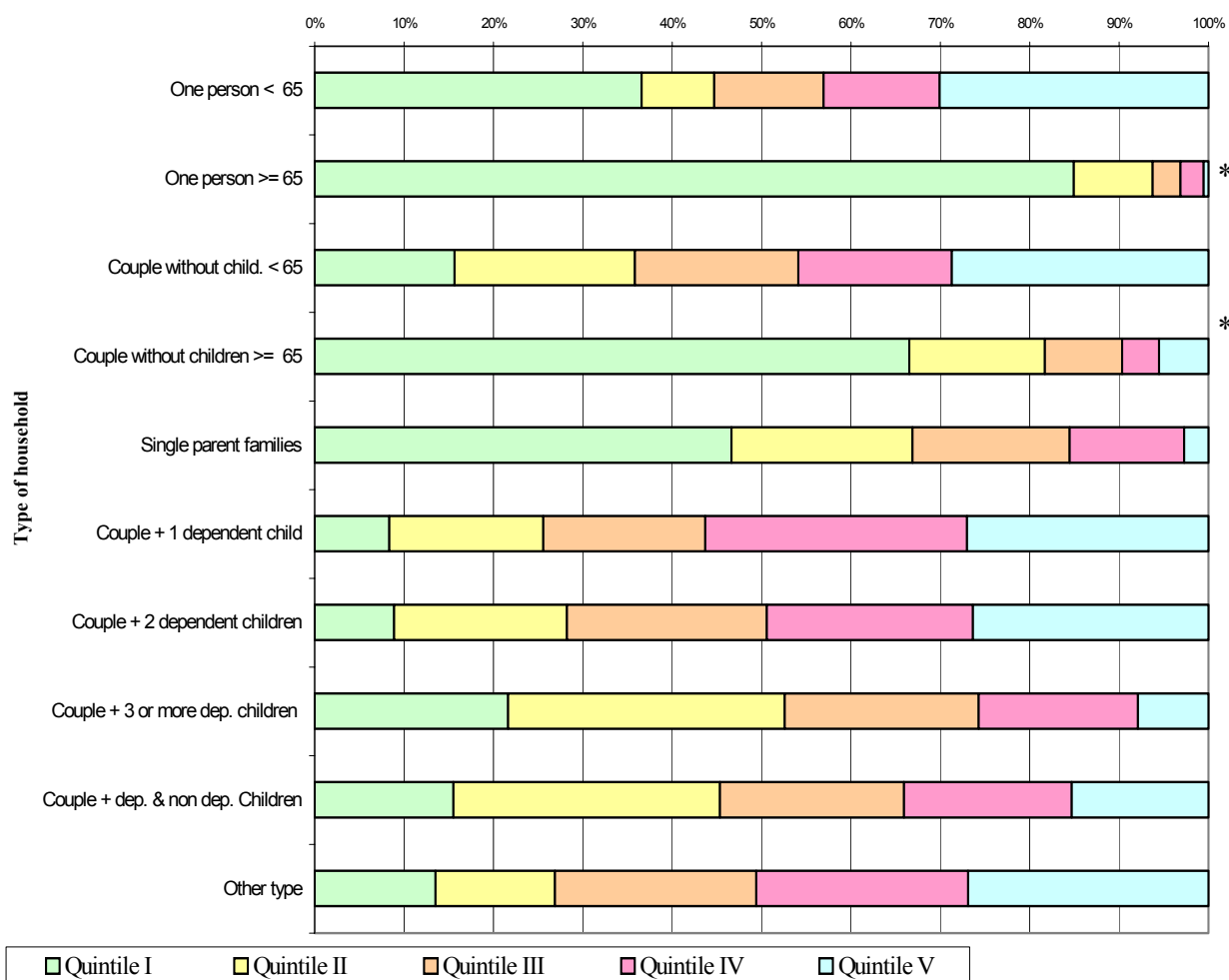
(%)

Age	Quintile of income per adult equivalent					Total
	I	II	III	IV	V	
<18	16	24	22	20	18	100
18-24	10	18	22	24	26	100
25-34	9	20	23	25	23	100
35-44	16	20	20	22	22	100
45-54	13	19	19	23	26	100
55-64	23	17	22	16	22	100
>=65	63	13	10	7	7	100

4.2.4.2 Household type

The age-related vulnerability was further confirmed by analysing the income distribution of persons according to household type. Indeed the overwhelming majority (85 %) of persons aged 65 + living alone, as well as 67 % of elderly persons living in couples (with at least one member being aged 65 +) were confined in the lowest income quintile. Furthermore, persons living in single parent households with at least one child below 18, were also over-represented (47 %) in the bottom quintile of the distribution.

Figure 4: Percentage distribution of population by household type and quintile of income (1996/97)



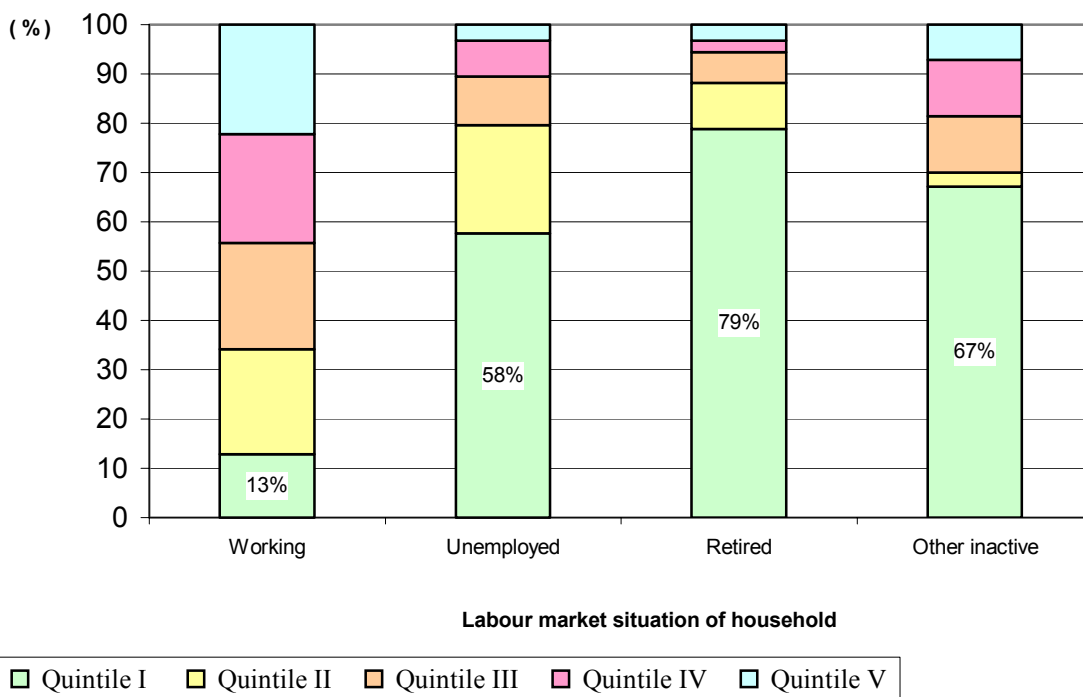
4.2.4.3 Educational level

The results have also shown that there was a positive relationship between the level of education and income distribution. This relationship was expected, given the way educational credentials are interpreted in the labour market and serve as a rationing device for the allocation of good, well-paying jobs. Indeed persons living in low-educated households were disproportionately found at the bottom end of the quintile distribution. 69 % of persons living in households, where the head never attended school, were confined in the lowest quintile whereas only 4 % of persons living in high-educated households (i.e. the head is of tertiary education) were found in the lowest quintile while most of them (56 %) belong to the highest income quintile.

4.2.4.4 Labour market situation of households

It is well known that household welfare depends largely on the labour status of the household. Welfare tends to improve with the increase in the number of income earners in the household. Cyprus is no exception to this and Figure 5 verifies the fact that persons living in “working” households (with employed persons) are much better off than persons living in any other type of household i.e. in households with “retired” persons or with “unemployed” the overwhelming majority is confined in the lower quintile of the income distribution.

Figure 5: Percentage distribution of population by labour market situation of household and quintile of income (1996/97)



Resulting comment

On the basis of what was broadly outlined in the previous analysis it is ascertained that the income distribution is directly related to the socio-demographic characteristics of the population and households. It is quite clear that the welfare status of the elderly population, of persons living in “low educated” households as well as those living in “non-employed” households, is lower than the rest of the population. It is particularly revealing that the elderly population is disproportionately found amongst the poorest 20 per cent of the population and at risk of poverty. This in fact is related to their limited income-generating opportunities in the labour market as well as their reliance on relatively low pensions and other transfers as their main source of income.

4.2.5 Use of income statistics and their dynamics

Income statistics constitute indispensable tools for a wide range of uses and users at national, regional, European and international levels. The data on income as well as the relative indicators derived from mathematical and statistical analyses are driving forces towards identifying problematic areas in the society and they can form the platform for improving social and economic policies.

The trends which are being developed in the 21st century, (technology, globalisation, more education, social protection, labour mobility, etc.) indicate a dynamic picture with respect to income and relative statistics to measure the changes.

In this dynamic environment statistics are destined to play an even more significant role, with sensitive interest in income distribution and priority concern to the lower income earners.

It is therefore more than evident that in order to facilitate the evaluation of existing policies as well as to implement new and balanced measures, statistics will have to be developed in numerous surveys and in several forms so as to satisfy the multiple demands.

I would attempt to anticipate that not only at the national but also at the European and international levels a **System on Income Statistics** will have to be developed. Such a system will pertain, in an integrated way, to concepts and methods of capturing and presenting income data for persons and households. After all the households' income constitute the bigger component of the GDP and deserves more attention.

In the framework of a system of income statistics:

- **Surveys on a continuous basis** (probably SILC type surveys) should be initiated in order to assess more frequently the changes in income distributions and the policy effects.
- The **methodology of calculating** various income inequalities and other related variables and indicators would be further expanded, standardized for comparison purposes between areas and countries, but also allowing some flexibility to country specific conditions.
- **Linkage** could be sought with other aggregates e.g. **national economic accounts**;
- Promotion of **convergence criteria** among countries (like the Maastricht criteria).

The above points, food for thought and for discussion, have been initiated from the fact that the analyses of data for Cyprus, given in the preceding pages of this paper, were considered first as

isolated in time (not allowing proper and continuous monitoring) and secondly as not complete to support fully several policy issues.

The “system of income statistics” would provide more complete, integrated and systematic frame in which governments, researchers, international bodies could base their policies on socio-economic issues such as the fight against social exclusion - isolation, assistance to elderly – not self sufficient, reduction of unemployment, equality between men and women, income tax policies to balance inequalities, educational – health – housing transfers and grants, and multiple other policy matters which aim at income adjustment and more welfare of the people.

¹ SILC; Statistics on Income and Living Conditions

4.3 European harmonised statistics on income and living conditions from best national sources – the Danish EU-SILC model

Jan PLOVSING
Director General, Statistics Denmark

The importance of a coherent system of statistics on income distribution and living conditions is growing and will become even greater in the future. The new instrument EU-SILC replaces ECHP and will together with the Labour Force Survey and the Household Budget Survey form the elements of a coherent system of social statistics.

SILC is meant to be basis for cross-sectional calculations and for longitudinal studies as well. The Danish register system provides excellent possibilities for longitudinal studies. The paper displays 3 examples: children's experienced changes in their family situation during their childhood, a mortality index based on observations for a five years period and a calculation of persistent low income.

The method in Denmark for producing the EU-SILC is to use a sample of persons rather than a sample of households. The data sources are interviews as well as registers. Some information is based entirely on register data and other information is based on a combination of register data and data from interviews or entirely on interview data. The advantages of the Danish model is that the two types of data complement each other in a way that raise the quality of the results, there is no non-response on central variables, the response burden is minimized and especially concerning income the data will be more reliable.

The creation of a coherent system of statistics on income distribution and living conditions has become a topic of increasingly growing importance in the European Statistical System. The importance will be even greater in the future when several new countries with very different living conditions and historic and social background are to be integrated in the EU. It will be of major importance to be able to measure in quantitative and qualitative ways the changes emerging in the integration process in these countries and in the old Member States as well.

4.3.1 Social surveys in Europe

The dominant survey in social statistics is the *Labour Force Survey*, which has been developed through the last 30 years. During the years the survey has been extended both in contents and in frequency. Soon we will conduct continuous quarterly harmonized surveys in all Member States.

This development has been guided by legal procedures. The harmonisation process has been performed on the output side as well as on the input side, since the Regulation also harmonises with the methodological side. There is, however, still some national independence to choose the most efficient way of data collection – for Denmark this includes the possibility of integrating registerbased information in the data collection and data treatment.

Another pillar of a system of coherent social statistics is the intensive work carried out with respect to the harmonisation of the *household budget surveys* in the EU Member States. Since the statistics are produced in all Member States, a great part of the work carried out by Eurostat and the Member States has involved attempts to harmonise the definitions, classifications, etc. to enable international comparisons. This work has solely been carried out on the basis of a gentleman's agreement.

The method chosen for this harmonisation has been the principle of output harmonisation. The methods of data collection are very heterogeneous in the different countries. This is partly due to more institutional or historical reasons as well as possibilities, and partly due to the many specific national needs that are to be covered by the survey in addition to the international needs. But in spite of that, it has appeared to be possible, to a great extent, to convert to common definitions, etc. in the national surveys.

On top of these two surveys, a survey aiming especially at incomes, etc. was needed. The first big attempt was the *European Community Household Panel*. The panel survey was introduced as a European Survey and has been financed by Eurostat. This survey was harmonised only on the input side. This created comparable data between Member States, but gave rise to a problem involving data comparability in the Member States. This problem was most severe for the income data, and was the reason why Statistics Denmark ceased to participate in the project.

The European Community Household Panel is now being replaced by the *Survey of Living Conditions, EU-SILC* [2]. This survey is mainly harmonised on the output side, and opens up the possibility to create a European Survey, which will give comparable data – both between Member States and in the statistical system of each Member State.

4.3.2 EU-SILC - the new European instrument for measuring income and welfare

4.3.2.1 Background

The need for new European statistics on income and social exclusion follow from the conclusions at the meeting of the *European Council held on 23-24 March 2000 in Lisbon*. At the meeting, the Council agreed, that it was essential to strengthen employment and social cohesion and to combat social exclusion and poverty.

The decision created an urgent need for improved and comparable data on income distribution and on the level and composition of poverty and social exclusion in order to conduct reliable and relevant comparisons between the Member States.

In the Presidency Conclusions of the Lisbon meeting, the European Council therefore invited the Council and the Commission to promote better understanding and to improve the monitoring of social exclusion through exchanges of information and best practice and to establish common quantitative and qualitative indicators about income, poverty and social exclusion.

In order to compile such indicators, the Commission has launched a Parliament and Council Regulation on surveys designed to establish such data. The Regulation was adopted June 2003. According to the text of the Regulation the aim of the surveys shall be to establish a common framework for the systematic production of Community Statistics on Income and Living Conditions (EU-SILC), encompassing comparable and timely cross-sectional and longitudinal data on income and on the level and composition of poverty and social exclusion at national and European levels.

The Regulation encourages flexibility in terms of data sources, in particular the use of existing national data sources, whether they have the form of surveys or registers; and national sample designs and integration of the new source(s) into established national statistical systems should be promoted.

All Member States and Norway, have conducted pilot projects in 2002/2003 to test the possibilities in the different countries.

At a very early stage in the decision process it was, similarly, clear that the most appropriate method for Denmark would be to *use a sample of persons* rather than a sample of households, and to follow the selected person - and only the selected person - in the longitudinal component. The standard model uses a sample of households and follows the members of this household in the longitudinal component. The sample design should be a rotational sample, with four rotating sub samples.

The data should come from interviews as well as from registers. Income data were primarily to be extracted from registers, while social data would come from interviews or registers, depending on the kind of data.

Interview data will be collected by telephone interviews. Statistics Denmark has extensive experience with using CATI. For the Labour Force Survey telephone interviewing has been used since 1992, and CATI has been used since 1996. People with no telephones and people, who for other reasons cannot be reached by telephone, will be contacted by mail.

The model was tested by a *pilot project in 2002* [4]. The main aim of the pilot project was to provide an overall description and test of the Danish methodology, but also to make more detailed and concrete tests and evaluations of some specific problem areas. The work can be categorized into the following groups:

- sampling and identification of households using registers as well as interview data;
- tracing household members in the registers;
- evaluation of different data sources, including defining the source, which is expected to be the optimal source;
- developing and testing a questionnaire for data not collected from existing sources;
- collection of data for the pilot micro dataset;
- analysing and controlling data in the pilot micro dataset.

The results are presented in the pilot report, which was finished in January 2003. Some of the findings will be described below.

The first survey year for the Danish SILC project is 2003. We started interviewing in May, and hope to finish telephone interviewing before the end of June. The register part will be conducted as soon as the registers are ready, which will be the case by the end of 2003. The results are expected to be transmitted to Eurostat in May 2004.

4.3.2.2 What do we want to measure in EU-SILC?

The combat against poverty and social exclusion has been an urgent theme at the meetings of the European Council in Nice, Lisbon and Laeken which has led to the endorsement of 18 common statistical indicators for social inclusion in Laeken. These indicators open up for monitoring the situation and progress made in the Member States in a comparable way. They cover the important dimensions of social inclusion, financial poverty, employment, health and education.

The attention has in particular been directed towards poverty and the related concepts concerning income and income distribution. The so-called *primary indicators* are:

- at-risk-of-poverty rate after transfers (the share of persons below 60 % of national median income);
- inequality of income distribution (ratio of total income received by the 20 % of the country's population with the highest income to that received by the 20 % of the country's population with the lowest income);
- persistent risk-of-poverty rate (the share of persons with an income below the risk-of-poverty threshold in the current year and in at least two of the preceding three years);
- relative median at-risk-of-poverty rate (difference between the median income of persons below the risk-of-poverty threshold and the risk-of-poverty threshold, expressed as a percentage of the risk-of-poverty threshold).

Besides these indicators mentioned, *non-monetary indicators* have been discussed and in the Working Group concerning Statistics on Income, Poverty & Social Exclusion, there is an agreement on Bad housing conditions, Inconvenient location of accommodation (environmental problems), Deprivation of Possessions (durable items), Lack of ability to afford basic requirements, Lack of financial stability and Lack of access to health care.

Many discussions of how to define income in the light of what is possible have been conducted. The overall objective is to achieve *comparability between Member States*, but the conditions for collection of data are different from country to country. In some countries data are available from administrative registers in others they have to be collected by means of interviews. In the case of interviews, it may be difficult to obtain the precise information required, because the respondents do not always know the correct answer to a question.

4.3.2.3 Longitudinal studies

SILC is meant to be the basis for cross-sectional calculations and for longitudinal studies as well as, especially measuring persistent conditions. The Danish register system, mentioned below, provides excellent possibilities for longitudinal studies.

One example is an analysis of changes in family composition. By means of links between identification numbers it can be established, who are members of a certain family. In this way, it is possible to calculate the number of changes from one point to another, and furthermore, the reason for changes, marriage, divorce, death, etc. can be included. These studies were conducted with special reference to the living conditions among children, and they gave answers to questions such as, how many children experienced a divorce of their parents, whom of the parents are still living with the child, and has another person moved in?

Table 1 shows the experiences of seventeen year old children during their lifetime. Only 59 per cent of the Danish children have not been met with any changes in their family situation. Almost all of the 59 per cent have lived with both parents during their childhood. A total of 41 per cent of the seventeen year old Danish children have experienced a change in their family situation during their childhood.

Table 1: Children at the age of seventeen 31 Dec. 2001 by number of experienced changes in their family situation

In percentage terms

Number of changes								Total
0	1	2	3	4	5	6	7 or more	
59	14	12	7	4	2	1	1	100

Data from Statistics Denmark

A second example is studies of causes of death, where mortality is calculated for different occupations and/or industries. The population is delimited to people aged 20-64 on the first of January 1991. The population was followed until the end of 1995 and the mortality was registered. Some of the results concerning mortality in the years 1991-95 can be seen from table 2.

Table 2: Mortality index in selected job groups 1991-1995

	Mortality index
	All men in labour force = 100
Men	
Architects/engineers with consulting business/firm	49
Lecturer at institute of higher education	61
Farmer, self-employed	70
Head of administration, public and private sector	79
Skilled decorator/painter in painting firm	93
Bus driver	105
Local authority manual worker	117
Taxicab owner	127
Office staff, public and private domain	145
Unskilled hotel and catering staff	182
	All women in labour force =
	100
Women	
Commercial bank clerk	67
Special teacher etc. in nursery/kindergarten	77
Nurse etc. with hospital, sanatorium	84
Hairdresser, self-employed	95
Office manager, managing clerk etc.	114
Unskilled workers, catering etc.	134
Hotels, catering, self-employed	144
Nursing assistant etc. with local, regional authority	160
Unskilled workers, fish industry	179

[1] Danmarks Statistik (2001), Dødelighed og erhverv 1981 - 1995

As far as distribution of income is concerned it is possible to analyse persistency. The income concepts used here is the gross income for families, which includes wages, capital income and transfer income. *Table 3* below shows the percentage in each quartile of families in different socio-economic groups in 2001. In addition to that the shares of families are distributed to persistent quartile 1, and are shown in the last column.

Table 3: Families by socio-economic status at the end of 2001 arranged by income quartiles

In percentage terms

Socio-economic status of the person in the family who has the highest income	Year 2001				Total	Persistent quartile 1 1997-2001
	Quar- tile 1	Quar- tile 2	Quar- tile 3	Quar- tile 4		
Self-employed	10	16	24	50	100	2
Top managers	0	3	15	82	100	0
Employees, high level	2	7	21	70	100	0
Employees, medium level	3	12	36	50	100	0
Employees, basic level	10	23	43	24	100	1
Other employees	8	28	45	19	100	1
Unemployed	10	70	14	6	100	1
Pensioners	46	39	10	5	100	26
Others outside the labour force	72	21	4	3	100	12
Total	25	25	25	25	100	9
Of this						
Students	32	17	25	26	100	6

Data from Statistics Denmark

Nine per cent of all families have been in quartile 1 during at least five years. It is not surprising, that the highest persistency is as among pensioners and others outside the labour force, including students and families mainly receiving transfer income, respectively 26 and 12 per cent. In comparing these shares to the ones of 2001, 46 and 72 per cent, it can be seen that when income distribution for a single year is taken into consideration, it will result in an overestimate of the low income shares for certain groups. To complete the picture, the shares of families receiving education are added. Only 6 per cent of these families are grouped to quartile 1 during at least five years, while 32 per cent are in the lowest quartile in 2001.

Generally speaking, the register system is very suitable for longitudinal studies on changes and consequently also of the persistency in different fields of social life as requested in SILC.

In addition to being the basis for EU-policy-making, SILC is expected to be an important database for research projects concerning living conditions.

4.3.3 The Danish EU-SILC model

4.3.3.1 *The Danish data basis for social statistics in general*

During the last three decades administrative registers have become an increasingly important source of data for the production of statistics in Denmark [3], especially in the domain of statistics on persons. The Danish Act regulating the activity of Statistics Denmark takes this principle of reusing data into consideration. So data, which have been collected for administrative purposes by official authorities and employers, are at the disposal of Statistics Denmark for statistical purposes and provided on request.

Application of proper identification data is an absolute precondition, if you wish to form a coherent statistical system and take advantage from the information obtained through combination of data from different sources. The establishment of a central population register in 1968 with introduction of a personal identification number, the PIN-code, to be used in all administrative registers on persons enable an intensive use of administrative data. In addition to the PIN-code, street address and workplace number are essential identifications in determining relationships between persons, dwellings and workplaces.

Through the administrative registers there is access to data covering the most important subjects in a statistical system, to monitor patterns and trends in society, and they are available at very low costs. So you don't have to make use of samples as you usually do in the traditional surveys and thus escape from the non-response problem. You achieve greater flexibility and thus better possibilities to comply with the very different demands made by the users of statistics. Speed in the production of statistics has been improved considerably in some cases, and administrative data are often more reliable than the data you obtain from the data subject himself. Further register data offer quite unique possibilities for conducting longitudinal studies. The economic gains when information already gathered for another purpose is reused and the reduction of the response burden are obvious advantages.

However, the data content of the administrative registers reflects the definitions of concepts of the administration, and they don't always coincide with the statistical definitions. The data quality depends on the requirements that must be met in serving the primary purpose of the register. So changes in the administrative registers occur now and then, due to changes in legislation or other rules, and data that are of minor interest to the supplying administration may not be properly checked. These problems and problems concerning missing data are, as far as possible, solved by means of deduction of new variables or quality checks based on combinations of data from different sources. Imputation is also used as an essential tool of error correction and creation of substitutes

for missing variables. The use of multiple data sources is often very complicated in practice. It may be difficult to achieve consistency because times of updating, definitions, demarcations and priority rules can vary from one source register to another.

Even if the available administrative data comply with most of the statistical requirements as far as social statistics is concerned there still is a need for data collected from the data subject himself. The new EU-instrument SILC is an example. As far as Denmark and some other countries are concerned it will be based on a combination of administrative data and survey data.

4.3.3.2 The basis for the Danish part of the EU-SILC

The most important data collected by the SILC is income data, but as *table 4* shows, the SILC also collects information about other aspects of living conditions. Denmark will use register data supplemented by data collected from interviewing as the main sources of the EU-SILC. Interview data will only be used where no other options are available.

Many variables can be monitored using register data exclusively or almost exclusively. The variables concerning income, wealth and taxes are almost entirely monitored by registers. The most important sources are the registers of the tax authorities and as far as non taxable income is concerned data are extracted from other central registers and from the joint local authority register systems supplemented with information submitted directly to Statistics Denmark from the municipalities. Demographic data and links between family members can be extracted from the Central Population Register. Data on housing can to a wide extent be found in the Register of Buildings and Dwellings. Information about the educational background is based on reports submitted by the institutes of education.

Table 4: The domains and areas of the EU-SILC

Domain	Area
BASIC DATA	Basic household data, including information used for sampling and delimitation of the household Demographic data
SOCIAL EXCLUSION	Housing and non-housing related areas Non-monetary household deprivation indicators, including problems in making ends meet, extent of debt and enforced lack of basic necessities Physical and social environment
HOUSING	Dwelling type, tenure status and housing conditions and amenities in the dwelling Housing costs
EDUCATION	Education
LABOUR INFORMATION	Child care Labour information
HEALTH	Health, including health status and chronic illness Access to health care
INCOME	Total household income (gross and disposable) Gross income components at household level Gross personal income, total and components at personal level

A vast amount of labour market information is available from the tax registers, the Central Business Register and other central registers supplemented with reports on individual earnings of the employees from the employers, but some additional information obtained by interview is needed to meet the claims from SILC. As far as child care is concerned the situation is the same.

In some cases, all information must be collected by interviewing. That is the case for the following areas:

- non-monetary household deprivation indicators, including problems in making ends meet;
- extent of debt;
- enforced lack of basic necessities;
- health and
- access to health care.

4.3.3.3 *Delimitation of the household*

The scope of the EU-SILC is the private households and persons living in private households. Persons living in collective households such as institutions for old people are not included. A private household means a person living alone or a group of people who live together in the same private dwelling and share expenditures, including the joint provision of the essentials of living.

Denmark, like other register countries, uses a sample of persons rather than a sample of households, and follows the selected person - and only the selected person - in the longitudinal component. We use register data as well as interview data for delimiting the household. The procedure is described below.

A sample of persons is selected from the Central Population Register (CPR). All other persons living at the same address will be identified using information in the register. In the same way, married couples, couples not married but expected to be partners, the ID's of fathers and mothers living at the address etc. will be identified. In the following, the results will be called the "register-household". The register-household can be considered as a hypothesis to be checked in the survey.

After the interview, a "statistical household" following Eurostat definition will be defined. Persons in the register-household, who do not belong to the statistical household, will be excluded from the sample and persons belonging to the statistical household, who are not found in the register-household will be included.

4.3.3.4 *Advantages of the model*

An important conclusion of our pilot exercise was that the most appropriate data source is not always *either registers or interviewing*. In many cases it is *both ... and*. If the accuracy of existing register data is not high enough for a specific variable, the use of register data in combination with a relatively limited amount of information obtained by interviewing could be a better solution than to try to obtain all the information by interviewing. Some questions are only necessary to ask under certain conditions. For example, we know from a register, whether or not households have a car. But in cases, where a household has no car we do not, of course, know whether this is due to economic reasons. But it is only necessary to ask this question to people, who do not have a car.

The greatest advantage of using register data is probably that we do *not, in practice, have unit non-response*. As a matter of fact, most of the central variables can be monitored by register data. It is, as described above, the case for income data. For 95 % or more of the cases, it is possible to delimit the statistical household using register data only. For the remaining households data from different sources can be used to make good estimates.

For the rest of the variables it applies that existing data and the answers from those, who have responded, can in many cases be used for making good estimates of the actual value. This applies especially to the labour variables. All data necessary for the income related to the Laeken indicators will therefore be available, including the breakdown by employment status.

Another important advantage in using register data for income is that these time-consuming and difficult questions do not then burden the interview. This results in shorter interview-length and lower non-response rate. The interview-length in Denmark is between 5 and 10 minutes, compared to up to 60 minutes, which are expected to be the interview time in countries, which collect all the information by interviewing.

In Denmark, as in many other countries, it has become more and more problematic to collect detailed income data by interviewing. People do not, as they did to a much higher degree in the past, know their income by heart. Primarily, because of the use of the *tax by source system*. In addition banks have to an increasing extent taken over the practical administration of people's economic affairs.

All in all, the combined method gives us data of a higher quality at lower costs.

REFERENCES

The paper was prepared by Jan Plovsing, Kirsten Wismer, Finn Spieker and Hans Chr. Jørgensen, Statistics Denmark.

- [1] Danmarks Statistik (2001), Dødelighed og erhverv 1981-1995, København
- [2] European Parliament and Council Regulation (EC) concerning Community Statistics on Income and Living Conditions
- [3] Eurostat (1995), Statistics on Persons. A register based statistical system, Luxembourg
- [4] Statistics Denmark (2002), The Danish EU-SILC projects 2002: Use of existing national sources for the EU-SILC, Copenhagen

Theme 4 - Income distribution and living conditions - Some comments

Jean-Michel CHARPIN

Director-General, Institut National de la Statistique et des Etudes Economiques, France

I would first of all like to thank you for inviting me to discuss the papers which have just been presented by Mr Hans D'Hondt, Mr Pambis Philippides and Mr Jan Plovsing, the Directors-General of the Belgian, Cypriot and Danish statistical offices, as the issues of income and living conditions are both very important politically and very sensitive in terms of methodology.

I will comment on these papers from the starting point of social demand in this field, before moving on to the issues of concepts and measurement. I will then endeavour to discuss the European dimension of setting up a database of comparable and high-quality information, before finishing with a look at the potential uses for such data in analysing and evaluating redistributive policies.

Each of my colleagues' papers carefully charted the latest stages in the European process leading to the implementation of the SILC (Statistics on Income and Living Conditions) project: in particular the successive Summits at Lisbon, Nice and Laeken which helped define common objectives for combating poverty and social exclusion and which introduced a new "open" method of coordination based on the implementation of national action plans and the evaluation of results at both Community and national level. Whilst the increasing importance of these concerns at European level is unquestionable and has in fact given rise to the Laeken indicators and the SILC project, the question of articulating European demand with national demand does, I feel, need to be better documented.

What then is the history and institutional form of the national programmes to combat exclusion and poverty? What is the importance of statistical data and social indicators in this context? How are the statistical institutes involved in defining the concepts and compiling the data?

These questions seem to me to be of vital importance both at the general level of articulating, and perhaps aligning, national public policy, and when it comes to constructing the information system. Some countries do in fact have a long tradition of measuring and producing national indicators, which should co-exist with the European system.

In the case of France, for example, the more political "Conseil national des politiques de lutte contre la pauvreté et l'exclusion sociale"¹ and the more scientific "Observatoire national de la pauvreté et

de l'exclusion sociale"² were set up recently (1999), but remain largely focused on national problems. Within the statistical system, tax data on household income have been in use for years (since 1956) and the multi-dimensional assessment of poverty dates back to the survey on the 'accumulation of disadvantaged positions' in 1978. On the other hand, the definition of a poverty line, social indicators and the collection of panel data are of more recent vintage.

The history and diversity of the different national statistical landscapes help shed light on the discussions concerning the comparative merits of **harmonising data by inputs or outputs**, which were well argued in the case of Denmark by Jan Plovsing. Depending on specific national characteristics and traditions, where particular use is made of a given statistical source on income, there will, for example, be a greater tendency to defend harmonisation by outputs which takes account of the best national data available.

This brings us nicely to my second point on **methodological issues**.

The production of high quality statistics on income distribution is a difficult task to achieve on a number of counts.

First of all, on a **conceptual** level:

Whilst the conceptual framework of national accounts and the recommendations of the Canberra group are undoubtedly essential reference points for the different definitions of income (disposable income, etc.), they do not answer all the questions when measuring standards of living. I will give two examples:

- Should domestic work be taken into account - and can this be done properly - in comparisons between the standards of living of households in which the female partner is in active employment or stays at home to look after the children?
- How does one account for individualised goods and services financed by general government (education, health, etc.) in these same microeconomic comparisons.

The size and profile of the poor population will therefore change depending on the answers to these questions.

Further crucial questions crop up, however, when it comes to the **implementation** of the concepts and definitions:

- Is it legitimate to rely on the memory and goodwill of interviewees in correctly declaring the income they obtain from their assets (whether these are taxable or not)? To what extent and under what conditions should microeconomic survey data be aligned with macroeconomic national accounts data?
- Conversely, just how far can data of administrative, social or fiscal origin be trusted in measuring income distribution? From this viewpoint, what is the exact extent of the coverage of the Danish population by the different registers mentioned by Jan Plovsing. It is really 100 %?

This line of inquiry was developed very well by Hans D'Hondt in his document which deals with the different criteria for **high quality statistics**: accuracy, of course, but also timeliness, relevance, availability, comparability, response burden, etc. He also correctly emphasises the importance of gaining a better knowledge of undeclared work. I would also add the problems encountered by a statistician who is more used to estimating "central" characteristics (the average, the median, etc.) in providing good estimates for outliers (particularly for the most wealthy, whose circumstances are often a blind spot in our knowledge).

To meet all these technical and methodological challenges, a **progressive approach** needs to be adopted.

Experience in France has shown that the information system can only be expanded gradually by adding, brick by brick, different administrative sources of statistical data, combining these with survey data, filling in the gaps with imputations made to scale, and comparing the levels and trends with national accounts figures. Thus, for example, the history of French family budget surveys bears witness to the increasing importance accorded to measuring income between the 1970s and the 1990s (from half a page in a questionnaire to over five pages detailing sources of income by kind, beneficiary, frequency, amount, etc.). However, with the implementation of the SILC project, this trend is likely to be reversed. The example of Cyprus described by Pambis Philippides seems to follow the same lines.

If one also wishes to guarantee a reasonable level of **comparability in European results**, the only option possible is indeed harmonisation by outputs as recommended by all three speakers, given the specific features of the national redistributive systems.

I would add two further suggestions:

- A critical eye should be kept on the quality of the data produced through the regular submission of "quality reports" (the approach adopted by Eurostat) backed up by detailed bilateral or trilateral review missions looking at the respective national systems. Nor would I overlook Hans D'Hondt's recommendation for better national coordination between ministerial representatives involved in the Commission's work and the national statisticians taking part in Eurostat-led work.
- A medium-term view of the trends in each national statistical system aimed at identifying and strengthening areas of convergence by defining target systems.

After having plotted the needs and the course of information systems, I will conclude by looking at how these data are **used**.

The examples presented by Mr Philippides and Mr Plovsing clearly show:

- An initial level of general information aimed at the general public on the situation concerning inequalities and living conditions. The rapid and user-friendly provision of information using electronic media (Internet sites and portals) is essential here.
- The compilation of a system of harmonised social indicators at European level as part of the national plans to combat exclusion and the "open method of coordination".
- The provision of basic data for the whole of the scientific community, within reasonable deadlines and without being too expensive, as Hans D'Hondt quite rightly pointed out.
- Also, however, the production and analysis of associated longitudinal data. A number of economic studies have in fact shown that it is only possible to conduct a serious analysis of the incentive effects of different public policies by making use of panel data to take account of non-observable individual characteristics. In this context, in the understanding that the SILC project prioritises the comparability of cross-sectional data for use in the EU's systems of social indicators, the longitudinal component associated with the SILC should not be overlooked, as a brief glance through Hans D'Hondt's paper might suggest.
- Finally, questions should also be asked about the development of a micro simulation model based on this exceptional European database, given that several national models already exist and that European projects have already been set up (Euromod).

The question of involving the national statistical institutes in these projects has still to be answered and largely depends on the different national contexts.

However, our experience in France, which is based on the INSEE maintaining a statistical model (used by the Ministries' different research departments) and a dynamic model (up to 2040, much in demand for work on the future of pensions), bears witness to the beneficial effects of **involving information producers more closely in the studies** on designing information systems.

1 The national Council for policies to combat poverty and social exclusion.

2 The national Observatory for poverty and social exclusion.

Theme 4 - Income distribution and living conditions - Discussion

The discussion centred mainly on the following questions:

Registers and surveys for observing income

Mr Plovsing (Denmark) presented the system planned in Denmark for carrying out the EU-SILC survey, which essentially relies on the use of a number of administrative registers interconnected by personal identification numbers (PIN). Several speakers stressed that a system of that sort was not conceivable in their countries, for cultural and/or legal reasons. Furthermore, the quality of the information in registers sometimes seemed to be highly dependent on the original administrative purpose. As regards surveys, it was pointed out that certain studies had shown the quality of replies obtained by telephone to be no worse than that achieved through face-to-face interviews, even for a subject as sensitive as income.

Definitions, concepts and metadata

The availability of clear, harmonised definitions was fundamental. Much still remained to be done with regard in particular to the concepts of “income” and “household” and measuring how sensitive the results were to variations in the definitions used. It was therefore very important to have full metadata when analysing the results, so as to be able to assess their international comparability. Eurostat was urged to step up its work in this field.

Comparability of results

When making a comparative analysis of the results, account should of course be taken of differences in concepts, definitions, or methods of gathering information. But it was also necessary to have information on local peculiarities. The availability of free, efficient public services, for example, was cited as a major factor to consider in any comparison of levels of income. As a general rule, the greatest caution was needed in making international comparisons of data.

Importance of longitudinal analyses

Several speakers stressed the importance of longitudinal analyses for measuring poverty.

Studies showed that very different results were obtained depending on whether measurements covered one year, using cross-sectional analysis, or a longer period (e.g. five years).

Ex-ante and ex-post harmonisation

Most speakers felt that in this area it was impossible to achieve ex-ante harmonisation, i.e. harmonisation of the national systems for producing data. They supported the approach adopted for EU-SILC, which left the countries free to choose their methods for compiling data, provided these methods complied with certain standards with regard to definitions and quality. Going back to input harmonisation would even be regarded as a retrograde step which would involve pointless costs for the suppliers of data.

Theme 5 – Health, education and culture

5.1 Health care statistics in the European Statistical System

Svein LONGVA
Statistics Norway

The formulation of health policies as well as accessibility to health services, the efficiency of alternative resource-use patterns, and the evaluation of the structure of the health sector, all require quantifiable and documented health-related and general economic indicators. Both economic and social data are thus essential in order to conduct an evaluation of health policies. The preparation and execution of the work as planned in the Community Statistical Programme 2003-2007 reflects this, bearing in mind that flexibility would be needed to respond to the needs for health information as required under the forthcoming Programme of Community Action on Public Health. A new Partnership Health (PH) was approved by the Directors of Social Statistics at their annual meeting in Luxembourg 22-23 April 2002. The adapted structure distinguishes work on implementation of data collection and delivery to Eurostat from development work on methods for data collection, analyses and dissemination. Activities in the area of Health Care focus on implementation of System of Health Accounts (SHA) in Member States (MS), and on projects supporting MS in their respective efforts by means of guidelines, comparative analysis of prototype data and likewise. The OECD has published a manual for a System of Health Accounts (SHA). The system focuses on providers of health care, types of services and goods provided and sources of funding. Eurostat is highly involved in introducing the OECD system and supports several SHA-related projects. Improvements are generally considered necessary with respect to comparability of underlying concepts across countries, with respect to comprehensive coverage of the subject and of SHA-compliance.

5.1.1 Introduction

Most health systems in Europe, as in the rest of the world, are experiencing rapid and fundamental changes. New medical technologies, e-health commerce, changing demographic and social structures put pressure on health system's management, with a constant requirement to improve productivity. In addition, financial restraints of public budgets are a challenge. In Norway, the health expenditures are estimated to about 8 per cent of Gross domestic Product (GDP) and the public financing contributes to more than 80 per cent of the total expenditures (Brathaug and Nørgaard, 2002). This illustrates that expenditure on health constitutes an important part of the economy. Readily available and widely accepted statistical indicators facilitate the determination of

policy objectives such as health care expenditures or cost containment. The formulation of health policies as well as accessibility to health services, the efficiency of alternative resource-use patterns, and the evaluation of the structure of the health sector, all require quantifiable and documented health-related and general economic indicators. Both economic and social data are thus essential in order to conduct an evaluation of health policies.

This is also reflected in the preparation and execution of the work in the area of health statistics as planned in the Community Statistical Programme 2003-2007, bearing in mind that flexibility would be needed to respond to the needs for health information as required under the forthcoming Programme of Community Action on Public Health.

A revised form of Partnership Health between Eurostat and the Member States (MS) was established in January 2003, comprising a co-ordinating group: the Partnership Health; a Core Group and a Technical Group for each of the three statistical domains: Causes of Death Statistics, Health Surveys and Health Care statistics, and finally ad hoc Task Forces as required. The revised form of partnership has been made necessary because there is a shift from development work towards implementation and co-ordination (Eurostat, April 2002). This paper will concentrate on work taking place in the domain of Health Care Statistics.

5.1.2 Health Care Statistics in the European Statistical System

In Eurostat (November 2002) the agreed overall goal for 2002 in the area of health care statistics is stated as "*at least an operational EU wide system for regular reporting of financial data on health care according to a functional breakdown. In addition, frameworks for data on manpower, facilities and health outcome will have to be explored*" Currently, activities in the area of Health Care focus on the implementation of System of Health Accounts (SHA) in Member States, and on projects supporting MS in their respective efforts by means of guidelines, comparative analysis of prototype data and likewise. The second major area of work relates to analysing and disseminating new data set created with SHA implementation. Substantial work will be put on track during 2003 by means of Eurostat projects. The third work focus will be on gradual, but constant improvement of the data, which are already currently collected. Improvements are generally considered necessary with respect to comparability of underlying concepts across countries, with respect to comprehensive coverage of the subject and of SHA-compliance. This means that the focus on financial data will be on:

- working out the guidelines regarding the manual of the new SHA;
- analysing the conclusions on the possibility for providing routine functional breakdowns of health care expenditures by age and gender and developing recommendations for further work;
- gradually implementing the SHA in Member States;
- collecting and analysing SHA data, in collaboration with the OECD.

The focus will also be on improved and enlarged manpower data, on core data on beds and on discharged patients. There is still a demand for more data, and there is a need for improving the inter-country comparability of the existing data. The draft work plan for 2003-2007 indicates focus on the "*Implementation of SHA including related statistics on health care resources*" (Eurostat, November 2002, Doc ESTAT/E3/02/HEA/06).

5.1.3 System of Health Accounts

One way to present health statistics in a consistent way is to apply a national accounting framework. National Accounts constitute an integrated system of comprehensive, internally consistent and internationally comparable accounts. A system of health accounts or satellite accounts will share these goals as well as being compatible with other aggregate economic and social statistics as far as possible. Thus, a satellite account relates factors influencing the health care system to other macro- and micro-economic variables, and enables an evaluation of the resources allocated to health care relative to the total amount of resources available to the society. There is a growing appreciation of the key role of health accounting in understanding health system developments generally. In order to provide an adequate information policy for this new political orientation, the European Union has for example taken itself to make the European health system more comparable. This requires a comprehensive information system providing policy makers with the necessary data on which to base their information.

OECD has published a manual for a System of Health Accounts (SHA) (OECD, 2000). The manual provides a set of comprehensive, consistent and flexible accounts. It establishes a conceptual basis of statistical reporting rules and proposes a newly developed International Classification for Health Accounts (ICHA) which covers three dimensions: health care by functions of care; providers of health care services; and sources of funding.

The provision of health care and its funding is a complex, multi-dimensional process. The set of core tables in the SHA addresses three basic questions:

1. where does the money come from? (Source of funding)
2. where does the money go? (Provider of health care services and goods)
3. what kind of (functionally defined) services is provided and what types of goods are purchased?

Consequently, the SHA is organised around a tri-axel system of recording health expenditure, by means of the proposed International Classification for Health Accounts (ICHA), defining:

1. health care by function (ICHA-HC);
2. health care service provider industries (ICHA-HP);
3. sources of funding health care (ICHA-HF).

These classifications provide basic links with non-monetary data such as employment and other resources statistics.

5.1.4 SHA related projects

As already mentioned, Eurostat is highly involved in introducing OECD's system of health accounts and is supporting projects to give practical guidelines. It also supports other projects concerning comparison of implementation of the system of health accounts and projects as the one on the feasibility of providing expenditure distributed on gender and age.

The project, "*Health Expenditures by age and gender*", explores the feasibility of breaking down expenditure by age and gender. The usefulness and desirability to classify expenditure by age and gender is indicated by the potential uses of age-related expenditure data. For example, it can help to:

- estimate future resource requirements for health care;
- assess to what extent age explains variation in health costs (as opposed to, for example, proximity to death);
- predict future long-term costs of ageing populations and examine responsibility for financing this care;
- monitor age-related rationing of health care.

The pilot study shows that many member states can provide a break down by age and gender of either all or at least some of the health expenditure categories. Norway supplied data to the project on

inpatient curative care. In 2000, the total current expenditures for the Norwegian hospitals were 35 billion NOK and the cost related to inpatient curative care is estimated to 29.4 billion NOK. Information from different sources is used to distribute costs on age, gender and diagnosis. The results show that even though men and women are about equally distributed in the population, men constitute a lower share of total discharges. 44 per cent of the discharged patients are men, and they carry 47 per cent of the cost. This can be explained by the fact that men are over-represented in the diagnosis groups that are relatively more costly compared to those of women.

The age group 0–9 years constitutes almost 14 per cent of the population. However, the share of discharges is 9 per cent, and the share of total cost is only 7 per cent. The youngest age group has an average cost that is 25 per cent below the overall average. Of the youngest age group, 51 per cent are boys and they constitute 56 per cent of the costs. On the other side, the oldest age group; those over 80 years, represents only 4 per cent of the population, but 17 per cent of the total cost. From the age of 60 years and above, women constitute a larger share of the population than men. Men, however, are more frequently hospitalised and make up more than 50 per cent of the discharges and also the associated costs (Brathaug and Nørgaard, 2002).

One recommendation from the "age and gender" project is, in the short term, to implement routine data and analysis of data classified by function, age and gender for inpatient curative care and pharmaceutical expenditure, within the context of countries' ongoing SHA development. In the medium term the recommendation is to repeat the pilot study for other functions, with a view to improving the quality of the data and developing a more complete picture of the relationship between age and expenditure (IGSS/CEPS, 2003).

5.1.5 Need for meta data

In Eurostat all the developments that have taken place clarified the need for more meta data information on health care services as a prerequisite for health care statistics in general and for SHA in particular. In 2003, the project EuCOMP 2 (More Comparable Health Care Information in the European Union) was approved by DG SANCO. This is a follow up of the EuCOMP project supported by the Commission's Health Monitoring Programme. The aim of EuCOMP 2 is to advance further the establishment of a European system of standardised descriptions and comparisons of health care systems to create the basis of common EU health care statistics as the foundation for routine data collection and comparative analysis, that makes it possible to improve the quality of data. The project will also assist in the aim of strand of the public health policy of the health monitoring programme, and will link very effectively with the aims of the new public health programme as promulgated by the Commission and presented to the EU Parliament. The project

will base its work on international classifications for health care, primarily, the OECD System of Health Accounting. The project will also use the data collection guidelines of the WHO Health for All (HFA) data collection system, and the existing OECD data collection guidelines etc. (NEHB, 2003).

5.1.6 Conclusion

Health accounts can provide an “anchor” to which a variety of disaggregated sub-estimates can be linked. Specialised accounts fulfil a variety of informational needs. Health accounts by age for example, may help policymakers to focus on the different national expenditures, use, access and financing mechanism available to various age groups. Policymakers may therefore use the accounts when health care needs and objectives for health care planning are specified. The accounts may provide a tool for evaluating the effects of different policy options and may also be used to assess the cost of various health care programmes within a consistent framework.

The challenge for Eurostat is to continue the work on assisting Member States to implement the SHA, and also continue the focus on improvement of data to improve the comparability of statistics on the European health systems. Further, it is a challenge to coordinate all the ongoing projects and developments both internally in Eurostat and with relating projects taking place in other international organisations. Eurostat should avoid making own standards and guidelines, which could be inconsistent with e.g. the OECD guidelines on the SHA-system.

REFERENCES

- [1] Brathaug, A.L and Nørgaard, E. (2003), The cost of inpatient curative cares by gender, age and diagnosis, Economic Survey, 1/2003, Statistics Norway.
- [2] Eurostat (April 2002), Partnership on Health Statistics, Annual meeting of the European Directors of Social Statistics Doc Eurostat/E0/02/DSS/4/2/EN.
- [3] Eurostat (November 2002), Statistics on Health Care - Activities of the Task Force and Eurostat, and proposals for further work, Working Group on Public Health Statistics Doc. ESTAT/E3/02/HEA/06.
- [4] Eurostat (November 2002), Partnership on Health Statistics, Working Group of Public Health Statistics Doc. ESTAT/E3/02/HEA/04.
- [5] IGGS/CEPS (2003), Age and gender-specific functional health accounts. A pilot study of the application of age and gender-specific functional health accounts in the European Union. Final report April 2003, supported by Eurostat.
- [6] North Eastern Health Board (NEHB) (2003): EuCOPM 2 More Comparable Health Care Information in the European Union, paper to project meeting in Madrid May 2003.
- [7] OECD (2000), A system of health accounts - Version 1.0.

5.2 Education and training statistics in the enlarged European Union

Dr. Tamás MELLÁR
President, HCSO, Hungary

Education and training, or respectively the level of educational and vocational attainment, the proportions of the participants and the school-leavers within the population and the employed population are the defining characteristics of each country's social-economic development. It is especially so in our age when the evolvement of the knowledge society and economy is the basis of future development. That is why the states separately and the international organisations as well pay marked attention to the development of education and vocational training, the increase of the number of the participants as well as the collection and evaluation of relevant information.

Considering from the viewpoint of the economy sustainable development is practically unthinkable without *lifelong learning*. Thus the concept of traditional formal education has been broadened: lifelong learning comprises all purposeful learning activities, either formal or informal, meaning continuous commitment aiming to improve knowledge, skills and competencies. The broadened concept of learning covers each person independent of their age and labour market status. In principle it includes all kinds of activities beginning from early childhood education to refreshing learning training for the retired persons.

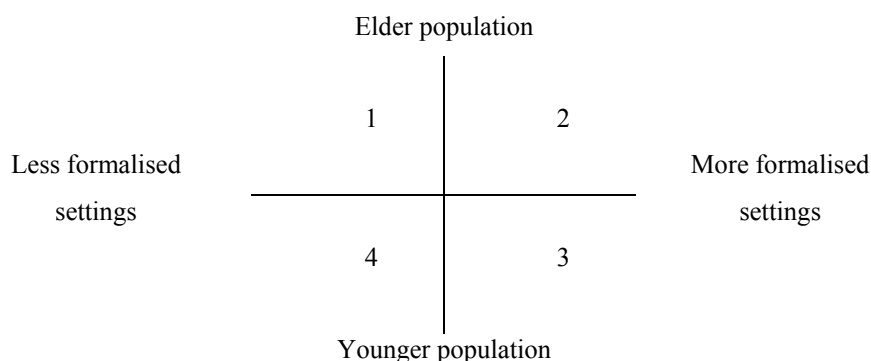


Figure 1: The lifelong and lifewide structure of education

Lifelong learning means the different successive learning activities within the life cycle (vertical axis), while lifewide learning means the different institutional and organisational settings in which learning takes place (horizontal axis). In the above structure for example formal education can be localised in quadrant 3 as it takes place in formal settings and focuses on young people.

While we have had more information about learning activities belonging to quadrants 2 and 3 (continuing education and training programmes) so far, the other two quadrants have just come to the fore.

All this means that educational statistics must take into consideration not only the traditional educational forms but their modified variations in our days and in the near future as well, but the different sorts, forms of continuing education including the role and significance of distance learning. This is as well needed in case of secondary school leavers and those with a higher educational degree. The fast spread of information technology is of great significance. IT competence is a must in more and more lines of occupation.

From the viewpoint of the society the proportion of primary-, secondary- and tertiary education has dramatically changed, the role of tertiary education has significantly strengthened, and this is especially true in case of the candidate countries. For in the latter ten countries formerly a smaller proportion of the age-group between 18-25 were educated in higher education, however over the past 5-10 years the proportion of the students enrolling a form of tertiary education-training has rapidly increased and consequently so has the number of those graduating from the given type of school. A new social issue has arisen, namely whether the employment of the highly qualified is ensured in the economy or a part of degree holders will increase the camp of the unemployed. Thus statistical investigations must also provide information on the huge debts in the field of the investigation methods of the efficiency of education, however, the beginnings are already hopeful. Among them it is essential to mention the Transition from school to work complimentary survey that is connected to the labour force survey.

Survey of the present Hungarian educational and training statistical system

The development of educational statistics has been determined by the efforts to find answers for the new challenges in Hungary over the past few years. Official educational statistics looking back over nearly 130 years sought detailed information on the students, teachers and schools from the beginning and the scope of sought information continuously expanded. Despite this fact by the beginning of the 1990s the data collecting system had not met either the Hungarian or the international expectations. So this way the satisfaction of the international needs became a part of the settled modernisation process of general educational statistics. At present the Hungarian statistical system meets the information needs of the international organisations (Eurostat, OECD, Unesco) as well as that of the society by means of four educational, training statistical data surveys and by means of the special blocks of the harmonised Labour Force Survey and ad hoc modules from time to time.

Education statistics (from pre-primary to secondary education)

By means of the educational statistical system in operation until the school year of 1999/2000 it was increasingly impossible to monitor the speedy changes in education and vocational training after 1990. That is why the Ministry of Education looking after the educational statistics decided to modernise the whole education information system and within it the statistical system taking into consideration the needs of the Central Statistical Office and other organisations using educational statistics. The entirely new electronic questionnaire family covering an extraordinarily huge data need and comprising information of mainly administrative character had been prepared by the beginning of 1999, which qualifies as the most advanced both in its principles and its surveying technique.

Tertiary education statistics

Parallel to the modernisation of the primary and secondary educational statistical data survey the reformation of tertiary education statistics was also accomplished. Data collection has been carried out in an electronic form since the school year of 2000/2001; the reformed questionnaire takes into consideration the international needs, expectations as well as the changes that occurred in the Hungarian higher education in the 90s.

Statistical system of the non-formal education

The possibilities of statistical measurement of non-formal vocational training narrowed down in an extraordinary way at the beginning of the 90s. After the privatisation of economic organisations the educational departments were either abolished or transformed into independent enterprises. A part of the new enterprises did not get to know about their obligation to supply information but a significant part of them did not even wish to supply data due to their administration burdens.

At the middle of the 90s the Ministry of Labour, which was responsible for vocational training then, organised and the Government ordered data collection on non-formal vocational training within the National Statistical Data Collection Programme. Data collection started in 1995, but – according to estimations - over half of those involved did not fulfil their obligation to supply information either that year or in the following years. The results of the supplementary data collection concerning 1998 and 1999 performed in 1999 seem to prove the assumption that the completed data are nearly the double of the basic data supply.

Continuing vocational training survey (CVTS2)

In October 1998 the Central Statistical Office was requested by the Eurostat to participate in the preparation of the second Continuing Vocational Training Survey (CVTS2) planned for 2000 and to participate in performing the harmonised data survey.

The purpose of the data survey was primarily to get to know the human resource investments of economic organisations more profoundly since information on this field was scarce. The aimed data collection remedied the deficiency providing an overview of the educational policy of enterprises, the employee's participation in different professional training programmes. Besides the macro-information mentioned formerly all these provide(d) help:

- to prepare the middle- and the long-term labour force prognoses;
- to carry out complex analyses using training and employment data received from other sources as well;
- to prepare the adult education law in process at the time of the survey; to estimate the effects of the planned measures.

Labour force survey (LFS)

The labour force survey (LFS) in accordance with the EU specifications carried out since 1992 is an increasingly important source of educational data. The standard educational module of the survey provides information about the educational attainment of the population as well as the participation in education and training. In addition to this the different ad hoc modules offer a possibility to collect more detailed educational statistical data.

The educational statistical activity of international organisations, and its effect on the Hungarian statistical system

Nomenclature (ISCED)

Each country groups and classifies educational and vocational training statistical data, or respectively those of the level of education and vocational training in accordance with its own educational system, or respectively its statistical analysis needs. The nomenclatures are various due to the educational, training systems differing in many respects from country to country, or respectively due to the different classification concepts, the education, training data of the countries cannot be compared on the basis of them. To solve the problem the international standard classification of education – called ISCED – was constructed, whose latest version was accepted and introduced in 1997 by Unesco, OECD, and Eurostat.

The content, primarily the classification system of ISCED is already well known in professional circles. The nomenclature adapted by most countries offers the possibility of international comparison not only in case of education, training statistics but also in case of the classification of educational attainments that is why the international organisations also apply it in their data needs in their publications, and also expect the Member States and the candidate countries to apply it.

In several cases the countries are uncertain about how to classify their own educational system according to ISCED, that is why it is necessary to revise and renew the different programme definitions (ISCED Mapping) continuously. The debate that took place in Hungarian professional circles a few years ago about the separation of elementary education or in tertiary education about the classification of college education illustrates the above mentioned fact well.

The classification of educational programmes, and attainments according to the fields of education is not unambiguous in numerous cases either. The content of the training cannot be determined in each case on the basis of the naming. We could experience it when forming the system of the National Vocational Register and classifying.

The concepts and the classification system of the ISCED also cover the scope of educational attainment and vocational training qualifications besides the educational statistics. The international organisations demand these data in accordance with ISCED as well. The registration, or respectively the classification of the already acquired qualifications in accordance with ISCED raises problems that do not come up in the education statistics itself:

- Data surveys (census, labour force survey) concerning the educational, vocational training attainments (as well) take into account levels altogether at a given time but acquired over several decades. The ISCED classification of the educational, vocational training qualifications is questionable in numerous cases owing to the changes of the educational system, the increase of the levels of education.
- ISCED does not provide unambiguous instructions how to classify educational attainments.

A uniform classification system of Hungarian educational attainments and vocational training qualifications was already created according to levels and fields of studies in the censuses in Hungary during the census in 1980 on the basis of ISCED74. Taking into consideration the international data needs with the comparability of retrospective data in view the census in 2001 took into account the educational and vocational attainment of the population with full particulars, which on the other hand considerably enhanced the probability of the census-takers' mistakes. However, by means of this method the processing of the data at preference and the fulfilment of the needs of

the international organisations and the registration of the time series at the same time can be ensured.

Data needs

The international data supply has the following six major fields:

Students participating in education:

- inflow;
- outflow (school leavers);
- the characteristics of the educational personnel;
- the organisational, functional characteristics of the educational institutions;
- financing of education.
- the determinant viewpoints of the classification:
- ISCED97 levels;
- sex;
- age;
- educational programmes.

It can be stated about modern surveying – including lower educational and higher educational surveying as well – that it can meet a wide scope of data needs. At the same time it is an unquestionable fact that institutional data supply has significantly increased in quantity, the administration burdens of data suppliers has increased.

Educational expenditure – whose analysis is carefully monitored by the international organisations – is not built in the system of the educational statistical data collection in Hungary – in accordance with the several decades' practice. That is why we continue to have information about financing from the budget reports. Thus the accounts of financial expenditure is not complete; the country provides estimated or calculated data in several fields, for example concerning private expenditure and the detailedness of the available data does not completely fulfil the ISCED methodological, or respectively classification requirements (e.g. detailedness according to ISCED levels).

Educational indicators

With regard to the fact that today education is also examined as a factor of sustainable development and as a branch ensuring the improvement of the society's intellectual level and as an element of competitiveness, the significance, the role of educational indicators has strengthened both at national and international levels. (This is well exemplified by the fact that four out of 42 structural indicators are directly connected to education.)

A part of educational indicators primarily relate to educational resources (expenses, specific resources, teachers) as well as to quality and output (students' performance, qualifications). In short: what the school system produces and at what cost, or in other words whether its product is good enough and whether it produces cheaply enough. The other part of the indicators relate to inequities, disproportionateness (the rate of dropouts, those continuing their studies etc) to be experienced in the field of education.

In Hungary the Central Statistical Office looks back on the longest past concerning the tasks to systematically compile social indicators. The Hungarian Statistical Yearbooks always published the main data on education and the indicators calculated from them (juvenile sources of labour force, secondary school leavers / those admitted to tertiary education etc). In international practice both OECD and Eurostat put great energy into developing and publishing different indicators suitable for comparison.

I would like to stress four indicators out of them as an example which today deserve special attention

- financial resources invested in education;
- school expectancy;
- use and availability of ICT in schools;
- level of salaries according to the level of educational attainment.

The *size of educational expenditure* is normally examined as the average of several years and is compared with the GDP or GNP or possibly with the yearly budget of the given country. To demonstrate our position with regard to the expenses from the GDP allotted to education it is worthy to recall that this rate in the second half of the 90s was 8.3 % in Sweden, 8.1 % in Denmark, 7.5 % in Finland and the rate was the same in Norway and Poland at the same time when it was

altogether 4.8 in Hungary but it did not exceed 4.8 in Germany either. This example illustrates how important international comparisons are in this respect.

It is worth examining the *expected length of school years* in the 21st century because several examples of the realization of lifelong learning can be seen in the developed world. OECD statistics show that between 1990 and 2000 the number of years the young population spent at school increased by over one year in almost three-fourths of the OECD countries and further increase can be expected on the basis of the rate of those enrolled. At the same time those continuing their studies besides working, the rate of part-time students also increases in a different degree in each country – in a more significant rate in the developed countries and in a smaller degree in the EU candidate countries.

What could be experienced in the Scandinavian countries formerly is getting more and more general, that is more and more students above 25 enrol higher educational institutions and the rate of those above 30 is not rare either. In the northern countries the enrolment rate of the age group between 20-29 exceeds the 25% of the number of the age group from time to time.

Use and availability of ICT at schools is a new examination point of view of education statistics. Though it is of considerable difficulty to characterize the level of certain schools since to compare the quality is even more problematic here than in any other field of statistics but we can apply some approaches. Such an approach being whether in what rate of the schools there are computers and what they are used for, in an independent lesson or built into different subjects, in what degree the students can have access to the Internet, in what degree they can use the e-mail, how much the information technology becomes an integral part of the students' knowledge.

Finally, I would like to mention one indicator about the efficiency of education, which should be taken into consideration both for comparisons in time and international comparisons and this being the *level of salaries according to school levels*. We can unambiguously point out a positive relationship between the school level and the income possibilities in most countries, however there are deviations in certain countries and certain periods. This positive relationship weakens if certain professional fields are characterized by overtraining, or respectively what follows from this is that the profession is characterized by a higher degree of unemployment. Besides the income level it is expedient to analyse the unemployment of the fresh school leavers

The developmental directions of education, training statistics

Lifelong learning came to the fore at the end of the 90s when its importance from the viewpoint of social and economic development, as well as social cohesion and active citizenship in knowledge

economies was widely recognised and it increasingly became a priority during the formulation of educational policy.

The existing statistics relating to education and training decisively focus on formal educational and training systems, the results achieved in these systems and the labour market result of education. This system-oriented approach is completed with further information regarding the individuals and the enterprises. Efforts have been made to directly assess skills by means of international questionnaires.

However, lifelong learning is not a simple result of adding up-to-date learning opportunities to traditional educational programmes. There are fundamental differences in the content and the perspective of education. While traditional educational institutions primarily focused (and are still focusing) on knowledge transfer up-to-date learning opportunities and the lifelong learning approach lay emphasis on the development of individual skills and the person's learning skills. In the centre of the concept of lifelong learning the idea is that people should be enabled and encouraged to "learn how to learn".

For the statistical inspection of lifelong learning it is necessary to take into account the relevant learning activities outside the formal educational system such as self-directed learning, continuing training etc as well. The formal obstacles of access to education will perhaps be less important within lifelong learning in the future. On the other hand, the amount of money and time that individuals are able to and willing to invest in their own learning can become a key question. Thus, in a more general social and economic sense the *individual's situation* will be more and more important from a political and a statistical viewpoint as well.

The aim is to develop a series of indicators, which will be used to understand the inspection of lifelong learning. In order to make the indicators useful the necessary set should take into consideration the following aspects:

- different levels and various settings ("formal and non-formal" education, and "informal learning");
- several sources of information to provide the information necessary for the measurement;
- international agreement regarding the methods of measuring education and learning, the definitions and classification of indicators.

It follows from the above mentioned facts that the individual, that is the learner is in the centre of lifelong learning. This change of attitude should be followed by statistics as well: system-based data should be completed with learner-centred data which also take into consideration the formal, non-formal and informal learning needs. To ensure all this the next step is the harmonised survey of adult education.

The measurement of lifelong learning offers a possibility to formulate an integrated *Statistical Information System* relating to education and training both at international and national levels. This should make it possible that we could sum information from different sources to be able to cast light on the different aspects of lifelong learning.

What has been said serves as an inkling to outline the present and the future tasks of educational statistics. The solution initiatives of these tasks can already be found in the statistical system of the Member States and the candidate countries. However, certain forms of education and training will spread in the less developed countries in the future. It is worthy furthermore necessary that statistics should analyse the level of education, the effect mechanism of the extension of education by means of properly developed and continuously serviced instruments in the enlarged European Union in order that the practice of the countries leading in the field of monitoring education, training should be better known and more wide spread. All international forums and organisations dealing with educational statistics which often have to act as a catalyst as well are of great significance.

5.3 Cultural statistics in Europe

Ewald KUTZENBERGER¹
Director-General, Statistics Austria

5.3.1 Culture – initial approaches

Culture is one of those shifting concepts which crop up in a wide variety of contexts, often meaning quite different things. High culture, everyday culture, art and culture, popular culture, folk culture, regional culture, corporate culture, political culture, etc. – each of these terms has a somewhat different focus, though they all contain the word "culture".

Let us take, for example, the "Culture 2000" programme as our starting point. In the context of the discussions on extending this first European Cultural Framework Programme until 2006, the Education, Youth and Culture Council stated at its meeting on -5-6 May 2003 that the programme's objective was to create a "common cultural space characterised by its cultural diversity and its shared cultural heritage." To this end, support is provided for cooperation projects in all artistic and cultural sectors (e.g. performing arts, visual and plastic arts, literature, heritage, cultural history).

The dimension of meaning that emerges here is one of artistic creativity and heritage preservation, coupled with an approach to experiencing culture that transcends a quasi-everyday setting. On the one hand, this provides a basis for discussing, from a more theory-of-action perspective, the extent to which "cultural resources" in modern societies are a means and expression of social stratification and the impact this can have in terms of democracy policy. Viewing matters from a more systemic angle, on the other hand, brings social-integrational factors into focus, and particularly so in the transnational sphere, e.g. in connection with the discussion on a European constitution.

This national policy issue has something of a tradition in the European integration process. We can call to mind, for example, Jean Monnet, who at the end of his life said that if he had had to start the process of European integration all over again he would have begun with culture. Seen from this perspective, culture is ascribed the potential to instil feelings of community, identity and solidarity. A Council Resolution of January 2002 stated that culture was an important means of promoting mutual respect and understanding for different ideas and identities. At the same time, it is the foundation for a European community of values and as such has to undergo constant renewal through broad sections of the population taking an active part in the cultural experience.

In this context, the eminently symbolic power of culture has to be highlighted. For example, when the Austrian State Opera House, which had been gutted by fire towards the end of the Second World War, reopened on 5 November 1955 with Beethoven's *Fidelio*, the event became indelibly

associated in the collective memory with the restoration of Austria's independence through the signing of the State Treaty and the withdrawal of the occupying powers. Similarly, Mozart's operas and the Spanish Riding School are an integral part of the consciousness of an independent Austrian state.

It goes without saying, however, that culture also has an economic and employment-policy dimension, which the "Culture 2000" programme not only recognises and embraces but also strives to link up with measures that are carried out in other areas of Community policy and have a bearing on culture. Culture, the culture industry and employment are woven together by a veritable network of interrelationships. Faced with the major challenges of the day (globalisation, the information and knowledge society, the Single Market), this underlying cultural fibre is undergoing dynamic development and ultimately represents something like the foundation of an art and culture sector whose operational activities can be assigned to NACE categories. This economic sector is *per force* inhomogeneous, however, comprising (commercial) segments which are close to the market and others which are further away. Supporting these segments requires a multiplicity of specific political measures.

Whenever there is talk of promoting the development of theatre in Europe – as there was in a Resolution of the Council of Ministers back in June 1991 – there is a recognition of the inherent value of dynamic theatre (as an expression of cultural and democratic development and a potential sphere of subjective experience) and of the cross-links to the film and television industry. Accordingly, attention focuses on the following spheres of support, going beyond basic state subsidies:

- mobility of theatre artists and performances;
- artistic cooperation between European theatres;
- translation of stage plays;
- internationalisation of training;
- provision of information on key factors in the theatre professions;
- artistic initiatives.

Such specific catalogues are quite usual in relation to the individual fields of action in the cultural sector.

Furthermore, culture is outstandingly well suited to raising the profile of national communities. In the ever keener competition to capture worldwide attention, cultural achievements can be a major asset. They may be part of a politically motivated drive to foster friendly relations or they may be harnessed for specific purposes. Possible considerations range from locational aspects of economic policy to promotion of the tourism industry. Seen in pragmatic terms, culture thus also represents an infrastructure which offers direct economic benefit through indirect profitability.

5.3.2 Cultural statistics – national activities

The wealth of meaning inherent in the term "culture" brings us directly to the difficulties involved in stating the subject of cultural statistics. A set of cultural statistics may be quite differently demarcated under different terms of reference. Its benefit to users will vary accordingly.

It can thus be established first of all that, *a priori*, there is no "natural" core subject on which statisticians everywhere produce data which are broadly similar but vary in the detail on account of the definitions and classifications used. Rather, it seems probable that institutional peculiarities – such as the centralisation or decentralisation of competencies, agencies involved, etc. – exert an appreciable influence on the configuration of the particular statistical offering.

In Austria, for example, the practice for decades was to compile for the national Statistical Yearbook individual tables providing information primarily about the development of representative institutions in the cultural sector. Since the mid-1980s there has been an independent set of annual "cultural statistics" for which – in addition to the reproduction of secondary materials – Statistics Austria also carries out primary statistical surveys. Only since the late 1990s, however, has the adequacy of the publication been the subject of intensive discussion – not only in terms of the underlying conceptual logic but also with regard to the issues addressed and the forms of presentation. In the wake of the most recent discussions, the presentation of results has become more strongly focused on target groups: alongside the traditional volume with the detailed tables, a booklet with continuous text and numerous photographs is now published as the main product, in which the principal results are set out and which is deliberately targeted at a non-specialist readership. To a certain extent, the remit was to produce a brochure that anyone could leaf through or read with interest.

Since the 1970s, further data with a cultural statistical focus have been collected in occasional surveys as part of the microcensus on the cultural and leisure activities of Austria's residential population. The latest such survey was carried out in September 1998.

Outside Statistics Austria, various organisations have, in some cases for many years, been producing sets of specialist statistics which are made available for publication in the "cultural statistics". The organisations concerned are associations, companies, government administrative departments, chambers of trade and commerce, etc., which, acting in part out of common interest, compile business statistics, produce commercially exploitable data, document aid cases, etc. However, since these activities are generally not co-ordinated, shortcomings are highly likely to persist as far as meeting the requirements for an overall statistical presentation is concerned (scope, variables covered, etc.).

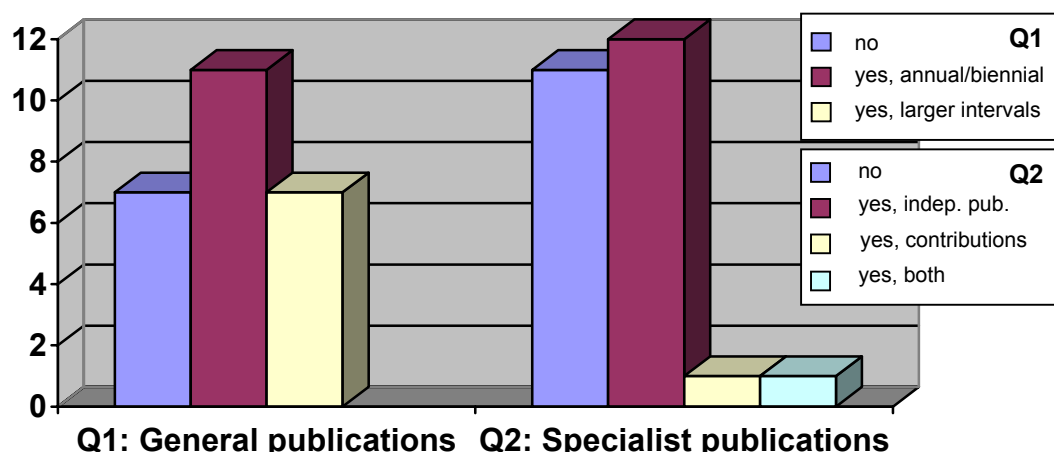
From a distance it is often not easy to determine what activities are undertaken in other countries. To prepare this paper, therefore, we sent out a brief questionnaire which most recipients kindly completed. The intention was not to update and expand the list of sources for Cultural Statistics in Europe, which was presented to the Member States of the EU in 1997 – at the initiative of the countries which had held the EU Presidency since 1995 (in particular France and Spain). Rather, the idea was to gain a clear picture of the extent to which cultural statistics are an established subject area in the individual Member States, and whether the national statistical offices (NSOs) play a role.

The responses to questions 1 and 2 of the questionnaire show that the NSOs in Europe are actually quite often active in the field of cultural statistics. In almost half of the Member States, the NSOs publish a set of general cultural statistics annually or once every two years, while 28 % produce a publication at wider intervals or on an occasional basis.

Over half of the NSOs also bring out independent publications on specific subjects from the field of cultural statistics, while 44 % did not report any relevant activities – not even in the form of contributions to periodicals.

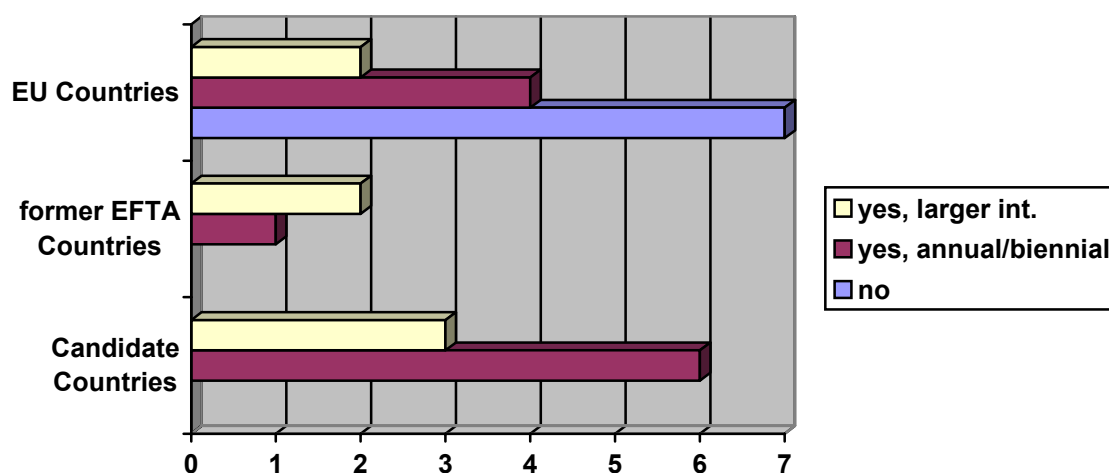
For seven Member States no corresponding information is available.

NSOs active in the field of cultural statistics



The breakdown by groups of countries, however, reveals marked differences. According to the responses to the questionnaire, the NSOs in each of the candidate countries produce a set of general cultural statistics - mostly on an annual or biennial basis. In most of the existing EU Member States, on the other hand, the NSOs do not compile general cultural statistics.

Publication of general cultural statistics by NSOs; breakdown by group of countries



Taken together, the responses to questions 1 and 2 show that three NSOs are not active at all in the field of cultural statistics. Four NSOs do not publish any general cultural statistics but do produce independent publications on specific areas of cultural statistics. Of those NSOs which publish a set of general cultural statistics, roughly the same proportion also produce specialist publications as have no further cultural-statistical publications at all.

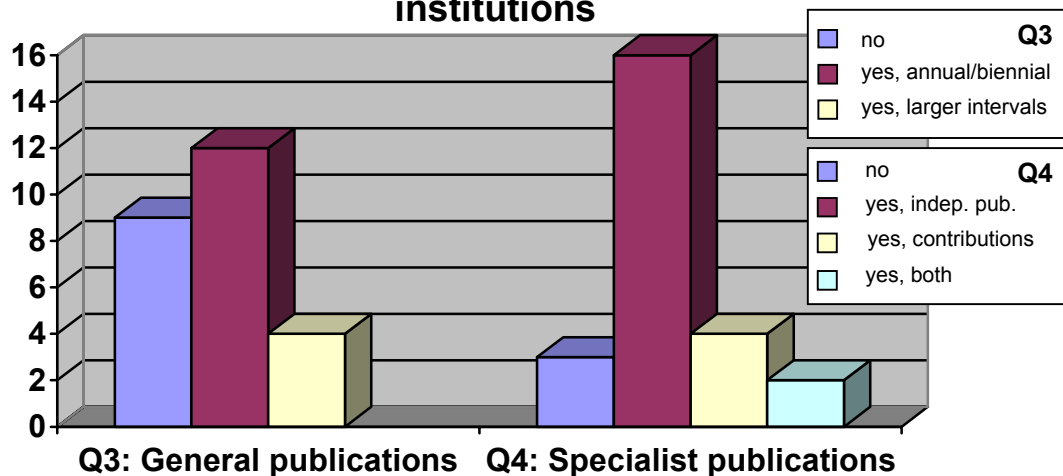
NSO activity in the field of cultural statistics: Q1 * Q2

Q1 General publications		Q2 Specialist publications				Total
		No	Yes, indep. publications	Yes, contributions	Yes, both	
No	Number	3	4	0	0	7
	% of total figure	12.0 %	16.0 %	.0 %	.0 %	28.0 %
Yes, annual/biennial	Number	5	6	0	0	11
	% of total figure	20.0 %	24.0 %	.0 %	.0 %	44.0 %
Yes, wider interv.	Number	3	2	1	1	7
	% of total figure	12,0 %	8,0 %	4,0 %	4,0 %	28,0 %
Total	Number	11	12	1	1	25
	% of total figure	44.0 %	48.0 %	4.0 %	4.0 %	100.0 %

In two thirds of the countries surveyed, institutions other than NSOs publish general cultural statistics. The institutions concerned are mainly government agencies or the competent ministries.

In most countries, specialist statistics on individual subjects are published by institutions other than the NSOs – e.g. umbrella organisations, representative bodies, etc. In this connection, over 70 % of the countries surveyed reported independent publications, and one quarter statistics that were published as contributions in periodicals and other media. Only three countries stated that there were no corresponding publications.

National cultural statistics - publications by other institutions



In just over half of the countries surveyed (12 versus 10), results from these specialist statistics are included in general cultural statistics.

Let us consider how widespread general publications on cultural statistics are – irrespective of who the publisher is. In 60 % of countries, a set of general cultural statistics is published annually or once every two years. A third of the countries surveyed even reported that the NSO and other institutions regularly produced general publications. A further third stated that general cultural statistics were published at wider intervals or on an occasional basis. Only two countries, according to this survey, do not currently produce any broad set of national cultural statistics.

On the other hand, there is hardly a country able to report that it is currently taking a broad-based approach towards summarising existing statistics. Various efforts are underway with a view to horizontal or vertical integration - the former is geared towards providing a joint overview of the relevant sectors, e.g. in the Creative Industries Report, whereas the latter involves taking systematic account of the various levels of action, as for example in the case of state support for culture. While such activities doubtless generate a gratifying information and quality dividend, they provide only limited scope for a more sophisticated representation of the overall picture. The United Kingdom was the only country to state that consideration was being given to the potential opened up by a satellite account for culture.

General cultural-statistical publications by NSOs and other institutions: Q1 * Q3

Q1 General publications by the NSO		Q3 General publications by other institutions			Total
		No	yes, annual/biennial	yes, wider intervals	
no	Number	2	2	3	7
	% of total number	8.0 %	8.0 %	12.0 %	28.0 %
yes, annual/biennial	Number	3	8	0	11
	% of total number	12.0 %	32.0 %	.0 %	44.0 %
yes, wider intervals	Number	4	2	1	7
	% of total number	16.0 %	8.0 %	4.0 %	28.0 %
Total	Number	9	12	4	25
	% of total number	36.0 %	48.0 %	16.0 %	100.0 %

5.3.3 Cultural statistics – European level

At European level, a "Leadership Group on Cultural Statistics" was set up in 1997. After submitting its final report, it was converted in 2000 into a Eurostat Working Party with a remit to continue the activities of the LEG in close cooperation with the Member States.

Regarding the starting situation, the final report stated as follows: “From 1995 onwards the awareness of the lack of cultural statistics at EU level was raised in various international fora (...) so that a request to Community institutions to start working in this area clearly emerged from Member States. As a follow-up to these meetings of national experts in cultural statistics, the Council adopted, on the 20th of November 1995, a resolution on the promotion of statistics on culture and economic growth. This called on the Commission, in close co-operation with Member States, ‘to ensure that better use is made of existing statistical resources and that work on compiling cultural statistics proceeds smoothly’.”

The operational structure of the LEG was designed in such a way that one Task Force addressed fundamental methodological issues while the other three worked on the development of thematic fields. The chief objectives of the LEG were: i) to demarcate and structure the scope of cultural statistics; ii) adapt national and international classifications to the specific requirements of cultural statistics; iii) examine and develop existing data sources, iv) produce data and indicators enabling the situation in the various countries to be represented – initially in the fields addressed by the three Task Forces on cultural employment, cultural expenditure and participation in cultural activities. In line with the 1986 Unesco Framework for Cultural Statistics, the following breakdown was proposed for the cultural sector:

Artistic and monumental heritage

- historical monuments;
- museums;
- archaeological sites;
- other heritage.

Book and press

- Books;
- newspapers and periodicals.

Visual arts

- visual arts (incl. design);
- photography;
- multidisciplinary.

Architecture

Performing Arts

- music;
- dance;
- music theatre;
- drama theatre;
- multidisciplinary;
- other (circus, pantomime, etc.).

Audio and audiovisual media / multimedia

- film;
- radio;
- television;
- video;
- audio records;
- multimedia.

There was a deliberate delimitation vis-à-vis activities connected with advertising or with national languages policy in relation to minorities. Furthermore, sport and nature – both included in the Unesco Framework – were not classified as "cultural domains". On the other hand, trade in artistic and cultural goods was classified as being relevant for cultural statistics, as were cultural services.

The subject-matter-based breakdown of the cultural sector was supplemented by a functional breakdown – as in the Unesco Framework:

- preservation;
- creation;
- production;
- Dissemination (incl. events organisation, promotion);
- trade/sales;
- education.

This allows a systematic placement of sector-specific activities and is helpful in the development of ratios and indicators.

Alongside efforts (above all by the Task Force on methodological issues) to address definitional differences inherent in the national data from individual domains, a start was also made on the operational transposition of cultural fields into NACE codes and on expanding on the ISCO with regard to culturally relevant occupations. This without doubt represents substantial preparatory work for making well-founded comparisons at European level.

But where do we stand as regards the current availability of comparable data? Last year, for example, a Eurobarometer survey was published on the participation of Europeans in cultural activities. That particular exercise is interesting not only from the point of view of the published results but also in terms of the development and testing of question modules which could be integrated in the near future into a far more extensive adult education survey, and in terms of the evaluation of data quality with a view to ruling out a possible cultural bias. These tasks are being undertaken by one of the three Task Forces currently active within the Eurostat Working Party on Cultural Statistics.

The other two Task Forces have also carried out pilot surveys and detailed studies aimed at laying the foundations for an improved representation of employment in, and the financing of, the cultural sector. A series of classificational and definitional problems were on the agenda; questionnaires were developed, data analysed, etc. At all events, it emerges from Eurostat's 2004 work programme that there is a firm intention to make a start in the first half of 2004 on the regular publication of material on all three themes.

It is quite evident, however, that the Task Forces tend to be rather more focused on transversal subjects than on comprehensively addressing specific domains referred to above. To be sure, corresponding activities are currently assigned to the Working Party on Cultural Statistics as an add-on task or they take place outside the Working Party, e.g. in the European Group of Museum Statistics (EGMUS), the LibEcon project or the European Audiovisual Observatory (EAO).

The EAO Statistical Yearbook, for example, represents an extensive compilation of data from national sources. According to its own definition, the yearbook is a statistical reference work addressing professional requirements across the entire audiovisual sector, including multimedia and new technologies.

The LibEcon (Library Economics) project, whose LibEcon 2000 Study covered 29 European countries, provides a database of library activities and associated costs drawn from national data

sources. The underlying intention is to document developments in the libraries sector on the basis of accurate data in order to provide politicians and managers with an aid to decision-making in the face of current challenges.

In contrast to these two initiatives, which have been up and running longer than the Eurostat cultural statistics initiative and have accordingly been publishing results from their data collection activities for some time now, EGMUS – like the task forces – is still engaged in the preliminary work for a set of European statistics. This group, comprising a network of people and agencies active in the museums sector or in the field of museum statistics, has developed a set of definitions and a core questionnaire for collecting data on specific countries, and is currently publishing a handbook on museum statistics in Europe. As in many undertakings of this kind, success will ultimately depend on whether the national data can be delivered as specified.

In assessing the future prospects for European cultural statistics, the increased presence of numerous organisations and networks in the various cultural domains would appear to be a key factor. The very existence of a multiplicity of specific sets of statistics produced outside the NSOs points to some need for coordination at national level as far as overarching statistical representations are concerned. At European level, whether and how many NSOs become involved in producing domain-specific European statistics would appear to depend on chance occurrences. One plausible conclusion that could be drawn, therefore, is that contacts between the Working Party on Cultural Statistics and the networks and organisations active in the individual fields will have to be stepped up in order gradually to flesh out the grid pattern of domains with information and make it the basis for publication activity. In many cases, the role of the NSOs would then tend rather to be that of a mediator addressing definitional and methodological concerns (vis-à-vis other statistics producers) and handling organisational tasks (with regard to the compilation of European results).

When matters are seen in this light, cultural statistics does not look set, in the foreseeable future, to have a room of its own in the house of the European Statistical System but nevertheless has a not unrealistic prospect of being a regular visitor.

¹ Co-author: Wolfgang Pauli, Population Directorate, educational and cultural statistics expert

Theme 5 – Health, education and culture - Some comments

Luigi BIGGERI
Director-General, ISTAT, Italy

Introduction

“European” social statistics, in the current meaning of the term, are both relatively young and born with residual vision by comparison with the more traditional economic statistics. For a long time, the term “social statistics” actually meant social *and* economic statistics (labour, consumption, income and wages), as clearly explained in the recent “Memoirs of Eurostat”. The inhomogeneity is also due to the fact that, whilst there is a European Monetary Union (and, accordingly, an economic and monetary policy), a real European social policy does not yet exist or, at best, only in the form of rudimentary principles.

As a result, there is no widely shared vision of social statistics that goes beyond the conventional “socio-economic” definition. It is only in the last few years (since the mid-90s) that the foundations have been laid for the development of systems that – inevitably prompted by the watchword of integration – can account for complex interactions between subsystems and, more generally, between the economic and social systems.

The so-called SSAs (systems of satellite accounts) represent a central component of such an integrated vision. These systems are gradually evolving to produce conceptual patterns for the interpretation of social reality through the pooling of classifications, methods and definitions. In this respect, the contribution of international organizations is proving crucial and could become a true *pivot* of integration in social statistics. In recent years, recommendations by international organizations, including Eurostat, have served as a lever for dismantling the old, largely economics-based information patterns and, at the same time, have created a basis for establishing and enhancing social statistics.

At all events, what are the main issues and challenges to be faced in the three areas of Health, Education and Culture discussed at this meeting? As the papers just presented identified shared basic characteristics in the three areas, these will be discussed and their features clearly identified after a brief examination of the relevant issues mentioned in the papers.

Analysis of the papers

Adopting different approaches, the three papers offer interesting analyses, experiences and suggestions.

The Longva paper considers the evaluation of health policies and focuses on the implementation of the System of Health Accounts (SHA) and related projects, with particular reference to target financial data. Whilst these data are undoubtedly fairly important for health policy evaluation, it is also necessary, as the paper points out, to improve and expand available data in related fields (such as numbers of beds, discharged patients, etc.) and to survey health expenditure in specific categories. The health expenditure of different countries cannot, in fact, be compared simply as a percentage of GDP because of differences in population structure, so that highly disaggregated data are required per age and other categories to permit adequate comparisons.

In addition, it should be pointed out that all the international organisations involved (Eurostat, WHO, OECD) have also oriented their intensive methodological and organisational co-operation – at EU-level, this has been along many lines, of which the financial aspect is only one.

In this sector, Eurostat is committed to integrating health-care statistics and statistics on the service system. Consequently, approaching the issue from a health-care standpoint does not take adequate account of the huge efforts that are being made in the field of health-care statistics. The health-care dimension is, however, probably among the most problematic to be measured and – above all – to be compared. That is why there is a specific commitment to it and so much energy is being invested, *inter alia*, in satellite accounts.

The Mellár paper mainly covers the level of educational development in relation to a country's socio-economic condition, with a special focus on lifelong learning as a central future element and particular reference to the Hungarian situation. In this connection, the system of statistical education is urgently in need of modernization.

The paper briefly identifies the indispensable characteristics of the statistical system, highlighting the need for information on the changes that have occurred in the educational system and the results of training programmes. It then stresses the importance of awareness of the links between educational and labour market data (Italy has conducted many surveys in this field). There is also an interesting section on educational indicators.

In my opinion, however, the paper concedes too much in claiming that the traditional educational system is already well-documented statistically. All in all, this seems to be an optimistic, unduly

forward-looking vision (of a situation which does not yet exist, but will), that is little concerned with the need to evaluate the performance of the educational system, especially in terms of quality. The Hungarian experience also reveals the relative ease with which data collection programmes can be launched in the public sector, whereas the private sector rejects constructive co-operation. Consequently, as the privatisation of some services (including education) becomes an increasingly widespread prospect, the creation of reliable data collection systems becomes an equally far-reaching problem. Failure to solve it could jeopardise the statistical records systems. If these are necessary in some countries, the need is even greater in Europe.

The Kutzenberger paper (on cultural statistics) presents the different approaches adopted to the highly diversified fields of culture and their related statistics, and provides an interesting survey of cultural statistics in the EU and the accession countries. This review reveals a considerable fragmentation of initiatives and, indirectly, the not always dominant role of the NSOs. The collaborative effort on cultural statistics developed in the LEG (leadership group) and launched in 1997 (under the auspices of ISTAT) is well documented. The final comments are the most critical: after years of effort in the field of European cultural statistics, what has been achieved? The feeling is that this will always constitute work in progress.

It should be strongly emphasised that, rather than restricting the idea of culture to theatres, museums or libraries, it is now appropriate for statistics users to try to identify the interrelationships between culture, the mass-media and ICT, in other words between culture and communications.

Even if it is true that culture exhibits strong national characteristics, it is also the case that two factors are contributing to the development of harmonised cultural statistics: at a general level, globalisation processes are homogenising cultural practices while, at a more specific level, the Eurostat Working Group has identified a set of basic indicators which can be applied nationally.

The urgent need now is for the official recognition, by means of an EU legal instrument, of the importance of harmonising cultural statistics. There is thus a definite possibility of linking themes relating to cultural participation to the new Adult Education Survey (AES).

Issues, challenges and suggestions

In view of the content of the papers and the current national and international discussions, the three areas considered at this meeting can be said to share the following basic characteristics:

- They suffer from delays in launching modern survey systems. In many countries, regular population surveys on health, “culture-use” and education (not to mention safety, time-

use, gender relations, social mobility etc). come last in the panorama of official statistical information. Unlike traditional labour force and household budget surveys, these have often been launched “in open order” and on individual initiatives. A genuine awareness of social information in a broad sense has come late to Europe and – as also highlighted in the papers presented so far – not all countries regularly manage to conduct systematic surveys in these fields.

- They are characterised by great inhomogeneity “between” and “within” countries. In these sectors, in fact, there is very little co-ordination of statistical information generated either by the service supply and demand sides or in response to individual needs and this often leads to discrepancies and/or redundancy. The problem is familiar to all who have to deal with it. Consequently, the key elements in ensuring the high quality and comparability of these data are coordination procedures and rules and/or reliable individuals that can manage the system. The latter cannot and must not be the same persons as the service managers. There is, however, an objective conflict between the information requirements of the different parties involved that has to be treated with political sensitivity. At the same time, the need (and opportunity) to compare one’s work with that of other EU Member States is becoming a useful lever in resolving such conflicts.
- These service units are frequently organised differently in different countries and are changing, both in terms of provider (public or private) characteristics and the development of the technology involved.
- In most countries, these services have been, or are being, decentralised, which makes for increasing complexity. Regional entities are generally more hostile and refractory than central bodies, since they believe that they can (and must) evolve their own rules for the compilation of statistical information.
- In all these fields, the greatest challenge currently facing the formulation and evaluation of policies is how to ensure a successful comparison between investments made and results obtained. It is, therefore, now mandatory to relate input factors (resources, organisation, costs) to the quantity and – above all – quality of the effects produced and to the context in which services are developed. There is now a clear need for the evaluation both of efficiency and effectiveness together, in the latter case, with a need to recognise that it is much more important to measure “*outcome*” rather than output in the case of these services (as explained in the paper presented by Mr Tinios yesterday). The

indicators must also be *standardised* to permit correct comparisons and, finally, data collection must take two important features into account: (i) these phenomena have a hierarchical structure (with a need for cohesion and consistency between the indicators compiled at the different levels); (ii) the phenomena are affected by many of the above-mentioned factors for which data have to be collected. This creates major methodological problems that become unmanageable in the context of efforts to create “European” evaluation systems.

In conclusion, I would observe that criticism has largely given way to an explanatory approach in all the three papers presented at this meeting. “Favourable” prospects received far more emphasis than major challenges and outstanding problems. From this point of view, of course, problem-solving proposals also fade into the background.

Obviously the papers paid only slight attention to the key methodological problem of the steps to be taken to harmonise the experiences of different countries and increase their ability to optimise the use of social statistics. From this perspective, there is an increasing need to develop a system of social reporting based on social statistics that can facilitate the interpretation of situations and, at the same time, stimulate responses and awareness. Communication is a far more pressing need in the field of social statistics than in that of economic statistics which – through their history and tradition – can rely on a more consolidated interpretation pattern (without producing too many commonplaces). There is a considerable danger that social statistics will be used as information “pills” (even though they may sometimes be nuggets!) rather than as a means of interpreting reality. I believe that a common effort in this direction would prove highly productive.

Finally, little or nothing is said about how to get closer to this transition from the standpoint of social statistics: is the approach adopted so far still the right one?

What will be the effect of cultural and systems differences, which have always been an obstacle among the 15 Member States?

How can a serious zero-cost social statistics programme be devised for an “enlarged EU”?

Time needs to be found for a discussion of these issues both now and in the near future.

Theme 5 – Health, education and culture - Discussion

Mr Mellár agreed with Mr Biggeri that indicators on education expenditure and health expenditure as a percentage of GDP could be misleading, but since at least for the time being there are not much other indicators available the best use possible should be made of the existing ones. Moreover, Mr Mellár called for speeding up efforts to create a common European education system, which would make it easier to collect education data that are important for decision-makers and analyses.

Mr Longva agreed with Mr Biggeri that we should try to develop standardised indicators across countries and believed the only way would be to start with a common accounting framework which could then be adjusted by introducing demography and education data to make these “money figures” more comparable (because used to illustrate how complicated it may be to estimate outcomes). Finally, he wanted to add an indicator not previously mentioned, i.e. the quality of students when they enter the university and how that will differ between universities and change over time.

Mr Kutzenberger said that more than having a regulation it would be important to develop a strategy, which would lead to the development of comprehensive statistics on culture. One should start to look at the economic impact of culture and develop statistics on that. That would in turn raise awareness and interest and cultural statistics could thus gradually be further developed.

Mr Biggeri wished to react on Mr Mellár’s and Mr Longva’s comments. In his opinion, it is not enough to publish detailed raw data because journalists and policy makers look at the average when comparing statistics. It would be important to study the standardisation of indicators and to publish also these. Finally, Mr Biggeri said he agreed with Mr Longva that outcome is indeed complicated to measure. However, Italy had already started and now has a lot of data on education. This could be done also at EU level.

Round table – Challenges and prospects - Discussion

Mr Giovannini (OECD) made the comparison between social and economic statistics. Social statistics appear to be less homogeneous than economic statistics since each country has its own social system, resulting in the existence of sources that might not be able to be used or even exist elsewhere, thus making harmonisation difficult. Furthermore, overall there are fewer sources in the social domain as opposed to macro-economics. He felt that increased co-operation with researchers is desirable, but confidentiality of personal data is an ever-recurring problem. Europe is less advanced in this domain than many of the non-EU OECD countries.

Mr Lamel (Vice-Chairman, CEIES) observed that social statistics are of great importance to the citizen as they refer to day-to-day aspects of life, such as employment, health and education. The success of social statistics can be measured by the popularity of the publications. A frequent criticism of the EU is that it concerns government, not people, so social policy based on trustworthy social statistics is a way of redressing the balance. He urged that alternative sources should be exploited insofar as possible with less reliance on social surveys in order to avoid over-burdening respondents.

Mr Morley (European Commission, DG Employment) appreciated the ESS's efforts to improve the quality and quantity of social statistics over the past three decades, but resources allocated to social statistics still do not match policy priorities. He expressed some concerns about the transition from the Household Panel to EU-SILC: there should be no loss of information necessary for policy that had been previously obtained under ECHP. In the longer term it would be important to build links among economic, social and employment data in order to assess quality of life.

Mr Buschak (European Foundation for the Improvement of Living and Working Conditions) outlined his organisation's main activities. A major part of his work currently concerns integrating new EU members. Other challenges include regular monitoring of social indicators. It is important to do more analytical work in addition to mere description and comparison of sets of indicators. The inter-relations between different sets of data should be recognised. Dissemination to all the various stakeholders is important.

Mr Karavitis (Greece), summing up, noted that there are causes for concern: the discrepancy between the available data and policy needs is noticeable. Work is often carried out in domains

where money is available, not where there is a need. The conference had pointed to a number of problems. Action is now necessary to resolve them.

Closing statement of the DGINS Conference 2003 on social statistics in the enlarged EU: Preliminary ideas for a European social statistics action plan

Gabrielle CLOTUCHE
Principal Adviser, Eurostat

The Lisbon process – a long term challenge for Social Statistics at European level

When European leaders left Lisbon in March 2000, they had set a milestone in European Policy. For the first time in the history of the European Union, a multi-dimensional interactive policy covering macroeconomics, employment and the social sphere (to which environment would later be added) had been defined – a policy which established both quantitative and qualitative targets. Economic performance and social cohesion were no longer seen as mutually exclusive but rather as mutually reinforcing objectives for which a new balance had to be found.

The Lisbon summit also established a new, ground-breaking working method, the ‘open method of co-ordination’. This method respects subsidiarity while highlighting what is at stake and what shared challenges must be met. At its heart is a process of mutual exchanges and sharing of knowledge. It is accompanied by a peer review, which requires comparable and commonly agreed indicators for monitoring progress, carrying out evaluations and preparing recommendations for improving the system. The need for such indicators led to lists of the available national indicators being compiled – which, in turn, makes additional harmonisation even more necessary – and to wish lists of harmonised EU-wide indicators being drawn up – a new challenge for official statistics at European level.

Thanks to its new tools and products, the European System for Social Statistics was not unprepared to meet these increasing needs. Impressive progress in social statistics has been made in the last decade or so at European level, including the production of a range of core indicators such as structural indicators in the social sphere, and the availability of basic statistical surveys not only at European level, such as the Labour Force Survey (LFS), the European Community Household Panel (ECHP) or the time-use survey, but also a variety of national surveys where a great effort towards harmonisation has been made – all of which are able to serve as potential sources for additional indicators.

Despite these efforts, the conclusion that existing statistics are not sufficient to satisfy current and already-identified future needs cannot be avoided. Because of the Lisbon process, policy makers at all levels require better, more detailed and more timely data, as well as additional information – no shortage of examples were put forward at this conference. Social Statistics at European level therefore need to be expanded in two directions. Firstly, quality (particularly accuracy), comparability across countries, regions and over time, and the coverage of existing data have to be improved. Secondly, additional needs must be met, in spite of the fact that the basic data is not necessarily available from existing sources. These needs are a core challenge for the ESS and particularly the European System for Social Statistics, if we are to keep in line with the principle of ‘First for Europe’.

A traditional approach to such additional requests for data would be to ask for additional human resources and to carry out new and expanded surveys at European or national level. However, we are convinced that the objective of delivering more and better information can also be achieved in other ways, at least to a large extent. Additional resources would, of course, be welcome, both nationally and at the European level, but alternative approaches can be tried. The European System for Social Statistics has to demonstrate that it is capable of dealing with new challenges without increasing the response burden of the respondents proportionally.

The proposals I am going to present now could be summed up as a ‘European Social Statistics Action Plan’. This plan has two parts, focused on: 1) improving the quality of existing data and 2) compiling additional data. If these proposals, or some of them, are deemed useful, and are later approved by the Group of Directors of Social Statistics, and then by you, they should be included in Eurostat’s working programmes for 2004 and subsequent years.

1. Core of the action plan: improving existing statistics

The basic problem is well-known in all statistical areas at European level and therefore also in social statistics. Basic data are available, but looking at their features in more detail reveals weaknesses, some slight, others more pronounced. Data might not be fully up-to-date or in line with legal requirements. They might not be complete with respect to the required breakdowns such as region or urban area. Their accuracy might not be in line with international or agreed standards. Survey or administrative data might not be consistent with standard definitions, classifications or related statistics such as national accounts. Data from different sources might be difficult to link, despite the fact that they refer to the same units, etc. Though basically available, such data can nevertheless not be fully used for policy requirements.

In order to overcome these and related weaknesses, co-ordinated efforts should be launched to develop an integrated action plan, such as the plan which was successfully developed and implemented for statistics related to European Monetary Union, the ‘Action Plan on EMU Statistical Requirements’. Basing ourselves in part in the successful example from macroeconomic statistics, we propose to begin by drawing up a list of existing problems in the area of European social statistics. The future Member States will have to be fully partners in this exercise. The problems detected could be structured by subject and according to country or to Eurostat. They could then be ranked according to users’ needs. This prioritisation could be a core task for the Group of the Directors of Social Statistics, supported by the planned Domain Specific Groups and the Working Groups, for as long as they continue to exist.

The result of this first step should be a series of commitments made by all the Member States, including the accession countries, and Eurostat by area of social statistics. Once agreed by the SPC, the Council should be asked to approve these commitments. The proposals for action might also include attempts to update existing legal acts or the establishment of a legal framework for social statistics in order to improve the flexibility of future legal acts on specific topics in this area. The exercise should not be a one-off. It should be repeated every year until a satisfactory level of quality is achieved. The implementation of the action is to be closely monitored by the Group of the Directors of Social Statistics and the SPC, which will submit a report to the Council once a year.

Let me give you a few concrete examples to illustrate these ideas. Today, the labour market and living conditions are well covered by European legislation. The main task in these areas is now implementing the legislation. It is no secret that some countries are more advanced in specific areas than others. Existing gaps should be identified and individual actions to bring those who need improvement up to speed agreed. Related legalisation should be adjusted if there are inconsistencies. Statistics on health, education, and social protection are other examples. One of the main challenges at the moment is co-ordinating the various producers at national and European level, as many of these data are collected outside the National Statistical Institutes. Tools should be developed to better coordinate the production processes. Demographic statistics, those on migration, and all related issues, are worth mentioning.

Working more closely in a network was also brought up as a way of improving knowledge in this field.

A thorough discussion on the schedule and a plan for applying these early ideas is planned for the forthcoming meeting of the Group of the Directors of Social Statistics. An initial draft of the action plan could then be presented to the SPC for approval, with a view to the Commission subsequently

submitting a communication to the Council. The following months should be dedicated to drawing up a list, analysing it, discussing it with all the stakeholders (producers and users – including the academic world, which has scarcely been mentioned) and ranking the initiatives which are leading to improvement. The results of this exercise could be approved at a subsequent meeting of the Group of the Directors of Social Statistics before being approved by the SPC. This could be repeated each year, taking the progress in the different areas into account, and a regular progress report submitted to the SPC and forwarded to the Council.

2. Complementary action: meeting users' additional needs

But the need to improve the quality of existing information is only part of the challenge. The Lisbon process also requires additional information to be produced – our conference has provided numerous examples which, in addition, are not stable over time but tend to change very quickly. Social statistics at European level have to fulfil the needs of European as well as national and regional policy makers and, at the same time, they have to satisfy the basic needs of all European citizens. All of us are affected by political developments in the social sphere. The national plans addressing the requirements and commitments made by politicians at the European Councils need without a doubt to be monitored and assisted by Eurostat, but also by NSIs and other national producers of statistics.

Apart from developing new surveys, there are other ways of satisfying these additional needs better. Some possibilities are given below. It is clear that, particularly under the current circumstances, they cannot all be applied, and certainly not at the same time. I am simply citing them as a way of highlighting various alternatives.

The first possibility is making more effective use of existing data sources at European and at national level. Firstly, better use could be made of data sources available from Eurostat, such as by applying modern statistical methodology like modelling. Secondly, data sources from Member States or from other European Institutions might be of particular interest when it comes to requests which Eurostat statistics do not yet cover. We are thinking here of surveys carried out by national institutions such as ministries or research institutes, as well as work carried out by other Commission departments or other European Institutions such as the European Foundation for the Improvement of Living and Working Conditions. Though the results are neither fully harmonised nor fully comparable, they could be a starting point from which more harmonised statistics at EU level could be developed, via flexible inclusion in existing data systems.

The European System for Social Statistics might benefit in this respect from Eurostat's experience, as well as that from certain National Statistical Institutes or ministries and knowledge from the academic sphere. Possible outcomes of such activities would be initial, possibly rough, figures for the EU as a whole that would nonetheless need to meet minimum quality standards.

A second possibility is linking different data sources, an area where some National Statistical Institutes, such as those of the Nordic countries, already have considerable experience thanks to the linkage of survey and administrative data. After all, some user requirements cannot be met only by making better use of single sources, but only by linking different data sources. Some examples are the link between poverty and health, social effects of the free movement of workers, and wages and wage formation and their link to the structure of the workforce and enterprises. Multi-purpose surveys such as the LFS or EU-SILC make such links possible. There are also other ways of linking various sources of data, for example by using information from National Accounts.

Completely different solutions might be needed for certain user needs. It might only be possible to describe developments over time using longitudinal studies. Researchers are interested in modelling, which is best done on the basis of specific micro or macro data sets.

All of these examples are possibilities for the long term, which will not necessarily become available in the near future. Eurostat's current situation does not allow for widespread implementation of such approaches in the short term at European level. But some of them might already be needed for certain specific tasks.

The Group of the Directors of Social Statistics and the SPC should be kept informed of new developments at European level in these fields.

In this respect, holding this conference on the future of social statistics in an expanded Europe was an excellent idea. I would therefore like to extend my thanks to those whose idea it was and to our Greek hosts, Mr Karavitis and all of those who worked with him. I would also like to thank them on behalf of my co-workers, without whom I could not have been here. And I would like to thank all of you for having enriched these sessions with your discussions and presentation.

Conclusion

This conference has shown us how crucial a new approach to the European System for Social Statistics will be to confronting the new challenges in the field of social statistics. In order to satisfy current and future user needs better and more flexibly, Eurostat and its partners in the current and future Member States need to be more pro-active. The proposed elements for a future action plan

are an initial response. Future discussions will reveal the extent to which the proposals are realistic. We do not know if it will be possible, in practice, to fully implement the various proposals. But action needs to be taken if we are to do a proper job. And this action should be carried out in close co-operation not only with Eurostat's stakeholders in an enlarged EU, but also with all of our international partners.

I would like to thank all of you, including, of course, the interpreters and the technical and administrative staff whom we have had the pleasure of working with over the last few days.

Let me finish by saying that I am looking forward to seeing you all next year. The time and the place have yet to be decided, but France has offered to organise the meeting, so I would like to thank her on all of our behalf.

Closing statement - Discussion

The Lisbon summit in 2000 was an opportunity since it was the first time that a multi-dimensional policy covering macro-economics, employment and social life had been established. It had also instituted the “open method of co-ordination” with its emphasis on the use of indicators to assess policy success.

Mrs Clotuche (Eurostat) noted the progress made in the ESS in the last decade such as the extension of the Labour Force Survey, the ECHP, time use survey and a number of complementary actions at national level. However she agreed with previous speakers that the current state of social statistics is not sufficient to meet current and future needs fully. Quality still needs to be improved and current sources must be adapted to meet these needs. Realistically, further resources are unlikely to be forthcoming, much as they would be appreciated. She revealed details of an action plan which would be focussed on the need to improve quality of existing statistics and respond to future needs.

The European Social Statistics Action Plan would attempt to replicate the success of the Action Plan on EMU statistical requirements which had been drawn up in the macro-economic field. An inventory of existing problems will be a start. These should be ranked according to user needs as ascertained through discussions with all stakeholders, resulting in a series of engagements to be taken by current member states and accession countries. Finally, after discussion in the SPC, existing legal acts would be updated or a new legal framework would be proposed in order to bring the quality of the statistics to a satisfactory level.

The second pillar of the action plan would concern new needs expressed by users. First, national and EU level statistics should be more effectively exploited, for example by the use of modern modelling techniques. Second, other sources available at national or European level should be used, even if they are not completely harmonised or totally comparable. NSIs, other government ministries and academia should be consulted. The correlation between existing sources within Member States should be investigated. Finally, micro-data should be made available to researchers insofar as confidentiality legislation permits.

This plan will be discussed by the group of directors of social statistics and will be included in Eurostat’s work programme from 2004 onwards.

List of participants

Eurostat

Michel Vanden Abeele
Marian O’Leary
Gabrielle Clotuche
Bart Meganck
James Whitworth
Antoni Baigorri
Marleen De Smedt
Gilles Decand
Athanassia Chrissanthaki
Annika Näslund
Nicole Cecchetti
Irina Schön

European Commission

DG Employment and Social Affairs- John Morley
DG Justice and Home Affairs - Sandra Pratt

Belgique/België

Hans D’Hondt (INS)
Jean-Jacques Vanhaelen (NBB)

Ceská Republika

Jan Fischer (Statistical Office)
Stanislav Drapal (Statistical Office)
Hana Slegrova (Stat. Office)

Danmark

Jan Plovsing (Danstat)
Kirsten Wismer (Danstat)

Deutschland

Johann Hahlen (DESTATIS)
Günther Kopsch (DESTATIS)
Sabine Köhler (DESTATIS)
Eckart Hohmann (Hessisches StLa)

Eesti

Rein Veetõusme (Statistical Office)
Maie Nogelainen (Statistical Office)

Ελλάδα / (Elláda)

Nicholas Karavitis (NSSG)
Vassiliki Stefanou (NSSG)
Nancy Xenaki (NSSG)

España

Carmen Alcáide-Guindo (INE)
Mariano Gomez del Moral (INE)
José A. Isanta (INE)

France

Jean-Michel Charpin (INSEE)
Jean-Louis Lhéritier (INSEE)

Iceland

Hallgrímur Snorrason (Statistics)
Eiríkur Hilmarsson (Statistics)

Ireland

Donal Garvey (CSO)
Paul J. Crowley (CSO)
Gerry O'Hanlon (CSO)

Italia

Luigi Biggeri (ISTAT)
Laura Sabbadini (ISTAT)
Claudia Cingolani (ISTAT)

Κύπρος/(Kibris)

Pambis Philippides (Statistical Service)
George Georgiu (Statistical Service)

Latvija

Aija Zigure (Statistics Latvia)
Linda Sproge (Statistics Latvia)

Liechtenstein

Excused

Lietuva

Algirdas Semeta (Stat. Lithuania)
Daiva Norkeviciene (Stat. Lithuania)

Luxembourg

Serge Allegrezza (STATEC)

Magyarország

Tamás Mellár (Statistical Office)
Katalin Bálint (Statistical Office)

Malta

Alfred Camilleri (Stat. Office)
Reno Camilleri (Malta Stat. Author.)

Nederland

Ada van Krimpen (CBS)

Pieter Everaers (CBS)

Norge

Svein Longva (Statistics)

Olav Ljones (Statistics)

Österreich

Ewald Kutzenberger (Statistik Österreich)

Peter Findl (Statistik Österreich)

Brigitte Grandits (Statistik Österreich)

Polska

Tadeusz Toczyński (Central Stat. Office)

Barbara Domaszewicz (Central Stat. Office)

Portugal

José Mata (INE)

Schweiz / Suisse / Svizzera

Adelheid Bürgi-Schmelz

Gabriel Gamez

Slovenija

Irena Krizman (SORS)

Genovefa Ruzic (SORS)

Tomaz Smrekar (SORS)

Slovensko

Peter Mach (SORS)

Milan Olexa (SORS)

Suomi/Finland

Heli Jeskanen-Sundström (Statistics)

Antero Pohjola (Statistics)

Hilkka Vihavainen (Statistics)

Sverige

Svante Öberg (Statistics)

Hans Lindblom (Statistics)

Matti Niva (Statistics)

United Kingdom

Len Cook (ONS)

Stephen Penneck (ONS)

Nick Dyson (DWP)

Bългария

Excused

România

Clementina Ivan Ungureanu (INSSE)

Türkiye

Ömer Demir (State Inst. of Stat.)

Ömer Toprak (State Inst. of Stat.)

Albania

Milva Ekonomi (Instat)

Bosnia and Herzegovina

Excused

Croatia

Marijan Gredelj (Cent. Bureau of Stat. of Croatia)

Serbia and Montenegro

Ranko Nedeljkovic (Fed. Stat. Office)

Zoran Jančić (Republic Statistical Office of Serbia)

Slavko Kapuran (Republic Statistical Office of Serbia)

EFTA Secretariat

Ib Thomsen

Richard Ragnarson

CMFB

Jean Cordier (Banque de France)

ECB

Excused

OECD

Enrico Giovannini

UNECE

Heinrich Brünger

CEIES

Joachim Lamel

Minister of Economy and Finance

Nikos Christodoulakis - Excused

Social Protection Committee

Platon Tinios
David Stanton

Institute of Policy

Ioannis Sakellis (E.K.K.E) – Excused
Elias Kikilias

European Foundation for the Improvement of Living and Working Conditions

Willy Buschak

NSSG

Evangelia Hondrou
George Kotsifakis
Panagiotis Tsitropoulos
Katerina Moutafidou
Nicholas Samiotakis
K. Harissis
Stellina Ntasiou
Alexis Aitken
Sophia Balla
Eleni Dimitrakopoulou
G. Katsis
Magda Leraki
Katerina Markoulaki
D. Nikolopoulou
Nektaria Tsiligaki