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The Bridge Forum Dialogue invited to this conference under the chairmanship of Gaston Reinesch, Governor of the Central Bank of Luxembourg and President of the Bridge Forum Dialogue on Monday 26 January 2015. The speaker was Walter Radermacher, Director General of EUROSTAT, Member of the Board and of the Executive Committee of the Bridge Forum Dialogue.  
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Walter Radermacher, Director General of EUROSTAT

The evening was dedicated to a discussion with policy-makers, business people, professional statisticians, economists, researchers and university students of the opportunities, limitations and pitfalls of measurement.

At the EU level, statistical measurement plays a very important role in policy creation and monitoring. Walter Radermacher spoke as the Director General of Eurostat, a Directorate-General of the European Commission located in Luxembourg. Its main responsibilities are to provide statistical information to the institutions of the European Union and to promote the harmonisation of statistical methods across the countries which cooperate under the European Statistical System.

Using quotes like "Not everything that counts is countable", "knowledge is power", "If you can't measure it you can't manage it", Walter Radermacher showed by means of a journey through day-to-day statistics the opportunities, but also the limitations, of measurement.



Key performance indicators (KPIs) are widespread in management literature but what is key, what is performance, and what is an indicator from a professional statistical point of view?

## 6σ

"Six sigma is widely used in management literature. It is about measuring in order to know how to manage the process. The assumption is that measurement is important and the pre-condition for sound management. But measurement alone is not enough for promoting growth".

### From the private to the public sector management

Over the last 10-15 years, it was believed that it was enough to transfer tools from the private to public sector believing that the conditions in public government were the same. They are not because key performance indicators like profit do not apply in the public sector. However, elements like cost-benefit analysis and impact analysis - which are very deeply rooted with the assumption that measurement is possible in a meaningful and sound way - have been taken over.

What is the gross domestic product (GDP) ? Walter Radermacher started the explanation on the basis of Eurostat charts and the standard collection of statistical macroeconomic figures which can be found on the Eurostat page. To get real GDP figures it is necessary to dig deep, collect a lot of information, break up the indicators and make comparisons. Additional information is needed about expenditure, capital formation, distribution of income etc.. The method of portraying the society and the economy for national accounts is very complex.

But from the beginning national accounts do not say which part is not counted. How to include in an enlarged GDP aspects such as social elements, well-being, the environment, sustainable development in the different parts of the world?

The interpretation of GDP leads to a permanent request to broaden the concept and to include everything. The broader the concept, the less controllable the figures and the less clear the

message will be. However, a lot of work has been done over the last 20 years to include more and more details like, for example, the income inequalities between Member States.

### What is measurement?

Measurement is a technology and technology brings with it risks and opportunities. What can be measured today was not measurable 10 or 15 years ago. It is impossible to measure the future, fiction, clandestine things. Eurostat cannot measure unobservable things. The measurement would only be based on axioms and its quality so low that it would not be usable for political negotiations.

On the other hand, when a measure becomes a target, it ceases to be a good measure. This is true in sports but also in politics.

Of course, measurement should be based on science. Measurement is power. Information and knowledge are important for creating a democratic form of state. It is important that knowledge is shared with the citizens. This is the starting point for European statistics. They are asked to be absolutely impartial, which means that the citizen has the same right to access the data as a politician.

Measurement depends on culture. Control over and the interpretation of measurement depends on the culture of a society and the way things are measured influences the culture. For Europe it is very important that people can rely on measures which fulfil the objective of communication, otherwise political negotiations would never come to an end. The pre-condition for this is trust, and communication is based on trust.

Trust is a function of quality because in statistics quality means that the figures should not be politically driven but be politically relevant. They should be consistent with theory, and last but not least, they should be measurable, reliable and timely.

### Complexity and reducibility

You cannot believe that nothing goes wrong when it can go wrong, says Walter Radermacher, and warns of the risk of moving from democracy to technocracy.

Everything is a model in statistics and the model is a reduction of the reality. Only if the model has the same size as reality then it includes all the details. There is a limit to reducibility and choices need to be made. These choices leave things out and put other things in. Each model in statistics is a manufactured product. That needs to be borne in mind.

Statistics are based on convention. Eurostat's official statistics are defined in such a way that it is based on a democratic decision process, ultimately giving the right to the Parliament to define how this product is produced in the light of transparency and accountability for the citizens. The European Commission is very much aware of that and only makes policies for areas where the figures are available and puts the emphasis on the short-term.

To conclude, Walter Radermacher called for politicians and citizens to care for statistics. He also highlighted wide-spread statistical illiteracy. That's why Eurostat has now started along with the support of all statistical institutes in Europe, to prepare a European Master's degree on official statistics.