Administering information: Eurostat and statistical integration

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Abstract

This chapter analyses the processes and dynamics of institution building in the European Union (EU). While most studies of EU institution building have dealt with the birth and evolution of key institutions, such as the legislatives, the executives or the courts, the focus is here on a different aspect of democratic governance: the informational foundation of the EU. The chapter examines developments and changes in the organization of numerical information in the EU, in particular the role of Eurostat, the statistical office of the European Commission. How and to what extent can we observe the emergence of a pan-European informational system? How and to what extent has the European information system in Europe interacted and worked together with national statistical institutes?

Building European information systems*

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Information is a vital component in any political system (March 1987). Obviously, information is critical for making informed decisions. Without information, decision-making can take place only randomly, or is best understood as the art of guessing. Information is instrumental for democracy, since it is crucial for enabling citizens to hold decision-makers accountable for their decisions (Alonso and Starr 1983, March and Olsen 1989, Hopwood and Miller 1994). It follows from this that trust in the quality of information, and the institutions generating information, is important for securing trust in government and democracy. The development of a numerical information system at the European level is therefore a central component in the creation of an efficient and legitimate European polity. If the emerging information system in the EU is organized in ways that challenge existing information systems, this can also be seen as one indicator of a transformation underway in European governance.

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The argument is the following. First, national statistics have been supplemented by European statistics, hence statistics are being Europeanized. Numerical information has become increasingly important in EU decision-making. Over the past fifty years there has been a rapid growth in European statistics. European statistics are distributed more widely, are more frequently used, and are generating increased attention. The more extensive use of numerical information is important for the functioning of the EU, and it also plays an important part in increasing the democratic quality of European governance. Second, over time, there has been a process of gradual institutionalization of the European information system. A separate body, Eurostat, has emerged as a key actor. Rules and procedures have been established, and resources have been linked to upholding these rules and practices. Networks of training and co-operation between European and national bodies have been established. Although the role of Eurostat has been disputed and questioned, it has gradually developed some degree of autonomy and found a place within the larger European institutional configuration. Third, the processes of institution building have followed some of the well-known dynamics of European integration, such as the functional logic of task expansion, technical problem-solving, as well as bargaining between parties with different national traditions and standardized routines. However, a striking feature of Eurostat is the importance of pre-existing forms of organized co-operation, and in particular, the importance of the close interrelationship and organized co-operation with national statistical institutes, as well as international statistical bodies such as the OECD and the UN.

The discussion is organized as follows: First, some of the properties of informational systems and some theoretical approaches to statistical system will be discussed. I then provide a more detailed empirical analysis of the development of the statistical system in Europe, and the relationship between national statistical institutes and Eurostat. Needless to say, the issue of statistics in Europe is large – ranging from the low-attention, refined and highly specialized discussions on methods and modes of measurement, to the high-attention decisions, for instance,

determining which states may qualify for membership in the Economic and Monetary Union. In this chapter, the focus is restricted to issues related to the institutional developments of Eurostat and the question of administering information systems.

Statistics and political systems

Most political scientists are consumers of statistics. Few have been interested in seeing information and statistics as a component part of the emerging political system of Europe. Why should we be concerned about statistics? There are two kinds of responses to this. The first reason relates to key properties of numerical information systems, which should be of particular interest to students of European governance, while the second reason relates to theories of institutions.

Numerical information systems, such as statistics and accounting, have some properties that make them particularly interesting to study in Europe. As the EU has become larger and more complex, the need for information enabling comparisons has increased. Compared with textual information, figures are particularly effective in reducing complexities and enabling comparisons. Numerical information also seems to affect the value and trust attached to the information. In general, numerical information tends to signal objectivity to a greater extent than textual information, so it often generates more trust (Porter 1995). In the EU, the lack of a common language makes textual information even more difficult and costly. Finding solutions to overcome the technical, cultural, economic and democratic difficulties related to the many European languages has proven difficult, but numerical information creates a form of communicating across fairly heterogeneous member states. In the EU there is a 'culture of no culture', and in the creation of a unified political and administrative system the 'neutral' language of quantification may therefore prove to be particularly important. Finally, numerical information is a key component of the norm of rationality. Modern societies are characterized by the ubiquity of numerical

information, as reflected in the saying, 'what you can't count, doesn't count'. For instance, in modern public administration we observe an 'audit society' characterized by the spread of scoreboards, benchmarking and auditing, etc. (Power 1994). These general developments in public administration are also frequently found in the European Union, where we can note the spread of softer governance techniques related to the open method of co-ordination, as well as the increased use of scoreboards to measure performance, convergence and goal achievements. This ubiquity of numerical information, as well as its particular significance in the EU, makes it interesting to examine the organization of statistics.

The second motivation for examining statistics follows from the lessons from an institutional and organizational perspective on politics. In the literature we can identify different perspectives on how to perceive and view statistical systems. Some see statistics as a neutral, a-political and technical activity of simply mirroring society. From such a view, changes in the statistical systems are likely to derive from technical advancements, or that changes in society lead statisticians to measure new areas and policy fields. Others see statistics as a political tool for realizing political aims and ambitions. The famous aphorism attributed to Benjamin Disraeli that 'there are three kinds of lies: lies, damned lies and statistics' reflects the view that statistical categories and measures are designed to organize support for distinct alternatives. Numerous studies have shown how the ideal of letting neutral information determine politics can be reversed or perverted, making policies determine data, and there is a huge literature on different versions of 'creative accounting' among both private and public actors (Hopwood and Miller 1994). From such an instrumental perspective, changes in the statistical systems are seen as stemming from the changing preferences of the political leaders or changing coalitions of leaders.

However, statistics can also be seen primarily as an institutional practice (March and Olsen 1989; March and Olsen 1995). Figures and statistical systems can be seen as institutions, which, like other political institutions, mobilize bias

(Schattschneider 1960, Sangolt 1997). The basic assumption is that the way an institution is organized has implications for how it works. Information serves different purposes, and different information systems can be designed for securing different goals and purposes. Such goals may include maximizing effective decision-making in the European institutions, maximizing the democratic ideal of informing the public and the citizens, and maximising trust among actors in competitive markets. Sometimes goals and purposes are in conflict with each other. For instance, while secrecy and privileged access to information may sometimes be important for effective decision-making, it can be in conflict with informing the ordinary citizens. Issues such as what to measure, when to measure, who to measure, are not only pure technical decisions, they are also political decisions that can have distributional consequences.

From an institutional perspective it is assumed that different organizational principles skew decision-making in distinct directions. Moreover, it is argued that statistical systems, like institutions in general, often evolve in a path-dependent way. Decisions at time zero create opportunities and constraints for decision-making at a later stage. Perhaps more so than other institutions, statistical systems are conservative: they create and represent the present in the categories of the past. Partly they do so because the effectiveness of statistics is often based upon comparability in space and time, and change in statistical categories reduces the possibilities for comparisons[1]. However, occasionally dramatic crisis and external shocks may lead to a situation where the existing rules and categories are not suited for interpreting the world[2]. Under such conditions, when systems fail to provide for meaningful accounts of the world, statistical systems may change rapidly.

In reorganizing the boundaries of the statistical universe in Europe, the European integration process has been interacting with key components of the nation-state. Historically, statistics has been closely linked to the nation-state. In fact, the term statistics itself signals its ties with the state. The term was first used in the 1770s to label the science of dealing with data about the condition of a

state or community. Initially, the term statistics did not refer to numerical information as such, but was applied to any information on the conditions of the state. The term originated from the German *Statistik*, related to the Latin word *status,* or state in the sense of circumstances or conditions. *Statistik* originally meant systematized and tabulated textual information. The use of the term statistics as numerical collection and classification of data was first noted in 1829[3].

Not only is the term linked to the state, but more importantly, the emergence of statistical organizations and data has been very closely linked to the construction of the state, its unification and its administration (Desrosières 1998:8). In the era of the consolidation and growth of European nation-states, the establishment and the growth of national statistical institutes were a central component in establishing effective and legitimate government. The emergence of the statistical systems and the budgetary systems of the state also contributed to a shift in citizens' perception of government. From seeing government as a more or less random agglomeration of administrative initiatives, the emergence of advanced budgetary and statistical systems contributed to the vision of a coherent, interrelated and unitary state (Kahn 1997).

Statistics were important not only as a key institution of the state, but also in building a notion of the nation. Many of the conceptions and self understandings of the nation are closely linked to statistics; for example, ideas about shared and average values, standard deviation and normality, important in 'imagining a community' (Anderson 1983)[4], are all statistical concepts. Stories told about the nation, the 'us' and the 'them', its identities and properties, are often stories told by accountants and statisticians, and they have played a crucial role in generating a national image of the state. For instance, statistical institutions were important in creating Italian nationhood and a national image of Italy, but statistics also contributed to accentuating the internal territorial visions of Italy (Patriarca 1996).

One important consequence of this tight interlinkage between statistics and the development of states and nations is that statistics have become 'firmly

entrenched in national administrative structures and practices' (De Michelis 1997:48). Statistical institutions have developed into national institutions with established rules that infuse the interpretation of the world. Over the years, categories and standards have become taken for granted. The boundaries of inquiry, presuppositions about social reality, classification systems, methods of measurement, as well as rules, routines, organization, resources and capacities for interpreting and presenting data – these have overwhelmingly been structured along the boundaries of the territorial nation-state. Statistical integration in Europe is therefore a case of institution building in an environment of heavily institutionalized and professional domestic systems.

Goals and resources of European statistics

Statistics have several important functions in the European Union. First, the creation of new statistics for a new Europe has been important for supporting decision-makers on policy choices in Europe. The introduction of new policy fields in the EU increased the functional pressure for reliable and relevant information for decision-making and governance. As the boundaries of what had started as the European Coal and Steel Community changed, there was also a need for changing the boundaries of the statistical universe. For instance, the internal market changed the borders of trade, making concepts like imports and exports within Europe less meaningful. In order to enable comparisons between member states' decision-makers it was necessary to develop harmonized standards of measurement on a huge number of issues, as well as to develop shared modes of classification and methods. Moreover, as border controls in Europe were removed, there emerged a need for new modes of collecting data, since in many instances border controls had provided essential data-collection points.

Second, having new and harmonized statistics was critical for financing the activities of the EU. Since the financial contributions to the budget by the various member states are calculated on the basis of aggregated measures of GNI, it was

important to ensure that these economic parameters were measured similarly in the various member states. Similarly, the basic element of redistribution is also heavily dependent upon methods and modes of determining which states, regions, groups and persons are entitled to receive support from the EU through its various polices and programmes[5].

Finally, the emergence of European statistics is also linked to the development of some notions of European identities, or at least enabling citizens to learn more about their fellow Europeans and how they live. The policy of dissemination of statistics has made evident the linkage between statistics and democracy in the EU. For instance, the preface to the first version of the European statistical yearbook, published in 1995, explained that this was a book 'for and about the Europeans', stressing its importance in developing knowledge and trust by enabling its citizens to get to know their 'European neighbours just a little better' (Eurostat 1995:i). The yearbook was also intended to link democracy and statistics more closely, seeing the role of European statistics as serving the people so that 'democracy may flourish'.

European integration has challenged the borders of the nation-state in general, and the statistical boundaries and the organization of the statistical information in particular. In order to develop the EU into a full-blown polity, it has become evident that creating a political space both involves and enables the creation of a space of common measurement, within which things may be compared, on the basis of identical categories and encoding procedures (Desrosières 1998:8–9). This need for statistical co-operation in the EU has been an integral part of European integration since the very start of the European Coal and Steel Community in 1951.

In Article 46 of the ESCS Treaty the objectives which presuppose the availability of statistics were expressed, and in Article 47 it was stated that the High Authority may obtain the information it required to carry out its task. When the High Authority was set up in 1952, it was decided to create 12 divisions and services. Statistics were one of the divisions (De Michelis and Chantrine 2003).

This unit, from 1959, which was later named Eurostat, has been at the centre of attempts at integrating statistics in the European Union. Formally, the mission of Eurostat is to provide the European institutions and member states with reliable, comparable and relevant statistical information covering the whole of the EU. That means supplying simple, reliable and timely statistics to the European institutions, the member states, the market and the public. Eurostat aims at creating common classifications and methods, developing organizational structures for comparable statistics by facilitating greater co-operation between the EU and its member states and by developing a uniform European Statistical System (ESS) together with the member states.

The European Statistical System has developed gradually with the objective of providing comparable statistics at EU level. The ESS is made up of Eurostat and the statistical offices, ministries, agencies and central banks that collect official statistics in EU member states, in addition to the member states of the European Free Trade Association (EFTA) in the European Economic Area (EEA) (Iceland, Norway and Liechtenstein). The ESS functions as a network of statistical bodies. The role of Eurostat is to encourage the harmonization of statistics in close co-operation with the national statistical authorities. As EU policies have been extended, harmonization has been extended to nearly all fields of statistics. The ESS also co-ordinates its work with international organizations such as OECD, the UN, the International Monetary Fund and the World Bank, making European statistics a multi-level system of governance co-ordinating and producing relevant data and statistics.

In parallel with increased European integration, Eurostat has experienced a noteworthy expansion of its tasks. From primarily being concerned with data in the field of coal and steel, Eurostat is now engaged in most kinds of statistics, ranging from long-term indicators, economy, ecology, structural indicators, employment, innovation, social cohesion, consumer prices, external trade, and more. This expansion has been mirrored in Eurostat's administrative capacity only to a limited degree, but there has been a considerable growth in the size of

the organization. From a staff of 58 people in 1959, Eurostat has expanded to approximately 730 in 2003. When temporary staffs are included, the figure is slightly higher.

Figure 7.1 about here

As we see from Figure 7.1, the growth has taken place stepwise, rather than incrementally. The stages of growth correspond roughly to the addition of new statistical tasks. For instance, the increase in the early 1960s was primarily related to the merging of treaties and the expansion of statistical fields. Since the mid-1990s it has been related to the introduction of the internal market and later especially the introduction of the Economic and Monetary Union (EMU), which increased the demand for statistics and gave Eurostat the role of monitoring some of the convergence criteria. Although there has been a significant growth in the staff of Eurostat, it still is remarkably small compared to its counterparts at the national level[6]. The total staffs of the statistical institutes of the EU 15 were calculated to approximately 70,000 in 1998[7].

Eurostat and its role in the institutional configuration of the EU

There has been a shared understanding of the need for a solid informational foundation of European integration, but the organizational structure of Eurostat and its role in the larger institutional configuration have been contested and disputed over the years.

Eurostat has never been an independent agency: it is organized as a Directorate General (DG) within the European Commission. The limited autonomy of Eurostat sometimes comes into conflict with the views of professional statisticians at the national level, at least in some member states. The autonomous national statistical institutes are often accustomed to making their

own plans and being able to act on the basis of statistical arguments and a statistical logic of appropriateness. For Eurostat, by contrast, the first draft of its statistical programme is initiated by the European Commission, which naturally means that it reflects political needs and desires.

Over the past 30 years there have been several discussions as to diverse models for organizing Eurostat. Suggestions have ranged from abolishing the central unit, making it an autonomous body (agency), as well as proposals for integrating Eurostat more closely into the European Commission. In the early 1980s Eurostat received scant attention from the European Commission, and was generally regarded as an institution of limited importance. It was experiencing internal administrative difficulties, and the national statistical bodies were not particularly concerned about developing European statistics. At the international level Eurostat did not play an important role, overshadowed by institutions such as the statistical bodies of IMF, OECD and the UN. The Euro-sclerosis present in Europe during this period was evident also in the field of statistics.

At this time, the idea of dis-integrating the statistical unit in the EU was launched. The European Commission proposed that the statistical office should concentrate more on providing the Directorate-Generals with the statistical data they need for their work, and it argued that the analysis and interpretation of statistics could be readily done by the various DGs (De Michelis and Chantrine 2003:77). During the same period, the European Commission also blocked attempts at filling the vacant leading position in the Eurostat – partly due to lack of attention to statistics, but also due to internal personnel disputes in Eurostat. The deep tensions were illustrated by the fact that the responsible leaders of the European Commission did not meet the Director General of the statistical unit. In the early 1980s the Eurostat was considered a 'foreign body' inside the Commission; there was talk of breaking up the statistical unit, and instead integrating statistics into the various DGs of the European Commission.

Despite these proposals, Eurostat remained a separate body, for at least three reasons. First, the government in Luxembourg resisted reorganization, not

so much because of statistical arguments, but simply because they wanted to keep one of the European institutions within their own borders. Second, the European Parliament, which had gained in importance in the EU after the first direct election in 1979, argued that Eurostat should not be dis-integrated, because they perceived it as a potentially important source of more independent information. The European Parliament even insisted on having a role in shaping the future of Eurostat. Finally, and perhaps equally important, the expansion of tasks in the EU, and in particular the growing interest in creating an internal market, increased the demand for statistical information. The statisticians themselves argued that the quality of statistics would be better with an integrated statistical unit, and that general trust in their figures would be increased if they could maintain some degree of unity.

During the mid-1990s the organizational issue of Eurostat again came to the fore. This time the discussion was reversed. Rather than decreasing the autonomy of statisticians, as advocated during the 1980s, the argument was now that there was a need for greater statistical autonomy. Henning Christophersen, Vice-President of the European Commission, and the Commissioner responsible for Eurostat for six years, expressed argued that 'the best and most coherent solution is to see how we can establish an independent statistical service for the EU – with its own resources and its independence guaranteed by Community legislation and by working with independent national statistical offices' (Sigma 1995:38). This autonomous institutional model for Eurostat would then be parallel to the European Central Bank, as well as the model already in use in many member states. The motivation behind this proposal was that independence and autonomy as such were held to be good for improving the credibility of the EU and the Commission's proposals, as well as for monitoring and implementing policy within the Union. If member states and markets were well aware that statistical information came from an autonomous body, one that took its own decisions in accordance with their professional standards and based upon an independent economic foundation, rather than being influenced by political

considerations, this could generate more trust and support. However, Christophersen also foresaw some difficulties in making the Eurostat a more autonomous and independent unit. Since the European Commission controlled the budget, he was uncertain whether the Commission would be willing to pay as much as they had done for the production of statistics in Eurostat. He also feared that it was likely that the Commission would establish competing entities, producing their own statistics within the various DGs or perhaps even out-sourcing the work to other agencies.

Full autonomy has never been granted to Eurostat. But the Amsterdam Treaty, which was signed in October 1997, with entry into force May 1999, represented a significant move in this direction. Article 285 provided Community statistics with a treaty-based foundation for the first time: 'the Council [...] shall adopt measures for the production of statistics where necessary for the performance of the activities of the Community' and '[t]he production of Community Statistics shall conform to impartiality, reliability, objectivity, scientific independence, cost-effectiveness and statistical confidentiality; it shall not entail excessive burdens on economic operators'. This article was an important step in securing and institutionalizing European statistics. The gradually increasing scope and extent of co-operation within the EU had made it increasingly difficult to ensure the availability of EU statistics purely on the basis of voluntary agreements among member states. The treaty text codified the existing working arrangements, and was important in recognizing the role of statistics and Eurostat. The same year a Commission Decision[8] clarified further the role of Eurostat as the sole 'Community authority' entrusted with the production of statistics. It also reaffirmed the need for those involved in Community statistics to follow fundamental principles in order to ensure that the results were scientifically independent, transparent, impartial, reliable, pertinent and cost-effective.

The most recent discussions on the role and organization of Eurostat came at the turn of the century, when a management scandal emerged in Eurostat. In

2000, internal auditors discovered that some external contractors had overcharged Eurostat for its services, and showed that some of these firms had been established and owned by major figures in Eurostat. Prior to these accusations, the unions of those employed in the EU had for some time expressed concern about the growing number of temporary staff employed by Eurostat. The huge number of external contractors to Eurostat was partly a result of the limited resources made available for producing statistics within the tight deadlines of the political reforms. The investigation into the financial irregularities later became a deep crisis in 2002–2003, challenging the European Commission. It was accused of evading responsibility for its activities and by misleading and misinforming the European Parliament. However, rather than seeing this dispute as primarily a matter of statistics, it is more reasonable to consider the context of the institutional struggle for power between the European Parliament and the European Commission, and the larger institutional reforms aimed at securing better and more accountable management systems in the EU. Regardless of the reasons and dynamics of this scandal, it was to have some important implications for the role of Eurostat, since it led the European Commission to initiate reforms to increase co-operation and reporting between Eurostat and the European Commission (Sangolt 2004).

As we have seen, the role of Eurostat and its place in the larger institutional configuration of the EU has been contested. Various reform proposals have been suggested, ranging from having a separate statistical unit, to integrating into the DGs of the European Commission; from increasing its autonomy and securing professional standards and self-determination, to enabling political instructions and careful political monitoring. Some of these proposals have reflected general trends in public administration. For instance, the idea of having an autonomous statistical body was in line with ideas related to giving more autonomy to expert agencies. Likewise, the increased focus on managerial issues and closer co-operation between the European Commission and Eurostat can be seen as part of a larger public administration reform in the EU, emphasizing the need to ensure accountability and sound management. On the other hand, some of the reforms

can be seen as simply by-products of other institutional struggles in the EU – as illustrated by the localization politics in Luxembourg and the struggles between the European Commission and the European Parliament. The role of Eurostat in the larger institutional configuration of the EU is therefore best understood as series of mutual adaptations as well as the slow evolving co-operation among experts, rather than the result of grandiose institutional designs. In fact, the radical proposals have failed.

Eurostat and the national statistical institutes

During a relatively short period of time there has been a gradual transformation of the statistical community in Europe – from an activity conducted primarily within the national statistical institutions and the boundaries of member states, to the emergence of a pan-European statistical administration. The patterns of co-operation with the national statistical institutes have been important in facilitating these changes. In the European statistical system the national statistical institutes are 'double-hatted', in the sense that they serve both as national bodies, and as integral parts of the European administration.

Several factors constitute this interrelationship. The most important element is the division of labour. Eurostat rarely collects data itself; instead it is dependent upon the transmission of data from member states. Eurostat focuses primarily on the development of harmonized standards of measurement as well as comparisons. This division of labour is cost-effective for Eurostat, since data collection is costly. As noted, there is an asymmetry in resources between the European and the national level. In the field of economic statistics, in which Eurostat also co-operates with the European Central Bank, it has been estimated that there are roughly 100 statisticians at the national or regional level for every one at Eurostat and the ECB combined. The decentralized system for data collection has some advantages but some obvious problems, since the quality and the speed of publication of statistics from Eurostat depend on effective co-

working with member states. A study by the Deutsche Bank in 2002 argued that the decentralized model made European statistics of poorer quality than statistics in other countries. The study showed that Europe had fewer indicators than the United States, Japan or Germany. In addition, data in Europe were published significantly later than in the United States. For instance, the United States published weekly data on money supply, whereas in Europe such information was published on a monthly basis. The United States was 29 days ahead of Europe in publishing data on unemployment, 44 days speedier on industrial production, and 103 days faster in producing data on industrial production (*Economist,* 2002).

Another factor linking European and national statistical bodies is the systematic co-operation on methods and standards. Already in 1960, shortly after its establishment, Eurostat decided to strengthen its contacts with the national bodies and the statistical departments of the various ministries of the member states. Member states differed considerably in terms of administrative and statistical quality, and there was a need for harmonizing methods and procedures. Eurostat took a gradual approach to harmonizing statistics for the six member states, involving decisions by national experts and the directors-general. Twice-yearly meetings of the 'Working party of the directors-general of the National Statistical Institutes (NSI)s' were established. Initially, this Conference, as it was later called, had no official status, since it was only a working party, but it still played a crucial role in laying the foundations of the European statistical system. The guiding principle in relations between the EU body and the member states was that data could be collected better by national bodies, and that Eurostat involvement was to be limited to achieving the Community's objectives. The Conference approved a programme containing some key principles for statistical co-operation in Europe. For instance, it defined the role of the Statistical Office (later Eurostat) as 'a central co-ordinating body to unify, supplement and improve the official statistics in the member states which are important for the progress of European integration'. It also decided that 'within the European executive bodies the Statistical Office is the centre where the statistical requirements of the executive

bodies are expressed' and that 'it has sole responsibility for conducting statistical surveys'. The conference made it clear that the tasks of the Statistical Office were not to include economic and social analyses, opinion polls or forecasts. Later in the 1970s this relationship developed further. The Conference suggested 'a reflective approach [...] that would allow the NSIs to think about the functions they fulfilled, such as analysis, processing and dissemination of information, as well as training and co-ordination *from two points of view, national and Community'*. This formulation stated explicitly the dual administrative system that was emerging. On the one hand, the national bodies were seen as the statistical institutions of the member states; on the other hand, they were also encouraged to see themselves as an integral part of the emerging European administrative sphere fulfilling community tasks.

As a result, representatives of the national statistical institutions have been present during most phases of the policy process. For example, in relation to the harmonization of statistics, there were approximately 200 meetings of working parties every year, attended by between 10 and 60 representatives from the NSI and European institutions (Sigma 1997:49)9. In addition, the staff of the national statistical institutions stay in regular contact with the Eurostat, and national-level leaders often encourage such contacts. However, although national statistical bodies have recognized the need for harmonized statistics, daily activities at the national level have sometimes overshadowed the European integration processes. In the absence of a legal framework establishing clear priorities, as well as few resources for European statistics, co-operation has at times been problematic. In addition to the national-level frustrations caused by the extra workload involved in producing European statistics, one recurrent controversial issue was secrecy. Member states were reluctant to give data to Eurostat, fearing that the data could be used by the European Commission or that confidential information could be spread. Over time and with increased interaction among member states, such concerns about secrecy have been reduced.

Co-operation between European and national statistical bodies has been important also in training statisticians. Eurostat systematically encouraged the transfer of staff from the national statistical institutes to the European level, and stimulated the development of various exchange programmes between Eurostat and national statistical bodies. Already in the mid-1980s, an initiative was launched for securing seconded national officials. Increased flow of statisticians from the national statistical institutes to Eurostat contributed to bring knowledge, expertise and ideas to Eurostat, while also giving the national institutes a better knowledge of European statistics. Additionally, Eurostat and the NSI set up a large-scale training programme. In 1991 the programme 'Training of European Statisticians' (TES) was initiated. Eurostat, the member states, and the EFTA states sponsored this annual training programme for their own official statisticians, which was open to other countries as well. Between 1991 and 2002, 377 courses, seminars and workshops were held, attracting 7,800 participants – of whom more than 4,100 came from statistical offices in the EU and EFTA, about 2,100 from Central European countries, 600 from the Mediterranean area, and 600 from republics of the former Soviet Union. In 2004 this programme was reorganized and is now known as the European Training and Research Institute for Official Statistics (Etrios). Compared with other European institutions, Eurostat was a pioneer in developing such organized forms for facilitating interaction between European and national bodies at the level of practitioners and experts. The methods and techniques for promoting co-operation across levels of governance were later used by other European institutions, also in relation to the twinning programmes aimed at the new member states in East and Central Europe.

There has in fact been a long history of international co-operation in the field of statistics. International organizations like the OECD and the UN have historically been important in organizing international statistical co-operation. Eurostat has developed close links to other kinds of international statistical co-operation. For instance, before Eurostat submits a proposal to the Statistical Programme Committee, consultations are made with expert reports and working

groups within the EU system, and recommendations are collected from international organizations such as the UN and the OECD. In many instances, the harmonization of European statistics can build upon frameworks for harmonization established in other international statistical units.

As indicated, Eurostat has conflicting roles regarding national statistical institutes. On the one hand, it acts as *networker* and co-operator; on the other hand, it also serves as *judge*. It is a judge when making decisions on the whether or not to accept the figures published by the various member states. This role came to the forefront in the period when the EMU was launched. Indicators such as public debt, interest rates, exchange rate fluctuations and the balance of payments were to be monitored, and states that failed to meet the initial targets would not qualify for membership in the EMU. The criteria on public deficit and inflation were the subject of monitoring by the European statistical system. Eurostat was suddenly given the role of providing the information necessary for determining which states that could qualify for EMU membership or not – a daunting task for a small institution.

In order to handle this work, Eurostat introduced two instruments. First, it proposed the creation of a harmonized index of consumer prices (until then, member states had measured inflation differently); and second, the introduction of a new accounting scheme called European Standardized Accounts (ESA), an elaborated version of a UN standard for accounting. Although the introduction of these instruments was of technical character, they had significant political consequences as well, since these statistical methods eventually affect economic performance and market evaluations. Some national decision-makers were slow in implementing the new and improved standards. For instance, Dieter Glatzel, head of the Eurostat unit responsible for the excessive deficit procedure, argued that the delay was a result of the economic situation in the member states, and feared that the introduction of a new standard could tilt the creation of the EMU. He argued that the '[b]ackground to the delay in applying ESA 95 to the excessive deficit procedure was the economic situation in 1994–95. At that time very few

countries were able to achieve or improve on the reference values laid down in the Protocol: 60 per cent for ratio of government debt to GDP and 3 per cent for ratio of government deficit to GDP' (Glatzel 1999).

Eurostat was put under serious cross-pressure, between professional standards on the one hand, and political decisions and aspirations on the other. Since member states wanted to meet the convergence criteria, they sometimes found it easier to manipulate figures rather than alter fundamental elements in their economies. Eurostat experienced strong political pressure to accept the data supplied by the member states. The dual role of Eurostat – as an organ for 'neutral' statistics and as a branch of the European Commission, a staunch supporter for the creation of the EMU – made it vulnerable to pressure. Eurostat had to balance the relationship between creative accounting and accurate measuring. For instance, in relation to the French attempt to make one-offs, it argued that 'we do not want all our attempts to build the credibility of data to be undermined' and noted with alarm that 'the credibility of statistics is at stake'[10]. Eurostat expressed a wish not 'to be pushed around by politicians'[11]. Alberto de Michelis, a senior Eurostat official, suggested a relaxing of the interpretation of the statistical figures. He argued that the task of the Eurostat was to create a playing field in the application of statistical rules[12]. The EMU case illustrated that large-scale political reforms focused attention on the European statistical system. The political pressure and the dynamics of the EMU overshadowed other concerns. In part, this momentum led to increased speed in implementing and securing harmonized accounting systems and harmonized consumer indexes; however, it also led to more creative accounting, which in turn brought increased criticism that might undermine the general trust in European statistics. This balancing act seemed to have been partly successful for Eurostat, since the professional community of economists, political decision-makers as well as the market in general tended to trust in the data used for supporting the decision as to which states qualified for EMU membership. The EMU example also highlighted some of the built-in tensions created by the double-hatted administrative

character of the national statistical system, with Eurostat as both a co-operative body and a European judge.

New technology

Integration of statistics has been the result of political and professional decisions, and organizational principles and rules have gradually emerged in order to secure this integration and harmonization. However, the introduction of new technologies has been important in facilitating integrated statistics. New technology has made possible new ways of producing statistics and has radically eased calculations and comparisons. The introduction of new technology has been important since the late 1970s, when the European Commission computer centre acquired computer equipment that could process data provided by the member states. Even though Eurostat made significant efforts throughout the 1970s in developing software and securing informatics systems, the European Commission resisted the idea of creating an independent computer centre at Eurostat. It was not until the mid-1980s that the real benefits of the new technology came, with the introduction of the personal computer. Ironically, this new technology was not introduced as a result of a large-scale technology investment programme. Quite the opposite, the impetus came from individual Eurostat officials, who for their own personal use and interest had started to buy PCs. Later, and after various shifts in systems and technologies, as well as problems related to different standards, information technology became more organized from the mid-1990s and onwards.

New technology was also important in making Eurostat an important body for providing information for the media and the public, since it radically reduced the costs of producing and disseminating statistics. During the 1970s there was no policy in Eurostat on dissemination of statistics. Statistics were published only in limited series aimed at rofessional users. As the EU broadened and deepened in the late 1990s, Eurostat increasingly focused on dissemination. Eurostat now

changed its publication strategy, from the technical reporting of statistics to more attractive publications like the Eurostat yearbook. Eurostat also established numerous so-called 'data shops' in member states in order to disseminate and sell data. CD-ROMs were produced, gradually replacing the 'large' publication series. Later, the Internet became a prime source for disseminating data. The webpage of Eurostat now makes available several series of data, accessible free of charge for various user-groups. In addition to the increased distribution of statistics, the statistical calendar was becoming more fixed, with an established timetable for publication of statistics that could ensure that information was made available to everyone simultaneously. Organizing such a dissemination timetable is critical in promoting predictability and trust among actors in the markets.

As a result of these developments, comparative data are disseminated more widely now than before. Statistics in everything from social indicators to economic indicators are important in influencing the day-to-day activities of EU decision-making – for example, in calculating budgets, forecasting, planning and redistribution. Information produced by Eurostat is also frequently used by other consumers of statistical information, like governments, businesses, NGOs as well as researchers. A study of the dissemination practice and the end-users of data (Blakemore and McKeever 2001), however, showed that Eurostat, like most disseminators of official statistics, had various problems: it had little control over the data supply chain, and user-groups were mixed, with differing expectations and needs. In order to meet these occasionally conflicting demands, Eurostat must balance access rights against data protection, harmonization against specificity, as well as manage to secure the resources for producing statistics, while also providing free access for the ordinary citizen.

Integrated figure

As we have seen, numerical information is becoming increasingly important in European governance. The expanding EU agenda has triggered an increased use of numerical information in order to reduce complexity and ease comparisons. The growing use of numerical information in the EU is also an important element in enhancing the democratic quality of European governance, since it enable citizens to evaluate and hold politicians accountable. European statistics can also be seen as one of several instruments for developing European self-understandings and even the creation of a shared (numerical) language. As indicated in this chapter, the processes of building statistics and statistical institutions in the European Union have several similarities with the development of statistical institutions in the era of state- and nation-building.

Over the past few decades, Eurostat has become institutionalized. It has gradually developed rules, principles and capacities, as well as some degree of autonomy, and has found its place in the larger European institutional configuration. There is a clear path-dependency in the incremental development, but at different times Eurostat has been exposed to more radical reform attempts, some of them only partly related to the field of statistics as such. The 'living' institution has evolved through processes of mutual adjustments and a variety of patterns of co-operation – not so much by grand design and 'treaty revisions', as through the long-term involvement and commitment of professional statisticians, as well as the gradual utilization and cultivation of pre-existing national and international institutions. As a result of these developments, a multi-level system of governance in European statistics has emerged. National statistical institutes are central in this system of double-hatted administration. They operate within the boundaries of the nation-state serving national-level tasks and purposes, but in addition, they are key elements in the European administration. The extensive co-operation is the result of the division of labour between the two levels, much the same as with the implementation of ordinary legislation. In the field of

statistics, co-operation has also been stimulated by the establishment of organized systems for training and exchange of staffs. So far, we know little about the potential tensions built into this kind of multi-level system, or how the different roles, responsibilities and tasks are balanced and fulfilled in instances of conflict or political pressure.

The growth in European statistics has only partly been met by a corresponding increase in the staffing and budgets of the statistical authority. There has been an imbalance between ambitious tasks and limited capacity. Attempts have been made to bridge this gap by the division of labour, extensive exchange of personnel with national-level institutions, the introduction of new technologies, and close co-operation and utilization of pre-existing forms of international co-operation. All the same, Eurostat officials have argued that 'politicians tend to think that statistics can be produced for no money out of thin air'[13]. This was particularly so in relation to the EMU, where there was a pressing need for additional resources to produce reliable statistics within extremely tight deadlines. One consequence of the limited resources, European statisticians sometimes argued, was that 'there may not be high-quality data available'[14].

So far, the European Union has produced data that have been trusted. An increasing numbers of actors and decision-makers use EU data as information sources, and the data contribute to shape perceptions of Europe and Europeans. However, we should recall that figures do not always generate trust: sometimes they generate distrust as well. So far, Europe and Eurostat have avoided growing mistrust in information regarding key indicators in European governance, although there have been instances where data have been lacking, problematic or subjected to creative accounting. It remains to be seen whether this trust in European statistics will continue. There have been instances where statistics produced by Eurostat have been accused of being systematically biased in favour of specific policies and outcomes[15]. Such accusations are very serious for an institution that seeks to be seen as a legitimate and trustworthy source of information for all. Elsewhere in the world we have recently seen serious distrust

in national accounts (as in the Asia crisis), and there have been serious flaws in private accounting practices in the USA and in Europe, generating deep distrust in accounting and statistics (Stieglitz 2003). Distrust in Eurostat figures can prevent decisions from being made, reduce the possibility for citizens to hold decision-makers accountable, and potentially undermine the general trust and support for European integration and European institutions. For a proper understanding of the informational foundation of EU decision-making, we must move beyond the organizational issues addressed here and critically examine the figures that are being produced and used.

Notes

[1] To illustrate, in Germany, a large EU-inspired reclassification exercise in early 1995 involved 6,000 specific types of goods. Only one fifth of the figures gathered and reported in 1996 were comparable with those reported 16 months earlier. *Financial Times*, 9 April 1996.

[2] On statistical absurdities see for instance *Daily Telegraph,* 1 December 1996. The figures presented by Eurostat to ECOFIN showed that the EU had a $102 bn trade surplus with itself! The article also refers to an analysis finding that 'even with the restricted group comprising six countries, discrepancies in the data are so massive as to forbid any serious knowledge of trade position of this zone and the way it has been developing in recent year. The monetary policy committee of the European central bank is simply going to operate in the dark from this point of view.'

[3] See online etymological dictionary, http://www.etymonline.com/index.php?search=statistics&searchmode=none

[4] See for instance Anderson (1983).

[5] For instance, Ireland lodged an application with Eurostat in 1998 to divide the country into two regions; one of them would then qualify for Objective 1 structural funds from the EU, the other for the 'transitional funds' (Boyle 2000)

[6] For instance, the French statistical office, INSEE, has a staff of 6,500.

[7] *Financial Times*, 15 June 1998.

[8] Official Journal (97/281/EC) 21 April 1997

[9] The average was 30.

[10] *Financial Times*, 31 October 1996.

[11] *Financial Times*, 31 October 1996.

[12] *Financial Times*, 22 February 1997.

[13] *Financial Times,* 24 June 1996

[14] *Financial Times,* 24 June 1996.

[15] An article in the newspaper *European Voice* called on the public to focus not only on the management of Eurostat but also its statistics. The authors showed that in relation to enlargement there were significant changes in the data reported. 'In the case of eight central European countries set to join EU next year, extrapolated PPPs from a 1993 benchmark study (by Eurostat and the OECD), show their average GDP per head in 2002 at 35% of the EU-15 level: still poor but less so than at market rates. For the next (1996) benchmark study and all subsequent ones (1999 and 2000) Eurostat brought in various revisions to the methodology....this greatly improves the picture for most central European countries: to an average of 46% of the EU-15 level in 2002. ... Extrapolated back to 1990, the numbers show the central Europeans to be much richer than in previous studies... Against all common sense, the Prague region is far above the EU average' They concluded that '(the) more you look into Eurostat's numbers, the harder it is to escape the conclusion that they are upwardly biased', and argued that 'it is time to look at (...) the numbers the agency produces' (Franklin 2003)

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Figure 7.1: Capabilities of Eurostat, staff 1952-2003
(Sources: De Michelis, A. and Chantrine, A. (2003) and Eurostat web page)