

## **A New Direction in Reform of the Statistical System in Japan**

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### **Summary**

Discussion on reform of the statistical system was started in mid-2004 by the Council on Economic and Fiscal Policy chaired by the Prime Minister. To follow up this discussion, a special committee was set up in the Cabinet Office in November 2004 to give specific recommendations to the government. The committee published its first report in June 2005 and final report in June 2006.

The committee pointed out that, while Japan's statistical system has undergone fairly rapid reconstruction and development in the years since the end of World War II, there are now deficiencies in meeting new challenges, such as responding to the rapidly changing industrial structure and meeting the new and diverse needs of data users.

The current legal framework for official statistics is established mainly by the Statistics Law (1947) and the Statistical Reports Coordination Law (1952). The committee recommended that these two laws be revised in order to provide a sound basis for the production of statistics, and to improve the effectiveness of statistical planning and coordination functions.

Based on the recommendations of the committee, the government is now preparing a draft revision of the two laws.

This paper details the basic viewpoints and main points of statistical system reform.

## 1 Outline of the Current Statistical System in Japan

Governmental statistical activities in Japan are conducted by the ministries and agencies of the national government, their local branch offices and the local governments. The national government has adopted a decentralized statistical system in which each ministry or agency has a division engaging in statistical activities. The Office of Director-General for Policy Planning on Statistical Standards (Ministry of Internal Affairs and Communications (MIC)) acts as overall coordinator of this decentralized system to develop statistical systems, ensure the accuracy and reliability of statistics, enhance comparability in statistics, and reduce the reporting burden.

(Note)

The Statistics Bureau of the MIC plans and executes nationwide statistical surveys that produce fundamental data on a nationwide scale and require large-scale coverage and continuity, such as the Population Census.

The other ministries and agencies have their own statistics divisions for planning and executing surveys relevant to their fields of jurisdiction.

SNA statistics are compiled by the Cabinet Office.

Field operations for the national statistical surveys are carried out by the local branch offices of national government agencies or local governments.

The current legal framework for official statistics is established mainly by the Statistics Law (1947) and the Statistical Reports Coordination Law (1952). The main functions for overall coordination based on these laws are as follows.

- 1) Planning basic policies on statistical systems
- 2) Examining and coordinating statistical surveys of the national government
- 3) Establishing statistical standards
- 4) Coordination of matters related to international statistical affairs

These two laws have contributed to the rapid reconstruction of Japanese statistical systems and provision of necessary data for decision-making in the national government as a legal framework for official statistics since the end of World War . However, 60 years since the current statistical systems were established, there are now deficiencies in meeting new challenges, such as responding to the rapidly changing industrial structure, and meeting new and increasingly diverse needs of data users.

## **2 Necessity of Reform of the Statistical Systems**

The first report of the special committee identified the following problems with the current systems for official statistics.

- 1) Most official statistics are produced primarily for the administrative purposes of the respective ministries and agencies, and there is insufficient production of the statistics widely required in society.
- 2) The sources of statistics are mainly statistical surveys, and use of administrative records is limited.
- 3) Utilization of statistics does not sufficiently reflect newly emerging needs and major advances in ICT.
- 4) Under the decentralized statistical system, the coordinating agency does not play an active role, for example in presenting a direction in development of official statistics

In the changing environment surrounding statistics, various problems have emerged that activities mainly based on the current statistical laws are unable to address. It is important to improve the official statistics of Japan from the aspect of both individual statistics and the legal framework dealing in statistics, in order to respond properly to the changing times and needs of society, and to overcome problems concerning statistics. Above all, this will require fundamental reform of the legal system.

## **3 Process of Discussion on the Reform of Statistics**

Discussion on reform of the statistical system was started in mid-2004 by the Council on Economic and Fiscal Policy chaired by the Prime Minister. To follow up this discussion, a special committee was set up in the Cabinet Office in November 2004 to give specific recommendations to the government. The committee published its first report in June 2005 and final report in June 2006.

In its first report released in June 2005, the committee proposed that statistics responding to changes in industrial structures such as the Economic Census and service sector statistics should be developed and that a fundamental review of the statistical laws should be performed to strengthen the function of “headquarters” for the development of statistics.

The committee then deliberated on specific reforms to the statistical legal system, and in its final report published in June 2006 proposed the basic framework of a new statistical legal system.

Following this report, it was decided in July 2006 by the cabinet decision Basic Policies for Economic and Fiscal Policy Management and Structural Reform 2006 that a bill for fundamental reform of the statistical system should be introduced to the next ordinary Diet session.

(Note)

The special committee set up in the Cabinet Office had two stages as follows.

(First stage)

Committee for Development of Economic and Social Statistics      2004.11~2005.6

(Second stage)

Committee for Planning Statistical Systems Reform                      2005.9~2006.6

Both committees were chaired by Mr. Hiroshi Yoshikawa (Professor of the Graduate School of Economics, University of Tokyo and also a member of the Council on Economic and Fiscal Policy).

#### **4 Outline of the New Statistical Legal System**

The report states that statistics produced by the national and local governments and other public bodies are essential for decision-making by those engaged in policy management and business, and by the public, and that providing necessary statistics as an information infrastructure is one of the basic administrative services to be delivered by the government. The aim of the current statistical reform is to switch from statistics for public administration to statistics as an information infrastructure of society.

The following are the basic viewpoints in establishing a new legal system.

- 1) To build appropriate disciplines and frameworks for statistics as an information infrastructure of society, from the viewpoints of both producers and users
- 2) To establish a mechanism to develop official statistics efficiently based on overall plans regardless of the source or method of producing statistics
- 3) To strengthen the function of “headquarters” for developing official statistics

From these viewpoints, the new legal system should be the basic statistical system for all official statistics, integrating the current two laws, namely the Statistics Law and the Statistical Reports Coordination Law.

The committee proposed the following points of the new statistical legal system.

- 1) Instituting of mid-term basic plans as a cabinet decision in order to develop official statistics based on the overall plans of the whole government
- 2) Establishment of rules for utilizing administrative records in order to streamline statistical surveys
- 3) Instituting of population information about businesses and establishments (business frame) in order to increase the accuracy of statistics and reduce the reporting burden
- 4) Establishment of rules to make the obligation to ensure confidentiality clearer in cases where private enterprises are contracted to carry out statistical surveys
- 5) Promotion of the secondary use of statistical data (such as tailor-made compilation and utilization of anonymous micro data) with security of confidentiality in order to further contribute to academic studies
- 6) Constitution of the Statistics Committee (provisional title) in the Cabinet Office in order to strengthen the function of “headquarters” in the statistical administration

## **5 Conclusion**

Based on the recommendations of the committee, the Office of Director-General for Policy Planning on Statistical Standards (MIC) is now preparing a draft revision of the two laws in order to introduce a bill for fundamental reform of the statistical system to the next ordinary Diet session.

Realizing reform of the statistical legal system and establishing a new statistical system in which official statistics are produced and utilized more effectively will be essential for the further development of official statistics in Japan.