

# Official Statistics in Government Decentralisation: The Brazilian Case

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The approach to this subject requires, in the first place, some discussion about the meaning of the words **official statistics**. In statistical literature they are largely used by most authors without any concern with establishing a definition. Even in texts the sole objective of which is related to official statistics as in *The Fundamental Principles*, there is no definition. In spite of this lack of a precise definition, the various uses of the words official statistics demonstrate there is a universal understanding of their subject matter. They encompass all statistics produced by government, including not only what is brought forth by the National Statistical Office (NSO), but also by other governmental branches or agencies engaged in the production and dissemination of statistics.

In countries with very centralized administration it is suitable to apply such a concept. There exists in general a national statistical office which is responsible for most of the statistical production of the country, even though responsibilities may be shared with other entities or agencies. The NSO usually has the task to coordinate the activities in order to guarantee good statistical practices. But there are several situations in which understanding the role of official statistics is not so straightforward. To address this matter we will take the case of Brazil.

An important issue currently in Brazil involving the production and dissemination of statistics is the growing role of statistical departments of sub-national administrative units (states and municipalities) in data production. Increasingly, autonomous state statistical departments are conducting surveys on a variety of subjects that, in most cases, are already surveyed by the NSO. Since these departments have political and budgetary autonomy, the Federal Government has no legal means to interfere in their statistical activities. Many of these surveys utilize different methodologies from the ones used by the NOS and, as a consequence, produce different results, causing bewilderment in general public. A noteworthy example is the number of different Consumers Price Indices (CPI) calculated within single geographic areas: three, for example, for the city of São Paulo. Even the most important short term economic indicator nowadays, the rate of

unemployment, has two monthly measures. In the case of the CPI, the reason for such a redundancy is of a historical and political nature. Brazil's high inflation rates over the past several decades, certainly the biggest challenge faced by all governments, turned the CPI into a most valuable monthly piece of statistical information in the country. In almost every state of Brazil, therefore, local government research institutes decided to produce their own CPI measure. As the CPI (sometimes the Gross Sales Price Index) was used for indexation of wages, government debts, and of other assets and liabilities, everyone wanted to check the official figure.

The multiple unemployment rates have a different history but the same background, that is, to dispute federal government figures, under the guise of using a more suitable methodology for the peculiarities of the Brazilian labor market. It is important to note that these alternative productions of unemployment rates are carried out in partnership with the trade unions statistical branches. Unlike the NSO practice, which is to adopt the international recommendations on methodologies (ILO resolutions, for example), this decentralized production usually works out its own methods.

One may ask which rate or index should be considered as the official one since both are produced within government framework. The answer to this question is not straightforward. In the case of CPI, for example, when indexation was important for economic policy, finance ministers used to make their choice depending on the period of reference of prices and date of delivery of the different indices. They usually disclosed a preference for indices produced at research institutes in the state from which they came. For the unemployment rate, the choice depends very much on the use one wants to make of the figure. Trade unions, opposition politicians and researchers from some institutes claim that the federal government figures underestimate unemployment. They, therefore, prefer to resort to alternative measures which usually produce higher results.

States and municipalities, no longer satisfied with the results reached by the Federal Government, want to enlarge their statistical production and to have some control over it. Each one has particular demands depending on its economic and social level of development. Each one wants to decide which information it needs and how that information should be produced. At the same time, the NSO must produce data for the country as a whole, which requires the use of standard methodologies in all surveyed areas. This is the only way to guarantee results for the whole and, at the same time, comparability among the parts.

What can the NSO heads do in order to unify surveys and methodologies, deliver a sole and trustworthy figure, and gain public confidence? First of all, it is important to state that public confidence in the NSO is closely related to confidence in the Federal Government, since NSOs, in general, have no independent administrative status. As I said before, the main reason, in the Brazilian case, for local government institutes to produce data also produced by the NSO is of a historical nature and lies mainly in lack of confidence in the NSO figures. To gain confidence it is necessary to be impartial, and to be impartial it is necessary to exert autonomy from government or political parties in power. This means that the administrative ranking of a national statistical office may be a crucial issue. In federative republics as Brazil with a very decentralized administration this organization is even more important because of the possibility of the existence of multiple official figures.

Since survey duplication implies a waste of resources and a burden to respondents, it must be avoided. The apparently easiest way to do this is to propose a partnership to local governments or other producers (trade unions, for example). The Brazilian NSO – Instituto Brasileiro de Geografia e Estatística - IBGE has already taken some initiatives in this direction. A first difficulty, however, is that capability of local governments to conduct a program of surveys and statistical production varies widely. Some have shown no capacity at all. It becomes then impossible to conduct surveys in partnership in such a way that each state government, for example, would be responsible for its part and the NSO would limit its role to that of a coordinator and totalizer of national figures. Secondly, local government institutes which are staffed with high quality human resources (experienced researchers) are the most difficult to deal with. Usually, they are the ones which produce current statistics, using methodologies they have developed, the statistics they produce are well known by different users and by the press, they have comfortable budgets so that it is very difficult for them to abandon their own projects in order to walk along with the NSO and other local statistical offices. That would imply in partly losing the autonomy they have today and also political power which comes attached to information production.

One possible way this statistical disorganization could be avoided would be to enact a national budget to cope with all the statistical production in the country at all government levels (federal, states and municipalities). Decisions concerning the use of these budget resources could be taken by a National Statistical Commission to be created. Although easy to be proposed and with good examples in other countries, feasibility of an initiative of this kind is not ensured in Brazil. States and municipalities have been claiming even more independence in decision-taking and would interpret such centralization as a move backwards.

We have, nevertheless, a recent successful experience of partnership between NSO and local governments. It is related to the production of regional accounts. Each state, coordinated by IBGE, using the same methodology and in accordance to a pre-established schedule, produces its own figures for the state GDP in a way that all add up to the national GDP. The state governments have a special interest in this statistics since it is used for the distribution of federal funds among the states. It is, certainly, a very good reason to leave behind unnecessary competition and an unjustified lack of confidence.

In summary, this paper focus on bringing forth difficulties that arise when governmental decentralization comes together with the existence of totally autonomous regional statistical offices. In such a situation, the NSO role must be larger than that of regular production of statistics and coordination of other federal statistical agencies. In the absence of an adequate national statistical legislation to cope with the problems brought by decentralization, it becomes crucial to the NSO to gain confidence from regional offices so that partnership be developed and a sound and reliable statistical system guaranteed for the country.

## **RESUME**

*La signification des mots “statistiques officielles” peut être différente dans les pays à forte*

décentralisation gouvernementale. Ceci, parce que les gouvernements des états et des municipalités peuvent produire leurs propres statistiques, indépendantes de l'organe national de statistique. Ou cas du Brésil, des instituts de statistique locales, indépendantes, produisent des informations, se servant des méthodes propres, dont les résultats différencient de ceux de l'organe national, confondant les usagers des statistiques. Des statistiques différentes sont générées pour le même phénomène (inflation et emplois, par exemple), rendant difficile l'identification de ce qui est officiel ou pas.

Cette duplication de la production de statistique avait son origine dans le manque de confiance des organes locaux en les résultats produits par le gouvernement fédéral.

Il faut donc que l'organe national de statistique reprenne confiance et pour cela, il faut qu'il ait son autonomie. Ainsi, la position hiérarchique de l'organe national de statistique est une question relevante.

La création d'une législation statistique avec prévision d'un devis unique pour la production locale et nationale de statistique et la création de participations entre l'organe national et les locaux sont les chemins pour résoudre le problème. Le second chemin est en train d'être tenté au Brésil et il y a déjà des exemples de succès.