

# **VOORBURG GROUP ON SERVICE STATISTICS**

## **THIRTEENTH MEETING**

**ROME, 21 - 24 SEPTEMBER 1998**

### **Session 10 : CLOSING SESSION: DISCUSSING THE FUTURE AND THE AGENDA FOR 1999 MEETING**

The Voorburg Group looks at its future

#### **Abstract**

This paper is not so much about the subjects the Voorburg Group deals with as about the Voorburg Group itself. The paper reminds members of the Voorburg Group's initial aims – the estimation of the real product of the service sector- and of its initial client – the United Nations Statistical Commission – and argues that neither the objective has been fully attained nor is the initial client fully satisfied that the Group has answered the question put to it. The paper advocates a number of procedural changes on the grounds that the current way of operating may have lost some of its original effectiveness. It also stresses the importance of in-between meeting work and work conducted by an inter-country team rather than by a team within a single country or statistical institution.

## The story

*If one wishes to discuss the future intelligently, it is almost always helpful to share an understanding of the past.*

The Voorburg Group was created twelve years ago. The reasons for its creation were very specific: the United Nations Statistical Office felt it did not have the people or the expertise required to complete drafting the Central Product Classification and needed country help. That help was provided in the shape of an informal association of experts who in the space of one year completed the draft classification in the area of services and got the results of their efforts approved by the United Nations Statistical Commission. These are the bald facts.

Members of the original group reflected on the fact that it gathered expertise on available and desirable statistics to measure the production of services and that expertise together with the network of contacts that had been created could be harnessed to serve a wider cause. The Group described what that wider cause might be at its initial two meetings and got resounding approval and encouragement from the UN Statistical Commission. The objectives it drew up included the measurement of the real product of service activities and the delineation of the service economy. Those objectives remained throughout the Group's existence.

In addition to broadening the scope of its activities the Voorburg Group retained a special link to the UN Statistical Commission. Three times in its existence it has submitted – through the Secretariat – formal reports at the request of the Commission. The first of these was of course what was to become the preliminary version of the CPC; the second was the “model” survey and the third the report that led to the approval of the CPC Release 1.0.

Nor was the UN statistical apparatus the only one that established stable links with the Voorburg Group. Right from the beginning, Eurostat forged such links and a number of the programmes that it launched subsequently were tried and discussed when they were still in their formative stages at meetings of the Group. For a while, the OECD sponsored regular meetings of experts on statistics in services and ensured that those meetings dovetailed with the agenda of the Group. Off and on the Group has discussed the subject of international trade and services and welcomed the participation of IMF experts responsible in turn for the drafting and maintenance of the IMF's manual on balance of payments statistics.

The Voorburg Group's success led to at least three important consequences – all beneficial:

- ◆ the Group's coming into being expanded the capabilities of the statistical arms of international agencies. Accordingly, since its inception, the Voorburg Group's way of doing business has been

copied in other domains and today there are about a dozen groups covering a wide swath of statistical activities in need of development;

- ◆ the Group cemented ties among experts in various countries and promoted co-operative attitudes towards the development of common standards and methods;
- ◆ the Group's membership contributed to a closer understanding of the objectives of supra-national and international statistical offices; and
- ◆ the existence of the Group and its informality helped statistical agencies further their research agenda by lessening the risk of expensive and fruitless trials.

### **Nagging doubts**

As is often the case, the success of the Voorburg Group carried with it causes for criticism and for doubt. Both have been voiced more or less explicitly at meetings national and international. They include the following:

- ◆ the Voorburg Group is a small, elitist group of experts that closes its doors to others and in particular to others whose budgets do not allow them to travel and to contribute research papers to annual meetings;
- ◆ the agenda of the Voorburg Group is beyond the control of national and international bodies and has acquired a self-perpetuating character;
- ◆ the initial objectives of the Voorburg Group have been attained but there is no mechanism to dismantle it and to create more effective successor groups;
- ◆ groups such as the Voorburg Group can only be effective for a while but lack the machinery necessary for self-renewal; and most damaging of all
- ◆ the agenda of groups such as the Voorburg Group is not transparent leaving NSO's in doubt about where important decisions on international comparability are taken.

While some of these criticisms have been answered in the same venues where they were raised, their frequency has increased. In particular, at its last meeting the United Nations Statistical Commission requested that as part of its future deliberations it count on a "compte-rendu" from each of the so-called "City Groups"; and that serious consideration be given to the possibility of attaching to each of the groups a "sunset" clause. While the latter proposal was turned down there are no signs that the fears that motivated it have abated nor that it will not surface again and again so long as heads of NSO's experience doubts about the long term effectiveness of groups such these.

### **Considerations for discussion**

Informal groups such as the Voorburg Group should not perpetuate their existence by tacit agreement. They should ask explicitly at sensible intervals whether the principals of the participants continue to approve of their existence and are willing to extend their moral, professional and financial support. The Voorburg Group came into being because a small number of heads of NSO's decided to create it with the approval of their counterparts in OECD, UN, and Eurostat. Those same heads or their successors can withdraw their support as informally as they provided it thus marking the end of the experiment. There are several occasions during the year that brings principals – all or most - together and if a decision paper is provided to them together with the balance of positive and negative considerations, there are no other impediments to grant the Group (s) a new lease of life or else to terminate its activities. It is important that this be clearly understood and also that the decision can only be taken by those who fathered the Group in the first instance.

In order to be granted a new lease of life, several questions must be asked:

1. Is there an agreed agenda that warrants further meetings and inter-meeting collaborative activities?
2. Is the convening of Group meetings and consequent activities the most effective means of dealing with the agenda ?
3. If the Group is to carry on its activities are there reasons to review its policies and particular those regarding membership, accession, definition of the agenda and so on?
4. While the Voorburg Group is the only one that has a formally constituted Bureau, the accession to the Bureau, its roles and responsibilities have not been the object of discussion since its inception. Is there reason to open such a discussion? Where? When? With which preparation?

## **A proposal**

It is easier to discuss basic questions in the presence of a proposal. What follows is such a proposal.

1. The biggest threat to the Voorburg Group is the instability of its membership. If the overlap from one year to the next is small and over a period of say three or four years very small, one of the key assumptions upon which the Group's effectiveness is predicated gets seriously weakened. Accordingly, it is up to Heads of NSO's who are inclined to support the Group to make a commitment that within what is reasonable and possible they will maintain the same person on the group irrespective of the person's current assignment;
2. The Group will contrive to have at all times a three year agenda that gets up-dated once a year. The agenda will be the chief means of communication between the Group and the United Nations Statistical Commission;
3. For current purposes the Group's agenda will consist of the following subjects:
  - a) The gradual assignment to each CPC of a price indicator so that service industries can be profiled by CPC services and each (CPC) service can be described by at least one set of price specifications;

- b) The stepwise description of each CPC industry by the occupational distribution of its workforce so that non-market activities can at least be valued through their employment attributes;
  - c) The description of the industrial organization of each major service industry in terms of its enterprise-establishment structure; its value-added/gross value of production ratio, its foreign ownership and so on;
  - d) The gradual identification of the science and technology content of each service activity with particular emphasis on the emerging activities; and
  - e) The progressive link between production and international trade in the case of service activities.
1. Participants will constitute sub-groups with leaders and supporters as is the tradition of the Group and will ensure that from meeting to meeting there is continuity in their contributions so that over a period of say five years several of the stepwise activities get completed.
  2. As one of these activities gets completed, the results, properly analyzed will be forwarded to the Commission through the Secretariat. The general heading of the work will be "What more have we learnt concerning service activities?" and if successful these reports will become a permanent feature at the Commission's sessions.
  3. This agenda will not be pre-emptive. Each year, the Group will devote some fraction of the total time available to it to a cross-cutting issues the topicality of which is unquestionable. Conversely, the Group will not spend too much time over standard activities if all there is to say about them is that they are in progress;
  4. The admission fee for taking part in the Group's deliberations will cease to be the writing of a paper as this has become mechanical and the quality of most papers somewhat indifferent. However, taking part in inter-session work on any of the standard subjects will be judged essential so that attending meetings is not perceived as either tourism or voyeurism.
  5. The Group will nominate a Webmaster whose task it will be to ensure that the result of its inter-session work is put up on the Internet at regular intervals so as to invite comments from both regular participants and other interested parties whose circumstances do not allow them to be regular members of the Group.

## Reflections

I firmly believe that the adoption of measures such as these can go a long way towards disarming critics and convincing skeptics that the Voorburg Group has a valuable function to perform in addition to its almost canonical function of being the CPC's watchdog. The proposals are not exhaustive in the sense that there are a number of arrangements to be looked at before the institutional framework of the Voorburg Group can be declared satisfactory. For example, the Group's classification work has a

natural outlet in the UN's Expert Group on Classifications. The latter can append its blessings on Voorburg Group's work before the Secretariat places it on the table for inspection by the Statistical Commission. No such Group exists to sanction work on prices, science and technology or trade. It is up to members of the Voorburg Group to suggest creative ways of instituting what adds up to a first stamp of official approval on the Group's work.

While the Group has traditionally devoted some time towards the end of each of its meetings to questions about future agenda it has not discussed its role in the mesh of other international initiatives nor the institutional support it requires and that which it can provide. A discussion of these matters has become imperative because of the importance that city groups have acquired and the questions asked about their effectiveness. Rightly or wrongly, the Voorburg Group is perceived as the standard setter for like minded initiatives which is why it should address these matters now.