

THE PLACE OF STATISTICS IN ECONOMIC PLANNING

By

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When I was first apprised by my friend and *tocayo*, Mr. Lorenzo, that I am being requested to address this Association, my first reaction was to refuse and for a very good reason. I have noticed that of late innocent speeches and press releases have had a peculiar way of launching endless debates on current political and economic questions among otherwise good friends. I do not therefore wish to add chaos to confusion by starting one myself. But then, I thought, this Association might be an opportune springboard for helping clear these controversial issues and bringing them into a more understandable perspective because this Association (if I understand correctly) is dedicated to facts and figures, the absence of which, more often than not, has been the root cause of the raging confusion in our current economic and political thought. And so I accepted my *tocayo's* invitation.

I must warn you that I do not wish to take issue with anyone nor am I interested in anything but the greater and more lasting interest of our country and people in addressing you today.

I do not believe in argumentation without the necessary facts and figures about what is being discussed or argued upon. This I believe should be basic for any statistician as well as for anyone who professes to be an economist. And this brings me to the subject of my brief message today.

You must have noticed by now that I have written out practically every word of what I have to say. I can do no less because I know I am before statisticians whose one absorbing passion is precision. Then also, I cannot be too sure of being misquoted these days. These are rough times indeed and reporters, by accident or design, can be exceedingly rough with

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their memories of what has been or what has not been said on any given occasion.

Friends, every economic problem is basically statistical in character. In fact, statistics is indispensable to its proper presentation, analysis and solution. With the necessary statistics on hand, it should be easy for even the layman to state the *pros* and *cons* of any given issue objectively and, in the light of what is sought to be achieved in the national interest, rule on it one way or the other.

On the other hand, without the pertinent statistics, the solution of any problem is, pure guess work. It is — if you would pardon the expression — just like playing golf at Wack Wack in the middle of the night. All economic problems and issues can easily be resolved if we only have all the necessary statistical data on which to base our analysis and conclusion.

Unfortunately, we do not have such data on hand even on the most fundamental problems we have in our country. I hate to say so, but all of you here would bear me out that we do not have reliable statistics on national income, production, employment and unemployment, on domestic and foreign trade and on business conditions as a whole upon which we can base an objective analysis of our current economic problems and work out their effective and permanent solutions. Present-day confusion on many of our economic problems is due in no small measure to this lack of vital data on certain aspects of our economic problems.

For instance, it has been claimed time and again that we are self-sufficient in rice; that was about two or three years ago. This misinformation has been based unfortunately on official releases of the several agencies charged with the collection of data covering our rice output. But as you all know only too well perhaps, we have been importing, and judging from the progress we have thus far achieved, we will continue importing rice in hundreds of million pesos every year, for some years to come. This is a glaring example of the unreliability of the primary data we now have. Not even the most subtle and skillful analysis would enable any statistician or economist to plan out a definitive program of self-sufficiency

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in rice. Unreliable data can only lead to unreliable and misleading conclusions and policies.

If we do not produce enough rice why can't we openly say so? The determination of what we have is, in my opinion, the first prerequisite of planning what we want to achieve in any industry. Then, again, how many people are unemployed? Is it one million or 2-1/2 million? Can anyone of you tell me? If we are to plan gainful employment for our unemployed should we not first determine exactly how many there are, geographically, and by industry or trade?

Why, you may wish to ask me, has this sad state of affairs continued? I can only venture a guess. We are at times too proud to accept that we have failed. It is understandable that our rice agencies are sensitive to public criticism and would be the last ones to admit anything that would reflect their failure in such a socially desirable goal as rice self-sufficiency.

Then again, another basic reason lies in our faulty method of data gathering. In statistics, accurate data can only be obtained when those supplying information truly appreciate the need for it. It is better if they have to gain from accurate answers or if they are subject to enforceable penalties for failure to respond correctly. If the respondents are not interested, or if they are not approached skillfully, or if they are hostile to the object of any inquiry the resulting data would doubtless be inaccurate. In our country, inaccurate data may safely be attributed to the relative indifference of the respondents and/or the minor officials charged with the tedious work of compiling primary data.

I cannot over emphasize the fact that the crying need today is accurate data about all phases of our economy, by industry, by commodity, and in terms of output, cost of production, employment, wage levels, market prices, raw materials, etc. If we are to plan our economic future we must have a clear statistical picture of what we now have, because only by taking accurate stock of the present can we evolve and project our plans intelligently into the future.

From experience I have found out that even in international conferences, and negotiations there is no substitute for the statistical approach because there is no argument against the quantification of advantages and disadvantages — of stating precisely in dollars and cents what any given position means to our country and to the other. For instance, in the appraisal of Japan's capacity to pay reparations we found this approach extremely useful. We went into a statistical analysis of Japan's national income and output, living conditions, tax burden, and fiscal position basing our studies on Japanese statistics. Our findings were thus difficult to assail for no other reason than that they were supported by facts as we found them.

Similarly, the revision of the Laurel-Langley Agreement was made easier by the statistical approach we pursued in justifying the unreciprocal liquidation of tariff preferences that we evolved while we were in Washington, D.C. That negotiation was as much a battle of statistics between the two delegations as it was a battle of wits between politicians. We were able to quantify in dollars and cents the benefits that would accrue to each country from 1956 to 1974 in the form of tariff preferences thereby paving the way for the eventual acceptance of our formula.

In international tariff negotiations, the statistical approach is undoubtedly the safest and most effective approach too. If we must know precisely how much value any tariff concession of say 5% duty reduction on any imported product we intend to give to any foreign country in exchange for a compensatory tariff concession on any Philippine product we export to that country, we can do so only if we have accurate figures on the volume and value of the trade in both products and quantify how much each country would have to forego in customs duties as a result of the proposed exchange of tariff concession.

So the statistical approach, is the only approach to our economic planning if we are to make it a sensible, intelligent, and workable one. This Association can help immensely in this immense task. How? By suggesting ways and means of improv-

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ing the present methods of data gathering, classification and appraisal with a view to making them truly reflective of conditions as they do exist. I am sure this Association will be consulted from time to time in prescribing statistical standards to improve our statistics. I hope, that the officers and members of this fine organization will pause to consider that on the accuracy of the standards that they would suggest for adoption would depend the accuracy of whatever economic plans the Government may have for the future of our country.

