# THE ROLE OF STATISTICS IN DECISION-MAKING

By

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When economic historians look back on this last decade, they may well describe it as years when great economic decisions were made. Certainly during no period of our history has our government — and our country — made more far-reaching choices on the direction the economy would travel.

The years leading up to the Second World War and immediately after was an age of political flux. The nation's sinews, brains, hopes and passions had all been marshalled towards the attainment of political independence. Under the setting of a booming export trade, low-priced goods, adequate food and full employment, not much attention could be given to such a humdrum subject as economics. But during the post-war years, the first heady flush of political freedom began to wear off. And soon the harsh realities of rehabilitating a war-ravaged economy had intruded to force upon the Filipino the inevitable choice of considering not only his freedom but his bread as well.

By 1949, the country's leadership had been made conscious of the fact that disaster waited just around the corner unless sweeping changes were written into the economy. Feverishly, plans of setting up a central bank, nurturing native industries, cutting imports to conserve foreign exchange and expanding agriculture, were rushed out of their storage files or completed in haste and thrust full force upon an almost totally unprepared public. Within a few shocked days, the whole country woke up to the fact that peace and freedom had not by any means staved off hard times. The illusion that peace and political independence would automatically bring economic well-being lay completely shattered.

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During the years that followed this rude awakening, the country and its leaders discovered the economy. No longer were the greatest battles to be fought in the glamorous arenas of political advocacy as happened in the thirties. The economy, while a less understood field of battle, had become the main setting for the country's more arduous labors.

The basic weaknesses of the economy could not of course be obliterated by the passage of the first measures. More and more stringent measures had to be taken involving harder and harder decisions in the sense that such remedial steps aggravated the plight of the ordinary citizen. But this discipline has paid off and now we can even think of considerably easing the strictures that had been made necessary by the hard years.

If there is any inspiration to be gleaned from this episode, it is that in a harsh period that called for harsh economic decisions we had the men with the courage and foresight to make them. Difficult decisions were made in the past. Equally more difficult decisions will continue to be made in the future. And as government continues in its inescapable duty of intervening directly or indirectly in the vital areas of money and credit, fiscal policy, material allocation, capital formation — in short, the myriad subjects which are the legacy of modern government — more decisions will have to be made on an increasingly technical level.

It is precisely in the lonely and increasingly complex sphere of eonomic decision-making that you, as statisticians, will be called upon to contribute. To a great extent, it will be upon your labors, your specialized effort, that far-reaching conclusions on the economy will be made. It is upon the figures you produce, the statistical data you evolve, the measurements you conceive, that economic alternatives will be chosen. For the inescapable truth is that sound decisions can be made only upon sound premises, unless one trusts to luck. Just as a lawyer builds his case upon facts, as a doctor reaches the diagnosis on observed symptoms, so do those charged with making economic decisions depend upon the figures, the data, that are evolved by the statistician. Excellent statistics of course do not always result in excellent decisions. But correct decisions can hardly be made — except when good luck intervenes — on incorrect premises.

Indeed, it is entirely possible that some of the more sanguine errors committed in the past were products of faulty, even unavailable, background facts upon which to erect a proper conclusion. But mistakes attend all human enterprise, and especially so in such a highly complex, difficult and unpredictable field as economics. However, errors should not deter — as they never ought to deter — purposeful, honest action. Despite the paucity of statistical data, events demanding immediate decisions will continue to intrude and to call for action.

Accepting the fact that economic decisions cannot be postponed what remains for us is to bring decision-making to the highest professionalism attainable. For our top executives and legislators, this will mean a willingness to do their "homework," to perceive with insight, to analyze faithfully diverse, often conflicting, factors, to weigh sectoral good with general evil, or vice versa — in short, to labor faithfully in the lonely task of deciding the economy's course on the basis of common sense and the common good.

For the statistician and all those technical men responsible for drawing up the picture upon which conclusions shall be based, it will mean a constant striving to improve both their work and themselves, to keep on searching for the methods, the means, which would best result in the statistician's ideal of clear and objective conclusions of fact. This is important for in the evolution of the highest economic policies, the statistician's contribution towards the final product is as focal as the economist's and the decision-maker's.