Editorial

Social scientists have come to rely very heavily on statistics. In retrospect the crucial step was probably the development of national income accounts in the 1930s to illustrate the Keynesian model of macro-economics.

By bringing out the connections between various components of demand and supply, this made it possible to estimate the effects of policy variables, (especially tax revenues and government investment) on output (and therefore employment) and on the balance of payments. Economists gained much more insight into how an industrial economy operated and this increased their usefulness to politicians and administrators. National income accounting had practical uses for demand management by governments intent on avoiding unemployment after the war, and the system of national accounts could later be adapted to quantify Harrod-Domar growth models, forming the core of most of the 'development plans' of the post-war period.

This practical success increased the interest of other social scientists in reducing political and social factors to quantifiable variables, which could be manipulated in numerical models. Quantitative estimates were made of political stability, democratic participation, social development, even "fitness for self-government"![1]

Economics has also become increasingly quantitative. The surest way for a young economist to obtain a doctorate and gain the lifelong tenure of an academic career is to undertake quantitative research.

The bias imparted to the development of the subject has been enormous. The output of housewives is difficult to quantify, so the economics of housework is virtually ignored and rarely is any estimate for it included in the national product[2] yet it occupies far more people than any other sector (including several where the output is also hard to measure, e.g. administration).

Another example is that it is not easy to estimate how much productive capacity is increased by training or learning on the job, or to assess the effects on productivity of improved nutrition. So the authors of growth models usually define investment simply in terms of fixed capital expenditures. They also ignore the disinvestment in irreplaceable natural resources.

The effects of institutional changes, such as land reform, can only be very partially caught in the statistician's net. The costs and benefits of land reform are often discussed purely in terms of the effects on output. No numerical value can be given to the increased dignity and security of the rural labourer and his family, or to their greater political influence. Basic human attributes such as intelligence or courage, are inherently impossible to measure. And no statistical yearbook will ever contain series on the corruption of the government, or the use of torture.

One is tempted to draw the conclusion that factors which can be quantified are *ipso facto* of very limited social importance. That would be going too far, perhaps, but certainly they are given an excessive weight. Indeed, the variables any analysis can take into account depend very much on what are available. Decisions by official statisticians on which data to collect and publish, which concepts to use, and how to classify and process statistics—fundamentally political decisions—have a great influence on how we perceive both static and dynamic reality.

Statisticians do of course in the end respond to trends in political concern. But if they cling to outmoded priorities and conventions, and their responses are unimaginative, the adaptation of perceptions and policies to new realities can be slowed down. Without relevant data, social scientists will do little to raise new issues, and politicians will be protected from having to face them. Statistical inflexibility can contribute to political inflexibility, with socially damaging results.

This is now happening. Official statistics are in general acting as a brake on theoretical and political development. As we have seen, this has not always been so. National income accounting evolved rapidly in response to concerns about unemployment and later inadequate economic growth, and this helped to educate the politician and the public in how to manage demand and

1 References to the somewhat strange body of literature on statistical tests to decide whether countries were ready for independence can be found in 'Measuring the Development of Underdeveloped Areas', pp. 445-478 of **Underdeveloped Areas**, ed. Shannon, Harper, N.Y., 1957. Stuart Dodd proposed setting up criteria for measurement as "the first step towards the achievement of self-government" (p. 449) and, on the basis of 350 variables, duly weighted, produced an index which condemned some unfortunate colonies as "totally unfit".

2 This produces strange theoretical anomalies: thus if all parents went out to work and left the children locked in by themselves, the national income would soar, and the country concerned would appear a model of progress.

promote growth. But as environmental pollution and economic independence became increasing concerns in the 1960s, both for policy and analysis, there was little reflection in changing statistical priorities. Inequality has become increasingly important in public discussion, but detailed social, ethnic or geographical tabulation of (e.g.) income or mortality, are rarely available. Most data, in fact, are presented in national aggregates which conceal, perhaps not always entirely by accident, what are really the fundamental structural problems of the country concerned. National income growth rates tell us very little about a country which is severely fractured—for example, Spain.

Finally, the quality of published statistics is often very dubious. This is usually the result of premature aggregation. Most national income data, which are often published in response to pressures from international or bilateral agencies, are based largely on hypotheses and guesses—about (e.g.) food production or the rental value of rural dwellings. The great majority of rural services, manufacturing and construction are usually not covered at all. Guesses are, moreover, added to relatively firm data from establishments which keep accounts, the result being composite totals subject to substantial, but unknown, margins of error. In most countries any reasonably competent statistician could show a rate of economic growth two per cent (say) higher or lower than that actually published. This scope for professional discretion in official estimates of politically important variables naturally leaves the door wide open for improper pressures.

The Institute held in the summer of 1975, a study seminar on statistical policy, directed by Biplab Dasgupta, and a conference on the same subject. At these meetings, statisticians from all over the world, including the heads of the statistical offices of Colombia, Ghana, India, Malaysia and Trinidad, discussed the new priorities in statistics implied by recent economic and social trends, especially growing concern about distribution and the new international economic order. They considered whether international or national statistical offices were sufficiently flexible to be able to change statistical priorities and to discard standards and conventions as they became obsolete.

The conference proceedings, which were surprisingly lively for a profession chronically disinclined to fundamental controversy, were reported in **IDS Communication** 114. This issue of the **IDS Bulletin** contains three of the basic studies prepared for the conference, dealing with key areas of statistics which are clearly due for drastic reform in the light of the political and analytical needs of the second half of the 1970s. One such is employment. The failure, even in fast-growing economies, to mobilize the labour force in productive employment, lies at the root of many of the chronic problems of poverty and inequality. The paper by Manfred Bienefeld and Martin Godfrey explores the adequacy of existing concepts, taken over very largely from the industrial countries for analysis of this problem.

Another crucial problem today is how to control multinational corporations in the interests of the countries where they operate. On the basis of practical experience Reginald Green discusses how the prices charged by foreign companies can be monitored, and ends with a discussion of how international organizations could help national governments get a grip on this problem.

The final paper in this group, by Kari Levitt, discusses how the standard system of national income accounts needs reshaping, so as to bring out the special problems of economies dependent on one export (or a few), especially the economic role of foreign companies—a problem not really in the minds of Keynes and others responsible for the seminal work on national income accounting in the industrial countries.

The next article, by Angela Little, looks at the controversy, associated especially with the name of Jencks, over the measurement of the contribution of genetic and environmental factors to intelligence. This has less direct policy relevance—though many education ministries endorse the use of IQ tests as a means of selection—but it raises issues that are fundamental to the development of human capacity, issues which have often been confused rather than clarified by the statistics employed.

This is followed by a paper of quite a different type, by Radomiro Tomić, the Christian Democratic candidate for the Chilean Presidency in 1970, on the reasons for the fall of the Allende government. Because of its importance as an historic document, this is published in Spanish, with an English summary.

There are then three comments on the controversy in the first **IDS Bulletin** of 1975, on 'cultural dependence'. Further shots are fired by the original protagonists, Susantha Goonatilake and Michael Lipton, and a new protagonist, Rita Cruise O'Brien, also enters the lists.

In this issue we are printing two reviews of a single book. The last issue of the **IDS Bulletin** contained a critique by Colin Leys of the IBRD/IDS study **Redistribution with Growth.** Colin's views on the feasibility of a reformist development strategy were developed at greater length in his

recently published book, **Underdevelopment in Kenya.** This is reviewed here by Guy Hunter and Ronald Dore, experts with different professional experience, in terms of both discipline and geographical specialisation.

The final item is a review of a film, **Five Minutes to Midnight,** which is being widely distributed and will introduce many people in rich countries to development problems. A film of this kind is, on the face of it, very different from a UN book of statistics. Its director deliberately manipulates emotions; statisticians pride themselves on their dispassionate objectivity. Yet in both cases, the selection and juxtaposition of material imply some view of the world. This review analyses the film by asking what model it implies, and what are its implications.

D.S.