

11th CEIES Seminar EU Short Term Economic Indicators: Meeting New Needs

Part 1 - Current situation

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«The Users' View»



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THEME 1
General
statistics

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A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (<http://europa.eu.int>).

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First of all may I take this opportunity to thank the CEIES for organising this forum to exchange views on how new needs for short-term economic indicators can be met within the evolving structure that is the European Union (EU). As the first user view in this session, I intend to take a broad view on the issue to identify what I see as the critical areas where statistical needs are most pertinent. Issues of timelines, accuracy, transparency, consistency and so on I will leave to other contributors.

Also as a representative user from a smaller Member State, I will concentrate on the statistical indicator requirements that may be most pertinent to smaller countries, both incumbent and aspirant EU members. This is not to suggest that that different statistics are required as a consequence of a country's size, but it is worth highlighting the importance of scale for assessments in different economic environments.

The main statistical needs are be predicated on the fundamental changes that have occurred to the policy environment within the EU as a consequence of economic and monetary union (EMU) and the changing nature of economic activity internationally, driven by information technology led productivity improvements.

Membership of a monetary union requires forfeiting the ability to alter interest and/or exchange rates for each participating country. Within such an environment small open economies become much more like regional economies than national economies. In national economies, output growth and in turn its living standards depend on both employment and productivity growth. In a regional economy, the typical features are a small scale domestic market and highly open to international trade. The success of a regional economy depends on its ability to be a profitable export base and for that competitiveness is the key.

To surmise from this the two main indicators of future prosperity – are productivity growth and competitiveness. These are the important trends to capture and short-term indicators of how these factors are developing are critical for effective economic management.

To move to identifying where the short-term statistics need to be rededicated to, particularly for the needs of smaller member states, it may be useful to set out three broad categories for subsequent development within this forum.

1. Competitiveness Indicators

Having identified competitiveness as a critical determinant of activity for smaller regional economies, short-term indicators on cost conditions in particular across EU member states should be expanded and enhanced. The range of costs factors considered would need to reflect the changing compositional breakdown of economic activity within the EU, trends to “lighter” activity such as more service based activities where location and transport cost consideration may take different weights that previously.

2. Productivity Indicators

The role of productivity enhancement in the “new economy” paradigm obviously requires closer inspection in the battery of short-term economic indicators. The need to have indicators of emerging patterns in the growth of e-business and the sectors where it is most

advanced will also become critical for short-term economic assessments of productivity measurement.

3. Leading Indicators of Activity

EMU membership and the constraints of the Stability and Growth pact mean that the leading indicators of growth have become even more necessary for member states to steer their economies in time to avoid breaches. Indicators of monetary and fiscal stance along with potential output estimation are critical for short-term indication of economic activity with a monetary union when the range of short-term demand management options are limited.

These broad categories are obviously far from exhaustive but from a macroeconomic users' view these are the main policy parameters against which the pertinence of the extensive range of indicators provided by Eurostat can be judged.