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Reform at China's National Bureau of Statistics under Ma Jiantang 2008–2013[☆]



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ABSTRACT

Ma Jiantang has headed China's National Bureau of Statistics since September 2008. I review his career before arriving at the NBS, major reforms introduced in his first five years, shortcomings that remain in China's statistical system and alternatives to the official data that are springing up. Although Mr. Ma has accelerated the NBS reform agenda, significant weaknesses remain, calling into question everything from the true level of unemployment to the share of consumption and investment in gross domestic product, and opening a space for alternative providers to step in as sources of essential information on China's economy.

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1. Introduction - challenges for China's statistics system and Mr. Ma's early career

When he took over as head of China's National Bureau of Statistics in September 2008, Ma Jiantang inherited an outdated data system that lagged behind changes in the world's second largest economy and was the subject of widespread mistrust. Under Mr. Ma's leadership, the NBS has made changes intended to strengthen the reliability and comprehensiveness of the data, and build public confidence in the system. Despite that, significant weaknesses remain, faith in the numbers remains low, and a growing number of private and academic providers are moving to fill the gaps. This paper examines Mr. Ma's efforts to make improvements in China's economic data, and the gaps in data quality, data coverage, and public trust that remain.

Mr. Ma inherited a statistical system that had failed to keep pace with rapid changes in China's economy. Key developments – like the rapid growth in private sector employers - were left uncovered. The 100,000 staff of the statistical system had their loyalties divided between local governments who pay their wages and the National Bureau of Statistics in Beijing that demands their honesty. Sample sets for key data sets had exploded in size — resulting in an unwieldy and unreliably large number of firms reporting. Little was done to explain to a doubting public where the official numbers came from. Insiders in government and their friends in the markets often had access to key indicators before the public.

The bar for achievement as manager of China's statistical system had been set low. Xie Fuzhan, Mr. Ma's immediate predecessor, came to the NBS on the back of a career in research at the State Council's Development Research Center. Less than two years at the helm of the statistical system – from October 2006 to September 2008 – meant limited time to make meaningful

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¹ http://news.xinhuanet.com/rwk/2013-03/26/c_124505294.htm (accessed October 2013).

changes. Under Mr. Xie's leadership, the NBS expanded coverage of the services sector² and energy consumption and started work on efforts to take reporting online. Those modest achievements still put him streets ahead of his predecessor Qiu Xiaohua who managed only seven months in charge before being hauled off on corruption charges.³

Compared to his immediate forerunners, Mr. Ma's track record suggested that he could take a bigger swing at reform. Like Mr. Xie he had experience as a government researcher, with a graduate degree in economics completed in the Chinese Academy of Social Sciences from 1986 to 1988 and work at the Development Research Center from 1988 to 1996. At that time, economists at the DRC were active in making the case for the second wave of China's economic reforms. The State Economic and Trade Commission where Mr. Ma worked from 1996 to 2003 and the State Asset Supervision and Administration Commission where he worked from 2003 to 2004 were seen as weak and ineffectual compared to the state owned enterprises they were tasked with bringing to heel. But that period at least meant Mr. Ma added experience working in the central bureaucracy, attempting to turn reform proposals into policy, to his resume.

From 2004 to 2008, time in central government was complimented with real-world experience rising through the leadership ranks in Qinghai. Mr. Ma ended as deputy governor of the province, with a leading role in developing Qinghai's 11th five-year plan, overseeing major investment projects, and coordinating policy on energy efficiency. Mr. Ma also took the lead in economic and statistical work, delivering reports on the state of the provincial economy, and managing local implementation of the population census and the economic census. When he arrived as head of the NBS in September 2008 then, Mr. Ma combined his experiences as a researcher working with China's economic data, a policy practitioner attempting to nudge along the reform process, and a local leader with experience of how the statistics system works from the bottom up. With five years at the top of the NBS now under his belt, he has also had more time than any of the last five chairmen to bring about meaningful change.

2. Mr. Ma's reforms

The last five years have seen Mr. Ma extend and implement some of the reforms initiated by his predecessor, introduce a few of his own, and attempt to set a new tone for an NBS that is more open and responsive than in the past. In concrete terms, under Mr. Ma the NBS has broadened data coverage to reflect changes in the economy, strengthened reporting by reducing the role of local officials and the number of firms involved in surveys, and improved communication by explaining how key series are put together and cleaning up data dissemination. Top leaders appear to have lent some support to the program. At the National Statistics Working Meeting in 2010, when Mr. Ma laid out his agenda, Vice Premier Li Keqiang's call for "strengthening and reform" of the statistics system was invoked. Xi Jinping also nodded to the subject in one of his first speeches as General Secretary, saying that growth should be "genuine, with no added water" — using the well-known euphemism for local officials massaging growth data up.⁸

Expansion of data coverage sometimes reflected a response to public criticism. Wage data for 2009 showing average incomes rising 12% sparked a storm of controversy. Many of China's workers had seen wages stagnate or even fall as the global financial crisis hit. "The 65 thousand households surveyed by the NBS can't be normal households," was one of many doubting comments posted online. The high reported wage growth reflected an excessive focus of the NBS survey on the protected state sector, where workers were relatively immune to the global crisis. The next year the NBS rolled out a new series covering the private sector – providing a more complete picture of wage developments. Subsequently, the NBS launched a quarterly series on wages for China's 260 million migrant workers, also overlooked by the old sample.

Beyond the wage data, the NBS has expanded coverage by publishing regular monthly data on industrial profits, a breakdown of home prices by different unit sizes, and data on private sector investment in fixed assets. The statisticians have started detailing the contributions of different components of the consumer price index to the change in overall prices, and released data on income inequality.¹¹ China has come into line with international standards by publishing sequential growth rates for key data series — quarter-on-quarter growth rates for GDP, and month-on-month changes for industrial output and other high frequency indicators.¹² In other parts of the government, the People's Bank of China has broadened coverage of the non-bank financial system, with a new series on total social finance that captures credit from the growing bond market and trust companies, as well as finance raised through equity issuance.

Regarding the second of Mr. Ma's areas for improvement - strengthening reporting - a key challenge for the NBS has been the divided loyalties of local statistical offices. Local statisticians have their wages paid by local leaders that often care more about seeing healthy growth rates reported than they do about producing accurate data. In the Asian Financial Crisis in 1998, that problem is widely seen as resulting in a grossly exaggerated growth rate, with Chinese analysts feeling the chill from a "wind of falsification and embellishment" sweeping through the statistical system. Mr. Ma's moves to strengthen reporting have, in large part, aimed at reducing the role of local statisticians and local governments.

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<sup>2</sup> http://www.stats.gov.cn/tjgz/tjdt/200711/t20071112_16957.html (accessed March 2014).
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³ http://news.xinhuanet.com/politics/2006-10/19/content_5225029.htm (accessed October 2013).

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⁶ http://xxgk.qh.gov.cn/html/1671/200477.html (accessed October 2013).

 $^{^{7}\,}$ http://xxgk.qh.gov.cn/html/1664/172588.html (accessed October 2013).

http://news.xinhuanet.com/mrdx/2012-12/07/c_132024611.htm (accessed October 2013).

⁹ http://www.baike.com/wiki/%E8%A2%AB%E5%A2%9E%E9%95%BF (accessed October 2013).

¹⁰ http://www.stats.gov.cn/tjsj/zxfb/201105/t20110503_12711.html (accessed March 2014).

¹¹ http://www.stats.gov.cn/tjsj/zxfb/201403/t20140309_521093.html (accessed March 2014).

¹² http://www.stats.gov.cn/tjsj/zxfb/201403/t20140313_523709.html (accessed March 2014).

 $^{^{13}}$ Rawski, Thomas (2001). What's happening to China's GDP statistics. China Economic Review.

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