

# The Political Role of the Official Statistics in the former GDR

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- ◆ commissioned by a German Parliament's Commission in 1993, based on documents from archives, esp. of the **Central Administration of Statistics (CAS)**
- ◆ focus
  - not on organisational aspects, procedures, internal structure ...
  - but on relations between the CAS and political authorities (party leaders)

# Standards

- ◆ understand standards used in East / West
- ◆ see mistakes made in the West, too
- ◆ do not personalise, draw **general** conclusions

## Western standards

micro data	confidentiality (data protection)
macro data	to be published, made available to everybody

In the GDR both principles were completely reversed

## Statistics in a planned economy

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- Agitation and propaganda  
control of the implementation of plans
- criteria of quality (quality standards, GDR)
  - \* completeness
  - \* accuracy (verification of micro data)
  - \* speedy reporting and efficient processing of data
- not important
  - \* rights of the respondents
  - \* information of the general public
  - \* international cooperation

## Conclusions, the West (German Fed. Republic)

- Strong feelings against a census (protection of *micro* data)
- no appreciation of
  - \* the danger posed to the common good by secrecy or manipulation of *macro* data and
  - \* the positive critical role of statistics in a democracy

1. As with everything in life, it is **the spirit** from which something arises that determines the outcome. **Democratic standards** are the basis for everything

2. There can be no good statisticians without having a good (legal and political) **constitution** of statistics.

# Power of SED over GDR Statistics

**Instrument of power of the SED over statistics**

**Limits of power: the West**

**Basis: Ideology, the Cold War, 'Democratic centralisation'**

**Instrument 1**  
Integration of the CAS in the party **personnel policy**, inspections etc.

**Instrument 2**  
Party **monopoly on information** ('distributor', secrecy, publications, etc.)

**Instrument 3**  
Control of statistical **definitions** and **methods** as well as **'findings'** (results)

**The result: confusion and deceit, manipulation, falsification**

## 1 Partiality

- objectivity = relic of bourgeois consciousness
- propaganda  
" to make better use of statistics as a weapon for rousing the public and propaganda to inform and rally party organizations and all workers ... " (Arno Donda Sept., 1967)

## 2 Cold War

- Sun Tse  
" any military operation takes deception as its basic quality "
- readiness among the people to consider statistics in general as a state secret: vigilance towards the class enemy
- CAS an office almost like the intelligence service

### ◆ Status of CAS

- officially organ of the council of ministers
- spoon-fed by G.M. (Central Committee, CC)  
reports were appraised and criticised by the CC

### ◆ Personnel policy, political patronage

(decided exclusively on the basis of political usefulness)

- dismissal of leading personnel owing to contacts with relatives in West Germany
- external contacts (Budapest) and data transfers (Gini) possible only with the party's consent



- ◆ Domestic appearances e.g. before the press
  - statisticians were suspected of being politically unreliable
  - they were required to comment on their figures in a constructive ('forward oriented') manner ⇒
- ◆ In the case of divergence CAS vs. CC
  - figures had to tally with assessment the party already had submitted
  - statisticians lead by political opportunism made relevant proposals themselves

## Donda's proposal

In 1988 some important targets of the law on the national economic plan for industry were not achieved ... **We consider it necessary** to pinpoint the main reasons for the non-achievement of performance and efficiency targets,

**as we can expect reactions on the part of our class enemies**

which could be misused as speculation against East Germany.' (Letter from Donda 14<sup>th</sup> Dec. 1988)

Donda proposed 4% growth (1988 I) instead of the 4.5% of CAS, not because of methodological doubts but since *'... according to our calculations this pace of economic growth cannot be sustained in the second half-year'*

### ◆ The (flawed) position of the West

- cover-up or dressing-up of statistics less critical than falsification; verbal comments harmless
- the little in the way of data that was published was correct (because internally used in the GDR)

" ... it says something for the correctness of statistics however, that documents, models and forecasts on economic policy decision-making in East-Germany were chiefly drawn up with the use of published material. Consequently, the use of official statistics seems justifiable."

### ◆ Control of the dissemination of statistics

- public dissemination: 'forward oriented' comments
- statistics for internal use: the instrument '**distributor**', material of different levels of secrecy (NFD = for official use only, ..., GVS = classified as secret)

### ◆ Hence it was not uncommon

- even for state bodies to learn only 'half-truths' and use incomplete data
- for the party to make use of
  - \* double data collection (separate inquiries to check CAS)
  - \* figures other than those that were published

- ◆ The most spectacular intrusions in statistics
    - definitions (methods)
    - results (falsification)
  - ◆ Definitions to get big (or small) figures
    - buildings (flats)
    - industrial robots, CAD/CAM systems
- ◆ interventions of the party have gone back much further than previously assumed
  - ◆ misinformation established consciously was considerable (e.g. industrial robots 1:17)

### ◆ **The dilemma**

the more discernible it became that its great leap forward had not succeeded the greater the dilemma

- the GDR wished to be seen as one of the most industrialised countries
- it also wanted to play it close to its chest

### ◆ **The consequences**

- the 'provision of figures' to international organisations was increasingly a thorn in the side of the political leadership
- GDR became increasingly isolated even within the COMECON (esp. Soviet Union)

# Result of wielding political influence

The result: confusion and deceit, manipulation, falsification

**intentional effects**

**unintentional effects**

Self deceit

Cost of control

**Confusion + selective publications**

misleading terms: VM, NSW

**Manipulation**

1. words (comments)
2. numbers
  - base period
  - selection of goods
  - "base adjusting"

**Falsification**

Example: 'revisions' in the reports on foreign trade statistics to be submitted to the UN and the COMECON

### ◆ Terms in order to create misunderstandings

- non socialist economic territory (NSW)  
≠ hard currency countries
- Valutamark (VM) 'exchange mark'

Donda: 'intentional ambiguities in our foreign trade statistics'

### ◆ Prohibitions of publication

- emigration, suicides, number of high school leaving certificates, employment in the 'x-field'
- only exports plus imports ('turnover'), not balance



### Considerations that played a very important role

- publish or not publish?
- publish now or later (such that an 'adjustment' can be made if a drop is only temporary)?
- report absolute figures or only rates of increase?
- which base year?
- Provide commentary or not  
if so how should it be worded  $\Rightarrow$  'forward-oriented'

## "Forward orientated" wording

Reality	Written proposal
<b>Non-fulfilment of large sections of the plan</b>	<b>'to be published, although in some cases we can expect reactions from the class enemy'</b>
<b>Drop in prime costs: plan 2.3% actual only 1%</b>	<b>it has 'become apparent that further provisions for reducing costs must be found'</b>
<b>Output in the chemical industry, plan: +11.9%, actual +2.6 %</b>	<b>'Measures have been implemented ... to increase performance'</b>
<b>'The contribution of science and technology ... has diminished since 1986'</b>	<b>'Returns from ... peak technical and scientific output ... can be further increased'</b>

The West did not believe in the newspaper "Neues Deutschland" but in the official statistics

### ◆ Explanations intentionally omitted

a footnote in 'the CAS' source documents' but not in tables for public relations work

### ◆ Altering the choice of goods

- in production statistics only goods where output had risen
- in price statistics only if price had dropped or remained constant

this could easily be verified by (Western) outsiders ⇒

# Manipulative tricks: choice of goods (part 2), base adjusting

## Examples for manipulative changes of the basket

in yearbook 1987 but no longer in yearbook 1988	in yearbook 1988 instead of articles in 1987
men's casual suits	men's short socks
cardigans, pullovers	adults' track suits
small type writers	plastic bins
stereo audio systems	matches

### ◆ 'Base adjusting'

change of the previous year value  $x_{t-1}$  later in  $t$  when a growth rate is calculated (similar: 'plan reduction')

- 'the scheduled base adjusting is no longer possible as the previous month's figures are already in Geneva'

Proposal submitted to G.M. and others relating to the statistics of foreign trade (with non socialist countries, NSW)

'In the interests of showing an export surplus'

revisions are proposed:  
exports + 2.2 billion VM  
imports + 1.1 billion VM

*Do. fort*  
16.10.1987

**Vorschlag**  
zur Übergabe von Außenhandelsangaben an den RGW und UNO-Organen  
für den Zeitraum 1.1. - 30.9.1987

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Zum Export und Import insgesamt mit dem NSW

1. Für das 1. Halbjahr 1987 ergaben die statistischen Abrechnungsergebnisse im Gesamthandel mit dem NSW einen Importüberschuß von 250 Mio VM.

Im Interesse des Ausweises eines Exportüberschusses und unter Beachtung der Entwicklung zu den gemeldeten Angaben im Vorjahr wurden die Abrechnungsergebnisse für den NSW-Export um 2,2 Mrd. VM und den NSW-Import um 1,1 Mrd. VM erhöht.

Auf dieser Grundlage wurde dem RGW und den UNO-Organen für das 1. Halbjahr 1987 ein Exportüberschuß von 850 Mio VM gemeldet.

2. Im Zeitraum 1.1. - 30.9.1987 wurden im Gesamthandel mit dem NSW folgende Ergebnisse nach der Methode und zu Umrechnungsverhältnissen für die Öffentlichkeitsarbeit erreicht:

		im Vergleich zum 30.9. des Vorjahres	
		zum tatsächl. Ist	zum gemeldeten Ist
Export	16 603 Mio VM	100,9 %	82,6 %
Import	17 182 Mio VM	114,3 %	92,0 %
Umsatz	33 785 Mio VM	107,3 %	87,7 %
Import- überschuß	579 Mio VM		

◆ The result for the first three quarters of 1987 was therefore

+ 521 million VM

◆ However, in actual fact the result was, negative

- 579 million VM

3. Damit auch per 30.9. ein Exportüberschuß gemeldet werden kann wird vorgeschlagen, Veränderungen in gleicher Höhe wie für das 1. Halbjahr vorzunehmen.

Daraus ergibt sich ein Exportüberschuß von 521 Mio VM.

Gleichzeitig wird damit erreicht, daß kein zu starker Rückgang beim Export und Import im Vergleich zu den im Vorjahr gemeldeten Angaben eintritt.

Daraus ergibt sich ein zu meldender

		zum gemeldeten Ist 30.9.1986
Export	von 18 803 Mio VM	= 93,6 %
Import	von 18 282 Mio VM	= 97,9 %
Umsatz	von 37 085 Mio VM	= 95,7 %
Export- überschuß	von 521 Mio VM	

4. Der Exportüberschuß im Handel mit dem sozialistischen Wirtschaftsgebiet beträgt 2 044 Mio VM, so daß für den Außenhandel insgesamt ein Saldo von + 2 565 Mio VM per 30.9.1987 an den RGW und UNO-Organen gemeldet wird.

This document \*  
provides  
evidence of an  
intervention of  
Mittag:

521 was not  
enough  
G.M. ordered to  
publish 910  
instead of 521

\* doc. 15.10

15.10 30.10.87  
Ritter v. ...  
Genosse H. Neumann hat mich am 30.10.87 <sup>besucht</sup> über folgende  
den Leiter der IZS, Gen. Prof. Janda, zu informieren:  
Da im Schreiben des Leiters vom 16.10.87 zu den Außenhandelsangelegenheiten  
für RDV und LWD ausgewiesene Exportüberschuss je 30.9.87 in  
Höhe von 521 Mio VM wurde von Gen. Fr. Mittag nicht bestätigt.  
Entsprechend eine Entschädigung von Gen. Fr. Mittag ist ein Exportüber-  
schuss von 910 Mio VM auszuweisen.  
Gen. Ehrenpreis hat die Gen. Schallt und Zeit informiert, dass Gen. Janda  
die mit seiner Entscheidung verbundenen notwendigen Veränderungen mit den  
Gen. Frenke und Blossing abstimmt.  
Gen. H. Neumann bittet um Information über die neuen Ergebnisse.  
Ort  
30.10.87

Comrade \_\_\_\_\_ instructed me on 30 October 1987 to inform the leader of the CAS, Comrade Prof. Donda, of the following:

the export surplus reported in the leader's communication of 16 October 1987 regarding data on foreign trade for the COMECON and the UN of 30 September 1987 of 521 million VM **was not confirmed** by Comrade Dr. Günther Mittag. In accordance with a decision by Comrade Dr. Mittag, an export surplus of 910 million VM **is to be reported.**'



# Foreign Trade Statistics 4

How the required "corrections" were made in order to comply with Mittag's order?

by reducing imports from **18,282** to **17,893** and note 3054

<sup>910</sup>  
1817823  
36696

3. Damit auch per 30.9. ein Exportüberschuß gemeldet werden kann wird vorgeschlagen, Veränderungen in gleicher Höhe wie für das 1. Halbjahr vorzunehmen.  
~~Daraus ergibt sich ein Exportüberschuß von 521 Mio VM.~~  
 Gleichzeitig wird damit erreicht, daß kein so starker Rückgang beim Export und Import im Vergleich zu den im Vorjahr gemeldeten Angaben eintritt.

Daraus ergibt sich ein zu meldender

		zum gemeldeten Ist 30.9.1985
Export	von 18 803 Mio VM	= 93,6 %
Import	von 148 282 Mio VM	= 107,9 %
Umsatz	von 137 087 Mio VM	= 105,71 %
Export- überschuß	von 521 Mio VM	

(910)

4. Der Exportüberschuß im Handel mit dem sozialistischen Wirtschaftsgebiet beträgt ~~2 044~~ Mio VM, so daß für den Außenhandel insgesamt ein Saldo von ~~12 569~~ Mio VM per 30.9.1987 an den RGW und UNO-Organe gemeldet wird.

3054

Wert für Österr. 30,2  
1150 help. abgez.

Wert für die Türkei 30,2  
1315 help. abgez.

- 910 now was **the** official result and reported to the UN and to COMECON
- note the term "zentraler Hinweis" (hint, recommendation) and note 2954

3. Für den 30.9. wird auf Grund eines zentralen Hinweises ein Exportüberschuß von 910 Mio VM festgelegt.

Daraus ergibt sich ein zu meldender

		zum gemeldeten Ist 30.9.1986	
Export	von 18 803 Mio VM	=	93,6 %
Import	von 17 893 Mio VM	=	95,8 %
Umsatz	von 36 696 Mio VM	=	94,6 %
Export- überschuß	von 910 Mio VM		

4. Der Exportüberschuß im Handel mit dem sozialistischen Wirtschaftsgebiet beträgt 2 044 Mio VM, so daß für den Außenhandel insgesamt ein Saldo von + 2 954 Mio VM per 30.9.1987 an den RGW und UNO-Organen gemeldet wird.

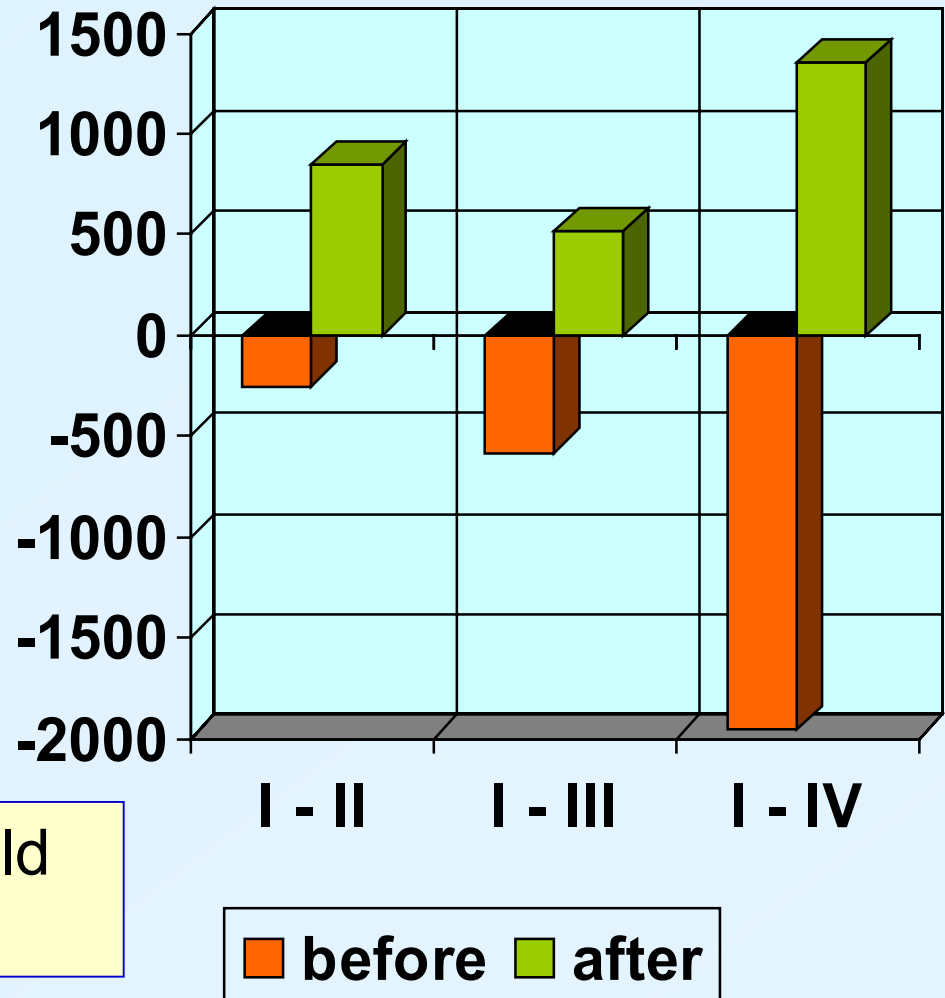
## Why 910 and not 521?

The reason seems to have been:

**figures have to show continually**

1. **increase** in exports
2. foreign trade **surplus**
3. an **increasing** export **surplus** over the course of the year

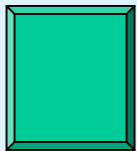
With 510 restriction 3 would have been violated



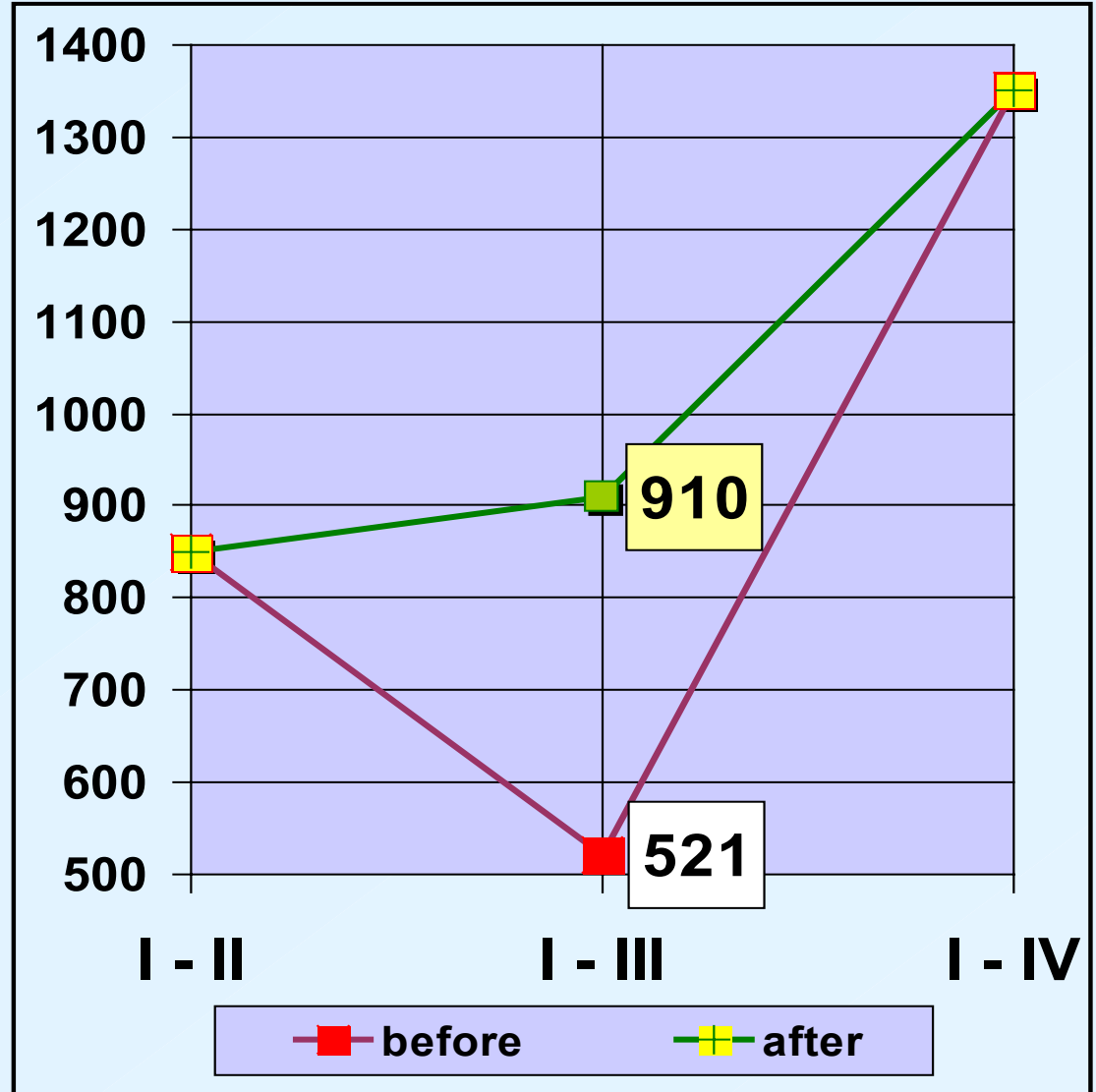
## Why 910 and not 521? (part 2)

starting with 850  
for the first two  
quarters (I - II)  
521 would have  
suggested that the  
third quarter had  
ended with a  
negative balance

$$521 - 850 = - 329$$



Annual data



## Some quotations 1: efforts made to hush up falsification

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Judging from previous years' experience, the modest rise possible in the actual data is a prerequisite for being able to publish credible findings in the future

It will be ensured that the revisions to be made ... cannot be checked by the organs of COMECON and the UN

No inconsistencies should arise regarding any data published in press reports owing to this practice

In order to attain 'a justifiable rise in exports'

## Some quotations 2: the West; only results matter

In the proposal ... it was assumed that ... this finding could be understood using data on the exports and imports of partner states. For this reason ... I do not think it is possible to work with an even higher level of revision

Or there is talk of a  
'reduction' necessary to 'guarantee the data required on growth and the balance of trade'

In the interest of providing evidence of an export surplus and in accordance with the development of data to be reported

‘The widening of published statistics to figures on foreign trade is risky, for reasons that you are well aware of. For this reason, I request you ensure that your staff double check to what extent data from the new statistics can be submitted that Western institutes and press organisations could construe contradictions from with the data already published.’

## US-example (Boskin Commission)

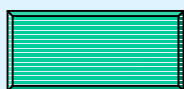
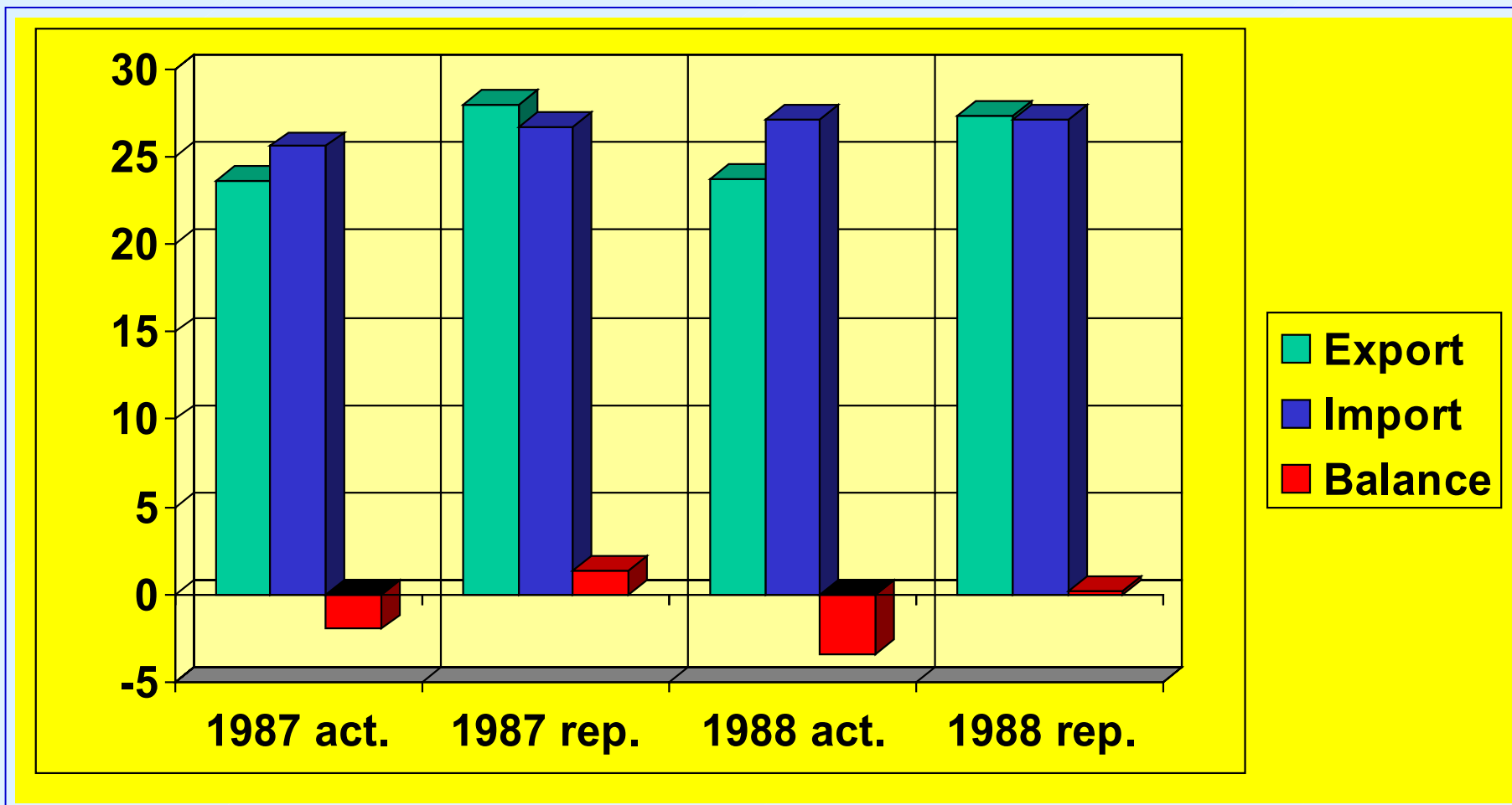
Inflation rate was higher than (politically) desired

'We have a handful of bureaucrats who, all professional economists agree, have made an error in their calculations. **If they can't get it right in the next 30 days or so , we zero them out**, we transfer the responsibility to either the Federal Reserve or the Treasury and tell them to get it right.'

Senator Newt Gingrich US-Congress 1995



# Actual and reported data on foreign trade 1987, 1988



quotations

## 1 Absence of a critical public

## 2 Self deceit:

CAS was genuinely convinced that the GDR fared much better than was actually the case

- GDR had outstripped the U.K. in terms of per capita national income
- labour productivity was higher than in Japan

In 1985 CAS submitted an internal paper to the CC with the following results ⇒

# GDR labour productivity in international comparison

**GDR = 100**

	<b>1970</b>	<b>1980</b>	<b>1983</b>
<b>Poland</b>	64.9	64.5	55.5
<b>SU</b>	86.2	84.7	83.3
<b>FRG</b>	144.9	142.8	142.8
<b>UK</b>	114.9	101.0	109.9
<b>Japan</b>	79.4	84.0	85.5

3 Incorrect data as a basis for statistics

- ◆ Errors, "lies", and falsification in statistics
- ◆ milder forms of shady statistics are often wrongly dismissed as trivial offences  
**however**  
such behaviour is reprehensible, since  
**it ruins the trust in reliable statistics**
- ◆ Manipulations and secretiveness in the GDR statistics seems to have even been detrimental to the GDR itself

# The double sided role of the West (1-L)

◆ Directly:  
as a naive user of  
GDR Statistics

Analysts with a 'statistical',  
'value - free', and more  
technocratic approach mis-  
judged the situation much  
more than those who pre-  
ferred ideology to statistics

**Hardly anybody has  
owned up to his errors**

## The double sided role of the West (2-R)

◆ Directly:  
as a naive user of  
GDR Statistics

Analysts with a 'statistical',  
'value - free', and more  
technocratic approach mis-  
judged the situation much  
more than those who pre-  
ferred ideology to statistics

Hardly anybody has owned  
up to his errors

◆ Indirectly:  
having set up a network  
for international co-  
operation (spirit of trans-  
parency + democracy)

In this role as a pacesetter for  
international cooperation the  
West made a decisive con-  
tribution to the collapse of the  
GDR statistical system

- the price East Germany had to pay for preserving its international reputation was very high  
covering-up of statistics, safeguarding of the storage of data, cost of control were formidable and at the same time futile
- it is no exaggeration to say that the system of official statistics in the GDR was defeated first and foremost from abroad
  1. transparency in matters of statistics is an instrument of democratisation
  2. In the end the (defeated) official statistics in the GDR was practically a mirror of the collapsed GDR economy

## Second attempt to draw conclusions: the lesson we should learn

1 The **basis** of everything: **democratic principles**, self-image as serving everybody

2 Building a democratic **constitution** of statistical **offices** to ensure

- ♣ independence
- ♣ practices: transparency, competition
- ♣ constant strive for competence and integrity

3 Safeguard **acceptance** of official statistics >



### **3 safeguard acceptance of official statistics**

- ♣ professional integrity of statisticians (only in this way can acceptance be achieved in the long run)
- ♣ statisticians should be more assertive to act against improper use of statistics and to call for the state to refrain from cutting back on resources

The experience of GDR statistics could perhaps heighten awareness that the neutrality of statistics, the use of statistics by everyone, and an independent statistical authority is just as much an element of democracy as freedom of speech.

### 3 acceptance

- ♣ as it is relatively easy to emotionalise the general public against official statistics  
**preserving a democratic statistics calls for an on-going protection of statistics by politicians**  
In Germany the danger of improper use of personal data was seen, but not the danger that a state through monopolisation and politicisation of statistics could guard its knowledge from the citizens

the end

# Thank you

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