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The Media & Government Statistics

Comment, By Ron Robins

Why doesn't the media critically assess government-published statistics? Objective discussion of the reliability of statistics issued by government departments is rarely found in the mass media, despite the concerns of some economists that such statistics are often unreliable.

For example, consider the U.S. Consumer Price Index or CPI. According to John Williams, a New Jersey consulting economist who has specialized in government statistics for several decades, "Inflation, as reported by the [U.S. Bureau of Labor Statistics'] Consumer Price Index is understated by roughly 2.7% per year... due to recent redefinitions of the series as well as to flawed methodologies, particularly adjustments to price measures for quality changes." As a result of understating inflation, the U.S. government can more easily sell its bonds and hold interest rates low for business and consumer borrowing. Such a result as this would be a clear political goal. In fact, the person heading the US Bureau of Labor Statistics is a political appointee.

So bias in presenting statistics for political gains cannot be overlooked. Mr. Williams may be right or wrong in his analysis, but my point is that journalists and the media generally fail to comment, as he does, upon the reliability of government statistics. Why is this the case?

Jeff Sanford, a staff columnist at *Canadian Business*, blames many journalists, who "are not that literate in basic math and statistical skills... and are not even aware of some of the biases that can be (found) in statistics." Jonathon Chevreau, a columnist at the *Financial Post*, notes that criticism of statistics often depends on the amount of time or space the journalist has to work with. "[Journalists] would rather go with interesting information than wasting a sentence explaining how the methodology [of the statistic] actually happens." Christopher Waddell, Associate Director of the Carleton University School of Journalism, in Ottawa, offers another perspective. "The biggest problem with statistics and journalism is that too often numbers are used without the context surrounding them." In particular, "Television reporters have difficulty with statistics because they are difficult to present... it's hard to listen to, or show a bunch of statistics, and make sense of them."

As noted in *The Monitor* essay on Publishing and Printing, employers and the big wire services enforce a sweatshop environment on journalists. In a high pressure atmosphere geared to getting the news out as fast as possible, background information is inevitably excluded. The reliability of easily available statistics is assumed, and not researched, analyzed, explained or criticized, to the ultimate detriment of the reading public. Given all this, it is not surprising that government statistics often have uncritical free rein in the media.

In a recent article, *The Problem of Accuracy of Economic Data*, Philipp Bagus states, "We face the question of why the problem of accuracy of economic data is rarely mentioned or passed over in silence in economics [and in the media too], while in the physical sciences this problem is widely acknowledged... In contrast to physics, there is still no estimate of statistical error within economics. The various sources of error that come into play in the social sciences suggest that the error in economic observations is substantial... Economic statistics cannot be accepted at face value."

Recently, while researching detailed notes on the U.S. unemployment rate, given as 4.6% for September 2006, in a separate document, I found that the actual number had a 90% probability of being anywhere from around 4.4% to 4.8%. So, when we hear that the unemployment rate falls from say 4.8% to 4.6% over several months, we can not be sure that unemployment is really falling. So why is this type of information not in their 'Employment Situation Summary' press release? Even private polling firms provide upfront details of sampling errors. The non-reporting of important background information by government statistical departments goes some distance in explaining why journalists and the media do not critique the reliability of such data.

Even Statistics Canada does not include any discussion of error or degrees of confidence in their major economic press releases, such as the Labour Force Survey and GDP reports. They are sometimes provided, but usually buried in detailed notes under separate documents.

Most people watch, read or listen only to the mass media. If inaccurate statistical information is passed on to us by the mass media, and people do not consult any other sources for verification, then bad decisions are more likely to be made. If business believes the job market is growing when it may not be, unnecessary business investment and declining profits may result. Government statistics play an important role in business and financial decisions. Journalists and the media perform a great disservice to business by not understanding, explaining, and critiquing them.

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Ron Robins, MBA, is founder of Investing for the Soul, (www.investing-forthesoul.com), Huntsville, Canada. He advocates, writes and teaches on the subject of ethical and personal values based investing. He can be reached at <ronr@investingforthesoul.com> or call 705-635-3034.