



# Lying With Statistics

**It's time to bring  
government information  
into the 20th century.**

By Robert Luhn

*There are three kinds of lies: lies,  
damned lies and statistics.*

—DISRAELI

FACT: *Half of all marriages end in  
divorce.*

FACT: *A woman over 40 has a bet-  
ter chance of being killed by a ter-  
rorist than of finding a husband.*

FACT: *Loving County, Texas (pop.  
91), is the richest county in America.*

FACT: *All of the above are false.*

gerously skewed public policy. Dr. Martin Fleming, former chairman of the Statistics Committee of the National Association of Business Economists, points out that the Bureau of Economic Analysis' projected growth for the 1989-90 GNP was far too optimistic. The result? "The Fed thought the economy was healthier than it was, and altered its monetary policy accordingly." It was the wrong conclusion at the wrong time, and the economy sank like a stone.

California was sucked into the same vortex, in part because the Department of Finance managed to underestimate revenues 25 straight months. But Ted Gibson, CDF's principal economist, claims political pressure was less a factor than outmoded practices. "The recession hit the service industry particularly hard," says

data, you can find random patterns and trends that support just about any position or philosophy." The key, say statisticians, is properly analyzing the *right* sample.

That's no easy proposition, because policymakers often just extrapolate from last year's data—without considering indicators to the contrary. "We call it the 'Lake Wobegon' effect," says Edward Tufte, a renowned statistician and author of *The Visual Display of Quantitative Information*. "It's the assumption that 'everything is above average' when in fact, things like the U.S. economy have been *below* average." The result: Rosy forecasts lead policymakers down the garden path.

In many cases, the "experts" can't even agree on basic definitions—or what data should be gathered or

child, because if you do, you discover that California is at the bottom of the heap." Fellmeth points out that between 1986 and 1990, actual birth records show the number of children under 4 grew by 4 percent to 5 percent; the CDF claims it's only 2 percent. "The Department of Finance is simply lying—but they're the messenger and they don't want to deliver bad news," says Fellmeth.

It is clear that getting trustworthy data can be tough for legislators. The legislative analyst's office has an anemic budget, while the departments of finance or planning and research "serve the governor's agenda," in the words of one legislator. Assemblywoman Jackie Speier, D-South San Francisco, says a lack of objective data from the state often forces her to seek out "sanitized" sources such

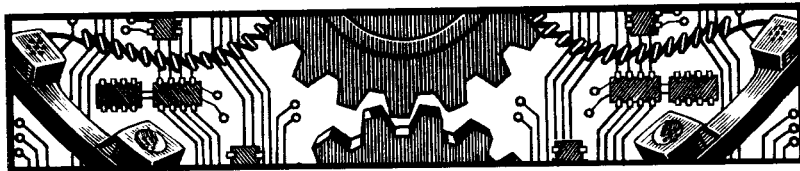
as the Consumers Union. But when these fail: "I go by my gut."

Disturbing as that is, there is some hope. Michael Boskin, George Bush's chief economic adviser, has been pushing for a multimillion-dollar upgrade of national statistical agencies. And some of the solutions offered by pros make a lot of sense. Replacing political appointees with independent statistical analysts, for example, would serve everyone better. And Ted Gibson raises a tired hand to suggest we look at real-world information—such as tax returns and payroll records—before making pie-in-the-sky projections.

Either way, it's clear that the state—and the federal government—better get their acts together, and fast. Can an increasingly service-based political economy afford *not* to measure itself precisely? As Jackie Speier said one day in the midst of California's worst-ever budget battle, "It's hard to believe that a society as technologically advanced as ours is still doing chicken scratchings."

If we're not careful, all we may have left is chicken droppings. ❖

## TECHNOCRACY



**L**IES? DAMNED LIES? No, they're just conclusions based on wobbly statistics—the science of assembling, classifying and tabulating numerical data to "present significant information about a given subject." Or so says the dewy-eyed *Webster's New 20th Century Dictionary*.

Of course, statistics aren't just the tools of dispassionate, lab-coated scientists. They're also weapons, and no self-respecting public policy players wade into battle without fistfuls of factoids. Statistics, like swords, may be forged from identical base metals (in this case, raw data), but which way they cut largely depends on who's honing the blade.

Statistics infiltrate—some say, dominate—public debates on everything from divorce rates to tax reform. Worse, critics contend that the misuse of statistics has at times dan-

Gibson. "Yet, the statistical measures we use were crafted in the '40s and '50s, when we were a manufacturing society. Today, two-thirds of our economy is in the service sector, but we don't know how to measure it."

Gibson does admit that certain, um, political pressures affect CDF's work. "There's an institutional reluctance to admit revisions. It's the worst thing [politicians] can imagine doing," says Gibson. "So we have to be very careful, because the first number we give them is taken as truth."

And the "truth" can be slippery indeed. According to Dr. Mike Orkin, chairman of Cal State Hayward's statistics department: "Given enough

when. And even if the data is pristine, political pressure often mangles the results. "Statistics are like the Bible," says Richard Sybert, head of Gov. Wilson's Office of Planning and Research. "You can always find something to support your position if you look hard enough." Sybert argues, for example, that state education funding should be based on dollars spent per teacher, not per pupil.

To Robert Fellmeth, a University of San Diego law professor and director of the Children's Advocacy Institute, this is budget demagoguery. "The Wilson administration has fucked children!" he froths. "They don't want to look at dollars per

*With this issue, Robert Luhn and Anita Amirrezvani begin a monthly column on technology in government and politics.*