

Measuring by Executive Order

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Introduction

Sound economic policymaking depends on trustworthy data. While theories, authority, and influence all play a role in shaping decisions, it is data that provides the essential foundation for understanding reality and building consensus. Accurate, timely, and credible statistics allow policymakers, businesses, and households to make informed choices. When trust in those statistics is undermined, the entire policy-making process suffers. This is particularly concerning in the United States, where millions of individuals and organizations rely on the work of federal statistical agencies to guide decisions with profound economic and social consequences.

Yet today the integrity of US economic data faces mounting pressures. Political interference, declining survey response rates, shrinking budgets, and growing mistrust in institutions all threaten the reliability of the numbers on which so much depends. While US agencies remain global leaders—closely followed and admired by their counterparts abroad—the risk is that credibility once lost may take decades to rebuild, as illustrated by experiences in countries such as Argentina. The stakes are high: without reliable statistics, policymakers may misjudge the economy’s health, investors may lose confidence, and the public may disengage from official measures altogether.

Measuring the US economy: rising challenges

Capturing the complexity of the US economy is among the most formidable tasks any country faces. Millions of individuals interact across millions of establishments, making billions of decisions each day. These interactions form intricate feedback loops that resist simple measurement. To meet this challenge, the US relies on 13 major statistical agencies, which constantly balance traditional challenges on timeliness, accuracy, cost, and credibility, outlined in Box 1. That balance has become increasingly fragile, with three major threats rising in prominence in recent years.

One of the most significant threats today is the **sharp decline in survey response rates**. Statistical agencies depend heavily on surveys of households and firms to construct measures of employment, inflation, and other core indicators. Yet response rates have fallen dramatically in recent decades, particularly in establishment surveys. For example, the Current Employment Statistics survey, a cornerstone of the monthly jobs report, saw its

response rate fall from around 60 percent before the pandemic to just over 40 percent last year. Low response rates introduce bias, delay revisions, and weaken the representativeness of key statistics. They also create a vicious cycle: when trust in institutions declines, firms and households are less willing to respond.

A second challenge is **funding constraints**. Agencies such as the Bureau of Labor Statistics (BLS) and Census Bureau face shrinking budgets that limit their ability to innovate, adopt new technologies, and expand data collection efforts. Even relatively simple issues, such as suspending local price collection due to staffing shortages, stem from resource constraints rather than methodological failings. Without adequate investment, agencies cannot build the innovation centers or infrastructure necessary to adapt to rapid changes in the economy.

Third, the system faces risks of **political interference**. The disbanding of advisory committees, the dismissal of statistical leaders, and politicized nominations may not immediately alter data quality, but they undermine transparency and credibility. Once people suspect that data is being shaped by political motives, trust collapses quickly and it becomes very difficult to rebuild. The Argentine experience in the 2000s demonstrates how damaging such episodes can be, with trust in official statistics destroyed for more than a decade.

BOX 1

The Eight Traditional Challenges of Statistical Offices

1. **Data Timeliness vs. Accuracy:** Economic conditions change quickly, but collecting, cleaning, and verifying high-quality data takes time. Balancing speed and reliability is a constant tension.
2. **Coverage of the Changing Economy:** Traditional surveys and classifications (e.g., NAICS, SOC) may not fully capture emerging industries, gig work, informal work, or digital platforms. New forms of employment often fall outside standard definitions. Constructing indices like the CPI is harder when goods/services evolve rapidly (e.g., new technologies, changing quality, subscription models). Adjusting for quality (hedonic adjustments) is contentious.
3. **Survey Response Decline:** Fewer households and firms respond to surveys, leading to sample bias and measurement error. Non-response and attrition have grown over time.
4. **Data Integration and Privacy:** Linking administrative data (like tax records or payroll) with surveys can improve accuracy, but raises legal, privacy, and methodological challenges.
5. **Granularity vs. Burden:** Policymakers and researchers demand fine-grained, real-time data, but expanding surveys or requiring more detail increases respondent burden and costs.

6. **Capturing Inequality and Distributional Effects:** Standard averages can mask disparities across demographic groups, regions, or occupations. Measuring inequality and subgroup trends requires more detailed data collection.
7. **Globalization and Global Supply Chains:** Economic activity and labor markets are increasingly global, but national measures are U.S.-focused, making it difficult to capture cross-border production and labor effects.
8. **Public Trust and Communication:** Economic statistics influence markets and politics. Maintaining credibility, methodological transparency, and clear communication is essential but challenging in polarized environments.

Together, these challenges underscore that reliable economic data is neither automatic nor guaranteed. It requires resources, institutional independence, and above all, public trust.

Why revisions are needed

Revisions are often misunderstood as signs of failure or bias, but they are in fact essential to the production of accurate statistics. Initial estimates are produced quickly, using partial or preliminary information, because policymakers, businesses, and the public cannot wait months or years for complete data. As additional information becomes available, statistical agencies refine and improve their estimates. This process is not only expected but vital for credibility and accuracy.

There are four main reasons why revisions are needed:

1. **Incomplete early data:** First releases rely on partial survey responses, early returns, or administrative records. As more responses arrive, the estimates are updated and refined.
2. **Updated sources:** Later revisions incorporate more comprehensive datasets such as tax filings, unemployment insurance records, or census data, which arrive with delays but add depth and accuracy.
3. **Methodological improvements:** Revisions adjust for seasonal patterns, benchmarking, and updated classifications, ensuring that statistics remain consistent over time.
4. **Economic change:** As the structure of the economy evolves—through new industries, digital platforms, or changes in consumption patterns—revisions integrate these shifts so that measures continue to reflect reality.

A useful analogy is weather forecasting. The first estimate is like tomorrow's forecast—imperfect but essential for immediate planning. Later revisions are like looking back at the

week with full satellite data: more accurate, but less useful for day-to-day decisions. Both are necessary, and both serve different purposes. Policymakers may rely on preliminary numbers to act quickly, while investors and analysts turn to revised data for a clearer long-term picture. Far from signaling failure, revisions are a hallmark of a healthy statistical system that adapts as better information becomes available.

Declining survey response rates add another layer of complexity: when fewer households and firms participate, agencies must rely more heavily on imputation and later revisions. Improving this situation requires not only methodological innovation but also rebuilding trust. Firms and households are more likely to respond when they believe the statistical office is independent and its work is free from political manipulation. Ironically, political actions that undermine credibility risk depressing response rates even further, making revisions larger and more frequent.

Manipulation risks and historical examples

While revisions strengthen credibility, deliberate manipulation of statistics destroys it. Macro-data is central to evaluating the performance of policymakers, shaping public perception, and influencing financial markets. The temptation to politicize or distort data has therefore been a recurring feature in history—and its consequences are consistently damaging.

Historical cases highlight the costs:

- **Soviet Union (1930s–1980s):** The USSR consistently politicized its statistics, inflating agricultural and industrial outputs while concealing failures. During Stalin's era, grain harvests were overstated and famine was hidden, and later, growth and productivity were systematically exaggerated to project economic strength. When archives opened in the 1990s, it became clear that decades of statistics had been unreliable, contributing to poor resource allocation and the collapse of the planned economy.
- **Romania (1980s, Ceaușescu era):** During Nicolae Ceaușescu's regime, Romania's official statistics were manipulated to support his policies of debt repayment and autarky. Agricultural and industrial production figures were inflated, while consumption shortages were hidden from the public record. The manipulation created a severe disconnect between reported success and the lived reality of scarcity and deprivation. This contributed to the country's economic breakdown and fueled the political unrest that culminated in the 1989 revolution.

- **China (1990s–present):** Provincial governments have long had incentives to exaggerate GDP growth and fiscal health to meet central targets. Multiple provinces—including Liaoning (2017) and Inner Mongolia (2018)—admitted fabricating data, with reported GDP far above reality. Although central authorities sometimes correct these figures, distrust persists, leading both the Chinese government and external observers to rely on indirect indicators like electricity usage or freight volumes. This undermines confidence in official national accounts, especially during periods of economic slowdown.
- **Greece (2000s, especially 2004 and 2009):** Greece misreported fiscal deficits and debt figures for years to qualify for euro area restrictions. In 2004, the government admitted past underreporting, and in 2009, it revealed that the deficit was actually over 15 percent of GDP, not the 6 percent previously claimed. These revelations shattered trust in Greece’s statistics, triggered the Eurozone debt crisis, and forced harsh austerity and bailout packages, while also prompting EU-wide reforms in fiscal monitoring.
- **Argentina (2007–2015):** Starting in 2007, Argentina’s statistical agency INDEC came under political control, and inflation data was systematically manipulated under the Kirchner governments. Official inflation figures were reported at around 10 percent, while independent estimates, including those produced by our company PriceStats, put it closer to 20–25 percent. Poverty statistics were also understated. The manipulation led to widespread distrust, the IMF issued a rare censure in 2013, and Argentine debt was priced at much higher risk premiums for years.
- **Turkey (late 2010s–2020s):** Turkey’s official statistical office, TÜİK, has faced mounting criticism under President Erdoğan for underreporting inflation and unemployment. Independent groups often estimated inflation at double the official rate. The debate over the statistics has deepened public distrust, contributed to poor policy responses to inflation, and fueled the Turkish lira’s steep depreciation in global markets.
- **Venezuela (2000s–2010s):** Under Hugo Chávez and Nicolás Maduro, Venezuela progressively stopped releasing key economic statistics or published distorted numbers. From 2014 onward, inflation and GDP data were withheld for long periods, and when released, they often severely understated the reality of hyperinflation. The IMF declared Venezuela in breach of data obligations in 2017.

The US is far from these extreme cases, but recent developments—such as dismissals of statistical leaders and political appointments—highlight the importance of protecting credibility before doubts take root.

Political Interventions in Statistical Agencies

Manipulation of statistics does not usually happen overnight. It tends to evolve through stages, with each step raising the stakes and deepening the damage to credibility.

Understanding these types of interventions helps identify early warning signs and distinguish between legitimate changes and more troubling ones.

1. **Discrediting the source:** The simplest form of intervention is rhetorical rather than technical—leaders claim that official statistics are biased or untrustworthy. Even without changing the data itself, such attacks reduce trust and can discourage survey responses, weakening the quality of future statistics.
2. **Shaping the narrative:** Data are presented selectively, or results are emphasized in ways that support a particular political message. While the underlying numbers may be accurate, their framing can distort public perception. Different interpretations of the same data are natural, but persistent one-sided narratives raise concerns.
3. **Reducing transparency:** Disaggregated series or detailed breakdowns are no longer published, limiting the ability of independent researchers and the public to verify consistency. By showing only aggregate or selected numbers, agencies can obscure discrepancies that would otherwise be apparent.
4. **Changing methodologies:** Statistical methods, classifications, or weighting schemes are revised. Methodological changes are often legitimate and necessary to capture economic change—but they must be transparent, well-documented, and communicated in advance. When methodological shifts occur without clarity or explanation, suspicion of manipulation grows.
5. **Fabricating or altering data:** The most severe intervention is the outright manipulation or invention of numbers. At this stage, official statistics cease to provide a meaningful reflection of reality, with devastating consequences for trust, investment, and policymaking.

These stages represent an escalating ladder of concern—from rhetoric to data fabrication. At present, the US has shown signs of the first stage, where statistical leaders and institutions are discredited by political actors. The second stage, shaping narratives and restricting transparency, could plausibly follow if current pressures continue.

More serious forms of political interference can often be detected through close scrutiny of the data itself. Inconsistencies between disaggregated and aggregated series may indicate attempts to conceal underlying trends. Shifts in correlations and co-movements—such as a sudden divergence between the GDP deflator and the CPI—can also raise red flags. Announcements of methodological changes that are not properly explained or documented should be treated with suspicion, as transparency is critical when altering statistical methods.

Private sector data as a complement

One safeguard against manipulation of official statistics is the growing availability of private sector data. Independent measures—whether collected by academics, financial institutions, or technology firms—can provide a check on official numbers and highlight discrepancies when they arise.

However, private data cannot fully replace official statistics. We have long supported the use of innovative private sources, yet like every form of measurement they come with both advantages and disadvantages. Their main strengths lie in frequency, granularity, and independence. Many providers track information daily or weekly, offering more timely insights and highly disaggregated data that can be shaped into more targeted metrics.

Private sector data also face important limitations. Their main weaknesses are coverage, incentives, and transparency. They cannot match the breadth of official surveys, especially for complex measures such as employment, inequality, or production in small firms and local markets. Because they are often produced to meet commercial demand, areas with broad social value may be neglected. Finally, many providers rely on proprietary methodologies that are rarely disclosed in detail, limiting transparency and making replication difficult.

These strengths and weaknesses imply that private sector data cannot and should not replace official statistics. Instead, they serve as a complement and a source of innovation. In normal times, they enrich the statistical ecosystem by providing alternative perspectives. In times of stress or when credibility is questioned, they can serve as an external check. A healthy economy thus benefits from a robust interplay between official and private statistics, each reinforcing the other's credibility and value.

Conclusion

The integrity of economic data is not a technical detail but an important component of democratic governance and market stability. The United States has long been regarded as the global gold standard for official statistics, yet that status cannot be taken for granted. Declining survey response rates, shrinking budgets, and the risk of political interference are pressing threats that, if left unaddressed, could erode trust for years to come.

History shows how quickly credibility can be lost and how slowly it can be rebuilt once doubt takes root. Revisions are an essential strength of the statistical system, ensuring that estimates improve as better information becomes available. At the same time, vigilance is essential to detect and resist political manipulation in its early forms, before it escalates into more damaging interventions. Private sector data play a useful role in this ecosystem—not as a substitute for official statistics but as a complement and safeguard, offering independent checks and additional perspectives.

Ultimately, reliable statistics require investment, institutional independence, and public trust. Protecting and strengthening the US statistical system is not only about preserving numbers on a page; it is about safeguarding the ability of policymakers, businesses, and households to make sound decisions based on a shared understanding of economic reality.