

Economists don't know what's going on

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Blame crumbling statistical offices



Photograph: Getty Images

The British government has launched an investigation into the Office for National Statistics. Last month the ONS found errors in some numbers that underpin its GDP calculations, and investors no longer trust its monthly jobs report. The episode hints at a wider trend: global economic data have become alarmingly poor.

Analysts are sceptical about the reliability of New Zealand's inflation statistics. Following a botched technology update last year, no one could access data on Germany's national-statistics website. Budget cuts meant that America stopped publishing some national-accounts data last year; a cull of bureaucrats means that more series may soon be discontinued. Western politicians do not appear to be strong-arming the nerds to produce favourable numbers. At the same

time, international statistical bodies worry about the example of Dominik Rozkrut, who at the end of last year was mysteriously dismissed as Poland's chief statistician.

These developments are muddying the economic picture. GDP revisions in the European Union are far bigger than just before the covid-19 pandemic. In 2024 America's statisticians revised their third estimate of monthly job growth, relative to their first, by 48,000 on average—much higher than in the 2010s. Economic “surprises” in rich countries, where the reported data point either beats or falls short of analysts' expectations, soared during the pandemic. Years later, surprises remain 30% bigger than before it.

The confusion represents a reversal of a trend. In 1941 Britain's Parliament received estimates of national income for the first time. After the second world war, governments expanded data collection. By the 2010s anyone could answer an esoteric question—“how many sticks of chewing gum did Spain import last year?”—in seconds. (The answer: 840m.) Then, during the pandemic, “real-time data”, based on private sources, took off. The OECD began publishing a weekly GDP index; statistical offices launched real-time surveys.

The second issue is people's relationship with the state. The average response rate to a crucial population survey produced by the BLS has fallen from 88% to 69% in the past decade. Canadians are 15% less likely to respond to a labour-force survey than pre-covid. Over the past decade the response rate to Britain's labour-force survey has gone from 48% to 20%.

When people deign to respond, partisanship clouds their answers. This is a particular problem in America. Just before the presidential election 42% of Democrats believed that the economy was getting better, whereas just 6% of Republicans did. Today 6% of Democrats and 53% of Republicans respond in the same manner. Surveys find that Americans' expectations of inflation are rising. The trend is worrying, but how meaningful is it? After all, Democrats' expectations are soaring well above those of Republicans.

Statisticians are aware of these problems. Many are looking for ways around them. Some have successfully argued for bigger budgets. But response rates remain stubbornly low, and the end of partisanship is some way off. ■

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