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The new landscape of foreign investment into China

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Official statistics

Don't lie to me, Argentina

Why we are removing a figure from our indicators page

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IMAGINE a world without statistics. Governments would fumble in the dark, investors would waste money and electorates would struggle to hold their political leaders to account. This is why *The Economist* publishes more than 1,000 figures each week, on matters such as output, prices and jobs, from a host of countries. We cannot be sure that all these figures are trustworthy. Statistical offices vary in their technical sophistication and ability to resist political pressure. China's numbers, for example, can be dodgy; Greece underreported its deficit, with disastrous consequences. But on the whole government statisticians arrive at their figures in good faith.

What's in a number

There is one glaring exception. Since 2007 Argentina's government has published inflation figures that almost nobody believes. These show prices as having risen by between 5% and 11% a year. Independent economists, provincial statistical offices and surveys of inflation expectations have all put the rate at more than double the official number (see [article \(http://www.economist.com/node/21548229\)](http://www.economist.com/node/21548229)). The government has often granted unions pay rises of that order.

What seems to have started as a desire to avoid bad headlines in a country with a history of hyperinflation has led to the debasement of INDEC, once one of Latin America's best statistical offices. Its premises are now plastered with posters supporting the president, Cristina Fernández de Kirchner. Independent-minded staff were replaced by self-described "Cristinistas". In an extraordinary abuse of power by a democratic government, independent economists have been forced to stop publishing their own estimates of inflation by fines and threats of prosecution. Misreported prices have cheated holders of inflation-linked bonds out of billions of dollars.

We see no prospect of a speedy return to credible numbers. The trade secretary, Guillermo Moreno, who led the assault on INDEC, is still one of the president's closest advisers. The IMF has "noted" that Argentina is failing in its obligation to provide it with reliable figures, and made recommendations and set deadlines for it to improve. However, when Argentina ignores it, the fund merely wrings its hands, laments the "absence of progress"—and feebly sets a new deadline.

In 2010 we added a precautionary footnote to our statistical tables. From this week, we have decided to drop INDEC's figures entirely. We are tired of being an unwilling party to what appears to be a deliberate attempt to deceive voters and swindle investors. For Argentine consumer-price data we will look instead to PriceStats, an inflation specialist, which produces figures for 19 countries that are published by State Street, a financial services firm. Had we switched to one of the provincial statistical offices still generating reliable figures, we fear it would have come under government pressure. One of the country's best independent analysts made us a generous—and brave—offer of its

data against legal advice and on condition that we conceal the source and lightly disguise the numbers. That might have generated confusion.

PriceStats is based in the United States, beyond the Argentine government's reach. The oodles of online prices on which its index is based are tamper-proof. Argentina will no doubt say that it measures consumption by the rich rather than the poor, who may not shop online. But PriceStats' methods are based on solid, peer-reviewed research and have proved an impressive match for (dependable) official figures in countries such as Brazil and Venezuela.

We hope that we can soon revert to an official consumer-price index for Argentina. That would require INDEC to be run by independent statisticians working unhindered. Until then, readers are better served by a credible unofficial figure than a bogus official one.

CORRECTION: This article originally described State Street as an "investment bank". A "financial services firm" is a more accurate description of what it does. This was changed on February 24th.

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