



Why trustworthy economic statistics matter

The decision by US president Donald Trump to fire Erika McEntarfer, the head of the US Bureau of Labor Statistics (BLS), has reignited concerns about political interference in official economic data. **Chris Jones** takes a closer look at public trust in official statistics

The dismissal of McEntarfer, accompanied by unsubstantiated claims that the commissioner had manipulated job figures to make the administration look bad, came as the agency revised down earlier job growth estimates by 911,000 positions. The Labor Department's internal

watchdog has since launched an investigation into the collection and reporting of jobs and inflation data – a move that underscores how fragile public trust in official statistics has become.

Economic statistics such as those for employment, inflation and GDP are the backbone of policymaking. They guide central banks in setting interest rates, help governments design fiscal policy and shape public expectations about the health of the economy. When these data are called into question – whether through political pressure, funding cuts or accusations of manipulation – the entire policy process risks being undermined. If policymakers, markets or the public begin to doubt the accuracy or independence of national statistics, confidence in economic management itself can erode.

The concern is not just about one administration or one agency. Once the principle of statistical independence is breached, even slightly, it becomes harder to restore. Future data releases may be met with suspicion, revisions will be read through a political lens, and officials may feel pressure to produce 'good news' rather than accurate information. In that environment, policymaking becomes reactive, data lose credibility and the democratic process weakens.

The role of economic statistics

Economic statistics perform a vital function that extends far beyond academic interest. They form the informational foundation on which economic forecasts, policy simulations and fiscal planning depend. Central banks, for instance, rely on high-quality, timely data from the BLS or the UK's Office for National Statistics (ONS) to estimate inflation trends, gauge labour market slack and decide whether to raise or cut interest rates. A misreported unemployment figure or a delayed inflation update can alter the path of monetary policy as well as expectations, affecting millions of households through changes in borrowing costs and wages.

For fiscal authorities, the stakes are equally high. Budget forecasts for tax revenues, social spending and infrastructure investment depend critically on accurate measures of economic output and employment. Inaccurate or politically distorted data can lead governments to spend too much or too little, or to misjudge the timing of interventions during economic downturns. UK budgets in recent years have become very political, given how tight the public finances have become. False economic data can therefore have significant implications in terms of the media's response, shaping headlines that influence public opinion and political momentum.

Forecasting models, such as those used by finance ministries, central banks and international institutions, are only as reliable as the data that feed them. If those inputs are manipulated or

flawed, the resulting forecasts become misleading. Policymakers may then respond to a distorted picture of reality, amplifying rather than stabilising economic fluctuations.

Lessons from the ONS

The challenges facing the ONS illustrate the broader risks when statistical systems lose focus or credibility. A recent government review described 'deep-seated' issues within the ONS, citing inadequate planning, weak leadership and a misplaced 'interest in the new' that diverted attention from the core task of producing reliable economic data. Repeated revisions to population and migration figures, along with criticism from the Bank of England over unreliable labour market statistics, have damaged the ONS's standing. Indeed recently, it was discovered that the ONS had overestimated public borrowing by £3 billion.

The review, led by former civil servant Sir Robert Devereux, concluded that most problems were self-inflicted, rooted in management choices and a reluctance to confront bad news. The ONS's own regulator had earlier warned of a 'defensive culture' in response to external criticism. The ONS has since acknowledged the findings and pledged to 'restore the quality' of its data but statistical agencies around the world have faced many challenges around survey completions that feed into the labour market statistics. On that basis, it will be challenging, but the episode is a reminder that even in mature democracies, the independence and integrity of statistical systems cannot be taken for granted. They require sustained investment, transparency and a culture that prizes accuracy over expediency.

Protecting independence and rebuilding trust

The parallels between the US and UK experiences highlight a common theme: the fragility of statistical institutions under pressure. Whether the threat comes from political interference or



managerial drift, the outcome is the same – data lose credibility, and policymaking suffers.

Safeguarding the independence of statistical agencies must therefore be a democratic priority. This means establishing clear legal protections for statistical offices, ensuring stable and adequate funding, and promoting transparency in methodology and revisions. Equally important is fostering a professional culture where statisticians can report uncomfortable truths without fear of reprisal.

The politicisation of data is especially dangerous in an age of misinformation and populist distrust of experts. If citizens come to believe that economic statistics are shaped by political motives, the shared factual basis of economic debate will erode. Policies on inflation, taxation and employment will then be judged not by evidence but by ideology.

Ultimately, reliable economic data are not just technical artefacts, they are civic assets. They allow policymakers to act responsibly, investors to plan rationally, and citizens to hold governments accountable. The lesson from both Washington and London is clear: when facts falter, so does good

governance. Protecting the integrity of our national statistics is therefore not merely a bureaucratic concern, it is fundamental to the health of modern democracy.

Questions

- 1 Analyse how unreliable labour markets data may influence economic agents' expectations about the path of inflation.
- 2 Discuss how political interference in a country's statistical agency may undermine democracy.
- 3 Explain how inaccurate information may impact economic forecasting.
- 4 Analyse how fiscal policy in the UK may be undermined by inaccurate economic statistics, in particular with a focus on how the chancellor expects to meet fiscal rules.

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