

# My Refusal to Use U.S. Government Data Has Been Extended Indefinitely



(click for larger image)

[In early 2014 I wrote that I would not use government data again for three more years.](#) I have now extended that deadline indefinitely. Neither of the candidates for president inspires more confidence in the data than President Obama. I have updated the image at the top right of the home page to reflect this fact. Here's the updated version →

[I will shortly post a companion article about Kai Ryssdal's failure to understand the issues with government data.](#)

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## What Happened to GDP in the First Quarter

What happened to GDP in the first quarter? The short answer is that I don't know and neither does anyone else. I've done a bit of number-crunching and am left scratching my head.

The Excel workbook shown below is some very simple analysis. It compares the second estimate released around the end of May with the third estimate released June 25. Column E shows the second estimate change between 2014:I and 2013:IV. Column F is the third estimate for 2014:I. Column G is the third estimate change between 2014:I and 2013:IV. Finally, Column H equals Column G minus Column E. **Column H is the difference between the two changes.**

	A	B	C	D	E	F	G	H
1	Real GDP, billions of 2009 chained dollars				Change	Level	Change	Difference
2			2013	2014	2014-I- 2013-4	2014-I	2014-I- 2013-4	2014-I
3	Line		IV	I	Second est	Third est	Third est	Third - Second est
4	1	Gross domestic product	\$15,042.30	\$15,902.90	-\$39.40	\$15,824.25	-\$118.10	-\$78.70
5	2	Personal consumption expenditures	\$10,831.50	\$10,914.40	\$82.90	\$10,959.20	\$27.70	-\$55.20
6	3	Goods	\$3,706.10	\$3,712.70	\$6.60	\$3,707.70	\$1.00	-\$5.60
7	4	Durable goods	\$1,357.80	\$1,362.80	\$4.60	\$1,362.00	-\$4.20	-\$0.80
8	5	Non-durable goods	\$2,386.50	\$2,387.70	\$2.20	\$2,383.50	-\$2.00	-\$4.20
9	6	Services	\$7,124.80	\$7,200.50	\$75.70	\$7,190.70	-\$25.00	-\$49.80
10	7	Gross private domestic investment	\$2,643.30	\$2,962.40	-\$89.90	\$2,962.10	-\$91.20	-\$0.30
11	8	Fixed investment	\$2,511.20	\$2,496.80	-\$14.60	\$2,499.90	-\$11.30	\$3.30
12	9	Nonresidential	\$2,022.50	\$2,014.50	-\$8.00	\$2,016.80	-\$5.90	\$2.10
13	10	Structures	\$436.40	\$429.50	-\$6.40	\$427.70	-\$8.70	-\$0.30
14	11	Equipment	\$964.80	\$947.30	-\$17.50	\$948.00	-\$8.80	\$0.70
15	12	Intellectual property products	\$603.20	\$584.10	-\$19.00	\$542.90	-\$60.70	-\$11.80
16	13	Residential	\$489.00	\$492.70	-\$6.30	\$493.80	-\$5.20	\$1.10
17	14	Change in private inventories	\$111.70	\$40.00	-\$82.70	\$45.90	-\$95.80	-\$3.10
18	15	Net exports of goods and services	-\$382.80	-\$416.90	-\$38.10	-\$441.10	-\$58.30	-\$22.20
19	16	Exports	\$2,063.70	\$2,032.10	-\$31.60	\$2,016.30	-\$47.40	-\$15.80
20	17	Goods	\$1,431.70	\$1,395.20	-\$36.50	\$1,389.10	-\$42.80	-\$6.10
21	18	Services	\$631.50	\$636.80	\$5.10	\$626.90	-\$4.80	-\$9.70
22	19	Imports	\$2,446.40	\$2,451.00	\$4.60	\$2,457.40	\$11.00	\$6.40
23	20	Goods	\$2,008.10	\$2,013.20	\$5.10	\$2,017.80	\$9.50	\$4.40
24	21	Services	\$437.70	\$437.50	-\$0.70	\$439.10	\$1.40	\$2.10
25	22	Government consumption expenditures and gross investment	\$2,868.50	\$2,852.70	-\$8.80	\$2,853.00	-\$5.50	\$0.30
26	23	Federal	\$1,124.80	\$1,126.80	\$2.00	\$1,126.80	\$1.80	-\$0.20
27	24	National defense	\$689.60	\$689.40	-\$4.20	\$689.20	-\$4.40	-\$0.20
28	25	Nondefense	\$431.20	\$437.50	\$6.30	\$437.50	\$6.30	\$0.00
29	26	State and local	\$1,743.30	\$1,735.80	-\$7.70	\$1,736.00	-\$7.30	\$0.40
30	27	Residual	-\$18.40	-\$20.10	-\$3.70	-\$22.30	-\$5.90	-\$2.20

Simple Analysis of GDP (click the picture for a larger image)

And Column H is where my confusion begins. How is it possible that personal consumption expenditures fell by \$55.2 billion between the second and third estimate? These figures should be relatively stable because estimates of consumer spending are based on data that is available relatively early in the estimation process. And most of this decrease is made up of consumer spending on services (\$49.8 billion). This makes no sense at all.

And it gets worse. There are huge changes in gross private domestic fixed investment and nonresidential construction. Exports decreased by an additional \$15.9 billion, about half the original change (Column E). Imports increased by 150% of the second estimate.

As always, the Excel workbook I used is available for

downloading by [clicking here](#).

Earlier this year I posted an article stating that I would not use government data until at least after the 2016 election. I've now violated that promise several times. But **this data makes me suspect that even the Bureau of Economic Analysis is just making up numbers.**

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## FRED is Dead



FRED is dead. In my [post earlier this month explaining why I stopped using current government statistics](#), I mistakenly left the FRED data widget in place. It has now been removed. I have replaced it with a tombstone. This artwork is my intellectual property based on a public domain cartoon from Clker.com. In turn, I declare this image to be public domain. Please feel free to download it and use it as you deem appropriate.

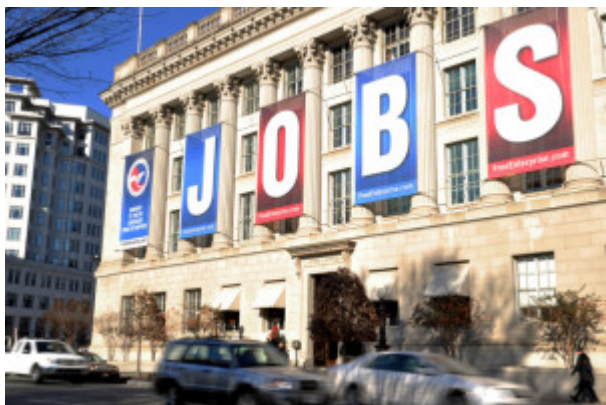
For those who are interested in the dates, 1929 is the first

year the BEA reports GDP data. The year 2014 is probably a year or two late, but who knows how long the data has been faked?

FYI I'm starting a petition at [whitehouse.gov](http://whitehouse.gov) asking that the Census Bureau be moved back into the Department of Commerce. President Obama changed this. Census now reports directly to his office.

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## Why I Will Not Use U.S. Government Data for Three More Years



Fake Jobs Are Not Real Jobs

[Update April 20, 2014. This article was featured in James Taranto's "Best of the Web Today" column in the Wall Street Journal. [Click here to see it.](#)]

[Update May 18, 2014. In response to a comment from [larsschall.com](http://larsschall.com), I have added a paragraph at the end explaining my three year time limit.]

For quite a few years my lovely wife has refused to believe any economic data from the U.S. government. Until recently, I have been a staunch defender of the statisticians and economists who work in various branches of the government.

The four I use most often are the Bureau of Economic Analysis (Commerce), the Bureau of Labor Statistics (Labor), the Treasury Department, and the Census Bureau (formerly in Commerce, stay tuned).

Much of the data supplied by these departments rely on Census to perform the actual survey work. Census has the tools for this and they have been in the survey business for a long time. Unfortunately, that also creates a single point of vulnerability. As far as anyone can tell, the Obama administration successfully exploited this vulnerability and produced false survey data. The falsification itself was not at all sophisticated. One or more Census employees simply made up numbers. [John Crudele of the New York Post](#) has covered this extensively. In yet another measure of how bad the “news” industry has become, Mr. Crudele remains almost entirely the sole source of this information.

## **U.S. Government Data Has Been Faked**

I have reluctantly concluded that I cannot believe any numbers emanating from the U.S. government. The purpose of this article is to explain why I will not use U.S. government data for three more years. The exception is long-term historical data that is harder to fudge. I remain hopeful that the next occupant of the executive branch will restore integrity to the data.

I have compiled Mr. Crudele’s articles into a single 4.7 mb pdf file. [Click here to download it](#). I have also compiled a list of headlines and links from the oldest (November 18) to the most recent as of today (December 16). I will update this post from time to time as Mr. Crudele provides more evidence.

Those who do not believe the Obama administration is corrupt should look at Mr. Crudele's articles. Read carefully and keep an open mind. What's in there is devastating. I am personally heartbroken speaking as someone who has used and relied on this data since 1971.

## Why Three Years?

Why three years? That's the end of the Obama administration, the same administration that moved control of the Census Bureau from the Department of Commerce to the White House. I did not intend to make any predictions about what is likely to happen after Mr. Obama leaves the White House. I will re-evaluate my position on this issue at that time.

## Bibliography

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<http://nypost.com/2013/11/18/census-faked-2012-election-jobs-report/>

House probes Census over 'fake' results

<http://nypost.com/2013/11/19/house-probes-census-over-fake-results/>

Census 'Fake'gate goes back even further

<http://nypost.com/2013/11/21/census-fakegate-goes-back-even-further/>

False job numbers: Did the White House know?

<http://nypost.com/2013/11/23/cooked-census-reported-to-obama-and-rahm/>

Get ready for lies and Labor Department statistics

<http://nypost.com/2013/12/02/get-ready-for-lies-and-labor-department-statistics/>

So much for Census 'oversight'

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Warning: Jobless rate may be rigged

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[Brooklyn Census Bureau also falsified data in 2010](http://nypost.com/2013/12/16/brooklyn-census-bureau-also-falsified-data-in-2010/)

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