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“Using Statistics in Politics” by s L Rao

When Narendra Modi became the BJP Presidential candidate he claimed that the NDA government led by the BJP had delivered more GDP growth than the UPA led by the Congress. He quoted a figure of 8.4% GDP growth versus the recent estimates for 2012-13 of 4.5 to 5 %. Finance Minister P Chidambaram shot back that this was a wrong figure and that in fact the GDP growth over the NDA's 6 year rule was well below 8% in most years. NDA showed 8.5% in its last year, and lower figures in earlier years. Hence its average GDP growth over its 6 year rule was low. UPA on the other hand has averaged over 8% per year over its 9 years.

This episode is a classic use of statistics to draw contradictory conclusions. NDA's last year posted the highest growth of GDP but its average over the 6 years of its rule was lower. UPA in its ninth year has shown the worst growth over its nine year rule, but its average over the period is much higher. Each politician picked the figure that supports his political argument.

If we explore the GDP figures we find many things that make the number not reliable. The Central Statistical Organization makes a tentative estimate for a year, revises it after a year, and within three years has a final figure. The estimation itself makes many assumptions. One of them is regarding the untaxed economy in rural India. A periodic survey gives an estimate that is then incorporated. It is said at present to underestimate the national GDP by at least 10%. Many have said that the black economy in India may be as much as 50% of reported GDP and that if counted, the size and growth would be much bigger.

It is a characteristic of our media and politicians that they seem to argue to that the growth figures in any year are due to the policies and actions of the ruling government. Obviously this can only be partially true. For instance, the growth in the 1990's was also due to the liberalization policies that Rajiv Gandhi's government introduced in the late 1980s. These included “broad banding” of industrial licenses so that a manufacturer could move into related lines without a new license. He also initiated the growth of the telecommunications and information technology industries, major elements in our economy and exports today. Narasimha Rao's government introduced dramatic new policies and they have benefited the economy over the years, but they were built on Rajiv Gandhi's policies. UPA2 splurged on social welfare expenditures in order to gain rural votes and damaged the macroeconomic parameters. This year's economic setbacks must be related to policies that started six years ago. One year is not representative of the effects of a current government's policies.

Rajiv Gandhi made a statement when he was Prime Minister, that only 17% of government social welfare expenditure reaches those it is meant for. There was no basis for

his number. Studies by NCAER showed for instance, that about 40% of cheap kerosene for the poor was diverted to adulterating diesel for trucks. Montek Ahluwalia, Deputy chairman of the Planning Commission, has stated that in the case of the public distribution system, Rajiv Gandhi's figure was about right. Recent studies of the MNREGA in some states show that only 50% and more of the money spent actually reached those it was meant for. But Rajiv Gandhi's figure of leakage of about 83% of welfare expenditures, has stuck. Politicians and analysts have no hesitation in quoting it as gospel truth. It is not, and has little basis even in the numerous sample surveys that have been conducted on such welfare programmes.

Another example of the use of statistics to make political points is in discussions on inflation. The single national index of prices is the wholesale price index, measured every week. Measurements are through field reports on numerous products and services produced. Depending on their contribution to the economy, weights are assigned. The wholesale price index includes many articles that go into other processing, fuel and power, mining, etc. The consumer items may account for around 40% of the total. So talk about inflation and the common man are based on an index that includes non-consumer items that might move in different price directions than those bought by the consumer. Depending on the political point to be made, politicians use the wpi or prices of individual consumer items (like onions or sugar) to say that the consumer is being hit by inflation.

I have noticed that the poor buy goods in small quantities. They do not pay the market price but much more since the retailer does not charge the proportionate stated price. Their higher payments do not figure on the price index. For them, inflation is worse than the figures suggest.

Some weeks ago an eminent economist said that there were 1000 or so child deaths in India every day, due to inadequate food. This was contradicted by others. The figure of 1000 is probably an exaggeration, but it helped government in pushing for the Food Security Bill. Statistics, true and false, most times based on many assumptions, and collection methods, influence us to believe in the effectiveness of one policy over another.

As citizens we must be careful on giving credence to statistics quoted by politicians. Indeed we must look more closely at all the statistics given to us and examine their underlying assumptions and methods of collection.

It is not surprising that Mark Twain quoted Benjamin Disraeli as saying that there are lies, damned lies and there are statistics. Aaron Levenstel put it even better when he said: "Statistics are like a bikini. What they reveal is suggestive, but what they conceal is vital."