



Damned lies and self-serving statistics

Crain's New York Business

August 8, 2011

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A few weeks ago, the Pew Research Center published a thorough study which showed that Hispanic families nationwide were hit hardest by the recession. Using data from the Census Bureau, Pew found that Hispanic families saw a 66% decline in their median wealth, compared with 53% for African-Americans and just 16% for whites.

The next day, the National Urban League released a report which said, more predictably, that the economic downturn had erased the gains that the African-American middle class had made over the past 30 years. The jobless rate for even college-educated blacks had tripled in recent years and was twice the figure for whites. Many media outlets spotlighted the study, using it as proof that African-Americans suffered the biggest losses because of the recession.

As for the local picture, Mayor Michael Bloomberg took to the podium at Crain's Future of New York conference to boast that the city has been outperforming the nation. Since the recovery began, he claimed proudly, the city's private-sector workforce had grown by 6%, while the nation had posted a jobs increase of less than 1%. A few days later, the Fiscal Policy Institute said the city had actually trailed the nation in job growth in the past year.

Confused? You have a right to be.

Let's untangle this mess by looking at the recent claims.

There is no disputing the Pew findings on Hispanics. Most of their wealth was tied up in their homes, and Hispanics tend to live in the states that took the biggest hits as the housing market declined. Nor is there any reason to quarrel with the findings of the Urban League study. As is generally true during severe downturns, those at the bottom of the economic ladder fared worst. The differences between various racial groups are not really that significant.

The disagreement between the mayor and the Fiscal Policy Institute hinges on which time period is best for examining the city's job growth. The mayor chooses to use the span of almost two years since the local economy bottomed out. The Fiscal Policy Institute looked at the most recent 12 months.

Which is the better measure? The mayor is right in saying that the city's relative performance has been impressive. Yet the gap is narrowing, and if Wall Street continues to shed jobs, the city might soon be underperforming the rest of the country.

The most important point here is that economics is often used as a political tool. In each of these examples, the differing conclusions are spawned by the ulterior motives of each group. Pew, no one will be surprised to learn, is the country's leading source of research on Hispanics. The Urban League is primarily concerned with the fortunes of African-Americans. The mayor wants to prove that his policies are the best. The Fiscal Policy Institute—which believes that the city must take more steps to help workers—wants to prove that they are not.

The lesson: As always, caveat emptor is the best approach for readers to whom various parties are selling their information.