

If you don't regularly receive my reports, request a free subscription at steve_bakke@comcast.net !
Follow me on Twitter at <http://twitter.com/@BakkeSteve> and receive links to my posts and more!
Visit my website at <http://www.myslantonthings.com> !

TODAY'S "QUICK HIT" ECONOMIC NEWS: WHY MUST WE DIG FOR THE TRUTH?

By Stephen L. Bakke  September 15, 2016



Here's what provoked me:

A "quick and dirty" AP report was the front page headline story in the Minneapolis newspaper the other day. It was all about the rosy economic picture to be gleaned from the Bureau of Census data just released. A little bit of investigative research by these reporters would have at least caused them to qualify their report a bit. But we, the readers, have to do the "digging" all by ourselves these days. Bias and agenda prevails in news reports, and I fear this is true for both conservative perspectives as well as liberal.

Here's my response:

Economic News: Why Must We Dig for the Truth?

An Associated Press report proclaimed good news for the middle class on the economic front. This was your headline story on September 14 ("Biggest income gains in 50 years"). I agree there probably have been some gains but I've learned to be skeptical about the details of any report based on interpretation of complex data. The Census Bureau released a report and those guys at the AP went right to work. We know they scratched the surface, but was that all? I tend to think so.

A little bit of research assures me we must consider other things before feeling too good about these gains:

- The study compares 2015 to 2014 but already in 2016 any gains appear to have been lost.
- The report uses the CPI, an inaccurate general inflation measurement, in its computations.
- The Census Bureau used a redesigned method for gathering data, without adjusting the base year.
- The change in method itself could have caused a substantial portion of the reported "income gain."
- The study measures "household" income rather than providing per capita statistics. Household size varies predictably based on income. This is likely to measurably skew the reported results.
- This last "household size" measurement, if adjusted to a per capita measurement could even offset some of the distorted conclusions of the earlier items in this list.

Why must we always dig for the truth?