Statistics and Lampposts: For Support or For Illumination?

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For communication purposes, politicians and policy makers often prefer simple and unambiguous messages. Statistical indicators seem to be able to provide such clarity. A government deficit of more than 3% of GDP is “bad”, a government deficit is less than 3% is “good”. Government debt of more than 60% of GDP: bad! Less than 60%: good! The economic reality, however, is often more ambiguous and less clear cut than what can be derived from single headline indicators. Even worse, in some cases, indicators may actually harm appropriate evidence based decision making. The paper will provide some examples from practice, and will look at ways and opportunities to address this problematic situation.

What can be done in terms of communicating about statistics? What can be done to improve the literacy of politicians and policy makers/advisors? What, more generally speaking, can be done so that statistics are used for illumination instead of for support?

Key words: indicators, government finance, evidence based policy making