

CORPORATION FOR INTEREST RATE MANAGEMENT

July 17, 2007

Darn government!

Everyone talks about innovation. Innovation is wonderful. The only place that it does not seem to occur is within the U.S. government. It is amazing...of all the technological changes that have occurred in the recent and the even further distant past, none of the technological change has been used by the government for improving the collection of economic information about the U.S. economy. The worldwide web is certainly not used to collect information and the monthly economic numbers provided by the government are at risk of extreme revisions.

Factory orders can be estimated to be down .5%, but the next month they are revised upward to .8%. You cannot even figure out the percentage change in the revision there! Inflation figures are reported in two digits as though three and four digit numbers are beyond human capacity to understand. There has been no change in government statistics reported since after World War II. Essentially, the U.S. government produces a "third world" level of economic statistics.



“Yep...this is a hanging response.
Let’s count this one as employed.”

Oh well...as this writer’s ol’ teacher, Milton Friedman used to say, “If you want to see how the government can help you...go to an Indian Reservation.”

As economic numbers are reported by the government, take them with “a grain of salt” for they are sure to be revised.