

I hate statistics

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Abstract

Statistics play a major role in economy, being strongly associated with facts, but it is not necessarily that those facts show the truth. There is a the dark side of statistics. Recently I was stricken again by two horrible economic dat. The Romanian home trade network almost disappeared and the list of bad statistic is wide open.

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One cannot think globally without the science of statistic but...

According to Webster's dictionaries statistics is "a collection of facts tabulated numerically "and going deeply..." numerical data that is collected, processed and analyzed as an aid to decision making"... So far so good...

I agree that statistics play a major role in economy for the decisions makers as well as for those asked to carry out their ideas. One cannot think globally without the science of statistic but seeing all globally may put you on wrong paths or may lead you to wrong conclusions.

As students in economy we were sometimes joking that statistics make everyone happy. Let us take this example: I eat two breads and you eat nothing; statistically each of us eat at least one bread which really makes both of us happy...

So even statistics is strongly associated with facts, it is not necessarily that those facts show the truth... In almost all cases, figures used to show per capita data like GDP or state expenditure for health or culture may induce wrong images and justified questions as : “If I hold ten thousand dollars annually - my portion of GDP - why am I so poor and homeless ...??”

Analyses based on statistics include also indexes that also may hide the truth or may lead to false images. Working with large numerical data the Italian economist Vilfredo Pareto found in 1906 that 80% of the land in Italy was owned by 20% of the population, (Lavinsky, 2014) this 80/20 distribution occurring extremely frequently (for example, Perry Marshall, the author of the book “80/20 Sales and Marketing” found that the Pareto Principle is exponential).

So, sometimes 20 percent of the population may possess 80 percent of wealth available and this principle is valid in many other fields. This is also true but very interesting and intriguing too because you may believe you are part of those 20 percent!!!

The dark side of statistics... but I must admit that without statistics...

The dark side of statistics is also revealed saying that when one or two men died it is a tragedy while if there are more then ten this is simply statistics. At this point I start to say why I hate statistics. First I found that ugly facts refer numerically to an average so nobody feel touched considering that if it to be bad it regards somebody else. This is not fair!!

Suppose a new Pareto was born here in Romania. How would he possibly react seeing a recent paper issued by The National Institute of Statistics (INS) showing undoubtedly that from 1990 till 2014 a huge amount of money, 500 billion Euro was invested into Romanian economy from which 5 billion was foreign capital - 1% - and yet 88 % of all companies belong to foreign owners and thus are controlled from abroad. So, all in all foreign investors spent 1 percent to hold 88% finally. This is quite impressive and it is such an embarrassment for me as Romanian unable to do something to change such an ugly picture. And this is one of the reasons I hate statistic.

Recently I was stricken again by two horrible economic data – Romanian apples once very much appreciated worldwide simply disappeared from internal organized market being replaced by Polish or other origins. This was possible due to European policies concerning subsidies granted to foreign agricultural produces exported to Romanian market. The result was that due to low import prices of such produces subsidized by foreign Governments, our apples, caw milk and others were in an uneven competition leaving the Romanian companies with no funds for a further production.

Turning back to the dark side of statistics we may say that on Romanian market Romanian and Polish suppliers produce in average each 50 % of apples on sale!!!! Same happens when

Romania become importer of energy from countries where it was a traditional exporter!!! The Romanian home trade network almost disappeared and the list of bad statistic is wide open...

Conclusions

Statistics is blind as the justice is and the facts it handled may be pleasant or not but no one can denied them. So even I hate it, I must admit that without statistics we cannot see the pictures of what surrounds us be it bad or good...

References

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