

ECONOMIC SCENE

To improve terrorism data, the U.S. should follow the lead of economic statistics.

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ONE thing that George W. Bush and John Kerry agree on is that national security will be a major issue in the election.

"Because America has led," President Bush said last week, "the forces of terror and tyranny have suffered defeat after defeat, and America and the world are safer." Senator Kerry vigorously challenged that claim.

Unfortunately, available data on the number of terrorist attacks occurring worldwide are woefully inadequate to settle this debate. To improve the credibility and accuracy of data on terrorism, the government should take a page from economic statistics, looking closely at how they are prepared and released.

A State Department report, "Patterns of Global Terrorism," provides the most authoritative public information on terrorist activity. This year's report, released in April, was marred by serious errors, including simple mistakes in arithmetic and the wrong cutoff date for the end of the year. It had to be corrected and reissued.

The revised number of people killed or wounded in international terrorist attacks in 2003 was twice what was originally reported, and 56 percent greater than in 2002. The number of "significant" attacks reached its highest level in more than 20 years.

The careless errors in this year's report aside, "the big problem with the State data," according to Todd Sandler, an economist at the University of Southern California who studies terrorism, "is the political spin put on the write-up."

For example, an accompanying letter to Congress falsely boasted that "2003 saw the lowest annual level of terrorist attacks since 1969, an indication of the great progress that has been made in fighting terrorism after the horrific events of Sept. 11, 2001."

Another problem is that critical details, including who prepares the report and decides whether an event is significant, have not been made public. What is more, nonsignificant terrorist events have been tracked less thoroughly in recent years, also rendering trends in the total number of events meaningless.

Economic data, although they have limitations, are held in high enough regard that they move the stock and bond markets regularly. It is hard to imagine the release of the State Department's report moving the market for terrorism insurance.

Yet economic statistics have not always been free of the problems that plague the State Department's data. In 1971, the Nixon administration halted the monthly unemployment briefings by the Bureau of Labor Statistics after Harold Goldstein, a staff member, described a drop in the unemployment rate as "marginally significant," while the administration hailed it as "very significant."

That July, Mr. Nixon ranted that a "Jewish cabal" in the bureau was tilting economic statistics against him. He is recorded on tape saying "we have to have control of the releases" and threatening to give Mr. Goldstein a polygraph test because the bureau said in a statement that seasonal adjustment problems might have caused a dip in

unemployment. In September 1971, Mr. Goldstein and his boss were transferred.

The episode, the full extent of which was only partly known at the time, prompted a set of rules to protect economic statistics from politicization. For example, political appointees may not comment publicly on crucial economic statistics until an hour after they have been released; staff members of the statistical agencies are permitted to discuss technical aspects of the data during that time.

These rules, and the evenhandedness of the civil servants who collect and summarize the data, have helped earn credibility for most economic indicators.

Although an internal review is pending, the State Department has been slow to act to restore credibility to its report. When Mr. Nixon canceled the unemployment briefings, Congress quickly investigated and held monthly hearings for the statistics bureau to present the figures without political spin. Three professional organizations and the General Accounting Office, now known as the Government Accountability Office, also investigated the politicization of statistics.

No changes in procedures to prevent a repeat of the kinds of errors in this year's terrorism report or the perennial partisanship that accompanies it have been announced. The idea of inviting an independent organization to evaluate the report's methods and procedures was shelved, although an internal review is pending.

In a briefing for Congressional staff members, J. Cofer Black of the State Department and John O. Brennan of the Terrorist Threat Integration Center, who accepted responsibility for the errors in the report, floated the idea of dropping the detailed chronology from next year's report. Not only would such a move violate Congress's requirement for "a full and complete report," it would also be counterproductive -- more objective information on terrorist attacks is needed, not less.

Indeed, the errors in this year's report could not have been caught had the chronology been excluded.

The State Department is the only cabinet department without a statistical unit. When the Education Department releases data on student achievement, for example, it indicates the degree of uncertainty inherent in the estimates. The State Department apparently lacks this ability.

Measuring terrorist attacks is difficult and inherently subjective. Discerning trends and attributing them to specific policies is even more difficult.

It is important for the State Department to establish an independent statistical bureau to ensure separation between objective reporting and political interpretation of its statistics.

It is hard to imagine that the State Department's review will solve these problems -- given the political and diplomatic pressures, the department's lack of statistical competence, and the defensiveness of the counterterrorism staff after its mistakes were unmasked. A better approach would be to ask a respected outside organization like the National Academy of Sciences to evaluate the procedures and make recommendations, drawing from the hard-learned lessons of economic statistics.