

The record has been so distorted. How do they have the gall?

CHAPTER 5

OFFICIAL STAMP OF INSIGNIFICANCE

Statistics are like a bikini. What they reveal is suggestive, but what they conceal is vital.

– Aaron Levenstein

BAIT & SWITCH?

Officials do post a number for the worth of Earth in America that's so microscopic, you're left wondering, What country are they referring to? The one with the biggest economy on the planet? Really? That's the best the biggest can do?

Your publicly funded Bureau of Economic Analysis (BEA) statisticians do allude to the value of land, by supplying a figure for rent for buildings. While in colloquial parlance rent refers to payments for temporary use of a building, in economics usage it means payment for permanent use of land. You might expect specialists to use the technical definition, not the colloquial one. Everything else at official sites is in jargon.

Advertising land rent yet using building rent is the old bait-and-switch. Rather than inform the curious, the minuscule figure trivializes the notion of rent. If our spending for land and resources is so tiny, why bother paying it any attention? Non-critical laypeople just go with the flow – if it's official, assuredly it's accurate, right?

A negligible number deprives society of information it needs. OTOH, a realistic worldview lets people plan. Seeing rent peak, people can confront a gathering storm. Seeing a trough, people can buy low and save. Yet public servants don't deliver.

You never want to think poorly of others, but what's going on here? All this is so brazen, it's hard to swallow. It's like public statisticians knew the answer they wanted before they did the research.

FIG LEAF OR FIGURE?

Their official figure has other problems, too. *The bureaucrats don't give the cumulative total but a net.* Crazy still, *they base it not on accounting but on responses from owners who pay less tax by reporting a lower figure.* Furthermore, it's only for persons. Yet however much is rent paid to nonpersons – to corporations, foundations, governments, etc – it can't be much, since officially total corporate profit was only about 1/8th of total income.

He who defines the terms, wins the argument.

– Confucius, proto-geonomist

Anyway, playing with the cards we're dealt, BEA rent in 2017 Q3 was \$0.7 trillion. Total income was \$16.7 trillion, so their rent was about 4%. As paltry as 4% is, some years they tell the public that rent is even paltrier. In 2000, it was more like 2%. Further, they didn't put their stat on the bottom line but beneath it in an inconspicuous footnote.

That's their story and they're sticking to it – or not. At another BEA table for the same year it's smaller. The table is the National Income Product Account. Over the years various economists – Simon Kuznetz 1934, William Nordhaus and James Tobin 1972 (National Academy of Sciences 2005) – have said NIPA is incomplete and misleading yet it is the most important measure of economic activity for a nation.

Official total returns from the other two factors in production – wages to labor and “interest” to capital – are huge. How could rent for land be exponentially smaller? Not be one third of total income, but some years only one *thirty-third*? That defies common sense.

For the statistics that our number-crunchers *do* want you to take seriously, they pull out all the stops.

- Weekly reports on GDP.
- Reams of articles in journals on inflation.
- Conferences and prizes on unemployment.

Yet none of their pet stats predict the business cycle. Or reveal the economy's bounty. Rather they hide the pea under the shell.

Academics take their cue and leave unanalyzed an “insignificant” figure. (Economists are not the boldest people in the world. None would be the first to say something like a physicist stating space-time is curved.)

PALTRY PLEASURES

What gives our bureaucrats the chutzpah to publish a trifling stat? Say they did provide a reliable figure for society's spending on the nature it uses. If it's hefty, a portion of the public would take an interest, contrary to the interests of present beneficiaries.

Probably land is so remunerative, it motivates rentiers to let their wishes be known. Down the line, underlings discretely discourage number-crunchers from whipping out their calculators. It is kowtowing but to those powerful enough to call the shots.

Money does influence bureaucracies.

- The FDA approves a risky pill for a pharmaceutical.
- The NRC issues a nuclear plant permit for a utility.
- Clinical doctors "proved" smoking was healthy.

Not incompetence, just misleading.

The actual statisticians who purvey unimportance of rents, how do they feel about it? If they are also professors, would they teach their students to distort? If a student had done that unbidden, what grade would the professor have given for such sloppy, misleading work?

As Shakespeare said, "*All's fair in love and war,*" and Timothy said, "*the love of money is the root of all evil.*" Evil might be a stretch, but certainly not "all is fair." It's disturbing. Either our public servants are flawed, or my power of reason is flawed – or both. Whether it's incompetence or intentional fudging, neither justifies our public servants' huge public budget.

One thing for sure: it's a win for those who find public ignorance to be their private bliss.