How Reliable are Chinese Statistics? Three Views.

There are of course more than three views on this subject. However, as the author in the first piece highlighted wryly observes, most recently, ‘..the quantity of debate has not been matched by quality.’

**The Academic**

The first (and best IMHO) analysis I’m highlighting here is the most academic and is ‘The Reliability of China’s Economic Data: An Analysis of National Output’ and is a briefing paper prepared for the US-China Economic and Security Review Commission by Mr. Iacob N. Koch-Wesser.

This paper (attached) was produced in January 2013 in direct response to the general feeling that China’s GDP data somehow wasn’t capturing the reality of what was by then a manifestly decelerating economy. Mr. Koch-Wesser concludes that although numbers are unreliable in China there is no systematic attempt at a national level to cook the books. There can’t be two sets of numbers, the official and the real, otherwise economic planning couldn’t function he asserts. He also deals with the problems of using proxy date like electricity or coal consumption which can, from time to time, be used as better guides to the true picture but they are only reliable in certain circumstances. He concludes that numbers may be wobbly in part but that China does a pretty good job given its vast size and rapidly changing economy. It could though do better though.

**The Quick Read**

IN March 2013 for most of the same reasons that Mr. Koch Wesser was looking more closely at the subject the Federal Reserve Bank of San Francisco produced and Economic Letter ‘On the Reliability of Chinese Output Figures’. The authors, Mr. John Fernald, Mr. Israel Malkin and Mr. Mark Spiegel, concluded that China’s GDP numbers were mostly reliable. Somewhat at odds with Mr. Koch-Wesser they back up their claim with a long run analysis using proxy data from both inside and outside China.

You can access the Letter at <http://www.frbsf.org/economic-research/publications/economic-letter/2013/march/reliability-chinese-output-figures/>

The Latest Book on the Subject

<http://www.frbsf.org/economic-research/publications/economic-letter/2013/march/reliability-chinese-output-figures/>