Checking politics and economics

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Module 1 – How politicians lie with numbers

- **Most common errors** made by politicians with numbers
- **Examples** from Italy

Module 2 – How politicians lie about economics

- **Most common mistakes when politicians talk about the economy**

- **International comparisons**

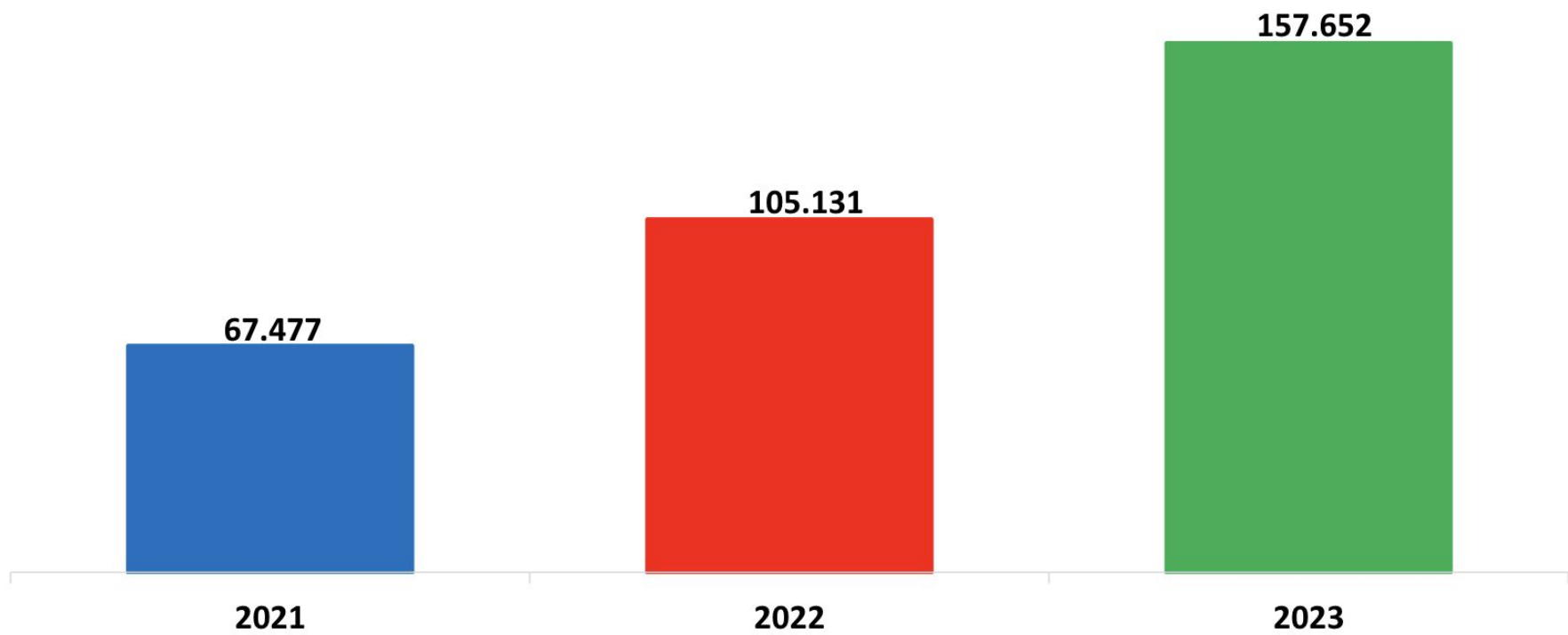# Module 1 – How politicians lie with numbers

Topics

1. Immigration

2. Environment

3. Defence

4. Jobs

5. Taxes

6. Health

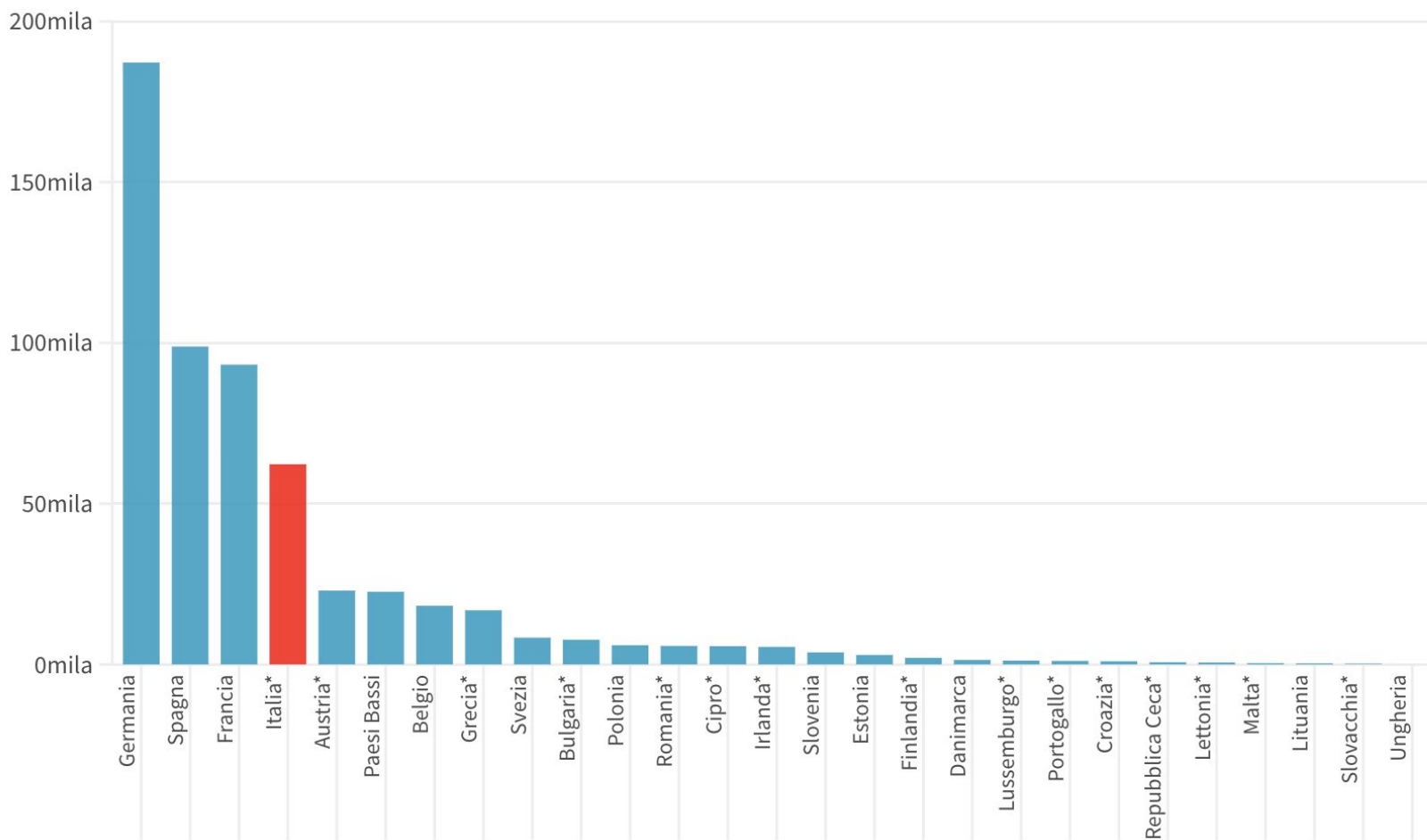7. Pensions

8. Foreign affairs

Immigration

"**Italy is the only European country experiencing immigration** on this scale".

Le dimensioni dell'immigrazione nell'Ue

Richieste d'asilo ricevute dagli Stati membri tra gennaio e luglio 2023. I dati dei Paesi con l'* sono aggiornati a giugno.
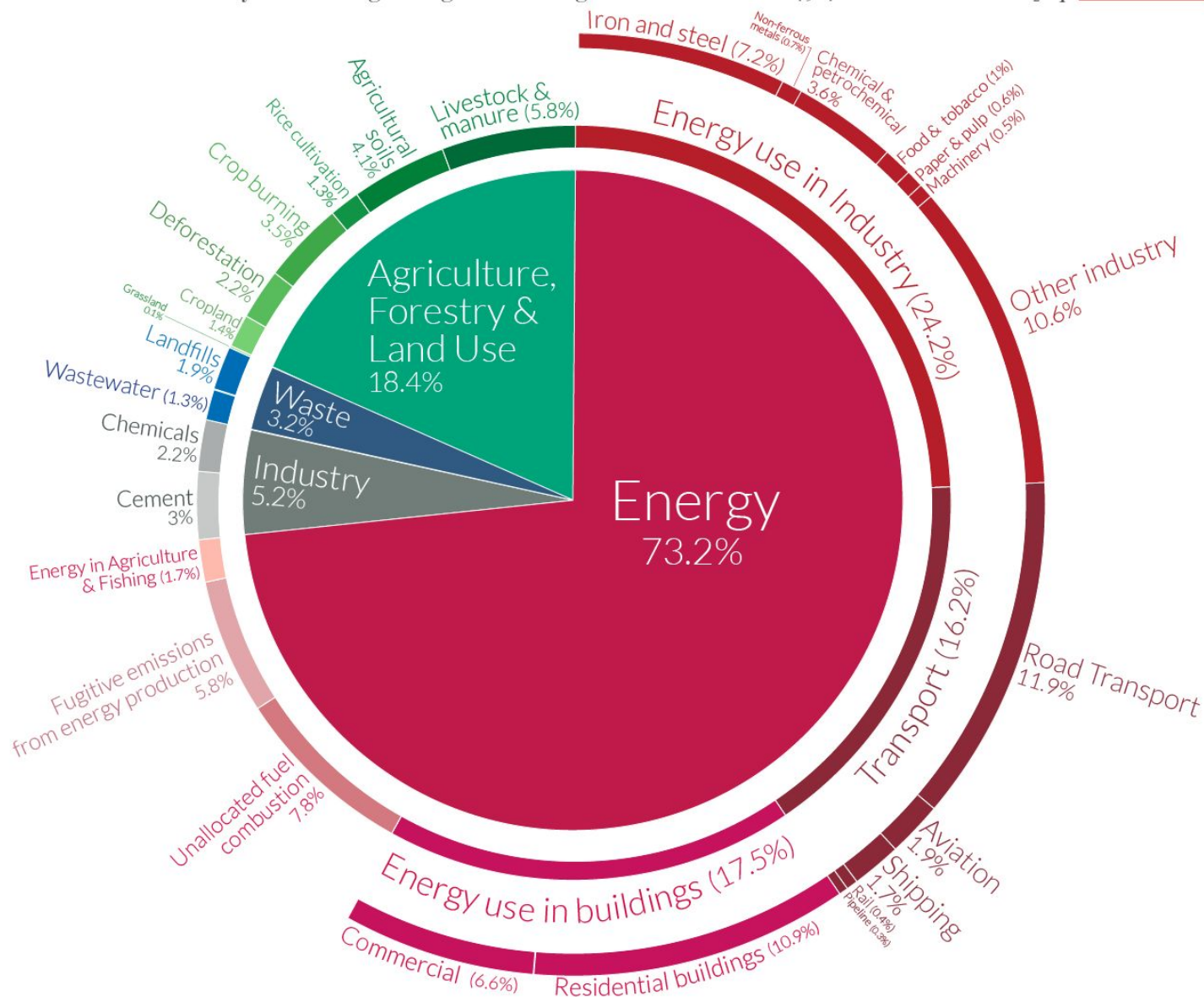
pagella politica

Environment

"Social networks produce 4 percent of the carbon dioxide released into the atmosphere".

Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO_2eq.

Iron and steel (7.2%)
Non-ferrous metals (0.7%)
Chemical & petrochemical 3.6%
Food & tobacco (1%)
Paper & pulp (0.6%)
Machinery (0.5%)

Energy use in Industry (24.2%)

Other industry 10.6%

Agricultural soils 4.1%
Rice cultivation 1.3%
Crop burning 3.5%
Deforestation 2.2%
Cropland 1.4%
Grassland 0.1%
Landfills 1.9%
Wastewater (1.3%)
Chemicals 2.2%
Cement 3%
Energy in Agriculture & Fishing (1.7%)
Fugitive emissions from energy production 5.8%
Unallocated fuel combustion 7.8%

Livestock & manure (5.8%)

Agriculture, Forestry & Land Use 18.4%

Waste 3.2%

Industry 5.2%

Energy 73.2%

Road Transport 11.9%

Transport (16.2%)

Aviation 1.9%
Shipping 1.7%
Rail (0.4%)
Pipeline (0.3%)

Energy use in buildings (17.5%)

Commercial (6.6%)
Residential buildings (10.9%)

OurWorldinData.org – Research and data to make progress against the world's largest problems.
Source: Climate Watch, the World Resources Institute (2020).

- The increase by half in 5 years of digital technology in GHG emissions (2.5% to 3.7% between 2013 and 2018) and a twofold increase of this ratio from now to 2025 (if data traffic continues to grow by 30% a year);

The scope of the equipment (and associated uses) that we have adopted to calculate the energy and environmental footprint is therefore as follows:

- Telecommunications networks (access and transport, fixed, WIFI and mobile)
- Data centers
- Terminals: personal computers (fixed and mobile), tablets, smartphones, traditional mobile phones, boxes, connected audiovisual equipment (including connected TVs)
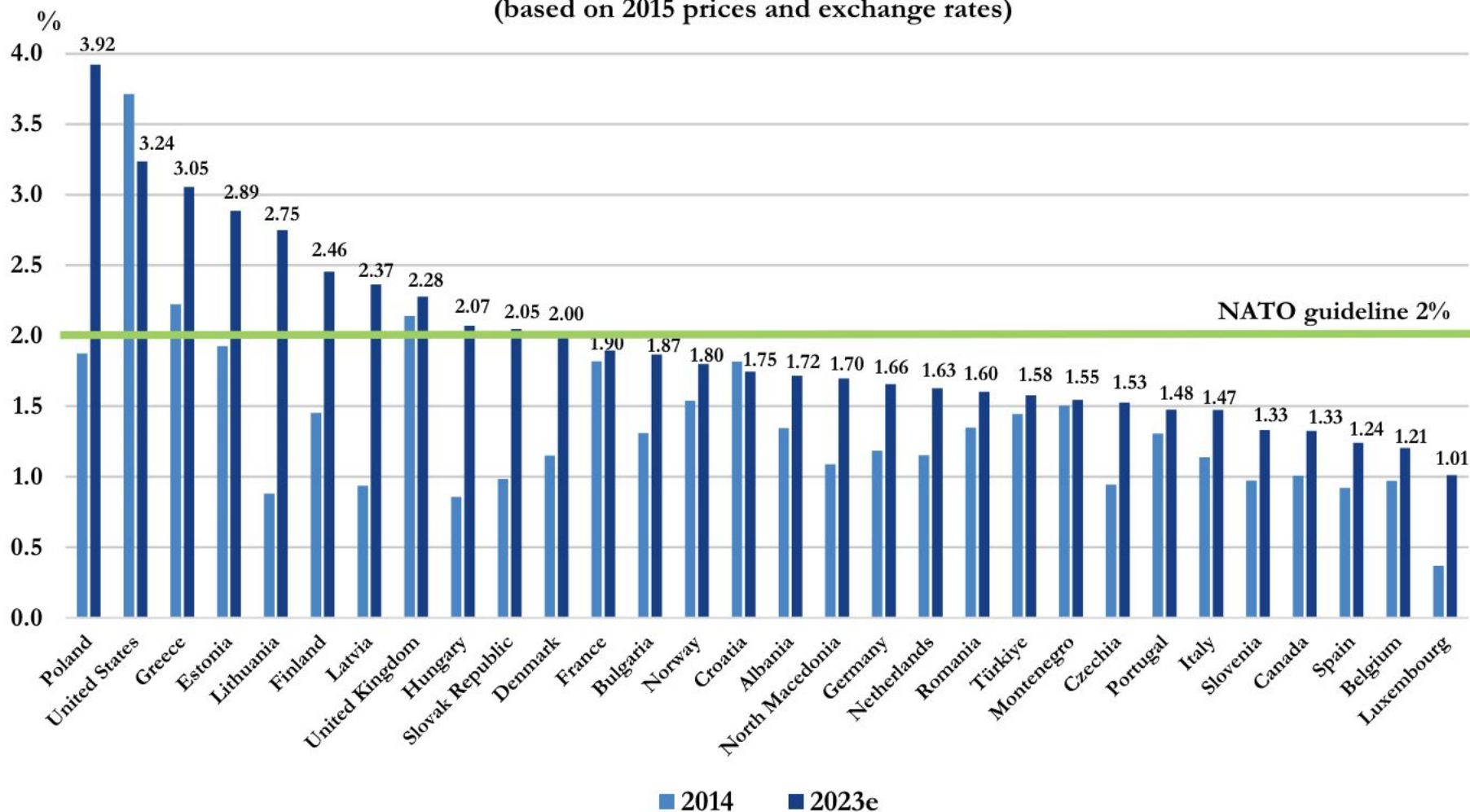- IoT (Internet of Things)[4] sensors

Defence

"None of the European nations meet the **commitment made to NATO** to invest 2 percent of their GDP in defense".

Graph 3 : Defence expenditure as a share of GDP (%)

(based on 2015 prices and exchange rates)

NATO guideline 2%

2014 ■ 2023e

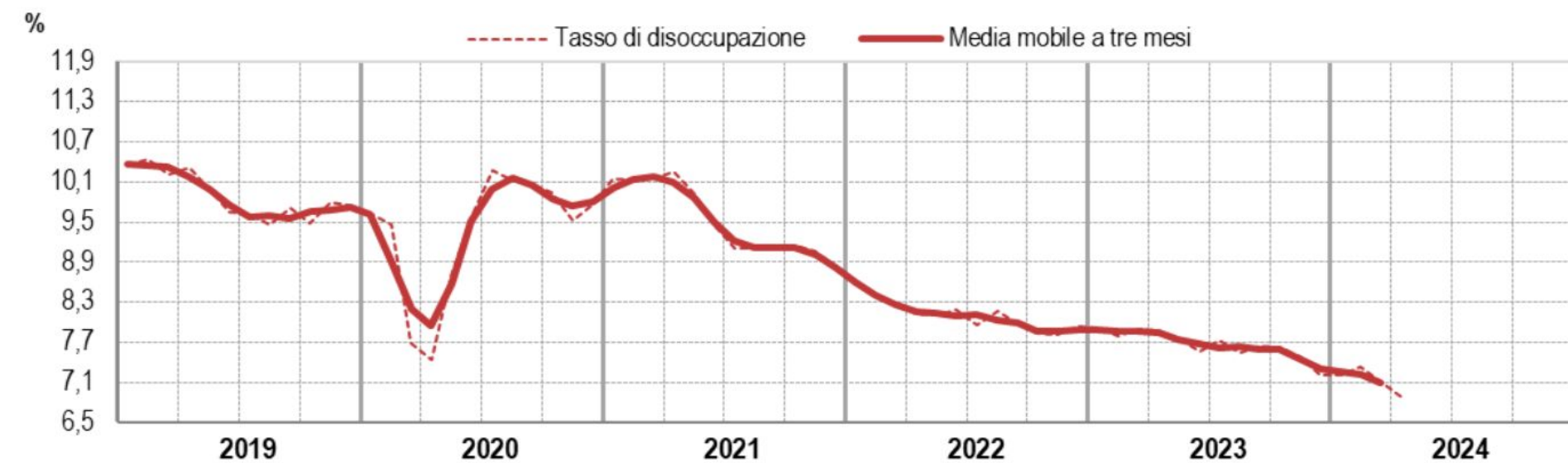Note: Figures for 2023 are estimates.

Jobs

"The employment data provided by Istat show a reversal of the **unemployment trend**".

FIGURA 2. TASSO DI DISOCCUPAZIONE

Gennaio 2019 – aprile 2024, valori percentuali, dati destagionalizzati

Taxes

"Italy's **total tax rate** is already among the highest in the world: it exceeds 64%".
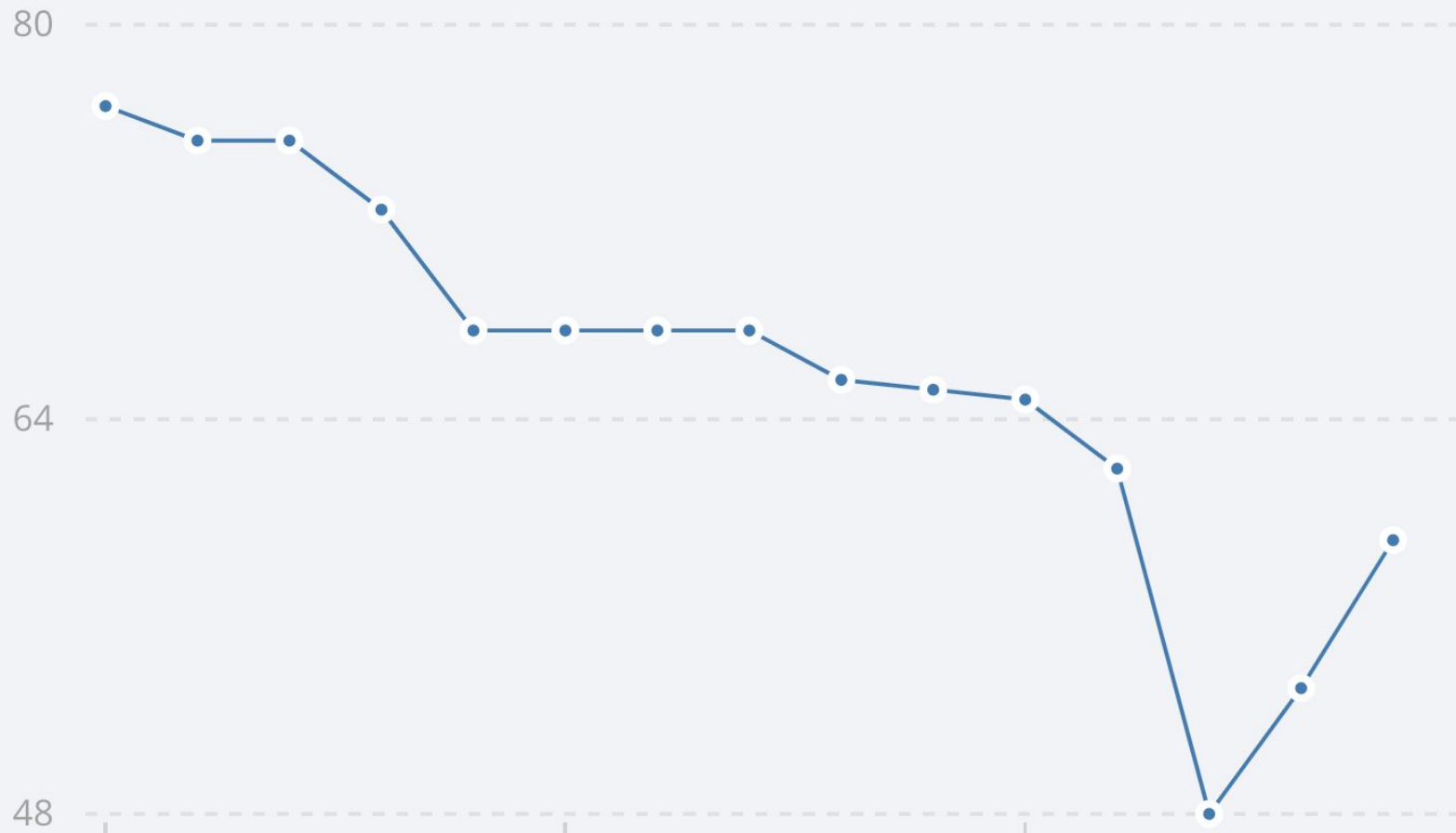
Taxes

The "total tax rate" is defined by the World Bank as the amount of taxes and mandatory contributions that businesses must pay, after accounting for allowable deductions and exemptions, expressed as a percentage of commercial profits.
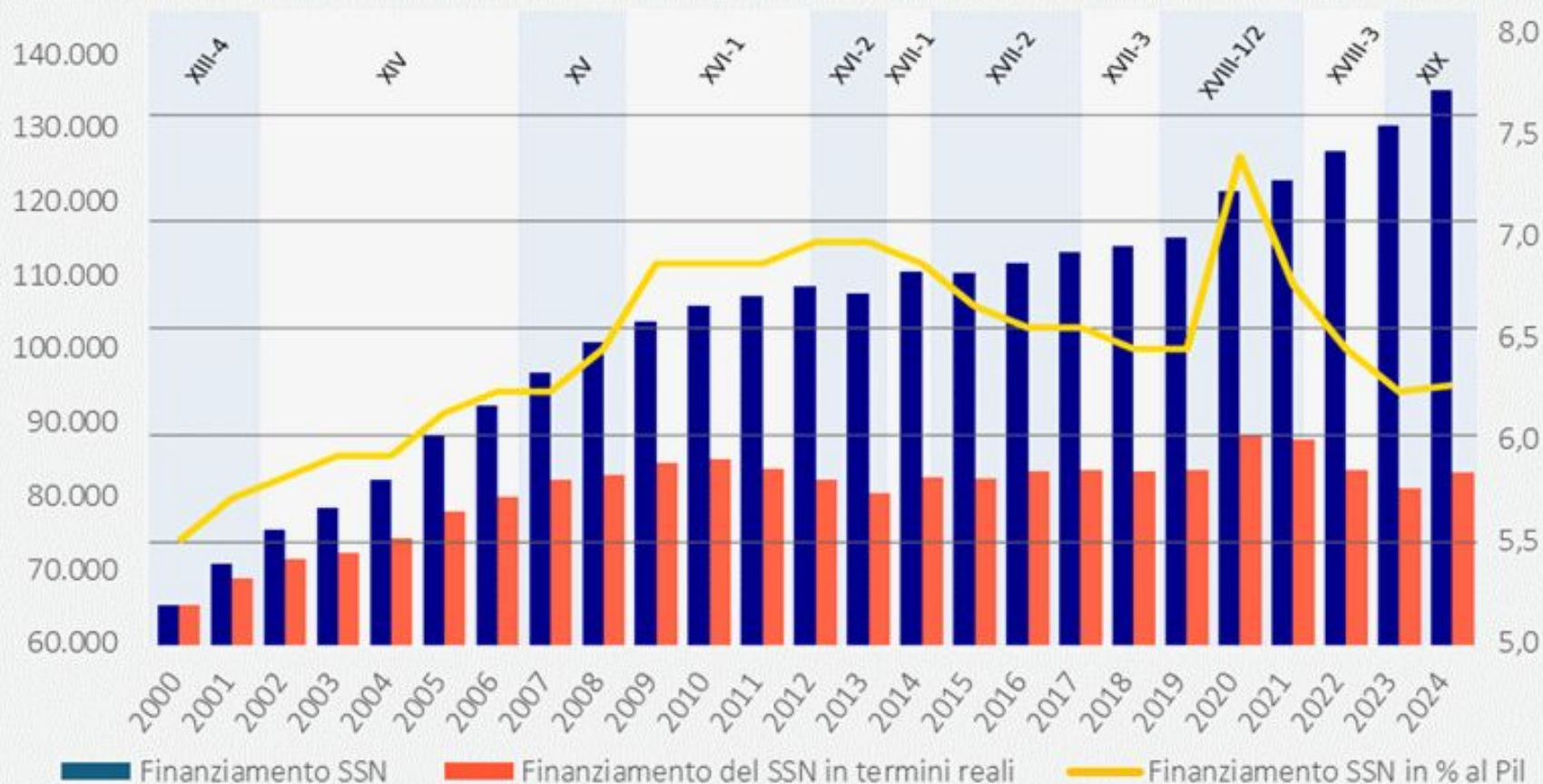
Total tax and contribution rate (% of profit)

Health

"This government is cutting healthcare funding. Under our government, healthcare spending had increased, exceeding 7% of GDP".

Fig. 1: Finanziamento SSN

(ssse sx: valori in milioni di euro; asse dx: valori in percentuale al Pil)

Legislatura (in alto): XIII-4, XIV, XV, XVI-1, XVI-2, XVII-1, XVII-2, XVII-3, XVIII-1/2, XVIII-3, XIX

Legenda:
- Finanziamento SSN
- Finanziamento del SSN in termini reali
- Finanziamento SSN in % al Pil

Fonte: elaborazioni OCPI su dati RGS e Istat.

Nota: in alto la legislatura (numero romano) e il governo in carica nel periodo.
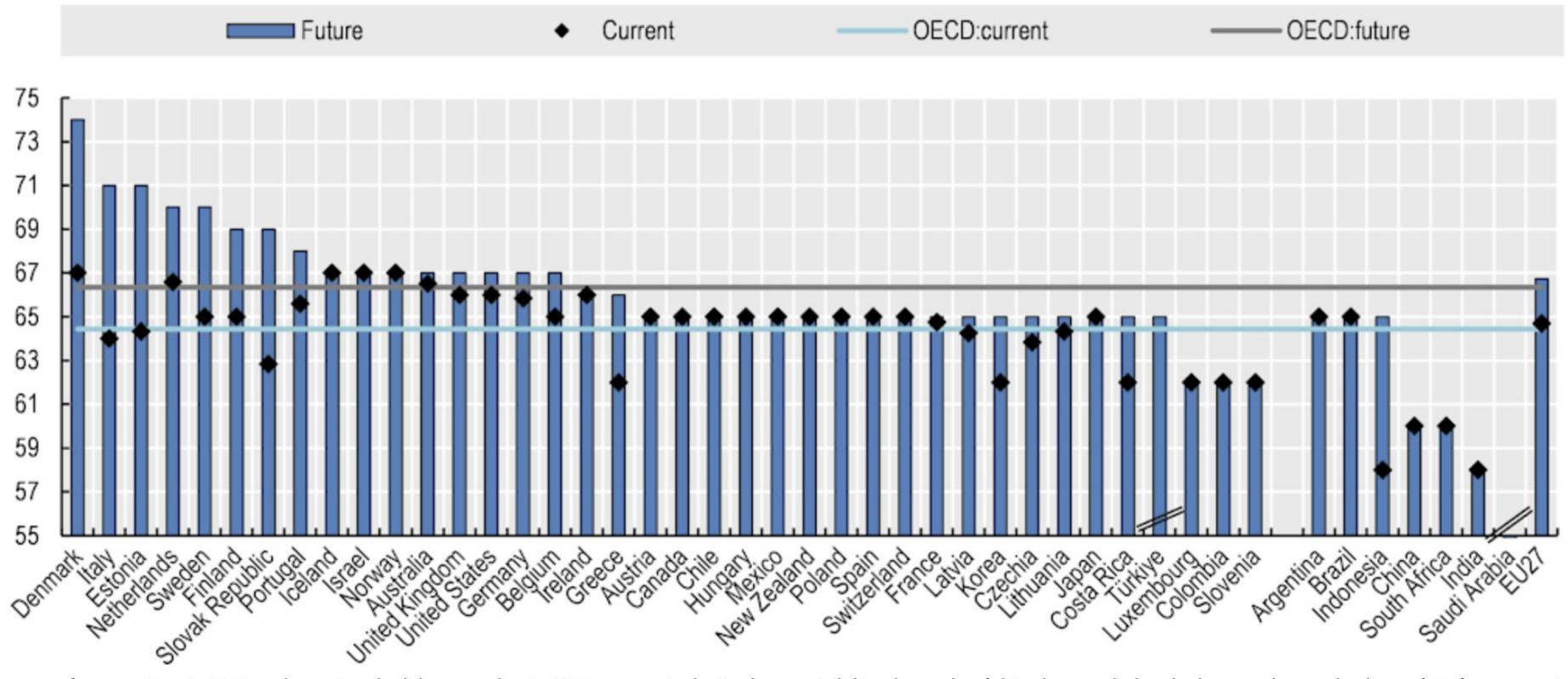
Pensions

"We are one of the European countries where the **average retirement age** is the highest".

Figure 3.8. **Current and future normal retirement ages for a man with a full career from age 22**

Current and future refer to retiring 2022 and entering the labour market in 2022, respectively

Foreign affairs

"I am the only political leader in the world to have chaired the G7, the G8, and the G20".

Module 2 – How politicians lie about economics

A taxonomy

1. Misreading sources
2. Misinterpreting timeframes
3. Exaggerating data
4. False causality
5. Unsupported by scientific literature
6. False trend reversal
7. Misestimating economic sector impact
8. Cherry-picking data

A taxonomy

1. **Misreading sources**
2. **Misinterpreting timeframes**
3. **Exaggerating data**
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5. **Unsupported by scientific literature**
6. **False trend reversal**
7. **Misestimating economic sector impact**
8. **Cherry-picking data**

Misreading Sources

This category includes statements made by politicians who **incorrectly interpret or misunderstand** the information from the sources they reference.

These errors typically arise from a **failure to accurately read** or comprehend the data, leading to the dissemination of inaccurate or misleading information.

Misreading Sources

An example might be quoting a statistic out of context or attributing a particular figure to a different phenomenon than **originally intended** by the source.

Example

"Do you know how much it is estimated—these are estimates, take them with a grain of salt—that tax avoidance in Europe could be worth every year? Some studies, I quote Professor Richard Murphy, speak of 700-800 billion euros per year".

Tax Research UK

The European Tax Gap

A report for the Socialists and Democrats Group in the European Parliament

Richard Murphy
Director of Tax Research LLP[i]
Professor of Practice in International Political Economy, City, University of London

January 2019

The evidence now available suggests that the EU tax gap resulting from largely domestic tax evasion might be €825 billion a year, based on data for 2015. It is harder to estimate

corporate tax avoidance in the EU, but available evidence suggests different amounts, from €50bn a year to €190bn a year according to previous European Parliament studies.[1]

Specifically, we estimated in Part One that the revenue losses for the EU due to tax avoidance from corporate taxation could amount to around **50-70 billion euro** per annum, this figure representing the sum lost to profit shifting. This is a conservative estimate. If we include other tax regime issues such as special tax arrangements, inefficiencies in collection and so on, we estimate that revenue losses for the EU due to tax avoidance from corporate taxation could amount to around **160-190 billion euro per annum**. We have assessed the Corporate Income Tax Efficiency to sit at 75 per cent. This

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Misinterpreting Timeframes

This category encompasses statements by politicians that incorrectly interpret or fail to specify the relevant time period for the data they cite.

These errors often involve presenting information without context, leading to misunderstandings about trends or changes over time.

Misinterpreting Timeframes

An **example** is claiming significant growth or improvement without clarifying the specific years or periods in question.

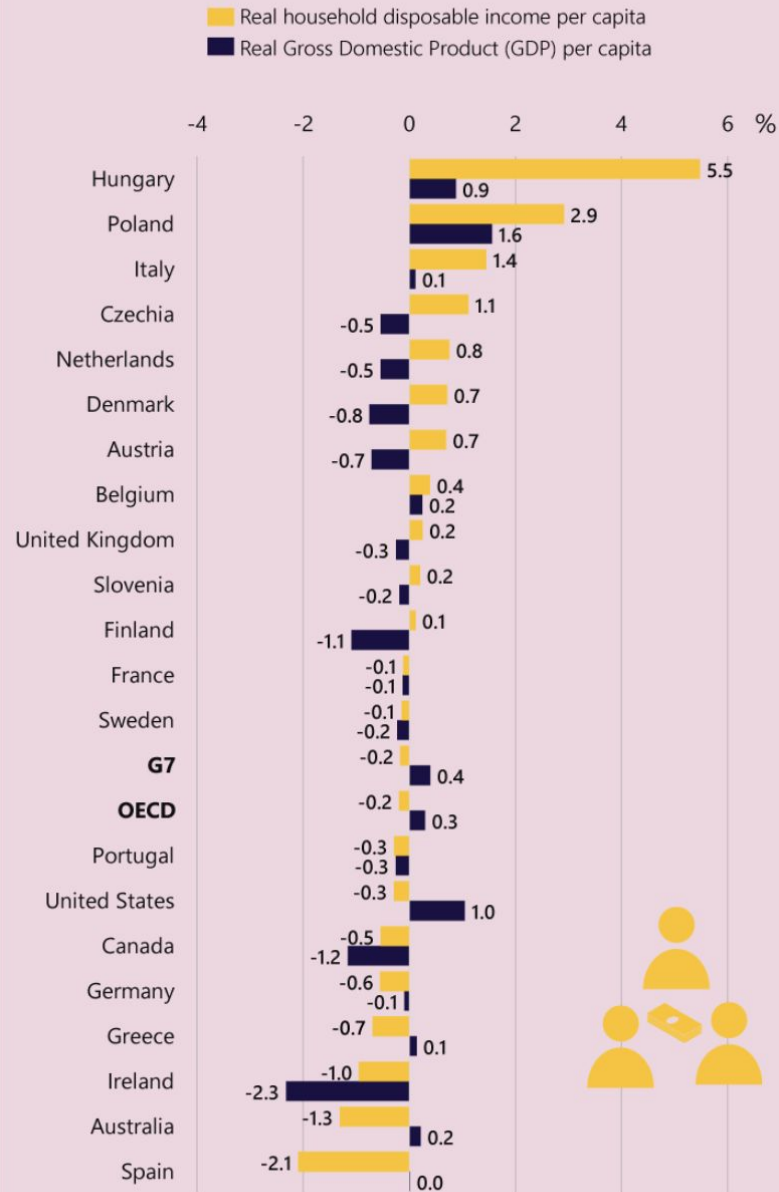This can **distort the perceived accuracy** and relevance of the data.

Example

"**Under my government, the disposable income of households, according to the OECD, has increased in Italy six times more than it has increased on average in other nations**".

Real household income per capita in the OECD fell by 0.2% in Q3 2023, while real GDP per capita grew by 0.3%

Percentage change over previous quarter, seasonally adjusted

Legend:
- Real household disposable income per capita
- Real Gross Domestic Product (GDP) per capita

Country	Real household disposable income per capita	Real GDP per capita
Hungary	5.5	0.9
Poland	2.9	1.6
Italy	1.4	0.1
Czechia	1.1	-0.5
Netherlands	0.8	-0.5
Denmark	0.7	-0.8
Austria	0.7	-0.7
Belgium	0.4	0.2
United Kingdom	0.2	-0.3
Slovenia	0.2	-0.2
Finland	0.1	-1.1
France	-0.1	-0.1
Sweden	-0.1	-0.2
G7	-0.2	0.4
OECD	-0.2	0.3
Portugal	-0.3	-0.3
United States	-0.3	1.0
Canada	-0.5	-1.2
Germany	-0.6	-0.1
Greece	-0.7	0.1
Ireland	-1.0	-2.3
Australia	-1.3	0.2
Spain	-2.1	0.0

OECD

Definition

Household disposable income **equals the total income received, after deduction of taxes on income and wealth and social contributions, and includes monetary social benefits (such as unemployment benefits).**

Definition

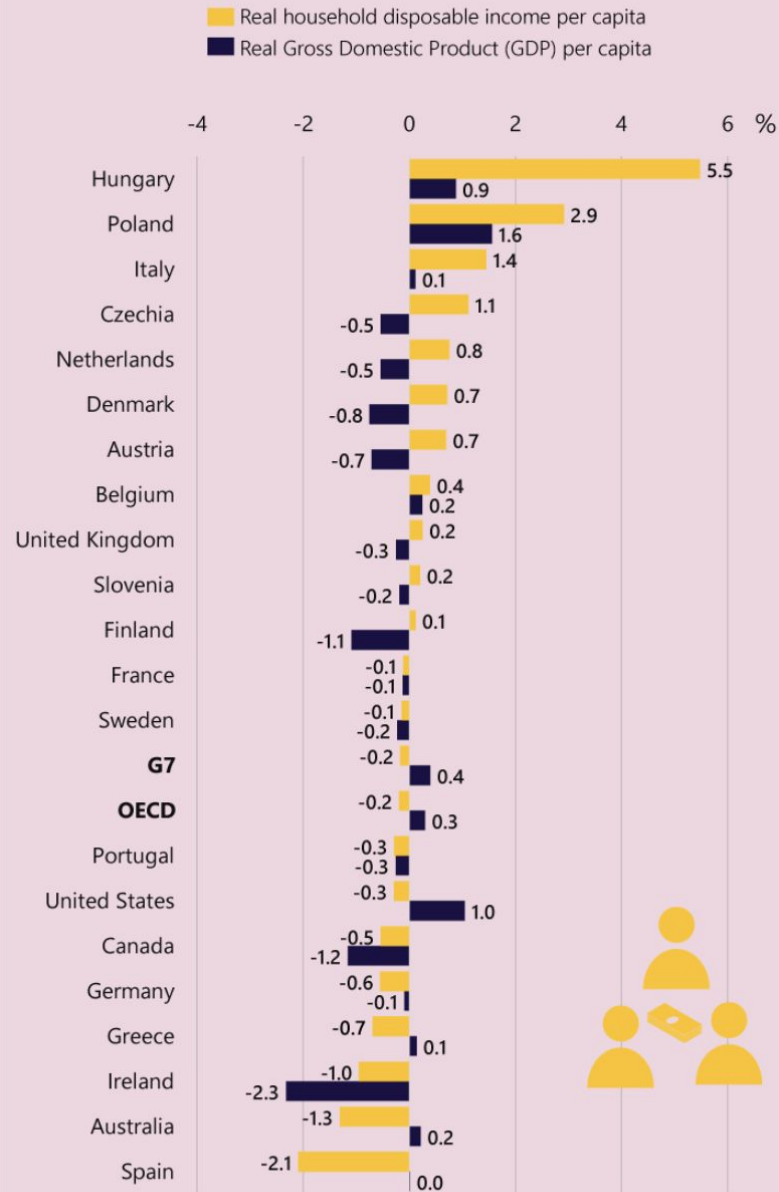For example, if money income increases more than consumer prices, **real income** increases. If money income increases less than consumer prices, real income declines.
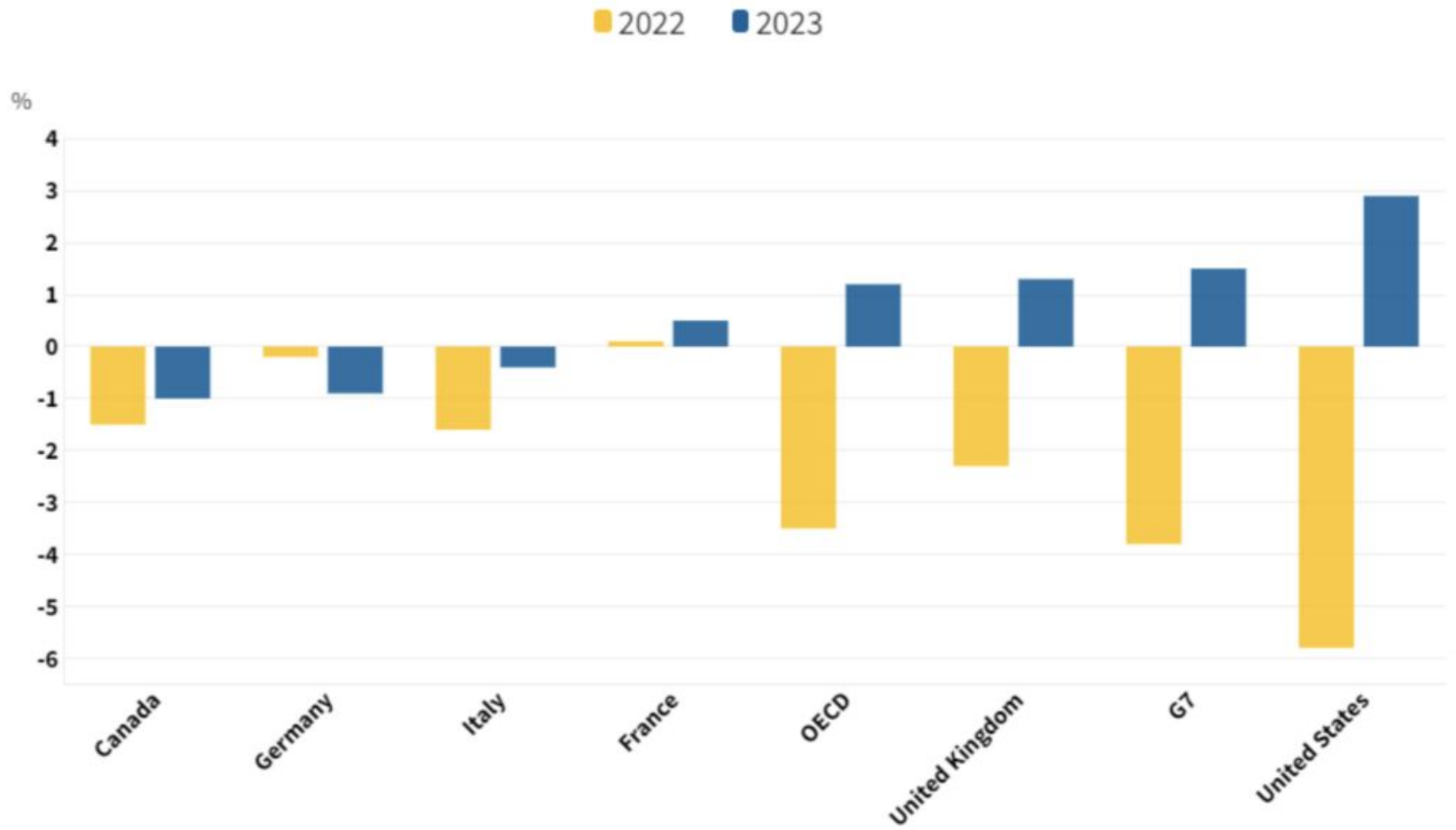
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Austria	0.7	-0.7
Belgium	0.4	0.2
United Kingdom	0.2	-0.3
Slovenia	0.2	-0.2
Finland	0.1	-1.1
France	-0.1	-0.1
Sweden	-0.1	-0.2
G7	-0.2	0.4
OECD	-0.2	0.3
Portugal	-0.3	-0.3
United States	-0.3	1.0
Canada	-0.5	-1.2
Germany	-0.6	-0.1
Greece	-0.7	0.1
Ireland	-1.0	-2.3
Australia	-1.3	0.2
Spain	-2.1	0.0

OECD

Legend: 2022, 2023

Categories (left to right): Canada, Germany, Italy, France, OECD, United Kingdom, G7, United States

Y-axis: % (from -6 to 4)

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Exaggerating Data

This category involves statements made by politicians that **amplify or overstate facts and figures** beyond their actual significance.

These exaggerations often aim to make a situation appear **more favorable** or unfavorable than it truly is.

Exaggerating Data

An **example** might be declaring a country as the leading economic force in a region despite data showing many other countries with higher growth rates.

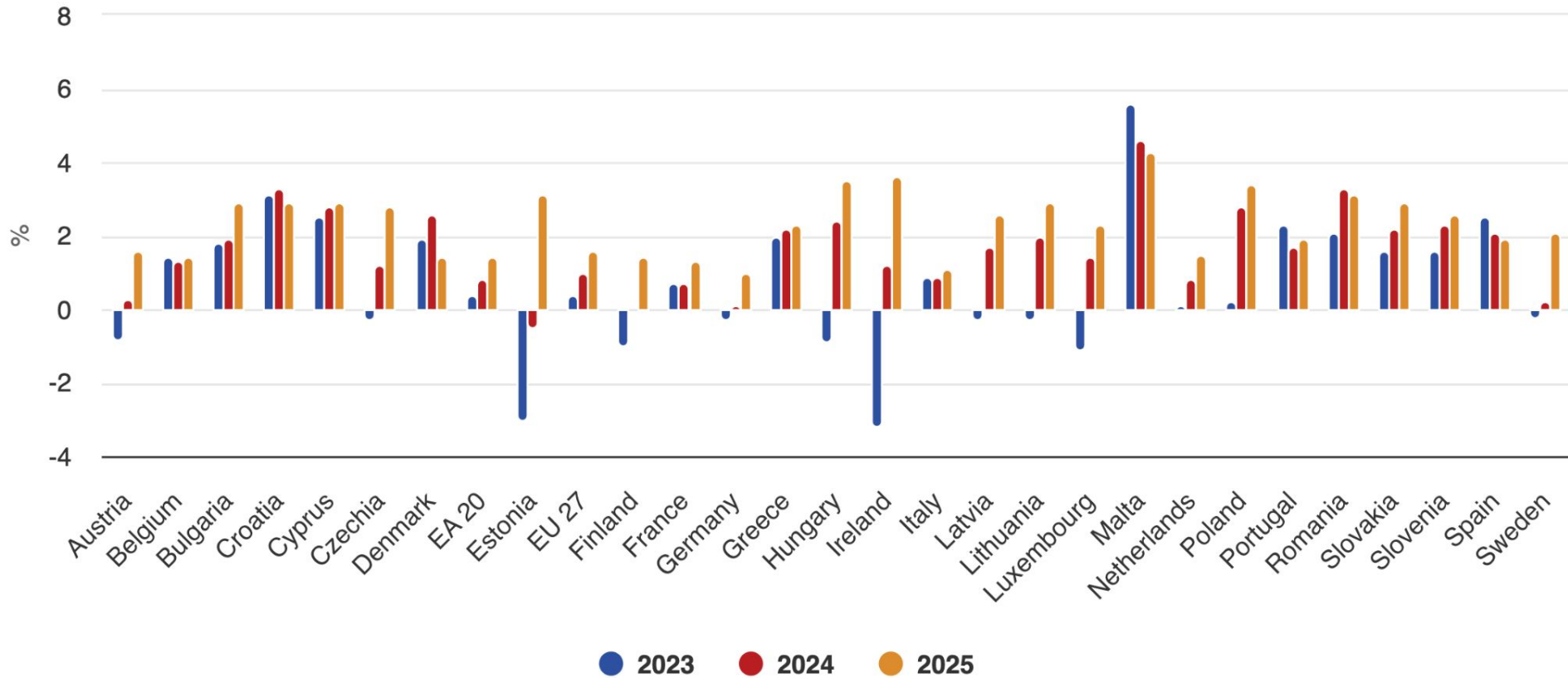This type of error misleads the audience by presenting an **inflated version of reality**.

Example

"**Italy is the locomotive of Europe**".

Economic Forecast - Spring 2024

%

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, EA 20, Estonia, EU 27, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

● 2023   ● 2024   ● 2025

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False Causality

This category includes statements by politicians that **incorrectly attribute a causal relationship** between two events or phenomena without sufficient evidence.

These errors involve asserting that one factor directly causes another when the connection is either **unproven** or nonexistent.

False Causality

An **example** might be claiming that a policy change has directly led to economic improvement without considering other contributing factors or without any supporting data.

This misleads the audience by **suggesting a cause-and-effect relationship** that may not exist.

Example

"The board displaying the average fuel prices has led to a constant reduction in the price of diesel and gasoline".

FIG.01 TOTAL TAXATION SHARE IN THE END CONSUMER PRICE

Source: European Commission

COUNTRY	Euro-super 95
GREECE	57
ITALY	57
FINLAND	56
GERMANY	56
MALTA	56
DENMARK	54
FRANCE	53
AUSTRIA	52
BELGIUM	52
CZECHIA	52
NETHERLANDS	52
SWEDEN	52
LATVIA	51
SLOVAKIA	51
ESTONIA	49
IRELAND	49
PORTUGAL	49
CROATIA	48
LITHUANIA	48
LUXEMBOURG	48
SLOVENIA	47
SPAIN	46
BULGARIA	45
POLAND	44
CYPRUS	43
ROMANIA	43
HUNGARY	42
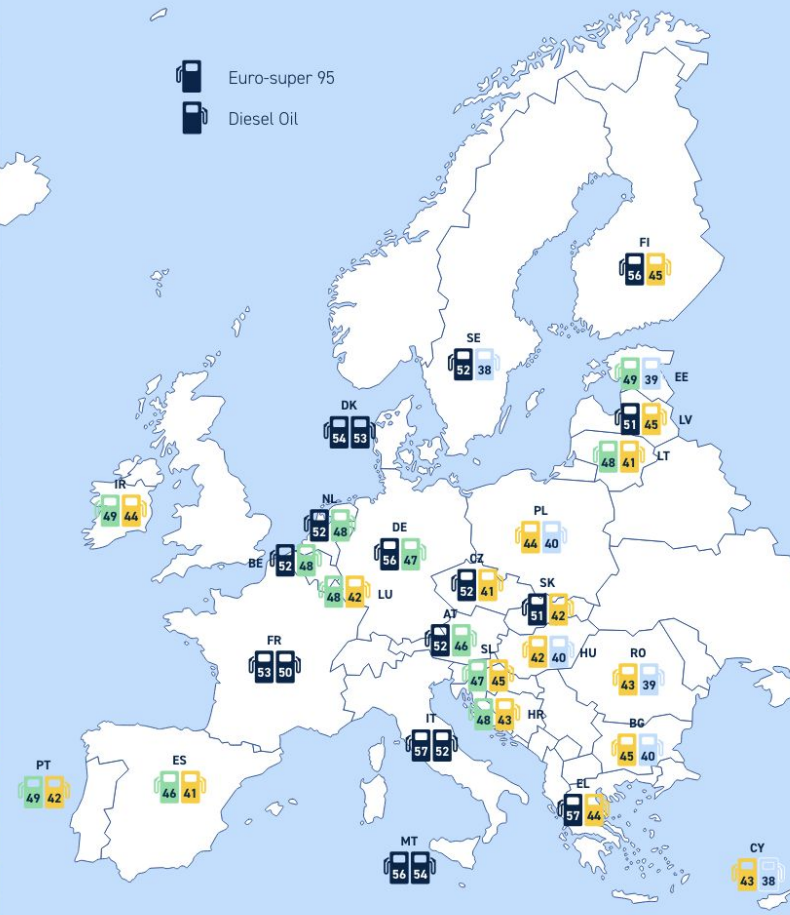
COUNTRY	Diesel Oil
MALTA	54
DENMARK	53
ITALY	52
FRANCE	50
BELGIUM	48
NETHERLANDS	48
GERMANY	47
AUSTRIA	46
FINLAND	45
LATVIA	45
SLOVENIA	45
GREECE	44
IRELAND	44
CROATIA	43
SLOVAKIA	42
PORTUGAL	42
LUXEMBOURG	42
CZECHIA	41
LITHUANIA	41
SPAIN	41
BULGARIA	40
POLAND	40
HUNGARY	40
ESTONIA	39
ROMANIA	39
SWEDEN	38
CYPRUS	38

Euro-super 95
Diesel Oil

Map markers:
FI 56 45
SE 52 38
EE 49 39
DK 54 53
LV 51 45
LT 48 41
IR 49 44
NL 52 48
DE 56 47
PL 44 40
BE 52 48
LU 48 42
CZ 52 41
SK 51 42
FR 53 50
AT 52 46
SL 42 40
HU
RO 43 39
PT 49 42
ES 46 41
IT 57 52
HR 48 43
BG 45 40
EL 57 44
MT 56 54
CY 43 38

Unit: Percentage

<40% or = 40%
>40% - < or = 45%
>45% - < 50%
= or >50%

Come è cambiato il prezzo della benzina

Andamento del costo in euro di 1.000 litri di benzina, senza imposte, nei quattro grandi Paesi Ue
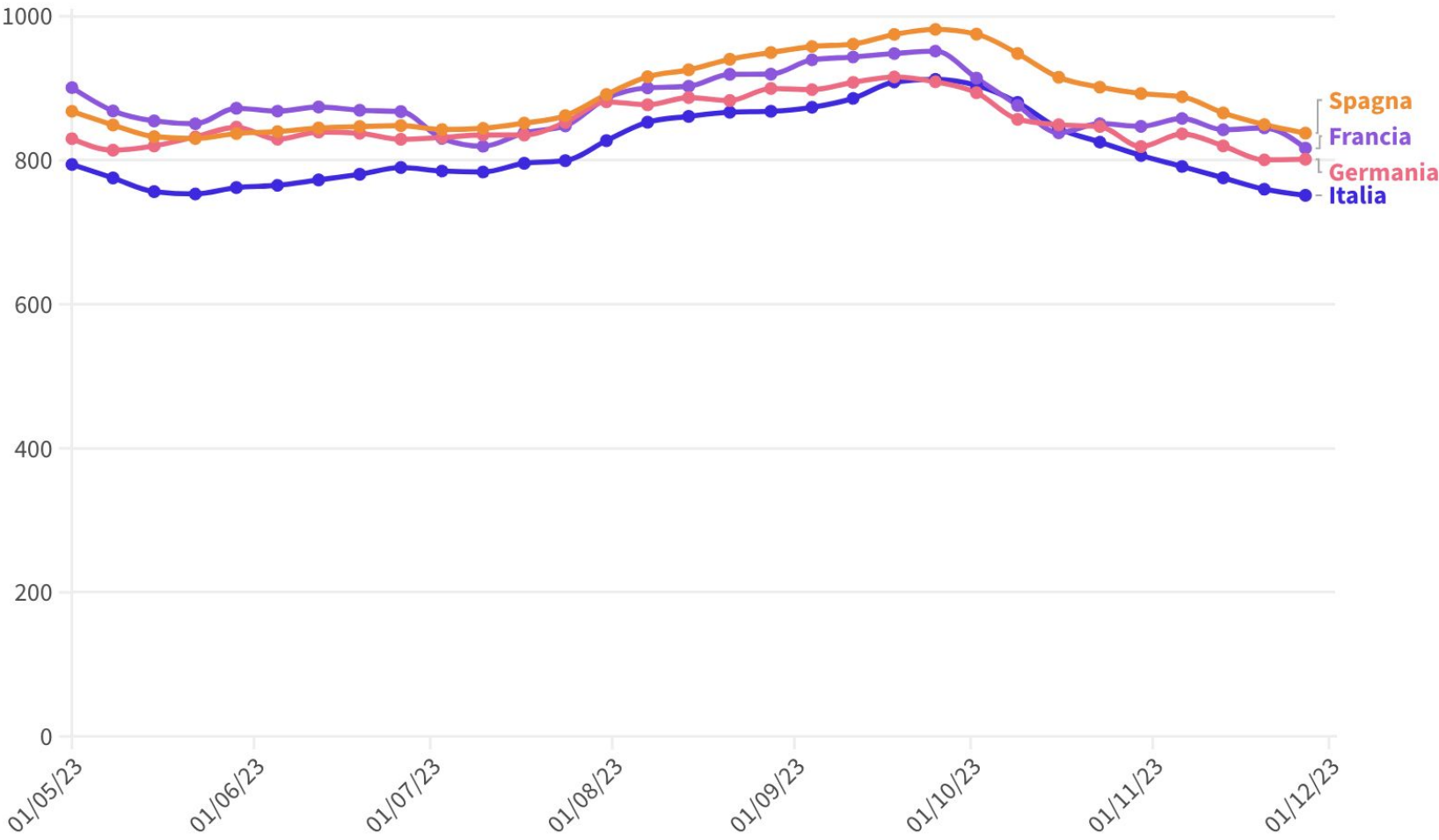
Spagna
Francia
Germania
Italia

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Unsupported by Scientific Literature

This category covers statements made by politicians that lack backing from scientific research or credible studies.

These claims are presented without evidence from peer-reviewed literature or established research, making them unreliable.

Unsupported by Scientific Literature

An **example** might be asserting that
a particular economic policy always leads to job growth
without citing any studies or data to support the claim.

This **misleads the audience** by presenting opinions or
assumptions as though they are scientifically validated facts.

Example

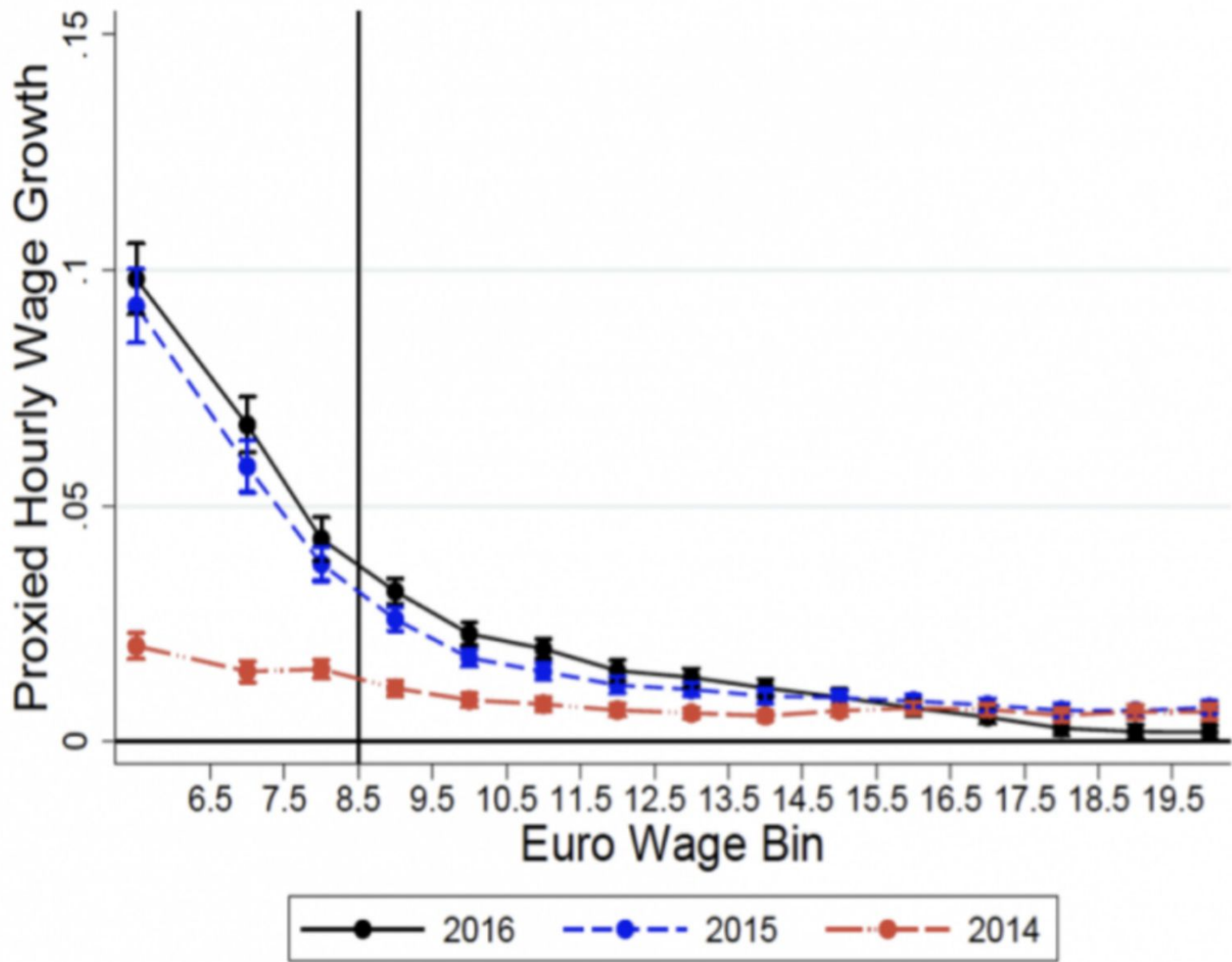"In countries like Germany, where the **minimum wage** has been adopted, other wages have also increased".

Reallocation Effects of the Minimum Wage[*]

Christian Dustmann, Attila Lindner, Uta Schönberg, Matthias Umkehrer,
Philipp vom Berge

Article history ▾

Legend: 2016 (black solid), 2015 (blue dashed), 2014 (red dash-dotted)

X-axis: Euro Wage Bin
Y-axis: Proxied Hourly Wage Growth

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False Trend Reversal

This category includes statements by politicians that claim a significant change in a trend due to recent actions or policies, despite evidence showing no such reversal has occurred.

These assertions typically involve taking credit for improvements or shifts that either have not happened or are unrelated to the actions in question.

False Trend Reversal

An **example** is declaring that a new government has reversed
an economic downturn when data indicates that
the trend remains unchanged.

This misleads the audience by presenting
an **inaccurate picture of progress** or impact.

Example

"**With the Meloni government, we have completely** **reversed the trend****: the Italian economy is growing faster than the EU average, we have reached the highest employment rate ever recorded in Italy, and the highest number of stable contracts**".
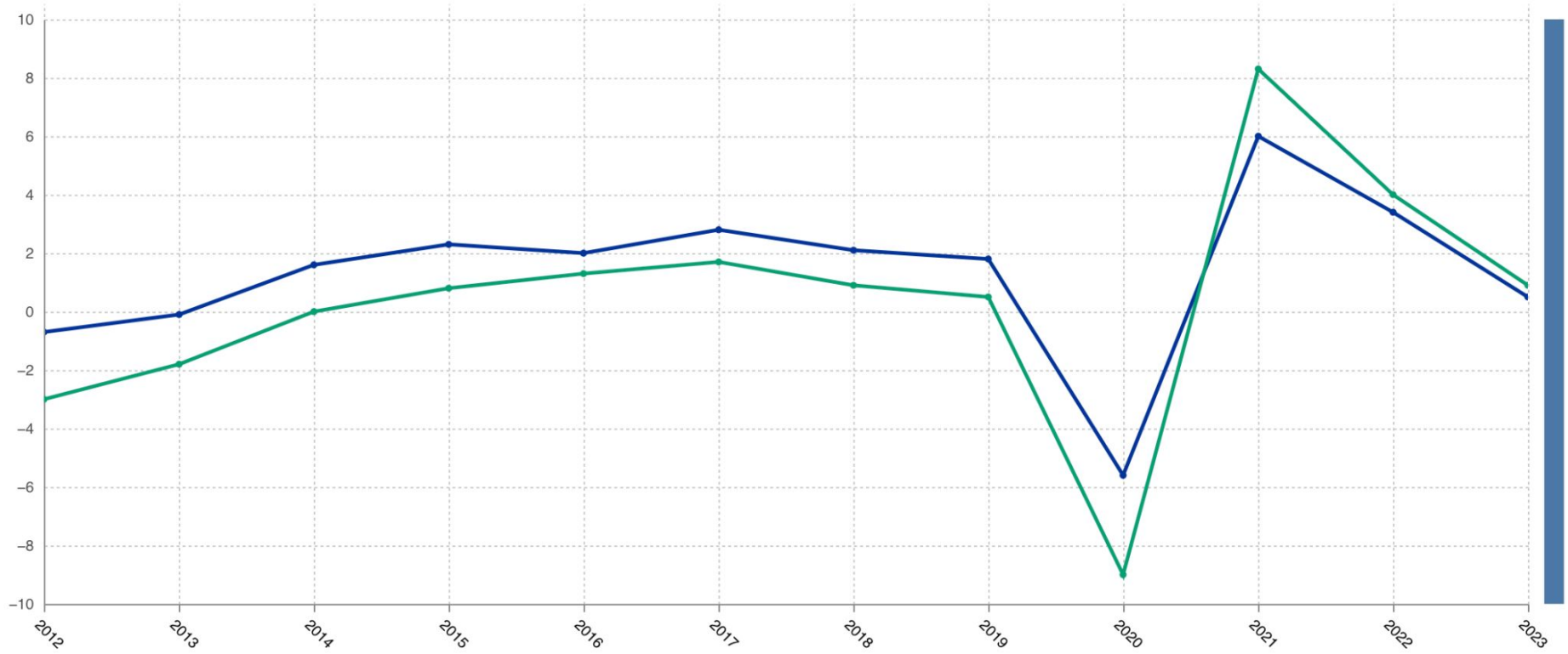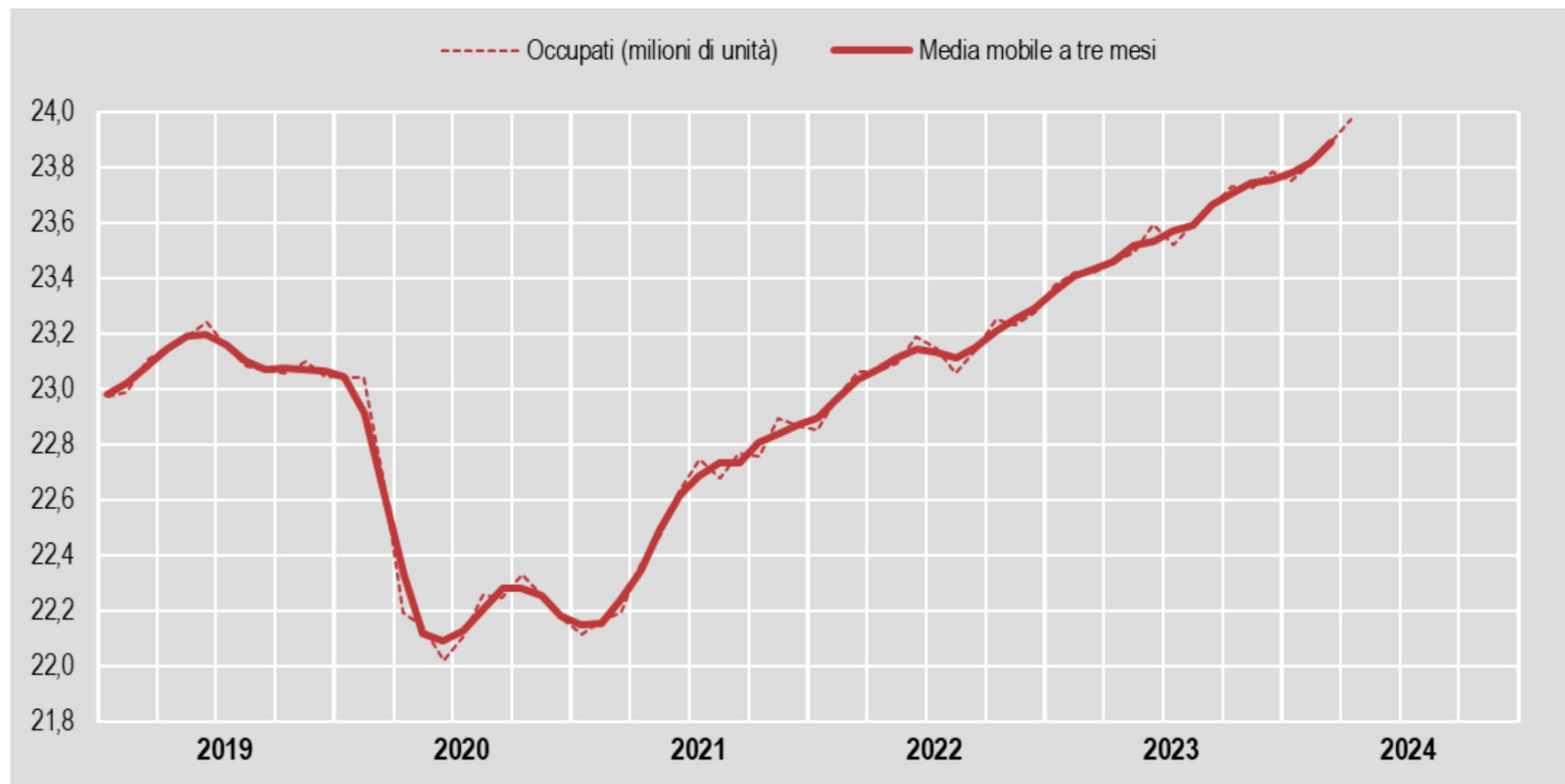
Real GDP growth rate

FIGURA 1. OCCUPATI

Gennaio 2019 – aprile 2024, valori assoluti in milioni, dati destagionalizzati

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Misestimating Economic Sector Impact

This category pertains to statements made by politicians that **inaccurately estimate the contribution** or significance of a particular economic sector to the overall economy, often inflating or deflating its true impact.

These errors arise from a misunderstanding or misrepresentation of data, leading to **incorrect conclusions** about the sector's role.

Misestimating Economic Sector Impact

An **example** might be claiming that a specific industry

represents a large percentage of GDP

without supporting evidence.

This misleads the audience by providing an

erroneous view of the sector's economic importance.

Example

"**Professional football** is an industry worth 7% of Italy's GDP, providing jobs to over 120,000 people".

	2016	2019 (scenario pre COVID-19)	2020 (con impatto COVID-19)	2021	2022	Variazione % (2022 vs 2021)
Spesa diretta	€ 3.050m	€ 5.050m	€ 4.762m	€ 5.677m	€ 5.713m	+0,6%
Impatto sul PIL	€ 7.445m	€ 10.066m	€ 8.249m	€ 10.254m	€ 11.102m	+8,3%
Impatto % sul PIL	0,51%	0,58%	0,54%	0,58%	0,63%	+5bp
Produzione attivata	€ 14.801m	€ 19.559m	€ 15.151m	€ 15.152m	€ 18.183m	+20,0%
Tasse generate	€ 1.742m	€ 3.130m	€ 2.460m	€ 2.933m	€ 3.028m	+3,2%
Redditi per le famiglie	€ 8.983m	€ 10.571m	€ 8.601m	€ 10.253m	€ 9.812m	-4,3%
Occupazione attivata	89.821	121.737	94.462	112.047	125.958	+12,4%

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Cherry-Picking Data

This category involves statements made by politicians that **selectively use specific data** points to support their position while ignoring other relevant data that may contradict their argument.

This selective presentation of information can create a **misleading narrative** by focusing only on the favorable or unfavorable aspects that suit their agenda.

Cherry-Picking Data

An **example** is highlighting the rise in public debt in absolute terms without acknowledging that the debt-to-GDP ratio is decreasing.

This misleads the audience by providing an **incomplete and biased picture** of the situation.

Example

"**Public debt** has reached its highest value. Yet you have been saying for months that it was decreasing".