

THE HUFFINGTON POST

Venezuela's Lying Statistics

Steve H. Hanke

January 15, 2016

Surprise! Venezuela, the world's most miserable country (according to my misery index) has just released an annualized inflation estimate for the quarter that ended September 2015. This is late on two counts. First, it has been nine months since the last estimate was released. Second, September 2015 is not January 2016. So, the newly released inflation estimate of 141.5% is out of date.

I estimate that the current implied annual inflation rate in Venezuela is 392%. That's almost three times higher than the latest official estimate.

Venezuela's notoriously incompetent central bank is producing lying statistics - just like the Soviets used to fabricate. In the Soviet days, we approximated reality by developing lie coefficients. We would apply these coefficients to the official data in an attempt to reach reality. The formula is: (official data) X (lie coefficient) = reality estimate. At present, the lie coefficient for the Central Bank of Venezuela's official inflation estimate is 3.0.

Hanke's 2015 Misery Index Scores - Americas						
Rank (Worst to Best)	Country	Misery Index 2013	Misery Index 2014	Misery Index 2015	Major Contributing Factor	
1	Venezuela	79.8	95.2	214.9	Inflation	
2	Brazil	36.6	44.0	67.8	Interest Rate	
3	Argentina	45.4	70.0	60.0	Inflation	
4	Jamaica	42.4	37.8	34.4	Interest Rate	
5	Uruguay	27.4	30.4	32.2	Interest Rate	
6	Paraguay	31.4	32.3	32.1	Interest Rate	
7	Dominican Republic	32.4	29.9	31.3	Interest Rate	
8	Colombia	18.7	20.1	25.1	Interest Rate	
9	Peru	23.0	23.2	24.7	Interest Rate	
10	Honduras	29.5	30.7	24.4	Interest Rate	
11	Costa Rica	27.4	28.6	23.1	Interest Rate	
12	Nicaragua	26.0	25.3	22.7	Interest Rate	
13	Bolivia	24.9	22.2	20.2	Interest Rate	
14	Trinidad & Tobago	21.1	23.8	19.4	Interest Rate	
15	Ecuador	11.8	13.8	18.9	Interest Rate	
16	Chile	15.0	18.2	15.0	Unemployment	
17	El Salvador	12.9	12.7	12.5	Unemployment	
18	Panama	14.3	12.2	11.8	Interest Rate	
19	Canada	10.4	10.0	11.5	Unemployment	
20	Mexico	12.9	11.6	9.7	Unemployment	
21	United States	11.4	8.4	8.0	Unemployment	

Source: Economist Intelligence Unit (including estimates), and World Bank. Calculations by Prof. Steve H. Hanke, The Johns Hopkins University.

Notes: The misery index score is the sum of the unemployment rate, the lending rate, and the inflation rate (consumer prices; end-of-period) minus the annual percent change in real GDP per capita.

To remain consistent, we only use data from the Economist Intelligence Unit (EIU), except for Nicaragua's unemployment data, which is from World Bank. Only countries for which data are available are included.

Steve H. Hanke is a senior fellow and director of the Troubled Currencies Project at the Cato Institute.