## Forum

#### By the Numbers

A sense of numbers is essential to understanding political issues, as William I. Buscemi argues persuasively in the December 1997 issue of *PS*. He is to be commended for emphasizing that numbers are not a substitute for reliance on intuition or the "feel" that an artist-political scientist has for reality. Numbers should, of course, be used to help set the terms of political discourse, and point to interesting questions for students and researchers. But which numbers and for what purpose?

Students of comparative politics have long learned to treat numbers with respect *and* caution. There are no politically innocent statistics. Take the ranking by per capita income of the world's richest nations offered by Professor Buscemi (1997, 740). They are:

Switzerland	\$38,000
Japan	37,000
Denmark	27,000
U.S.	26,000
Germany	25,000

There is much food for thought here. American students can be challenged to explain why the standard of living in the U.S. is only twothirds that of either Switzerland or Japan. Writing in the early 1980s, Karl Deutsch poked fun at the presumed American belief that a welfare state interferes with economic growth. "But Sweden has the most elaborate welfare state in the world," he remarked, "and also a higher per capita income than even the United States," citing no source for this selfevident truth (1995, 34). Curiously, Sweden does not figure on Professor Buscemi's list of the wealthiest nations; perhaps some calamity has befallen that bastion of social democracy. If we try to understand Deutsch's comment through the numbers offered by Professor Buscemi, the mystery deepens. Why should the U.S. be richer than Germany, with its comprehensive welfare system, and richer also than the U.K and France (which do not even make this list)?

Before taking up class time on this nonproblem, perhaps one of the bright students will check the source of Buscemi's figures, a table on page 835 of the Statistical Abstract of the United States (1996). These figures are based on currency exchange values, provided mainly by the International Bank for Reconstruction and Development. Currency values fluctuate wildly, and are notoriously unreliable guides to reality. In terms of purchasing power, the dollar is undervalued, while the yen and most European currencies are overvalued. My artistic-political science "intuition" tells me, for example, that the standard of living in France has not declined by some 20% in the past year, even though the franc is now worth that much less than the dollar. Experience also is my guide. The francs I earned as a visiting professor in France in November 1996 had about the same purchasing power locally when I spent them the following summer, though down 20% against the dollar.

Dissatisfaction with international comparisons based on currency values has led economists, notably at the Organization for Economic Cooperation and Development in Paris, to create "purchasing power parities." PPPs show how many units of currency are needed in one country to buy the same amount of goods and services which one unit of currency will buy in other countries. No measure is perfect, but let us assume that economists at the OECD have worked out most of the wrinkles.

Students do not have to go far to find international comparisons based on PPPs. Only one page after the table cited above, the 1996 *Statistical Abstract of the United States* contains a different and more realistic ranking based on PPPs. More up-to-date and accessible PPP figures may be found in the 1998 *World Almanac*. Based on PPPs, the five nations previously cited are ranked as shown below.

	<u>1994</u> ª	<u>mid-1997</u> ь
U.S.	\$26,000	\$28,000
Switzerland	24,000	22,000
Japan	21,000	21,000
Denmark	21,000	22,000
Germany	20,000	18,000

Source: <sup>a</sup>U.S. Department of Commerce (1996, 836). <sup>b</sup>World Almanac (832, 823, 787, 759, 767).

The United States is clearly the richest of these nations. U.S. residents are over 20% richer (in per capita income) than residents of Switzerland, and between 30 and 50% richer than residents of the other three nations. Why this should be the case indeed would make for an interesting class discussion. The figures given by Professor Buscemi for the poorest nations are also misleading. The per capita income for India in mid-1997, based on PPPs, is \$1500 (not \$312); for Ethiopia, \$480 (not \$91); and for Tanzania, \$800 (not \$74). It is also worth noting that people are better off in subsistence economies than would appear from even these figures; their needs are different, there is more barter exchange of services and goods, and much economic activity goes unreported. Class discussion based on currency exchange values for both rich and poor nations is largely a waste of time.

Similarly, the notion that money spent on defense could simply be transferred to the world's poor assumes that wealth exists separately from the processes that create it, and can be redistributed by an intellectual exercise. Here is an interesting talking point: What percentage of the money to be cut from military budgets and distributed to the world's poor would wind up in numbered bank accounts in Switzerland? By addressing such a question students may be led to understand why

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Switzerland ranks second among wealthy nations in per capita income, why many poor nations remain poor, and why some poor nations have greater success in modernizing. Foreign aid as a percentage of GDP? Direct aid tends to buy support from local elites (see above comment on numbered bank accounts). The most effective aid is capital investment, particularly in mutual funds that specialize in emerging economies. What is the percentage of government employees to the total workforce? A question that needs to be considered first is under what conditions a bureaucracy helps create wealth, and at what point it becomes a brake on investment and economic activity or even (as Max Weber feared) a threat to human individuality. Why do American workers spend more hours on the job than workers in any industrialized nation "except Japan" (a rather large exception)? Says Professor Buscemi, "perhaps not coincidentally, the percentage of union membership in America is only 16% compared to Sweden's 85%." But in France union membership is below 10%. Many other factors must be involved.

Figures don't lie. But political scientists and politicians, economists and lobbyists, philosophers and ideologues all can figure.

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#### References

Buscemi, William I. 1997. "Numbers? Borrinnngg!!!" PS: Political Science and Politics 30 (4): 737-42.

Deutsch, Karl. 1995. "The Systems Theory Approach as a Basis for Comparative Analysis." In *Comparative Politics: Notes* and *Readings*, 8th ed., ed. B.E. Brown and R.C. Macridis. New York: Harcourt Brace.

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The APSA will again honor political science faulty whose institutions have recognized their outstanding teaching. Faculty who have received campuswide teaching awards will be invited to the Annual APSA Honors Reception at 6:00 p.m. on Wednesday, September 2, 1998 in Boston, where they will be congratulated on their achievements. The reception precedes the APSA Annual Meeting. The location has yet to be determined.

The Association began recognizing campus-wide teaching award winners at the 1993 Annual Meeting. Beginning this year, Pi Sigma Alpha, the national political science honor society, will cosponsor these awards. Each year, the names and affiliations of the honored faculty are featured in the Annual Meeting Program, and a tribute, which includes award winners' photographs, is published in the December issue of *PS*. Beginning this year, each winner will also receive a certificate of recognition.

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