



Making Every Census Count

by John H. Fund

A CENSUS—THE SUPPOSEDLY OBJECTIVE counting of every inhabitant of a country—has always had politics lurking in the background. Jesus was born in Bethlehem because the Romans insisted Joseph and Mary go back to the town of their birth to be counted for tax purposes. The 1937 Soviet census was annulled because it showed a sharp drop in population due to the famines and killings of the Stalin era; a “correct” census was held in 1939 after the administrators of the first one had been shipped to the Gulag.

Now Barack Obama has seen his pledge to follow a “new politics” shorn of the partisanship and sharp elbows of the past come unglued over his handling of the upcoming 2010 census. Sen. Judd Gregg in February withdrew his nomination to head the Commerce Department partly in response to the White House’s decision to take away Commerce’s control of the census. Left-wing groups such as the Congressional Black Caucus complained about a Republican being in charge of the all-important national headcount. Although Gregg refused to discuss the census disagreement, CNN’s Jessica Yellin reported, “Sources close to Senator Gregg say the bigger issue for him was the White House’s effort to take control of the census.”

The dispute erupted on the very day Gregg’s nomination was announced, when a “senior White House official” told *Congressional Quarterly* that the director of the census would no longer report to the commerce secretary, but to the White House. That was later amended to say that the census director

would only “work closely” with the White House, but the damage was done. The *Philadelphia Inquirer* called the move “a shot at Gregg’s integrity and a threat to the fairness and accuracy of the census.”

That’s because liberal groups made it clear they were suspicious of Gregg’s opposition to using computer models and “sampling” techniques to adjust the census count upward. Liberals have long believed that up to eight million members of minorities and the homeless were not picked up in the 2000 census. To make up for these supposedly “missing people,”



sampling-based adjustments would be used to add people to the actual count all the way down to the neighborhood and block level. Those “adjusted” numbers would have real political significance because they are used to redraw congressional and state legislative districts and in the allocation of federal money.

Bruce Chapman, who was census director in the 1980s, worries that another attempt is about to be made by liberal groups to adjust the 2010 census totals using statistical sampling and computer models. In 1999, the Supreme Court ruled 5 to 4 that sampling could not be used to reapportion congressional seats among the states. But the Court left open the possibility that sampling could be used to redraw political boundaries within the states.

So sampling could make a comeback in this next census. But the problem is that sampling-adjusted numbers don't add up. Starting in 2000, the Census Bureau conducted three years of studies with the help of many outside statistical experts. According to then census director Louis Kincannon, the bureau concluded that "adjustment based on sampling didn't produce improved figures" and could damage census credibility.

The reason? In theory, statisticians can identify general numbers of people missed in a head count. But it cannot then place those abstract "missing people" into specific neighborhoods, let alone blocks. And anyone could go door to door and find out such people don't exist. There can be other anomalies. "The adjusted numbers told us the head count had overcounted the number of Indians on reservations," Kincannon says. "That made no sense."

WHITE HOUSE PRESS SECRETARY Robert Gibbs insisted that "historical precedent" exists for the White House to ride close herd on the census, but every living former census director supports a pending bill in Congress to make the Census Bureau an independent agency and further insulate it from politics. Even the liberal *San Francisco Chronicle* was appalled at the White House power play: "Allowing Obama politicians like chief of staff Rahm Emanuel—a top House Democratic strategist in his prior life—anywhere near the census adding machine is too partisan. It's a Chicago-style setup that should worry any voter."

When President Obama met with Gregg at the White House the day before his withdrawal, he could

have simply told him he hadn't known of the White House power grab and that the Census Bureau would continue to report directly to the commerce secretary. But he didn't, and that refusal played a major

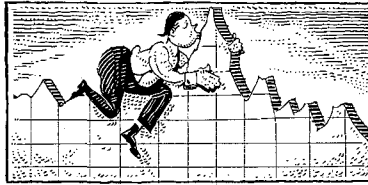
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role in Gregg's decision to withdraw. Given a choice between his vaunted "new politics" and the left-wing pressure groups that were demanding White House minders monitor the census, Obama made a clear choice to side with the liberal base of his party.

Regardless of the partisan tilt of the president's decision, forcing Gregg to leave will make it harder to conduct a credible census. The Government Accountability Office has already said the 2010 census is in "serious trouble" because of delays in obtaining the proper technology and staff support. President Obama will soon have to select a new commerce secretary and census director. They will be under close scrutiny over the issue of statistical sampling, which many experts say is too primitive a tool to be trusted with something as important as the census. Expect the census to become a political football. Unlike under Joseph Stalin, its results won't be scrapped. But you can bet the final numbers may be delayed as the battle rages on over just how fair and accurate they are and how deep the level of White House involvement in the process was. ❄

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Demand and Supply

by Brian Wesbury

THERE ARE TWO TYPES OF ECONOMISTS—make that two types of people—in the world: demand-siders and supply-siders. What’s interesting about the two is that they think in vastly different ways about life and human interaction.

This is not a bumper-sticker difference in ideology. Supply-siders do not walk around saying, “Cut taxes and watch prosperity trickle down.” And demand-siders do not defend government spending no matter what. They could say these things, but their differences are much bigger and deeper than this.

Demand-siders tend to be pessimistic, fret about greed, worry about leaving people behind, see everything as win-lose, and worry about running out of resources. They believe government can fix all of these issues. Supply-siders tend to be optimistic, get excited about others’ achievements, have faith that people can succeed, and believe things can always get better. They believe government often impedes success.

Some of these thought patterns have been subtly shaped by the ideas of dead economists and philosophers. But much of the difference in these two types of people derives from human nature. For example, it doesn’t take an intellectual to stir up fear about running out of resources. It’s a normal human worry. It’s another matter, however, when economists and politicians take these ideas and extrapolate them into all kinds of economic theories and government policies.

In fact, the economic policy-maker-in-chief, President Barack Obama, and his economic team are clearly demand-siders. They talk of catastrophe, and running out of energy or clean air. And they claim that the only way to save the U.S. economy is for the government to spend money, because the people who earn it either can’t or won’t. This is a

demand-side response, and is famously tied to John Maynard Keynes.

Demand-siders look at the world as if it were one giant treadmill of materialism. No wonder they are often so glum. If people stop spending, if people hold back, then the economy is in trouble. It’s all about buying things, getting things, having things.

This is where our nation’s church pastors enter the fray. They often complain about capitalism because it supposedly encourages people to take their eyes off God and keep them on material things. And if you believe in the demand-side view of the world, it’s easy to believe that materialism makes the world go round.

What’s interesting here is that no matter how much people complain about materialism and greed, when the economy gets in trouble, the first thing demand-siders want to do is stimulate demand. And in order to do this, they take resources from one group and increase government spending or turn right around and give that money to someone they think will spend it.

If people are buying fewer houses, the government thinks lowering the prices by forcing banks to lower the amount owed or to lower mortgage rates will boost economic activity. But as Milton Friedman said, “There is no such thing as a free lunch.” If we need government to move in with all guns blazing to artificially lower mortgage rates, then someone will pay. Mortgage holders may pay less today, but the lenders will pay a price in the future.

While demand-siders think that stimulating demand by taking from one group and giving to another group is a wise policy, they paradoxically also have a zero-sum view of the world. They think that when the rich get richer, the poor get poorer, but