



American Economic Association
Committee on Economic Statistics and Committee on Government Relations

Secretary Howard Lutnick
U.S. Department of Commerce
Herbert Clark Hoover Building
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Lutnick,

Hearty congratulations on your appointment as Secretary of the U.S. Department of Commerce. We are writing on behalf of the American Economic Association's Committee on Economic Statistics (AEASat) and Committee on Government Relations (CGR), to highlight the importance of federal economic statistics to a wide range of users, including the business community, financial-market participants, government decision-makers, and average Americans, as well as the economics profession. Established in 1885, the AEA is a non-profit, non-partisan, scholarly association that promotes discussion and publication of economic research. It is comprised of over 17,500 economists from academia, business, and government. AEASat promotes AEA member access to current, detailed, useful economic statistics provided by the federal government and other sources. CGR is charged with representing the interests of the economics profession in Washington, DC, and other locations around the country, without taking a position on questions of economic policy or on any partisan matter.

As you know, two Department of Commerce agencies, the U.S. Census Bureau and Bureau of Economic Analysis (BEA), along with the Labor Department's Bureau of Labor Statistics (BLS), produce a wide array of key measures of the health of the U.S. economy. The Census Bureau's regular business surveys and the Economic Census it conducts every five years provide the only representative economy-wide data on changes in business activity across all industries, including manufacturing, construction, retail and wholesale trade, finance, information, health, education, food and accommodation, and other services. The Census Bureau also is the source of important statistics on capital investment, the housing market, immigration, and demographic changes. The BEA is best known for its quarterly Gross Domestic Product (GDP) estimates but also produces other critical data, including information on international trade. The BLS is responsible for measures of employment, unemployment, wages, labor turnover and job openings, inflation, and productivity. In addition to data for the nation, all three agencies produce geographically disaggregated statistics for states, metropolitan areas, and counties. Importantly, some of the most critical economic indicators the agencies produce are based on data shared between them.

For example, BEA's GDP estimates are constructed using statistics on business activity from Census Bureau surveys and price, wage, and employment data from BLS.

The federal government's fiscal and monetary policy decisions rely on the data produced by these three agencies. A lack of sound data on current economic conditions could lead to policies that do too little to stimulate growth when the economy is weakening or to rein in growth when it is overheating. Business decisions about hiring and investment are shaped by the insights into the health of the economy that the federal economic data provide. The smooth functioning of capital markets also depends on timely, accurate, and trustworthy macroeconomic data. Assessment of how rapidly changing technologies such as artificial intelligence are affecting the economy is feasible only with federal statistics that allow the impact of innovation on prices, productivity, wages, and employment to be assessed. Industry-specific and area-specific data can be especially helpful to businesses for identifying opportunities and for guiding where to locate new facilities or focus sales efforts. State and local governments also rely on these data when planning their budgets. Economic researchers use the data provided by federal statistical agencies to study how alternative policy options affect economic outcomes such as employment, wages, homeownership, tax payments, or uptake of benefits. Individuals' decisions about spending, saving, job changes, and more are also informed by data on the state of the economy. Decreased availability of federal statistics might well increase uncertainty among economic decision-makers, potentially causing decreases in business investment and household spending.

It is sometimes suggested that increasingly available data from private sources could decrease the need for federal economic data. Private sector data undoubtedly can be useful—and more could be done to incorporate data from the private sector into the production of federal economic statistics—but they are by no means a substitute for the data produced by the federal statistical agencies. Among other considerations, even if publicly available, private sector data are not designed to be representative of the population of households or businesses as a whole and often are not consistent over time. The implication is that private sector data typically need to be benchmarked and validated against the more comprehensive and representative samples in federal data for the private data to be useful for decision makers.

There is broad-based agreement on the importance of objective data from the federal statistical agencies. In the context of its review of data for evidence-building, the final report of the bipartisan Commission on Evidence-Based Policymaking released in 2017 endorsed the view that “Federal statistical agencies will play a vital role in evidence-based policymaking” (p. 14). Additionally, the Office of Management and Budget's Analytical Perspectives document that accompanied the release of President Trump's Fiscal Year 2018 budget referenced “... the vital role of the Federal government's statistical agencies and programs in generating data that citizens, businesses, and governments need to make informed decisions” (p. 4).

While policy officials in Congress and the executive branch ultimately must decide what information is needed and should be collected, how that information is collected and released determines its value. As laid out in *Principles and Practices for a Federal Statistical Agency*, the flagship publication of the Committee on National Statistics of the National Academy of Sciences, in addition to relevance to policy issues and society, the principles that guide a federal statistical agency include credibility among data users and stakeholders; trust among the public

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and data subjects; independence from political and other undue external influence; and continual improvement and innovation. We hope that we can count on you to support the effective implementation of the Census Bureau and BEA missions in accordance with these principles in service to the American public.

Yours sincerely,



Karen Dynan, PhD
Chair, AEA Committee on Economic Statistics – on behalf of the committee
Harvard University



Kenneth Troske, PhD
Chair, AEA Committee on Government Relations – on behalf of the committee
University of Kentucky