

working to bring about improved compatibility of statistical series as I explained in my prepared testimony. We believe our efforts have been successful in the past and that our current projects in the area of production and prices will also be successful. I do believe a Federal Statistical Data Center would significantly improve our capabilities.

The second difficulty mentioned concerns the many problems of comparability that arise in attempts to make interrelated uses of data about a specific industry. Such comparisons were significantly improved by the development of the Standard Industrial Classification (commonly called the SIC) by the Office of Statistical Standards. This provided standard definition of an industry. It is true, nevertheless, that agencies may still differ, sometimes on the basis of different information at different times, in their assignment of establishment to a particular industry. Largely because of problems associated with confidentiality of SIC designations, we have been unable as yet to set up for the Federal Government a directory of enterprises and establishments indicating the SIC code assigned by a selected lead agency. Such a directory if it were established and maintained in machine readable form and were readily available to all Government agencies could provide a useful checkpoint for establishing the uniformity of industry classifications. It would make it possible to discover the validity of differences over time and would also provide valuable information concerning the effects on industry classification of the use of enterprise units as distinct from establishment units. While large elements of a directory of business units are in existence and are used, no easily accessible directory of the type required has been developed because of problems associated with the interpretation of confidentiality. In my opinion, a directory list of firms and establishments is a must, not only for the reason given but also to establish an economical and consistent frame for selecting industry samples. Here again, we think such a directory could be developed as one function of a Federal Statistical Data Center. If such a Center does not prove feasible then other methods must be found.

Finally, the third difficulty standing in the way of better interrelated statistical series is the matter of financing simultaneously the important tie-in elements of a statistical program. Although the special analysis recommended by your Committee and now a regular part of budget presentations shows the statistical program as a whole, important components of such a program may not receive the necessary appropriations. An example can be taken from one of your questions. Measure of productivity for an industry require, of course, that the output of the industry be comparable with the inputs of labor or capital, or both. But output often has to be measured in current dollars and capital inputs in terms of original costs. In order to measure productivity we must be able to deflate or inflate reported value measures to obtain an approximation to real output. To accomplish these adjustments requires accurate price indexes organized along industry lines. Funds have not been provided by the Congress for sector (industry) price indexes and until they are, the use of inferior price indexes will continue to throw doubt on the validity of industry productivity measures. Measures of capital as an input in real terms also suffer from the deficiencies of price indexes for capital goods.

In brief, I believe the factors I have mentioned outline the principal institutional reasons why the job of coordination is difficult and will at least be something less than perfection. I would be remiss,