

Furthermore, if the statistics acquire policy and operating uses, the users have a tendency to stretch the applications almost to the breaking point. It is hard to keep users fully aware of the fact that a statistical figure which is adequate for the labor force as a whole is subject to a wide margin of error when it is applied to a relatively small group.

When public criticism becomes widespread, as in the case of the unemployment figures five or six years ago, then there is plenty of action. President Kennedy appointed a Committee to Appraise Employment and Unemployment Statistics. Your Joint Economic Committee held a series of hearings at which the Bureau of Labor Statistics was able to make public its answer to the criticisms. The President's Committee studied the problem for a year and came out with a comprehensive series of recommendations for revision and improvement of the data. Congress then acted upon the recommendations, one of which resulted in the establishment of a special sample of households, which was used for testing and checking over a period of several years. The revised and improved labor force, employment and unemployment statistics of 1967 are the product of that work.

What I wish to emphasize is that the statistical agencies themselves are fully aware of the shortcomings of their various statistical series. They can propose tests designed to insure that quality standards are maintained and that needed improvements are made from time to time. I hope that your Subcommittee will continue to provide, as you have done in the past, a forum for the directors of statistical agencies to present their developing problems, so that positive remedial action can be taken in advance of any general public criticism.

A second problem of administration concerns analysis and interpretation of data by the producing agency. In my experience, it has been difficult to obtain and retain funds for such analysis. The importance of this function has not always been fully appreciated, although effective analysis and interpretation is often the best way to insure public understanding of the figures as well as to guard against misinterpretation. Even when funds and staff are obtained for such a unit, it often is weakened by pressure of current operating needs. In case of staff shortage, the requirements of the current statistics for accuracy and timeliness will always get priority.

A third example is the difficulty of maintaining a staff engaged in exploratory research in statistical methods. It is hard to measure the accomplishments of such a unit, since its findings may not show up in immediate visible and tangible results. In addition, it too is subject to the pressure of current operating needs. I know by experience the difficult choice an administrator must make when the longer future comes up against the urgent present.

It is difficult for your Committee to deal directly with such problems, since they arise in part through day-to-day administration of statistics. However, it is important that adequate funds for analysis and research be provided, and that these functions should be performed in the first instance by the statistical agency.

IV. LONG-RANGE PLANNING

With respect to long-range statistical programs, I want to mention one perennial problem to which your Committee has given attention in the past, but which deserves reiteration. I refer to those general purpose statistics which are basic to the Federal statistical system but which have no generally recognized specific public uses.

As an example, I can cite the contrast between the Wholesale and the Consumer Price Indexes of the Bureau of Labor Statistics. The Consumer Price Index is known throughout the country as a measure of the cost of living and as a vital tool for collective bargaining and wage escalation. There are labor and management users ready to support funds for that index.

Now, as a matter of fact, the Wholesale Price Index, is also widely used in escalation contracts between business firms, or between Government agencies and business firms, but there is very little visibility to this use. However, the Wholesale Price Index (or rather, its constituent sub-indexes) is absolutely essential to the Gross National Product and other National Accounts. Adequate price indexes for individual industries are required in order to convert dollar product into real product, and thus determine the rate of economic growth. But this is a use which cannot be widely understood by the general public. It requires an expert committee such as yours to understand fully the contributions of certain statistical series to the Federal system as a whole.

Let me emphasize also that the productivity indexes for the economy as a whole and for the major sectors are derived from output data adjusted for