

July 14, 1949

Dear Mr. President:

My enjoyment in listening to your radio address last night was marred by hearing a statement near the opening which contained a serious error of statistics or their economic interpretation. Since I am sure that thousands of your listeners detected this error and that it weakened the otherwise favorable impact of the speech, I am venturing to write to inform you that I made every effort which seemed necessary or possible to prevent this highly misleading statement being put in your mouth.

The statement to which I refer is to the effect that national income during the last 40 years "has increased more than ten times as fast as the population. These figures are a measure of our rising standard of living, our increasing freedom from toil and poverty. They are the result of constant expansion in agriculture and industry."

It is, of course, obvious that if one magnitude rises from 30 to "well over" 200 while another rises from "between 90 and 100" to "nearly 150", the former increase is approximately ten times the latter, as a purely arithmetical proposition. But when it comes to talking of "a measure of our rising standard of living", adjustment must be made for price changes, and for this, the comparison would be three times as fast. When the draft of your speech was sent to the Council for comment yesterday noon, I advised Mr. Lloyd that this statement, as it stood, was highly vulnerable and

suggested the revision. In the light of this comment, he informed me later that the passage had been changed to read "six times as fast." I told him that this involved a tricky arithmetical mistake and that I would check back with our statistical staff again to make sure our statement of "three times" was correct. I called him a third time to verify the figures, namely, 64.1 percent increase in population accompanying 196.6 percent increase in national income adjusted for price change, or a measure of our rising standard of living from 1909 to now equal to 3.1, instead of "more than ten."

I regret exceedingly that it was not possible to have this correction incorporated in the final draft of your talk, as the error will undoubtedly become the basis for considerable critical comment.

Sincerely yours,

Chairman

The President

The White House