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Dear Mr Pullinger,

I write on behalf of the members of the Wokingham University of the Third Age mathematics group, all of whom are of degree level in mathematics, computer science or engineering, and would like to make a single important point about the calculation of Price Indices.

This is that the geometric mean, easily proved to be always smaller than the arithmetic mean, is wholly inappropriate in any calculation to do with changes in average family spending. Possibly it was chosen for this very reason, i.e. being smaller.

We note that a few weeks ago the RPI stood at plus 0.8 per cent, whilst the CPI was at minus 0.1 per cent. This, we feel, illustrates the endemic errors in the current assessment methods: using anything other than the arithmetic mean is indefensible.

Yours faithfully,

On behalf of the mathematics  
group members.