

CONGRESS OF THE UNITED STATES

Joint Economic Committee

CHAIRMAN JIM SAXTON

PRESS RELEASE

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CPI IMPROVEMENTS EXPLAINED BY BUREAU OF LABOR STATISTICS

WASHINGTON, D.C. – The Bureau of Labor Statistics explains current and planned improvements in the Consumer Price Index (CPI) in a letter from Acting Commissioner Lois Orr released today by Joint Economic Committee (JEC) Chairman Jim Saxton. These improvements include updating expenditure weights every 2 years, more timely updating of items and outlets, improved accounting for consumer substitution, and difficult ongoing issues involving adjustments for quality changes and new goods.

"The BLS has made a good deal of progress upgrading the CPI in recent years, and further improvements are in the pipeline," Saxton said. "Although no retail price index will ever be perfect under the best of circumstances, the BLS has made the CPI a much better reflection of changes in consumer prices. The issues related to accounting for quality changes and entirely new products are especially thorny and continuous problems, and I am pleased to see the BLS advancements in this area.

"In 1997, I chaired an extensive series of JEC hearings over issues related to the accuracy of the CPI. I am pleased that Congress ultimately chose to leave the adjustment of the CPI to the professional economists and statisticians at BLS, and did not attempt to make such changes legislatively," Saxton concluded.

For more information on the consumer price index inflation, or monetary policy, please see our website at <u>www.house.gov/jec</u>