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The Price Statistics of the Federal Government

REVIEW, APPRAISAL, AND RECOMMENDATIONS

A Report to the Office of Statistical Standards
Bureau of the Budget

Prepared by the Price Statistics Review Committee
of the National Bureau of Economic Research

DOROTHY S. BRADY

EDWARD F. DENISON

IRVING B. KRAVIS

PHILIP J. MCCARTHY

ALBERT REES

RICHARD RUGGLES

BORIS C. SWERLING

GEORGE J. STIGLER, *Chairman*

TOGETHER WITH TWELVE STAFF PAPERS

EXTRACT

From Hearings Before the Subcommittee on Economic Statistics of the Joint Economic Committee, Congress of the United States, Eighty-seventh Congress, First Session, Pursuant to Sec. 5 (a) of Public Law 304 (79th Congress), Part 1, January 24, 1961. This edition omits the first eight pages of the print issued for the use of the Joint Economic Committee comprising the hearings on the transmittal of the report to the Subcommittee on Economic Statistics.

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**THE PRICE STATISTICS OF THE FEDERAL
GOVERNMENT**

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7. A copy of this resolution shall, unless otherwise determined by the board be printed in each copy of every National Bureau book.

(Resolution adopted October 25, 1926, as revised February 6, 1933, and February 24, 1941)

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.,
New York, N.Y., November 30, 1960.

MR. RAYMOND T. BOWMAN,
*Assistant Director for Statistical Standards,
Bureau of the Budget,
Washington, D.C.*

DEAR MR. BOWMAN: I transmit herewith "The Price Statistics of the Federal Government: Review, Appraisal, and Recommendations," a report made by the Price Statistics Review Committee of the National Bureau of Economic Research at the request of the Office of Statistical Standards of the Bureau of the Budget.

The report has been approved by the Board of Directors of the National Bureau, in accordance with its usual procedure, as meeting the objectives of the National Bureau—"to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner." As the resolution of the Board governing the relation of the Directors to the work and publications of the National Bureau states, approval by the Board does not, however, imply that each member of the Board has read the report, or has passed upon its validity in every detail.

I request that the report be substituted for the preliminary draft transmitted to you on September 30, 1960. The present report is the final report of the Committee, subject only to necessary corrections, before publication, of any typographical or other errors that may have crept in during the final stages of its preparation.

Attached to the report are a number of Staff Papers prepared for the use of the Committee. The papers are not an integral part of the report, and responsibility for their contents rests with their respective authors. However, the papers contain a great deal of useful supplementary information and comment on the price statistics of the federal government and deserve consideration along with the Committee's report.

The price statistics of the federal government are of great importance. They are put to many uses by individuals, business enterprises, trade unions, and other private organizations, as well as by governments. Whatever can be done to improve these statistics and deepen users' understanding of them deserves serious attention. It is the hope of the Committee and of the National Bureau, as I am sure it is of the Bureau of the Budget, that this report will further such improvement and understanding when its contents are studied not only by the Bureau of the Budget and the federal agencies responsible for the price statistics, but also by other governmental agencies and the public at large. If the Bureau of the Budget does not make the report public, the National Bureau will undertake to do so in accord with our discussions.

As is stated in the Introduction to the Committee's report, arrangements between the National Bureau and the Office of Statistical Standards of the Bureau of the Budget for the preparation of the report were concluded on July 2, 1959. We are deeply grateful to the public-spirited members of the Price Statistics Review Committee, all of whom devoted a substantial portion of their time and energy during the year following to the difficult task of preparing the report; and to the many persons inside and outside the federal government who par-

ticipated in the discussions, provided essential information, and reviewed drafts of the report. I want to add a special word of thanks to Professor George J. Stigler of the University of Chicago and the National Bureau Staff for his direction of the entire enterprise.

On behalf of the National Bureau, I would like to express our appreciation to the Office of Statistical Standards of the Bureau of the Budget for this opportunity to be of service.

Sincerely yours,

SOLOMON FABRICANT,
Director of Research.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.,
New York, N.Y., November 30, 1960.

MR. SOLOMON FABRICANT,
Director of Research,
National Bureau of Economic Research,
261 Madison Avenue, New York, N.Y.

DEAR MR. FABRICANT: The Price Statistics Review Committee, organized by the National Bureau of Economic Research, herewith submits its report as approved by all members of the Committee. Attached also are the staff papers which are offered on the responsibility of the individual authors.

Sincerely yours,

DOROTHY S. BRADY,
EDWARD F. DENISON,
IRVING B. KRAVIS,
PHILIP J. MCCARTHY,
ALBERT REES,
RICHARD RUGGLES,
BORIS C. SWERLING,
GEORGE J. STIGLER, *Chairman.*

**THE PRICE STATISTICS OF THE FEDERAL
GOVERNMENT**

REPORT OF THE COMMITTEE



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