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SUMMARY

The Price Statistics Review Committee has made a detailed study of the three main price indexes compiled by the Federal Government: the Consumer Price Index; the Wholesale Price Index; and the Indexes of Prices Received and Paid by Farmers. Much of the report of the committee is concerned with detailed questions (which, however, have substantial influence in the indexes), such as the appropriate detail of specification of the commodities whose prices are collected. Portions of the Committee's recommendations aimed at improving the quality of the price indexes can be summarized as follows:

I. All Indexes:

1. Schedules of periodical revisions of weight should be adopted.
2. Probability sampling should be used, so that the precision of the index can be measured.
3. New commodities should be introduced more promptly.
4. The price collection agencies should be given funds for research divisions. The development of methods of coping with quality changes (some of which are discussed in the report) should be a major task of such divisions.

II. Consumer Price Index:

1. The present index should be extended to include single persons as well as families, and the index should cover rural nonfarm as well as urban workers.
2. A more comprehensive index for the entire population, not only the wage and salary earners, should be made.

III. Wholesale Price Index:

1. The structure of the overall index should be revised to reflect the prices of a condensed input-output table for the commodity producing industries.
2. The individual product prices should, where feasible, be collected from buyers (not from sellers, as at present) to get more accurate information on actual transaction prices.

IV. Indexes of Prices Received and Paid by Farmers:

1. The statutory prescriptions of the obsolete base (1910-14) and the inappropriate use of interest and taxes per acre, which are not prices, should be reconsidered.
2. The coverage of the indexes (particularly that of prices paid for living) should be increased.
3. The indexes for farms as production units should be segregated from the index for farms as consumer units.
4. The method of pricing should be shifted over to "specification pricing," and enumerative methods of collecting data should be adopted at least for commodities difficult to specify.

In addition to the Committee's report, there are a dozen staff papers which deal with such problems as sampling, the differential movements of consumer price indexes for rich and poor families, quality changes in automobiles, and the validity of wholesale price quotations.

