

104TH CONGRESS
1ST SESSION

H. RES. 45

To express the sense of the House regarding calculation of the Consumer Price Index.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1995

Mr. BROWN of Ohio (for himself, Mr. BORSKI, Mr. DOYLE, Mr. MCHALE, Mr. ENGEL, Ms. DELAURO, Mr. HINCHEY, Mr. BECERRA, Mr. MCDERMOTT, and Mrs. LOWEY) submitted the following resolution; which was referred to the Committee on Economic and Educational Opportunities

RESOLUTION

To express the sense of the House regarding calculation of the Consumer Price Index.

Whereas expert opinions on the accuracy of the Consumer Price Index range from those indicating a modest overstatement of the rate of inflation to those indicating the possibility of an understatement of the rate of inflation;

Whereas several leaders in the Congress have called for an immediate change in the way in which the Consumer Price Index is calculated;

Whereas changing the Consumer Price Index in the manner recommended by the Board of Governors of the Federal Reserve System would have the effects of cutting Social Security benefit to 42 million senior citizens by \$21.4 bil-

lion and raising taxes on 114 million families by \$21.4 billion;

Whereas the Board of Governors of the Federal Reserve System estimates that a 1 percentage point reduction in the Consumer Price Index would generate \$150,000,000,000 in revenue over the next 5 years, including \$55,000,000,000 generated during the year 2000 alone;

Whereas the Board of Governors of the Federal Reserve System estimates that, of the \$55,000,000,000 in revenue estimated to be generated during the year 2000, \$27,500,000,000 would result from a reduction in Social Security benefits and \$21,400,000,000 would result from an increase in personal income taxes, which would primarily impact families with children;

Whereas the Consumer Price Index, as a measure of inflation, has an influence on decisions to change interest rates and, therefore, must be based on accurate information;

Whereas the Consumer Price Index affects industries and businesses as it is used to adjust private sector wages, rents and business contracts;

Whereas the Bureau of Labor Statistics, which has the responsibility for correcting problems with the way in which the Consumer Price Index is currently calculated and is currently working to make the index more accurate; and

Whereas calculation of the Consumer Price Index should be based on sound economic principles and not on political pressure: Now, therefore, be it

1 *Resolved*, That it is the sense of the House that—

1 (1) Congressional hearings should be convened
2 at the earliest date to fully review the Consumer
3 Price Index's impact on Federal spending, Social Se-
4 curity benefits, taxes, interest rates, business and in-
5 dustry, and the economy;

6 (2) any change in the calculation of the
7 Consumer Price Index should result from thoughtful
8 bi-partisan study and analysis and should be the re-
9 sult of a consensus reached by the experts from the
10 private and public sector, not pressure exerted by
11 politicians; and

12 (3) any change in the calculation of the
13 Consumer Price Index which has the effect of rais-
14 ing taxes must be subject to a three-fifths vote of
15 approval, pursuant to House rules.

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