

104TH CONGRESS
1ST SESSION

S. RES. 63

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

IN THE SENATE OF THE UNITED STATES

JANUARY 18 (legislative day, JANUARY 10), 1995

Mr. DORGAN (for himself, Mr. DODD, and Mr. HARKIN) submitted the following resolution; which was referred to the Committee on Banking, Housing, and Urban Affairs

RESOLUTION

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

Whereas the Board of Governors of the Federal Reserve System has maintained that the current Consumer Price Index overstates the rate of inflation by as much as 50 percent;

Whereas other 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 result in both a reduction in Social Security benefits and an increase in income taxes;

Whereas the Board of Governors of the Federal Reserve System estimates that a 1 percentage point reduction in the Consumer Price Index, effected today, 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 Bureau of Labor Statistics, which has responsibility for the Consumer Price Index, is working to identify and correct problems with the way in which the Consumer Price Index is currently calculated; 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 Senate that—
 2 (1) a precipitous change in the calculation of
 3 the Consumer Price Index that would result in an
 4 increase in income taxes and a decrease in Social Se-
 5 curity benefits is not the appropriate way to resolve
 6 this issue; and

1 (2) any change in the calculation of the
2 Consumer Price Index should result from thoughtful
3 study and analysis and should be the result of a con-
4 sensus reached by the experts, not pressure exerted
5 by politicians.

