

for this statement are being developed by OBE on the basis of which improvements in Census surveys are to be made to obtain basic data. The objective is to achieve time series which should have a benchmark at or near the end of each decade. Improved time series on private fixed capital formation have been published in the *Survey of Current Business* for December 1966 and February 1967.

3. The Technical Advisory Committee on Balance of Payments Statistics, chaired by Bureau of the Budget to implement recommendations of the Bernstein Committee, includes representatives of Treasury, OBE, FRB, and CEA. This Committee arranged for the introduction of the official quarterly presentations in the *Survey of Current Business* of the two balances—liquidity and official reserve transactions. Under its aegis the basic tables have been reformulated to improve analysis of receipts and payments and the committee continues in an effort to resolve difficulties in this complex area of statistics as they arise; for example, in presenting unusual financial or other transactions which may have special effects on balance of payments position. A more detailed statement on actions to date on the Bernstein Committee report has been prepared and published in the *Statistical Reporter*. Copies of this statement have been sent to all members of this Committee.

Prices

The need to overcome deficiencies in price statistics has been a matter of continuing concern because of price developments in the postwar period. These include:

The marked inflationary pressures associated with the aftermath of World War II and the onset of the Korean conflict.

The puzzle of increasing prices under conditions of less than full employment, particularly during 1957–58.

More recently, the pressures on prices which have accompanied the move toward full employment and the rising outlays in Vietnam.

The need, partly because of our balance of payments difficulties, to improve understanding of our competitive position in world markets with better data on export-import prices.

In 1959, the Bureau of the Budget contracted with the National Bureau of Economic Research to form a committee to review the Government's Price Statistics. A committee of distinguished economists, under Professor George J. Stigler as chairman, made a thorough examination of price data, and made its report and recommendations in the fall of 1960. They were discussed before this Committee in January and May 1961.

Since the appearance of the Review Committee's report a number of significant improvements have been made. I would like to cite the following:

1. The Consumer Price Index (CPI) has been updated with new weights and broadened to include new series covering single as well as family workers. The CPI has been placed on a probability basis incorporating a replication system permitting measurement of sampling error. The CPI indexes were extended to all SMSA's with over one million population.

2. The commodity coverage of the Wholesale Price Index (WPI) has been widened.

3. Work has begun to organize the WPI data along industry sector lines. Such indexes, developed according to the Standard Industrial Classification (SIC) better serve as deflators for gross product originating in manufacturing and other sectors. Much further work needs to be done on this, however, to permit consistent analysis of price and output changes.

4. On export-import prices we are working closely with the Departments of Labor, Treasury and Commerce to

(1) Improve unit value data, and

(2) Develop new approaches to improved pricing of exports for U.S. and other countries including possible cooperation with the U.N. on an international reporting system.

While a number of actions to improve the body of price statistics in the United States have taken place, many of the recommendations of the Stigler Committee have not been fulfilled largely because it has not been possible to obtain the resources for the needed work. There is presently pending before the Congress a request for needed improvements in price work which include:

a. Pilot and testing work in preparation for a consumer expenditure survey to be taken around 1970 to update the weights for the Consumer Price Index (CPI);