

Knowing how price changes are distributed by location—and by location I mean the markets within the big metropolitan areas—could throw light on the process by which they spread and affect wider areas and other products. The value of publishing current releases on ranges in prices and price changes (Commissioner Ross mentioned this possibility too; I am underscoring what he said) within locations and types of establishments, would be greatly increased, if benchmark studies of prices could be undertaken.

Now what I mean by a benchmark here, is something on the order of those special surveys in poor areas, in middle-income areas, that BLS has already conducted, but on a much wider and broader scale. Such benchmarks would involve a general survey on the qualities, varieties, and prices of representative products in the market at intervals of, say, three and not more than 5 years. These surveys would cover greater detail on products and prices than is feasible in the monthly collection of data for the Consumer Price Index. Observations would have to be made several times in the year, on the commodities and services affected by significant seasonal movements in prices.

Such benchmark surveys could reveal whether the sources of difference is in prices or in price changes between low-income, middle-income, and high-income shopping locations or in the types of goods sold and the services offered.

Such a series of benchmark surveys could show how much of the differential price increases over time can be traced to shifts in the kind of goods offered by various types of establishments and how much might be attributed to the widening of the quality range or the increases in the number of varieties of particular products.

Consumers need to know whether price declines are real, as in white sales, or whether rises in prices are temporary and localized. By giving attention to various means of describing the distribution of price changes among various classes of consumers, the economic profession could contribute to its own benefit, as well as to the education of the consumer.

It takes time to collect the source data and to prepare the summary price statistics for an economic indicator like the Consumer Price Index. Information on prices and price changes, a month ago, can have little value for consumers in the market today unless it provides a framework for interpreting the current experience. If the prices of pork rose last month, and rose in all types of establishments in all locations, consumers in a particular location can interpret a price increase as a continuation of a seasonal movement. If, by contrast, the prices of some brand of canned fruit are increased in, say suburban supermarkets, and consumers are aware of no general changes in the previous month in the metropolitan area, they can look for close substitutes in other brands offered in their shopping centers.

Consumers do reduce their consumption of porkchops when the price is seasonally high, and shift to relatively lower priced brand when the price of one brand is raised.

The price statistics published by the BLS are averaged for metropolitan areas and for the country as a whole. Consumers are aware of their alternatives in knowledge of the variations in prices at a given time, and in the price changes over time that is not revealed by the BLS averages.