955

MONITORING INFLATION

HEARINGS

BEFORE THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

NINETY-SIXTH CONGRESS

FIRST SESSION

PART 1

APRIL 26, MAY 25, JUNE 26, AND JULY 26, 1979

[Hearing day of August 24, 1979, of this series, was not held due to a congressional recess on that respective date]

Printed for the use of the Joint Economic Committee

U.S. GOVERNMENT PRINTING OFFICE

52-588 O WASHINGTON : 1979

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

JOINT ECONOMIC COMMITTEE

(Created pursuant to sec. 5(a) of Public Law 304, 79th Cong.)

LLOYD BENTSEN, Texas, *Chairman*
RICHARD BOLLING, Missouri, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WILLIAM PROXMIRE, Wisconsin	HENRY S. REUSS, Wisconsin
ABRAHAM RIBICOFF, Connecticut	WILLIAM S. MOORHEAD, Pennsylvania
EDWARD M. KENNEDY, Massachusetts	LEE H. HAMILTON, Indiana
GEORGE McGOVERN, South Dakota	GILLIS W. LONG, Louisiana
PAUL S. SARBANES, Maryland	PARREN J. MITCHELL, Maryland
JACOB K. JAVITS, New York	CLARENCE J. BROWN, Ohio
WILLIAM V. ROTH, Jr., Delaware	MARGARET M. HECKLER, Massachusetts
JAMES A. McCLURE, Idaho	JOHN H. ROUSSELOT, California
ROGER W. JEPSEN, Iowa	CHALMERS P. WYLIE, Ohio

JOHN M. ALBERTINE, *Executive Director*
LOUIS C. KRAUTHOFF II, *Assistant Director-Director, SSEC*
RICHARD F. KAUFMAN, *Assistant Director-General Counsel*
CHARLES H. BRADFORD, *Minority Counsel*

CONTENTS

WITNESSES AND STATEMENTS

THURSDAY, APRIL 26, 1979

FRIDAY, MAY 25, 1979

TUESDAY, JUNE 26, 1979

THURSDAY, JULY 26, 1979

SUBMISSIONS FOR THE RECORD

THURSDAY, APRIL 26, 1979

FRIDAY, MAY 25, 1979

MONITORING INFLATION

THURSDAY, APRIL 26, 1979

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 357, Russell Senate Office Building, Hon. Lloyd Bentsen (chairman of the committee) presiding.

Present: Senators Bentsen, McGovern, and Javits; and Representatives Reuss, Mitchell, and Wylie.

Also present: John M. Albertine, executive director; David W. Allen, William R. Buechner, L. Douglas Lee, and M. Catherine Miller, professional staff members; Charles H. Bradford, minority counsel; and Stephen J. Entin and Mark R. Policinski, minority professional staff members.

OPENING STATEMENT OF SENATOR BENTSEN, CHAIRMAN

Senator BENTSEN. This hearing will come to order.

Mr. Kahn, in order to do our part in combating inflation, you see we have also reduced the size of our hearing room.

We are glad to have you, even though it is not pleasant to talk about the subject of inflation. For the last several days, a lot of the prognosticators and columnists have been talking about bringing about a "soft landing." That seems to me a bit premature.

What we are trying to do is curb this incredible escalation in prices. As I read today's Consumer Price Index, I see figures that show we had a 12.7-percent annual rate of inflation in March; and a 13-percent rate in the first quarter. Perhaps most disturbing of all, for the last 12 months we have had double-digit inflation. That is the first time we have seen that since 1974.

There is one bright spot in that the rate of increase of food prices during the month of March fell from 21 to 12.7 percent. But that still is an unacceptable increase in the cost of food.

Mr. Kahn, I certainly agree with the President that the worst thing that could happen for our economic future would be to panic and to put in mandatory wage and price controls. But what are we going to do?

Last night I heard the President say that anyone who said we could lick inflation quickly is either a fool or a liar, and I agree with that.

But could you give the American people some solid reason to believe that your program eventually is going to bring down the cost of living?

Without objection, the press release entitled "The Consumer Price Index—March 1979" will be inserted in the hearing record at this point.

[The press release referred to follows:]

News United States Department of Labor
Bureau of Labor Statistics Washington, D.C. 20212

Patrick Jackman (202) 523-7827
523-8416
Kathryn Hoyle (202) 523-1913
523-1208

USDL-79-302
TRANSMISSION OF MATERIAL IN THIS RELEASE
IS EMBARGOED UNTIL 9:00 A.M. (EST)
Thursday, April 26, 1979

THE CONSUMER PRICE INDEX--MARCH 1979

The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.0 percent before seasonal adjustment in March to 209.1 (1967=100), the Bureau of Labor Statistics of the U.S. Department of Labor announced today. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 1.1 percent before seasonal adjustment in March to 209.3 (1967=100). The CPI-U was 10.2 percent higher and the CPI-W was 10.3 percent higher than in March 1978.

CPI for All Urban Consumers (CPI-U)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for All Urban Consumers rose 1.0 percent in March. This compares with an increase of 1.2 percent in February and 0.9 percent in January. During the 3 months ended in March, the CPI-U rose at a seasonally-adjusted annual rate of 13.0 percent, up from 8.5 percent for the 3 months ended in December and the largest quarterly increase since the third quarter of 1974. Price indexes for food and beverages and housing continued to increase sharply in March but by less than in February. The index for apparel and upkeep accelerated substantially in March, increasing 1.5 percent. The March index for enter-

Table A. Percent changes in CPI for All Urban Consumers (CPI-U)

Expenditure category	Seasonally adjusted: Changes from preceding month, 1978: Sept.	Oct.	Nov.	Dec.	1979: Jan.	Feb.	Mar.	Compound annual rate 3-mos. ended Mar. '79	Unadjusted 12-mos. ended Mar. '79
All items	.9	.8	.6	.6	.9	1.2	1.0	13.0	10.2
Food and beverages	.7	.9	.6	.9	1.4	1.6	1.0	17.6	12.5
Housing	1.0	1.1	.5	.5	.6	1.3	1.0	12.0	10.6
Apparel and upkeep	.6	.5	.1	-.1	.2	.3	1.5	8.7	5.0
Transportation	.7	.4	1.2	1.0	1.1	1.1	1.2	14.6	10.1
Medical care	.7	1.0	1.0	.5	1.1	.6	.6	9.4	9.0
Entertainment	.5	.6	.3	.7	.8	.4	.9	8.9	6.1
Other goods and services	1.4	.2	.2	.2	.7	.7	.6	8.5	7.5

(Data for CPI-U are shown in tables 1 through 3.)

tainment also showed a larger increase than in February. A large increase in the transportation index was recorded for the fifth consecutive month. The indexes for medical care and other goods and services rose about the same as in February.

The 1.0 percent increase in the March index for food and beverages compares with increases of 1.6 percent in February and 1.4 percent in January. A 2.7 percent increase in meat prices accounted for over two-thirds of the 1.0 percent increase in grocery store foods. Beef and poultry prices advanced sharply for the sixth consecutive month. Egg prices rose substantially following seasonal adjustment, and prices for pork, fresh fruits, and dairy products also showed large increases in March. Prices for fresh vegetables declined sharply as lettuce and tomato prices dropped reflecting an increase in supplies after adverse weather earlier this year. Restaurant meals and alcoholic beverages rose 1.1 percent and 0.8 percent, respectively, in March, slightly less than in January and February.

The housing index rose 1.0 percent in March compared with 1.3 percent in February. Rising homeownership costs and household fuels accounted for almost all the increase. Mortgage interest costs rose 1.9 percent in March, reflecting a 0.9 percent increase in house prices and a 1.6 percent increase in mortgage interest rates. Household fuels increased 1.7 percent in March following an increase of 1.2 percent in February as prices for fuel oil increased 5.5 percent. The index for gas and electricity increased 0.8 percent, about the same as for the last 2 months.

The transportation index rose 1.2 percent in March, about the same as the previous 4 months. Gasoline prices increased 3.8 percent, the largest monthly increase since July 1975, and accounted for about three-fourths of the increase. New car prices increased 0.7 percent in March following increases of over 1.0 percent in both January and February. Used car prices declined 0.3 percent in March, following substantial increases since last May.

In the apparel and upkeep category, prices of apparel commodities rose 1.6 percent in March following comparatively small monthly increases since last Spring. Prices turned up in March for most types of clothing as higher-priced spring wear items were introduced. Charges for apparel services rose 1.4 percent, following increases of 1.4 percent in February and 1.1 percent in January.

The entertainment index rose 0.9 percent in March following an increase of 0.4 percent in February. Higher charges for entertainment services--particularly fees for participant sports and admissions--were primarily responsible for the increase. The March increase in entertainment commodities was about the same as in February.

The medical care index rose 0.6 percent in March, the same as in February. The index for other goods and services increased 0.6 percent in March compared with 0.7 percent in February.

CPI for Urban Wage Earners and Clerical Workers (CPI-W)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for Urban Wage Earners and Clerical Workers (CPI-W) rose 1.1 percent in March. This compares with an increase of 1.2 percent in February and 1.0 percent in January. During the 3 months ended in March, the CPI-W rose at a seasonally adjusted annual rate of 13.9 percent, up from 8.9 percent in December and the largest quarterly increase since the first quarter of 1974.

The 1.2 percent increase in the March index for food and beverages compares with increases of 1.7 percent in February and 1.5 percent in January. A 2.8 percent increase in meat prices accounted for over two-thirds of the 1.1 percent increase in grocery store foods. Beef prices advanced sharply for the sixth consecutive month. Dairy products and egg prices rose substantially following seasonal adjustment, and prices for fresh fruits showed large increases in March. Prices for fresh vegetables declined sharply. Restaurant meals and alcoholic beverages rose 1.5 percent and 1.0 percent, respectively, slightly more than in January and February.

The housing index rose 1.0 percent in March compared with 1.3 percent in February. Rising homeownership costs and household fuels accounted for nearly all the increase. Mortgage interest costs rose 2.0 percent in March reflecting a 0.9 percent increase in house prices and a 1.6 percent increase in mortgage interest rates. Household fuels increased 1.5 percent in March following an increase of 1.2 percent in February, as prices for fuel oil increased 5.5 percent. The index for gas and electricity rose 0.7 percent, about the same as in the prior 2 months.

The transportation index rose 1.2 percent in March, about the same as the last 4 months. Gasoline prices increased 3.8 percent and accounted for over three-fourths of the increase. New car prices rose 0.7 percent, and used car prices declined 0.3 percent.

In the apparel and upkeep category, prices of apparel commodities rose 1.4 percent in March, reflecting higher priced spring wear. Charges for apparel services rose 1.1 percent in March, the third successive large increase.

The entertainment index rose 0.9 percent in March following an increase of 0.2 percent in February. The medical care index rose 0.6 percent in March, compared with 0.5 percent in February. The index for other goods and services increased 0.5 percent in March compared with 0.8 percent in February.

Table B. Percent changes in CPI for Urban Wage Earners and Clerical Workers (CPI-W)

Expenditure category	Seasonally adjusted								Unadjusted
	Changes from preceding month							Compound annual rate 3-mos. ended Mar. '79	12-mos. ended Mar. '79
	1978				1979				
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.		
All Items	.8	.9	.6	.7	1.0	1.2	1.1	13.9	10.3
Food and beverages	.6	.9	.6	.9	1.5	1.7	1.2	19.2	13.0
Housing	1.0	1.1	.5	.6	.7	1.3	1.0	12.5	10.6
Apparel and upkeep	.6	.6	-.1	.1	.4	.2	1.3	8.4	5.3
Transportation	.7	.5	1.2	1.1	1.3	1.1	1.2	15.3	10.4
Medical care	.8	1.0	.8	.7	.8	.7	.6	8.9	9.1
Entertainment	.4	.6	.5	1.1	.6	.2	.9	6.8	5.7
Other goods and services	1.0	.2	.2	.2	1.0	.8	.5	9.7	7.2

(Data for CPI-W are shown in tables 4 through 6.)

Technical Notes

Brief Explanation of the CPI

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. Effective with the January 1978 index, the Bureau of Labor Statistics began publishing CPI's for two population groups: (1) a new CPI for All Urban Consumers (CPI-U) which covers approximately 80 percent of the total noninstitutional civilian population; and (2) a revised CPI for Urban Wage Earners and Clerical Workers (CPI-W) which represents about half the population covered by the CPI-U. The CPI-U includes, in addition to wage earners and clerical workers, groups which historically have been excluded from CPI coverage, such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Prices are collected in 85 urban areas across the country from over 18,000 tenants, 18,000 housing units for property taxes, and about 24,000 establishments—grocery and department stores, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index. Prices of food, fuels, and a few other items are obtained every month in all 85 locations. Prices of most other commodities and services are collected every month in the five largest geographic areas and every other month in other areas. Prices of most goods and services are obtained by personal visits of the Bureau's trained representatives. Mail questionnaires are used to obtain public utility rates, some fuel prices, and certain other items.

In calculating the index, price changes for the various items in each location are averaged together with weights which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Separate indexes are also published for 28 local areas. Area indexes do not measure differences in the level of prices among cities; they only measure the average change in prices for each area since the base period.

The index measures price changes from a designated reference date—1967—which equals 100.0. An increase of 22 percent, for example, is shown as 122.0. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

For further details see the following: *The Consumer Price Index: Concepts and Content Over the Years,* Report 517, revised edition (Bureau of Labor Statistics, May 1978); *The Revision of the Consumer Price Index,* by W. John Layng, reprinted from the *Statistical Reporter,* February 1978, No. 78-5 (U.S. Dept. of Commerce), and *Revisions in the Medical Care Service Component of the Consumer Price Index,* by Daniel H. Ginsburg, *Monthly Labor Review,* August 1978.

A Note About Calculating Index Changes

Movements of the indexes from one month to another are usually expressed as percent changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percent changes are not. The example in the accompanying box illustrates the computation of index point and percent changes.

Percent changes for 3-month and 6-month periods are expressed as annual rates and are computed according to the standard formula for compound growth rates. These data indicate what the percent change would be if the current rate were maintained for a 12-month period.

Index Point Change	
CPI	189.8
Less previous index	189.2
Equals index point change:	0.6
Percent Change	
Index point difference	0.6
Divided by the previous index	189.2
Equals:	0.003
Results multiplied by one hundred	0.003x100
Equals percent change:	0.3

A Note on Seasonally Adjusted and Unadjusted Data

Because price data are used for different purposes by different groups, the Bureau of Labor Statistics publishes seasonally adjusted as well as unadjusted changes each month.

For analyzing general price trends in the economy, seasonally adjusted changes are usually preferred since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude every year—such as price movements resulting from changing climatic conditions, production cycles, model changeovers, holidays, and sales.

The unadjusted data are of primary interest to consumers concerned about the prices they acutally pay. Unadjusted data are also used extensively for escalation purposes. Many collective bargaining contract agreements and pension plans, for example, tie compensation changes to the Consumer Price Index unadjusted for seasonal variation.

Seasonal factors used in computing the seasonally adjusted indexes are derived by the X-11 Variant of the Census Method II Seasonal Adjustment Program. The updated seasonal data at the end of 1977 replaced data from 1967 through 1977. Subsequent annual updates will replace 5 years of seasonal data, e.g., data from 1974 through 1978 will be replaced at the end of 1978. The seasonal movement of all items and 35 other aggregations is derived by combining the seasonal movement of 45 selected components.

CPI-U

TABLE 1. Consumer Price Index for all urban consumers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes Feb. 1979	Unadjusted indexes Mar. 1979	Unadjusted percent change to Mar. 1979 from– Mar. 1978	Unadjusted percent change to Mar. 1979 from– Feb. 1979	Seasonally adjusted percent change from– Dec. to Jan.	Seasonally adjusted percent change from– Jan. to Feb.	Seasonally adjusted percent change from– Feb. to Mar.
Expenditure category								
All items	100.000	207.1	209.1	10.2	1.0	0.9	1.2	1.0
All items(1957-59=100)	-	240.8	243.2	-	-	-	-	-
Food and beverages	19.242	222.4	224.4	12.5	.9	1.4	1.6	1.0
Food	18.161	228.2	230.4	12.8	1.0	1.4	1.6	1.1
Food at home	12.616	228.0	229.9	13.5	.8	1.6	1.8	1.0
Cereals and bakery products	1.543	212.2	213.5	9.8	.6	.5	1.1	.5
Meats, poultry, fish, and eggs	4.363	232.3	237.0	22.7	2.0	2.3	3.7	2.5
Dairy products	1.683	200.6	201.5	12.4	.4	1.0	1.1	1.0
Fruits and vegetables	1.757	226.5	225.9	10.8	-.3	3.4	.6	-1.0
Sugar and sweets	.440	270.2	272.1	8.1	.7	.0	-.2	.6
Fats and oils	.367	219.2	219.5	9.5	.1	.1	1.4	.5
Nonalcoholic beverages 1/	1.418	347.8	347.1	1.6	-.2	1.1	.7	-.2
Other prepared foods	1.045	201.8	202.9	9.9	.5	1.3	.7	.5
Food away from home	5.545	233.4	236.0	11.2	1.1	1.3	1.3	1.1
Alcoholic beverages	1.080	167.7	169.2	8.1	.9	1.0	.9	.8
Housing	44.258	215.6	217.6	10.6	.9	.6	1.3	1.0
Shelter	29.827	225.9	228.0	12.4	.9	.7	1.6	1.1
Rent, residential	5.535	171.0	171.3	6.7	.2	.3	.4	.2
Other rental costs	.735	224.8	226.3	12.0	.7	1.7	1.6	.3
Homeownership	23.557	245.6	248.2	13.7	1.1	.8	1.8	1.3
Home purchase	10.166	210.9	212.7	11.7	.9	.4	1.3	.9
Financing, taxes, and insurance	9.686	283.5	287.7	17.5	1.5	.9	2.9	2.0
Maintenance and repairs	3.705	245.9	247.5	9.8	.7	.9	.5	.5
Maintenance and repair services	2.846	265.7	267.8	10.4	.8	1.1	.5	.7
Maintenance and repair commodities	.859	199.9	200.1	7.6	.1	.4	.5	.0
Fuel and other utilities	6.326	223.3	225.9	6.3	1.2	.4	.8	1.1
Fuels	4.231	259.3	264.0	9.0	1.8	.9	1.2	1.7
Fuel oil, coal, and bottled gas	.879	326.1	339.5	14.2	4.1	.6	2.6	4.7
Gas (piped) and electricity	3.352	241.2	244.0	7.7	1.2	.9	.8	.8
Other utilities and public services	2.096	159.0	158.8	1.0	-.1	-.4	.0	-.1
Household furnishings and operation	8.105	186.0	187.4	7.9	.8	.7	.5	.5
Housefurnishings	4.457	160.0	161.2	6.4	.8	.6	.6	.4
Housekeeping supplies	1.542	216.9	218.4	8.0	.7	.9	.4	.6
Housekeeping services	2.106	241.4	242.9	11.3	.6	.5	.4	.5
Apparel and upkeep	5.486	161.4	164.3	5.0	1.8	.2	.3	1.5
Apparel commodities	4.819	156.3	159.2	4.2	1.9	.1	.2	1.6
Men's and boys' apparel	1.532	156.7	158.7	1.9	1.3	.1	-.9	.7
Women's and girls' apparel	1.891	147.7	151.8	4.4	2.8	-.1	.6	2.8
Infants' and toddlers' apparel	.118	213.7	216.1	1.1	1.1	-.6	-1.0	.6
Footwear	.698	168.9	171.6	6.8	1.6	.2	-.1	1.1
Other apparel commodities	.580	164.8	166.6	7.3	1.1	.3	2.0	1.0
Apparel services 1/	.666	197.3	200.0	10.9	1.4	1.1	1.4	1.4
Transportation	17.806	195.6	198.1	10.1	1.3	1.1	1.1	1.2
Private transportation	16.782	195.5	198.1	10.6	1.3	1.1	1.1	1.3
New cars	3.934	162.3	162.7	7.7	.2	1.1	1.2	.7
Used cars	3.148	193.4	195.4	13.4	1.0	1.8	.8	-.3
Gasoline	4.183	213.0	220.6	16.5	3.6	2.0	2.0	3.8
Maintenance and repair	1.515	233.9	236.3	9.8	1.0	.5	.8	1.0
Other private transportation	4.001	192.5	193.4	6.0	.5	.3	.4	.6
Other private trans. commodities	.714	167.9	169.0	8.0	.7	.7	1.4	.7
Other private trans. services	3.288	200.9	201.8	5.6	.4	.1	.1	.7
Public transportation	1.024	190.7	191.5	2.3	.4	.4	.8	.2
Medical care	4.959	232.6	233.9	9.0	.6	1.1	.6	.6
Medical care commodities	.845	150.1	150.7	6.9	.4	.6	.7	.4
Medical care services	4.115	250.4	251.8	9.5	.6	1.3	.6	.6
Professional services 1/	1.982	220.7	221.7	8.4	.5	1.5	.7	.5
Other medical care services	2.133	286.4	288.2	10.5	.6	.9	.5	.6
Entertainment	3.963	183.2	184.8	6.1	.9	.8	.4	.9
Entertainment commodities	2.330	184.0	185.7	5.8	.9	.9	.8	.9
Entertainment services	1.633	182.4	183.9	6.7	.8	.7	.1	.9
Other goods and services	4.287	191.9	192.8	7.5	.5	.7	.7	.6
Tobacco products	1.152	185.2	185.8	7.0	.3	1.1	1.1	.6
Personal care 1/	1.707	190.4	192.1	7.8	.9	.9	.8	.9
Toilet goods and personal care appliances 1/	.762	184.2	186.1	7.4	1.0	.9	.9	1.0
Personal care services 1/	.945	196.4	197.9	8.1	.8	.8	.6	.8
Personal and educational expenses	1.427	207.8	208.1	7.5	.1	.5	.3	.4
School books and supplies	.183	191.2	191.6	6.1	.2	1.9	.7	.6
Personal and educational services	1.245	212.1	212.5	7.8	.2	.3	.3	.4
Commodity and service group								
All items	100.000	207.1	209.1	10.2	1.0	0.9	1.2	1.0
Commodities	59.213	198.3	200.5	10.4	1.1	1.1	1.2	1.1
Food and beverages	19.242	222.4	224.4	12.5	.9	1.4	1.6	1.0
Commodities less food and beverages	39.972	184.8	187.0	9.4	1.2	.9	1.0	1.1
Nondurables less food and beverages	16.671	184.2	187.8	8.7	2.0	1.2	.8	2.0
Apparel commodities	4.819	156.3	159.2	4.2	1.9	.1	.2	1.6
Nondurables less food, beverages, and apparel 1/	11.852	201.9	206.0	10.7	2.0	1.0	1.4	2.0
Durables	23.301	183.6	184.9	9.9	.7	.9	1.0	.5
Services	40.787	223.3	225.1	9.9	.8	.5	1.1	.9
Rent, residential	5.535	171.0	171.3	6.7	.2	.3	.4	.2
Household services less rent	20.820	251.0	253.7	12.3	1.1	.8	1.7	1.2
Transportation services	5.828	205.5	206.7	6.1	.6	.3	.4	.7
Medical care services	4.115	250.4	251.8	9.5	.6	1.3	.6	.6
Other services	8.489	193.6	195.0	7.9	.7	.6	.5	.8
Special indexes:								
All items less food	81.839	201.8	203.8	9.6	1.0	.8	1.0	1.0
All items less shelter	70.173	201.6	203.7	9.3	1.0	1.0	.9	1.0
All items less mortgage interest costs 1/	92.728	202.3	204.1	9.1	.9	.8	1.0	.9
All items less medical care	95.041	205.5	207.6	10.2	1.0	.9	1.2	1.0
Commodities less food	41.052	183.7	185.9	9.4	1.2	.9	1.0	1.1
Nondurables less food	17.751	182.2	185.7	8.8	1.9	1.1	.8	1.9
Nondurables less food and apparel 1/	12.932	196.2	200.0	10.5	1.9	1.0	1.3	1.9
Nondurables 1/	35.912	204.0	206.9	10.8	1.4	1.1	1.5	1.4
Services less rent	35.252	232.9	235.0	10.3	.9	.6	1.1	1.0
Services less medical care 1/	36.672	219.0	220.8	9.9	.8	.8	1.8	.8
Energy 1/	8.502	235.0	241.2	12.6	2.6	1.4	1.5	2.6
All items less energy 1/	91.498	205.2	206.9	9.9	.8	.8	1.1	.8
All items less food and energy 1/	73.337	198.8	200.4	9.3	.8	.5	.9	.8
Commodities less food and energy	35.902	178.7	180.3	8.5	.9	.9	.8	.7
Energy commodities 1/	5.150	231.1	239.5	15.9	3.6	1.4	2.1	3.6
Services less energy	37.435	222.0	223.7	10.0	.8	.5	1.0	.9
Purchasing power of the consumer dollar:								
1967=\$1.00 1/	-	\$.483	\$.478	-9.3	-1.0	-.8	-1.2	-1.0
1957-59=\$1.00 1/	-	.415	.411	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 2. Consumer Price Index for all urban consumers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes				Seasonally adjusted annual rate percent change for-					
	Dec. 1978	Jan. 1979	Feb. 1979	Mar. 1979	3 months ending in June 1978	3 months ending in Sept. 1978	3 months ending in Dec. 1978	3 months ending in Mar. 1979	6 months ending in Sept. 1978	6 months ending in Mar. 1979
					Expenditure category					
All items	-	-	-	-	10.7	8.5	8.5	13.0	9.6	10.7
Food and beverages	215.7	218.8	222.3	224.6	17.7	4.9	10.0	17.6	11.1	13.7
Food	221.3	224.5	228.1	230.5	18.3	4.8	10.2	17.7	11.3	13.9
Food at home	220.1	223.7	227.7	230.0	21.9	2.7	10.9	19.2	11.9	15.0
Cereals and bakery products	208.1	209.2	211.4	212.4	13.0	11.3	6.6	8.5	12.1	7.6
Meats, poultry, fish, and eggs	219.5	224.6	233.0	238.9	38.5	-8.6	27.7	40.3	12.5	33.8
Dairy products	195.3	197.2	199.4	201.3	14.8	8.5	13.5	12.9	11.6	13.2
Fruits and vegetables	217.5	225.0	226.3	224.1	26.9	17.4	-10.2	12.7	22.1	.6
Sugar and sweets	268.0	267.9	267.3	268.9	16.0	9.0	6.5	1.4	12.4	3.9
Fats and oils	216.6	216.8	219.9	221.0	19.5	7.2	3.6	8.4	13.2	6.0
Nonalcoholic beverages 1/	341.7	345.4	347.8	347.1	-.1	-2.1	2.3	6.5	-1.1	4.3
Other prepared foods	196.9	199.5	200.8	201.9	13.2	8.7	6.8	10.6	10.9	8.6
Food away from home	227.8	230.7	233.6	236.2	10.8	9.7	8.7	15.6	10.2	12.1
Alcoholic beverages	164.9	166.5	168.0	169.4	7.3	6.9	7.1	11.4	7.1	9.2
Housing	211.6	212.9	215.6	217.7	11.4	10.5	8.8	12.0	11.0	10.4
Shelter	220.9	222.5	226.0	228.4	12.1	13.0	10.4	14.3	12.6	12.3
Rent, residential	169.6	170.1	170.8	171.1	8.2	7.3	7.7	3.6	7.8	5.6
Other rental costs	218.5	222.2	225.7	226.3	9.6	8.8	14.8	15.1	9.2	14.9
Homeownership	239.4	241.3	245.7	248.8	13.2	14.6	10.9	16.7	13.9	13.7
Home purchase	207.5	208.3	211.1	212.9	10.0	11.8	14.3	10.8	10.9	12.5
Financing, taxes, and insurance	272.5	275.0	282.9	288.6	18.6	19.6	7.0	25.8	19.1	16.1
Maintenance and repairs	243.7	246.0	247.3	248.6	8.9	9.1	12.6	8.3	9.0	10.4
Maintenance and repair services	262.9	265.9	267.3	269.1	11.6	8.2	11.9	9.8	9.9	10.8
Maintenance and repair commodities	199.0	199.7	200.7	200.7	.9	12.1	14.7	3.5	6.3	8.9
Fuel and other utilities	220.0	220.9	222.6	225.1	11.4	3.7	.7	9.6	7.5	5.1
Fuels	252.9	255.2	258.2	262.5	16.2	4.6	.5	16.1	10.2	8.0
Fuel oil, coal, and bottled gas	310.3	312.3	320.3	335.5	4.4	4.8	14.0	36.7	4.6	24.8
Gas (piped) and electricity	236.9	239.0	241.0	243.0	19.5	4.5	-2.8	10.7	11.8	3.7
Other utilities and public services	159.6	159.0	159.0	158.8	2.6	2.0	1.3	-2.0	2.3	-.4
Household furnishings and operation	184.1	185.3	186.2	187.2	9.3	7.4	8.2	6.9	8.4	7.6
Housefurnishings	158.6	159.5	160.5	161.2	7.0	5.8	6.0	6.7	6.4	6.4
Housekeeping supplies	213.9	215.9	216.7	218.0	8.4	6.4	9.1	7.9	7.4	8.5
Housekeeping services	239.0	240.3	241.2	242.4	14.9	11.5	13.0	5.8	13.2	9.4
Apparel and upkeep	161.8	162.2	162.7	165.2	6.8	2.3	2.3	8.7	4.5	5.4
Apparel commodities	157.4	157.5	157.8	160.3	6.4	1.5	1.5	7.6	3.9	4.5
Men's and boys' apparel	159.1	159.3	157.8	158.9	4.4	1.0	2.6	-.5	2.7	1.0
Women's and girls' apparel	149.1	149.0	149.9	154.1	7.8	.0	-3.4	14.1	3.8	5.0
Infants' and toddlers' apparel	218.9	217.6	215.4	216.8	5.7	2.8	-.2	-3.8	4.2	-2.0
Footwear	169.6	169.9	169.7	171.6	8.2	3.7	10.6	4.8	5.9	7.6
Other apparel commodities	161.6	162.1	165.3	166.9	5.2	4.9	5.1	13.8	5.1	9.4
Apparel services 1/	192.5	194.6	197.3	200.0	10.4	7.6	9.2	16.5	9.0	12.8
Transportation	193.2	195.4	197.5	199.9	6.3	9.0	11.1	14.6	7.6	12.8
Private transportation	193.2	195.4	197.5	200.0	6.8	9.2	11.8	14.8	8.0	13.3
New cars	157.3	159.1	161.0	162.1	10.2	7.2	1.0	12.8	8.7	6.7
Used cars	199.6	203.1	204.7	204.0	11.6	11.7	21.5	9.1	11.7	15.2
Gasoline	207.3	211.4	215.6	223.7	1.5	13.0	18.2	35.6	7.1	26.6
Maintenance and repair	230.1	231.3	233.2	235.6	9.7	9.6	10.0	9.9	9.6	9.9
Other private transportation	190.3	190.8	191.5	192.7	4.7	6.0	8.6	5.1	5.4	6.9
Other private trans. commodities	163.9	165.1	167.4	168.5	9.8	2.5	8.2	11.7	6.1	9.9
Other private trans. services	199.3	199.5	199.7	201.0	3.4	6.8	8.9	3.5	5.1	6.1
Public transportation	188.6	189.4	190.9	191.3	1.5	-.2	1.9	5.9	.6	3.9
Medical care	228.4	230.9	232.3	233.6	7.3	8.7	10.8	9.4	8.0	10.1
Medical care commodities	148.2	149.1	150.1	150.7	6.1	6.3	8.2	6.9	6.2	7.6
Medical care services	245.4	248.5	250.0	251.4	7.7	9.2	11.3	10.1	8.5	10.7
Professional services 1/	215.9	219.2	220.7	221.7	6.4	7.9	8.2	11.2	7.2	9.7
Other medical care services	281.5	284.0	285.5	287.3	8.9	10.5	14.4	8.5	9.7	11.4
Entertainment	181.2	182.6	183.4	185.1	3.0	6.1	6.7	8.9	4.5	7.8
Entertainment commodities	181.5	183.1	184.6	186.3	1.6	4.8	6.2	11.0	3.2	8.6
Entertainment services	180.9	182.1	182.2	183.9	5.2	7.8	7.2	6.8	6.5	7.0
Other goods and services	188.7	190.0	191.4	192.6	5.9	13.1	2.4	8.5	9.5	5.4
Tobacco products	180.3	182.3	184.3	185.4	5.2	14.1	-2.4	11.8	9.6	4.5
Personal care 1/	187.3	188.9	190.4	192.1	6.7	8.7	5.3	10.7	7.7	7.9
Toilet goods and personal care appliances 1/	180.9	182.5	184.2	186.1	4.7	10.2	3.2	12.0	7.4	7.5
Personal care services 1/	193.7	195.2	196.4	197.9	8.3	7.7	7.3	9.0	8.0	8.1
Personal and educational expenses	205.2	206.3	207.0	207.9	5.5	17.6	2.8	5.4	11.4	4.1
School books and supplies	184.8	188.3	189.7	190.8	7.1	19.2	-12.5	13.6	13.0	-.3
Personal and educational services	210.3	210.9	211.5	212.3	5.2	17.3	5.3	3.9	11.1	4.6
					Commodity and service group					
All items	-	-	-	-	10.7	8.5	8.5	13.0	9.6	10.7
Commodities	194.6	196.7	199.1	201.3	10.5	7.3	9.6	14.5	8.9	12.0
Food and beverages	215.7	218.8	222.3	224.6	17.7	4.9	10.0	17.6	11.1	13.7
Commodities less food and beverages	182.4	184.0	185.9	188.0	7.2	8.3	9.8	12.9	7.7	11.3
Nondurables less food and beverages	181.3	183.4	184.9	188.6	5.2	6.8	6.7	17.1	6.0	11.8
Apparel commodities	157.4	157.5	157.8	160.3	6.4	1.5	1.5	7.6	3.9	4.5
Nondurables less food, beverages, and apparel 1/	197.2	199.2	201.9	206.0	6.2	9.6	8.3	19.1	7.9	13.6
Durables	181.6	183.3	185.1	186.0	9.0	9.1	11.3	10.0	9.1	10.7
Services	219.5	220.7	223.1	225.1	11.0	10.3	7.2	10.6	10.6	8.9
Rent, residential	169.6	170.1	170.8	171.1	8.2	7.3	7.7	3.6	7.8	5.6
Household services less rent	245.0	246.9	251.0	254.1	15.3	12.3	6.1	15.7	13.8	10.8
Transportation services	203.2	203.8	204.7	206.1	4.6	6.3	7.8	5.8	5.4	6.8
Medical care services	245.4	248.5	250.0	251.4	7.7	9.2	11.3	10.1	8.5	10.7
Other services	191.3	192.5	193.4	195.0	6.6	10.2	7.0	8.0	8.4	7.5
Special indexes:										
All items less food	198.6	200.2	202.3	204.3	8.9	9.3	8.5	12.0	9.1	10.2
All items less shelter	198.3	200.2	202.1	204.1	10.0	6.6	8.0	12.2	8.3	10.1
All items less mortgage interest costs 1/	198.7	200.3	202.3	204.1	11.6	6.8	6.7	11.3	9.2	9.0
All items less medical care	201.7	203.6	206.0	208.1	10.8	8.5	8.6	13.3	9.7	10.9
Commodities less food	181.3	182.9	184.8	186.9	7.2	8.3	9.6	12.9	7.8	11.2
Nondurables less food	179.4	181.4	182.9	186.4	5.5	6.9	6.7	16.5	6.2	11.5
Nondurables less food and apparel 1/	191.7	193.7	196.2	200.0	6.3	9.5	8.1	18.5	7.9	13.2
Nondurables 1/	198.8	201.0	204.0	206.9	13.2	5.7	7.1	17.3	9.4	12.1
Services less rent	228.6	230.0	232.6	235.0	11.3	10.8	7.1	11.7	11.1	9.4
Services less medical care 1/	215.0	216.8	219.0	220.8	10.5	11.5	6.4	11.2	11.0	8.8
Energy 1/	228.3	231.5	235.0	241.2	12.5	8.2	5.8	24.6	10.3	14.8
All items less energy 1/	201.3	202.9	205.2	206.9	12.0	8.5	7.7	11.6	10.2	9.6
All items less food and energy 1/	196.0	197.0	198.8	200.4	10.4	9.7	7.7	9.3	10.1	8.5
Commodities less food and energy	176.8	178.4	179.8	181.0	8.4	7.2	8.3	9.8	7.8	9.1
Energy commodities 1/	223.3	226.4	231.1	239.5	8.4	12.5	11.9	32.3	10.4	21.7
Services less energy	218.2	219.4	221.7	223.7	10.2	10.8	8.3	10.5	10.5	9.4

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 3. Consumer Price Index for all urban consumers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes Dec. 1978	Jan. 1979	Feb. 1979	Mar. 1979	Percent change to Mar. 1979 from— Mar. 1978	Jan. 1979	Feb. 1979	Percent change to Feb. 1979 from— Feb. 1978	Dec. 1978	Jan. 1979
U.S. city average			202.9	204.7	207.1	209.1	10.2	2.1	1.0	9.9	2.1	1.2
Chicago, Ill.-Northwestern Ind.	M		198.6	199.7	202.6	206.6	10.9	3.5	2.0	10.0	2.0	1.5
Detroit, Mich.	M		202.2	205.1	208.8	211.6	12.3	3.2	1.3	12.5	3.3	1.8
L.A.-Long Beach, Anaheim, Calif.	M		197.1	199.6	201.9	203.8	8.8	2.1	.9	8.3	2.4	1.2
N.Y., N.Y.-Northeastern N.J.	M		201.5	202.9	205.2	206.4	7.4	1.7	.6	7.5	1.8	1.1
Philadelphia, Pa.-N.J.	M		201.1	202.3	204.1	204.8	8.0	1.2	.3	8.4	1.5	.9
Anchorage, Alaska	1	10/67	-	198.1	-	201.0	11.2	1.5	-	-	-	-
Baltimore, Md.	1		-	204.2	-	209.1	6.8	2.4	-	-	-	-
Boston, Mass.	1		-	201.6	-	205.1	9.0	1.7	-	-	-	-
Cincinnati, Ohio-Ky.-Ind.	1		-	211.2	-	215.7	12.2	2.1	-	-	-	-
Denver-Boulder, Colo.	1		-	216.2	-	223.0	14.3	3.1	-	-	-	-
Miami, Fla.	1	11/77	-	108.9	-	111.2	8.8	2.1	-	-	-	-
Milwaukee, Wis.	1		-	200.6	-	207.6	11.4	3.5	-	-	-	-
Northeast Pennsylvania	1		-	200.2	-	203.5	8.8	1.6	-	-	-	-
Portland, Oreg.-Wash.	1		-	211.7	-	215.4	12.4	1.7	-	-	-	-
St. Louis, Mo.-Ill.	1		-	203.4	-	208.4	13.3	2.5	-	-	-	-
San Diego, Calif.	1		-	214.8	-	221.4	15.7	3.1	-	-	-	-
Seattle-Everett, Wash. 3/	1		-	202.0	-	207.0	10.6	2.5	-	-	-	-
Washington, D.C.-Md.-Va.	1		-	208.7	-	212.6	11.3	1.9	-	-	-	-
Atlanta, Ga.	2		198.8	-	201.8	-	-	-	-	8.4	1.5	-
Buffalo, N.Y.	2		199.7	-	203.0	-	-	-	-	8.3	1.7	-
Cleveland, Ohio	2		205.7	-	210.1	-	-	-	-	12.6	2.1	-
Dallas-Fort Worth, Tex.	2		201.6	-	205.8	-	-	-	-	10.2	2.1	-
Honolulu, Hawaii	2		191.3	-	196.2	-	-	-	-	10.2	2.6	-
Houston, Tex.	2		219.7	-	224.2	-	-	-	-	4/12.7	2.0	-
Kansas City, Mo.-Kans.	2		198.8	-	204.6	-	-	-	-	11.3	2.9	-
Minneapolis-St. Paul, Minn.-Wis.	2		208.6	-	211.8	-	-	-	-	4/10.5	1.5	-
Pittsburgh, Pa.	2		205.2	-	209.2	-	-	-	-	4/12.2	1.9	-
San Francisco-Oakland, Calif.	2		200.8	-	203.9	-	-	-	-	7.8	1.5	-
Region 5/												
Northeast	2	12/77	107.9	-	110.0	-	-	-	-	8.9	1.9	-
North Central	2	12/77	110.0	-	112.4	-	-	-	-	10.8	2.2	-
South	2	12/77	109.8	-	111.7	-	-	-	-	10.3	1.7	-
West	2	12/77	108.4	-	111.0	-	-	-	-	9.7	2.4	-
Population size class 5/												
A-1	2	12/77	107.8	-	110.1	-	-	-	-	8.8	2.1	-
A-2	2	12/77	109.4	-	111.4	-	-	-	-	10.2	1.8	-
B	2	12/77	109.6	-	111.9	-	-	-	-	10.6	2.1	-
C	2	12/77	109.9	-	112.3	-	-	-	-	10.9	2.2	-
D	2	12/77	109.1	-	111.0	-	-	-	-	9.6	1.7	-
Region/population size class cross classification 5/												
Northeast/A	2	12/77	107.4	-	109.1	-	-	-	-	8.0	1.6	-
North Central/A	2	12/77	110.1	-	112.7	-	-	-	-	11.1	2.4	-
South/A	2	12/77	109.2	-	111.3	-	-	-	-	10.0	1.9	-
West/A	2	12/77	107.8	-	110.1	-	-	-	-	8.9	2.1	-
Northeast/B	2	12/77	108.3	-	110.8	-	-	-	-	9.8	2.3	-
North Central/B	2	12/77	110.2	-	112.7	-	-	-	-	11.3	2.3	-
South/B	2	12/77	110.1	-	112.0	-	-	-	-	10.8	1.7	-
West/B	2	12/77	109.4	-	112.2	-	-	-	-	10.4	2.6	-
Northeast/C	2	12/77	109.9	-	112.7	-	-	-	-	11.4	2.5	-
North Central/C	2	12/77	109.8	-	111.8	-	-	-	-	10.4	1.8	-
South/C	2	12/77	110.5	-	112.5	-	-	-	-	10.9	1.8	-
West/C	2	12/77	108.9	-	112.0	-	-	-	-	10.8	2.8	-
Northeast/D	2	12/77	108.2	-	110.3	-	-	-	-	9.2	1.9	-
North Central/D	2	12/77	109.8	-	111.7	-	-	-	-	10.3	1.7	-
South/D	2	12/77	108.9	-	110.7	-	-	-	-	9.0	1.7	-
West/D	2	12/77	108.4	-	110.9	-	-	-	-	10.0	2.3	-

1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
- M - Every month.
- 1 - January, March, May, July, September, and November.
- 2 - February, April, June, August, October, and December.

3/ Revised indexes: 11/78=203.6 and 1/79=202.0

4/ Annual rate based on 10-month change.

5/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:
- A-1 More than 4,000,000.
- A-2 1,250,000 to 4,000,000.
- B 385,000 to 1,250,000.
- C 75,000 to 385,000.
- D Less than 75,000.

Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

CPI-W

TABLE 4. Consumer Price Index for urban wage earners and clerical workers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes Feb. 1979	Unadjusted indexes Mar. 1979	Unadjusted percent change to Mar. 1979 from- Mar. 1978	Unadjusted percent change to Mar. 1979 from- Feb. 1979	Seasonally adjusted percent change from- Dec. to Jan.	Seasonally adjusted percent change from- Jan. to Feb.	Seasonally adjusted percent change from- Feb. to Mar.
				Expenditure category				
All items	100.000	207.1	209.3	10.3	1.1	1.0	1.2	1.1
All items(1957-59=100)	-	240.9	243.5	-	-	-	-	-
Food and beverages	20.946	222.6	225.1	13.0	1.1	1.5	1.7	1.2
Food	19.777	228.5	231.1	13.3	1.1	1.5	1.8	1.2
Food at home	13.899	227.9	230.0	13.7	.9	1.7	1.9	1.1
Cereals and bakery products	1.715	212.9	214.1	10.0	.6	.6	.9	.4
Meats, poultry, fish, and eggs	4.862	232.2	236.9	22.9	2.0	2.5	3.8	2.4
Dairy products	1.856	201.1	202.3	12.8	.6	1.0	1.2	1.1
Fruits and vegetables	1.818	225.4	225.4	11.0	.0	3.7	.8	-.6
Sugar and sweets	.472	270.2	272.4	8.1	.8	-.1	.0	.7
Fats and oils	.398	219.8	219.8	9.9	.0	.2	1.3	.4
Nonalcoholic beverages 1/	1.615	347.0	346.9	2.0	.0	1.1	.8	.0
Other prepared foods	1.164	201.9	203.0	9.8	.5	1.4	.8	.5
Food away from home	5.877	234.3	237.9	12.3	1.5	1.4	1.5	1.5
Alcoholic beverages	1.169	167.7	169.6	8.2	1.1	.8	.8	1.0
Housing	40.957	215.4	217.5	10.6	1.0	.7	1.3	1.0
Shelter	26.969	226.2	228.5	12.6	1.0	.8	1.7	1.1
Rent, residential	5.238	170.9	171.2	6.7	.2	.4	.4	.2
Other rental costs	.504	224.7	226.3	11.9	.7	1.7	1.6	.3
Homeownership	21.227	246.2	249.2	14.2	1.2	.8	1.9	1.4
Home purchase	8.921	210.8	212.7	11.6	.9	.4	1.4	.9
Financing, taxes, and insurance	8.987	285.0	289.5	18.1	1.6	.9	3.0	2.0
Maintenance and repairs	3.320	245.7	248.4	10.7	1.1	1.2	.7	1.1
Maintenance and repair services	2.351	265.8	269.3	11.5	1.3	1.5	.6	1.3
Maintenance and repair commodities	.969	200.4	201.5	8.8	.5	.4	1.0	.4
Fuel and other utilities	6.221	223.5	226.0	6.3	1.1	.5	.8	1.0
Fuels	4.215	259.3	263.7	8.9	1.7	.9	1.2	1.5
Fuel oil, coal, and bottled gas	.875	326.4	340.0	14.4	4.2	.6	2.6	4.8
Gas (piped) and electricity	3.340	241.0	243.6	7.5	1.1	.8	.8	.7
Other utilities and public services	2.006	159.1	158.9	1.0	-.1	-.3	.0	-.1
Household furnishings and operation	7.767	184.8	186.3	7.3	.8	.6	.4	.7
Housefurnishings	4.571	159.4	160.8	5.9	.9	.7	.4	.7
Housekeeping supplies	1.601	216.3	218.1	8.0	.8	.4	.6	.8
Housekeeping services	1.596	240.5	241.6	10.7	.5	.4	.3	.5
Apparel and upkeep	5.524	161.6	164.2	5.3	1.6	.4	.2	1.3
Apparel commodities	4.886	156.7	159.3	4.6	1.7	.3	.1	1.4
Men's and boys' apparel	1.531	157.6	159.4	2.6	1.1	.5	-.8	.6
Women's and girls' apparel	1.927	147.7	151.2	4.5	2.4	.1	.5	2.3
Infants' and toddlers' apparel	.131	214.6	217.7	2.9	1.4	.7	.2	.9
Footwear	.735	167.8	170.4	6.6	1.5	.2	-.3	1.2
Other apparel commodities	.562	167.5	168.9	8.6	.8	.2	1.8	.8
Apparel services 1/	.637	196.8	199.0	10.3	1.1	1.1	1.4	1.1
Transportation	20.045	196.1	198.7	10.4	1.3	1.3	1.1	1.2
Private transportation	19.121	195.9	198.5	10.8	1.3	1.2	1.1	1.2
New cars	4.154	162.0	162.4	7.5	.2	1.1	1.3	.7
Used cars	4.019	193.4	195.4	13.4	1.0	1.8	.8	-.3
Gasoline	4.769	213.4	221.2	16.8	3.7	1.9	2.1	3.8
Maintenance and repair	1.665	234.3	236.8	9.5	1.1	.6	.9	.9
Other private transportation	4.514	193.1	193.9	6.1	.4	.3	.4	.5
Other private trans. commodities	.804	170.2	170.0	7.9	-.1	.9	1.4	-.4
Other private trans. services	3.710	201.1	202.2	5.8	.5	.2	.2	.8
Public transportation	.924	191.4	192.1	2.6	.4	.4	.7	.2
Medical care	4.489	232.1	233.7	9.1	.7	.8	.7	.6
Medical care commodities	.771	150.7	151.7	7.6	.7	.6	.5	.7
Medical care services	3.717	249.6	251.3	9.4	.7	.9	.7	.7
Professional services 1/	1.900	220.9	222.7	8.7	.8	1.2	.7	.8
Other medical care services	1.817	284.5	286.1	10.0	.6	.5	.6	.6
Entertainment	3.794	182.4	184.0	5.7	.9	.6	.2	.9
Entertainment commodities	2.396	182.6	184.4	5.2	1.0	.7	.3	1.0
Entertainment services	1.398	183.1	184.3	6.6	.7	.4	-.1	.7
Other goods and services	4.245	191.9	192.6	7.2	.4	1.0	.8	.5
Tobacco products	1.392	185.4	185.8	7.0	.2	1.4	1.2	.4
Personal care 1/	1.762	190.4	191.5	7.0	.6	1.1	.8	.6
Toilet goods and personal care appliances 1/	.838	184.7	185.9	6.5	.6	.9	1.3	.6
Personal care services 1/	.924	196.3	197.3	7.6	.5	1.1	.6	.5
Personal and educational expenses	1.091	208.2	208.6	7.7	.2	.6	.3	.5
School books and supplies	.163	193.7	194.1	7.2	.2	2.0	.8	.7
Personal and educational services	.929	212.1	212.5	7.8	.2	.4	.2	.4
				Commodity and service group				
All items	100.000	207.1	209.3	10.3	1.1	1.0	1.2	1.1
Commodities	62.074	198.5	200.9	10.7	1.2	1.2	1.3	1.2
Food and beverages	20.946	222.6	225.1	13.0	1.1	1.5	1.7	1.2
Commodities less food and beverages	41.128	184.7	187.0	9.5	1.2	1.0	1.0	1.2
Nondurables less food and beverages	17.651	184.7	188.4	9.2	2.0	1.2	.9	2.0
Apparel commodities	4.886	156.7	159.3	4.6	1.7	.3	.1	1.4
Nondurables less food, beverages, and apparel 1/	12.765	202.2	206.5	11.0	2.1	1.0	1.4	2.1
Durables	23.477	183.2	184.5	9.7	.7	.9	.9	.5
Services	37.926	223.2	225.1	9.8	.9	.5	1.1	.9
Rent, residential	5.238	170.9	171.2	6.7	.2	.4	.4	.2
Household services less rent	18.784	251.4	254.3	12.5	1.2	.8	1.7	1.3
Transportation services	6.299	206.1	207.4	6.3	.6	.4	.4	.7
Medical care services	3.717	249.6	251.3	9.4	.7	.9	.7	.7
Other services	3.888	193.9	195.0	7.7	.6	.7	.4	.7
Special indexes:								
All items less food	80.223	201.6	203.7	9.6	1.0	.9	1.0	1.0
All items less shelter	73.031	201.8	204.0	9.5	1.1	1.1	1.0	1.0
All items less mortgage interest costs 1/	93.132	202.5	204.5	9.4	1.0	.9	1.0	1.0
All items less medical care	95.511	205.6	207.8	10.4	1.1	1.0	1.2	1.1
Commodities less food	42.297	183.6	185.9	9.4	1.3	1.0	1.0	1.1
Nondurables less food	18.820	182.7	186.3	9.1	2.0	1.1	.9	2.0
Nondurables less food and apparel 1/	13.934	196.5	200.5	10.7	2.0	1.0	1.3	2.0
Nondurables 1/	38.597	204.5	207.6	11.3	1.5	1.2	1.5	1.5
Services less rent	32.689	232.9	235.0	10.3	.9	.6	1.2	1.0
Services less medical care 1/	34.209	219.0	220.8	9.9	.8	.9	1.0	.8
Energy 1/	9.085	235.3	241.7	12.9	2.7	1.4	1.5	2.7
All items less energy 1/	90.915	205.3	207.1	10.1	.9	.8	1.2	.9
All items less food and energy 1/	71.138	198.5	200.2	9.2	.9	.5	.9	.9
Commodities less food and energy	36.552	178.5	180.0	8.4	.8	1.1	.7	.6
Energy commodities 1/	5.745	231.5	240.0	16.2	3.7	1.5	2.0	3.7
Services less energy	34.586	221.9	223.7	10.1	.8	.6	1.1	.9
Purchasing power of the consumer dollar:								
1967=$1.00 1/	-	$.483	$.478	-9.3	-1.0	-.8	-1.2	-1.0
1957-59=$1.00 1/	-	.415	.411	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 5. Consumer Price Index for urban wage earners and clerical workers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes				Seasonally adjusted annual rate percent change for-					
					3 months ending in				6 months ending in	
	Dec. 1978	Jan. 1979	Feb. 1979	Mar. 1979	June 1978	Sept. 1978	Dec. 1978	Mar. 1979	Sept. 1978	Mar. 1979
					Expenditure category					
All items	-	-	-	-	10.5	8.2	8.9	13.9	9.4	11.4
Food and beverages	215.6	218.8	222.6	225.3	17.9	4.9	10.0	19.2	11.2	14.6
Food	221.1	224.5	228.5	231.2	18.6	4.8	10.2	19.6	11.5	14.8
Food at home	219.7	223.5	227.7	230.1	21.9	2.3	10.9	20.3	11.7	15.5
Cereals and bakery products	209.1	210.3	212.1	213.0	14.3	10.6	7.4	7.7	12.4	7.5
Meats, poultry, fish, and eggs	219.1	224.6	233.1	238.8	37.7	-8.5	28.0	41.1	12.3	34.4
Dairy products	195.6	197.5	199.9	202.1	14.6	10.1	12.6	14.0	12.3	13.3
Fruits and vegetables	215.3	223.2	225.0	223.6	27.2	15.2	-11.2	16.3	21.0	1.6
Sugar and sweets	267.5	267.3	267.3	269.2	16.0	8.5	5.7	2.6	12.2	4.1
Fats and oils	217.4	217.8	220.7	221.6	21.8	7.8	3.2	8.0	14.6	5.5
Nonalcoholic beverages 1/	340.6	344.3	347.0	346.9	.5	-2.0	2.3	7.6	-.8	4.9
Other prepared foods	196.6	199.3	200.9	202.0	13.2	8.9	5.9	11.4	11.1	8.6
Food away from home	227.9	231.1	234.5	238.1	11.0	10.3	8.9	19.1	10.6	13.9
Alcoholic beverages	165.2	166.6	168.0	169.6	7.3	8.0	6.3	11.1	7.7	8.7
Housing	211.2	212.6	215.3	217.5	11.2	10.1	8.8	12.5	10.6	10.6
Shelter	220.9	222.6	226.3	228.8	11.7	13.3	10.6	15.1	12.5	12.8
Rent, residential	169.5	170.1	170.7	171.0	8.0	7.5	7.4	3.6	7.8	5.5
Other rental costs	218.4	222.1	225.6	226.3	9.0	8.8	14.8	15.3	8.9	15.0
Homeownership	239.6	241.6	246.3	249.7	13.0	14.6	11.4	18.0	13.8	14.7
Home purchase	207.2	208.1	211.0	212.9	9.6	11.8	13.8	11.5	10.7	12.6
Financing, taxes, and insurance	273.7	276.2	284.4	290.1	18.6	20.1	8.1	26.2	19.3	16.8
Maintenance and repairs	242.3	245.2	246.9	249.6	7.7	8.8	13.6	12.6	8.2	13.1
Maintenance and repair services	261.5	265.5	267.1	270.7	9.4	8.1	13.6	14.8	8.7	14.2
Maintenance and repair commodities	198.6	199.4	201.4	202.3	3.7	10.4	13.5	7.7	7.0	10.6
Fuel and other utilities	220.1	221.1	222.9	225.1	11.6	3.3	.9	9.4	7.4	5.1
Fuels	253.0	255.2	258.3	262.2	16.8	3.9	.8	15.4	10.1	7.8
Fuel oil, coal, and bottled gas	310.5	312.5	320.6	336.0	4.6	4.9	14.1	37.1	4.8	25.1
Gas (piped) and electricity	237.0	239.0	241.0	242.6	19.9	3.6	-2.3	9.8	11.5	3.6
Other utilities and public services	159.6	159.1	159.1	158.9	2.0	2.6	1.0	-1.7	2.3	-.4
Household furnishings and operation	183.1	184.2	184.9	186.2	8.1	5.3	9.2	6.9	6.7	8.1
Housefurnishings	158.0	159.1	159.7	160.8	5.4	3.7	7.7	7.3	4.5	7.5
Housekeeping supplies	214.0	214.9	216.1	217.9	8.6	5.2	11.2	7.5	6.9	9.3
Housekeeping services	238.3	239.2	240.0	241.1	15.9	10.3	12.3	4.8	13.1	8.5
Apparel and upkeep	161.9	162.6	163.0	165.2	8.1	2.3	2.5	8.4	5.2	5.4
Apparel commodities	157.6	158.1	158.3	160.5	8.1	1.8	1.5	7.6	4.9	4.5
Men's and boys' apparel	159.2	160.0	158.7	159.7	4.7	2.6	1.5	1.3	3.6	1.4
Women's and girls' apparel	149.2	149.4	150.1	153.5	10.2	-.8	-2.6	12.0	4.5	4.4
Infants' and toddlers' apparel	215.3	216.7	217.2	219.2	7.3	.0	-2.7	7.4	3.6	2.2
Footwear	168.7	169.0	168.5	170.6	7.2	4.5	10.6	4.6	5.8	7.6
Other apparel commodities	164.6	165.0	168.0	169.4	10.9	5.1	6.6	12.2	8.0	9.3
Apparel services 1/	191.9	194.1	196.8	199.0	8.7	6.4	10.7	15.6	7.6	13.1
Transportation	193.7	196.2	198.4	200.7	6.3	9.2	11.7	15.3	7.7	13.5
Private transportation	193.6	196.0	198.2	200.6	6.6	9.7	12.2	15.3	8.1	13.7
New cars	156.9	158.7	160.7	161.8	9.6	7.2	.8	13.1	8.4	6.8
Used cars	199.6	203.1	204.7	204.0	11.6	11.7	21.5	9.1	11.7	15.2
Gasoline	207.6	211.6	216.0	224.3	1.3	13.0	19.2	36.3	7.0	27.4
Maintenance and repair	230.4	231.7	233.8	235.9	8.8	9.8	9.6	9.9	9.3	9.7
Other private transportation	190.8	191.4	192.1	193.1	4.2	6.7	8.8	4.9	5.5	6.9
Other private trans. commodities	166.1	167.6	169.9	169.3	10.9	5.3	7.6	7.9	8.1	7.7
Other private trans. services	199.3	199.6	199.9	201.4	3.0	6.8	9.1	4.3	4.9	6.7
Public transportation	189.5	190.3	191.6	191.9	1.3	.4	3.2	5.2	.9	4.2
Medical care	228.5	230.4	231.9	233.4	7.5	9.1	10.6	8.9	8.3	9.7
Medical care commodities	149.0	149.9	150.7	151.7	7.3	6.3	9.4	7.4	6.8	8.4
Medical care services	245.3	247.5	249.2	250.9	7.5	9.8	11.0	9.4	8.6	10.2
Professional services 1/	216.8	219.3	220.9	222.7	6.4	8.9	8.3	11.3	7.7	9.8
Other medical care services	280.5	282.0	283.6	285.2	8.8	10.7	13.8	6.9	9.7	10.3
Entertainment	181.3	182.4	182.7	184.3	1.4	5.8	9.1	6.8	3.6	7.9
Entertainment commodities	181.1	182.4	183.0	184.8	-1.4	6.1	8.1	8.4	2.3	8.3
Entertainment services	182.5	183.2	183.1	184.3	6.6	4.9	11.3	4.0	5.8	7.6
Other goods and services	188.0	189.9	191.4	192.4	5.9	11.2	2.2	9.7	8.5	5.9
Tobacco products	180.1	182.6	184.7	185.4	5.2	14.1	-2.8	12.3	9.6	4.5
Personal care 1/	186.8	188.8	190.4	191.5	6.4	5.6	5.8	10.5	6.0	8.1
Toilet goods and personal care appliances 1/	180.7	182.4	184.7	185.9	3.0	5.6	5.7	12.0	4.3	8.8
Personal care services 1/	193.0	195.2	196.3	197.3	9.5	5.7	6.0	9.2	7.6	7.6
Personal and educational expenses	205.4	206.7	207.3	208.3	5.7	17.6	2.6	5.8	11.5	4.2
School books and supplies	186.6	190.4	192.0	193.3	7.3	22.9	-13.0	15.2	14.8	.1
Personal and educational services	210.3	211.1	211.5	212.3	5.6	16.6	5.5	3.9	10.9	4.7
					Commodity and service group					
All items	-	-	-	-	10.5	8.2	8.9	13.9	9.4	11.4
Commodities	194.6	196.9	199.4	201.7	10.5	7.0	10.0	15.4	8.7	12.7
Food and beverages	215.6	218.8	222.6	225.3	17.9	4.9	10.0	19.2	11.2	14.6
Commodities less food and beverages	182.2	184.1	186.0	188.2	6.7	8.3	10.0	13.8	7.5	11.9
Nondurables less food and beverages	181.6	183.7	185.4	189.2	5.2	7.0	7.1	17.8	6.1	12.3
Apparel commodities	157.6	158.1	158.3	160.5	8.1	1.8	1.5	7.6	4.9	4.5
Nondurables less food, beverages, and apparel 1/	197.5	199.5	202.2	206.5	5.9	9.7	9.2	19.5	7.8	14.2
Durables	181.4	183.0	184.7	185.6	9.8	8.1	11.3	9.6	8.9	10.5
Services	219.4	220.6	223.0	225.0	10.7	9.8	7.6	10.6	10.3	9.1
Rent, residential	169.5	170.1	170.7	171.0	8.0	7.5	7.4	3.6	7.8	5.5
Household services less rent	245.1	247.1	251.3	254.5	15.3	12.3	6.4	16.2	13.8	11.2
Transportation services	203.6	204.4	205.3	206.7	4.2	6.7	8.3	6.2	5.4	7.2
Medical care services	245.3	247.5	249.2	250.9	7.5	9.8	11.0	9.4	8.6	10.2
Other services	191.7	193.0	193.7	195.0	7.3	8.0	8.6	[illegible]	7.7	7.8
Special indexes:										
All items less food	198.4	200.1	202.2	204.3	8.6	8.9	8.9	12.4	8.8	10.7
All items less shelter	198.4	200.5	202.5	204.6	10.2	6.4	8.5	13.1	8.3	10.8
All items less mortgage interest costs 1/	198.7	200.4	202.5	204.5	11.8	6.6	6.9	12.2	9.2	9.5
All items less medical care	201.6	203.7	206.2	208.4	10.8	8.1	9.0	14.2	9.4	11.6
Commodities less food	181.2	183.0	184.9	187.0	7.0	8.1	10.1	13.4	7.5	11.7
Nondurables less food	179.7	181.7	183.4	187.0	5.5	7.1	7.2	17.3	6.3	12.1
Nondurables less food and apparel 1/	192.0	193.9	196.5	200.5	5.9	9.7	8.8	18.9	7.8	13.7
Nondurables 1/	199.0	201.4	204.5	207.6	13.7	5.9	7.4	18.4	9.8	12.8
Services less rent	228.5	229.8	232.6	234.9	11.1	10.2	7.7	11.7	10.7	9.7
Services less medical care 1/	214.9	216.8	219.0	220.8	10.1	10.9	7.0	11.4	10.5	9.2
Energy 1/	228.5	231.8	235.3	241.7	12.3	8.4	6.6	25.8	10.3	15.5
All items less energy 1/	201.2	202.9	205.3	207.1	12.5	7.9	7.9	12.3	10.1	10.1
All items less food and energy 1/	195.8	196.8	198.5	200.2	10.4	9.2	7.9	9.3	9.8	8.6
Commodities less food and energy	176.4	178.3	179.6	180.7	8.4	7.2	7.6	10.1	7.8	8.8
Energy commodities 1/	223.6	226.9	231.5	240.0	8.4	13.1	12.1	32.7	10.7	22.0
Services less energy	218.0	219.2	221.6	223.7	10.0	10.6	8.5	10.9	10.3	9.7

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 6. Consumer Price Index for urban wage earners and clerical workers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes Dec. 1978	Jan. 1979	Feb. 1979	Mar. 1979	Percent change to Mar. 1979 from- Mar. 1978	Jan. 1979	Feb. 1979	Percent change to Feb. 1979 from- Feb. 1978	Dec. 1978	Jan. 1979
U.S. city average			202.9	204.7	207.1	209.3	10.3	2.2	1.1	9.9	2.1	1.2
Chicago, Ill.-Northwestern Ind.	M		198.5	199.7	202.4	206.2	11.1	3.3	1.9	10.1	2.0	1.4
Detroit, Mich.	M		201.9	204.9	208.8	211.6	12.6	3.3	1.3	12.4	3.4	1.9
L.A.-Long Beach, Anaheim, Calif.	M		197.0	199.7	202.3	204.4	9.2	2.4	1.0	8.3	2.7	1.3
N.Y., N.Y.-Northeastern N.J.	M		200.9	202.3	204.7	206.3	7.5	2.0	.8	7.3	1.9	1.2
Philadelphia, Pa.-N.J.	M		202.4	203.9	205.8	206.8	9.0	1.4	.5	9.1	1.7	.9
Anchorage, Alaska	1	10/67	-	197.3	-	200.5	10.9	1.6	-	-	-	-
Baltimore, Md.	1		-	205.0	-	210.4	7.5	2.6	-	-	-	-
Boston, Mass.	1		-	200.7	-	204.3	8.8	1.8	-	-	-	-
Cincinnati, Ohio-Ky.-Ind.	1		-	212.3	-	216.7	12.7	2.1	-	-	-	-
Denver-Boulder, Colo.	1		-	218.0	-	225.0	15.0	3.2	-	-	-	-
Miami, Fla.	1	11/77	-	109.2	-	112.4	9.9	2.9	-	-	-	-
Milwaukee, Wis.	1		-	201.6	-	209.5	12.3	3.9	-	-	-	-
Northeast Pennsylvania	1		-	202.1	-	206.6	10.4	2.2	-	-	-	-
Portland, Oreg.-Wash.	1		-	212.1	-	215.8	12.5	1.7	-	-	-	-
St. Louis, Mo.-Ill.	1		-	201.4	-	207.0	12.5	2.8	-	-	-	-
San Diego, Calif.	1		-	212.5	-	218.6	14.3	2.9	-	-	-	-
Seattle-Everett, Wash.3/	1		-	200.4	-	205.8	10.2	2.7	-	-	-	-
Washington, D.C.-Md.-Va.	1		-	209.4	-	213.4	11.8	1.9	-	-	-	-
Atlanta, Ga.	2		199.2	-	202.7	-	-	-	-	8.7	1.8	-
Buffalo, N.Y.	2		199.5	-	203.1	-	-	-	-	8.3	1.8	-
Cleveland, Ohio	2		206.0	-	211.0	-	-	-	-	13.1	2.4	-
Dallas-Fort Worth, Tex.	2		201.2	-	206.3	-	-	-	-	10.5	2.5	-
Honolulu, Hawaii	2		191.2	-	196.0	-	-	-	-	10.4	2.5	-
Houston, Tex.	2		218.3	-	223.1	-	-	-	-	4/12.1	2.2	-
Kansas City, Mo.-Kans.	2		198.9	-	204.3	-	-	-	-	10.7	2.7	-
Minneapolis-St.Paul, Minn.-Wis.	2		209.2	-	212.5	-	-	-	-	4/10.9	1.6	-
Pittsburgh, Pa.	2		204.2	-	208.6	-	-	-	-	4/11.8	2.2	-
San Francisco-Oakland, Calif.	2		200.4	-	204.2	-	-	-	-	7.8	1.9	-
Region 5/												
Northeast	2	12/77	107.8	-	110.1	-	-	-	-	8.9	2.1	-
North Central	2	12/77	110.1	-	112.4	-	-	-	-	11.0	2.1	-
South	2	12/77	109.6	-	111.7	-	-	-	-	10.4	1.9	-
West	2	12/77	108.4	-	111.0	-	-	-	-	9.6	2.4	-
Population size class 5/												
A-1	2	12/77	107.8	-	110.2	-	-	-	-	8.8	2.2	-
A-2	2	12/77	109.3	-	111.4	-	-	-	-	10.2	1.9	-
B	2	12/77	109.7	-	112.0	-	-	-	-	10.6	2.1	-
C	2	12/77	109.8	-	112.3	-	-	-	-	11.0	2.3	-
D	2	12/77	109.4	-	111.3	-	-	-	-	9.9	1.7	-
Region/population size class cross classification 5/												
Northeast/A	2	12/77	107.2	-	109.1	-	-	-	-	8.0	1.8	-
North Central/A	2	12/77	110.1	-	112.7	-	-	-	-	11.3	2.4	-
South/A	2	12/77	109.2	-	111.6	-	-	-	-	10.3	2.2	-
West/A	2	12/77	107.4	-	109.9	-	-	-	-	8.5	2.3	-
Northeast/B	2	12/77	108.3	-	111.0	-	-	-	-	9.8	2.5	-
North Central/B	2	12/77	110.7	-	113.1	-	-	-	-	11.4	2.2	-
South/B	2	12/77	109.9	-	111.7	-	-	-	-	10.6	1.6	-
West/B	2	12/77	109.7	-	112.4	-	-	-	-	10.5	2.5	-
Northeast/C	2	12/77	109.9	-	113.1	-	-	-	-	11.8	2.9	-
North Central/C	2	12/77	109.6	-	111.5	-	-	-	-	10.2	1.7	-
South/C	2	12/77	110.0	-	112.3	-	-	-	-	10.9	2.1	-
West/C	2	12/77	109.5	-	112.6	-	-	-	-	11.5	2.8	-
Northeast/D	2	12/77	108.5	-	110.7	-	-	-	-	9.4	2.0	-
North Central/D	2	12/77	110.2	-	112.1	-	-	-	-	10.8	1.7	-
South/D	2	12/77	109.2	-	110.8	-	-	-	-	9.1	1.5	-
West/D	2	12/77	108.7	-	111.3	-	-	-	-	10.5	2.4	-

1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
M - Every month.
1 - January, March, May, July, September, and November.
2 - February, April, June, August, October, and December.

3/ Revised indexes: 11/78=202.1 and 1/79=200.4

4/ Annual rate based on 10-month change.

5/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:

A-1	More than 4,000,000.
A-2	1,250,000 to 4,000,000.
B	385,000 to 1,250,000.
C	75,000 to 385,000.
D	Less than 75,000.

Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

Senator BENTSEN. I would now like to defer to my colleague, Senator Javits, for any comment he might have.

OPENING STATEMENT OF SENATOR JAVITS

Senator JAVITS. Thank you very much, Mr. Chairman. I certainly appreciate that very much, and appreciate Mr. Kahn appearing before us this morning.

Mr. Chairman, I couldn't agree more with the Chair in its assessment of the sensational crisis into which we are plunged by double-digit inflation. It cannot continue. Notwithstanding the Chair's deep views about wage and price controls, and mine, I agree thoroughly. Our country may be faced with precisely that alternative if we can't abate this very dread specter of continuing double-digit inflation. I deeply believe that this problem is not being faced adequately, Mr. Chairman. We still do not have a major drive to increase the productivity of the American industrial machine and patriotically, I think we should.

We still do not have an export expansion drive. Even the Export Expansion Council's promised action, months ago, has not yet been organized.

We still do not have discipline on energy. The House of Representatives only yesterday rejected the most elementary standby powers to the President to deal with one of the greatest peacetime crises that has ever faced this country, the energy crisis.

We still do not have adequate action to reduce the strain on the dollar that has come about as a result of its being the central currency in international reserves.

We still have roughly $600 billion sloshing around in the world, which can be presented on demand in the United States. That is equal to a run on the bank.

So, Mr. Kahn, I respectfully submit that until the Congress and the President address themselves in a significant way to these problems, I must say that I take a very dim view of what is likely to happen on the double-digit inflation front.

Thank you, Mr. Chairman.

Senator BENTSEN. Mr. Kahn, for many years the Joint Economic Committee has had a monthly hearing on the rate of unemployment. That has been a major concern of this country. But now we know that the No. 1 concern of the American public has to be the cost of living and what is happening to inflation.

So the Joint Economic Committee is instituting a monthly hearing in the way of an inflation alert to advise the American people as to what if any progress is being made.

We are very pleased to have you as the leadoff witness in instituting those hearings. If you would proceed, Mr. Kahn.

STATEMENT OF HON. ALFRED E. KAHN, CHAIRMAN, COUNCIL ON WAGE AND PRICE STABILITY, ACCOMPANIED BY STUART McMENAMIN, SENIOR STAFF ECONOMIST

Mr. KAHN. Thank you very much, Mr. Chairman and Senator Javits. I wish I could say that I am delighted at this opportunity to testify before you. I will be delighted when we are able to demonstrate more results from our anti-inflation effort than we are able to demonstrate this morning or have been able to demonstrate in the last 3 months.

I will not play the role of the economist of whom it was said that he never met a statistic that he didn't like. I will not try to give you rays of light and hope that I think are unjustified.

The message that I will leave with you, on the basis of what will be an informal discussion of the way the situation looks to me today, is, as the President said yesterday, that we still have some bad months ahead.

I will try to explain why. I will try to suggest where I think we have genuine reason to expect or hope that, after a few more months, we will begin to get a definite tapering of of the rate of inflation.

And I will try to explain why we have no alternative but to persevere with the President's present program.

Since today is the day of the appearance of the CPI, I will begin with a brief look at the price statistics both for March and for the last 3 to 5 months of the President's program, though I will try not to deluge you with numbers. I will also try to analyze and explain the behavior of those prices.

But since a central question that is raised by this record of double-digit inflation in the last 3 months relates to the efficacy of our price standards and of our monitoring effort, I would like to expatiate a little bit on the developments in our monitoring program, the kinds of problems we have encountered, and the kinds of prospects that I think we have ahead.

Then, of course, I will be happy to answer any of your questions.

If we look at the price record, I think four observations will spring to us, apart from the fact that we clearly do have double-digit inflation in the CPI.

The first is that inflation has clearly been led by food prices. At the consumer level, food prices are rising at some thing like a 16-percent annual rate.

Now, it is true that in March that rate has tapered. If we look at the food component of the CPI, it was 1.4 percent in January, 1.6 percent in February, and 1.2 percent in March.

It is still troublesomely high, though there is some tendency, however, to taper.

The increase has been led preponderantly by an explosion in the prices of food at the farm. They have been rising at something like a 35- to 50-percent rate. Of course, the main factor has been beef.

Depending on the period that you take, beef alone can explain as much as 50 percent of the increase in the food CPI in recent months.

The explanation is, above all else, declining cattle herds, down from the 130 million range to the 110 million range over the last 5 years, simply a decline in supply while demand has been increasing.

A second explanation is poor weather.

My main lessons here are, first, that there is very little that we can do directly to attack the major part of this inflation of food prices. This is not principally a problem of monopoly. The beef producers of this country are not organized in a gigantic conspiracy. This is simply a market phenomenon.

We happen to be at a very bad stage of the beef cycle. It is as simple as that. Beef prices have been going down, cattle raising has been distinctly unprofitable in the middle 1970's. It is now profitable, we see clear signs of a turnaround in the beef cycle, and with patience we can expect an increase in supplies over the next couple of years.

Supplies of other meats, however, are behaving very satisfactorily. Farrowings, breeding intentions in the pork industry, lead us to expect an increase on the order of 15 percent in pork supplies.

Poultry supplies are increasing.

Therefore, the Department of Agriculture believes that the increase in meat prices will taper very sharply in the months ahead. And they also expect a very definite moderation in food prices generally.

In point of fact, pork prices have now begun to decline. So I think here the country has to have patience. I think there is genuine reason to believe that the rate of increases in food prices will start going down very markedly in the months ahead, as happened in 1978.

The second major component is energy prices. Here the news is bad and the prospect is also bad. Energy prices have been rising at a 16-percent annual rate. In March alone, the figures that were issued this morning, gasoline went up almost 4 percent in 1 month, fuel oil and coal almost 5 percent.

We all know what the significance of this increasing energy price is.

I think the one point I would like to emphasize is that this increase is not principally the consequence of the President's decision to decontrol crude oil prices.

Crude oil prices have been going up at a 12- to 15-percent annual rate even before this decision, as a result of the increases in prices by the OPEC cartel, and of the inexorable decline in our domestic production of old oil.

There is just no way in the world, decontrol or no decontrol, that we can avoid or hope to avoid a double-digit inflation in the prices of oil.

I must say that the expectation is that energy prices will continue to increase in the months ahead.

The moral? Here is much the same as it is in the case of beef. We are witnessing the visiting upon us of the consequence of our high rates of energy consumption in the past and of our increasing dependence upon an international cartel for our supplies.

Even though, as is well known, I urged the President to moderate as much as possible the rate at which he instituted decontrol, there is no difference of opinion between him and I, even if I weren't working for him, that in the long run we do the American people no favor by trying to hold down the price of energy below its replacement cost, any more than we do them a favor, or did them a favor in the 1972–74 period, by trying to hold down the price of beef. We are still living with the consequences of that.

We are poorer than we were before as a Nation.

There is nothing in the world that is going to make that supply of beef go up except biological processes. They are sometimes unhappily slow. But there is no way in which we can recover and increase our consumption of beef per capita when the total amount of beef has declined.

There is no way in which we can conceal from ourselves the increased real cost of energy. We will simply have to learn to adapt to the higher real cost of energy, and letting the prices go up is probably the most effective way of doing so.

A third element in this unhappy picture is the behavior of home purchase prices and financing charges. The cost of home purchases account for 20 percent of the total Consumer Price Index. They have been going up at double-digit rates, both the price of new homes and the costs of financing; that is to say interest, taxes, and insurance.

In March, for example, financing, taxes, and insurance went up 2 percent in that single month. That is very largely a consequence of inflation itself.

And the inflation of home prices will continue to go up as long as people continue to expect prices to go up and are, therefore, willing to commit themselves at interest rates that we would have regarded as ridiculous a few years ago—willing to borrow at 10 and 11 percent in order to buy houses because they expect that prices will go up 10 to 15 percent. As long as those expectations are there, then those prices will continue to rise.

There again, there is no point trying to fix prices. In my judgment, there is no point trying to reduce interest rates. Interest rates are high because of inflation.

The only way we could possibly hope to hold interest rates down would be to try to satisfy this almost insatiable demand for credit, which is a consequence of inflation and the expectation of prices going up, by greatly increasing the money supply.

But, that way points to simple chaos, simple accentuation of inflation.

Interest rates will go down when inflation goes down.

So here we have three special sectors that account disproportionately for the increase in prices, both at the wholesale and consumer level.

In point of fact, if you take out food, energy, and home purchase prices and confine yourself to the prices that are subject to the wage and price standards, you are way below the double-digit rate.

I am sorry that I can't give you a single figure for that. Now, please understand. I am not trying to manipulate the numbers. Obviously, if you take out the things that go above the average, you can reduce the average.

But I am trying to explain why these sectors are distinctive. If you take out food and energy, you find that the seasonally adjusted annual rates of increase of the residual were 13 percent in January, 9.2 percent in February, and 7.5 percent in March.

Those numbers are obviously not satisfactory and there are some reasons to fear that this rate will go up in April as I will explain in just a moment.

But the numbers do make it clear that the "double-digitness" of this inflation is preponderantly in the three items that I have already mentioned.

If you take just the March Consumer Price Index, similarly, which you will recall went up at 1 percent, if you take out food and energy, you are down to 8 percent.

If you take out home purchase prices you are down to 7 percent.

Not satisfactory, but not double-digit.

The last element in this unhappy picture is one that was certainly not anticipated when the President's program was formulated and that is the fact that we have an overheated economy.

Aggregate demand has been growing very, very sharply. Now, we may want to discuss the question of where we stand right now and whether the very recent indications of a tapering are to be believed or not. But there is not the slightest question that in the October to February or, indeed, March figures, you have clear signs of excess demand.

In March alone, for example, the price of steel scrap went up over 28 percent in 1 month. The price of leather—of course that is merely the wrapping for the beef—went up over 25 percent.

In month after month, the price of copper and other nonferrous metals has been going up, in single months, by 4 to 10 percent.

These are not monopoly commodities. They are traded in open exchanges and are the most sensitive to excessive demand. Therefore, if you look at the Producer Price Index, you find that the intermediate and crude material prices have been going up at rates in the 20- and 30-percent level.

Now, what inference may we draw from that?

First: That we may expect to see some of those consequences pushing over into consumer prices, as these very high demand-pull inflation increases in the price of basic raw materials move down into our economic system. That is one of the reasons that I am not sitting here predicting that in April and May we will see markedly improved results.

Second, however, is that as the much advertised but as yet not seen tapering off in the rate of growth in the economy begins to take effect, we can expect that this element that makes for real double-digit inflation will itself taper off and bring us, in the latter part of this year; down out of the double-digit range.

Senator BENTSEN. Mr. Kahn, because we want to let you out of here at 11 a.m. as we promised, if you would summarize in the next 5 minutes——

Mr. KAHN. Exactly. I appreciate that, Mr. Chairman.

If you look at the behavior of prices of chemicals, which affect the price increase in petroleum feed stocks; food, which reflect the price of leathers; jewelry, which reflects precious metals; and batteries, which reflect what has been happening to lead, you can see our only hope for real relief in the CPI is the slowing down of the economy.

On the subject of price monitoring, it is rather difficult to summarize. Let me tell you instead where we are on the monitoring of the price standards.

The first comprehensive information that we requested from the companies did not come until mid-February. Until then we were busy trying to tell people about the standards, to interpret them, to help them to comply.

It was not until the end of March that we had the results of the first 6 months. We have since then very sharply accentuated our monitoring effort.

In these last 2 months we have, for example, gotten in touch directly with 130 paper product companies alone, because we were very suspicious about the behavior of paper prices. We have been in touch directly with over 600 companies in these last several weeks. About half of them we are satisfied are in compliance. The other half we are still analyzing.

We are getting followup data. We are having meetings with the companies. We have singled out 13 situations in which we have sent out notices of probable noncompliance.

Some of these companies are still coming in. Some have come in to demonstrate that they have complied, or to justify a claim to go over to the profit margin standard.

We have had several negotiations and are now negotiating with companies who are bringing themselves into compliance. I am so— I can't say more now because these conferences are going on today and tomorrow.

You will recall the announcement by Scott Paper Co. which was not out of compliance, tried in good faith to comply with the standards, but applied for a profit margin exemption. We denied the exemption. They, therefore, agreed to roll back their prices, and I am mentioning them only because I think they deserve credit for having brought their prices back.

Aluminum Co. of America did exactly the same thing, and we expect to have others of the same kind.

My conclusions—and I have jumped around an awful lot, but I will be happy to have you probe any of these areas that you want to— are that many of the factors that are causing this double-digit inflation are temporary.

In most of these cases, an attempt to interface with more comprehensive and mandatory price and wage controls would do more harm than good.

That is not the solution. No system of wage and price standards is going to work, whether voluntary or mandatory, at a time when the economy is overheated.

Monetary and fiscal policy are fundamental as your committee itself has pointed out in its report. There are other fundamental things that we are pursuing very actively.

The whole process of regulatory reform is going ahead. The process of examining Government regulations that protect companies against competition, that raise prices, that insulate markets, is going ahead.

We must, as Senator Javits pointed out, be developing longrun attacks on the productivity problem.

But my final counsel, and it is not out of loyalty to the President, can be only a counsel of patience. We can win this fight if we persevere.

There are no other quick fixes around. We have no choice but to continue with the program we now have.

I can only commend the Joint Economic Committee itself for its superb report. I observe that it is nonpartisan, that it is unanimous, and I think it recognizes the facts of the situation: That with perseverance we will bring this under control.

There will be some bad months ahead, but we will have results before this year is out.

Thank you very much, Mr. Chairman.

Senator BENTSEN. Thank you very much.

Mr. Kahn, the President's budget forecasts an inflation rate of 7.4 percent. In this first quarter we have had approximately 13 percent. That would mean that for the last 9 months of the year you would have to cut the inflation to 5.6 percent to achieve the 7.4-percent goal. Do you believe that is realistic?

And did I hear you say that by the end of the year we would be under double-digit inflation?

Mr. KAHN. I confidently expect that we will. The rate will be down out of the double-digit level. But I must say—and this is a personal statement, not for the administration, which is in process of revising its official forecast—that my personal view is, of course, that 5.6 percent would be supreme unction, but we are not going to achieve supreme unction this year.

Senator BENTSEN. So that means we won't make the 7.4 percent that was forecast?

Mr. KAHN. I believe that is highly unlikely.

Senator BENTSEN. I would like to limit the questioning to 5 minutes so everyone can ask questions. Then, if we have time, we will repeat.

Looking at the tools that you have, there is a split in the administration, as I understand it, with some wanting us to crank up interest rates even higher. Now, that can be a self-defeating thing.

The problem we have today with inflation is that if it is 13 percent in the first quarter, and you have an 11-percent interest rate, you have a 2-percent negative interest rate to start with.

Then you add taxes. If you have a 50-percent tax rate, you have added another 5.5 percent to that, so you have got a 7.5-percent cushion or negative interest rate.

So you won't get an immediate impact by increasing interest rates.

The sectors that really suffer generally are housing and small business. If you go out to build a house today or an apartment, and they want 8 points on the front, you know who has to pay that. The consumer does. That is added to the cost.

So in looking at other tools, some people have suggested the possibility of a curtailment in the length of installment sale payment as a positive tool to cool off consumer demand. Has that been considered?

I know there are a lot of problems associated with that. We haven't had anything like that since regulation W in the Korean war. And they are still debating as to how effective it was.

Mr. KAHN. I speak under some constraints since monetary and fiscal policy are not, after all, my primary responsibility. I do participate——

Senator BENTSEN. Mr. Kahn, I know you have some opinions on that.

Mr. KAHN. Of course. The question of whether we should be putting another screw to interest rates is just one of those involving walking on a razor edge right now.

There are some clear evidences that the economy is cooling off anyway, and that there is, therefore, reason to hope that we can gradually bring down the overheating in the next several months without an additional turn of the screw.

Housing starts, even though they have rebounded markedly in March, are still running at the 1.7 to 1.8 million rather than at the 2 million rate.

Consumer spending is clearly tapering off in real terms if only because consumers, after buying food and energy, don't have as much left over as before.

Savings rates, which were terribly low in the last quarter of the year, are increasing slightly.

I myself wish that I had been more assiduous in November, December, and even January in pressing for selective credit controls, because the boom at that time—that 6.9-percent increase in the real rate of growth which was obviously not sustainable—in the last quarter of 1978, was very heavily powered by consumer expenditures.

Banks are pushing consumer loans at a furious rate. But there is a real question as to whether now, in April 1979, direct control of consumer credit makes an awful lot of sense, since consumption spending doesn't seem to be the problem.

Senator BENTSEN. Mr. Kahn, in this dampening of consumer demand, you know, we had a tough time in February—it seemed to last about 6 months. Do you have a feel for whether or not this was weather, or is it real slackening in demand on the part of the consumer?

Mr. KAHN. I think the best we can say is it was probably both. Weather clearly had something to do with the slackening both in the growth of the economy and in consumer expenditures. But I think the evidence is, and the projections within the administration are that consumer spending will not grow this year at the rate that it did last year.

That, again, calls into question the need for selective credit controls at the consumer level, whether it's increasing maturities, or trying to get at this mushrooming problem of revolving credit, the 10 credit card family and the like.

As you say, it is terribly difficult. What we are really most worried about, now, is an inventory boom. It is business spending for plant and equipment that is strongest this year.

Senator BENTSEN. Is it just plant and equipment or is it inventories also?

Mr. KAHN. It is both. I don't think we can yet say we have an inventory boom, but it is the fear of that that is the main argument for another turn of the interest rate screw. As I say, we are simply walking that tightrope right now, as the newspapers make perfectly clear.

Senator BENTSEN. Thank you, Mr. Kahn.

Congressman Reuss.

Representative REUSS. Thank you very much, Mr. Chairman.

Welcome, Mr. Kahn. We have heard the disastrous news. What an ironic situation we are in. Here we have a fiscal policy in which, to its credit, Congress is going the administration one better in cutting down the deficits. In monetary policy, interest rates are at an all-time high and the monetary aggregates are growing very slowly. The best test of the rightness of monetary policy is that the learned money men of Europe are applauding it and showing their applause by backing the dollar. Fiscal and monetary policy are then doing their anti-inflationary best.

As for wage-price incomes policy, as you know, you are one of my heroes and I think you are doing as good as mortal man can do.

So something is wrong here. All the right policies are in place. Yet we have double-digit inflation.

As you perhaps know, I have been peddling the thesis in thought, word, and deed, that the trouble with us is the structure of the economy—that you can have perfect fiscal and monetary and wage-price policies and still have uncontrollable inflation if your food policy, import policy, regulatory policy, Federal-State-local tax policies, distribution policies, health policies, social security policies, and all the rest of your structure is as ramshackle as ours is.

So I have been calling for a policy which recognizes that there isn't a quick fix for our solution, but there is a slow fix. And that is to improve our structure. And the sooner we start on it, the better.

I was heartened to read in this morning's paper that Reginald Jones of General Electric seems to be talking exactly the same thing. He calls upon the administration to announce a blockbuster of an anti-inflationary policy. The principal elements in it from the press accounts I have read are a different food policy, change in tax policy, regulatory policy—the same thing that I have been urging.

My question is: Couldn't we be right? And, if we are, why doesn't the President, tomorrow, call the attention of the American people to the true nature of the inflation that is bedeviling us and get us concentrating on the cure of these bad structures? It is going to take a generation, but we better start tomorrow.

Mr. KAHN. I just couldn't agree with you more, Congressman, as you know. Indeed, I wouldn't have taken this job if I hadn't agreed with you. I have regarded my taking the job as an opportunity to undertake this slow, difficult, long payout process of reforming the structure of our Government policies and the structure of our economy.

As you quite rightly pointed out, it is going to take a long time. If I am not the first, I want to be the first today to congratulate you on your article about Mexican tomatoes which we discussed. And the day after we discussed it I went to the Secretary of Agriculture. I now have sent him a copy of your article. We will pursue Mexican tomatoes until we get some real tomatoes to eat rather than those pieces of stone that [laughter] have the virtue that they can be picked by machines but not eaten.

I do want to say a word about fiscal and monetary policy. As you know, and I know, they do function, but they function with a lag. We are precisely at the point now of trying to figure out whether we have done enough in the past months so that it may begin to take effect now.

We are in this interesting situation in which the monetarists are saying we ought to let up now because the money supply growth has been so slight.

On the other hand, there is also something crazy about the money supply figures. I am afraid all the European bankers you have talked to must have gone to the University of Chicago. But on fiscal policy, I think you and I agree. Budgetary restraint is desirable, but we are talking about the 1980 budget which doesn't even begin to come into effect until October 1—talk about lags.

It is a desirable thing. It sets a desirable example. But it operates only after a period of time.

Let me just get back, then, to the structural things. Just this week I have devoted a substantial amount of attention to such questions as what kind of a trucking regulatory reform bill should we bring in. What should the administration's view be on communications policy, particularly the question of introducing more competition into common carrier communications?

On food policy, not just Mexican tomatoes, I was directly involved in the decision to achieve a 25-percent cut in the Government's procurement of beef.

There are a number of such very small issues in the food field. A few weeks ago I had a very small role in the reduction in the Milk Parity Price Support Index, from 80 to 87 percent. If you are from Wisconsin, please don't listen. We have a number of these issues. They are all small because there is not a tremendous amount that each one will do.

We have a series of recommendations coming out now to go to the President in the health field, an area which has been structurally very bad from an inflationary point of view. I have spent some time on maritime shipping policy where there are some people who are pushing to make that an even more rigid cartel than we have now.

Finally, we have spent some attention on pending environmental and safety regulations to see that they are subjected to reasonable cost-effectiveness tests.

So we are working at that, I assure you, and I agree totally with your statement about the importance of that in the long run.

Representative REUSS. My time is up, but I want to thank you for your answer and to say that if what you are doing can be elevated into a policy that people understand, you would be surprised at the good sense of the American people and their willingness to cooperate.

Senator BENTSEN. Thank you very much, Congressman Reuss.

Mr. KAHN. I think we have a slight Catch-22 problem here, Mr. Congressman, in that the issues that are dramatic enough to elevate the public attention are the issues that are very difficult to resolve for political reasons.

I am not talking about the President now. In fact, if I point the finger anywhere, I regret I must point it not at you gentlemen, but at Congress.

The issues in which we do succeed, do win victories, are so tiny that it is very difficult to make a great show of them. But we will persevere, I promise.

Senator BENTSEN. Congressman Mitchell, maybe you would like to discuss some of these victories with Mr. Kahn.

Representative MITCHELL. Well, I want to see them first.

Mr. Kahn, there are three factors that are now converging. One obviously relates to fiscal policy. That is the budget for fiscal year 1980 as proposed by the House Budget Committee and the Senate Budget Committee, both of which, in my opinion, are absolute disasters.

The other category of factors are the policies of the Federal Reserve. As I understand, a couple of months ago we reached zero money growth. This heightens the tremendous fiscal restraint by the House and Senate on the budget.

Bill Miller's policies are very, very low money growth in spite of the historic pathologies in the economic system. Secretary Blumenthal is also insisting on very tight fiscal and monetary policy. Three sets of factors.

That leads me to raise the question: While you are involved in this fight against inflation, who in the White House is preparing the agenda to deal with a recession which is inevitable?

You simply cannot have these three factors operative without recession taking place. I think many economists agree that a recession will take place. None of them are ready to say when it will take place. And none are prepared to say how deep or how long it will persist.

A few short years ago we went through similar policies. As a result, we got into a persistent recession which certainly is reflected in some of our policies today.

More specifically, who is in charge of preventing or warding off another recession which I say is inevitable if we pursue these three policies? Indeed, each of the principals have indicated that these policies will be pursued, the Congress, and Messrs. Miller and Blumenthal.

Mr. KAHN. First, Congressman Mitchell, I cannot endorse or, on the other hand, contradict your confident assertion that a recession is inevitable. All sorts of economists predicted that we would have a recession beginning in the fall of 1978 and that we would have one in the spring of 1979. Instead, employment is the highest in our history. Labor force participation rates are the highest since World War II. By every sign, the economy is prosperous.

But for the fear of an inventory boom, we do not see serious distortions in the economy such as lead to the kind of boom and then bust cycle that is widely predicted.

Representative MITCHELL. May I interrupt you for just a moment? You are quite accurate in your assessment, but you did not have, prior to earlier this year, these three factors in operation.

It is only recently that Mr. Miller has come down to zero money growth. It is only recently that, for fiscal year 1980, the Senate and House are proposing an enormous reduction of funds, some of which are stimulative to the economy. So you have a different set of factors.

Based on everything that I have read and gotten out of my crystal ball, I think we can indicate that a recession is on the way.

Mr. KAHN. I cannot deny that the possibility of a recession is accentuated when you decide to pursue a tighter fiscal and monetary policy. There is not the slightest doubt that you are increasing that possibility, or that danger.

On the other hand, if you want a real recession, a really deep and serious one—the one that got me into trouble because I used a "no-no" word—then let inflation continue at double-digit rates. Then don't try to stop the increase of prices at 10, 15, and 20 percent. That is the one scenario that I think sooner or later can lead to a total revolt by the American people. A Proposition 13 kind of revolt, for example, could cause a blanket, flat cutting of Federal expenditure programs, right and left.

The only way I know to bring inflation under control without precipitating a recession is to do it patiently and slowly, but with persistence. I don't see any choice but to try to do that.

As for the zero rate of growth in the money supply, well, there is something crazy about the money supply. It isn't simply the question of delay.

Businesses have learned to economize in the use of money in an immense variety of ways, so that what has happened is that the velocity has increased enormously. All sorts of investment in money market certificates give them the same kind of liquidity—the opportunity to repurchase them so they can have the money when they need it.

So the fact is that none of us really understands what has happened to the money supply, and what the likelihood is.

All I can say, finally, is that there is not the slightest doubt in my mind that the President's stepping into this question of the public controversy between Secretary Blumenthal and Mr. Miller clearly reflects a concern on his part that we not precipitate a recession, that we take the patient and long route.

I am sorry to say, I just don't see any choice but to continue to do that. This problem has been with us for 10 years. It is having very harmful effects upon the American society and American policy, and I think we absolutely must bring it under control, as this committee has observed.

Representative MITCHELL. My time is expiring. If I am anywhere near right that recession is in the offing, somebody ought to be doing some planning.

Senator BENTSEN. Congressman Wylie.

Representative WYLIE. Thank you very much, Mr. Chairman.

Mr. Kahn, I agree with you that inflation is very serious and that we must bring it under control. I want to follow up on what Congressman Mitchell said here a little while ago. I have a little bit different perspective than he does on the cause and effect, I think.

We both serve on the Banking Committee, and I think that is a fair appraisal of the situation.

I think I heard you say that we need to slow the economy to get a moderation in inflation. That is what Congressman Mitchell interprets you as saying. Does that mean that you think—I want to rifleshot in on this—that we must anticipate a recession if we are to get fast relief from inflation?

Mr. KAHN. I think if we want fast relief, the sure way of getting it is to do what we did in 1973–75, precipitate a genuine and serious recession. That is something that, it strikes me, is both cruel and inefficient.

If your inflation problem is one of the demands that you are placing on the economy outrunning your supply, then it seems a dreadfully inefficient way to bring demands into line with supply by using a method that contracts your production very sharply, throws a lot of people out of work, and puts pressure on people who were least responsible for the problem in the first place.

Representative WYLIE. Thank you. You indicated in your statement that you thought maybe consumer spending had something to do with inflation right now. And that maybe an increase in wages also had something to do with it. I think that is the list you have on the President's program, wage and price guidelines, and so forth.

I happen to think that that is the wrong approach, that the real culprit in this whole thing is Federal spending, too big a deficit, too much money creation, too many taxes, too many regulations which hold down production. And I point to the fact that Japan's rate of increase in productivity is 10 times ours right now, so something is wrong with our productivity performance.

I would just like to have your general comment on that concept of mine as to what I think is wrong. I think we need to balance the budget now, and that if we do start into a recession, then by a declaration of economic necessity on the part of the House and Senate and on the part of the Congress, we can vote ourselves a deficit and stimulate the economy some.

Mr. KAHN. It is a very complicated question. I will try to be brief.

I don't think there is any question that if you look at this inflation that we have had for 10 to 11 years, and ask, what is the main culprit, I think you almost certainly would have to say it goes back to 1966–69, and, again, 1971–73, when we overheated the economy with a combination of heavy Federal deficit spending—increased spending unaccompanied by taxes and monetary expansion. I don't think there is any question of that.

Notice how nonpartisan I am being.

But, I don't think that is a fair characterization of the inflation phenomenon from 1975 to 1977, on into 1978, when aggregate spending in the economy was clearly too low and we had intolerably high levels of unemployment.

It is total spending that is the fact that determines whether you have too much in the economy. Federal spending has to be added to the rest.

At a time when consumer spending was running at the rate that it was in the fourth quarter of 1978, then Federal spending was clearly too high.

Indeed, if I had had the ability to cut down current levels of Federal spending, even in the first quarter of 1979, I would have wanted to do so.

I am not at all so certain that beginning October 1, 1979, that is going to be quite so necessary, although I think the Federal Government clearly has to set an example at this time. But it is the combination, the aggregate spending, that is the problem.

Aggregate spending was not excessive in the 1975, 1976, and 1977 period.

To get to the structural questions, finally, I think the economy would have been better off in 1975, 1976, 1977, and 1978, in terms of our basic productitity, if we had had less Federal spending and more spending, let's say, for plant and equipment. And that, again, is why I responded so enthusiastically to Congressman Reuss' observation and that of Senator Javits, that in the long run we have got to increase the fluidity and flexibility of American productivity.

I apologize for taking all of your time.

Representative WYLIE. It is a very complete answer. Thank you very much.

Senator BENTSEN. Senator McGovern.

Senator MCGOVERN. Thank you, Mr. Chairman.

Mr. Kahn, when one looks at the figures that face us today, roughly 13 percent inflation, the highest in 5 years, gas prices up 36 percent, an 81-percent first quarter profit of Texaco, it further confirms my feeling that the anti-inflation policies of the administration, however well intentioned—and I know a lot of talented and capable people have given it their best effort—are simply not working, and that we have got to begin debating some alternatives.

It is on that basis that I have decided, not hastily, to introduce legislation today to restore the President's authority to impose wage and price controls.

I realize that the President has stated on previous occasions that he doesn't want that authority. But so did President Nixon just a few months before he invoked wage and price controls in 1971.

It is my thought that if those controls could be targeted on the larger corporations, those, say, with 1,000 employees or more, you wouldn't have to have the vast bureaucratic control system that has been necessary under previous wage and price controls situations.

Now, I know it is argued that controls haven't worked in the past. I don't see the evidence of that. They worked reasonably well to stabilize the economy in World War II and the Korean war, and I say somewhat ruefully they worked well enough in 1971 and 1972 to help reelect President Nixon.

Mr. KAHN. I don't see why you should care about that, sir. [Laughter.]

Senator MCGOVERN. In any event, we have never really experimented with long-term controls that are targeted on the least competitive parts of our economy. I think the American people are ready for this.

All the polls indicate that a majority of the American people would support strong action of that kind.

The argument that it is somehow going to disrupt the free enterprise system seems to me to be pretty shallow. We know that long ago the power of the corporations, to say nothing of the large labor unions, has enabled them to set prices, to administer prices. So what we are really talking about here is giving the public some input on that price restraint and price setting aside.

I am just wondering, after struggling with this as you have, perhaps more than any of us for recent months, how you feel about giving the President that kind of standby authority.

Obviously he doesn't have to use it if he doesn't want it, but at least it is there as an indication of something that could be done in a positive, constructive way.

Mr. KAHN. Senator, I understand and respect the motives that you have in making that suggestion. And as one of the few people in the country who voted for you [laughter], I am particularly apologetic about disagreeing. But I do disagree.

Senator MCGOVERN. That is why I thought your wisdom might carry over. [Laughter.]

Mr. KAHN. I think giving the President standby authority would be undesirable, because I think that it would be misinterpreted, and would surely be counterproductive in terms of setting off an anticipatory wave of price increases. And it could do so at this time, precisely because the economy has so little slack in it, and demand is so strong. So I think it would be a bad thing to do right now.

One way of illustrating that is to pick up your observation about the top 1,000 companies. It was precisely the assumption of the present program that it would suffice to have a voluntary program that would deal only with a relatively small number of the top companies.

Senator MCGOVERN. Not necessarily the top 1,000, but those corporations who employ 1,000 or more employees. It might be several thousand.

Mr. KAHN. Yes. That is a bigger number, but, nevertheless, the notion that the problem is to be found in the relatively small number of the biggest corporations was a reasonable hypothesis, I do truly believe, when this present program was formulated back in October. Therefore, it did make sense at that time to say, well, we will just monitor with a relatively small staff the largest corporations who may be expected, because of their exposure to public opinion, to be responsible and who, in fact, have been.

The degree of adherence, compliance, with the standards that we have gotten from the very top corporations is very, very high.

The problem has been that the basic premise has so far proved to be wrong. The premise was that with slack in most of the economy, the only places where you would have to worry about price increases would be where you have monopoly power or discretionary power in the relatively concentrated markets and the big companies.

I have not done this exercise, but I think it would be very interesting to do. I would guess that if you looked at price increases in this economy in the last 6 months, or 3 months, even more, and relate that location to concentration in markets, the presence or absence of monopoly power, I would guess that you would find that it is a negative relationship.

Because of the overheating of the economy, the basic premise proved to be wrong. The increases are occurring, although up and down the line, very heavily in relatively unconcentrated markets—in raw materials, in beef, in commodities that are traded on international exchanges.

So the argument that one should be able to handle it by looking at the biggest corporations under a mandatory system is just as inapplicable today, in my judgment, as the assumption was that it could be done with the voluntary standard in the past.

My last point, and I then will try to stop—as you know, it is a complicated subject—is that as a long-haul proposition, we are dealing with an inflation that is so built into this economy where we all admit that the problems are structural, that we have got to do something about productivity, we have got to do something about restoring competition and efficiency. And I feel that imposing a straitjacket from Washington, by trying to control all these millions of prices in the economy, is just the wrong way to go.

Controls work in wartime. If you shift 90 percent of your automotive capacity from cars, civilian cars, to tanks, you have such a drastic change in the economy that everybody recognizes the necessity for doing something about price controls.

But we are not in that situation now. I believe that if we put controls on, the very people who are calling for them most loudly would begin to be hampered by them, would begin to complain, would begin to say "restore free collective bargaining," would begin to point to the inevitable inequities. I just don't think Washington is smart enough to do it.

If that was true in a single industry like aviation, where I found us doing the most asinine things because we were regulating and interfering in all sorts of ways with efficiencies and fluidities, I just multiply that by a million when I try to think what we would do for the economy as a whole.

Senator BENTSEN. Let me say, Mr. Kahn, that your forecasts on inflation this morning have given us very little comfort. But I must say you have spoken with candor and we are appreciative of the remarks that you have given us.

You made it obvious to us that we didn't get into this problem overnight and that we are not going to get out of this problem overnight.

It seems to me the basic thrust of your comments track very closely along the things that this committee recommended in its annual report—a concentration we must make on improving the productivity of this country, on its supply sources, on trying to improve them, the kind of investment that we have to make, and the monitoring of our regulations to see that we are cost-effective.

We are very appreciative and hope we will have you here next month at the same time. Thank you very much.

Mr. KAHN. Thank you very much. It was a superb report. Any way that I can be helpful to you, I obviously would like to do that. I appreciate the opportunity.

Senator BENTSEN. The committee stands adjourned.

[Whereupon, at 11 a.m., the committee adjourned, subject to the call of the Chair.]

52-588 0 - 79 - 3

MONITORING INFLATION

FRIDAY, MAY 25, 1979

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room 345, Cannon House Office Building, Hon. William S. Moorhead (member of the committee) presiding.

Present: Representatives Moorhead and Heckler.

Also present: John M. Albertine, executive director; Louis C. Krauthoff II, assistant director-director, SSEC (Special Study on Economic Change); William R. Buechner, Paul B. Manchester, and Deborah Norelli Matz, professional staff members; Katie MacArthur, press assistant; Mark Borchelt, administrative assistant; Douglas N. Ross, senior economist (SSEC); Charles H. Bradford, minority counsel; and Stephen J. Entin and Mark R. Policinski, minority professional staff members.

OPENING STATEMENT OF REPRESENTATIVE MOORHEAD, PRESIDING

Representative MOORHEAD. The Joint Economic Committee will come to order.

We are pleased to have as our witness this morning Hon. Janet L. Norwood who is making her first appearance before the Joint Economic Committee since her confirmation and swearing in last week as the official new Commissioner of the Bureau of Labor Statistics.

Congratulations, Ms. Norwood.

Ms. NORWOOD. Thank you, sir.

Representative MOORHEAD. We are pleased to have you. However, the inflation news that you brought to us this morning continues to be utterly dismal. Your figures show that prices in April rose 1.1 percent; the third month in a row that we have seen prices rise a full percentage point or more.

To put this in the proper perspective, during the 1950's, there were numerous instances where prices rose less during an entire year than they rose last month.

During the past 3 months, prices have been rising at an annual rate of 13.9 percent.

I am very disturbed by the increases last month in particular product categories. The worst inflation occurred in gasoline prices which rose 6 percent last month. Beef and veal prices were up 4.1 percent during April. Home prices rose 1.3 percent; infants wear, 1.8 percent; new cars, 1.4 percent.

Only three items in the CPI fell: Fruits and vegetables, used cars, and personal care appliances.

Everything else rose.

Compared to 1967, the consumer dollar today is worth only 47.3 cents. Commissioner Norwood, we are very interested in what you have to say about consumer prices today. After you have finished your testimony, we will have questions on the implications of today's figures for the average consumer as well as questions concerning technical aspects of the Consumer Price Index.

STATEMENT OF HON. JANET L. NORWOOD, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY W. JOHN LAYNG, ASSISTANT COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS

Ms. NORWOOD. Thank you, sir.

Congressman Moorhead, I am glad to have this opportunity to offer the Joint Economic Committee a few brief comments to supplement our Consumer Price Index press release, issued this morning at 9 a.m.

Consumer prices continued to rise at a rapid pace in April. The increase in the CPI for all urban consumers was 1.1 percent. Since the end of 1977. the rate of increase in the CPI has moved steadily upward. In 1978, the rate moved up to 9 percent from 6.8 percent in 1977, and during the first 4 months of this year, the annual rate of increase in the CPI accelerated to 13.2 percent. Much of the acceleration so far this year was in the food, energy, and housing components of the CPI.

In April, grocery store food prices increased 1 percent, the same as in March and somewhat less than the increases of 1.6 percent in January and 1.8 percent in February. I am sure you will recall that we reported earlier this month that food prices at the producer level decelerated sharply in April. Many items in the CPI reflected this deceleration. Retail prices of fresh vegetables, pork, and eggs, in April followed the pattern of price decline at the producer level. The prices of food items in the CPI generally follow the pattern of price change established at the producer level more closely than other products do, but the changes at retail are usually not of the same magnitude, and they do not always occur at precisely the same time as at the producer level. In April, several important food items in the CPI did not repeat the pattern shown in the PPI, notably coffee, beef, and veal. For example, beef and veal prices decelerated at the producer level from March to April—from 4.3 to 2.3 percent—but at the retail level, prices increased from March to April by 3.6 to 4.1 percent.

While retail price increases for some food items moderated in April compared with earlier months this year, prices of most nonfood items showed no sign of decelertion. Gasoline prices, which have been accelerating steadily since June 1978, increased 6 percent in April. From June to September 1978, they increased at a seasonally adjusted annual rate of 13 percent. During the next 3 months, the figure was 18.2 percent and for the first 4 months of this year, the rate moved up to 49.6 percent. This is, by far, the most rapid increase in gasoline prices since the Arab oil embargo in 1973–74 when prices shot up at an annual rate of 68.3 percent over an 8-month period.

Other energy items also registered price increases in April. Home heating oil rose 3.5 percent. If we look at all energy products, which account for 8.5 percent of the CPI market basket, we find that they increased at an annual rate of 31.6 percent during the first 4 months of this year and accounted for about one-fifth of the 4.2-percent increase in the all items CPI. Rising petroleum prices also have begun to affect other components of the CPI. In April, prices for public transportation services—air, railroad, bus, and taxi—increased 1 percent. To a large extent, increases in prices of these items reflect increases in prices of jet fuel and diesel fuel at the producer level. Since the beginning of this year, diesel fuel prices have increased at an annual rate of 46.8 percent and jet fuel prices at an annual rate of 16.2 percent.

Prices of primary organic chemicals, many of which are petroleum bases, also have risen sharply at the producer level in recent months. Because these chemicals constitute basic inputs to many consumer products such as plastics and synthetic fibers, we can expect upward pressure on retail prices in the months ahead.

There are also a number of other semifinished materials on which demand has created upward pressure on producer prices in recent months. Prices of nonferrous metals have increased at an annual rate of 48.3 percent so far this year. Sharply higher prices for copper and copper products account for much of this acceleration. Output has been restricted in some countries at a time when high industrial and construction demand depleted inventories which had been large enough to keep a lid on prices for several years. Producer prices have also advanced rapidly in recent months for aluminum, lead, cobalt, zinc, and tin.

Demand has also created upward pressures on producer prices for paper. In the last 12 months paper prices at the producer level have increased 11.8 percent, more than three times the increase recorded during the April 1977–78 period. Increased demand for packaging materials generated by an expanding economy helped to eliminate the longstanding problem of excess capacity within the paperboard manufacturing industry.

Prices of food, energy, and energy-related items were not the only ones showing an upward trend in April. Upward pressure on consumer prices also continued for new cars and for items related to owning a home. New car prices increased 1.4 percent, the fourth monthly increase in excess of 1 percent in the last 6 months. The homeownership component of the CPI moved up to 1.4 percent in April, bringing the rate of price increase since December to 17.2 percent.

Most of the other components of the CPI continued to increase in April at about the same rate as in recent months. The most major area of the index that showed signs of moderation in April was clothing. The April rise of 0.5 percent was only one-third as much as the March increase.

In summary, food prices at the producer level have clearly moderated in recent months. All of this moderation has not yet shown up at the retail level, but if the PPI trend continues downward, retail prices should begin to follow a similar pattern. In the nonfood area, however, a considerable amount of upward pressure still exists. Energy prices have risen sharply and the full effects of these increases have not yet completely worked their way through the price structure.

In addition, prices of many other items continued to rise in April.

The national concern about inflation focuses increasing attention on the measurement of price trends at all levels of the economy. The Bureau of Labor Statistics, well aware of its responsibilities in this field, has taken a number of steps to improve its price measures.

I would like to take this opportunity to mention very briefly a few of these improvement programs.

PRODUCER PRICE REVISION

As you know, in early 1978, the BLS completed a comprehensive program to update and modernize the Consumer Price Index. At about that time, we also began work on a revision program for the Producer Price Index.

After 2 years of design and testing work, the program is now moving into high gear. Our goal is to begin publication in the fall of this year of indexes based on new standard industrial classifications (SIC). If the necessary resources are made available, we expect to complete in early 1985 work on the new price indexes covering all 493 mining and manufacturing industries.

The PPI is one of the oldest BLS statistical programs, but it has not had a major revision in more than 30 years. During the current revision program we plan to make a number of changes.

Industry coverage, now limited to less than half of mining output, will be extended to cover all mining and manufacturing industries. Pricing will be dramatically expanded from approximately 10,000 price quotations per month to about 150,000.

Net output weights will be introduced in order to avoid multiple counting of raw material price changes in summary-level indexes.

Scientific sampling procedures are being introduced and survey design methods are being modernized. Pricing will represent the entire month rather than a single day of the month. This change is important because it will facilitate analysis of price movements from the producer level to the retail level. Because the new indexes will cover transactions occurring up to 3 weeks after the current pricing day, the release date will be later.

Nevertheless, the timeliness of the PPI will be retained when this change is introduced in 1981 because the index will continue to be published within a few weeks of the end of the period to which the prices refer.

All of these things will, I believe, contribute to a substantially improved producer price program in the near future.

CONSUMER PRICE INDEX—HOUSING

As a result of the CPI revision effort, the Consumer Price Index is a substantially improved measure of price change. There remain, of course, areas of the CPI for which further improvement is needed. The most important, as well as the most complex and challenging of these, is the measurement of price change for houses.

In this area, we are confronted with two major problems. The first is that the data currently used for the index represent transactions only for houses insured by the Federal Housing Administration, which represents a comparatively small portion of all house sales in the country. Second, unlike most other CPI items, in housing it is not possible to follow the price movement of a fixed sample of houses over time because individual houses change hands infrequently and every house is virtually unique. This poses significant quality-adjustment problems which current techniques cannot fully solve. Consequently, some changes in the mix of the characteristics of houses sold in a given period will show up as price changes.

These problems can be particularly acute for estimates of local area data because sample sizes for these areas are comparatively small. One of the questions that we are currently investigating is whether the house price component of a given local area index ought to include data from sim lar areas within the same geographic region. Such geographic pooling would increase the sample size used in a given area and thus help to smooth out erratic movements. Adoption of this method would, however, remove some local individuality from the indexes.

We are also working with FHA to improve the flow of source data from FHA by obtaining our information from them at an earlier state of their processing. In addition, we are testing more sophisticated quality-adjustment techniques to see if additional quality variables can be used with the existing data. For the longer term, we will examine alternative and supplementary sources of house price and quality information.

IMPORT PRICE INDEXES FOR PETROLEUM

As a part of our international price program, the Bureau is currently developing an improved measure of change for petroleum import prices. Included in this work is an examination of the pricing behavior of selected petroleum exporting countries and exporting regions.

BLS is using price reports filed with the Department of Energy rather than prices posted by exporting countries or quoted on a commodity exchange to calculate indexes of actual petroleum prices paid by U.S. importers. We are applying a variety of sophisticated statistical techniques to examine quality pricing differentials for sulfur content and specific gravity as well as nonquality differentials, such as for transportation costs and for special trading relationships between the importing companies and the exporting countries.

We have prepared some test indexes and expect to complete our tests by the end of summer. We believe—on the basis of these preliminary results—that the Bureau of Labor Statistics will be able to develop price indexes for petroleum that will be better price measures than those based on average prices now provided by the Department of Commerce. The new BLS price series should provide deflated crude oil import values which are more accurate measures of crude oil imports adjusted for quality change than those which are currently available.

Assistant Commissioner Layng and I will now be glad to answer any questions you may have.

[The press release referred to in Ms. Norwood's statement follows:]

News United States Department of Labor
Bureau of Labor Statistics Washington, D.C. 20212

Patrick Jackman (202) 523-7827
523-8416
Kathryn Hoyle (202) 523-1913
523-1208

USDL-79-377
TRANSMISSION OF MATERIAL IN THIS RELEASE
IS EMBARGOED UNTIL 9:00 A.M. (EDT)
Friday, May 25, 1979

THE CONSUMER PRICE INDEX--APRIL 1979

The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.1 percent before seasonal adjustment in April to 211.5 (1967=100), the Bureau of Labor Statistics of the U.S. Department of Labor announced today. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 1.2 percent before seasonal adjustment in April to 211.8 (1967=100). The CPI-U was 10.4 percent higher and the CPI-W was 10.7 percent higher than in April 1978.

CPI for All Urban Consumers (CPI-U)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for All Urban Consumers rose 1.1 percent in April. This compares with increases of 1.0 percent in March, 1.2 percent in February, and 0.9 percent in January. The transportation component advanced sharply for the sixth consecutive month, reflecting increases in gasoline and new car prices. The 6.0 percent rise in gasoline prices in April was the largest monthly advance since the 7.3 percent recorded in March 1974. The indexes for food and beverages and housing continued to increase rapidly.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U)

Expenditure category	Seasonally adjusted								Unadjusted
	Changes from preceding month							Compound annual rate 3-mos. ended	12-mos. ended
	1978			1979					
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Apr. '79	Apr. '79
All items	.8	.6	.6	.9	1.2	1.0	1.1	13.9	10.4
Food and beverages	.9	.6	.9	1.4	1.6	1.0	.9	15.2	11.7
Housing	1.1	.5	.5	.6	1.3	1.0	1.1	14.0	10.8
Apparel and upkeep	.5	.1	-.1	.2	.3	1.5	.5	9.7	4.4
Transportation	.4	1.2	1.0	1.1	1.1	1.2	2.0	18.3	12.0
Medical care	1.0	1.0	.5	1.1	.6	.6	.6	7.3	9.0
Entertainment	.6	.3	.7	.8	.4	.9	.8	8.8	6.2
Other goods and services	.2	.2	.2	.7	.7	.6	.5	7.6	7.5

(Data for CPI-U are shown in tables 1 through 3.)

Clothing prices increased much less than in March, while other major categories of consumer spending rose about the same amount.

The April index for food and beverages rose 0.9 percent compared with 1.0 percent in March. Prices of grocery store foods rose 1.0 percent in April, largely because of a 4.1 percent increase in beef and veal prices. Pork prices declined and poultry prices were unchanged in April, following sharp advances during the preceding 6-month period. Prices for fresh vegetables declined sharply in April for the second consecutive month. Restaurant meals and alcoholic beverages rose 0.8 percent and 0.4 percent, respectively, the smallest increases this year.

The housing index rose 1.1 percent in April, about the same as in March. Rising home-owner costs and household fuel prices accounted for most of the increase. House prices rose 1.3 percent, and mortgage interest costs rose 1.9 percent in April. Fuel oil prices increased 4.2 percent, the third consecutive large increase. The index for gas and electricity increased 0.7 percent, slightly less than the monthly increases during the first 3 months of 1979.

The index for apparel and upkeep rose 0.5 percent in April compared with 1.5 percent in March. Prices for most clothing items showed substantially smaller increases in April than in March. The index for footwear, however, increased 1.1 percent in April, the same as in March.

The transportation index rose 2.0 percent in April. Gasoline prices, which have been accelerating steadily since last June, accounted for about three-fourths of the increase. New car prices rose 1.4 percent in April compared with 0.7 percent in March and increases of over 1.0 percent in both January and February. Used car prices declined 0.5 percent in April, following seasonal adjustment, the second successive decline following large increases in the preceding 10 months.

The medical care index increased 0.6 percent in April, the same as in February and March. The indexes for entertainment and other goods and services both rose somewhat less in April than in March.

CPI for Urban Wage Earners and Clerical Workers (CPI-W)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for Urban Wage Earners and Clerical Workers (CPI-W) rose 1.1 percent in April, about the same as monthly increases during the first 3 months. The transportation component advanced sharply in April for the sixth consecutive month, reflecting large increases in gasoline and new car prices.

The April index for food and beverages rose 0.8 percent compared with 1.2 percent in March. A 3.8 increase in beef prices, the seventh consecutive month of large increases, accounted for most of the 0.9 percent increase in grocery store foods. Pork prices and poultry prices declined in April, following sharp advances during the preceding 6-month period. Prices for fresh vegetables declined sharply in April for the second consecutive month.

The housing index rose 1.1 percent in April compared with 1.0 percent in March. Rising homeowner costs and household fuels accounted for most of the increase. Fuel oil prices increased 4.2 percent, the third consecutive large increase. The index for gas and electricity increased 0.7 percent, the same as in March.

The index for apparel and upkeep rose 0.4 percent in April compared with 1.3 percent in March. Prices for most clothing items showed substantially smaller increases in April than in March. The index for footwear, however, increased 1.8 percent in April compared with 1.2 percent in March.

The transportation index rose 2.0 percent in April. Gasoline prices, which have been accelerating steadily since last June, accounted for about three-fourths of the increase. New car prices rose 1.3 percent in April compared with 0.7 percent in March and increases of over

1.0 percent in both January and February. Used car prices declined 0.5 percent in April, following seasonal adjustment, the second successive decline following large increases in the preceding 10 months.

The indexes for medical care and other goods and services rose about the same as in March, while the index for entertainment increased 0.5 percent in April compared with 0.9 percent in March.

Table B. Percent changes in CPI for Urban Wage Earners and Clerical Workers (CPI-W)

Expenditure category	Seasonally adjusted								Unadjusted
	Changes from preceding month							Compound annual rate 3-mos. ended Apr. '79	12-mos. ended Apr. '79
	1978			1979					
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.		
All Items	.9	.6	.7	1.0	1.2	1.1	1.1	14.4	10.7
Food and beverages	.9	.6	.9	1.5	1.7	1.2	.8	16.3	12.1
Housing	1.1	.5	.6	.7	1.3	1.0	1.1	14.5	10.9
Apparel and upkeep	.6	-.1	.1	.4	.2	1.3	.4	8.4	4.6
Transportation	.5	1.2	1.1	1.3	1.1	1.2	2.0	18.5	12.4
Medical care	1.0	.8	.7	.8	.7	.6	.7	8.2	9.1
Entertainment	.6	.5	1.1	.6	.2	.9	.5	6.5	5.8
Other goods and services	.2	.2	.2	1.0	.8	.5	.5	7.4	7.2

(Data for CPI-W are shown in tables 4 through 6.)

Technical Notes

Brief Explanation of the CPI

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. Effective with the January 1978 index, the Bureau of Labor Statistics began publishing CPI's for two population groups: (1) a new CPI for All Urban Consumers (CPI-U) which covers approximately 80 percent of the total noninstitutional civilian population; and (2) a revised CPI for Urban Wage Earners and Clerical Workers (CPI-W) which represents about half the population covered by the CPI-U. The CPI-U includes, in addition to wage earners and clerical workers, groups which historically have been excluded from CPI coverage, such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Prices are collected in 85 urban areas across the country from over 18,000 tenants, 18,000 housing units for property taxes, and about 24,000 establishments—grocery and department stores, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index. Prices of food, fuels, and a few other items are obtained every month in all 85 locations. Prices of most other commodities and services are collected every month in the five largest geographic areas and every other month in other areas. Prices of most goods and services are obtained by personal visits of the Bureau's trained representatives. Mail questionnaires are used to obtain public utility rates, some fuel prices, and certain other items.

In calculating the index, price changes for the various items in each location are averaged together with weights which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Separate indexes are also published for 28 local areas. Area indexes do not measure differences in the level of prices among cities; they only measure the average change in prices for each area since the base period.

The index measures price changes from a designated reference date—1967—which equals 100.0. An increase of 22 percent, for example, is shown as 122.0. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

For further details see the following: *The Consumer Price Index: Concepts and Content Over the Years*, Report 517, revised edition (Bureau of Labor Statistics, May 1978); *The Revision of the Consumer Price Index*, by W. John Layng, reprinted from the *Statistical Reporter*, February 1978, No. 78-5 (U.S. Dept. of Commerce), and *Revisions in the Medical Care Service Component of the Consumer Price Index*, by Daniel H. Ginsburg, *Monthly Labor Review*, August 1978.

A Note About Calculating Index Changes

Movements of the indexes from one month to another are usually expressed as percent changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percent changes are not. The example in the accompanying box illustrates the computation of index point and percent changes.

Percent changes for 3-month and 6-month periods are expressed as annual rates and are computed according to the standard formula for compound growth rates. These data indicate what the percent change would be if the current rate were maintained for a 12-month period.

Index Point Change	
CPI	189.8
Less previous index	189.2
Equals index point change:	0.6
Percent Change	
Index point difference	0.6
Divided by the previous index	189.2
Equals:	0.003
Results multiplied by one hundred	0.003x100
Equals percent change:	0.3

A Note on Seasonally Adjusted and Unadjusted Data

Because price data are used for different purposes by different groups, the Bureau of Labor Statistics publishes seasonally adjusted as well as unadjusted changes each month.

For analyzing general price trends in the economy, seasonally adjusted changes are usually preferred since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude every year—such as price movements resulting from changing climatic conditions, production cycles, model changeovers, holidays, and sales.

The unadjusted data are of primary interest to consumers concerned about the prices they acutally pay. Unadjusted data are also used extensively for escalation purposes. Many collective bargaining contract agreements and pension plans, for example, tie compensation changes to the Consumer Price Index unadjusted for seasonal variation.

Seasonal factors used in computing the seasonally adjusted indexes are derived by the X-11 Variant of the Census Method II Seasonal Adjustment Program. The updated seasonal data at the end of 1977 replaced data from 1967 through 1977. Subsequent annual updates will replace 5 years of seasonal data, e.g., data from 1974 through 1978 will be replaced at the end of 1978. The seasonal movement of all items and 35 other aggregations is derived by combining the seasonal movement of 45 selected components.

CPI-U

TABLE 1. Consumer Price Index for all urban consumers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes Mar. 1979	Unadjusted indexes Apr. 1979	Unadjusted percent change to Apr. 1979 from- Apr. 1978	Unadjusted percent change to Apr. 1979 from- Mar. 1979	Seasonally adjusted percent change from- Jan. to Feb.	Seasonally adjusted percent change from- Feb. to Mar.	Seasonally adjusted percent change from- Mar. to Apr.
				Expenditure category				
All items	100.000	209.1	211.5	10.4	1.1	1.2	1.0	1.1
All items(1957-59=100)	-	243.2	246.0	-	-	-	-	-
Food and beverages	19.242	224.4	226.3	11.7	.8	1.6	1.0	.9
Food	18.161	230.4	232.3	12.0	.8	1.6	1.1	1.0
Food at home	12.616	229.9	231.7	12.2	.8	1.8	1.0	1.0
Cereals and bakery products	1.543	213.5	214.5	9.9	.5	1.1	.5	.6
Meats, poultry, fish, and eggs	4.363	237.0	240.0	20.6	1.3	3.7	2.5	2.4
Dairy products	1.683	201.5	202.4	11.5	.4	1.1	1.0	.6
Fruits and vegetables	1.757	225.9	226.5	7.4	.3	.6	-1.0	-1.1
Sugar and sweets	.440	272.1	274.2	7.6	.8	-.2	.6	1.2
Fats and oils	.367	219.5	222.5	8.8	1.4	1.4	.5	1.4
Nonalcoholic beverages 1/	1.418	347.1	347.7	1.4	.2	.7	-.2	.2
Other prepared foods	1.045	202.9	204.7	10.3	.9	.7	.5	.9
Food away from home	5.545	236.0	238.4	11.4	1.0	1.3	1.1	.8
Alcoholic beverages	1.080	169.2	170.2	7.8	.6	.9	.8	.4
Housing	44.258	217.6	219.8	10.8	1.0	1.3	1.0	1.1
Shelter	29.827	228.0	230.7	12.7	1.2	1.6	1.1	1.2
Rent, residential	5.535	171.3	172.0	6.5	.4	.4	.2	.5
Other rental costs	.735	226.3	228.3	12.6	.9	1.6	.3	1.2
Homeownership	23.557	248.2	251.7	14.2	1.4	1.8	1.3	1.4
Home purchase	10.166	212.7	215.4	12.4	1.3	1.3	.9	1.3
Financing, taxes, and insurance	9.686	287.7	292.1	17.9	1.5	2.9	2.0	1.7
Maintenance and repairs	3.705	247.5	250.6	9.7	1.3	.5	.5	1.0
Maintenance and repair services	2.846	267.8	271.5	10.4	1.4	.5	.7	1.3
Maintenance and repair commodities	.859	200.1	201.8	7.7	.8	.5	.0	.2
Fuel and other utilities	6.326	225.9	227.5	6.4	.7	.8	1.1	.9
Fuels	4.231	264.0	266.8	9.3	1.1	1.2	1.7	1.4
Fuel oil, coal, and bottled gas	.879	339.5	349.8	17.9	3.0	2.6	4.7	3.8
Gas (piped) and electricity	3.352	244.0	245.3	7.0	.5	.8	.8	.7
Other utilities and public services	2.096	158.8	158.8	.7	.0	.0	-.1	.1
Household furnishings and operation	8.105	187.4	188.6	7.8	.6	.5	.5	.6
Housefurnishings	4.457	161.2	162.4	6.3	.7	.6	.4	.6
Housekeeping supplies	1.542	218.4	219.7	8.0	.6	.4	.6	.6
Housekeeping services	2.106	242.9	244.5	11.1	.7	.4	.5	.8
Apparel and upkeep	5.486	164.3	165.4	4.4	.7	.3	1.5	.5
Apparel commodities	4.819	159.2	160.2	3.5	.6	.2	1.6	.4
Men's and boys' apparel	1.532	158.7	159.6	1.9	.6	-.9	.7	.3
Women's and girls' apparel	1.891	151.8	152.5	2.3	.5	.6	2.8	.2
Infants' and toddlers' apparel	.118	216.1	220.7	2.4	2.1	-1.0	.6	1.8
Footwear	.698	171.6	174.2	7.7	1.5	-.1	1.1	1.1
Other apparel commodities	.580	166.6	166.8	7.1	.1	2.0	1.0	.1
Apparel services 1/	.666	200.0	201.8	11.1	.9	1.4	1.4	.9
Transportation	17.806	198.1	202.9	12.0	2.4	1.1	1.2	2.0
Private transportation	16.782	198.1	203.2	12.7	2.6	1.1	1.3	2.0
New cars	3.934	162.7	164.3	8.7	1.0	1.2	.7	1.4
Used cars	3.148	195.4	200.0	12.8	2.4	.8	-.3	-.5
Gasoline	4.183	220.6	234.7	23.4	6.4	2.0	3.8	6.0
Maintenance and repair	1.515	236.3	238.2	10.1	.8	.8	1.0	.9
Other private transportation	4.001	193.4	194.8	6.7	.7	.4	.6	.6
Other private trans. commodities	.714	169.0	170.2	8.5	.7	1.4	.7	1.1
Other private trans. services	3.288	201.8	203.3	6.3	.7	.1	.7	.5
Public transportation	1.024	191.5	192.6	2.8	.6	.8	.2	1.0
Medical care	4.959	233.9	235.1	9.0	.5	.6	.6	.6
Medical care commodities	.845	150.7	151.6	6.9	.6	.7	.4	.5
Medical care services	4.115	251.8	253.1	9.4	.5	.6	.6	.6
Professional services 1/	1.982	221.7	222.9	8.4	.5	.7	.5	.5
Other medical care services	2.133	288.2	289.6	10.4	.5	.5	.6	.7
Entertainment	3.963	184.8	186.5	6.2	.9	.4	.9	.8
Entertainment commodities	2.330	185.7	187.4	5.7	.9	.8	.9	.6
Entertainment services	1.633	183.9	185.4	6.9	.8	.1	.9	.8
Other goods and services	4.287	192.8	193.2	7.5	.2	.7	.6	.5
Tobacco products	1.152	185.8	186.1	7.0	.2	1.1	.6	.5
Personal care 1/	1.707	192.1	192.7	7.6	.3	.8	.9	.3
Toilet goods and personal care appliances 1/	.762	186.1	185.8	7.1	-.2	.9	1.0	-.2
Personal care services 1/	.945	197.9	199.4	8.0	.8	.6	.8	.8
Personal and educational expenses	1.427	208.1	208.4	7.6	.1	.3	.4	.5
School books and supplies	.183	191.6	191.6	6.1	.0	.7	.6	.5
Personal and educational services	1.245	212.5	212.8	7.9	.1	.3	.4	.5
				Commodity and service group				
All items	100.000	209.1	211.5	10.4	1.1	1.2	1.0	1.1
Commodities	59.213	200.5	203.3	10.8	1.4	1.2	1.1	1.2
Food and beverages	19.242	224.4	226.3	11.7	.8	1.6	1.0	.9
Commodities less food and beverages	39.972	187.0	190.1	10.3	1.7	1.0	1.1	1.4
Nondurables less food and beverages	16.671	187.8	191.9	10.5	2.2	.8	2.0	2.0
Apparel commodities	4.819	159.2	160.2	3.5	.6	.2	1.6	.4
Nondurables less food, beverages, and apparel 1/	11.852	206.0	211.7	13.5	2.8	1.4	2.0	2.8
Durables	23.301	184.9	187.2	10.2	1.2	1.0	.5	.9
Services	40.787	225.1	227.0	9.9	.8	1.1	.9	.9
Rent, residential	5.535	171.3	172.0	6.5	.4	.4	.2	.5
Household services less rent	20.820	253.7	256.5	12.4	1.1	1.7	1.2	1.2
Transportation services	5.828	206.7	208.2	6.6	.7	.4	.7	.7
Medical care services	4.115	251.8	253.1	9.4	.5	.6	.6	.6
Other services	4.489	195.0	196.2	8.0	.6	.5	.8	.7
Special indexes:								
All items less food	81.839	203.8	206.3	10.1	1.2	1.0	1.0	1.2
All items less shelter	70.173	203.7	206.0	9.5	1.1	.9	1.0	1.1
All items less mortgage interest costs 1/	92.728	204.1	208.4	9.3	1.1	1.0	.9	1.1
All items less medical care	95.041	207.6	210.1	10.5	1.2	1.2	1.0	1.2
Commodities less food	41.052	185.9	188.9	10.3	1.6	1.0	1.1	1.3
Nondurables less food	17.751	185.7	189.6	10.4	2.1	.8	1.9	1.9
Nondurables less food and apparel 1/	12.932	200.0	205.2	12.9	2.6	1.3	1.9	2.6
Nondurables 1/	35.912	206.9	209.9	11.2	1.4	1.5	1.4	1.4
Services less rent	35.252	235.0	237.1	10.5	.9	1.1	1.0	1.0
Services less medical care 1/	36.672	220.8	222.7	10.0	.9	1.0	.8	.9
Energy 1/	8.502	241.2	250.2	16.0	3.7	1.5	2.6	3.7
All items less energy 1/	91.498	206.9	208.8	9.9	.9	1.1	.8	.9
All items less food and energy 1/	73.337	200.4	202.3	9.4	.9	.9	.8	.9
Commodities less food and energy	35.902	180.3	182.1	8.7	1.0	.8	.7	.7
Energy commodities 1/	5.150	239.5	253.2	22.2	5.7	2.1	3.6	5.7
Services less energy	37.435	223.7	225.6	10.2	.8	1.0	.9	1.0
Purchasing power of the consumer dollar:								
1967=$1.00 1/	-	$.478	$.473	-9.4	-1.0	-1.2	-1.0	-1.0
1957-59=$1.00 1/	-	.411	.407	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 2. Consumer Price Index for all urban consumers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes				Seasonally adjusted annual rate percent change for—					
					3 months ending in				6 months ending in	
	Jan. 1979	Feb. 1979	Mar. 1979	Apr. 1979	July 1978	Oct. 1978	Jan. 1979	Apr. 1979	Oct. 1978	Apr. 1979
					Expenditure category					
All items	-	-	-	-	9.5	9.5	8.8	13.9	9.5	11.4
Food and beverages	218.8	222.3	224.6	226.7	10.9	8.1	12.6	15.2	9.5	13.9
Food	224.5	228.1	230.5	232.7	11.2	8.1	12.7	15.4	9.6	14.0
Food at home	223.7	227.7	230.0	232.4	11.3	7.3	14.0	16.5	9.3	15.2
Cereals and bakery products	209.2	211.4	212.4	213.6	15.7	8.8	6.6	8.7	12.2	7.6
Meats, poultry, fish, and eggs	224.6	233.0	238.9	244.6	7.3	9.0	28.6	40.7	8.1	34.5
Dairy products	197.2	199.4	201.3	202.6	11.7	7.9	15.1	11.4	9.8	13.2
Fruits and vegetables	225.0	226.3	224.1	221.6	23.5	13.3	1.1	-5.9	18.3	-2.5
Sugar and sweets	267.9	267.3	268.9	272.0	13.1	5.3	5.6	6.3	9.1	5.9
Fats and oils	216.8	219.9	221.0	224.1	16.5	1.7	3.6	14.2	8.8	8.7
Nonalcoholic beverages 1/	345.4	347.8	347.1	347.7	-1.5	-1.4	6.0	2.7	-1.5	4.3
Other prepared foods	199.5	200.8	201.9	203.7	16.3	4.5	12.3	8.7	10.2	10.5
Food away from home	230.7	233.6	236.2	238.2	11.1	9.8	11.1	13.7	10.5	12.4
Alcoholic beverages	166.5	168.0	169.4	170.0	6.0	7.7	8.9	8.7	6.8	8.8
Housing	212.9	215.6	217.7	220.0	11.1	11.7	6.9	14.0	11.4	10.4
Shelter	222.5	226.0	228.4	231.2	12.4	13.7	8.3	16.6	13.1	12.4
Rent, residential	170.1	170.8	171.1	172.0	7.6	7.8	6.4	4.5	7.7	5.4
Other rental costs	222.2	225.7	226.3	229.0	10.0	10.0	17.8	12.8	10.0	15.3
Homeownership	241.3	245.7	248.8	252.4	13.5	15.6	8.4	19.7	14.5	13.9
Home purchase	208.3	211.1	212.9	215.6	10.8	14.5	9.3	14.8	12.7	12.0
Financing, taxes, and insurance	275.0	282.9	288.6	293.6	18.9	18.2	5.7	29.9	18.5	17.2
Maintenance and repairs	246.0	247.3	248.6	251.2	8.5	10.9	10.7	8.7	9.7	9.7
Maintenance and repair services	265.9	267.3	269.1	272.6	10.6	8.8	11.4	10.5	9.7	10.9
Maintenance and repair commodities	199.7	200.7	200.7	201.2	1.7	17.9	8.9	3.0	9.5	5.9
Fuel and other utilities	220.9	222.6	225.1	227.2	9.1	5.2	-.2	11.9	7.1	5.7
Fuels	255.2	258.2	262.5	266.1	12.2	7.9	.0	18.2	10.0	8.7
Fuel oil, coal, and bottled gas	312.3	320.3	335.5	348.1	2.7	8.6	12.6	54.4	5.6	31.8
Gas (piped) and electricity	239.0	241.0	243.0	244.8	14.8	7.8	-3.4	10.1	11.2	3.1
Other utilities and public services	159.0	159.0	158.8	159.0	2.8	.0	.3	.0	1.4	.1
Household furnishings and operation	185.3	186.2	187.2	188.3	8.3	9.1	7.5	6.6	8.7	7.0
Housefurnishings	159.5	160.5	161.2	162.1	4.8	8.8	4.9	6.7	6.8	5.8
Housekeeping supplies	215.9	216.7	218.0	219.3	8.3	6.5	10.7	6.4	7.4	8.5
Housekeeping services	240.3	241.2	242.4	244.3	16.0	11.1	11.0	6.8	13.5	8.9
Apparel and upkeep	162.2	162.7	165.2	166.0	.8	6.4	1.2	9.7	3.6	5.4
Apparel commodities	157.5	157.8	160.3	160.9	-.3	5.8	.0	8.9	2.7	4.4
Men's and boys' apparel	159.3	157.8	158.9	159.4	3.9	.5	2.8	.3	2.2	1.5
Women's and girls' apparel	149.0	149.9	154.1	154.4	-7.0	7.8	-4.7	15.3	.1	4.8
Infants' and toddlers' apparel	217.6	215.4	216.8	220.7	3.0	3.4	-2.2	5.8	3.2	1.7
Footwear	169.9	169.7	171.6	173.5	5.6	9.9	6.6	8.7	7.7	7.7
Other apparel commodities	162.1	165.3	166.9	167.1	4.7	9.4	1.5	12.9	7.0	7.1
Apparel services 1/	194.6	197.3	200.0	201.8	8.9	10.1	9.8	15.6	9.5	12.7
Transportation	195.4	197.5	199.9	203.8	8.6	7.5	14.2	18.3	8.1	16.3
Private transportation	195.4	197.5	200.0	204.0	9.4	8.0	14.7	18.8	8.7	16.7
New cars	159.1	161.0	162.1	164.3	11.9	-.5	10.2	13.7	5.5	11.9
Used cars	203.1	204.7	204.0	203.0	16.5	12.3	23.7	-.2	14.4	11.1
Gasoline	211.4	215.6	223.7	237.1	4.9	14.1	22.6	58.2	9.4	39.3
Maintenance and repair	231.3	233.2	235.6	237.7	10.0	10.7	8.2	11.5	10.4	9.8
Other private transportation	190.8	191.5	192.7	193.9	5.8	6.2	7.9	6.7	6.0	7.3
Other private trans. commodities	165.1	167.4	168.5	170.4	8.9	-.5	12.8	13.5	4.1	13.1
Other private trans. services	199.5	199.7	201.0	202.1	5.4	7.7	6.7	5.3	6.5	6.0
Public transportation	189.4	190.9	191.3	193.2	.6	.4	2.1	8.3	.5	5.2
Medical care	230.9	232.3	233.6	235.0	6.8	10.8	11.1	7.3	8.8	9.2
Medical care commodities	149.1	150.1	150.7	151.4	6.4	6.6	8.5	6.3	6.5	7.4
Medical care services	248.5	250.0	251.4	252.9	6.9	11.9	11.9	7.3	9.4	9.6
Professional services 1/	219.2	220.7	221.7	222.9	6.0	9.9	10.7	6.9	7.9	8.8
Other medical care services	284.0	285.5	287.3	289.3	7.9	13.8	12.4	7.7	10.8	10.0
Entertainment	182.6	183.4	185.1	186.5	3.2	5.8	7.3	8.8	4.5	8.1
Entertainment commodities	183.1	184.6	186.3	187.4	1.6	4.3	7.5	9.7	3.0	8.6
Entertainment services	182.1	182.2	183.9	185.4	5.4	8.0	7.1	7.4	6.7	7.3
Other goods and services	190.0	191.4	192.6	193.5	9.2	8.5	4.5	7.6	8.8	6.0
Tobacco products	182.3	184.3	185.4	186.3	15.8	2.0	2.0	9.1	8.7	5.5
Personal care 1/	188.9	190.4	192.1	192.7	7.6	7.2	7.3	8.3	7.4	7.8
Toilet goods and personal care appliances 1/	182.5	184.2	186.1	185.8	7.1	8.4	5.4	7.4	7.8	6.4
Personal care services 1/	195.2	196.4	197.9	199.4	8.0	6.1	9.1	8.9	7.1	9.0
Personal and educational expenses	206.3	207.0	207.9	209.0	5.7	15.5	4.8	5.3	10.5	5.1
School books and supplies	188.3	189.7	190.8	191.8	7.0	.7	9.0	7.6	3.8	8.3
Personal and educational services	210.9	211.5	212.3	213.4	5.6	17.8	3.9	4.8	11.5	4.4
					Commodity and service group					
All items	-	-	-	-	9.5	9.5	8.8	13.9	9.5	11.4
Commodities	196.7	199.1	201.3	203.8	8.5	8.8	10.8	15.2	8.7	13.0
Food and beverages	218.8	222.3	224.6	226.7	10.9	8.1	12.6	15.2	9.5	13.9
Commodities less food and beverages	184.0	185.9	188.0	190.6	7.4	9.2	10.2	15.1	8.3	12.6
Nondurables less food and beverages	183.4	184.9	188.6	192.3	5.6	6.5	9.5	20.9	6.1	15.0
Apparel commodities	157.5	157.8	160.3	160.9	-.3	5.8	.0	8.9	2.7	4.4
Nondurables less food, beverages, and apparel 1/	199.2	201.9	206.0	211.7	9.1	7.5	10.7	27.6	8.3	18.8
Durables	183.3	185.1	186.0	187.6	9.7	9.8	11.7	9.7	9.7	10.7
Services	220.7	223.1	225.1	227.2	10.6	10.6	5.8	12.3	10.6	9.0
Rent, residential	170.1	170.8	171.1	172.0	7.6	7.8	6.4	4.5	7.7	5.4
Household services less rent	246.9	251.0	254.1	257.2	14.5	12.4	5.0	17.8	13.4	11.2
Transportation services	203.8	204.7	206.1	207.5	5.7	7.1	6.3	7.5	6.4	6.9
Medical care services	248.5	250.0	251.4	252.9	6.9	11.9	11.9	7.3	9.4	9.6
Other services	192.5	193.4	195.0	196.4	6.5	10.3	6.9	8.4	8.4	7.6
Special indexes:										
All items less food	200.2	202.3	204.3	206.7	9.0	9.7	8.4	13.6	9.4	11.0
All items less shelter	200.2	202.1	204.1	206.3	8.3	7.7	9.3	12.8	8.0	11.0
All items less mortgage interest costs 1/	200.3	202.3	204.1	206.4	10.1	7.4	7.1	12.7	8.8	9.9
All items less medical care	203.6	206.0	208.1	210.5	9.6	9.3	9.1	14.3	9.5	11.7
Commodities less food	182.9	184.8	186.9	189.4	7.4	9.0	10.2	15.0	8.2	12.6
Nondurables less food	181.4	182.9	186.4	190.0	5.7	6.8	9.3	20.4	6.3	14.7
Nondurables less food and apparel 1/	193.7	196.2	200.0	205.2	8.6	7.3	10.8	25.9	8.0	18.1
Nondurables 1/	201.0	204.0	206.9	209.9	10.6	6.3	9.3	18.9	8.4	14.0
Services less rent	230.0	232.6	235.0	237.4	11.2	11.1	5.8	13.5	11.2	9.6
Services less medical care 1/	216.8	219.0	220.8	222.7	10.9	11.6	6.1	11.3	11.3	8.7
Energy 1/	231.5	235.0	241.2	250.2	13.0	7.6	9.1	36.4	10.3	22.0
All items less energy 1/	202.9	205.2	206.9	208.8	10.9	8.9	7.6	12.1	9.9	9.9
All items less food and energy 1/	197.0	198.8	200.4	202.3	9.9	10.3	6.3	11.2	10.1	8.7
Commodities less food and energy	178.4	179.8	181.0	182.3	8.6	7.7	9.2	9.0	8.1	9.1
Energy commodities 1/	226.4	231.1	239.5	253.2	12.1	9.3	16.3	56.4	10.7	34.9
Services less energy	219.4	221.7	223.7	225.9	10.1	11.1	6.8	12.4	10.6	9.6

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 3. Consumer Price Index for all urban consumers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes Jan. 1979	Feb. 1979	Mar. 1979	Apr. 1979	Percent change to Apr. 1979 from- Apr. 1978	Feb. 1979	Mar. 1979	Percent change to Mar. 1979 from- Mar. 1978	Jan. 1979	Feb. 1979
U.S. city average			204.7	207.1	209.1	211.5	10.4	2.1	1.1	10.2	2.1	1.0
Chicago, Ill.-Northwestern Ind.	M		199.7	202.6	206.6	208.7	11.4	3.0	1.0	10.9	3.5	2.0
Detroit, Mich.	M		205.1	208.8	211.6	213.2	12.1	2.1	.8	12.3	3.2	1.3
L.A.-Long Beach, Anaheim, Calif.	M		199.6	201.9	203.8	207.8	9.6	2.9	2.0	8.8	2.1	.9
N.Y., N.Y.-Northeastern N.J.	M		202.9	205.2	206.4	208.3	7.6	1.5	.9	7.4	1.7	.6
Philadelphia, Pa.-N.J.	M		202.3	204.1	204.8	207.7	8.9	1.8	1.4	8.0	1.2	.3
Anchorage, Alaska	1	10/67	198.1	-	201.0	-	-	-	-	11.2	1.5	-
Baltimore, Md.	1		204.2	-	209.1	-	-	-	-	6.8	2.4	-
Boston, Mass.	1		201.6	-	205.1	-	-	-	-	9.0	1.7	-
Cincinnati, Ohio-Ky.-Ind.	1		211.2	-	215.7	-	-	-	-	12.2	2.1	-
Denver-Boulder, Colo.	1		216.2	-	223.0	-	-	-	-	14.3	3.1	-
Miami, Fla.	1	11/77	108.9	-	111.2	-	-	-	-	8.8	2.1	-
Milwaukee, Wis.	1		200.6	-	207.6	-	-	-	-	11.4	3.5	-
Northeast Pennsylvania	1		200.2	-	203.5	-	-	-	-	8.8	1.6	-
Portland, Oreg.-Wash.	1		211.7	-	215.4	-	-	-	-	12.4	1.7	-
St. Louis, Mo.-Ill.	1		203.4	-	208.4	-	-	-	-	13.3	2.5	-
San Diego, Calif.	1		214.8	-	221.4	-	-	-	-	15.7	3.1	-
Seattle-Everett, Wash.	1		202.0	-	207.0	-	-	-	-	10.6	2.5	-
Washington, D.C.-Md.-Va.	1		208.7	-	212.6	-	-	-	-	11.3	1.9	-
Atlanta, Ga.	2		-	201.8	-	206.7	9.7	2.4	-	-	-	-
Buffalo, N.Y.	2		-	203.0	-	206.6	9.3	1.8	-	-	-	-
Cleveland, Ohio	2		-	210.1	-	215.1	13.0	2.4	-	-	-	-
Dallas-Fort Worth, Tex.	2		-	205.8	-	211.0	11.5	2.5	-	-	-	-
Honolulu, Hawaii	2		-	196.2	-	200.7	10.6	2.3	-	-	-	-
Houston, Tex.	2		-	224.2	-	228.1	12.4	1.7	-	-	-	-
Kansas City, Mo.-Kans.	2		-	204.6	-	211.5	12.0	3.4	-	-	-	-
Minneapolis-St.Paul, Minn.-Wis.	2		-	211.8	-	215.9	10.8	1.9	-	-	-	-
Pittsburgh, Pa.	2		-	209.2	-	212.0	11.5	1.3	-	-	-	-
San Francisco-Oakland, Calif.	2		-	203.9	-	208.8	8.3	2.4	-	-	-	-
Region 3/												
Northeast	2	12/77	-	110.0	-	111.9	9.2	1.7	-	-	-	-
North Central	2	12/77	-	112.4	-	115.0	11.4	2.3	-	-	-	-
South	2	12/77	-	111.7	-	114.1	10.8	2.1	-	-	-	-
West	2	12/77	-	111.0	-	113.8	10.4	2.5	-	-	-	-
Population size class 3/												
A-1	2	12/77	-	110.1	-	112.5	9.3	2.2	-	-	-	-
A-2	2	12/77	-	111.4	-	113.9	10.9	2.2	-	-	-	-
B	2	12/77	-	111.9	-	114.5	11.1	2.3	-	-	-	-
C	2	12/77	-	112.3	-	114.5	11.1	2.0	-	-	-	-
D	2	12/77	-	111.0	-	113.3	10.2	2.1	-	-	-	-
Region/population size class cross classification 3/												
Northeast/A	2	12/77	-	109.1	-	110.8	8.3	1.6	-	-	-	-
North Central/A	2	12/77	-	112.7	-	115.7	11.9	2.7	-	-	-	-
South/A	2	12/77	-	111.3	-	113.5	10.5	2.0	-	-	-	-
West/A	2	12/77	-	110.1	-	113.3	10.0	2.9	-	-	-	-
Northeast/B	2	12/77	-	110.8	-	113.1	10.1	2.1	-	-	-	-
North Central/B	2	12/77	-	112.7	-	115.1	11.6	2.1	-	-	-	-
South/B	2	12/77	-	112.0	-	114.4	10.9	2.1	-	-	-	-
West/B	2	12/77	-	112.2	-	115.2	11.3	2.7	-	-	-	-
Northeast/C	2	12/77	-	112.7	-	114.8	11.2	1.9	-	-	-	-
North Central/C	2	12/77	-	111.8	-	114.0	10.9	2.0	-	-	-	-
South/C	2	12/77	-	112.5	-	114.9	11.1	2.1	-	-	-	-
West/C	2	12/77	-	112.0	-	114.1	10.9	1.9	-	-	-	-
Northeast/D	2	12/77	-	110.3	-	112.9	10.5	2.4	-	-	-	-
North Central/D	2	12/77	-	111.7	-	114.1	10.7	2.1	-	-	-	-
South/D	2	12/77	-	110.7	-	113.0	10.0	2.1	-	-	-	-
West/D	2	12/77	-	110.9	-	112.7	9.8	1.6	-	-	-	-

1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
M - Every month.
1 - January, March, May, July, September, and November.
2 - February, April, June, August, October, and December.

3/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:

A-1	More than 4,000,000.
A-2	1,250,000 to 4,000,000.
B	385,000 to 1,250,000.
C	75,000 to 385,000.
D	Less than 75,000.

Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

CPI-W

TABLE 4. Consumer Price Index for urban wage earners and clerical workers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes Mar. 1979	Unadjusted indexes Apr. 1979	Unadjusted percent change to Apr. 1979 from- Apr. 1978	Unadjusted percent change to Apr. 1979 from- Mar. 1979	Seasonally adjusted percent change from- Jan. to Feb.	Seasonally adjusted percent change from- Feb. to Mar.	Seasonally adjusted percent change from- Mar. to Apr.
				Expenditure category				
All items	100.000	209.3	211.8	10.7	1.2	1.2	1.1	1.1
All items(1957-59=100)	-	243.5	246.3	-	-	-	-	-
Food and beverages	20.946	225.1	226.7	12.1	.7	1.7	1.2	.8
Food	19.777	231.1	232.7	12.4	.7	1.8	1.2	.9
Food at home	13.899	230.0	231.4	12.3	.6	1.9	1.1	.9
Cereals and bakery products	1.715	214.1	215.2	10.0	.5	.9	.4	.6
Meats, poultry, fish, and eggs	4.862	236.9	239.4	20.6	1.1	3.8	2.4	2.1
Dairy products	1.856	202.3	203.0	11.8	.3	1.2	1.1	.5
Fruits and vegetables	1.818	225.4	224.6	7.0	-.4	.8	-.6	-1.6
Sugar and sweets	.472	272.4	273.6	7.5	.4	.0	.7	.9
Fats and oils	.398	219.8	223.0	8.7	1.5	1.3	.4	1.4
Nonalcoholic beverages 1/	1.615	346.9	347.8	2.1	.3	.8	.0	.3
Other prepared foods	1.164	203.0	204.5	9.9	.7	.8	.5	.7
Food away from home	5.877	237.9	240.4	12.6	1.1	1.5	1.5	1.0
Alcoholic beverages	1.169	169.6	170.6	7.8	.6	.8	1.0	.5
Housing	40.957	217.5	219.7	10.9	1.0	1.3	1.0	1.1
Shelter	26.969	228.5	231.2	13.1	1.2	1.7	1.1	1.3
Rent, residential	5.238	171.2	171.9	6.5	.4	.4	.2	.5
Other rental costs	.504	226.3	228.0	12.4	.8	1.6	.3	1.1
Homeownership	21.227	249.2	252.7	14.8	1.4	1.9	1.4	1.5
Home purchase	8.921	212.7	215.4	12.4	1.3	1.4	.9	1.3
Financing, taxes, and insurance	8.987	289.5	294.0	18.5	1.6	3.0	2.0	1.9
Maintenance and repairs	3.320	248.4	251.7	11.1	1.3	.7	1.1	1.0
Maintenance and repair services	2.351	269.3	273.8	12.2	1.7	.6	1.3	1.6
Maintenance and repair commodities	.969	201.5	202.6	8.3	.5	1.0	.4	-.1
Fuel and other utilities	6.221	226.0	227.8	6.4	.8	.8	1.0	1.0
Fuels	4.215	263.7	266.7	9.1	1.1	1.2	1.5	1.4
Fuel oil, coal, and bottled gas	.875	340.0	350.3	18.1	3.0	2.6	4.8	3.8
Gas (piped) and electricity	3.340	243.6	245.1	6.8	.6	.8	.7	.7
Other utilities and public services	2.006	158.9	158.9	.7	.0	.0	-.1	.1
Household furnishings and operation	7.767	186.3	187.3	7.3	.5	.4	.7	.4
Housefurnishings	4.571	160.8	161.9	6.1	.7	.4	.7	.5
Housekeeping supplies	1.601	218.1	218.1	7.3	.0	.6	.8	-.1
Housekeeping services	1.596	241.6	243.1	10.6	.6	.3	.5	.7
Apparel and upkeep	5.524	164.2	165.4	4.6	.7	.2	1.3	.4
Apparel commodities	4.886	159.3	160.4	3.9	.7	.1	1.4	.3
Men's and boys' apparel	1.531	159.4	160.1	2.2	.4	-.8	.6	.1
Women's and girls' apparel	1.927	151.2	152.1	2.6	.6	.5	2.3	.2
Infants' and toddlers' apparel	.131	217.7	222.0	3.2	2.0	.2	.9	1.2
Footwear	.735	170.4	174.2	8.1	2.2	-.3	1.2	1.8
Other apparel commodities	.562	168.9	167.8	7.2	-.7	1.8	.8	-.8
Apparel services 1/	.637	199.0	201.1	10.6	1.1	1.4	1.1	1.1
Transportation	20.045	198.7	203.7	12.4	2.5	1.1	1.2	2.0
Private transportation	19.121	198.5	203.7	12.9	2.6	1.1	1.2	2.0
New cars	4.154	162.4	163.9	8.4	.9	1.3	.7	1.3
Used cars	4.019	195.4	200.0	12.8	2.4	.8	-.3	-.5
Gasoline	4.769	221.2	235.4	23.8	6.4	2.1	3.8	6.0
Maintenance and repair	1.665	236.8	238.7	10.0	.8	.9	.9	1.0
Other private transportation	4.514	193.9	195.5	6.8	.8	.4	.5	.7
Other private trans. commodities	.804	170.0	171.4	8.3	.8	1.4	-.4	1.2
Other private trans. services	3.710	202.2	203.8	6.5	.8	.2	.8	.6
Public transportation	.924	192.1	193.6	3.4	.8	.7	.2	1.2
Medical care	4.489	233.7	235.2	9.1	.6	.7	.6	.7
Medical care commodities	.771	151.7	152.5	7.2	.5	.5	.7	.3
Medical care services	3.717	251.3	252.9	9.5	.6	.7	.7	.7
Professional services 1/	1.900	222.7	224.2	8.9	.7	.7	.8	.7
Other medical care services	1.817	286.1	287.8	10.1	.6	.6	.6	.8
Entertainment	3.794	184.0	185.5	5.8	.8	.2	.9	.5
Entertainment commodities	2.396	184.4	185.7	5.5	.7	.3	1.0	.4
Entertainment services	1.398	184.3	186.1	6.4	1.0	-.1	.7	.9
Other goods and services	4.245	192.6	193.1	7.2	.3	.8	.5	.5
Tobacco products	1.392	185.8	186.1	7.0	.2	1.2	.4	.5
Personal care 1/	1.762	191.5	192.3	7.0	.4	.8	.6	.4
Toilet goods and personal care appliances 1/	.838	185.9	186.2	6.6	.2	1.3	.6	.2
Personal care services 1/	.924	197.3	198.5	7.4	.6	.6	.5	.6
Personal and educational expenses	1.091	208.6	208.8	7.8	.1	.3	.5	.5
School books and supplies	.163	194.1	194.2	7.2	.1	.8	.7	.6
Personal and educational services	.929	212.5	212.8	7.9	.1	.2	.4	.5
				Commodity and service group				
All items	100.000	209.3	211.8	10.7	1.2	1.2	1.1	1.1
Commodities	62.074	200.9	203.6	11.0	1.3	1.3	1.2	1.2
Food and beverages	20.946	225.1	226.7	12.1	.7	1.7	1.2	.8
Commodities less food and beverages	41.128	187.0	190.2	10.5	1.7	1.0	1.2	1.3
Nondurables less food and beverages	17.651	188.4	192.7	11.0	2.3	.9	2.0	2.1
Apparel commodities	4.886	159.3	160.4	3.9	.7	.1	1.4	.3
Nondurables less food, beverages, and apparel 1/	12.765	206.5	212.3	13.7	2.8	1.4	2.1	2.8
Durables	23.477	184.5	186.8	10.1	1.2	.9	.5	.9
Services	37.926	225.1	227.1	10.0	.9	1.1	.9	1.0
Rent, residential	5.238	171.2	171.9	6.5	.4	.4	.2	.5
Household services less rent	18.784	254.3	257.2	12.7	1.1	1.7	1.3	1.3
Transportation services	6.299	207.4	209.0	6.9	.8	.4	.7	.8
Medical care services	3.717	251.3	252.9	9.5	.6	.7	.7	.7
Other services	3.888	195.0	196.4	7.7	.7	.4	.7	.8
Special indexes:								
All items less food	80.223	203.7	206.3	10.2	1.3	1.0	1.0	1.2
All items less shelter	73.031	204.0	206.4	9.8	1.2	1.0	1.0	1.1
All items less mortgage interest costs 1/	93.132	204.5	206.8	9.6	1.1	1.0	1.0	1.1
All items less medical care	95.511	207.8	210.4	10.7	1.3	1.2	1.1	1.2
Commodities less food	42.297	185.9	189.0	10.4	1.7	1.0	1.1	1.3
Nondurables less food	18.820	186.3	190.2	10.7	2.1	.9	2.0	1.9
Nondurables less food and apparel 1/	13.934	200.5	205.8	13.3	2.6	1.3	2.0	2.6
Nondurables 1/	38.597	207.6	210.6	11.6	1.4	1.5	1.5	1.4
Services less rent	32.689	235.0	237.3	10.6	1.0	1.2	1.0	1.1
Services less medical care 1/	34.209	220.8	222.9	10.1	1.0	1.0	.8	1.0
Energy 1/	9.085	241.7	251.2	16.6	3.9	1.5	2.7	3.9
All items less energy 1/	90.915	207.1	209.0	10.1	.9	1.2	.9	.9
All items less food and energy 1/	71.138	200.2	202.1	9.4	.9	.9	.9	.9
Commodities less food and energy	36.552	180.0	181.8	8.5	1.0	.7	.6	.8
Energy commodities 1/	5.745	240.0	253.9	22.7	5.8	2.0	3.7	5.8
Services less energy	34.586	223.7	225.8	10.4	.9	1.1	.9	1.0
Purchasing power of the consumer dollar:								
1967=$1.00 1/	-	$.478	$.472	-9.6	-1.3	-1.2	-1.0	-1.3
1957-59=$1.00 1/	-	.411	.406	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 5. Consumer Price Index for urban wage earners and clerical workers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes: Jan. 1979	Feb. 1979	Mar. 1979	Apr. 1979	Seasonally adjusted annual rate percent change for— 3 months ending in: July 1978	Oct. 1978	Jan. 1979	Apr. 1979	6 months ending in: Oct. 1978	Apr. 1979
Expenditure category										
All items	-	-	-	-	9.5	9.3	9.5	14.4	9.4	11.9
Food and beverages	218.8	222.6	225.3	227.2	11.1	8.1	12.8	16.3	9.6	14.5
Food	224.5	228.5	231.2	233.3	11.4	8.1	13.1	16.6	9.8	14.8
Food at home	223.5	227.7	230.1	232.1	11.5	7.1	14.2	16.3	9.3	15.2
Cereals and bakery products	210.3	212.1	213.0	214.3	16.1	9.2	6.9	7.8	12.6	7.4
Meats, poultry, fish, and eggs	224.6	233.1	238.8	243.8	7.7	8.6	30.1	38.8	8.2	34.4
Dairy products	197.5	199.9	202.1	203.2	12.2	8.8	14.3	12.1	10.5	13.2
Fruits and vegetables	223.2	225.0	223.6	220.0	24.8	9.1	2.2	-5.6	16.7	-1.8
Sugar and sweets	267.3	267.3	269.2	271.7	14.7	4.4	4.8	6.7	9.4	5.8
Fats and oils	217.8	220.7	221.6	224.6	16.6	1.9	4.1	13.1	9.0	8.5
Nonalcoholic beverages 1/	344.3	347.0	346.9	347.8	.1	.1	3.9	4.1	.1	4.0
Other prepared foods	199.4	200.9	202.0	203.5	14.3	5.3	11.4	8.7	9.7	10.0
Food away from home	231.1	234.5	238.1	240.4	11.3	10.2	12.1	17.1	10.8	14.6
Alcoholic beverages	166.6	168.0	169.6	170.4	6.2	8.5	7.3	9.4	7.3	8.4
Housing	212.6	215.3	217.5	219.9	11.1	11.3	7.1	14.5	11.2	10.7
Shelter	222.6	226.3	228.8	231.8	12.5	14.2	8.5	17.6	13.3	13.0
Rent, residential	170.1	170.7	171.0	171.9	7.6	7.8	6.4	4.3	7.7	5.3
Other rental costs	222.1	225.6	226.3	228.7	9.4	9.8	18.2	12.4	9.6	15.3
Homeownership	241.6	246.3	249.7	253.4	14.1	15.6	8.9	21.0	14.8	14.8
Home purchase	208.1	211.0	212.9	215.6	10.8	14.8	8.9	15.2	12.8	12.0
Financing, taxes, and insurance	276.2	284.4	290.1	295.5	18.9	19.1	6.5	31.0	19.0	18.1
Maintenance and repairs	245.2	246.9	249.6	252.2	9.7	9.6	12.9	11.9	9.6	12.4
Maintenance and repair services	265.5	267.1	270.7	274.9	13.0	6.5	14.6	14.9	9.7	14.8
Maintenance and repair commodities	199.4	201.4	202.3	202.0	2.4	17.2	8.7	5.3	9.5	7.0
Fuel and other utilities	221.1	222.9	225.1	227.3	8.9	5.2	.0	11.7	7.0	5.7
Fuels	255.2	258.3	262.2	265.8	11.8	8.1	.0	17.7	9.9	8.5
Fuel oil, coal, and bottled gas	312.5	320.6	336.0	348.6	3.0	8.5	12.7	54.8	5.7	32.1
Gas (piped) and electricity	239.0	241.0	242.6	244.4	14.2	7.8	-3.3	9.3	10.9	2.8
Other utilities and public services	159.1	159.1	158.9	159.1	2.8	.0	.3	.0	1.4	.1
Household furnishings and operation	184.2	184.9	186.2	186.9	7.3	7.4	8.2	6.0	7.4	7.1
Housefurnishings	159.1	159.7	160.8	161.6	4.5	6.7	6.8	6.4	5.6	6.6
Housekeeping supplies	214.9	216.1	217.9	217.7	7.1	6.8	10.3	5.3	6.9	7.8
Housekeeping services	239.2	240.0	241.1	242.9	15.8	10.8	9.9	6.3	13.3	8.1
Apparel and upkeep	162.6	163.0	165.2	165.9	2.3	6.4	1.7	8.4	4.3	5.0
Apparel commodities	158.1	158.3	160.5	161.0	1.6	5.8	.8	7.5	3.6	4.1
Men's and boys' apparel	160.0	158.7	159.7	159.9	6.0	.0	3.3	-.2	3.0	1.5
Women's and girls' apparel	149.4	150.1	153.5	153.8	-5.0	8.4	-3.9	12.3	1.5	3.9
Infants' and toddlers' apparel	216.7	217.2	219.2	221.8	1.5	3.4	-1.8	9.8	2.4	3.8
Footwear	169.0	168.5	170.6	173.7	6.1	8.6	6.4	11.6	7.4	9.0
Other apparel commodities	165.0	168.0	169.4	168.1	7.6	9.9	3.2	7.7	8.7	5.4
Apparel services 1/	194.1	196.8	199.0	201.1	7.0	12.0	8.5	15.2	9.5	11.8
Transportation	196.2	198.4	200.7	204.7	8.6	8.2	15.2	18.5	8.4	16.8
Private transportation	196.0	198.2	200.6	204.7	9.1	8.2	15.7	19.0	8.7	17.3
New cars	158.7	160.7	161.8	163.9	11.0	-.8	10.2	13.8	5.0	12.0
Used cars	203.1	204.7	204.0	203.0	16.2	12.5	23.7	-.2	14.4	11.1
Gasoline	211.6	216.0	224.3	237.8	4.7	14.8	22.8	59.5	9.6	40.0
Maintenance and repair	231.7	233.8	235.9	238.2	9.8	10.7	8.0	11.7	10.2	9.8
Other private transportation	191.4	192.1	193.1	194.5	5.8	6.2	8.6	6.6	6.0	7.6
Other private trans. commodities	167.6	169.9	169.3	171.4	9.7	.0	14.6	9.4	4.7	11.9
Other private trans. services	199.6	199.9	201.4	202.6	5.1	7.5	7.1	6.1	6.3	6.6
Public transportation	190.3	191.6	191.9	194.2	.9	1.9	2.3	8.5	1.4	5.4
Medical care	230.4	231.9	233.4	235.0	7.4	11.0	9.8	8.2	9.2	9.0
Medical care commodities	149.9	150.7	151.7	152.2	6.6	7.1	8.7	6.3	6.9	7.5
Medical care services	247.5	249.2	250.9	252.7	7.3	11.9	10.1	8.7	9.6	9.4
Professional services 1/	219.3	220.9	222.7	224.2	6.8	10.1	9.7	9.2	8.4	9.5
Other medical care services	282.0	283.6	285.2	287.5	8.0	13.9	10.3	8.0	10.9	9.1
Entertainment	182.4	182.7	184.3	185.3	2.1	5.3	9.3	6.5	3.7	7.9
Entertainment commodities	182.4	183.0	184.8	185.5	1.4	4.8	8.8	7.0	3.1	7.9
Entertainment services	183.2	183.1	184.3	185.9	3.2	6.5	10.0	6.0	4.9	8.0
Other goods and services	189.9	191.4	192.4	193.3	9.6	6.2	5.7	7.4	7.9	6.5
Tobacco products	182.6	184.7	185.4	186.3	15.8	1.6	3.1	8.4	8.4	5.7
Personal care 1/	188.8	190.4	191.5	192.3	6.8	5.1	8.5	7.6	6.0	8.0
Toilet goods and personal care appliances 1/	182.4	184.7	185.9	186.2	5.1	4.8	7.8	8.6	5.0	8.2
Personal care services 1/	195.2	196.3	197.3	198.5	8.5	5.4	8.9	6.9	6.9	7.9
Personal and educational expenses	206.7	207.3	208.3	209.4	5.9	15.0	5.4	5.3	10.3	5.4
School books and supplies	190.4	192.0	193.3	194.4	7.2	3.1	9.8	8.7	5.1	9.2
Personal and educational services	211.1	211.5	212.3	213.4	5.8	17.1	4.5	4.4	11.3	4.5
Commodity and service group										
All items	-	-	-	-	9.5	9.3	9.5	14.4	9.4	11.9
Commodities	196.9	199.4	201.7	204.1	8.8	8.6	11.8	15.4	8.7	13.6
Food and beverages	218.8	222.6	225.3	227.2	11.1	8.1	12.8	16.3	9.6	14.5
Commodities less food and beverages	184.1	186.0	188.2	190.7	7.4	8.9	11.1	15.1	8.2	13.1
Nondurables less food and beverages	183.7	185.4	189.2	193.1	6.1	6.5	9.9	22.1	6.3	15.9
Apparel commodities	158.1	158.3	160.5	161.0	1.6	5.8	.8	7.5	3.6	4.1
Nondurables less food, beverages, and apparel 1/	199.5	202.2	206.5	212.3	8.6	7.6	11.6	28.2	8.1	19.6
Durables	183.0	184.7	185.6	187.2	10.5	8.8	11.7	9.5	9.6	10.6
Services	220.6	223.0	225.0	227.3	10.4	10.6	6.0	12.7	10.5	9.3
Rent, residential	170.1	170.7	171.0	171.9	7.6	7.8	6.4	4.3	7.7	5.3
Household services less rent	247.1	251.3	254.5	257.9	14.7	12.4	5.4	18.7	13.5	11.8
Transportation services	204.4	205.3	206.7	208.3	5.7	7.5	6.9	7.9	6.6	7.4
Medical care services	247.5	249.2	250.9	252.7	7.3	11.9	10.1	8.7	9.6	9.4
Other services	193.0	193.7	195.0	196.5	5.8	9.4	8.3	7.5	7.6	7.9
Special indexes:										
All items less food	200.1	202.2	204.3	206.7	8.8	9.5	9.1	13.9	9.2	11.4
All items less shelter	200.5	202.5	204.6	206.8	8.5	7.5	10.2	13.2	8.0	11.7
All items less mortgage interest costs 1/	200.4	202.5	204.5	206.8	10.3	7.0	7.7	13.4	8.7	10.5
All items less medical care	203.7	206.2	208.4	210.8	9.6	9.1	10.0	14.7	9.4	12.3
Commodities less food	183.0	184.9	187.0	189.5	7.7	8.7	11.0	15.0	8.2	13.0
Nondurables less food	181.7	183.4	187.0	190.6	5.9	7.1	9.6	21.1	6.5	15.2
Nondurables less food and apparel 1/	193.9	196.5	200.5	205.8	8.4	7.8	11.0	26.9	8.1	18.7
Nondurables 1/	201.4	204.5	207.6	210.6	11.0	6.3	9.9	19.6	8.7	14.6
Services less rent	229.8	232.6	234.9	237.5	11.0	10.9	6.0	14.1	11.0	9.9
Services less medical care 1/	216.8	219.0	220.8	222.9	10.7	11.2	6.9	11.7	11.0	9.3
Energy 1/	231.8	235.3	241.7	251.2	12.8	8.2	9.9	37.9	10.5	23.1
All items less energy 1/	202.9	205.3	207.1	209.0	11.2	8.5	8.1	12.6	9.8	10.3
All items less food and energy 1/	196.8	198.5	200.2	202.1	10.1	9.9	6.6	11.2	10.0	8.9
Commodities less food and energy	178.3	179.6	180.7	182.2	9.4	6.4	9.5	9.0	7.9	9.3
Energy commodities 1/	226.9	231.5	240.0	253.9	12.3	10.1	16.7	56.8	11.2	35.3
Services less energy	219.2	221.6	223.7	226.0	10.3	10.7	7.0	13.0	10.5	10.0

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 6. Consumer Price Index for urban wage earners and clerical workers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes: Jan. 1979	Indexes: Feb. 1979	Indexes: Mar. 1979	Indexes: Apr. 1979	Percent change to Apr. 1979 from—: Apr. 1978	Feb. 1979	Mar. 1979	Percent change to Mar. 1979 from—: Mar. 1978	Jan. 1979	Feb. 1979
U.S. city average			204.7	207.1	209.3	211.8	10.7	2.3	1.2	10.3	2.2	1.1
Chicago, Ill.-Northwestern Ind.	M		199.7	202.4	206.2	208.1	11.5	2.8	.9	11.1	3.3	1.9
Detroit, Mich.	M		204.9	208.8	211.6	213.3	12.4	2.2	.8	12.6	3.3	1.3
L.A.-Long Beach, Anaheim, Calif.	M		199.7	202.3	204.4	208.8	10.5	3.2	2.2	9.2	2.4	1.0
N.Y., N.Y.-Northeastern N.J.	M		202.3	204.7	206.3	208.1	7.9	1.7	.9	7.5	2.0	.8
Philadelphia, Pa.-N.J.	M		203.9	205.8	206.8	209.1	9.2	1.6	1.1	9.0	1.4	.5
Anchorage, Alaska	1	10/67	197.3	-	200.5	-	-	-	-	10.9	1.6	-
Baltimore, Md.	1		205.0	-	210.4	-	-	-	-	7.5	2.6	-
Boston, Mass.	1		200.7	-	204.3	-	-	-	-	8.8	1.8	-
Cincinnati, Ohio-Ky.-Ind.	1		212.3	-	216.7	-	-	-	-	12.7	2.1	-
Denver-Boulder, Colo.	1		218.0	-	225.0	-	-	-	-	15.0	3.2	-
Miami, Fla.	1	11/77	109.2	-	112.4	-	-	-	-	9.9	2.9	-
Milwaukee, Wis.	1		201.6	-	209.5	-	-	-	-	12.3	3.9	-
Northeast Pennsylvania	1		202.1	-	206.6	-	-	-	-	10.4	2.2	-
Portland, Oreg.-Wash.	1		212.1	-	215.8	-	-	-	-	12.5	1.7	-
St. Louis, Mo.-Ill.	1		201.4	-	207.0	-	-	-	-	12.5	2.8	-
San Diego, Calif.	1		212.5	-	218.6	-	-	-	-	14.3	2.9	-
Seattle-Everett, Wash.	1		200.4	-	205.8	-	-	-	-	10.2	2.7	-
Washington, D.C.-Md.-Va.	1		209.4	-	213.4	-	-	-	-	11.8	1.9	-
Atlanta, Ga.	2		-	202.7	-	208.3	10.3	2.8	-	-	-	-
Buffalo, N.Y.	2		-	203.1	-	207.2	9.5	2.0	-	-	-	-
Cleveland, Ohio	2		-	211.0	-	216.1	13.3	2.4	-	-	-	-
Dallas-Fort Worth, Tex.	2		-	206.3	-	211.4	11.4	2.5	-	-	-	-
Honolulu, Hawaii	2		-	196.0	-	200.0	10.3	2.0	-	-	-	-
Houston, Tex.	2		-	223.1	-	227.7	12.2	2.1	-	-	-	-
Kansas City, Mo.-Kans.	2		-	204.2	-	211.0	11.9	3.3	-	-	-	-
Minneapolis-St.Paul, Minn.-Wis.	2		-	212.5	-	216.0	10.8	1.6	-	-	-	-
Pittsburgh, Pa.	2		-	208.6	-	212.3	11.7	1.8	-	-	-	-
San Francisco-Oakland, Calif.	2		-	204.2	-	209.3	8.8	2.5	-	-	-	-
Region 3/												
Northeast	2	12/77	-	110.1	-	112.0	9.4	1.7	-	-	-	-
North Central	2	12/77	-	112.4	-	115.1	11.6	2.4	-	-	-	-
South	2	12/77	-	111.7	-	114.2	10.8	2.2	-	-	-	-
West	2	12/77	-	111.0	-	114.1	10.9	2.8	-	-	-	-
Population size class 3/												
A-1	2	12/77	-	110.2	-	112.6	9.7	2.2	-	-	-	-
A-2	2	12/77	-	111.4	-	114.1	11.0	2.4	-	-	-	-
B	2	12/77	-	112.0	-	114.7	11.1	2.4	-	-	-	-
C	2	12/77	-	112.3	-	114.6	11.2	2.0	-	-	-	-
D	2	12/77	-	111.3	-	113.7	10.6	2.2	-	-	-	-
Region/population size class cross classification 3/												
Northeast/A	2	12/77	-	109.1	-	110.9	8.6	1.6	-	-	-	-
North Central/A	2	12/77	-	112.7	-	115.6	12.0	2.6	-	-	-	-
South/A	2	12/77	-	111.6	-	114.1	10.8	2.2	-	-	-	-
West/A	2	12/77	-	109.9	-	113.3	10.3	3.1	-	-	-	-
Northeast/B	2	12/77	-	111.0	-	113.2	10.1	2.0	-	-	-	-
North Central/B	2	12/77	-	113.1	-	115.7	11.7	2.3	-	-	-	-
South/B	2	12/77	-	111.7	-	114.3	10.9	2.3	-	-	-	-
West/B	2	12/77	-	112.4	-	115.5	11.7	2.8	-	-	-	-
Northeast/C	2	12/77	-	113.1	-	115.2	11.6	1.9	-	-	-	-
North Central/C	2	12/77	-	111.5	-	113.7	10.5	2.0	-	-	-	-
South/C	2	12/77	-	112.3	-	114.9	11.3	2.3	-	-	-	-
West/C	2	12/77	-	112.6	-	114.7	11.4	1.9	-	-	-	-
Northeast/D	2	12/77	-	110.7	-	113.3	10.5	2.3	-	-	-	-
North Central/D	2	12/77	-	112.1	-	114.6	11.3	2.2	-	-	-	-
South/D	2	12/77	-	110.8	-	113.1	9.9	2.1	-	-	-	-
West/D	2	12/77	-	111.3	-	113.3	10.5	1.8	-	-	-	-

1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
M - Every month.
1 - January, March, May, July, September, and November.
2 - February, April, June, August, October, and December.

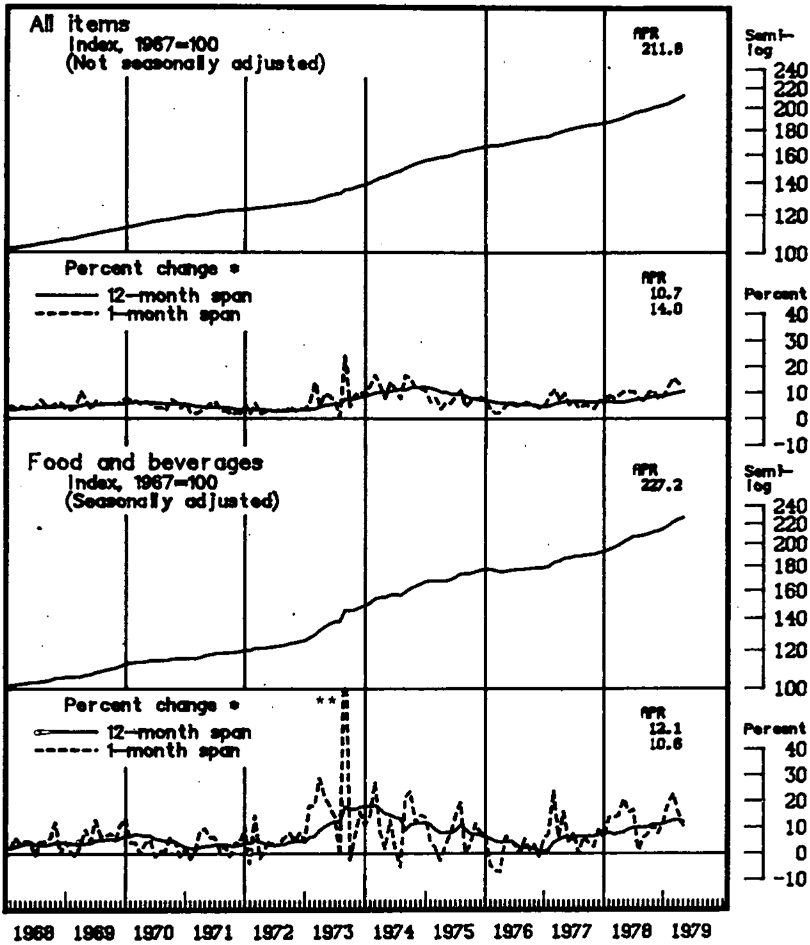
3/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:

A-1	More than 4,000,000.
A-2	1,250,000 to 4,000,000.
B	385,000 to 1,250,000.
C	75,000 to 385,000.
D	Less than 75,000.

Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

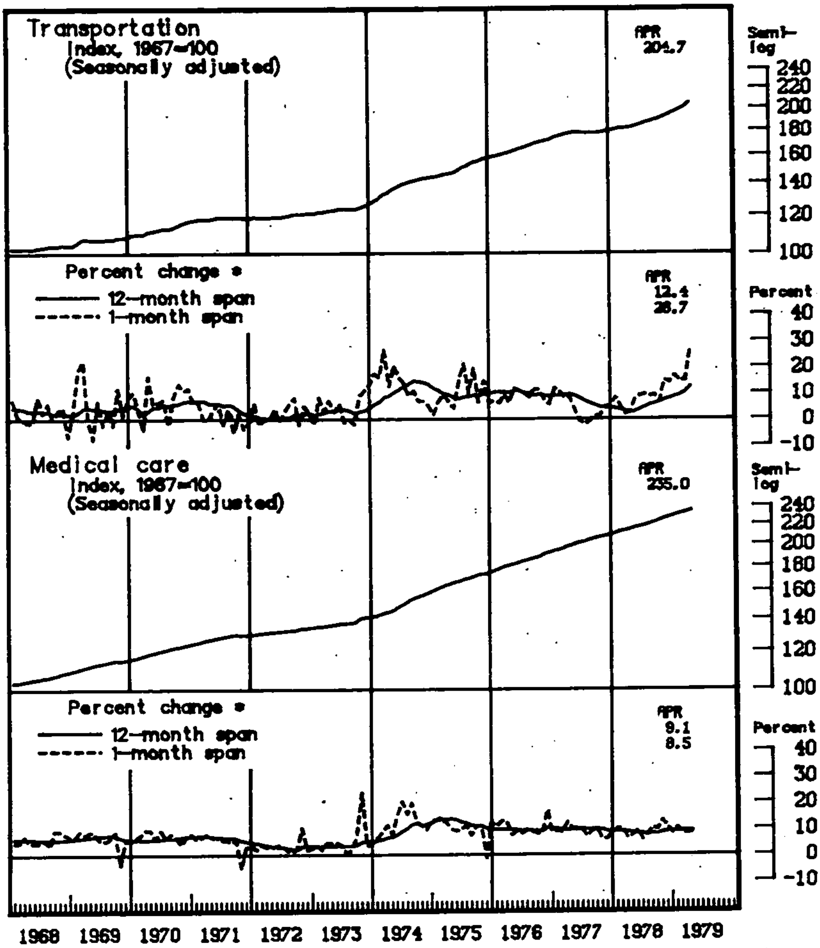
CHART 1: CPI for Urban Wage Earners and Clerical Workers
All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

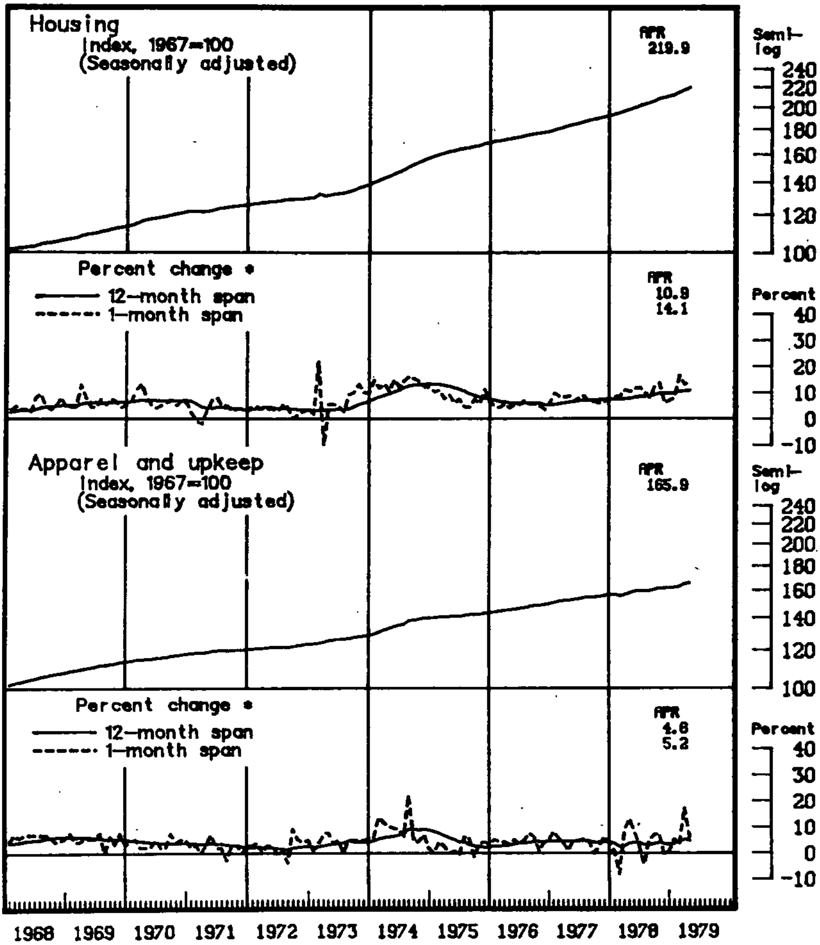
** August 1972 = 92 percent

CHART 2: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



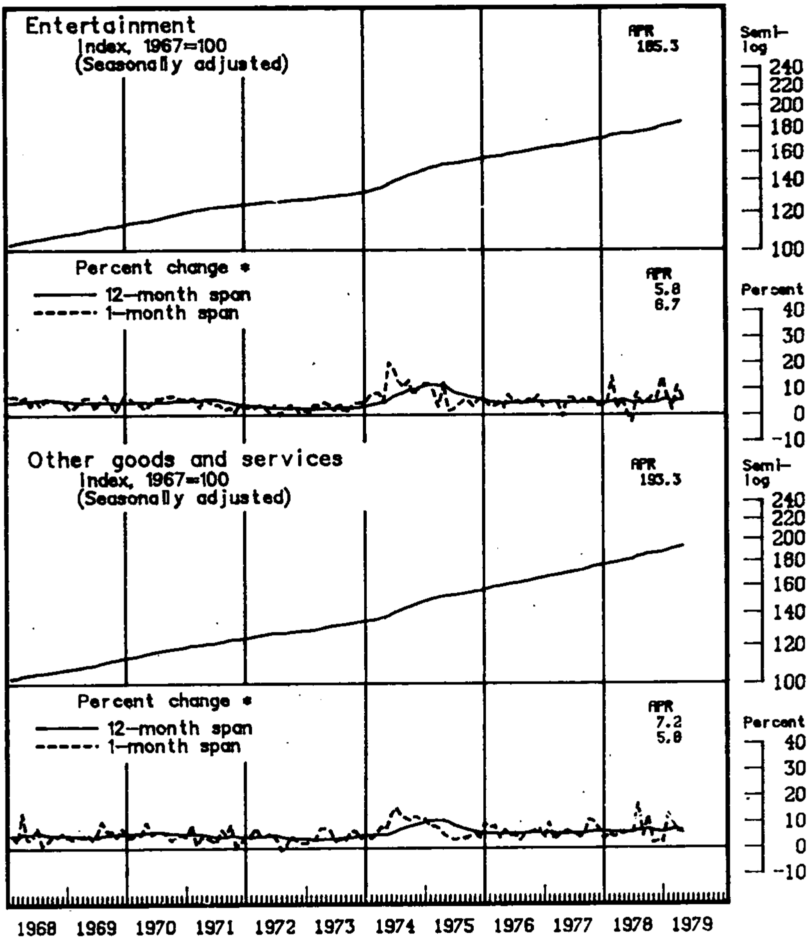
* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

CHART 3: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12–month percent change. Percent changes over 1–month spans are annual rates calculated from seasonally adjusted data.

CHART 4: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

Representative MOORHEAD. Madam Commissioner, in ancient days when the messenger brought bad news to the king, the messenger brought bad news to the king, the messenger was immediately killed. Fortunately, I am not a king, and times have changed.

I can't say that you bring us good news except I do commend you on the job you are doing—besides being the messenger—which is to bring accurate messages to us.

I think you are on the right track there. I commend you for that. Obviously, you are just reporting statistics, not causing the bad news that you report to us.

One thing that struck me was the 6-percent rise in gasoline prices for April. That's more than the 100 percent at an annual rate. If this keeps up, gasoline will be more than $1.50 per gallon by next summer.

First, is my arithmetic correct on that?

Ms. NORWOOD. Sounds roughly as though it is, sir.

Representative MOORHEAD. Unfortunately it is.

I'm aware that some important prices, raw foods, such as beef and world oil prices—which affect the price of gasoline—are not subject to the program of wage and price guidelines announced by the President last October.

We are now 6 months into that program. The inflation figures are looking no better.

Can you tell from the CPI statistics whether the standards are having an effect in the areas that are covered?

Ms. NORWOOD. We, of course, are not in the business of evaluating the guidelines. We try our best to report on what has happened.

We have, however, tried to look at the elements of the index that appear to be covered by the guidelines. Perhaps Mr. Layng might tell you something about the results of that approach.

Mr. LAYNG. Many major components of the CPI, as you have indicated, are either subject to special standards or special factors such as energy.

We have looked at some of these components by eliminating some of those from the overall index, looking at the residual. Unfortunately, when you look at that, you take out a substantial portion of the market basket included in the CPI, as much as one-half of it. For example, if you exclude food, take out housing, home purchase, mortgage interest rates, property taxes, energy, and things like that, it accounts for a very large portion of the Consumer Price Index market basket.

Be that as it may, we did make that calculation to see what happened to what was left—the residual—for the 6-month period beginning in October of last year relative to the period—the base period of the program, which was 1976–77.

On that basis, there hasn't been a great deal of deceleration relative to the base period nor relative to the year prior to October 1978.

Representative MOORHEAD. I want to be sure I hear you correctly. This is kind of "cave of the winds."

You said there has been no deceleration?

Mr. LAYNG. No.

For example, if you look at October 1975 to October 1976, and you take this residual category, there was an increase of 6.6 percent. From October 1976 to October 1977, the increase was 5.9 percent. Those 2-year periods comprise the base period for the program.

There's another year in between that, from October 1977 to October 1978, the year immediately preceding the beginning of the program, the increase for that year was 6.5 percent.

So far this year, from October 1978 to April 1979, the annual rate of increase has been 7.3 percent in that residual category.

Representative MOORHEAD. Commissioner, you mentioned new cars and paper in your testimony. Those would be items that would be under the guidelines. Yet the increases there were above the general CPI level; is that correct?

Ms. NORWOOD. Yes. Some of them certainly were. However, as you know, guidelines provide for several ways of calculating the price changes. There is no way of our knowing whether they were or were not effective.

One would have to look at what might have happened in the absence of a guideline program.

Representative MOORHEAD. I can understand that very easily with respect to automobiles. You have more options, more included accessories and the like. Paper, it seems to me, would be pretty standard, would it not?

I think you could apply guidelines to paper and get an answer as to whether they were within the guidelines or not much more easily.

Ms. NORWOOD. The guidelines, as you know, are not really oriented toward specific products. They are oriented basically toward companies and covered the whole range of products that the companies had produced.

So it might well be that there are particular parts of the output of the company which would go up more than others; others just would not be a part of that pricing policy, and they would still be in compliance.

One of the reasons that we talked about paper and some of the chemical products is because they seem to be affected very much by increased demand. They are, of course, basic inputs into many other manufactured products.

They are extremely important as intermediate materials.

Representative MOORHEAD. Madam Commissioner, how about the wage side of the equation? I am aware that there are different measures of wage and benefit increases.

Have we enough time, enough statistics, to know how the 7-percent standard is faring across the economy as a whole?

Ms. NORWOOD. That, too, is very difficult to interpret, sir.

We do know that average hourly compensation has been going up somewhere in the 9-percent range.

We know that average hourly earnings and our Employment Cost Index, and a whole set of other wage statistics which do not include fringe benefits, have been in the 7- to 8-percent range.

The specific collective bargaining agreements are much more difficult to cost out. It is to those that the guideline—7-percent guideline—relates.

Real earnings, of course, have been either level or declined, depending upon which measure you pick out.

Representative MOORHEAD. Am I correct that for the period from October to April, the annual rate of increase for items covered by the guideline is about 7.3 percent, which is below the total CPI?

Ms. NORWOOD. Yes, sir. That is correct.

Representative MOORHEAD. I won't ask you to make a judgment on this but that to me seems to indicate that the guideline is having some effect and our major concern has to be on items not covered by the guideline. You don't need to comment on that.

Ms. NORWOOD. I think I would like to comment on the data. I think that it is important to note that when you take out things like energy and home purchase and food—which are not susceptible to control by guidelines that you are eliminating a very large part of the Consumer Price Index. That's the first point.

The second point that is important in the numbers Mr. Layng just gave to you is that if you compare that 7.3 percent to the numbers for the preceding years, 1975 to 1976, 1976 to 1977 or 1977 to 1978 the 7.3 percent is a bit higher than the numbers for the preceding year.

Representative MOORHEAD. Madam Commissioner can you make any judgments on the basis of the Wholesale Price Index—I am still thinking Wholesale Price Index rather than PPI—or other indicators on how the Comsumer Price Index is likely to behave in the months ahead?

Ms. NORWOOD. As I tried to indicate in my oral statement that sometimes is very difficult to do.

The food component of the CPI is the one which really is most likely to follow at least to some extent the Producer Price Index change.

Some of the commodities in our food index in the CPI did follow that trend, fruits and vegetables, and pork declined as did the PPI.

On the other hand, this month at least, the drop in beef and veal prices that occurred in the PPI have not shown up in the CPI.

We don't know what the future will bring. I did say—and I do believe—that if prices for food in the PPI at the producer price level continue to decline that those declines will show up in the CPI; perhaps not in a single month after the decline, but they do tend to push through to the consumer level.

Representative MOORHEAD. What about nonfood items?

Ms. NORWOOD. The nonfood items are much more difficult to track. Many of the items go through several stages of processing before they come into the finished consumer product; and there certainly is some relationship, but it is not as clear as is the relationship of the producer prices and consumer prices in the food area.

Representative MOORHEAD. How does inflation in the United States stand in comparison with inflation rates in other major economies?

Ms. NORWOOD. A lot of countries are experiencing high rates of price increases, of course.

The rates in the United States appear, however, to be somewhat faster than those in Switzerland, Germany, Japan, Sweden, and Canada.

We appear to have inflation in consumer prices going up at about the same rate in the United States as in the United Kingdom and in France.

Italy has a higher rate of inflation than we have in the United States.

I have a table on that which I would be glad to submit for the record.

Representative MOORHEAD. Without objection, that will be made part of the record.

[The following table was subsequently supplied for the record:]

CONSUMER PRICES IN 9 COUNTRIES, PERCENT CHANGE FROM SAME PERIOD OF PREVIOUS YEAR, 1972–79

Period	United States [1]	Canada	Japan	France	Germany	Italy	Sweden	Switzerland	United Kingdom
1972	3.3	4.8	4.9	6.2	5.5	5.7	6.0	6.7	7.1
1973	6.2	7.5	11.7	7.3	6.9	10.8	6.8	8.7	9.2
1974	11.0	10.9	23.2	13.7	7.0	19.1	9.9	9.8	16.0
1975	9.1	10.8	11.7	11.8	6.0	17.0	9.8	6.7	24.2
1976	5.8	7.5	9.4	9.6	4.5	16.8	10.3	1.7	16.5
1977	6.5	8.0	8.1	9.4	3.9	18.4	11.4	1.3	15.8
I	5.8	6.8	9.4	9.0	4.0	21.7	9.4	1.0	16.5
II	6.8	7.6	8.9	9.9	3.9	18.8	10.8	1.4	17.4
III	6.7	8.4	8.0	9.9	4.0	18.5	12.9	1.5	16.6
IV	6.6	9.1	6.4	9.2	3.7	15.1	12.5	1.3	13.1
1978	7.7	9.0	4.2	9.1	2.6	12.1	10.0	1.1	8.3
I	6.6	8.8	4.6	9.2	3.1	12.8	13.6	1.1	9.5
II	7.0	8.9	4.0	9.0	2.7	12.1	10.9	1.4	7.7
III	8.0	9.3	4.4	9.3	2.4	11.9	8.3	1.0	7.8
IV	9.0	8.6	3.8	9.5	2.3	11.6	7.5	.6	8.1
July	7.7	9.8	4.6	9.3	2.6	12.1	8.6	1.1	7.8
August	7.9	9.4	4.6	9.4	2.4	11.7	8.3	1.2	8.0
September	8.3	8.6	4.1	9.2	2.2	12.0	7.9	.8	7.8
October	8.9	8.7	3.7	9.3	2.1	11.5	7.8	.4	7.8
November	9.0	8.9	3.8	9.5	2.3	11.6	7.4	.7	8.1
December	9.0	8.4	3.9	9.7	2.4	11.6	7.4	.7	8.4
1979:									
I	9.8	9.1	3.0	10.1	3.0	12.9	5.8	1.9	9.6
II	10.7	9.3	3.3	10.1	3.7	13.6	6.1	3.2	10.6
January	9.3	8.9	3.6	10.2	2.9	12.6	5.9	1.1	9.3
February	9.9	9.2	2.8	10.1	2.9	13.1	5.5	2.1	9.6
March	10.2	9.3	2.7	10.1	3.3	13.1	6.0	2.4	9.8
April	10.4	9.8	2.9	10.0	3.5	13.5	6.0	2.6	10.1
May	10.8	9.3	3.2	10.1	3.7	13.7	6.0	2.8	10.3
June	10.9	8.9	3.8	10.2	3.9	13.6	6.4	4.1	11.4
July	11.3	8.1	4.3	10.3	4.6	13.9	6.7	4.4	15.6
August	11.8	8.4	----------	10.8	4.9	[2] 14.4	[2] 8.3	----------	15.8

[1] All urban households from January 1978; before January 1978, urban wage earner and clerical households.
[2] Preliminary estimate.

Source: U.S. Department of Labor, Bureau of Labor Statistics, October 1979.

Representative MOORHEAD. Do you have any analysis for the reasons for the differences between the lower rate in Germany and the equal rate to us in the United Kingdom?

Ms. NORWOOD. That is, of course, an extremely difficult thing to do because one would have to look at many of the changes in the economy.

One very important issue, of course, is the differences in productivity trends. Japan, for example, has had a much higher increase in productivity and a lower increase in prices than we have had in this country.

Representative MOORHEAD. I think this is probably the greatest issue facing the United States. If we are going to cure inflation, we have to increase productivity rates. Ours has actually been falling, or at least the rate of increase has dropped dramatically.

Ms. NORWOOD. Yes.

Representative MOORHEAD. Do you have any analysis that would be helpful to us on that?

Ms. NORWOOD. We certainly have been working very hard in that area. I agree with you that the productivity situation is very critical.

There are a lot of reasons, we think, for the drop on the rate of productivity growth, particularly since 1973.

In general, I think that they can be grouped in a few categories. One is, of course, the changes in the demographic composition of the labor force.

We have now a very large group of young people and women who have not had previous work experience, who are coming into the labor force with less experience and perhaps, in some cases, less training than prime-age male workers have had in the past.

That, of course, will change in the future as the age structure of the population changes, because we will have a change in the age of the population ahead of us.

The second area that appears to be extremely important is the capital-labor ratio. That is one where there's a lot of discussion about what the causes are, but certainly the capital-labor ratio in recent years has not been as good for productivity as it had been earlier.

There are also other explanations that are being looked at. There is the question of innovation, research, and development, for example.

There is also the question of the cost of certain kinds of regulation, although that one is an issue that is involved also in the measurement of productivity.

One has to look at the benefits of regulation and in some ways at the cost of not regulating as well as the cost of regulating.

Nevertheless, in productivity numbers, we only look at the cost of whatever the new equipment, for example, for cleaning up the air, might be.

Representative MOORHEAD. Concerning the people aspect of productivity, you talked about the younger workers and new entrants into the job market.

As time passes, the demographics change and the work experience changes. We should—on the people side, not the capital investment side—almost automatically see an improvement?

Ms. NORWOOD. That's right.

Representative MOORHEAD. So then we get to the capital investment side. Anything that can be done to stimulate capital investment would be good on the productivity side; is that correct?

Ms. NORWOOD. Yes, sir. It certainly would.

There are some studies that would show that the capital-labor ratio has not been as important before 1973 as some people think in this area. Some of our work has demonstrated that. But it is certainly something that needs to be looked at.

The other element, of course, is energy. The added cost of energy, perhaps the substitution of other factors of production for energy. That would affect productivity numbers.

Representative MOORHEAD. You say to economize we are using more human power?

Ms. NORWOOD. Possibly.

Representative MOORHEAD. That is fascinating.

Congresswoman Heckler.

Representative HECKLER. Thank you, Congressman Moorhead.

Commissioner, it is always a pleasure to see you. I must say you are bringing bad news.

I think, frankly speaking, that it is hard to realize which problem is greatest: energy, unemployment, or inflation. Obviously, inflation is the abiding one.

It is very difficult to look and listen to your reports and try to decide what to do about a problem that is definitely out of hand in the United States.

It took us 11 years for the CPI to double, from 1967 to 1978. The inflation average was 6 to 7 percent in those years. Now inflation is more than 10 percent on a year-to-year basis. At this rate we will double in 7 years.

Things are rapidly becoming worse. This is extremely disturbing.

I think it is particularly hard on the elderly and on the retired. In fact, it is not surprising to me that the main thrust of the testimony before the Committee on Aging in this Congress was a request from many older people who wanted to have all retirement ages abolished. They simply did not want to have to retire. Whatever money they put aside was going to be worthless. They couldn't afford to retire.

We are really in a very distressing period. Yet, it seems the only beneficiary of inflation is the Government. Government does receive more revenues.

In all of the expenditure categories listed in the back of the CPI, nowhere is there an examination of taxes. Taxes at all levels of government are rising sharply are are increasing prices.

Is there any way to get a measure of the effect of taxes on the Price Index? Have you looked at that?

Ms. NORWOOD. We have spent a lot of time doing research in this area. You should know, Congresswoman Heckler, that the CPI includes only those taxes which are directly associated with the purchase of a commodity. So that sales tax is included; an excise tax would be included. Income taxes are not included in the CPI.

Representative HECKLER. You have been able to measure just the direct tax impact; is that right?

Ms. NORWOOD. Not of income taxes. They are not included.

Representative HECKLER. Right.

I have never seen any kind of breakdown of the impact of taxes on prices.

Ms. NORWOOD. We are trying to break out sales taxes. We expect, Mr. Layng tells me, by the end of the year to be able to provide that kind of information.

Representative HECKLER. I think that would be very useful and quite shocking, in fact.

I think the Government component of the inflationary spiral has never been anlyzed as it should have been. You do expect to have at least the effect of sales taxes?

Ms. NORWOOD. Yes. I emphasize, it will not be the income tax. That's not included in the CPI. That is, in fact, the area, I think, which one would want to look at more carefully to follow through on the kinds of things you are interested in.

Representative HECKLER. Of course, income taxes get built into wages in a sense.

Ms. NORWOOD. Yes.

Representative HECKLER. That is also related to prices. You are in a sense involved in them, but you are not measuring them?

Ms. NORWOOD. We are not—yes. I suppose that is right. Certainly. They are indirectly there.

Representative HECKLER. Obviously, as the rate of inflation increases, there's a great public outcry; and it is very hard to see from your statement today whether any improvement in the economy is attributable to the voluntary wage and price control system.

Would you agree with that?

Ms. NORWOOD. Yes; I think I would agree with that. It is difficult to determine with accuracy, but I would emphasize that one really would have to look at what would have happened without the guidelines. You don't really know that.

Representative HECKLER. That isn't exactly encouraging news when we have gotten such bad results from the guidelines.

Obviously, the public pressure will be growing, I think, to move to the next step which will be a mandatory wage and price control system. We know if we impose that, we will have the same experience we had before.

That is, as soon as they are lifted—and they will ultimately have to be lifted because of the growing pressures that always occur—inflation will be worse than when the controls began.

Do you think the administration is likely to seek the authority to impose wage and price controls?

Ms. NORWOOD. I don't know, Congresswoman Heckler.

We report on what has happened. We leave policy decisions to other people.

Representative HECKLER. What are your feelings about wage and price controls as a means of fighting inflation? Have you seen them as an effective mechanism?

Ms. NORWOOD. I don't think that's a question for me to answer either.

Representative HECKLER. I would like to ask you about the importance of the transportation component of the CPI. What would be the effect of the deregulation of the trucking industry on the CPI?

Ms. NORWOOD. If you include gasoline and new cars and air fares, railroads, and so on, it comes to about 17 percent.

Deregulation of trucking would certainly have some effect on the prices of commodities that are transported in trucks and would, therefore, show up in the CPI; but how, we would have no way of knowing.

Representative HECKLER. Have you assessed the impact of airline deregulation?

Ms. NORWOOD. No.

Representative HECKLER. So we have no measurement of that?

Ms. NORWOOD. No.

Representative HECKLER. Recently, Mr. Bosworth said the gasoline price hikes were in part due to the confusing regulations of the Department of Energy. Do you agree with this?

How much of the increase in these prices is attributable to DOE regulation? Can you give us an assessment of that?

Ms. NORWOOD. No; I don't know that, either. We do know gasoline prices went up roughly 18 percent in the Producer Price Indexes and also at about the same rate in the CPI from April to—I am sorry, from October to April.

Representative HECKLER. You mentioned the wage and hourly earnings figures are up sharply. They have not kept pace with inflation or taxes. Real income is down sharply, 4.5 percent less than a year ago.

Obviously, we cannot blame labor for inflation under these circumstances. Will the guidelines do any good if Government and OPEC are the cause of the increases and not labor?

Ms. NORWOOD. Of course, the guidelines are designed to apply to those sectors of the economy in which inflation could be eased through the use of guidelines.

Clearly, some sectors—many food items and also many of the energy items which are dependent so much on the price of crude oil imports—would not be affected by the guidelines.

I don't think that anyone had ever expected that they would be.

Representative HECKLER. Will you please repeat that about food?

Ms. NORWOOD. Many of the food items are not included in the guidelines.

Representative HECKLER. Right.

Ms. NORWOOD. Or the guidelines are not related to them.

Representative HECKLER. How much does the expectation of inflation contribute to inflation?

Ms. NORWOOD. I believe a great deal. I think that you need only look at the way in which people are borrowing money, for example; at the way houses are purchased in spite of high mortgage interest rates; and I think you can see that that perhaps is one of the most difficult problems.

That is one of the things, too, that I think the guidelines policy has been designed to try to deal with.

Representative HECKLER. I think this is true. It's very hard to find anyone with confidence that inflation will stop, that the Government is going to do something about inflation, considering the performance record. The public has no expectation that inflation will stop or that there is a war on inflation in Washington.

I think that's why we have the problem of expectations.

Ms. NORWOOD. Congresswoman Heckler, we also should take into account, of course, the fact that in a lot of cases income is adjusted by the CPI so that the expectation is balanced by the fact that people expect that their incomes will at least in some measure be raised if inflation continues.

Representative HECKLER. Yes. The expectation can be somewhat comforting to those in the work force; but to the retired person who has no expectation of real gains, except in the increase in social security, that person is just horrified and at a total loss to deal with this.

I am also interested in a question you mentioned earlier. In response to a question by Congressman Moorhead about the inflationary trends in other countries. You made the statement that our inflationary rate is increasing at a faster rate than, for example, Switzerland, Germany, or Japan.

I am wondering, is there any policy that any of these countries instituted that had a measurable effect in slowing down the growth of inflation?

I have a feeling that Germany did something that really tightened the money supply and tightened spending and so forth and went into sort of an austere program for a while.

You are shaking your head. I would like to have your answer.

Ms. NORWOOD. I think you are quite right that there have been different policies. There have been different conditions.

There, I might say also, are different employment experiences in many of these countries.

In some of them, I think that productivity is perhaps more of an explanation than in others.

Representative HECKLER. Do you know what specific policies Germany implemented to slow down their inflationary spiral?

Ms. NORWOOD. No. I haven't really looked into that very carefully.

Representative HECKLER. There might be a lesson to be learned there.

Some of those involved in econometrics have set up models of inflation with several components. They see a basic core rate formed of expectations as well as unit labor and capital cost trends. They see a demand component on top of the core rate which further drives inflation up or down.

They see a shock variable made up of things like OPEC or food prices.

With your background in measuring the CPI, how do you view this kind of modeling? Can we single our variables and measure their impact on inflation?

Ms. NORWOOD. Well, I think it is always useful to use whatever techniques are available to us to try to analyze the economy.

I do not believe that we can use any single approach. When we have a difficult problem, we need to look at it in a lot of different ways.

I know that there are a number of groups who have econometric models of the economy. I think they are doing a pretty good job of it.

I might point out, however, they disagree somewhat in the results they come up with.

Representative HECKLER. This is the most perplexing problem that we actually face. We are constantly striving for new directions. It is my strong recollection that inflation was fueled after the latest round of wage and price controls expired.

We had an inflationary burst which brought us back almost to a situation worse than that at the beginning of wage and price controls. Is that accurate?

Mr. LAYNG. I think that was one factor that contributed to the 1973–74 experience. We also had the Arab oil embargo that occurred during that period. That touched off another round, I think, of energy inflation. That's the first one we really experienced.

In addition to that, I believe the effects of exports of wheat were in there, so there were several factors, I believe, operating. That certainly was one.

When the controls were lifted there was a surge of prices; that's correct. I think there were other factors which made it that much worse during that period.

Representative HECKLER. Do you have any confidence that were we to go to another system of mandatory wage and price controls that we would really be able to put the lid on inflation?

Mr. LAYNG. That's a very difficult question.

Representative HECKLER. Do you have an opinion on that?

Ms. NORWOOD. We don't have opinions. At least not for publication. I think one of the reasons that we in the Bureau of Labor Statistics have credibility is because we really try very hard to give the best possible explanation we can of what has happened and try not to get involved in questions of what should be done about it.

Representative HECKLER. If your information is going to be valuable, we will have to learn a few lessons from the past to hopefully avoid making the same mistakes. It seems we are definitely facing the potential imposition of wage and price controls.

If they failed earlier, then we should be able to draw a conclusion from that and seek another answer.

Ms. NORWOOD. Yes.

Representative HECKLER. I am wondering, is it possible for you to provide us with a summary of the CPI in that period after the lifting of the wage and price controls? Could you give us a summary of what happened in the economy?

Ms. NORWOOD. Surely, We would be glad to.

Representative HECKLER. I would find that very useful.

Ms. NORWOOD. We will be glad to provide you with information on what happened to prices at that time.

[The following information was subsequently supplied for the record:]

PERCENT CHANGE, SEASONALLY ADJUSTED ANNUAL RATES

From—	To—	All items	Food and beverages	Housing	Apparel and upkeep	Transportation	Medical care	Entertainment	Other
December 1970	August 1971	3.7	4.2	3.4	2.0	3.1	6.3	4.5	4.4
August 1971	November 1971	2.0	2.4	3.6	2.0	−2.3	.9	2.6	4.0
November 1971	January 1973	3.7	5.8	3.3	2.6	1.9	3.3	2.4	3.6
January 1973	June 1973	8.7	20.2	5.1	5.3	5.4	3.8	3.6	5.7
June 1973	August 1973	11.9	37.9	6.0	2.4	−.5	1.3	2.8	3.2
August 1973	April 1974	10.3	10.0	11.7	7.6	12.7	9.0	5.9	5.8

Source: Bureau of Labor Statistics, U.S. Department of Labor, Washington, D.C., June 1979.

Representative MOORHEAD. Would the gentlewoman yield?

Representative HECKLER. Yes.

Representative MOORHEAD. Correct me if I am wrong, but what I would like is just a historical perspective of what you would have projected for the rate of inflation without the 1971 wage and price controls over the proper period as compared to what it was with—not asking for opinions, just the facts.

Ms. Norwood. That is not really possible, because one would have to sit back and forecast what would have happened. We don't make those kinds of forecasts.

We certainly will be glad to provide you with a review of what happened.

Representative MOORHEAD. I am really looking for a hindcast, not a forecast.

You see what we are driving at?

Ms. NORWOOD. Yes; I understand fully. It's a difficult situation.

Representative MOORHEAD. We have to make a policy decision as to whether mandatory wage and price controls would be better for the country. The best way we can make that is to look at the past history.

We don't have the statistics that you have. Isn't that right?

Representative HECKLER. That is true, indeed. I think also we can deal with the review that you can provide, which would be helpful. That will give us a clear indication of what happened in our own country in a very recent period.

We can also use the history and experience of wage and price controls in other countries.

Mr. LAYNG. Excuse me. Let me just add a point you made before. I think, Congresswoman Heckler, you yourself asked the question of whether it was possible to separate out the impact of variables on the economy that way, using these econometric models. That's really the question that you are asking, whether you can do a study that will partition out the impact of the price controls on the price situation.

It's extremely difficult. We don't have the econometric models to do that. That's a question that you can investigate.

The real question is when you get the results—and you will get some results—how valid are they to make policy decisions on?

That's a very difficult thing.

Ms. NORWOOD. That's a question that probably ought to be asked of the Council of Economic Advisers. They do a lot of work of that kind.

Representative HECKLER. I think your statistical review will be very, very interesting, as will the experience of other countries with the same type of response to inflation.

I don't know what the West German policy was.

I know they did embark on an austere spending program in government and controlled government quite a bit.

I thank you very much. I have no further questions, Congressman Moorhead.

Representative MOORHEAD. Thank you, Congresswoman Heckler.

Let me ask one quick question. Has the Bureau of Labor Statistics provided any aid to the Council on Wage and Price Stability in tracking down the possible violations of the President's price and/or wage guidelines?

Ms. NORWOOD. No, sir. We have not. We provide the Council on Wage and Price Stability with the same data that we provide to the general public; and we do that very deliberately because the accuracy of the measures that the Bureau of Labor Statistics is able to produce is dependent upon the confidentiality of the microdata which we collect.

We are very, very careful to preserve that confidential treatment.

Representative MOORHEAD. I understand.

Turning now to your testimony, earlier you talked about the home ownership component of the CPI that has moved up 1.4 percent.

Most of the items in the CPI are things that people purchase month after month, food, gasoline, and medical care; but one item that makes up, I believe, almost a quarter of the CPI is significantly different. That is the home ownership component.

Most people don't buy a home every month. Homeowners have already purchased their home and have fixed mortgage payments; and for the person who is already a homeowner, the cost other people are paying for houses doesn't affect that individual.

Including these items the way you do in the CPI seems to overstate the impact of inflation on homeowners. Could you clear this up? What is the homeownership component?

Ms. NORWOOD. If you look at home purchases, that is the purchase of houses, and mortgage interest costs, you have about 20 percent of the index weight. The concept that is now used in the CPI, which is that which has been used in the past as well, is that the purchase price of the house is included in the index for those houses which were purchased in the survey year.

There have been questions raised about the investment aspects of houses that are owned; and there has been a lot of disagreement about it, a great deal of research has been done.

At one point during the CPI revision program, the Bureau's staff did a great deal of work in looking at the possibility of using a user cost approach; that is, that someone who owns a home gets certain services in living in that home and that it is the cost of those services rather than the whole investment potential for the house that ought to be included in the index.

That's a very controversial issue. Users were not at all convinced about it; and, moreover—quite apart from the conceptual question—there were many difficulties in the empirical estimation of a user cost function.

It was decided at the end of the CPI revision to retain the treatment in the index that we now have and that we had before.

Representative MOORHEAD. Today's New York Times quotes Federal Reserve Chairman Miller as saying, "The good news is that the economy is slowing down."

Both Charles Schultze and Alfred Kahn claim that the inflation rate will be coming down in the second half of 1979.

In view of your present CPI release, do you find these statements credible? What chances do you see for a CPI decline, or at least a decline in the rate of increase, if these gentlemen are correct that there is going to be at least a pause, if not an actual recession?

Ms. NORWOOD. I think most of the discussion has focused on employment data and on orders and many of the other aspects of data, gross national product and other kinds of data other than prices.

Prices certainly, as I indicated in my earlier testimony, through the first 4 months of this year, are pushing ahead rapidly.

We already have had, from December to April, a little more than 4 percent increase; so one can look at that and say, "Well, if you were below double-digit levels—say, 9 percent or so, or 8 percent—what would you have to get between now and the end of the year to have an overall rate for the year, at let's say, 8 percent or at 9 percent?"

At 8 percent, you would probably have to have an average monthly change between now and the end of this year of about 0.450.

For a 9-percent change, you would have to have about 0.556 on an average monthly basis.

That compares to rates that we have had of somewhat over 1 percent a month. That's just arithmetic.

Representative MOORHEAD. There was an article in the August 1978 Monthly Labor Review in which two BLS economists found that the pattern of movements in unit labor costs in the last two recessions was against the conventional wisdom that cost pressures are diminished in periods of recession, although the period of earlier recessions tended to confirm this view.

If we have a recession this year, would this reduce unit labor cost pressures as earlier recessions did, or wouldn't it?

Ms. NORWOOD. I don't know that we will have a recession. I don't know if we were to have one what would occur; but I think there are some clear indications that changes in the business cycle in the recent period are accompanied by some very different statistics than the changes that, in earlier periods, occurred.

One of the most important elements there, of course, is the continued fairly high rate of prices even during an economic downturn.

Representative MOORHEAD. We have an article from today's New York Times and one from today's Washington Post, which, without objection, I would like to put in the hearing record. If, when you review your transcript, you want to make any comments on these that you think would be helpful to the committee, we would very much appreciate it.

Ms. NORWOOD. Good. I would be glad to look at them.

[The articles referred to follow:]

[From the New York Times, May 25, 1979]

ECONOMIC OFFICIALS OPTIMISTIC

(By Judith Miller)

WASHINGTON, May 24—G. William Miller, chairman of the Federal Reserve Board, and top Administration economic advisers expressed optimism about the economy today.

"The good news is that the economy is slowing down. There will not be a recession, but rather, a pause and consolidation," Mr. Miller told the Senate Foreign Relations Subcommittee on International Economic Policy.

This view was echoed at another Senate hearing by Charles L. Schultze, chairman of the Council of Economic Advisers. Mr. Schultze said he did not believe there would be a sharp economic downturn this year and predicted that the economy would sustain "growth of a moderate amount." The inflation rate "will be coming down" in the latter part of the year, he added, but he declined to be more specific.

However, Alfred E. Kahn, chairman of the Council on Wage and Price Stability, told senators that the Administration had "a good shot" at bringing inflation under double-digit levels in the second half of the year.

AVOIDING A RECESSION

In wide-ranging testimony, Mr. Miller repeated his frequently articulated view that a recession could be avoided. The view appeared similar to that expressed earlier this month by Treasury Secretary W. Michael Blumenthal that the economy would grow this year, although only by 2 percent, after adjustment for inflation.

Mr. Miller added that he hoped the nation would emerge from the slowdown with new policies intended to stimulate investment, rather than consumption. To that end, he said, he favors increasing depreciation allowances, which, as investment incentives, "provide more bang for the buck."

In addition, he said the Federal Reserve will decide "within the next few weeks" whether to approve a "free trade zone" for international banking activity in New York City. The controversial proposal would enable banks based in the city to conduct international operations without state and city taxes, Federal Reserve requirements or interest ceilings.

EUROCURRENCY MARKET

Finally, the Federal Reserve chairman said he believed that the market in Eurocurrency—currency held outside the country of origin—was an independent source of credit and, as such, contributed to inflation—a view disputed by many Carter Administration officials. Richard N. Cooper, Under Secretary of State for Economic Affairs, told the committee later this morning that the Eurocurrency market was simply a "transmitter" of inflation.

Mr. Miller, however, said that the Group of 10, the leading non-Communist industrialized countries, had formed a study group to consider by the year's end means of regulating the Eurocurrency market.

Meanwhile, in testimony prepared for a separate hearing on Capitol Hill, Mr. Blumenthal sounded another positive note about the economy. According to his statement, which was read by Robert Carswell, Under Secretary of the Treasury, the Administration does not believe that credit controls are or will be necessary.

"Credit flows in this cycle have been remarkably well balanced," the Blumenthal testimony stated.

Mr. Blumenthal predicted that although aggregate credit demands were at a record $485 billion in 1978, demand for credit would decline this year by 10 to 15 percent. And while business borrowing has been high, "there is no evidence that business demands are preempting credit that might flow to other sectors," the statement continued.

Yet despite the encouraging trends, the Blumenthal statement urged Congress not to approve legislative proposals that would strip or limit the President's authority to impose credit controls.

[From the Washington Post, May 25, 1979]

MILLER FORECASTS "PAUSE," BUT NOT A TRUE RECESSION

(By Hobart Rowen)

Federal Reserve Chairman G. William Miller told a Senate Foreign Relations subcommittee yesterday that the U.S. economy is slowing down to a more moderate pace of activity and that "the slowdown will continue through the balance of the year."

But Miller vigorously denied that the economy would enter a true recession—a period of negative growth rates—or that a recession would be a good thing for the nation.

Asked by Sen. Paul Sarbanes (D-Md.), subcommittee chairman, to comment on a Herblock cartoon in yesterday's Washington Post, showing an adviser telling President Carter, "The good news is that our economists think a recession may be under way," Miller said:

"My response is one of sadness that we haven't come far enough in our understanding of economics. A recession would not be good news, but bad news. . . . The good news is that we're not going to have a recession, but a pause and a consolidation."

A recession would throw people out of work, boost the federal deficit, and create a demand for new spending programs, the central bank head declared.

Miller said the slowdown he foresees will enable the economy to "catch its breath," and allow officials to plan for "a return to more sustained growth."

In response to questions later, he said he would prefer "an investment stimulus to lead us out of the supply side," rather than boosting consumer spending. The major investment tool he recommended was accelerated depreciation, rather than an investment tax credit, which he termed "very expensive."

Miller's views tallied with recent expressions by the Carter administration. The president told the National Cable Television Association Wednesday he believed "the general economy is slowing down somewhat." And Economic Council Chairman Charles L. Schultze told the Senate Appropriations Committee yesterday that the economy can make the transition to slower growth without incurring a recession partly because the U.S. hadn't had "speculative overbuilding."

Miller said the objective of Federal Reserve monetary policy has been to slow the growth of the economy on an orderly basis "without placing an undue burden on any sector of the economy" or "without going into a recession."

Miller had resisted Carter administration overtures some weeks ago—which then were abandoned to make monetary policy significantly tighter, although the Fed appeared to have edged the basic federal funds rate from about 10 percent to 10¼ percent.

He gave no clues on any actions Tuesday by the system's policy-setting Open Market Committee. But the money markets appear to believe that the federal funds target rate was left unchanged, and that in general, the Fed's approach continued to be to maintain a steady policy.

On international questions, Miller said the nation's trade and current account (services plus trade) balances would benefit this year and next "from a stronger dollar." He estimated the current account deficit would be reduced to $10 to $12 billion this year from $16 billion last year, and "will be near a balance," in 1980.

Coincidentally, Carter told the newly reactivated Export Council that the dollar's long-range stability depends on the trade outlook. Citing the probability of a $10-billion reduction in the trade deficit this year. Carter said the dollar won't be permanently stabilized until the nation's trade deficit is erased.

The Export Council, which will advise Carter on international trade, and help to sell Administration policies here and abroad, passed a resolution endorsing the Multinational Trade Agreement, which Carter said would get top legislative priority this year.

Carter said that the U.S. must expand its exports to help balance its international trade accounts.

In hearings Tuesday before the Sarbanes subcommittee, Treasury Secretary W. Michael Blumenthal had estimated a reduction in the trade deficit this year by $7 to $8 billion, to a level of about $26 billion.

In related testimony yesterday Undersecretary of State Richard Cooper singled out the U.S. dependence on "costly and unreliable" sources of imported oil "as the chief single source of inflation which hurts our citizens every day in the domestic marketplace."

Sen. Jacob Javits (R-N.Y.) raised the question of the impact of cartel oil price hikes on the credit status of less developed countries, nothing that their aggregate balance of payments deficit for 1979 is estimated to rise to $30 billion.

Miller responded that it is "a very, very important issue." He said the LDC debt burden is "significant," and in the medium term, those countries will need access to private loans. But Hiller, didn't cite particular countries that may be in trouble. Private bankers do not see a general crisis, but point to Turkey, Zaire and Peru among "soft spots."

Representative MOORHEAD. Congresswoman Heckler, do you have any further questions?

Representative HECKLER. I have no further questions.

Representative MOORHEAD. I have no further questions.

Again I welcome you, Ms. Norwood, to the committee in your first appearance as Commissioner.

Mr. Layng, I thank you for your help.

I think we have developed quite a number of points here, and I think you have been very good on your footwork of avoiding policy matters but yet giving us figures on which we can hopefully make good policy decisions.

This is of great help to all of us and to all of the Members of Congress. Thank you very much, Commissioner.

Ms. NORWOOD. Thank you, sir. We in the Bureau of Labor Statistics like to be as responsive as we possibly can.

Representative MOORHEAD. I understand your constraints. We appreciate how helpful you have been within those constraints. I commend you.

One thing you have to do, of course, is to have figures that are accurate, reliable, and also believed by the people.

God bless you. Keep that good work up. Thank you.

Ms. NORWOOD. Thank you, sir.

Representative MOORHEAD. The committee is adjourned.

[Whereupon, at 11:10 a.m., the committee adjourned, subject to the call of the Chair.]

MONITORING INFLATION

TUESDAY, JUNE 26, 1979

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 318, Russell Senate Office Building, Hon. Lloyd Bentsen (chairman of the committee) presiding.

Present: Senators Bentsen and Proxmire; and Representatives Heckler and Wylie.

Also present: John M. Albertine, executive director; William R. Buechner, Paul B. Manchester, L. Douglas Lee, and M. Catherine Miller, professional staff members; Katie MacArthur and Bill Maddox, press assistants; and Mark Borchelt, administrative assistant.

OPENING STATEMENT OF SENATOR BENTSEN, CHAIRMAN

Senator BENTSEN. This hearing will come to order.

Thanks to inflation, we've seen the 1967 dollar drop to a value of less than 47 cents last month, and we're getting more bad news on inflation today. The Consumer Price Index for May rose 1.1 percent, and that's an annual rate of 14 percent.

We've been suffering through double-digit inflation now for the first 5 months of this year. It's going to take a minor miracle to get the rate down to 10 percent for the year.

As I understand it, our economic policies for the past several months have been geared to slowing down the economy in an effort to slow down the rate of inflation. Judging by what happened in May and in April and in March and the months before, we're slowing down everything but inflation.

This country is going into a recession. As we head down into it, the cost of living remains high. At this point, we're starting to see clearly the bad aspects of an economic slowdown, with none of the good.

Yesterday I proposed a $20 billion tax cut to take effect in 1980. Half of that would go to individuals to offset inflation. The other half would go to give a real transfusion to the supply side of the economy, to increase productivity in this country by encouraging new investment in machinery and plant and equipment.

The need for cutting taxes in 1980 has been downplayed up to this point by people both in and out of government. But the evidence grows daily that we need one.

I don't think our situation in the months ahead is going to be as bad as it was in 1974 and 1975, but the basic problem remains the same:

We're going to be forced to fight inflation and recession at the same time.

It's becoming clear that we need a new approach to our immediate economic problems, not to mention a totally new approach to our long-range problems.

Without objection, the press release entitled "The Consumer Price Index—May 1979" will be made a part of the hearing record at this point.

[The press release referred to follows:]

News United States Department of Labor
Bureau of Labor Statistics Washington, D.C. 20212

Patrick Jackman (202) 523-7827
523-8416
Kathryn Hoyle (202) 523-1913
523-1208

USDL-79-460
TRANSMISSION OF MATERIAL IN THIS RELEASE
IS EMBARGOED UNTIL 9:00 A.M. (EDT)
Tuesday, June 26, 1979

THE CONSUMER PRICE INDEX--MAY 1979

The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.2 percent before seasonal adjustment in May to 214.1 (1967=100), the Bureau of Labor Statistics of the U.S. Department of Labor announced today. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) also increased 1.2 percent before seasonal adjustment in May to 214.3 (1967=100). The CPI-U was 10.8 percent higher and the CPI-W was 10.9 percent higher than in May 1978.

CPI for All Urban Consumers (CPI-U)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for All Urban Consumers rose 1.1 percent in May, the fifth consecutive monthly increase of approximately 1.0 percent. The transportation component advanced sharply for the seventh consecutive month, largely due to continued increases in the prices for gasoline and new cars. Gasoline prices increased 5.0 percent in May, bringing the increase so far this year to an annual rate of 55.1 percent. The index for housing also continued to increase rapidly in May. The indexes for food and beverages continued to increase, but by much less than earlier this year. Prices in the apparel and upkeep component were unchanged in May following large increases in March and April. The entertainment component also showed a smaller increase in May. The indexes for medical care and other goods and services rose about the same as in April.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U)

Expenditure category	Seasonally adjusted: Changes from preceding month, 1978 Nov.	Dec.	1979 Jan.	Feb.	Mar.	Apr.	May	Compound annual rate 3-mos. ended May '79	Unadjusted 12-mos. ended May '79
All items	.6	.6	.9	1.2	1.0	1.1	1.1	13.6	10.8
Food and beverages	.6	.9	1.4	1.6	1.0	.9	.7	11.0	11.2
Housing	.5	.5	.6	1.3	1.0	1.1	1.2	13.8	11.3
Apparel and upkeep	.1	-.1	.2	.3	1.5	.5	0	8.4	3.9
Transportation	1.2	1.0	1.1	1.1	1.2	2.0	1.8	21.8	13.4
Medical care	1.0	.5	1.1	.6	.6	.6	.6	7.2	8.9
Entertainment	.3	.7	.8	.4	.9	.8	.5	9.0	6.6
Other goods and services	.2	.2	.7	.7	.6	.5	.5	6.4	7.5

(Data for CPI-U are shown in tables 1 through 3.)

The May index for food and beverages rose 0.7 percent in May, a little less than the 0.9 percent rise in April and considerably less than increases of 1.4 and 1.6 percent, respectively, in January and February. Prices of grocery store foods rose 0.5 percent in May, the smallest increase since last August. Pork prices declined for the second consecutive month, and poultry prices declined after remaining unchanged in April. Beef and veal prices increased sharply in May, but the 3.0 percent rise was considerably less than increases earlier this year. Prices for most other grocery store food items showed larger increases in May than during the previous month. Restaurant meals and alcoholic beverages rose 1.1 percent and 0.8 percent, respectively, in May following increases of 0.8 and 0.4 percent in April.

The housing index rose 1.2 percent in May, about the same as in April. Rising shelter costs and household fuel prices accounted for most of the increase. The rent index rose 1.0 percent in May, up sharply from the 0.5 percent increase in April. House prices rose 0.8 percent and mortgage interest costs 2.2 percent. Fuel oil prices rose 5.3 percent, the fourth consecutive large increase. The index for gas and electricity rose 2.6 percent in May, up sharply from the 0.7 percent increase in April.

The index for apparel and upkeep was unchanged in May. This compares with increases of 0.5 percent in April and 1.5 percent in March. Declines in the prices for most clothing items offset moderate increases in the footwear index and in apparel services.

The transportation index rose 1.8 percent in May. Gasoline prices, which advanced sharply for the eleventh consecutive month, accounted for over two-thirds of the increase in the transportation index. New car prices, which rose 1.1 percent in May, have increased at an annual rate of 14.0 percent during the first 5 months of this year. Used car prices, on the other hand, declined 0.5 percent, on a seasonally adjusted basis, the third consecutive decline following large increases in the preceding 10 months.

The medical care index rose 0.6 percent in May, the same as in each of the preceding 3 months. The index for entertainment showed a more moderate increase in May than in the 2 previous months. The May index for other goods and services rose the same as in April.

CPI for Urban Wage Earners and Clerical Workers (CPI-W)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for Urban Wage Earners and Clerical Workers rose 1.0 percent in May, the fifth consecutive monthly increase of about 1.0 percent. The transportation component increased sharply for the seventh consecutive month, largely due to continued increases in the prices for gasoline and new cars. Gasoline prices increased 5.0 percent in May, bringing the increase so far this year to an annual rate of 55.8 percent. The index for housing also continued to increase rapidly, and the entertainment index increased more in May than in April. The food and beverage component showed a notably smaller increase in May as the 0.4 percent rise was the smallest since July of last year. Among the other major categories of consumer spending, the index for apparel and upkeep declined slightly in May and the indexes for medical care and other goods and services rose about the same as in April.

The index for food and beverages rose 0.4 percent in May. The increase was less than the 0.8 percent rise in April and considerably less than increases earlier this year. Prices of grocery store foods rose 0.3 percent in May compared with 0.9 percent in April. The smaller increase was primarily due to declines in prices for pork and poultry and a smaller increase in beef prices. Prices for most other grocery store food items, however, showed larger increases in May. The indexes for food away from home and alcoholic beverages rose 0.6 percent and 0.7 percent, respectively, in May compared with 1.0 percent and 0.5 percent in April.

The index for apparel and upkeep declined 0.1 percent in May. This compares with increases of 0.4 percent in April and 1.3 percent in March. Declines in the prices for most clothing items offset moderate increases in the footwear index and in apparel services.

The transportation index rose 1.8 percent in May. Gasoline prices, which advanced sharply for the eleventh consecutive month, accounted for over two-thirds of the increase. New car prices rose 1.0 percent in May and have increased at an annual rate of 13.8 percent during the first 5 months of this year. Used car prices declined 0.5 percent, following seasonal adjustment, the third successive decline following large increases in the preceding 10 months.

The indexes for medical care and other goods and services rose 0.6 percent and 0.5 percent, respectively, about the same as in March and April. The index for entertainment rose 0.8 percent in May compared with 0.5 percent in April.

Table B. Percent changes in CPI for Urban Wage Earners and Clerical Workers (CPI-W)

Expenditure category	Seasonally adjusted: Changes from preceding month, 1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	Compound annual rate 3-mos. ended May '79	Unadjusted 12-mos. ended May '79
All Items	.6	.7	1.0	1.2	1.1	1.1	1.0	13.5	10.9
Food and beverages	.6	.9	1.5	1.7	1.2	.8	.4	10.3	11.3
Housing	.5	.6	.7	1.3	1.0	1.1	1.3	14.5	11.3
Apparel and upkeep	-.1	.1	.4	.2	1.3	.4	-.1	6.8	3.8
Transportation	1.2	1.1	1.3	1.1	1.2	2.0	1.8	21.5	13.7
Medical care	.8	.7	.8	.7	.6	.7	.6	7.8	8.9
Entertainment	.5	1.1	.6	.2	.9	.5	.8	9.3	6.5
Other goods and services	.2	.2	1.0	.8	.5	.5	.5	6.2	7.3

(Data for CPI-W are shown in tables 4 through 6.)

Technical Notes

Brief Explanation of the CPI

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. Effective with the January 1978 index, the Bureau of Labor Statistics began publishing CPI's for two population groups: (1) a new CPI for All Urban Consumers (CPI-U) which covers approximately 80 percent of the total noninstitutional civilian population; and (2) a revised CPI for Urban Wage Earners and Clerical Workers (CPI-W) which represents about half the population covered by the CPI-U. The CPI-U includes, in addition to wage earners and clerical workers, groups which historically have been excluded from CPI coverage, such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Prices are collected in 85 urban areas across the country from over 18,000 tenants, 18,000 housing units for property ta :s, and about 24,000 establishments—grocery and depa: .ment stores, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index. Prices of food, fuels, and a few other items are obtained every month in all 85 locations. Prices of most other commodities and services are collected every month in the five largest geographic areas and every other month in other areas. Prices of most goods and services are obtained by personal visits of the Bureau's trained representatives. Mail questionnaires are used to obtain public utility rates, some fuel prices, and certain other items.

In calculating the index, price changes for the various items in each location are averaged together with weights which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Separate indexes are also published for 28 local areas. Area indexes do not measure differences in the level of prices among cities; they only measure the average change in prices for each area since the base period.

The index measures price changes from a designated reference date—1967—which equals 100.0. An increase of 22 percent, for example, is shown as 122.0. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

For further details see the following: *The Consumer Price Index: Concepts and Content Over the Years,* Report 517, revised edition (Bureau of Labor Statistics, May 1978); *The Revision of the Consumer Price Index,* by W. John Layng, reprinted from the *Statistical Reporter,* February 1978, No. 78-5 (U.S. Dept. of Commerce), and *Revisions in the Medical Care Service Component of the Consumer Price Index,* by Daniel H. Ginsburg, *Monthly Labor Review,* August 1978.

A Note About Calculating Index Changes

Movements of the indexes from one month to another are usually expressed as percent changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percent changes are not. The example in the accompanying box illustrates the computation of index point and percent changes.

Percent changes for 3-month and 6-month periods are expressed as annual rates and are computed according to the standard formula for compound growth rates. These data indicate what the percent change would be if the current rate were maintained for a 12-month period.

Index Point Change	
CPI	189.8
Less previous index	189.2
Equals index point change:	0.6
Percent Change	
Index point difference	0.6
Divided by the previous index	189.2
Equals:	0.003
Results multiplied by one hundred	0.003x100
Equals percent change:	0.3

A Note on Seasonally Adjusted and Unadjusted Data

Because price data are used for different purposes by different groups, the Bureau of Labor Statistics publishes seasonally adjusted as well as unadjusted changes each month.

For analyzing general price trends in the economy, seasonally adjusted changes are usually preferred since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude every year—such as price movements resulting from changing climatic conditions, production cycles, model changeovers, holidays, and sales.

The unadjusted data are of primary interest to consumers concerned about the prices they acutally pay. Unadjusted data are also used extensively for escalation purposes. Many collective bargaining contract agreements and pension plans, for example, tie compensation changes to the Consumer Price Index unadjusted for seasonal variation.

Seasonal factors used in computing the seasonally adjusted indexes are derived by the X-11 Variant of the Census Method II Seasonal Adjustment Program. The updated seasonal data at the end of 1977 replaced data from 1967 through 1977. Subsequent annual updates will replace 5 years of seasonal data, e.g., data from 1974 through 1978 will be replaced at the end of 1978. The seasonal movement of all items and 35 other aggregations is derived by combining the seasonal movement of 45 selected components.

TABLE 1. Consumer Price Index for all urban consumers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes Apr. 1979	Unadjusted indexes May 1979	Unadjusted percent change to May 1979 from— May 1978	Unadjusted percent change to May 1979 from— Apr. 1979	Seasonally adjusted percent change from— Feb. to Mar.	Seasonally adjusted percent change from— Mar. to Apr.	Seasonally adjusted percent change from— Apr. to May
				Expenditure category				
All items	100.000	211.5	214.1	10.8	1.2	1.0	1.1	1.1
All items(1957-59=100)	-	246.0	249.0	-	-	-	-	-
Food and beverages	19.242	226.3	228.2	11.2	.8	1.0	.9	.7
Food	18.161	232.3	234.3	11.4	.9	1.1	1.0	.7
Food at home	12.616	231.7	233.4	11.3	.7	1.0	1.0	.5
Cereals and bakery products	1.543	214.5	216.2	9.5	.8	.5	.6	1.0
Meats, poultry, fish, and eggs	4.363	240.0	242.2	19.4	.9	2.5	2.4	.1
Dairy products	1.683	202.4	203.8	11.1	.7	1.0	.6	.8
Fruits and vegetables	1.757	226.5	226.8	3.4	.1	-1.0	-1.1	-.2
Sugar and sweets	.440	274.2	276.3	7.8	.8	.6	1.2	1.2
Fats and oils	.367	222.5	225.3	8.4	1.3	.5	1.4	1.0
Nonalcoholic beverages 1/	1.418	347.7	349.3	2.3	.5	-.2	.2	.5
Other prepared foods	1.045	204.7	206.6	10.5	.9	.5	.9	1.4
Food away from home	5.545	238.4	241.1	11.7	1.1	1.1	.8	1.1
Alcoholic beverages	1.080	170.2	171.5	7.7	.8	.8	.4	.8
Housing	44.258	219.8	222.4	11.3	1.2	1.0	1.1	1.2
Shelter	29.827	230.7	233.5	13.0	1.2	1.1	1.2	1.3
Rent, residential	5.535	172.0	173.8	6.8	1.0	.2	.5	1.0
Other rental costs	.735	228.3	230.3	12.7	.9	.3	1.2	.7
Homeownership	23.557	251.7	254.9	14.6	1.3	1.3	1.4	1.3
Home purchase	10.166	215.4	217.6	12.5	1.0	.9	1.3	.8
Financing, taxes, and insurance	9.686	292.1	297.2	18.5	1.7	2.0	1.7	2.0
Maintenance and repairs	3.705	250.6	252.4	9.9	.7	.5	1.0	.6
Maintenance and repair services	2.846	271.5	273.2	10.3	.6	.7	1.3	.5
Maintenance and repair commodities	.859	201.8	203.8	8.8	1.0	.0	.2	.9
Fuel and other utilities	6.326	227.5	232.2	7.7	2.1	1.1	.9	2.2
Fuels	4.231	266.8	274.6	11.3	2.9	1.7	1.4	3.0
Fuel oil, coal, and bottled gas	.879	349.8	364.3	23.2	4.1	4.7	3.8	4.8
Gas (piped) and electricity	3.352	245.3	251.6	8.2	2.6	.8	.7	2.6
Other utilities and public services	2.096	158.8	159.0	.8	.1	-.1	.1	.2
Household furnishings and operation	8.105	188.6	189.2	7.5	.3	.5	.6	.4
Housefurnishings	4.457	162.4	162.6	5.9	.1	.4	.6	.2
Housekeeping supplies	1.542	219.7	220.5	7.8	.4	.6	.6	.5
Housekeeping services	2.106	244.5	246.2	11.1	.7	.5	.8	.7
Apparel and upkeep	5.486	165.4	166.1	3.9	.4	1.5	.5	.0
Apparel commodities	4.819	160.2	160.8	3.0	.4	1.6	.4	-.1
Men's and boys' apparel	1.532	159.6	160.1	1.5	.3	.7	.3	-.2
Women's and girls' apparel	1.891	152.5	153.2	1.7	.5	2.8	.2	-.3
Infants' and toddlers' apparel	.118	220.7	221.2	2.5	.2	.6	1.8	.1
Footwear	.698	174.2	175.0	7.1	.5	1.1	1.1	.3
Other apparel commodities	.580	166.8	166.9	6.7	.1	1.0	.1	.0
Apparel services 1/	.666	201.8	203.1	10.3	.6	1.4	.9	.6
Transportation	17.806	202.9	207.7	13.4	2.4	1.2	2.0	1.8
Private transportation	16.782	203.2	208.1	14.0	2.4	1.3	2.0	1.9
New cars	3.934	164.3	165.8	8.7	.9	.7	1.4	1.1
Used cars	3.148	200.0	205.4	11.3	2.7	-.3	-.5	-.5
Gasoline	4.183	234.7	247.7	29.1	5.5	3.8	6.0	5.0
Maintenance and repair	1.515	238.2	240.1	10.3	.8	1.0	.9	.9
Other private transportation	4.001	194.8	196.4	7.4	.8	.6	.6	1.3
Other private trans. commodities	.714	170.2	171.0	8.1	.5	.7	1.1	.9
Other private trans. services	3.288	203.3	205.1	7.3	.9	.7	.5	1.4
Public transportation	1.024	192.6	193.3	3.1	.4	.2	1.0	.7
Medical care	4.959	235.1	236.3	8.9	.5	.6	.6	.6
Medical care commodities	.845	151.6	152.4	6.8	.5	.4	.5	.5
Medical care services	4.115	253.1	254.4	9.4	.5	.6	.6	.6
Professional services 1/	1.982	222.9	224.3	8.6	.6	.5	.5	.6
Other medical care services	2.133	289.6	290.9	10.2	.4	.6	.7	.7
Entertainment	3.963	186.5	187.8	6.6	.7	.9	.8	.5
Entertainment commodities	2.330	187.4	188.1	5.7	.4	.9	.6	.0
Entertainment services	1.633	185.4	187.6	7.8	1.2	.9	.8	1.3
Other goods and services	4.287	193.2	193.9	7.5	.4	.6	.5	.5
Tobacco products	1.152	186.1	186.3	7.1	.1	.6	.5	.2
Personal care 1/	1.707	192.7	193.9	7.5	.6	.9	.3	.6
Toilet goods and personal care appliances 1/	.762	185.8	187.3	7.1	.8	1.0	-.2	.8
Personal care services 1/	.945	199.4	200.4	8.0	.5	.8	.8	.5
Personal and educational expenses	1.427	208.4	208.8	7.7	.2	.4	.5	.6
School books and supplies	.183	191.6	191.6	6.0	.0	.6	.5	.6
Personal and educational services	1.245	212.8	213.2	7.9	.2	.4	.5	.6
				Commodity and service group				
All items	100.000	211.5	214.1	10.8	1.2	1.0	1.1	1.1
Commodities	59.213	203.3	205.8	10.9	1.2	1.1	1.2	.9
Food and beverages	19.242	226.3	228.2	11.2	.8	1.0	.9	.7
Commodities less food and beverages	39.972	190.1	192.9	10.9	1.5	1.1	1.4	1.0
Nondurables less food and beverages	16.671	191.9	195.7	12.0	2.0	2.0	2.0	1.9
Apparel commodities	4.819	160.2	160.8	3.0	.4	1.6	.4	-.1
Nondurables less food, beverages, and apparel 1/	11.852	211.7	217.2	15.8	2.6	2.0	2.8	2.6
Durables	23.301	187.2	189.2	10.0	1.1	.5	.9	.5
Services	40.787	227.0	229.5	10.3	1.1	.9	.9	1.3
Rent, residential	5.535	172.0	173.8	6.8	1.0	.2	.5	1.0
Household services less rent	20.820	256.5	260.2	12.8	1.4	1.2	1.2	1.6
Transportation services	5.828	208.2	209.8	7.3	.8	.7	.7	1.2
Medical care services	4.115	253.1	254.4	9.4	.5	.6	.6	.6
Other services	4.489	196.2	197.6	8.3	.7	.8	.7	.8
Special indexes:								
All items less food	81.839	206.3	208.9	10.5	1.3	1.0	1.2	1.2
All items less shelter	70.173	206.0	208.4	9.7	1.2	1.0	1.1	1.0
All items less mortgage interest costs 1/	92.728	206.4	208.7	9.6	1.1	.9	1.1	1.1
All items less medical care	95.041	210.1	212.7	10.8	1.2	1.0	1.2	1.1
Commodities less food	41.052	188.9	191.6	10.8	1.4	1.1	1.3	1.1
Nondurables less food	17.751	189.6	193.2	11.8	1.9	1.9	1.9	1.8
Nondurables less food and apparel 1/	12.932	205.2	210.2	15.1	2.4	1.9	2.6	2.4
Nondurables 1/	35.912	209.9	212.8	11.6	1.4	1.4	1.4	1.4
Services less rent	35.252	237.1	239.8	10.9	1.1	1.0	1.0	1.3
Services less medical care 1/	36.672	222.7	225.3	10.4	1.2	.8	.9	1.2
Energy 1/	8.502	250.2	260.8	19.8	4.2	2.6	3.7	4.2
All items less energy 1/	91.498	208.8	210.7	9.9	.9	.8	.9	.9
All items less food and energy 1/	73.337	202.3	204.1	9.5	.9	.8	.9	.9
Commodities less food and energy	35.902	182.1	183.6	8.4	.8	.7	.7	.5
Energy commodities 1/	5.150	253.2	266.4	27.8	5.2	3.6	5.7	5.2
Services less energy	37.435	225.6	227.8	10.5	1.0	.9	1.0	1.2
Purchasing power of the consumer dollar:								
1967=$1.00 1/	-	$.473	$.467	-9.7	-1.3	-1.0	-1.0	-1.3
1957-59=$1.00 1/	-	.407	.402	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 2. Consumer Price Index for all urban consumers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes Feb. 1979	Mar. 1979	Apr. 1979	May 1979	Seasonally adjusted annual rate percent change for- 3 months ending in Aug. 1978	Nov. 1978	Feb. 1979	May 1979	6 months ending in Nov. 1978	May 1979
					Expenditure category					
All items	-	-	-	-	8.5	9.4	11.3	13.6	9.0	12.4
Food and beverages	222.3	224.6	226.7	228.2	7.6	8.9	17.1	11.0	8.2	14.0
Food	228.1	230.5	232.7	234.3	8.0	8.9	17.3	11.3	8.4	14.3
Food at home	227.7	230.0	232.4	233.5	6.4	8.9	19.5	10.6	7.7	14.9
Cereals and bakery products	211.4	212.4	213.6	215.8	16.6	4.6	8.8	8.6	10.4	8.7
Meats, poultry, fish, and eggs	233.0	238.9	244.6	244.9	2.0	18.7	37.9	22.0	10.0	29.7
Dairy products	199.4	201.3	202.6	204.2	9.2	9.9	15.1	10.0	9.6	12.5
Fruits and vegetables	226.3	224.1	221.6	221.1	6.3	3.0	14.9	-8.9	4.6	2.3
Sugar and sweets	267.3	268.9	272.0	275.2	11.6	6.2	1.1	12.4	8.9	6.6
Fats and oils	219.9	221.0	224.1	226.4	13.7	-.4	8.4	12.4	6.4	10.4
Nonalcoholic beverages 1/	347.8	347.1	347.7	349.3	-1.0	.2	8.3	1.7	-.4	5.0
Other prepared foods	200.8	201.9	203.7	206.6	13.5	4.2	12.2	12.1	8.7	12.1
Food away from home	233.6	236.2	238.2	240.9	11.4	8.6	14.1	13.1	10.0	13.6
Alcoholic beverages	168.0	169.4	170.0	171.3	4.9	7.7	10.4	8.1	6.3	9.2
Housing	215.6	217.7	220.0	222.7	10.4	10.7	10.0	13.8	10.6	11.9
Shelter	226.0	228.4	231.2	234.1	11.9	13.8	11.6	15.1	12.9	13.3
Rent, residential	170.8	171.1	172.0	173.8	6.5	8.2	5.3	7.2	7.4	6.3
Other rental costs	225.7	226.3	229.0	230.5	13.3	9.6	19.2	8.8	11.5	13.9
Homeownership	245.7	248.8	252.4	255.7	13.4	15.0	12.8	17.3	14.2	15.0
Home purchase	211.1	212.9	215.6	217.4	9.9	15.8	12.0	12.5	12.8	12.2
Financing, taxes, and insurance	282.9	288.6	293.6	299.6	18.4	15.7	14.3	25.8	17.0	19.9
Maintenance and repairs	247.3	248.6	251.2	252.7	9.9	11.3	9.2	9.0	10.6	9.1
Maintenance and repair services	267.3	269.1	272.6	274.0	10.4	10.3	10.0	10.4	10.3	10.2
Maintenance and repair commodities	200.7	200.7	201.2	203.0	8.4	15.3	6.9	4.7	11.8	5.8
Fuel and other utilities	222.6	225.1	227.2	232.1	6.5	.0	6.9	18.2	3.2	12.4
Fuels	258.2	262.5	266.1	274.2	8.4	-.2	11.4	27.2	4.0	19.1
Fuel oil, coal, and bottled gas	320.3	335.5	348.1	364.7	2.7	12.5	18.8	68.1	7.5	41.3
Gas (piped) and electricity	241.0	243.0	244.8	251.1	9.8	-3.0	9.1	17.8	3.2	13.4
Other utilities and public services	159.0	158.8	159.0	159.3	2.6	.3	-.5	.8	1.4	.1
Household furnishings and operation	186.2	187.2	188.3	189.1	8.0	8.5	7.4	6.4	8.2	6.9
Housefurnishings	160.5	161.2	162.1	162.4	4.5	7.4	6.8	4.8	6.0	5.8
Housekeeping supplies	216.7	218.0	219.3	220.5	6.8	8.3	8.8	7.2	7.6	8.0
Housekeeping services	241.2	242.4	244.3	246.0	16.7	11.2	8.6	8.2	13.9	8.4
Apparel and upkeep	162.7	165.2	166.0	166.0	.8	4.8	2.0	8.4	2.8	5.1
Apparel commodities	157.8	160.3	160.9	160.7	.0	4.2	.5	7.6	2.1	4.0
Men's and boys' apparel	157.8	158.9	159.4	159.1	2.3	2.0	-1.5	3.3	2.2	.9
Women's and girls' apparel	149.9	154.1	154.4	154.0	-4.7	1.9	-1.1	11.4	-1.4	5.0
Infants' and toddlers' apparel	215.4	216.8	220.7	221.0	5.9	1.1	-6.9	10.8	3.5	1.6
Footwear	169.7	171.6	173.5	174.1	3.0	11.2	3.6	10.8	7.0	7.1
Other apparel commodities	165.3	166.9	167.1	167.1	5.7	10.5	6.3	4.4	8.1	5.4
Apparel services 1/	197.3	200.0	201.8	203.1	6.2	9.8	13.1	12.3	8.0	12.7
Transportation	197.5	199.9	203.8	207.5	9.0	9.5	13.8	21.8	9.3	17.8
Private transportation	197.5	200.0	204.0	207.9	9.5	10.2	14.1	22.8	9.9	18.4
New cars	161.0	162.1	164.3	166.1	9.5	2.1	10.6	13.3	5.7	11.9
Used cars	204.7	204.0	203.0	202.0	16.6	15.4	19.9	-5.2	16.0	6.7
Gasoline	215.6	223.7	237.1	248.9	7.9	16.2	25.0	77.6	12.0	49.0
Maintenance and repair	233.2	235.6	237.7	239.9	9.9	11.0	8.3	12.0	10.5	10.1
Other private transportation	191.5	192.7	193.9	196.4	6.0	7.5	5.8	10.6	6.8	8.2
Other private trans. commodities	167.4	168.5	170.4	171.9	7.5	1.0	12.9	11.2	4.2	12.0
Other private trans. services	199.7	201.0	202.1	204.9	5.6	9.0	4.1	10.8	7.3	7.4
Public transportation	190.9	191.3	193.2	194.5	-.6	1.5	4.3	7.8	.4	6.0
Medical care	232.3	233.6	235.0	236.4	8.0	11.5	9.3	7.2	9.7	8.3
Medical care commodities	150.1	150.7	151.4	152.1	6.3	7.7	7.8	5.4	7.0	6.6
Medical care services	250.0	251.4	252.9	254.5	8.3	12.2	10.0	7.4	10.2	8.7
Professional services 1/	220.7	221.7	222.9	224.3	7.8	9.8	10.0	6.7	8.8	8.3
Other medical care services	285.5	287.3	289.3	291.2	8.9	14.5	9.5	8.2	11.7	8.9
Entertainment	183.4	185.1	186.5	187.4	3.7	5.8	7.8	9.0	4.7	8.4
Entertainment commodities	184.6	186.3	187.4	187.4	2.5	4.8	9.4	6.2	3.6	7.8
Entertainment services	182.2	183.9	185.4	187.8	5.6	7.2	5.9	12.9	6.4	9.3
Other goods and services	191.4	192.6	193.5	194.4	9.1	7.1	6.7	6.4	8.1	6.6
Tobacco products	184.3	185.4	186.3	186.7	15.8	-.7	8.5	5.3	7.2	6.9
Personal care 1/	190.4	192.1	192.7	193.9	6.4	8.3	7.9	7.6	7.3	7.7
Toilet goods and personal care appliances 1/	184.2	186.1	185.8	187.3	6.6	7.9	7.0	6.9	7.2	7.0
Personal care services 1/	196.4	197.9	199.4	200.4	6.4	8.8	8.4	8.4	7.6	8.4
Personal and educational expenses	207.0	207.9	209.0	210.3	7.4	12.4	5.0	6.5	9.9	5.8
School books and supplies	189.7	190.8	191.8	193.0	8.2	-3.2	13.0	7.1	2.3	10.0
Personal and educational services	211.5	212.3	213.4	214.7	7.4	14.8	3.7	6.2	11.0	4.9
					Commodity and service group					
All items	-	-	-	-	8.5	9.4	11.3	13.6	9.0	12.4
Commodities	199.1	201.3	203.8	205.7	7.5	9.4	13.3	13.9	8.5	13.6
Food and beverages	222.3	224.6	226.7	228.2	7.6	8.9	17.1	11.0	8.2	14.0
Commodities less food and beverages	185.9	188.0	190.6	192.6	7.3	9.9	11.5	15.2	8.6	13.4
Nondurables less food and beverages	184.9	188.6	192.3	195.9	5.6	6.7	10.8	26.0	6.2	18.2
Apparel commodities	157.8	160.3	160.9	160.7	.0	4.2	.5	7.6	2.1	4.0
Nondurables less food, beverages, and apparel 1/	201.9	206.0	211.7	217.2	9.5	7.7	14.0	33.9	8.6	23.6
Durables	185.1	186.0	187.6	188.6	9.2	11.4	11.6	7.8	10.3	9.7
Services	223.1	225.1	227.2	230.1	10.1	9.5	8.3	13.2	9.8	10.7
Rent, residential	170.8	171.1	172.0	173.8	6.5	8.2	5.3	7.2	7.4	6.3
Household services less rent	251.0	254.1	257.2	261.2	13.8	9.3	10.9	17.3	11.5	14.0
Transportation services	204.7	206.1	207.5	209.9	5.4	8.1	5.5	10.6	6.8	8.0
Medical care services	250.0	251.4	252.9	254.5	8.3	12.2	10.0	7.4	10.2	8.7
Other services	193.4	195.0	196.4	198.0	6.5	9.8	6.9	9.9	8.1	8.4
Special indexes:										
All items less food	202.3	204.3	206.7	209.1	9.0	9.4	10.3	14.1	9.2	12.2
All items less shelter	202.1	204.1	206.3	208.4	7.1	7.7	11.2	13.1	7.4	12.1
All items less mortgage interest costs 1/	202.3	204.1	206.4	208.7	8.0	7.8	9.2	13.3	7.9	11.2
All items less medical care	206.0	208.1	210.5	212.8	8.8	9.3	11.7	13.9	9.1	12.8
Commodities less food	184.8	186.9	189.4	191.4	7.4	9.7	11.6	15.1	8.5	13.3
Nondurables less food	182.9	186.4	190.0	193.4	5.9	6.8	10.7	25.0	6.3	17.7
Nondurables less food and apparel 1/	196.2	200.0	205.2	210.2	9.1	7.5	13.7	31.7	8.3	22.4
Nondurables 1/	204.0	206.9	209.9	212.8	8.0	6.5	13.8	18.4	7.3	16.1
Services less rent	232.6	235.0	237.4	240.4	10.7	9.5	8.7	14.1	10.1	11.4
Services less medical care 1/	219.0	220.8	222.7	225.3	11.0	10.1	8.7	12.0	10.6	10.3
Energy 1/	235.0	241.2	250.2	260.8	11.5	4.0	17.1	51.7	7.7	33.3
All items less energy 1/	205.2	206.9	208.8	210.7	9.5	9.1	9.9	11.2	9.3	10.5
All items less food and energy 1/	198.8	200.4	202.3	204.1	9.1	10.5	7.4	11.1	9.8	9.2
Commodities less food and energy	179.8	181.0	182.3	183.2	7.5	8.4	9.9	7.8	8.0	8.8
Energy commodities 1/	231.1	239.5	253.2	266.4	13.9	9.2	21.3	76.6	11.5	46.4
Services less energy	221.7	223.7	225.9	228.5	10.2	10.6	8.1	12.8	10.4	10.5

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 3. Consumer Price Index for all urban consumers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes Feb. 1979	Indexes Mar. 1979	Indexes Apr. 1979	Indexes May 1979	Percent change to May 1979 from– May 1978	Mar. 1979	Apr. 1979	Percent change to Apr. 1979 from– Apr. 1978	Feb. 1979	Mar. 1979
U.S. city average..................			207.1	209.1	211.5	214.1	10.8	2.4	1.2	10.4	2.1	1.1
Chicago, Ill.-Northwestern Ind.....	M		202.6	206.6	208.7	210.1	11.2	1.7	.7	11.4	3.0	1.0
Detroit, Mich......................	M		208.8	211.6	213.2	213.9	11.2	1.1	.3	12.1	2.1	.8
L.A.-Long Beach, Anaheim, Calif....	M		201.9	203.8	207.8	211.0	10.2	3.5	1.5	9.6	2.9	2.0
N.Y., N.Y.-Northeastern N.J........	M		205.2	206.4	208.3	210.5	8.2	2.0	1.1	7.6	1.5	.9
Philadelphia, Pa.-N.J..............	M		204.1	204.8	207.7	210.6	9.9	2.8	1.4	8.9	1.8	1.4
Anchorage, Alaska..................	1	10/67	-	201.0	-	203.5	10.5	1.2	-	-	-	-
Baltimore, Md......................	1		-	209.1	-	215.3	8.7	3.0	-	-	-	-
Boston, Mass.......................	1		-	205.1	-	209.5	9.9	2.1	-	-	-	-
Cincinnati, Ohio-Ky.-Ind...........	1		-	215.7	-	221.5	12.2	2.7	-	-	-	-
Denver-Boulder, Colo...............	1		-	223.0	-	231.1	16.4	3.6	-	-	-	-
Miami, Fla.........................	1	11/77	-	111.2	-	112.5	9.4	1.2	-	-	-	-
Milwaukee, Wis.....................	1		-	207.6	-	217.1	15.1	4.6	-	-	-	-
Northeast Pennsylvania.............	1		-	203.5	-	207.3	9.1	1.9	-	-	-	-
Portland, Oreg.-Wash...............	1		-	215.4	-	220.7	13.0	2.5	-	-	-	-
St. Louis, Mo.-Ill.................	1		-	208.4	-	211.1	11.4	1.3	-	-	-	-
San Diego, Calif...................	1		-	221.4	-	228.3	16.8	3.1	-	-	-	-
Seattle-Everett, Wash..............	1		-	207.0	-	212.4	9.8	2.6	-	-	-	-
Washington, D.C.-Md.-Va............	1		-	212.6	-	216.0	11.2	1.6	-	-	-	-
Atlanta, Ga........................	2		201.8	-	206.7	-	-	-	-	9.7	2.4	-
Buffalo, N.Y.......................	2		203.0	-	206.6	-	-	-	-	9.3	1.8	-
Cleveland, Ohio....................	2		210.1	-	215.1	-	-	-	-	13.0	2.4	-
Dallas-Fort Worth, Tex.............	2		205.8	-	211.0	-	-	-	-	11.5	2.5	-
Honolulu, Hawaii...................	2		196.2	-	200.7	-	-	-	-	10.6	2.3	-
Houston, Tex.......................	2		224.2	-	228.1	-	-	-	-	12.4	1.7	-
Kansas City, Mo.-Kans..............	2		204.6	-	211.5	-	-	-	-	12.0	3.4	-
Minneapolis-St.Paul, Minn.-Wis.....	2		211.8	-	215.9	-	-	-	-	10.8	1.9	-
Pittsburgh, Pa.....................	2		209.2	-	212.0	-	-	-	-	11.5	1.3	-
San Francisco-Oakland, Calif.......	2		203.9	-	208.8	-	-	-	-	8.3	2.4	-
Region 3/												
Northeast..........................	2	12/77	110.0	-	111.9	-	-	-	-	9.2	1.7	-
North Central......................	2	12/77	112.4	-	115.0	-	-	-	-	11.4	2.3	-
South..............................	2	12/77	111.7	-	114.1	-	-	-	-	10.8	2.1	-
West...............................	2	12/77	111.0	-	113.8	-	-	-	-	10.4	2.5	-
Population size class 3/												
A-1................................	2	12/77	110.1	-	112.5	-	-	-	-	9.3	2.2	-
A-2................................	2	12/77	111.4	-	113.9	-	-	-	-	10.9	2.2	-
B..................................	2	12/77	111.9	-	114.5	-	-	-	-	11.1	2.3	-
C..................................	2	12/77	112.3	-	114.5	-	-	-	-	11.1	2.0	-
D..................................	2	12/77	111.0	-	113.3	-	-	-	-	10.2	2.1	-
Region/population size class cross classification 3/												
Northeast/A........................	2	12/77	109.1	-	110.8	-	-	-	-	8.3	1.6	-
North Central/A....................	2	12/77	112.7	-	115.7	-	-	-	-	11.9	2.7	-
South/A............................	2	12/77	111.3	-	113.5	-	-	-	-	10.5	2.0	-
West/A.............................	2	12/77	110.1	-	113.3	-	-	-	-	10.0	2.9	-
Northeast/B........................	2	12/77	110.8	-	113.1	-	-	-	-	10.1	2.1	-
North Central/B....................	2	12/77	112.7	-	115.1	-	-	-	-	11.6	2.1	-
South/B............................	2	12/77	112.0	-	114.4	-	-	-	-	10.9	2.1	-
West/B.............................	2	12/77	112.2	-	115.2	-	-	-	-	11.3	2.7	-
Northeast/C........................	2	12/77	112.7	-	114.8	-	-	-	-	11.2	1.9	-
North Central/C....................	2	12/77	111.8	-	114.0	-	-	-	-	10.9	2.0	-
South/C............................	2	12/77	112.5	-	114.9	-	-	-	-	11.1	2.1	-
West/C.............................	2	12/77	112.0	-	114.1	-	-	-	-	10.9	1.9	-
Northeast/D........................	2	12/77	110.3	-	112.9	-	-	-	-	10.5	2.4	-
North Central/D....................	2	12/77	111.7	-	114.1	-	-	-	-	10.7	2.1	-
South/D............................	2	12/77	110.7	-	113.0	-	-	-	-	10.0	2.1	-
West/D.............................	2	12/77	110.9	-	112.7	-	-	-	-	9.8	1.6	-

1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
M - Every month.
1 - January, March, May, July, September, and November.
2 - February, April, June, August, October, and December.

3/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:
A-1 More than 4,000,000.
A-2 1,250,000 to 4,000,000.
B 385,000 to 1,250,000.
C 75,000 to 385,000.
D Less than 75,000.
Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

TABLE 4. Consumer Price Index for urban wage earners and clerical workers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes Apr. 1979	Unadjusted indexes May 1979	Unadjusted percent change to May 1979 from— May 1978	Unadjusted percent change to May 1979 from— Apr. 1979	Seasonally adjusted percent change from— Feb. to Mar.	Seasonally adjusted percent change from— Mar. to Apr.	Seasonally adjusted percent change from— Apr. to May
				Expenditure category				
All items	100.000	211.8	214.3	10.9	1.2	1.1	1.1	1.0
All items(1957-59=100)	-	246.3	249.3	-	-	-	-	-
Food and beverages	20.946	226.7	228.2	11.3	.7	1.2	.8	.4
Food	19.777	232.7	234.2	11.4	.6	1.2	.9	.4
Food at home	13.899	231.4	232.8	11.1	.6	1.1	.9	.3
Cereals and bakery products	1.715	215.2	216.8	9.3	.7	.4	.6	.9
Meats, poultry, fish, and eggs	4.862	239.4	241.2	19.3	.8	2.4	2.1	.0
Dairy products	1.856	203.0	204.3	11.3	.6	1.1	.5	.7
Fruits and vegetables	1.818	224.6	224.9	2.5	.1	-.6	-1.6	-.5
Sugar and sweets	.472	273.6	275.6	7.5	.7	.7	.9	1.0
Fats and oils	.398	223.0	225.1	7.8	.9	.4	1.4	.6
Nonalcoholic beverages 1/	1.615	347.8	348.4	2.4	.2	.0	.3	.2
Other prepared foods	1.164	204.5	206.9	10.3	1.0	.5	.7	1.5
Food away from home	5.877	240.4	242.0	12.2	.7	1.5	1.0	.6
Alcoholic beverages	1.169	170.6	171.9	8.0	.8	1.0	.5	.7
Housing	40.957	219.7	222.3	11.3	1.2	1.0	1.1	1.3
Shelter	26.969	231.2	234.1	13.4	1.3	1.1	1.3	1.3
Rent, residential	5.238	171.9	173.7	6.8	1.0	.2	.5	1.0
Other rental costs	.504	228.0	229.6	12.4	.7	.3	1.1	.5
Homeownership	21.227	252.7	255.9	15.0	1.3	1.4	1.5	1.3
Home purchase	8.921	215.4	217.6	12.5	1.0	.9	1.3	.8
Financing, taxes, and insurance	8.987	294.0	299.2	19.2	1.8	2.0	1.9	2.1
Maintenance and repairs	3.320	251.7	253.4	10.8	.7	1.1	1.0	.6
Maintenance and repair services	2.351	273.8	275.5	11.7	.6	1.3	1.6	.5
Maintenance and repair commodities	.969	202.6	204.0	8.6	.7	.4	-.1	.6
Fuel and other utilities	6.221	227.8	232.5	7.8	2.1	1.0	1.0	2.2
Fuels	4.215	266.7	274.6	11.1	3.0	1.5	1.4	3.2
Fuel oil, coal, and bottled gas	.875	350.3	364.8	23.4	4.1	4.8	3.8	4.8
Gas (piped) and electricity	3.340	245.1	251.4	8.0	2.6	.7	.7	2.7
Other utilities and public services	2.006	158.9	159.1	[illegible]	.1	-.1	.1	.2
Household furnishings and operation	7.767	187.3	188.1	7.2	.4	.7	.4	.6
Housefurnishings	4.571	161.9	162.4	6.1	.3	.7	.5	.4
Housekeeping supplies	1.601	218.1	219.4	7.4	.6	.8	-.1	.8
Housekeeping services	1.596	243.1	244.9	10.6	.7	.5	.7	.7
Apparel and upkeep	5.524	165.4	165.7	3.8	.2	1.3	.4	-.1
Apparel commodities	4.886	160.4	160.6	2.9	.1	1.4	.3	-.2
Men's and boys' apparel	1.531	160.1	160.8	2.0	.4	.6	.1	-.1
Women's and girls' apparel	1.927	152.1	152.0	.8	-.1	2.3	.2	-.7
Infants' and toddlers' apparel	.131	222.0	223.6	3.6	.7	.9	1.2	.5
Footwear	.735	174.2	175.2	8.1	.6	1.2	1.8	.5
Other apparel commodities	.562	167.8	167.3	5.9	-.3	.8	-.8	-.4
Apparel services 1/	.637	201.1	202.6	10.8	.7	1.1	1.1	.7
Transportation	20.045	203.7	208.6	13.7	2.4	1.2	2.0	1.8
Private transportation	19.121	203.7	208.8	14.2	2.5	1.2	2.0	1.8
New cars	4.154	163.9	165.3	8.6	.9	.7	1.3	1.0
Used cars	4.019	200.0	205.4	11.3	2.7	-.3	-.5	-.5
Gasoline	4.769	235.4	248.5	29.6	5.6	3.8	6.0	5.0
Maintenance and repair	1.665	238.7	240.5	10.2	.8	.9	1.0	.9
Other private transportation	4.514	195.5	196.9	7.7	.7	.5	.7	1.2
Other private trans. commodities	.804	171.4	172.1	8.4	.4	-.4	1.2	1.0
Other private trans. services	3.710	203.8	205.4	7.5	.8	.8	.6	1.3
Public transportation	.924	193.6	194.2	3.6	.3	.2	1.2	.6
Medical care	4.489	235.2	236.3	8.9	.5	.6	.7	.6
Medical care commodities	.771	152.5	153.3	7.1	.5	.7	.3	.4
Medical care services	3.717	252.9	254.0	9.2	.4	.7	.7	.6
Professional services 1/	1.900	224.2	225.3	8.7	.5	.8	.7	.5
Other medical care services	1.817	287.8	289.0	9.8	.4	.6	.8	.6
Entertainment	3.794	185.5	187.1	6.5	.9	.9	.5	.8
Entertainment commodities	2.396	185.7	186.8	6.0	.6	1.0	.4	.5
Entertainment services	1.398	186.1	188.5	7.7	1.3	.7	.9	1.4
Other goods and services	4.245	193.1	193.8	7.3	.4	.5	.5	.5
Tobacco products	1.392	186.1	186.3	7.0	.1	.4	.5	.3
Personal care 1/	1.762	192.3	193.7	7.2	.7	.6	.4	.7
Toilet goods and personal care appliances 1/	.838	186.2	187.7	7.0	.8	.6	.2	.8
Personal care services 1/	.924	198.5	199.8	7.4	.7	.5	.6	.7
Personal and educational expenses	1.091	208.8	209.3	7.8	.2	.5	.5	.6
School books and supplies	.163	194.2	194.2	7.2	.0	.7	.6	.6
Personal and educational services	.929	212.8	213.4	7.9	.3	.4	.5	.7
				Commodity and service group				
All items	100.000	211.8	214.3	10.9	1.2	1.1	1.1	1.0
Commodities	62.074	203.6	206.1	11.2	1.2	1.2	1.2	.9
Food and beverages	20.946	226.7	228.2	11.3	.7	1.2	.8	.4
Commodities less food and beverages	41.128	190.2	193.1	11.1	1.5	1.2	1.3	1.1
Nondurables less food and beverages	17.651	192.7	196.6	12.5	2.0	2.0	2.1	1.9
Apparel commodities	4.886	160.4	160.6	2.9	.1	1.4	.3	-.2
Nondurables less food, beverages, and apparel 1/	12.765	212.3	218.1	16.3	2.7	2.1	2.8	2.7
Durables	23.477	186.8	188.9	10.0	1.1	.5	.9	.6
Services	37.926	227.1	229.7	10.5	1.1	.9	1.0	1.3
Rent, residential	5.238	171.9	173.7	6.8	1.0	.2	.5	1.0
Household services less rent	18.784	257.2	261.1	13.2	1.5	1.3	1.3	1.7
Transportation services	6.299	209.0	210.5	7.6	.7	.7	.8	1.1
Medical care services	3.717	252.9	254.0	9.2	.4	.7	.7	.6
Other services	3.888	196.4	198.0	8.2	.8	.7	.8	.9
Special indexes:								
All items less food	80.223	206.3	209.1	10.8	1.4	1.0	1.2	1.2
All items less shelter	73.031	206.4	208.9	10.0	1.2	1.0	1.1	1.0
All items less mortgage interest costs 1/	93.132	206.8	209.1	9.8	1.1	1.0	1.1	1.1
All items less medical care	95.511	210.4	212.9	10.9	1.2	1.1	1.2	1.0
Commodities less food	42.297	189.0	191.8	11.0	1.5	1.1	1.3	1.1
Nondurables less food	18.820	190.2	194.0	12.3	2.0	2.0	1.9	1.9
Nondurables less food and apparel 1/	13.934	205.8	211.0	15.6	2.5	2.0	2.6	2.5
Nondurables 1/	38.597	210.6	213.2	11.8	1.2	1.5	1.4	1.2
Services less rent	32.689	237.3	240.1	11.1	1.2	1.0	1.1	1.3
Services less medical care 1/	34.209	222.9	225.6	10.6	1.2	.8	1.0	1.2
Energy 1/	9.085	251.2	262.2	20.6	4.4	2.7	3.9	4.4
All items less energy 1/	90.915	209.0	210.8	10.0	.9	.9	.9	.9
All items less food and energy 1/	71.130	202.1	204.0	9.5	.9	.9	.9	.9
Commodities less food and energy	36.552	181.8	183.3	8.3	.8	.6	.8	.5
Energy commodities 1/	5.745	253.9	267.3	28.3	5.3	3.7	5.8	5.3
Services less energy	34.586	225.8	228.0	10.7	1.0	.9	1.0	1.2
Purchasing power of the consumer dollar:								
1967=$1.00 1/	-	$.472	$.467	-9.7	-1.1	-1.0	-1.3	-1.1
1957-59=$1.00 1/	-	.406	.401	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 5. Consumer Price Index for urban wage earners and clerical workers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes: Feb. 1979	Mar. 1979	Apr. 1979	May 1979	Seasonally adjusted annual rate percent change for— 3 months ending in: Aug. 1978	Nov. 1978	Feb. 1979	May 1979	6 months ending in: Nov. 1978	May 1979
Expenditure category										
All items	-	-	-	-	8.3	9.4	12.2	13.5	8.9	12.9
Food and beverages	222.6	225.3	227.2	228.1	7.8	8.7	17.9	10.3	8.2	14.0
Food	228.5	231.2	233.3	234.2	8.0	8.7	18.5	10.4	8.3	14.4
Food at home	227.7	230.1	232.1	232.9	6.4	8.7	20.1	9.5	7.6	14.7
Cereals and bakery products	212.1	213.0	214.3	216.2	16.3	5.2	8.1	8.0	10.6	8.0
Meats, poultry, fish, and eggs	233.1	238.8	243.8	243.9	3.0	18.2	38.7	19.9	10.3	28.9
Dairy products	199.9	202.1	203.2	204.7	9.9	9.9	15.6	10.0	9.9	12.7
Fruits and vegetables	225.0	223.6	220.0	219.0	3.8	1.3	17.1	-10.2	2.5	2.5
Sugar and sweets	267.3	269.2	271.7	274.5	11.1	6.2	1.5	11.2	8.6	6.3
Fats and oils	220.7	221.6	224.5	226.0	12.4	-.2	9.4	10.0	5.9	9.7
Nonalcoholic beverages 1/	347.0	346.9	347.8	348.4	-.5	-.2	8.7	1.6	-.4	5.1
Other prepared foods	200.9	202.0	203.5	206.5	12.5	4.9	12.2	11.6	8.6	11.9
Food away from home	234.5	238.1	240.4	241.8	12.0	8.4	15.9	13.0	10.2	14.5
Alcoholic beverages	168.0	169.6	170.4	171.6	6.2	7.6	9.3	8.9	6.9	9.1
Housing	215.3	217.5	219.9	222.7	10.0	10.5	10.5	14.5	10.3	12.5
Shelter	226.3	228.8	231.8	234.7	11.7	14.0	12.4	15.7	12.9	14.0
Rent, residential	170.7	171.0	171.9	173.7	6.8	8.0	5.3	7.2	7.4	6.3
Other rental costs	225.6	226.3	228.7	229.8	12.5	10.5	19.2	7.7	11.5	13.3
Homeownership	246.3	249.7	253.4	256.8	13.0	15.6	13.7	18.2	14.3	15.9
Home purchase	211.0	212.9	215.6	217.4	9.4	15.8	12.2	12.7	12.6	12.5
Financing, taxes, and insurance	284.4	290.1	295.5	301.6	18.4	17.2	14.9	26.5	17.8	20.5
Maintenance and repairs	246.9	249.6	252.2	253.6	8.8	10.7	12.4	11.3	9.8	11.8
Maintenance and repair services	267.1	270.7	274.9	276.3	9.5	8.8	13.8	14.5	9.2	14.2
Maintenance and repair commodities	201.4	202.3	202.0	203.2	6.8	15.3	9.2	3.6	11.0	6.4
Fuel and other utilities	222.9	225.1	227.3	232.4	6.1	.2	7.3	18.2	3.1	12.6
Fuels	258.3	262.2	265.8	274.2	7.8	.5	11.3	27.0	4.1	18.9
Fuel oil, coal, and bottled gas	320.6	336.0	348.6	365.2	2.9	12.8	18.8	68.4	7.7	41.4
Gas (piped) and electricity	241.0	242.6	244.4	250.9	9.1	-2.5	8.9	17.5	3.1	13.1
Other utilities and public services	159.1	158.9	159.1	159.4	2.3	.0	.0	.8	1.1	.4
Household furnishings and operation	184.9	186.2	186.9	188.0	7.0	8.3	7.0	6.9	7.7	6.9
Housefurnishings	159.7	160.8	161.6	162.2	4.5	6.9	6.5	6.4	5.7	6.5
Housekeeping supplies	216.1	217.9	217.7	219.4	5.0	9.2	9.2	6.2	7.1	7.7
Housekeeping services	240.0	241.1	242.9	244.7	16.3	11.2	7.1	8.1	13.7	7.6
Apparel and upkeep	163.0	165.2	165.9	165.7	1.0	4.6	3.0	6.8	2.8	4.9
Apparel commodities	158.3	160.5	161.0	160.6	.5	3.6	1.8	5.9	2.1	3.8
Men's and boys' apparel	158.7	159.7	159.9	159.8	2.8	2.6	-.3	2.8	2.7	1.3
Women's and girls' apparel	150.1	153.5	153.8	152.8	-5.2	.8	.5	7.4	-2.2	3.9
Infants' and toddlers' apparel	217.2	219.2	221.8	222.9	3.6	.4	-.2	10.9	2.0	5.2
Footwear	168.5	170.6	173.7	174.5	4.8	10.4	2.7	15.0	7.6	8.7
Other apparel commodities	168.0	169.4	168.1	167.5	7.5	7.9	9.9	-1.2	7.7	4.2
Apparel services 1/	196.8	199.0	201.1	202.6	6.5	11.9	12.5	12.3	9.2	12.4
Transportation	198.4	200.7	204.7	208.3	9.0	10.2	15.0	21.5	9.6	18.2
Private tPansportation	198.2	200.6	204.7	208.4	9.5	10.7	15.0	22.2	10.1	18.6
New cars	160.7	161.8	163.9	165.6	9.2	1.8	10.9	12.8	5.4	11.8
Used cars	204.7	204.0	203.0	202.0	16.6	15.4	19.9	-5.2	16.0	6.7
Gasoline	216.0	224.3	237.8	249.7	7.7	17.1	25.4	78.6	12.3	49.7
Maintenance and repair	233.8	235.9	238.2	240.3	9.5	10.8	8.8	11.6	10.1	10.2
Other private transportation	192.1	193.1	194.5	196.9	6.3	8.2	5.8	10.4	7.2	8.1
Other private trans. commodities	169.9	169.3	171.4	173.1	9.3	5.5	11.1	7.7	7.4	9.4
Other private trans. services	199.9	201.4	202.6	205.2	5.8	8.7	4.5	11.0	7.3	7.7
Public transportation	191.6	191.9	194.2	195.4	-.2	2.6	4.1	8.2	1.2	6.1
Medical care	231.9	233.4	235.0	236.3	7.8	11.1	8.9	7.8	9.4	8.4
Medical care commodities	150.7	151.7	152.2	152.8	6.3	8.2	7.8	5.7	7.3	6.7
Medical care services	249.2	250.9	252.7	254.2	8.0	11.8	9.3	8.3	9.9	8.8
Professional services 1/	220.9	222.7	224.2	225.3	6.9	9.8	10.0	8.2	8.4	9.1
Other medical care services	283.6	285.2	287.5	289.3	9.1	13.9	8.0	8.3	11.5	8.1
Entertainment	182.7	184.3	185.3	186.8	3.2	6.0	7.8	9.3	4.6	8.5
Entertainment commodities	183.0	184.8	185.5	186.4	3.0	4.8	8.5	7.6	3.9	8.1
Entertainment services	183.1	184.3	185.9	188.5	3.7	7.7	7.1	12.3	5.7	9.7
Other goods and services	191.4	192.4	193.3	194.3	9.1	5.5	8.1	6.2	7.3	7.2
Tobacco products	184.7	185.4	186.3	186.9	15.5	-.9	9.6	4.9	7.0	7.2
Personal care 1/	190.4	191.5	192.3	193.7	5.4	7.2	9.1	7.1	6.3	8.1
Toilet goods and personal care appliances 1/	184.7	185.9	186.2	187.7	5.1	6.7	9.4	6.7	5.9	8.0
Personal care services 1/	196.3	197.3	198.5	199.8	5.7	7.6	8.8	7.3	6.7	8.1
Personal and educational expenses	207.3	208.3	209.4	210.7	7.8	11.7	5.4	6.7	9.8	6.1
School books and supplies	192.0	193.3	194.4	195.6	8.1	.0	13.5	7.7	4.0	10.6
Personal and educational services	211.5	212.3	213.4	214.9	7.9	13.9	3.9	6.6	10.8	5.2
Commodity and service group										
All items	-	-	-	-	8.3	9.4	12.2	13.5	8.9	12.9
Commodities	199.4	201.7	204.1	205.9	7.5	9.4	14.2	13.7	8.5	13.9
Food and beverages	222.6	225.3	227.2	228.1	7.8	8.7	17.9	10.3	8.2	14.0
Commodities less food and beverages	186.0	188.2	190.7	192.8	7.3	9.9	12.3	15.4	8.6	13.8
Nondurables less food and beverages	185.4	189.2	193.1	196.8	6.1	6.5	11.8	27.0	6.3	19.1
Apparel commodities	158.3	160.5	161.0	160.6	.5	3.6	1.8	5.9	2.1	3.8
Nondurables less food, beverages, and apparel 1/	202.2	206.5	212.3	218.1	9.5	7.7	14.7	35.4	8.6	24.6
Durables	184.7	185.6	187.2	188.3	9.4	10.9	11.4	8.0	10.2	9.7
Services	223.0	225.0	227.3	230.2	9.9	9.5	8.5	13.6	9.7	11.0
Rent, residential	170.7	171.0	171.9	173.7	6.8	8.0	5.3	7.2	7.4	6.3
Household services less rent	251.3	254.5	257.9	262.2	13.2	9.9	11.2	18.5	11.5	14.8
Transportation services	205.3	206.7	208.3	210.5	5.6	8.5	5.9	10.5	7.1	8.2
Medical care services	249.2	250.9	252.7	254.2	8.0	11.8	9.3	8.3	9.9	8.8
Other services	193.7	195.0	196.5	198.3	5.6	9.8	7.6	9.8	7.7	8.7
Special indexes:										
All items less food	202.2	204.3	206.7	209.2	8.5	9.7	10.8	14.6	9.1	12.7
All items less shelter	202.5	204.6	206.8	208.8	7.4	7.7	12.1	13.0	7.5	12.6
All items less mortgage interest costs 1/	202.5	204.5	206.8	209.1	8.2	7.4	10.1	13.7	7.8	11.9
All items less medical care	206.2	208.4	210.8	213.0	8.6	9.3	12.5	13.9	9.0	13.2
Commodities less food	184.9	187.0	189.5	191.6	7.4	9.7	12.3	15.3	8.5	13.8
Nondurables less food	183.4	187.0	190.6	194.2	6.2	6.8	11.7	25.7	6.5	18.5
Nondurables less food and apparel 1/	196.5	200.5	205.8	211.0	9.1	7.9	14.2	32.9	8.5	23.2
Nondurables 1/	204.5	207.6	210.6	213.2	8.4	6.3	14.7	18.1	7.4	16.4
Services less rent	232.6	234.9	237.5	240.7	10.3	9.7	9.1	14.7	10.0	11.8
Services less medical care 1/	219.0	220.8	222.9	225.6	10.6	10.1	9.3	12.6	10.4	10.9
Energy 1/	235.3	241.7	251.2	262.2	11.3	4.7	17.5	54.2	8.0	34.6
All items less energy 1/	205.3	207.1	209.0	210.8	9.3	8.9	10.6	11.2	9.1	10.9
All items less food and energy 1/	198.5	200.2	202.1	204.0	8.9	10.3	7.4	11.6	9.6	9.4
Commodities less food and energy	179.6	180.7	182.2	183.1	7.5	7.9	9.9	8.0	7.7	9.0
Energy commodities 1/	231.5	240.0	253.9	267.3	14.3	9.6	21.5	77.7	11.9	47.0
Services less energy	221.6	223.7	226.0	228.7	10.0	10.6	8.6	13.4	10.3	11.0

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 6. Consumer Price Index for urban wage earners and clerical workers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes Feb. 1979	Indexes Mar. 1979	Indexes Apr. 1979	Indexes May 1979	Percent change to May 1979 from– May 1978	Percent change to May 1979 from– Mar. 1979	Percent change to May 1979 from– Apr. 1979	Percent change to Apr. 1979 from– Apr. 1978	Percent change to Apr. 1979 from– Feb. 1979	Percent change to Apr. 1979 from– Mar. 1979
U.S. city average			207.1	209.3	211.8	214.3	10.9	2.4	1.2	10.7	2.3	1.2
Chicago, Ill.-Northwestern Ind.	M		202.4	206.2	208.1	209.6	11.4	1.6	.7	11.5	2.8	.9
Detroit, Mich.	M		208.8	211.6	213.3	214.1	11.5	1.2	.4	12.4	2.2	.8
L.A.-Long Beach, Anaheim, Calif.	M		202.3	204.4	208.8	212.4	11.1	3.9	1.7	10.5	3.2	2.2
N.Y., N.Y.-Northeastern N.J.	M		204.7	206.3	208.1	210.3	8.6	1.9	1.1	7.9	1.7	.9
Philadelphia, Pa.-N.J.	M		205.8	206.8	209.1	211.4	9.8	2.2	1.1	9.2	1.6	1.1
Anchorage, Alaska	1	10/67	-	200.5	-	202.5	10.1	1.0	-	-	-	-
Baltimore, Md.	1		-	210.4	-	216.0	8.9	2.7	-	-	-	-
Boston, Mass.	1		-	204.3	-	208.7	9.7	2.2	-	-	-	-
Cincinnati, Ohio-Ky.-Ind.	1		-	216.7	-	223.1	12.9	3.0	-	-	-	-
Denver-Boulder, Colo.	1		-	225.0	-	233.2	16.9	3.6	-	-	-	-
Miami, Fla.	1	11/77	-	112.4	-	113.8	10.2	1.2	-	-	-	-
Milwaukee, Wis.	1		-	209.5	-	219.5	15.8	4.8	-	-	-	-
Northeast Pennsylvania	1		-	206.6	-	209.6	9.9	1.5	-	-	-	-
Portland, Oreg.-Wash.	1		-	215.8	-	221.9	13.2	2.8	-	-	-	-
St. Louis, Mo.-Ill.	1		-	207.0	-	210.3	11.9	1.6	-	-	-	-
San Diego, Calif.	1		-	218.6	-	226.1	15.7	3.4	-	-	-	-
Seattle-Everett, Wash.	1		-	205.8	-	210.9	9.6	2.5	-	-	-	-
Washington, D.C.-Md.-Va.	1		-	213.4	-	217.8	11.1	2.1	-	-	-	-
Atlanta, Ga.	2		202.7	-	208.3	-	-	-	-	10.3	2.8	-
Buffalo, N.Y.	2		203.1	-	207.2	-	-	-	-	9.5	2.0	-
Cleveland, Ohio	2		211.0	-	216.1	-	-	-	-	13.3	2.4	-
Dallas-Fort Worth, Tex.	2		206.3	-	211.4	-	-	-	-	11.4	2.5	-
Honolulu, Hawaii	2		196.0	-	200.0	-	-	-	-	10.3	2.0	-
Houston, Tex.	2		223.1	-	227.7	-	-	-	-	12.2	2.1	-
Kansas City, Mo.-Kans.	2		204.2	-	211.0	-	-	-	-	11.9	3.3	-
Minneapolis-St.Paul, Minn.-Wis.	2		212.5	-	216.0	-	-	-	-	10.8	1.6	-
Pittsburgh, Pa.	2		208.6	-	212.3	-	-	-	-	11.7	1.8	-
San Francisco-Oakland, Calif.	2		204.2	-	209.3	-	-	-	-	8.8	2.5	-
Region 3/												
Northeast	2	12/77	110.1	-	112.0	-	-	-	-	9.4	1.7	-
North Central	2	12/77	112.4	-	115.1	-	-	-	-	11.6	2.4	-
South	2	12/77	111.7	-	114.2	-	-	-	-	10.8	2.2	-
West	2	12/77	111.0	-	114.1	-	-	-	-	10.9	2.8	-
Population size class 3/												
A-1	2	12/77	110.2	-	112.6	-	-	-	-	9.7	2.2	-
A-2	2	12/77	111.4	-	114.1	-	-	-	-	11.0	2.4	-
B	2	12/77	112.0	-	114.7	-	-	-	-	11.1	2.4	-
C	2	12/77	112.3	-	114.6	-	-	-	-	11.2	2.0	-
D	2	12/77	111.3	-	113.7	-	-	-	-	10.6	2.2	-
Region/population size class cross classification 3/												
Northeast/A	2	12/77	109.1	-	110.9	-	-	-	-	8.6	1.6	-
North Central/A	2	12/77	112.7	-	115.6	-	-	-	-	12.0	2.6	-
South/A	2	12/77	111.6	-	114.1	-	-	-	-	10.8	2.2	-
West/A	2	12/77	109.9	-	113.3	-	-	-	-	10.3	3.1	-
Northeast/B	2	12/77	111.0	-	113.2	-	-	-	-	10.1	2.0	-
North Central/B	2	12/77	113.1	-	115.7	-	-	-	-	11.7	2.3	-
South/B	2	12/77	111.7	-	114.3	-	-	-	-	10.9	2.3	-
West/B	2	12/77	112.4	-	115.5	-	-	-	-	11.7	2.8	-
Northeast/C	2	12/77	113.1	-	115.2	-	-	-	-	11.6	1.9	-
North Central/C	2	12/77	111.5	-	113.7	-	-	-	-	10.5	2.0	-
South/C	2	12/77	112.3	-	114.9	-	-	-	-	11.3	2.3	-
West/C	2	12/77	112.6	-	114.7	-	-	-	-	11.4	1.9	-
Northeast/D	2	12/77	110.7	-	113.3	-	-	-	-	10.5	2.3	-
North Central/D	2	12/77	112.1	-	114.6	-	-	-	-	11.3	2.2	-
South/D	2	12/77	110.8	-	113.1	-	-	-	-	9.9	2.1	-
West/D	2	12/77	111.3	-	113.3	-	-	-	-	10.5	1.8	-

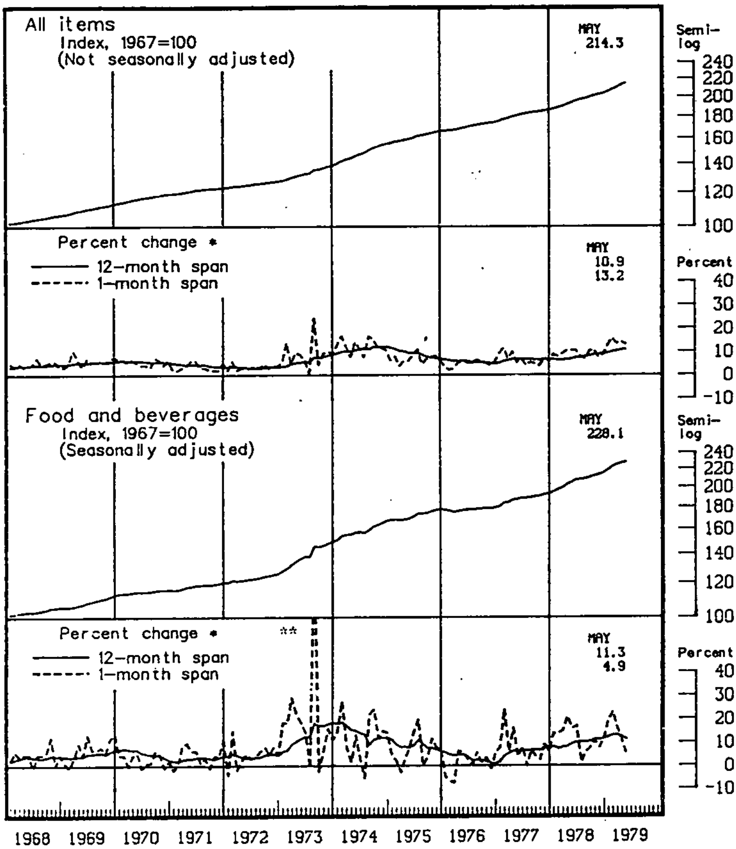
1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
M - Every month.
1 - January, March, May, July, September, and November.
2 - February, April, June, August, October, and December.

3/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:
A-1 More than 4,000,000.
A-2 1,250,000 to 4,000,000.
B 385,000 to 1,250,000.
C 75,000 to 385,000.
D Less than 75,000.
Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

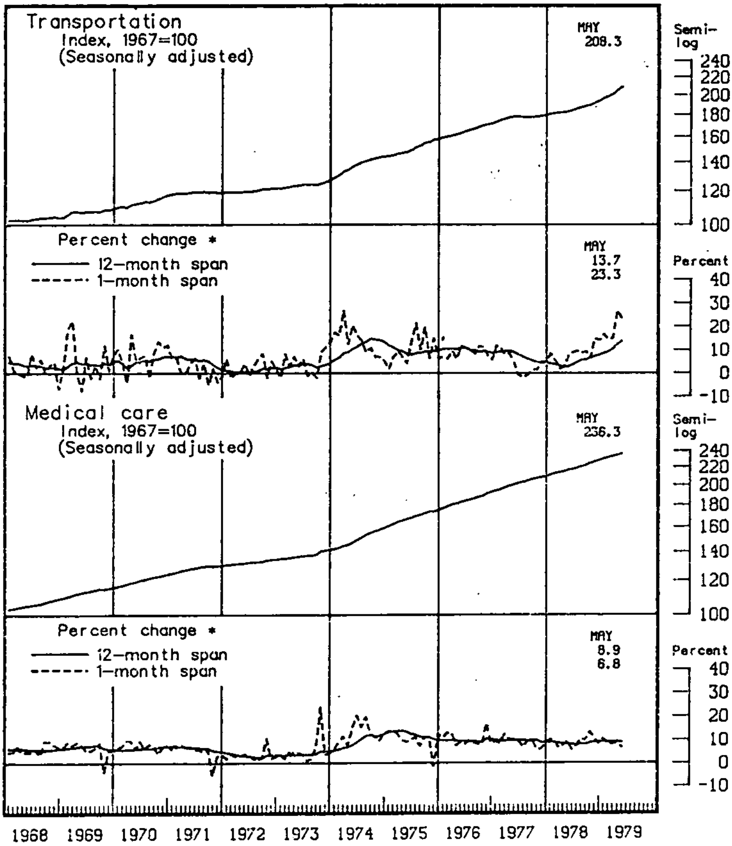
CHART 1: CPI for Urban Wage Earners and Clerical Workers
All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

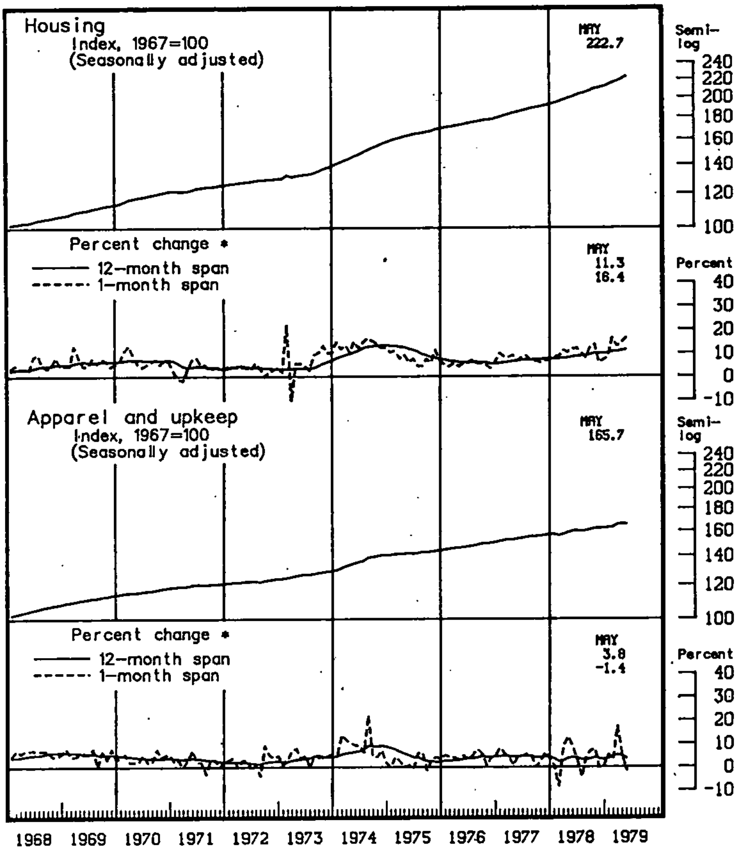
** August 1972 = 92 percent

CHART 2: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



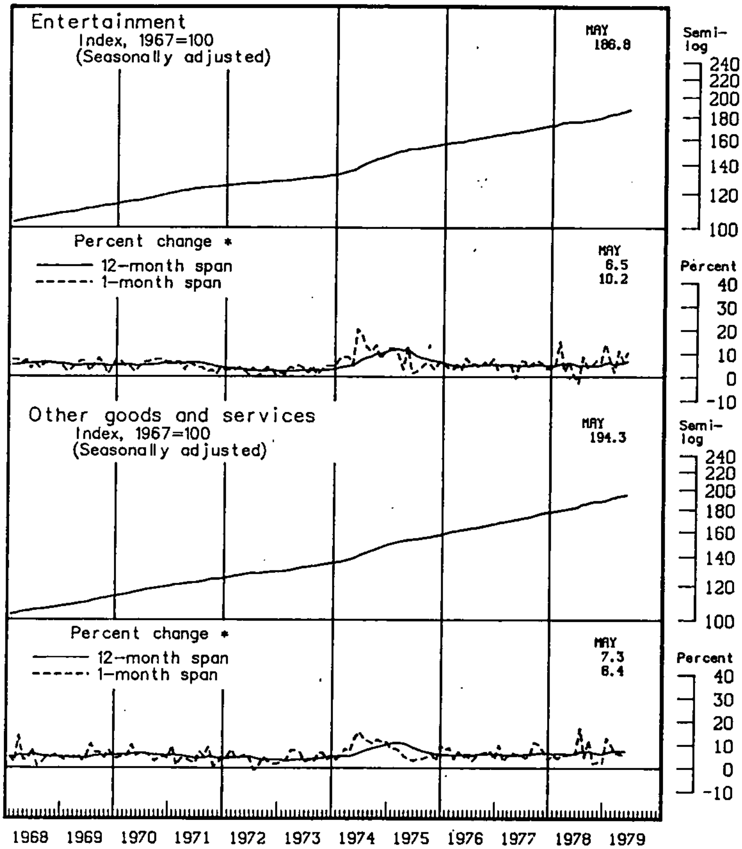
* Unadjusted data used to calculate 12–month percent change. Percent changes over 1–month spans are annual rates calculated from seasonally adjusted data.

CHART 3: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

CHART 4: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

Senator BENTSEN. On that note of good news, Mr. Bosworth, would you please proceed.

STATEMENT OF HON. BARRY P. BOSWORTH, DIRECTOR, COUNCIL ON WAGE AND PRICE STABILITY

Mr. BOSWORTH. Thank you, Mr. Chairman.

The Consumer Price Index released this morning continues to reflect what has been going on now for several months, and the seriousness of the situation is difficult to exaggerate.

Total consumer prices were up again this month by over 1.1 percent. But I think one of the other important things to keep in mind in looking at what's been happening to inflation this month and in prior months are the elements of that inflation. It is an inflation, it seems to me, where problems in three major areas are wreaking a serious major cost on the economy. These three are food, energy, and housing—the three things most important to most Americans. I'll take each one of those in turn, to explain what's been happening with inflation:

Food prices this month were up another seven-tenths of 1 percent, despite the fact that we had anticipated that there would be major moderations of retail food prices in May. They did not materialize. In April, farm prices fell dramatically, by over 2 percent, after previous months of enormous increases. Farm prices fell again in May.

Despite these declines that we've had over the last 2 months in food prices at the farm level, retail prices have continued to rise at a very rapid rate. In the month of May alone, we find that margins of food distributors and processors are up over 2 percent. In the first 5 months of this year, farm to retail margins have been rising in excess of a 20-percent annual rate of inflation.

I know normally when you talk to people in this industry they will tell you that retail prices lag behind changes on wholesale prices. It takes time for the prices to pass through to the consumer level. But what has been very notable about this burst of inflation in the food level that we've had in late 1978 and early 1979 is that retail prices did not lag on the upside. They went up very rapidly when farm prices went up, and there was no squeezing of margins. Now, however, while farm prices are coming down, we find that the retail margins continue to rise rapidly.

Senator BENTSEN. Mr. Bosworth, is that really new? It seems to me—and I have been on the farming side of this thing—that every time prices go up on the farm, they ratchet the price up in the retail market; but when prices go down on the farm, they still ratchet the price up at the retail market. I don't see it come down at that point.

Mr. BOSWORTH. Most of the problems usually are that people, in looking at whether retail prices come back down again, fail to take into account that there is an underlying inflationary trend in the whole economy. So if you look at the food processing and retailing sector of the economy, it continues to have inflation sort of month in, month out and those margins do rise.

So when farm prices come up and then come back down, we tend to expect the retail price to come back down at the same level it was before. But if you take the food processor or a food retailer——

Senator BENTSEN. You know, the sad part of that analogy is that the inflationary costs for the farmer don't go down when his prices go down, either. They continue to go up.

Mr. BOSWORTH. Yes. Farm prices in the long run tend to follow the same trend as other prices. For example, over the last decade, farm prices have gone up far more rapidly than consumer prices as a whole. They have moderated in the last 2 months, but we had enormous increases in wholesale beef prices and other farm products earlier.

The point is that you expect the processor and retail margin to rise at the same rate as the overall economywide rate or inflation, which is today somewhere in the neighborhood of 10 percent. In fact, they're going up about twice as rapidly as that. That is not what we would have anticipated from historical relationships.

Given the historical relationship, we would have expected and the Department of Agriculture expected that the May data would show a major decline in retail food prices. That did not appear. And I think this is probably, from our perspective, one of the two major areas where we find that the behavior of a lot of food processors and retailers do not seem to be consistent with the anti-inflation program, where prices appear to be rising more than the basic price-wage standards would have called for.

Some of the costs are due to energy and the fact that transportation costs are going up very rapidly because of the fuel shortage. But it does not seem to account for the full magnitude of the increase in the margins.

Perhaps June will finally show some major moderation. But, for example, this month we've had two major declines in meat prices at the wholesale level. Yet the Department of Agriculture calculated last month that the retail price of beef and pork was about 9 cents a pound higher than it should have been on the basis of normal historical relationship of what a middleman would charge to bring it to market. That margin has widened further this month.

And the second major area that again is revealed this month is energy. Where earlier, we said food was the major inflation problem, it's clear that food prices have now begun to moderate some. It has now been replaced by energy as the most serious inflation problem we face.

Energy items in the Consumer Price Index were up over 4 percent in a single month. They have some up now at over a 50-percent annual rate in the last 3 months so far this year. And I think we can anticipate that in June we will continue to get very large increases in energy prices.

The basic problem there, it seems to me, is the shortage that we have in refined petroleum products. Our own calculations show that the crude oil price increases that the country has experienced to date account for little more than about 40 percent of the total price increase. The rest of it is a widening margin on the part of the middleman, both with respect to refinery output, particularly in home heating oil, where the increases have been most dramatic, and second, at the gasoline station level. It appears that some distributors of gasoline have widened their margins very substantially in the current shortage situation.

We have not been involved that extensively with gas stations because they are subject to mandatory controls by the Department of Energy. The Department of Energy has recently gone out with some new proposals to try to simplify the regulations and make them more understandable so that enforcement will improve.

We have been dealing rather extensively with refineries. We find that the Government data show enormous increases in the price of refined petroleum products. When we checked with the large refiners that the Council on Wage and Price Stability is monitoring, we found that on average these companies do seem to be complying with the margin limitations of the anti-inflation program. Their costs have gone up rapidly, both because they're buying crude oil and also because they're importing a large amount of refined petroleum products that they're buying in the spot market, where prices are extremely high.

But this still leaves a widening of the margin. As best we can tell, this appears to be mainly a problem of the smaller refineries, the ones that are less visible in the economy and feel less subject to Department of Energy mandatory regulations on gasoline. And because home heating fuel is subject to no mandatory controls at all, these companies have tended to put in extremely large increases in that area.

The third major area that we've had enormous problems with is the housing sector. Home purchase prices and the cost of financing continue to spiral upward at a very rapid rate. Home purchase prices moderated slightly this month about seven-tenths, but that's still excessive. And we had over a 2-percent increase in a single month in the cost of financing of new housing.

But when you set aside those problem sectors of the economy and look at the sectors of the economy where we were really asking the companies and individual workers to exercise restraint, we still continue to find that that basic rate of inflation in the industrial core of the economy remains extremely moderate. There has still been no acceleration of the rate of inflation this year in the industrial sector of the economy.

Consumer price increases in the nonfood, nonenergy, and nonhome purchase areas continue to go up at about a 7-percent annual rate of inflation, the same rate that we had last year.

We do not yet have an hourly earnings index available for May, but through April we find that wage rate increases in the industrial sector of the economy show the same pattern. Most Americans have continued to cooperate with the administration's request for restraint on wages and prices.

The problem we face for the next few months, it seems to me, is the difficulty of asking people to continue to exercise that kind of restraint. In the last 3 months, total consumer prices have been rising at almost a 14-percent annual rate of inflation, and we find that people in the industrial sector are holding wage increases to between 7 and 8 percent, and industrial prices are rising at about 7 percent.

That situation can't continue for long. Now we hear more and more Americans say that the wage and price standards are unfair. Prices are rising more rapidly than wages, and they believe they should have a wage increase to catch up.

The difficulty and the threat that we face is that this is an identical replay of what happened in 1974. The truth is that we cannot get a wage increase to compensate for higher gas prices. We can't get a wage increase to compensate for higher heating oil prices. And if we try, the only consequence of this will be, since our employers don't have the money, they will raise their industrial prices. And efforts to try to catch up with food and fuel price inflation just inevitably mean acceleration of industrial price inflation. This is just what happened in 1974.

And if the current restraint on industrial wages and prices breaks down, then ultimately industrial price inflation will worsen dramatically, and the outcome of that seems to me to be only the outcome that we had in 1974–75, which is another severe recession. I think that the major threat that we face today is trying to find a way to get the American public to understand that, while food and energy price increases have been disastrous for living standards in this country, they are not the kind of problem that can be cured by asking for a larger wage increase. That will only worsen the situation.

The country has to address the fundamental problems that it has in the areas of food and energy.

And I have one final point that I would like to bring in, because it is relevant to this question of declining real incomes: Fundamentally, what lies behind our current problems with respect to real incomes and people's demands for wage increases ~~to try~~ to keep up with inflation is that this country has now suffered a nearly complete collapse of the rate of growth of productivity. Productivity growth was down in the first quarter. It will probably be down in the second quarter. In a situation in which there is no growth in productivity, that means there can't be any gains in real incomes, and attempts from individuals to try to get gains in real income in the absence of productivity growth can only mean that other people are going to lose at their expense.

We have no productivity growth or, even worse, negative productivity growth. And, at the same time, we have exploding food prices and exploding energy prices and exploding housing prices. That is a situation where the real income of the average American worker in the industrial sector is declining at rather alarming rates. It is a very serious problem, but it strikes me as not the sort of problem that can be solved by every individual trying to act on his own to maximize his own wage increase or his own price increase. That can only bring with it a worsening of the inflation, and ultimately the costs will even be higher in terms of the recession that the country is sure to have hitting in the sort of circumstance.

Instead, if we're going to do something about this inflation, it seems to me that in the longer run, one, we have to find some way to do something about what has become a very serious problem with respect to productivity. Unfortunately, I'm afraid most economists don't have any great suggestions to offer you.

And second, in recent months the inflation situation has been murdered, so to speak, with respect to the energy price situation. We have yet to face the cost of yet another OPEC price increase which will be announced today or tomorrow in the current discussions overseas. And the magnitude of these energy cost increases will certainly become the single most important anti-inflation problem that we currently face.

I think most Americans are aware of the tremendous increases in gasoline prices—the shortages and the gas lines. What they're unaware of and have yet to realize, until next winter, is what has happened to home heating oil costs in this country, and that a lot of Americans are not going to be able to afford to make those payments.

Thank you.

Senator BENTSEN. Mr. Bosworth, the CPI figures released this morning are terrible. We're talking about double-digit inflation again, and that's what we had for 5 months, 5 months of double-digit, increasing inflation.

Do you think it's going to improve or is it going to get worse in the coming months? People keep asking me, how can we plan ahead, how can we take care of our family budgets? Give us some idea about what's going to happen. Do you anticipate inflation becoming worse or better in the months ahead?

Mr. BOSWORTH. I don't think it's going to change a great deal in the aggregate. Over the next few months, I think we will get a substantial moderation of food prices. But as we look ahead to next year——

Senator BENTSEN. You say you're going to get a substantial moderation in food prices?

Mr. BOSWORTH. Well, I cannot believe that these margins that have gone up at the rate they have been going up in the last 2 or 3 months can possibly last. Ultimately, the retail sector is pretty competitive, and those prices should come down.

Senator BENTSEN. How do you crank into those calculations the fact that you have a major grain crop failure in Russia; you have monsoon problems in India, Bangladesh, and Pakistan that are going to give you shortages there? We're told by most of the estimators that this fall, cattle prices should start going up again. How can you expect a real moderation in food?

Now, you see, that's coupled with the fact that the OPEC countries, just as you said, are about to give us another major oil price increase.

Mr. BOSWORTH. I was just going to add that I think there will be some at the retail level. The major concern, however, is in looking ahead to this grain price situation. They're not being reflected at the retail level, and will not until probably the middle of next year, because it takes a long time to translate higher grain prices through the whole meat cycle into other sectors of the economy. But grain prices have gone up sharply in response to the bad news from the Soviet Union, and the world situation looks a little shaky.

On the other hand, we do not know much about what the U.S. harvest has been. The weather has not been good in the Midwest so far. There has been a lot of rain. But it's still rather early, and we'll have to see what the U.S. grain harvest is.

But it probably means a situation where the United States should begin to move as fast as it can to substitute other sorts of grains and insure that we don't have a lot of set-asides. Other things can be set aside till the next crop year.

I am afraid that there are some alarming signs of future food price increases for next year because of the magnitude of it that we have. This grain situation is quite worrisome, although it has not gotten to the point that anyone can accurately predict what's going to happen. In the next few months, however, I think our food prices will moderate. I am afraid the previous forecast stating that moderating food prices would mean a moderating rate of consumer price increases in the aggregate is now very doubtful because, in fact, energy prices are going to replace food as the major problem.

So, I don't see in the aggregate, when you take account of food's moderating and energy's worsening, that you can look forward to any significant moderation of inflation in the next couple of months.

Senator BENTSEN. Are you leaving your job out of frustration? [Laughter.]

Mr. BOSWORTH. Partly.

Senator BENTSEN. Frustration at what?

Mr. BOSWORTH. Well, I think a lot of the problems that we face are not the sort of problems that are subject to very short-term solutions, which is what people naturally want. And I would like to be able to say that if inflation is a problem we can announce a program and then inflation will go away within a few months. However the type of deep difficulties that this country face are just not amenable to those sorts of short-term solutions. We have been trying for how many years now to have this country put into place an energy program that would be effective in reducing our own demand and increasing our own domestic supply.

I see no hope for moderating energy prices and asking OPEC for restraint in a situation when world spot market prices are $40 a barrel.

Senator BENTSEN. Mr. Bosworth, I share that. I fought for an energy program since I have been up here and, in 1975, passed an amendment through the Senate to build some major synthetic fuel plants. So, I understand some of that concern.

But you made a point this morning about the problems on the cost of energy, concerning prices of home heating oil and diesel fuel. You said, as I understood you, that the major refineries were fairly well holding the line on prices but that you had some small refineries that were abusing the current situation.

If I correctly understood you, what do you think we ought to do about it?

Mr. BOSWORTH. I would find it very difficult to come up with any sort of a program that can effectively monitor by mandatory controls, in the face of shortages, the behavior of 200,000 gasoline station dealers and all these small little refineries that are responsible for a lot of the home heating oil production. No matter what kind of price control mechanism you try to put on, people will find a way to beat it.

Of course it's easier to get supply up than demand down. But I know only one way to try to get these prices to stabilize, since I don't think we can afford to import more foreign oil to increase the supply. Instead, we must take some dramatic actions to try to cut the demand for gasoline and other energy uses in this country so that we'll have enough petroleum supplies to get us through the winter. Because certainly it's a lot easier for people to restrict their gasoline consumption this summer than it is going to be for people in New England to try to restrict their home heating oil consumption next winter.

And I think, just looking ahead, it would be much wiser for the country to decide that a little bit of discomfort this summer is going to pay large dividends next winter.

Senator BENTSEN. We have a base price for oil as charged by OPEC—and I emphasize "a base price"—of $14.50. The estimates that we hear this morning say that we will be paying something that approaches $20.

What kind of an effect do you think that will have on inflation in this country?

Mr. BOSWORTH. Let's see, that would be about a 33-percent increase in oil prices. Since much of the U.S. market is now decontrolled, it means that domestically produced oil would reflect a similar increase—not as big, but probably about half of that. And when you translate that through to consumer prices, it would probably add, as I remember the calculations, pretty close to a percentage point to the overall rate of inflation.

However, I would like to emphasize that one of the things that makes this so uncertain is that it's not OPEC oil price increases to date that are responsible for the enormous increases in energy prices that consumers are now paying. What is responsible is that there is a shortage of refined petroleum products, and in that situation their prices have gone up far more than could ever be explained by the rise in crude oil.

If the OPEC price increase is accompanied by a relaxation of the demand-supply imbalance, then it would turn out that although crude oil prices would be pushing it up, the elimination of the supply shortages would squeeze some of these middlemen's margins back down to more reasonable levels, and the overall increase in the CPI would not be that dramatic.

But, putting it in dollar terms instead of percentage terms, you're talking about a $5 to $6 increase in the price of a barrel of oil. That is not, despite what you said at the opening of the hearing, materially different from the magnitude of the oil price increase that we had in 1974.

Senator BENTSEN. There seems to be growing evidence that we are going into a recession. Have you any projection as to how that would affect the inflation rate? If we had one of the magnitude of 1974 and 1975, which, frankly, I don't anticipate, but if we had one of that magnitude, how much effect would that have on inflation?

Mr. BOSWORTH. Well, you can answer the question, I guess, with fancy econometrics. Or, you could just look at the average of what's happened to us in the past recessions. If you look at 1975 and 1970 and earlier recessions, it will mean taking a million people out of work for at least 2 years to take 1 percent off the rate of inflation.

Senator BENTSEN. That's the problem that we have: We try to take care of inflation by a short-term fix, by just high interest rates and tight money. We saw in the 1974–75 recession and the recession that preceded that, each time, at the end of the so-called "correction," you get a ratcheting up. We end up with a higher unemployment rate, and we end up with a higher inflation rate.

It's obvious that we have to make a major change in direction, a substantive one, in the economic policies of this country. I think you touched on that when you talked about productivity and what has to be done to increase productivity in this country, for the modernization of the productive capacity of this country. That's, of course, just one facet of it.

Do you have any other recommendations for an increase in productivity?

Mr. BOSWORTH. Well, part of the trouble, I think, and maybe I am overly pessimistic as an economist, but I don't completely understand, despite the wealth of studies that have been done on the subject, exactly why productivity has declined as much as it has in the United States. Therefore, I don't have a lot of prescriptions of what it would take to make it grow faster.

Productivity growth is a very complex process. But what we do know is that there is probably one major thing the Government can do, even though we know it's not the total solution on productivity. The Government can have a major impact on incentives for capital formation. And that's part of the problem, you know, that capital formation has fallen off. I can't explain all of it, but on the other hand, I would argue that we ought to get on with what we do know and move in the direction of stimulating capital formation.

In light of that, I think we are doing just the opposite. If you want to stimulate capital formation now, what we would normally be looking for is a rather tight fiscal policy to hold down on consumption and Government spending, and also taxes that tend to fall on household consumption more heavily, and an easier monetary policy to try to promote capital formation to make it attractive to borrow and invest.

Coming out of the 1975 recession, we had easy monetary policy and easy fiscal policy, and largely by accident, it seems to me, we've gotten into a situation where, in retrospect, we wish that our monetary policy were a lot more loose, with lower interest rates that would stimulate more capital formation and also contribute to holding down inflation. And at the same time, we would like to have a tighter fiscal policy to offset some of the excess demand pressures that that change in monetary policy would otherwise bring with it.

Senator BENTSEN. Mr. Bosworth, we have been reading each other's mail. I agree with you totally.

I see my time is up. And I defer to Senator Proxmire, who is next.

Senator PROXMIRE. Mr. Bosworth, we are going to miss you very, very much. I am very sorry that you are leaving your post. You have done a marvelous job, in, I think, probably the most difficult job in the Government, including the job of Secretary of Energy and Secretary of Agriculture, both of which are dead-end jobs in which everybody ends up as very unpopular. But I think your job was the toughest. I think you are leaving it, I am sure, very thoughtfully, but I don't know how you could be replaced, and it troubles me very much that you are leaving it. I think that's going to hurt our anti-inflation effort, that we don't have a man with your experience and your judgment in this tremendously tough job that you have now.

Now, you have given us kind of a gloomy outlook, but I think it's an honest and realistic outlook. You indicate food prices may moderate in the next few months, but they're going to rise in the long run because of the shortage in Russia, because of the effect of very high grain prices now, that we can expect higher prices not only for grain but for meat and for other things that relate to it.

So food prices are going to go up in the long run, energy prices are going to go up in the long run, and it looks as if there is just no basis for appealing to people to hold down their wage increases to 7 percent, on the grounds that within a few months they're going to get some relief, because it appears that that's not going to be the case. Is that right?

Mr. BOSWORTH. Yes. But on the other hand, wage increases in the absence of any productivity growth aren't going to help anything either, because, they won't allow them to try to keep up with those food costs.

Senator PROXMIRE. I understand the logic of that. I am not talking about that.

Mr. BOSWORTH. You're talking about what's going to happen——

Senator PROXMIRE. What's going to happen and what the attitude of people is going to be after a while. As you say, you can only go to the well so often. You can appeal to the people to hold off for a few months, and they'll do it. And I think they've done, as you say, they've been remarkable in their restraint, both working people and industry, generally. But that just is not going to continue.

So, what should we do about this?

Mr. BOSWORTH. Well, I guess, normally, if you look at other countries that have been doing better than we have, several European countries and Japan, how do they handle a situation like this? You don't try to create an artificial price for energy. The country can't afford to have an artificial price because we can't afford to import.

I think maybe we made a mistake, by the way, to tell people that there are energy shortgages in the long run. That's not basically the problem. The basic problem, it just seems to me, is that this country can't afford to import as much oil as it does because we can't pay for it. But, normally, if we had a growth in productivity, we would produce more in the industrial sector so that productivity growth would offset the higher rates of increase for energy prices and food prices and still leave us with a growth in real income.

If we look, for example, at the German economy with its growth in productivity of about 4 percent a year, there are still substantial improvements taking place in real income, despite the fact that they're in basically the same situation we are with respect to energy and food. The same is true of the Japanese economy.

The problem is that in this country, so to speak, the pie is not growing. Food and energy are taking an ever-increasing share of the consumer's expenditures, and there is nothing but a deadline left for the rest of it.

And I think the most effective response, even though I know it takes time and it doesn't offer an overnight solution, is to try to find a wav to accelerate the rate of growth of productivity. Then, real incomes in the aggregate can accommodate the fact that we will continue to have bad results on the food and fuel.

On the other hand, I guess, in food it doesn't seem clear to me that it's an absolute necessity that we have to go through these sharply rising food prices. It seems to me that that comes out of the boom-bust sort of cycle that we go through in food: When food prices are low, the farmers all complain that they're going bankrupt, so we restrict production as a way to force prices up. Then when the prices go up, the consumers get upset, so that we take the restrictions off to try to expand production. And we fluctuate so much that I think it's become difficult in that industry to try to improve productivity because the uncertainty factor has become so great.

Senator PROXMIRE. We have had, over the years, though, the most impressive improvement in agriculture in productivity of any sector of the economy, by far. Am I right?

Mr. BOSWORTH. Up until the 1970's. And what has happened to us since about 1972 is that we have had a substantial slowdown in the rate of productivity.

Senator PROXMIRE. I have always wondered how that would go on forever. We had a few years ago 25 percent of our people on farms. Now we have 3 percent. A fantastic improvement in output per man-hour. We can't get down to much below that, can we, really? We can improve, I am sure, some as time goes on. But we can't expect that rate of improvement, because there is just not that much left.

Mr. BOSWORTH. That's what Malthus used to argue, and we have managed to put him off for about 100 years.

It seems to me, yes, because remember that the percentages, of course—you keep saying there were 25 percent, and we're down to 3 percent. We can't, obviously, keep that up. On the other hand, remember that if the percentage of people on farms goes from 3 percent to 1½ percent, which is not a big decline, you've just doubled the level of productivity. You get twice as much as you did before.

Senator PROXMIRE. It's going to be difficult to get it down to 1½ percent.

Mr. BOSWORTH. When you look at the technology, it's possible in that respect. I think it certainlv will be coming from different areas.

Senator PROXMIRE. My point was: When you go from 25 percent to 3 percent, you get a tremendous improvement in the contribution that agricultural productivity has made to the economy as a whole. You free, in your economic resources, especially your manpower resources, 3 to 3½ percent; it's relatively very modest.

Let me ask you about one other area that concerns all of us a great deal, and particularly me, because I am chairman of the Senate Banking Committee. In your view, has monetary policy been sufficiently restrictive to be a useful tool in fighting inflation? Do you think it should be more restrictive? Do you think it would be more effective if we were able to tighten up monetary policy more than we have?

Mr. BOSWORTH. No; but at the same time, to say we're restrictive or loose is difficult for me to interpret, because it's so hard for me to figure out what monetary policy is. All of the usual indicators seemed to go haywire and fluctuated all over the place.

I would look instead at the housing sector as one area——

Senator PROXMIRE. You were saying you were going to look to the housing industry?

Mr. BOSWORTH. If you looked at the amount of funds made available for housing, and then business investment, there has been a major shift toward a more restrictive monetary policy in the last year or so.

I would judge that the economy is slowing down at rather dramatic rates. And would you like to see the economy slow down more rapidly than it now is? No; I'm a little nervous in the opposite direction, myself.

Senator PROXMIRE. You know, the way that the monetary policy has contributed to slowing down housing in the past is just to make funds not available for housing. Now they're available but at a somewhat higher price and people are willing to pay that price as long as they anticipate inflation is going to continue at very high levels. With interest rates over 13 percent, mortgages are outrageous, historically, but it's not so outrageous if you expect inflation to continue at that rate. It's not restrictive—not restrained.

Mr. BOSWORTH. Not as much as before. And I think that there was some tightening of monetary policy before, but it seems to me basically that's what happened last year, is that your explanation is that usually money just doesn't become available.

In the old days of all the restrictions on savings flows and interest payments, that was true. We didn't realize they were going to change so much. When monetary policy tightened in the middle of last year, we anticipated a substantial slowdown in the rate of the growth of the economy but, for the reasons you cite, we didn't have them. People just kept right on borrowing, because they figured that with inflation, the 13 percent interest rates were not that high.

Now it has——

Senator PROXMIRE. Your prescription, as I understand it, however, is a tougher, more austere fiscal policy and easier monetary policy so that we can encourage investment.

Mr. BOSWORTH. I'm not trying to get into a debate over whether or not we ought to have more total restraint now or less restraint. My point is that if we shifted the mix of our fiscal and monetary restraint to the same level of aggregate demand we now have, if we loosened up our monetary policy to provide a lot of capital, and tightened up on fiscal policy in order to make those resources available for that investment——

Senator PROXMIRE. I agree with that. Now it appears we may well have a recession coming up in this coming year. We'll be deciding on whether or not to balance the budget in 1981. The President has indicated that's his goal.

But obviously that's subject to the economic outlook. In your view, if we are in a recession, should Congress just go ahead and reduce Federal spending so that we can balance the budget because of the long-term inflation outlook?

Mr. BOSWORTH. No; I would not advocate that. I just think it's terribly ineffective to say that the country ought to pay the costs of another recession as the way to solve inflation. Because, it won't happen. It won't work because the costs will get too high; we'll start out ahead of time, those of us who are confident we are not going to lose our jobs, and we'll say that's a good idea.

But I think if you talk to the people who are likely to be experiencing a loss of jobs, they would not like that as an inflation weapon.

Senator PROXMIRE. So whether or not we have a balanced budget in 1981 should depend upon whether we can anticipate a reasonable amount of growth in 1981. Is that right? If it's less than, say, 3 percent or 2 percent we shouldn't try to balance the budget? And certainly if it's a recession, we shouldn't try to balance the budget.

Mr. BOSWORTH. And, if a recession should materialize, the policies that can be taken to alleviate that include both monetary policy and fiscal policy. But I would hate to see a situation where fiscal policy jumped so quickly to try to offset and to reverse the economic trends that no time was left for monetary policy to adjust.

If we go into a recession with, again, a very easy fiscal policy and a very tight monetary policy, if more actions are necessary to stimulate the economy, the first move should come from monetary policy, because in my view monetary policy is the one that we want most to loosen up on. I don't think we should abandon the objective of trying to bring the budget back into closer balance. We should be mixing the two policies.

Also, I would hate to see a situation, given that the Congress this year turned down real wage insurance on the grounds that it cost too much——

Senator PROXMIRE. "Real wage insurance?" You're talking about the tax rebate? Is that right?

Mr. BOSWORTH. Yes. I would hate to see a situation where in the future should it come up, we would have another tax cut without in some way tying it to inflation behavior; that we don't try to get some anti-inflation mileage out of it.

A year ago, we were trying to find a way to cut the social security taxes to try to lower the rate of inflation by lowering the cost of employment. People said we couldn't affort it. We didn't have the funds available.

Unfortunately, in my view, in the last round of tax deductions, the tax reduction was given away willy-nilly to anybody who had a claim to it, with no link to people's inflation behavior. As a result of that, there was no positive behavior on the inflation side.

I would like to see some way, at least partially, to tie it to some behavior with respect to productivity.

But even more than that, we can't afford a tax cut unless we make the tax cut work directly to lower the rate of inflation. There are just too few policy measures this Government has available to deal with the rate of inflation without giving up on that.

And, I don't know if a tax cut will become necessary or not. As I told you, there's room for only one. But I would hate to get in a situation where we just gave it away, without thinking of a pay increase, or social security taxes, and all the other approaches.

Senator PROXMIRE. My time is up, but, of course, in many ways you can have a tax cut work for you to combat inflation. One is to stimulate investment. I think we should do that to improve productivity.

There's a variety of different techniques that could be used. My only point is that one of them ought to be used.

Senator BENTSEN. Congressman Wylie.

Representative WYLIE. Thank you, Mr. Chairman.

Mr. Bosworth, you indicated that you thought a tighter fiscal policy was what this country needed. If that's the medicine needed, Senator Proxmire has said one part of that is a balanced budget. That would be a tighter fiscal policy. And you didn't think that a balanced budget was the way to go, at least for the year 1980.

The administration has predicted an inflation rate of 7.5 percent—or did predict an inflation rate for this year of 7.5 percent. The Budget Committee in the House said it would be 7.1 percent. And today we see it running at about 14 percent.

But what do you mean by a "tighter fiscal policy," if it's not balancing the budget?

Mr. BOSWORTH. I was not trying to say whether you should or shouldn't have a balanced budget next year. I don't know anymore than anyone else does what's going to happen to the economy.

My point in the balancing of fiscal policy was to suggest a shift in the mix of policy, a tighter fiscal policy and an easier monetary policy. This is not an attempt to try to put the economy in recession, but just to shift the mix, ease up on one area, tighten up on the other.

And, yes, a tighter fiscal policy does mean, if you can get an easing of monetary policy, a move toward a balanced budget.

Representative WYLIE. But shouldn't we have a goal, rather than waiting to see what the economy is going to do next year? Shouldn't we try to somehow engineer what the economy might do?

It seems to me that your answer to whether or not we should have a balanced budget depends on what the economy does next year.

Mr. BOSWORTH. We have an objective that if the economy does not go into a serious recession, we would like to have a balanced budget. We are working toward that objective.

But in a situation where for other reasons, say huge oil price increases that drain a lot of real income abroad, if this country got caught in a situation with unemployment going up rapidly and tax revenues falling off, I think it would be counterproductive for the Federal Government in that period to sit there raising taxes or cutting expenditures in a vain effort to balance the budget. You just don't know exactly what the economic situation will be.

I'd rather work for a balanced budget, if it turns out that the economy is moderately strong and unemployment is not rising. But we're going to have to face the choice if you find rising unemployment.

Representative WYLIE. I think, Mr. Bosworth, that you are a pretty smart fellow, and I'm going to ask you to help me answer my mail.

Mr. BOSWORTH. I can't answer my own. [Laughter.]

Representative WYLIE. On WTVN Radio, which is the most listened to radio station in my district, listeners heard this editorial yesterday. It started out by saying, "Alfred Kahn, President Carter's chief inflation fighter, recently said this, and we quote, 'There is no way we can avoid a decline in our standard of living. All we can do is try to adapt to it.' "

Do you agree with that?

Mr. BOSWORTH. In the short run, over the next year; yes. In the long run, not at all.

Representative WYLIE. The editorial goes on to say, "That is a statement of defeat. Recently, the President's head of Wage and Price Stability announced his resignation, apparently because he could do nothing substantial to fight inflation."

Is that the reason you're leaving?

Mr. BOSWORTH. No; it's mostly for personal reasons.

Representative WYLIE. It doesn't have anything to do with the fact that you haven't been given the opportunity to operate on your own to put into place the policies that you might think would help fight inflation?

Mr. BOSWORTH. No.

Representative WYLIE. "The inflation rate in this country is now running at 14 percent." This is the editorial going on, now: "This is devastating for all low-income/middle-income families. Prices for food, gasoline, and housing are going up at an alarming rate. The President's fight against inflation is a disaster."

Do you agree with that?

Mr. BOSWORTH. I would say that the fight against inflation has not gone well. I've learned to try to avoid words like "disaster."

Representative WYLIE. You see the difficulty I might have.

Mr. BOSWORTH. I think we face very serious problems, but to try to pretend to people that energy can be consumed the way we have in the past with no price increases is just unrealistic, and I'm sorry but the Federal Government can't grow more beef cattle.

It seems to me we will have serious declines in real income in the next year, but as we look ahead we can address those problems. We can do something in the long run about productivity growth and thus offset these increases in fuel costs. We can do something in agriculture to improve production in the long run.

But people want an overnight solution, and inflation is simply the kind of deep problem that is not subject to overnight solutions; if you try it, you'll make the situation worse because you'll just camouflage the basic problems that we really do face.

Representative WYLIE. You focused in on productivity a little while ago, and I am inclined to agree that it is a very serious problem from what I've heard from all sources.

What's happened in the United States? You say real income has declined vis-a-vis productivity. What has happened in the other industrialized nations that were asked about that kind of an event?

For instance, West Germany, as an example of where productivity was better. What's happened in Japan, for example, and West Germany, and other industrialized countries?

Mr. BOSWORTH. Productivity growth is better in every major industrial country than it is in the United States, including, amazingly, Great Britain, which we always used to hold out as the worst performer. There has however, been a slowing in the rate of growth of productivity on a worldwide basis.

I think the reason for that is fairly understandable, because most productivity growth came in the past by substituting machines for human labor, and those machines used energy, and energy has gotten more expensive compared to human labor, so it's slowed down a little bit. But the decline in productivity in the United States is far larger and of a much greater magnitude than in other countries.

Germany continues to have around 4 to 5 percent productivity growth a year. Japan is up in the neighborhood of 6 to 7. Those are very high rates.

Let me suggest, however, that's not something that we can duplicate in the United States. They're in a completely different type of situation than we are. But in the last decade, we've had less than 2 percent a year, and we used to have between 3 and 4 percent.

In the last 3 years, we've had less than 1 percent a year. And so far this year, we've got a whopping negative number.

Representative WYLIE. And you think that's very alarming?

Mr. BOSWORTH. Yes.

Representative WYLIE. So do I. What's happened to real income in those other countries?

Mr. BOSWORTH. Real income will parallel almost precisely the growth in productivity, unless fuel and food heat up much beyond that because of larger price increases. However, in the entire period for which we can calculate data, there has never been in this country a significant shift in the distribution of income between, say, profits and labor.

Labor's share of GNP is a constant. Therefore, the only source of growth in real income in the aggregate can only be productivity growth, because nobody's share has changed dramatically. Therefore, in this country and in other countries, real incomes have paralleled rates of growth of productivity.

If you know the productivity, you know the rate of growth of income.

Representative WYLIE. You said there is no incentive for productivity, and then you tied it into the oil problem that we have and the problem of importing oil, and the fact that domestic production has declined, yet we have a bill on the House floor this week which provides for a 70-percent tax on profits from oil companies with no plowback or no incentive for production—at least that's the way I read it.

What do you think of that bill? Would you recommend that?

It seems to me that we go off in the wrong direction with that type of bill. If we had some sort of a plowback provision or some incentive, the oil companies would say we'd plow it back into oil production or synthetic fuels production, or solar energy production, or some other kind of energy production, rather than the Government saying we're going to tax you to the tune of 70 percent on the profits and have the Federal Government collect it, which is a very efficient collector of taxes, but a poor spender.

It seems to me that that's counterproductive.

Mr. BOSWORTH. The problem lies in trying to distinguish between old oil and new oil. We would like to provide a lot of incentives for people to increase production of new oil, but it does seem a little upsetting to people.

They ask, "Why do I have to pay somebody who had an oil well and was making money when it was $3 a barrel, and now it's $16 and it's threatening to go to $20? That was old oil." I don't see any additional incentives in the fact that we have to pay so much to people with old oil to try to get a few incentives for people in new oil.

Instead, the policy has been that we have allowed a tremendous increase in the price of new oil in this country, even after the excess profits tax, so that companies would find enormous incentives to find oil. I don't think that's the problem.

There's been an enormous amount of drilling activity in this country. The problem is, most of the wells have been dry. We haven't been very successful in finding it. There's been a hell of an effort being made to find it, and I think the incentives right now are very strong to try to drill for more oil.

Representative WYLIE. The problem is that it depends on who you talk to. I was at a meeting of the Independent Oil Producers this morning. We have a lot of those in Ohio, and they're saying the incentive is not there, and that there are a lot of oil wells out there, and if you put the 70-percent tax on them, that's going to reduce incentives.

But if you have some sort of a plowback provision that they could use the money to try to find new sources.

Mr. BOSWORTH. Well, they already have, you know. When you talk to independent oil producers about the problems they have, they have a lot of old oil and not exactly an unbiased view of it. But the other one is, as you know, that the tax system already allows almost 100 percent writeoff as current expenses for the expenses of drilling for oil wells. Companies already get an awful lot of tax credits.

And I don't know about maintaining this excess profits tax over a very long period of time, but I thought the excess profits tax was basically being put forth as a compromise.

We wanted to try to increase the incentives and get rid of the distortions we had by trying to maintain this control system on crude oil, but it was so hard to tell a barrel of old from a barrel of new.

And so one group said "decontrol"; the other one said, "I don't like that because they're going to profit from it too much."

And so the compromise was to decontrol and put in place at the same time an excess oil profits tax to collect the money back from the owners of old oil. It strikes me as perhaps not a perfect compromise, but certainly not a bad compromise.

Representative WYLIE. Well, it's hard to find some area of agreement, I know, on all these problems, but we can agree that we are in a fiscal crisis as far as our economy is concerned at the present time, and as far as our oil situation. Can we agree on that?

Mr. BOSWORTH. We certainly can.

Representative WYLIE. Thank you.

Senator BENTSEN. Congresswoman Heckler.

Representative HECKLER. Thank you, Mr. Chairman.

Mr. Bosworth, as you know, I come from the Northeast section of the country; and it seems when the rest of the country gets a cold, we get pneumonia. We already feel like we have pneumonia.

All the impacts of our dependence on foreign oil means that we have more costs to push inflation than the rest of the country. The gasoline lines are longer in the Northeast. I am told in New York they are so long as to be absolutely incredible.

The fact is that we are also finding our agricultural deliveries interrupted by the trucker's strike, and so forth. And this will not only impact on supply, but on food prices.

What public policy response do you see the Government creating in this situation? Is there any response that the administration has put forward, that you think is going to alleviate some of the particularly excruciating burdens in the Northeast, or in other sections of the country?

Mr. BOSWORTH. I think one of those questions, in part, will be answered by the results of the current negotiations with other oil-consuming countries in Tokyo. And also what the oil producing countries do today.

We are in a situation where the United States, with respect to the oil problem, has got to find a way to reduce demand. But we can't do it alone, and we can't do it the way we're doing it now, with gas lines and other mechanisms that are so terribly inequitable.

And I do agree with you that the burden of this does tend to fall most heavily on the Northeastern part of the country. Although, with respect to gasoline, I think it depends a little bit on what week you look at. California went through its episode, now the east coast is going through it. So I hope it will not decay into a situation of one region against another. It is a tremendous problem that's more severe in the Northeast than it is in the rest of the country.

The answer has to be to find a way to get world demand for petroleum down to a point where that spot market price is not far above the OPEC price. There is no way, in my view, to get the OPEC countries to exercise restraint on pricing as long as that spot market price is twice what they are charging.

There are just enormous incentives in that sort of a situation. And here we are, trying to alleviate our gasoline shortages because everybody is mad, rushing into the spot market and paying these outrageous prices for oil; which, when the OPEC countries see them, probably gives them an incentive to kick up the price on all the rest of it.

That does not seem to me a very sensible way for us to proceed. Somehow, we've got to try to develop a national consensus on it and then, so to speak, an international consensus.

We are not getting very far. We tried to come up with a proposal for gasoline rationing. Everybody liked the idea, except everybody had his own rationing plan, which was to give himself all of it.

When diesel shortages came, we tried to meet the needs of the farmers, because if this country had a food crisis on top of the oil crisis, it would be bad. I think we were largely successful in that we did get the crop in. But now we've got all the truckers mad at us, who now want the same special consideration that the farmers had. And so they are in asking for their set-aside guarantee.

And I foresee a situation where every group keeps coming down to Washington wanting a guarantee for their sector, when there is not enough to go around. We don't solve the problems by doing that. We make them worse.

Representative HECKLER. Well, one of the disturbing factors in this particular situation in today's scenario is we've had a growing dispute, a debate, on the energy crisis; but the villain of the piece has always been the oil companies. There is a new villain now, in the public mind, and that is the Government.

The credibility of the Government has absolutely disappeared. And now the Government is considered a larger part of the problem, in terms of fuel prices, gasoline shortages, inflation, et cetera, than any of the traditional ogres.

Now, what can we do to change this, to bring about a resurgence of some sense of credibility? Because, what I see in the people back home is certainly a rage, which is becoming a very serious fear—a fear that this whole situation is totally out of control; that Government has intervened, created a Department of Energy, the Department is not functioning, the problems are getting larger and larger. What was a problem is now a crisis, and every prediction on inflation and energy is always outmatched by the latest CPI figures, as was experienced this morning.

These facts are just sending shockwaves through the body politic. And it does seem that Government is going to have to respond. And we just simply cannot tell people that the palliative will be our own self-control, as important as that is in the whole function of the system.

There just has to be a change; because without this, I think you are going to have a major revolution in this country.

Now, what do you see as the answer, in terms of the role of Government, and the credibility of Government, in dealing with these current crises?

Mr. BOSWORTH. I don't have an answer for all of that. I think you are right. What happens, though, is that everybody says the Government ought to do something, and everybody has a different idea of what the Government ought to do, and all the Government has got a different idea of what it ought to do.

We just can't get government into a situation where for even 2 days running you can get the same explanation for what the basic problem in a given area is. One day, somebody says sometening; and the next day somebody goes out and says, "That's a lot of crap," and they have a completely different explanation.

Representative HECKLER. Mr. Bosworth, are you saying that the Government is helpless?

Mr. BOSWORTH. No. The Government is having difficulty, it seems to me, in the current atmosphere over energy. It is difficult for government to act in a decisive fashion on an issue where nobody agrees.

It seems to me that we are paying the penalties for some of the demagoguery that we went through in the past years, where we tried to say that there had to be a villain out there who was responsible for the oil crisis, whether you want to call it the Government now, or somebody wants to call it the oil companies. I think that that was a mistake.

We always like to think that with any national problem we have there has to be a bad guy who we can all blame. The truth of the matter is that this is a basic market type of problem, a shortage of demand relative to supply, in the sense that this country cannot afford to keep paying these costs.

Until we all realize that and face up to it, how the hell can government put together a policy? Government is nothing more than a collection of people that it supposedly represents. They all disagree violently over what the solution is.

The moment the President goes on television with any program, 2 minutes later somebody comes on and says, "That's all a lot of crap. He's all wrong." And they have got their own proposal. How is the public supposed to make any judgments in that sort of circumstance, about what——

Representative HECKLER. Would you curtail the media, and not allow the opponents to speak?

Mr. BOSWORTH. There is something wrong in the way we explain things, in a sense, because we should be more convincing than that. Usually in a democratic system, you lead by conviction. You teach people that you are right.

But the issues are so complicated today, and the evidence so diverse on different sides.

Representative HECKLER. Mr. Bosworth, would you please try to explain what is—would you simplify it for me? Because I think they are complicated, and I am very confused about the current gasoline crisis.

Certainly we have had a cutback in our Iranian supply of oil, but the cutback does not seem to be equal to the measure of discomfort and dislocation in gasoline deliveries. Could you tell me exactly what the amount of the cutback is; and how this relates to the gasoline shortage; and what has produced, what is in my judgment, an excessive dislocation of supply attributed to a fairly limited cutback from our foreign suppliers, in terms of Iran?

Now, Iran cannot be the only cause of our present discomfort. What are the figures and facts, as you know them?

Mr. BOSWORTH. It's complicated, but let me try.

First of all, the United States, for a lot of reasons that I don't think are necessary to go into, drew its inventories of refined petroleum products down to relatively low levels just before the Iranian crisis. The Iranian cutback in production did not affect the United States that much, per se. But petroleum is sold in a world market. It is all the same petroleum. And there was a significant cutback in Iran, and then some reduction in the production in other countries, which created a solution where there was a sharp drawdown of world crude oil supplies.

That did lead to a shortage. It was not apparent at the gas station at that time, because it takes about a month to 2 months for crude oil cutbacks in the Arab countries to be felt in the consuming nations.

Representative HECKLER. What month are you discussing now?

Mr. BOSWORTH. January and February.

Representative HECKLER. What was the level of shortage at that point?

Mr. BOSWORTH. No one is too sure yet, because you still can't get the data from the producing countries to be sure what share of what magnitude of the cutback they actually have.

Representative HECKLER. What is your best estimate, if I may ask?

Mr. BOSWORTH. We may have had a shortfall, relative to demand, of somewhere near 10 percent, after that period was over. And Iran did start some production, and other countries upped their production. Crude oil supplies began to increase. Then at the same time, given what happened in Iran, a rather natural phenomenon took place. Everybody said, "My God, the situation is more uncertain than I thought it was."

Therefore, every oil company wants a higher inventory of crude oil than it used to have, because it doesn't think supply lines are very certain. So they want to put up their crude oil. They also are going to increase their inventories of refined, because they are worried about future supplies.

The middlemen, the distributors, said, "Gee, it looks like a shortage. I want to increase my inventory holdings."

And everybody who is riding in his car—we saw the first example in California—says, "I want to increase my inventories, too, because I am not too sure I can get it."

So everybody wants to add to his inventories. It is the same thing as we experienced 4 years ago with the run on toilet paper. Somebody put out a story on the "Johnny Carson Show" that there was a shortage of toilet paper, and everybody went out to buy some. And it created a panic situation which fed on itself.

And we have had some of that. That has been a serious part of the problem.

Now, gradually, the next thing was, in the face of the shortages, the spot market prices went up very dramatically. The U.S. Government, not wanting to feed a round of high oil prices, told the oil companies not to buy on the spot market, and the oil companies didn't. And that tended to magnify the shortage for the United States, because we didn't go out and compete with other countries to get a short supply.

We have now reversed that position.

Representative HECKLER. But that is an action by government.

Mr. BOSWORTH. And now we are back telling the oil companies to go out and buy on the spot market. Supplies are beginning to increase, and the shortages may actually go away over the next few months.

On the other hand, prices will be a lot higher as a result of that decision. And, another result of that decision is that OPEC will probably take a larger price increase than they otherwise would. We are constantly torn by people's desires: "Gasoline prices are too high, but I don't want a gasoline shortage. And I don't want to have to stand in line."

You can't really rectify both situations. If we are going to go out and get enough petroleum to satisfy everybody's demand for these fixed low prices that we had for a while, we are going to run into extremely high levels of imports, a lot of pressure on the world crude oil market, and then big increases in OPEC oil prices.

If we try to hold back on our demands, then people complain they don't want rationing, they don't like lines, and you have a political problem back the other way. We've just never been able to make up our minds. In fact, now I think our policy is probably changing about once every 10 days. It used to be it took a year, or so.

Representative HECKLER. Policies have been changing every 10 days, do you say?

Mr. BOSWORTH. I think I'll take that back. [Laughter.]

Representative HECKLER. Mr. Chairman, I know my time has expired.

Senator BENTSEN. Thank you very much.

Congressman Wylie, you wanted one other question.

Representative WYLIE. I'd just like to ask one followup question.

I might say I have talked to Secretary Schlesinger about this, and you may not know the answer. But it is apropos of the question of the gentlewoman from Massachusetts. Maybe there is a problem of distribution.

Two officials of oil refineries in my State say that they have oil refining capacity right now in Ohio, and they can refine dirty Alaskan crude oil, which is on the west coast in California. But there is the problem of pipeline distribution. We could solve that problem and get some dirty crude into Ohio, and we could refine it and make more gasoline available. That's the way the scenario goes.

Do you have any information in that regard?

Mr. BOSWORTH. That does seem to be true; but on the other hand, in the short run there is nothing that we can do about it that is consistent with existing law.

We built the Alaskan Pipeline on the west side of the Rocky Mountains, rather than on the east side of the Rocky Mountains, and we brought it into the west coast. And there is no way to get the petroleum from the west coast to the east coast. The cutbacks that have occurred in the Arab countries are mainly supply sources that come to the east coast of the country.

Now, normally what you could do is swap some Alaskan crude for something from Indonesia, and then take it around some other route and bring it over to the east coast. After 2 to 3 months, it will arrive in the United States. But as I understand, such swaps are still forbidden by U.S. law.

Representative WYLIE. I am also told that there is pipeline capacity—that there are natural gas pipelines that do not have natural gas in them that could be used.

Mr. BOSWORTH. With some conversion. There has been talk about converting some pipelines over from gas to oil. It would take time. It is quite inefficient.

A better solution is a long-term swapping arrangement. Ocean transport is so much cheaper than any type of a pipeline. But that's not anything that we could do in the near term. You are right that the crude oil shortage, when it hits as it did, does not hit the country's refineries equally. We have refineries with excess capacity. We even have some extra crude in some places, but no way to get the extra crude to the refineries that have the excess capacity.

Representative WYLIE. I think maybe we ought to work on that.

Thank you, Mr. Chairman.

Senator BENTSEN. Mr. Bosworth, our energy policy, over the last 10 years, reminds me of that fish farmer who wanted to cross a cod with a jellyfish so that he would get himself a boneless cod. Instead, all he got was a bony jellyfish. It didn't work out very well,

Listening to you this morning, you've talked some eminent good sense. And I am very appreciative of your testimony. I think it has been very helpful. I just wish we had more Members of the Congress here to hear it. And I, for one, regret the fact that you are leaving your position. I know what a thankless job it must be, but we appreciate the contributions to Government service that you have made.

Thank you very much.

[Whereupon, at 10:40 a.m., the committee adjourned, subject to the call of the Chair.]

MONITORING INFLATION

THURSDAY, JULY 26, 1979

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room S-207, the Capitol Building, Hon. Lloyd Bentsen (chairman of the committee) presiding.

Present: Senator Bentsen and Representative Mitchell.

Also present: John M. Albertine, executive director; Lloyd C. Atkinson, William R. Buechner, L. Douglas Lee, and Paul B. Manchester, professional staff members; Mark Borchelt, administrative assistant; Bill Maddox, press assistant; and Carol A. Corcoran and Mark R. Policinski, minority professional staff members.

OPENING STATEMENT OF SENATOR BENTSEN, CHAIRMAN

Senator BENTSEN. The hearing will come to order.

Inflation last month continued its unrelenting assault on our economic stability. The Consumer Price Index for June went up at an annual rate of 12.7 percent. Our annual rate for the year so far is 13.4 percent. The outlook remains tough. While food prices have moderated, prices for gasoline and fuel oil and housing are still shooting up rapidly.

I'd like to show a chart on the effect of inflation on this country of ours. First, in May 1978, prices had increased by 7 percent over May 1977. Then again in June prices were up 7.4 percent over June 1977.

The right side of the chart shows that in June 1979, prices were 10.9 percent above June 1978.[1] Now, you can see what's happened to real dollar take-home income for the working people of America. The increase in the hourly take-home pay in May 1978 against May 1977 was eight-tenths of 1 percent. You've seen a steady erosion of that until now. In June 1979, as compared to June 1978, the hourly take-home pay actually fell 3.1 percent.[2] That's the direction that we've seen it going.

I was pleased in listening to the President's press conference last night to hear him assure that he's not going to start on a wild spending program, and it is not needed. I am well aware that even as inflation continues apace, the administration recently changed the forecast and is now predicting a recession.

---

[1] The chart referred to by Senator Bentsen does not reflect the consumer price for June 1979.

[2] The chart referred to by Senator Bentsen does not reflect the hourly take-home pay for June 1979.

I think it would be a serious mistake to fall back on traditional remedies to try and have this Government spend its way out of a recession. I can see looking at targeted unemployment programs and working at that approach, but I'm gratified to see that the President expressed his agreement with my concern.

I think it was also interesting, though, that the President, last night, did not rule out the possibility of a tax cut in the months ahead. I called for a tax cut several weeks ago. In fact, I believe I was the first one to urge it. And a tax cut will not represent a change in anti-inflation policy if it is properly structured.

I think we should have a tax cut in the area of $20 billion, with half of it going to individuals to try to help them cope with inflation.

In addition, I think half of the tax cut should go to the supply side to help boost productivity in this country, something that, in the long run, will help cut down inflation and cut out this boom-and-bust pattern of our economy.

Some people claim that a tax cut would add to inflation, but the fact is that when you look at tax increases brought about by inflation, when you look at the coming social security tax increase, when you look at the recent increase in OPEC oil prices, you have a drag on our economy of at least $50 billion. When you have a $50 billion drag on the economy, it's ridiculous to talk about a $20 billion tax cut being inflationary. I think you can talk about a consistent policy.

What we're interested in is consistency in our objectives. We've had some things happen in the last few weeks that were just not anticipated. No one anticipated, that I know, that the OPEC countries were going to increase the price of oil by the amount that they did. So when you're starting up a hill and suddenly the hill is much steeper than anticipated, you change gears. You try to keep going up that hill. So to achieve those objectives, I think were going to have to have some changes in our approach.

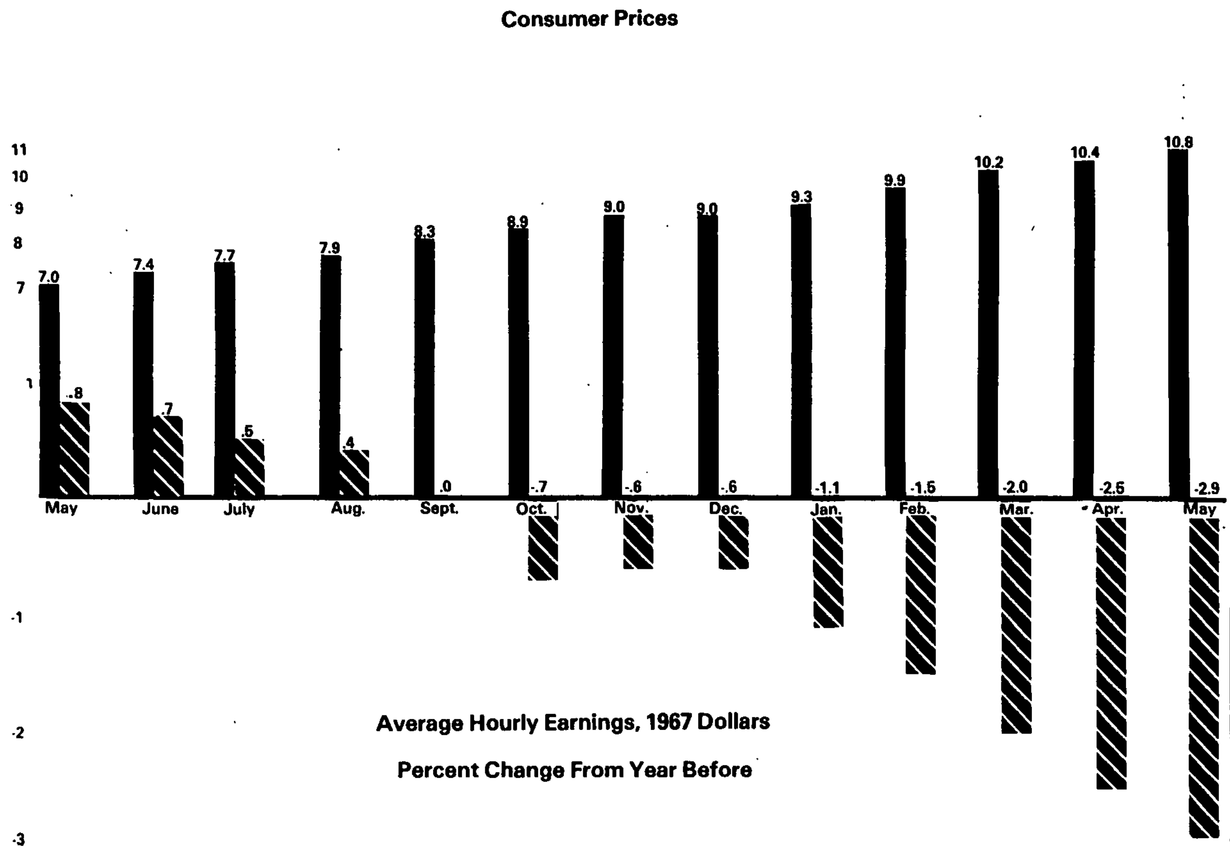
We are very pleased to have with us this morning Mr. Alfred Kahn, Chairman of the Council on Wage and Price Stability, a renowned authority; a man who has been dedicated in his efforts to undertaking a very difficult and a very serious objective in trying to control inflation in this country.

We certainly look forward to your comments on the Consumer Price Index.

Before proceeding, and without objection, I would like to place in the record at this point the chart I utilized in my opening statement and also the press release entitled "The Consumer Price Index—June 1979"

[The chart and press release follow:]

52-588 0 - 79 - 8


Consumer Prices
11
10
9
8
7
1
-1
-2
-3
7.0
7.4
7.7
7.9
8.3
8.9
9.0
9.0
9.3
9.9
10.2
10.4
10.8
.8
.7
.5
.4
.0
-.7
-.6
-.6
-1.1
-1.5
-2.0
-2.5
-2.9
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
Jan.
Feb.
Mar.
Apr.
May
Average Hourly Earnings, 1967 Dollars
Percent Change From Year Before

News United States Department of Labor
Bureau of Labor Statistics Washington, D.C. 20212

Patrick Jackman (202) 523-7827
523-8416
Kathryn Hoyle (202) 523-1913
523-1208

USDL-79-536
TRANSMISSION OF MATERIAL IN THIS RELEASE
IS EMBARGOED UNTIL 9:00 A.M. (EDT)
Thursday, July 26, 1979

THE CONSUMER PRICE INDEX--JUNE 1979

The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.2 percent before seasonal adjustment in June to 216.6 (1967=100), the Bureau of Labor Statistics of the U.S. Department of Labor announced today. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) also increased 1.2 percent before seasonal adjustment in June to 216.9 (1967=100). The CPI-U was 10.9 percent higher and the CPI-W was 11.1 percent higher than in June 1978.

CPI for All Urban Consumers (CPI-U)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for All Urban Consumers rose 1.0 percent in June, the sixth consecutive monthly increase of approximately 1.0 percent. The transportation and housing components, reflecting higher energy and homeownership prices, continued to advance sharply in June. The rise in the index for food and beverages, however, slowed notably. Among the other major categories of consumer spending, the indexes for medical care and other goods

Table A. Percent changes in CPI for All Urban Consumers (CPI-U)

Expenditure category	Seasonally adjusted: Changes from preceding month, 1978 Dec.	1979 Jan.	Feb.	Mar.	Apr.	May	June	Compound annual rate 3-mos. ended June '79	Unadjusted 12-mos. ended June '79
All items	.6	.9	1.2	1.0	1.1	1.1	1.0	13.4	10.9
Food and beverages	.9	1.4	1.6	1.0	.9	.7	.2	7.5	10.0
Housing	.5	.6	1.3	1.0	1.1	1.2	1.3	15.5	11.6
Apparel and upkeep	-.1	.2	.3	1.5	.5	0	-.1	1.5	3.6
Transportation	1.0	1.1	1.1	1.2	2.0	1.8	1.7	24.4	14.6
Medical care	.5	1.1	.6	.6	.6	.6	.7	7.7	9.1
Entertainment	.7	.8	.4	.9	.6	.5	.1	5.5	6.8
Other goods and services	.2	.7	.7	.6	.5	.5	.5	5.7	7.5

(Data for CPI-U are shown in tables 1 through 3.)

and services continued to rise at about the same rate as in recent months. The index for entertainment increased 0.1 percent following substantially larger increases in earlier months, while the apparel index declined slightly. During the first 6 months of 1979, the CPI-U increased at a seasonally adjusted annual rate of 13.2 percent. Most of the rise was due to price increases in the transportation, housing, and food and beverage components. The second quarter seasonally adjusted annual rate of 13.4 percent was about the same as the first quarter increase of 13.0 percent and the largest quarterly rise since a 14.0 percent increase in the first quarter of 1974.

The June increase of 0.2 percent in the food and beverages component was the smallest increase since July 1978. Prices of grocery store foods declined 0.1 percent in June, primarily due to a 1.8 percent decline in the index for meats, poultry, fish, and eggs. Beef prices, which had shown sharp increases in each of the preceding 8 months, declined 1.3 percent. Pork, poultry, and egg prices also declined in June. Prices for fresh fruits and vegetables increased 3.7 percent in June, following declines in the previous 2 months. Coffee prices also rose in June after declining steadily since mid-1977. Restaurant meals and alcoholic beverages rose 0.8 percent and 0.4 percent, respectively, in June, following increases of 1.1 and 0.8 percent in May.

The housing index rose 1.3 percent in June, the fifth consecutive month of large increases. Rising homeownership costs and household fuel prices continued to account for most of the increase. In June, house prices rose 1.5 percent, home financing costs rose 2.1 percent, and maintenance and repairs increased 0.9 percent. Fuel oil prices, up 8.6 percent, rose sharply in June for the fifth consecutive large increase. The index for gas and electricity rose substantially for the second consecutive month.

The index for apparel and upkeep declined slightly in June, following no change in May. The decline was primarily due to decreases in the prices of women's and girls' apparel, which offset a large increase in the footwear index and moderate increases in other apparel goods and apparel services.

The transportation component advanced sharply for the eighth consecutive month. Gasoline prices rose 5.6 percent in June and accounted for over four-fifths of the transportation increase. Gasoline prices in the first 6 months of the year have increased at an annual rate of 60.8 percent. New car prices rose 0.5 percent in June compared with 1.1 percent in May. Used car prices declined 0.2 percent, following seasonal adjustment, the fourth consecutive decline after large increases in each of the 10 preceding months. The index for public transportation rose 0.1 percent in June compared with increases of 1.0 percent and 0.7 percent in April and May.

In June, the medical care index rose 0.7 percent, about the same as in each of the preceding 4 months. The index for entertainment rose 0.1 percent compared with 0.5 percent in May, and the index for other goods and services rose 0.5 percent, the same as in April and May.

CPI for Urban Wage Earners and Clerical Workers (CPI-W)--Seasonally Adjusted Changes

On a seasonally adjusted basis, the CPI for Urban Wage Earners and Clerical Workers rose 1.0 percent in June, the sixth consecutive monthly increase of 1.0 percent or more. The transportation and housing components increased sharply again in June as homeownership costs and energy items accounted for over three-fourths of the increase in the CPI. The index for food and beverages increased about the same as in May and substantially less than earlier this year. Among other major categories of consumer spending, the medical care index increased more than in recent months, while the index for other goods and services rose about the same as in recent months. The entertainment index increased 0.1 percent, following substantially larger increases in earlier months, while apparel prices declined for the second consecutive month.

The June increase of 0.3 percent in the food and beverage component was the smallest increase since July 1978. Prices of grocery store foods declined 0.1 percent in June, primarily due to a 1.7 percent decline in the index for meats, poultry, fish, and eggs.

Beef prices, which had shown increases in each of the preceding 8 months, declined 1.1 percent. Pork, poultry, and egg prices also declined in June. Prices for fresh fruits and vegetables increased 3.2 percent in June. Coffee prices also rose in June after declining steadily since mid-1977. Restaurant meals and alcoholic beverages rose 1.2 and 0.3 percent in June, respectively, following increases of 0.6 and 0.7 percent in May.

The housing index rose 1.3 percent in June, the fifth consecutive large increase. Rising homeownership costs and household fuel prices continued to account for most of the increase. In June, house prices rose 1.6 percent, home financing costs rose 2.1 percent, and maintenance and repairs increased 1.0 percent. Fuel oil prices, up 8.5 percent, rose sharply in June for the fifth consecutive month. The index for gas and electricity rose substantially for the second consecutive month.

The index for apparel and upkeep declined 0.2 percent in June, following a decline of 0.1 percent in May. The decline was primarily due to decreases in the prices of women's and girls' apparel, which offset increases in footwear, other apparel goods, and apparel services.

The transportation component advanced sharply for the eighth consecutive month. Gasoline prices rose 5.8 percent in June and accounted for over four-fifths of the transportation increase. Gasoline prices in the first six months of the year have increased at an annual rate of 61.8 percent. New car prices rose 0.6 percent in June compared with 1.0 percent in May. Used car prices declined 0.2 percent, following seasonal adjustment, the fourth consecutive decline after large increases in each of the 10 preceding months. The index for public transportation rose 0.1 percent in June compared with increases of 1.2 percent and 0.6 percent in April and May.

The medical care index rose 0.9 percent in June, compared with monthly increases of about 0.7 percent earlier this year, reflecting higher charges for professional services and increased prices for drugs and medical supplies.

The index for entertainment rose 0.1 percent in June compared with 0.8 percent in May, while the other goods and services component increased about the same as in recent months.

Table B. Percent changes in CPI for Urban Wage Earners and Clerical Workers (CPI-W)

Expenditure category	Seasonally adjusted								Unadjusted
	Changes from preceding month							Compound annual rate 3-mos. ended June '79	12-mos. ended June '79
	1978	1979							
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June		
All Items	.7	1.0	1.2	1.1	1.1	1.0	1.0	13.4	11.1
Food and beverages	.9	1.5	1.7	1.2	.8	.4	.3	6.4	10.1
Housing	.6	.7	1.3	1.0	1.1	1.3	1.3	16.0	11.7
Apparel and upkeep	.1	.4	.2	1.3	.4	-.1	-.2	.5	3.4
Transportation	1.1	1.3	1.1	1.2	2.0	1.8	1.8	24.5	15.0
Medical care	.7	.8	.7	.6	.7	.6	.9	8.8	9.4
Entertainment	1.1	.6	.2	.9	.5	.8	.1	5.8	6.9
Other goods and services	.2	1.0	.8	.5	.5	.5	.4	5.5	7.1

(Data for CPI-W are shown in tables 4 through 6.)

24 Hour CPI Mailgram Service

Consumer Price Index data now are available by mailgram within 24 hours of the CPI release. The new service is being offered by the Bureau of Labor Statistics through the National Technical Information Service of the U.S. Department of Commerce.

The CPI MAILGRAM service provides unadjusted and seasonally adjusted data both for the All Urban Consumers (CPI-U) and for the Urban Wage Earners and Clerical Workers (CPI-W) Indexes as shown on the CPI-U sample page below. The unadjusted data include the current month's index and the percent changes from 12 months ago and one month ago. The seasonally adjusted data are the percent changes from one month ago.

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U): U.S. CITY AVERAGE (1967=100)

GROUP	UNADJ INDEX MAY 1979	UNADJUSTED PER CHG FROM 12 MO AGO	UNADJUSTED PER CHG FROM 1 MO AGO	S ADJ PER CHG FROM 1 MO AGO
ALL ITEMS	214.1	10.8	1.2	1.1
ALL ITEMS(1957-59=100)	249.0	-	-	-
FOOD AND BEVERAGES	228.2	11.2	.8	.7
FOOD	234.3	11.4	.9	.7
FOOD AT HOME	233.4	11.3	.7	.5
CEREALS AND BAKERY PRODUCTS	216.2	9.5	.8	1.0
MEATS, POULTRY, FISH, AND EGGS	242.2	19.4	.9	.1
DAIRY PRODUCTS	203.8	11.1	.7	.8
FRUITS AND VEGETABLES	226.8	3.4	.1	-.2
FOOD AWAY FROM HOME	241.1	11.7	1.1	1.1
HOUSING	222.4	11.3	1.2	1.2
RENT, RESIDENTIAL	173.8	6.8	1.0	1.0
HOMEOWNERSHIP	254.9	14.6	1.3	1.3
FUEL AND OTHER UTILITIES	232.2	7.7	2.1	2.2
FUEL OIL, COAL, AND BOTTLED GAS	344.3	23.2	4.1	4.8
GAS (PIPED) AND ELECTRICITY	251.6	8.2	2.6	2.6
HOUSEHOLD FURNISHINGS AND OPERATION	189.2	7.5	.3	.4
APPAREL AND UPKEEP	166.1	3.9	.4	.0
TRANSPORTATION	207.7	13.4	2.4	1.8
NEW CARS	165.8	8.7	.9	1.1
USED CARS	205.4	11.3	2.7	-.5
GASOLINE	247.7	29.1	5.5	5.0
PUBLIC TRANSPORTATION	193.3	3.1	.4	.7
MEDICAL CARE	236.3	8.9	.5	.6
MEDICAL CARE SERVICES	254.4	9.4	.5	.6
ENTERTAINMENT	187.8	6.6	.7	.5
OTHER GOODS AND SERVICES	193.9	7.5	.4	.5
PERSONAL CARE 1/	193.9	7.5	.6	.6
COMMODITIES	205.8	10.9	1.2	.9
COMMODITIES LESS FOOD AND BEVERAGES	192.9	10.9	1.5	1.0
NONDURABLES LESS FOOD AND BEVERAGES	195.7	12.0	2.0	1.9
DURABLES	189.2	10.0	1.1	.5
SERVICES	229.5	10.3	1.1	1.3
ALL ITEMS LESS FOOD	203.9	10.5	1.3	1.2
ENERGY 1/	260.8	19.8	4.2	4.2
ALL ITEMS LESS FOOD AND ENERGY	204.1	9.5	.9	.9

1/ NOT SEASONALLY ADJUSTED.

ORDER FROM: National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161

Please enter ______subscription(s) to CONSUMER PRICE INDEX MAILGRAM (NTISUB/158).
Subscription rates: $95.00 in contiguous U.S. and Hawaii, $110.00 in Alaska and Canada.

NAME: ____________________

STREET ADDRESS: ____________________

CITY, STATE, ZIP: ____________________

( ) ENCLOSED $________ Purchase Order Number ____________________
( ) CHARGE $________ to my American Express Account # ____________________
( ) CHARGE $________ to my NTIS Deposit Account # ____________________
( ) BILL ME $________ SIGNATURE REQUIRED ____________________

Technical Notes

Brief Explanation of the CPI

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. Effective with the January 1978 index, the Bureau of Labor Statistics began publishing CPI's for two population groups: (1) a new CPI for All Urban Consumers (CPI-U) which covers approximately 80 percent of the total noninstitutional civilian population; and (2) a revised CPI for Urban Wage Earners and Clerical Workers (CPI-W) which represents about half the population covered by the CPI-U. The CPI-U includes, in addition to wage earners and clerical workers, groups which historically have been excluded from CPI coverage, such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Prices are collected in 85 urban areas across the country from over 18,000 tenants, 18,000 housing units for property taxes, and about 24,000 establishments—grocery and department stores, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index. Prices of food, fuels, and a few other items are obtained every month in all 85 locations. Prices of most other commodities and services are collected every month in the five largest geographic areas and every other month in other areas. Prices of most goods and services are obtained by personal visits of the Bureau's trained representatives. Mail questionnaires are used to obtain public utility rates, some fuel prices, and certain other items.

In calculating the index, price changes for the various items in each location are averaged together with weights which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Separate indexes are also published for 28 local areas. Area indexes do not measure differences in the level of prices among cities; they only measure the average change in prices for each area since the base period.

The index measures price changes from a designated reference date—1967—which equals 100.0. An increase of 22 percent, for example, is shown as 122.0. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

For further details see the following: *The Consumer Price Index: Concepts and Content Over the Years,* Report 517, revised edition (Bureau of Labor Statistics, May 1978); *The Revision of the Consumer Price Index,* by W. John Layng, reprinted from the *Statistical Reporter,* February 1978, No. 78-5 (U.S. Dept. of Commerce), and *Revisions in the Medical Care Service Component of the Consumer Price Index,* by Daniel H. Ginsburg, *Monthly Labor Review,* August 1978.

A Note About Calculating Index Changes

Movements of the indexes from one month to another are usually expressed as percent changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percent changes are not. The example in the accompanying box illustrates the computation of index point and percent changes.

Percent changes for 3-month and 6-month periods are expressed as annual rates and are computed according to the standard formula for compound growth rates. These data indicate what the percent change would be if the current rate were maintained for a 12-month period.

Index Point Change	
CPI	189.8
Less previous index	189.2
Equals index point change:	0.6
Percent Change	
Index point difference	0.6
Divided by the previous index	189.2
Equals:	0.003
Results multiplied by one hundred	0.003x100
Equals percent change:	0.3

A Note on Seasonally Adjusted and Unadjusted Data

Because price data are used for different purposes by different groups, the Bureau of Labor Statistics publishes seasonally adjusted as well as unadjusted changes each month.

For analyzing general price trends in the economy, seasonally adjusted changes are usually preferred since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude every year—such as price movements resulting from changing climatic conditions, production cycles, model changeovers, holidays, and sales.

The unadjusted data are of primary interest to consumers concerned about the prices they acutally pay. Unadjusted data are also used extensively for escalation purposes. Many collective bargaining contract agreements and pension plans, for example, tie compensation changes to the Consumer Price Index unadjusted for seasonal variation.

Seasonal factors used in computing the seasonally adjusted indexes are derived by the X-11 Variant of the Census Method II Seasonal Adjustment Program. The updated seasonal data at the end of 1977 replaced data from 1967 through 1977. Subsequent annual updates will replace 5 years of seasonal data, e.g., data from 1974 through 1978 will be replaced at the end of 1978. The seasonal movement of all items and 35 other aggregations is derived by combining the seasonal movement of 45 selected components.

CPI-U

TABLE 1. Consumer Price Index for all urban consumers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes May 1979	Unadjusted indexes June 1979	Unadjusted percent change to June 1979 from- June 1978	Unadjusted percent change to June 1979 from- May 1979	Seasonally adjusted percent change from- Mar. to Apr.	Seasonally adjusted percent change from- Apr. to May	Seasonally adjusted percent change from- May to June
				Expenditure category				
All items	100.000	214.1	216.6	10.9	1.2	1.1	1.1	1.0
All items(1957-59=100)	-	249.0	251.9	-	-	-	-	-
Food and beverages	19.242	228.2	229.3	10.0	.5	.9	.7	.2
Food	18.161	234.3	235.4	10.1	.5	1.0	.7	.2
Food at home	12.616	233.4	234.2	9.5	.3	1.0	.5	-.1
Cereals and bakery products	1.543	216.2	217.8	9.1	.7	.6	1.0	.8
Meats, poultry, fish, and eggs	4.363	242.2	239.8	13.9	-1.0	2.4	.1	-1.8
Dairy products	1.683	203.8	205.5	11.2	.8	.6	.8	.9
Fruits and vegetables	1.757	226.8	233.8	4.6	3.1	-1.1	-.2	1.5
Sugar and sweets	.440	276.3	277.4	7.1	.4	1.2	1.2	.5
Fats and oils	.367	225.3	226.3	7.3	.4	1.4	1.0	.0
Nonalcoholic beverages 1/	1.418	349.3	350.4	2.6	.3	.2	.5	.3
Other prepared foods	1.045	206.6	207.8	9.9	.6	.9	1.4	1.0
Food away from home	5.545	241.1	242.7	11.4	.7	.8	1.1	.8
Alcoholic beverages	1.080	171.5	172.1	7.9	.3	.4	.8	.4
Housing	44.258	222.4	225.5	11.6	1.4	1.1	1.2	1.3
Shelter	29.827	233.5	236.7	13.3	1.4	1.2	1.3	1.2
Rent, residential	5.535	173.8	174.7	6.8	.5	.5	1.0	.5
Other rental costs	.735	230.3	232.3	12.2	.9	1.2	.7	.6
Homeownership	23.557	254.9	258.8	14.9	1.5	1.4	1.3	1.4
Home purchase	10.166	217.6	220.9	13.1	1.5	1.3	.8	1.5
Financing, taxes, and insurance	9.686	297.2	302.2	18.6	1.7	1.7	2.0	1.5
Maintenance and repairs	3.705	252.4	255.5	10.2	1.2	1.0	.6	.9
Maintenance and repair services	2.846	273.2	277.4	10.6	1.5	1.3	.5	1.1
Maintenance and repair commodities	.859	203.8	204.4	8.8	.3	.2	.9	.2
Fuel and other utilities	6.326	232.2	239.0	9.9	2.9	.9	2.2	3.0
Fuels	4.231	274.6	286.2	14.4	4.2	1.4	3.0	4.3
Fuel oil, coal, and bottled gas	.879	364.3	391.2	32.6	7.4	3.8	4.8	7.9
Gas (piped) and electricity	3.352	251.6	259.9	9.9	3.3	.7	2.6	3.3
Other utilities and public services	2.096	159.0	159.2	.8	.1	.1	.2	.1
Household furnishings and operation	8.105	189.2	190.1	7.0	.5	.6	.4	.3
Housefurnishings	4.457	162.6	163.1	5.6	.3	.6	.2	.2
Housekeeping supplies	1.542	220.5	221.5	7.6	.5	.6	.5	.5
Housekeeping services	2.106	246.2	248.0	9.6	.7	.8	.7	.5
Apparel and upkeep	5.486	166.1	165.7	3.6	-.2	.5	.0	-.1
Apparel commodities	4.819	160.8	160.2	2.6	-.4	.4	-.1	-.2
Men's and boys' apparel	1.532	160.1	160.4	1.6	.2	.3	-.2	.7
Women's and girls' apparel	1.891	153.2	150.8	.5	-1.6	.2	-.3	-1.8
Infants' and toddlers' apparel	.118	221.2	220.9	2.0	-.1	1.8	.1	.4
Footwear	.698	175.0	176.7	7.9	1.0	1.1	.3	1.5
Other apparel commodities	.580	166.9	167.3	6.2	.2	.1	.0	.1
Apparel services 1/	.666	203.1	204.8	10.8	.8	.9	.6	.8
Transportation	17.806	207.7	212.6	14.6	2.4	2.0	1.8	1.7
Private transportation	16.782	208.1	213.3	15.3	2.5	2.0	1.9	1.9
New cars	3.934	165.8	166.3	8.3	.3	1.4	1.1	.5
Used cars	3.148	205.4	208.9	9.1	1.7	-.5	-.5	-.2
Gasoline	4.183	247.7	265.0	36.3	7.0	6.0	5.0	5.6
Maintenance and repair	1.515	240.1	242.0	10.3	.8	.9	.9	.9
Other private transportation	4.001	196.4	197.3	7.6	.5	.6	1.3	.6
Other private trans. commodities	.714	171.0	171.8	8.2	.5	1.1	.9	.5
Other private trans. services	3.288	205.1	206.0	7.5	.4	.5	1.4	.6
Public transportation	1.024	193.3	194.0	3.6	.4	1.0	.7	.1
Medical care	4.959	236.3	237.7	9.1	.6	.6	.6	.7
Medical care commodities	.845	152.4	153.3	6.9	.6	.5	.5	.6
Medical care services	4.115	254.4	255.9	9.6	.6	.6	.6	.7
Professional services 1/	1.982	224.3	225.7	8.7	.6	.5	.6	.6
Other medical care services	2.133	290.9	292.5	10.5	.6	.7	.7	.8
Entertainment	3.963	187.8	188.2	6.8	.2	.8	.5	.1
Entertainment commodities	2.330	188.1	188.7	6.2	.3	.6	.0	.1
Entertainment services	1.633	187.6	187.9	7.8	.2	.8	1.3	.2
Other goods and services	4.287	193.9	194.5	7.5	.3	.5	.5	.5
Tobacco products	1.152	186.3	186.4	6.6	.1	.5	.2	.2
Personal care 1/	1.707	193.9	195.0	7.7	.6	.3	.6	.6
Toilet goods and personal care appliances 1/	.762	187.3	187.9	7.2	.3	-.2	.8	.3
Personal care services 1/	.945	200.4	202.0	8.1	.8	.8	.5	.8
Personal and educational expenses	1.427	208.8	209.1	7.7	.1	.5	.6	.4
School books and supplies	.183	191.6	191.6	6.0	.0	.5	.6	.5
Personal and educational services	1.245	213.2	213.6	8.0	.2	.5	.6	.4
				Commodity and service group				
All items	100.000	214.1	216.6	10.9	1.2	1.1	1.1	1.0
Commodities	59.213	205.8	208.4	11.1	1.3	1.2	.9	1.0
Food and beverages	19.242	228.2	229.3	10.0	.5	.9	.7	.2
Commodities less food and beverages	39.972	192.9	196.0	11.7	1.6	1.8	1.0	1.3
Nondurables less food and beverages	16.671	195.7	200.5	14.2	2.5	2.0	1.9	2.2
Apparel commodities	4.819	160.8	160.2	2.6	-.4	.4	-.1	-.2
Nondurables less food, beverages, and apparel 1/	11.852	217.2	224.8	19.0	3.5	2.8	2.6	3.5
Durables	23.301	189.2	191.1	9.9	1.0	.9	.5	.8
Services	40.787	229.5	232.1	10.6	1.1	.9	1.3	1.0
Rent, residential	5.535	173.8	174.7	6.8	.5	.5	1.0	.5
Household services less rent	20.820	260.2	264.5	13.1	1.7	1.2	1.6	1.5
Transportation services	5.828	209.8	210.9	7.5	.5	.7	1.2	.6
Medical care services	4.115	254.4	255.9	9.6	.6	.6	.6	.7
Other services	4.489	197.6	198.4	8.4	.4	.7	.8	.5
Special indexes:								
All items less food	81.839	208.9	211.8	11.1	1.4	1.2	1.2	1.1
All items less shelter	70.173	208.4	210.7	9.9	1.1	1.1	1.0	.9
All items less mortgage interest costs 1/	92.728	208.7	211.0	9.7	1.1	1.1	1.1	1.1
All items less medical care	95.041	212.7	215.2	11.0	1.2	1.2	1.1	1.0
Commodities less food	41.052	191.6	194.7	11.6	1.6	1.3	1.1	1.3
Nondurables less food	17.751	193.2	197.6	13.8	2.3	1.9	1.8	2.1
Nondurables less food and apparel 1/	12.932	210.2	217.0	18.1	3.2	2.6	2.4	3.2
Nondurables 1/	35.912	212.8	215.7	11.9	1.4	1.4	1.4	1.4
Services less rent	35.252	233.8	242.6	11.1	1.2	1.0	1.3	1.1
Services less medical care 1/	36.672	225.3	228.0	10.7	1.2	.9	1.2	1.2
Energy 1/	8.502	260.8	275.4	24.8	5.6	3.7	4.2	5.6
All items less energy 1/	91.498	210.7	212.2	9.6	.7	.9	.9	.7
All items less food and energy 1/	73.337	204.1	205.8	9.5	.8	.9	.9	.8
Commodities less food and energy	35.902	183.6	184.8	8.3	.7	.7	.5	.5
Energy commodities 1/	5.150	266.4	284.9	35.2	6.9	5.7	5.2	6.9
Services less energy	37.435	227.8	229.9	10.6	.9	1.0	1.2	.8
Purchasing power of the consumer dollar:								
1967=$1.00 1/	-	$.467	$.462	-9.8	-1.1	-1.0	-1.3	-1.1
1957-59=$1.00 1/	-	.402	.397	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 2. Consumer Price Index for all urban consumers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes				Seasonally adjusted annual rate percent change for-					
					3 months ending in				6 months ending in	
	Mar. 1979	Apr. 1979	May 1979	June 1979	Sept. 1978	Dec. 1978	Mar. 1979	June 1979	Dec. 1978	June 1979
					Expenditure category					
All items	-	-	-	-	8.5	8.5	13.0	13.4	8.5	13.2
Food and beverages	224.6	226.7	228.2	228.7	4.9	10.0	17.6	7.5	7.4	12.4
Food	230.5	232.7	234.3	234.7	4.8	10.2	17.7	7.5	7.4	12.5
Food at home	230.0	232.4	233.5	233.2	2.7	10.9	19.2	5.7	6.7	12.3
Cereals and bakery products	212.4	213.6	215.8	217.6	11.3	6.6	8.5	10.2	8.9	9.3
Meats, poultry, fish, and eggs	238.9	244.6	244.9	240.5	-8.6	27.7	40.3	2.7	8.0	20.0
Dairy products	201.3	202.6	204.2	206.1	8.5	13.5	12.9	9.9	11.0	11.4
Fruits and vegetables	224.1	221.6	221.1	224.4	17.4	-10.2	12.7	.5	2.7	6.4
Sugar and sweets	268.9	272.0	275.2	276.6	9.0	6.5	1.4	12.0	7.7	6.5
Fats and oils	221.0	224.1	226.4	226.3	7.2	3.6	8.4	9.9	5.4	9.2
Nonalcoholic beverages 1/	347.1	347.7	349.3	350.4	-2.1	2.3	6.5	3.9	.1	5.2
Other prepared foods	201.9	203.7	206.6	208.6	8.7	6.8	10.6	13.9	7.7	12.2
Food away from home	236.2	238.2	240.9	242.9	9.7	8.7	15.6	11.8	9.2	13.7
Alcoholic beverages	169.4	170.0	171.3	171.9	6.9	7.1	11.4	6.0	7.0	8.7
Housing	217.7	220.0	222.7	225.7	10.5	8.8	12.0	15.5	9.6	13.8
Shelter	228.4	231.2	234.1	237.0	13.0	10.4	14.3	15.9	11.7	15.1
Rent, residential	171.1	172.0	173.8	174.7	7.3	7.7	3.6	8.7	7.5	6.1
Other rental costs	226.3	229.0	230.5	231.8	8.8	14.8	15.1	10.1	11.7	12.5
Homeownership	248.8	252.4	255.7	259.3	14.6	10.9	16.7	18.0	12.7	17.3
Home purchase	212.9	215.6	217.4	220.7	11.8	14.3	10.8	15.5	13.0	13.1
Financing, taxes, and insurance	288.6	293.6	299.6	304.0	19.6	7.0	25.8	23.1	13.1	24.5
Maintenance and repairs	248.6	251.2	252.7	255.1	9.1	12.6	8.3	10.9	10.8	9.6
Maintenance and repair services	269.1	272.6	274.0	277.1	8.2	11.9	9.8	12.4	10.1	11.1
Maintenance and repair commodities	200.7	201.2	203.0	203.4	12.1	14.7	3.5	5.5	13.4	4.5
Fuel and other utilities	225.1	227.2	232.1	239.1	3.7	.7	9.6	27.3	2.2	18.1
Fuels	262.5	266.1	274.2	286.1	4.6	.5	16.1	41.1	2.5	28.0
Fuel oil, coal, and bottled gas	335.5	348.1	364.7	393.6	4.8	14.0	36.7	89.4	9.3	60.9
Gas (piped) and electricity	243.0	244.8	251.1	259.4	4.5	-2.8	10.7	29.9	.8	19.9
Other utilities and public services	158.8	159.0	159.3	159.5	2.0	1.3	-2.0	1.8	1.6	-.1
Household furnishings and operation	187.2	188.3	189.1	189.7	7.4	8.2	6.9	5.4	7.8	6.2
Housefurnishings	161.2	162.1	162.4	162.8	5.8	6.0	6.7	4.0	5.9	5.4
Housekeeping supplies	218.0	219.3	220.5	221.7	6.4	9.1	7.9	7.0	7.7	7.4
Housekeeping services	242.4	244.3	246.0	247.3	11.5	13.0	5.8	8.3	12.2	7.1
Apparel and upkeep	165.2	166.0	166.0	165.8	2.3	2.3	8.7	1.5	2.3	5.0
Apparel commodities	160.3	160.9	160.7	160.3	1.5	1.5	7.6	.0	1.5	3.7
Men's and boys' apparel	158.9	159.4	159.1	160.2	1.0	2.6	-.5	3.3	1.8	1.4
Women's and girls' apparel	154.1	154.4	154.0	151.3	.0	-3.4	14.1	-7.1	-1.7	3.0
Infants' and toddlers' apparel	216.8	220.7	221.0	221.8	2.8	-.2	-3.8	9.5	1.3	2.7
Footwear	171.6	173.5	174.1	176.7	3.7	10.6	4.8	12.4	7.1	8.5
Other apparel commodities	166.9	167.1	167.1	167.3	4.9	5.1	13.8	1.0	5.0	7.2
Apparel services 1/	200.0	201.8	203.1	204.8	7.6	9.2	16.5	10.0	8.4	13.2
Transportation	199.9	203.8	207.5	211.1	9.0	11.1	14.6	24.4	10.0	19.4
Private transportation	200.0	204.0	207.9	211.8	9.2	11.8	14.8	25.8	10.5	20.2
New cars	162.1	164.3	166.1	167.0	7.2	1.0	12.8	12.7	4.1	12.7
Used cars	204.0	203.0	202.0	201.6	11.7	21.5	9.1	-4.6	16.5	2.0
Gasoline	223.7	237.1	248.9	262.9	13.0	18.2	35.6	90.8	15.6	60.8
Maintenance and repair	235.6	237.7	239.9	242.0	9.6	10.0	9.9	11.3	9.8	10.6
Other private transportation	192.7	193.9	196.4	197.6	6.0	8.6	5.1	10.6	7.3	7.8
Other private trans. commodities	168.5	170.4	171.9	172.8	2.5	8.2	11.7	10.6	5.3	11.2
Other private trans. services	201.0	202.1	204.9	206.2	6.8	8.9	3.5	10.8	7.9	7.0
Public transportation	191.3	193.2	194.5	194.6	-.2	1.9	5.9	7.1	.9	6.5
Medical care	233.6	235.0	236.4	238.0	8.7	10.8	9.4	7.7	9.8	8.6
Medical care commodities	150.7	151.4	152.1	153.0	6.3	8.2	6.9	6.2	7.3	6.6
Medical care services	251.4	252.9	254.5	256.3	9.2	11.3	10.1	8.0	10.3	9.1
Professional services 1/	221.7	222.9	224.3	225.7	7.9	8.2	11.2	7.4	8.1	9.3
Other medical care services	287.3	289.3	291.2	293.4	10.5	14.4	8.5	8.8	12.4	8.6
Entertainment	185.1	186.5	187.4	187.6	6.1	6.7	8.9	5.5	6.4	7.2
Entertainment commodities	186.3	187.4	187.4	187.6	4.8	6.2	11.0	2.8	5.5	6.8
Entertainment services	183.9	185.4	187.8	188.1	7.8	7.2	6.8	9.5	7.5	8.1
Other goods and services	192.6	193.5	194.4	195.3	13.1	2.4	8.5	5.7	7.6	7.1
Tobacco products	185.4	186.3	186.7	187.1	14.1	-2.4	11.8	3.7	5.5	7.7
Personal care 1/	192.1	192.7	193.9	195.0	8.7	5.3	10.7	6.2	7.0	8.4
Toilet goods and personal care appliances 1/	186.1	185.8	187.3	187.9	10.2	3.2	12.0	3.9	6.6	7.9
Personal care services 1/	197.9	199.4	200.4	202.0	7.7	7.3	9.0	8.5	7.5	8.8
Personal and educational expenses	207.9	209.0	210.3	211.1	17.6	2.8	5.4	6.3	9.9	5.8
School books and supplies	190.8	191.8	193.0	193.9	19.2	-12.5	13.6	6.7	2.1	10.1
Personal and educational services	212.3	213.4	214.7	215.5	17.3	5.3	3.9	6.2	11.1	5.0
					Commodity and service group					
All items	-	-	-	-	8.5	8.5	13.0	13.4	8.5	13.2
Commodities	201.3	203.8	205.7	207.7	7.3	9.6	14.5	13.3	8.4	13.9
Food and beverages	224.6	226.7	228.2	228.7	4.9	10.0	17.6	7.5	7.4	12.4
Commodities less food and beverages	188.0	190.6	192.6	195.2	8.3	9.8	12.9	16.2	9.0	14.5
Nondurables less food and beverages	188.6	192.3	195.9	200.3	6.8	6.7	17.1	27.2	6.7	22.1
Apparel commodities	160.3	160.9	160.7	160.3	1.5	1.5	7.6	.0	1.5	3.7
Nondurables less food, beverages, and apparel 1/	206.0	211.7	217.2	224.8	9.6	8.3	19.1	41.8	9.0	30.0
Durables	186.0	187.6	188.6	190.1	9.1	11.3	10.0	9.1	10.2	9.6
Services	225.1	227.2	230.1	232.5	10.3	7.2	10.6	13.8	8.7	12.2
Rent, residential	171.1	172.0	173.8	174.7	7.3	7.7	3.6	8.7	7.5	6.1
Household services less rent	254.1	257.2	261.2	265.1	12.3	6.1	15.7	18.5	9.2	17.1
Transportation services	206.1	207.5	209.9	211.1	6.3	7.8	5.8	10.1	7.0	7.9
Medical care services	251.4	252.9	254.5	256.3	9.2	11.3	10.1	8.0	10.3	9.1
Other services	195.0	196.4	198.0	198.9	10.2	7.0	8.0	8.2	8.6	8.1
Special indexes:										
All items less food	204.3	206.7	209.1	211.5	9.3	8.5	12.0	14.9	8.9	13.4
All items less shelter	204.1	206.3	208.4	210.2	6.6	8.0	12.2	12.5	7.3	12.4
All items less mortgage interest costs 1/	204.1	206.4	208.7	211.0	6.8	6.7	11.3	14.2	6.8	12.8
All items less medical care	208.1	210.5	212.8	214.9	8.5	8.6	13.3	13.7	8.5	13.5
Commodities less food	186.9	189.4	191.4	193.9	8.3	9.6	12.9	15.8	8.9	14.4
Nondurables less food	186.4	190.0	193.4	197.4	6.9	6.7	16.5	25.8	6.8	21.1
Nondurables less food and apparel 1/	200.0	205.2	210.2	217.0	9.5	8.1	18.5	38.6	8.8	28.1
Nondurables 1/	206.9	209.9	212.8	215.7	5.7	7.1	17.3	18.1	6.4	17.7
Services less rent	235.0	237.4	240.4	243.1	10.8	7.1	11.7	14.5	9.0	13.1
Services less medical care 1/	220.8	222.7	225.3	228.0	11.5	6.4	11.2	13.7	8.9	12.5
Energy 1/	241.2	250.2	260.8	275.4	8.2	5.8	24.6	70.0	7.0	45.5
All items less energy 1/	206.9	208.8	210.7	212.2	8.5	7.7	11.6	10.6	8.1	11.1
All items less food and energy 1/	200.4	202.3	204.1	205.8	9.7	7.7	9.3	11.2	8.7	10.3
Commodities less food and energy	181.0	182.3	183.2	184.2	7.2	8.3	9.8	7.3	7.8	8.5
Energy commodities 1/	239.5	253.2	266.4	284.9	12.5	11.9	32.3	100.2	12.2	62.8
Services less energy	223.7	225.9	228.5	230.4	10.8	8.3	10.5	12.5	9.5	11.5

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-U

TABLE 3. Consumer Price Index for all urban consumers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes Mar. 1979	Indexes Apr. 1979	Indexes May 1979	Indexes June 1979	Percent change to June 1979 from- June 1978	Percent change to June 1979 from- Apr. 1979	Percent change to June 1979 from- May 1979	Percent change to May 1979 from- May 1978	Percent change to May 1979 from- Mar. 1979	Percent change to May 1979 from- Apr. 1979
U.S. city average			209.1	211.5	214.1	216.6	10.9	2.4	1.2	10.8	2.4	1.2
Chicago, Ill.-Northwestern Ind.	M		206.6	208.7	210.1	213.5	12.1	2.3	1.6	11.2	1.7	.7
Detroit, Mich.	M		211.6	213.2	213.9	215.4	10.7	1.0	.7	11.2	1.1	.3
L.A.-Long Beach, Anaheim, Calif.	M		203.8	207.8	211.0	212.9	10.1	2.5	.9	10.2	3.5	1.5
N.Y., N.Y.-Northeastern N.J.	M		206.4	208.3	210.5	212.5	8.1	2.0	1.0	8.2	2.0	1.1
Philadelphia, Pa.-N.J.	M		204.8	207.7	210.6	213.8	10.3	2.9	1.5	9.9	2.8	1.4
Anchorage, Alaska	1	10/67	201.0	-	203.5	-	-	-	-	10.5	1.2	-
Baltimore, Md.	1		209.1	-	215.3	-	-	-	-	8.7	3.0	-
Boston, Mass.	1		205.1	-	209.5	-	-	-	-	9.9	2.1	-
Cincinnati, Ohio-Ky.-Ind.	1		215.7	-	221.5	-	-	-	-	12.2	2.7	-
Denver-Boulder, Colo.	1		223.0	-	231.1	-	-	-	-	16.4	3.6	-
Miami, Fla.	1	11/77	111.2	-	112.5	-	-	-	-	9.4	1.2	-
Milwaukee, Wis.	1		207.6	-	217.1	-	-	-	-	15.1	4.6	-
Northeast Pennsylvania	1		203.5	-	207.3	-	-	-	-	9.1	1.9	-
Portland, Oreg.-Wash.	1		215.4	-	220.7	-	-	-	-	13.0	2.5	-
St. Louis, Mo.-Ill.	1		208.4	-	211.1	-	-	-	-	11.4	1.3	-
San Diego, Calif.	1		221.4	-	228.3	-	-	-	-	16.8	3.1	-
Seattle-Everett, Wash.	1		207.0	-	212.4	-	-	-	-	9.8	2.6	-
Washington, D.C.-Md.-Va.	1		212.6	-	216.0	-	-	-	-	11.2	1.6	-
Atlanta, Ga.	2		-	206.7	-	212.6	10.8	2.9	-	-	-	-
Buffalo, N.Y.	2		-	206.6	-	209.3	8.6	1.3	-	-	-	-
Cleveland, Ohio	2		-	215.1	-	219.9	15.1	2.2	-	-	-	-
Dallas-Fort Worth, Tex.	2		-	211.0	-	217.5	12.4	3.1	-	-	-	-
Honolulu, Hawaii	2		-	200.7	-	204.4	11.1	1.8	-	-	-	-
Houston, Tex.	2		-	228.1	-	235.5	13.5	3.2	-	-	-	-
Kansas City, Mo.-Kans.	2		-	211.5	-	219.5	14.2	3.8	-	-	-	-
Minneapolis-St.Paul, Minn.-Wis.	2		-	215.9	-	222.3	11.9	3.0	-	-	-	-
Pittsburgh, Pa.	2		-	212.0	-	214.5	10.6	1.2	-	-	-	-
San Francisco-Oakland, Calif.	2		-	208.8	-	212.5	6.6	1.8	-	-	-	-
Region 3/												
Northeast	2	12/77	-	111.9	-	114.2	9.5	2.1	-	-	-	-
North Central	2	12/77	-	115.0	-	117.7	11.9	2.3	-	-	-	-
South	2	12/77	-	114.1	-	117.1	11.3	2.6	-	-	-	-
West	2	12/77	-	113.8	-	116.7	10.9	2.5	-	-	-	-
Population size class 3/												
A-1	2	12/77	-	112.5	-	114.9	9.7	2.1	-	-	-	-
A-2	2	12/77	-	113.9	-	116.9	11.4	2.6	-	-	-	-
B	2	12/77	-	114.5	-	117.5	11.8	2.6	-	-	-	-
C	2	12/77	-	114.5	-	117.2	11.3	2.4	-	-	-	-
D	2	12/77	-	113.3	-	115.8	10.3	2.2	-	-	-	-
Region/population size class cross classification 3/												
Northeast/A	2	12/77	-	110.8	-	113.2	8.8	2.2	-	-	-	-
North Central/A	2	12/77	-	115.7	-	118.2	12.3	2.2	-	-	-	-
South/A	2	12/77	-	113.5	-	116.9	11.5	3.0	-	-	-	-
West/A	2	12/77	-	113.3	-	116.0	10.0	2.4	-	-	-	-
Northeast/B	2	12/77	-	113.1	-	115.3	10.3	1.9	-	-	-	-
North Central/B	2	12/77	-	115.1	-	118.0	12.0	2.5	-	-	-	-
South/B	2	12/77	-	114.4	-	117.5	11.7	2.7	-	-	-	-
West/B	2	12/77	-	115.2	-	118.7	12.7	3.0	-	-	-	-
Northeast/C	2	12/77	-	114.8	-	117.2	10.9	2.1	-	-	-	-
North Central/C	2	12/77	-	114.0	-	116.8	11.6	2.5	-	-	-	-
South/C	2	12/77	-	114.9	-	117.5	11.2	2.3	-	-	-	-
West/C	2	12/77	-	114.1	-	116.9	11.4	2.5	-	-	-	-
Northeast/D	2	12/77	-	112.9	-	115.5	10.6	2.3	-	-	-	-
North Central/D	2	12/77	-	114.1	-	116.6	10.7	2.2	-	-	-	-
South/D	2	12/77	-	113.0	-	115.6	9.9	2.3	-	-	-	-
West/D	2	12/77	-	112.7	-	115.1	10.5	2.1	-	-	-	-

1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
M - Every month.
1 - January, March, May, July, September, and November.
2 - February, April, June, August, October, and December.

3/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:

A-1	More than 4,000,000.
A-2	1,250,000 to 4,000,000.
B	385,000 to 1,250,000.
C	75,000 to 385,000.
D	Less than 75,000.

Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

CPI-W

TABLE 4. Consumer Price Index for urban wage earners and clerical workers: U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Relative importance, December 1978	Unadjusted indexes May 1979	Unadjusted indexes June 1979	Unadjusted percent change to June 1979 from- June 1978	Unadjusted percent change to June 1979 from- May 1979	Seasonally adjusted percent change from- Mar. to Apr.	Seasonally adjusted percent change from- Apr. to May	Seasonally adjusted percent change from- May to June
Expenditure category								
All items	100.000	214.3	216.9	11.1	1.2	1.1	1.0	1.0
All items(1957-59=100)	-	249.3	252.3	-	-	-	-	-
Food and beverages	20.946	228.2	229.3	10.1	.5	.8	.4	.3
Food	19.777	234.2	235.4	10.3	.5	.9	.4	.3
Food at home	13.899	232.8	233.6	9.4	.3	.9	.3	-.1
Cereals and bakery products	1.715	216.8	218.2	8.8	.6	.6	.9	.8
Meats, poultry, fish, and eggs	4.862	241.2	239.0	13.8	-.9	2.1	.0	-1.7
Dairy products	1.856	204.3	205.9	11.4	.8	.5	.7	.9
Fruits and vegetables	1.818	224.9	231.5	3.8	2.9	-1.6	-.5	1.5
Sugar and sweets	.472	275.6	276.6	6.7	.4	.9	1.0	.5
Fats and oils	.398	225.1	226.6	7.0	.7	1.4	.6	.3
Nonalcoholic beverages 1/	1.615	348.4	348.5	2.4	.0	.3	.2	.0
Other prepared foods	1.164	206.5	207.9	9.9	.7	.7	1.5	1.0
Food away from home	5.877	242.0	244.4	12.4	1.0	1.0	.6	1.2
Alcoholic beverages	1.169	171.9	172.4	8.0	.3	.5	.7	.3
Housing	40.957	222.3	225.5	11.7	1.4	1.1	1.3	1.3
Shelter	26.969	234.1	237.2	13.7	1.3	1.3	1.3	1.2
Rent, residential	5.238	173.7	174.7	6.9	.6	.5	1.0	.6
Other rental costs	.504	229.6	231.8	11.9	1.0	1.1	.5	.7
Homeownership	21.227	255.9	259.9	15.5	1.6	1.5	1.3	1.4
Home purchase	8.921	217.6	220.8	13.1	1.5	1.3	.8	1.6
Financing, taxes, and insurance	8.987	299.2	304.2	19.3	1.7	1.9	2.1	1.5
Maintenance and repairs	3.320	253.4	256.7	11.5	1.3	1.0	.6	1.0
Maintenance and repair services	2.351	275.5	280.2	12.8	1.7	1.6	.5	1.4
Maintenance and repair commodities	.969	204.0	204.9	8.4	.4	-.1	.6	.1
Fuel and other utilities	6.221	232.5	239.4	9.9	3.0	1.0	2.2	3.1
Fuels	4.215	274.6	286.1	14.3	4.2	1.4	3.2	4.3
Fuel oil, coal, and bottled gas	.875	364.8	391.6	32.7	7.3	3.8	4.8	7.9
Gas (piped) and electricity	3.340	251.4	259.8	9.7	3.3	.7	2.7	3.3
Other utilities and public services	2.006	159.1	159.2	.8	.1	.1	.2	.1
Household furnishings and operation	7.767	188.1	188.8	6.6	.4	.4	.6	.3
Housefurnishings	4.571	162.4	162.8	5.7	.2	.5	.4	.2
Housekeeping supplies	1.601	219.4	219.9	6.9	.2	-.1	.8	.2
Housekeeping services	1.596	244.9	247.0	9.1	.9	.7	.7	.7
Apparel and upkeep	5.524	165.7	165.3	3.4	-.2	.4	-.1	-.2
Apparel commodities	4.886	160.6	160.0	2.4	-.4	.3	-.2	-.3
Men's and boys' apparel	1.531	160.8	160.9	2.0	.1	.1	-.1	.6
Women's and girls' apparel	1.927	152.0	149.9	-.1	-1.4	.2	-.7	-1.7
Infants' and toddlers' apparel	.131	223.6	223.9	3.6	.1	1.2	.5	.8
Footwear	.735	175.2	176.0	8.2	.5	1.8	.5	1.0
Other apparel commodities	.562	167.3	167.8	4.9	.3	-.8	-.4	.2
Apparel services 1/	.637	202.6	203.6	10.5	.5	1.1	.7	.5
Transportation	20.045	208.6	213.7	15.0	2.4	2.0	1.8	1.8
Private transportation	19.121	208.8	214.1	15.5	2.5	2.0	1.8	1.9
New cars	4.154	165.3	165.9	8.3	.4	1.3	1.0	.6
Used cars	4.019	205.4	208.9	9.1	1.7	-.5	-.5	-.2
Gasoline	4.769	248.5	266.2	37.0	7.1	6.0	5.0	5.8
Maintenance and repair	1.665	240.5	242.3	10.1	.7	1.0	.9	.8
Other private transportation	4.514	196.9	197.7	7.7	.4	.7	1.2	.6
Other private trans. commodities	.804	172.1	172.6	7.8	.3	1.2	1.0	.3
Other private trans. services	3.710	205.4	206.3	7.7	.4	.6	1.3	.6
Public transportation	.924	194.2	194.8	4.1	.3	1.2	.6	.1
Medical care	4.489	236.3	238.2	9.4	.8	.7	.6	.9
Medical care commodities	.771	153.3	154.5	7.4	.8	.3	.4	.9
Medical care services	3.717	254.0	256.1	9.8	.8	.7	.6	.9
Professional services 1/	1.900	225.3	227.3	9.3	.9	.7	.5	.9
Other medical care services	1.817	289.0	291.2	10.3	.8	.8	.6	1.0
Entertainment	3.794	187.1	187.5	6.9	.2	.5	.8	.1
Entertainment commodities	2.396	186.8	187.4	6.5	.3	.4	.5	.1
Entertainment services	1.398	188.5	188.8	7.5	.2	.9	1.4	.2
Other goods and services	4.245	193.8	194.3	7.1	.3	.5	.5	.4
Tobacco products	1.392	186.3	186.5	6.6	.1	.5	.3	.2
Personal care 1/	1.762	193.7	194.6	7.1	.5	.4	.7	.5
Toilet goods and personal care appliances 1/	.838	187.7	187.8	6.8	.1	.2	.8	.1
Personal care services 1/	.924	199.8	201.4	7.4	.8	.6	.7	.8
Personal and educational expenses	1.091	209.3	209.6	7.9	.1	.5	.6	.4
School books and supplies	.163	194.2	194.2	7.2	.0	.6	.6	.6
Personal and educational services	.929	213.4	213.7	8.0	.1	.5	.7	.3
Commodity and service group								
All items	100.000	214.3	216.9	11.1	1.2	1.1	1.0	1.0
Commodities	62.074	206.1	208.7	11.3	1.3	1.2	.9	1.0
Food and beverages	20.946	228.2	229.3	10.1	.5	.8	.4	.3
Commodities less food and beverages	41.128	193.1	196.3	11.9	1.7	1.3	1.1	1.3
Nondurables less food and beverages	17.651	196.6	201.6	14.8	2.5	2.1	1.9	2.4
Apparel commodities	4.886	160.6	160.0	2.4	-.4	.3	-.2	-.3
Nondurables less food, beverages, and apparel 1/	12.765	218.1	225.9	19.7	3.6	2.8	2.7	3.6
Durables	23.477	188.9	190.8	9.7	1.0	.9	.6	.8
Services	37.926	229.7	232.3	10.7	1.1	1.0	1.3	1.1
Rent, residential	5.238	173.7	174.7	6.9	.6	.5	1.0	.6
Household services less rent	18.784	261.1	265.6	13.6	1.7	1.3	1.7	1.6
Transportation services	6.299	210.5	211.6	7.8	.5	.8	1.1	.6
Medical care services	3.717	254.0	256.1	9.8	.8	.7	.6	.9
Other services	3.888	198.0	198.7	8.0	.4	.8	.9	.4
Special indexes:								
All items less food	80.223	209.1	212.0	11.3	1.4	1.2	1.2	1.2
All items less shelter	73.031	208.9	211.3	10.1	1.1	1.1	1.0	.9
All items less mortgage interest costs 1/	93.132	209.1	211.5	10.0	1.1	1.1	1.1	1.1
All items less medical care	95.511	212.9	215.6	11.2	1.3	1.2	1.0	1.0
Commodities less food	42.297	191.8	194.9	11.8	1.6	1.3	1.1	1.3
Nondurables less food	18.820	194.0	198.6	14.3	2.4	1.9	1.9	2.2
Nondurables less food and apparel 1/	13.934	211.0	218.0	18.7	3.3	2.6	2.5	3.3
Nondurables 1/	38.597	213.2	216.3	12.2	1.5	1.4	1.2	1.5
Services less rent	32.689	240.1	243.0	11.4	1.2	1.1	1.3	1.2
Services less medical care 1/	34.209	225.6	228.2	10.8	1.2	1.0	1.2	1.2
Energy 1/	9.085	262.2	277.3	25.8	5.8	3.9	4.4	5.8
All items less energy 1/	90.915	210.8	212.3	9.6	.7	.9	.9	.7
All items less food and energy 1/	71.138	204.0	205.5	9.4	.7	.9	.9	.7
Commodities less food and energy	36.552	183.3	184.5	8.1	.7	.8	.5	.4
Energy commodities 1/	5.745	267.3	286.2	35.8	7.1	5.8	5.3	7.1
Services less energy	34.586	228.0	230.1	10.8	.9	1.0	1.2	.8
Purchasing power of the consumer dollar:								
1967=$1.00 1/	-	$.467	$.461	-10.0	-1.3	-1.3	-1.1	-1.3
1957-59=$1.00 1/	-	.401	.396	-	-	-	-	-

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 5. Consumer Price Index for urban wage earners and clerical workers: Seasonally adjusted U.S. city average, by expenditure category and commodity and service group, 1967=100

Group	Seasonally adjusted indexes: Mar. 1979	Apr. 1979	May 1979	June 1979	Seasonally adjusted annual rate percent change for— 3 months ending in: Sept. 1978	Dec. 1978	Mar. 1979	June 1979	6 months ending in: Dec. 1978	June 1979
					Expenditure category					
All items	-	-	-	-	8.2	8.9	13.9	13.4	8.6	13.6
Food and beverages	225.3	227.2	228.1	228.8	4.9	10.0	19.2	6.4	7.4	12.6
Food	231.2	233.3	234.2	234.8	4.8	10.2	19.6	6.4	7.4	12.8
Food at home	230.1	232.1	232.9	232.6	2.3	10.9	20.3	4.4	6.5	12.1
Cereals and bakery products	213.0	214.3	216.2	218.0	10.6	7.4	7.7	9.7	9.0	8.7
Meats, poultry, fish, and eggs	238.8	243.8	243.9	239.7	-8.5	28.0	41.1	1.5	8.2	19.7
Dairy products	202.1	203.2	204.7	206.5	10.1	12.6	14.0	9.0	11.3	11.5
Fruits and vegetables	223.6	220.0	219.0	222.2	15.2	-11.2	16.3	-2.5	1.1	6.5
Sugar and sweets	269.2	271.7	274.5	275.8	8.5	5.7	2.6	10.2	7.1	6.3
Fats and oils	221.6	224.6	226.0	226.6	7.8	3.2	8.0	9.3	5.5	8.6
Nonalcoholic beverages 1/	346.9	347.8	348.4	348.5	-2.0	2.3	7.6	1.9	.1	4.7
Other prepared foods	202.0	203.5	206.5	208.5	8.9	5.9	11.4	13.5	7.4	12.5
Food away from home	238.1	240.4	241.8	244.6	10.3	8.9	19.1	11.4	9.6	15.2
Alcoholic beverages	169.6	170.4	171.6	172.2	8.0	6.3	11.1	6.3	7.1	8.7
Housing	217.5	219.9	222.7	225.7	10.1	8.8	12.5	16.0	9.4	14.2
Shelter	225.8	231.8	234.7	237.6	13.3	10.6	15.1	16.3	11.9	15.7
Rent, residential	171.0	171.9	173.7	174.7	7.5	7.4	3.6	8.9	7.5	6.2
Other rental costs	226.3	228.7	229.8	231.3	8.8	14.8	15.3	9.1	11.7	12.2
Homeownership	249.7	253.4	256.8	260.5	14.6	11.4	18.0	18.5	13.0	18.2
Home purchase	212.9	215.6	217.4	220.8	11.8	13.8	11.5	15.7	12.8	13.6
Financing, taxes, and insurance	290.1	295.5	301.6	306.0	20.1	8.1	26.2	23.8	13.9	25.0
Maintenance and repairs	249.6	252.2	253.6	256.2	8.8	13.6	12.6	11.0	11.2	11.8
Maintenance and repair services	270.7	274.9	276.3	280.2	8.1	13.6	14.8	14.8	10.8	14.8
Maintenance and repair commodities	202.3	202.0	203.2	203.5	10.4	13.5	7.7	2.4	12.0	5.0
Fuel and other utilities	225.1	227.3	232.4	239.5	3.3	.9	9.4	28.2	2.1	18.4
Fuels	262.2	265.8	274.2	286.1	3.9	.8	15.4	41.8	2.3	27.9
Fuel oil, coal, and bottled gas	336.0	348.6	365.2	394.0	4.9	14.1	37.1	89.1	9.4	61.0
Gas (piped) and electricity	242.6	244.4	250.9	259.3	3.6	-2.3	9.8	30.5	.6	19.7
Other utilities and public services	158.9	159.1	159.4	159.5	2.6	1.0	-1.7	1.5	1.8	-.1
Household furnishings and operation	186.2	186.9	188.0	188.5	5.3	9.2	6.9	5.0	7.3	6.0
Housefurnishings	160.8	161.6	162.2	162.5	3.7	7.7	7.3	4.3	5.7	5.8
Housekeeping supplies	217.9	217.7	219.4	219.9	5.2	11.2	7.5	3.7	8.1	5.6
Housekeeping services	241.1	242.9	244.7	246.5	10.3	12.3	4.8	9.3	11.3	7.0
Apparel and upkeep	165.2	165.9	165.7	165.4	2.3	2.5	8.4	.5	2.4	4.4
Apparel commodities	160.5	161.0	160.6	160.1	1.8	1.5	7.6	-1.0	1.7	3.2
Men's and boys' apparel	159.7	159.9	159.8	160.7	2.6	1.5	1.3	2.5	2.0	1.9
Women's and girls' apparel	153.5	153.8	152.8	150.2	-.8	-2.6	12.0	-8.3	-1.7	1.3
Infants' and toddlers' apparel	219.2	221.8	222.9	224.6	.0	-2.7	7.4	10.2	-1.4	8.8
Footwear	170.6	173.7	174.5	176.2	4.5	10.6	4.6	13.8	7.5	9.1
Other apparel commodities	169.4	168.1	167.5	167.8	5.1	6.6	12.2	-3.7	5.8	3.9
Apparel services 1/	199.0	201.1	202.6	203.6	6.4	10.7	15.6	9.6	8.5	12.6
Transportation	200.7	204.7	208.3	212.0	9.2	11.7	15.3	24.5	10.5	19.8
Private transportation	200.6	204.7	208.4	212.3	9.7	12.2	15.3	25.5	10.9	20.3
New cars	161.8	163.9	165.6	166.6	7.2	.8	13.1	12.4	3.9	12.7
Used cars	204.0	203.0	202.0	201.6	11.7	21.5	9.1	-4.6	16.5	2.0
Gasoline	224.3	237.8	249.7	264.1	1[illegible].0	19.2	38.3	92.2	16.1	61.8
Maintenance and repair	235.9	238.2	240.3	242.3	5.8	9.6	9.9	11.3	9.7	10.6
Other private transportation	193.1	194.5	196.9	198.0	6.7	8.8	4.9	10.5	7.8	7.7
Other private trans. commodities	169.3	171.4	173.1	173.6	5.3	7.6	7.9	10.6	6.4	9.2
Other private trans. services	201.4	202.6	205.2	206.5	6.8	9.1	4.3	10.5	8.0	7.4
Public transportation	191.9	194.2	195.4	195.6	.4	3.2	5.2	7.9	1.8	6.5
Medical care	233.4	235.0	236.3	238.4	9.1	10.6	8.9	8.8	9.9	8.9
Medical care commodities	151.7	152.2	152.8	154.2	6.3	9.4	7.4	6.8	7.8	7.1
Medical care services	250.9	252.7	254.2	256.4	9.8	11.0	9.4	9.1	10.4	9.3
Professional services 1/	222.7	224.2	225.3	227.3	6.9	8.3	11.3	8.5	8.6	9.9
Other medical care services	285.2	287.5	289.3	292.1	10.7	13.8	6.9	10.0	12.2	8.4
Entertainment	184.3	185.3	186.8	186.9	5.8	9.1	6.8	5.8	7.5	6.3
Entertainment commodities	184.8	185.5	186.4	186.5	6.1	8.1	8.4	3.7	7.1	6.1
Entertainment services	184.3	185.9	188.5	188.8	4.9	11.3	4.0	10.1	8.0	7.0
Other goods and services	192.4	193.3	194.3	195.0	1[illegible].2	2.2	9.7	5.5	6.6	7.6
Tobacco products	185.4	186.3	186.9	187.2	14.1	-2.8	12.3	3.9	5.3	8.0
Personal care 1/	191.5	192.3	193.7	194.6	5.6	5.8	10.5	6.6	5.7	8.5
Toilet goods and personal care appliances 1/	185.9	186.2	187.7	187.8	5.6	5.7	12.0	4.2	5.7	8.0
Personal care services 1/	197.3	198.5	199.8	201.4	5.7	6.0	9.2	8.6	5.8	8.9
Personal and educational expenses	208.3	209.4	210.7	211.6	17.6	2.6	5.8	6.5	9.8	6.1
School books and supplies	193.3	194.4	195.6	198.8	22.9	-13.0	15.2	7.4	3.4	11.2
Personal and educational services	212.3	213.4	214.9	215.6	16.6	5.5	3.8	6.4	10.9	5.1
					Commodity and service group					
All items	-	-	-	-	8.2	8.9	13.9	13.4	8.6	13.6
Commodities	201.7	204.1	205.9	207.9	7.0	10.0	15.4	12.9	8.5	14.1
Food and beverages	225.3	227.2	228.1	228.8	4.9	10.0	19.2	6.4	7.4	12.6
Commodities less food and beverages	188.2	190.7	192.8	195.4	8.3	10.0	13.8	16.2	9.1	15.0
Nondurables less food and beverages	189.2	193.1	196.8	201.6	7.0	7.1	17.8	28.9	7.1	23.2
Apparel commodities	160.5	161.0	160.6	160.1	1.8	1.5	7.6	-1.0	1.7	3.2
Nondurables less food, beverages, and apparel 1/	206.5	212.3	218.1	225.9	3.7	9.2	19.5	43.2	9.4	30.8
Durables	185.6	187.2	188.3	189.9	3.1	11.3	9.6	9.6	9.7	9.6
Services	225.0	227.3	230.2	232.7	8.8	7.6	10.6	14.4	8.7	12.5
Rent, residential	171.0	171.9	173.7	174.7	7.5	7.4	3.6	8.9	7.5	6.2
Household services less rent	254.5	257.9	262.2	266.3	13.3	6.4	16.2	19.9	9.3	18.0
Transportation services	206.7	208.3	210.5	211.8	5.7	8.3	6.2	10.2	7.5	8.2
Medical care services	250.9	252.7	254.2	256.4	3.8	11.0	9.4	9.1	10.4	9.3
Other services	195.0	196.5	198.3	199.1	3.0	8.6	7.1	8.7	8.3	7.9
Special indexes:										
All items less food	204.3	206.7	209.2	211.7	3.9	8.9	12.4	15.3	8.9	13.9
All items less shelter	204.6	206.8	208.8	210.7	5.4	8.5	13.1	12.5	7.4	12.8
All items less mortgage interest costs 1/	204.5	206.8	209.1	211.5	6.6	6.9	12.2	14.4	6.8	13.3
All items less medical care	208.4	210.8	213.0	215.2	8.1	9.0	14.2	13.7	8.5	13.9
Commodities less food	187.0	189.5	191.6	194.1	9.1	10.1	13.4	16.1	9.1	14.7
Nondurables less food	187.0	190.6	194.2	198.4	7.1	7.2	17.3	26.7	7.2	21.9
Nondurables less food and apparel 1/	200.5	205.8	211.0	218.0	9.7	8.8	18.9	39.8	9.2	28.9
Nondurables 1/	207.6	210.6	213.2	216.3	5.9	7.4	18.4	17.8	6.6	18.1
Services less rent	234.9	237.5	240.7	243.5	10.2	7.7	11.7	15.5	9.0	13.6
Services less medical care 1/	220.8	222.9	225.6	228.2	10.9	7.0	11.4	14.1	8.9	12.8
Energy 1/	241.7	251.2	262.2	277.3	6.4	6.6	25.2	73.3	7.5	47.3
All items less energy 1/	207.1	209.0	210.8	212.3	7.9	7.9	12.3	10.4	7.9	11.3
All items less food and energy 1/	200.2	202.1	204.0	205.5	9.2	7.9	9.3	11.0	8.6	10.2
Commodities less food and energy	180.7	182.2	183.1	183.9	7.2	7.6	10.1	7.3	7.4	8.7
Energy commodities 1/	240.0	253.9	267.3	286.2	13.1	12.1	32.7	102.2	12.6	63.8
Services less energy	223.7	226.0	228.7	230.6	10.6	8.5	10.9	12.9	9.5	11.9

1/ Not seasonally adjusted.
NOTE: Index applies to a month as a whole, not to any specific date.

CPI-W

TABLE 6. Consumer Price Index for urban wage earners and clerical workers: Selected areas, all items index, 1967=100 unless otherwise noted

Area 1/	Pricing schedule 2/	Other index base	Indexes: Mar. 1979	Indexes: Apr. 1979	Indexes: May 1979	Indexes: June 1979	Percent change to June 1979 from-: June 1978	Percent change to June 1979 from-: Apr. 1979	Percent change to June 1979 from-: May 1979	Percent change to May 1979 from-: May 1978	Percent change to May 1979 from-: Mar. 1979	Percent change to May 1979 from-: Apr. 1979
U.S. city average			209.3	211.8	214.3	216.9	11.1	2.4	1.2	10.9	2.4	1.2
Chicago, Ill.-Northwestern Ind.	M		206.2	208.1	209.6	213.2	12.3	2.5	1.7	11.4	1.6	.7
Detroit, Mich.	M		211.6	213.3	214.1	215.5	10.7	1.0	.7	11.5	1.2	.4
L.A.-Long Beach, Anaheim, Calif.	M		204.4	208.8	212.4	214.5	11.1	2.7	1.0	11.1	3.9	1.7
N.Y., N.Y.-Northeastern N.J.	M		206.3	208.1	210.3	212.2	8.5	2.0	.9	8.6	1.9	1.1
Philadelphia, Pa.-N.J.	M		206.8	209.1	211.4	214.5	10.2	2.6	1.5	9.8	2.2	1.1
Anchorage, Alaska	1	10/67	200.5	-	202.5	-	-	-	-	10.1	1.0	-
Baltimore, Md	1		210.4	-	216.0	-	-	-	-	8.9	2.7	-
Boston, Mass	1		204.3	-	208.7	-	-	-	-	9.7	2.2	-
Cincinnati, Ohio-Ky.-Ind	1		216.7	-	223.1	-	-	-	-	12.9	3.0	-
Denver-Boulder, Colo	1		225.0	-	233.2	-	-	-	-	16.9	3.6	-
Miami, Fla	1	11/77	112.4	-	113.8	-	-	-	-	10.2	1.2	-
Milwaukee, Wis	1		209.5	-	219.5	-	-	-	-	15.8	4.8	-
Northeast Pennsylvania	1		206.6	-	209.6	-	-	-	-	9.9	1.5	-
Portland, Oreg.-Wash	1		215.8	-	221.9	-	-	-	-	13.2	2.8	-
St. Louis, Mo.-Ill	1		207.0	-	210.3	-	-	-	-	11.9	1.6	-
San Diego, Calif	1		218.6	-	226.1	-	-	-	-	15.7	3.4	-
Seattle-Everett, Wash	1		205.8	-	210.9	-	-	-	-	9.6	2.5	-
Washington, D.C.-Md.-Va	1		213.4	-	217.8	-	-	-	-	11.1	2.1	-
Atlanta, Ga	2		-	208.3	-	214.5	11.4	3.0	-	-	-	-
Buffalo, N.Y	2		-	207.2	-	209.7	8.7	1.2	-	-	-	-
Cleveland, Ohio	2		-	216.1	-	221.2	15.0	2.4	-	-	-	-
Dallas-Fort Worth, Tex	2		-	211.4	-	218.0	12.8	3.1	-	-	-	-
Honolulu, Hawaii	2		-	200.0	-	203.6	10.6	1.8	-	-	-	-
Houston, Tex	2		-	227.7	-	234.5	13.0	3.0	-	-	-	-
Kansas City, Mo.-Kans	2		-	211.0	-	218.4	13.6	3.5	-	-	-	-
Minneapolis-St.Paul, Minn.-Wis	2		-	216.0	-	223.4	12.4	3.4	-	-	-	-
Pittsburgh, Pa	2		-	212.3	-	215.0	11.0	1.3	-	-	-	-
San Francisco-Oakland, Calif	2		-	209.3	-	213.7	7.5	2.1	-	-	-	-
Region 3/												
Northeast	2	12/77	-	112.0	-	114.3	9.7	2.1	-	-	-	-
North Central	2	12/77	-	115.1	-	117.9	12.0	2.4	-	-	-	-
South	2	12/77	-	114.2	-	117.3	11.5	2.7	-	-	-	-
West	2	12/77	-	114.1	-	117.1	11.3	2.6	-	-	-	-
Population size class 3/												
A-1	2	12/77	-	112.6	-	115.1	10.1	2.2	-	-	-	-
A-2	2	12/77	-	114.1	-	117.1	11.5	2.6	-	-	-	-
B	2	12/77	-	114.7	-	117.7	11.7	2.6	-	-	-	-
C	2	12/77	-	114.6	-	117.2	11.4	2.3	-	-	-	-
D	2	12/77	-	113.7	-	116.3	10.7	2.3	-	-	-	-
Region/population size class cross classification 3/												
Northeast/A	2	12/77	-	110.9	-	113.2	9.2	2.1	-	-	-	-
North Central/A	2	12/77	-	115.6	-	118.3	12.5	2.3	-	-	-	-
South/A	2	12/77	-	114.1	-	117.5	11.7	3.0	-	-	-	-
West/A	2	12/77	-	113.3	-	116.3	10.6	2.6	-	-	-	-
Northeast/B	2	12/77	-	113.2	-	115.5	10.4	2.0	-	-	-	-
North Central/B	2	12/77	-	115.7	-	118.8	11.8	2.7	-	-	-	-
South/B	2	12/77	-	114.3	-	117.6	11.9	2.9	-	-	-	-
West/B	2	12/77	-	115.5	-	119.0	12.7	3.0	-	-	-	-
Northeast/C	2	12/77	-	115.2	-	117.6	11.2	2.1	-	-	-	-
North Central/C	2	12/77	-	113.7	-	116.5	11.2	2.5	-	-	-	-
South/C	2	12/77	-	114.9	-	117.6	11.7	2.3	-	-	-	-
West/C	2	12/77	-	114.7	-	117.6	11.7	2.5	-	-	-	-
Northeast/D	2	12/77	-	113.3	-	115.9	10.6	2.3	-	-	-	-
North Central/D	2	12/77	-	114.6	-	117.2	11.2	2.3	-	-	-	-
South/D	2	12/77	-	113.1	-	115.7	9.8	2.3	-	-	-	-
West/D	2	12/77	-	113.3	-	115.4	10.7	1.9	-	-	-	-

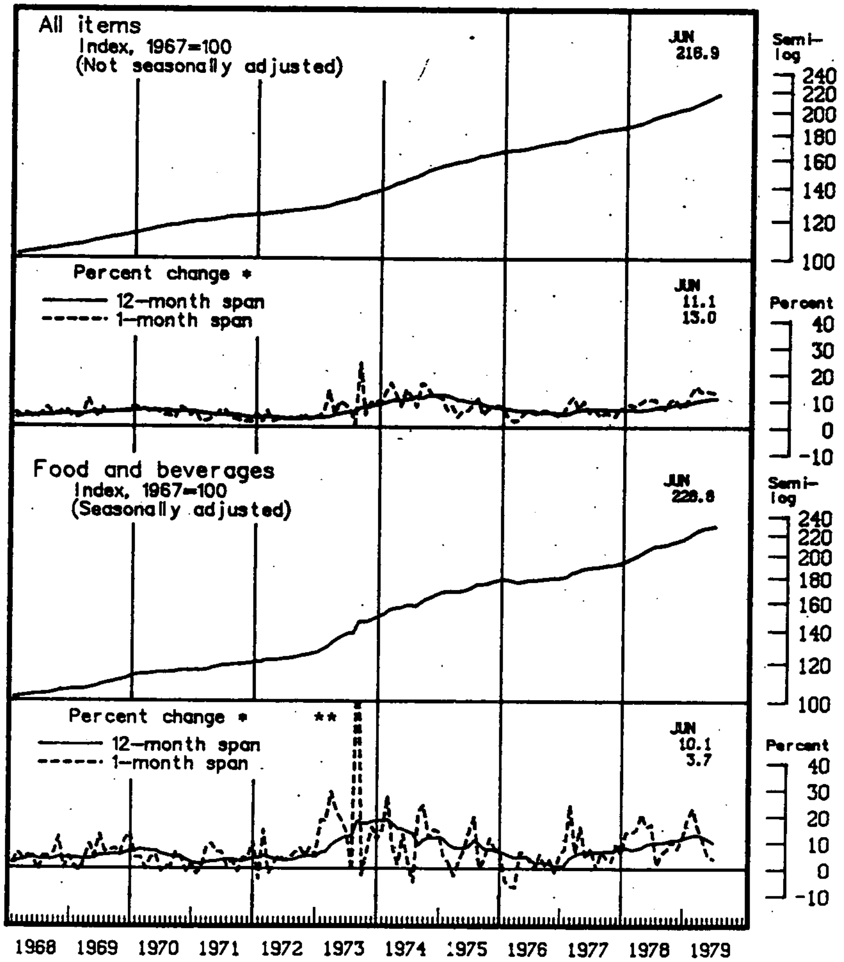
1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.

2/ Foods, fuels, and several other items priced every month in all areas; most other goods and services priced as indicated:
M - Every month.
1 - January, March, May, July, September, and November.
2 - February, April, June, August, October, and December.

3/ Regions are defined as the four Census regions.
The population size classes are aggregations of areas which have urban population as defined below:
A-1 More than 4,000,000.
A-2 1,250,000 to 4,000,000.
B 385,000 to 1,250,000.
C 75,000 to 385,000.
D Less than 75,000.
Population size class A is the aggregation of population size classes A-1 and A-2.

NOTE: Price changes within areas are found in the Consumer Price Index; differences in living costs among areas are found in Family Budgets.

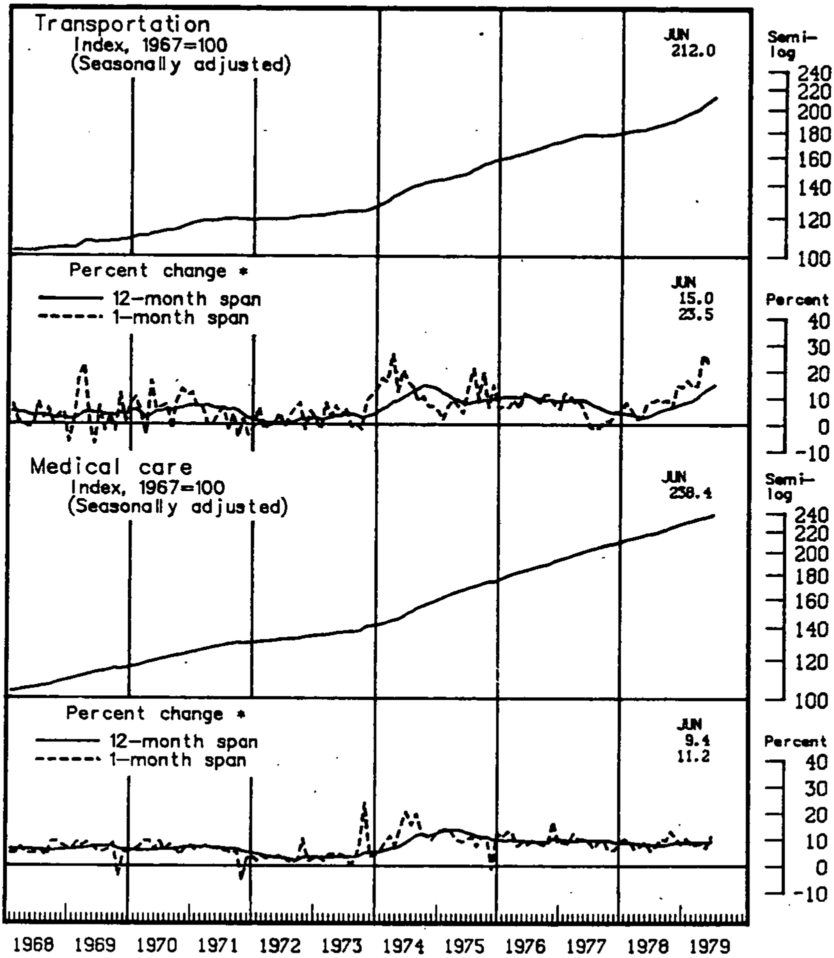
CHART 1: CPI for Urban Wage Earners and Clerical Workers
All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

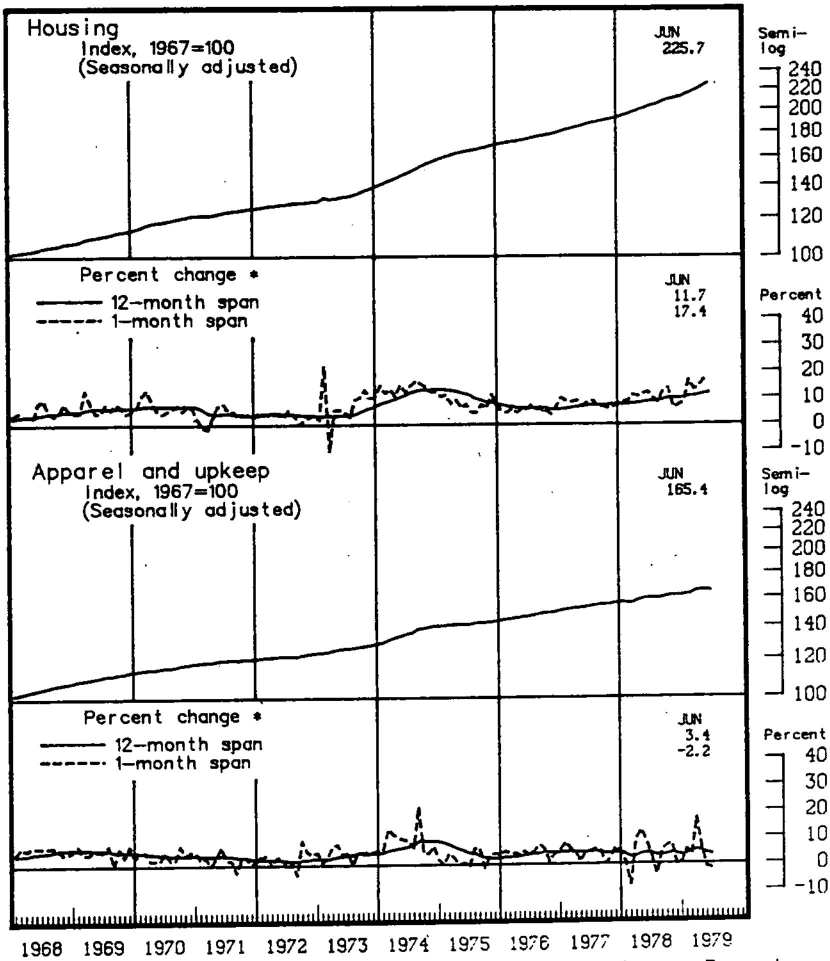
** August 1972 = 92 percent

CHART 2: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



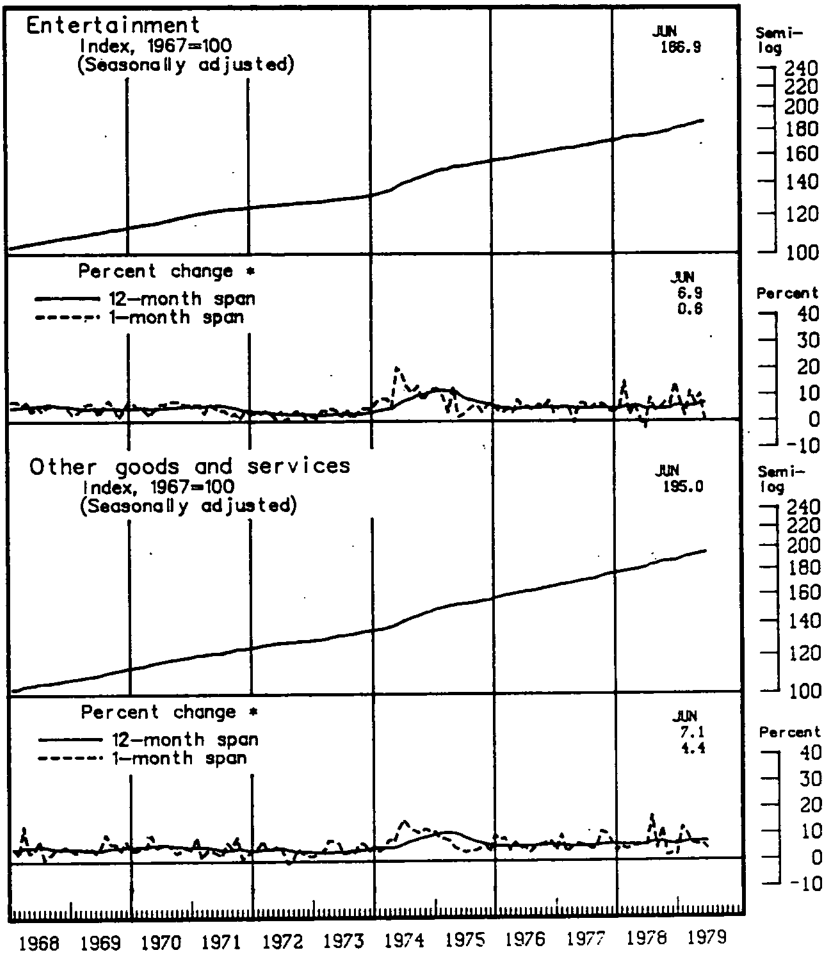
* Unadjusted data used to calculate 12–month percent change. Percent changes over 1–month spans are annual rates calculated from seasonally adjusted data.

CHART 3: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12-month percent change. Percent changes over 1-month spans are annual rates calculated from seasonally adjusted data.

CHART 4: CPI for Urban Wage Earners and Clerical Workers: All items and major components by expenditure class, 1968–79



* Unadjusted data used to calculate 12–month percent change. Percent changes over 1–month spans are annual rates calculated from seasonally adjusted data.

Senator BENTSEN. Would you have any comments, Congressman Mitchell?

Representative MITCHELL. I had a comment, but I'm afraid it might be somewhat in conflict with portions of what the chairman just said. So maybe I'll reserve it, in terms of tax cuts for the private sector.

Senator BENTSEN. Good——

Representative MITCHELL. I can get into that bit later on. I have some grave concerns about it.

Senator BENTSEN. All right.

Mr. Kahn, we're delighted to have you, and we'll try to get you out of here before 11 a.m. as I promised. I know you have other commitments, and I know what kind of day you've already put in this morning.

STATEMENT OF HON. ALFRED E. KAHN, CHAIRMAN, COUNCIL ON WAGE AND PRICE STABILITY, ACCOMPANIED BY R. ROBERT RUSSELL, DEPUTY DIRECTOR

Mr. KAHN. Thank you very much, Mr. Chairman and Congressman Mitchell.

I really am delighted, as one can be on a day in which the CPI has moved up over 12 percent, to be here, because I have enormous respect—and that's a genuine statement—for the work that you're doing in this committee. I regard you as my allies, friendly critics, and collaborators in this very difficult fight that we're engaged in.

I am here this morning with Bob Russell, Deputy Director of the Council on Wage and Price Stability.

I'd like to begin by commending to you the excellent statement that Barry Bosworth, Executive Director of the Council, presented just 12 days ago in connection with your midsession economic review on the inflation problem; that enables me to be comparatively brief in bringing that survey up to date to include the June figures. Those figures don't change the basic picture; in many ways, they reinforce the main conclusions that he drew. But I think it's terribly important for us to understand them—if we are to understand the problem we're going through. It also gives us occasion to look at an entire 6 months now.

We have now had 6 months of inflation leaping into the double-digit levels beginning in January. By the way, the average CPI for these 6 months is 13.2 percent annual rate. I think it's important not to confuse these figures with the ones you have there, which are very interesting. They showed month by month compared with the year before. I'm talking about the month-by-month changes in January, February, March, April, May, June, and what is the current rate.

Senator BENTSEN. And I referred to that in my opening statement.

Mr. KAHN. Yes. I just wanted to make certain that people didn't confuse them, because 13.2 percent is the average annual rate, seasonally adjusted, for the first 6 months of this year. As I say, the picture in June is remarkably consistent with the preceding 5 months, but in many ways, even more so, and that's what I want to bring out.

First of all, the June CPI went up 1 percent. That compares with 1.1 in April and 1.1 in May, so it's slightly down. But is it obviously nothing to write home about. I've given you one table which is entitled

"Recent Price Performance—Percent Change, Seasonally Adjusted Annual Rates." And you can see the annual rates right there. The percentage figures jump into double digit levels beginning in the first month of 1979: 11, 15, 13, 14, 14, and now 12.4 percent for June—a slight improvement, but still clearly double digit.

But second, observe from the table, food is now for the first time really beginning to help us at retail. If you look at the line that says "All food," you'll observe that in the first months of this year, the food portion of the CPI was going up in January at 18.8 percent—these are annual rates—in February, at 21 percent. Then it begins to go down: 13.4, 12.1. You get to May, food is at 8.6 percent. It's now beginning to help us on the down side. This month, food went up at a 2.1-percent annual rate, so food is—as we predicted—beginning to work in our favor. That reflects changes mainly in the value of food at the farm, where food prices are set essentially competitively, and they're very volatile. And if you look at that line—it's the fifth row of figures, the farm value of food—observe that in January it went up at a 71-percent annual rate; February, 27 percent; March, 28 percent; and then it began to go down. In April, it went down at a 25-percent annual rate. In May, it went down at a 27-percent annual rate; and in June, even more so, it went down at a 32-percent annual rate.

That points out what we are worried about which is whether margins between the farm and the retail level, the consumer level, may not be increasing at excessively rapid rates, and we are therefore very carefully monitoring meat processing and food distribution.

But even so, the fact is that food going up at a 2-percent rate for June is helping us, as we anticipated.

By the way, beef and veal alone went down 1.3 percent in that 1 month, and pork went down 4.9 percent in that 1 month. So, as I say, we are seeing the other side of the food cycle. That is beginning to help.

Of course, as you point out, it is a small comfort to consumers, I know, because the basic rates are still going up 12.5 percent. But it is important for us to understand that almost half of the total increase is in energy. Energy went up 5.6 percent in June alone. The price of gasoline at the pump went up 5.7 cents per gallon in June alone.

So, if you look at this table again, at the energy figures, notice what's happening to the annual rates of increase in energy. While food is going down, energy is just taking off—20 percent in January—this is annual rates—17 percent in February, 38 percent in March, 54 percent in April, 64 percent in May, and 79 percent in June.

It so clearly shows that the essence of our inflation problem has now become, to the extent of almost 50 percent, energy. The other piece is home purchases and finance, and that's the third line of the table. And, observe, as has happened month after month, it's going up at strongly double digit rates—and I won't read the numbers—but for the last 4 months it's been going up between 18 and 20 percent annual rate.

I think it's important for you to understand—and I think it would be worth while for the committee to look into the question of that part of the Consumer Price Index. In June, it explains 0.3 of the 1.0 increase—in other words, it accounts for 30 percent of the increase in June—so that those items, plus energy, account for three-fourths of the increase.

One is always worried that people will think you're playing with numbers by taking things out. But it is important to understand these numbers. That housing figure represents the higher cost of buying a house. It does not reflect in any way the cost of housing for the vast majority of American people who own houses but are already living in them. It reflects exclusively that the small percentage of people who bought houses were paying much higher rates.

But the Consumer Price Index does not take into account the cost of living for the great majority of Americans, even among those who buy houses, because they are paying the same interest rates as before. Historically, they are paying on the old price of the house. So this again is a very special part of the index, and I submit it distorts the functioning of the index.

The last number is what is left over, and that's the last line under the Consumer Price Index. And again, please don't smirk when I say, "if you take those things out," because I think I've established why it is important to look at it both ways. If you take out food—and, by the way, now that makes the index higher—you take out energy, and you take out, I suggest, this distorted home purchase price, the residual—which I would call something like the underlying rate of inflation—went up at an annual rate of 4.4 percent in June.

Now, please look at this residual number for the last 6 months. For the first 3 months of the year, it went up at 8 percent, roughly 8.5, 8.1, and 7.9 percent. The next 2 months, April and May, it went up 7 percent. In June it went up 4.4 percent.

One always hesitates to predict, because history comes around and then proves you're wrong—your crystal balls are always cloudy. I think it would probably be overly optimistic to project that 4.4 percent in future months. I would not feel happy with any figure other than the 7.0 percent, which is the average of that index for the last 6 months—nothing to write home about, but scarcely more than half of the CPI as a whole. There's a remarkable stability in this underlying inflation rate, which I think is very important for us to observe.

I'd like now, briefly, to ask what lessons can be drawn from this quick look at what happened in June and show how it really happened in the other months—except more so.

First, it is genuinely the case that, except for OPEC, the something like 55- or 60-percent increase in the price of crude oil from December on and the increased prices at the refinery and the retail level, which are the consequence not only of the crude increase but also of the curtailment of Iranian production and the failure of Saudi Arabian production to fill in, so that you have real shortages, except for that we would be seeing clear deceleration of inflation. We would clearly be out of the double-digit rates by now.

Now, I know every person listening to that statement will say, "Aha, they're using OPEC as a scapegoat; they're blaming all their troubles on OPEC." I don't deny a human tendency for anybody in a job as difficult as mine to say everything would be great if it weren't for those bad guys. Obviously, we all have that tendency. All I can ask you to do is to look at the arithmetic.

Second, the underlying inflation rate is remarkably stable—not the 6 percent we had hoped for when the program went into effect, but nevertheless, a rather modest 7 percent.

Third, that tells me what I have already observed—that the wage price standards have been remarkably effective, and that the cooling down of the economy is wiping out the previous sharp increases in the prices of many raw materials, helping to hold down the rate of inflation. And the place to see that is in producer prices, which are really wholesale prices.

If you look at the finished price index which is the most important one—again, there's food, there's energy—and observe that that rate which had been going at 12, 11, 6, and then 11 percent, is now at 7.8 and 7.1 percent. Again, we are getting down to roughly half of the rate of inflation, when you take out energy, and even if you take out food, which is now helping us.

Fourth, our greatest danger by far in the threat of inflation, which I feel is still our major problem and the one that is most divisive of the American people and the one we must concentrate our attention on, is the threat of people trying to maintain their standards of living by recouping for the 13 percent rate of increase in the Consumer Price Index. Given the zero rate of increasing productivity—and I come back to that because that is another one of my very important conclusions, which I would assert even if you were not here, Mr. Chairman, and even if I didn't know that you feel very strongly about it—there is no way in which money incomes can go up to recover that 13 percent inflation rate without causing an equivalent increase in costs and, therefore, on our underlying inflation rate.

That is terribly unfortunate, but the fact is that we can not maintain last year's gasoline standard of living. As a country, we simply cannot. The costs to us of gasoline and refined oil and crude oil, as a country, are much higher than they were before. Every barrel that we consume has got to be replaced—we know that.

Every gallon has got to be replaced, and the replacement cost to this economy has gone up 60 percent. And if some people succeed in maintaining last year's gasoline standard of living and last year's beef standard of living, then it can only mean that other people will be worse off.

It will only end up in higher inflation, and that leads me to the basic fundamental factor in determining what happens to people's real standard of living, and that's productivity. And for that I have pulled together two other charts.

If you would look at the one that's entitled "Figure 1, Productivity and Hourly Compensation," which I took out of a report which was issued this week by the Council on Wage and Price Stability on productivity, you'll observe what has happened since 1961 to nominal hourly compensation. It's gone up from 100 to something like 300; in other words, by about 200. But real hourly compensation, what it will buy—that dotted line—has gone up by about 40 percent instead of 200 percent. And it tracks remarkably what has happened to productivity per person. It is virtually the same number. Year after year, it's productivity alone and it's simple arithmetic. It's productivity that decides whether we can increase our per capita income or we cannot. It's not hard to understand.

And what's the difference between the nominal figure going up so sharply and the real going up so little? Obviously, it's got to come out in inflation, and for that I point to the last chart that I've given you, which is labeled chart 6, and which comes out of the same report from the Council on Wage and Price Stability. Look what has happened in four periods, 1958–68, 1968–73, 1973–78, and in the third quarter of 1978 to the first quarter of 1979.

I'm sorry we don't have any later figures. Notice that nominal hourly compensation went up 4.6 percent in the first period, 6.8 percent in the next period, 9.0 percent in the next period, 9.7 percent in the next period. That's what's happened to the nominal rate. But, of course, the real rate of increase bears no relationship to that at all because it's determined by productivity.

The real rate went up 2.7 percent in the first period, 1.7, 0.9, and then minus 0.3. Where does it come out? Look at productivity. Productivity went up 2.9, 1.7, 0.8 and minus 1.2. So, real compensation has got to track productivity. There's one thing to observe. Notice also, that in the last figure, productivity went down by 1.2 percent and real compensation went down minus 0.3 percent. There's a squeeze in prices there, which you could see if you wanted to look at the price figures in the last part of the table.

I hope it's clear that when I emphasize productivity, I'm not talking about the quality, motivation, character of our labor force—it is simply output divided by labor input.

Productivity changes as the result of a lot of objective factors, the price of energy, which has an effect on the ability to introduce labor-saving machinery, the change in the composition of our labor force. We have a much younger and relatively inexperienced labor force, and therefore there's reason to believe on that account that our productivity will improve as our labor force matures.

Another factor is the shift to services which tend to have lower productivity. I know you here will understand, but I don't want to be misinterpreted. This is not an attack on labor in any way. It is a simple statement of the arithmetic facts.

Finally, what I think all of this demonstrates is the supreme importance of addressing ourselves as promptly as possible to the energy problem and the productivity problem. For neither of them is there any—forgive me for using a cliche in Washington—quick solution. These are longrun efforts. The President has addressed himself, I think forthrightly, to the long-range energy problem. We must do the same thing in various aspects of the productivity problem.

And I applaud the efforts of this committee in concentrating on that, which I think we must turn to just as soon as we feasibly can. Thank you very much.

[The table and charts referred to in Mr. Kahn's statement follow:]

RECENT PRICE PERFORMANCE—PERCENT CHANGE, SEASONALLY ADJUSTED ANNUAL RATES

	1978:9	1978:10	1978:11	1978:12	1979:1	1979:2	1979:3	1979:4	1979:5	1979:6
Consumer Price Index	10.8	10.1	7.4	8.0	11.2	15.0	12.8	14.0	13.8	12.4
Energy	10.1	11.2	2.7	11.1	20.0	17.2	38.0	53.5	64.4	79.1
Home purchase, finance, insurance and taxes	19.7	17.7	10.2	1.6	8.0	28.2	18.5	19.5	18.7	19.5
All other	8.6	7.9	7.2	8.6	11.0	11.3	8.6	8.4	7.3	3.8
1. Farm value of food [1]	27.3	34.5	6.2	49.2	71.4	27.4	28.0	−25.3	−27.0	−31.7
Other food and nonfood	7.6	6.5	7.3	6.6	8.1	10.3	7.5	11.0	9.9	6.4
2. All food	8.1	11.1	7.4	12.1	18.8	21.0	13.4	12.1	8.6	2.1
Nonfood	8.8	6.9	7.2	7.4	8.5	8.1	7.0	7.1	6.9	4.4
Producer prices:										
A. Finished	10.2	9.5	8.8	12.0	17.9	14.3	10.3	11.5	4.6	6.4
Food	19.6	21.3	9.4	15.5	24.5	24.0	12.4	−3.1	−14.3	−13.5
Energy:										
Gasoline	19.4	26.6	18.3	39.5	46.7	29.5	41.9	66.7	64.3	54.2
Fuel Oil No. 2	5.0	27.5	23.3	27.3	17.8	6.8	85.0	117.5	88.5	163.9
Other	6.1	4.0	8.2	10.3	12.3	10.8	5.9	11.3	7.8	7.1
B. Intermediate goods, nonfood	8.0	14.0	11.4	7.2	16.0	12.8	12.1	20.3	12.9	12.2

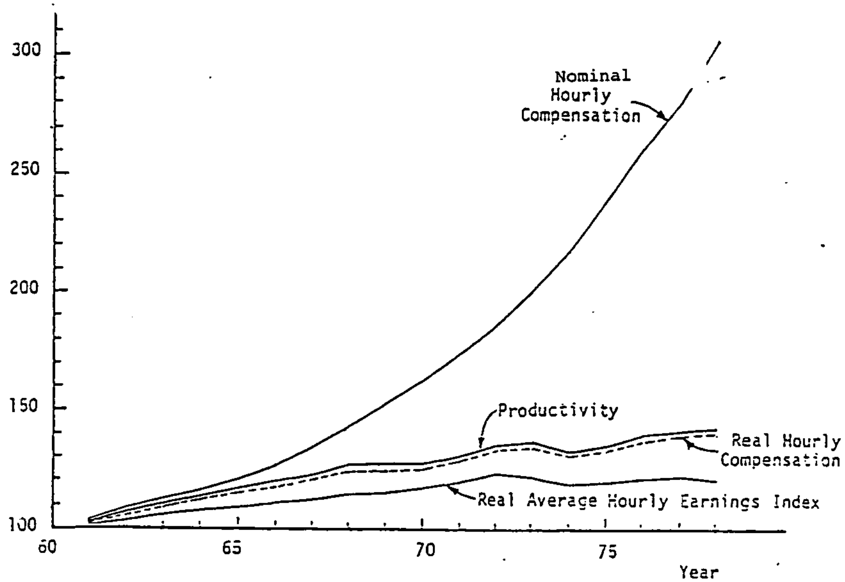
[1] From USDA, seasonally adjusted by CEA.

Memo: Index levels for calculated series, December 1978=100.

	1978:9	1978:10	1978:11	1978:12	1979:1	1979:2	1979:3	1979:4	1979:5	1979:6
CPI:										
Home purchase, finance, etc	97.498	98.829	99.629	100.000	100.645	102.751	104.215	105.777	107.295	108.898
Excluding—Energy and home expense	98.112	98.738	99.314	100.000	100.876	101.779	102.483	103.173	103.782	104.106
Farm value of food	98.369	98.890	99.472	100.000	100.649	101.478	102.089	102.981	103.795	104.337
All food	98.284	98.831	99.403	100.000	100.682	101.340	101.915	102.502	103.072	103.444

FIGURE 1

PRODUCTIVITY AND HOURLY COMPENSATION

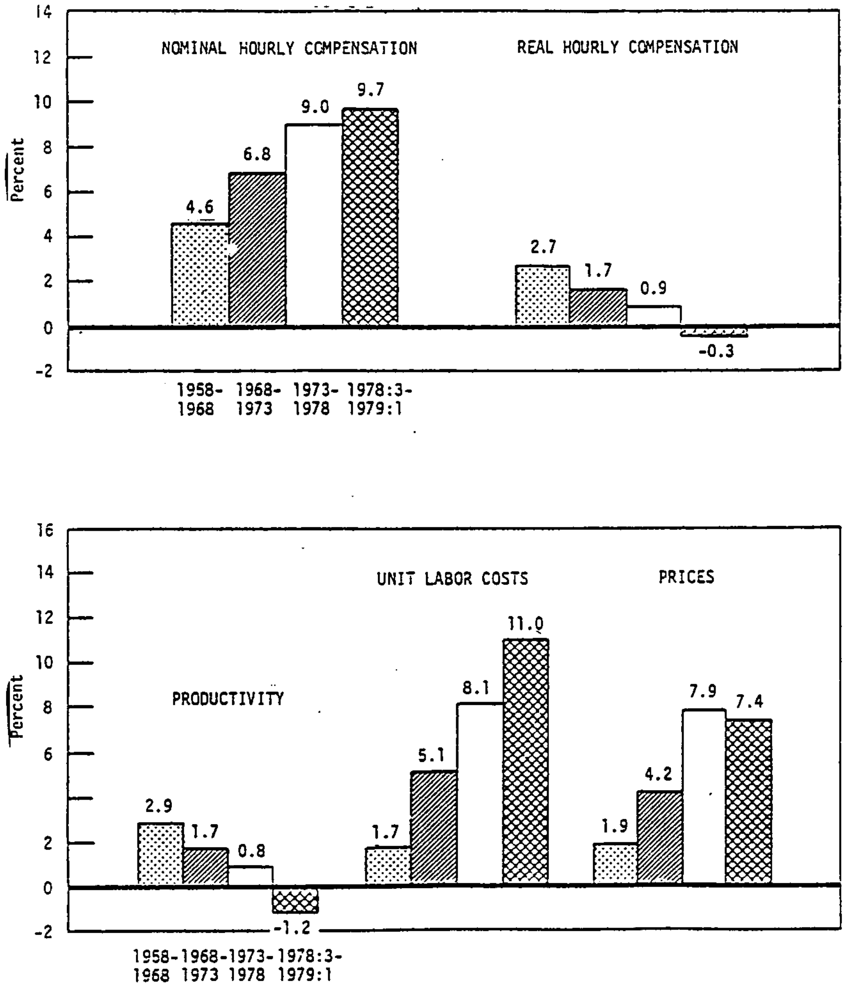


Source: US Department of Labor, Bureau of Labor Statistics. Hourly compensation and productivity series are for the nonfarm business sector. Real hourly compensation is deflated by the CPI. All series are rescaled to 100 in 1960.

Chart 6

PRICES, UNIT LABOR COSTS AND PRODUCTIVITY

(ANNUAL RATES OF CHANGE)
(Private nonfarm business, all persons)



Source: U.S. Department of Labor, Bureau of Labor Statistics

Senator BENTSEN. Mr. Kahn, I appreciate the candor of your comments. Certainly I agree totally with you on increasing productivity in this country, and we're concentrating on that in this committee, as you well know.

I think the American people will tighten belts so long as they understand that sometime in the future things are going to improve. And they will, if we improve productivity in this country. But recently it's been going in the wrong direction.

Now, I was pleased to see that there is some provision in the guidelines which let wages reflect an increase in productivity.

But I want to know what you're going to do on the capital side. If firms invest in new technology, which will make this country more productive and make it more competitive and put goods on the shelf at a cheaper price to help fight inflation, are we going to give some consideration and some leeway in the guidelines to encourage that kind of capital investment?

Mr. KAHN. There's just one thing on the labor side, Mr. Chairman. In the first week in August we expect to issue for public comment, at least a discussion of next year's standards—some of the problems, and some of the possible ways of meeting them. And one of the suggestions—Mr. Russell, correct me if I'm wrong—is an effort to give even more acknowledgment to collective bargains that aim at increasing labor productivity.

On the capital side, Mr. Russell, is there anything that you can add or suggest?

Mr. RUSSELL. I think the most important thing that we can do, as I understand it, is to encourage investment or at least improve productive capacity, to try to make sure that the standards in no way or as little as possible restrain rates of return on capital investment.

That means that we want to design a standard that focuses on prices rather than on profits. That is, what we want to do is design standards which as much as possible keep the companies subject to a limitation on their price increases, and not a limitation on their profit increases.

Now this year, we have secondary standards which limit profits for companies who could not satisfy price acceleration. Unfortunately, a larger number than we anticipated could not price decelerate because of the big crude material price increases, particularly oil, and were forced onto the secondary profit margin limitation. We don't like it, and in the second year standards we're going to do all we can to redesign the price deceleration standards and the profit margin limitations as much as possible, to keep people on a price target, and hence to encourage as high profits as possible as long as they price decelerate.

Beyond that, I don't think the standards would do much to encourage investment. I think the tax system would be the most appropriate mechanism for providing investment incentives.

Senator BENTSEN. When we're encouraging labor to be more productive, we should also encourage business to be more productive by investment in new technologies to try to improve production in this country. I hope we don't discourage that in any way.

Now, Mr. Kahn, you were talking about the CPI, taking numbers out. I can understand that and see the underlying effect. But it is also true that when labor negotiates on a contract, they look at the total GPI, and understand that. The CPI is figured into their wage increase and into their contracts and, in turn, it's finally reflected in wages and then in prices.

And you get a built-in escalation. How would you respond to that?

Mr. KAHN. I wish that there were an easy one, Mr. Chairman. I believe that the leaders of organized labor with whom we have been holding consultations fully recognize that the workers of this country are on a treadmill running as fast as they can, trying to recover the cost of living—although it is not really the cost of living, it's the Consumer Price Index—and that if they succeed in breaking the standards wide open and getting increases in the 10- and 11-percent range, that it will—as all the arithmetic we have shows—simply have the effect of increasing prices more and they'll just have to run faster in order to stand still.

Senator BENTSEN. Let's look at the autoworkers now. They've made some indications that they're under no obligation to comply with the wage-price guidelines. If you get a settlement that is far beyond the guidelines, for all practical purposes doesn't it wreck the guidelines?

Mr. KAHN. It certainly doesn't do them any good. We think, well, we observe first that union leaders, we must remember, are themselves in a difficult position because they themselves have constituencies, people who are hurting just as your own table or chart shows there.

One of the purposes of our consultations is to see, for example, whether there might not be interest in our resurrecting the real wage insurance plan that the President submitted earlier which says to workers: There's no way in which you can recover the higher cost of gasoline except at the expense of everybody else. But if you will restrain in a kind of social compact, then we can go back to Congress and say, look, we do have an agreement on an exercise of restraint in the interest of all of us. Can't we in turn then, provide some insurance or coinsurance against unexpectedly large increases in the Consumer Price Index? And if we get that, it will be self-justifying—that is, the more you get compliance, the more that will happen.

Senator BENTSEN. Mr. Kahn, I get concerned, too, about what may happen to us on unemployment, and seeing it aggravated even more so with minorities—black youth, for example, with their extraordinarily high level of unemployment. Now, if they have no jobs for an extended period of time, obviously apart from all human suffering that enters into it, for the country itself that has to have a long-term effect on productivity. It seems to me that we have to continue to concentrate on structural unemployment, to try to turn that around. Would you comment on that?

Mr. KAHN. I couldn't agree with you more, and it's not just a productivity question. It is such a terrible thing for our whole society that that continues, that we absolutely must attack it. I observe that every time that we talked to the President about this or listened to the President, he has constantly recognized the need for targeted incentives and expenditure programs, specifically directed at the structurally unemployed. And I regard that as just as important a part of our long-range anti-inflation policy as encouraging capital formation.

What we strongly oppose in view of the inflation problem is a shift in our budgetary intentions. We strongly oppose sudden sharp increases in Government spending across the board, massive expenditure programs, public works programs which almost invariably come into effect too late to do any good, just in time to accentuate inflation on the upswing.

But, clearly, targeted expenditure programs, I think, are unexceptionable. You've got to be willing to do that, beginning now.

Senator BENTSEN. I have 1 minute left. I would ask you, Mr. Kahn, about the biggest thing that's happened to us on inflation. The aberration that has affected us the most is what's happened on the cost of energy in this last year. Yet we know the OPEC countries are meeting again in December in Caracas. Do we have any assurance at all that we will not have an increase in price again?

Mr. KAHN. I don't speak to you with any real authority in this, Mr. Chairman. Let me say, first, that the people in the administration who do study the energy field more closely than I feel that we have seen the worst of the immediate increase in OPEC prices and that at least in the months immediately ahead—particularly in view of the obvious effect of these sharp OPEC price increases on the rates of growth, gross national product and income in the major countries of the world—the OPEC countries themselves, and obviously Saudi Arabia in particular, recognize that they do not prosper by impoverishing their customers. Second, to the extent that we demonstrate a resolution to move ahead on the long-range energy supply picture, not just in synthesis of liquids from coal but in exploring unconventional sources of natural gas much more than we have and looking really assiduously for ways of making use of the heavy crude oils that have existed in abundant quantities in this country and in the world. I believe that that's the way, by showing them that we are determined to moderate our demand on them, that we can get them to realize that that oil in the ground is not worth infinitely increasing amounts. I think that's the main limitation that we could use. And I believe that deregulating the price of crude oil at home is, again, another way in which we could show them that we are determined to moderate our demands.

Senator BENTSEN. Thank you very much, Mr. Kahn. I now recognize my distinguished colleague, Congressman Mitchell.

Representative MITCHELL. Thank you, Mr. Chairman. I'm awfully heartened by some of the statements that the chairman has made on structural unemployment. I'm heartened, but I'm not totally impressed, but only because of experience.

In 1971, I came to the Congress and I said, "Look, we've got a God-awful problem on structural unemployment." People said, "Yes, let's not talk about it, let's do something about it." But you're dealing in the political world. If structural unemployment is in a city you've got a limited amount of dollars, that means that some guy who represents a county says, "Look, you can't put all of that into cities."

You've got a real definite political problem to deal with, but that's for another session. I want to get into something else this morning. I was glad to hear your comment about not blaming the OPEC nations, totally, calling them the bad guys, because I think we might have some bad guys in this country, to tell you the truth.

In June, the Consumer Price Index for fuel oil increased at an astounding annual rate of 149 percent, and that doesn't even take into account the latest OPEC increase that was announced at the end of June. Now that suggests gouging to me. That suggests excess profits to me.

It further raises the question in my mind of how much the unemployed, the underemployed and so on, are going to pay for a gallon of fuel oil this winter. First of all, I'd like to get your comments. What's the explanation on this astounding 149 percent increase.

Mr. KAHN. I don't know that number. I assume, Congressman, that that must be an annual rate of 149 percent. That is, I'm certain.

Representative MITCHELL. Yes. An annual rate.

Mr. KAHN. I think the basic explanation there, as in the case of gasoline, is not what has happened to the price of crude oil. You're 100 percent right that, well, I'm sorry, about 65 percent right. [Laughter.]

Representative MITCHELL. I was about to put on a laurel wreath and before I got it on you took it away, but go ahead.

Mr. KAHN. My point is only that as we look at the price of gasoline over the last 6 months or the last year, it appears that the price of crude oil alone accounts for something like 35 percent of the increase in the final price. The rest is in the refinery margin and at the distribution level; and I don't have any doubt that the same thing is true of home heating oil. But, the reason for that is, above all else, the relative shortage of supplies. What we have discovered, as we've looked at what has happened to the price of gasoline, is that when you have a product that is distributed by 150,000 to 200,000 retail outlets which are largely competitive one with the other, any attempt to hold prices in the face of a shortage is—I wouldn't say doomed to total failure, I'm sure it has some effectiveness—a losing fight.

Therefore, I think the principal problem was that stocks were relatively low, that stocks of heating oil were drawn down during the Iranian curtailment of production; and it's only as we build those stocks up—and the President has committed himself to do that by October—that we will have adequate supplies of home heating oil.

This is my last point. Forgive me, I'm not filibustering. I don't think that the OPEC price increase will necessarily result in yet an additional increase in the retail price because what's happening is that the producing countries are taking into their pockets some bigger portion of the profits that result from the shortage.

Representative MITCHELL. Then you're saying that astounding increase, in your opinion, does not reflect even a minuscule amount of excess profits, a scintilla of gouging?

Mr. KAHN. Oh, excuse me, it certainly reflects in large measure, though I can't tell you how much, a charging of what the traffic will bear. And this is, in very considerable measure, a relatively competitive market. The evidence of that is that during the period when we had ceilings on gasoline prices, for example, in 1976 and 1977 and most of 1978, the actual retail price was below the ceiling because we had something of a glut.

Now we have something of a shortage and a lot of business people are charging what the traffic will bear. I have no doubt that large profits are being earned.

Representative MITCHELL. Thank you. Now there's so much going on, it's hard for me to keep up with all of it. Washington is a rumor mill, as you know. There are all kinds of weird reports that the Council on Wage and Price Stability is letting many business firms switch from price standards to profit standards in determining whether they're complying with the guidelines. Are those reports of any substance?

Mr. KAHN. Yes; they are. I'll ask Bob Russell to give you a better quantitative estimate; but as he pointed out in answering the chairman, we wanted people to stick as much as possible to the price deceleration standard for many of the reasons that he suggested. It would be infinitely preferable.

The problem has been that for two reasons, one, energy, and two, our overheated economy, many business firms were confronting genuine uncontrollably large cost increases, so that they simply were incapable of meeting the standard of 1976–77 rates of price increase decelerated by 0.5 percent.

We have tried and succeeded in tightening up their ability in those circumstances, to move to the profit margin standard, but we have been forced to permit them to do so in many cases.

Just one last thing and I'll stop. The fact that the economy is cooling is going to help us, not with energy, but with things like scrap steel and woodpulp and cement and so on. But surely the answer is "Yes."

Representative MITCHELL. OK. I hope I have time for one other question. Then you don't consider this as any kind of retreat from the original guidelines that you suggested. It seems to me it is a retreat. But you would not consider it as a retreat?

Mr. KAHN. The necessity for the profit margin exception was recognized in the original guidelines, and in that sense it's not a retreat. We have, however, had to permit more companies to shift to it than we anticipated or than we would have wished, and it's for that reason that we have taken two steps during the last year to tighten that exception. We are putting out suggestions for possibly tightening it even further.

Representative MITCHELL. My last question is just on housekeeping matters. Who is going to replace Mr. Bosworth, that's one. No. 2, how did the report cards turn out at the Council on Wage and Price Stability? [Laughter.]

How did they turn out? Who is going to replace Mr. Bosworth?

Mr. KAHN. I'm sorry that I can't answer the first question. The issue is I think before the President right now. I would be happy to promise that you will be among the first that I will telephone and we expect a decision fairly soon.

Second, I'm happy to report that I was not asked to resign or to fill out any report cards. [Laughter.]

I'm not sure that "happy" is the proper word.

Representative MITCHELL. You've got a headstart advantage over a lot of other people.

Thank you, Mr. Chairman.

Senator BENTSEN. Mr. Kahn, we're delighted to have you this morning. We appreciate your forthrightness. You are handling a very difficult problem and your job is not a very pleasant one.

Mr. KAHN. Thank you very much.

[Whereupon, at 10:45 a.m., the committee adjourned, subject to the call of the Chair.]

○