

PRESS RELEASE

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HOUSEHOLD INFLATION INDEX MUST NOT BE DISMISSED, SAYS RSS

Recommendations from the Johnson Review of consumer price indices fall short of what is needed according to the Royal Statistical Society, and a ‘household inflation index’ reflecting the actual cost of household spending should be considered.

The request has been made in a letter from RSS President Professor Peter Diggle to the National Statistician John Pullinger.

Professor Diggle welcomed much of the Johnson Review, which was published in January, but expressed disappointment that the review did not start from “first principles” about what type of index is needed. The RSS disagrees with the Review’s main recommendation that CPIH should be the sole headline index.

A UK Statistics Authority consultation on consumer price indices is expected in summer

In his letter, sent this week to Mr Pullinger, Professor Diggle states:

“We believe the review should have started from first principles by examining the different needs that consumer price indices aim to meet, then deciding what sort of index is required for each need and the extent to which they can, or cannot, be combined.”

Professor Diggle goes on to say:

“We therefore urge that the approach of a full ‘household inflation index’, based on actual expenditures incurred be examined in detail and a practical route for its development set out. I hope you will ask ONS staff to work on this so that it can be one of the options in the consultation.”

ENDS

NOTES

The full text of the letter is attached. The RSS’s full commentary on the Review is available on request.

Details of the Johnson Review are available on the UK Statistics Authority website at <http://www.statisticsauthority.gov.uk/reports---correspondence/current-reviews/range-of-prices-statistics.html>

CONTACTS

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The Royal Statistical Society (RSS) founded in 1834 is one of the world's most distinguished and renowned statistical societies. It is a learned society for statistics, a professional body for statisticians and a charity which promotes statistics, data and evidence for the public good. Today the Society has 6000 members around the world. www.rss.org.uk