

Statistics User Forum



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Dear John,

Re. Johnson Review of Price Indices

On behalf of the Statistics Users Forum community, I wanted to echo the comments I have seen concerning this review which have been sent to you by Peter Diggle, President of the Royal Statistical Society, which in turn repeat points made by the RPI-CPI user group, of which you will also be aware.

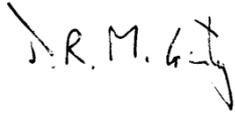
Whilst we understand and support the need to reduce public confusion surrounding the number of price indices in existence, and the price index 'arbitrage' behaviour that this engenders, we do not support the view put forward in this review that CPI or CPIH should therefore be the main measure of inflation.

The UK Statistics Authority's Statement of Strategy 'Better Statistics, Better Decisions' makes clear that the needs of users are paramount and should be placed at the centre of our statistical infrastructure. Following discussions at the last Statistics Users Forum meeting on 26 January, and having been involved in other debates around this review, it seems clear to me that there is a broad consensus among users that there is a need both for a household inflation index and a macroeconomic index, updated with corresponding frequency. In the view of all users I have consulted, the CPI (or CPIH) cannot serve both purposes as well as specific indices, designed to serve each purpose separately, could. Moreover, the RPI-CPI User Group has pointed out various flaws in the methodological construction of CPIH which make it entirely unsuitable for use as a household inflation index.

I would therefore urge you to consider, in your own response to the review, how best to meet the well-stated needs of users going forward. The Statistics Users Forum,

along with its constituent RPI-CPI User Group, would be happy to work with the UK Statistics Authority in any way we can in this regard.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. R. M. Ginty'.

Jon McGinty
Chair of the Statistics User Forum