

From : Richard Campbell/NEWPORT/ONS
To : [REDACTED]@hmtreasury.gsi.gov.uk
CC :
Date Sent : 07/01/2013 14:01:05
Subject : [RESTRICED] - Re: FW: - Consumer Prices Advisory Committee (CPAC) January meeting
[REDACTED]

Good news (of sorts). I found that we have a scanned copy (see attached) of the interim report of the cost of living committee in 1947 (the chaps who recommended setting up the RPI). The choice of formula is not discussed here - the issue of updating weights take up most of the paper.

In case it's still useful, here's a link to [REDACTED] note. He references an article from the mid 70's which ay be of use.
<http://www.statsusernet.org.uk/statsusernet/communities/resources/viewdocument?DocumentKey=48cbc6cd-a245-452a-8792-28618562d9d8>.

Cheers



Richard Campbell
Head of CPI & RPI Production
Prices Division
Office for National Statistics
[REDACTED]

[REDACTED]@hmtreasury.gsi
.gov.uk

07/01/2013 13:44

To Richard Campbell/NEWPORT/ONS@ONS
cc

Subject [RESTRICED] FW: - Re: Consumer Prices Advisory
Committee (CPAC) January meeting

Richard - See below – thanks for your help.

[REDACTED]

From: [REDACTED] - HMT [Restricted]

Sent: 07 January 2013 12:05

To: [REDACTED] - HMT [Restricted]; [REDACTED]

Subject: [RESTRICED] RE: - Re: Consumer Prices Advisory Committee (CPAC) January meeting

Can we try to get hold of a copy of the original White Paper on the RPI. It's referenced in one of the consultation responses.

The British Library must have a copy.

[REDACTED]

[REDACTED] | HM Treasury | 1 Horse Guards Road | London SW1A 2HQ | [REDACTED]

From: [REDACTED] - HMT [Restricted]

Sent: 20 December 2012 18:21

To: [REDACTED] - HMT [Restricted]; [REDACTED]

Subject: [RESTRICED] FW: - Re: Consumer Prices Advisory Committee (CPAC) January meeting

[REDACTED] | HM Treasury | 1 Horse Guards Rd | London SW1A 2HQ | [REDACTED]

From: Derek Bird [REDACTED]@ons.gsi.gov.uk]

Sent: 20 December 2012 07:32

To: [REDACTED]@bankofengland.gsi.gov.uk

Cc: [REDACTED]
HMT [Restricted]; [REDACTED]

Subject: [PROTECT] - Re: Consumer Prices Advisory Committee (CPAC) January meeting

[REDACTED]
Thanks for your email.

I am aware of the need to identify what any alternative to the Carli might be, and, should it be deemed appropriate, any recommendation for change would be unambiguous.

We have been trying to identify records from 60 years ago that might allow us to say for certain what the thought processes were when the RPI was developed, but we have yet to uncover anything concrete.

That leaves us with hypotheses of the type you put forward. Again, we will try to give the committee the best information we can to allow it to develop advice for the National Statistician.

I wish you all the very best of the season's greetings

kind regards

Derek

Derek Bird | Deputy Director | Head of Prices Division | Office for National Statistics | Cardiff Road | Newport | Wales | NP10 8XG | [REDACTED]

<http://www.statistics.gov.uk/>

Bird/EEPD/BSG/NEWPORT/ONS@ONS, [REDACTED]
SRe: [PROTECT] - Consumer Prices Advisory Committee (CPAC) January meeting
u
bj
e
ct

- many thanks for this.

I would make one request that I hope would make the meeting as productive as it can be.

I think that there is an outstanding issue regarding the consultation on what, in the event it was judged appropriate, the preferred replacement for Carli would be. Without prejudice, I think it would be hard for cpac to form a view on, eg, option 3 (remove carli altogether) without knowing what the replacement elementary aggregation method would be. I think that from our previous discussions, the mood of cpac would be dutot or jevons. But: (a) I think that decision needs to be made formally; and (b) I have not seen any analysis of, for example, the desirability of CSWD aggregation, raised by the independent analysis commissioned by the ons.

Either way, I think it would be necessary in the paper to clear up any ambiguity, not least to reduce the dimensionality of CPAC's decision. So, for instance - if option 3 really means: replace all Carli with jevons (other than when the zero-price problem makes it infeasible) then do please say so in the papers.

As a part of that, perhaps someone cld offer a thought as to why Carli was adopted for some items and Dutot for others in the 1950s when the RPI was established. My guess, having not been there at the time, is that Dutot was advised against for EA items with large base price dispersion (on the grounds that, mathematically, Dutot gives more weight in calculating representative price changes to more expensive items within the elementary cell - like c+p, for example).

Do you think this would be possible? Given the state of understanding on CPAC, I do not think that we require a terribly in-depth analysis. But a short laying out of the ONS view would be very helpful context, I think.

Very best for the holidays and new year,

From: [REDACTED]@ons.gsi.gov.uk]
Sent: Tuesday, December 11, 2012 03:49 PM

To: [REDACTED]
[REDACTED]
[REDACTED]
hmtreasury.gsi.gov.uk
[REDACTED]
[REDACTED]

Cc: [REDACTED]
[REDACTED] Derek Bird [REDACTED] @ons.gsi.gov.uk>; [REDACTED]

The date for the next Consumer Prices Advisory Committee meeting is the 8th January 2013. It will be held in the same location at 13.30-15.30. This meeting will be used to discuss the response to the RPI consultation and the options for change presented in the consultation document and thus we strongly encourage your attendance. Could all Committee Members please confirm if they are able to attend. Due to the time frame, there will probably not be an opportunity to comment if you are unable to attend the meeting.

<http://www.ons.gov.uk/ons/media-centre/statements/operational-note-timetable-for-options-for-improving-the-rpi-consultation/index.html>

In the meantime please do contact me if you have any queries or wish to discuss further the Consumer Prices Advisory Committee.

CPAC Secretariat

Legal Disclaimer : Any views expressed by the sender of this message are not necessarily those of the Office for National Statistics

This e-mail is intended for the addressee(s) named above and any other use is prohibited. It may contain confidential information. If you received this e-mail in error please contact the sender by return e-mail.

The Bank of England does not accept legal responsibility for the contents of this message if it has reached you via the Internet, as Internet communications are not secure. Any opinions expressed are those of the author and are not necessarily endorsed by the Bank of England.

Recipients are advised to apply their own virus checks to this message .

This email and any files transmitted with it are intended solely for the use of the individual(s) to whom they are addressed. If you are not the intended recipient and have received this email in error, please notify the sender and delete the email.

This footnote also confirms that our email communications may be monitored to ensure the secure and effective operation of our systems and for other lawful purposes, and that this email has been swept for malware and viruses.