

105TH CONGRESS
1ST SESSION

S. RES. 50

To express the sense of the Senate regarding the correction of cost-of-living adjustments.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5, 1997

Mr. ROTH (for himself and Mr. MOYNIHAN) submitted the following resolution; which was referred to the Committee on Finance

RESOLUTION

To express the sense of the Senate regarding the correction of cost-of-living adjustments.

Whereas the final report of the Senate Finance Committee's Advisory Commission to Study the Consumer Price Index, chaired by Professor Michael Boskin, has concluded that the Consumer Price Index overstates the cost of living in the United States by 1.1 percentage points;

Whereas Dr. Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve System, has testified before the Senate Finance Committee that "the best available evidence suggests that there is virtually no chance that the CPI as currently published understates" the cost of living and that there is "a very high probability that the upward bias ranges between 1/2 percentage point per year and 1 1/2 percentage points per year";

Whereas the overstatement of the cost of living by the Consumer Price Index has been recognized by economists since at least 1961, when a report noting the existence of the overstatement was issued by a National Bureau of Economic Research Committee, chaired by Professor George J. Stigler;

Whereas Congress and the President, through the indexing of Federal tax brackets, Social Security benefits, and other Federal program benefits, have undertaken to protect taxpayers and beneficiaries of such programs from the erosion of purchasing power due to inflation;

Whereas Congress and the President intended the indexing of Federal tax brackets, Social Security benefits, and other Federal program benefits to accurately reflect changes in the cost of living; and

Whereas the overstatement of the cost of living increases the deficit and undermines the equitable administration of Federal benefits and tax policies: Now, therefore, be it

- 1 *Resolved*, That it is the sense of the Senate that all
- 2 cost-of-living adjustments required by statute should accu-
- 3 rately reflect the best available estimate of changes in the
- 4 cost of living.

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