

CHAPTER II

INDEX NUMBERS OF THE COST OF LIVING, BY THE NATIONAL INDUSTRIAL CONFERENCE BOARD

THE oldest continuous index number of the cost of living for the United States as a whole is that of the National Industrial Conference Board. The origin of this number was an estimate made in June, 1918, of the increases in the cost of living within the war period, beginning in July, 1914. Interest in measuring changes in the cost of living then centered in changes within a selected period of time rather than in changes from what might have been considered normal conditions; hence the adoption of a single month, that of the beginning of the war, rather than an average of several months or years.¹ The same requirements conditioned the next estimate of changes in the cost of living, and the base period was kept at July, 1914. While theoretically a single month used in this way affords a less desirable base period than an average of a greater variety of conditions over a longer period, the use of this particular month throws no great irregularity into the series, owing to the fact that the increase between the immediately preceding pre-war year, 1913, usually accepted as normal, and July, 1914 was probably not more than 1%.² The retail food price index number of the United States Bureau of Labor Statistics, based on average prices in 1913, is used in the National Industrial Conference Board series as a measure of changes in food prices, without conversion to the July, 1914, base. The

¹ It is of interest to note that the first estimate of the United States Bureau of Labor Statistics was made on the same basis. It was later changed to a year's average. See pp. 63-65.

² This estimate is based almost entirely on the increase in food prices. See *Monthly Labor Review*, November, 1919, pp. 192-193. The Massachusetts Commission on the Necessaries of Life estimated an increase in Massachusetts of 2.1% in this period, including increases in the cost of food, clothing and shelter. Report, 1920, *op. cit.*, pp. 20, 118.