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ABSTRACT

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Comparing U.S. and European inflation: the CPI and the HICP

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This article introduces an experimental consumer price index for the United States that follows, to the extent possible, the methods of the Harmonized Index of Consumer Prices (HICP), the European Union 掙 (EU掙) official price index. The U.S. HICP differs from the U.S. Consumer Price Index (CPI) in two major respects: the HICP includes the rural population in its scope and it excludes owner-occupied housing. To construct the experimental U.S. HICP, the CPI first was expanded to cover the entire (noninstitutional) U.S. population and then was narrowed to remove the owner-occupied housing costs that the HICP excludes from its scope.

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