



Why is the CPI important?

Government use prices to set interest rates

Used in labor contracts

Landlords use it to determine rents

Judges use it to determine alimony and child support payments

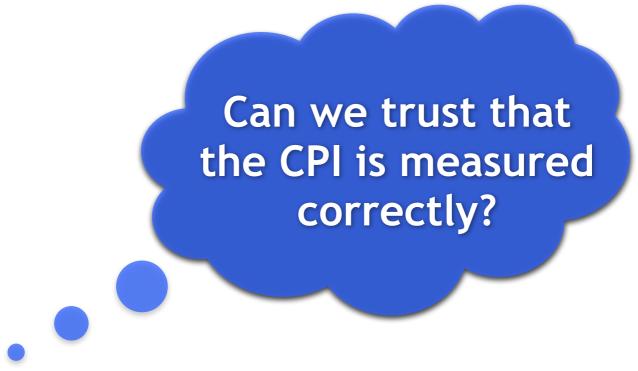
Used to adjust payments to:

Social Security recipients

Federal and Military retirees

Food Stamps and School Lunches

Used to adjust individual income tax brackets



Why is the C

Can we trust that the CPI is measured

correctly?

- Government use price
- Used in labor contract
- Landlords use it to detend
- Judges use it todetermine alimony and child support payments
- Used to adjust payments to:
 - Social Security recipients
 - Federal and Military retirees
 - Food Stamps and School Lunches
- Used to adjust individual income tax brackets

CPI: Substitution Bias