

Hedonics and the National Accounts

- Larger Impact on Real GDP Than on Prices
 - Mainly in Computers
- Offsetting Impact of Chain Indexes
 - U.S. Experience

Hedonics and the National Accounts

- Hedonics Not Source of Differences in U.S. vs. European Growth
 - Nor Improved U.S. Performance of Latter Half of 1990s

Hedonics and the National Accounts

- Passing the Schultze “Perceived Credibility” Test:
Computers

- Robustness/Stability

- Consistency With Other Measures

- Professional Consensus

Hedonics and the National Accounts

- Urgent Need for Quality-Adjusted Measures of Service Prices
 - Large Gap in Real GDP
 - Implicit Downward Bias to Real GDP and Productivity Growth
 - Hedonics Aren't the Only Answer