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