

WORKSHOP ON INDEX NUMBER THEORY

Thursday October 9

14:00 Erwin Diewert (University of British Columbia,
keynote)

Measuring the Effects of Changes in the Terms of Trade

Relevant links:

<http://www.econ.ubc.ca/diewert/dp0805.pdf>

<http://www.econ.ubc.ca/diewert/ch24export.pdf>

--break --

15:30 Robert Hill (University of Graz)

Flexible Spatial and Temporal Hedonic Price Indexes for Housing in
the Presence of Missing Data and Spatial Correlation

Abstract: We propose a flexible hedonic methodology for computing house price indexes on panel data sets that takes account of missing data and spatial correlation. Interaction terms between characteristics, between regions and periods, and between regions and characteristics are included. In addition, the regressions are broken up into overlapping blocks of five consecutive periods (quarters in our case). These features ensure that the shadow prices are flexible, that there is no substitution bias in the resulting price indexes, and that the criterion of temporal fixity is satisfied. The overlapping blocks are spliced together to generate the overall panel results. We use our methodology to construct temporal and spatial price indexes for 15 regions in Sydney, Australia on a quarterly basis from 2001 to 2006. We also consider how best to combine the 15 regional indexes to obtain an overall price index for Sydney. Our empirical results raise some interesting issues. In particular, our hedonic indexes differ quite significantly from the official index published by the Australian Bureau of Statistics. We also find clear evidence of convergence in prices across regions while house prices were rising, and divergence thereafter.

16:30 Prasasa Rao (University of Queensland)

Consistent Comparisons of real Incomes across Time and Space
(Jointly with Rob Feenstra)

Friday October 10

10:00 Matthijs van Veelen (Universiteit van Amsterdam)

Wealth in the eye of the beholder: The axiomatic approach, the economic approach and consumer heterogeneity

(Jointly with Roy van der Weide)

Abstract: Comparing wealth across nations – or over time – can be hard, especially if we ask ourselves whose preferences are revealed by the data, if any. Can observations of prices and quantities over time or across places be treated as observations from one consumer? How will we treat them if we conclude that we cannot? We explore the differences between the axiomatic approach and the economic approach to index number theory, with a special focus on how these deal with consumer heterogeneity.

11:00 Peter Neary (University of Oxford)

Theoretical Foundations for International Comparisons of Living Standards and GDP

Abstract: This paper considers the conceptual underpinnings of international comparisons of living standards and GDP. Fixed-weight indices tend to underestimate international differences in living standards because of the Gerschenkron Effect, though this may be offset by non-homothetic tastes. By contrast, I show that an Anti-Gerschenkron Effect applies to international comparisons of GDP: fixed-weight indices tend to exaggerate international differences, though this may be offset by the Balassa-Samuelson Effect. Appropriate ideal approaches to both problems are outlined and their properties and their implications for empirical work are explored.

--lunch--

14:30 Marcel Timmer (Rijksuniversiteit Groningen)

Productivity levels: is more detailed data better?

(Jointly with Robert Inklaar)

Abstract: Measuring productivity levels entails a trade-off between more precise but less reliable estimates. By using more detailed data on inputs and outputs, level estimates can be made more precise. At the same time, this leads to greater measurement error. We show that more data-intensive estimates are still often significantly different from less data-intensive estimates. The superiority of detailed level estimates is illustrated in a standard convergence analysis.

15:30 Bert Balk (Erasmus Universiteit Rotterdam)

Searching for the Holy Grail of index number theory

Abstract: Time and again people are searching for the Holy Grail of index number theory, here defined as being a symmetric pair of price and quantity indices that satisfy all known requirements. Also attention will be paid to the requirement of transitivity, considered vital in spatio-temporal comparisons

Location:

Tinbergen Institute Amsterdam, Roetersstraat 31
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See also the seminar program at <http://www1.fee.uva.nl/creed/>