

Review of “Measurement of Economic Variables” by Dana Hájková

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I have now gone through the thesis in detail. My overall reaction is that this is an excellent thesis. Measurement issues are not so popular in the profession today, but Dana demonstrates quite vividly that one should take these issues more seriously.

The strength of each of the components of the thesis is the careful assessment of what has been done in the macroeconomic literature on growth and development from both a theoretical and measurement perspective. Based on this, each chapter provides a careful and detailed assessment of how different choices of measures directly affect the estimation and the conclusions that one would draw.

Much of the literature on macroeconomic performance pays little attention to the details of particular data constructs. Because of the ready availability of common data sets, most research simply goes to the most convenient source of relevant data. This cavalier treatment of the data is, by Dana's analysis, probably a real mistake.

The strongest chapter is the first one. There is a clear description of how various choices of GDP measures differ. But the heart of the work is a detailed replication of a number of widely cited studies of economic growth with a demonstration of what results are most affected by the choice of measurement (including some of my own).

The second chapter investigates estimation of productivity growth. This chapter provides the same caution as the first -- choice of input measures can seriously affect the conclusions on factor growth. This chapter is well-executed but not as novel as the first one.

The final chapter investigates alternative ways of measuring capital for use in growth accounting. It employs detailed data on the Czech economy, where the extensive data permit probing the alternative measures in depth. This chapter is interesting, but it is difficult to know exactly how the results might be generalized.

Each of the chapters is a nice self-contained analysis, and each should be publishable almost as is. The main concern with this dissertation is that it is composed of these separate chapters that are treated as distinct from the others. Obviously all of the work focuses on a quite common issue: the analysis of growth and development of economies. Each focuses on one part of the analyses that have developed. But, because there are common issues across the three chapters, it would be very useful to have some discussion of how the separate work relates. Each chapter has a different take on how to measure inputs and outputs of an economy and how to relate them. Yet, each largely ignores the other chapters. It would seem useful to have, perhaps as a short concluding chapter for

the dissertation, a discussion of how the separate chapters relate on how the results of one might affect the others.