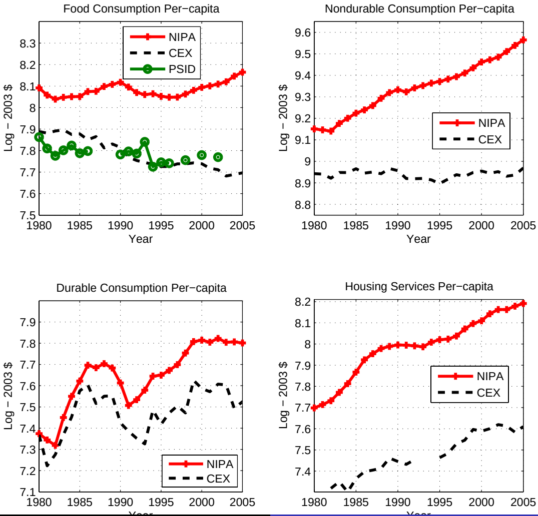
Comments on Improving Consumption Measurement

Chris Carroll
Johns Hopkins University

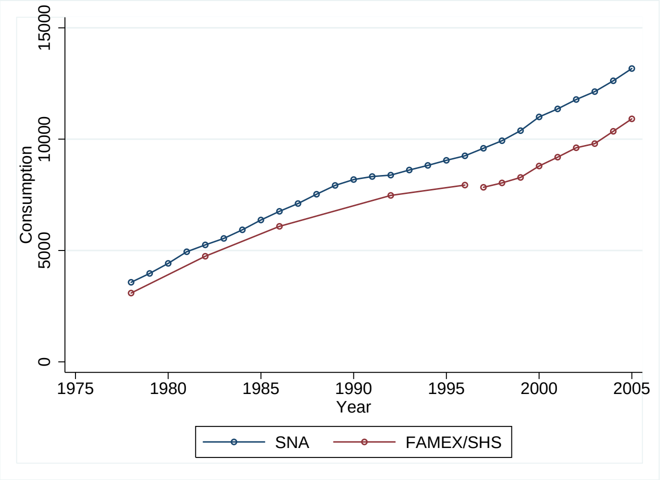
Remarks At CRIW-NBER Conference On Improving Consumption Measurement
Cambridge, MA

July 13, 2009

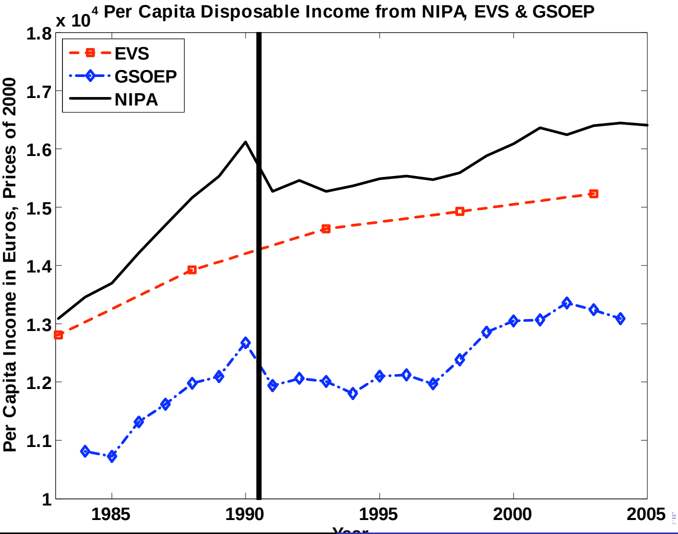
We Have A Serious Problem



CE vs NIPA for Canada



CE vs NIPA for Germany



CE vs NIPA for Italy

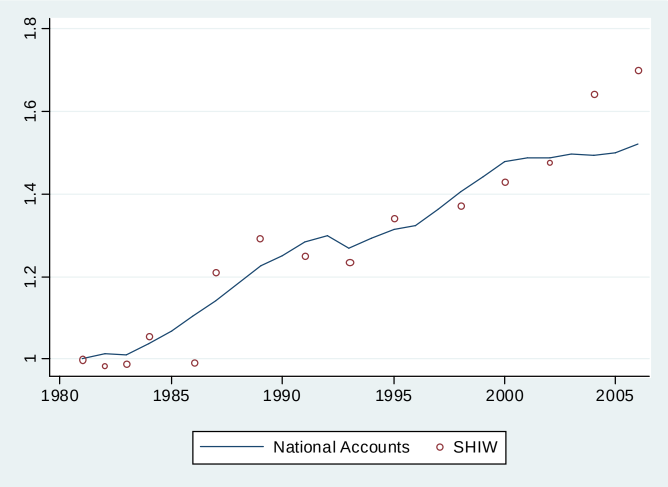
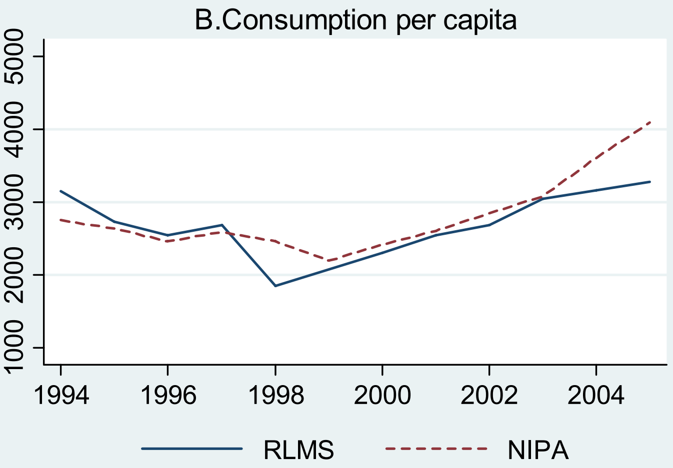
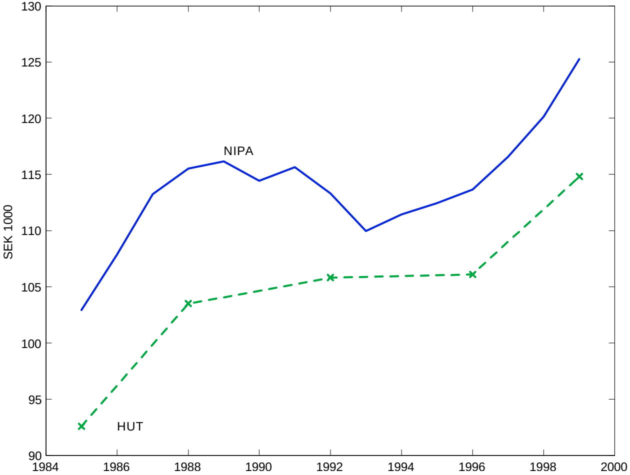


Figure 1: Average per-capita total consumption in the SHIW and in the National Accounts

CE vs NIPA for Russia

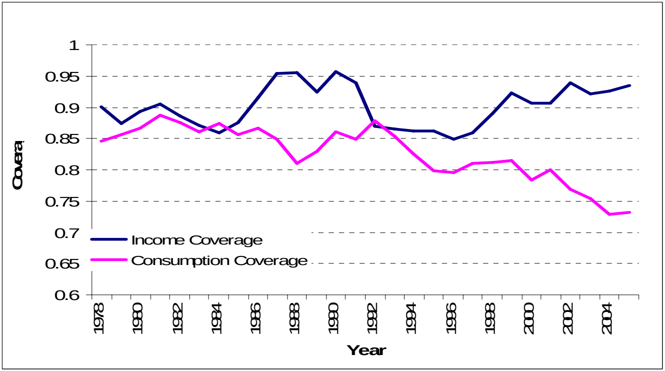


CE vs NIPA for Sweden



Note: The figure shows mean consumption per capita in current prices. NIPA data are household consumption expenditure, excluding non-profit organizations, based on national accounts data

CE vs NIPA for UK



Commonalities

- In Many Countries, Coverage Has Declined Seriously
- In Some, Deterioration Is Accelerating

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- In Some, Deterioration Is Accelerating

Differences:

- In Person Vs Phone Interviews
- Diary Vs Recall
- Incentives To Participate
- Quality of Interviewers
- Quality of Survey (Focus Groups!)
- Use Of Budget Constraint

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- Differential Sample Selection: Richer $\Rightarrow$ Less Willing
- Second Biggest: Changes In Technology (Automated Payment, Etc)
    - If You Asked Me These Questions, I'd Have No Idea!
- I'm Concerned You're Drilling A Drying Up Hole

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- Credit Card Data
- Personal Finance Online
  - QuickenOnline
  - iBank
  - http://www.mint.com/product/videos/mint-demo/
  - Big Advantage: People Get Something Valuable At the End

50 percent chance that current structure should be ditched altogether

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- Biannual Review Report Should Contain Broader Comparisons
  - SCF, Labor Market, SOI Tax Income, and "special topics"
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How Do These Buzzwords Apply?

- Unfolding Brackets of Complexity Of Data Use
- Very Easy To Get Top Level Data
- Clear Path to "Drill Down" to Deeper and Deeper Levels
  - A Lot Of Researchers Have Been Defeated By Complexity
- Experiment, e.g., With HRS or PSID Instrument On CE Sample

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- Encourage Researchers With Setup Like Census Data Centers

A Golden Age!

- CE Should Be A Part Of It, Not A Drowning Polar Bear