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National Bureau of Economic Research

ANNALS OF ECONOMIC AND SOCIAL MEASUREMENT

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EDITOR'S CORNER

The articles in this issue approach a number of problems primarily related to time series analysis. Fromm and Klein present comparisons of selected error characteristics from simulations within and beyond sample periods, (twenty variables) of eleven major econometric models of the U.S. economy. Also, comparisons are made of dynamic policy multipliers, and reasons for discrepancies between multiplier values across models are described. The NBER/NSF Model Comparison Seminar provided the format for the many simulation runs generating the data underlying these comparisons. Beach, in the next paper, suggests a new method for analyzing cyclical changes in inequality in the size distribution of income—a factor not taken into account by most macroeconomic models. Disaggregative income quantities spanning a distribution serves as the basis for analysis.

The next four articles present econometric techniques as applied to distributed econometric lag models, production functions, moving average processes, and spectral analysis. Wall uses nonlinear unconstrained optimization techniques for "FIML Estimation of Rational Distributed Lag Structural Form Models." A variant of the Fair short-term macroeconomic forecasting model is used to illustrate the application of the technique. Corbo shows that the CES and VES production functions have the same second order approximation. Numerical experiments are presented in support of the conclusion that the approximation is almost always better for the VES than the CES form.

Osborne and Engle both address issues in time series analysis. Osborne demonstrates the computational feasibility of the "Maximum Likelihood Estimation of Moving Average Processes" by non-linear optimization. The technique is particularly appropriate for the "numerical estimation of standard errors for the coefficients of a model near the boundary of the invertibility region." Engle provides a review of "Interpreting Spectral Analyses in Terms of Time Domain Models," with distributed lags and autoregressive processes given attention. He then discusses the estimation procedure in the context of the TROLL system, developed at NBER Computer Research Center.

Fenoaltea addresses the issue of "Real Value Added and the Measurement of Industrial Production." Given the contributions of NBER researchers to this area in the past, it is appropriate that we include this thought-provoking (and somewhat controversial) piece in the *Annals*. Several short notes follow. Haseman and Whinston present a framework for managing and analyzing large economic data bases. Their Generalized Planning System (GPLAN) is used to illustrate the approach. Henry, McDonald and Stokes then point out and correct a problem in Frieden's software package for estimating dynamic economic relations from a time series of errors section. In an extended announcement, Kwack describes "Data Base Improvement for Analysis of U.S. Imports and Exports: Price Indices by End Use, 1958 : 1-1974 : 4." In another correction, Jayatissa points out an error in a 1972 *Annals* article, "Criteria for Evaluation of Econometric Models," and Saul Hymans briefly responds to that comment. Computer Research Centre notes and Announcements follow. This issue repre-

sents the last multi-topic issue for a while, with the next two being special issues on Economic and Stochastic Control and on Discrete, Qualitative and Limited Dependent Models.

I am pleased to announce that Gary Fromm, National Bureau of Economic Research-Washington, D.C. and Lee Lillard, National Bureau of Economic Research-Palo Alto, Ca. have accepted our invitation to join the Editorial Board.

Finally, my apologies to those listed below for not including them in the list, which appeared in Volume 3, Number 3 of researchers who were kind enough to review papers during 1974 and 1975.

David Belsley
Charlotte Boschan
Vittorio Corbo
Stephen Dresch
Philip Friedman
Michael Gort
John Hause

Paul Holland
Robert Lipsey
Raphael Lusky
Steven Madnick
Phillip Musgrove
Kent Wall
Edward Wolff