This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: International and Interarea Comparisons of Income, Output, and Prices

Volume Author/Editor: Alan Heston and Robert E. Lipsey, editors

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-33110-5

Volume URL: http://www.nber.org/books/hest99-1

Publication Date: January 1999

Chapter Title: Front matter, prefatory note, table of contents

Chapter Author: Alan Heston, Robert E. Lipsey

Chapter URL: http://www.nber.org/chapters/c8383

Chapter pages in book: (p. -13 - 0)



National Bureau of Economic Research

Studies in Income and Wealth Volume 61 International and Interarea Comparisons of Income, Output, and Prices

Alan Heston and Robert E. Lipsey



International and Interarea Comparisons of Income, Output, and Prices



Studies in Income and Wealth Volume 61

National Bureau of Economic Research Conference on Research in Income and Wealth

International and Interarea Comparisons of Income, Output, and Prices

Edited by

Alan Heston and Robert E. Lipsey



ALAN HESTON is professor of economics and South Asia studies at the University of Pennsylvania. ROBERT E. LIPSEY is professor emeritus of economics at Queens College and the Graduate Center, City University of New York, and a research associate of the National Bureau of Economic Research.

The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
© 1999 by the National Bureau of Economic Research
All rights reserved. Published 1999
08 07 06 05 04 03 02 01 00 99 1 2 3 4 5
ISBN: 0-226-33110-5 (cloth)

Library of Congress Cataloging-in-Publication Data

International and interarea comparisons of income, output, and prices / edited by Alan Heston and Robert E. Lipsey.

p. cm. — (Studies in income and wealth; v. 61)
 Rev. papers from the CRIW Conference on International and Interarea

Comparisons of Prices, Income, and Output held in Arlington, Va., Mar. 15–16, 1996.

Includes bibliographical references and index.

ISBN 0-226-33110-5 (cloth: alk. paper)

1. National income Congresses. 2. Prices Congresses. I. Heston,

Alan W. II. Lipsey, Robert E. III. Conference on Research in Income and Wealth. IV. CRIW Conference on International and Interarea Comparisons of Prices, Income, and Output (1996: Arlington,

99-29819

CIP

Va.) V. Series

HC106.3.C714 v. 61

[HC79.I5]

330 s-dc21

[339.3]

© The paper used in this publication meets the minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI Z39.48-1992.

National Bureau of Economic Research

Officers

John H. Biggs, chairman
Carl F. Christ, vice-chairman
Martin Feldstein, president and chief
executive officer
Robert Mednick, treasurer
Sam Parker, chief financial officer

Susan Colligan, corporate secretary
Kelly Horak, controller and assistant
corporate secretary
Gerardine Johnson, assistant corporate
secretary

Directors at Large

Peter C. Aldrich George C. Eads Michael H. Moskow Elizabeth E. Bailey Martin Feldstein Rudolph A. Oswald Robert T. Parry John H. Biggs Stephen Friedman Andrew Brimmer George Hatsopoulos Peter G. Peterson Carl F. Christ Karen N. Horn Richard N. Rosett Don R. Conlan John Lipsky Kathleen P. Utgoff Leo Melamed Marina v.N. Whitman Kathleen B. Cooper

Directors by University Appointment

George Akerlof, California, Berkeley
Jagdish Bhagwati, Columbia
William C. Brainard, Yale
Glen G. Cain, Wisconsin
Franklin Fisher, Massachusetts Institute
of Technology
Saul H. Hymans, Michigan
Marjorie B. McElroy, Duke
Joel Mokyr, Northwestern
Andrew Postlewaite, Pennsylvania
Nathan Rosenberg, Stanford
Harold T. Shapiro, Princeton
Craig Swan, Minnesota
David B. Yoffie, Harvard
Arnold Zellner, Chicago

Directors by Appointment of Other Organizations

Marcel Boyer, Canadian Economics

Association

Mark Drabenstott, American Agricultural

Economics Association

Robert Mednick, American Institute of
Certified Public Accountants

John J. Siegfried, American Economic
Association

William C. Dunkelberg, National Association

of Business Economics

Association

David A. Smith, American Federation of
Labor and Congress of Industrial

Gail D. Fosler, The Conference Board
A. Ronald Gallant, American Statistical

Organizations
Josh S. Weston, Committee for Economic

Association Development
Robert S. Hamada, American Finance Gavin Wright, Economic History Association

Directors Emeriti

Association

Moses Abramovitz
Franklin A. Lindsay
George T. Conklin, Jr.
Paul W. McCracken
Thomas D. Flynn
Geoffrey H. Moore
Eli Shapiro
Lawrence R. Klein

Since this volume is a record of conference proceedings, it has been exempted from the rules governing critical review of manuscripts by the Board of Directors of the National Bureau (resolution adopted 8 June 1948, as revised 21 November 1949 and 20 April 1968).



Contents

	Prefatory Note Introduction Alan Heston and Robert E. Lipsey	xi 1
I. THEORETICAL BASE	es of Multilateral Interspatial Comparisons	
1.	Axiomatic and Economic Approaches to International Comparisons W. Erwin Diewert Comment: Irwin L. Collier Jr.	13
2.	International Comparisons Using Spanning Trees Robert J. Hill	109
II. Interarea Price	and Wage Comparisons	
3.	Interarea Price Comparisons for Heterogeneous Goods and Several Levels of Commodity Aggregation Mary F. Kokoski, Brent R. Moulton, and Kimberly D. Zieschang Comment: Paul Pieper	123
4.	Constructing Interarea Compensation Cost Indexes with Data from Multiple Surveys W. Brooks Pierce, John W. Ruser, and Kimberly D. Zieschang Comment: Joel Popkin	171

	Cities in Brazil: An Interarea Price Comparison Bettina H. Aten Comment: Jorge Salazar-Carrillo	211
	ts on Methods and the Geographic Expansion al Comparison Program	
6.	Purchasing Power Parities for Medical Care and Health Expenses Giuliano Amerini	233
7.	Comparisons for Countries of Central and Eastern Europe Alfred Franz	239
8.	Multilateral Comparison of the Baltic Countries, 1993 Seppo Varjonen	251
9.	Report on the Romania-Republic of Moldova Bilateral Comparison, Benchmark Year 1993 Daniela Elena Ştefănescu and Maria Chişinevschi	261
10.	A Critique of CIA Estimates of Soviet Performance from the Gerschenkron Perspective Yuri Dikhanov	271
IV. Reports from th of Output and Proe	ie International Comparisons ouctivity Program	
11.	The Measurement of Performance in Distribution, Transport, and Communications: The ICOP Approach Applied to Brazil, Mexico, France, and the United States Nanno Mulder Comment: Peter Hooper	279
12.	Prices, Quantities, and Productivity in Industry: A Study of Transition Economies in a Comparative Perspective Bart van Ark, Erik Monnikhof, and Marcel Timmer Comment: Irwin L. Collier Jr.	327

V. APPLICATIONS OF INTERNATIONAL COMPARISON DATA

13.	The Effects of Price Regulation on Productivity in Pharmaceuticals Patricia M. Danzon and Allison Percy Comment: Ernst R. Berndt	371
14.	Specialization and Productivity Performance in Low-, Medium-, and High-Tech Manufacturing Industries Edward N. Wolff	419
15.	Wage Dispersion and Country Price Levels Robert E. Lipsey and Birgitta Swedenborg Comment: Andrew Levin	453
16.	The World Distribution of Well-being Dissected Robert Summers and Alan Heston Comment: Timothy M. Smeeding	479
	Glossary	509
	Contributors	517
	Author Index	521
	Subject Index	525



Prefatory Note

This volume contains revised versions of most of the papers and discussion presented at the Conference on Research in Income and Wealth entitled "International and Interarea Comparisons of Prices, Income, and Output," held in Arlington, Virginia, on 15–16 March 1996.

Funds for the Conference on Research in Income and Wealth are supplied by the Bureau of Labor Statistics, the Bureau of Economic Analysis, Statistics Canada, the Federal Reserve Board, and the Bureau of the Census; we are indebted to them for their support. This conference was supported by the National Science Foundation under grant SBR-9514990 from the Programs in Economics and Methodology, Measurement, and Statistics; additional funds for international participation were provided by the World Bank.

We also thank Alan Heston and Robert E. Lipsey, who served as conference organizers and editors of the volume, and the planning committee, comprising Peter Hill, Katrina Reut, Michael Ward, and Alwyn Young.

Executive Committee, July 1998

Ernst R. Berndt
Carol S. Carson
Carol A. Corrado
Edwin R. Dean
Robert C. Feenstra
John Greenlees
Zvi Griliches
John C. Haltiwanger

Charles R. Hulten, chair
Lawrence F. Katz
J. Steven Landefeld
Robert H. McGuckin III
Brent R. Moulton
Matthew Shapiro
Robert Summers

Volume Editors' Acknowledgments

The editors acknowledge support for the conference from the National Science Foundation, the World Bank, and the National Bureau of Economic Research. Two anonymous reviewers, for the NBER and the University of Chicago Press, made very helpful comments and suggestions on the volume. We also greatly appreciate the editorial assistance of Helena Fitz-Patrick of the NBER's Publications Department in preparing the volume for publication.