

Spatial Indices session: abstracts

1. Interarea price levels: an experimental methodology

Bettina Aten, US Bureau of Economic Analysis, presented by Walter Lane, BLS

The lack of any measure of price differences across the geographic expanse of a country—especially a large country like the United States—poses limitation on its national statistics and may lead to erroneous conclusions about the relative standing of areas within the country. The US Bureau of Economic Analysis (BEA), which produces extensive information for American states and localities, is very concerned about this problem. They arranged with the Bureau of Labor Statistics (BLS) for Bettina Aten of their staff to work with CPI data. Aten created price differentials from the US average for the 38 CPI index areas. She used hedonic regressions and the Country-Product-Dummy (CPD) method developed for international price comparisons. Her work is a “proof of concept” showing the potential of this method. The results are, unfortunately, are limited to the CPI’s areas. Results for other areas—states in particular—that many other statistical series need, must wait for better data (or perhaps for even more heroic statistically-based methods).

To illustrate with one small example, BLS, which publishes extensive data on area wages, reported that in 2006 the average hourly wage for dental hygienists in the San Francisco metropolitan area was \$40.90 and was \$29.20 in the St. Louis metropolitan area. Without considering the difference in the price levels of the areas, it would appear that these workers are better off in San Francisco. Adjusting their nominal hourly wages to the average US price level shows, however, that they actually fare better in St. Louis: Dental hygienists’ adjusted hourly wage was \$34.35 in St. Louis but only \$30.30 in San Francisco. (Using US Average = 1.00, Aten’s price-level differentials for San Francisco and St. Louis were 1.35 and 0.83, respectively.)

2. Comparisons of relative prices and the selection of representative products

Peter Hill

The paper is primarily geared to international comparisons although it is relevant to temporal ones as well. The question is how would one determine whether the prices of a group of products, say food products, are relatively cheap or dear in a country not merely compared with one other country (fairly easy) but compared with a large group of countries, say OECD countries. Knowing which products are relatively cheap or dear in different countries is important when drawing up lists of products for pricing in international comparisons.

3. Spatial Indexes

Keith Woolford, Australian Bureau of Statistics

Abstract not yet received.