

Comments on
*Can Mismeasurement of the
Digital Economy explain the U.S.
Productivity Slowdown?*

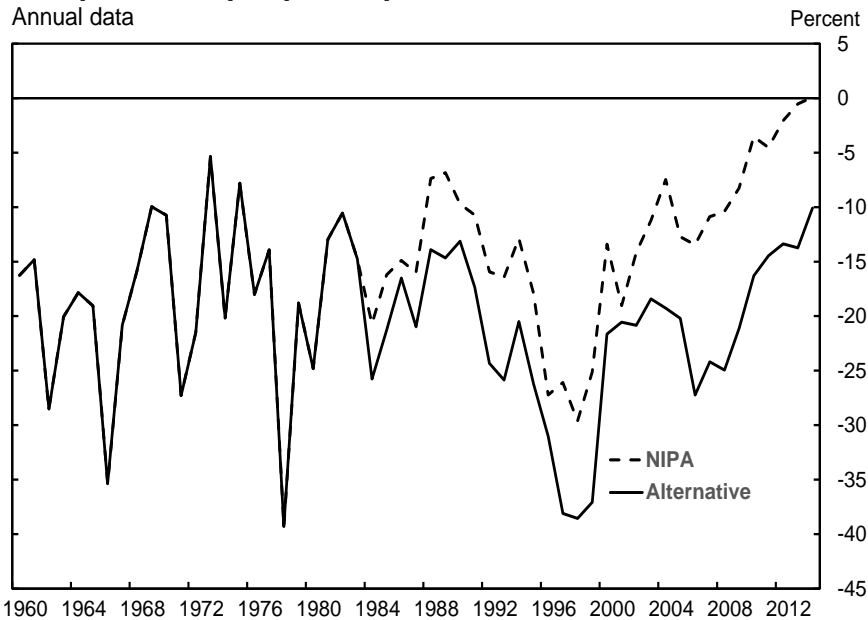
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Summary

Computer and peripheral prices



Reinsdorf(2016) Figure3

□ Mismeasurement in ICT
& LP growth slowdown (04~)

Underestimation of quality

⇔ Upward bias in price

⇔ Downward bias in output

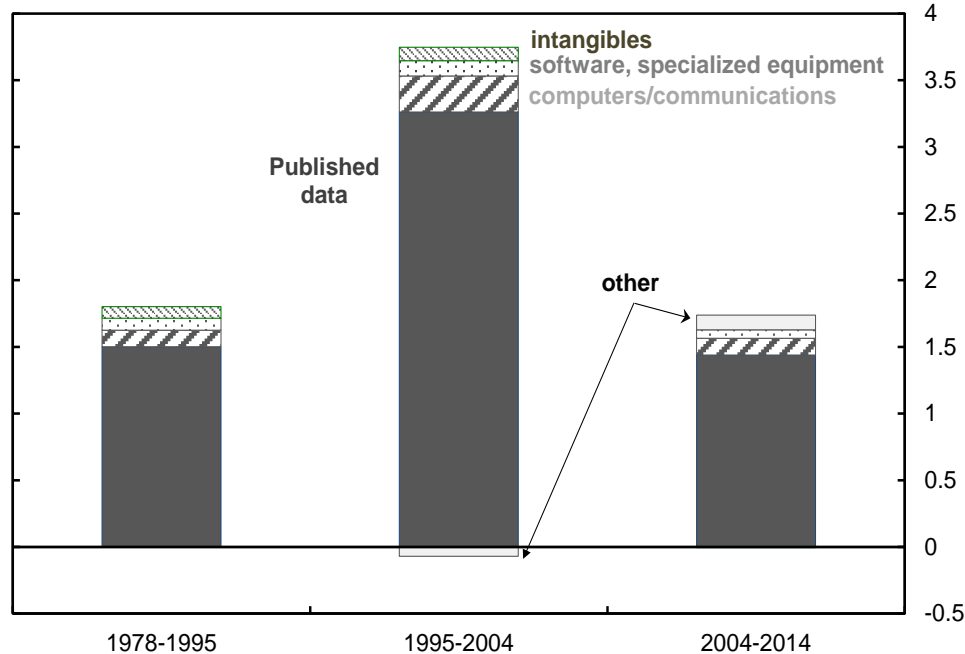
⇒ Alternative price indexes!

Summary (cont'd)

Adjustments to growth in output per hour

Business sector, percentage points per year

Percentage points



Source: BLS, Fernald (2014a), and authors' calculations. Other comprises Internet, free digital services, globalization, and fracking.

Reinsdorf(2016) Figure4

❑ Does it help? **NO, it does NOT.**

❑ Price adjustments \Rightarrow Very tiny effect on productivity dynamics

❑ Other measurement issues does not work either...

❑ Internet-based digital services improve in consumer welfare, but they do not increase GDP...

Comment 1:

From the semi-macro viewpoint

Q. Any other important adjustments?

- E.g., Low productivity growth in **service industry**
- Any chance to extend the current discussion toward this direction (i.e., quality/price/output bias in service industries)?

Comment 2:

From the micro viewpoint

Q. Any industry- or firm-level heterogeneity?

- E.g.(a), highly digitized warehouse (Amazon)
- E.g.(b), internet-monitored bulldozer (Komatsu)

- Bias associated with mismeasurement in “A”
≠ That in “B”

Comment 3:

Finally, why low productivity?

- ❑ Little effect of mismeasurement in ICT goods on low productivity
- ❑ Little effect of globalization (GVC) on low productivity
- ❑ Complementary relation between IT and intangibles?
- ❑ More intangible investments are required?
- ❑ Just return to the old pass?

Minor comments

- ❑ Labor productivity (output per hour) is a good measure for technology (how about TFP)?
- ❑ Can ICT substitute for unskilled labor and/or skilled labor?