

MEASUREMENT OF ECONOMY AS A TOOL FOR POLICY MAKING: ISSUES OF GDP ESTIMATES

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INTRODUCTION

Economic Statistics is a discipline which could support policy and decision making at the micro- and the macro- level as well. We would like to point out the necessity of education of policy-makers and decision-makers in this field. We will demonstrate it on the issue of solving the economic recession in the Czech Republic in the period between 2008 and 2010.

GDP AS AN ISSUE OF ECONOMIC PHENOMENA AND STATISTICAL INDICATORS ADEQUATION

Gross domestic product characterizing the economic development is one of the most important macro-economic aggregates. Measurement of economic development and GDP is a typical example of an adequation issue: this issue is usually considered a task of estimating the economic phenomena by the set of statistical indicators. These indicators should be as close as possible to the economic phenomena measured on the one side and should be accurately and reliably estimated on the other side.

Estimating of GDP could be divided into three steps: (i) searching for the type of the indicator used as a proxy for the economic development; we can include gross domestic product, gross national product, exchange rate of domestic currency to another currency, indices of wellness and/or happiness etc., (ii) construction of the indicator which had been chosen; which activities will be considered as productive, specification of economic area, valuation of non-market production, modeling of capital consumption etc. and (iii) estimate of the indicator using above mentioned methodology (balancing between different approaches, relation of annual and quarterly accounts, estimating of shadow economics, deflating process, revision process etc.).

CONTRIBUTION ANALYSIS OF GDP GROWTH AND ITS POLITICAL CONSEQUENCES

One of the typical tools for the analysis of GDP development is a contribution analysis. Using this tool we can estimate the contribution of individual items of GDP (at the supply side and the expenditure side as well) to the total GDP change.

This tool could be useful at the time of economic recession and searching for a strategy of restarting the economic progress. From this contribution analysis of the current data on the GDP change in the Czech Republic we can conclude that the economic recession is not an issue of the demand side (decrease in the total GDP is accompanied neither by the decrease in the household consumption nor by the decrease in the government consumption).

Using this conclusion we cannot recommend the support of the demand side using public expenditures.

CONCLUSION

Teaching of economic statistics and especially the national accounting could strongly support more efficient policy-making and decision-making. Ability of using the data from national accounts, e. g. the structure of economic decrease could support proposing of the exit strategy from the recession.