

Issue: Economic Indicators

Expert Views: Q&A: Brian Moyer on the Bureau of Economic  
Analysis

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## “While GDP might not cover everything, it is an important measure of production in the economy”



Brian Moyer (Bureau of Economic Analysis)

Economist [Brian Moyer](#) is director of the [Bureau of Economic Analysis](#) (BEA), part of the Department of Commerce. The bureau produces some of the most widely watched U.S. economic statistics, critical to monetary policy, tax and budget projections and to business investment plans. Fundamental to BEA's statistics are the national income and product accounts (NIPAs), which feature estimates of gross domestic product (GDP) and related measures. Moyer discussed the future of economic indicators with SAGE Business Researcher reporter Gail DeGeorge. This is an edited transcript of that conversation.

### How do you respond to comments that GDP still reflects an economy that is weighted to manufacturing, that these statistics were developed in an era in which our economy looked much different than it is today?

These statistics were obviously developed in an economy that was very different. But we've done a really good job of keeping them up to date. I really don't think that is such a relevant criticism anymore. We collect service-sector trade statistics—those are quite robust at this point and growing. We developed a few years ago, with the Census Bureau, the quarterly services survey. Those measures play a key role across the GDP accounts.

We use a lot of what we call “satellite accounts”—accounts where we either are experimenting with something that we don't want to put into our core set of accounts or there's still some unanswered or conceptual questions. A lot of those satellite accounts have focused on service-sector issues. We just released one on health care spending; we have a travel and tourism satellite account, too. It's not the world of 30 years ago where there wasn't coverage.

### What about using real-time data—economists like Hal Varian who are espousing using Google searches—how does the bureau respond to that?

It's going to have an important place in the future of economic statistics. We do use a lot of that kind of information already. We use retail scanner data in PCE [personal consumption expenditures] right now. We use motor vehicle registrations to measure motor vehicle output in our investment numbers. For corporate profits, we use business receipts and expenses. This is not all new for the statistical agencies. We're looking to expand the use of that kind of information.

Don't think these data can replace the traditional survey-based data. We rely on the big data, the nontraditional data, to fill a gap or provide a more current extrapolator. You've got to benchmark that information using the traditional surveys because you have a variety of problems that go with these big-data sources. They're not representative. You don't know what you actually have quarter to quarter, month to month, year to year, and you have to rely on traditional data sources to cover those gaps.

### What would economic indicators look like three to five years from now?

I think we will be able to use more of this kind of nontraditional data sources. We'll be able to fill—hopefully fill—some gaps in our advance or early estimates of GDP. We'll also be able to use them to provide more geographic detail. This notion of passive data collection is also a very important idea. We won't be burdening respondents by asking them to fill out traditional surveys, but we'll be doing data pulls from their financial records or their sales records that just fill in that information. It reduces the respondents' burden and in many ways improves the accuracy of the statistics.

### A World Bank economist I interviewed—co-author of [a report on the Middle East and North Africa](#) about how you couldn't have predicted the Arab Spring looking at just standard economic measures—said it's important to delve below GDP. There are critics who say GDP is a worthless measure, that it doesn't really reflect the economy. It doesn't measure wealth disparity, doesn't measure the true economy. Is it still useful to have it? If it doesn't measure some of the realities in the economy, is it still important?

GDP has evolved and must continue to evolve if it's going to accurately measure the economy. That's our challenge, to keep it up to date. Is it relevant? Absolutely it's relevant and it will continue to be. You have to be careful because GDP was never intended to be a measure of income or wealth disparity. That was never the intent. Are there pieces within the sets of accounts that are really useful for looking at that kind of [topic], for gauging that kind of [information], for drawing conclusions about income disparity—yes there are relevant pieces. But top line GDP was never intended to do that.

As a footnote, I should note we are doing some research on distributional measures for not only personal income but also for consumer spending. We have an article out there on that. We're planning to update that in the near future. We are doing some work there.

It's important to realize that while GDP might not cover everything, it is an important measure of production in the economy, and we're always looking to supplement it with these various types of accounts that we talked about—whether they be changes to the fundamental core accounts or these satellite accounts.