

Inflation and Measures of the Markup

Anindya Banerjee

Bill Russell

Data Appendix

United States data are seasonally adjusted for the period June 1952 to March 2000. Natural logarithms are taken of all variables before estimation proceeds.

Sources and Details of the Data

Variable	Source ^(a)	Details
Price pgdpfc in Excel file	BEA	Private sector gross domestic product (GDP) implicit price deflator at factor cost. Measured as current price GDP (value added) less value added of federal, state and local government less indirect taxes plus subsidies divided by constant price GDP
Wages	BEA BLS	Private sector average wage rate. Measured by dividing total labour compensation less government labour compensation (wss in Excel file) divided by labour input.
Output y in Excel file	BEA	Private sector constant price GDP. Measured as chained 1996 dollars of value added GDP less value added of federal, state and local government.
Labour input h in Excel file	BLS	Hours of non-agricultural private hours of employment. Measured from June 1953 to March 1964 by 'private hours' of employment from Rotemberg and Woodford (1991). This measure is total hours in non-agricultural payrolls less hours employed by the government. From March 1964 labour input is quarterly average of monthly data measured as 'total private index of aggregate weekly hours' (EES00500040) taken from Table B1 'Employees on non-farm payrolls by industry'. The two series are very similar from March 1964 to the end of the Rotemberg and Woodford data in March 1989. The two series are 'back-spliced' in March 1964.
Business cycle	BLS	Measured as de-trended natural logarithm of labour input. No break in the trend or level of the series was identified using the Perron (1997) unit root test. The business cycle is the residuals of the logarithm of labour input regressed on a constant and trend.
Marginal Cost Adjustment \bar{a}_t		The level of the marginal cost adjustment (MCA) was calculated as $a_t = y_t - 2.3207 h_t$. Perron (1997) unit root test identifies a shift in the constant and break in trend in June 1974. MCA de-trended by regressing a_t on a constant, dummy for June 1974 to March 2000, trend, and a short-trend June 1974 to March 2000.

(a) Mnemonics: BEA – National Income and Product Accounts tables published by the Bureau of Economic Analysis. BLS – Establishment survey, Bureau of Labor Statistics.