

The Geary-Allen World Accounts

Ingvild Almas and Erik Sorensen

July 30, 2010

Work in progress, please do not cite without permission.

Abstract

We reexamine Peter Neary's (2004) analysis of the biases in the Penn World Table incomes, and extend his approach in order to allow for the within country variation in the cost of living that follows as a consequence of income inequality and nonhomothetic preferences. We also show that some of the implementation choices made in Neary (2004) are debatable. Our preferred measure indicates that the shift towards using EKS indices to compare real incomes between countries is a good idea.