Data are revised for a variety of reasons. Perhaps the most familiar sources of revisions are the three releases of the National Income and Product Accounts each quarter. Refinements to seasonal adjustment factors and implicit price deflators are other sources of data revisions. Recently, the Federal Reserve Bank of Philadelphia constructed a real-time data set that gives the data as they were reported at the time, for each quarter since 1967. For instance, there are around 120 vintages of data for the year 1970—one for each quarter since then.

Revisions to the data can color our perceptions of historical episodes. To give an example, from the vintage point of November 1976, the 1974–75 recession seemed quite severe. At its depth (1975:IQ), the growth rate of real output was around –5.6%. By 1980, this growth rate had been revised upward more than 0.8 percentage point, and by 1990 there was a further upward revision of 1.0 percentage point. More recent revisions left the growth rate at –2.4%. So, all told, the growth rate for 1975:IQ has been revised upward 3.2 percentage points.

Of course, this analysis tells us about only one quarter. To get an overall sense of the magnitude of data revisions, compute the maximum difference in growth rates across all vintages for each date. In other words, subtract the minimum

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growth rate across all vintages from the maximum growth rate. By this measure, data revisions have been substantial, with maximum differences commonly exceeding 2.0 percentage points. We cannot take much comfort in this measure’s recent fall either, since it covers relatively few vintages with little opportunity for data revisions.

Although revisions to consumption growth have been smaller than revisions to output, they have still been substantial. On several occasions, the maximum difference in growth rates across vintages has exceeded 2.0 percentage points.

Through the 1970s, real export growth varied considerably. More recent vintages suggest volatility in export growth that is greater than that implied by more contemporary data. Revisions were much larger for growth rates of exports than for either consumption or output.

One would think that measures of money would not be subject to very large revisions. Given the definition of, say, M2, we need only add up the relevant quantities—deposits, currency, and so on. So it is not surprising that the bulk of the data revisions related to M2 are in the very definition of this monetary aggregate (made in 1980). For the 1974–75 recession, the revised data indicate more contractionary M2 growth than was apparent when contemporary data were used. At other points in the 1970s, the “new” data show that M2 growth was generally more expansionary.