



Figure 33.1. Annual earnings of seven age cohorts, Taiwan 1976-1990.

attrition bias as there is in genuine panel data, although with older cohorts, there will be (typically non-random) attrition through death, and immigration and migration will change cohort membership at all ages. The averaging will also yield less measurement error in the cohort than in the micro data provided that, as is plausible, misreporting is sufficiently uncorrelated across members of the cohort. Of course, unless the cohorts are very large, observed cohort means will estimate population cohort means with a sampling error, but the size of the error can be estimated and the appropriate corrections made using what are essentially error-in-variable estimators [see Deaton (1985) and Tan (1991) who applies these methods to life-cycle labor supply in Korea]. I shall return to the theory of these estimators when I come to the econometrics of measurement error in Section 2.1 below.

1.3. National income and other data

I have discussed household survey data at some length because, in that case, it is possible to go beyond ritual complaints about quality and quantity, and to think constructively about the effects on econometric practice of data collection, design, and measurement error. However, a great deal of econometric

