Beyond GDP: Economic Wellbeing and Growth

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Motivation

• BEA recently embarked on an initiative—GDP and Beyond—to identify ways to use its data resources and statistical knowledge to inform the discussion of well-being

• This includes:
  
  o Better tracking and highlighting economic activity that is included in GDP, a key driver of economic well-being, that are not always visible in headline statistics
  
  o Developing more granular distributional data and new products that provide insights into the performance of the economy
Real GDP and GDP per capita

Data: Real GDP and real GDP per capita, 1953–2021
Source: BEA NIPA tables 1.1.6 and 7.1
Distribution of Income between Labor and Capital

Data: Labor and capital shares of gross domestic income, 1948–2020
Source: BEA NIPA table 1.10
Note: Labor share of income is calculated as compensation divided by gross domestic income excluding proprietors' income, which is a mix of labor and capital income. Capital share of income includes rental income, profits, and net interest and is calculated as gross domestic income excluding compensation and proprietors' income divided by gross domestic income excluding proprietors' income.
BEA also has dedicated research on specific topics under the theme Beyond GDP

- **Distribution of Income** by earnings helps us examine the relationship between changes in the household distribution of income and growth in income.

- **Health Care** satellite account estimates shows spending by treatment of disease, including price and volume measures, rather than spending on goods or services.

- **Small Business** statistics show us how business size varies across industries, across time, and how different size firms contribute to overall growth.

- **Labor market data** by demographic group illustrates how economic outcomes are related to growth.
Special Topics: Distribution of Income

- **Distribution of Income** by earnings helps us examine the relationship between changes in the household distribution of income and growth in income.

- Health Care

- Small Business

- Labor
Compensation has fallen as a share of income for all quintiles, while transfers have risen.
Little change in income shares over the 2000-2019 period
Equivalized Gini of PI & DPI have similar trends over the 2000-2019 period
State Distribution of Personal Income

• Building off work distributing national personal income, we are adapting to state data constraints to allow analyses across states

• The forthcoming research also shows different percentiles of the distribution, as well as results controlling for state variation in prices, using BEA’s Regional Price Parities

• *Highlights of current findings include*:  
  o Significant variation across states in Gini coefficient, with interesting regional patterns
  o The bottom quintile share of personal income is similarly low across most states, while there is more variation in the top quintile share
Gini Coefficients (2018)

Max: Wyoming = 0.49
Min: Maine = 0.38

Legend:
- 0.46 to 0.49
- 0.44 to 0.46
- 0.42 to 0.44
- 0.40 to 0.42
- 0.38 to 0.40
• Distribution of Income

• **Health Care** satellite account estimates shows spending by treatment of disease, including price and volume measures, rather than spending on goods or services

• Small Business

• Labor
Motivation for the Health Care Satellite Account

Health and non-Health Related Expenditures of GDP

- GDP without health expenditures
- Health expenditures

Expenditures (trillions)

- 5%
- 17.7%
BEA developed the Health Care Satellite Account to improve our understanding of health care spending in the United States

• Redefines health expenditure into more meaningful units: Output is the treatment of a condition (e.g., diabetes) not individual goods and services (e.g., prescription drug or doctor’s office visit)

• Make use of data from the U.S. federal statistical system, estimates are developed two separate ways:

  1. “MEPS Account” – using Medical Expenditure Panel Survey (MEPS): Publicly available survey with around 30 thousand individuals annually

  2. “Blended Account” – MEPS, MarketScan® claims data, and Medicare claims data: Incorporates millions of enrollees and billions of claims for Medicare population and private insurer claims
We see volatile trends in disease-based price indexes using the MEPS account index; noisy due to small sample sizes for many conditions.
There is less volatile disease-based price indexes using the **Blended account index** resulting in more informative statistics.
BEA used these blended data to produce 261 detailed condition-level estimates.
• Distribution of Income

• Health Care

• **Small Business** statistics show us how business size varies across industries, across time, and how different size firms contribute to overall growth

• Labor
• Most U.S. businesses are small businesses. They create jobs and employ millions of Americans.

• Despite the user demand and the economic importance of these businesses, there is no **consistent and comprehensive measure** of the economic activity of small businesses.

• BEA is developing statistics to answer questions such as:
  - How much do small businesses contribute to the economy?
  - Which industries are dominated by small businesses?
  - How do small businesses’ employment and wages compare to large businesses?
Using both employment and revenue to estimate business size, we find small businesses represent about 25-30% of total wages.
Industry-level estimates show that small businesses dominate in some industries.
Special Topics: Labor

• Distribution of Income

• Health Care

• Small Business

• Labor market data by demographic group illustrates how economic outcomes are related to growth
Labor market data by demographic group illustrates how economic outcomes are related to growth

• BEA’s comparative advantage: labor data that is tied to the accounts
  o Labor Compensation as a component of Domestic and Personal Income account
  o Labor Composition in the production and TFP account

• Labor data integrated with national accounts has the potential to improve our understanding of “well-being”
Demographics and Industry Value-added, two examples (unpublished detail)

- Males a large share of workforce in Construction compared to Social Assistance; many without college degree
- Females large share of workers in Social Assistance, relatively educated
- In general, women earn lower per hour than men
Looking ahead, GDP & Beyond measures continue to be a high priority for the Bureau

• Continued work on **national distributions of income** including goals to accelerate timeliness as well as work together with the Bureau of Labor Statistics on **distributions of consumption**
  
  o Forthcoming **state distribution by income** release with time series data and working paper with methodology, feedback on which will be used to develop experimental statistics

• Updated **healthcare satellite account** estimates, improving coverage (e.g., HMO, Medicare), timeliness, and quality-adjustment in prices per category of spending by disease

• Continued development of **small business** and **labor data by demographic characteristics**

• Extensions beyond to provide a better understanding of equity and inequality, wellbeing, and sustainability
  
  o Ties to **environmental-economics agenda** as well as initiatives to understand impacts of **global value chains** through trade in value added and extended Supply-Use Tables.
Thank you