

# Inclusive Income

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# Agenda

- Purpose
- Building Blocks
  - Drawing on already-available manuals and best practice
- Shifting Boundaries
  - How the production and asset boundaries shift
- Results
- Engaging Users

# Inclusive Income: Purpose

## Inclusive Income: Purpose

- There are a group of users for whom the economic accounting underlying GDP and the National Accounts is a core feature, and something they would like to maintain in a “Beyond GDP” metric
- Inclusive Income builds upon national accounts and other international economic accounting standards, which allows it to:
  - Ease the transition from GDP for some users
  - Reduce resource requirements of the NSI
  - Increase the analytical use of Inclusive Income

# Inclusive Income: Building Blocks

# Inclusive Income: Building Blocks



- **National Accounts** – economic activity within the production boundary

System of National Accounts  
(2008)

A blue arrow originates from the bottom-left corner of the 'System of National Accounts (2008)' box and points towards the 'National Accounts' text.

# Inclusive Income: Building Blocks



- **National Accounts** – economic activity within the production boundary



**Household Satellite Accounts** – economic activity within the household without participating in economic markets

UNECE Guide on Valuing  
Unpaid Household Work  
(2018)

# Inclusive Income: Building Blocks



- **National Accounts** – economic activity within the production boundary

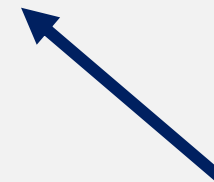


**Household Satellite Accounts** – economic activity within the household without participating in economic markets



**Human Capital Satellite Account** – investment, depreciation, and stocks of human capital

UNECE Guide on Measuring Human Capital (2016)





# Inclusive Income: Building Blocks



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**Human Capital Satellite Account** – investment, depreciation, and stocks of human capital



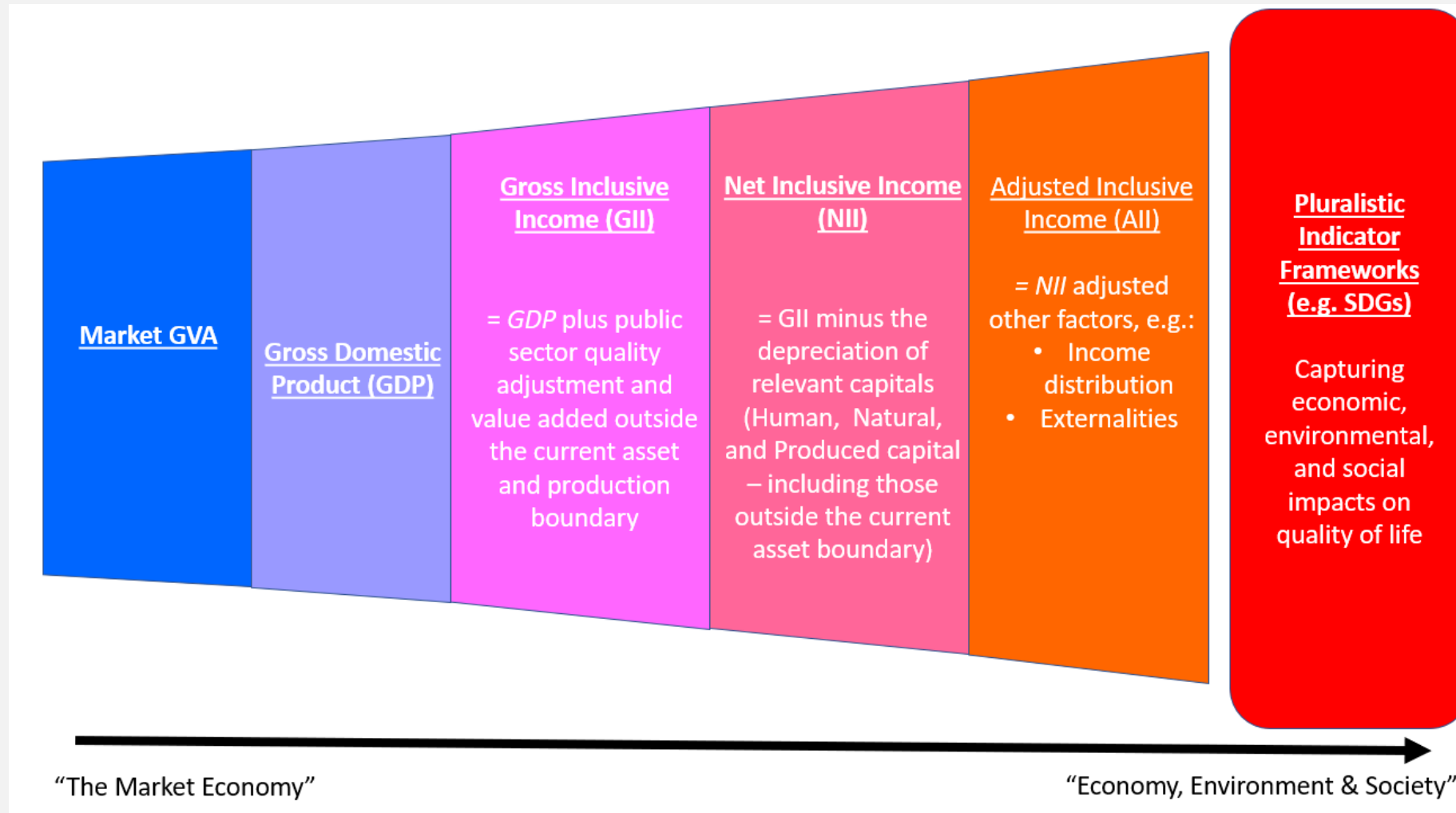
**Environmental Satellite Accounts** – economic value of the natural world, including natural capitals

System of Economic  
Environmental Accounting

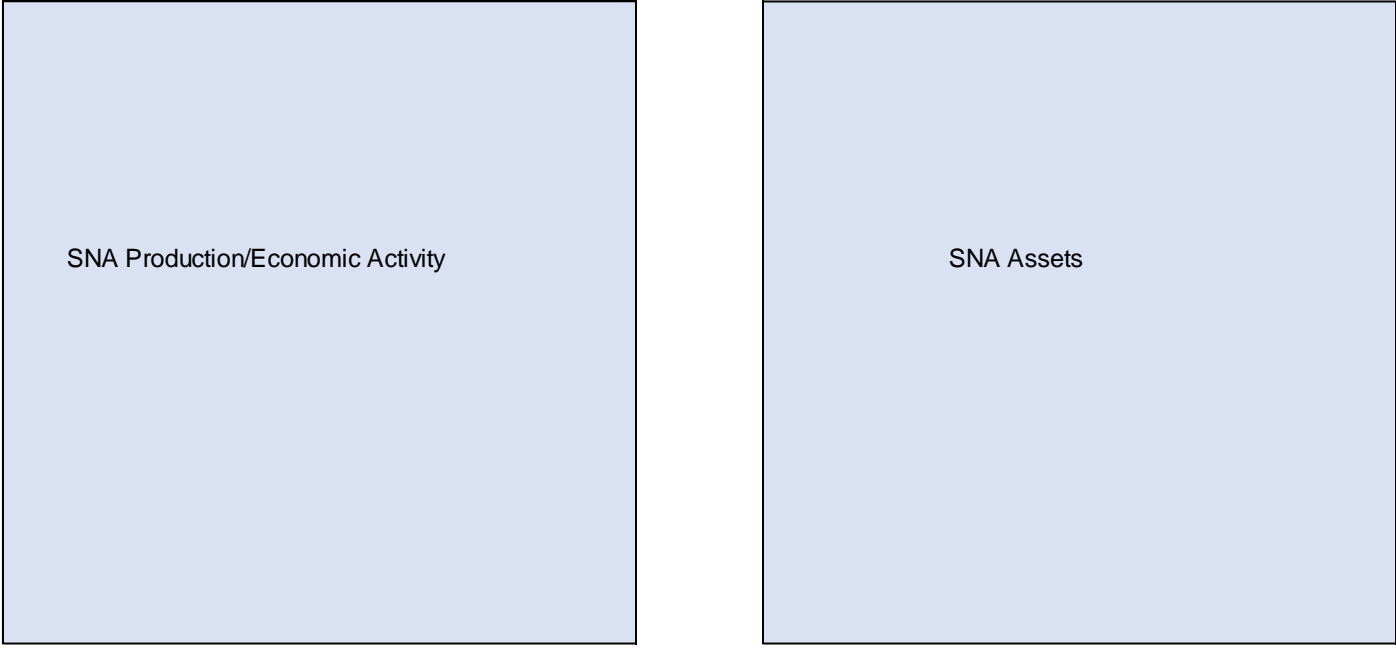


# Inclusive Income: Shifting Boundaries

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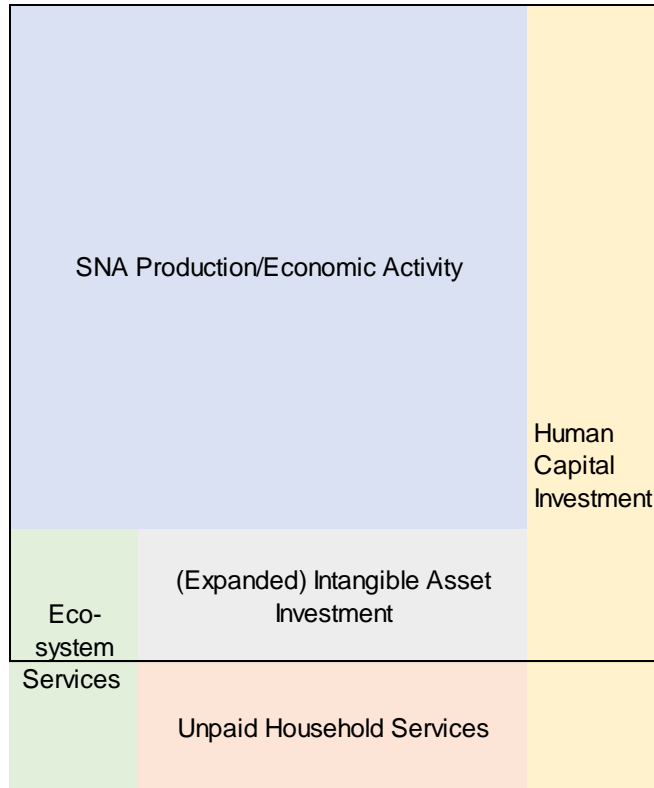


SNA Production/Economic Activity

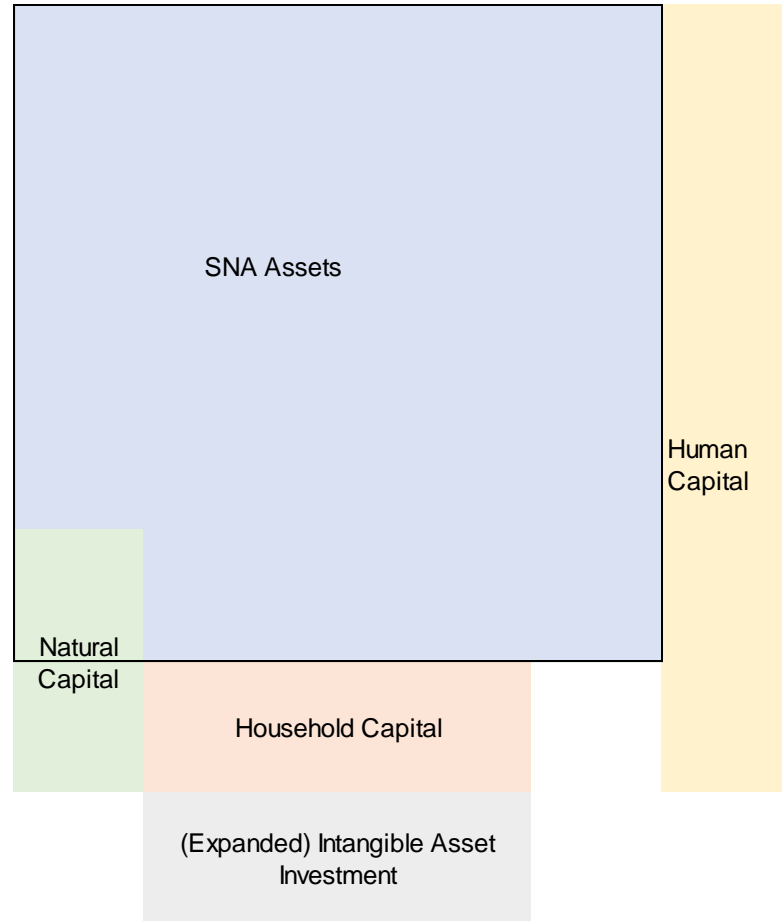
SNA Assets

# Inclusive Income: Shifting Boundaries

## Inclusive Income



## Inclusive Wealth

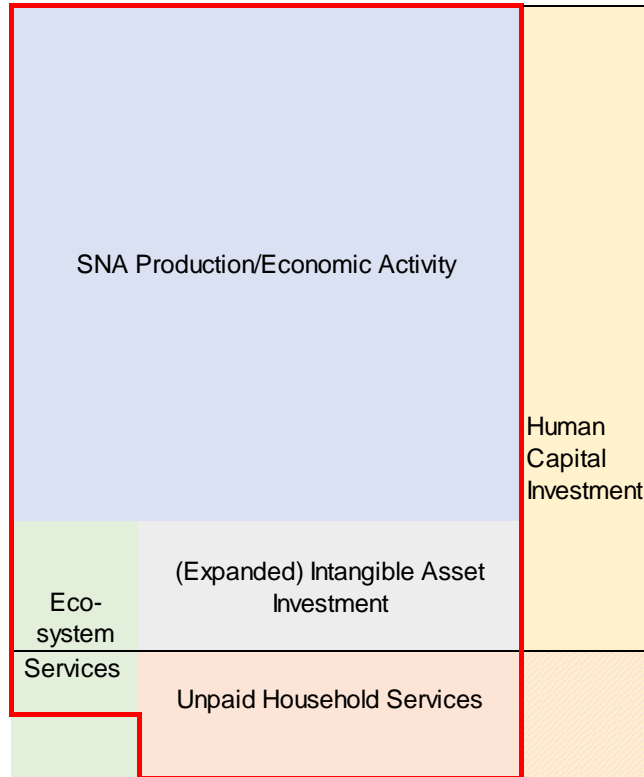


- Expansion of the asset and production boundaries to include investment in an expanded array of **natural capitals**, as well as the ecosystem services derived from these capitals
- Expansion of the asset boundary to include investment in **human capital**
- Expansion of the asset boundary to include investment in an expanded array of **"intangible capitals"**
- Expansion of the production boundary to include **services produced by the household for own-use** and expansion of the asset boundary to include the household durables used as capital when producing these unpaid household services

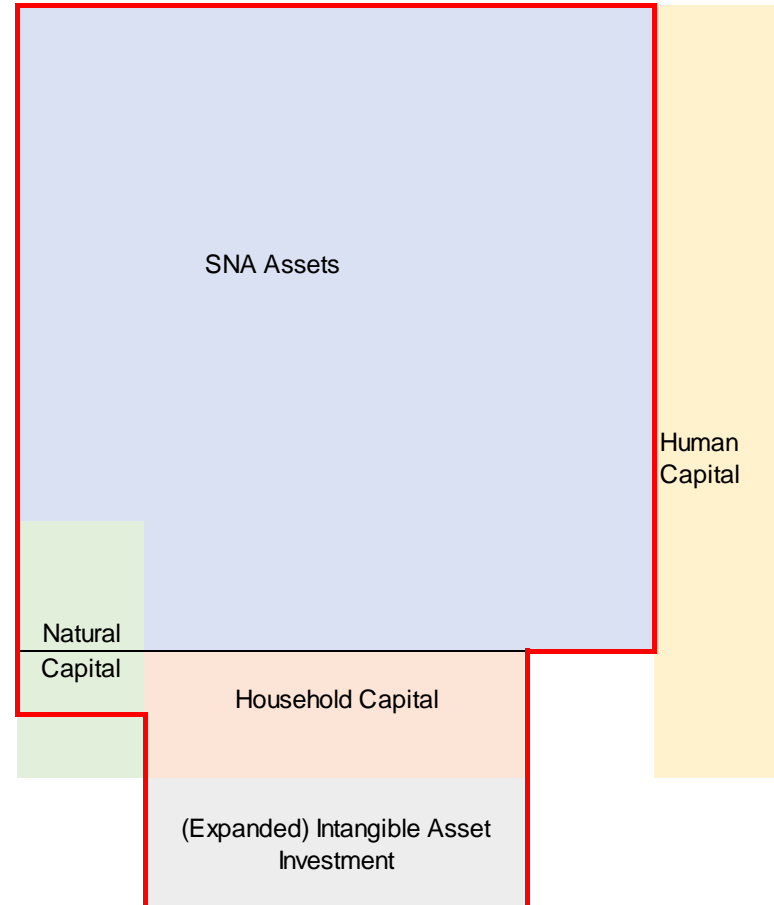
# Inclusive Income: Results

# Inclusive Income: Results

Inclusive Income



Inclusive Wealth



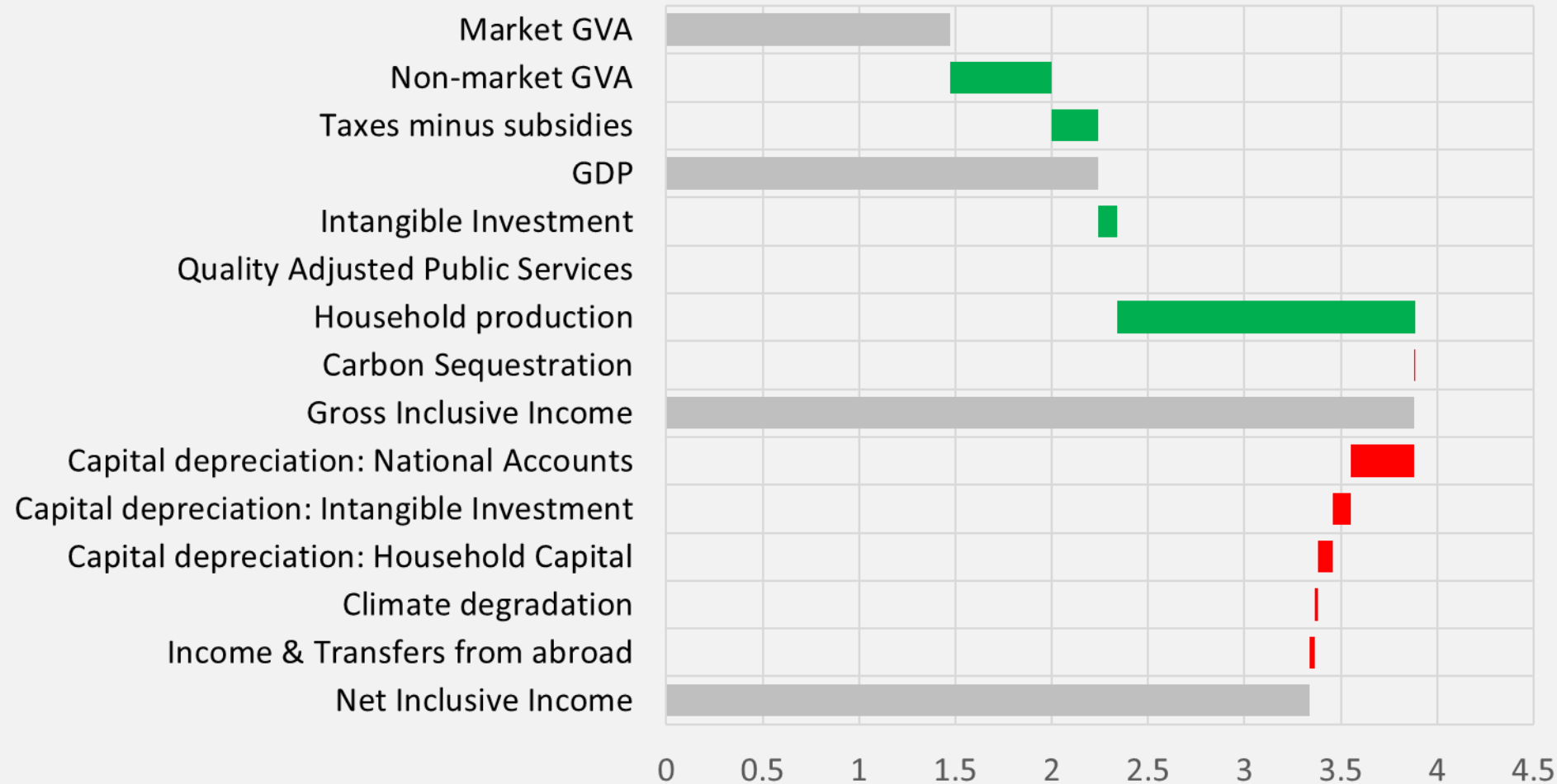
So far we've been able to cover the areas with the **bold, red outline**.

In addition, we've included a quality adjustment for public services.

Important to note that we haven't yet included human capital or all eco-system services. We're currently undertaking research to include these in the future.

# Inclusive Income: Results

## Contributions to Net Inclusive Income. UK, Current Prices, 2019, £ Trillions



Grey bars are our different measures of economic welfare

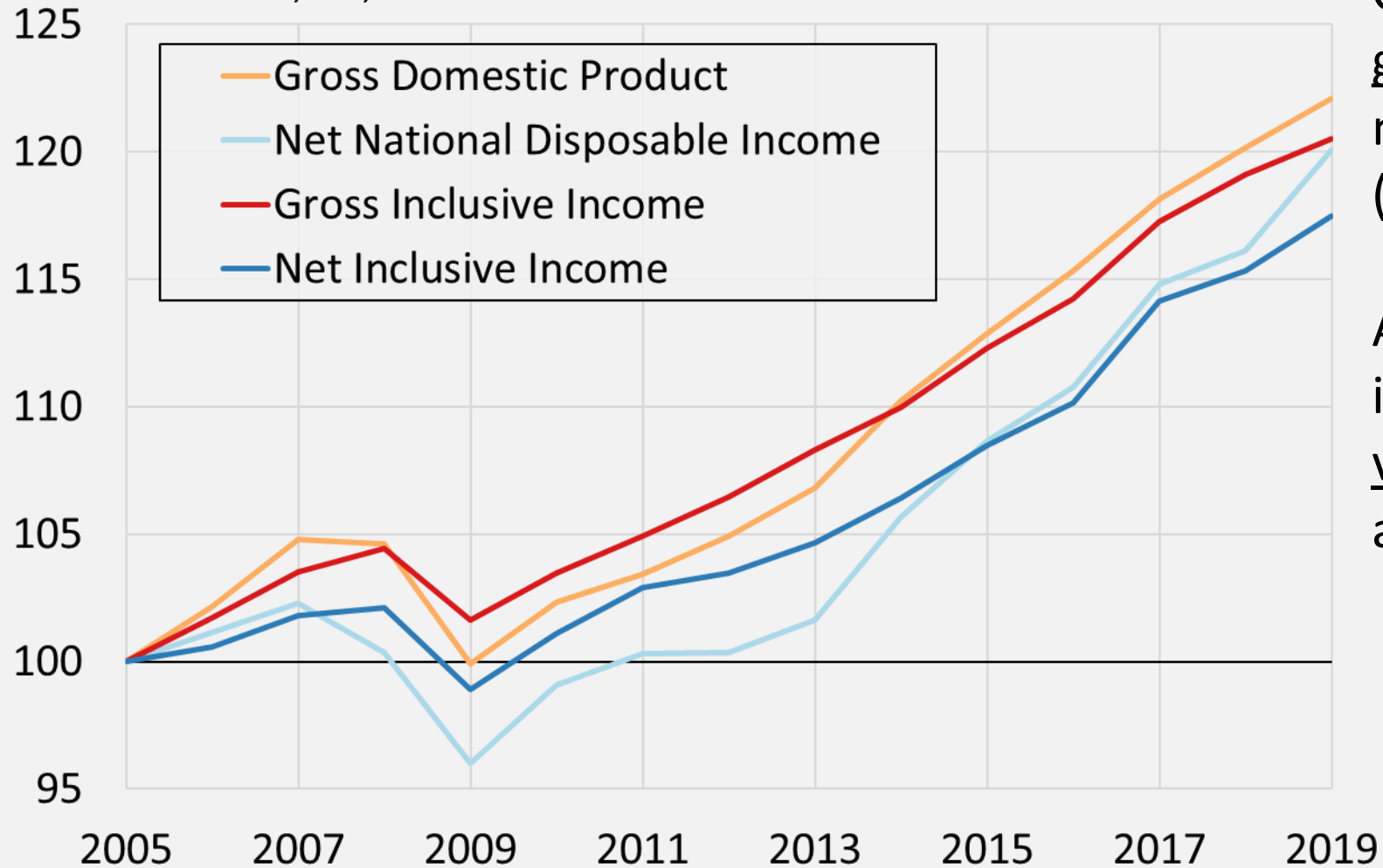
Green bars are positive contributions from the previous welfare measure to the next

Red bars are negative contributions



# Inclusive Income: Results

2005=100, UK, chained volume measure

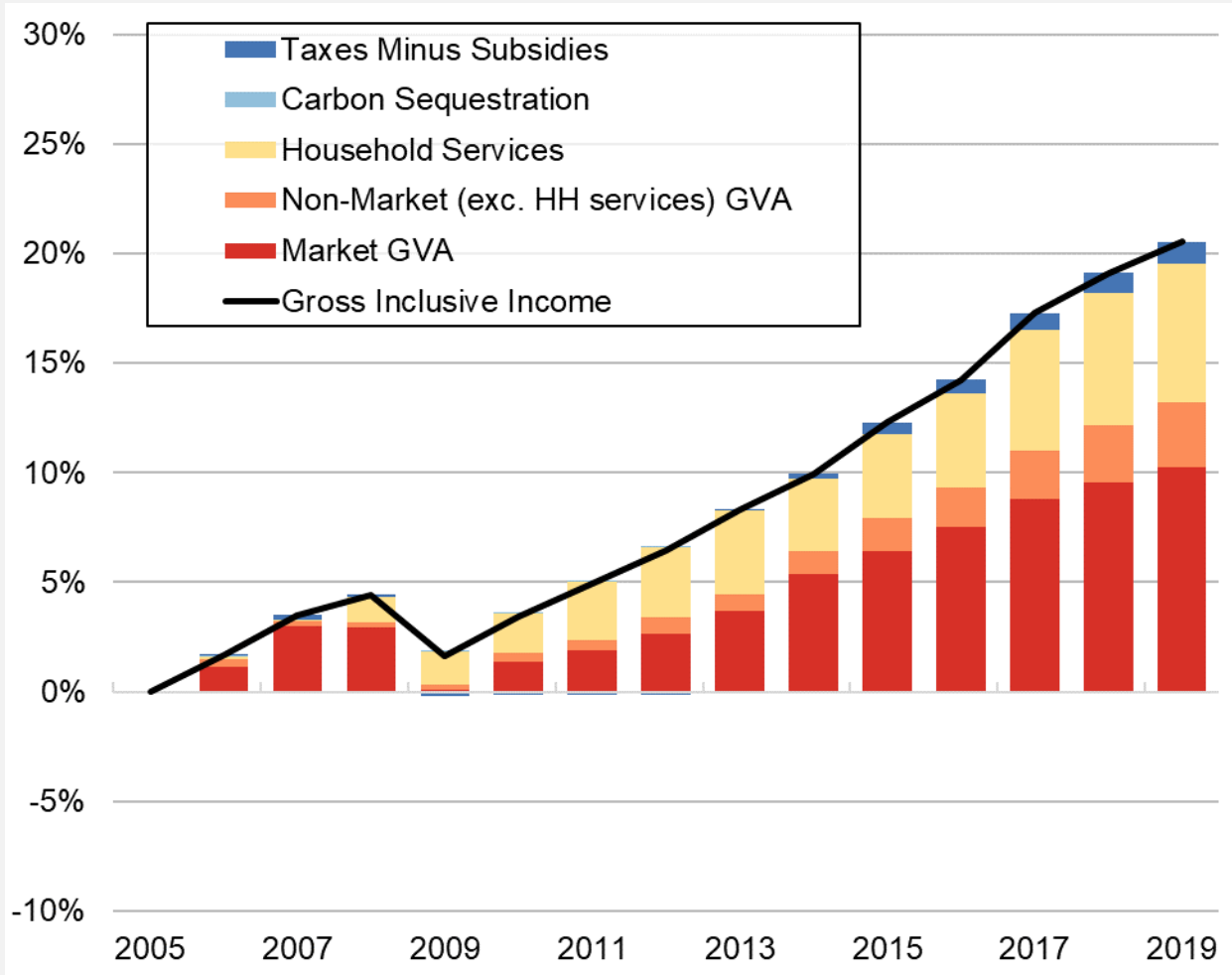


Gross and Net Inclusive Income grew slightly slower than their national accounts counterparts (GDP and NNDI, respectively)

Additionally, the inclusive income measures were less volatile than their national accounts counterparts

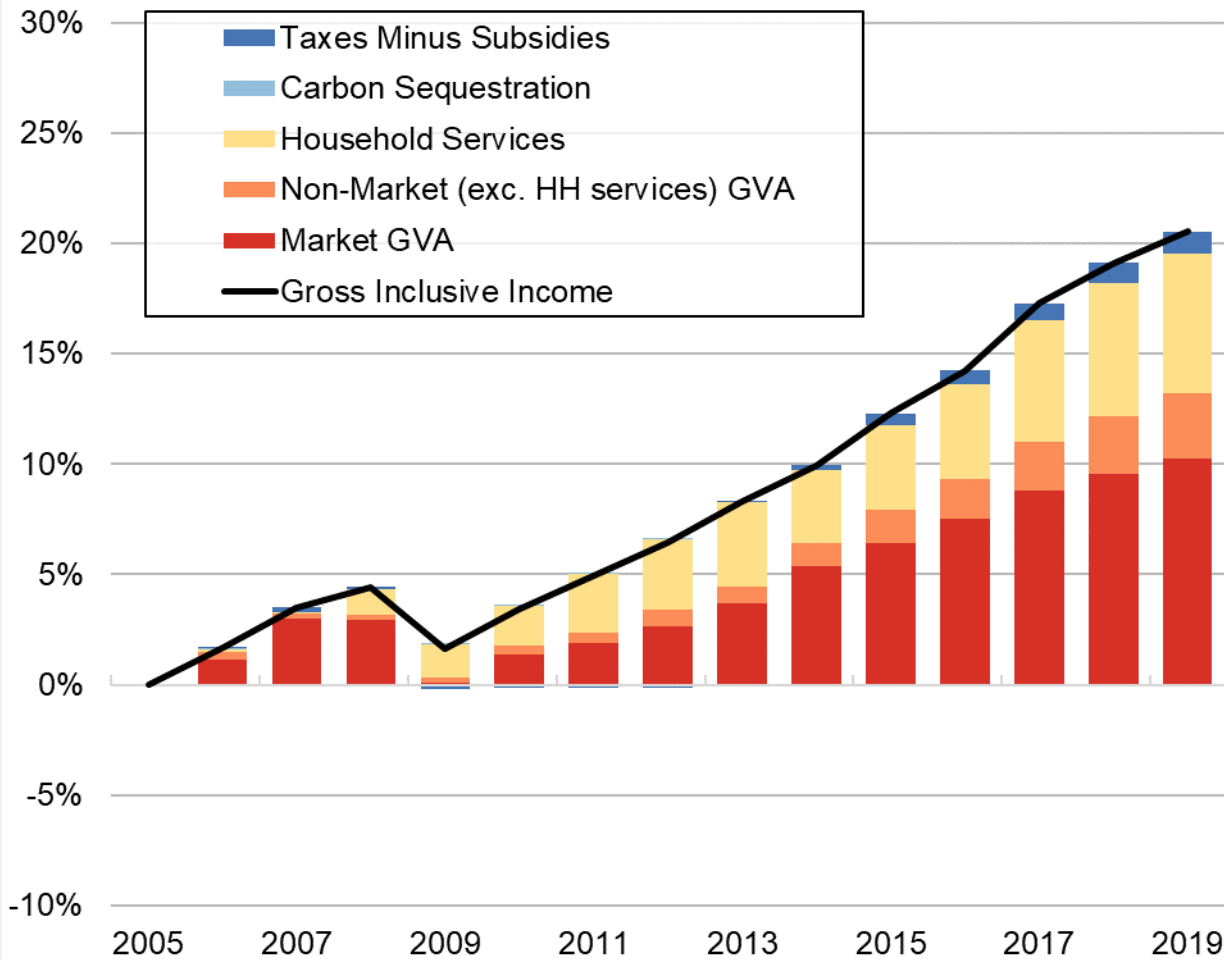
# Inclusive Income: Results

Contributions to (volume) Gross Inclusive Income growth

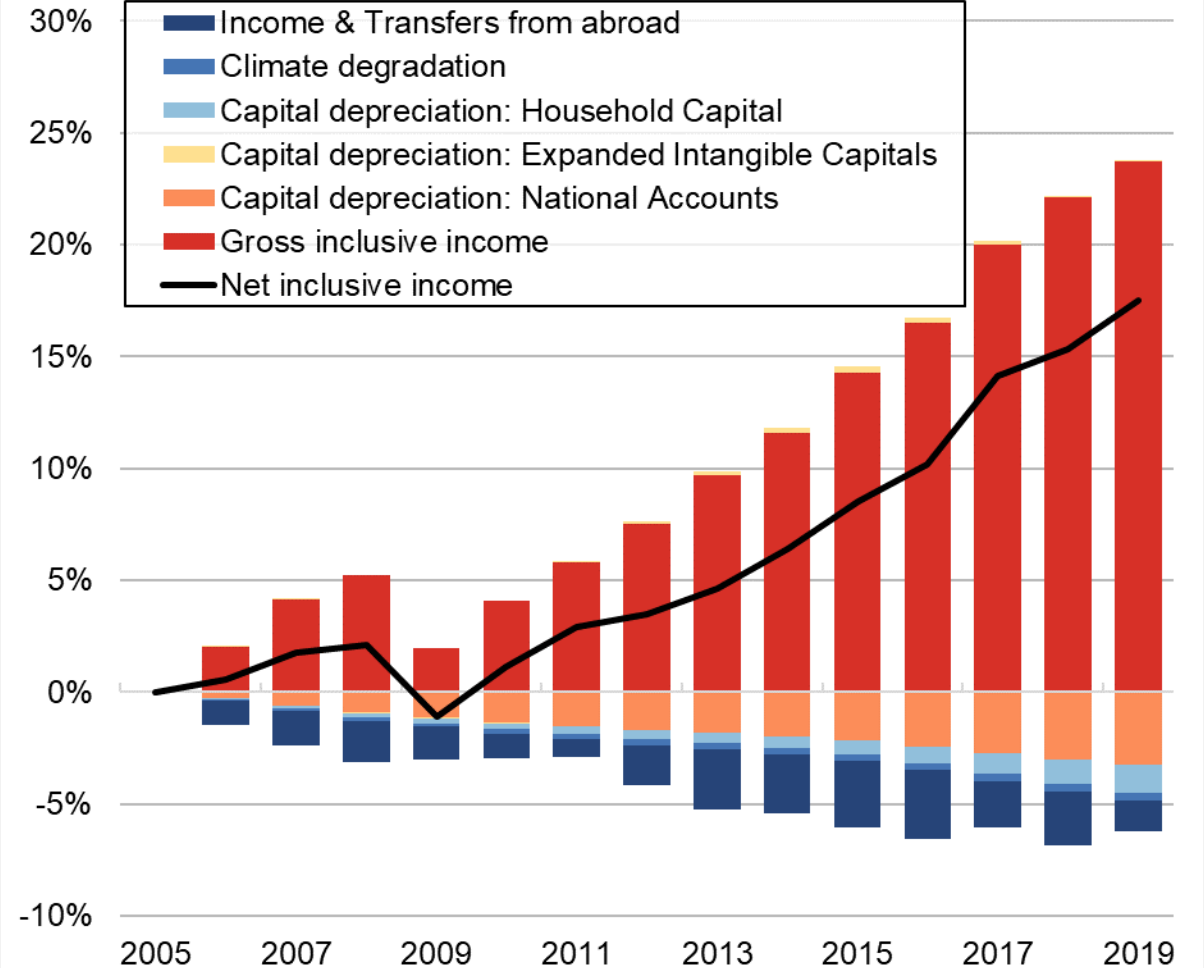


# Inclusive Income: Results

## Contributions to (volume) Gross Inclusive Income growth

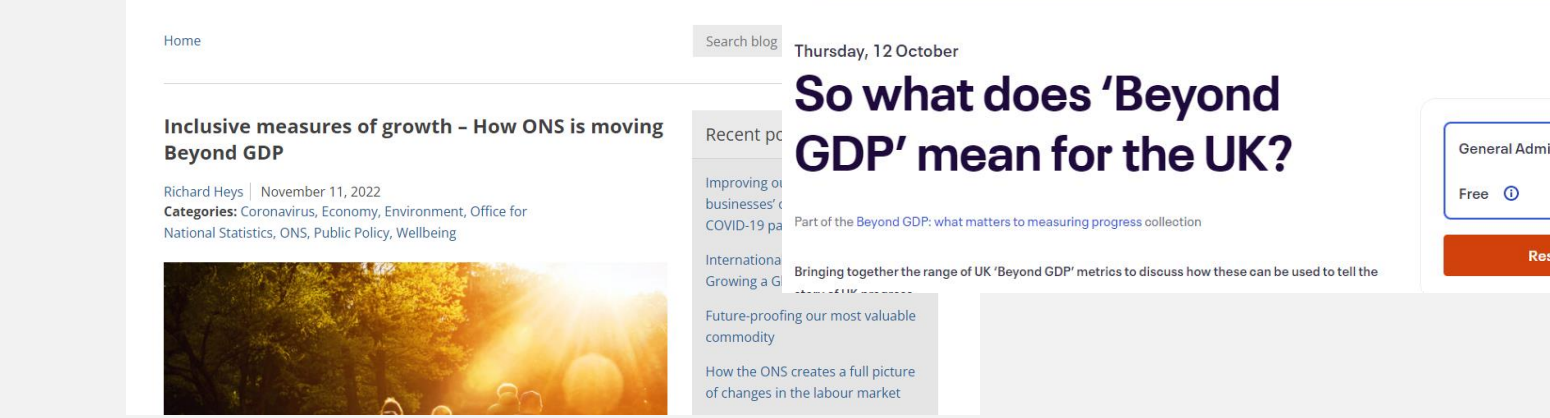
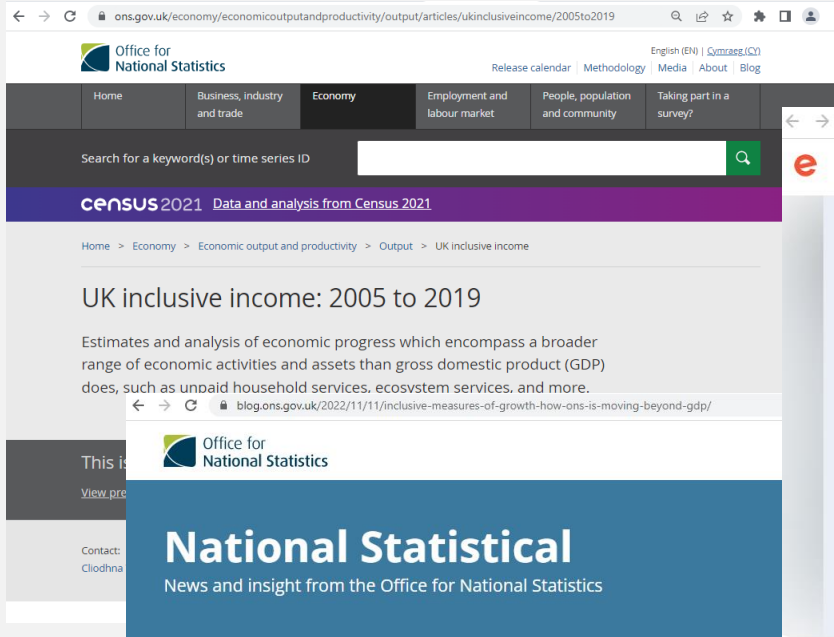


## Contributions to (volume) Net Inclusive Income growth



# Inclusive Income: Engaging Users

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- We are **publishing** Inclusive Income (and Wealth) research as work in progress every 6 months, implementing new advancements and seeking feedback as we progress
- We are using **blogs** to communicate the key messages and uses of the work to an audience who may be less familiar with the topic
- We are engaging users directly in **workshops**, such as a series being organised jointly with the Royal Statistical Society (which covers ONS Beyond GDP research more broadly, not just Inclusive Income)