

# **System of National Accounts Update and Broader Framework for Sustainability and Wellbeing**

**United Nations Network of Economic Statisticians**

**Second Beyond GDP Sprint Meeting**

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SNA)**

# Introduction

- **Lots of criticism on GDP in providing adequate guidance for policy:**
  - Does not appropriately measure **well-being** (including its distribution), or progress of society more generally
  - Does not address **environmental issues** and ecological boundaries
- **GDP  $\neq$  (sustainable) well-being**
- **GDP  $\approx$  measure of economic activity**
- **But what then? How to address these issues in the context of the upcoming update of the 2008 SNA?**

# A response

- **Well-being and sustainability are multi-dimensional phenomena, which cannot be captured in a single indicator**
- Need for a **dashboard of indicators** for various aspects of (sustainable) well-being (e.g., Sustainable Development Indicators, OECD Better Life index)
- **Within the current system of national accounts:**
  - Putting **more emphasis on other indicators** within the system of national accounts
  - Integrating **distributional information**
- **Going beyond the current system of national accounts:**
  - Broadening the framework of accounts, thus providing ...
  - ... an **accounting framework linking the current set of economic accounts with the dashboards for monitoring well-being and sustainability**, and ...
  - ... a **tool for analysing the interdependencies (trade-offs and win-wins) between various aspects of well-being and sustainability, to arrive at a better integrated policy**

# A few words on the update of the 2008 System of National Accounts (1)

- Macroeconomic accounting standards are “regularly” updated **to reflect changes in the economy**
- Update of the 2008 SNA (and BPM6) **to be completed by March 2025**
- Three priority research areas:
  - Digitalisation
  - Globalisation
  - **Well-being and Sustainability**
- More information:  
<https://unstats.un.org/unsd/nationalaccount/Towards2025.asp>



# Task Team on Well-being and Sustainability

## Six area groups working on well-being and sustainability

- Distribution of household income, consumption, saving and wealth
- Households' unpaid service work
- Health and social conditions
- Labour, education and human capital
- Environmental-economic accounting
- Broader framework

# **Staying Within the Current System of National Accounts**

# Putting people at the centre

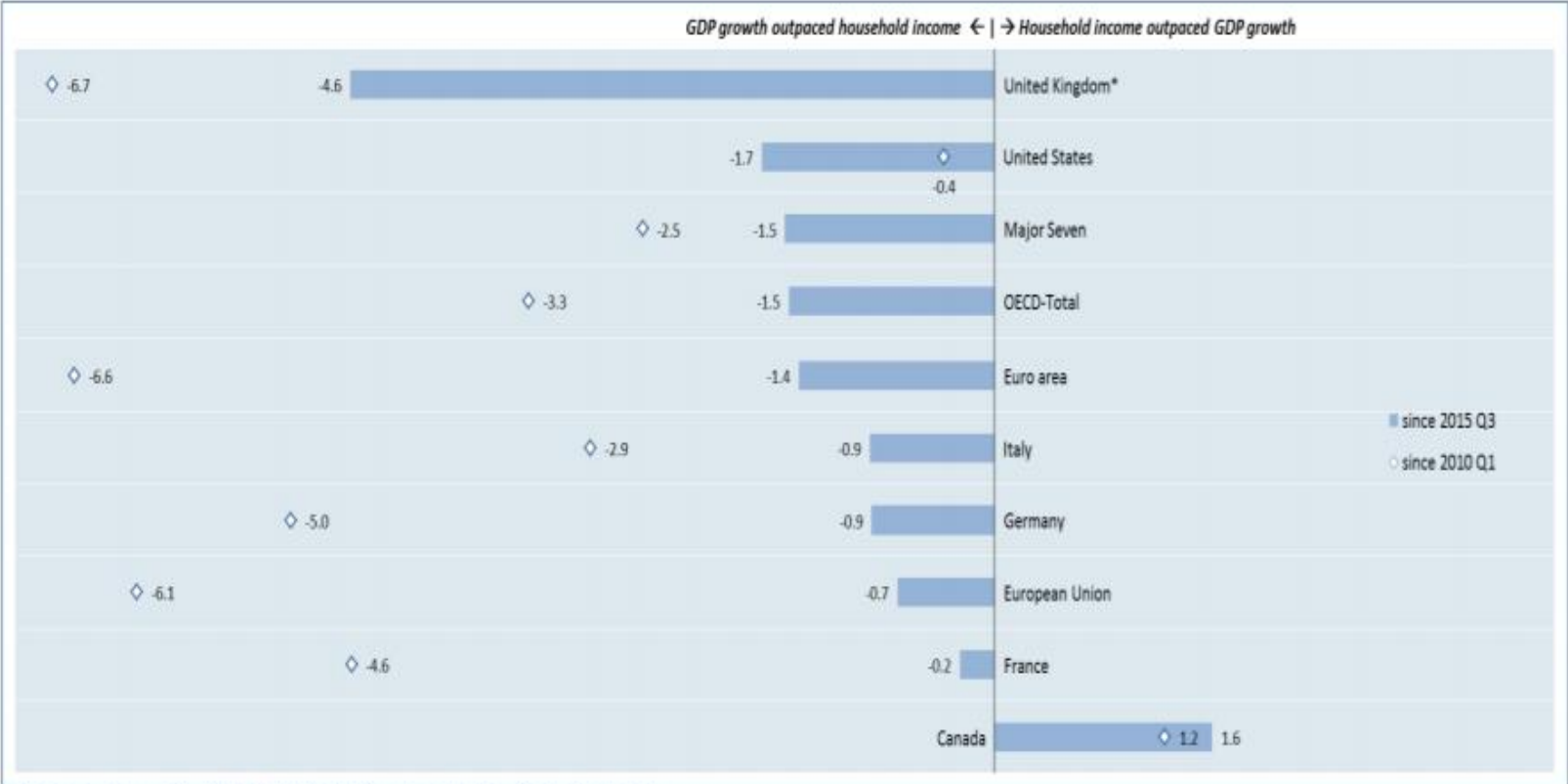
Very valid recommendations made in the **Stiglitz-Sen-Fitoussi Report**, in respect of macro-economic statistics:

1. When evaluating material well-being, **look at income and consumption** rather than production
2. Emphasise the **household perspective**
3. Consider **income and consumption jointly with wealth**
4. Give more prominence to the **distribution of income, consumption and wealth**

But also: **Putting much more emphasis on net measures, not only adjusted for depreciation, but also for depletion of natural resources!**

# GDP growth versus real household adjusted disposable income

Growth in GDP per capita has outpaced household income per capita in most OECD countries since 2010  
 Percentage points difference in cumulative growth rates of real household income per capita and GDP per capita



\* See country note for the United Kingdom in the technical note.



# An example: OECD Households' Economic Well-being Dashboard

- Moving beyond GDP to focus on household economic resources ...
  - GDP and household income – 3 indicators
  - Confidence, consumption, and savings – 3 indicators
  - Debt and net worth – 2 indicators
  - Unemployment – 2 indicators
- Updated quarterly approximately 4.5 months after the end of the reference quarter
- <http://www.oecd.org/std/na/household-dashboard.htm>

Compare your country

More topics English

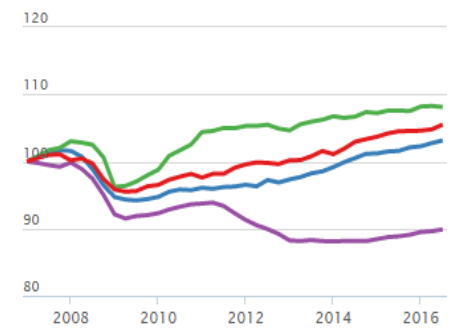
Households' economic well-being

Change view

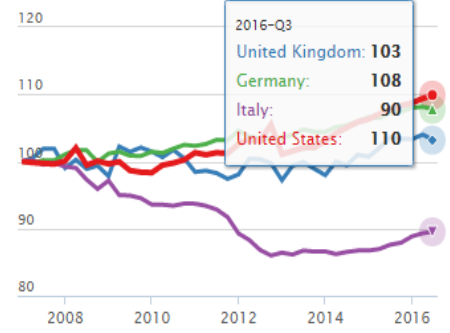
GDP and household income Confidence, Consumption and Savings Debt and net worth Unemployment

GDP growth is the most prominent indicator of economic performance, however, it usually does not provide a full picture on the economic well-being of people. The first two charts show how much GDP and household income have grown since the first quarter of 2007. In most OECD countries, GDP dropped sharply at the beginning of the economic crisis, while the impact on household income was less pronounced. One of the explaining factors of the different movement was the impact of government intervention which is shown on the third chart, net cash transfers to households, of this dashboard.

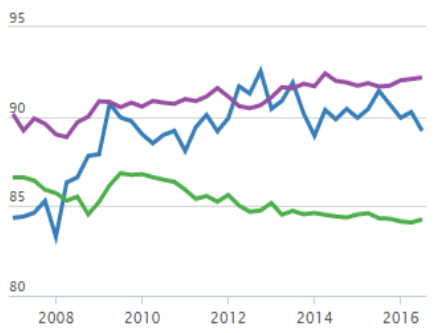
GDP per capita



Household disposable income per capita



Net cash transfers to households



definitions

OECD	Estonia	Israel	New Zealand	Switzerland
Australia	Finland	Italy	Norway	Turkey
Austria	France	Japan	Poland	United Kingdom
Belgium	Germany	Korea	Portugal	United States
Canada	Greece	Latvia	Slovak Republic	
Chile	Hungary	Luxembourg	Slovenia	
Czech Republic	Iceland	Mexico	Spain	
Denmark	Ireland	Netherlands	Sweden	

# Distribution of household income, consumption, saving and wealth

- Sub-classifications per main sector

- Non-financial corporations: 11
- Financial corporations: 96
- General government: 15
- Households: 7
- NPISHs: 2



- **Need to integrate micro-data on households, to arrive at consistent and timely distributional information on income, consumption, saving and wealth**

- More details on households, by income quintile/decile, by type of income, by composition of households

- **Much more information in the other presentations**

# **Going Beyond the Current System of National Accounts**

# A broader framework of accounts

- **Main focus: How to establish a broader framework that captures more aspects of well-being and sustainability?**
- **Aspects which are considered important for monitoring (sustainable) well-being:**
  - Housing
  - Income
  - Jobs
  - Education
  - Civic engagement
  - Health
  - Life satisfaction
  - Safety
  - Work-life balance, etc.
- Take a **pragmatic view**, by focusing the extensions on areas for which guidance has already been developed

# Extensions related to capturing well-being and sustainability

- **Households' unpaid service work:**
  - Extending core accounts with time-use data
  - Provision of alternative measures for production and income, as a complement to traditional measures
- **Health and social conditions:**
  - Extending the core accounts by providing more insight on (production and consumption) of health services
  - Based on the work done in the area of health satellite accounts
- **Labour, education and human capital:**
  - Better reflect labour as an important input into the production process, by encouraging the compilation of labour accounts
  - Extending the core accounts with information on education and training
  - Working on experimental estimates for human capital

# Extensions related to capturing well-being and sustainability

- **Environmental-economic accounting:**
  - Reviewing the current accounting for natural resources, including accounting for depletion as a cost of production
  - Linking macro-economic data to environmental statistics on e.g., emissions to air and water, includes a broader set of assets
  - Further alignment with extensive work done on environmental-economic issues, done in the context of SEEA Central Framework and SEEA Ecosystem Accounting, thus providing a multi-purpose framework describing interactions between the environment and the economy
- **Broader framework:**
  - Combining information from the various work streams to provide a more comprehensive and overarching picture of well-being and sustainability

# Current plans on how to reflect this work in the 2025 SNA

## Three new chapters:

- An introductory chapter (chapter 2), reflecting the discussion on GDP versus measuring well-being and sustainability, and introducing the concept of a broader framework
- A chapter on measuring well-being
- A chapter on measuring (environmental) sustainability



Thank you for your attention!

