

# The Sixth IMF Statistical Forum

## SESSION II: CURRENT STATE OF PLAY IN OFFICIAL STATISTICS FOR MEASURING ECONOMIC WELFARE

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CHAIR: Anil Arora (Statistics Canada)

PRESENTERS: Gabriel Quirós Romero and Marshall Reinsdorf (IMF Statistics Department);  
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### SESSION TOPIC

*National Statistics Offices are already measuring some indicators of welfare beyond GDP and laying the groundwork to measure others. What are the recent successes and advances in developing supplementary measures of welfare? Given that there are limited resources, what are the priorities?*

### SUMMARY OF PRESENTATIONS

1. *Measuring Economic Welfare: State of Play and Priorities* (Gabriel Quirós Romero, Marshall Reinsdorf and Jennifer Ribarsky)

The presenters provide background to the debate on GDP versus welfare with a focus on what's new to the debate in the digital age—the welfare gains from free digital products, the blurring of the production boundary, and data as an intangible asset. While no fundamental change to the national accounts is needed, there is clearly a need to go beyond GDP to better measure economic welfare. Potential measurement priorities put forward are: (i) distributional measures on income, consumption, and wealth; (ii) non-market production including gender aspects; (iii) indicators of welfare effects from digitalization; (iv) data on intangible assets, especially the value of data; (v) measures of the gig economy and digital platforms; (vi) measures of financial technology services, Fintech (vii) and indicators of globalization. What is feasible depends on resources of national statistical offices, various objectives of statistical offices, international cooperation and coordination, and access to and use of data sources (including administrative data and Big Data).

2. *Measuring Sustainable Economic Welfare in the Digital Era* (Rendra Achyunda Anugrah Putra and Silvia Arini)

The authors discuss the Indonesia Sustainable Welfare Index (ISWI), which is based on indicators that are adapted to the realities of the digital era and to provide better metrics that can

be used as indicators for the Sustainable Development Goals (SDGs). It is an extension of the index of economic welfare, which has been produced since 2012. The ISWI expands the coverage of dimensions by including environmental, digital and expectation dimensions. By using Big Data (Google Trends) and other sources, the ISWI method can be used to assess the economic welfare in Indonesia in the digital era in addition to fulfilling the objectives of SDGs. The results show that the growth of current welfare is not followed by the increase of environmental quality. However, the changes caused by digitalization and the level of people's desire to consume have positive effects on welfare.

### ***3. Measuring Economic Welfare: A Practical Agenda for the Present and the Future*** *(Peter van de Ven)*

The author discusses what is currently available within the framework of national accounts that provides a better measure of economic welfare beyond GDP (e.g., emphasizing the household perspective) while also recognizing that some measures of economic welfare are outside the scope of national accounts (e.g., unpaid household activities and environmental accounting). The author also advocates establishing a better link between the macro-economic framework of national accounts to well-known initiatives on sustainability and well-being, such as the OECD's Better Life Index.

#### **QUESTIONS AND ANSWERS:**

Questions focus on what indicators are needed beyond GDP to provide a better picture of economic welfare and whether including activities related to unpaid work within the core production boundary of GDP would make it less useful for policy purposes.

The presenters emphasize that instead of expanding the concept of GDP to include the activities of unpaid work the way forward would be to create complementary indicators (e.g., through household satellite accounts) to help answer very different policy questions. Different questions require different concepts. The current definition of GDP is well-suited to address key policy questions involving income, employment, monetary policy, government revenue that can help with, for example, counter cyclical policies. However, an expanded measure of production (including unpaid activities) can be useful to answer other policy questions. For example, activities shifting across the production boundary, including digital economy effects, or policies that shift the burden of child or adult care to households. Better time-use data is needed to help answer many of these questions, such as, time spent online, or the number of hours spent in child or adult care.

In addition, the national accounts is a *system* of accounts that go beyond GDP and that there are other measures within the current system that are more appropriate as an indicator of people's material welfare. One such indicator is household (adjusted) disposable income. There can be a divergence between GDP growth and real household disposable income growth. Since 2010, GDP growth has outpaced real household disposable income growth in many OECD countries.

Even though it is difficult to measure the household sector, it is important for understanding people's welfare and big data may be useful in filling the data gaps.

The current system is also an *integrated system*, that goes beyond the flows (transactions) to information on the balance sheet. The 2007-2008 financial crisis showed the importance of integrated accounts. In this respect, there is a need to provide balance sheet data to monitor wealth and sustainability. Indeed, the G20 DGI-2 emphasizes, through recommendation 8, the timely production of institutional sector accounts (non-financial and financial data on transactions and balance sheets). In this context, the IMF developed the Balance Sheet Approach which enables a comprehensive assessment of the economy.