

Abstract paper 3:

It's About Time for a Change: Broadening the SNA Framework to Account for Sustainability and Well-being

Peter van de Ven

Head of National Accounts, OECD and Past President, IARIW

Economic growth, or the volume growth of GDP, can be considered as the single most successful macro-indicator, having showed its policy relevance since the depression of the 1930s. For many decades, it has basically defined whether the economy is successful or not, or even more broadly whether societal development are going in the right or wrong direction. As such, it has largely driven, and continues to drive, the policy agenda. GDP actually does a pretty good job as an indicator of (monetary) economic activity. However, when it comes to monitoring well-being of people, including the future sustainability of this well-being, economic growth has many fallacies and caveats. The link between continuous increases of GDP and enhancing (sustainable) well-being is more and more questioned, debated and considered totally flawed. From an environmental perspective, navigating on GDP alone may show to be the shortest route to disaster.

For the above reasons, there is an increasing user demand for arriving at better metrics that provide a more encompassing measure of developments in (sustainable) well-being. It may not be possible to find what is considered by some as the holy grail, an alternative catch-all indicator, that provides a perfect monitoring instrument for well-being, which also takes into account the present-day losses (or gains) in the possibilities to generate future well-being. The pursuit of such an indicator may show to be a dead end road. Well-being is a multi-faceted phenomenon that may only be captured by a dashboard of indicators, such as for example the OECD Better Life Index.

The paper goes one step further, and argues in favour of trying to define and populate an underlying conceptual and statistical framework for the indicators which are typically considered relevant for well-being and its future sustainability. A further enrichment of the central framework of national (monetary) accounts, by including and combining a standard range of accounts on environment, health, education and time use, could provide an excellent tool for an enhanced policy analysis. All of these additions need not necessarily be defined in monetary terms, although monetising (degradation of) ecosystems could further support the urgency of dealing with environmental sustainability.