

Measurements Issues in the SNA

Tingyi Liu

Economics and Management School of Wuhan University

2019101050047@whu.edu.cn

Dong Qiu

Statistics School of Jiangxi University of Finance and Economics, Nanchang, China

In 2010, the Commission on the Measurement of Economic Performance and Social Progress (CMEPSP), headed by J.E. Stiglitz, A. Sen and J.P. Fitoussi, published a report entitled “Mis-measuring Our Lives: Why GDP Doesn’t Add Up” (“SSF Report” for short). It systematically reviewed and summarized the methods of economic measurement, in which classical GDP issues, well-being measurement and sustainable development measurement constituted the three major contents.

The core message of “SSF Report” was to change focus of economic statistics from economic production to social well-being, which was a decisive reform in measurement perspective. The “Beyond GDP” agenda expands the measurement framework and pays more attention to people’s quality of life (current well-being) and sustainable development (future well-being). GDP statistics are the traditional content of economic statistics and ought to be relatively mature in public perception. However, it cannot be assumed, without questioning and thinking, that GDP statistics are perfect or simple. In fact, there always remained a series of controversial issues in the previous revisions of SNA.

In economic measurement and national accounting, there is a moderate coordination issue on measurement boundary of indicator setting and in-depth analysis. To what extent should the indicators be refined? How to deal with the relevance issues caused by the refinement of indicators? We take AFC as an example to illustrate. In SNA, final consumption expenditure is used to reflect consumption quantity of households. It is found that “transfers in kind” have a considerable impact on actual level of final consumption. This factor is listed as an adjustment item and a new actual final consumption indicator is obtained. In contrast, it reflects household consumption more accurately than final consumption expenditure, because a considerable portion of products and services consumed by households are not their own expenditure.

Improvement of indicators is measurable progress, but amendment of indicators brings about an issue that transfers in kind are not whole of non-cash payments and benefits. If Transfers in kind are considered, similar items should be taken into account according to the same measurement logic. However, from the perspective of measurement feasibility, some services, information, opportunities, experiences, consumption environment and so on can not be accurately measured. To what extent should adjustment take into account? Where should we end up with detailed research on indicators? We will discuss above issues in this paper.