

A reflection on the 'Beyond GDP' agenda

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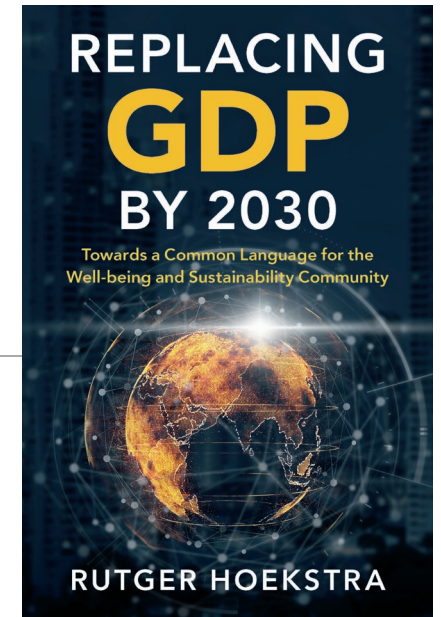
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SNA 2025 – Current agenda

1. Distribution of household income, consumption saving and wealth
2. Unpaid household service work
3. Labour, education and human capital
4. Health and social conditions
5. Environmental-economic accounting

- Broader framework for wellbeing and sustainability to bring all dimensions together

SNA for the history books: Big responsibility

Reflections on a Broader Framework

1. Economists' Perspectives on Beyond-GDP
2. SNA1993/Satellites: Two foundational ideas
3. SNA2025: Two simple/crucial adjustments
4. Five takeaways

Economists' Perspectives on Beyond-GDP

1. First wave (Externalities) (1970-now)
 - Measure of Economic Welfare (1972) (MEW), Index of Sustainable Economic Welfare (1989) (ISEW), Genuine Progress indicators (1995) (GPI)
 - Household work, Health, Leisure, Defensive Expenditures, Durables etc
2. Second wave (Capital Approach) (1990s-now)
 - Genuine Savings (1993)/Adjusted Net Savings, Comprehensive Wealth/Inclusive Wealth
 - Produced Capital, Natural Capital, Human Capital
3. Third wave (Stiglitz Report) (2009-now)
 - Capital approach: *"The assessment of sustainability is complementary to the question of current well-being..."*
 - Dashboards/Multidimensional
 - Inequality
 - SNA2025

What about the non-economists working on wellbeing and sustainability?

- Idea: The broader framework data will be used more by non-economists than economists

1st Foundational Idea

W&S Satellite Accounts = Physical data + Valuation

SEEA-1993

Physical
value



Valuation



Value
(externality)

SEEA-CF

Physical
value



Valuation



Value
(Capital
Approach)

“Carbon footprint”

Web of Science: 9384 articles

Google: 60 million hits

“Genuine Progress Indicator”

Web of Science: 79 articles

Google: 117,000 hits

“Inclusive Wealth Index”

Web of Science: 33 articles

Google: 12,000 hits

2nd Foundational Idea

National accounting can be done in many units

System of National Accounts

Monetary Stock-Flow Balances

- Supply = Use
- $Y = C + G + I + X - M$
- Stock (t) + Investments – Depreciation = Stock (t+1)

National Satellite Accounts

Stock-Flow Balances in Many Units

- Mass (PSUT)
- Time (Time Use)
- People (Human capital)

Richard Stone (Nobel Prize lecture): *“By organising our data in the form of accounts we can obtain a coherent picture of the stocks and flows whether these be **goods and services, human beings or natural resources**, and thence proceed to analyse the **system** of which they form part”.*

The 1st adjustment

~~National~~ Global accounting can be done in many units

Single-region input-output

Monetary Balance

Input = Output (National)

Multiregional input-output

Monetary Balance

Input = Output (Global)

New users

- Trade economists
- Environmental economists/scientists
- Climate scientists

SEEA

Air emissions

Global SEEA

Air emissions

Global Carbon Project

Physical Balance for Carbon Cycle
(Global)

The 2nd adjustment

	1995	2000	2005	2010	2015	2018
Wealth (2018 US\$, billions)						
Low-income	2,941	3,285	3,828	4,868	6,175	6,814
Lower-middle-income	30,049	33,561	41,719	56,219	68,299	77,514
Upper-middle-income	108,870	132,912	174,524	243,603	323,819	365,811
High-income: non-OECD	13,133	15,331	19,069	25,925	32,399	30,418
High-income: OECD	448,497	514,805	552,929	589,210	637,919	671,447
World	603,490	699,894	792,069	919,824	1,068,612	1,152,005

Natural Capital
1995: 38409 billion US\$
2018: 64542 billion US\$

Is this telling the whole story about sustainability?

Why is it inconsistent to natural sciences' story?

Just advise to not use the wealth aggregates?

The 2nd Adjustment

W&S Satellite Accounts = Physical data + Evaluation

PHYSICAL DATA

EVALUATION

System of
Environmental &
Economic Accounts
CO2 emissions

Economic Valuation:
Social Cost of Carbon

Value of damages

**Non-economic
Evaluation:**
1.5 degree
Carbon Budget

Overshoot of
Planetary boundary

“Social Cost of Carbon ”

Web of Science: 424 articles

Google: 369k hits

“Planetary Boundary”

Web of Science: 732 articles

Google: 824k hits

SNA2025

SNA 2025 Revision	Physical indicators	Balancing units	Evaluation	
			Economic Valuation	Non-economic Evaluation
Distribution		Money		
Unpaid household work	Time use	Time	√	
Human capital	Educational & demographic indicators	People, Time, Jobs,	√	
Health/Social	Health& Social indicators	People		
SEEA	Environmental indicators	Mass, Land, Energy	√	

Broader Framework SNA2025:

How will the physical indicators, balancing units, economic valuation and non-economic evaluation be used in the science of wellbeing and sustainability?

Five take-aways for broader framework

1. We have a huge responsibility!
2. Know your audience: Non-economists might be the biggest fans.
3. Connect to your audience: Link to non-economist thinking on wellbeing and sustainability
4. Humility about valuation: Just part of the a broader evaluation story
 - Just warning about aggregates seems like the easy, but could be very damaging
5. Simple/crucial adjustment to foundational ideas
 - ~~National~~ Global Accounting can be done in many units
 - W&S Satellite Accounting = Physical Data + Evaluation