

Rutger Hoekstra (Free University of Amsterdam, Netherlands), Hans Kolfoort and Anna Kulig, "Welfare, Wellbeing and Sustainability in a National Accounting Context"

Abstract

Many indicator systems have been proposed to provide an overall picture of the developments in society. They have been sold under many different headings ("welfare", "wellbeing", "sustainability", "progress", "development", "human development" amongst others) by a variety of academic, national and international organisations (including the UN and EU). Naturally, all these approaches regard the developments in society as multidimensional phenomena. Some approaches lead to composite indicators, while others propose a set of indicators.

This paper provides an overview of the different indicator systems which have been proposed. It analyses in detail the wide variety of sustainable development indicators (SDI) which are adopted by individual countries and international organisations. In the paper we categorize SDI systems as policy-driven or theoretically-driven. The former category produces indicator sets based on what policymakers define as indicators of sustainability (e.g. Eurostat's SDI set). The latter uses a theoretical framework to derive indicators (e.g. the 'capital approach' of the World Bank).

This paper goes on to discuss the advantages that can be achieved by constructing indicator sets based on the national accounting framework. The primary advantage is that the indicators are comparable because they are produced using a consistent framework. This advantage is particularly useful to analyse the relationships between indicators, which is one of the prominent recent challenges which have been raised.

We end the paper by introducing a set of indicators which is based on the national accounting principles but which also incorporates aspects of the literature review. The set has the advantage that it includes insights from three different perspectives: a theoretical basis, policy relevance and national accounting principles.