

GDP and Globalization

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The published increase of the real Irish GDP by 26 percent between 2014 and 2015 has raised serious questions about the interpretation and usefulness of the GDP concept and other national accounts aggregates resulting from the use of the 2008 SNA framework under increasing globalization. In this paper it is pointed out that the increasing “randomness” of the GDP is not caused by the changes introduced with the 2008 SNA, but rather by the lack of change to the SNA system in a fast changing world where the traditional measures may give results that do not sufficiently reflect the needs of economic decision makers. There seems to be an outspoken policy demand for a (supplementary) GDP concept that measures the creation of value added within the geographical boundaries of a country. A “Geographical” GDP is estimated for Denmark for the years 2005-2017 by adjusting the official GDP for value added generated by “production abroad” and for charges for the use of intellectual property (royalties and license fees).