

Making Estimates of National Income Better Reflect Economic Well-Being: The U.S. Experience

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Paper Abstract:

The Bureau of Economic Analysis publishes the U.S. National Income and Product Accounts. Its headline measure of production is gross domestic product (GDP). Recently, the Stiglitz Commission and others have expressed concerns that not enough has been done to make the existing measures reflect economic well-being and suggest that fundamental changes be sought to make this ideal a reality. To understand the difficulties of making progress on this front, it is useful to know: what GDP is, what it is designed to measure, what concepts determine how it is measured, and what efforts have been made to expand the scope of the measures and move beyond GDP. This paper discusses these and other related issues. It concludes with the author's views on the best approaches to take in future work.