

# Measuring Economic Well-being in the UK: Past Experiences and Future Challenges

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## **Paper Abstract:**

The UK Office for National Statistics (ONS) launched its Measuring National Well-being programme in 2010, with the aim to “develop and publish an accepted and trusted set of National Statistics which help people understand and monitor well-being”. As part of that programme, ONS has developed a new structured framework for considering economic well-being in the UK. The framework is derived from the recommendations of Stiglitz et al. (2009) and embraces objective and subjective measures; current and future measures; and measures of activity at the whole economy and household sector level, as well as considering the distribution of individual households.

This framework has underpinned the creation of a new Quarterly Economic Well-being bulletin (QEWB). The QEWB is published alongside the UK’s Quarterly National Accounts and ensures the material well-being of households is put into sharper focus than previously. In doing so, it addresses a number of the recommendations of the Commission on the Measurement of Economic Performance and Social Progress. For instance, we have shifted focus from production to income by giving prominence to real net national disposable income per head. This adjusts net GDP by including a measure of the balance of international investment income, recognising that not all income generated by production in the UK will be payable to UK residents, and that UK residents may earn income on investments overseas. Additionally, there is also a focus on the distribution of household income and wealth.

The first main section of this paper introduces ONS’s economic well-being framework, presenting the range of indicators that are currently used to measure economic well-being in the UK and how they fit together. The following two sections provide an analysis of the main indicators from the framework for both the UK and a range of other countries, highlighting the value of this approach in monitoring changes in the material well-being of households over time. The next section discusses some of the challenges in communicating economic well-being, and the steps ONS have taken to maximise the impact of these statistics. The final section of the paper highlights some ongoing developments by ONS which will allow both the improvement of existing indicators and the introduction of new indicators of economic well-being within the framework. These include the introduction of more timely distributional measures through ‘nowcasting’, the development of a ‘cash RHDI’ measure, and the integration of data for microstatistics in this area to allow the potential for indicators based on the joint distribution of income, consumption and wealth.