

Measuring Material Well-being within the System of National Accounts

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Paper Abstract:

The past years have seen an increased interest in the measurement of well-being, also in the area of national accounts. In addition to traditional measures such as GDP, various indicators have been developed to provide more insight in how households are faring. Here, one can also see an increased interest for more granular data to better capture the distribution of income, consumption and wealth across households. In addition, several studies have been done to (further) develop satellite accounts. This paper provides an overview of the most important developments.

The paper starts with a short presentation of the recently developed OECD's Household Economic Well-being Dashboard, including an analysis of differences in the development of GDP and household disposable income. The primary goal of the dashboard is to provide an overview of changes in material well-being of households, using graphical representations of various indicators, such as a comparison of GDP and household disposable income per capita, household consumption, consumer confidence, household savings rate, household indebtedness, and unemployment trends.

The second part of the paper relates to the work on arriving at breakdowns (by income quintile, household type, and main source of income) of the household sector, fully aligned to the system of national accounts, thus providing more details on the distribution of income, consumption and wealth across households, including possibilities to monitor and analyse the impact of re-distributional policies. The paper discusses the methodology used to align micro data (from surveys and administrative data) and the relevant macro-economic data, and the main challenges to arrive at robust results. Some of the experimental results will also be presented.

While the above fully respects the agreed principles of the 2008 SNA, other initiatives concern the (further) development of satellite accounts. The paper discusses possible ways forward in developing a system of satellite accounts that can potentially address the measurement of well-being and sustainability more broadly, and provide a framework to analyse the relationships, win-wins and trade-offs, between various aspects that contribute to well-being and sustainability. In addition to a more generic discussion on the potential of satellite accounts, three concrete examples will be shortly presented: the inclusion of unpaid household activities, education and training including methods to measure human capital, and finally the System of Environmental-Economic Accounting (SEEA).

