Beyond GDP: Recalling and Rejuvenating Sir Richard Stone's System of Social and Demographic Statistics (SSDS)

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Paper Abstract:

Sir Richard Stone, in the 1960s and after the success in creating the System of National Accounts, became concerned about the imbalance where the focus of official statistics was primarily on the macro economy, to the neglect of broader socio-economic aspects of populations, and more disaggregated dynamic patterns. As a result, he championed a new and complementary System of Social and Demographic Statistics (SSDS). His SSDS was published by the UN in 1975. However, it has languished, in part due to its complexity – it used transition matrices and therefore required longitudinal data, and in part because the socioeconomic characteristics on which it focused simply were not public policy priorities. However, half a century later, concerns with the overly narrow ambit of the SNA and its key summary indicator, GDP, have increased dramatically, signaled by the release in September 2009 of the Stiglitz / Sen / Fitoussi report commissioned by French President Nicolas Sarkozy, as well as the OECD's project on Measuring the Progress of Societies.

While interest in Stone's SSDS has generally vanished, a number of important developments since that time enable it to be revisited and rejuvenated. One of these developments is the dramatic improvement in computing. Another is the increasing availability of microdata, including multivariate longitudinal data on individuals and families. Further, there have been major advances in multi-state life table methods in demography, time based accounting ideas from Juster and Land's discussion of demographic versus time-based systems of social accounts, time use diary survey data, and computer microsimulation methods. In parallel, contemporary public policy increasingly takes an integrated view of individuals – in their family contexts, in their time spent in leisure and unpaid as well as paid work, and in their interactions with major government institutions such as schooling, health care, taxes and cash transfers. Moreover, policy-related information needs, as well as those of the general public, include both broad summary indices and detailed distributional patterns.

The core idea of Stone's SSDS was to track individuals through their lives, and then construct a suite of aggregates by tabulating various of their socio-economic characteristics such as family status, education, and paid labour. However currently, there is no widely accepted and integrated framework for socio-economic statistics that spans these domains, particularly one based on explicit and coherent microanalytic foundations.

This paper contributes by articulating a new framework for tracking economic well-being in a multi-dimensional manner. This framework includes a summary index for measuring social progress, a generalization of the very well-known life expectancy indicator – Good Life Time (GLT). The GLT framework is analogous to and complements the System of National Accounts, but uses time rather than money as the fundamental metric. It builds on and

generalizes Stone's SSDS, and brings together three major life domains or attributes – the confluence of good health, adequate income, and the time to enjoy them. The result is a coherent set of indicators all derived as decompositions of the widely used life expectancy indicator into portions of the life cycle at various levels of GLT. A principal conclusion is that for most people, the periods of the life course when they have the most leisure time, for example, they typically have either lower incomes or poorer health (e.g. the elderly). This kind of result points to possibly important gains in social welfare from a more fundamental re-examination of the way societies structure work and leisure over the life course.