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GDP and Beyond

Summaries from the 2020 Annual Meeting of the American Economic Association: Introduction

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The views expressed in this paper are those of the author and do not necessarily represent the U.S. Bureau of Economic Analysis or the U.S. Department of Commerce.

When Nobel Laureate Simon Kuznets and his colleagues created and first published the US National Income and Product Accounts more than 80 years ago, they explicitly recognized the limited ability of the NIPA accounts to capture various dimensions of economic welfare, stating “Economic welfare cannot be adequately measured unless the personal distribution of income is known...The welfare of a nation can, therefore, scarcely be inferred from a measure of national income”. {Simon Kuznets [1934], pp. 6–7}. While these limitations have long been recognized, they have become more prominent and controversial in our public discourse. For example, in 1968 then Senator Robert Kennedy stated, “Our gross national product, if we should judge America by that, counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors. Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play...it measures everything, in short, except that which makes life worthwhile. And it tells us everything about America except why we are proud that we are Americans.” {Robert F. Kennedy, Address, University of Kansas, Lawrence, Kansas, March 18, 1968}.

Numerous alternative measures of national material well-being have been offered over the years. Indeed, Kuznets offered his own menu of options, ranging from a narrow to a broader definition of economic goods that could be compiled and published by national statistical authorities, including goods sold by public agencies, and non-marketed goods. {Simon Kuznets, *National Income and its Composition, 1919–1938*, New York: NBER [1941], p. 9}. So it is not that GDP needs to be “fixed”, but rather that there is increasing recognition that it would be informative for GDP accounts to be supplemented by additional measures of economic well-being.

In the spirit of Kuznets, in this issue of the *Survey of Current Business* we focus on various possible measures of economic welfare and sustainability that the Bureau of Economic Analysis is considering to develop and publish on a regular basis, building on some of the same concerns, and on more recent ones, that were highlighted by Simon Kuznets more than 80 years ago.

In the pages that follow, we present a subset of remarks that were presented by panelists at the 2020 Annual Meetings of the American Economic Association in Chicago on January 3, 2020, at a session entitled “Beyond GDP.” The panelists are distinguished government statisticians, policy analysts, and academics, and they discuss the Bureau of Economic Analysis’ options and plans, and offer their own recommendations.

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