

COUNTING WHAT COUNTS

It is time to think beyond GDP

DEVELOPMENT OF GDP

THE GREAT DEPRESSION

The US government tries to understand what went wrong but has insufficient data.

1944 – 1945

The United Nations, World Bank and International Monetary Fund are established and take on the challenge of producing a globally accepted system for measuring economic output.

1960 – 2008

Five major revisions of SNA are released and adopted by many economies worldwide.

PRE-1930s

No reliable measure of aggregate economic output.

1934

Economist Simon Kuznets presents a report which estimates aggregate economic output through a new single measure, an early version of GDP.

1953

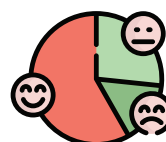
The first System of National Accounts (SNA) is published, with GDP as its major headline statistic.

GDP is an estimate of the value of all goods and services produced within an economy, often used as a proxy of overall economic achievement.

APEC Leaders have called for balanced, inclusive, sustainable, innovative and secure growth. GDP does not inform on these attributes.

BLIND SPOTS

The extent of GDP's outsized importance is apparent in how much it cannot see. GDP does not measure:



Distribution and inequality



Environmental impacts



Informal economy



Parental or volunteer services



Free digital services



Quality of goods or services



FATHER OF GDP

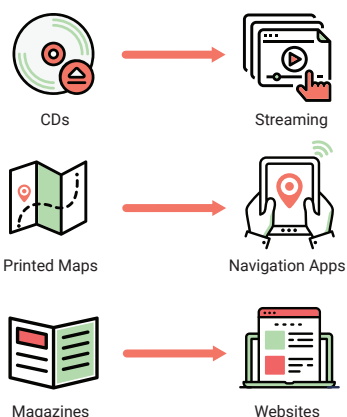
Simon Kuznets was awarded the Nobel Memorial Prize in Economic Science in 1971 and is widely regarded as the father of GDP.

He warned about the limitations and potential for misinterpretation of what would eventually be called GDP.

Not measured in dollars but in bytes

The digital economy is one of GDP's biggest blind spots. It is significantly changing economic production and exchange. But large swathes of its impacts are not captured in GDP.

PHYSICAL MEDIA VS INTANGIBLE DIGITAL



“FREE” SERVICES

Digital services like email, messaging, or cloud storage cannot be measured through monetary transactions.



CROSS-BORDER

GDP measures the total value produced within the borders of an economy. The digital economy has no borders.



Examples of complementary measures



GREEN GDP

GDP plus depletion of natural resources and degradation of the environment



GENDER INEQUALITY INDEX

Uses sex-disaggregated data to examine differences in access to economic opportunity



HUMAN DEVELOPMENT INDEX (HDI)

Assesses standard of living through health, knowledge, and material conditions



GENUINE PROGRESS INDICATOR (GPI)

Adjusts GDP by adding domestic labour and discounting for inequality, loss of leisure, and environmental impact



EXPANDED GDP (EGDP)

Captures the value of a free service, such as in the digital economy, by measuring consumers' willingness-to-pay for the service



INCLUSIVE WEALTH INDEX (IWI)

Considers the long-run sustainability of growth by accounting for human, natural, and physical capital

Reducing all economic policy discussions to impact on GDP growth is an oversimplification that renders other attributes of the economy—such as distribution, inclusion, and sustainability—as secondary.

Regional cooperation is crucial in going beyond GDP.

As a diverse forum and incubator of ideas, APEC can highlight complementary ways of measuring economic achievement as it determines its priorities beyond 2020.