

Measuring Individual Economic Well-Being and Social Welfare within the Framework of the System of National Accounts

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Paper Abstract:

While the agenda of “beyond GDP” encompasses measurements that lie outside boundaries of the *System of National Accounts*, key aspects of individual well-being and social welfare can be incorporated into an SNA framework. Jorgenson and Slesnick (1983, 2014) developed the theory and methodology for full implementation of these features. However, for regular statistical production, this may not always be feasible. We identify the simplifying assumptions required to put a less ambitious but empirically more tractable measurement of individual and social welfare in place. This concerns the theory and measurement of equivalence scales, group-specific price indices and explicit introduction of equity considerations. We use data from the U.S. Consumer Expenditure Survey to construct simplified national accounts compatible measures of economic well-being and social welfare. We are also able to test the impact of benchmarking survey-based consumption categories to the consumption expenditure categories in the national accounts. This effect is significant and underlines the need for a careful adjustment of survey sources.