

# Replacing gdp by 2030: Towards a common language for the well-being and sustainability community

Hoekstra, R.

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Rutger Hoekstra provides a clear message: The Beyond-GDP debate is out there, it is urgent and it is possible to be implemented. According to the author, we as a society have “hit ‘peak stuff’... peak red meat, peak sugar, peak stuff ... peak home furnishing” (p. 189). Nonetheless, we are not necessarily happier at *peak stuff*. To the contrary, to some extent, it has been at the cost of our planet, of our leisure time and our health. Thus, why have we as a society chosen to push towards more consumption? Why the obsession with GDP as a measure of well-being? Hoekstra addresses these questions to offer an alternative.

Hoekstra presents two main insights to the Beyond-GDP debate. First, the author explains why a new strategy is needed; and second what this strategy would be and how it could be implemented. The first part makes sure to get the reader on board to want to know whether an alternative is feasible. After many attempts in academics to propose numerous well-being and sustainability indicators, it is hard to believe that one single solution might exist. Nonetheless, Hoekstra argues that for this exact reason (too many alternatives), the academic community should unite to propose one strong institutional setting against the GDP hegemony. While the objective of the book is to explain Part 2—the How? part of beyond GDP—Part 1 (why a new strategy is needed) is no less interesting. On the contrary, many would ask for a convincing explanation for giving less weight to GDP.

A recurrent concept adopted in the book is what Hoekstra calls the *GDP Multinational*, which refers to “a vast national and global infrastructure underlying the calculation, dissemination, and use of GDP data” (p. 5). According to Hoekstra, although GDP became the “superstar of indicators” (p. 6), it measures less than what is commonly attributed to it. GDP simply measures the size of the economy, and even so, with many deficiencies. GDP is not a measure of well-being, although recurrently, politicians and the media associate increases in GDP with something good for society. Well-being, sustainability, and inequality are not captured by GDP, which should be fundamental aspects of societal concern. This part of the narrative is sound and well analyzed. Hardly any economist would not acknowledge the deficiencies in taking GDP as an all-encompassing indicator. Nonetheless, a less compelling argument, proposed by the author, is that GDP has become so entrenched in policy making because of the success of economics (p. 12), and the presence of the GDP multinational, which is “deeply institutionalized” (p. 17). According to the author “the crux of the matter is that the macroeconomic community is more powerful than the well-being and sustainability community” (p. 100). The GDP multinational has four features which make it a success: (a) It has a clear objective (understand the sources of economic growth and propose policies to stimulate it); (b) the community has a clear structure (it has an accounting framework—the System of National Accounts, SNA; a key indicator—the GDP; and it has a science community supporting it—macroeconomics); (c) it has a common language (the SNA); and (d) it has via the media been institutionalized in society.

Hoekstra presents the *macroeconomic community* as something close to the malevolent academics, whose sole interest is a continuous increase in the superstar indicator. The use of such rhetoric is unnecessary and

controversial. To blame a discipline for societies' focus on economic growth is to disregard human history. For over 1,000 years, human civilization has engaged in a quest for power and increase in wealth. One of the first empires, the Achaemenid Persian Empire (c. 550–330 BC), is known for its conquest of lands, reaching over 5 million km<sup>2</sup> at the end of the empire. The rhetoric is also unnecessary because it does not lead to a solution. As any other discipline, macroeconomics is advancing and incorporating other dimensions to its analysis. William Nordhaus won the Nobel Prize in 2018 for his research which integrates climate change into macroeconomic analysis, illustrating how macroeconomic models can be combined with climate science research to foster environmental policies weighting economic and environmental outcomes. Similarly, the economic literature in income inequality provides a broader understanding of the links between economic growth and inequality, which are essential to define policies to retain and revert the overall increasing trend of income inequality within countries.

Hoekstra's critique, nonetheless, focuses on the use of GDP as a measure. Clearly, the Achaemenid Persians had not yet established a system of national accounts, as a guide for their policy making. Hoekstra's presentation, in Chapter 2, of the proliferation of GDP in the world, in particular after 1930 is brilliantly detailed and informative. The author brings back main economic theories developed since then and relates to important political and economic events. The author shows how economic theory became an influential and prestigious discipline by the end of the 20th century. In this sense, the critique should have been more in terms of how economics has obfuscated other essential disciplines to the understanding of complex problems such as climate change and income inequality than criticize economics as a discipline.

In recent years, the challenges faced by the System of National Accounts has increased, especially because of developments in information and communication technology and globalization. Apart from being outdated, the System of National Accounts does not lead to a measure of welfare. As such, the author argues that society should move beyond-GDP. According to Hoekstra, "there are three areas of Beyond-GDP: namely subjective well-being, the System of Environmental and Economics Accounts, and Sustainable Development Indicators (SDI)" (p. 80). These initiatives "speak different languages, dialects, and accents" (p. 100–101). Therefore, according to the author, the solution is to build an institutionalized community to compete with the macroeconomic community. Setting out this main argument, the author explores in Chapters 5–11 the second part of the book, which is about the new strategy of building a new academic community.

Hoekstra delineates in detail the new strategy, which should be based on a multidisciplinary community whose goal is to increase well-being and sustainability. This should be done by setting up a coherent structure based on a common language (the System of Global and National Accounts [SGNA]) and which becomes institutionalized by 2030 (p. 117). The SGNA comprises five accounts: The Global Environmental Accounts, the Global Societal Accounts, the Global Economic Accounts, the Global Distribution Accounts, and the Global Quality Accounts. Each of these accounts is well-described in separate chapters.

An important aspect of this strategy is the adoption of a global account, which means that it should measure the worldwide economy, society, and the environment. It is also global because it requires the implementation by all countries and international organizations. This is a crucial point of the strategy because it entails countries taking one another's policy decisions onto the well-being and the environment of other countries. Currently, most social and environmental indicators are national based. Governments base their political campaign and discourse on such national indicators. Having an academic community that brings a different type of discourse would be ground-breaking and would stimulate policy makers to have a more global perspective. This is certainly the way forward. Nevertheless, although the strategy set out is well-thought-of and exciting, implementing it requires a change in the mindsets of a diverse group of individuals. To revert peak stuff, academia has indeed to unite, to analyze succinctly all connections between the economy, the environment and society; and to propose a way out to change how individuals themselves perceive well-being and the value of the environment. It is not about breaking down the GDP multinational, it is about breaking down how societies live today.

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