

Intelligence MEMOS



From: Nicholas Chesterley
To: Prosperity Watchers
Date: June 20, 2025
Re: **MEASURE EVERYTHING THAT MATTERS, NOT JUST GDP**

Discussions of national performance by governments, the media, and the public often focus on GDP, how much a country has produced in a year.

They spend less time on national wealth – the total value of our national assets, from physical and natural capital to the health and education of our populations and the strength of our institutions. If GDP is similar to a household's annual salary, national wealth is net worth. Measuring both could make us better off, today and in the future as I argue in my recent [book](#).

One reason governments don't care much about the future is simple: Voters don't hold them to account for it, and by the time problems arise, an election has swept in a new government. Governments and citizens frequently have little idea what impact today's decisions are having on the future because governments do not measure it. Without better measures, governments cannot be held to account for their decisions.

What's more, research on human biases suggests that what we choose to measure can have a significant impact on behaviour. If we measure the number of calls taken in a call centre, employees may cut calls short or be less helpful. What is measured matters, though what matters may not be easily measured.

The effect can be subtle. For example, [including](#) the cost of a tax in the posted price reduces how much people buy. Either way, they pay the tax in the end, but in the United States the tax is added at checkout, while in the United Kingdom it is included in the sticker price, and that discourages people from buying as much. This is the salience bias: We focus on information that is obvious or easily accessible and [neglect](#) information that is less prominent. Measuring or tracking something can make it more salient, affecting our decisions. Measuring information about energy use can help reduce household energy consumption, about spending can encourage saving, and about calories can affect dietary decisions. Indeed, one of the few things that correlates with losing weight is weighing yourself every day.

The bottom line is that measuring our long-term impact on the future is a foundational element of fighting short-termism, letting us harness the human bias toward what is measured to encourage long-term thinking. Our first tool in improving how much attention governments (and individuals) pay to the future is therefore straightforward: Measure how we're doing.

Unfortunately, GDP is too often seen as the ultimate measure of national success. But using up natural resources, physical assets, and human capital can all increase GDP in the short term, while reducing our long-term wealth.

In the context of planning for the future, the implication is that if we can measure the future consequences of our decisions and make them more salient, then we will pay more attention to them.

There are many ways to do this. Perhaps the [simplest](#) is to have a balance sheet that measures our national assets and liabilities. Are we saving for the future, or are we borrowing against it? Unlike businesses, governments and citizens have so far largely failed to develop or track their balance sheets. If we want governments and other organizations to take the future seriously, we should be measuring their contributions to and detractions from it.

If voters were perfectly rational, this wouldn't matter. We'd collect the information we need, and if we didn't need it, we wouldn't collect it. In practice, however, the focus on GDP matters.

"What we measure affects what we do; and if our measurements are flawed, decisions may be distorted," wrote economics Nobel Prize winners Joseph Stiglitz and Amartya Sen along with economist Jean-Paul Fitoussi in a [report](#) for the French government. "[W]e often draw inferences about what are good policies by looking at what policies have promoted economic growth; but if our metrics of performance are flawed, so too may be the inferences that we draw."

National wealth has to become part of our political discussions, reflecting its importance to our long-term success. Introducing and popularizing some form of measure of national wealth could help advance the conversation and support long-term thinking. As we shall see, physical assets, [natural capital](#), human capital, and the health and strength of our institutions, among other things, all matter.

Measuring them could help highlight how a country's wealth is changing and encourage a more long-term view that values the total wealth of a country, not just short-term income. Doing so is a key step in making the future salient and helping nudge us to take action on long-term issues.

This Memo is adapted from Mr. Chesterley's book [Future Generation Government](#).

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