Inclusive Wealth Index: mainstream welfare economics beyond its limits, and the risks of economics imperialism

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**Background:** The “beyond GDP” movement is well grounded in contemporary research and practice, especially in economics, and propositions for new indicators of prosperity and sustainability have flourished in recent years. However, their high degree of heterogeneity hinders their mainstreaming, and lack of theoretical coherence is frequently underlined as a serious flaw.

Among recent propositions of indicators for sustainability, neoclassical capital-based approaches are in the foreground, which is partly due to their alleged theoretical consistency and elegance and to their ‘inclusive’ nature. Among them, the recently-built Inclusive Wealth Index (IWI) is presented as a new benchmark for the evaluation of countries’ development paths, and Inclusive Wealth as the new standard in welfare economics and in accounting (Arrow et al. 2012; Duraiappah and Muñoz 2012; UNU-IHDP and UNEP 2012, 2014). Inclusive wealth is built upon mainstream sustainability economics, where sustainability is defined as a weighted sum of capital assets according to their
supposed contribution to intergenerational wellbeing. While the IWI’s elegance and scope are attractive features, major methodological, epistemological and political problems remain.

**Objectives:** We question such an inclusiveness from the point of view of scientific and ethic plurality. There seems to be a risk that the economic model be presented as the ultimate and sole gauge of a complex and uncertain world. We thus critically assess the indicator and its underlying theoretical framework, while specifically addressing the economism of a framework that seems relieved of its most unwarranted neoclassical assumptions.

**Methods:** To that end, we systematically deconstruct the theoretical model and methodology of the IWI on the basis of an epistemological posture apprehending indicators by their ontological characteristics: both as technico-theoretical constructs with empirical ends, conventional objects, and tools of governance (Thiry, 2012). Like Kovacic et Giampietro (2015), we think these ontological features, which characterize indicators as value-loaded tools at the confluence of science and governance, justify that these dimensions be taken into account when the indicator’s relevance is discussed.

**Results:** Our analysis reveals many epistemological, theoretical and methodological problems, which shed doubt on the relevance of adopting the IWI to quantify sustainability. Besides classical criticisms addressed to capital theory approach to sustainability (Stern, 1997) and to the Adjusted Net Savings (Neumayer, 2000; Dietz and Neumayer 2006), we raise IWI-specific problems: link between well-being and sustainability, doubtful accounting for the future, contradictions between theoretical choices and methodological options and the risk of economic imperialism (Mäki, 2013) of an inclusive approach of sustainability. Surprisingly all these problems are not visible in the light of traditional criteria of statistical quality (as in the European Statistic Code of Practice), for which the IWI would appear a “good” indicator. That is why we then question the positivist epistemology underlying such – broadly used – criteria and show that they are not fit to take the major characteristic of sustainability: radical uncertainty.

**Conclusions:** We conclude on the need for a new – post-positivist - epistemology for assessing sustainability indicators. As Funtowicz and Ravetz (1993) for scientific practices, we think that such an epistemology is crucial to include, in the assessment of sustainability indicators, aspects of complex problem-solving that tend to be neglected in traditional statistical criteria: uncertainty, value loading, and a plurality of legitimate perspectives.

**Main references**


