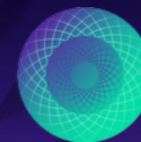




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Measuring Progress in a Changing Economy

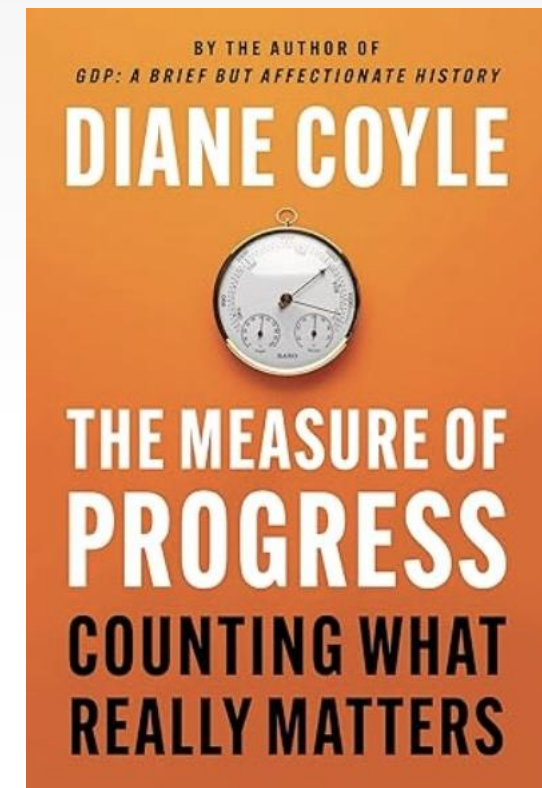
September 2026

Diane Coyle

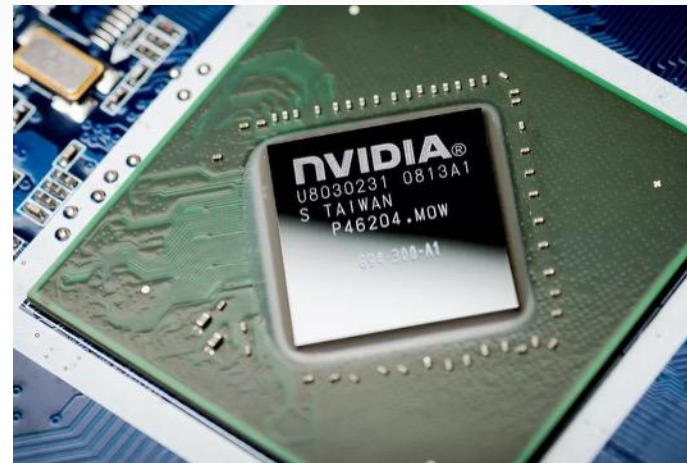
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Many known gaps in economic measurement

- Four fifths of the economy 'hard to measure' – GDP created for mid-20th century economy
- Technology
 - Structure of production – global supply chains, servitisation, FGPs
 - 'Free' in production and consumption – households
 - Price indices – new goods, quality change
 - Data – value of data
 - AI
- Plus environment, energy system – not discussing today but big issue



Production



'Free'

- Open source software
- User innovation/open innovation
- Household production – 'DIY digital'
- Free services for data
- Tackling the 'time tax' with free AI services
- → shifts of activity across the production boundary



Price & quality change

- “AI economy” growing more than 2500% a year in real, quality-adjusted terms.....
- Korinek & McKelvey PIIIE 2026
- Not plausible?

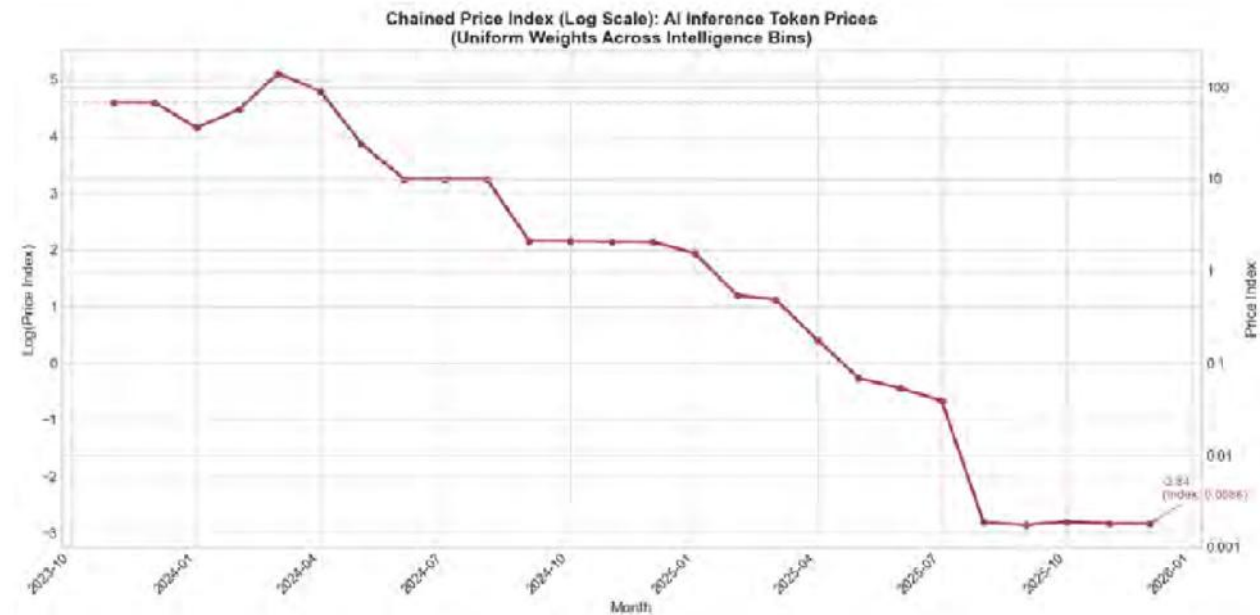
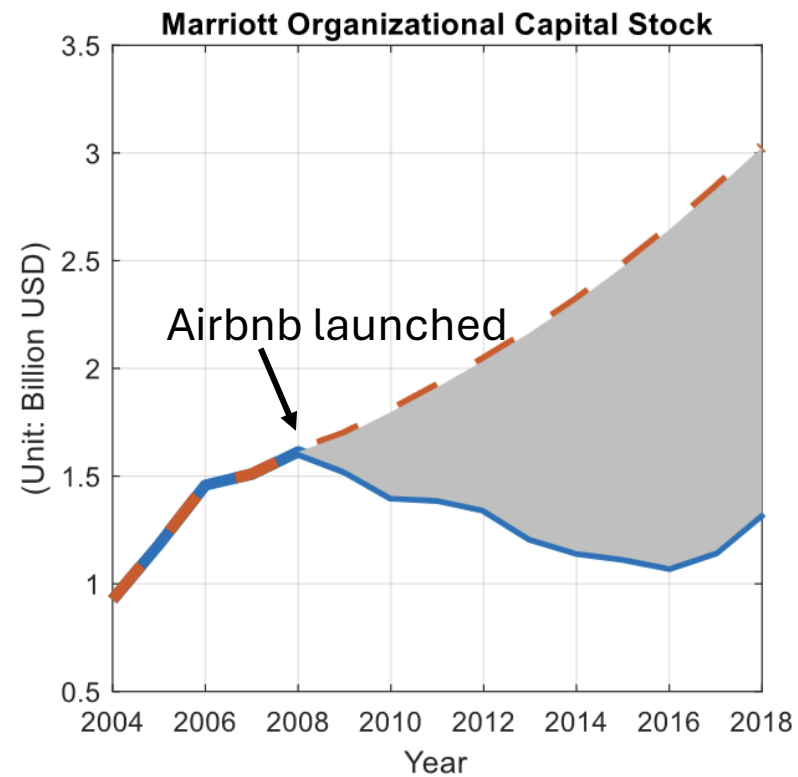


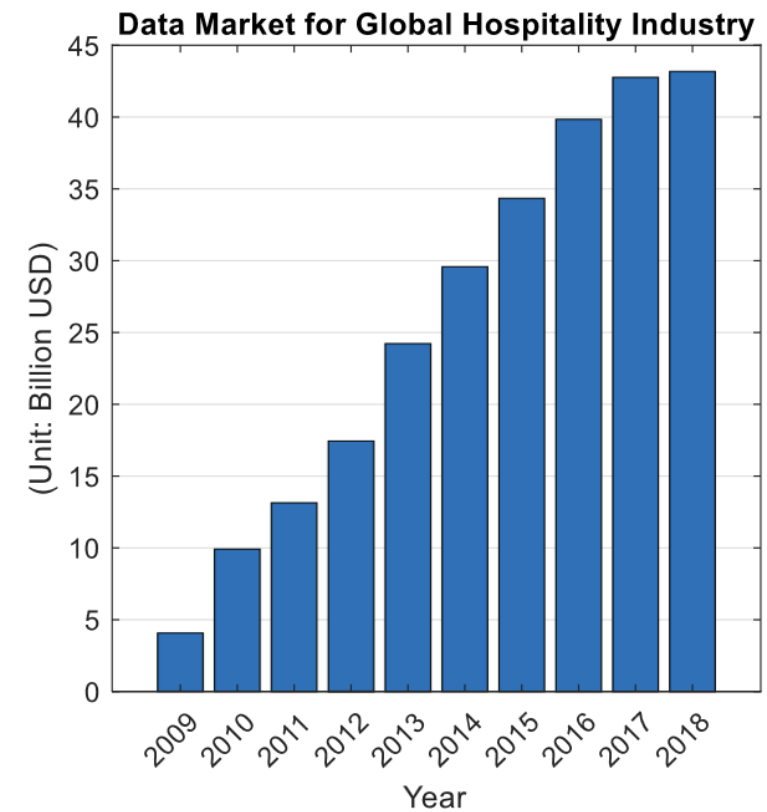
Figure 2: Chained Fisher Price Index for AI inference tokens at constant capability. The index tracks the minimum price per million tokens within each intelligence tier and chains them into a single quality-adjusted series. The rapid decline reflects falling inference costs at fixed model capability, not a shift toward lower-capability models.

Value of Data

(a)



(b)



Measurement gaps are getting worse with AI

- AI has the potential to transform the economy in many ways
 - Better quality services
 - Changing nature of work, types & composition of work
 - Job losses and gains
 - Time allocation
 - Business models, AI agents
- This progress is **currently invisible in data** and will be difficult to track through existing official statistics

Making AI Count: The Next Measurement Frontier

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Generative AI is transforming production, consumption, and work, yet current statistical frameworks would likely struggle to capture its economic full economic impact. While the 2025 System of National Accounts introduces AI as a distinct asset, challenges remain in valuing AI-related investments, inputs, and outputs. Moreover, as a general-purpose technology, AI alters business processes, service quality, and labor organization in ways poorly reflected in official data. This paper outlines key measurement gaps from transformative AI, including the tracking cross-border inputs, quality change, and process changes. We argue that economic statistics should adopt more granular, task-based, and outcome-focused approaches to ensure relevance in an increasingly AI-driven economy.



Example: an AI-friendly approach to intangibles

“Knowledge capital” (codified, alienable)	<i>Purchased R&D services</i> <i>Mineral exploration, spectrum rights</i> <i>Artistic, entertainment & literary originals</i> <i>Standardised software</i> <i>Data</i> Brands Attributed (industrial or product) designs Platform technology, apps, algorithms	Organisational value enabled by legal rights such as copyright and patents, or technical excludability; i.e. value is created or enhanced by market power. Market prices may exist.
“Organisational capital” (tacit, firm- and context-specific)	<i>Own-account R&D</i> Professional service product development Custom software Predictive analytics Market and customer insight Operating models Management capabilities Supply chains, distribution networks (relationships)	Organisational value created by firm-specific capabilities; inalienable; hard to value, often tacit.



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Thank you

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