GDP and beyond - Measuring progress in a changing world

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The Committee on the Environment, Public Health and Food Safety adopted the own-initiative report by Anna ROSBACH (ECR, DK) on GDP and beyond – Measuring progress in a changing world, welcoming the Commission Communication on the subject as a possible complementary tool to contribute to improved policy analysis and debates. GDP is an indicator of economic market activity that has become a standard benchmark used by policy-makers throughout the world. Members emphasise that GDP is a measure of production and does not measure environmental sustainability, resource efficiency, social inclusion and social progress in general. Furthermore, it can be misleading in the sense that remedial measures following certain incidents such as accidents and natural disasters are treated as a benefit instead of a cost. Members take note of the **growing international recognition of limits to GDP** as an indicator of social progress, natural resources and eco-system services, major transformations like those ensuing from climate change and sustainable development. They acknowledge progress made in different fora, such as the UNDP, World Bank and OECD, and by the Commission among others, on the development of indicators to measure and analyse progress.

The committee stresses the need **to develop additional indicators for measuring medium- and long-term economic and social progress,** that take account of climate change, biodiversity, resource efficiency and social inclusion as well as those that focus more closely on the household-level perspective, reflecting income, consumption and wealth. It expects that shifting attention towards broader and more sustainable indicators will lead also to more systematic focus on social and environmental factors in developing countries, including climate change, biodiversity, health, education and governance, and thereby enable development policies to target the most needy and disadvantaged populations. Such indicators should be compatible and consistent with existing global initiatives, such as the UN Human Development Index. The report supports fully the establishment of a solid legal framework for the European Environmental Economic Accounts as a positive step in the ‘GDP and beyond’ process.

At the same time, Members stress the need to develop reliable, harmonised and timely statistics and to obtain series of data and indicators covering a long period that can be used in projecting future developments and designing policies. They recommend that various databases maintained by public authorities should be better used and combined and that similar methodology, common standards, definitions, classifications and accounting rules should be used in each Member State in order to guarantee the quality and comparability of data. Eurostat should play a major role in the process of proper data collection.

The report emphasises that the challenge is to develop a clear and comprehensible set of indicators that are at the same time theoretically consistent, politically relevant and empirically measurable and ensure comparability between countries and regions. This work must be done in close cooperation with other relevant institutions and organisations.