GDP and beyond - Measuring progress in a changing world

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The European Parliament adopted a resolution in which it welcomes the Commission Communication on ‘GDP and Beyond – Measuring Progress in a Changing World’ 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. The resolution emphasises 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. Parliament takes 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. It acknowledges 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 resolution underlines furthermore that 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.

Parliament 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. Furthermore, the resolution calls for the development of indicators that focus more closely on the household-level perspective, reflecting income, consumption and wealth. Such indicators should be compatible and consistent with existing global initiatives, such as the UN Human Development Index.

The resolution underlines the need to **measure quality of life in societies**. It considers that achieving and sustaining quality of life involves important, consensual factors such as health, education, culture, employment, housing, environmental conditions etc. It suggests that the EQLS indicators, which cover the core domains of quality of life, are built upon in the further development of both qualitative and quantitative metrics.

According to the Parliament, 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.