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on GDP and beyond – Measuring progress in a changing world
(2010/2088(INI))

Committee on the Environment, Public Health and Food Safety

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on GDP and beyond – Measuring progress in a changing world (2010/2088(INI))

The European Parliament,

- having regard to the Commission Communication of 20 August 2009 on GDP and Beyond – Measuring progress in a changing world (COM(2009)0433 final),
- having regard to the ‘Beyond GDP Conference’ organised by Parliament, the Commission, the Club of Rome, the WWF and the OECD in November 2007 in Brussels,
- having regard to the Council conclusions of 10 November 2009 (Economic and Financial Affairs) on Statistics,
- having regard to the Council conclusions of 23 October 2009 (Environment) on Eco-Efficient Economy in the context of the post 2010 Lisbon Agenda and the EU Sustainable Development Strategy,
- having regard to its resolution of 8 October 2009¹ on the Pittsburgh G-20 Summit of 24 and 25 September 2009, its resolution of 15 June 2006² on the revised sustainable development strategy and its resolution of 24 April 2008³ on the Green Paper on market-based instruments for environment and related policy purposes,
- having regard to the report by the Commission on the Measurement of Economic Performance and Social Progress of 2 June 2009 (Stiglitz Report),
- having regard to the Istanbul Declaration signed during the 2nd OECD World Forum on Statistics, Knowledge and Policy on 30 June 2007,
- having regard to the Commission proposal for a Regulation on European Environmental Economic Accounts (COM (2010)0132),
- having regard to the Communications on European Governance: Better lawmaking (COM(2002)0275), A strategic review of Better Regulation in the European Union (COM(2006)0689), A second strategic review of Better Regulation in the European Union (COM(2008)0032); A third strategic review of Better Regulation in the European Union (COM(2009)0015),
- having regard to the conclusions of the European Council of 10 and 11 December 2009, 25 and 26 March 2010 and 17 June 2010,
- having regard to its resolutions of 10 March⁴ and 16 June 2010¹ on the EU 2020 Strategy,

¹ Texts adopted, P7_TA(2009)0028.

² Texts adopted, P6_TA(2006)0272.

³ Texts adopted, P6_TA(2008)0182.

⁴ Texts adopted, P7_TA(2010)0053.

- having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinions of the Committee on Development, the Committee on Employment and Social Affairs, the Committee on Industry, Research and Energy, the Committee on Regional Development and the Committee on Economic and Monetary Affairs (A7-0000/2010),
- A. whereas the need to improve data and indicators to complement GDP as a proxy indicator for overall societal development is increasingly recognised,
- B. whereas the EU 2020 strategy should pave the way to a resource-efficient economy, serve economic growth and create jobs, in particular since the EU has recently suffered a drop in GDP and falling industrial production, and since millions of unemployed women and men represents a human, societal and economic disaster,
- C. whereas the EU 2020 strategy also requires a new reflection on the methodology to be used in the context of policy-making, including a more efficient and transparent governance structure as well as effective monitoring and evaluation of policy measures,

General observations

1. Stresses that GDP is an indicator of economic market activity and is widely used in policy analysis and debates; recalls that GDP, after its birth in the 1930s, was rapidly adopted as the best-recognised measure of economic performance in the world; underlines that GDP has become a standard benchmark used by policy-makers throughout the world; is concerned that GDP might sometimes be misleading and at other times simply not provide enough information or sufficiently detailed information;
2. Emphasises that GDP is based on a clear methodology which allows comparisons to be made over time and between countries and regions; stresses that it was, however, not intended to be an accurate measure to inform policy debates on all issues; underlines that, critically, GDP does not measure environmental sustainability, resource efficiency, social inclusion or well-being in general; underlines the need to base other indicators on a clear and valid methodology;
3. Points out that the European Council has recently adopted a new overall policy approach, namely the EU 2020 strategy, and has called for a new reflection on the methodology to be used in the context of policy-making, including a more efficient and transparent governance structure as well as effective monitoring and evaluation of policy measures;

¹ Texts adopted, P7_TA(2010)0223.

Current tools for policy analysis and debates

4. Considers that well-informed, sound, solid and coherent policies and strategies are fundamental to ensuring a fair and competitive market, citizens' welfare and effective protection of public health and education and a better environment;
5. Emphasises that solid, coherent and transparent policy- and law-making and political analysis require clear objectives, indicators and relevant and reliable information, which are crucial for policy-makers to take coherent and sustainable decisions;
6. Takes note of the measures and tools set up at European level to measure and analyse possible political impacts and political progress, such as impact assessments, including cost-benefit, cost-effectiveness and multi-criteria analyses, risk assessments, data collection, statistics, environmental economic accounts, political analysis at various political levels, reports on monitoring of implementation and enforcement and reviews carried out in different areas of EU legislation;
7. Points out that policy debates and analysis could be improved if there existed agreement at a political level on clear objectives and indicators; stresses that such indicators must be of a kind that is readily understandable and with a high degree of transparency concerning the quality and the data sources of these indicators;
8. Welcomes the growing international recognition of limits to GDP as an indicator for human well-being and sustainable development; acknowledges progress made in different fora, such as the UNDP, World Bank, OECD and Commission, on the development of indicators to measure and analyse progress in policy-making; takes note of indicators developed already for various policy areas; notes, however, that there seem to be many indicators already in use, sometimes even overlapping or competing where they should instead be coordinated or combined; emphasises that there are currently too many indicators and the challenge is to develop a clear and comprehensible policy that is at the same time theoretically consistent, politically relevant and empirically measurable; stresses the need for this work to be done in close cooperation with other relevant institutions and organisations;
9. Underlines the need to keep costs at a reasonable level and to also weigh the potential gains of Beyond GDP against the cost associated with it; stresses the importance of budgetary constraints and the necessity of timely impact assessment;

Commission Communication on 'GDP and Beyond – Measuring Progress in a Changing World'

10. 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;
11. Takes note of the proposed measures, such as the complementing of GDP with environmental and social indicators, near real-time information for decision-making, more accurate reporting on distribution and inequalities, the development of a European

Sustainable Development Scoreboard, the extension of national accounts to environmental and social issues and the proposed report on the implementation and outcomes of the actions to be put forward by 2012 at the latest;

12. Criticises, however, the lack, in the Commission Communication, of a clear overall strategy on the application of the Beyond GDP approach in practice; stresses a certain lack of coordination and coherence with existing measures and tools which also aim to contribute to policy analysis, assessments and debates; criticises, furthermore, the proposed measures as partially vague or unclear so that the added value of the proposed action compared to the current situation is difficult to assess; points out that there is in particular no path set out to integrate the proposed measures into the current system of measures and tools for better policy- and law-making;

The way ahead

13. Stresses the importance of agreeing on a tiered approach to setting up a coherent 'Beyond GDP system' to contribute to improved policy analysis and debates; points out that such a system should be complementary to the measures, instruments and tools already in place;
14. Calls on the Commission to step up its efforts in this field by assessing budgetary needs and to provide a comprehensive tiered approach applicable in day-to-day political work and decision-making, including decisions related to political strategies, financing, legislation and ex-post evaluation; considers that future policies should be based on data that is rigorous, timely, fit for purpose and politically accepted and which covers all essential issues;
15. Calls on all relevant Council formations to put the issue of 'GDP and Beyond' on their agenda as early as possible to contribute to possible concerted activity at EU level;
16. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

GDP (gross domestic product) is the aggregated added value of all money-based economic activities. GDP is the best known measure of macroeconomic activity. It was developed in the 1930s and is used by political decision-makers worldwide and referred to in public discussions.

GDP has come to take on the role of a comprehensive indicator for overall societal development and progress in general. However, it does not provide a reliable basis for policy debate on every issue. In particular, GDP does not measure environmental sustainability or social integration.

There is increasing awareness of the need for improved data and indicators to complement GDP. This awareness forms the basis of a number of international initiatives. In November 2007 the European Parliament (together with the European Commission, the Club of Rome, the WWF and the OECD) held a conference entitled 'Beyond GDP'. At this conference there was broad support by policy-makers and experts from the fields of economics, environmental protection and civil society for the development of indicators to complement GDP, providing more comprehensive information to support policy-making.

In the Commission communication on 'GDP and beyond – measuring progress in a changing world', various measures are suggested as suitable ways to complement GDP. In particular it focuses on developing more comprehensive indicators that would provide a more reliable knowledge base for better public discussion and better-informed policy-making.

In my report I should like basically to support the Commission's intention to adopt a measuring system that would go beyond GDP in the context of policy debate, decision-making and assessment. My impression is that the aim of this approach is not controversial in the political and scientific discussion that has been going on for years. Rather, the problem is how this approach can be applied to policy-making in practice. My draft report focuses on this point.

There is often a lack of information, data and indicators for solid policy debates, decisions and assessments of political events. At EU and Member State level there have been many initiatives to fill the gaps in these areas. Unfortunately there are only partial signs of coherent action. For example, the proliferation of activities at national and international level in the area of indicators has made the situation unmanageable. Moreover, in the general debate on indicators it should not be forgotten that indicators alone cannot make a sufficient contribution to policy debate, decision-making and assessment. What is required is a comprehensive concept, taking account of existing policy assessment measures, that can be implemented in practice as well as in policy debate, decision-making and political assessment.

The Commission communication proposes a number of individual measures that are hard to assess. These initiatives are not integrated into a more comprehensive, tiered strategy that clearly shows how the new 'Beyond GDP' approach can be used and for which policy levels and areas. The proposed individual measures are not combined with existing policy assessment instruments.

My report calls on the Commission to submit a tiered strategy for the ‘Beyond GDP’ approach that should show how the new approach can be used pragmatically in day-to-day political work. Unless there is clarity on this issue, I consider that there can be little progress in this debate.