REPORT

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

Committee on the Environment, Public Health and Food Safety

Rapporteur: Anna Rosbach

Rapporteur for the opinion (*): Nikolaos Chountis, Committee on Economic and Monetary Affairs

(*) Associated committee - Rule 50 of the Rules of Procedure
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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),

– 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 report by the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz Report), presented on 14 September 2009,

– having regard to the Economics of Ecosystems and Biodiversity (TEEB) global initiative endorsed by G8+5 leaders in June 2007 and its results published in 2009 and 2010,

– having regard to the Stern Review on the Economics of Climate Change published on 30 October 2006,

– 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 conclusions of the European Council of 10 and 11 December 2009, 25 and 26 March 2010 and 17 June 2010,

– 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 the Commission proposal for a Regulation on European Environmental Economic Accounts (COM (2010)0132),

– having regard to the EU 2020 integrated guidelines for European economic and employment policies, proposed by the Commission on 27 April 2010,


– having regard to the EU’s Sustainable Consumption and Production Action Plan (COM (2008)0397),
having regard to existing statistical instruments, such as the EU-SILC, the Labour Force Survey (LFS), Eurobarometers, the European Values Survey and the European Social Survey (ESS),

having regard to the European Quality of Life Survey (EQLS), coordinated by Eurofound, which provides a comprehensive portrait of quality of life and living conditions in European Countries (covering all EU Member States and candidate countries) with over 120 indicators providing comparative data across countries\(^1\),

having regard to its resolutions of 10 March\(^2\) and 16 June 2010\(^3\) on the EU 2020 Strategy, its resolution of 8 October 2009\(^4\) on the Pittsburgh G-20 Summit of 24 and 25 September 2009, its resolution of 15 June 2006\(^5\) on the revised sustainable development strategy and its resolution of 24 April 2008\(^6\) on the Green Paper on market-based instruments for environment and related policy purposes,

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 Economic and Monetary Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on Industry, Research and Energy and the Committee on Regional Development (A7-0175/2011),

A. whereas the need to improve data and indicators to complement GDP for overall societal development is increasingly recognised by all international institutions,

1. 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;

2. Stresses that GDP is an indicator of economic market activity that has become a standard benchmark used by policy-makers throughout the world; emphasises that GDP is a measure of production and does not measure environmental sustainability, resource efficiency, social inclusion and social progress in general; 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;

3. Notes that besides measuring economic development and productivity there are other

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\(^1\) EQLS covers the following core domains of the quality of life concept: economic resources, deprivation; health and access to health care; employment and job quality; work-life balance; family relations and support; social inclusion/exclusion (community life and social participation); education and training; quality of housing and local environment; social capital and quality of society; quality of public services; subjective well-being (including happiness, life satisfaction, optimism about the future).


\(^3\) Texts adopted, P7_TA(2010)0223.


indicators that influence and explain the living standards in a country and that have not been quantified until now although relevant indicators exist;

4. Stresses the need to develop additional indicators for measuring medium- and long-term economic and social progress; calls for the development of clear and measurable indicators that take account of climate change, biodiversity, resource efficiency and social inclusion; furthermore calls for the development of indicators that focus more closely on the household-level perspective, reflecting income, consumption and wealth;

5. Welcomes the Commission initiative to present an index for environmental pressure, to be submitted alongside GDP, which will initially comprise the following major strands of environmental policy: ‘climate change and energy use’, ‘nature and biodiversity’, ‘air pollution and health impacts’, ‘water use and pollution’, ‘waste generation and use of resources’;

6. 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; underlines that such indicators should be compatible and consistent with existing global initiatives, such as the UN Human Development Index;

7. Underlines the need to measure quality of life in societies; considers that achieving and sustaining quality of life involves important, consensual factors such as health, education, culture, employment, housing, environmental conditions etc.; takes the view that indicators which measure such factors should be assigned a greater role; 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;

8. Takes note of the measures and tools adopted at European level to measure and analyse possible impacts of legislative initiatives on 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; 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;

9. 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; 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;

10. Stresses the importance of agreeing on a systemic approach to setting up a coherent ‘Beyond GDP system’ to contribute to improved policy analysis and debates;
11. 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; stresses the need for this work to be done in close cooperation with other relevant institutions and organisations;

12. Stresses 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; recommends 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; calls for data collection and processing to be performed in accordance with principles of professional independence, impartiality, objectivity, statistical confidentiality and cost-effectiveness, with proper attention nevertheless being paid to personal data protection issues; takes the view that Eurostat should play a major role in this process;

13. 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.

In my report I should like basically to support the Commission’s intention to adopt a clearly defined measuring system that would go beyond GDP, in the sense that it complements GDP in the context of 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 done using clearly defined and quantifiable indicators. It is clear that this project can only succeed, if it emphasizes the use of reliable data.

There is often a lack of clearly defined information, data and indicators. 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 and murky. 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 measures, which can be implemented in practice.

It is important that we develop a tool that can complement GDP, taking into account that it has to be done in a way so that it can have practical use and using clearly defined indicators and relying on data of a high quality.

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.

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.
2.12.2010

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS (*)

for the Committee on the Environment, Public Health and Food Safety

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

Rapporteur(*): Nikolaos Chountis

(*) Associated committee - Rule 50 of the Rules of Procedure

SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the Commission’s initiative to launch a serious, comprehensive and forward-looking plan of five actions to improve gross domestic product (GDP) as an indicator for assessing economic performance and to complement GDP with other indicators that take into account essential dimensions of human welfare and progress such as economic, environmental and social ones;

2. Suggests aiming at a limited set of relevant indicators which may later be easily complemented by other indicators and at a set of summary indicators, which may embody two complementary perspectives on the environment via a monetarised indicator such as Adjusted Net Savings and a physical indicator such as ecological footprint, carbon
footprint or other decoupling indicators, as well as a few broader indicators of social inclusion and human well-being such as the GINI index and the Human Poverty Index or Index of Social Health; suggests that GDP in itself be improved; points as examples to the ‘Index for Sustainable Economic Welfare’, the ‘Genuine Progress Indicators’ or the ‘National Welfare Index’; recommends that Eurostat work in close cooperation with other research centres and organisations that have developed such indicators in order to make them more accurate and implementable;

3. Believes that national and EU policies will be evaluated in the light of whether they are successful in delivering progress in achieving social, economic and environmental goals and improving the well-being of Europeans, and that GDP is not sufficient to record the complex socioeconomic reality of the national and regional challenges; underlines that the use of new and complementary social and environmental indicators is fully in line with the objectives of the Europe 2020 Strategy and other major initiatives, which cannot be attained by using GDP alone as a yardstick;

4. Believes that, although GDP is a solid measure of macroeconomic activity, it suffers from many shortcomings as an indicator for overall societal development; in particular, it does not record important social factors like unemployment, underemployment, life expectancy or the quality of the education and health systems, nor does it account for disparities in income distribution, non-market activities that contribute to economic value creation (such as voluntary work, domestic work and illegal activities) and negative environmental externalities and it increases when resources are invested in countering negative developments like increases in social problems, so that destruction (in all its forms) is measured as economic gain by GDP;

5. Notes that when people are considering their quality of life they appreciate for example safe social environments where it is easy to find comfortable housing and jobs, which are good places to raise children, where for example integration of foreigners is taken good care of, where social services are provided and one may enjoy nature within reachable distances, and regrets that it is hard to get comparable data on these issues;

6. Takes the view, in the light of the ever closer degree of interdependence between economic, social and environmental issues, that GDP is the main indicator which makes it possible to take account of differing socioeconomic characteristics at European level, and has to remain the main criterion of the level of financial allocations in the future cohesion policy, but emphasises the need to take greater account of environmental and social factors at national and regional level and to determine suitable criteria for that purpose as well;

7. Notes that strong empirical evidence shows that there is a threshold beyond which GDP growth is progressively decoupled from a parallel improvement in living standards and sustainability;

8. Welcomes, as a positive and important step, the five actions to better measure progress in a changing world put forward by the Commission and recalls the intention to use these indicators as new guidelines and benchmarks for assessing policy-making and policy implementation; stresses the importance of developing these actions in close international cooperation;
9. Emphasises that GDP is the main indicator which can combine environmental and social, economic and transport criteria in order to measure prosperity at all levels in the EU; fears that if too much emphasis is placed on other indicators the result will be arbitrary, random decision-making and excessive bureaucracy, which can serve to make achieving objectives relating to regional equality more difficult, to the detriment of the poorest and most geographically disadvantaged regions in Europe;

10. Believes that improving and complementing GDP as a key statistical indicator guiding the policy-making process based on the measure of the market output of an economy requires comprehensive and far-reaching changes to the system so as to take proper account of economic, environmental and social parameters for planning, implementing and evaluating economic, environmental and social policies, and requires in particular more timely data collection and processing;

11. 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; considers it to be of great importance that the European environmental economic accounts, as soon as the system is fully operational, should be actively and accurately used in all relevant EU policy-making as a key input to impact assessments, action plans, legislative proposals and other significant products of the policy process, and that it is also very important that the system should be closely coordinated and evaluated in order for it to pave the way for further developments in this field;

12. Calls on the Commission, therefore, to retain GDP as the key indicator when planning measures to enhance prosperity and economic performance and to identify regions eligible for support on that basis at European level, in which connection national authorities must continue to be given the leeway to use other social, environmental and infrastructure-related indicators at the appropriate level, with a view to taking account of the specific circumstances of regions, towns and cities and meeting the objectives of the EU 2020 Strategy;

13. Stresses the need to develop reliable, harmonised and timely statistics and to attain long time series of data and indicators that can be used for projecting future developments and designing policies; recommends 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 ensure the quality and comparability of data; calls for data collection and processing to be performed in conformity with principles of professional independence, impartiality, objectivity, statistical confidentiality and cost-effectiveness, yet taking good care of personal data protection issues; considers that Eurostat should play a major role in this process;

14. Welcomes the willingness of the Commission to work in cooperation with other governmental organisations, civil society and research centres; recalls the importance of citizens’ involvement in this crucial debate and of providing free information sources that are easily available to all citizens so that the actual contents of different indicators, how they have been reached, their interconnections and what they actually measure, can be made understandable and their development over time can be followed; calls for the
European Parliament to be closely associated in future developments on this topic;

15. Stresses the need for a set of indicators gauging non-fiscal external and internal macroeconomic developments which, under certain circumstances, can have a bearing on public finances, and notes that such a set of indicators could include the current account balance, net foreign asset positions, productivity and unit labour costs, the real effective exchange rate, private-sector credit and asset prices;

16. Notes, however, that questioning GDP as the sole statistical indicator and introducing supplementary indicators will lead to economic policies at national and European level in new directions and introduce new aspects relating to the quality of development and the prosperity of citizens.
## RESULT OF FINAL VOTE IN COMMITTEE

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<td><strong>Members present for the final vote</strong></td>
<td>Burkhard Balz, Udo Bullmann, Pascal Canfin, Nikolaos Chountis, George Sabin Cutaş, Leonardo Domenici, Derk Jan Eppink, Diogo Feio, Elisa Ferreira, Vicky Ford, Ildikó Gáll-Pelez, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Gunnar Hökmark, Wolf Klinz, Rodi Kratsa-Tsagaropoulou, Philippe Lamberts, Werner Langen, Astrid Lulling, Hans-Peter Martin, Arlene McCarthy, Alfredo Pallone, Anni Podimata, Antolin Sánchez Presedo, Peter Simon, Peter Skinner, Theodor Dumitru Stolojan, Ramon Tremosa i Balcells, Corien Wortmann-Kool</td>
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<tr>
<td><strong>Substitute(s) present for the final vote</strong></td>
<td>Sophie Auconie, Sari Essayah, Robert Goebbels, Carl Haglund, Thomas Händel, Danuta Maria Hübner, Sophia in 't Veld, Thomas Mann</td>
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<tr>
<td><strong>Substitute(s) under Rule 187(2) present for the final vote</strong></td>
<td>Edvard Kožušnik</td>
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27.10.2010

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on the Environment, Public Health and Food Safety

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

Rapporteur: Nirj Deva

SUGGESTIONS

The Committee on Development calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Stresses that the concept of ‘growth’, which refers to quantitative economic measures, is not to be confused with ‘development’, which refers to qualitative criteria and encompasses quality of life and the improvement of living conditions (quality of the environment, health, education, fair redistribution of incomes, social connections, etc.); urges the EU accordingly not to pursue a simple ‘growth-oriented’ development policy;

2. Stresses that the correlation between welfare and GDP is not automatic but conditional, as GDP excludes a range of non-market activities (such as childcare, care of the elderly and the sick, etc.) which influence wellbeing; points out also that if wellbeing and GDP can go hand in hand in developing countries, there are also cases where policies can contribute to wellbeing while slowing down growth, as in the case of the preservation of the forestry ecosystem; believes therefore that, in line with the objective of development policy coherence, alternative indicators to GDP are needed in order to provide a representative picture of economic, social and environmental conditions;

3. Hopes that the Commission proposal to measure performance on environmental as well as purely economic indicators will be compatible and consistent with existing global initiatives, such as the UN Human Development Index;

4. Recalls that GDP is not a good measure of welfare; 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, health, education and governance, and thereby enable development policies to target the most needy and disadvantaged populations; emphasises the need to extend National Accounts to environmental and social issues so as to enable this set of indicators to perform adequately;

5. Welcomes the initiative beyond GPD taken by the European institutions to stop limiting the way in which the wealth of nations and the wellbeing of citizens are measured;

6. Intends to monitor closely any new instrument to ensure it does not lead to any reduction in development aid, notably as regards the EU’s commitment to spend 0.7% of GDP on development by 2015.
### RESULT OF FINAL VOTE IN COMMITTEE

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<td>Members present for the final vote</td>
<td>Thijs Berman, Michael Cashman, Véronique De Keyser, Nirj Deva, Charles Goerens, Catherine Grèze, Enrique Guerrero Salom, András Gyürk, Eva Joly, Filip Kaczmarek, Franziska Keller, Gay Mitchell, Norbert Neuser, Bill Newton Dunn, Birgit Schnieber-Jastram</td>
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<tr>
<td>Substitute(s) present for the final vote</td>
<td>Horst Schnellhardt, Bart Staes</td>
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<tr>
<td>Substitute(s) under Rule 187(2) present for the final vote</td>
<td>Eider Gardiazábal Rubial, Anna Ibrisagic, Miroslav Mikolášik</td>
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OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on the Environment, Public Health and Food Safety

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

Rapporteur: Marian Harkin

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- having regard to existing statistical instruments covering some dimensions of social progress, well-being and sustainable development in Europe such as the EU-SILC, the Labour Force Survey (LFS), Eurobarometers, the European Values Survey and the European Social Survey (ESS),

- having regard to the European Quality of Life Survey (EQLS), coordinated by Eurofound, which provides a comprehensive portrait of quality of life and living conditions in European Countries (covering all EU Member States and candidate countries) with over 120 indicators providing comparative data across countries¹,

- having regard to the Stiglitz Report (Report by the Commission on the Measurement of Economic Performance and Social Progress²), which provides an overview of the seven dimensions to be taken into account when developing new indicators,

A. whereas GDP, while an important indicator of economic growth, is inadequate as a single instrument for guiding policy to meet the challenges of the 21st century, and requires

¹ EQLS covers the following core domains of the quality of life concept: economic resources, deprivation; health and access to health care; employment and job quality; work-life balance; family relations and support; social inclusion/exclusion (community life and social participation); education and training; quality of housing and local environment; social capital and quality of society; quality of public services; subjective well-being (including happiness, life satisfaction, optimism about the future).

additional indices including those that measure economic and social cohesion and environmental indicators,

B. whereas the financial, economic and social crisis demonstrates that an economic strategy based purely on GDP does not make it possible to develop a sustainable model, therefore making it very necessary to have access to relevant and comprehensive information concerning the development of real household incomes,

C. whereas, given that poverty and social exclusion are affronts to human dignity, progress at the present stage of social development in the European Union primarily means facilitating individual and collective political, social and democratic participation for all by eliminating social divisions and poverty,

D. whereas economic wealth is not always related to social development, and therefore coherent policy-making needs a data framework that includes more inclusive indicators that incorporate social and environmental gains and losses alongside indices to measure sustainable development and quality of life,

1. Notes that as vertical wealth distribution is sometimes not realised, there is an increasing gap between what official statistics say about economic performance and how people perceive their own living conditions and quality of life, and also that this can lead to a lack of trust in government and the democratic process; notes that subjective well-being in Europe is not only influenced by income, but also by the perceived quality of society\(^1\) and therefore calls for indices that accurately reflect the quality of life of citizens;

2. Stresses the need to engage society, including the social partners and representative organisations, in the selection of indicators and, through the combined use of alternative indicators concerning the condition and sustainability of the natural environment, the levels of social inclusion, social well-being, social integration and fairness, to help build the consensus which is necessary in order to develop a shared view of societal goals;

3. Is concerned that there is a substantial delay in collecting and providing data regarding the social consequences of the recent financial, economic, and employment crisis; calls, therefore, for both qualitative and quantitative metrics to be issued in a timely manner and, where appropriate, based on different types of households in order to enhance policy-making and enable better-targeted responses and monitoring of trends over time with a view to achieving the best possible balance between financial consolidation, development and social cohesion;

4. Stresses the need to base the indicators on statistical information which is relevant, timely, accurate, accessible, comparable and coherent in all Member States;

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\(^1\) According to Eurofound’s findings, between the last quarter of 2007 and September 2009 the average level of satisfaction with life in general across the EU fell by about 4%. The pattern of change in life satisfaction reflects changes in GDP in countries such as the Baltic States but does not correspond to the relatively small declines in GDP of countries such as Malta or France. (Source: Trends in quality of life in the EU: 2003-2009, Eurofound, 2010).

Within countries, income differences and perceived corruption have a considerable impact on trust in political institutions. (Source: Eurofound 2nd European Quality of Life Survey).
5. Calls on the Commission as a matter of priority and urgency to introduce indicators for social and environmental issues in addition to GDP, as GDP only relates to economic aspects of development, with a view to establishing a more comprehensive picture of well-being and cohesion;

6. Calls for a new partnership between all relevant actors (Eurostat, national statistical offices, research organisations, national governments, EU agencies etc.) to develop indicators of well-being and sustainable development that provide policy-makers with an additional set of measures for the multidimensional phenomena of well-being and quality of life;

7. Considers that the Commission should add alternative indicators to the conventional instruments for assessing progress towards the attainment of the objectives formulated in the EU 2020 Strategy;

8. Considers that the objective of innovation cannot be attained unless it is accompanied by the establishment of indicators by means of which to define and assess an environment conducive to innovation;

9. Underlines the need to measure quality of life in societies, with particular attention to the groups at risk of exclusion, and notes that such measurement will require systematic social studies, impact assessments and metrics from categories such as: health and life-expectancy, poverty, education, employment, transport, family, crime, housing, leisure, political and cultural participation, levels of public trust, connectedness, material, societal and mental well-being, environment, social protection and social capital;

10. 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;

11. Notes that, among measuring economic development and productivity, there are other indicators that influence and explain the well-being of a country and that have not been measured (quantified) until now;

12. Stresses the need to measure ‘coping with income’ and the degree to which people are living well in terms of financial and material assets, including minimum income and the extent to which it safeguards recipients against poverty, as well as the adequacy of social security systems; furthermore, stresses the need to have indicators in different categories such as indebtedness, quality and accessibility of housing, the affordability of energy supply and access to public services, training, culture, information and communication technologies, child care and health care;

13. Points out that the relevant indicators exist, and calls on the Commission and Member States to take account of measurements and results on the basis of these indicators in conjunction with GDP data for the introduction, planning and evaluation of social policies;

14. Notes that social and economic cohesion are overarching objectives of the EU and that these objectives require indices that reflect both the horizontal and vertical distribution of wealth in society, among various social categories and in various regions, and that such
indices facilitate the analysis of distributional fairness and the monitoring of social inclusion and social participation in the EU;

15. Stresses the need to have indicators of both paid and unpaid domestic or voluntary work and also to use the unemployment rate as an indicator;

16. Calls for the adoption of the ILO Manual on the Measurement of Volunteer Work and its promotion by all Member States, for mapping of action by civil society using measurable indicators and for stronger encouragement of such action;

17. Takes note of the Council’s decision of 17 June 2010 to leave it up to Member States to set their national targets for reducing the number of people at risk of poverty and exclusion on the basis of one or more of the three indicators agreed upon by the Council; considers that Member States using only the ‘jobless household’ indicator may systematically neglect problems such as in-work poverty, energy poverty, child poverty and social exclusion.
# RESULT OF FINAL VOTE IN COMMITTEE

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<tr>
<th>Date adopted</th>
<th>9.11.2010</th>
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12.11.2010

**OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY**

for the Committee on the Environment, Public Health and Food Safety

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

Rapporteur: Marisa Matias

**SUGGESTIONS**

The Committee on Industry, Research and Energy calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- having regard to the OECD Istanbul Declaration of 30 June 2007 on ‘Measuring and Fostering the progress of societies’,
- having regard to the EU 2020 integrated guidelines for European economic and employment policies, proposed by the European Commission on 27 April 2010,
- having regard to the Commission proposal of 9 April 2010 for a regulation on European environmental economic accounts (COM(2010)0132),
- having regard to the report of the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz, Sen and Fitoussi report 2008), presented on 14 September 2009,
- having regard to the global Economics of Ecosystems and Biodiversity (TEEB) initiative, endorsed by the G8+5 leaders in June 2007, and to its results, published in 2009 and 2010,
- having regard to the draft public consultation of the Joint Research Centre of the Institute for Environment and Sustainability of 16 August 2010, entitled ‘Decoupling indicators, basket-of-products indicators. waste management indicators. Framework, methodology,
data basis and updating procedures’,

A. whereas there is a need to translate into guidelines the debate on the benefits and limitations of GDP as a yardstick for measuring and evaluating the social and economic performance and, by association, social progress,

B. whereas GDP remains the key indicator for measuring macroeconomic activity, but does not, however, take sufficient account of non-market aspects, and therefore needs to be supplemented with a concise and actionable set of other indicators more suitable for measuring, for example, social inclusion or environmental objectives,

C. whereas indicators based on statistical averages are not able to reflect increased social and economic disparities,

D. whereas a distinction between current and future well-being should be made; whereas it should be underlined that sustainability also needs to be assessed in both its economic and environmental dimensions,

1. Notes the Commission’s proposal to develop indicators which support, as a supplement to GDP, the assessment of societal progress in terms of the three pillars of economic, social and environmental dimensions and have as their objective the provision of more exhaustive and up-to-date information to support political decisions at local, national and regional level;

2. Welcomes the Commission communication of 20 August 2009 on ‘GDP and beyond, measuring progress in a changing world’ (COM(2009)433final), which highlights the need to improve and complement GDP; supports in particular the work undertaken on the extension of national accounts to environmental and social factors;

3. Recognises the Union’s objectives in terms of climate change and deems that those objectives require an increase in energy and resource efficiency beyond GDP development, which will lead to new economic models; believes, therefore, that whilst economic growth is fundamental to society’s wellbeing, it is essential that complementary indicators which measure different aspects of quality of life are developed and given due weight;

4. Considers that achieving and sustaining quality of life involves important, consensual factors such as health, education, culture, employment, housing and environmental conditions; takes the view, therefore, that indicators which measure such factors are also important and should be given more relevance;

5. Recalls the Flagship Initiative ‘Resource Efficient Europe’ contained in the EU 2020 strategy and points to the need to develop and use appropriate indicators for measuring the attainment of its objectives;

6. Underlines the importance of evidence-based decision-making and points to the fact that additional social and environmental indicators provide an objective tool for sound business decision-making, leading to innovation, resource and energy efficiency, and reduction of costs;
7. Calls for the development of indicators that focus more closely on the household-level perspective, reflecting income, consumption and wealth, as a means to better reflect citizens’ concerns on material well-being;

8. Believes that using further indicators which could at most complement GDP should have been proved to result in a better picture of macroeconomic activity; stresses that GDP is the only indicator which makes it possible to take proper account of differing socio-economic characteristics at European level, but emphasises the need to take account of environmental and social factors at national and regional level and to determine suitable criteria for that purpose, and that, in this process, consideration could be given to the inclusion of non-market factors such as work in the home and voluntary work, as well as both positive and negative externalities relating to economic activity and the viability of activities over time;

9. Calls on the Commission to continue to retain GDP as the decisive indicator for eligibility in regional policy; fears that the use of any other indicators will jeopardise the main objectives of the cohesion policy to the detriment of the poorest and most geographically disadvantaged regions; believes, however, that national authorities can continue to apply other social, environmental and infrastructure-related indicators at the appropriate level of decision-making, which take into account the specific attributes of regions and cities within the EU 2020 Strategy;

10. Stresses the need to develop additional indicators for measuring medium- and long-term economic and social progress which will take account of climate change, resource efficiency and social inclusion;

11. Calls for the development of selected indicators that complement average statistical measurements by reflecting distribution and inequality across social groups;

12. Calls on the Commission to reinforce efforts to develop a Sustainable Development Scoreboard that assesses, from an environmental and economic point of view, the preservation of, and investment in, resources required to ensure future well-being (comprising natural resources and physical and human capital);

13. Calls for the development of common, comparable methodology on complementary indicators, and for extended cooperation in this field between Eurostat and existing national offices and between the EU and its G20 counterparts; supports, therefore, the European Commission’s efforts to develop methodologies to assess and communicate progress on the major strands of environmental protection policy, stressing the importance of adopting indicators which are accepted and comparable outside EU territory;

14. Supports the Council’s recommendation to extend the National Accounts to environmental and social issues by establishing internationally accepted methods;

15. Notes that continuing research, and investment in the capabilities of statistical offices is needed in order to improve upon what has been achieved, to identify the gaps in available information and, where necessary, to construct new indices;

16. Notes that no additional statistical offices or bodies are needed; calls for extended
cooperation between the national offices and Eurostat.
# RESULT OF FINAL VOTE IN COMMITTEE

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  0: 0 |
| Substitute(s) present for the final vote | António Fernando Correia De Campos, Andrzej Grzyb, Jolanta Emilia Hiberner, Yannick Jadot, Silvana Koch-Mehrin, Ivari Padar, Vladko Todorov Panayotov, Markus Pieper, Peter Skinner, Silvia-Adriana Ticău, Catherine Trautmann, Hermann Winkler |
| Substitute(s) under Rule 187(2) present for the final vote | Marek Henryk Migalski |
3.12.2010

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on the Environment, Public Health and Food Safety

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

Rapporteur: Danuta Maria Hübner

PA_NonLeg

SUGGESTIONS

The Committee on Regional Development calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Emphasises that ‘Measuring regional economic performance and prosperity’ is clearly an aspect of cohesion and structural policy and thus falls within the sphere of responsibility of the Committee on Regional Development;

2. Welcomes the Commission’s proposal to debate the merits of a set of social and environmental indicators in addition to GDP, which should be recognised as the main criterion, to be made available for EU policies in future, with a view to improving the circumstances in which decisions are taken, especially regarding cohesion policy, and to better address the concerns of European citizens; to that end, supports Eurostat’s activities and calls on the Commission to draw up a new communication on all indicators available, taking account of the EU 2020 strategy;

3. Points out that Annex II to Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund provides for the criteria of the unemployment rate, the employment rate, workers’ level of education and population density to be used when allocating funding under the objective ‘regional competitiveness and employment’; stresses the importance of defining appropriate criteria and integrating other indicators complementary to GDP at national and regional level for the targeted implementation of the programmes in regions and cities;

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4. Considers that GDP is an essential reference and an effective tool for measuring the economic growth of regions; takes the view that its resolution of 7 October 2010 on EU cohesion and regional policy after 2013\(^1\) offers the right framework for the debate on eligibility for EU regional funds; believes also that additional instruments with environmental and social criteria and other factors could be added at the appropriate level of decision-making when designing and implementing EU policies, in order to facilitate an overarching assessment of regional development as well as to guide cohesion policy, whose primary objective is to achieve a balanced development of every region of the EU, taking into account their specific attributes, including peripheral, outermost and border regions;

5. Highlights that the combined funding for the Structural Funds, Cohesion Fund, Rural Development Fund and Fisheries Fund for the period 2007-2013 is strictly based on Member States’ GDP; recalls that this concept is in accordance with the principle of solidarity in the European Union, as the aim of cohesion policy is to reduce the gap between the development levels of European regions;

6. Considers that there is an inherent complexity in the regional economic structure and a certain degree of interdependence between economic, social and environmental issues; takes the view that, although GDP is still a relevant and rigorous measurement of development in the implementation of the programmes in regions and cities, it is sometimes likely to provide an incomplete impression that takes no account of the actual situation in the regions; considers, therefore, that a robust, fair, open and scientific debate on the merits of other indicators in addition to GDP should take place; underlines that whereas GDP should remain the main criterion for Objective 1, other criteria should also be used to categorise and prioritise support to Objective 2 regions, based on the respective social, economic, environmental, demographical and geographical challenges which they face, in accordance with Council Regulation (EC) No 1083/2006; notes that the Member States might consider investigating further indicators – environmental and social factors, for example – that give a broader picture of the well-being of society, the specific characteristics of Objectives 1 and 2 regions and cities and the added value produced by EU policies at national level, with the aim of not leaving vast and poorly developed areas outside the development offered by the common European cohesion policy;

7. Recalls that health, education, protection of citizens, means of transport and infrastructure, environmental sustainability, equity and social integration are fully part of the constitutive model of European development, in addition to the economic issues; adds that the quality of living and the economic, social, geographical, demographical and environmental vulnerability of the regions should be considered when it comes to the evaluation of projects that gain funding from the cohesion policy, in order to achieve the objectives of the EU 2020 strategy and to develop a balanced social market economy;

8. Calls on the Commission to retain GDP and continue referring to it as the main criterion for determining eligibility for regional policy assistance at European level for the forthcoming 2014-2020 programming period; points out that in this respect and with a view to establishing a more comprehensive picture of regional cohesion policies, room has to be left for national authorities to use other indicators at the appropriate level of

\(^1\) P7_TA(2010)0356.
decision-making when designing and implementing EU policies; considers that, with regard to the implementation of regional programmes, in agreement with the principle of subsidiarity, the debate on and consideration of readily and precisely measurable indicators in addition to GDP could provide a more comprehensive picture of the output of regional cohesion policies, so that national expertise could meet central EU-level objectives;

9. Takes the view that, if Member States have scientific evidence that confirms successful and long-lasting experience in applying comprehensive economic, environmental and social indicators that take account of the attributes specific to each region in their national distribution policy when absorbing structural and cohesion funds, further investigations will be required on the reliability, suitability and possible application of those indicators in order to meet common European challenges;

10. Recalls that any application of additional criteria should respect the principle that cohesion policy measures are to be concentrated in regions whose development is lagging behind;

11. Notes that the strict application of the GDP criterion in determining regions’ eligibility under the ‘convergence’ objective creates a significant threshold effect to the detriment of regions which are not eligible; calls on the Commission, therefore, to assess the possibility of creating an intermediate objective between ‘convergence’ and ‘regional competitiveness and employment’ with a view to attenuating this threshold effect;

12. Takes the view that EU-funded cohesion should not lead to investments that do not take European citizens’ real concerns into account.
RESULT OF FINAL VOTE IN COMMITTEE

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<td>Vasilica Viorica Dăncilă, Bairbre de Brún, Jens Geier, Andrey Kovatchev, Marie-Thérèse Sanchez-Schmid, Elisabeth Schroedter, Dimitar Stoyanov, László Surján, Evžen Tošenovský, Sabine Verheyen</td>
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<td>Andrea Češková</td>
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RESULT OF FINAL VOTE IN COMMITTEE

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