

Interesting Facts and Quotes on GDP and measuring progress, true wealth and well-being

Did you know...?

On GDP¹

- "Without measures of economic aggregates like GDP, policymakers would be adrift in a sea of unorganized data. The GDP and related data are like beacons that help policymakers steer the economy toward the key economic objectives". Paul Samuelson, in Samuelson and Nordhaus (1995)
- "Distinctions must be kept in mind between quantity and quality of growth, between its costs and return, and between the short and the long term. Goals for more growth should specify more growth of what and for what." Simon Kuznets, the creator of GDP, in 1962

On GDP and well-being

- "The welfare of a nation can scarcely be inferred from a measurement of national income". Simon Kuznets in 1934
- For countries above \$15,000 per capita per year, a rise in average income has very little effect on average happiness. Source Lord Layard (2004)

On GDP and natural resources

- A country could cut down all its forests and deplete its natural resources and this would show only as a positive gain to GDP despite of the loss of capital. Source: Millenium Ecosystem Assessment (MA) 2005 see <http://www.millenniumassessment.org>

On GDP and social equity

- "Progress measured by a single measuring rod, the GNP, has contributed significantly to exacerbate the inequalities of income distribution" Robert McNamara, President of the World bank, 1973

On GDP and learning from business

- "No one would look just at a firm's revenues to assess how well it was doing. Far more relevant is the balance sheet, which shows assets and liability. That is also true for a country." Joseph Stiglitz, 2005 in *Foreign Affairs*, see <http://www.foreignaffairs.org/.html>

On One Planet Economy and Footprints

- If everyone lived and consumed like Europeans do, we would need 2.6 planets. Source: WWF / Global Footprint Network, 2007

¹ Gross domestic product (GDP) is the total monetary, market value of all final goods and services produced in a country over a period of a year. GDP is also equal to the total consumer, investment and government spending, plus the value of exports, minus the value of imports in that year.

- The Welsh Assembly was the first administration in the world to use the Ecological Footprint (EF) as an indicator of 'real progress'. The EF was formally adopted in the National Assembly's Sustainable Development Scheme, 'Learn to Live Differently' in March 2001.
- South Australia is using the Ecological Footprint as a regional target – aiming to reduce its Footprint by 30% by 2050. *Source:* South Australia's Strategy Plan (2007)

On Adjusting GDP

- In the USA, the GDP indicator suggests that the economy has been growing steadily from the 1950s to date, but using the 'genuine progress indicator' (GPI) suggests that the economy has been stagnating since the 1970s. Which is right about the health of the economy? Which is a better progress indicator? See <http://www.rprogress.org/>
- The World Bank uses *adjusted net saving* (also called *genuine saving*) to measure the true rate of savings in an economy after taking into account investments in education, depletion of natural resources and damage caused by pollution. For country data see <http://www.worldbank.org/>

Examples of Country Performance ...

- Within the EU, Ireland was #1 on genuine savings in 2004. See world bank, 2004 <http://www.worldbank.org/>
- Norway was ranked #1 in the Human Development Index (HDI) in 2004. see <http://hdrstats.undp.org/indicators/10.html>
- Norway is also currently #1 in the Sustainable Society Index (SSI). Though being the best in class, even Norway is way below full sustainability. See <http://www.sustainablesocietyindex.com/>
- The Danes were ranked #1 on happiness (or 'subjective well being') in 2006. see the University of Leicester <http://www2.le.ac.uk/ebulletin/news/press-releases/2000-2009/2006/07/nparticle.2006-07-28.2448323827/?searchterm=happiness>
- The United States of America have the largest Ecological Footprint in the world (9.57 global hectares per capita). See <http://www.worldcentric.org/stateworld/footprint.htm>
- Within the EU-27, Latvia had the lowest carbon footprint in 2006, with 4.7 tonnes green house gas emissions (measured in CO2 equivalent) per capita. Source: UNFCCC, 2004 (greenhouse gas inventory).

For further details on indicators see <http://www.beyond-gdp.eu/indicators.html> and you are also welcome to visit the indicator exhibition at the Beyond GDP conference taking place on the 19th and 20th November 2007 at the European Parliament

...For further information - www.beyond-gdp.eu