Must we change our measure of “progress”? 

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Overview

1. Historical background
2. The “Beyond GDP” debate
3. The EC’s “GDP and Beyond”
4. Learning form existing alternatives
1944-1973: Social Democracy

Representation / theory
  Keynes

Objective Growth Indicator
  GDP

Socio-political balance of power
  Social Agreements

Geo-political balance of power
  USA against USSR

1979-2008: Financialised Globalisation

Representation / theory
  Keynes

Objective Growth Indicator
  GDP

Socio-political balance of power
  Social Agreements

Geo-political balance of power
  USA = USSR
21st century: Resilient society

- Objective Sustainability Indicators « Beyond GDP »
- Geo-political balance of power
  - Multipolar + World governance?
- Socio-political balance of power
  - Civil society? Citizens?
- Representation / theory
  - A new paradigm?
- Ecological threat

Acknowledge the historical turning point...

- Social Democracy → Globalisation → Resilient society → Sustainability
- GDP growth → Financial return
... that might even be a civilisational shift

Capitalism (merchant → industrial → financial)

16th - 20th centuries

Resilient society

21st c.

Accumulation, “Progress”, Enlightenment, Individual

Sharing, care, community

Resilient society
1. The *growth* oriented economic model is:
   - historically obsolete
   - ecologically unsustainable
   - unfair (rising inequalities and unsolved poverty)
   - does not guarantee life satisfaction
2. What we measure affects what we do
3. Find appropriate measures of sustainability, sharing, care, resilience, and happiness

2. The “Beyond GDP” debate
Historical overview of the major steps beyond GDP

Source: Fleurbaey & Blanchet, OUP 2013

GDP per Capita and Life Satisfaction

No correlation above $15,000
**Source:** Global Footprint Network

**1960-2008**
- Ecological Footprint

**2008-2050, Scenarios**
- Moderate business-as-usual
- Rapid reduction

**y-axis:** number of planet earths, **x-axis:** years

**Source:** UN

**Human Welfare and Ecological Footprints compared**

- Africa
- Asia-Pacific
- Europe (EU)
- Europe (Non-EU)
- Latin America & Caribbean
- Middle East and Central Asia
- North America

Data sourced from:
- UN Human Development Index 2007/08
“Beyond GDP”: Issues Still Under Debate

- **What** should be measured? Which dimensions? (= redefining “success”)
- Replace or complement GDP?
- A single indicator or scoreboards?
- **How** to measure outcomes?
  - Monetary or physical units?
  - Objective or subjective indicators?
- **How** to measure ecological limits and thresholds?
- **Who** will decide? Bottom-up / top-down approaches
The 3 Most Important Issues (+1)

1. Distinguishing between indicators capable of leading to real change & those that hold us back
2. Measuring strong sustainability
   - taking account of physical limits and signal irreversibility
   - avoiding monetisation, which implies substitutability
3. A bottom-up approach promoting citizen participation
   • Encouraging a “sufficiency principle”

3. The EC’s “GDP and Beyond”
3. The EU’s “GDP and Beyond”

- A meaningful shift in phrasing
  1. “Improve, adjust, or complement GDP” (EC 2009)
  2. Europe 2020: strategy geared to implementing a wider vision of smart, sustainable, and inclusive growth
  3. “Integrating environmental and social data into the core measurement framework of economic statistics, the national accounts” (EC 2013)
Rethinking our Intellectual Framework to Prepare a Resilient Society

Biosphere  Society  Economy

4. Learning from Existing Alternatives

Bhutan’s Gross National Happiness Index and New Development Paradigm
Historical overview of the major steps beyond GDP

Source: Fleurbaey & Blanchet, OUP 2013

Bhutan’s Gross National Happiness Index

9 Domains

Source: Centre for Bhutan Studies
“How Much Is Enough?”

- Sufficiency thresholds are set in each domain
- Global GNH index is inversely proportional to insufficiencies
- GNH is devised to provide policy guidance

December 2013, Report to UN
http://www.newdevelopmentparadigm.bt/
Thank you for your attention

www.icassiers.be