

International Conference - 19 & 20 November 2007, Brussels

### Conference Description

GDP is the best-recognised measure of economic performance in the world. A long history of application and clear methodology<sup>1</sup> mean that GDP is a convenient benchmark for policy makers and is easily understandable in public debates. Because of the implicit link between economic growth and elements of well-being (e.g. employment and level of consumption), it is often regarded as a proxy indicator of human development and well-being.

However, the relationship between economic growth as measured by GDP and other dimensions of sustainable development is not straightforward. For example, GDP does not measure the sustainability of growth and a country may achieve a temporarily high GDP by over-exploiting natural resources or by misallocating investment. Even large-scale natural disasters such as the South Asian Tsunami or Hurricane Katrina can show up (in a perverse way) as positive for GDP.

Nobel Prize winning economist, Simon Kuznets was one of the main originators of GDP, but was also well aware of its limitations:

"the welfare of a nation can scarcely be inferred from a measure of national income. If the GDP is up, why is America down? Distinctions must be kept in mind between quantity and quality of growth, between costs and returns, and between the short and long run. Goals for more growth should specify more growth of what and for what<sup>2</sup>.

Effectively measuring progress, wealth and well-being requires indices that are as clear and appealing as GDP but also more inclusive than GDP—ones that incorporate social and environmental costs or benefits. There is no shortage of research on such complementary indicators, and the state-of-the-art is developing quickly, but for the present this remains a subject for academic debate and is not used by policy makers.

Within this context, the European Commission, European Parliament, Club of Rome, OECD and WWF will host a high-level conference in Brussels with the objectives of: (i) clarifying what indices are most appropriate to measure progress; and (ii) how these can best be integrated into the decision making process and taken up by public debate.

The conference will bring together high-level experts and policy makers to address critical questions, such as:

What can economic measures such as GDP do best and where are other measures of well-being needed?

- Which other issues (e.g. ecosystems and their goods and services, social and human capital) need to be taken into account for a more complete measure of wellbeing?

<sup>1</sup> GDP is normally understood as = consumption + investment + government spending + (exports – imports).

<sup>2</sup> Report to the US Congress in 1934

- What measures could influence decision-making as viable, useful complements to GDP? For example, indicators such as the Ecological Footprint, Human Development Index, Happy Planet Index, and Genuine Savings Approach could be examined.
- What would the implications be if decisions were based on a GDP corrected for losses in ecological or human capital?
- What are the next steps to apply new measures and practice in policy making?

### **Speakers**

The conference will feature several high-level speakers, with President Barroso opening the conference and Commissioner for the Environment, Stavros Dimas, closing it. In addition, the Commissioners Joaquín Almunia and Vladimír Špidla have each confirmed they will speak. Other leading speakers will include internationally recognised economists as well as representatives from governments and key institutions such as the World Bank, OECD, and the United Nations, think tanks, civil society, and industry.

### **Participants**

The conference will be an international event with an expected 300 people participating from across the globe from economic, social and environmental spheres. The key target group will be both European and international policy makers. The participants will be Commissioners; Members of the European Parliament; national ministers; national statistical offices, leading academics; representatives from key developing countries and countries that are officially using complementary metrics and international organisations. In addition, selected experts will be invited from think tanks, businesses and NGOs.

One objective of the conference will be to achieve extensive coverage in the international press and a comprehensive media strategy will be developed around the event.

### **High-level Conference**

By combining recent developments in academic thinking with practical experiences and success stories of practitioners, the conference will illustrate how decision making could improve if more inclusive approaches are adopted.

### **Expert workshop**

On the day preceding the main political-level conference, a group of 50-80 expert practitioners will be invited to consider progress in the development and policy application of indicators for human and in particular environmental well-being. The aim is to understand what measures work where, for whom, and why and what can usefully be done to take things forward. It will also look at the implications of moving towards different uses of measures and indicators and where more use of these should be made. The possibility of consolidating/simplifying existing indicators will be discussed. The experts will be invited to the high-level conference so as to ensure that policy makers and practitioners can share insights.

### **Outcome**

The conference will conclude that good policy decisions need to be able to take an integrated and balanced view of economic, social and environmental impacts. At the macro-economic level, policy makers therefore need metrics that could complement GDP. The conference will also identify areas where policy making processes can include these measures and indicators and where more regular reporting—in the press, by national authorities, or by key organisations—can help improve public awareness of progress, wealth and well-being within nations and across the globe.

### **Organisers**

The Beyond GDP conference is being organised by the European Commission together with the partner organisations. Three European policy institutes—Ecologic, IEEP and MNP—are assisting with the conference planning, outreach and management.

**Conference website:** <http://www.beyond-gdp.eu>

**Conference email:** [contact@beyond-gdp.eu](mailto:contact@beyond-gdp.eu)