

Laurent, E. (2017). Measuring Tomorrow → *Chapter2: Good and Bad Indicators: The Case of GDP*

1. What are the 3 fundamentals attributes of an indicator?

- 1.- Formal quality → accuracy and comparability over time
- 2.- Purposeful → measure precisely what it was design for
- 3.- Political Impact → inform on the real complexity of social world, understandable by citizens and subject to public debate.

2. What are the 2 advantages and the 2 disadvantages of composite indicators?

Advantages :

Composite indicators are:

1. Easily readable and understandable
2. Comparable in time and space

Disadvantages:

Composite indicators inevitably bring about issues of:

1. Data aggregation → It is difficult to combine heterogeneous variables (e.g., income and health)
2. Weighting → What weight to give to each variable?

→ The HDI is a composite indicator

3. What is the consequence of GDP aggregating positive and negative elements?

By conflating positive and negative elements, GDP not only muddles the social picture, but hides from policy view important evolutions in well-being and sustainability by giving the illusion that each of its components is in a good place because its aggregated sum is growing.

GDP is thus often confused with well-being and even sustainability, while in reality it says very little.

4. At Bretton Woods, GDP became ...

GDP became the currency of national success, the sign that a country belonged among the most advanced in the world.

5. According to the author, what is more and more disconnected from economic growth?

Both objective and subjective well-being, those things that make life worth living- are visibly more and more disconnected from economic growth.

The author adds:

GDP tells nothing about sustainability, the compatibility of our current well-being with the long-term viability of ecosystems, even though it is clearly the major challenge we and our descendants must face → Here he makes the link with the concept of planetary limits