

Stavros Dimas

Member of the European Commission, responsible for environment

The European contribution to a global effort: next steps in measuring progress

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

European Parliament

Brussels, 20 November 2007

Distinguished Guests,

Ladies and Gentlemen,

It is a very great pleasure to be delivering the concluding address to what has been a very successful conference.

One of the measures of success is the quality of the audience and the speakers. Each of the partners – the Commission, the European Parliament, the OECD, WWF and the Club of Rome – have been represented by their highest representatives. We have had 620 participants from 53 different countries attending the event. Industry, trade unions, NGOs, academics and policy makers have all made their voice heard ... and from all sides there is a consensus that there is a need to move "Beyond GDP".

Politics is about changing the world we live in. We want to end poverty. We want better jobs. We want to reduce pollution. In order to develop intelligent policies we need to understand the world and understand the impact that our policies make – or are likely to make. Politics without good indicators is like trying to make a jigsaw in the dark. And just as the overarching priority of the European Union is sustainable development – which balances social, environmental and economic progress – our indicators need to be able to measure progress in each of these areas.

I would like to conclude this conference by looking back at some of the themes that were raised by other speakers. But before I do this I would like to extend my particular thanks to the European Parliament for agreeing to host the event. The home of European democracy is an ideal setting for discussions that are ultimately about changing the way that we make politics. There is also a sense of continuity because this conference follows on from the conference "Taking Nature into Account" that was held 12 years ago - also in the European Parliament. And when you compare the two events, there are good reasons to believe that this conference can mark a turning point in how we measure and understand the world we live in.

A first change is that this debate has moved outside of the environmental community and into the mainstream. We are now looking at progress, wealth and well-being and not just "nature". With initiatives, such as triple bottom line accounting, businesses are embracing the search for new ways of measuring progress. And with the support of the Presidents of Parliament and the Commission this is an initiative that has political support at the highest level.

A second change is the active support from economic and statistical experts as we look for ways to move beyond GDP. I am very encouraged that organisations such as the OECD, the World Bank and Eurostat have all been involved in the organisation of the conference because it will be their expertise that takes forward the conclusions we have reached.

The final change is that a lot of excellent work has been carried out over the last 12 years. We are not starting from a clean slate and concepts like the "ecological footprint" have caught the public imagination. The World Bank has been taking thinking forward on concepts such as "natural capital" representing the real wealth of nations. And tools such as integrated accounting and sustainable development indicators have been steadily developed.

For these three reasons – being in the political mainstream, having the active support of economists and statisticians, and being able to build upon a solid body of existing work – I believe that this can be, to return to the words of President Barroso in his introduction, "... a truly groundbreaking conference that will lead to the sort of breakthrough that we saw in the 1930s, a breakthrough that adapts GDP, or complements it with indicators that are better suited to our needs today, and the challenges we face today."

Looking back to the discussions that have taken place an important first conclusion is that GDP is the most successful and best known indicator that we have. It is simple, it is clear, and it has stood the test of time. I think there has been general agreement that GDP is a rigorous indicator for economic purposes and that it should continue to play a role in economic decision making.

But I think all speakers have agreed GDP is not sufficient to guide modern policy making that covers social, environmental and economic objectives. It is not a good indicator of wellbeing and this becomes a problem when GDP is understood by public, press and politicians as the unique yardstick for progress.

We have heard many examples of the limitations of GDP. The case of Hurricane Katrina is one of the most vivid. The hurricane killed almost 2000 people. It flooded 80% of New Orleans and caused widespread destruction to property. It caused damage worth more than 80 billion US dollars. And yet American GDP actually increased after the start of reconstruction work. It is quite possible for something that is good for GDP to be bad for society. And it follows that, if boosting GDP is the only measure of success, we could easily end up doing more harm than good.

There were many new ideas raised in previous presentations and I would like to come back to some of these in order to draw some conclusions that could help guide us as we look to develop better indicators.

A first conclusion is that there is no single alternative to GDP - and that to look for one would be a mistake because it would miss the point that GDP has multiple uses. GDP is used for communication purposes as a simple to grasp proxy of progress. It is used for policy assessment and design. It is used to decide the allocation of budget resources. One of the messages from the conference is that we need a set of indicators – but a very limited one - that can complement GDP in all of these areas. There are a number of potential routes: from integrated accounting to new composite indicators. I hope that I correctly summarise the consensus of the conference as being that we should advance on all fronts at the same time, and not try to pick a winner in advance.

A very important point was made by Chief Anyaoku from WWF who underlined the urgency of action. Current consumption patterns are unsustainable and Europeans are living as if they had 2.6 planet Earths at their disposal. This global overshoot is liquidating the assets on which life on earth depends and is limiting the development rights of future generations. Perfection can be the enemy of the good and striving for the perfect indicator at the first go is unrealistic. We need to be prepared to experiment with tools that are perhaps less than perfect and then work improve them over time.

State Secretary Baleiras from the Portuguese Presidency put forward very interesting ideas on how better indicators could be used in practice to guide EU policies - and in particular the review of the EU budget and the revision of our cohesion policies.

President Barroso noted that we should strive for consensus to develop indicators that are globally recognised and comparable – which are two of the strengths of GDP. But at the same time, we should not use this as an excuse for inaction. The EU and its member states should be prepared to take the lead in looking for better ways of measuring progress.

A number of speakers noted the need to have a better understanding of the value of stocks of natural resources and of the vital services provided by eco-system services. This is an area where work – supported by the Commission - is ongoing and which I am sure will be a theme of next year's ministerial meeting of the Convention of Biodiversity.

Anders Wijkman drew attention to the importance of timely data. We have stock market information every minute of the day. We have quarterly reports of GDP. But information on environmental trends is often years old by the time it reaches policy makers. On a similar theme the European Environment Agency drew attention to the possibilities that new technologies are creating for collecting and processing data in almost real time. This is something that we should be aiming for. The more up to date indicators are the more useful they are.

Perhaps the main achievement of this conference has been to clearly demonstrate the political consensus on the need to go beyond GDP. President Poettering noted that "for too long we have focussed on economic growth as an alternative to welfare". President Barroso concluded "that we cannot meet the challenges of the future with the tools of the past. Commissioner Almunia felt that "the time is ripe to take the measure of well-being one step further".

The challenge now will be to pick up from the conclusions of this conference and actually start to improve our indicators and the way we use them. It is essential that the momentum is not lost and I look to Europe taking a lead role - working together with other organisations including the UN, the OECD and the World Bank.

It is also essential to work closely with business, NGOs and other stakeholders who in many ways are the real leaders in this field. On the part of the European Commission I can announce that we will present a policy Communication next year that will develop these ideas into a roadmap for action.

We will certainly need to work on headline, composite indicators that can measure social and environmental progress. We will also have to speed up and improve the development of integrated accounting in the social and environmental spheres. And to improve our governance of the European sustainable development strategy, we should also develop and publicise a "sustainability scoreboard" based on existing Sustainable Development indicators. This tool is already well developed in other policy areas such as innovation and would help Member States to judge if real progress is being made and to better identify good practices.

Ladies and Gentlemen,

Distinguished Guests,

To meet the challenges of the 21st century we need more integrated and transparent policies. To design these policies we need to better assess where we are now, where we want to go and how we can get there. GDP will be one of the indicators that do this job. But not the only indicator. To change the world we need to change the way that we understand the world. And to do this we need to go beyond GDP.

My final words are words of thanks. Thanks again to the all the partners who helped organise the conference this conference, to the organising team, to the staff of the parliament for hosting us, to the interpreters - and most of all to the speakers and participants. I hope that you have found the last two days stimulating and also an inspiration for the work that is to come.

Thank you.