



# OPINION

European Economic and Social Committee

## **Beyond GDP measures for a successful recovery and a sustainable and resilient EU economy**

Beyond GDP measures for a successful recovery and a sustainable and resilient EU economy  
(own-initiative opinion)

**ECO/551**

Rapporteur: **Petru Sorin DANDEA**

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**EN**

Plenary Assembly decision	25/03/2021
Legal basis	Rule 32(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	23/11/2021
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Plenary session No	565
Outcome of vote (for/against/abstentions)	209/2/7

## 1. Conclusions and recommendations

- 1.1 The EESC believes that an economic transition from a model driven by growth to one predicated on sustainability is inevitable. Given the sheer complexity of and the huge challenges posed by this transition, the proposals for new indicators set out in this opinion are only one example of approaches that could be taken when it comes to tools for measuring the social, economic and environmental situation.
- 1.2 The EESC proposes that a series of indicators be developed, ensuring that policy-makers can make informed decisions and foster policies to grow the circular economy. For instance, information on the amount of materials derived from natural resources used in some items designed to be used over a long period of time correlated with data on the average period of use and the potential rate of recovery of these materials would inform decision-makers about the investments needed in the recycling sector.
- 1.3 The Committee considers that a concise "Beyond GDP" scoreboard should be designed. This could then be incorporated into the European Green Deal scoreboard. The "EU Doughnut by 2030" concept developed by the German institute ZOE could be used to design this scoreboard. The scoreboard could be incorporated into the European governance process for the purposes of assessing progress and pinpointing the measures needed to achieve the European Semester targets. The Committee believes that the European governance process should take a new approach geared towards the well-being of citizens.
- 1.4 The EESC considers that the Member States should give priority to using some of the indicators proposed by the United Nations, depending on their country's circumstances, and urges them to act on the proposals set out in the OECD's reports on improving the measurement of well-being and prosperity.
- 1.5 The EESC endorses the views of the European social partners set out at the Porto Summit, whereby the 14 indicators proposed can comprise a scoreboard complementing GDP and can be used to frame policies supporting a sustainable growth model.
- 1.6 Investments in social cohesion, sustainable development, human and social capital and quality of life will be paramount for creating opportunities for modern businesses and for boosting employment, wealth and sustainable growth in the future. The EESC thus considers that indicators that look beyond GDP must be able to do more than merely monitor and measure: they must inform policy development, improve communication and promote target setting.
- 1.7 The European Commission recently issued a communication<sup>1</sup> steering financing towards sustainable activities. The EESC endorses the Commission's initiative and considers that a set of indicators needs to be devised to track both the "greening" of financing and the degree to which economic sectors have been "greened". These indicators would steer decision-makers when they plan public incentives for sustainable activities. They would also be an important monitoring

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<sup>1</sup> [COM\(2021\) 188 final](#), *EU Taxonomy, Corporate Sustainability Reporting, Sustainability Preferences and Fiduciary Duties: Directing finance towards the European Green Deal*.

tool for Member State governments. Monitoring is needed because the pace at which we direct investments towards sustainable sectors must be controlled: if we invest too slowly, we may deplete available resources before there is any alternative. This would cause prices to explode, with a dramatic effect on the economic system. If we invest too quickly, many sectors could be starved of investments, slowing down the very economic activity which generates the resources needed for investments.

- 1.8 With a view to combating climate change, the EESC considers that some existing indicators also need to be revised so that progress can be monitored more accurately. Some of the indicators used fail to fully capture the adverse effects of certain economic activities on the environment. A number of indicators should also be adapted to better reflect the EU's objectives.
- 1.9 Digitalisation and greening the economy will entail profound changes in the various sectors. In order to keep the social cost of these changes as low as possible, policies will be needed to safeguard the labour force in general, ensuring that the necessary work is distributed fairly among the active population in the medium and long terms. On a similar note, as proposed by the European social partners, the EESC considers that steps must be taken to develop a set of indicators for collective bargaining. Collective bargaining protects workers, but it can also promote policies for vocational training programmes which make workers mobile; this will be imperative given the challenges posed by the economic transition. Smart programmes organising working time negotiated by the social partners can ensure that the work available is distributed fairly throughout the economy.
- 1.10 Major economic changes will require the buy-in of society as a whole. The EESC feels that further surveys (along the lines of Eurobarometer surveys) need to be conducted, in order to track society's perception of how the economic model is being changed.
- 1.11 The development of initiatives to measure well-being more effectively and analyse the impact of economic activities on the environment (such as the work done by the German research institute ZOE, which has developed the system of indicators known as "Doughnut Economics") should also be supported by the Member States and the European Commission.

## 2. Introduction

- 2.1 Gross domestic product (GDP) is still the main macroeconomic indicator used around the world to quantify economic activity. However, many people feel that GDP fails to reflect the real level of well-being and development of a society, and the damage done to the environment by certain economic activities.
- 2.2 Although even the people who came up with the concept of GDP were aware of its limitations, debate on "Beyond GDP" gained traction in the 1990s. It became clear that more suitable indicators were needed, able to cope with the global challenges of the 21st century (climate change, poverty, resource depletion, health and quality of life). The 2007 high-level conference on Beyond GDP<sup>2</sup>, hosted by the European Commission, the European Parliament, the Club of Rome, the OECD and the WWF, was a key step along the path towards identifying the indicators most appropriate for measuring this type of progress and best able to be incorporated into the decision-making process and public debate. The Commission on the Measurement of Economic Performance and Social Progress<sup>3</sup>, chaired by Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi, and their final report then shone a spotlight on other limitations of GDP (doubts regarding the way it measures productivity and the fact that it fails to factor in human capital).
- 2.3 In recent years, European decision-makers have had to allow for many new priorities, such as the digital and environmental transitions and increasing focus on social issues in a wide range of policy fields. What is more, although there can be no doubt that the crisis triggered by the COVID-19 pandemic will have a deep and damaging impact on the European economy, we must not forget that other challenges (climate change, increasing inequality and a sluggish increase in productivity) have not gone away. Investments in social cohesion, sustainable development, human and social capital and quality of life will be paramount for creating opportunities for modern businesses and for boosting employment, wealth and sustainable growth in the future. This means that indicators that look beyond GDP must be able to do more than merely monitor and measure; they must inform policy development, improve communication and promote target setting.
- 2.4 Through this own-initiative opinion, the EESC wants to make a useful contribution to determining which well-being and development indicators should be used alongside the traditional economic indicators. The opinion also points out that more data are needed and shows how these indicators could be built more effectively into the European and national policymaking process, with a view to enabling the EU to exit the ongoing crisis stronger and more resilient to future shocks.
- 2.5 Now more than ever, we need to devise indicators to shape and implement policies geared to developing a global model for a sustainable economy, a model which is able to ensure the well-being of everyone living on planet Earth. The current economic model, which uses continuous

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2 Summary notes from the Beyond GDP conference:  
[https://ec.europa.eu/environment/beyond\\_gdp/proceedings/bgdp\\_proceedings\\_summary\\_notes.pdf](https://ec.europa.eu/environment/beyond_gdp/proceedings/bgdp_proceedings_summary_notes.pdf).

3 Report by the Commission on the *Measurement of Economic Performance and Social Progress*:  
<https://ec.europa.eu/eurostat/documents/8131721/8131772/Stiglitz-Sen-Fitoussi-Commission-report.pdf>.

growth as the main factor of system stability, cannot be sustained by a planet with limited resources.

- 2.6 In June, the European Commission published a discussion paper<sup>4</sup> reiterating the need to develop indicators complementary to GDP that will enable more effective monitoring of the transformation of society and the economy to be carried out as policies driven by the European Green Deal are implemented. It also sets out the efforts made in recent years by some countries seeking to develop complementary tools to monitor well-being and the environmental impact of economic activities.
- 2.7 At global level, a number of initiatives are ongoing aimed at developing indicators which, on the one hand, will enable politicians to design and implement policies to foster sustainability and, on the other hand, will help generate a clearer picture regarding the process of transforming the economic model. One remarkable example here is the EU Doughnut by 2030<sup>5</sup>, which has developed a new concept for presenting a political summary of existing dashboards and selected 30 indicators with the aim of making the policy-design process more effective but also helping the public to better understand what is required when it comes to transforming the economic system.

### 3. General and specific comments

- 3.1 The debate on Beyond GDP has yielded significant responses from institutions, researchers and politicians. The OECD, UN, European Commission and Eurostat have come up with proposals for indicators which are able to measure well-being and prosperity at individual, community and national level more effectively. In 2015, the UN adopted the Sustainable Development Goals, setting 169 targets and 200 indicators for the overarching goals. In 2018, the OECD's high-level group of experts prepared two reports<sup>6</sup> calling for well-being to be measured more effectively by improving certain existing indicators or adding new ones. The EESC considers that the Member States should give priority to using some of the indicators proposed by the UN, depending on their country's circumstances, and urges them to act on the proposals set out in the OECD's reports on improving the measurement of well-being and prosperity.
- 3.2 Recently, the European social partners Business Europe, the European Trade Union Confederation (ETUC), the European Centre of Employers and Enterprises providing Public Services and Services of general interest (SGI Europe) and UEAPME signed a joint document<sup>7</sup> recommending a set of indicators complementing GDP in the social, economic and environmental fields. The EESC endorses the views of the European social partners, whereby the 14 indicators proposed can comprise a scoreboard complementing GDP and can be used to frame policies supporting a sustainable growth model.

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4 [https://ec.europa.eu/info/publications/economic-policy-making-beyond-gdp-introduction\\_en](https://ec.europa.eu/info/publications/economic-policy-making-beyond-gdp-introduction_en).

5 <https://zoe-institut.de/en/publication/a-compass-towards-2030>.

6 OECD (2018), *Beyond GDP: Measuring what counts for economic and social performance*, OECD Publishing, Paris – <https://doi.org/10.1787/9789264307292-en>.

OECD (2018), *For Good Measure: Advancing Research on Well-Being Metrics Beyond GDP*, OECD Publishing, Paris – <https://doi.org/10.1787/9789264307278-en>.

7 <https://est.etuc.org/wp-content/uploads/2021/05/FINAL-BEYOND-GDP-SOCIAL-PARTNERS-EU.pdf>.

- 3.3 The EESC has been engaged in the European debate on Beyond GDP since 2011. It has drawn up a series of opinions<sup>8</sup> proposing new indicators for measuring well-being and prosperity, as well as surveys seeking to pinpoint what makes Europeans feel that their life is good and meaningful. The EESC points to the need to develop new indicators to measure economic resilience in terms of ability to adapt and change, while also taking account of the principle of "leaving no one behind".
- 3.4 In order to know that we are leaving future generations a planet which is at least as good as it is at present, we need to rethink an economic model that is based on uncontrolled exploitation of natural resources. The circular economy is expanding and promotes more rational use of natural resources. The EESC therefore proposes that a series of indicators be developed, ensuring that policymakers can make informed decisions and foster policies to grow this sector. For instance, information on the amount of materials derived from natural resources used in some items designed to be used over a long period of time correlated with the average period of use and the potential rate of recovery of these materials would inform decision-makers about the investments needed in the recycling sector.
- 3.5 The Committee considers that a concise "Beyond GDP" scoreboard should be designed. This could then be incorporated into the European Green Deal scoreboard. The "EU Doughnut by 2030" developed by the German institute ZOE could be used to design this scoreboard. The scoreboard could be incorporated into the European governance process for the purposes of assessing progress and pinpointing the measures needed to achieve the European Semester targets. The Committee believes that the European governance process should take a new approach geared towards the well-being of citizens.
- 3.6 The EESC recommends that the Commission and the Member States set targets for each of the indicators. In this way, the "distance to target" concept could be adopted to make it easier to understand the process and track progress.
- 3.7 The European Union has set an ambitious target as regards climate change, aiming to become neutral in terms of carbon emissions by 2050. This also means that investments must be channelled towards economic activities which do not have an impact on the environment. The European Commission recently issued a communication<sup>9</sup> steering financing towards sustainable activities. The EESC endorses the Commission's initiative and considers that a set of indicators needs to be devised to track both the "greening" of financing and the degree to which economic sectors have been "greened". These indicators would steer decision-makers when they plan public incentives for sustainable activities. They would also be an important monitoring tool for Member State governments. Monitoring is needed because the pace at which we direct

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8 Opinion of the European Economic and Social Committee on *GDP and beyond – the involvement of civil society in choosing complementary indicators* (own-initiative opinion), [OJ C 181, 21/6/2012, p. 14](#).

Opinion of the European Economic and Social Committee on the *Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions: Enhancing economic policy coordination for stability, growth and jobs – Tools for stronger EU economic governance*, COM(2010) 367 final, [OJ C 107, 6/4/2011, p. 7](#).

Opinion of the European Economic and Social Committee on *Beyond GDP – measurements for sustainable development*, [OJ C 100, 30/04/2009, p. 53](#).

9 [COM\(2021\) 188 final](#), *EU Taxonomy, Corporate Sustainability Reporting, Sustainability Preferences and Fiduciary Duties: Directing finance towards the European Green Deal*.

investments towards sustainable sectors must be controlled: if we invest too slowly, we may deplete available resources before there is any alternative. This would cause prices to explode, with a dramatic effect on the economic system. If we invest too quickly, many sectors could be starved of investments, slowing down the very economic activity which generates the resources needed for investments.

- 3.8 With a view to combating climate change, the EESC considers that some existing indicators also need to be revised so that progress can be monitored more accurately. One example here is the indicator on greenhouse gases: the indicator devised by Eurostat does not include emissions from certain sectors, such as air transport. A number of indicators should also be adapted to better reflect the EU's objectives.
- 3.9 Digitalisation and greening the economy will entail profound changes in the various sectors in terms of both their contribution to GDP and jobs. In order to keep the social cost of these changes as low as possible, policies will be needed to safeguard the labour force, ensuring that the necessary work is distributed fairly among the active population in the medium and long term. On a similar note, as proposed by the European social partners, the EESC considers that steps must be taken to develop a set of indicators for collective bargaining. Collective bargaining protects workers, but it can also promote policies for vocational training programmes which make workers mobile; this will be imperative given the challenges posed by the economic transition. Smart programmes organising working time negotiated by the social partners can ensure that the work available is distributed fairly throughout the economy.
- 3.10 Major economic changes will require the buy-in of society as a whole. Throughout this difficult process, in addition to statistical indicators, policymakers will therefore need surveys and statistical studies to monitor the degree of understanding and acceptance of these changes by society. The EESC feels that further surveys (along the lines of Eurobarometer surveys) need to be conducted, in order to track society's perception of how the economic model is being changed. The development of initiatives to measure well-being more effectively and analyse the impact of economic activities on the environment (such as the work done by the German research institute ZOE, which has developed the system of indicators "EU Doughnut by 2030")<sup>10</sup> should also be supported by the Member States and the European Commission.
- 3.11 The EESC believes that the economic transition from a model driven by growth to one predicated on sustainability is inevitable. Given the sheer complexity of and the huge challenges posed by this transition, the proposals for new indicators set out in this opinion are clearly only one example of approaches that could be taken when it comes to tools for measuring the social, economic and environmental situation.

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10 Report by the ZOE institute: *A Compass towards 2030* (<https://zoe-institut.de/en/publication/a-compass-towards-2030/>).



Brussels, 8 December 2021

Christa SCHWENG

The president of the European Economic and Social Committee

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# APPENDIX

A first look at EU Doughnut by 2030

## EU 2030

