

Does GDP measure what really matters?

GDP figures released today for Scotland show us that the Scottish economy grew by 0.6% during the first quarter of 2015. GDP is the most widely reported metric and to increase GDP is a central aim of many governments, including the Scottish Government. However, GDP is very limited in what it measures – essentially measuring how busy our economy has been, with no regard to the social or environmental impact of that economic activity.

As Robert Kennedy famously stated in 1968, *'it (GDP) measures everything, in short, except that which makes life worthwhile.'* We need to remember our economy is a means to wellbeing, not an end in itself, and a measure of the scale of economic activity alone is not an adequate proxy for how well Scotland is really doing. Additionally, both wellbeing and the economy are intimately linked to our natural environment on which we all rely and which we have a duty to protect for future generations of all species.

The scale and type of economic activity we engage in continues to erode our natural environment, so increases in GDP need to be considered in the context of other indicators.

For example, a Scottish Government press release on May 14th celebrated the 'record high' volume and value of fish landings and the importance of fish to our economy. However, the Scotland Performs indicator for the marine environment shows us that fishing rates are unsustainable with only 38% of our total catch consistent with scientific guidance (2014 data).

Latest figures for breeding seabird populations also suggest that the health of our marine ecosystems are under threat with numbers of 12 key species declining by 42% since 1986. Terrestrial breeding birds, the Scottish Government's own indicator for biodiversity, show a decrease of 10% between 2012 – 2013, during which time the economy grew by 1.7%.

And latest figures on our carbon footprint (which includes emissions associated with imported goods) shows that, despite our reduction in domestic emissions, our climate change impact is still increasing - Scotland's carbon footprint increased by 5% between 2011 and 2012.

As the above examples show, one of the main challenges we face in promoting the use of wider indicators in parallel with GDP is the time lag between the reporting period and the release of data. There needs to be a concerted effort to address this and to report and discuss them more widely.

Scottish Environment LINK is promoting a suite of indicators that can adequately reflect the health of our environment, the wellbeing of society and the state of our economy to the Scottish Government through the National Performance Framework review process. There are plans for a public consultation on the National Performance Indicators this summer, giving you an opportunity to tell the Scottish Government whether you think what they are measuring gives us the full picture.