

1 **Paul Wallace**

2 **Replacing the GDP indicator**

3 original at:

4 <http://www.economist.com/debate/days/view/698>

5 Material living standards are used to assess how well or badly economies  
6 are doing in both the advanced and developing world. Typically measured  
7 by GDP per person, or household and individual incomes, these gauges of  
8 prosperity dominate national debate about social as well as economic  
9 progress.

10 Their flaws have long been recognised. GDP takes no account of  
11 environmental degradation or the rundown of exhaustible resources and it  
12 excludes unpaid services notably in the home but also volunteering. It is  
13 boosted after natural disasters and during crime waves as infrastructure is  
14 renewed and burglar alarms are installed. Incomes measure only what is  
15 earned (or provided through public transfers) in the market economy.

16 A broader critique of GDP is that it is not enough to measure individual or  
17 social well-being through material indicators alone. This practice misses  
18 out the crucial dimension of the quality of life. Yet, the divide between  
19 words and actions in this field remains wide.

20 When the British economy was flourishing before the financial crisis, David  
21 Cameron, then in the opposition, said there was more to life than money  
22 and suggested that GWB (general well-being) should count as much as  
23 GDP (gross domestic product). However, when he became prime minister  
24 and living standards started to fall, he conveniently dropped this topic.

## Questions

- 1) Explain what the 'material living standard' (line 5) is.
- 2) Can you come up with some synonyms for 'flaws'(line 10)?
- 3) What are the flaws of the GDP indicator?
- 4) What happens to the GDP indicator after natural disasters?
- 5) What does the pronoun 'it' refer to in line 16?
- 6) How did David Cameron's view on replacing the GDP indicator change when he became Prime Minister of the UK?
- 7) What does the anecdote about David Cameron suggest?
- 8) What is your opinion on the GDP indicator? Do you think that it offers a decent basis for political decisions? Do you generally think that policies have to deal with the economic realities in the first place?

## Vocabulary

**gauge** (line 7) – to determine the exact dimensions, capacity, quantity, or force of something; measure, appraise, estimate, or judge

**rundown** (line 11) – a decline or reduction in number or size, exhaustion

**miss out** (line 17–18) – to leave out or to overlook

**divide** (line 18) – the difference or the gap between two or more things or people

You can find additional explanation and more examples to help you understand and use English words and phrases at <http://dictionary.reference.com>, <http://dictionary.cambridge.org/>, <http://www.merriam-webster.com/> or <http://www.ldoceonline.com/>

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