

Financial Times (London, England)

January 19, 2008 Saturday

Gross domestic joie de vivre

BYLINE: By JOHN THORNHILL

SECTION: COMMENT & ANALYSIS; Pg. 7

If statistics tell a story you don't want to hear, what do you do? Change the statistics. Such seems to be the intention of Nicolas Sarkozy, France's president, who is planning to update the way France measures economic activity. Having promised voters he would stimulate growth and boost spending power, he now seems worried he will be unable to deliver as the global economy cools. So why not tinker with the numbers and include qualitative improvements?

Mr Sarkozy has asked two Nobel prize-winning economists, Amartya Sen and Joseph Stiglitz, to recommend alternative ways of measuring activity to take more account of quality of life and the environment. It would be surprising if Mr Sarkozy were not soon trumpeting a cheering uplift in France's standing.

To be fair to Mr Sarkozy, this is a worthy debate that has been raging elsewhere for years. Gross domestic product is a poor yardstick of well-being. It merely records all products and services bought and sold irrespective of whether they improve or erode the human condition. Parisians who take the metro to work are boosting GDP. Those who walk to work are not, even though they may be improving their health and benefiting the environment.

The King of Bhutan introduced the term gross national happiness as far back as 1972 to reflect spiritual as well as material development. Mr Sen helped create the human development index, now used by the United Nations Development Programme, which takes account of life expectancy, infant mortality and literacy rates as well as GDP.

On this index, France ranks 10th in the world, beating the US and Britain, thanks to its superb healthcare and secondary education systems. On traditional measures of GDP per capita, France is 21st, well behind its "Anglo-Saxon" rivals.

Economists who have studied such issues have concluded that above a certain level of material comfort (an annual income of about Dollars 20,000) happiness is determined by relative, rather than absolute, standing. So the secret will be to devise a new index highlighting France's particular strengths relative to its international competitors.

Here are some suggestions: include champagne production, foie gras consumption, length of national catwalks and the number of cars torched in the suburbs on New Year's eve (a long-term contribution to carbon emission reductions). Length of holidays and beauty of the countryside should also be considered in the quality of life index.

It would be unusual if Mr Sarkozy did not want to make his own contribution. He could insist on adding a feel-good - or "bling-bling" - quotient including the weight of the head of state's wristwatch and the volume of photo-spreads generated in the world's "people" magazines. That should neatly round off the PGI, the progressive gains index, somewhat cruelly named the presidential glorification index by his opponents.