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Our impact - Developing democratic measures of income growth

Innovative research leads France's Statistics Office to experiment with new measures of economic well-being

Project summary

Many people are familiar with Gross Domestic Product (GDP), a commonly used economic measure of national output. However, whilst GDP provides useful insights, it tells only part of our economic story.

In particular, GDP growth is not a good measure of welfare change; it does not reflect any changes in the distribution of income.

This ESCoE project develops a democratic measure of growth which represents the average of each household's growth experience. An advantage of this measure is that it can be easily explained to the general public and non-technical users.

Impact - New indicators

- ESCoE work has directly led to the introduction of INSEE's (the French statistical office's) new "balanced growth indicator". This will be published on an experimental basis in 2025. Most indicators of income growth place more importance on the income growth of people with higher incomes compared to those with lower incomes. This new indicator gives an equal weight to each household's category income growth. This will help to improve measurement of economic development in France.
- The methods in this work have been developed with significant engagement from experts at the European Economic Association, the Royal Economic Society, the Society for the Study of Economic Inequality, the International Association for Research in Income and Wealth, and the World Inequality Database.
- The methods and results have been presented widely at conferences and workshops and key aspects of the approach were described in a 2020 *Economica* article.

Project leads and partners



Martin Weale



Andrew Aitken



"We will cite ESCoE work in our upcoming publication that introduces our 'balanced growth indicator'. This is directly derived from the indicator proposed. At this stage, these statistics are considered experimental. ESCoE's contribution has had a significant impact on our work."

Sébastien Roux, INSEE (the French statistical office)

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