Can we please kill the idea that Adair Turner or Robert Skidelsky are economists? [1]

Written by **Tim Worstall** [2] | Sunday 30 September 2012

Robert Skidelsky has another of his pieces about how being richer just doesn't make people happier. In it he quotes Adair Truner on a point which really should put to rest the idea that either of them are economists. For it really is a dreadful mistake [3]:

> More radical is Turner?s attack on our way of measuring wealth. GDP measures the volume of marketed output, not its quality. But it is the improvement in quality which is chiefly important for satisfaction.

GDP is not the volume of marketed output at all. It is the *value* of total output at market prices. That valuation at market prices means that we're linking that output to the satisfaction that consumers get from it. No, it's not the total value they do derive from it for there is such a thing as the consumer surplus (people purchase things at market prices because they value them more than the market price).

It's actually the other people, the Soviets, who measured economic output by volume. So many tonnes of cement, so many kilos of copper, so many kilometres of transport provided. We measure economic output by the *value* of it. Which does, as I say, link economic output to the satisfaction derived from it in a way that purely measuring by volume does not. For the value ascribed to production by market prices does bear some relationship to the satisfaction derived by consumers.

As a critique of announcing the tractor production statistics Turner and Skidelsky have a valid point. Given that we don't do that, have never done that and in fact as the 20th century proves we were right not to do that as a criticism of our current economy it's entirely incorrect. Fatuous even: so can we put to bed the idea that, given their seeming ignorance of the most basic points about our current economic system, either Turner or Skidelsky have anything very much interesting to say to us about how we should alter our current economic system?

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