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GDP a Poor Measure of Economic Health

January 31, 2013

GDP numbers only measure how we spend or allocate our national income. It's a very convoluted way of measuring economic health. Sort of like assessing the status of your household finances by adding together how much you spend on everything from mortgage and groceries to your cable bill and your tab at the local pub.

Wouldn't it make much more sense to directly measure income? Isn't the amount of money going into our bank accounts the key variable?

The same principle is true - or should be true - for a country.

Source: Cato. Read full article. (link)

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