

Measurement in Economics

Undoubtedly our time could be called the measurement era. Everyday indexes cover more and more aspects of our lives and condition our actions. In the morning, before we leave home, we take precautions based on weather indexes and choose the road to work oriented by measurements of traffic-flow, amount of accidents or street blocks registered in the city. At the same time, we observe fuel, oil, and heat measurements or the exact location of our vehicle on the GPS screen. Basic elements for our lives such as electricity, gas, water and even the air and noise levels in our house or neighborhood, are object of constant measuring. In a macrophysical level, researchers measure the seismic, maritime and atmospheric conditions of the entire planet everyday. In the microphysical and biological level, medical diagnoses depend on accurate measurements of all kinds that cover from the inner core of our cells to our genetic code. Not only physical life, but our entire social life is under the measuring domain today. Experimental psychology and social sciences have taken measuring to education, health, crime, politics, religion, entertainment and sports.

Among social sciences it is probably economics the largest contributor to the reign of measurements in social life. The essence of modern capitalist economy, based on equivalent exchanges and on the achievement of greater profits measured in money, transforms measuring into an indispensable instrument to ensure its efficient functioning. All the agents that participate in the economy need to measure the efficiency of their activities in terms of money. The market itself, through the price system, is the main mechanism of spontaneous self-measuring generated by the economy to regulate its activities. In a complementary way, agents constantly seek for extra information, and this is the reason why measuring and indexes are produced both by private and State's spheres. Their aim is to improve the efficiency of the agents' decisions, as well as the functioning of the economy as a whole.

As the philosopher Ricardo Crespo argues, economic science has accentuated its dimension as a measuring science, since its constitution as "economics", after the turn made by the founders of the Neoclassical school, from a praxis-oriented economic science to one centered on technique. Moreover, the crisis of the old "spontaneous" liberal order in 1930 and the subsequent rise of planning, regulation and social engineering, especially since the last post-war, have accentuated the conviction that the study of economic actions may be circumscribed almost exclusively to the scope of mathematics and statistics. Economics as we know it today was settled due to this epistemological and methodological program oriented to modeling and mathematical-statistical

measurement of agents' actions and the elaboration of indexes as central prediction tools and guides to make decisions.

This program was a great success, especially in times of an industrial economy in which quantitative criteria prevailed. However, primarily due to the passing to a knowledge, innovation and services economy in which the qualitative criteria have greater influence, a strong debate about indexes' limits, conventional measuring instruments and their theoretical foundations, is now taking place in economics. Many theorists wonder if traditional indexes are able to provide relevant information about things so important in a post-industrial economy as innovations, services and education. In fact, how can we measure the quality of a service or the value of a new knowledge and translate it into the quantitative terms of a price that can be useful as information for market's agents? On the other hand, social problems such as growing inequality, social fragmentation or exclusion, which are difficult to solve with conventional public policies, relativize the value of the macro measurements of production, consumption, wealth distribution and poverty. Finally, contemporary cultural trends –such as an increasingly subjective perception of the welfare level, a pluralism of life conceptions and a post-materialist sensitivity, among others – strongly question the uniformly materialistic assumptions that many of the traditional indexes postulate.

In this sense, this new issue of *Cultura Económica*, based on a selection of the papers presented on the First Conference of Philosophy of Economy, held by the Centre of Studies in Economy and Culture of the UCA in 2010, is focused on the discussion of the concepts behind measurements, as well as on the indexes built on those bases. Octavio Groppa, member of our journal's Editorial Board and José María Dagnino Pastore, Dean of our Faculty, present the wide theoretical debate that the problem of measuring implies. On the other hand, in the articles of Cecilia Adrogué and Ricardo Crespo –the latter also a member of our Board– and in María Edo's article, the conceptual and methodological assumptions of indexes are analyzed in two case studies: the Human Development Index of the United Nations Human Development Program, and the Report on Poverty in Irak for the year 2010. In addition, Jan Schröder presents a number of practical experiences of economic measurements applied to the social welfare in the regional level in Germany, based on new methodologies and concepts on welfare measurement. To conclude, Orlando Ferreres presents a revision of Argentina's economic history from the perspective of its measurement in terms of historical comparison.

As Josef Stiglitz, Jean-Paul Fitoussi and Amartya Sen accurately point out in their *Report of the Commission on Economic Measurement Performance and Social Progress* of the year 2010, presented to President Nicolás Sarkozy, whose mission was to revise the traditional measurement indexes, "what we measure affects what we do; and if our measurements are flawed, decisions may be distorted." The fact that economists, politicians and statisticians are thinking about new ways of measuring opens the possibility to broaden the conceptual basis in order to build indexes that can reflect in a better way the complexity and incommensurability of reality and of the human person.

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