AFS Gives One Consistent Test for What Economics Already Half-Knows

Auditing economic indicators as fitness claims

By Mario Aiello

Ask an economist whether the economy is doing well and you will get a number. Ask what the number is for and you will get a second number, usually the rate of change of the first. Nobody is hiding anything. The question just wasn't on the agenda.

This paper runs economic indicators through the Four Questions for Fitness: fit for what, fit for context, fit for how, fit until when. It does not offer an approach to the economy, because there is no bounded system there to carry a fitness claim, and I am not an economist. What I can audit is the indicators. Every one of them claims that something is working, and a claim like that can be asked what it is fit for.

The rule is simple. An indicator silent on one of the four questions is presuming the answer.

GDP

Start with the cleanest case. On the first question, GDP says almost nothing. It measures market output, and whether market output is what a society wants was never part of the measure. The people who built the national accounts in the 1930s warned against reading welfare off them. The warning did not travel as well as the number did.

Context is next. GDP gives the same reading whether growth comes from new schools or from rebuilding after a flood. Execution is worse: spending to repair damage counts as addition, and unpaid care work does not count at all. And there is no expiry. A measure built for production and mobilization is still used, eighty years on, to say how people are doing.

So GDP answers one question, and only partly. The other three are presumed, and the presumption then gets used as proof of fitness for nearly everything.

Efficiency and the rational actor

Pareto efficiency is more honest about its purpose: an allocation where no one can be made better off without making someone worse off. It says nothing about whether the starting distribution deserves defending, which is a fit-for-what gap presented as a result. It also holds only under conditions, complete markets and no externalities among them, and those are context claims that rarely get tested before the conclusion is quoted.

The efficient market hypothesis and the rational-actor assumption have the same shape. They may be fit in some markets, at some times, for some questions. They are usually stated

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as if fit everywhere, which is the Governing Law in reverse: fitness presumed, then proven by whatever happens to agree.

The expiry clause was already there

Economics found the fourth question before I did. The Lucas critique says a model fitted to past behavior stops being fit once a policy changes that behavior. Goodhart's law says a measure used as a target stops measuring. Both are expiry clauses, found separately and filed as warnings instead of being built into the indicators.

No indicator comes with an expiration date to prove it still works.

Where the indicators fail quietly

On the Friction-Fitness Map, the quadrant to worry about is Hidden Misfit: little friction, no fitness. Everything reads fine. An economy or a firm can score well on every standard metric while it wears down what it depends on, natural capital or the slack that lets it absorb a shock. Nothing in the dashboard registers the loss, because nobody asked the dashboard about it.

This is the part I would defend hardest. Indicators are the instruments that report friction. When they are silent on three of the four questions, a failure on those three shows up as low friction, which is what Hidden Misfit looks like from the inside.

Boundaries follow the same logic. Ecological limits and social floors usually enter economic analysis as prices or weights in a composite, and then get traded against growth. A boundary that can be netted against output is no longer a boundary. That argument is covered in its own paper, Boundaries Aren't Trade-offs, so I'll leave it at that.

What this does not claim

Economists got to pieces of this first. Capability economists, commons scholars, ecological economists and the whole beyond-GDP literature all object to presumed fitness in their own vocabulary. Nothing here is new insight about the economy. What I add is a single test applied the same way to every indicator: which of the four questions does it answer, and which does it presume.

AFS has not been field-tested, and this audit is desk work. I checked a handful of indicators, not the catalogue, so read this as a method plus a few worked cases. Economists may also say the four questions rename distinctions they already make. Whether the renaming earns its keep depends on whether anyone uses the test, and so far nobody has.

Before the next number is cited as evidence of anything, ask which of the four questions it answers. If the answer is one, you are holding a fitness claim with three presumptions in it.

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