

ECONOMIC INDICATORS measure economic well-being and wealth- Money is the only measure of well-being recognized by conventional economies - the price of something is a measure of its value

When countries join the UN they have to subscribe to the *System of National Accounts*. These accounts are used to measure the GDP which ignores social and environmental costs of growth.

Gross Domestic Product (GDP) is the *primary indicator* or measure of economic production within a country (growth and development). It is the total dollar value of all of the goods and services made and purchased within one year. Put another way, it is a **tally of all of the money spent** by individuals and households (2/3), government and businesses. The global GDP in the mid 90s is \$26 trillion. As a benchmark, a 2% growth in GDP is considered slow growth while a 4% annual growth is considered great. The GDP measures income, savings, credit purchases, commodity production and accumulation of capital.

GDP does NOT measure:

1. health
2. infant mortality
3. morbidity
4. suicide rates
5. crime
6. poverty
7. environmental health/decay and destruction of the natural environment
8. infrastructure such as highways and bridges
9. family breakdown
10. loss of leisure time
11. cost of commuting to work
12. lack of civility in communities
13. lack of concern for future generations
14. income gap (women/men; poor/wealthy)

Criticism - as the GDP increases, well-being does not necessarily increase along with it. We cannot assume that things are getting better (improved life conditions) just because more money is spent!

SOCIAL INDICATORS - measure social well-being and wealth - Raising families, caring for elders, voluntary community work and much of art and culture contribute to well-being but often are done without being paid - people need to feel that their efforts are appreciated.

SOCIAL HEALTH CANNOT BE MEASURED USING ECONOMIC INDICATORS
Governments resist this because many social indicators are OUTSIDE the direct realm of government influence so they cannot be controlled or measured (counted).

Alternatives to the GDP

Ways to enlarge the accounting lens

Efforts to capture the *social* aspects

A. Fordham Index of Social Health (FISH)

Measures 16 socio-economic indicators:

1. infant mortality
2. child abuse
3. child poverty
4. teen suicide
5. drug abuse
6. high school drop-outs
7. average weekly earnings
8. unemployment
9. health insurance coverage
10. poverty among elderly
11. health insurance for elderly
12. highway deaths due to alcohol
13. homicides
14. food stamp distribution
15. housing
16. income inequality

Since 1973, the FISH index has declined as the GDP increased in the US.

In Canada, the FISH index has stayed constant since 1985 as the GDP increased.

B. Genuine Progress Indicator (GPI) - 1994

Attempts to shift prevailing definition of progress from economic growth to people's sense of quality of their lives. The GPI assigns value to the life-sustaining functions of households, communities and the natural environment so that the destruction of these, and their replacement with commoditized substitutes, no longer appears as growth and gain.

GPI accounts for:

1. Unpaid work (housework, parenting and care giving)
2. crime
3. family breakdown
4. household work
5. volunteer work
6. income distribution
7. resource depletion
8. pollution
9. defense expenditures
10. long term environmental damage (wetlands, ozone, farmland,

11. changes in leisure time
12. life span of consumer durables and public infrastructure
13. dependence on foreign assets
14. services (highways, streets)
15. loss of leisure time (to devote to community, self, hobbies, relaxation, spend with family)
16. cost of auto accidents
17. cost of under-employment
18. cost of noise pollution and household pollution (sick house syndrome)

Quality of life has deteriorated at an accelerating rate since 1970 - the GPI went down as the GDP went up in the US.

In Canada, as the GDP went up, the GPI has not risen but has stayed constant.

The GPI does not yet measure human capital, social infrastructure/cohesion, genetic gene pool diversity, workplace environment, underground economy, or life-style induced disease.

C. United Nations Human Development Index (UNHDI)

The HDI is based on the assumption that economic growth/development does not necessarily equate to human development or increased well-being. This index measures the impact of growth (or lack thereof) on people rather than on the economy. It was developed by the UN Development Program. The rating can range from 1.000 (highest rating) to 0.000 (lowest rating). A high rating is above 0.890. Canada has rated first for the last four years (0.960) followed closely by US (0.942) which is ranked fourth, slightly behind Norway and France and tied with Iceland (1997).

The HDI measures health, education and income:

1. life expectancy
2. access to education and adult literacy
3. years of schooling
4. equitable distribution of income
5. GDP per person (gauges command over resources) is adjusted to reflect Purchasing Power Parity (PPP)
6. achievements in health
7. gender equity

Efforts to capture the *environmental sustainability* aspects

D. Gross Sustainable Development Product (GSDP) - measures the *cost* of growth and development developed by the Global Community Assessment Centre and the Society for World Sustainable Development

It is defined as the total value of production within a region over time and is measured using market prices for goods and services transactions in the economy. It is designed to replace the GDP.

The GSDP measures:

1. economic impacts of environmental and health degradation or improvement
2. resource depletion, depreciation or appreciation or finding new resources (stocks)
3. impact of people activity on environment
4. impact of people activity on availability of resources
5. impact of people activity on economic development
6. the quality of environment, people, resources and development and impact of changes in these on the national income and wealth
7. impact of global concerns on the economy
8. welfare, quality of life and economic development of future generations
9. expenditures on pollution, health, floods, car accidents
10. the resource stocks and productive capabilities of exploited people and ecosystems
11. the impact of economic growth on biological diversity
12. impacts of social costs, health costs, on future generations and the nation's income

E. Gross Environmental Sustainable Development Index (GESDI) - measures the *quality* of growth and development

Over 200 indicators of non-market values (values other than money) are measure organized by four areas:

1. people - 111 (includes dimensions of social, economic, psychological, physical and spiritual indicators as well as literacy, rights, justice, diversity, community, peace and conflict, legal and political, etc)
2. available resources - 11
3. environment - 41
4. economic development - 70

The sustainability of a variable (the impact or the stress created) is comprised of

1. the **Urgency** or need to find a solution to the stress in a reasonable period,
2. the **Geographical** context of the impact or stress,
3. the **Persistence** or period of time that the impact will be felt at a significant level, and
4. the **Complexity** (number of interactions) of impact between the four above quality systems.

Standard of living is a standard of consumption, NOT income or wages (Anderson, 1997).

It can be defined as "a grade or level of subsistence and comfort in everyday life enjoyed by a community, class or individual" (Random House Dictionary, 1966)

It is now being argued that a basic cost of living is one's birthright! This could be achieved through a guaranteed annual income thereby making sustenance a right.

There is a movement in Canada to draft a Private Members Bill (Working title is the 7th Generation Bill, based on the indigenous model of considering the interests of the next seven generations whenever decisions are made). This Bill would help Canada change directions in the way it makes decisions within government such that the structures of society serve the goal of sustainability! Well-being, quality of life and standards of living are inherent in the development of this Bill as the GPI which takes into account non-monetary contributions to well-being (Nickerson, 1998)

ALTERNATIVES TO THE GDP WEB SITES

1. FORDHAM INDEX OF SOCIAL HEALTH
FISH
<http://www.ccsd.ca>
2. GENUINE PROGRESS INDICATOR
GPI
<http://www.rprogress.org>
3. UNITED NATIONS HUMAN DEVELOPMENT INDEX
UNHDI
<http://www.un.org>
4. GROSS SUSTAINABLE DEVELOPMENT PRODUCT
GSDP
<http://members.home.net/g.dufour>
5. GROSS ENVIRONMENTAL SUSTAINABLE DEVELOPMENT INDEX
GESDI (see above for web site)

Overview of main concepts covered by alternative measures

	FISH	GPI	HDI	GSDP	GESDI
infant mortality	*		*		
child abuse	*				
child/elderly poverty	*				
teen suicide	*				
drug abuse	*				
high school drop outs	*				
unemployment and underemployment	*	*			
health insurance coverage	*				
highway deaths due to alcohol	*	*		*	
homicides/crime	*	*			
food stamp distribution	*				
housing	*				
income inequality/distribution	*	*	*		
unpaid work (household, volunteer)		*			
family breakdown		*			
resource depletion		*		*	*
pollution		*			
defense expenditures		*			
long term environmental damage		*			
changes in/loss in leisure time		*			
life span of consumer durables and public infrastructure		*			
dependence on foreign assets		*			
services (highways, streets, parks)		*			
life expectancy			*		
access to education/literacy			*	*	
achievements in health			*		
gender equity			*		
impact of current behaviour on future generations				*	
impact of people activity and economic development on environment, biodiversity				*	*
impact of current costs on future generations and nation's economy				*	
economic development					*
PEOPLE					*

economic growth

sustainability

progress

genuine progress

social health

human development

sustainable development

environment

Other variables that are not yet measured in these indices, as recognized by originators of the indices:

loss of civility in communities

strength of communities

cost of commuting to work

human capital

genetic gene pool diversity

workplace environment

underground economy

life style induced disease

balance of family and work