

Article for Brandon Sun "Small World" Column – Sunday, April 22/07

A Real Measuring Stick for Progress

By Zack Gross

Earlier this year, Redefining Progress, an Oakland, CA think-tank, published its Genuine Progress Indicator for 2006. This group has been promoting new ways of understanding economic and social progress for the past ten years, arguing that the concept of the Gross Domestic Product, the index used by conventional authorities, doesn't give a true picture of the state of our development in individual countries or in the world as a whole.

Every newscast today takes a minute to give the latest investment and business headlines. We often hear the term Gross Domestic Product (GDP) used. This was first developed, during the Second World War, and called at that time the Gross National Product (GNP), to measure wartime production.

Redefining Progress argues that, as a simple accounting of products and services bought and sold, the GDP is not a helpful measurement of the state of any jurisdiction. After all, crime, disaster, pollution and illness increase the GDP. How can we, in our right minds, hope for more of these, as a way of improving our economy and society?

The Genuine Progress Indicator begins with the same personal consumption data used in calculating the GDP, but then adjusts upwards for factors such as equitable income distribution and the value of household and volunteer work, and downward for such challenges as crime and pollution. Because no money changes hands, the GDP doesn't count housework or volunteerism. Leisure time, something everyone values, is not counted either in the GDP because it isn't a moneymaking activity. But leisure increases a country's GPI, because people need and enjoy free time.

Negative areas such as crime, family breakdown, automobile accidents, illness, shoddy production, the depletion of natural resources and environmental damage actually increase the Gross Domestic Product by creating lawyers' fees, repair or clean-up costs, medical expenses, "defensive costs" (such as water filters and other preventive measures) or the building of jails. In the Genuine Progress Indicator, these are counted as they should be, as negatives. Even the dependence of countries on foreign loans or resources such as oil brings down the GPI.

Using the GPI instead of the GDP, Redefining Progress asserts that the US economy, over the past 35 years, has had a flat trajectory. The group feels that such factors as war, global warming, increasing poverty, urban sprawl and exported jobs have hampered social progress even though the GDP has risen dramatically. The negatives outweigh the positives and our development is unsustainable.

The 2006 GPI Report focuses on these key factors:

- **Global Warming:** Droughts, floods, the rise in sea levels and severe storms are hurting people and economies at a value (cost) of one trillion dollars per year. The human suffering and property destruction of Hurricane Katrina, for instance, is a “cashing out” of environmental debt.
- **Income Inequality:** In the US, Redefining Progress says, disparities in wealth haven’t been more pronounced in 60 years. The increasing concentration of wealth at the top does not improve the economy the way more even distribution would. There may be conspicuous consumption by some, but there is not overall economic welfare.
- **Urban Sprawl:** Commuting time is increasing, as are accidents, fertile farmland is being gobbled up, all forms of pollution are increasing, costing another trillion dollars per year against the GPI.
- **Globalization.** The US has become a borrowing nation, to finance wars in Iraq and Afghanistan, while its manufacturing sector has been abandoned to overseas production and suppliers.

On the other side of the ledger, these negative factors are balanced by a sharp increase in the educational level of US citizens, their productivity, civic participation, volunteerism, generally good health and growth in research and development.

Redefining Progress is not trying to say that everything is bad. Rather, that a country’s progress needs to be gauged in a more balanced and detailed way than just counting goods and services. The GDP indicating that the US economy has been growing steadily for the past generation is based on a too simplistic calculation – and on one that largely suits the people at the top.

In order to make real progress and effect real change in our society, we need to find ways to redefine progress. Canadian Ronald Wright’s Book “A Brief History of Progress”, the basis for the CBC Massey Lectures of 2004, offers an arresting view of the great civilizations of our world over time, and how they fell and disappeared because people didn’t heed the concern of environmental sustainability.

The human lifestyle – how we build and manage our economies – that doesn’t take people and the environment into account, ultimately leads us to collapse.

The American group Redefining Progress offers us tools with which to build a new, sustainable human and environmental ethic and practice.

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