Measuring Genuine Progress
Towards Global Consensus on a Headline Indicator for the New Economy

*Draft Program Prospectus*
Introduction

Clearly, we are at the cusp of an economic transformation at least as significant as the Industrial Revolution. As we emerge from the most severe economic crisis since the Great Depression leaders throughout world are converging on a vision of the New Economy firmly grounded in the principles of sustainable development.

Consensus how to define and measure sustainable development may remain elusive, at least for a while. Nonetheless, achieving such consensus is one of the most important ways we can speed the transition since what is measured matters, and the sooner we define what matters the sooner we can abandon a system that no longer serves us. Although it was never meant for this role, Gross Domestic Product (GDP) emerged as what mattered most to the old economic order. Maximizing the growth rate of GDP became the justification for relentless pursuit of consumerism, deregulation, globalization, and privatization – policies that have now met their match as the triple crunch of financial collapse, resource depletion, and climate change take their toll on the quality of our lives and the prospects for our long term survival.

Replacing these hallmarks of the old economic order with a new set of sustainable development policies will occur in fits and starts. It will take time to first halt, and then reverse a system that has gained a staggering weight of inertia built over the past 150 years. Finding ways to comfortably and equitably feed, clothe, and shelter nearly 7 billion of us through sustainable modes of production while absolutely minimizing hardship during the transition is a formidable challenge, to say the least. But a critical early step will be adopting ways to measure genuine progress towards sustainable development so we don’t end up repeating the mistakes of the past and have reliable sources of feedback telling us what is working and what is not. This is especially important now as nations implement various stimulus packages to jumpstart the economic recovery – ostensibly – along green pathways.
Fortunately, there is an increasingly large and robust set of indicators work from which we can draw. For the past twenty years or so, interdisciplinary researchers have been creating, testing, and refining a host of indicators capable of measuring ecological footprints, eco-efficiency, social equity, well being and other vital aspects of the New Economy. Such indicators are being adopted at an encouraging rate at the institutional, community, national and international levels as a way to evaluate progress towards sustainable development in each of the three core domains: economic, environmental, and social. What is missing, however, is consensus on a single, headline indicator that can serve the role that Gross Domestic Product (GDP) has served since the close of World War II – an overall barometer of economic health that commands the attention of electorates, politicians, economic development practitioners, and researchers alike. Given the success of GDP in spurring creative policies to stimulate its growth, it makes sense to adopt a single, headline indicator that will spur innovative policies to foster the sustainability revolution. Such an indicator should have many of the characteristics of GDP such as transparency, popularity, and replicability across nations but should actually measure economic welfare and not something else entirely, as GDP does now.

In this pamphlet we review some of the leading candidates, and recommend adoption of the Genuine Progress Indicator (GPI) for this role as the most comprehensive, scientifically vetted, and suitable for policy applications. While there remain some methodological improvements that need to occur before its widespread application, it nonetheless holds the greatest promise for dethroning GDP and thereby helping nations of the world accelerate the transition to the New Economy at a time when we need it the most.

The remainder of the pamphlet is organized as such. First, we review the critical importance of having rigorous indicators of macro-economic welfare in the era of sustainable development. Secondly, we summarize shortcomings of GDP. We then review some of the indicators now being seriously investigated as supplements or replacements to GDP. Next, we make the case for the Genuine Progress Indicator. We conclude with recommendations for a Program on Genuine Progress Accounts to improve and standardize the methodology, create national accounts, initiate underlying non-market studies, demonstrate the GPI's usefulness in policy settings, and engage the public to help make the GPI a commonplace metric for evaluating national economic performance.
Why We Need Good Indicators of Economic Welfare

Reliable and meaningful indicators are an essential component of good governance. They provide objective, quantitative benchmarks for holding decision makers accountable. They establish trends over time so we know where we stand in relation to the past. They also highlight disparities between countries and regions so that resources can be allocated to where they are needed the most. Good indicators reflect society’s consensus on what really matters. As such, they are critical feedback mechanisms. Policies, programs, and projects can be monitored during and after implementation to insure that they are generating the kinds of effects anticipated. If not, adjustments can be made to get us back on track.

At the macro-economic level, we need indicators that tell us how we are doing from the standpoint of economic welfare. Economic welfare is an entirely different notion than economic activity, but the two are often confused. Economic welfare tells us about the level of satisfaction, or “utility” we are deriving from our consumption of goods and services and our use of time. In 1906, economist Irving Fischer coined the term “psychic income” to describe the true benefit of all economic activity. Goods and services are not valued in and of themselves, Fischer argued, but valued in proportion to the utility or enjoyment we derive from them. Moreover, psychic income is not derived exclusively from consumption, but from a wide range of sources including meaningful work, time spent with family and friends, leisure, spiritual and cultural pursuits, and the aesthetic and recreational enjoyment of nature.

Economic activity, in contrast, is simply the sheer volume or value of buying and selling that takes place. There is really no connection between economic activity and economic welfare – there can be an extraordinary level of buying and selling taking place in an economy at the same time that the majority of its citizens are poor, unhealthy, unsatisfied with the quality of their lives, and living in danger of war, environmental contaminants, and political instability. Conversely, we can have a relatively low level of economic activity at a time when citizens are enjoying significant leisure time with family and friends, living in healthy environments, and consuming goods and services that are tasteful, built to last, and made with a minimum of waste.

Thus, it is absolutely critical for societies to have measures of economic welfare in addition to simple measures of economic activity. This is especially important today when the
welfare of so many lives is in jeopardy from the global economic collapse, climate change, and depletion of vital resources like energy, clean water, open space, affordable food, and biological diversity.

**Shortcomings of GDP**

GDP is a measure of economic activity alone, yet, since the close of World War II, it has been synonymous with economic welfare. It was never designed for this purpose. There are several reasons for this. First, while GDP tells us something about the quantity of goods and services we have and how much we paid for them, it tells us nothing about the utility or psychic income – to use Fisher’s term – we receive from them. We can be spending more for a lower quality of life and yet GDP will increase.

Secondly, GDP fails to distinguish between expenditures that enhance our welfare such as education and those that are simply designed to keep current welfare intact like emergency medical care, national defense, and home security systems. The latter are known as “defensive” expenditures.

Third, GDP gives no indication of sustainability. If current consumption is financed largely through borrowing from abroad or consumer debt that cannot be repaid, the GDP gives no signal that such habits cannot continue indefinitely. Nor does GDP distinguish between real value and speculative assets. The kind of volatile value created by derivatives, mortgage-backed securities, collateralized debt obligations and other vaporous instruments birthed by unregulated financial institutions in the golden era of speculation is the antithesis of sustainable economic growth.

Fourth, all non-market aspects of the economy are excluded. Non-market benefits we receive from volunteer work, parenting or ecosystem services provided free of charge from nature are not valued even though they make significant contributions to our economic well being. Likewise, non-market costs such as those associated with pollution are overlooked. GDP is oblivious to the increasing costs of pollution, most notably, global warming pollution, predicted to be 20% of gross world product by century’s end. In fact, pollution is a double bonus to GDP. GDP increases when toxic wastes and other pollutants are generated, then once again when society is forced to spend enormous sums cleaning them up.
Fifth, GDP says nothing about the distribution of wealth, income, or opportunity in society. It may drop for the majority of the population, rise for a handful at the top, and still show an overall gain as far as GDP is concerned. As noted in the 2007 Human Development Report, “The rising tide of global prosperity has lifted some boats faster than others—and some boats are sinking fast.”

Lastly, and perhaps most importantly, GDP fails to account for depletion or degradation of the four essential kinds of capital on which our economy ultimately depends: human, social, built, and natural. The staggering economic toll associated with extinction of indigenous economic systems and knowledge, disappearing forests, wetlands, farmland and biological diversity, or the death, displacements, and destruction caused by war and natural disasters is entirely overlooked.

**Beyond GDP**

**Indicators of the New Economy**

Fortunately, since the Rio Earth Summit some 16 years ago, the international community of sustainable development practitioners has been advocating for, developing, and applying dozens of new indicators appropriate for evaluating the performance of businesses, institutions, communities, nations, and the world. With respect to high visibility “headline” indicators capable of helping societies move beyond GDP, there are three basic approaches. In their 2007 summary of the issue, the European Parliament described these approaches as adjusting, replacing, or supplementing GDP.

Indicators that adjust GDP take GDP figures as given and then make downward or upward adjustments to reflect negative or positive changes in welfare that can be monetized through standard valuation techniques. So for example, GDP can be adjusted down to reflect the social costs of pollution and up to include the social benefits of higher education and thereby be more indicative of true economic welfare than GDP alone. Examples are the Genuine Progress Indicator and Genuine Savings.

Indicators like the Well Being Index or Genuine Wealth Index have been developed, in
contrast, to replace GDP with an indicator that measures well being more directly by assessing life satisfaction, achievement of basic human needs, or by aggregating a wide range of environmental, social, and economic aspects of sustainable well being into a single index.

The approach of supplementing GDP consists of leaving GDP intact but reporting it, side by side, with a variety of indicators that tell a more comprehensive story of how society is doing from the standpoint of sustainable development. An example are the annual reports published by the U.N. Secretary General tracking 48 indicators of progress towards the Millennium Development Goals.

In reality, all these approaches and all the rigorous indicators of sustainable development that have been painstakingly developed over the past decade and a half report vital information about humanity’s well being. Nevertheless, there is a strong case to be made for rallying around at least one of the new indicators as a way to consistently correct misperceptions about GDP and report on the true state of our economy in a way that is rigorous, transparent, and politically relevant. We believe the approach that best meets this need is the approach of adjusting GDP. There are three key reasons for this.

• First, while there are dozens of new indicators addressing welfare or well being from a broad perspective, still, it is important to have an indicator focused on economic welfare alone. This is especially true in times like these, when the economy is issue number one for the foreseeable future. GDP serves this role now, despite not being created to do so. Adjusting GDP holds the promise of converting it from a measure of economic activity to one of economic welfare.

• Secondly, GDP is expressed in monetary units. Adjusting GDP to be an economic welfare measure preserves this aspect. A monetary measure of welfare is easy to understand and easy to incorporate into impact, modeling, and forecasting studies.

• Third, it is an easier task to incorporate an adjusted GDP into the regular reporting functions of the world’s statistical agencies than asking them to develop an entirely new measure. Moreover, nations have already devoted considerable resources to develop “satellite” accounts to GDP addressing social and environmental aspects. An adjusted GDP can build on this valuable work.

Thus, we take a closer look at the three most prominent headline indicators that are based on adjusting rather than replacing or supplementing GDP.
Green GDP

Numerous attempts have been made to develop green GDPs—GDPs that address the costs of environmental degradation and depletion of natural resources into the national income accounts. Green GDPs are calculated by subtracting the depreciation of both human and natural capital as well as defensive expenditures from GDP. In the green GDP context, natural capital depletion costs are based on the costs of replacing exhaustible natural resources like minerals and oil with technological substitutes. Pollution costs include pollution control expenditures, infrastructure damages, health impacts, as well as losses in the productivity of forests, farmland, and fisheries. Green GDP calculations have been published for Australia, Canada, China, Costa Rica, Indonesia, Japan, Mexico, Papua New Guinea, and the U.S., although none of these efforts have resulted in regular reporting of the results. In 2006, the government of China released its first ever green GDP index. The index adjusted GDP to account for the economic costs of pollution – at least 511.8 billion yuan, or 3.05% of GDP. Roughly 20 percent of China’s GDP growth was counterbalanced by the costs of depleting natural resources and degrading the environment.

Genuine Progress Indicator

The Genuine Progress Indicator is the latest iteration of an accounting method that has its root in Nordhaus and Tobin’s Measure of Economic Wealth (MEW) and Daly and Cobb’s Index of Sustainable Economic Welfare (ISEW). While GDP is a measure of current income, GPI is designed to measure the sustainability of that income, essentially measuring whether progress is a result of living off the interest of community capital or spending it down. Ostensibly, the GPI addresses all aspects of capital relevant to economic welfare: human, social, built, and natural. The GPI uses the same personal consumption data as GDP but make deductions to account for income inequality and costs of crime, environmental degradation, loss of leisure, and debt, and additions to account for the services from consumer durables and public infrastructure as well as the benefits of higher education, volunteering and housework. By differentiating between economic activity that diminishes community capital and activity that enhances such capital, the GPI and its variants are designed to measure sustainable economic welfare rather than economic activity alone.

The latest GPI studies have been published for Germany (under the name National Welfare Index) and the United States in 2006. GPI studies have also been completed for Australia, Austria, Canada, Chile, Germany, Italy, the Netherlands, Scotland, Sweden, and the United Kingdom. GPI accounts for the U.S. and many other countries show the gap between
GPI and GDP widening since the mid to late 1970s. This divergence is known formally in the literature as the “threshold effect.” It implies that after some particular threshold, environmental and social costs of economic growth are offset by rising environmental and social costs. Before the threshold, genuine progress generally rises with GDP.

## Genuine Savings

The World Bank defines Genuine Savings the true level of saving in a country after depreciation of built capital, investments in human capital, depletion of minerals, energy, and forests and damages from local and global air pollutants are taken into account. There is no one formula used to calculate Genuine Savings, however, the one advocated by theorists involves subtracting net foreign borrowing, depreciation of human capital, and depreciation of natural capital from the sum of human capital investment (as measured by education expenditures) and the change in the value of the world’s ecosystem services (which can be positive or negative). In the Genuine Savings context, human capital also refers to skills and know-how of the labor force, trust and cooperation/collaboration, efficient judicial systems, clear property rights, and effective government, although consistent methods to quantify these aspects are lacking.

In effect, Genuine Savings measures net investment in all forms of capital required for human society to exist and to thrive. A sustainable society is denoted by a non-negative measure of Genuine Savings. Genuine Savings has been used in research settings. For example, a 1999 Work Bank Study found that levels of genuine savings are negative in a wide number of countries, most especially in Sub-Saharan Africa, and that because of this; these countries are being “progressively impoverished.”

While each of these approaches has its advantages, the Genuine Progress Indicator (GPI) seems to be the most suitable for the role of a new headline indicator of economic welfare. Of the three, the GPI provides the most balanced treatment of social sustainability (i.e. beneficial time use), economic sustainability (i.e. consumption, defensive expenditures, and debt) and environmental sustainability (i.e. both pollution and depletion of natural capital). Both Green GDP and Genuine Savings are more heavily weighted towards environmental factors, and leave out important dimensions of social and economic sustainability altogether. In addition, the GPI addresses each of GDP’s major shortcomings while the other two metrics correct only a subset. For example, neither Genuine Savings nor Green GDP is adjusted for inequality. The GPI also has the distinct advantage of having been vetted extensively and refined by the peer review process; so much so, that it has been referred to as “theoretically superior.” For these reasons, we believe the GPI ripe for implementation as a new headline indicator of economic welfare throughout the world.
A Program on Genuine Progress Accounts

While there has been extensive work on the GPI and its variants for well over two decades, the task of making it front and center in economic performance evaluations at the international, national, and sub-national levels will take a sustained, well-funded and coordinated effort implemented simultaneously in multiple countries. We envision an international Program on Genuine Progress Accounts (PGPA) involving government agencies, academic institutions, and non-governmental organizations. It should be an adaptive Program that begins reporting GPI accounts using the best data we can produce at the present time and evolves over time as new research, methods, and data come available. We propose five major elements:

I: Refining Components and Methods

The table below provides the latest line by line description of GPI components for the United States. The GPI begins with personal consumption expenditures taken from GDP accounts. The value of such expenditures is then adjusted down to account for income inequality. From a welfare perspective, consumption expenditures contribute less to national economic welfare if they reflect conspicuous consumption of the wealthy rather than a more equitable pattern of spending. To this weighted personal consumption figure, the GPI adds non-market benefits associated with various forms of social and built capital. These include the value of volunteering, housework, parenting, higher education and the value of the services provided by consumer durables, streets, and highways. Net capital investment is also added when it exceeds depreciation.

The GPI accounts then make a series of deductions that reflect the externalized costs of economic growth. These include the costs of crime, lost leisure time, unemployment, accidents, pollution, and depletion of natural capital. Consumer expenditures on durable goods as well as foreign borrowing are also deducted since the former is a cost incurred to receive a stream of benefits (i.e. the annual services provided by appliances) and the latter a debt that will be repaid by reducing future consumption.

The German National Welfare Index (NWI) presents a slightly different approach. Public spending on health and education is counted as a GPI contribution. On the cost side, the NWI includes alcoholism and long term soil damage. A few line items, such as pollution costs, are tabulated using methods.
The differences between the latest GPI accounts published in the U.S. and Germany underscore an important point – while there is consensus about the categories of GDP adjustments to include in the GPI, there remain differences in specific line items and more substantial differences in calculation methods. Thus, an important first step in implementing an international PGPA is to convene an international working group to resolve these disparities and develop a protocol that can be consistently applied.

### Genuine Progress Indicator Components and Values
**United States 2004**

<table>
<thead>
<tr>
<th>Contributions</th>
<th>Amount (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal consumption expenditures</td>
<td>$7,588.60</td>
</tr>
<tr>
<td>Weighted personal consumption expenditures (adjusted for inequality)</td>
<td>+ $6,318.41</td>
</tr>
<tr>
<td>Value of housework and parenting</td>
<td>+ $2,542.16</td>
</tr>
<tr>
<td>Value of higher education</td>
<td>+ $827.98</td>
</tr>
<tr>
<td>Value of volunteer work</td>
<td>+ $131.30</td>
</tr>
<tr>
<td>Services of consumer durables</td>
<td>+ $743.72</td>
</tr>
<tr>
<td>Services of streets and highways</td>
<td>+ $111.55</td>
</tr>
<tr>
<td>Net capital investment (positive in 2004, so included in contributions)</td>
<td>+ $388.80</td>
</tr>
</tbody>
</table>

**Total positive contributions to the GPI:** $11,063.92

<table>
<thead>
<tr>
<th>Deductions</th>
<th>Amount (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of crime</td>
<td>- $34.22</td>
</tr>
<tr>
<td>Loss of leisure time</td>
<td>- $401.92</td>
</tr>
<tr>
<td>Costs of unemployment and underemployment</td>
<td>- $176.96</td>
</tr>
<tr>
<td>Cost of consumer durable purchases</td>
<td>- $1089.91</td>
</tr>
<tr>
<td>Cost of commuting</td>
<td>- $522.61</td>
</tr>
<tr>
<td>Cost of household pollution abatement</td>
<td>- $21.26</td>
</tr>
<tr>
<td>Cost of auto accidents</td>
<td>- $175.18</td>
</tr>
<tr>
<td>Cost of water pollution</td>
<td>- $119.72</td>
</tr>
<tr>
<td>Cost of air pollution</td>
<td>- $40.05</td>
</tr>
<tr>
<td>Cost of noise pollution</td>
<td>- $18.21</td>
</tr>
<tr>
<td>Loss of wetlands</td>
<td>- $53.26</td>
</tr>
<tr>
<td>Loss of farmland</td>
<td>- $263.86</td>
</tr>
<tr>
<td>Loss of primary forest cover</td>
<td>- $50.64</td>
</tr>
<tr>
<td>Depletion of non-renewable resources</td>
<td>- $1,761.27</td>
</tr>
<tr>
<td>Carbon emissions damage</td>
<td>- $1,182.82</td>
</tr>
<tr>
<td>Cost of ozone depletion</td>
<td>- $478.92</td>
</tr>
<tr>
<td>Net foreign borrowing (positive in 2004, so included in deductions)</td>
<td>- $254.02</td>
</tr>
</tbody>
</table>

**Total negative deductions to the GPI:** $6,644.83

**Genuine Progress Indicator 2004:** $4,419.09

**Gross Domestic Product 2004:** $10,760.00
II: GPI Accounts at the National and Sub-National Levels

Once a consistent protocol has been developed, the second element of an international PGPA should be publication of GPI accounts at both the national and sub-national level (where appropriate) using best data available. Clearly, there will be significant data gaps, and for some line items initial GPI accounts may be little more than educated guesses. Nonetheless, it is critically important to begin the reporting process. The sooner regular reporting of GPI (or for that matter, any true economic welfare measure) occurs, the sooner each nation’s statistical agencies will familiarize themselves with the accounting process and identify strengths, weaknesses, and opportunities for improvement of the metric. Key research needs will be identified. Publication of the metric will also instill confidence in the new measure amongst decision makers, analysts, and the public.

III: Non-Market Studies

While the theoretical validity of the GPI has gained widespread consensus, many practical challenges remain. One major shortcoming is the fact that the GPI has yet to make use of the burgeoning pool of scientific research addressing non-market aspects of economic welfare such as the value of time spent volunteering, “ecosystem services” such as flood control we receive from nature for free, or the deleterious effects of pollution on public health. Because of this, a PGPA priority should be incorporating comprehensive new data sets and valuation studies that have emerged since the original GPI calculations were made. There should also be a systematic research effort to fill in data gaps through original research. Research priorities should include:

- **Ecosystem service stocks and flows.** GPI accounts now include deductions (or increases) for changes in the stocks of primary forests, wetlands, and prime farmland and based on point estimates of the value of their ecosystem service flows. GPI accounts can be made much richer by including additional ecosystems such as marine areas, taking into account variations in ecosystem service flows and value associated with management activities and natural disturbance, accounting for ecological restoration, adjusting values to account for growing/declining scarcity and relying on much more accurate estimates of ecosystem extent.

- **Value of non-market time use and other informal sector activities.** A significant amount of valuable economic activity takes place outside the formal sector through activities such as volunteering, parenting, and housework. Non-market benefits are also generated by time spent in formal and informal education. Current GPI accounts
include the value of these activities, but the time use and valuation data on which they rely is outdated. The economic importance of informal sector exchanges also needs to be investigated and reflected in the GPI.

- **Human capital.** Human capital, manifested by levels of educational attainment, adaptability, creativity, entrepreneurial skills and generosity of a given population is, arguably, at least as important to the welfare as its general level of monetary wealth. Developing consistent ways to measure and value human capital over time thus, is an important arena for original research.

- **Externalities.** Environmental, economic, and social externalities generated by market activities are an important component of the GPI, but data are sparse, or inconsistent. For example, data on air and water pollution (both point and non-point) varies wildly from country to country. Noise pollution studies are virtually non-existent. The costs of poor health, underemployment, family breakdown, and other pathologies are also underrepresented in the literature and yet to be adequately addressed by the GPI.

- **Economic security.** Economic security is endangered by wars, terrorism, and exposure to price shocks, debt and over-reliance on imports for energy, food, and manufactured goods. A fruitful area of original research will be to develop economic security indices based on these factors and make appropriate GPI adjustments based on these indices.

### IV: Policy Applications

A way to demonstrate the GPI’s usefulness is to immediately incorporate it into the analysis of public policy, even if the accounts are not yet fully fleshed out. Already, laws require decision makers to quantify the economic impacts of policy, programs, and projects authorized by government agencies in most nations. Instead of quantifying these impacts in traditional terms, with GDP and its affiliated measures, we can, instead, address impacts from the broad sustainability perspective offered by the GPI.

A timely application would be a GPI analysis of the U.S. and U.K green stimulus packages. Standard national economic impact models can be adjusted to report effects of these programs on GPI in addition to jobs, output, value added, and labor income – four standard components in traditional, GDP based models. The advantage is that a GPI model would be capable of quantifying important non-market benefits and costs overlooked by GDP. For example, part of Mr. Obama’s package includes tax breaks for clean tech projects like...
solar panels, wind farms, biofuels, and carbon capture and sequestration. The GPI would improve through at least through three channels. Construction and manufacturing would generate direct, indirect, and induced income for households who would then spend that income on goods and services. The value of newly created green capital would be acknowledged by the GPI since it tracks net capital investment. The value of reduced carbon emissions would also be counted. Thus, these green tech projects are a triple bonus to the GPI, whereas in the standard GDP based model, only a fraction of their true economic benefit is tallied.

A GPI model would also be capable of putting a price tag on hidden costs. So if carbon capture and sequestration technology were truly developed and put in place, it may certainly reduce carbon emissions but at the expense of increased liquidation of coal reserves, including fragile mountaintop habitats in the Appalachian Mountains. The GPI would fall twice: once for the costs associated with depleting a non-renewable resource, coal, and once again for depleting forest cover. Thus, because it counts both the welfare costs and welfare benefits of policy changes, the GPI can be used to evaluate such policies from a net public benefit standpoint.

V. Popularization

The fifth and final component of the PGPA is a popularization campaign. Regardless of what governments do with the GPI, popularizing the metric can have a major impact. As the World Bank recently recognized, a key role of indicators is that “they inform citizens on how their economies are managed so that they can make appropriate political choices and thereby exert control over their governments.” So to the extent that the GPI is accepted by the public at large, it can have a powerful influence on moving the global economy in the right direction through its influence on the electoral process. There are many approaches to popularizing the GPI. Ideally, as quarterly and annual GDP figures are published so should GPI figures, along with analyses of why they differ and implications for the long term sustainability of our economy. This would provide rich content for news outlets
hungry for fresh perspectives on our economy in this time of economic crisis. The World Wide Web provides another essential forum. A GPI web portal could provide updates on GPI accounting projects worldwide, detailed line by line explanations of components and methods, and interactive tools such as an on-line “MyGPI” calculator similar to the popular ecological footprint quiz. Folding GPI into formal sustainability education programs at both the K-12 and college levels is yet another popularization approach. With the demand for sustainability content on the rise and a lack of resources for educators, GPI course modules and lesson plans should be well-received.

The Way Forward

The political groundwork for an international Program on Genuine Progress Accounts has already been laid, especially in the European Union. In November 2007, the European Commission, European Parliament, Club of Rome, OECD, and WWF hosted a “Beyond GDP” conference with the objectives of clarifying which indicators are most appropriate for measuring progress and how these can best be integrated into the decision-making process. In closing the conference, Stavros Dimas, the European Commissioner for Environment, noted that “the main achievement of this conference has been to clearly demonstrate the political consensus on the need to go beyond GDP.”

Also in 2007, the Organization for Economic Cooperation and Development (OECD) launched its “Measuring the Progress of Societies” initiative to foster the development of sets of key economic, social and environmental indicators providing a comprehensive picture of how the well-being of a society is evolving. The project also seeks to encourage the use of indicator sets to inform and promote evidence-based decision-making. In October 2008, the European Economic and Social Committee published an Opinion calling on the EU to replace GDP with a new, overarching indicator that includes all the relevant aspects of sustainability and well-being and one that can be a guiding principle of socio-economic policy. In France, a Commission on the Measurement of Economic Performance and Social Progress is hard at work on investigating possible extensions or modifications to GDP to make it consistent with economic welfare. National level initiatives are also proliferating. The International Institute for Sustainable Development (ISSD) maintains a database of indicator projects worldwide, and lists 66 ongoing initiatives at the national level on almost every continent and in countries big and small, rich and poor.
A PGPA could feed directly into these initiatives by providing an indicator that is rigorous, popular, focused on economic welfare, and amendable to policy analysis. Center for Sustainable Economy and World Resources Institute are looking for partners to participate effectively within these and other emerging processes to replace GDP with a new headline indicator that can help us speed the transition to a sustainable economy. Please join us.

Components of an International Program on Genuine Progress Accounts

- Refining Components and Methods
- Pilot National and Sub-National Accounts
- Non-Market Studies
- Policy Analysis
- Popularization

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