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THE CANADIAN REVIEW OF WELLBEING

Why we need New Measures of Wellbeing

Indicators are powerful. What we count and measure reflects our values as a society and determines what makes it onto the policy agendas of governments. These indicators purport to tell us whether we are better off than we used to be, whether we are leaving the world a better place for our children, and what we need to change.

We currently measure our progress and gauge our wellbeing according to a narrow set of materialist indicators—our economic growth rates. Even small changes in the gross domestic product (GDP) and related market statistics send an adrenaline rush down the veins of policy makers, while vital social and environmental factors remain invisible.

These GDP-based measures send inaccurate and even dangerous signals to policy makers. The more trees we cut down, the more fish we catch, and the more fossil fuels we burn, the faster the economy grows. Counting the depletion of natural capital assets as gain is simply bad accounting, like a factory owner selling off machinery and counting it as profit. If we measure progress like that, we will not translate pious homilies about natural resource conservation and protecting the environment into action.

Our growth rates make no distinction between economic activity that creates benefit and that which causes harm. So long as money is being spent, the economy will grow. Crime, pollution, accidents, sickness, and natural disasters—even the World Trade Centre catastrophe—all make the economy grow, simply because money is being spent on prisons, lawyers, doctors, drugs, hospitals, war, and pollution cleanup. Indeed, the *Exxon Valdez* contributed far more to the Alaska GDP by spilling its oil than if it had delivered its oil safely to port.

While our economic growth measures count many harmful things as progress, they ignore many genuine contributions to wellbeing, like volunteer work and unpaid care-giving, because no money changes hands.

The economy can grow even as inequality and poverty increase. It grows if we spend longer hours in paid work and become more time-stressed. Free time has no value in measures of progress based on the GDP. The economy even grows if we produce shoddy goods that have to

be replaced more often; and it grows if we produce more waste. In sum, economic growth rates are an inadequate, misleading, even dangerous measure of wellbeing and prosperity.

Better Ways to Measure Progress

The architects of the GDP never intended it to be misused as a measure of societal wellbeing, as it is today. Simon Kuznets, Nobel prize winner, wrote, “The welfare of a nation can scarcely be inferred from a measurement of national income....Distinctions must be kept in mind between quantity and quality of growth....Goals for ‘more’ growth should specify of what and for what.”

Scientists warn that the only biological organism that shares our current economic dogma that more is better is the cancer cell. In nature, by contrast, balance, equilibrium, and limits to growth are the norm.

Fortunately, there are better ways to measure wellbeing and progress, ways that assess the health of our natural environment, our communities, and our people. The purpose of this new *Canadian Review of Wellbeing* is to tell you about them.

These new measures assign explicit value to environmental quality, population health, livelihood security, equity, free time, and educational attainment. They value unpaid voluntary, and household work as well as paid work. They count sickness, crime, pollution, and greenhouse gas emissions as costs not gains to the economy. Unlike the GDP, less is sometimes better in these new measures of progress.

Reality Check: Our Mission

✓ *Reality Check’s mission is to promote the creation of a Canadian Index of Wellbeing that will provide a more complete and accurate picture of how Canadians are really doing. The Index will have to be reliable, non-partisan, statistically valid, regularly reported, and based on Canadian values.*

✓ *Reality Check will report on important indicator work already going on throughout Canada that can provide Canadians with better and more comprehensive information on how we are really doing as a country. Reality Check does not endorse the particular methodologies or results of these initiatives, but aims to promote critical discussion on how best to measure the wellbeing of Canadians.*

✓ *Reality Check is dedicated to ensuring that these new measures of progress get the same policy attention that leaders, economists, experts and journalists currently devote to tracking whether our economy is booming or shrinking. Such measures will prod our leaders to put the same energy into promoting social progress and preventing environmental decline as they currently put into promoting economic growth and preventing recession.*

Only by counting and measuring what really matters to Canadians can we ensure that we will leave a better Canada for our children.

—EDITOR



How Canadians rate quality of life – it’s not what governments think

When government reports on the state of Canadian society, it typically focuses on economic statistics like GDP, personal income, and the unemployment rate. But that’s not how Canadians assess wellbeing or quality of life, according to new research by the Canadian Policy Research Networks (CPRN).

Unlike the governments they elect, citizens rank democracy, health, education, the environment, social programs, and social equity ahead of the economy as measures of the quality of their lives. Even when they focus on the economy, they consider the availability of jobs that pay a living wage, job security, job satisfaction, and opportunities for on-the-job skill development more important than economic growth as measures of economic wellbeing.

Stark differences between what matters to Canadians and what matters to their governments emerged from a series of 40 dialogue groups CPRN conducted in October, 2000, in 21 cities and towns across the country. Twenty-eight of the sessions took place in urban settings, 12 in rural communities. Environics Research randomly selected 20 of the groups, while CPRN chose the remainder, targeting hard-to-reach groups, as well as leaders in business, government, and the voluntary sector.

Despite their differences, the 40 groups showed

remarkable consistency, emphasizing primary and secondary education, health care access, a healthy environment, clean air and water, social programs, responsible taxation, public safety and security, job security, employment opportunities, a living wage, the ability to balance one’s use of time, civic participation, and programs for children and youths. These values cut across regions, social backgrounds, and other demographic differences.

Every group discussed political and democratic rights, health, and health care access as key indicators of quality of life. Most groups mentioned physical or mental health, and the quality, accessibility, and funding of education programs. The environment figured prominently in nearly every group’s list of priorities as a significant contributor to quality of life. Groups saw a need for reliable measures of water quality and waste management.

Access, availability, personal security, and equity or fairness were overarching themes. While participants recognized that differences among groups exist, they consistently declared that such differences should not fundamentally threaten anyone’s ability to share in programs and resources. During the dialogue sessions, citizens expressed a strong belief in equity issues like equal treatment, respect for others, and the ability



to benefit from existing programs.

Participants pointed to the need for continuity and stability in their lives, communities, government programs, and services. These concerns, as well as general values like civic involvement, civil rights and freedom, arose far more frequently than the quantity of income and possessions that are currently taken as measures of wellbeing in the GDP and related growth statistics.

CPRN’s Quality of Life Indicators Project has used the priorities flagged by the dialogue groups to devise a set of indicators that can help Canadians track progress in their quality of life as they experience it. CPRN is now working with other organizations to prepare Canada’s first national quality-of-life report, based on this set of indicators made in Canada, by and for Canadians. In so doing, CPRN is moving to turn the results of the nationwide dialogue into a set of experimental indicators that will be field-tested.

For more information: www.cprn.org/corp/qolip or contact Sandra Zagon: szagon@cprn.org ✓

Housing crisis drags down Ontario Index

A 99% increase in public housing waiting lists led a decline in the social indicators of Ontario’s Quality of Life Index. The Quality of Life in Ontario – Spring 2000 report, the sixth produced by the Ontario Social Development Council, reveals a growing gap between the Index’s economic and social indicators. “The pursuit of economic growth doesn’t yield the social dividends it once did,” the report concludes.

A 67% increase in recycling and a 45% decline in the rate of reported spills led improvements in the Index. The upward trend in environmental indicators was held back, however, by a 6% increase in the reported number of hours of poor and moderate air quality.

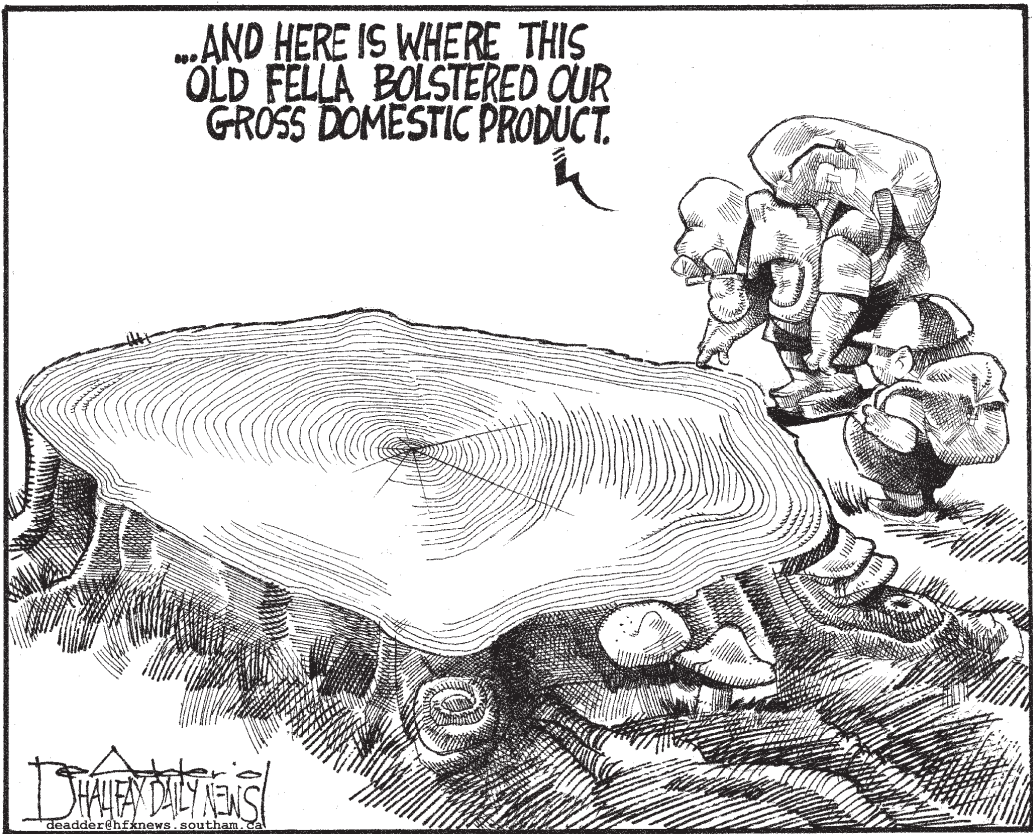
Created in 1997, the Index includes data going back to 1990 and provides a 10-year perspective on the province’s progress as well as a set of benchmarks for the beginning of the 21st century. For full report: www.qli-ont.org/indexe.html

Calgarians report lower quality of life

Only 43% of Calgary residents feel their quality of life is very good, down from 56% in 1997. The survey results appear in Sustainable Calgary’s new “State of the City Report 2001.” Two thousand Calgarians contributed 10,000 volunteer hours to help select the report’s 36 economic, social, and environmental indicators of sustainability.

Despite a low 5.6 % unemployment rate, the Calgary report notes that homelessness in the city has increased almost three-fold since 1994. Food bank usage is also up 18% since 1995, with children now accounting for 45% of users, and the working poor for 41% of users. The poorest 20% of Albertans have lost 14% of their real disposable income since 1989, and the number of low-income earners has increased by 10%.

Low-income earners in Calgary have to work longer hours to make ends meet. A single minimum



wage earner has to work 69 hours a week just to meet Statistics Canada’s low-income cut-off line (LICO). A single mother with two children would have to work 120 hours at the minimum wage of \$5.90 to reach the LICO. With work hours generally increasing, it is not surprising that 53% of workers report a great deal of stress at work.

On the positive side, the Calgary report notes that the city’s air quality is good and that water quality is improving, with fecal coliform counts down since 1994. Per capita water consumption has dropped 29% since 1984 and waste generation by 22%, indicating improved sustainability.

By contrast, Calgary’s fuel and energy consumption remains high. The report proposes a 50% decrease in greenhouse gas emissions over the next 30 years through reduced energy use and a shift to renewable energy sources. The report also recommends a sharp decrease in the 20,800kg of lawn pesticides applied annually in Calgary, a number that has been increasing since 1995.

For full report: www.telusplanet.net/public/sustcalg/pdfs/SOOC2001.pdf

Do pension funds invest ethically?

A private member’s bill now before the House of Commons would require all federally regulated pension plans to disclose the extent to which they consider social, environmental or ethical factors in their investment decisions. The bill follows similar legislation in the U.K., Australia and Germany, where a public opinion poll found 84% of Germans support the law.

Canadian trustee pension funds control assets of \$600 billion. MP Stephan Tremblay (B.Q. —Lac-Saint-Jean-Saguenay), the bill’s sponsor, says the investment choices made by these funds directly influence the financial, social and environmental wellbeing of their members, their communities, and the world at large. The U.K. law sharply increased the level of socially responsible investment in that country, with 59% of U.K. pension funds now choosing such investments.

For more information: Shareholder Association for Research and Education at www.share.ca ✓

COUNTING WHAT MATTERS TO CANADIANS

All across Canada, NGOs and governments at every level have joined the quest for new measures that reflect our values. Here's a sampling.

Canada

National Round Table on the Environment and the Economy
www.nrtee-trnee.ca/eng/programs/Current_Programs/SDIndicators/index.html

Federation of Canadian Municipalities
Quality of Life Reporting System
www.fcm.ca/english/communications/march27back-e.htm

Conference Board of Canada
Performance and Potential
www.conferenceboard.ca/pandp/

Canadian Council on Social Development Personal Security Index
www.ccsd.ca/pubs/2001/psi2001/index.html

Centre for the Study of Living Standards
Index of Economic Wellbeing
www.csls.ca

International Institute for Sustainable Development
www.iisd.ca

Yukon

Yukon Sustainable Progress Indicators
www.ycee.yk.net

British Columbia

BC Regional Socio-economic Statistical Profiles
www.bcstats.gov.bc.ca/data/sep/index.htm

Alberta

Pembina Institute's Alberta GPI
www.pembina.org/green/gpi/

Alberta's Measuring Up
www.treas.gov.ab.ca/publications/measuring/measupo1/index.html

Calgary

Sustainable Calgary
www.telusplanet.net/public/sustcalg/state_of_our_city

Edmonton

Edmonton's Social Health Index
www.edmspc.com

Ontario

Ontario Quality of Life Index
www.qli-ont.org

Hamilton

Hamilton-Wentworth Vision 2020
www.vision2020.hamilton-went.on.ca/indicators/index.html

Newfoundland

Newfoundland and Labrador's Strategic Social Plan and Community Indicators
www.gov.nf.ca/releases/1999/exec/o322n17.htm

Nova Scotia

GPI Atlantic
Genuine Progress Index
www.gpiatlantic.org

Kings County/ Glace Bay

Community Genuine Progress Index
www.gpiatlantic.org/community.shtml

Toronto

Taking Toronto's Vital Signs
www.torontovitalsigns.com

Quebec

Institut de la statistique du Québec,
Les conditions de vie au Québec:
un portrait statistique (social indicators)
www.stat.gouv.qc.ca/publicat/conditions/cond_vie_an.htm

Winnipeg

Plan Winnipeg...2020 Vision
www.city.winnipeg.mb.ca/interhom/govern/corporateframework/plan_winnipeg_2020_vision.htm

Saskatoon

City of Saskatoon Quality of Life Research Project
Contact: Alison Williams williams@sask.usask.ca



For information on these and other indicator projects, see:
www.gpiatlantic.org/realitycheck/partners

Compiled by Barbara Legowski

Did You Know That...?

- Canadian volunteers contribute more than \$50 billion worth of services each year, the equivalent of 1.8 million jobs, counting both formal and informal voluntary work. This work improves Canada’s standard of living and quality of life. It provides health and social services, counseling, literacy and arts programs, sports coaching, crime prevention, fire-fighting, search and rescue, elder-care, and environmental protection. It contributes enormously to our wellbeing, but is completely invisible in our conventional measures of progress because no money changes hands.
- Imprisonment is one of the fastest growing sectors of the U.S. economy, with new prison building adding \$7 billion a year to the u.s. GDP. Running prisons adds another \$35 billion. Two million Americans are now behind bars. The u.s. security industry contributes \$55 billion more to the economy with terrorism and school shootings fueling the industry as government, businesses and schools invest heavily in video and electronic surveillance and security guards.

- Crime costs Canadians \$20 billion a year, or \$2,000 per household, in spending on prisons, police, court cases, security devices, and theft insurance, and in lost production. Canadian households spend more than \$800 a year extra in higher prices due to shoplifting and business security costs, amounting to 2% of their annual consumption budget. Insurance fraud costs Canadians an additional \$200 a year in higher premiums, amounting to 15% of total insurance premiums. All that extra spending makes the GDP grow, making a loss of security look like a gain in prosperity and wellbeing.
- Cigarette sales boost Canada’s GDP by \$10 billion a year. Hospital, doctor and drug costs due to smoking contribute \$3 billion more each year to the economy. The food industry contributes \$40 billion a year in advertising to the U.S. and Canadian economies, most of it pushing fast food, candies and sugared cereals. Obesity-related illnesses add another \$60 billion to the U.S. and Canadian growth statistics. Is a “healthy economy” producing a healthy society?

For more information: www.gpiatlantic.org ✓

Economy lifts only the yachts

When the Gross Domestic Product (GDP) is growing, we assume we are better off as a society. But GDP reports only the total income generated by all economic activity. It tells us nothing about how income is shared.

Canada’s economy grew smartly throughout the 1990s, even though most people got poorer, inequality deepened, and regional economic disparities widened. Economic commentators often assert that “a rising tide lifts all boats,” but the robust economic growth of the last decade lifted only the yachts of upper income Canadians.

Reality Check will report regularly on the real Canada hidden behind the veil of conventional measures that so often present an inaccurate picture of how we are really doing as a society.

Here are some facts hidden behind the booming economy of the 1990s:

- **Regional income gap grows**
The income gap between the richest provinces (Ontario and Alberta) and the rest of the country grew in the 1990s. For example, in 1990 the average Newfoundland and Nova Scotian household had 82 cents of disposable income for every \$1 in Ontario. By 1998 this was down to 72 cents in Newfoundland and 73 cents in Nova Scotia. The average disposable household income (after taxes and government transfers) dropped \$3,000 in Newfoundland and Nova Scotia and it went up by \$2,000 in Ontario and Alberta.
- **Gains of wealthy raises averages**
Even those regional averages are deceptive. It was the gains of the richest 20% of Ontarians and Albertans that lifted average incomes in those provinces. Poor and middle income Ontario households actually lost real income in the 1990s, while the richest 20% gained an average of \$9,400 per household (up 11% to \$97,000 after taxes). In Alberta, the incomes of the poorest 20% fell, middle incomes stagnated, and the richest 20% of households gained an average of \$9,800 (up 12%).

- **Inequality grows across Canada**
Alberta now has the widest income gap between rich and poor in the country, and Ontario ranks as the most unequal province using the GINI measure of inequality. The income gap has grown across the rest of country, too. In 1990, the richest 20% of Canadian households had 7.1 times as much disposable income (after taxes and transfers) as the poorest 20%. By 1998, they had 8.5 times as much.
- **Poor are worse off than in 1990**
While per capita GDP in Canada grew 4.6% in the 1990s, the poorest 20% of households saw their income share fall in every province except Saskatchewan, and the next 40% saw their income share fall in every single province. In fact, middle income households in every province have less disposable income now than they did even 20 years ago, while the richest 20% of households have increased their income share in every province.

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Are Canadians better off since free trade, as is so often asserted? Certainly the wealthiest 20% of Canadians have done better since the free trade agreements, but this is not true for low and middle income Canadians. Most Canadian households have seen their real incomes decline since the free trade agreements, with the sharpest percentage drop among the poor.

The GDP and other economic growth, trade, and market statistics do not tell us how well off we really are as a country. They can send highly misleading signals to policy makers. In fact, these narrow statistics cannot assess whether a policy like free trade is working for Canadians or not. By contrast, new measures of progress often include assessments of income distribution that can provide an important window on hidden aspects of wellbeing and public policy.

For more information:
www.gpiatlantic.org/pubs.shtml#incdist ✓

Canada considers Wellbeing Measurement Act


A funny thing happened to Liberal Joe Jordan on his way to winning the Eastern Ontario riding of Leeds-Grenville in the 1997 federal election: He discovered that a rival candidate had some sensible ideas about the nature of economic and social progress in Canada. It wasn’t even a major party candidate, but the standard-bearer of the Green Party, Peter Bevan-Baker.

After the election, Jordan asked Bevan-Baker to help devise legislation to create indicators of genuine progress for Canada. The result, after two and a half years of consultation with groups across the country, is the proposed Canada Wellbeing Measurement Act. It would establish a process for tracking “the economic, social and environmental wellbeing of people, communities and ecosystems in Canada.” A standing committee of Parliament would hold public hearings to help define the societal values on which indicators should be based.

Marlene Jennings (Liberal—Notre-Dame-de-Grâce-Lachine) introduced the Canada Wellbeing Measurement Act, seconded by Scott Reid (Canadian Alliance—Lanark-Carleton). Finance Minister Paul Martin wrote Jordan to say he was following the private members’ bill with interest. Martin’s 2000 budget included \$9 million for Environment Canada and the National Roundtable on the Environment and the Economy to develop indicators of sustainable progress. He credited Jordan for inspiring what may be “the most important measure in the budget in terms of preserving our environment.”

A grassroots citizens group, the Seventh Generation Initiative, seeks to mobilize the all-party support needed to move the bill to second reading.

For more information:
www.SustainWellBeing.net/index3.html
or Mike Nickerson sustain@web.net ✓



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