



The Genuine Progress Index—A better set of tools

Can we create a genuinely sustainable economy? An economy that delivers prosperity without damaging the most valuable things on earth—like clean air and water, fertile soil, nurturing families, strong and vital communities?

We can't—unless we know how to balance the real costs and benefits of economic activity, including the costs that aren't at all obvious. An ill-managed pulp mill may bring jobs and profits, for example, but it also depletes the forest and sullies the river. Overtime work boosts production and incomes, but constant overtime infringes on family time and community life. We rarely evaluate such costs at all, even though we see them every day in the form of vanished fisheries, broken families, gridlocked cities, smog-filled air, drug abuse, and other social and environmental woes.

To build a sustainable economy, we need tools of analysis that properly value social, economic and environmental assets, tools that carefully appraise both costs and benefits, and balance them against one another. That's what's known as "full-cost accounting."

And that's what the **Genuine Progress Index** is designed to provide.

What's wrong with the tools we're using now?

Today, the most commonly-used measure of economic progress is still the Gross Domestic Product (GDP), which is simply the total value of all the goods and services that are exchanged for money.

The GDP literally does not count some of our greatest sources of wealth—unpaid household labour, volunteerism, and a clean environment, for example. Worse, the GDP doesn't distinguish between good things and bad ones—and it counts the depletion of our natural wealth as economic gain.

Crime, war, pollution, tobacco smoking, and car accidents all cause people to spend money—and so they all increase the GDP. The more trees we fell, the more fish we catch, the more fossil fuels we burn, the more greenhouse gases we emit, the more the GDP increases.

And the GDP only reports how much income we produce—but not how that income is distributed. So the GDP can increase even while the poor get poorer and the gap between rich and poor grows.

No wonder the GDP leaves citizens and policy-makers in confusion. If a rising GDP means that we're better off, why does it so often seem that things are getting worse?



The **Genuine Progress Index**, by contrast, is common-sense accounting. It counts beneficial activities as positive, and damaging activities as negative. So it provides far more sophisticated and accurate guidance for citizens and policy-makers alike—guidance which allows us to evaluate our activities, and change our behaviour accordingly.

GPIAtlantic: Welcome to the tool shop

GPIAtlantic is a non-profit research and education organization that is creating a Genuine Progress Index for the small Canadian province of Nova Scotia. Over the past 10 years, GPIAtlantic has produced more than 80 carefully-researched reports on topics within the six main categories that make up the Genuine Progress Index—living standards, population health, time use, community vitality, education and environmental quality.

GPIAtlantic has produced groundbreaking research on the real costs and benefits of the province's energy consumption, transportation system, solid waste disposal, and air quality. It has analyzed Nova Scotians' working hours, obesity, tobacco use, and gambling habits. Its reports frequently cover subjects that have never been properly studied here before.

GPIAtlantic's research has uncovered some surprising facts. It revealed that volunteerism in Nova Scotia adds \$1.9 billion to the provincial economy, for instance. It demonstrated that transportation, rather than shelter or health care or food, imposes the heaviest financial burden on Nova Scotian households—and that obesity and poor diet cost the province \$250 million annually in health care costs and productivity losses. Findings like these have changed the way that thoughtful Nova Scotians view their province. Applied globally, they can change the way that human beings view their world.

Nova Scotia GPI Components

Time Use

- Value of Civic and Voluntary Work
- Value of Unpaid Housework and Child Care
- Value of Leisure Time
- Paid Work Hours

Living Standards

- Income and its Distribution
- Financial Security – Debt and Assets
- Economic Security Index

Natural Capital

- Soils and Agriculture
- Forests
- Fisheries and Marine Resources
- Energy
- Air
- Water

Human Impact on the Environment

- Solid Waste
- Ecological Footprint
- Greenhouse Gas Emissions
- Transportation

Human and Social Capital

- Population Health
- Costs of Crime
- Educational Attainment