

# Genuine Progress?

# Alberta GPI

## Noteworthy:

- Alberta's Gross Domestic Product (GDP) has grown 483% since 1961.
- Real GDP per Albertan grew at an average annual rate of 2.2% from 1961 to 2003.
- We are currently spending more money than at any other time in history.

## But.....

- While GDP measures money exchange very well, it is a poor measure of real economic, social and environmental well-being.
- The GDP fails to account for environmental costs, natural capital depletion, and the value of unpaid work such as parenting, eldercare and volunteerism.
- The GDP does not distinguish between expenditures that contribute to the well-being of society and those that detract from it (i.e., expenditures associated with crime).
- The GPI is designed to respond to the shortcomings of the GDP as a measure of well-being.
- Alberta's GPI declined from a rating of 76 in 1961 to a rating of 61 in 2003.

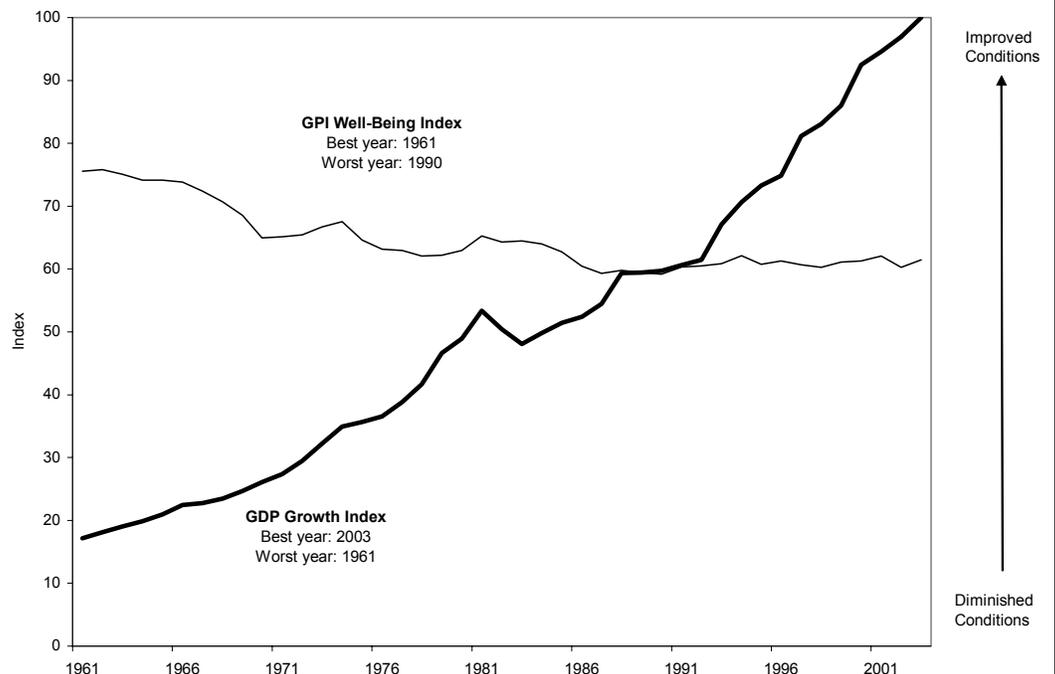
## Alberta's Genuine Progress Indicator: What is it?

Alberta is seen as one of the wealthiest provinces in Canada. According to the traditional measure of economic growth, the Gross Domestic Product (GDP), Alberta's economy has grown by over 400% in the last 40 some years. More growth is often assumed to imply a better quality of life. But while common measures of wealth and prosperity such as the GDP

suggest we are better off, a closer look at the conditions that contribute to our quality of life provides a more holistic picture of our well-being. The Alberta Genuine Progress Indicator (GPI) provides a "state of the province" report describing trends in the most important issues shaping our quality of life and future well-being. The GPI considers not just economic factors, but en-

vironmental and social factors as well. While a rising GDP suggests a healthy exchange of money for goods and services, a number of the conditions that contribute to genuine well-being and sustainability are showing signs of stress and failing health. Unless these factors are integrated into the way we measure our progress, we will never achieve sustainability.

## Genuine Progress Indicator in Alberta, 1961 to 2003



Source: Alberta GPI Accounts 1961-2003

# So What?

When Alberta's GPI was first developed in 2001, it was as a pioneering research effort to develop a new system for measuring the total well-being and sustainability of Alberta. This new system is presented as an alternative to the current measures of economic progress like the GDP. Simon Kuznets, one of the principal architects of the International System of National Accounts (the basis the GDP) warned "the welfare of a nation can scarcely be inferred from a measurement of national income as defined [by the GDP]." Kuznets argued that when using money measures like GDP a distinction must be made between "quantity and quality of growth" and that decision makers should specify growth "of what and for what." The GPI accounts for Alberta show how the province is doing in relation to its sustainable development objectives-development that embraces social and environmental objectives as well as economic ones. The table at the top of the page lists the 51 indicators that comprise the Alberta Genuine Progress Indicator. The figure on the bottom compares the GDP index with the composite social, environmental and economic indices. These indices are the sum of numerous indicators categorized as economic, social or environmental. The figures demonstrate that while Alberta's GDP has increased substantially, this growth may have occurred at the cost of our environmental, social and even economic well-being. For example, since 1961, Alberta has experienced increases in the gap between the rich and the poor, household debt, forest fragmentation, greenhouse gas emissions, obesity, and problem gambling. These trends have contributed to stable and even declining social, environmental and economic conditions in the province.

## Alberta's GPI is Comprised of 51 Indicators...

ECONOMIC	SOCIAL	ENVIRONMENTAL
<ul style="list-style-type: none"> <li>• Economic Growth</li> <li>• Economic Diversity</li> <li>• Trade</li> <li>• Disposable Income</li> <li>• Weekly Wage Rate</li> <li>• Personal Expenditure</li> <li>• Transportation Expenditure</li> <li>• Taxes</li> <li>• Savings Rate</li> <li>• Household Debt</li> <li>• Public Infrastructure</li> <li>• Household Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Poverty</li> <li>• Income Distribution</li> <li>• Unemployment</li> <li>• Underemployment</li> <li>• Paid Work</li> <li>• Household Work</li> <li>• Parenting and Eldercare</li> <li>• Free Time</li> <li>• Volunteerism</li> <li>• Commuting</li> <li>• Life Expectancy</li> <li>• Premature Mortality</li> <li>• Infant Mortality</li> <li>• Obesity</li> <li>• Suicide</li> <li>• Drug Use</li> <li>• Auto Crashes</li> <li>• Divorce</li> <li>• Crime</li> <li>• Problem Gambling</li> <li>• Voter Participation</li> <li>• Educational Attainment</li> </ul>	<ul style="list-style-type: none"> <li>• Oil, Gas Reserve Life</li> <li>• Oil Sands Reserve Life</li> <li>• Energy Use</li> <li>• Agriculture Sustainability</li> <li>• Timber Sustainability</li> <li>• Forest Fragmentation</li> <li>• Fish and Wildlife</li> <li>• Parks and Wilderness</li> <li>• Wetlands</li> <li>• Peatlands</li> <li>• Water Quality</li> <li>• Air Quality</li> <li>• Greenhouse Gas Emissions</li> <li>• Carbon Budget</li> <li>• Hazardous Waste</li> <li>• Landfill Waste</li> <li>• Ecological Footprint</li> </ul>

## Growth in Alberta, Quality versus Quantity

