

News release

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Economic Growth: Is Life Getting Better?

The Genuine Progress Indicator 2000

A new study reveals that while political leaders laud record economic growth in Australia, the costs of growth have largely outweighed the benefits.

The Australia Institute's alternative to Gross Domestic Product as a measure of national prosperity, the Genuine Progress Indicator, shows that while GDP has risen by 13.4 per cent since 1996, national well-being has risen by only 3.6 per cent.

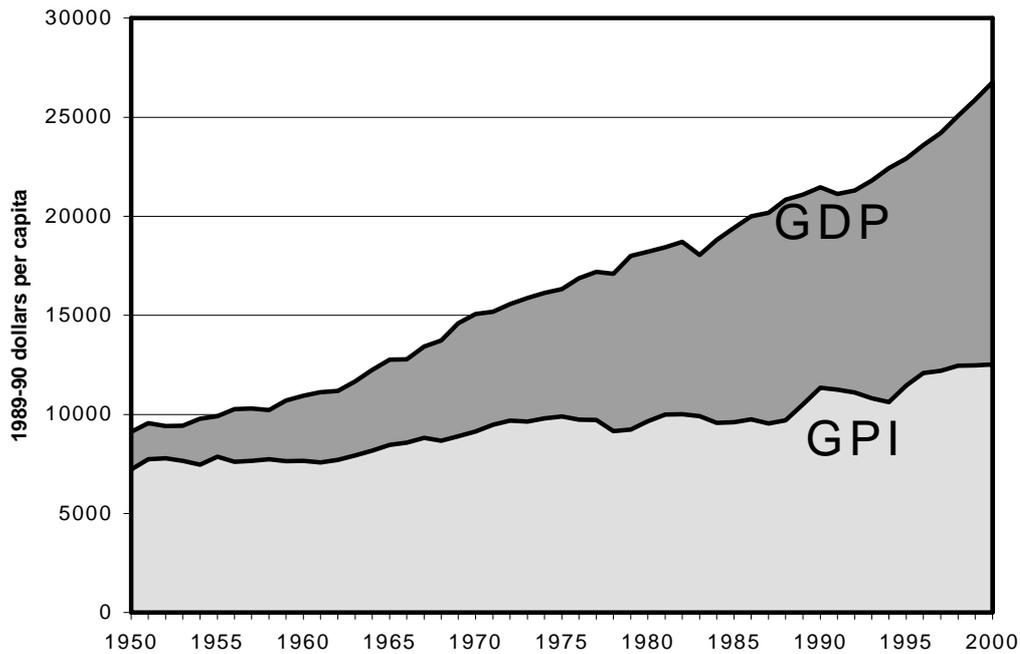
Tracking Well-being in Australia, the triennial update of the GPI prepared by Institute Director Dr Clive Hamilton and Research Fellow Richard Dennis, was launched by Robyn Williams at the ANU today.

"The voter discontent of recent times can be directly attributed to the fact that, while our political leaders tell us that the economy is doing well, people's lives do not seem to be improving", said Mr Williams. "As we approach a Federal election, will the parties be judged by their claims about a narrow dollar index or by a true measure of well-being?"

Dr Hamilton said Australians had been told consistently in recent years that they are experiencing record economic growth.

"But opinion polls show with equal consistency that the reality is not as beautiful as the numbers," he said. "GDP, the conventional measure of economic progress, is too narrow an indicator and gives a profoundly misleading picture of changes in national well-being."

He said GDP only measures expenditure on goods and services. In contrast, the GPI measures these plus more than 20 other factors that influence the well-being of Australians, including the social costs of unemployment, overwork, problem gambling, land degradation and crime.



“The rationale of the GPI is that, while consumption expenditures are an important component of well-being, they are only one part of the full picture,” he said.

“Trading off more pollution for cheaper electricity, accepting longer hours and reduced job security for faster employment growth and diminishing the stock of environmental assets to provide a short-term flow of goods may have increased GDP but these policies have failed to deliver the improvements in well-being that they seemed to promise.

“Unless we have better measures governments will continue to pursue policies that keep indicating growth while the well-being of Australians is going in the opposite direction”.

Together with the release of the latest GPI, The Australia Institute launched a new web-site www.gpionline.net allowing users to work interactively with the GPI. Users can vary the major components of the GPI to see what effect they have on the indicator of national progress.

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