

# Measuring Genuine Progress

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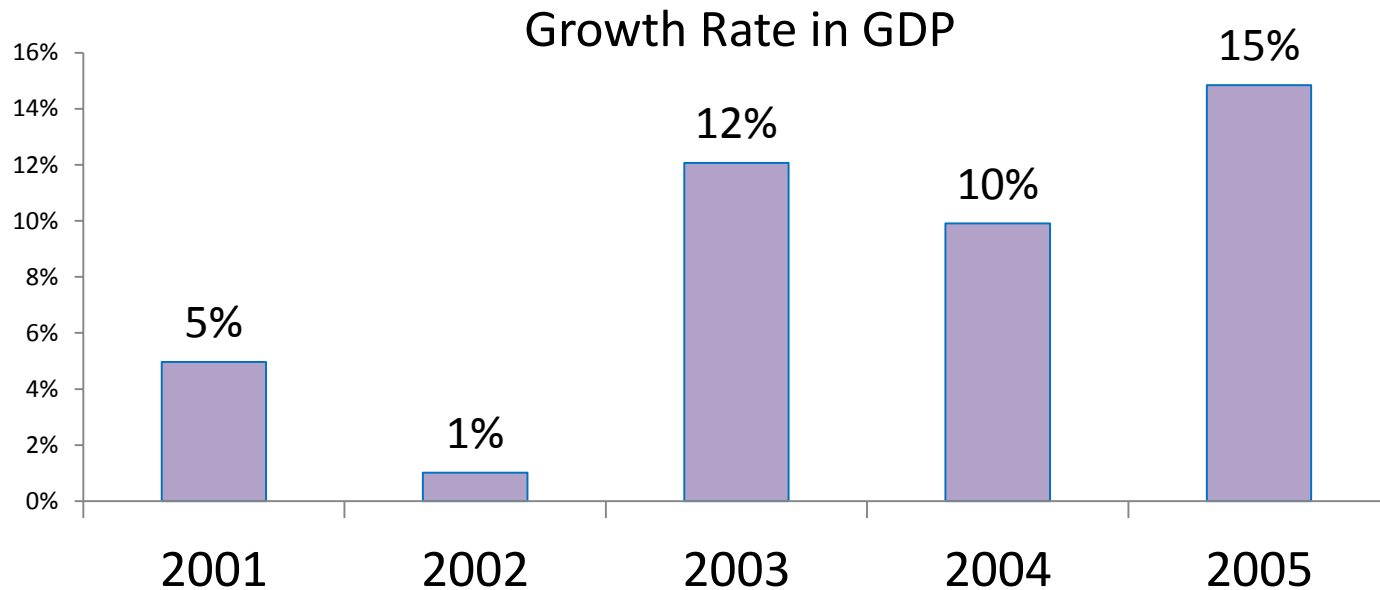
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# Measuring Economic Progress

- Why do we do it all?
- How is it measured now?
- Does our current method (GDP) of tracking progress measure what we think it should?

# Misleading Example: State Growth



**1,836 preventable deaths**  
**850,000 housing units damaged**  
**600,000 job disruptions**  
**Contamination of drinking water**



# What is missed by broadly adding up all transactions?



VS.

All spending is treated the same



# What is missed by broadly adding up all transactions?



Doesn't recognize the value of things that weren't purchased

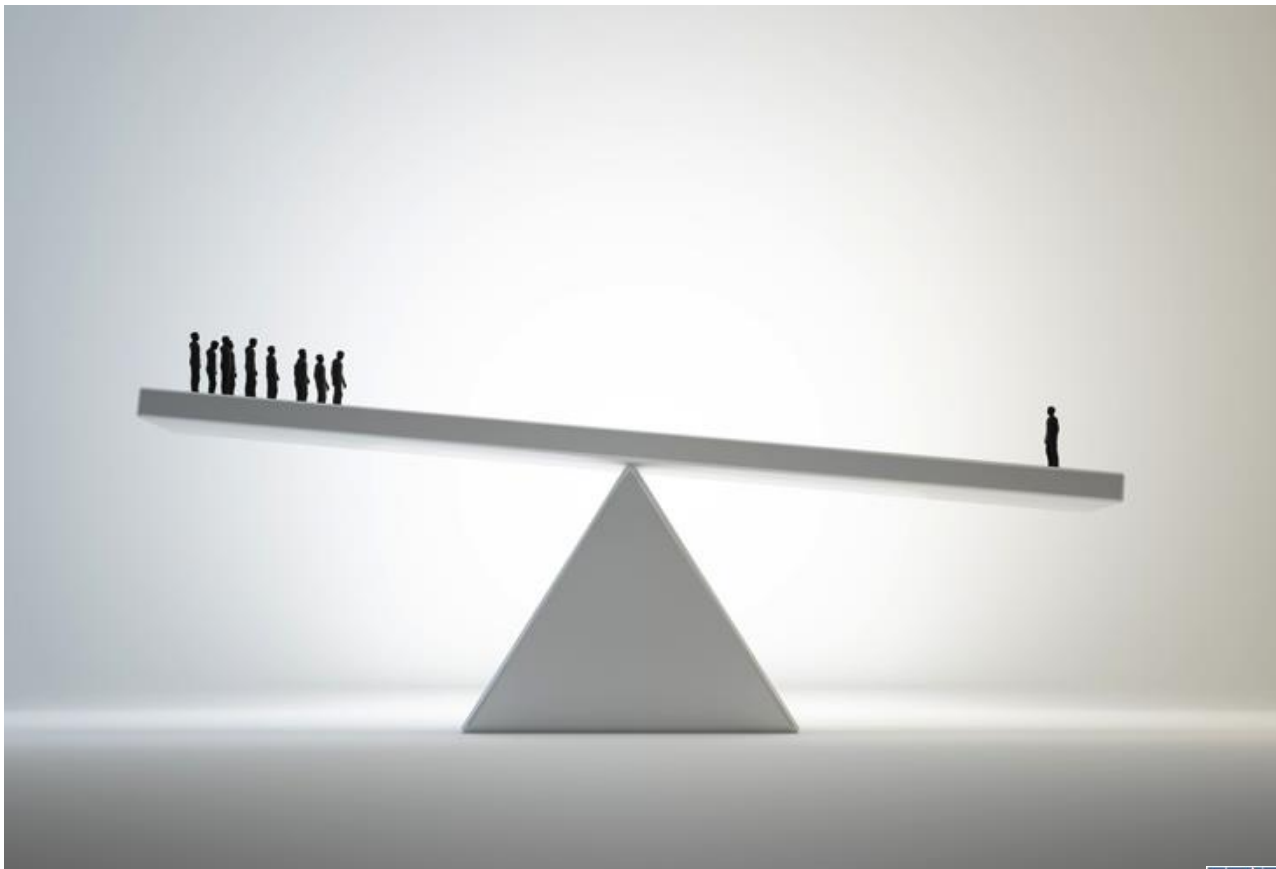
# What is missed by broadly adding up all transactions?

Doesn't account for future costs or future benefits of current spending



# What is missed by broadly adding up all transactions?

No mention of distribution of growth



# Additional Measure of Economic Progress is Important for Lots of Interests

“There’s bipartisan incentive to fix GDP. The indicator fails economic conservatives (by failing to properly account for debt), progressives (by failing to account for inequality), environmentalists (by failing to account for pollution), businesspeople (by failing to account for entrepreneurship), and social conservatives (by failing to account for time spent with family). Nearly all players have a stake in seeing some improvement to the system.”

--“How to Build a GDP Measure for the Real Economy”  
The Atlantic October 2013



# Is there an Alternative to GDP?

## The Genuine Progress Indicator (GPI)

---Complement to GDP that adjusts for the limitations in 3 areas:

- \* Economic
- \* Social
- \* Environmental

A team of economists from across the country has developed values for the 26 additional measures. States are applying those values to their own data to arrive at State GPI

# GPI corrects for “irksome” spending



VS.



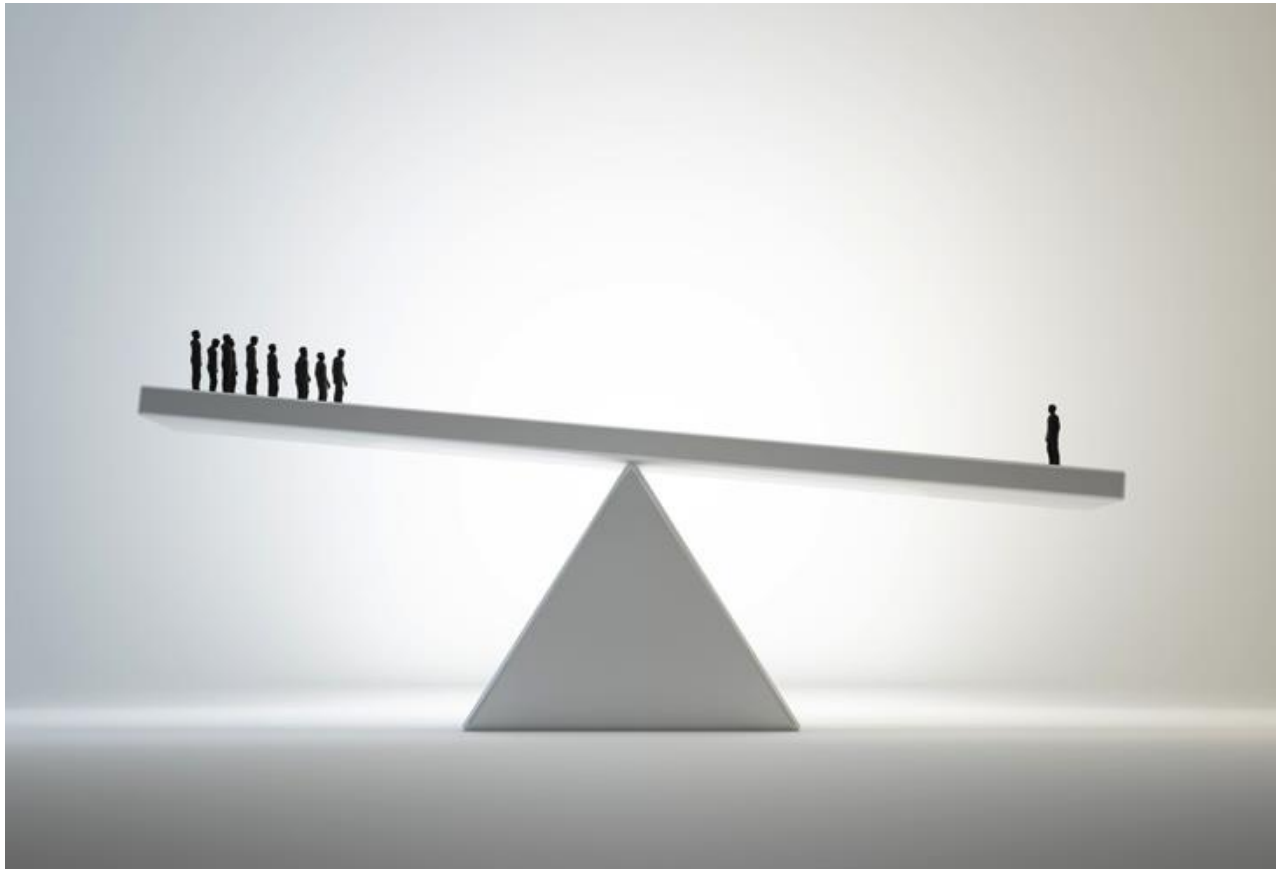
# The GPI counts the value of things that weren't purchased



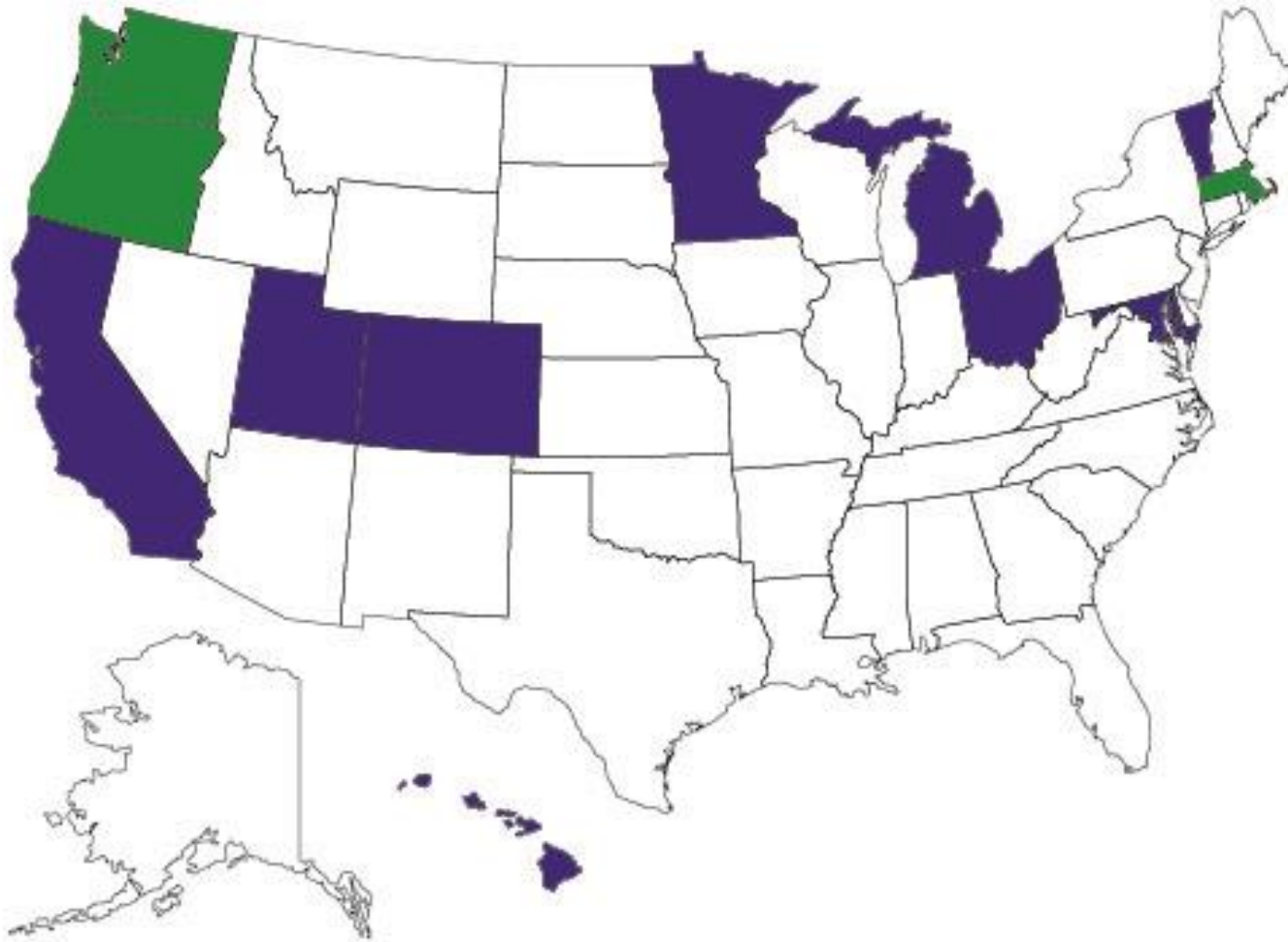
# The GPI accounts for externalities and investments



# The GPI accounts for Income Inequality

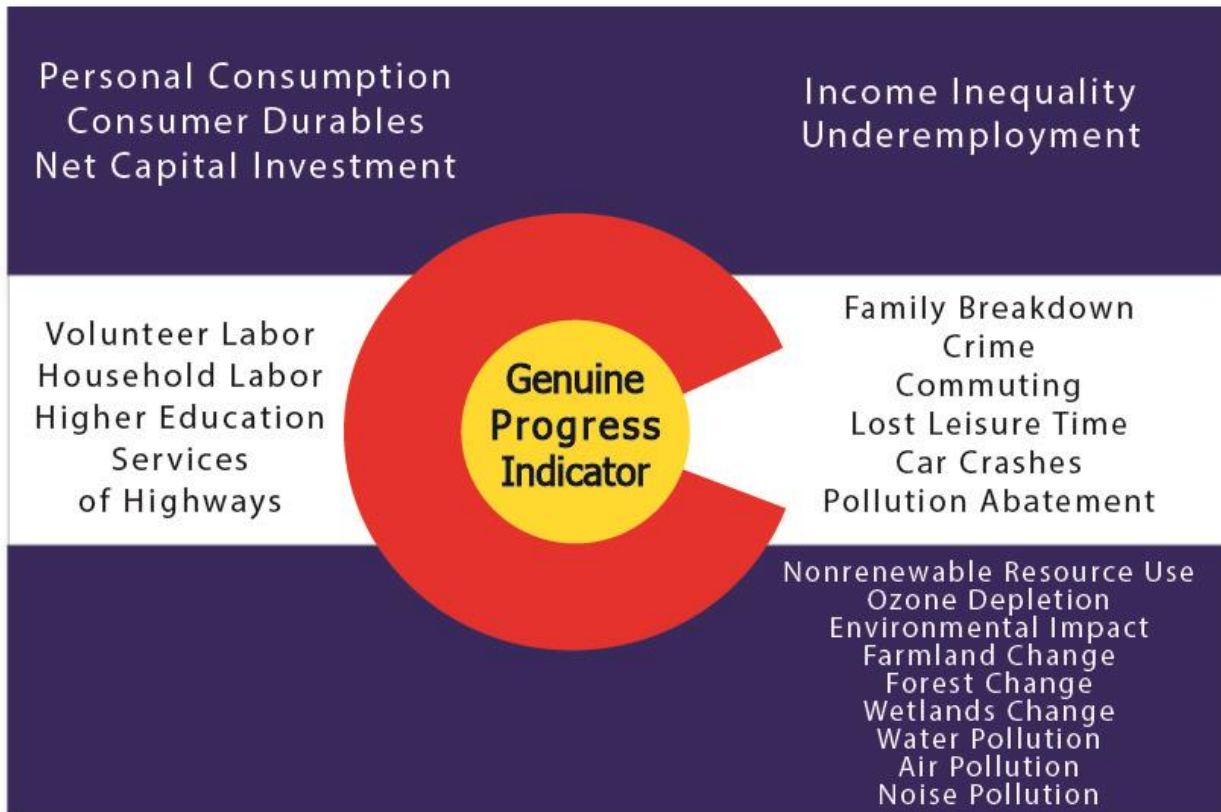


# Gaining Momentum



■ Completed State GPI    ■ GPI in progress

# Results of the Colorado Genuine Progress Indicator (CO-GPI)



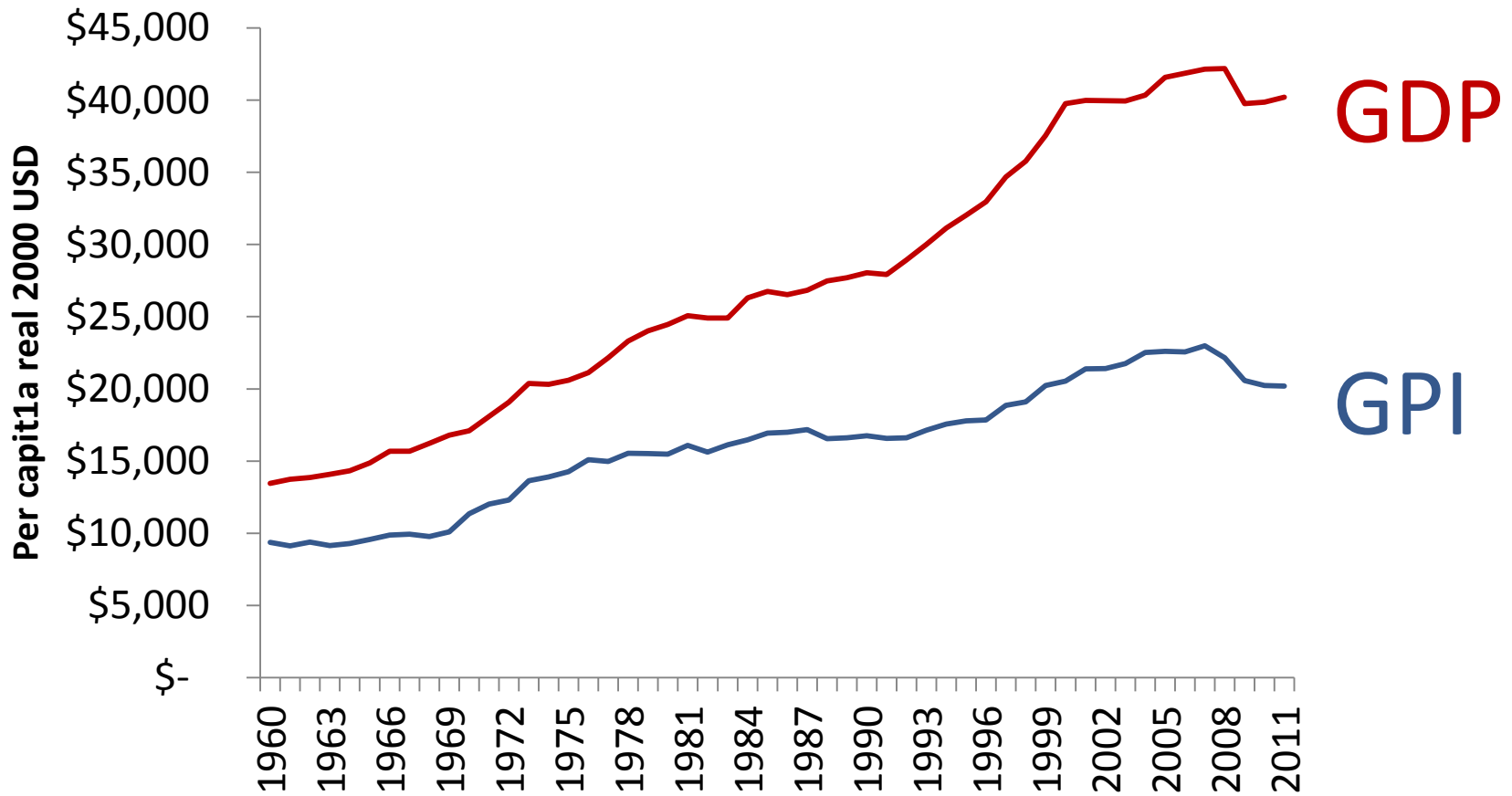
Economic Indicators \$

 Social Indicators

Environmental Indicators 

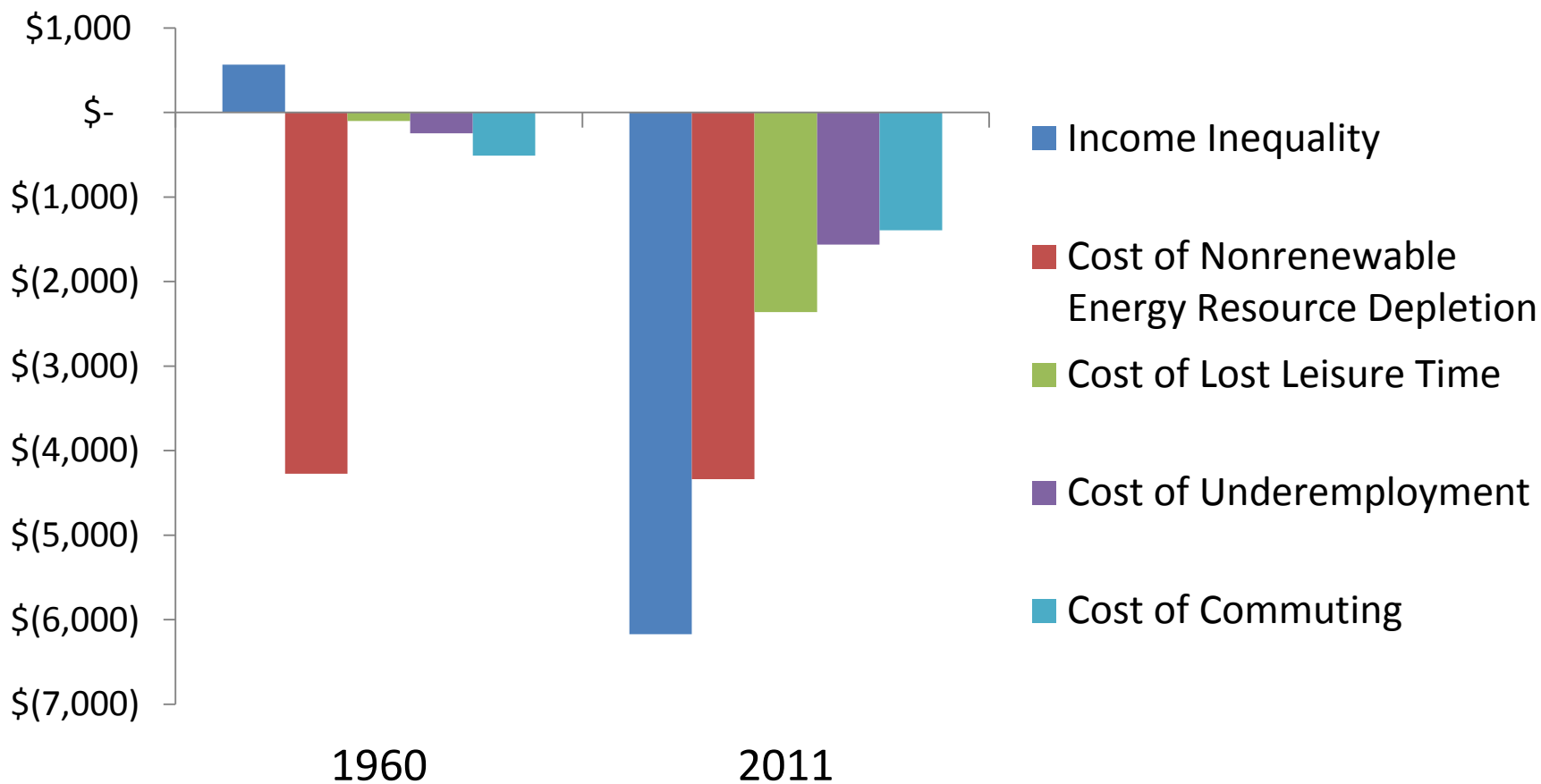
# Colorado Results: GPI vs GDP

GDP grew by 300%  
GPI grew by 215%





# The Results: Growing Deductions to Economic Well-being



# Income Inequality

## A Lost Decade for Colorado's Low- and Middle-Income Households

**-11.7%**

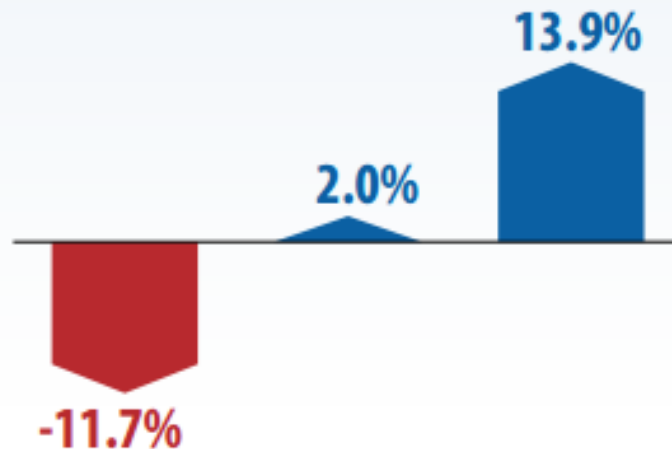
Change in income by household income group, late 1990s to mid-2000s

Poorest  
20%

Middle  
20%

Richest  
20%

The average drop in incomes among the bottom 20 percent of households over the last decade.



Colorado ranks 24<sup>th</sup> among states in levels of income inequality but we've had some of the highest levels of inequality growth in past two decades among the states.

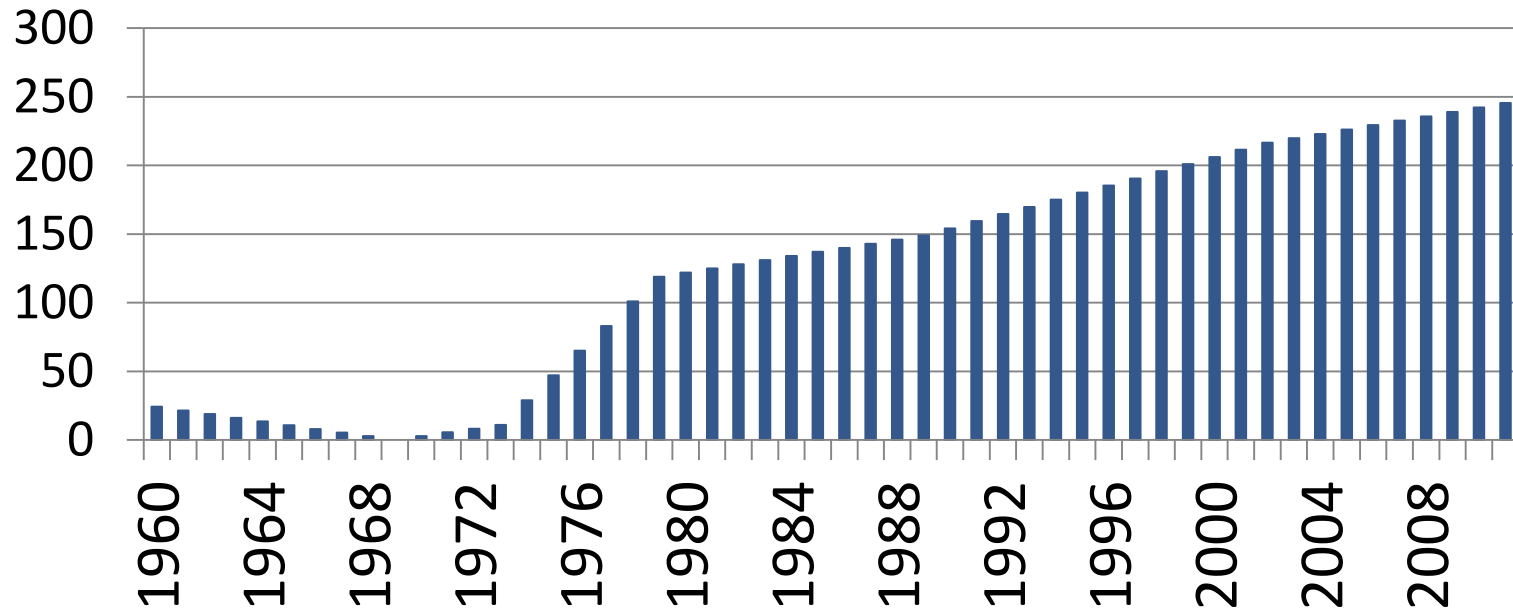
# Non-renewable Resource Depletion

- Coal consumption per capita has grown by 87%
- Natural gas consumption per capita has fallen by 15%
- Oil consumption per capita has grown by 3%

# Lost Leisure Time

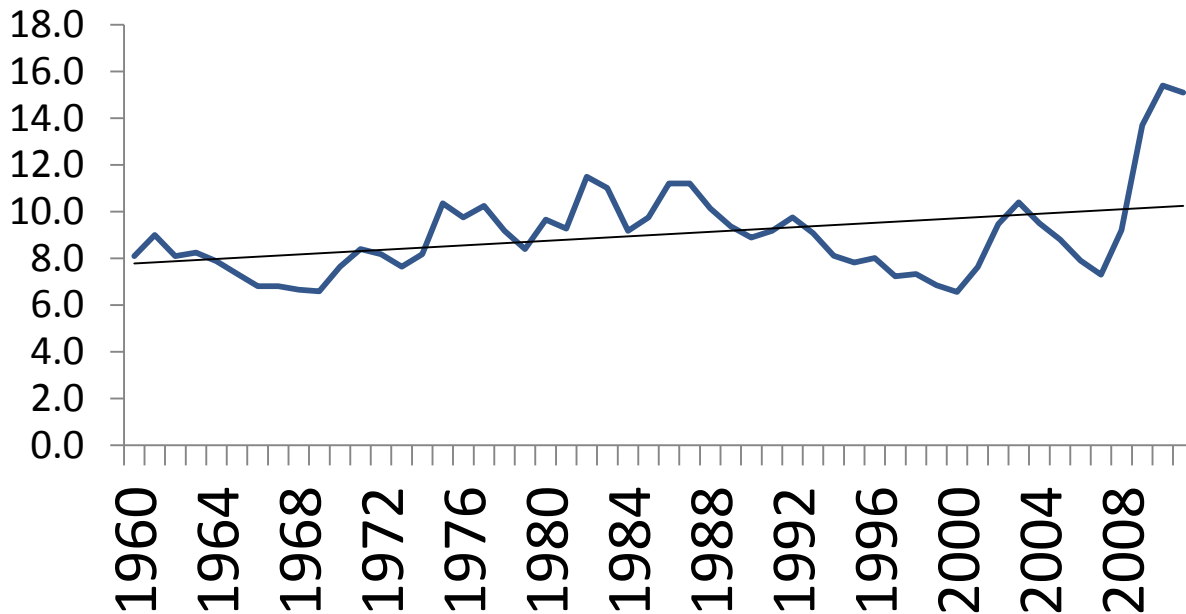
The average full-time worker in Colorado works 245 more hours a year than they did in the mid 1960s. That's more than 6 work weeks.

**Lost Leisure per Unconstrained Worker (hours)**



# Underemployment

## Underemployment Rate in Colorado



The upward trend in the underemployment rate indicates that more and more workers in Colorado cannot achieve their desired amount of work.

More than 400,000 Colorado workers were unemployed or underemployed in 2011.

# The Cost of Commuting

- There are roughly 2 million cars driven to work in Colorado each work day.
- It takes the average commuter 24.5 minutes to get to and from work, That's 6 minutes more each way than in 1960.
- The average worker drives 30 miles round trip. That's 7 miles more than in 1960.

