

## **Australian Quality of Life Falling**

Economic well-being in Australia has failed to rise since the 1970s despite continued growth in GDP, according to a new indicator of national prosperity released today by the Australia Institute.

A new method of accounting for changes in national economic well-being released today by the Australia Institute shows that living standards for Australians may have been declining since the 1970s.

The new measure, known as the Genuine Progress Indicator (GPI), is an internationally established accounting framework developed to replace Gross Domestic Product (GDP) as a measure of changes in national welfare. The indicator has been built for several countries, including the USA, Germany, Britain, Sweden and the Netherlands, and has now been compiled for Australia.

Using the new accounting framework, well-being over 1950-1996 rose by an average of 1.3 per cent each year, compared to 2.1 per cent for GDP per capita. However, from the late 1970s, the pattern changes markedly with the GPI showing no increase from that time.

The results suggest that for the last two decades the benefits to society of economic growth have been wholly offset by the costs. The main reasons for the failure of measured well-being in Australia to continue rising since the late 1970s have been unsustainable levels of foreign debt, the combined impact of a number of environmental problems and the growing costs of unemployment and overwork.

Releasing the new study Institute Executive Director and report author Dr Clive Hamilton said: "Our political leaders and commentators are fixated on GDP, yet GDP is a very misleading measure of changes in national well-being. We are told that the answer to nearly all of our problems is more economic growth, but growth may be the problem rather than the solution."

The research, which took six months to complete, has been supported by the CSIRO, the National Citizenship Project and the Oikoumene Foundation. The Australian Bureau of Statistics provided data and advice.

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