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News release

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ABS Study Reveals Flaws in GDP

New figures released by the ABS this week confirm that GDP is a profoundly misleading indicator of national progress, according to the Australia Institute. ABS figures show that in 1997 unpaid work in Australia was valued at \$261 billion, equivalent to about 48% of Australia's GDP. This was down from 54% in 1992.

The new ABS figures indicate that quality of life can be falling while economic growth continues apace, as GDP counts only those activities that have a price in the marketplace. Despite their enormous contribution to our well-being, the activities of the household economy – traditionally the realm of women – have been excluded from our measure of national progress.

“Much of the growth of the economy over the last decade has been due simply to the transfer of household production to the market – from a domain where it does not count to one where it does”, said Dr Clive Hamilton, Executive Director of The Australia Institute.

Service industries such as fast food and restaurants, cleaning, childcare and gardening have been some of the fastest growing sectors of the economy, yet for the most part they are only performing services that have always been done unpaid in the home.

“Just as GDP falls ‘when a man marries his housekeeper’, so it rises when we buy fast food rather than cook at home, or start paying to enter a national park. But are we really better off?” asked Dr Hamilton.

“Our system of measuring national progress is perverse. People are increasingly asking why, if the economy is doing so well, they don't feel any better off? This is the crucial political question of our era.”

In 1997 the Australia Institute published its path-breaking Genuine Progress Indicator, an alternative to GDP that takes account of 21 additional factors that influence well-being including the value of household and community work, inequality, the costs of unemployment and the costs of environmental degradation. The Institute is currently updating the GPI for publication in December.

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