

# **Genuine Progress Indicator (GPI) Act**

## One-Page Summary

*Rep. Ilhan Omar (D-MN)*

*“The welfare of a nation can scarcely be inferred from a measure of national income.”*

Simon Kuznets, the Nobel Prize-winning economist widely accredited with the creation of Gross Domestic Product (GDP), was one of the first people to recognize the limitations of GDP as a sole economic metric. It is an established fact that the degree of inequality, inclusivity, human well-being of an economy is not ascertainable from GDP/GDP per capita alone. Now, many economists are joining this Beyond GDP movement to stress the need for dynamic measures.

For far too long, the United States and the rest of the industrialized world have been dependent on GDP to shape our fiscal and economic policies. This traditional measure gives weight to wealth accumulation and per capita production but ignores income distribution, wealth concentration, and many other factors. It leaves out the human and environmental costs of economic activity, which means externalities such as social welfare and natural resource degradation are completely excluded in federal economic analysis. GDP is simply not able to give us the entire story of how our economy is doing and working for everyday Americans.

And yet, whether it's the economic forecasting by the Council of Economic Advisers, Federal Reserve, or the Congressional Budget Office, we continue to focus on GDP growth to measure economic stability, success, and recovery. It is time to move beyond GDP, and there is no better time than now during the COVID-19 pandemic to revamp our fiscal lenses. Tying policymaking to the ever-rising figures in the stock market and GDP per capita will only serve to benefit those at the top who reap the most from economic productivity. We must center both our measures and policies on addressing the plight of working-class families.

That is why I am proud to introduce legislation that would implement the [Genuine Progress Indicator](#) (GPI) as an alternative economic measure for the federal government to use in all of its budgetary reporting and economic analysis. GPI is a much-needed supplementary measure that provides a more holistic understanding to our collective, socioeconomic welfare by including overlooked social and environmental costs & benefits to economic activity. The GPI Act would:

- Direct the Bureau of Economic Analysis under the Commerce Department to establish a GPI baseline for relevant agencies to use in their economic analysis.
- Instruct the Congressional Budget Office, Office of Management and Budget, Council of Economic Advisers, Federal Reserve, Joint Economic Committee, Joint Committee on Taxation, and Government Accountability office to use GPI calculations when applicable in their published annual reports to Congress.
- Require yearly reporting by Commerce and the CBO on the development/efficacy of GPI

The world needs new economic indicators to prioritize and push for policies that encourage truly sustainable and equitable growth. The United States could become the leader in measuring and considering its population's genuine welfare. After more than 75 years of over-relying on GDP, it is time for us to move on and enhance the economic views informing our decision-makers.

# **GPI Act**

## Section-by-Section

### **Section 1 – Short Title**

- Genuine Progress Indicator Act, or the GPI Act of 2021.

### **Section 2 – Genuine Progress Indicator**

- Not later than 180 days after bill enactment, the Bureau of Economic Analysis (BEA) in the Department of Commerce shall establish a GPI metric as a viable economic measure.
- GPI will measure the holistic economic well-being of households by accounting for positive and negative economic, environmental, and social factors in economic activity.
  - Such factors must be considered as costs and benefits of economic productivity:
    - GPI calculations shall consist of factors of total annual economic benefits for personal consumption expenditures; consumer durables; publicly provided goods/services; higher education & workforce skills; leisure time; unpaid labor; infrastructure; ecosystem services of natural areas.
    - GPI calculations shall consist of factors of total annual economic costs for income inequality; underemployment & unemployment; homelessness; domestic abuse; crime; pollution; land/soil degradation; greenhouse gas emissions; depletion of ozone; traffic and motor vehicle accidents.
- GPI must be used (alongside GDP) in economic and budgetary reporting of relevant federal agencies and offices in the Executive, Federal Reserve, and Congress.
  - These reports are:
    1. The Congressional Budget Office’s annual report on the [Budget and Economic Outlook](#)
    2. The President’s [annual budget request](#) compiled by the Office of Management and Budget
    3. The President’s [annual Economic Report](#) written by the Council of Economic Advisers
    4. The Federal Reserve’s [Monetary Policy Report](#) submitted semiannually
    5. Every Joint Economic Committee’s [economic report](#)
    6. Every Joint Committee on Taxation’s [tax investigation report](#)
    7. Every Government Accountability Office’s [economic analysis report](#)
- One year after bill enactment, and annually thereafter, Commerce and the CBO shall compile a report to Congress on the development, viability, and the costs & benefits of GPI as an alternative economic measure.

### **Section 3 – Appropriations**

- Congress shall appropriate as much funds as necessary for the BEA to establish this new metric for federal implementation within the timeline set forth in this Act.