

# **Green Party Alternatives to GDP Policy**



# Alternatives to GDP Policy

## 1. Introduction

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The Green Party is opposed to the current importance given to the GDP in Ireland by government and policy makers. We believe that it has been the policy of successive governments to pursue absolute economic growth, often to the detriment of Irish society and environment.

The concept of Gross Domestic Product (the aggregate of private consumption, investment and government spending of all factors of production present in a jurisdiction, plus its trade balance) was finalised by John Maynard Keynes in 1940 as a method of calculating the British economy's capacity to produce rifles, shells, warplanes and cruisers to defeat Nazi Germany. The challenges facing our society today – environmental devastation and spiralling inequality – remain grave, but the tools to address them must change.

GDP focuses entirely on the absolute increase in economic activity, regardless of external effects such as; carbon and methane emissions, habitat degradation, air & water pollution, unemployment, over-work, poverty and economic inequality. Neither does it give any value to unpaid workers like carers or volunteers. While technological advances could improve these externalities, GDP and political decisions led by it will continue to be blinded by the value and necessity of the labour and natural capital that it ignores.

The Green Party does not suggest discarding GDP wholesale. Rather, the government must give equal weight to as large as possible a basket of other indicators; developing a well-rounded, holistic view of how our society (not an abstract economy of factors) is coping. These could include:

- Index of Sustainable Economic Welfare
- Economic equality (Gini Coefficient)
- Human Development Index (HDI)
- Measures of the System of Integrated Environmental and Economic Accounting (SEEA)

In terms of macro-economic analysis, and

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- % people in employment earning above living wage
- House prices and average rents vs. Median Incomes

to name just two, on a more granular level.

To this end, a Green government will seek to liaise with academics, NGO's and other experts to agree upon useful measures, providing adequate resources to the CSO and other relevant agencies to allow them to collate the necessary data.

The Green Party believes that adopting these commonly-used, universally agreed-upon measurements when formulating policy will facilitate policy that improves the lives of Irish citizens and the health of the Irish environment.

In addition, the Green Party also calls upon commentators to acknowledge the shortcomings of GDP and to broaden their analyses to see Ireland as a not-for-profit maximising enterprise; but a society of shared lives.

## 2. Carbon Budgeting

Following the work of the Joint Committee on Climate Action the government has agreed to vote on new carbon budgets set out by successive governments, with any purchasing of carbon credits by departments who fail to hit their targets set out in the annual financial estimates. The proposal is included in a new All of Government Plan to Tackle Climate Disruption overseen by the Minister for Climate Action. Ministers across departments will have to account to the Dáil and Seanad every year on the carbon reduction performance in their areas of responsibility.

### Policy Points

- We propose that the government publish an annual carbon budget (as was done in the past) that itemises sector by sector and intervention by intervention, how Ireland will achieve its 2020 and 2030 greenhouse gas emissions targets (20% by 2020 and 30% by 2030 compared to 2005 levels) as well as making provision for militating circumstances such as population growth and expansion of livestock numbers.

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## 3. Equality Proofing Budgets

'Equality Budgeting' involves providing greater information on the likely impact of budgetary measures across a range of areas such as income, health and education, and how outcomes differ across gender, age, ethnicity etc. Equality Budgeting helps policy-makers to better anticipate potential impacts in the budgetary process, thereby enhancing the Government's decision-making framework. A pilot initiative for Equality Budgeting was announced as part of [Budget 2018](#). The paper [Equality Budgeting: Proposed Next Steps in Ireland](#) was also published with the Budget to provide more information.

Six equality objectives were identified in the pilot, and performance measurements for them were then included in the [Revised Estimates 2018](#) (published at the end of that year). Five of the objectives related to gender equality, whilst the sixth related to socio-economic equality. An update on the pilot programme was included in the [Public Service Performance Report 2017](#) (published in April 2018).

### Policy Points

- The Green Party supports the permanent adoption of Equality Budgeting in annual budget agreements.