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What Is Happening to Economic Well-being in Canada?

The Ottawa-based Centre for the Study of Living Standards (CSLS), a non-profit economic research organization, today released two comprehensive reports on the economic well-being of Canadians based on the Centre's Index of Economic Well-being (IEWB). This composite index captures trends in consumption, stocks of wealth, equality, and economic security.

Key highlights of the first report "Beyond GDP: Measuring Economic Well-being in Canada and the Provinces, 1981-2010," are given below.

- The Index increased 25.4 per cent from 1981 to 2010, driven by increases in consumption and wealth, but hampered by declines in economic equality and economic security. In contrast GDP per capita rose 46.3 per cent. This suggests that the widely used GDP per capita numbers overstate true progress in economic well-being.
- The index fell 3.5 per cent in 2009 because of the recession, and advanced only 1.4 per cent in 2010. The level of economic well-being in Canada was still 2.3 per cent lower in 2010 than the pre-recession level in 2008.
- From a provincial perspective Alberta enjoyed the highest level of economic well-being in 2010, due to high scores in consumption, wealth and economic security. Nova Scotia ranked tenth. Over the 1981-2010 period Newfoundland and Labrador experiences the largest increase in the Index of Economic Well-being, with British Columbia the slowest growth.

The second report "Moving from a GDP-based to a Well-being Metric of Economic Performance and Social Progress: Results from the Index of Economic Well-being for OECD Countries, 1980-2009" was presented at the World Statistics Congress in Dublin, Ireland on August 26. Key findings are highlighted below.

- In 2009 Canada ranked 9th out of 14 countries in terms of the level of the Index of economic Well-being. Norway ranked first and the Spain and the United States last and second last respectively.

- Growth in the IEWB from 1980 to 2009 was slower than GDP per capita in all 14 countries, again showing that GDP per capita overestimates advances in economic well-being.

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