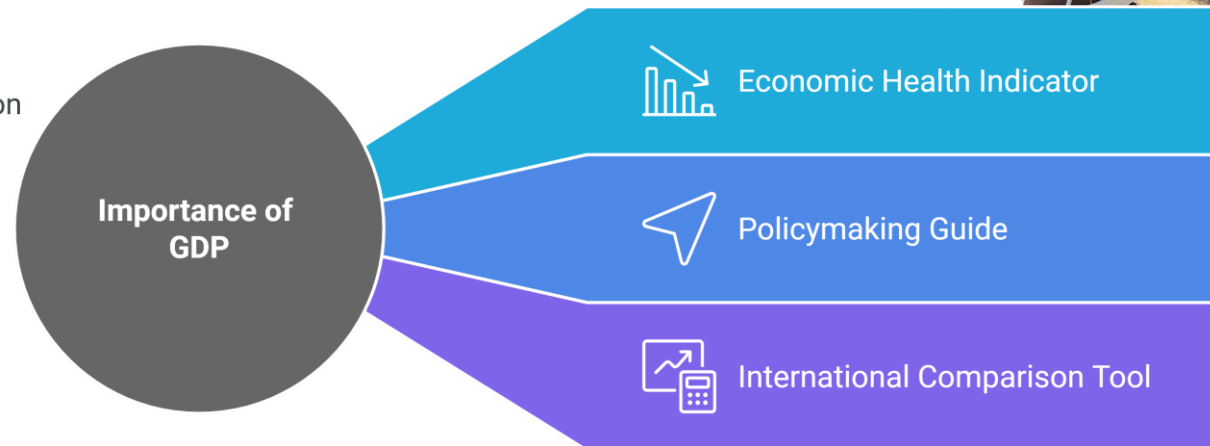


BEYOND GDP MEASURES: GENUINE PROGRESS INDICATOR FOR MALAYSIA

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**GDP measures the total monetary value of all
final goods and services**

GDP Components
(Expenditure Approach)



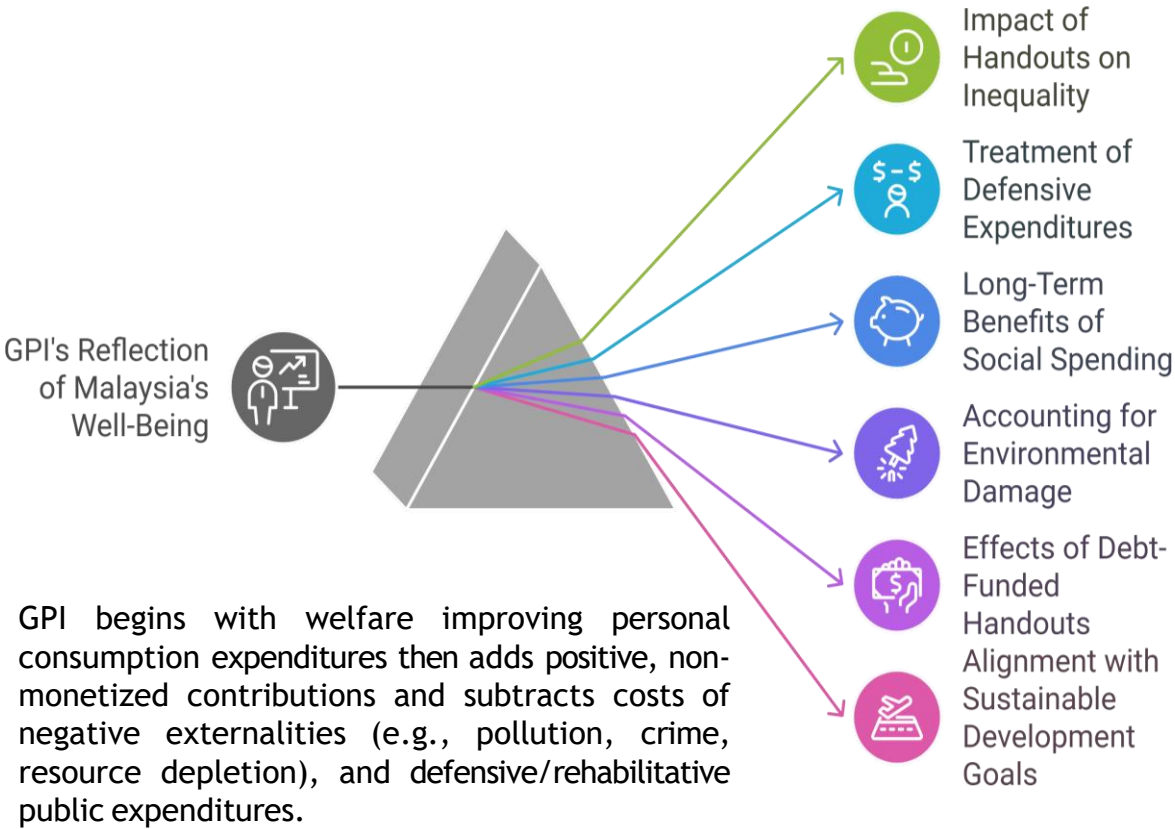
GDP has been mistakenly treated as a direct measure of well-being, often shaping policies toward short-term economic goals, distorting resource allocations, both intra and inter-temporal dimensions.



Measuring Malaysia’s Well Being

- Genuine Progress Indicator (GPI) is a unified, money metric measure (Hicksian Income approach) that captures income distribution, ecological costs, and non-market activities to better reflect sustainable progress and complement GDP.

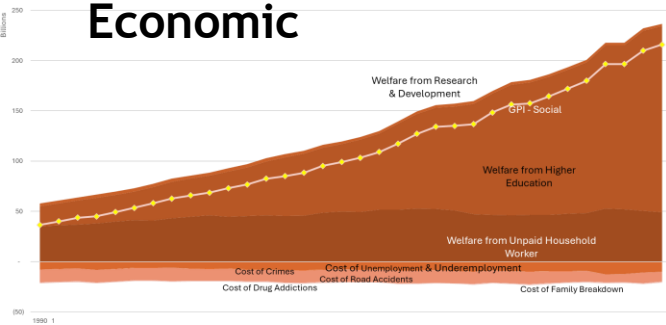
Malaysia MADANI Core Values	Synergy with GPI
Sustainability	- GPI subtracts costs of resource depletion, pollution, and ecological damage, emphasizing balanced use of natural resources. - By internalizing environmental costs, GPI discourages short-term economic gains that undermine future sustainability—supporting MADANI’s aim of a uniquely Malaysian model rooted in local wisdom.
Prosperity	- GPI expands beyond GDP by incorporating economic, social, and environmental well-being. - It recognizes that genuine “progress” must account for societal happiness, ecological health, and cultural richness—mirroring MADANI’s call for an economy and society that flourish together.
Innovation	- GPI can add value for non-market activities (e.g., caregiving, volunteerism) and highlight the importance of skills and innovation. - By showing the true costs/benefits of different growth paths, GPI encourages creative policy solutions and human resource empowerment—fueling MADANI’s vision for human ingenuity.
Respect	- GPI includes social indicators (e.g., crime, community engagement) that reflect respect and civility within diverse societies. - By recognizing intangible social contributions (e.g., community events, cultural diversity), GPI aligns with MADANI’s emphasis on mutual respect and celebrating pluralism.
Trust	- GPI gives a clearer picture of genuine progress, fostering trust in government initiatives and building public confidence. - By revealing the hidden costs of unsustainable policies, GPI supports informed policymaking—empowering citizens and leaders to move boldly toward positive change.
Compassion	- GPI accounts for income distribution, volunteerism, and household work—demonstrating compassion for all segments of society. - By penalizing excessive inequality and subtracting “defensive” costs, GPI encourages compassionate policies that protect vulnerable groups, reflecting MADANI’s focus on mutual care.



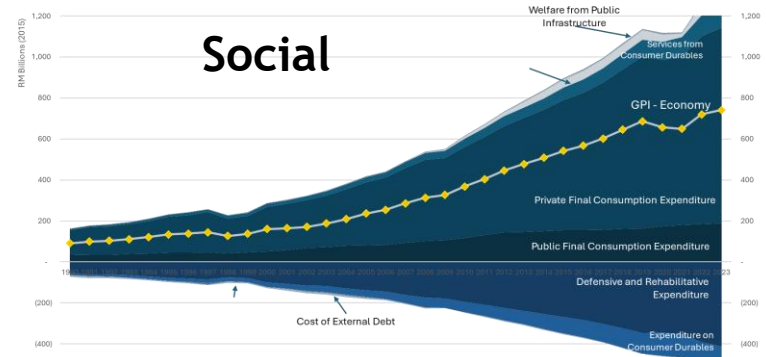
By accounting for these costs and benefits, GPI mirrors Hicks’s principle that genuine income must maintain overall national capital (natural, social, human) over time.

Malaysian GPI estimation (1GG0- 2023)

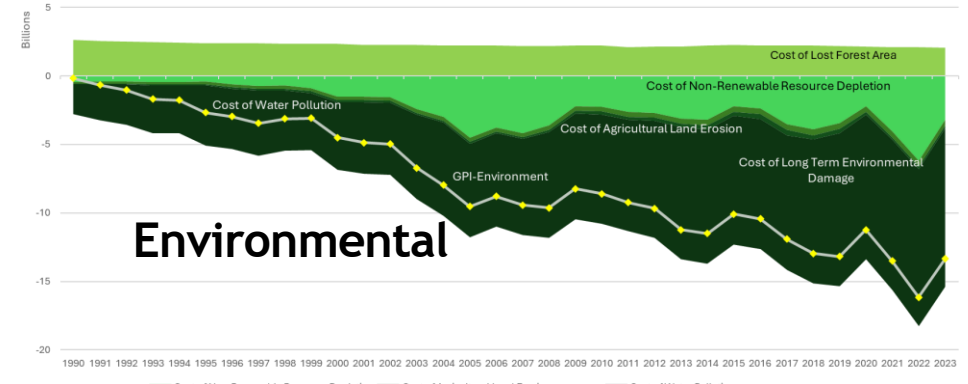
Economic



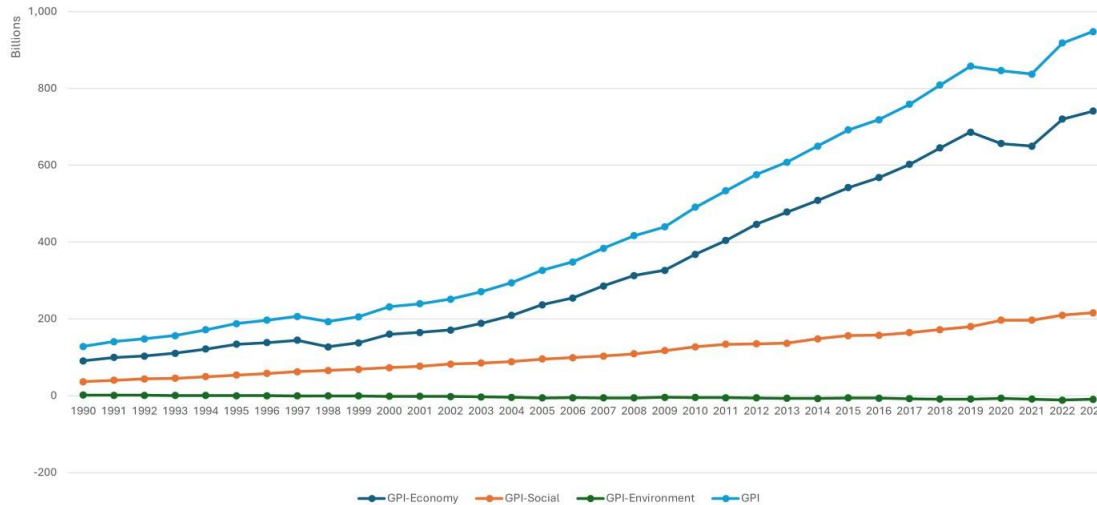
Social



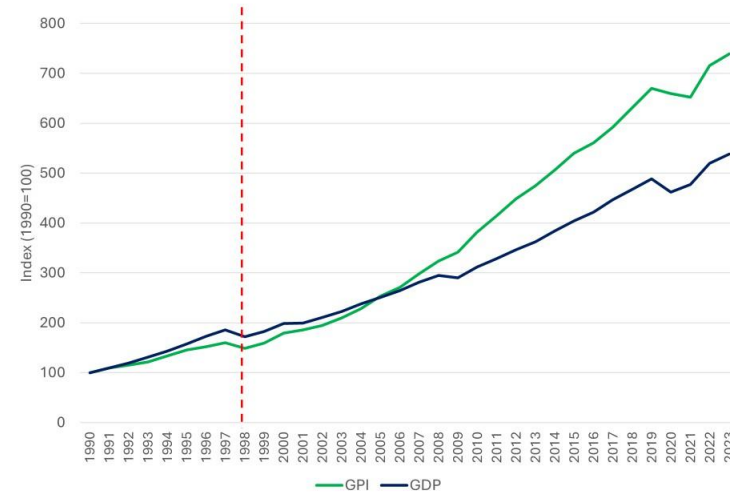
Environmental



Genuine Progress Indicator



GPI & GDP Index (1990=100)



- ✓ **1991–1998:** Malaysia's very rapid, export-driven, resource-intensive growth buoyed GDP strongly, but GPI was weighed down by the social and environmental costs of that expansion.
- ✓ **1999–2020:** Post-crisis reforms, a shift toward more diversified and (somewhat) less environmentally damaging industries, and the expansion of social programs and infrastructure lifted GPI growth rates more than GDP. The percentage improvements in well-being and reduced externalities outpaced the purely market-based production growth rates in some stretches.

Our GPI increased faster compared to our GDP which indicates rising welfare from various policy implementations

Why GPI matters much?: If the government's mission is to balance economic growth with social equity and ecological stewardship, GPI is a more accurate dashboard than GDP alone