**GDP vs GPI**

[GDP](http://www.investopedia.com/ask/answers/199.asp): shows economic activity, measuring all goods and services produced in a given period. In this model, all economic activity contributes to GDP, so any increase in goods/services—whether it is hiring new teachers to improve education or rebuilding homes after a hurricane—positively affect GDP. The problem with relying solely on the GDP is that it is a [poor reflection of a country’s social welfare](http://www.bostonglobe.com/ideas/2014/03/15/what-gdp-doesn-show-about-america/7XuoCz09dqYtuWn3k4ILFP/story.html); it does not adjust for things like income inequality or environmental damages that result from economic activity.

[GPI](https://www.investopedia.com/terms/g/gpi.asp): looks at a combination of economic, environmental, and social indicators to create a picture of the overall progress of a country or state. GPI also starts with measuring economic activity but includes negative economic factors such as income inequality and the cost of underemployment. Environmental indicators such as pollution and the loss of farmland negatively affect the GPI. A range of social indicators, from the value of volunteer work to the cost of crime, are also weighed, producing a figure that takes into account a more comprehensive scope of human experience.

Data:

|  |  |  |
| --- | --- | --- |
| YEAR | GDP | GPI |
| 2010 | 5 | 4.5 |
| 2011 | 5.2 | 4.7 |
| 2012 | 5.7 | 4.9 |
| 2013 | 5.8 | 5.1 |
| 2014 | 6.2 | 4.6 |
| 2015 | 6 | 4.5 |
| 2016 | 5.9 | 5.1 |
| 2017 | 5.8 | 5.3 |
| 2018 | 6 | 5.2 |
| 2019 | 5.8 | 4.7 |
| 2020 | 5.7 | 4.4 |

Chart:

GDP Increases  
GPI Increases

GDP Increases  
GPI Decreases

GDP Decreases  
GPI Decreases

GDP Decreases  
GPI Increases

Analysis of Data:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Goods | GDP Increases GPI Increases | GDP Increases GPI Decreases | GDP Decreases GPI Increases | GDP Decreases GPI Decreases |
| Sales of white goods | Stays same | Increases | Decreases | Stays same |
| Sales of Insurance | Stays same | Increases | Decreases | Stays same |
| Home protection system | Stays same | Increases | Decreases | Stays same |
| Investment in gold | Increases | Stays same | Stays same | Decreases |
| Investment in homes | Increases | Stays same | Stays same | Decreases |
| Investment in stock market | Increases | Stays same | Stays same | Decreases |
| Sales of healthcare | Stays same | Increases | Decreases | Stays same |