

# Economic Growth vs. Economic Development: Are you taking the time to measure changes impacting quality of life?

By Andy Lewis

## What is the Difference between Economic Development and Economic Growth?

Ron Shaffer, the founder of the Center for Community and Economic Development, included an analogy in his book that I often borrow to simply and effectively distinguish between growth and development. Imagine if my son Shawn and I were to attend a family gathering and bumped into Uncle John, whom we hadn't seen in three years. If he were to turn to my son and say, "My but how you have grown," my son's chest would puff out in recognition that someone had noticed his physical, emotional and intellectual growth as a young adult. However, if that same uncle were to turn to me and say the same thing, I would likely take umbrage with the long-lost relative because the implication would be that he recognized the expanding waistline of a middle-aged man.

Shaffer's analogy helps us visualize the argument made by economist Mahbub ul Haq at the World Bank in the 1970s, that existing measures of human progress failed to account for the true purpose of development—to improve people's lives and expand individual human choices. While most economists were content to measure Gross Domestic Product, Dr. Haq, in collaboration with other economists, published the first Human Development Report in 1990. Since that time, the United Nations Development Programme has commissioned over 600 regional, national and sub-national reports in over 140 countries. Each of these reports features a Human Development Index that measures the well being of countries, states, and regions with a ranking of nations.

Although many economic development professionals still use the terms

"economic growth" and "economic development" interchangeably, people are beginning to recognize that they are not synonymous. The emergence of the sustainable development movement has helped differentiate between economic growth and economic development by emphasizing quality of life considerations that are integral components of economic development. However, many fear that the recent economic crisis will shift the focus back to more traditional economic measures, potentially at the expense of quality-of-life considerations.

## Thrive Economic Region Focuses on Quality of Life

Discussions over the well being of communities are not limited to the United Nations. And many of the formulas used to calculate the American Human Development Index were done for large population groups and cannot be used for communities or regions. The phrase "Think global, act local," which first appeared in print in 1915 comes to mind. When the eight county region surrounding the capital city of Madison, Wisconsin, began to organize a regional economic development entity ("Thrive"), they agreed that economic development and quality of life were inextricably linked. Thrive, incorporated in 2007 as a not-for-profit organization, was created with a mission of growing the region's economy in ways that preserve and enhance the quality of life. Unlike many organizations with a similar mission, they also asked the tough questions regarding how they would measure whether or not they were successful. Economic development outcomes are hard enough to quantify, how was the region going to measure quality of life? More importantly, many of the national and state "report cards" did not have data that pertained to regions

or were not comprehensive enough.

## Establishing Quality of Life Benchmarks

To help achieve Thrive's vision of growing the economy in ways that preserve and enhance the quality of life, the Thrive Quality of Life Committee launched a regional survey effort in 2008 to identify the quality of life issues of importance to residents in the Madison Region. The Thrive Quality of Life Committee began work to develop a dashboard of quality of life indicators that could be used for the Madison Region. They started by reviewing a list of more than 120 indicators and used a web survey to prioritize these issues. Based on these prioritized issues, a print survey was developed and distributed to residents in the region.

Results from the regional survey were combined with objective data sources in a report intended to provide benchmarks for the region. This report also served as the foundation for the development of what is hoped to be an annual report on the STATE OF THE REGION. Efforts included the identification of quality-of-life indicators that could be quantified and tracked and other indicators that existed, which greatly influence these key quality-of-life issues for the region.

In December of 2008, the STATE OF THE REGION report was released as a follow-up to the original effort and included a comparison to other similar economic regions. This report merged traditional economic indicators together with quality-of-life indicators to create a unique set of metrics that will help guide and monitor the long-term impacts of the region's collective efforts.

Thrive's objective in producing these

reports was to inform and to stimulate action by any number of individuals and organizations in the region as Thrive moves toward a shared regional vision. Success in monitoring quality of life in the region will be dependent on local individuals and organizations taking ownership of the task of monitoring and tracking these and other quality-of-life indicators. Thrive will need to make a strong effort to share these findings widely and work towards finding partners to assist in tracking their progress in the future. 🏠

## Author's Picks for Further Reading

American Human Development Project

🏠 <http://measureofamerica.org/>

Community Indicators Consortium

🏠 <http://www.communityindicators.net/>

Human Development Reports, United Nations Development Programme

🏠 <http://hdr.undp.org/en/humandev/reports/>

Quality of Life Indicators/Data Sources, Center for Community and Economic Development, University of Wisconsin Extension

🏠 <http://www.uwex.edu/ces/cced/communities/QualityofLifeDataIndicatorsDataSources.cfm>

State of the Madison Region Report *Thrive*

🏠 <http://www.thrivehere.org/regionalmetrics>

A Summary of the Madison Region's Quality of Life Indicators, *Thrive*

🏠 <http://www.thrivehere.org/articlemanager/rsrchqoflsurvey.aspx>

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## About the Author

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