In 2006, the gross world product (GWP)—the aggregated total of all finished goods and services produced worldwide—increased 3.9 percent to $65.1 trillion (in 2006 dollars).1 (See Figure 1.) This estimate reflects real purchasing power in countries (that is, in purchasing power parity or PPP terms). The market exchange rate GWP, which is based on actual monetary terms, reached $47.8 trillion in 2006, an increase of 4.7 percent.2 Growth of GWP (PPP) in 2006 was slightly less than the 4.0 percent increase in 2005 but about 0.4 percent higher than the average growth seen since 1971.3 China accounted for over one third of the $2.5 trillion in growth in 2006.4 The Chinese economy was once again the fastest growing in the world, with its gross domestic product (GDP) jumping 8.8 percent, driven mainly by high levels of investment and exports.5 Yet analysts increasingly question whether China can sustain this growth, as the benefits have been distributed unequally and have also created significant environmental problems.6 In 2006, accidents triggering pollution that the Chinese government considered “serious” occurred almost every other day on average.7 Sub-Saharan Africa, the Middle East, and Russia and the former states of the Soviet Union also grew at a fast clip, of 5.1 percent, 4.2 percent, and 5.1 percent respectively.8 This growth primarily stemmed from strong net exports of commodities, particularly oil and natural gas and, in sub-Saharan Africa, metals.9 The U.S. economy, accounting for 20 percent of GWP, grew 2.7 percent in 2006.10 The United States thrived in the first quarter, but high fuel prices, sluggish job growth, and a weakening housing market slowed economic expansion later.11 With continued cooling of the housing market, consumer demand and economic growth are expected to slow further in 2007.12 The European Union also accounted for 20 percent of GWP in 2006.13 Its economy grew 1.5 percent, primarily driven by domestic spending and investment.14 Job growth in the United Kingdom and consumer demand in Germany contributed to this increase.15 Japan grew at 1.3 percent in 2006, with strong domestic demand offset by a reduction in public investment and net exports.16 Per capita GWP also increased in 2006, to $9,975.17 This is a growth of 2.7 percent—less than total GWP growth because world population increased by 77 million people.18 Yet GWP per capita does not reflect the vast disparity in GDP per person—even when these figures are in purchasing power parity terms. In the United States GDP is $43,356 per person and in Japan it is $31,924, for example, while in China the figure is $8,005 and in India it is $3,546.19 GDP is a poor measure of economic progress, as it counts all monetary expenditures as positive—whether the money is spent on useful goods, such as food or durables, or on mitigating social ills that could have been prevented. The U.S. nongovernmental organization Redefining Progress designed the Genuine Progress Indicator (GPI), a measure that better analyzes economic progress by subtracting out pollution and resource degradation, crime, and other economic ills while adding in unmeasured benefits like volunteer work and parenting.20 While U.S. GDP per capita has nearly doubled since 1970, the GPI grew just 15 percent.21 (See Figure 2.) Clearly, economic priorities must change, as over 60 percent of ecosystem services are being degraded or used unsustainably.22 The “ecological footprint” of global society—a measurement that calculates the amount of land and sea area needed to produce resources, absorb wastes, and provide space for infrastructure, such as roads and buildings—is also increasing each year, with a jump of 2.5 percent in 2003.23 (See Figure 3.) This most recent measurement shows that humans currently use the resources of 1.25 Earths and are thus depleting the ecological capital on which future populations will depend.24 As economic growth accelerates in both high-income and low-income countries, so does the depletion of ecological capital. Indeed, at the current consumption levels of high-income countries, the world could only sustainably support 1.75 billion people, not the 6.5 billion living on Earth today.
Economy and Strain on Environment Both Grow

**Figure 1. Gross World Product, 1970–2006**

GDP has increased from 18.6 trillion 2006 dollars in 1970 to 65.1 trillion 2006 dollars in 2006 (preliminary). Per capita GDP has also increased, from 5,006 dollars in 1970 to 9,975 dollars in 2006 (preliminary). **Source:** IMF.

**Figure 2. GDP and GPI Per Person, United States, 1950–2004**

GDP and GPI per person in the United States have both increased significantly since 1950. **Source:** Redefining Progress.

**Figure 3. Humanity’s Ecological Footprint, 1961–2003**

The ecological footprint of humanity has grown from 6 Earths in 1961 to 1.4 Earths in 2003, indicating that we are currently living beyond our means. **Source:** GFN.


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**Source:** IMF.
Notes

20. Ibid.
23. Ibid.

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2. Figure 1 from ibid.
3. Ibid.
4. Ibid.
5. Ibid.
6. Ibid.
7. Ibid.
9. Africa and Figure 2 from U.N. Population Division, op. cit. note 1.
11. Ibid.
15. India’s urban poverty from UN-HABITAT, op. cit. note 12, p. 11.
17. Figure 3 and share of total from ibid.
18. Ibid.
20. UN-HABITAT, op. cit. note 12.
21. For analysis of this trend, see Gordon McGranahan et al., The Citizens at Risk: From Urban Sanitation to Sustainable Cities (Sterling, VA: Earthscan, for Stockholm Environment Institute, 2001), chapter 4.

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1. International Monetary Fund (IMF), World Economic Outlook Database (Washington, DC: September 2006). Note the 2006 figure is a preliminary estimate from September 2005 and is subject to change. These figures represent inflation-adjusted IMF data.
2. IMF, op. cit. note 1.
3. Ibid. Note: unless otherwise specified, all further analysis is based on PPP terms.
4. IMF, op. cit. note 1.
Notes


8. IMF, op. cit. note 1. Note: because of economic and geographic similarities between the former Soviet states and Mongolia, the IMF includes Mongolia in its analysis of these economies.


10. IMF, op. cit. note 1.

11. IMF, op. cit. note 5, p. 41.

12. Ibid.


15. IMF, op. cit. note 5, pp. 44–45.


18. IMF, op. cit. note 1; Census Bureau, op. cit. note 17.

19. IMF, op. cit. note 1; Census Bureau, op. cit. note 17.


21. Ibid.


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2. Ibid.

3. Ibid.


5. IISI, op. cit. note 1.

6. Ibid.

7. Ibid.


11. Ibid.


21. IISB, op. cit. note 19.
