

The Meaning of Wealth

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What is wealth?

Most of us associate wealth with money, our savings, our investments, our homes or other forms of “financial capital.”

“The Gross National Product includes air pollution and advertising for cigarettes, and ambulance to clear our highways of carnage. It counts special locks for our doors, and jails for the people who break them. GNP includes the destruction of the redwoods and the death of Lake Superior. It grows with the production of napalm and missiles and nuclear warheads. And if GNP includes all this, there is much that it does not comprehend. It does not allow for the health of our families, the quality of their education, or the joy of their play. It is indifferent to the decency of our factories and the safety of our streets alike. It does not include the beauty of our poetry or the strength of our marriages, or the intelligence of our public debate or the integrity of our public officials. GNP measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything, in short, except that which makes life worthwhile.”

Robert F. Kennedy
March 18, 1968

But did you know that the word wealth comes from the Old English words “weal” (well-being) and “th” (condition) which taken together means “the condition of well-being”? Did you also know that the word “economic” comes from the Greek *oikonomia* meaning “the management of the household.” When have you heard a report from economists or business analysts talk about conditions of household living and management? Instead we have become immune to strong language like the word “mortgage” which literally means in French “a pledge unto death” or what I call “a grip of death!” How we have twisted the meaning of words.

Did you know that the father of accounting Lucca Pacioli, a 16th century Fransiscan monk and mathematician, never defined the word “wealth” nor did he provide a definition of “profit.” To this day accountants have no clear definition of either word.

If real wealth is not just about financial possessions and if accountants have no real understanding of how to either define or measure or account for “genuine” wealth then we have a wonderful opportunity to both redefine and rediscover our real or genuine wealth.

With that opportunity to redefine “wealth” I have developed what I call “genuine wealth” assessment and management system. “Genuine” means “having the qualities or value claimed” authentic. **Genuine wealth** then are, as Robert Kennedy noted, *the things that make life worthwhile*. Most of us could define these things in a few minutes.

The **genuine wealth** system I have developed attempts to align our values and principles as a community with the actual conditions of our wellbeing (personal, professional, spiritual, environmental and financial). Moreover, the genuine wealth system is a tool and process for measuring or assessing the actual physical and qualitative conditions of all the things that make life worthwhile. A genuine wealth assessment is similar to your annual medical checkup, providing a total diagnosis of life's real wealth. Most of us are accustomed to looking at wealth strictly in financial terms or property and possessions. But real wealth is much more than that, and we know it intuitively.

Most of us would define genuine wealth in terms of the conditions of our relationships with our partners, our children, our parents, our friends and our neighbours. We would see genuine wealth in the beauty of a sunset and the flutter of butterfly wings. We would measure wealth in terms of the joy of our play, the social cohesion of our neighbourhoods and the quality of our children's play. We wouldn't tend to measure wealth in terms of our military spending, war, the development of prisons, the cutting down of ancient forests, or increases in the Dow Jones Industrial Average.

Yet, conventional economics and business indicators of prosperity like GDP (gross domestic product), stock market indices and other economic indicators that we hear reported daily have little to do with what we would define as genuine wealth. Indeed many of these indicators, like GDP growth, do not distinguish between expenditures in the economy that actually contribute to genuine wealth development versus those which result in the "depreciation" or erosion of our social fabric or the strength our relationship with nature. So why do we focus so much on these indicators of "growth" when most of us long for "development" of our relationships with each other and the land?

It is said that we know the price of everything and the value of nothing.

Anonymous

Another important word is **value** which comes from the Latin "valorum" which means "to be worthy." Here again we see the confusion of our age. So often we associate value only with monetary expressions (prices, costs, returns on investment) but real value (valorum) is found in the things that make life worthwhile: genuine wealth.

Even a more common word *capital* has lost its meaning. Capital is actually synonymous with the word wealth defined as “*Wealth, in whatever form, used or capable of being used to produce more wealth.*”¹

If capital means “wealth” and wealth means “the condition of well-being” and capital assets are any form of “wealth” (tangible or intangible), then this suggests a new approach to both the measurement and management of real wealth or real capital.

Real capital or “life capital” are the assets or aspects of each human being – so-called “human” capital – along with social and natural capital.

Human capital is generally defined as “the knowledge, skills, competencies, and other attributes of each individual that facilitates the creation of personal, social, and economic well-being.”² In the indigenous cultures of North America, there are four aspects of a human being: emotional, physical, spiritual and mental. A complete human being has a healthy balance of these core assets or capabilities. We exercise these assets through “volition” (our will power) in pursuing our vision or dream of the good life.

Social capital is the value of relationships we have with each other. By definition social capital means the “relationships, networks and norms that facilitate collective action”³ that include such things as social cohesion and formal and informal institutional arrangements.

Natural capital are the natural resource or environmental assets and systems that provide humanity with nature’s materials and services that are vital to economic well-being.

How do we measure genuine wealth, real assets and assess the conditions of well-being that contribute to our quality of life?

¹ Webster’s New World Dictionary.

² *The Well-being of Nations: The Role of Human and Social Capital*. OECD. 2001.

³ *The Well-being of Nations: The Role of Human and Social Capital*. OECD. 2001.

A-counting for Genuine Wealth

“Accounting is a mirror into our souls.

Where we spend our money discloses our true values, what we hold important.

Dan Rubenstein
Office of the Auditor General

The Genuine Wealth framework provides a solution, a model and practical tool for measuring and managing genuine wealth: all the things that make worthwhile that resonate in our hearts.

Genuine Wealth is an accounting of life; like a window on our souls, a mirror image of our genuine selves.

The Genuine Wealth framework is both a process and accounting tool for getting in touch with our core values, our assets and our capabilities. Today more than ever society is faced with the challenges of sustaining a quality of life unprecedented in human history. How do we celebrate what we have? What are the assets that contribute to a complete and balanced human being? What makes for a healthy and flourishing community and economy? What contributes to the good life? How do we celebrate the businesses in our communities that are genuinely dedicated to building the “good society” and in stewardship of the common weal, while remaining dedicated to the strengths of business: innovation, entrepreneurship, and profitable enterprise?

“To give away money is an easy matter, and in any man’s power. But to decide to whom to give it, and how large and when, and for what purpose, and how, is neither in every man’s power, nor an easy matter. Hence it is that such excellence is rare, praiseworthy, and noble.

Aristotle

The **Genuine Wealth** model provides an alternative to the tired economic growth and accounting models. Because it accounts for what we value most. It allows us to objectively assess our real assets (our strengths) and opportunities for developing our real wealth potential.

Genuine wealth is about getting in touch with all the things that make life worthwhile, as Robert Kennedy encouraged us to do in his remarks made so long ago.

So what makes life worthwhile for you? Are you investing in genuine wealth?

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