

Karen Telleen-Lawton » Serendipity: Sustainable Prosperity Goes Beyond GDP

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A healthy economy requires a healthy environment, but the divide continues in our economic measuring sticks

By Karen Telleen-Lawton, *Noozhawk Columnist* | Published on 06.05.2009

My alma mater runs an amazing reunion weekend, inviting alums to celebrate their five- to their 75-year reunions. In true child-in-a-candy-shop fashion, we run wild across campus, taking “Classes Without Quizzes,” listening to panels by world experts, and attending sporting and music events for which we had too little time as students. But my reunion last fall, coming at the early phase of the economic and financial crisis, had a different feel.

The keystone event, commencing with a booster speech by [Stanford University](#) President John Hennessey, was scheduled to be a roundtable of speakers on global environmental issues. However, as the financial crisis unfolded, Hennessey reacted to alumni pleas for an economic panel. He quickly rounded up noteworthy professors, alumni and friends of the college to discuss the catastrophe transpiring in real time.



While I, too, was concerned about the crisis, I couldn't help noticing that once again the environment was pushed aside for crises of the economy, despite increasing evidence that a healthy economy requires a healthy environment. Perhaps the economists should have joined the environmental panel instead of replacing them.

Afterward, I thought more about this seeming disconnect. It has been 40 years since the birth of the [environmental movement](#). Despite the dramatic dismantling of environmental protections in the last administration, Americans share a deep and growing awareness that the environment is an integral part of the economy, as evidenced by success in recycling and consumer awareness in green-friendly purchases.

Our attitudes have changed, but the divide continues in our economic measuring sticks. The eventual recovery of [Gross Domestic Product](#) will not be a reliable signal that we're back on the road to prosperity, because it counts as gain expenditures that signal future trouble, such as unsustainable natural resource use. We need a reliable measure to show us the way to long-term prosperity.

The book that first steered me to graduate work in economics offered a replacement measure to GDP. *For the Common Good* by [Herman Daly](#) and [John D. Cobb](#) developed the [Index of Sustainable Economic Welfare](#) in 1989. Instead of summing all domestic expenditures as beneficial contributors to the economy, the index also considered factors such as income distribution, pollution and unsustainable natural resource use.

[William Nordhaus](#) and [James Tobin](#) developed a [Genuine Progress Indicator](#). This subtracted spending on weapons and environmental degradation from personal and public consumption and services.

A more recent measure is the [Happy Planet Index](#). The HPI tries to show the ecological efficiency with which human well-being is delivered. According to its Web site, it is "the first-ever index to combine environmental impact with human well-being to measure the environmental efficiency with which country by country, people live long and happy lives." The Global HPI incorporates three indicators: ecological footprint, life satisfaction and life expectancy.

Finding a replacement for GDP may seem like an esoteric exercise. But a more accurate measure of our well-being could help us define the pathway for dealing with the issues critical to this millennium. A new measure could help governments detect earlier when a program will be beneficial in the long run and when its obvious short-term benefits will be overridden by long-run costs such as pollution, poverty and massive institutional failures.

Despite the current difficulties, perhaps the economic and financial crisis is a good opportunity in disguise. Bring back the environmental roundtable: It's time for a do-over.

— *Karen Telleen-Lawton's column is a mélange of observations supporting sustainability. Graze her writing and excerpts from Canyon Voices: The Nature of Rattlesnake Canyon at www.CanyonVoices.com.*