



# CREATING STRONGER INCENTIVE FOR MOVING BEYOND GDP

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On the way to attain ambitious growth, humans are harvesting the natural resources of the planet and plugging them into an industrial cycle making available various consumables with a lot of waste. This process depletes the natural ability of the environment to balance itself and disrupts ecological cycles. The unnatural interventions brought in two competing fronts: hope and fear. The fear because of the perception of a section of people that the scientists are abusing their knowledge, and interfering with nature. The hope with the view that it is possible to shape nature to draw optimum human welfare. Practically, all these unnatural interventions, over-exploration efforts,

hasty development attempts, rapid modernization endeavors, and over ambitious policy interventions without respecting the natural order appear to be the responsible factors for today's misery- the Covid-19 Crisis. It is perceived to be a hidden side effect of the ongoing economic development approach.

The pandemic is a reminder of the intimate and delicate relationship between people and the planet and to help prevent the next pandemic, it is essential to transform human relationships with nature. It is proven over and over again that nature bites back, and it is evident that taking care of nature means taking care of human society. There are opinions that future pandemics are likely to happen more frequently, spread

more rapidly, have greater economic impact, and kill more people if global decision makers are not careful about the possible impacts of the choices they make today.

The corona regime revealed that the existing development approach and production environment have congenial setting for transformation and emergence of new diseases, and carrying on the existing approach and process would mean taking the humanity closer to the destruction. Thus, it seems logical to argue that the responses to the covid-19 crisis and the recovery drive should not be limited to containing the spread of the virus only; rather the global policy makers need to comprehend the deep-rooted causes of the current destruction and design recovery drive by respecting the 'mother nature'. Considering the threat of attaining UN SDGs and 2030 Agenda, the UN

Secretary-General Antonio Guterres reminded us that everything we do during and after this crisis must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics and climate change. In his works 'the recovery from the Covid-19 crisis must lead to a different economy.' It is about refreshing policy approach and recovery drives for green economy targeting renewed and sustained growth. There is no doubt that the affordability of the expected recovery interventions and fund allocations will vary across countries, especially governments' balance sheet and existing fiscal condition may put a limit on certain fronts but should not restrict policymakers on certain basics as part of attaining their long term goals on green and sustainable growth.

In response to the widespread virus contamination and economic implications, policymakers around the globe are providing unprecedented support to households, firms, and individuals. Despite resource limitations, almost all developing countries came up strongly with stimulus packages to support their economies. Responding quickly, the Government of Bangladesh has undertaken many remarkable initiatives and still working on getting things streamlined. Now, where the stimulus packages and other supportive efforts are taking the globe! If stimulus packages simply return countries to where they were before Covid-19, the world would face the same problems of high pollution, climate crisis, and more serious health emergencies. In the context of the Covid-19 scenario, it is strongly desirable to get reflection of the changed policy approaches of the economies of the world in all of their forthcoming fiscal stimulus interventions and budget allocations. It is about allocating our material and intellectual resources for economic, social and environmental returns. It is also about coming out from the obsession with GDP as the only goal, and working on

integrating social and environmental factors as part of a Goal Index.

pollution are not deducted from GDP. While oil



There is hardly any debate on the importance of economic returns to sustain, and acceptability of GDP as a measure of the economic progress of an economy. It is the most recognized and comparable estimate of performance, and has become the de facto universal metric for 'standards of living'. But it cannot be denied that it does not properly account for social and environmental costs and benefits. It is not possible to attain sustainable progress and well-being if welfare is being considered from a purely financial perspective, and Covid-19 has strongly given that message and warning. It is time to understand that development is much



beyond that of consumption, savings, and investment. It is essential to consider economic wellbeing impacted by unemployment, income and wealth disparity, and environmental destruction as part of our progress. Calculation of GDP cannot capture many of the ongoing social and environmental mishaps! Like the harmful effects of

spills increased incidences of cancer, destruction of habitat for wildlife, GDP does include payments made for cleaning up oil spills and the cost of health care for cancer victims. It is imperfect in measuring well-being. The 2010 BP oil spill in the Gulf of Mexico- with clean-up and damage costs of USD90 billion – added to the income, but added nothing to our well-being.

Adjustment of GDP with quality and welfare aspects through Net Domestic Product and GDP in Purchasing Power Parities does not cover major sustainability concerns. It is inspiring that global economies are increasingly recognizing and attempting to resort on certain development indicators alongside GDP like Human Development Index (HDI), Gender related Development Index (GDI) by UNDP; Ecological Footprint (EF) of WWF and the Global Footprint Network; Environmental Sustainability Index (ESI) etc. These are composite indices tracking diverse sets of socioeconomic, environmental, and institutional indicators. Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) have also been used as benchmarks for sustainable development levels.

Time has come to have a logical allocation of resources among economic,

social and environmental ventures. It is crucial to make us convinced that environment, health and education are necessary preconditions in creating amiable living conditions and must not receive less priorities in the development journey, and ultimate macro-goal has to be on taking the entire society and community forward equitably creating

level playing field for all. Therefore, to efficiently measure 'development, living standard, and well-being', the world must go beyond GDP as the key macroeconomic goal, and work on identifying and recognizing a comparable integrated macro-indicator that can accommodate economy, environment, and society.

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**“ THE RECOVERY FROM THE  
COVID-19 CRISIS MUST LEAD  
TO A DIFFERENT ECONOMY ”**

