

Before the House Committee on Economic Recovery and Prosperity

Testimony of Dr. John Talberth in support of HB 4093

1. Good morning, my name is John Talberth, Senior Economist for the Center for Sustainable Economy. Thank you for the opportunity to offer my testimony in support of HB 4093 and/or a related budget allocation establishing the Genuine Progress Indicator as one of the key economic performance metrics used in Oregon.

2. Over the past twenty years, I have been at the forefront of efforts by economists at the international, national, and state levels in the US to update and refine the Genuine Progress Indicator for use by national and state governments for two primary reasons.

3. First, the GPI provides a measure of economic wellbeing, rather than just economic activity alone, which is all Gross Domestic Product and its state counterpart, Gross State Product, are limited to. While measuring the annual level and value of production, consumption, trade and investment is important, these statistics often have little to do with the economic wellbeing of Oregonians since they are blind to the economic costs associated with inequality, debt, insecurity, crime, pollution and environmental degradation and blind to economic benefits associated with more educated communities, modern infrastructure, protected natural areas, unpaid labor and the leisure time we all need to pursue our dreams. The GPI corrects for all of these shortcomings.

4. Secondly, the GPI provides an important tool for evaluating the net economic impacts of policies, programs, and projects, including legislative proposals, as well as taxes, subsidies, and public expenditures and investments. It can help identify whether or not a given set of policies in place or proposed makes sense from an economic perspective.

5. For example, each year the state – through direct expenditures and various tax breaks and subsidies – allocates nearly \$1 billion to prop up the state’s logging industry, which claims a contribution of over \$8 billion a year to Gross State Product. However, its climate change costs alone, valued at the social cost of carbon, exceed \$14 billion annually. As such, from the standpoint of economic wellbeing, does it really make sense to keep the tax breaks and subsidies going? Using GPI will help us ask this important question.

6. Or on the positive side, having the GPI as a tool in the toolkit will help the state quantify the bang for the buck Oregonians receive from investments in reducing inequality, for example, through universal health, guaranteed housing for the homeless, and access to high quality education for all. The ability to estimate the economic returns of these social investments is one of the key advantages of the GPI. In its absence, all we typically hear about are the fiscal costs of these programs, which is often their death knell.

7. Robert F. Kennedy Jr. was one of the earliest proponents for a tectonic shift away from GDP growth as the foundation for economic policy. Rep. Pham’s bill – HB 4093 – would help bring Kennedy’s vision to fruition here in Oregon. The bill rests on a solid foundation of similar GPI initiatives in Maryland, Vermont, Washington, Minnesota and other states. As these initiatives have shown, the GPI is not some abstract theoretical framework, but one that can be used by decision makers at all levels to guide budgeting and economic policy making.

8. Our team at CSE stands ready to help you with its implementation here. In written testimony submitted to you, I’ve included links to some useful information on how this measure can be operationalized, and we look forward to collaborating with the state to make that happen soon.

READ:

- [Genuine Progress Indicator 2.0: Pilot Accounts for the US, Maryland, and City of Baltimore 2012-2014.](#)
- [Economic Benefits of Baltimore's Stormwater Management Plan: A preliminary analysis using the Genuine Progress Indicator.](#)