GUEST SPEAKER: I'm here to talk to you today about why mission of the World Bank's new Office of Sustainable Development should be to promote sustainable economic development. First I'll explain what sustainable development means in the context of global investment in developing countries. Then I will discuss why the World Bank ought to put a premium on these particular kinds of investments and why it ought to promote environmental protection in its work.

To understand sustainable development, we must first understand that the well-being of the economic system is intrinsically tied to the well-being of the environment. The economy's functioning depends on inputs from nature, which is then exchanged among various market actors and eventually output is waste into the environment.

The economy grows at a unsustainable rate when the rate of resource consumption and waste production exceeds the rate in which the environment can regenerate and absorb waste products. It is also important to note here that economic growth is simply a measure of total resource throughput. It says nothing about happiness, health, safety, or sense of community within a region.

Now that we've defined growth, we can contrast it with the concept of development. Development is the quality of improvement of resource efficiency within a region. To invest in projects that promote development in poor countries is to invest in projects that allow people to produce more with the resources they already have.

These kinds of projects might involve investing in education, investing in the construction of local hospitals and clinics, or investing in research and development of crop seeds that are less resource intensive. While projects that promote growth simply increase production and consumption, projects that promote development increase the efficiency of production and consumption towards some end that enhances human welfare.

Economic growth is less important than economic development because growth, usually measured in terms of GDP, is a flawed measure of progress. There is nothing inherently beneficial about economic growth. This is because growth only implies an increase in resource throughput. But It doesn't take into account whether the resources are being used in ways that efficiently maximize well-being while minimizing resource consumption.

On the other hand, economic development does a far better job of indicating economic progress. Development implies that resources are being used in increasingly efficient ways. The more developed a country is, the more of benefits from the resources it has while minimizing its total consumption of these resources.

As it becomes more and more clear to people across the world that development, not growth, should be our top priority, then the base investment goals would be in line with the goals of the rest of the world. This is because investors will want the same thing as anyone else, the maximum amount of benefit they can get at the lowest cost. Likewise, individuals who recognize development as their goal want to receive the greatest benefit from natural resources they use while minimizing these risks consumption.

As the UN's international financial institution, the World Bank's mission is to reduce poverty. It should do this by promoting economic development which insures the long-run integrity of economic systems.

If the bank instead chooses to promote economic growth, it will be investing in projects that contribute to constructing an unsustainable economic and social paradigm with incredible inertia. The longer economic growth remains the dominant measure of progress, the more difficult it will be to change our consumption patterns in business practices to ones that are more sustainable.

The World Bank may not look very far in seeking out philosophical justification for taking this measure. Utilitarianism, the common philosophical foundation for much of existing environmental policy, tells us that we should take the forward-looking utility maximizing action. Choosing to make investments that promote development, not growth, is just such an action. This is because human well-being, in the long run, is maximized when the very goal of the economic system is to provide for human needs while maintaining the integrity of the environment in the long run.

Human welfare is certainly not maximized when the goal of the economic system is to simply maximize consumption without regard to the system's long-run viability. Such economic growth reduces our collective welfare because it leads to depletion of economic inputs, natural resources, and it uses raw materials, as well the accumulation in economic outputs which are manifested by landfills and garbage patches.

Neither of these outcomes are ones that anyone would want. If the World Bank's goal is to reduce poverty in the long run, then let's take a long-run view of success. As a UN initiative with a moral imperative, the World Bank should work to ensure that it's investment decisions are based on the utility maximizing philosophy that promotes long-run human welfare.

Indeed investments and development related projects pay dividends over many years, while investments in growth related projects may only provide for human needs for a short period of time. It is the World Bank's responsibility to take into account the long run well-being of the environment because the viability of economic systems depend on its sustained integrity.

To promote growth is to promote the idea that the economy can continue to flourish independently of the environment, an idea that is a fiction. However, to promote development means to promote human progress that is sensitive to the environments carrying capacity and actively works to promote environmental stewardship while tending to human needs.

This is the goal on which all economies should be based. To that end, the World Bank should work to promote this idea in our newest economies so that they take no time in choosing the best method to promote the progress of their people. Thank you.