

Moving beyond GDP: Practices, indicators, inclusion

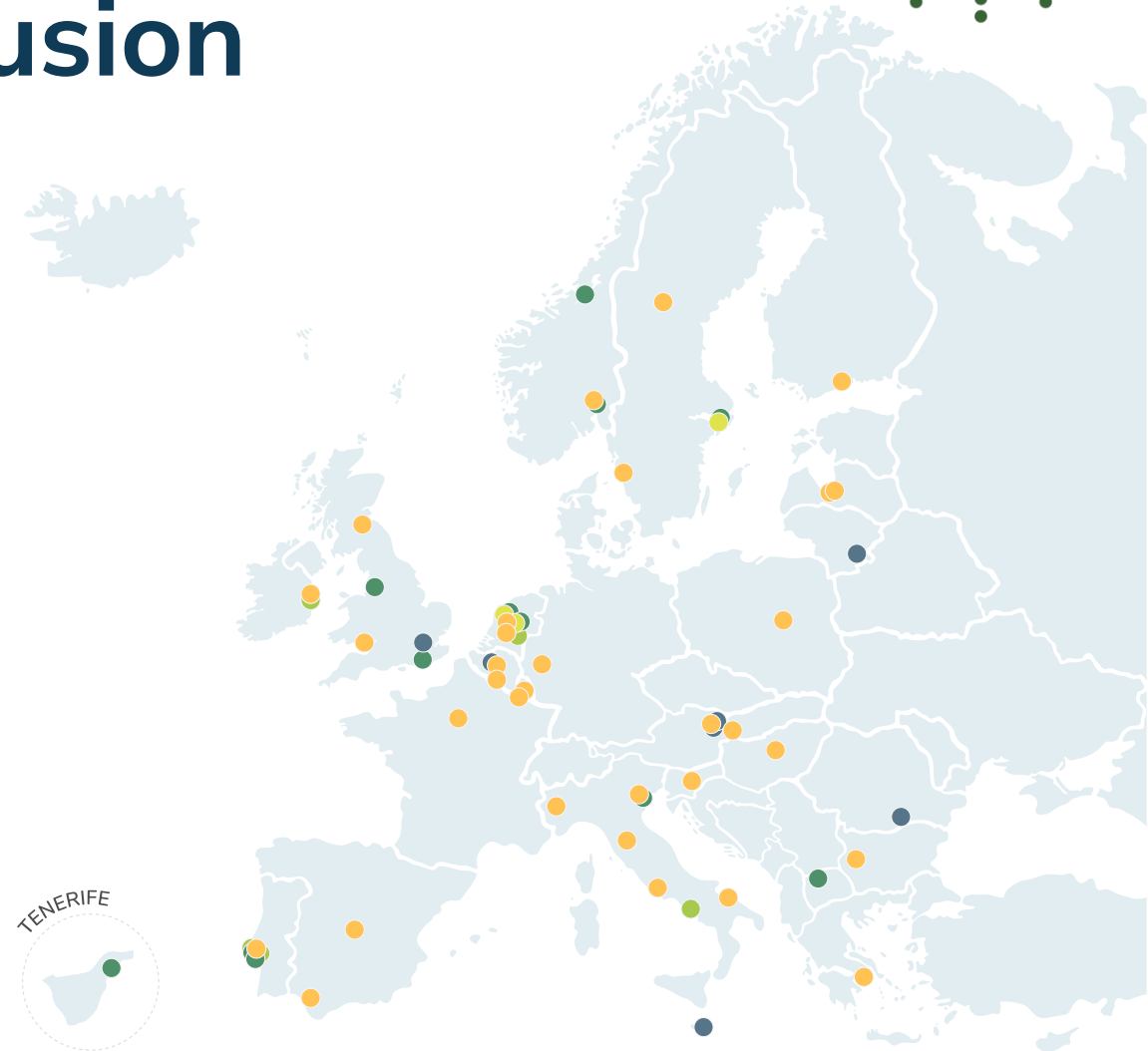
The Wellbeing Economy

Hannes Jarke

Project Coordinator – Mental Health Policy

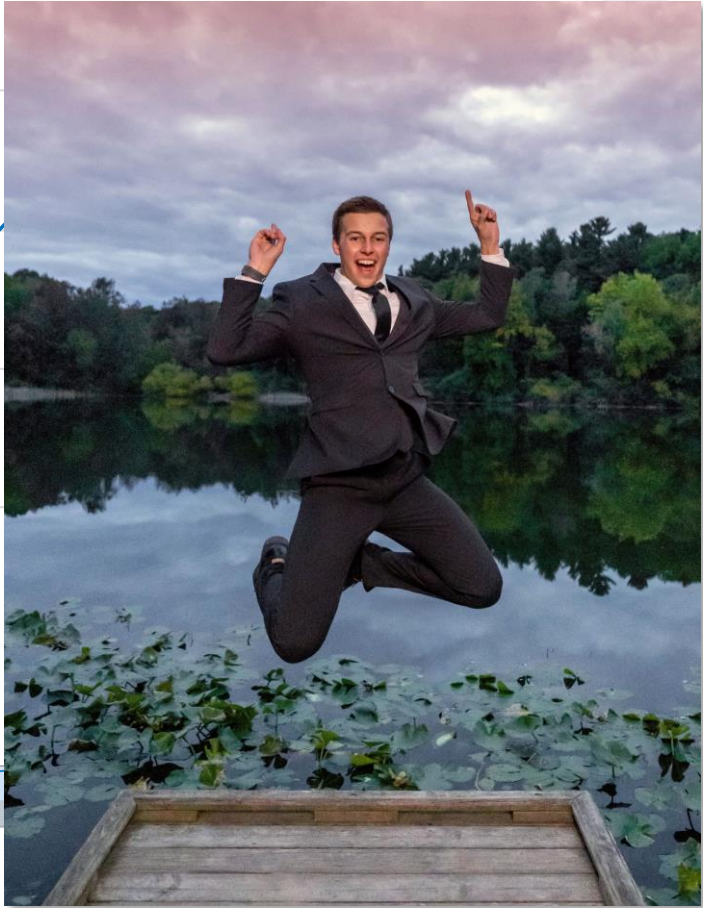
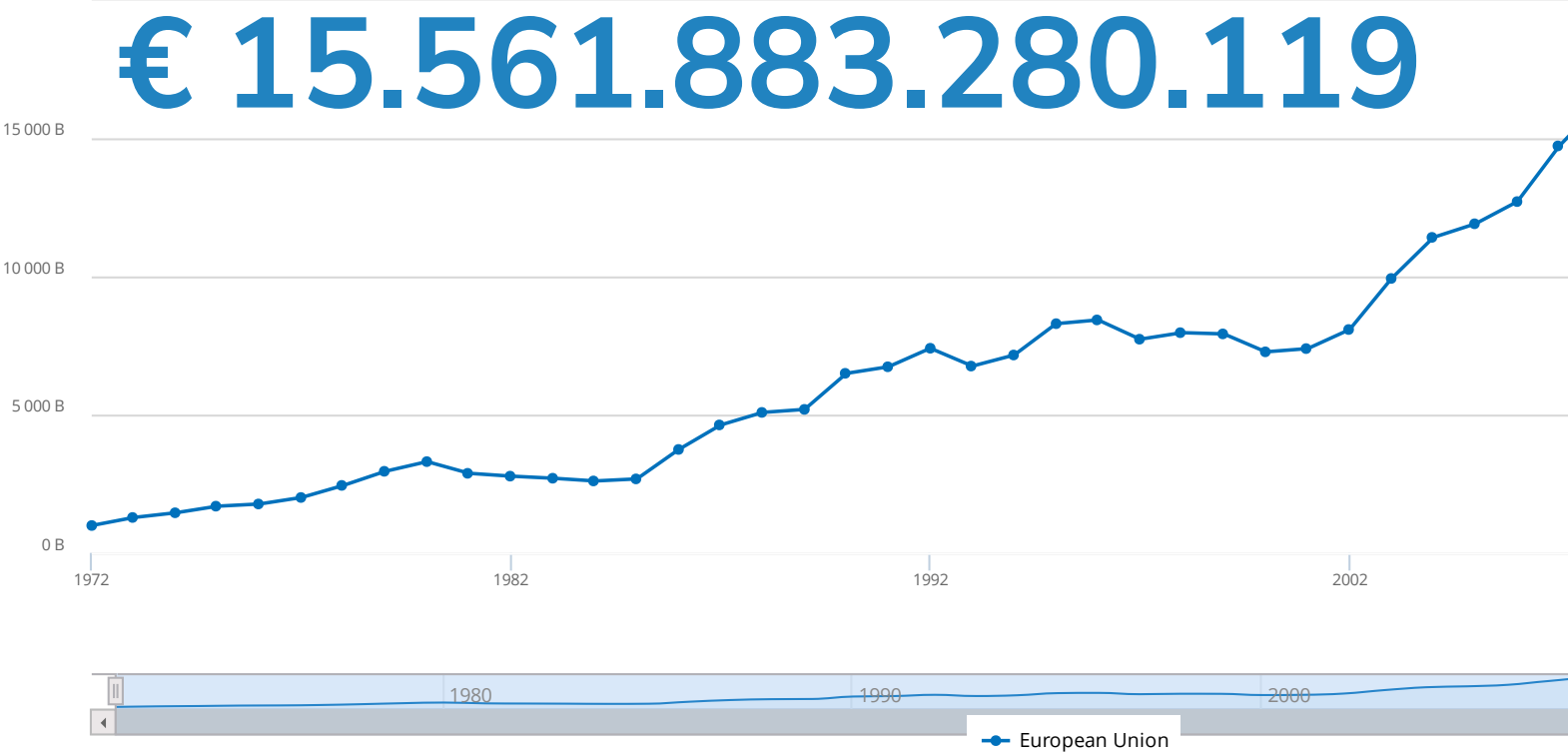
*EPR Public Webinar: An Economy of Wellbeing for
Inclusion*

18.10.2024



The Economy and Well-Being

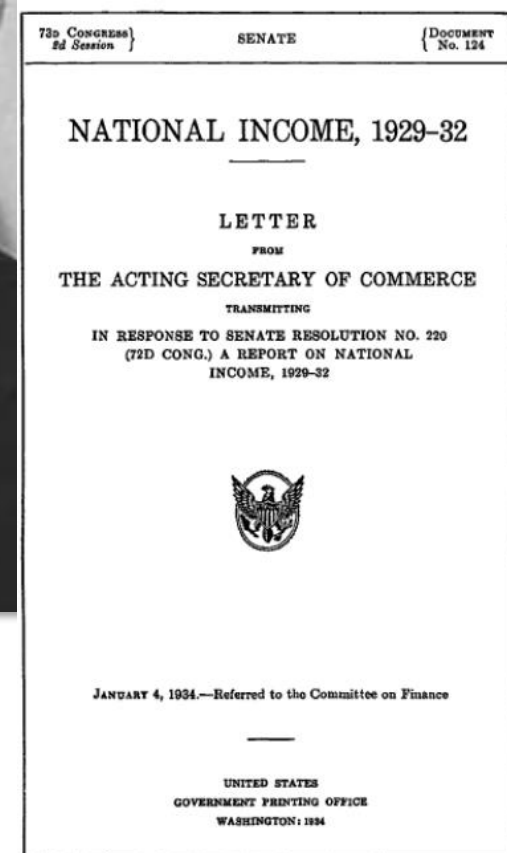
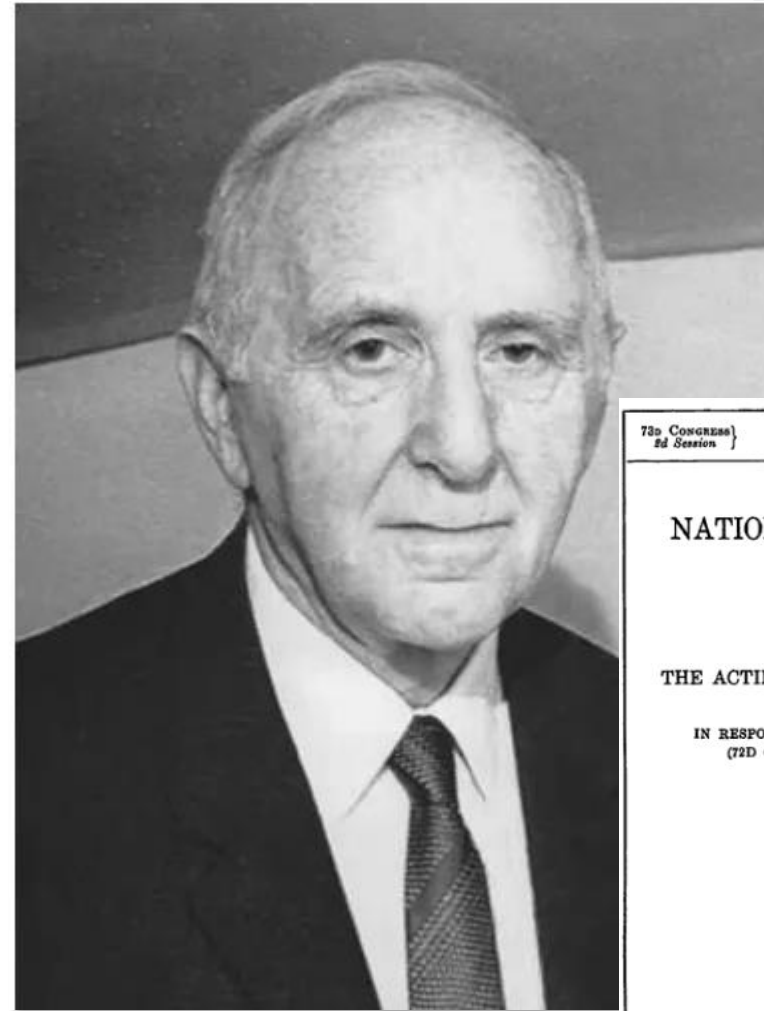
GDP Growth in the EU



Series : GDP (current US\$)
Source: World Development Indicators
Created on: 04/20/2023

Origins of GDP

“The valuable capacity of the human mind to simplify a complex situation in a compact characterization becomes dangerous when not controlled in terms of definitely stated criteria. With quantitative measurements especially, the definiteness of the result suggests, often misleadingly, a precision and simplicity in the outlines of the object measured. Measurements of national income are subject to this type of illusion and resulting abuse, especially since they deal with matters that are the center of conflict of opposing social groups where the effectiveness of an argument is often contingent upon oversimplification.”



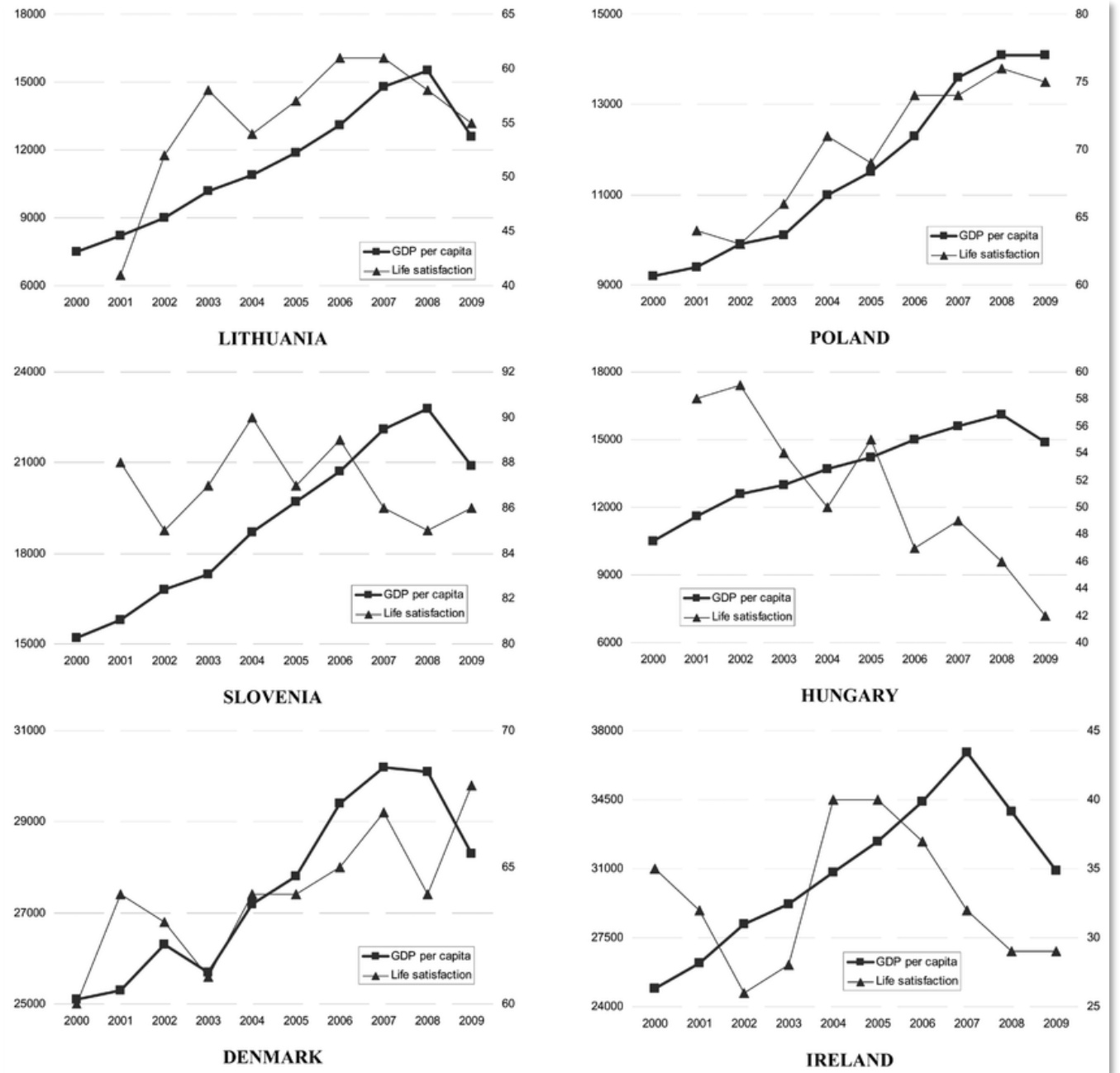
So what makes life “worthwhile”?

High income does **not** increase emotional well-being

(Kahneman & Deaton, 2010)

However, **not having enough money** to cover basic needs and **poverty** can spiral into devastating outcomes, including mental health problems and disorders

(US Department of Health and Human Services)



Diener and Seligman – Beyond Money



- Desirable outcomes are often *caused* by well-being
- Domestic policy focuses heavily on economic outcomes, although economic indicators omit, and even mislead about, much of what society values
- Policy decisions should be more influenced by issues related to well-being
- Measures of well-being point to important conclusions that are not apparent from economic indicators alone

An economy for Well-Being?

Creating Opportunities for People's Well-being and Economic Growth (2019)

- Well-Being has matured as a statistical and measurement agenda and become increasingly relevant to guide policy and budgets across countries
- Economy of Well-being is defined around the idea of a virtuous circle in which individual well-being and long-term economic growth are mutually reinforcing
- Links between most important outcomes can be leveraged for multidimensional impact of policies in four areas:
 - **Education and Skills;**
 - **Health;**
 - **Social Protection and Redistribution;**
 - **Gender Equality**



The Economy of Wellbeing Council Conclusions (2019)



Possible future actions for the EU and its member states



establish a new strategy to make the EU the most competitive and socially cohesive economy



assess the impact on wellbeing of policy measures in all fields with a long term perspective



reprioritise investment by taking into account the link between wellbeing outcomes and economic growth



address inequalities in wellbeing outcomes

The Economics of Wellbeing

BETTER PRODUCTIVITY

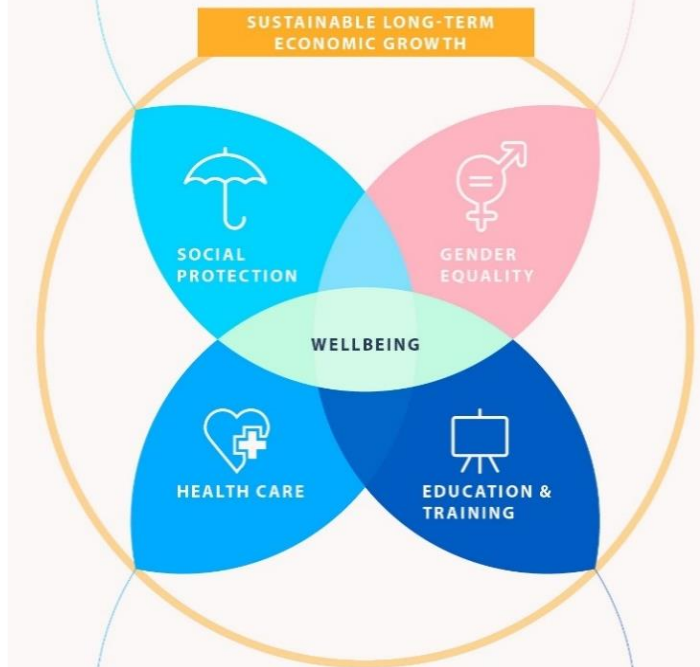
BY 2050 INCREASE IN GDP BY UP TO

+9,6%

- promote social protection
- reduce inequality

- better work-life balance
- flexible working arrangements
- more care support

SUSTAINABLE LONG-TERM ECONOMIC GROWTH



- ensure high quality health care
- invest in preventive measures

- more access to education for all
- promote adult & lifelong learning

+€58 BILLION
IN HEALTH CARE SAVINGS BY 2050

6 YEARS LONGER
LIFE FOR BETTER EDUCATED PEOPLE

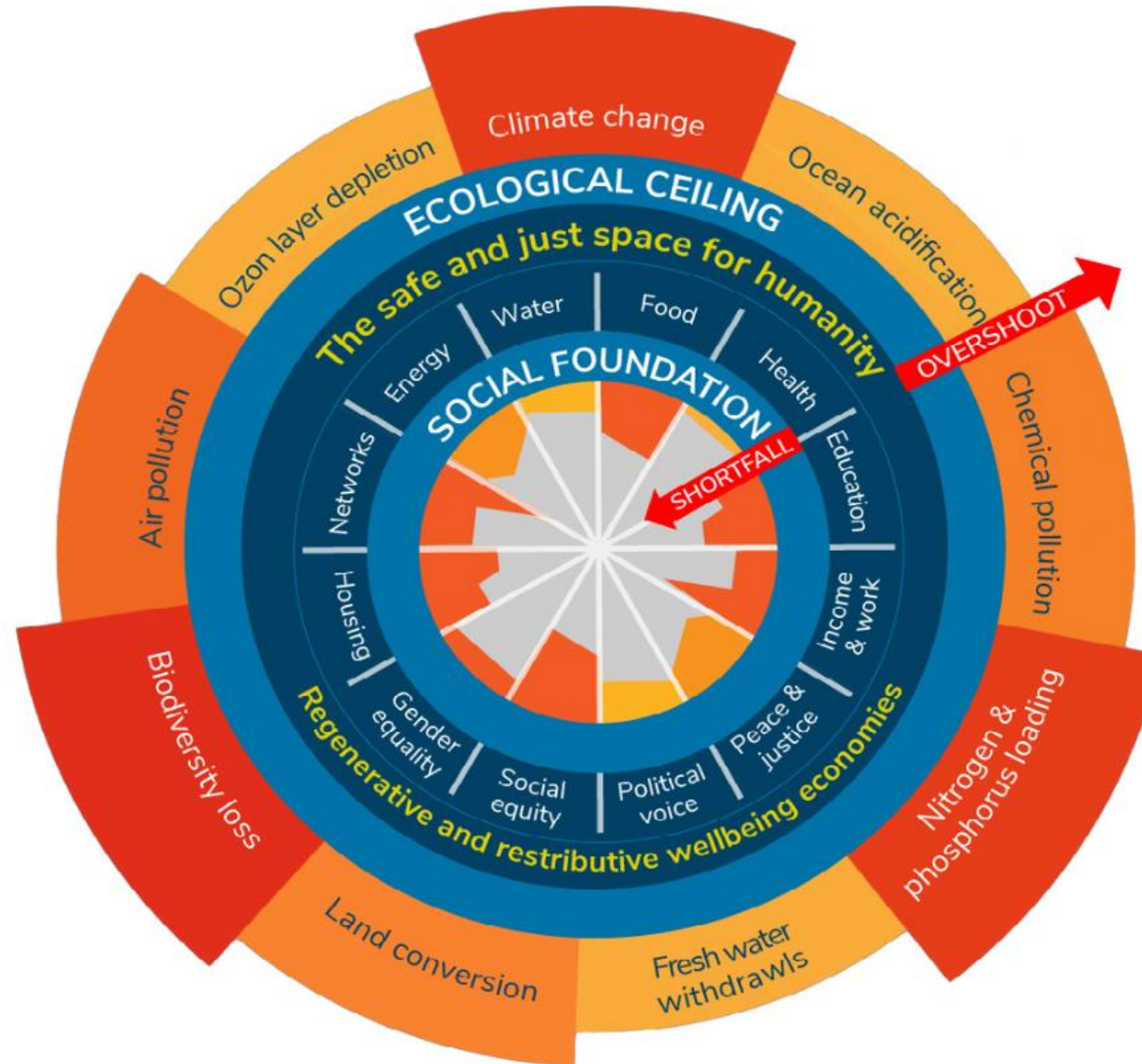
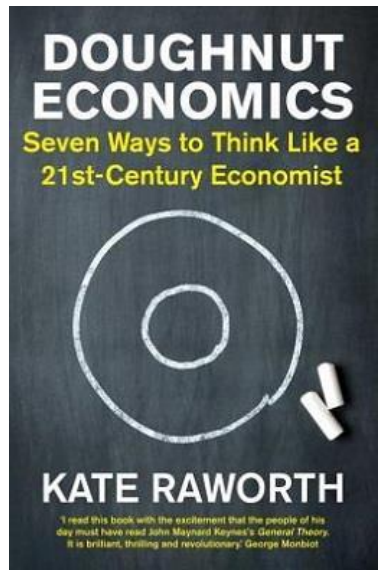
Source: OECD



Council of the European Union

But there is even more to Wellbeing...





A SAFE AND JUST SPACE FOR HUMANITY

CAN WE LIVE WITHIN THE DOUGHNUT?

Kate Raworth
Oxfam



WELLBEING ECONOMY ALLIANCE

Old Economic Policy

Economic growth (as measured by GDP) is the ultimate indicator of progress, even when it comes at the detriment of human and ecological wellbeing.

Economy viewed as separate and superior to social and ecological dimensions.

Strong economic assumptions regarding what people want and why.



Wellbeing Economy Policy

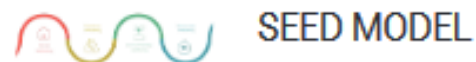
Collective wellbeing is the ultimate indicator of progress, whether or not that involves economic growth.

Economy viewed as one aspect of society, which is part of the environment.

Meaningful democratic engagement to identify and understand what matters for current and future collective wellbeing.

Finding the right indicators to replace GDP

Headlines	Themes	Key Ingredients
THRIVING	Place	Local Environment
		Housing
		Transport
		Safety
		Proximity to Services
	Personal Wellbeing	Personal Wellbeing
		Loneliness
	Health	Physical Health
		Mental Health
	Education	Children's Education
		Adult Learning
	Economic Security	Income/Basic Needs
		Employment/Jobs
		Local Economy
	Community & Democracy	Cohesion & Belonging
Connectivity		
Culture		
Community Participation		
Political Voice/Influence		
FAIR	Equity	Disability
		Gender & Sexuality
		Social & Economic
		Ethnicity
		Human Rights
GREEN	Environmental Sustainability	Energy & Emissions
		Waste
		Land
		Water
		Nature
		Air



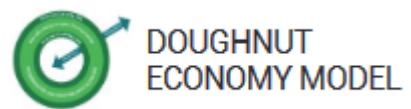
SEED MODEL



OFFICE FOR NATIONAL STATISTICS
WELLBEING DASHBOARD



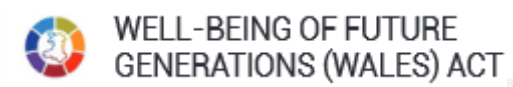
THRIVING PLACES
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DOUGHNUT
ECONOMY MODEL



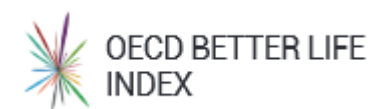
SUSTAINABLE
DEVELOPMENT GOALS



WELL-BEING OF FUTURE
GENERATIONS (WALES) ACT



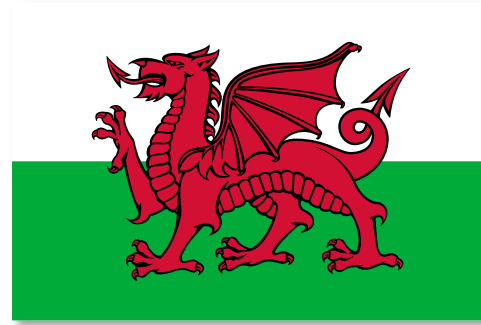
SCOTTISH NATIONAL
PERFORMANCE FRAMEWORK



OECD BETTER LIFE
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Wellbeing Framework



Future Generations Act
2015



EoWB Action Plan



National Performance
Framework

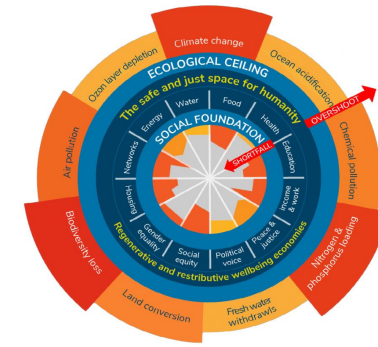


Wellbeing Budget



Measuring What
Matters

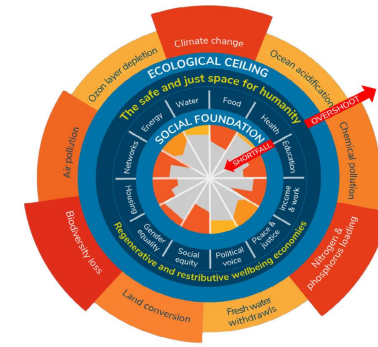
What needs to happen?



A Wellbeing Economy requires collaboration across all sectors of government, and between governments, which can be facilitated by a common conceptualisation of wellbeing as the overarching goal.

It requires leadership on the highest level to back a shared vision of what constitutes wellbeing and how to incentivise positive social impact.

What needs to happen?



- **Legislation** can provide a clear mandate to put wellbeing at the heart of governance and policy: a framework with **clear budgetary guidance, principles regarding sustainability, and clear, measurable long-term goals** as indicators for success
- It is important to **build relationships with communities** and provide them with a **sense of trust, agency, and ownership** in shaping the Wellbeing Economy together
- Challenges include **securing the buy-in of all stakeholders**: Short term gains have to be balanced with the long-term goals (up to decades in the future) needed
- **Data exploring the diversity of population** is needed to consistently monitor wellbeing in a way that takes into account social and geographic differences

No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.

(Adam Smith, 1776)

Thank you

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