

Welcome to this week's presentation and conversation
hosted by the
Canadian Association for the Club of Rome,
a Club dedicated to intelligent debate and action on global issues.

A Wellbeing Economy: Kinder, Gentler Growth or a Breakthrough Beyond Growth?

Our speaker today is Dr. Anders Hayden, Associate Professor in Political Science at Dalhousie U. His focus is on environmental politics, sufficiency, & how to move beyond an economy centred on the growth, which has led him to examine sustainable consumption, work-time reduction, & the political & policy impacts of alternative measures of wellbeing & prosperity. He is the author of several books on these matters. Today's material has been prepared in collaboration with Clay Dasilva, a PhD Candidate in Global Governance at The Balsillie School of International Affairs (U of Waterloo).

Dr. Hayden's presentation will be followed by a conversation, questions, and observations from the participants.



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A Wellbeing Economy: Kinder, Gentler Growth or a Breakthrough Beyond Growth?

**Presentation to the
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Outline of today's talk

- ▶ Introduction
- ▶ Why do we need a new economic model?
- ▶ Wellbeing Economy (WE):
 - What is it?
 - Who supports it? What inroads has the idea made?
 - What pitfalls / limitations are evident as governments embrace the concept?
 - What promise does it hold despite the potential pitfalls / limitations?
 - What would be needed for a WE to have more transformative impacts (i.e. to allow a breakthrough beyond growth)?
- ▶ Conclusion

Why do we need a new economic model?

- ▶ Crisis of inequality
- ▶ Ecological crisis
 - Climate destabilization the most obvious problem, but far from the only one.
- ▶ Increasing questioning of the neoliberal capitalism that has dominated since the 1970s.
 - Governments & international organizations increasingly speak of “inclusive growth” and “sustainable growth.”
 - But is a “kindler, gentler” form of growth enough?

Why do we need a new economic model?

- ▶ Limits of GDP as a measure of progress, success, or wellbeing.
 - Fails to account for inequality of distribution, environmental damage / unsustainability, value of non-market activities (household and volunteer work) and ecological services, etc.
 - GDP growth no guarantee of improved wellbeing (far from it).
 - Problems of growing social polarization, erosion of “social capital,” economic insecurity, loneliness, etc.
 - From 2005 onwards, average life satisfaction in OECD countries fell by 3% (OECD 2019).
 - Limits of GDP now widely acknowledged by many economists, governments, and international organizations (e.g. OECD).

- ▶ “GDP fails to account for the incalculable social and environmental damage that may be caused by the pursuit of profit.”

UN Secretary General Antonio Guterres, 2021

- ▶ “GDP is a poor metric of human well-being...”

IPCC AR6 Mitigation Report, 2022, chapter 5, p. 105

Why do we need a new economic model?

- ▶ Limits to decoupling GDP growth from environmental impacts.
 - Trying to reduce environmental impacts while continually expanding the economy is like trying to run up a downward escalator.
 - If GDP keeps growing 2-3% per year, extremely rapid and unlikely rates of carbon-intensity reduction needed to meet climate goals.
 - Limited decoupling of GDP and environmental impacts has occurred, but mostly “relative decoupling,”
 - Lower impacts per unit of output, but outpaced by output growth.
 - Where “absolute decoupling” (lower total impacts) exists, it has generally not happened quickly enough to meet environmental goals (not “sufficient absolute decoupling”).

Why do we need a new economic model?

- ▶ For a variety of reasons (not only ecological ones), we can't count on continued long-term economic growth.
 - Debate over “secular stagnation”
 - Makes sense to figure out how we can “manage without growth” (Victor 2019).
- ▶ ...

Wellbeing economy: what is it?

- ▶ Among the *many* descriptions from the Wellbeing Economy Alliance (WEAll):
 - “A Wellbeing Economy is one that serves people and planet. It doesn’t focus on growth in economic terms – but instead, growth in human wellbeing, flourishing, environmental quality, which are more important than just money.”
 - “A different economic system which priorities the wellbeing of people and the planet. At the moment, we are chasing economic growth – that is destroying the planet without delivering what we really need as humans. A Wellbeing Economy is aimed at changing this and delivering what we need, the first time around.”
 - “Building a Wellbeing Economy is about transforming our economic system so that it delivers social justice on a healthy planet ...”



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Wellbeing economy: An effective paradigm to mainstream post-growth policies?

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Wellbeing economy: what is it?

- ▶ In some hands, the idea has taken a more pro-growth turn:
 - “The Economy of Well-Being ... highlights the need for putting people at the centre of policy and moving away from an attitude of ‘grow first, redistribute and clean up later,’ towards a growth model that is equitable and sustainable from the outset.”

Angel Gurría, OECD Secretary-General, 2019

Wellbeing economy: who supports it?

▶ A partial list includes:

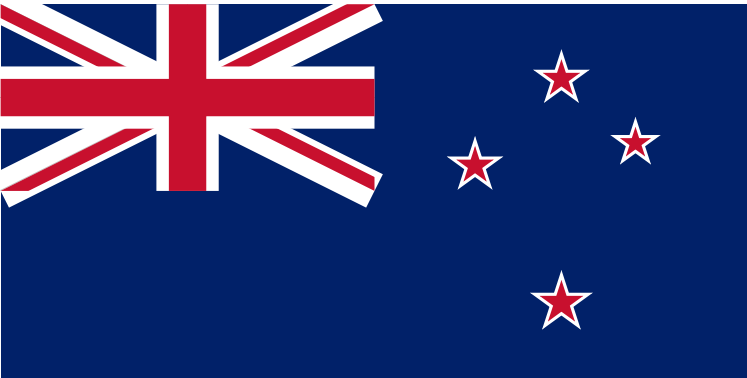


- Wellbeing Economy Alliance (WEAll)
 - “a global collaboration of almost 200 organisations, alliances, movements and individuals working together to transform the economic system into one that delivers on 5 core needs for ecological and human wellbeing: dignity, connection, nature, fairness and participation.” (See <https://weall.org/members>)
 - The Club of Rome a member.
- Well-being Economies Alliance for Canada and Sovereign Indigenous Nations (WE-All Can)
 - Hosted by David Suzuki Foundation.

Wellbeing economy: who supports it?

- ▶ A partial list includes:
 - Wellbeing Economy Governments (WEGo)
 - Currently: New Zealand, Scotland, Iceland, Wales, Finland
 - “The aims are to deepen their understanding and advance their shared ambition of building wellbeing economies.”
 - An “economy of wellbeing” endorsed by organizations including OECD, Council of the European Union, European Economic and Social Committee.
 - Significant inroads into the political mainstream for a concept that emerged out of a critical perspective on economic growth.

Wellbeing economy: WEGo actions / innovations



New Zealand

- Living Standards Framework to guide policy
 - Dashboard of 38 indicators in 12 domains of current wellbeing:
 - Civic engagement and governance, cultural identity, environment, health, housing, income and consumption, jobs and earnings, knowledge and skills, safety, social connections, subjective wellbeing, and time use.
 - Also indicators for four forms of capital—natural, human, social, and financial and physical—to assess ability to sustain wellbeing in future.

Wellbeing economy: WEGo actions / innovations

▶ New Zealand

- Wellbeing budgets – starting in 2019 – a key way to embed new wellbeing measurements into policymaking.
 - “If you are a minister and you want to spend money, you have to prove that you are going to improve intergenerational well-being.” – PM Jacinda Ardern
 - Budget includes a “wellbeing outlook” for the nation (including sustainability issues) in addition to a conventional economic outlook.



Wellbeing economy: WEGo actions / innovations

▶ Scotland:

- First Minister Nicola Sturgeon (2020):
 - Scotland is “redefining” what it means to be a “successful country” and “putting wellbeing at the heart of what we are doing.”
 - GDP “cannot be ... the only measure of national progress.”
- Scotland has its own dashboard of wellbeing and sustainability indicators: the National Performance Framework.



Wellbeing economy: WEGo actions / innovations

▶ Iceland

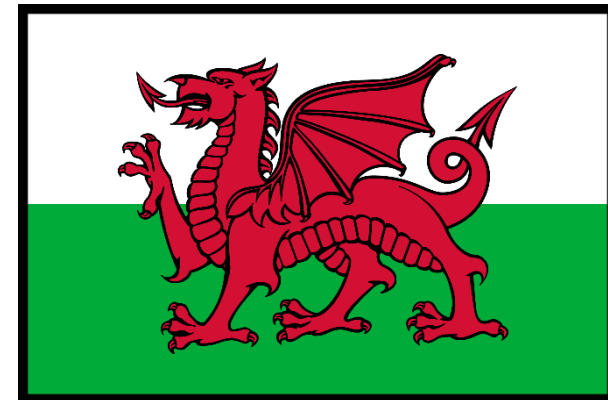
- Framework of 39 indicators to assess well-being related to social, economic, and environmental factors.
- Ranks #1 in world on gender equality (WEF Global Gender Gap Report 2021).
- PM Katrín Jakobsdóttir (2020):
 - Need “to develop a new economic model, which is centred on wellbeing rather than on production and consumption.”
 - Support for strong Nordic welfare state and greater climate action in line with Green New Deal thinking.



Wellbeing economy: WEGo actions / innovations

▶ Wales

- 46 National Indicators used to measure progress.
- Wellbeing of Future Generations Act requires ministers and other public bodies to work to achieve seven wellbeing goals.
 - In effect establishes a “legally binding common purpose, overseen by the Future Generations Commissioner for Wales” (Durand & Exton 2019).
 - 7 wellbeing goals: a Wales that is prosperous, resilient, healthier, more equal, globally responsible, a Wales of cohesive communities, and a Wales of vibrant culture and thriving Welsh language.



Wellbeing economy: WEGo actions / innovations

▶ Finland

- Committed to “economy of wellbeing” in which “the aim of economic policy is to increase wellbeing.”
- Budgetary priorities in recent years have included greater equality and climate action (Laurent 2022).
- “Happiest” country in world according to recent World Happiness Reports.



Prime Minister Sanna Marin

Wellbeing economy: WEGo actions / innovations

- ▶ WEGo countries are pioneers exploring what it means to make (sustainable) wellbeing the core goal, measured by indicators other than GDP.
- ▶ But note that none of these countries has said they are no longer pursuing GDP growth.
- ▶ Economic growth no longer the core goal, but still pursued as one means among others to achieve wellbeing.
- ▶ How much of a change is that in practice? Still early to tell.

Pitfalls / Limitations

- ▶ Danger of watering down the concept as it is mainstreamed.
 - It's hard to be against “wellbeing.” But support for a WE economy can mean many different things.
 - Error to assume that governments that adopt WE language embrace full range of post-growth ambitions that motivated those who first developed the concept.
 - Risk of WE language being coopted to serve existing agendas, e.g.:
 - “While people's wellbeing is a value in itself, the Economy of Wellbeing underlines the mutually reinforcing nature of wellbeing and economic growth. Taking wellbeing into account in all policies is vitally important to the Union's economic growth, productivity, long-term fiscal sustainability and societal stability” (Council of the European Union 2019).

Pitfalls / Limitations

- ▶ Even those with a more transformative, post-growth aspirations may struggle to achieve them in context of growth dependency.
 - So far, economic growth remains a means to end of wellbeing for WEGo countries.
 - Governments still rely on economic expansion to maintain high employment levels, generate tax revenues for social spending (both of which are key contributors to wellbeing).
 - Declaring that economic growth no longer the end goal does not in itself reduce dependence on growth.
- ▶ Some growth critics / advocates of steady-state economy think a WE doesn't go far enough in challenging the growth paradigm.
 - Shifts focus to wellbeing, but doesn't directly put limits on scale of the economy or material throughput.

Pitfalls / Limitations

- ▶ Focus on wellbeing includes sustainability, but there are tensions between them.
 - High wellbeing today can come at the expense of wellbeing tomorrow – or at the expense of others globally.
 - O'Neill et al. (2018): countries that have done well in surpassing the social thresholds to provide good lives for their people, including high levels of life satisfaction, are also the ones that have transgressed the greatest numbers of biophysical boundaries.
 - Ecological sustainability may be only weakly incorporated in some wellbeing measurement frameworks.
 - E.g. Canada's draft Quality of Life measurement framework has little to illustrate our globally unsustainable impacts (e.g. no material, carbon, or ecological footprint measures, although domestic GHG emissions included).

Positive potential

- ▶ Represents an important advance over neoliberal economics.
 - Highlights key role for state in ensuring equitable distribution, access to wellbeing-enhancing services, and action to address sustainability challenges.
- ▶ Establishing sustainable and equitable wellbeing as overarching goals—downplaying the centrality of GDP and economic growth—an important step in a post-growth direction.
 - Helps to “loosen the grip of GDP on the minds of decision makers” (Hall 2019) and open up “space in which more transformational possibilities can be cultivated” (Clarke 2014, p. 9).

Positive potential

- ▶ Draws attention to factors that contribute most to wellbeing – many of which are not about material consumption.
 - E.g. enhancing a sense of social belonging, mutual support, and trust have greater potential to enhance well-being and are more environmentally sustainable than increased material consumption (Barrington-Leigh 2022; Helliwell 2019).
- ▶ Emphasis on preventing social and ecological damage – rather than repairing it at great cost – a positive contribution.
- ▶ WE is a valid goal in itself - a positive answer to the question of what one is for.

Way Forward?

- ▶ 3 step approach (drawing on Tim Jackson's work):
 - Introduce “beyond GDP” indicators to guide policy (WEGO's doing this).
 - Embed those new indicators in policymaking that prioritizes sustainable wellbeing (WEGO's starting to do this).
 - Better understand and find solutions to growth dependency (big task that remains).
 - “... building the wellbeing economy must start by adopting a precautionary approach in which macroeconomic stability does not depend on GDP growth” (European Economic and Social Committee).

Way Forward?

- ▶ WE policies that aim to reduce growth dependency would be particularly valuable, e.g.:
 - Policies that maintain employment and economic / social security in a post-growth society.
 - Debates over proposals for work-time reduction, a job guarantee, basic income or universal basic services, etc.
 - Greater equity in asset ownership (e.g. co-ops, municipal & state ownership, sovereign wealth funds, etc.) to ensure that individuals, communities, and states have revenues to meet core needs.
 - Preventative policies (e.g. health promotion) that reduce need for costly remedial services & reduce state revenue needs.
 - ...

Way Forward?

- ▶ Use debate around WE to push for policies that reflect the idea of “sufficiency” – ensuring that all have enough for core needs, while limiting excess consumption.
 - Replacing GDP growth as the overarching goal should open more space for solutions based on consuming less, e.g.:
 - Work-time reduction policies: “pay increase” in the form of more time off rather than higher incomes and consumption.
 - Promotion of a “repair society” and durable goods (requirements for longer warranties).
 - Urban planning: active & public transportation; enabling people to live well, meet daily needs within short distances (“15 minute city”).
 - Restrictions on advertising of the most carbon-intensive goods and services (e.g. SUVs, air travel).
 - ...

Way Forward?

- ▶ More engagement between the WE concept and a steady-state economy / specific degrowth policy proposals.
 - E.g. Important not to lose sight of need for policies that can cap & substantially reduce material throughput.

Conclusion

- ▶ WE an idea with considerable potential to improve quality of life, generate better policymaking that aims to increase wellbeing.
 - Important step beyond a neoliberal economic model based on “free” markets.
- ▶ WE a valuable *transitional* step, but needs to be pushed further if it is to contribute to post-growth *transformation*.
 - In particular there’s a need to wrestle with and find solutions to problems of growth dependency.
- ▶ Valuable idea to engage with, supportively but critically.