



All Policies for a Healthy Europe

Improving citizens' well-being

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Achieving an Economy of Well-being in Europe Going Beyond GDP in the post-COVID era

All Policies for a Healthy Europe is a multi-stakeholder initiative geared towards **putting people's well-being at the centre of all areas of EU policy-making.** The coalition brings together a diverse group of NGOs, think-tanks, associations, companies, and individuals to support the European Commission's vision for a healthy, climate-neutral and socially inclusive Europe.

All Policies for a Healthy Europe is organised around Working Groups focusing on

strategic clusters that reflect the priorities of the European Union: **Environment, Digital** and the **Economy**.

“ We need to better tie health measures to other linked areas such as the environment, climate, digitalisation, food nutrition and pharmaceuticals. ”

Margaritis Schinas,
Vice-President for Promoting
the European Way of Life
4 Feb 2020, European Parliament

The **Economy Working Group** is pleased to present its 2021 Policy Paper, focusing on achieving a better measurement of the state of society and the economy through the development of well-being indicators.

The Economy Working Group is chaired by David Somekh, Network Director of the European Health Futures Forum (EHFF).

1. Introduction and background

For too long, economic policy has been viewed as a specific category of decision-making, functioning in silo but shaping almost all decisions made by governments. Indicators based solely on economic criteria like gross domestic product (GDP) or the balance of trade are widely used by administrations, politicians, and the media to analyse the state of society as a whole. This is enshrined through the internationally accepted System of National Accounts (SNA)² and the European System of National and Regional Accounts (ESA)³. **The wealth of society regarded in purely economic terms, no matter its nature or how it is distributed, is still considered more important than citizens' well-being.**



The COVID-19 pandemic is causing major disruption to economies in the European Union (EU), not only due to the paralysis caused by the confinement of the population but also because of the necessary restrictive measures to protect citizens' health and well-being. The pandemic has highlighted the flaws in economic measures that do not take into account such crucial issues as **resilience** (especially of health systems), **environmental sustainability** (the likely effect of loss of biodiversity as a factor in the pandemic) and **social inequality** (made demonstrably worse during the crisis).

“ This pandemic is showing us that the economy should serve life, not the other way around. ”

Philip Lamberts,

Co-Chair of the Green/EFA group of the European Parliament



All Policies for a Healthy Europe is calling on the EU and its Member States to step up to the challenge and grasp the opportunity offered by the pandemic to effectively move beyond GDP as the main indicator for economic and all other policies.

On May 13th 2020, President von der Leyen described the upcoming Recovery Plan and stressed that the ambitious answer needed by Europe should be ‘built on necessity but designed for the future.’ ‘As we come out of the crisis, we must not fall into old habits, we must not hold onto yesterday’s economy as we rebuild. On the contrary, we must boldly use this opportunity to build a modern, clean and healthy economy, which secures the livelihoods of the next generation’, she went on to say.⁴

“ I’m convinced that well-being must be the focal point of our concern. When I say well-being, I’m thinking of both the individual and the collective well-being. Didn’t the crisis remind us that there cannot be life without social life? **Well-being means much more than prosperity, much more than the sacrosanct GDP.** Well-being also means a caring society. This should be our new European horizon. In other words: elevating our social market economy to a higher, more human level. ”

–
President of the European Council,
Charles Michel at the FT-ETNO Forum,
September 2020



The 2019 Council Conclusions on the Economy of Well-being⁵ stressed ‘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*’. The January 2020 European Economic and Social Committee (EESC) own-initiative opinion ‘The sustainable economy we need’⁶ voices similar sentiments.

Finally, the September 2020 Strategic Foresight Report of the Commission⁷ advocates the creation of a resilience dashboard incorporating well-being indicators. However, in order to mainstream the Economy of Well-being into all key policy areas, we first need to have strong indicators on the benefits of a healthier Europe.

Since the 1970s, the Organisation for Economic Co-operation and Development (OECD) has been leading research and policy direction on looking **beyond GDP** as a measure of societal well-being. In the last ten years, the OECD's Well-Being Framework has further developed the concept by providing a clear definition and a rigorous analytical basis⁸.

'Well-being indicators' need to be an integral part of the economic forecasts of the EU and its Member States. In other words, it is necessary to acknowledge that well-being indicators are not simply a worthy 'add-on' to economic measures but inextricably entwined within economic strategy.

Indeed, in the Council Conclusions on the Economy of Well-being⁹, there is a clear call for *'well-being indicators to monitor and report national budget processes'*. Similarly, the EESC own-initiative opinion¹⁰ makes a clear link between this requirement, the EU's commitment to the 2030 Agenda for sustainable development¹¹ and the need *'to develop the foundations for a sustainable and inclusive wellbeing economy that works for everyone'*.



“ The ecological transformation has to go hand-in-hand with sustainability, economic sustainability, social sustainability, and the struggle against inequality. **GDP is not a sufficient way of measuring this.** We need new indicators to understand the profound changes that are happening. We know that growth cannot be infinite, it cannot go on forever, it must take other parameters into account to be sustainable. It needs to be judged against what we are doing on training, on education, on social sustainability and the fight against inequality.”

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President of the European Parliament, David Sassoli at the meeting of Speakers of the G7 countries on climate change, September 2020

Despite a large number of initiatives, some of them described in more detail in this paper, there has been little impact so far on the way economic forecasts are done and how economic policy is decided. For most countries, economic output, i.e. growth, remains the main priority.

The research has been done, the tools are available, it is now up to European decision-makers and society as a whole to move beyond GDP and accurately report on citizens' well-being.

In this paper, *All Policies for a Healthy Europe* is providing EU decision-makers with a proposed pathway to finally achieve a Well-being Economy.

2. Adopting comprehensive indexes on the well-being of society

Measuring well-being and ‘going beyond GDP’ is beneficial for the economy.

GDP fails to take into account the true nature of economic wealth. For example, natural resource extraction creates wealth but has a largely negative impact on the local and global environment through pollution. Creating wealth at any and all cost is not sustainable for the preservation of citizens’ long-term health and well-being, or the future of the planet. Additionally, there is a clear link between a healthy society and economic productivity which is often overlooked: being in good health is beneficial not only for individuals but for the economy as well¹². The OECD has highlighted the adverse effects on the economy of widespread obesity¹³ or of poor mental health¹⁴. Similarly, reducing child mortality is statistically related to better economic performance¹⁵.

One of the unexpected consequences of the pandemic has been to bring into sharp focus the importance of citizens’ mental health as a significant aspect of public health. The workplace can be a source of stress and mental fatigue. It is one of the key domains where well-being indicators need to be developed to accurately monitor the situation. Indeed, a healthy and physically active workforce is crucial for the economic well-being of companies and societies¹⁶.

Many initiatives by many international organisations, national governments and research centres have set up indexes of the well-being of society with various metrics: a single aggregate indicator or a dashboard of indicators; objective or subjective data; monetary or non-monetary values to measure progress¹⁷. Some have argued that the proliferation of approaches has held back dissemination.

SPOTLIGHT ON: **Active Workplace Certification Project (WAC)**

Launched in February 2020, the Workplace active certification (WAC) is a European project co-funded by the Erasmus+ Programme of the European Union. Led by the European Federation for Company Sport (EFCS) with the assistance of 9 international partners which include All Policies for Healthy Europe member FESI, it aims to encourage companies in the development of sport and physical activities at work.

Building on the finding that more than 200 million people are physically inactive, which amounts to 80 billion euro per year in health costs (EU-28), the WAC project aims to mainstream sport at work by standardising and giving visibility to good practices. WAC is a direct continuity of EMOCS – European Meetings of Company Sport – which showed the potential and need to develop a certification for companies dedicated to promoting health enhancing physical activity in and around the workplace. Such certification and its large adoption would be a strong indicator for the improvement of health and well-being at work.

Not only one ‘right’ approach

All Policies for a Healthy Europe champions a holistic and cross-cutting ‘Health in All Policies’ approach. We believe that the success of such an approach is grounded on a shared understanding that can be broadly adopted by economic policy-makers, the media and that would make sense to citizens. Transparency of indicators is an important element. For this reason, **we recommend that the EU and its Member States should adopt a common set of measures, which could be combined as an index of well-being.**

One option might be a single composite index aggregating headline macro-economic indicators which measures the economic, social and environmental well-being of individuals in a given territory, following the logic of sustainable human development. These indicators should be based on monetary value or cost of human activities so as to take into account, for example, the social and environmental cost of an economic activity impacting on wealth.



SPOTLIGHT ON:

The National Welfare Index (Heidelberg University and FUB)

The National Welfare Index (NWI) is a joint research project funded by the German Environment Agency and the German Environment Ministry. The NWI is a single index aggregating 20 different economic, ecological and social components that are valued and added up in monetary terms. Welfare-enhancing components such as housework, volunteer work and expenditure for health and education are added as a positive impact on the NWI, whereas negative activities are subtracted, such as environmental damage or crime.

According to the index, German well-being reached its peak in 1999 and declined afterwards until 2005. An upward trend has been observed since 2013 but there is still a large gap between economic growth and well-being growth.

The NWI has been increasingly used by the German federal states and regional variants have been adopted by several federal states: Schleswig Holstein, Bavaria, Thuringia, Saxonia, Hamburg, Rhineland-Palatinate and North Rhine-Westphalia.

Alternatively, in the last three years a group of countries have formed an 'Economy of Well-Being Governments partnership'¹⁸ currently including Scotland, Wales, New Zealand and Iceland (with more countries considering joining). This group favours the use of a dashboard, with a number of relevant indicators, not too many to be unwieldy but a sufficient number to capture the relevant aspects of societal well-being¹⁹.



SPOTLIGHT ON: The Wellbeing Economy Governments (WEGo)

The Wellbeing Economy Governments (WEGo) is a partnership of several national and regional governments collaborating with best practices in the goal of creating well-being economies in their territories. WEGo currently comprises Scotland, Wales, New Zealand and Iceland.

In her TED talk for the launch of the initiative, Nicola Sturgeon, First Minister of Scotland, highlighted the development of well-being indicators as key in their pursuit of a new 'Wellbeing Economy standard'.

This collaborative partnership between politicians and administrations is a good example of a broad adoption of well-being indicators by economic policy-makers.

“ True wealth means the conditions of well-being. We have to reclaim the meaning of the true wealth of nations. ”

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Katherine Trebeck

Advocacy lead of the Well-being Economy Alliance

Both models have their distinctive strengths and weaknesses. While the former model has been trialled in several Länder in Germany, and has academic merit, the wider spread of the 'dashboard' model does make recommending its use more attractive. Indeed, some of those using the latter model would claim evidence of a positive impact on societal outcomes already through consistent application of the model.

3. Methods to ensure a broad adoption of well-being indexes

Many scholars and institutions have already been thinking about how to achieve the adoption of well-being indexes by policy-makers, the media and the wider public:

a) Rutger Hoekstra (replacing GDP by 2030: CUP 2019)

In this book, Rutger Hoekstra said that *'we should work together towards global standards and terminology. This will require our community to compromise and perhaps also leave behind some of the terms and indices that are dear to us. Second, international institutes and the national governments should start a process of harmonisation which would lead to a harmonised terminology and accounting framework. It would be valuable to link the harmonisation process to the SDGs.'*

b) Council recommendations on the Economy of Well-being (13171/19)

In 2019, the Council formulated important recommendations and invited the Employment Committee and the Social Protection Committee to *'continue the task of improving and developing, in cooperation with the EU institutions, reliable and internationally comparable indicators for measuring and monitoring people's wellbeing in the Union, taking into account the country-specific context and the work carried out by other relevant international actors.'* **It also invited the European Commission to issue a Communication addressing the Economy of Wellbeing.**

c) Demos Helsinki (A Transition to Just and Green Societies in the EU: 2020)

This lengthy analysis carried out during the Finnish Presidency of the Council offers a *'road-map for the Wellbeing Economy'* (pp.52-66). The document recommended to *'use the position of the Commissioner for an Economy that Works for People as platform for the Economy of Wellbeing. The latter provides a framework with several common tools, concepts and indices for a common approach between the Member States. At the expiration of the Europe 2020 strategy for smart, sustainable and inclusive growth, the Economy of Wellbeing could operate as a structure for the new long-term strategy of the EU.'*

d) EESC own-initiative opinion: The sustainable economy we need (NAT/765)

The EESC highlighted that building the well-being economy must start by adopting a precautionary approach in **which macroeconomic stability does not depend on GDP growth**. It proposed that new indicators of economic performance and social progress beyond GDP be developed. The EESC calls for a European Green and Social Deal to deliver the large-scale investment needed for a just transition to a climate-neutral economy and to provide quality jobs in every community. It calls for all existing EU policy and budgetary/ financial frameworks and tools, such as the Multiannual Financial Framework, the European Semester and Better Regulation, to be urgently aligned with a just transition to a well-being economy.



4. Recommendations

In support of a collaborative process and mirroring the previous European strategies for achieving 'Health in All Policies', our coalition supports the logic of the aforementioned positions.

***All Policies for a Healthy Europe* calls on the European Union to:**

1. **Achieve a political commitment** by EU institutions to swiftly adopt and use well-being indicators

The **Commission should issue a Communication addressing the Economy of Wellbeing** (as asked by the Council in its 2019 Conclusions²⁰) and push for the adoption by the EU and its Member States of a **Charter of Health and Well-being**, a multi-stakeholder commitment towards agreeing on jointly defined goals and building collaborative bridges (including collaboration with civil society). One of the goals of the Charter would be to encourage public administrations to collaborate on a set of well-being indicators.

2. Increase **statistical capacities** to ensure regularly updated and mainstreamed indicators

Such a decision should be financially planned in the Multiannual Financial Framework (MFF) of the EU and could call upon the reorganisation of national agencies for statistics, Eurostat and the European System of Accounts for the collection of data. The EU would be at the forefront of the reform of the internationally accepted System of National Accounts (SNA).

3. Reform the **European macro-economic policy framework**

- a. Take into account indicators of social well-being in the upcoming Action Plan to Implement the European Pillar of Social Rights

This would allow for the implementation of more robust European instruments to monitor the progress of Member States on social rights within the European Semester, such as a 'Macrosocial Imbalance Procedure' and minimum standards for social protection.

- b. Reform the European Semester process to incorporate well-being indicators in national budget assessments and include Health and Environment Ministers in the process

Well-being indicators will help encourage a change of culture in the European Semester and in particular in the health-related Country Specific Recommendations (CSRs), by for example including indicators on prevention, digital health literacy and long-term care.

5. Conclusion

The EU requires a new economic model.

More than half of all OECD countries have now developed dashboards of well-being indicators²¹, and this movement towards an EU-wide approach was endorsed during the Finnish Presidency of the Council of the EU in 2019²². The OECD has launched in November 2020 its **Centre on Well-being, Inclusion, Sustainability and Equal Opportunity (WISE)** which will work on a day-to-day basis on elaborating common positions on well-being metrics²³.

With the climate emergency and the current pandemic, EU institutions (Council, Commission, EESC) and major EU decision-makers (Presidents von der Leyen, Sassoli and Michel) are now **hinting at the creation of a European Economy of Well-being** built on reliable and commonly agreed indicators. **There is political impetus and proficient expertise to act now.**



This is an opportunity for change. Notwithstanding the disruption caused by the pandemic, there is still a need for convergence of approaches at the Commission, Member States and civil society levels, including both experts and citizens. **European decision-makers will need to support the principle that spending on well-being is not only a necessary cost but a sound economic investment for future generations.**

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Note: The quotes featured in this paper are taken from the Virtual Roundtable Event (Achieving an Economy of Well-being in Europe) organised by the *All Policies for a Healthy Europe* initiative, which took place on 4 November 2020, unless indicated otherwise.



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