

The wellbeing economy in brief

Understanding the growing agenda and its implications



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Dr Katherine Trebeck and Warwick Smith

Cpd CENTRE
FOR POLICY
DEVELOPMENT

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BRIEFING #1 AUTHORS' INTRODUCTION

INTRODUCTION TO THE MINI-BRIEFING SERIES: INTENTION, SCOPE, AND TENSIONS

The term 'wellbeing economy' is being used with increasing frequency in Australia: from increased media coverage and a suite of civil society organisations supporting the concept, to government talk of a wellbeing budget at the federal level, and state and territory governments exploring their own wellbeing frameworks.

Yet, with the emergence of the term has come some confusion regarding what a wellbeing economy actually entails; how it pertains to government; and whether it is the same as – almost a synonym – for other phrases that speak to a different economy than the one we currently have.

This series of 'mini-briefings' attempts to clarify terms and expressions and associated wellbeing economy ideas so that discussions can take place from a basis of shared understanding and language. It is not about laying out priority advocacy 'asks' that the Centre for Policy Development (or anyone else) might pursue: they are a matter for subsequent papers.

The mini-briefings look at the idea of a wellbeing economy, how it relates to other ideas for economic change, and what some of the core elements of a wellbeing economy are. They reflect on why Australia needs to build a wellbeing economy.

There will be an array of questions – political, technical, and economic – that arise in the process of building a wellbeing economy in Australia, some of them impossible to predict, let alone answer now. Different jurisdictions will need to deliberate about what concepts such as 'fair distribution' and 'dignity' mean to them. The

various layers of government in Australia need to consider the levers they are respectively able to utilise to shape the economy and how they can work together to reinforce positive actions, generate multiple benefits, and contribute to holistic change. Ripple effects that arise because success cannot be achieved in a vacuum will need to be navigated, transition plans developed, and appropriate sequencing of changes mapped and set up. For example, true cost accounting will likely raise the prices of food and other goods and services that people depend upon, necessitating that those who might struggle with increased costs are supported (in addition to addressing low income for its own sake). Increased prices will also likely impact international competitiveness in some industries, shifting the balance of imports and exports, which in turn will impact businesses and those who depend on them.

No one has all the answers to these questions. Fortunately, there are people working on the various component parts of a wellbeing economy, experimenting and researching what works, and identifying critical enabling conditions for success. Major projects are weaving together this knowledge and working through how the sum of the parts add up, and thus starting to chart a map for implementation. These projects include:

- » The ZOE Institute's policy database¹
- » The EU funded 'Toward a sustainable wellbeing economy: Integrated policies and transformative indicators' ('ToBe') consortium which is examining policies to generate and share wellbeing in a sustainable way²
- » The Postgrowth Welfare Systems (Professor Max Koch at Lund University) which

considers how welfare systems can function without economic growth³

- » REAL: A Post-growth Deal project, funded by a €10 million grant from the European Research Council, exploring how to structure growth economies without being reliant on growth, while ensuring social welfare and planetary sustainability. This is led by Giorgos Kallis and Jason Hickel at the Institute of Environmental Science and Technology of the Universitat Autònoma de Barcelona and Julia Steinberger at the University of Lausanne.⁴
- » Peter Victor and Tim Jackson's low growth models⁵
- » Earth4All
- » The Green Economic Macro-Model and Accounts analysis⁶

It is worth pausing to remark on the scope of the series as it is something we struggled with throughout the writing and review process. We began by wanting to lay out the vision of a wellbeing economy for allies and potential allies. The intention was for a short primer that noted some key elements of the concept and noted the distinction between the wellbeing economy idea and wellbeing approaches and also how it relates to other ideas for economic system change. In the process of writing it we encountered perspectives that spurred us to lay out the nature of structural and perceived drivers of economic growth and the extent to which Gross Domestic Product influences policy making and dialogue about the economy and Australia's success writ large. This exercise took on a life of its own, not least as we then felt compelled to outline (even if in briefest way) the way in which a wellbeing economy would respond to and attend to some of these drivers. As this element of the paper became more substantial we began to feel it warranted its own output - that will be forthcoming in due course. We have also felt a tension between keeping the output succinct and bound by its original intention on the one hand and on the other the desire by some readers to have us include analysis or at least description of the challenges borne of today's economic

system. Over various drafts we have oscillated in our emphasis in this: between putting forth the problems that the wellbeing economy is in response to and focusing on the wellbeing economy vision itself. Inevitably we will have erred too far either way for some readers.

The wellbeing economy agenda is not just about finding adequate responses to existential crises humanity and the planet are facing. It is about embracing the real opportunities the knowledge, ideas, and technology of the twenty-first century offer to create ways of working and living that are a marked improvement on today's offering. In presenting the basics here, the invitation is for various groups to work to promote some of the pieces of the jigsaw puzzle we outline, following their areas of interest and sphere of influence. Change happens through a combination of big ideas that are compelling and convincing and the incremental steps needed to get there. In taking those steps, each group will gravitate to certain corners of the jigsaw puzzle (Purpose, Prevention, Predistribution, and People Powered) and certain pieces as appropriate given their experience and expertise. For example, CPD has a substantial programme on how governments can incorporate wellbeing approaches and more holistic policy analysis (Purpose); policy recommendations for how to ensure young people get the best start in life (Prevention); its Resilient People and Places team has developed place and person centred service delivery (People Powered); and the Sustainable Economy programme has developed clear climate accountability recommendations for publicly listed companies (Predistribution).

The authors are grateful for the input and advice from colleagues who contributed to this series in various ways: Diane Bowles, Mark Burford, Margreet Frieling, Cressida Gaukroger, Andrew Hudson, Amanda Janoo, Esther Koh, Layne Kullrich, Caitlin McCaffrie, Toby Phillips, Dirk Philipsen, Kristín Vala Ragnarsdóttir, and Lachlan Williams.



BRIEFING #2 DEFINING ‘WELLBEING’ AND THE GOVERNANCE MECHANISMS TO DELIVER IT

“I spend a lot of my time doing stuff that doesn’t get that much coverage – thinking differently about climate risk disclosure, thinking differently about payments reforms, all of these sorts of things – so that we get the kind of economy which is more likely to give us the kind of country that we need. To join up the kind of country that we want with the kind of economy that we want, rather than see them as competing”

- Jim Chalmers⁷

Australia is no stranger to conversations about the purpose and social and environmental outcomes of the economy - even if the terminology of ‘wellbeing economy’ is not always used. Not only are there a plethora of policies at all levels of government which align with the wellbeing economy goal, there is considerable activity by Federal, state and territory governments in terms of broadening measures of progress and focusing on outcomes in government decision making, an important precondition for a wellbeing economy. In the past the ABS’s Measures of Australia’s Progress initiative was credited as inspiring similar efforts in other countries⁸ and in 2023 the Federal Treasury followed the Australian Capital Territory in releasing its Measuring What Matters dashboard.⁹

Across that terrain, there are a flurry of terms and concepts that merit explanation and definition.

WELLBEING

The idea of wellbeing can be taken to mean different things.¹⁰ For example, some people use it to describe personal wellbeing, others to describe community wellbeing, and others still to describe societal wellbeing. For some, subjective reports of various aspects of personal wellbeing are the most empowering way of measuring wellbeing, whereas others say there are too many challenges and limitations associated with this approach and so argue for augmenting it with objective measures across a wider – multidimensional – suite of areas. Some argue that health in its broadest sense is a good proxy for wellbeing – or that human needs (or capabilities) offers a decent basis to understand the source of wellbeing. Others might argue that these are problematic in that they effectively prioritise people over nature and are short term.

Mostly, these different meanings – whether societal or individual wellbeing, or whether subjective or objective – are compatible. However, sometimes their prescriptions for change gravitate to either helping individuals cope with prevailing circumstances (as is often the case for proponents of individual subjective wellbeing) or attending to those circumstances themselves (which is where the wellbeing economy agenda sits). While not wanting to claim any particular mandate, the understanding we bring to this discussion is that wellbeing is about quality of life, in all its dimensions, for all people, now and into the future and this needs to be pursued within planetary boundaries and with consideration for all life.

WELLBEING ECONOMY

An economy designed deliberately to work for people and the planet, not the other way around. In a wellbeing economy, the rules, norms and incentives that shape the economy are set up to encourage activities that deliver quality of life and flourishing for all people, in harmony with our environment, by default.

WELLBEING APPROACHES

Addressing specific challenges in a holistic and preventative way, using a range of tools (such as a wellbeing vision, holistic thinking, wellbeing dashboards, and wellbeing budgeting). A wellbeing approach is a principle that drives subsequent actions and initiatives. An approach can be applied to one specific issue in the absence of a framework or it can be applied across the board.

WELLBEING GOVERNMENT

Wellbeing government refers to governments deliberately applying a wellbeing approach. In practice that could encompass deliberately taking a holistic and upstream approach to addressing problems and supporting people's quality of life and working to prevent problems arising in the first place. It supports people and planet to flourish and tracks and utilises a broad suite of metrics to understand the full picture of how different groups and different locations are experiencing life, and the health of ecosystems. A wellbeing government ideally is working towards a wellbeing economy, but as seen below, may not go that far upstream.

WELLBEING FRAMEWORK

A framework is a decision-making guide. It can include goals or wellbeing domains that should or must be considered in decision making, but can also include ways of working, or even decision making tools. Some frameworks have many component parts and often include measurements, while others are essentially a guide to aid decision makers regarding what they need to consider when making policy.

WELLBEING DASHBOARD

A suite of metrics to give a richer picture of a locality's progress across a range of dimensions/ domains (NB this is also sometimes referred to as a 'framework').

WELLBEING BUDGET

Utilising government spending and fiscal incentives to encourage activities that support sought outcomes for people and planet, and to address inequalities in attainment of wellbeing outcomes.

LONG TERM/ INTERGENERATIONAL THINKING

Decisions and analysis that take account of the needs of future generations.

WELLBEING ECONOMY OR WELLBEING APPROACHES?

There are, of course, plenty of activities and approaches that might be described as 'wellbeing approaches' because of their holistic and preventative focus, but do not speak to economic system change. For example, the work of the Violence Reduction Unit in Glasgow's police force takes a wellbeing approach, in that it works to support people vulnerable to knife crime with a range of areas of their life: employment, housing, addiction, mental health, and so on. It treats violence as a health issue, not a matter of criminal justice in the first instance. What it does not do is work directly to tackle the upstream causes of poverty, inequality, lack of decent work, and so on at the level of the economic system. Instead it responds to them at an individual level, but does not explicitly work on the economic roots of these challenges. In Australia there are many similar examples of creative and valuable service provision that look at the complex suite of challenges people might face. Many of these could readily be described as 'wellbeing approaches', but unless they utilise the evidence from working with those at the sharp end of the current economic system to agitate and advocate and organise for change of that system, they are not wellbeing economy initiatives. This is not in any way to denigrate wellbeing approaches, they are critical, only to clarify terminology.



BRIEFING #3 WHO IS CALLING OUT THE PROBLEMS WITH BUSINESS AS USUAL?

‘The world is facing a set of risks that feel both wholly new and eerily familiar. We have seen a return of “older” risks – inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest, geopolitical confrontation and the spectre of nuclear warfare... amplified by comparatively new developments in the global risks landscape, including unsustainable levels of debt, a new era of low growth, low global investment and de-globalization, a decline in human development after decades of progress, rapid and unconstrained development of dual-use (civilian and military) technologies, and the growing pressure of climate change impacts and ambitions in an ever-shrinking window for transition to a 1.5°C world. Together, these are converging to shape a unique, uncertain and turbulent decade to come’.

- World Economic Forum ¹¹

Various institutions, including the UN¹², the WHO¹³, the IMF¹⁴, the OECD¹⁵, and the World Business Council for Sustainable Development,¹⁶ are explicitly noting the extent and array of challenges facing the world today. As the World Economic Forum (WEF) puts it: ‘The cascading and connected crises... demand a new descriptor to define the scale of the problems the world is facing ... a single word to sum up all this strife. So here’s a new one: polycrisis’.¹⁷

These warnings from the World Economic Forum mirror the conclusion of the United Nations Human Development Report:

‘Uncertainty is not new, but its dimensions are taking ominous new forms today. A new “uncertainty complex” is emerging, never before seen in human history. Constituting it are three volatile and interacting strands: the destabilising planetary pressures and inequalities of the Anthropocene, the pursuit of sweeping societal transformations to ease those pressures and the widespread and intensifying polarisation. This new uncertainty complex and each new crisis it spawns are impeding human development and unsettling lives the world over’.¹⁸

Such statements are based on evidence that comes from a range of sources. Together they constitute the impetus behind a raft of ideas and approaches being put forward for how to redesign the economy. All of these ideas and approaches, to varying degrees and in different ways, elevate social and environmental goals.

Firstly, there is vast evidence in academic studies of the need for change in how the economy is conceptualised vis-a-vis other goals. Schools of research and thought such as ecological economists and feminist scholars such as Marilyn Waring and Hilary Wainwright have been documenting for decades how positioning the economy as a goal in its own right (and as distinct from society and nature) is deeply problematic. First Nations communities around the world for millennia have been living an approach that inherently recognises the interconnections between people, planet



and economy.^{19, 20}

Secondly, researchers in universities and major global institutions have amassed a considerable body of evidence and forecasts from models that lay out the extent and prospects of the environmental crisis.²¹ Examples of this work and institutional recognition of the extent of the challenges include:

- » The UK's Treasury commissioned the 'Dasgupta Review' which highlights "a growing body of evidence that [shows how] in recent decades humanity has been degrading our most precious asset, Nature, at rates far greater than ever before... we have degraded the biosphere to the point where the demands we make of its goods and services far exceed its ability to meet them on a sustainable basis. That is ominous for our descendants and suggests we have been living at both the best and worst of times... We [society and the economy] are embedded in Nature; we are not external to it... Ours is inevitably a finite economy, as is the biosphere of which we are part".²²
- » In his foreword to that report, Sir David Attenborough warns that humanity is "facing a global crisis. We are totally dependent upon the natural world... But we are currently damaging it so profoundly that many of its natural systems are now on the verge of breakdown".²⁵
- » The Lancet medical journal's recent 'Countdown on health and climate change' explained the link between health and environmental breakdown and stated that: "The world confronts profound and concurrent systemic shocks... climate change escalates unabated. Its worsening impacts are increasingly affecting the foundations of human health and wellbeing, exacerbating the vulnerability of the world's populations to concurrent health threats. During 2021 and 2022, extreme weather events caused devastation across every continent... As converging crises further threaten the world's life-supporting systems, rapid, decisive, and coherent intersectoral action is essential... Current policies put the world on track to a catastrophic 2.7°C increase by the end of the century".²³
- » Antonio Guterres, the UN Secretary-General, told the 2022 Biodiversity conference that: "Nature is our life-support system... [but] today, we are out of harmony with nature... Deforestation and desertification are creating wastelands of once-thriving ecosystems. Our land, water and air are poisoned by chemicals and pesticides, and choked with plastics. Our addiction to fossil fuels has thrown our climate into chaos — from heatwaves and forest fires, to communities parched by heat and drought, or inundated and destroyed by terrifying floods. Unsustainable production and consumption are sending emissions skyrocketing, and degrading our land, sea and air... A million species teeter on the brink".²⁴
- » The International Monetary Fund states that "Global warming threatens the planet and human livelihoods, with 2023 set to become the warmest year on record... current and announced policies will fall short of achieving the 2015 Paris Agreement's temperature goals. Containing global warming will ultimately benefit everyone by mitigating the potential catastrophic consequences of climate change".²⁵
- » The World Economic Forum's analysis of global risks also highlights the extent of environmental challenges: "Climate and environmental risks are the core focus of global risks perceptions over the next decade — and are the risks for which we are seen to be the least prepared. The lack of deep, concerted progress on climate targets has exposed the divergence between what is scientifically necessary to achieve net zero and what is politically feasible... Without significant policy change or investment, the interplay between climate change impacts, biodiversity loss, food security and natural resource consumption will accelerate ecosystem collapse, threaten food supplies and livelihoods in climate-vulnerable economies, amplify the impacts of natural disasters, and limit further progress on climate mitigation".²⁶

Considerable evidence also shows the harms to individuals and communities that result from the current production and consumption systems, and the prevailing distribution of resources and power.²⁷ There is a suite of academic literature



and institutional reporting that illustrates the extent of how unevenly the resources of the world are shared. The World Economic Forum points to how prioritisation of economic growth vis-à-vis social equity has generated inequalities of wealth and income.²⁸ In the World Inequality Report, a major contribution mapping the extent of economic inequality, the authors report that:

*“In 2021... global inequalities remain extremely pronounced: they are about as great today as they were at the peak of Western imperialism in the early 20th century. In addition, the Covid pandemic has exacerbated even more global inequalities. Our data shows that the top 1% took 38% of all additional wealth accumulated since the mid-1990s, with an acceleration since 2020... wealth inequality remains at extreme levels in all regions”.*²⁹

These social and environmental trends intersect to exacerbate vulnerability and inequality. There is increased recognition of the impact on the majority world (the ‘global south’) of the production and consumption systems in rich industrialised countries.

Thirdly, evidence of dangerous impact of current production and consumption patterns on the planet and people – whether floods or the looming threat of droughts and bushfires; and food banks and homelessness, loneliness, suicide, anti-depressant use, and long hours – is hard to ignore even when simply looking at news,

strolling the streets, and talking to neighbours and friends.

Fourthly, major supranational agencies such as the UN³⁰ (not least the International Panel on Climate Change³¹), the World Health Organisation (WHO)³², and the Organisation for Economic Cooperation and Development (OECD)³³ are calling for a new way of approaching the economy, and are establishing their own strands of activity and advocacy accordingly. For example, the UN’s Research Institute for Sustainable Development has called for: “a new development model with... alternative economic approaches that centre environmental and social justice and rebalance state–market–society–nature relations”³⁴ and the European Union 8th Environmental Action Plan states that its long term goal is that ‘by 2050 at the latest, Europeans live well, within planetary boundaries, in a well-being economy where nothing is wasted. Growth will be regenerative, climate neutrality will be a reality, and inequalities will have been significantly reduced’.³⁵

Finally, as seen in briefing #9, people themselves support policies that prioritise environmental and social outcomes. Whether seen in the results from polling³⁶ or from more deliberative dialogues^{37,38}, what emerges is that people place a strong emphasis on goals and measures that align with the ideas and suggestions associated with a wellbeing economy.



BRIEFING #4 AUSTRALIA'S ECONOMY NEEDS NEW RECIPES

“We’ve now got shareholders, they’re the beneficiaries of the profits, but they’re saying, ‘Hang on, this is not right...’ We’ve got workers saying, ‘Why the hell would I want to work for you, given the damage that you’re inflicting on the natural environment?’ We’ve got consumers saying, ‘Why would I buy your products, given the damage you’ve been inflicting on the natural environment?’”

– Ken Henry, former Secretary of the Australian Treasury

Australia is often praised for its high standard of living and its performance on various economic, social and environmental indicators. As reported in the 2022 Budget Statement 4 *Measuring What Matters*, compared to other OECD countries, in terms of areas such as household wealth, employment, life expectancy, and premature mortality, Australia is among the best in class.³⁹

However, just because we are doing better than others, that does not mean things are as they need to be. For example, over two thirds of Australians think that the differences in income in Australia are too large.⁴⁰ More worryingly, behind these headlines, there are many troubling trends that threaten the wellbeing and progress of the nation and its people. These include negative trends in homelessness and housing, financial stress, mental health issues, wealth inequality, trust in government, biodiversity loss, pollution and native vegetation clearing.

The 2022 State of the Climate report sets out the environmental aspect:

‘Warming has now increased to 1.47°... The year 2019 was Australia’s warmest on record. The eight years from 2013 to 2020 are all among the ten warmest ever measured... Since the 1950s, extreme fire weather has increased and the fire season has lengthened across much of the country. It’s resulted in bigger and more frequent fires... In Australia’s southwest, May to July rainfall has fallen by 19% since 1970. In the southeast of Australia, April to October rainfall has fallen by 10% since the late 1990s... Lower rainfall has led to reduced streamflow; some 60% of water gauges around Australia show a declining trend. At the same time, heavy rainfall events are becoming more intense’.⁴¹

The University of Melbourne’s Pulse of the Nation results illustrate the social aspect:

‘Today, more than half (53 percent) of Australians report just making ends meet or worse. Among those aged 18 to 44, the share with some financial stress has increased to 60 percent. In terms of bill paying, half of all Australians and more than 90 percent of those financially stressed indicate that they have had one or more challenges in paying bills or putting food on the table in the past three months. Across the board more than half (and in some cases much more) of Australians have reported increases in housing costs, missing meals or eating less, eating less nutritious meals, not being able to pay utility bills, and skipping doctor appointments or not filling prescriptions’.⁴²

The current economic configuration clearly fails on many scores: socially and in terms of impact on the planet. Let us lay out the evidence of this, firstly as seen in social terms:

- » Inequality: while Australia can still boast that its levels of wealth inequality are below the OECD average, it has been getting worse

over a period of decades⁴³ with the apparent ‘steadiness’ of income and wealth inequality in 2007 to 2019 contrasting to a steep rise in inequality during the early 2000s.⁴⁴ The gains of a growing economy have gone to those higher up the distribution, where those owning their homes and holding superannuation have benefited.^{45, 46} Australia’s Gini coefficient (a measure of inequality) for wealth is almost double that of income.⁴⁷ The Australian Council of Social Services (ACOSS) and the University of NSW report that Australia’s wealth inequality has increased substantially over the past two decades: for those in the top 20%, wealth increased by 82%, compared to 61% for the middle 20% and just 20% of an increase for the lowest 20%.⁴⁸

- » Wages and work: alongside these trends, price rises have meant slow real wage increases: only 0.1% per year over the past decade, and in 2021 a substantial decline.⁴⁹ Australians are taking on additional work, with the number holding multiple jobs at an unprecedented level.⁵⁰ While official employment figures might look good, many of the jobs are insecure with over one in five employees lacking a minimum number of guaranteed hours and almost one in four of all workers on casual contracts.⁵¹ As a Senate Committee recently concluded: “Job insecurity is at a crisis point in Australia. It is damaging the physical and mental health of Australian workers, and it is holding back Australian wages”.⁵²
- » Poverty and financial stress: it is estimated that one in eight people (one in six children) live in poverty, (measured after housing costs).⁵³ Households are struggling to keep up with bills: for those in the lowest fifth of income groups, 41% are in ‘energy stress’ and 42% in ‘rental stress’.⁵⁴ When the census was taken in 2021, one in fifteen of Australian households were either experiencing homelessness, living in overcrowded housing or in rental stress.⁵⁵ As Anglicare reported ‘The market for affordable properties is fiercely competitive, with many households on low incomes unable to get a look in to a rental’.⁵⁶
- » Mental health: Last year the ABS reported that more than two in five Australians aged 16-85 years had experienced a mental disorder at some time in their life and one in five in

the last year.⁵⁷ One in seven children have a mental health problem.⁵⁸

- » Loneliness: more than a quarter of Australians experience loneliness at any one time, with 37% of young people reporting feeling lonely.⁵⁹

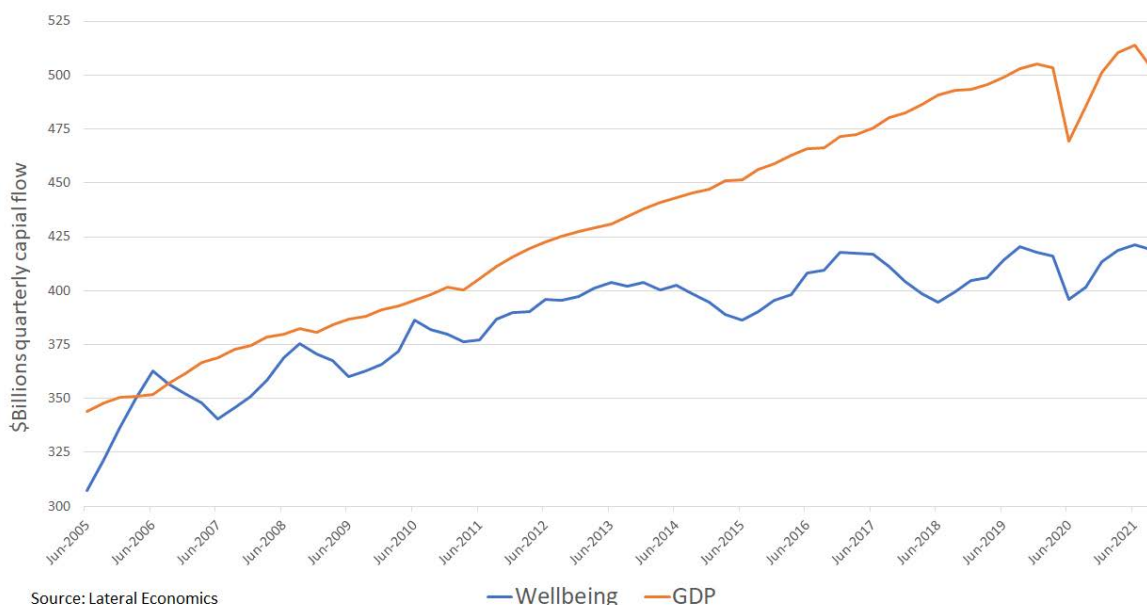
Statistics such as these illustrate a situation where too many people are struggling in the face of business as usual, a set up that has also brought with it extraordinary pressure on the planet and Australia’s natural habitat:

- » Impact of climate change: Since 1910 Australia has warmed about 1.4°⁶⁰, bringing extreme heat, bushfires, floods, and drought. Almost half of Australia’s coastal extreme weather events are caused by climate change.⁶¹ The 2022 State of the Environment report stated that climate change is exacerbating pressures on every Australian ecosystem, with the number of listed threatened species rising 8% since 2016, with more extinctions to come.⁶² Our performance in terms of species extinction is below the OECD average, and declining.
- » Emissions: Australia is a world leader in emissions, ranking alongside the US in per capita terms.^{63, 64, 65} Our exports of fossil fuels make the story worse.^{66, 67} Australia ranks amongst the biggest exporters of fossil fuels in the world.⁶⁸ Carbon Tracker warns that new gas and coal projects recently announced will make mitigation efforts harder and if all countries had emissions of similar extent as those from Australia’s current policies then the world is looking at 3°C of warming.⁶⁹ Other scholars have found that Australia needs to reduce CO2 emissions by around 60% each year (30 times the current rate) to achieve a fair share reduction.⁷⁰
- » Materials consumption: Australia’s material footprint is worse than the OECD average, and getting worse.

These various dynamics do not operate and impact in isolation – they overlap and reinforce each other. For example:

- » Life expectancy and loneliness: Lonely people are more at risk of death, with the impacts being equated to smoking 15 cigarettes or having six alcoholic drinks per day.⁷¹
- » Environmental impact and health: Air pollution

Herald/Age-Lateral Economics Index of Australian Wellbeing



Source: Lateral Economics

Figure 1. The Herald/Age-Lateral Economics Wellbeing Index adjusts GDP to create a broader indicator that takes account of changes in education, health, work life, social inequality and environmental degradation. The outcomes are expressed as a dollar figure which allows both economic and non-economic aspects of human wellbeing to be compared in a tangible way. The result is a much fuller gauge of national progress than GDP. This work demonstrates that, while our economic output continues to grow, our collective wellbeing in recent years has levelled off.⁸²

(from transport, mining, and power generation using fossil fuels) is thought to account for 2% of Australian deaths (2,600 people) each year.⁷²

- » Climate change vulnerability and income: climate change hits those on low incomes the hardest⁷³, with people on low incomes lacking the financial resources to buffer the impacts (unable to afford air conditioning or insurance, for example).
- » Income and health: people on lower incomes and with less wealth have ‘a health burden 40% higher for anxiety, twice as high for heart disease and more than twice as high for diabetes.’⁷⁴ Researchers explain this link as stemming from ‘disempowerment, social discrimination and disadvantage. Poor health can also perpetuate financial hardship through reduced access to education, employment, and other key social resources, leading to a vicious cycle.’⁷⁵
- » First Nations and health: such dynamics are particularly acute for many of Australia’s First Nations People. For example, it is estimated

that 30-50% of the health gap between Aboriginal and Torres Strait Islander people and other Australians can be attributed to what is referred to as the ‘social determinants of health’.⁷⁶

One of the characteristics of the current economic model is the apparent importance of economic growth, which is often touted as ‘lifting all boats’ (the assumption being growth improves wellbeing for the population). Yet, this has not occurred to a degree that would justify carrying on with business as usual. For example, the Herald/Age Lateral Economics Wellbeing Index shows a disconnect between GDP growth and wellbeing (Figure 1).⁷⁷ Until the COVID recession of 2020, Australia had a world-record breaking run of nearly thirty years of uninterrupted economic growth, and in recent years Australia has had what would be deemed strong growth – GDP increasing, for example at 3.3% in 2021.⁷⁸ Australia’s GDP growth of recent decades has come at the cost of great harm to the planet, and hasn’t enabled enough people to thrive. Indeed, the current economic configuration, which encourages asset price speculation

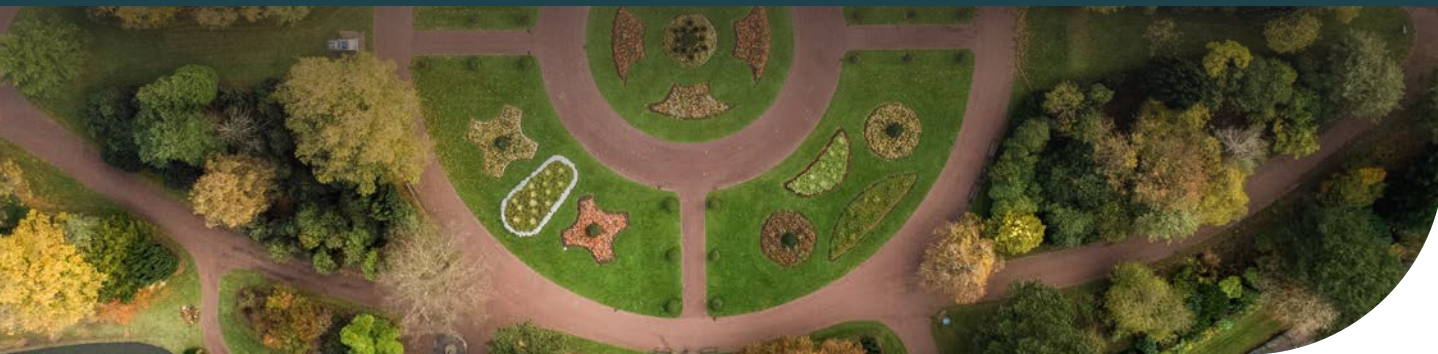
and the extraction of short-term profits⁷⁹, is driving inequalities and over-consumption of the Earth's resources. If growth was the answer to Australia's social and environmental problems we should have seen clear progress - perhaps even some of these problems solved - during this time. Instead, we saw deterioration in many of the measures we care about and an undermining of the long-term sustainability and resilience of the Australian economy, ecology and society.

One of the reasons why these problems persist is that policy responses tend to focus on treating the symptoms, rather than addressing the root causes. For example, the amount of money now being spent on mitigating the impacts of climate change on communities and places could have been avoided if previous governments had prioritised reducing greenhouse gas emissions. Similarly, Australian governments and families spend a lot of money on health care, but not enough on preventing chronic diseases and promoting healthy lifestyles. Governments also spend a lot of money on providing temporary accommodation for homeless people, but not enough on ensuring accessible and affordable permanent housing or on reshaping our macroeconomy so that fewer people end up destitute. This react and repair approach is inefficient and ineffective. Here are some of the figures that illustrate this:

- » Economic inequalities in Australia are reduced by the government undertaking considerable redistribution via taxes and transfers. The magnitude of this redistribution is considerable: 'on average, income tax and transfers reduce income inequality by about one third'.^{80,81} This is a significant moderation by government, and still Australia is less equal than Australians would like it to be.
- » Almost half (45%) of the Victorian Government's budget is deployed on acute

(downstream) services, such as prisons and child protection.⁸²

- » Loneliness costs Australia \$2.7 billion, approximately \$1565 per person per year.⁸³
- » Australia's extreme weather brings direct costs, costs that are estimated to grow by 5.13 per cent each year (before inflation) to \$35.24 billion (in 2022 dollars) by 2050.⁸⁴ One example of this sort of expenditure is seen in Melbourne's appointment of 'chief heat officers' whose task it is to reduce heat risks facing vulnerable people in times of extreme temperatures.
- » Just looking at the 2022 Federal Budget, there were a range of spending pledges that could (or at least portions of them) be described as avoidable costs. These include: \$3 billion over 4 years for floods and other disaster response payments; \$630 million over 4 years to increase resilience to disasters; \$225 million over 4 years to reduce rate of native species decline; various cost of living supports; \$560 million for community sector because of increased demand amongst vulnerable communities; \$115 million for mental health services and counselling; and \$3.4million for climate change responses in health systems.⁸⁵
- » "In 2050 Australian households will be paying an average of \$2,509.16 every year for the direct costs of extreme weather events... every Australian taxpayer will be contributing to the \$12.1 billion [by 2050] used to pay for disaster recovery and the increased cost of insurance".⁸⁶



BRIEFING #5 OUTLINING THE WELLBEING ECONOMY

“The benefits of a wellbeing economy are really multifold...human health is inextricably linked to planetary health, to the health of our environment”

- Dr Sandro Demaio, CEO, VicHealth⁸⁷

At one level – the level of mindsets, paradigms, and assumptions – understanding what a wellbeing economy is simply requires understanding that the economy needs to be designed to deliver what people and planet need; an economy that is in service of social and environmental goals, not a goal in its own right.

Instead of assuming more growth is the best mechanism to address today’s challenges and meet the needs of people and planet, the wellbeing economy agenda asks what societies need more of, and how that can be obtained in a sustainable way? For example, a wellbeing economy would appreciate that growth of leisure time may be desirable (despite potentially reducing GDP), while the expansion of certain industries may be undesirable (despite increasing GDP).

In other words, a wellbeing economy is about bringing to the fore the purpose of the economy as delivering human and ecological wellbeing. Also inherent in the wellbeing economy agenda is recognition that ‘development’ is not the same as growth, and that some of the most important goals humanity has (for example as laid out in the Sustainable Development Goals) – ending poverty; ensuring dignified lives; equal opportunities for all; democratic governance – can be advanced without economic growth and the deference to GDP as a preeminent measure of success.

The core tenets of a wellbeing economy can be described as encompassing:

1. Deliberate shaping and configuring of the economy (via policy instruments, regulations, taxes, subsidies, business models, and so on) so that it delivers outcomes that **meet the needs of people and planet (social justice and sustainability)**, rather than generating harm that necessitates ameliorative and corrective action from government and others.
2. Appreciation of – and acting in accordance with – the reality that **the economy is a subset of society and of nature**, and that it needs to be **designed to serve social and environmental goals**, rather than the economy positioned or perceived as an objective in its own right.
3. Being selective about economic growth: **asking what societies need more of and where and for whom**, and what they need to power down. This means that economic growth is worth pursuing if it helps meet people’s needs within planetary boundaries. However, when economic growth is contributing to climate change or increasing material footprint alongside increasing wealth and power for those who already hold it, then that is not the sort of growth we should pursue or advocate for.

The Wellbeing Economy Alliance (a global collaboration of people and organisations working for a wellbeing economy) proposes five ‘tests’ to ascertain progress towards a wellbeing economy:

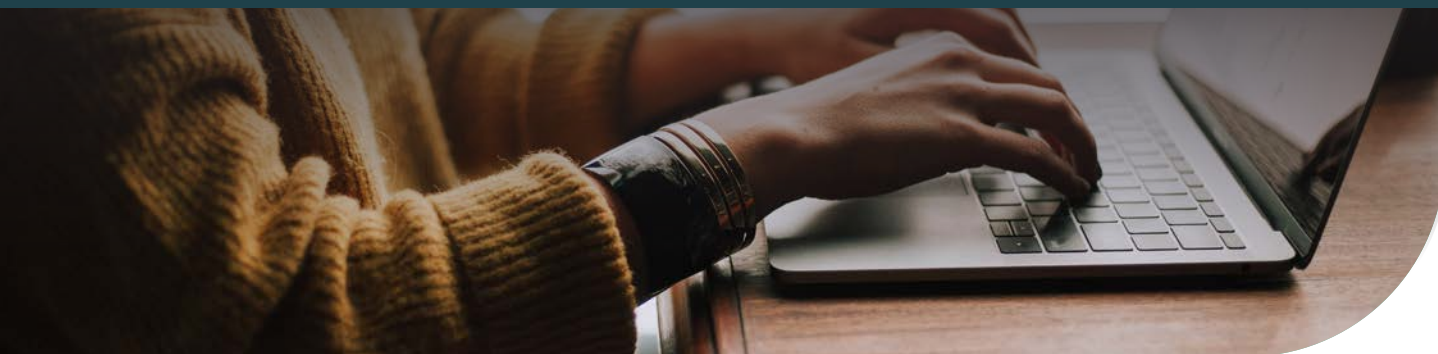
- » Does the economy provide everyone with what is needed to live a life of dignity and purpose?



- » Does the economy restore, protect, and cherish the natural environment and is the economy guided by the principles of interconnection and indivisibility of human, animal, plant, and environmental health?
- » Does the economy value activities and behaviours by their contribution to social and ecological wellbeing?
- » Is the economy designed to ensure a just distribution of income, wealth, power, and time?
- » Is the shape and form of the economy locally rooted and determined by people's active voices?⁸⁸

Breaking these down to the level of delivery in Australia (and beyond), transforming the current economic system towards a wellbeing economy will require shifts, changes, and new practices across a range of areas. It demands asking questions of various aspects of the economy, such as the labour market, the tax system, businesses, decision-making, the way people treat each other, and the impact on the environment:

- » How well does Australia's **labour market** support the wellbeing of people living and working in Australia? Are the jobs on offer good quality in the sense that they provide meaning and purpose, and enable work-life balance? Who can access these jobs? Is the income that workers earn sufficient to live on and participate in Australian society, including being able to afford goods and services that are priced appropriately, given their environmental costs and social benefit? How can more earnings equality be attained?
- » Does the operation of Australia's **tax system** support wellbeing of people living and working in Australia, and those beyond our borders? To what extent does the way taxes impact enterprises and individuals encourage behaviours that support wellbeing, and discourage behaviours that undermine wellbeing? Does the way taxes are levied reduce economic inequality? Is the level of taxation sufficient to support collective institutions and shared services that enhance wellbeing?
- » How do the **businesses** that operate in Australia (and those owned by Australians) support the wellbeing of people living and working in Australia, and of people beyond our borders? What sort of activities, goals, and enterprise models are worth encouraging, via regulation, tax breaks, and other means, because they are likely to contribute to collective wellbeing of people and planet?
- » How do **decision-making** processes support the wellbeing of people living and working in Australia, and beyond our borders? Are there opportunities for people to tangibly influence decisions that impact their lives? How are decisions taken, by whom, and how responsive are institutions to people's needs? How diverse are elected officials and the staff working in Australia's public service?
- » How does the **way people treat each other** support the wellbeing of people living and working in Australia, and those beyond our borders? How can stigma and prejudice, racism and sexism be addressed? How can we address the historical roots of current inequalities, while recognising that the overlaps across them mean their cumulative impact is harsher than the sum of the parts?
- » How do all these decisions **impinge on the environment**, both here in Australia, and beyond our borders? Do Australia's production and consumption patterns, our emissions and use of ecosystems, positively or negatively impact the health of the planet and the environment in Australia and overseas? Do economic activities in Australia align with an understanding that decisions cannot be taken as if the economy is separate from the natural world, and with the reality of finite planetary boundaries?



BRIEFING #6 THE WELLBEING ECONOMY IN PRACTICE

“To build the kind of economy that we want, we’ve got to align what we want to see in our economy with what we want to see in our society and in our communities”

– Jim Chalmers, Australian Treasurer⁸⁹

Building a wellbeing economy requires a vast suite of actions and shifts in practice and policy. These will range from the very local through to the supranational level. Fortunately, various groups, scholars, policy makers, activists, entrepreneurs, innovators, and change agents are building the evidence of how to go about implementing the necessary shifts by:

1. Experimenting and prototyping via delivery they undertake themselves
2. Documenting and promoting practice elsewhere and by others
3. Envisaging and modelling, and advocating for changes yet to be implemented (or yet to be implemented comprehensively).

The changes can be understood as a jigsaw with multiple pieces that add up to an economy aligned with what people and planet need. There is no single change or policy that is sufficient on its own, but together they can transform the economy’s purpose, design and delivery.

It is worth noting that the majority of policy instruments that need to be developed and rolled out are unlikely to be referred to as ‘wellbeing policies’ (or similar) and that most relevant practices are unlikely to be badged as being about ‘wellbeing’. Instead, their contribution to a wellbeing economy can be judged by the extent to which they are part of building an economy explicitly in line with the collective wellbeing of people and planet.

To help navigate the jigsaw, the practices of a wellbeing economy can be loosely clustered into four corners, the ‘4Ps’ of the wellbeing economy:

- » Purpose
- » Prevention
- » Predistribution
- » People Powered

PURPOSE

Description

Purpose is about realigning the goals of the economy and the entities that comprise it with the needs of people and planet. A consequence of such a purpose is that merely pursuing ‘growth’ in an abstract sense needs to evolve to asking what needs to grow, where, how, and for whom? In other words, consideration of the direction and composition of growth becomes more important than simply seeking to boost the rate of growth (as measured by Gross Domestic Product). This is an important distinction between means and ends, and applies, not just to the macroeconomy, but also to individual firms. Also important is valuing what matters – be it nature or community building or care in the home – rather than equating market price with true value.

In practice

The sort of activities and initiatives that can help focus on the purpose of the wellbeing of people and planet include wellbeing frameworks and dashboards that shape government goals and policy, wellbeing (and outcomes) budgets, and pro-social businesses. Over two thirds of countries in the OECD have created

frameworks, development plans or surveys that emphasise wellbeing (in the multidimensional sense of the term).⁹⁰ In turn, many governments are starting to shift to what is called ‘outcomes budgeting’ when it comes to how they raise and spend financial resources. This means considering what is being achieved and changed, rather than just tallying up what is being spent and done. The rise of businesses that seek to harness commercial viability in order to deliver social or environmental impact is an example of purpose at the enterprise level. Enterprises adopting business models more conducive to this include B Corps, social enterprises, community interest companies, cooperatives, Economy for the Common Good, International Corporate Governance Network (ICGN) practices, Conscious Capitalism, and so on. In some circumstances, ‘purpose’ would also manifest in ensuring certain activities are delivered via care, commons, reciprocity, government provision of services, and so on.

Examples

We can see such practices in the implementation of the Welsh *Well-being of Future Generations Act*, with all Welsh public bodies having to work towards all seven of the Welsh wellbeing goals (and the associated expectation that public bodies must demonstrate the principles of long term thinking, prevention, integration, collaboration, and involvement in their decision making)⁹¹. New Zealand’s wellbeing budget and Canada’s Quality of Life Framework⁹² both help elevate the goal of wellbeing as a government goal and, to different degrees, link government budget spending and policy decisions to a wider set of goals. In 2023 the Australian Federal Government published the first iteration of its Measuring What Matters statement⁹³ and states and territories across Australia are constructing and utilising wellbeing frameworks to inform their policy development and investment decisions.⁹⁴ The Federal Government’s Women’s Budget Statement⁹⁵ is an example of the disaggregation and analysis necessary to inform more wellbeing-aligned decision making. Enterprises harnessing commercial viability to deliver social or environmental goals include foundation companies prevalent in Scandinavia, banks such as Triodos and businesses such as Australia’s Cooperative Power, Earthworker, and Thor’s

Hammer, and others beyond our shores such as Eileen Fisher, Lush, and Ecosia.

PREVENTION

Description

Tackling things at their source is better than constantly responding to the damage once done and seeking to repair and fix. Prevention requires investigating why a problem emerged and repeatedly asking ‘Why?’ until the upstream drivers are understood and, in turn, actions that tackle root causes are planned and implemented. Prevention in terms of the economy requires designing an economy that meets the needs of people and planet first time around, rather than repairing and patching up symptoms downstream, once damage has occurred.

In practice

For example, the more renewable and efficient energy systems are today, the less societies will need to spend in the future on repairing after climate-change induced extreme weather, nor spend on treating asthma exacerbated by pollution. If housing is accessible and affordable, there will be less need for governments to spend on rent assistance and homelessness shelters. If labour markets are designed in a way that ensures people can earn enough to live on, there will be less need for food banks and in the longer term, support for children whose learning is hindered by growing up in poverty. With more jobs that help meet people’s fundamental needs of autonomy, relatedness and competence⁹⁶, the less demand there will be for anxiety treatments and other ‘coping mechanisms’ that themselves often create more harm to individuals reaching for them.

Examples

Delivery in terms of prevention includes South Australia’s success increasing its generation of renewable electricity, and in businesses moving to 4-day weeks or six hour days (from Perpetual Guardian in New Zealand to Senshi Digital in Glasgow, and as recently recommended by a Senate inquiry⁹⁷). The Victorian Treasury’s Early Intervention Investment Framework is an example of preventing worse outcomes than



might otherwise occur. Health and Wellbeing Queensland describes its role as 'to empower and activate people, organisations, communities and governments to...create the conditions that will prevent people getting ill in the first place and keep people healthy'.⁹⁸ In the 2022 Federal budget there were some examples of support for work on root causes, including \$69 million over 4 years to expand local initiatives to address causes of Indigenous incarceration. Other examples are the work of organisations such as Soils for Life and Farmers Footprint that seek to transform farming through regenerative ways of working with the land.

PREDISTRIBUTION

Description

Predistribution is an antidote to government intervention that is necessary to reduce inequality and harmful outcomes: predistribution is about getting the economy to do more of the heavy lifting in terms of delivering sought results. Predistribution requires designing markets so as to generate a better distribution of economic resources in the first place, meaning less government intervention after the fact is necessary to redistribute and moderate the gap between rich and poor or attend to misallocation of resources.

In practice

Mechanisms for predistribution include community wealth building (that builds economies from the local up via local ownership, local procurement, and local employment) rather than waiting for wealth to trickle down; worker cooperatives (where labour owns capital and the purpose of a business is to meet its member's needs); and true cost accounting (that ensures environmental costs are incorporated and social impacts accounted for, giving a more accurate price signal to consumers). Living wages and pay ratios, and efforts to share work better can also help deliver better distribution without relying on government taxes and transfers. The more these practices are rolled out - with standards and enforcement ensuring adherence - the less firms which do not practise social and environmental responsibility will be able to compete via price differentiation

Examples

Examples of predistribution in operation can be seen in worker cooperatives such as the global engineering firm Arup, Australia's Wayfarer Cooperative and Cooperative Life, an aged care provider owned by its workers. UK businesses such as Green City Wholefoods and the cooperatives that produce around a third of regional GDP in Emilia Romagna in Italy⁹⁹ are also illustrations of workers as partners in an enterprise whose purpose is to deliver benefits for them, not extract financial wealth for remote shareholders. Community wealth building efforts are seen in Preston in north England¹⁰⁰, in North Ayrshire in Scotland¹⁰¹, and in Cleveland¹⁰² in the US show how local governments and anchor organisations can use their procurement policies and support local suppliers to keep money circulating locally, for the benefit of local people. Local councils and development agencies in Australian cities and towns - such as Sydney, Newcastle and Ballarat - are working on implementing the ideas of community wealth building.¹⁰³ The Scottish Government's Living Wage policy¹⁰⁴, Oregon's tax on extreme inequality in pay¹⁰⁵, and Puma's Environmental Profit and Loss Account¹⁰⁶ all illustrate aspects of predistribution in practice.

PEOPLE POWERED

Description

Putting a diversity of people at the forefront of shaping economic systems is the only antidote to an economy designed by and for a narrow group. Who is at the table when budgets are designed or when economic strategies are written? When policies are prioritised? When business plans are shaped and investments weighed up? This matters for its own sake, but also because transitions are more likely to be possible and sustained when people feel they are able to shape them.

In practice

For example, citizens assemblies bring together a group of people representative of the wider population, with expertise 'on tap' as needed to input to conversations about a certain topic. When governments take their recommendations



on board, citizens assemblies help position dialogue amongst everyday people at the heart of government decision making. Other examples are participatory budgeting where public money is deployed according to what local people decide it should be spent on. Public ownership of key service providers (perhaps water or energy providers or rail companies) and more employee input to decision making at the firm level (via, for example, employee representation on boards and employee ownership of firms themselves) will also help bring about economic democracy. National conversations with the public about what sort of country they want to be are important mechanisms to build the democratic mandate for wellbeing government efforts.

Examples

Citizens assemblies have been utilised on a range of topics, including just transitions and climate change, in countries including France¹⁰⁷, Scotland¹⁰⁸, Ireland¹⁰⁹, and the UK¹¹⁰. Major participatory budgeting initiatives are

being undertaken in places such as Brazil, Portugal, Paris, and New York.¹¹¹ In the Kimberly, Yawuru women and men have co-produced an articulation of their conception of wellbeing, drawing on the Yawuru concept of good life, 'mabu liyan'.¹¹² Communities in places such as Gladstone¹¹³ and Geelong¹¹⁴ have created local economic plans via community consultation and deliberation. The examples above of worker led cooperatives are also examples of economic democracy, as are community owned cooperatives like Yackandandah Community Development Company¹¹⁵ and Barossa Co-op¹¹⁶, where community members banded together to purchase important retail outlets to keep them in community control. Housing cooperatives such as Low Impact Living Affordable Community in Leeds, England show a community's effort to provide basic needs for people.¹¹⁷ Wales' consultation about 'The Wales We Want' is an illustration of a democratic foundation for wellbeing governance mechanisms.¹¹⁸

#10

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BRIEFING #7 GETTING THE COMPONENT PARTS IN ORDER

“...we will take the next step to develop Tasmania’s first Wellbeing Framework... we will engage with Tasmanians, and ensure their wellbeing priorities are Government priorities, supported by the right targets, measures, policies and services”

- Jeremy Rockcliff, Premier of Tasmania¹¹⁹

There is an important sequence in terms of goals and in terms of government action in regards to the wellbeing economy agenda and its implementation.

As shown in Figure 1 below, building a wellbeing economy is, of course, just the penultimate

goal. The topmost objective is a context in which everyone can thrive and the natural world is cherished and protected: the needs of people and planet being met. The economy needs to be designed in a way that enables that.

In turn, an economy in service of people and planet requires that government incorporates wellbeing goals across the policy cycle, and harnesses policy instruments to shape the economy accordingly. Wellbeing in government is a necessary component of the wellbeing economy project, but not the same as it: it is part of attaining it, not a substitute for it.

As shown in Figure 2, bringing wellbeing into government itself has an important sequence: Firstly, understanding what matters to citizens

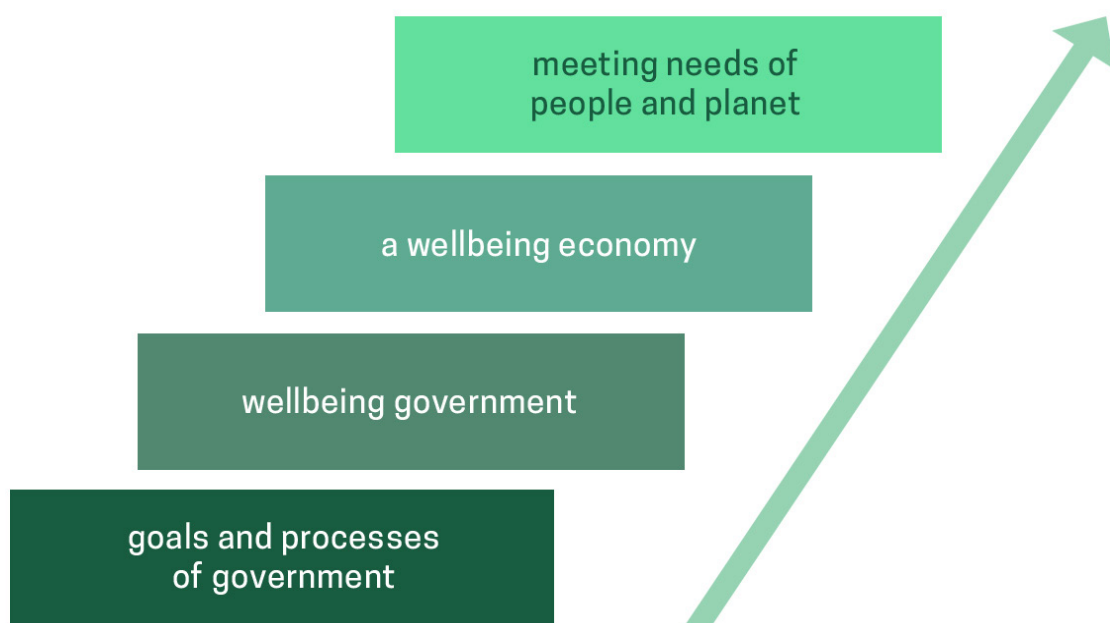


Figure 2. The sequence of government contribution to the development of a society that meets the needs of people and planet.

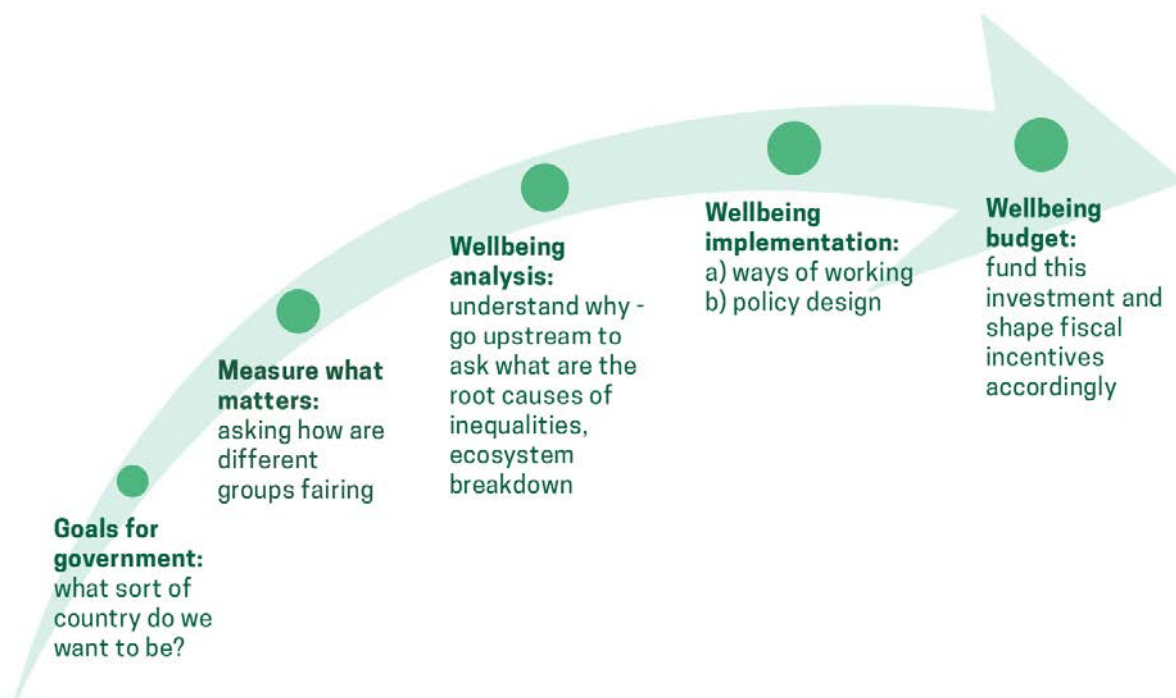


Figure 3: The sequence of wellbeing into government.

of a country - their vision for what sort of country they want to live in and leave to their grandchildren.

Secondly, measuring how far or how close the reality is to that vision.

Thirdly, utilising this picture of the current scenario to understand the reasons why attainment is less than desired in certain realms, by looking upstream.

Fourthly, utilising the measures and holistic analysis to inform ways of working and policy design that brings to the fore activities aligned with the wellbeing of people and planet and reduce those that are not aligned.

Finally, utilising budget mechanism to direct resources and fiscal measures in ways that encourage the various pieces of the wellbeing economy jigsaw.

As VicHealth explains, the wellbeing economy agenda requires integration into ‘every corner’ of government decision making and supporting

decision makers in government to take account of how policy impacts people and planet over the longer term.¹²⁰ VicHealth suggests that doing so can help people and policymakers with:

*“Pursuing solutions that have holistic benefits for individuals and communities; Protecting our most marginalised people while also protecting the planet; Taking into account the needs of the present without compromising the ability of future generations to meet their needs; Addressing challenges that often fall between governmental departments”.*¹²¹

Similarly, the OECD is clear that that a “well-being approach” can support better policy-making by helping to: 1 Refocus policy actions on the outcomes that matter most to people and the most urgent priorities; 2 Redesign policies and programs taking a ‘triple win’ approach (well-being, sustainability and inclusion); 3 Realign policy and practice across government silos; 4 Reconnect people with the public (and private) institutions that support them”.¹²²



BRIEFING #8 WELLBEING ECONOMY AS A 'PICNIC BLANKET' FOR ECONOMIC SYSTEM CHANGE THINKING

“A wellbeing economy matters... A growing number of the greatest thinkers and leaders of our time, from economists to environmentalists, politicians to protesters, are calling for this shift. Without it we will continue to face crisis after crisis.”

– Centre for Thriving Places ¹²³

The practical changes a wellbeing economy agenda entails range from local practices to substantial shifts in governance architecture. The approaches and pathways to get there will be different in different localities, of course, given different starting points, different challenges, different opportunities, different technologies, and different institutions and societal norms. They constitute the substance of the wellbeing economy agenda.

Alongside the substance, it is also worth noting that the wellbeing economy agenda is part of a pluralistic movement of economic system change ideas. There is a wide range of visions and associated terms being put forward regarding the nature of economic transformation. Each has its own emphasis, applicability for certain contexts, and resonance with and acceptance by different audiences to varying extents. Respective proponents of these will push forward different concepts to differing degrees and may not always agree with each other on the respective emphasis nor respective prognosis.

Crucially, the idea of a wellbeing economy is not a synonym for, nor an alternative to other concepts that speak to repurposing and redesigning the economy. It is not about

adding to that suite and it is certainly not about replacing or competing with any of those concepts.

The wellbeing economy agenda serves a *different purpose*: that of illuminating the plurality of ideas and practices that speak to how the economic system needs to change so it delivers wellbeing for people and planet, and emphasising the shared core tenets these respective concepts and visions have in common.

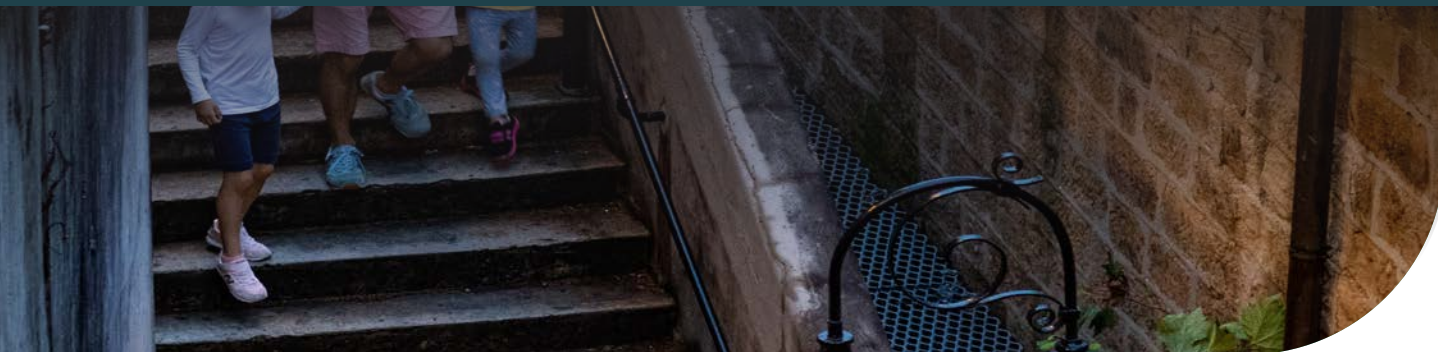
So while these related ideas for economic change offer differing emphasis, use different terminology, and will be received more or less well amongst different audiences, at their core they all call for an economic system that is in service of what people and the planet need.¹²⁴

Thus, the wellbeing economy agenda is both broad and high-level conceptually, enabling it to maintain an inclusive plurality. This characteristic is somewhat akin to the function served by a *picnic blanket*: sitting underneath (rather than alongside) the items it supports and connects, and illustrating how, given their common vision, they mount a compelling agenda for change. The intention of the wellbeing economy agenda is thus to underscore the plurality of ideas for economic system change. These ideas - cousin concepts - include, but certainly are not limited to, visions such as:

- » Circular economy
- » Community wealth building
- » Just transition
- » Regenerative economies¹²⁵
- » Solidarity economies¹²⁶
- » Doughnut economics
- » Economic democracy

- » Degrowth, post-growth, and steady state thinking
- » Participatory economics
- » Indigenous economic principles
- » The economy for the common good
- » Buen vivir
- » Ubuntu-informed economics
- » Feminist economics and core and care economy ideas¹²⁷
- » Ecological economics

Each of the cousin concepts brings useful framing and ideas to build an economy that meets the WEAll tests laid out in briefing #5. For example: doughnut economics takes 'four lenses' to place-based economic policy that enable examination of how the economy regenerates local and global ecosystems; the care and core economies emphasise non-monetary contributions where the motivation is often love and nurturing, so elevating activities and behaviours that contribute to social and ecological wellbeing; and economic democracy ensures that people (be they workers or local communities) shape the economic dynamics that impact them.



BRIEFING #9 HOW THE WELLBEING ECONOMY CONCEPT RESONATES WITH AUSTRALIANS

In the face of challenges and negative trends, Australians are looking for new ways of doing things that align with their sense of what is most important. Deliberative dialogues – such as those run by Australia ReMADE¹²⁸ and the Victorian Council of Social Services¹²⁹ – mirror the findings of focus groups run by social researchers such as Hugh Mackay¹³⁰ and Rebecca Huntley. A suite of recent opinion polls add to the picture of Australians expressing a displeasure with business as usual and a vision for their country that would require a wellbeing economy to attain. The following is a small selection of these poll findings:

- » In 2020 Edelman found that 56% of Australians said the system is failing them and only 35% 'believe they and their families will be better off in five years' time'.¹³¹
- » A 2022 Guardian poll found that a majority (58%) of respondents believed that 'Australia's economic system is broken' and 'the government needs to make fundamental changes to sort it out'.¹³² Research from 89 Degrees East revealed that 73% of Australians felt measures of economic success should encompass areas such as health, fairness, and sustaining the environment; and 69% believe we can't be a successful nation if we only focus on economic growth.¹³³
- » The ABC Australia Talks¹³⁴ survey found that 49% strongly agreed (and another 27% somewhat agreed) with the statement that 'The gap in wealth between rich and poor Australians is too big'¹³⁵ with 46% saying wealth inequality is 'very much a problem'.¹³⁶ The reflection that 'It's harder for young

Australians to get by than it used to be' is either somewhat or strongly agreed with by 68% of Australians.¹³⁷ In terms of what people want from the economy, people report an average of 7.9 out of 10 for the importance of job security in their choice of job¹³⁸; it is 8.1 for finding fulfilment in work¹³⁹, and 8.3 for work/ life balance.¹⁴⁰

- » There is a growing sense that the function of government is to increase the wellbeing and quality of life of the population. Polling commissioned by the Centre for Policy Development found that 33% of Australians think the primary purpose of government is to ensure a decent standard of living - which is clearly not being achieved when one looks at the extent of financial distress and low income as laid out above. A quarter (25%) think the primary purpose of government is improve overall wellbeing of the population, with 45% strongly agreeing and another 30% somewhat agreeing with the statement that 'the wellbeing of the population should be the top consideration in government decision making, above other concerns'.¹⁴¹ Other CPD polling found 'a five-point year-on-year rise in support for the idea that the primary purpose of government is to improve overall wellbeing'.¹⁴² A 2022 Guardian poll found that 80% of those polled were for governments taking an active role in shaping the economy.¹⁴³ Last year people were asked by 89 Degrees East about the idea of a wellbeing budget: '69 percent think that people's wellbeing should be a bigger priority in major governments' budgets'.¹⁴⁴





BRIEFING #10 HOW GDP IS USED

Various dependencies on growth – be they substantive or a matter of perception and assumption – combine to position Gross Domestic Product as a proxy for not just economic welfare, but welfare more generally, and even the success of a country. Here are some examples of how GDP is used in public policy.

POLITICAL COMMUNICATION

GDP is an apparently simple single figure used to denote improvement – its rise and speed of increase are taken as a signal that things are better or worse.^{145, 146} As the OECD explains, GDP is frequently used as ‘synonymous with societal progress’¹⁴⁷, regardless of the fact that GDP was never intended to play this role.¹⁴⁸ For example, media and political opponents hold incumbent governments accountable for growth, as measured by GDP, more so than other metrics, often framing changes in GDP as indicative of a government’s competence.¹⁴⁹ Economic outlooks are presented in terms of GDP either slowing or rising (see the dominance of discussion of GDP in the most recent Intergenerational Report¹⁵⁰, for example). The perceived problem of a country’s debt is determined by its magnitude compared to GDP. Such ‘maximalist’ use of GDP, as a proxy for how a nation is performing, is beyond what GDP was designed for.¹⁵¹ This outsized function as a proxy for success and ideas of development appears in cross-country comparisons where GDP is integral to country rankings – and this feeds into decision-making prowess in (and even entry to) various international groupings and decision-making fora (such as the G7).^{152, 153, 154}

INTERNATIONAL AND DOMESTIC RULES

International accounting standards and fiscal rules within governments reinforce the influence of GDP.¹⁵⁵ In 1947, the United Nations began promoting adoption of standardised accounts by governments,¹⁵⁶ and these became the UN System of National Accounts, which have a strong focus on production and GDP as a headline indicator.^{157, 158} These systems were part of post-war policy developments whereby institutions such as the IMF, the World Bank, and the WTO (originally the GATT) were established to promote economic growth.¹⁵⁹ GDP accounts became an ‘economic version of “magnetic North”’.¹⁶⁰ GDP is used to calculate or determine various goals or qualifications, from credit ratings to interest rates in international loans and qualification for international aid.¹⁶¹ The International Monetary Fund, for instance, uses GDP to determine how stable national economies are, and the World Bank uses GDP to decide the size and interest rate of loans. The headquarters of the IMF is even linked to a member country’s GDP.¹⁶² The EU Stability and Growth Pact (the ‘Maastricht Treaty’) permits government spending on public goods in relation to GDP growth, retained in the new Fiscal Compact that requires fixed ratios of GDP to public deficits and debt (the ‘golden rule’).¹⁶³

In Australia, the first official estimates of national income were released in 1938. Soon after, a set of ‘National Accounts’ (adding expenditure to the estimates of income) was published. Today, various fiscal rules reinforce the prominence of GDP. For example, in recent years up until the 2023 budget¹⁶⁴ there was a tax-to-GDP cap of 23.9%.¹⁶⁵ For their part, in the current budget (as opposed to the capital

budget) Budget Process Operational Rules (BPORs) and the workings of the Expenditure Review Committee ensure financial boundaries (and associated mindsets) prevail. For example, new proposals (referred to as New Policy Proposals: ‘NPPs’) must be accompanied by plans for offsetting expenditure elsewhere (with what is deemed to constitute a ‘genuine saving’ being rather limited to immediate effects that do not capture the impact of prevention and a flourishing society).¹⁶⁶

POLICY DECISIONS

Government spending is often justified as contributing to economic (GDP) growth. For example, a particular sector will merit support because it contributes a certain percentage of GDP: the bigger the contribution to GDP, the more likely that industry will have political sway.¹⁶⁷ The magnitude of investment in areas such as R&D or early years education is framed as a percentage of GDP. GDP also informs estimates of tax take, providing a sense of the ‘fiscal envelope’ and therefore the policies which can be paid for. These dynamics are seen in the extent that falls in GDP drive efforts by the government to bolster it, to ‘get back to growth’ and to ‘stimulate the economy’. The point is that while other goals exist, they rarely have the same level of influence on government and when GDP

falters, other goals are deprioritised and even forgone in efforts to boost GDP. Together with the public relations and deep-seated ideas about the inherent benefits of growth, this means that often the ‘only policy alternatives deemed laudable are those in line with the growth paradigm’.¹⁶⁸ An example of this is evident in government departments articulating their role as contributing to economic growth, often preceding mention of their nominal function.

THE PERVASIVENESS OF GDP

There are some who downplay the role that GDP plays in policy and budget formulation. Other agendas do come into play, of course, but their existence does not cancel out the prominence of GDP and the overall assumption that ‘a growing economy is good’. GDP may not be a unilateral veto on all decision making, but it is a core measure of progress that shapes many implicit assumptions and agendas. Many propositions are put forward with growth dividends as one of the key outcomes, if not the key outcome. Social policy and government spending is often necessary to attend to the damage done by the current economic system. Finally, it is almost impossible to find a policy decision that is taken, assessed, or scrutinised with the reality of finite planetary boundaries and thus the environmental limits to growth in mind.

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