



Wellbeing Indicators

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Contents

1.0 Introduction	3
2.0 What are Wellbeing Indicators?	3
3.0 The Need for Change – GDP in the Irish Context.....	3
4.0 Best Practice Internationally	4
4.1 New Zealand.....	4
4.2 Iceland.....	4
4.3 Germany.....	4
5.0 Green Party Principles for Wellbeing Indicators.....	4
5.1 Equality of Representation.....	5
5.2 The Centrality of Public Engagement	5
5.3 Measuring Progress	5
6.0 Policy Points.....	6

1.0 Introduction

The evolution of Wellbeing Indicators as a tool in national budgets and policymaking has gathered steam in the last 5-10 years as concerns grow around the efficacy of current measures to provide a sufficiently high quality of life to those it purports to serve. Wellbeing can be interpreted in many different ways, as can the means for assessing it and who it should impact and involve. The Green Party proposes that it is the duty of government to base decision making, in policy and budget formation, on improving the wellbeing of all those who live under their jurisdiction in a social, environmental and economic model that respects this generation and the next.

Wellbeing indicators represent a significant development in policy making standards and will be a challenge to implement within the current status quo of the legislative and budget process. As detailed in this paper it is now widely accepted that GDP can be a poor metric on which to judge societal benefit. While statistical GDP measurement considers through-put in current economic activity it omits concerns around equality, climate action, the distribution of poverty, access to basic services and the long-term sustainability and security of current economic models. The further complication of a deformed Irish GDP and the use of GNI* in budget decisions makes this effect doubly relevant.

A buoyant economy is not an objective good in itself. Our nation's finances must be well managed but managed so that all our people can live well, with safety and with respect, and with a long-term view. The Green Party proposes that the implementation of Wellbeing Indicators, in a meaningful way, could be one of the most important legacies this government can impart.

This ambition aligns well with Green Party targets for the introduction of economic parameters reflecting the 'Doughnut Economics' model of fiscal analysis. That is the concept of policy development and financial decision making that is led by a recognition of the climate crisis in terms of planetary boundaries in calibration with a basic standard of living. Our future lies in the provision, to everyone, of the essentials for a good life (security, access to healthcare and education, equality to name a few) within the constraints of the planet's ecological limits.

The Green Party vision for Wellbeing Indicators as part of the budgetary process is set out within three strands: an equality of representation within the process; the provision of a living and dynamic model that allows for meaningful public engagement; and the adoption of measurement values that truly focus on wellbeing for all.

2.0 What are Wellbeing Indicators?

For the purposes of this paper Wellbeing Indicators can be considered in the context of public policy. As outlined in Section 5.1 wellbeing itself can be understood quite differently between individuals, societal groups and nations. In public policy a focus on wellbeing places an increased emphasis on both objective and subjective metrics outside of GDP (or in the case of Ireland GNI*) with a view to implementing a performance-based standard for managing government policy and spending to improve people's lives. In many jurisdictions it includes public health information, data on workforce participation, on child poverty, on levels of mental health, on the reduction of inequality for minority groups or indigenous peoples and on planning for a sustainable and zero-carbon future. It places engagement with the public and the participation of a broad and representative range of groups in society at the centre of decision making through the process of both wellbeing-based decision implementation and long-term operation.

The idea of Wellbeing Indicators has also gathered pace as economists and academics have increasingly recognised quality of life aspects as economic inputs. Ireland has already recognised the negative impacts of poor infrastructure, lack of public transport, long term underinvestment in housing stock and health services has had adverse effects on foreign direct investment into the country.¹

3.0 The Need for Change – GDP in the Irish Context

In 2009 the Report by the Commission on the Measurement of Economic Performance and Social Progress (MEPSP) was published. The Commission's aim was to identify the limits of GDP as an indicator of economic performance and social progress across all nations employing this strategy, including the problems with its measurement; to consider what additional information might be required for the production of more relevant indicators of social progress; to assess the feasibility of alternative measurement tools, and to discuss how to present the statistical information in an appropriate way. The Commission found that 'it has long been clear that GDP is an inadequate metric to gauge well-being over time particularly in its economic, environmental, and social dimensions, some aspects of which are often referred to as sustainability'.

The Irish context for the measurement of GDP is somewhat more complex than the international normative model. In 2016 the Report of the Economic Statistics Review Group provided by the Central Statistics Office stated that 'Distortions to the interpretation of the Irish national accounts now go well beyond the traditional (and already quite serious) problems related to transfer pricing. In particular the scale on which intangible and internationally mobile assets have been accumulated by a number of MNCs for the purpose of essentially offshore operations has generated enormous problems. There are also problems generated by the import and export of goods manufactured under contract abroad by other MNCs.'ⁱⁱ

The report, largely implemented by government, proposed to create an adapted GDP measurement called GNI* that included a notional sector of 'grouped' offshore activities to give a more accurate reading of domestic economic activity. However, this is a relatively unusual approach by international standards and, though useful, introduces a number of its own inaccuracies into fiscal modelling.

Therefore, unlike some other countries who seek to introduce Wellbeing Indicators, Ireland's GDP cannot rationally be used as a formative structure within the model. However, the current, alternative fiscal metric, GNI*, is also not sufficiently robust to be the sole ordering metric. It is for this reason that any Wellbeing Indicators in the Irish context should be conceived on a basis that is broader than simply linkage to existing financial structures which would suggest that the New Zealand model, using both objective and subjective metrics, would be most appropriate.

4.0 Best Practice Internationally

4.1 New Zealand

New Zealand implemented their first wellbeing budget in 2019. Informed by the previously cited work in this area by the OECD, the New Zealand approach to wellbeing policy is constructed in two clear strands: a conceptual framework that is the Treasury's Living Standards Framework and a set of indicators produced in large part by Statistics New Zealand as part of its Indicators Aotearoa New Zealand project. Their Living Standards Framework is a tool designed to 'enable sustainable intergenerational wellbeing to reside at the centre of its policy advice, government expenditure and long-term management of the country's asset stocks: natural, social, human and financial/physical'. The inclusion of the experience of indigenous communities in this model is of particular interest in an Irish context where the experience of Traveller and Roma groups, new Irish

communities and Irish language speakers will be included.

4.2 Iceland

The Committee on Measurements for Wellbeing in Iceland proposed a framework of 39 indicators that cover social, economic and environmental dimensions of quality of life. These indicators are structured to complement the traditional economic measure of GDP and monitor trends in people's wellbeing. Like other international examples the indicators are linked to the UN Sustainable Development Goals and draw on available official national statistics. The Icelandic process of public engagement found that the general public placed health and access to healthcare services as the most significant factor in quality of life. This was followed by relationships (i.e. with friends, family, neighbours and colleagues), housing (secure housing, cost of housing, supply of housing) and making a living (income and assets).

4.3 Germany

The Gut-Leben system of Wellbeing Indicators in Germany relies on 12 strands and 46 indicators. The strands and indicators were selected based on the results of a six month long national dialogue with citizens.ⁱⁱⁱ The German consideration included 'the long-term sustainability of its decisions and mutual consideration of environmental, economic and social aspects. And not least it considers the impact of our actions on the countries of the South and the very limits of our planet'. As outlined by their own report (p. 27) subjective wellbeing is under-explored in this model of wellbeing-based decision making and the public engagement process was somewhat flawed as a representation of societal makeup with a bias towards middle and higher income earners and those with higher education levels.

5.0 Green Party Principles for Wellbeing Indicators

The Green Party proposes that Wellbeing Indicators must be implemented not just as a measurement tool but as a formative and core dimension in decision making in policy and budgetary decisions. In our 1989 General Election Manifesto we wrote 'Our main concern is to combat the importance placed on growth in the quality of goods produced with a new approach which places the prime emphasis on growth in the quality of life. Traditional methods of measurement do not distinguish between good and bad forms of growth'.

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In the development of this work the party will harness the existing four dimensions of wellbeing as set out by the OECD (natural, social, human and economic) to highlight areas such as the caring economy, language, cultural tradition and the rights of indigenous and new Irish communities, the environment and our right to nature, intergenerational justice and a focus on mental health and wellbeing.

There are three key challenges in this work: ensuring a meaningful equality of representation for all groups, individuals and stakeholders; the development of a system for Wellbeing Indicators that is dynamic and sensitive to engagement; the creation of a system that is based on performance budgeting and measuring progress in a meaningful way.

5.1 Equality of Representation

As mentioned earlier in the text the perception and experience of 'wellbeing' or quality of life can be subjective. The experience in the rise or fall in GDP is equally varied. Current economic models such as GDP (or indeed GNI*) do not attach any value to inequality or access to basic services. It is possible for GDP to rise without a significant improvement in living standards for the majority of the population.^{iv} Presenting wellbeing in the form of an average related to economic growth can obscure the reality of distribution of benefit – the average may imply a standard of living that a significant portion of the population do not enjoy.

Similarly, the experience and actual impact of inequalities in policy and budgetary decision making can vary greatly between individuals and groups within the same society.^v Income, social, cultural and environmental inequities are intrinsically linked to normative power structures and the distribution of this power within society. It is fundamental to the implementation of Wellbeing Indicators across government that a broad and inclusive representation of wellbeing forms the basis of the system. This requires that both the individual experience is recognised but also those of communities of various sizes, minority groups such as those with disabilities, LGBTQI+ and those from specific ethnic groups, familial structures, labour groups etc. Wellbeing Indicators may also be an opportunity in addressing the increasing regional imbalance between

the Dublin region and other areas of the country, helping to distribute resources more fairly.

5.2 The Centrality of Public Engagement

The role of the public in the creation and implementation of Wellbeing Indicators must be a dynamic process that both uses lived experience to establish the parameters of any system and also reflects back to the public changing values and ambitions. Wellbeing Indicators will require public 'buy-in' and everyone must feel represented. As such it must reflect values from a broad spectrum of the political discourse.

Unlike other countries who have begun this process of reform, Ireland already has experience of in-depth public engagement that helps to form public policy in the form of the Citizens' Assembly model. Although it is not clear yet whether this model could or should be used in the creation of an Irish model for Wellbeing Indicators the successful implementation of such a consultation implies an existing skillset in the legislature that may side-step some of the difficulties other countries have experienced.

Public engagement should not be limited to public participation on the formation of the Indicators. To ensure the long-term success of such a system all sectors of government and civil society should be utilised to embed the standard. Once launched, policy creation by every government department will be influenced by the relevant Wellbeing Indicators, Dáil committee work and new legislation or amendments will also be shaped by them. Crucially local government, as a very immediate and local point of contact for public participation, should be given particular consideration in the integration of this new decision-making model. This would build on the Wellbeing Statements drafted by PPNs across the country.

5.3 Measuring Progress

What we measure we plan for. The current metrics on which policy and budget decision making are based lean predominantly towards readily quantifiable resources. Again, from the MEPSP report – 'What we measure affects what we do; and if our measurements are flawed, decisions may be distorted. Choices between promoting GDP and protecting the environment may be false choices, once environmental degradation is appropriately included in our measurement of economic performance.'^{vi}

Clarity in the implementation of any new system will support public confidence and engagement. What should be measured, how are those issues measured, how can we construct a decision-making model around that and how can performance be monitored and calibrated? In

existing international examples sources for measurements can include but are not limited to state and independent records, public health statistics, income levels, poverty levels, access to basic services and the outcomes of those services, participation in the workforce, levels of caring, and ongoing public consultation. The importance of objective metrics of wellbeing is easily understood by policy makers but increasingly the inclusion of more subjective measurement is also recognised as worthwhile.^{vii}

The 2009 MEPSP report referred to above states that “Research has shown that it is possible to collect meaningful and reliable data on subjective as well as objective well-being. Subjective well-being encompasses different aspects (cognitive evaluations of one’s life, happiness, satisfaction, positive emotions such as joy and pride, and negative emotions such as pain and worry): each of them should be measured separately to derive a more comprehensive appreciation of people’s lives... [SWB] should be included in larger-scale surveys undertaken by official statistical offices”.

Measurement, objective or subjective, remains the basis for Wellbeing Indicators as it does with all performance indices but the utilisation of such work in the framing of public policy will require strong regulatory underpinnings to ensure fair and representative use of the findings. Bodies that act as the creators of public policy may be susceptible to value judgements, institutional bias, and structural lags and it is vital that any new model accounts and legislates for a consideration of this within the system.

6.0 Policy Points

- Wellbeing Indicators should not be solely linked to economic performance (e.g. unemployment, wages, poverty etc.)

- Wellbeing Indicators must be conceptualised, developed, implemented, and managed within a public participation context. Public trust is the basis for this decision-making model.
- All of the indicators should be rooted in the objective consideration of need and evidence-based benchmarking.
- Wellbeing Indicators should be target and performance based and show year on year progression with legislature oversight on progress made
- The Green Party believes that the data collected in the formation of any system of Wellbeing Indicators should operate as an open data system and that this best practice.
- We propose to further this work within the framework of the OECD four dimensions of wellbeing: social capital, natural capital, human capital and economic capital.

ⁱ De Neve, J.-E. and A.J. Oswald (2012) ‘Estimating the influence of life satisfaction and positive affect on later income using sibling fixed effects’, Proceedings of the National Academy of Sciences, 109 (49)

ⁱⁱ www.cso.ie/en/media/csoie/newsevents/documents/reportoftheeconomicstatisticsreviewgroup/A_trimmed_GDP_for_Ireland.pdf

ⁱⁱⁱ www.gut-leben-in-deutschland.de/downloads/Documentation-Government-Report-on-Wellbeing-in-Germany.pdf

^{iv} Stiglitz, J.E. (2013) *The Price of Inequality: how today’s divided society endangers our future*, London: Penguin

^v Durie, M. (2006) ‘Measuring Māori wellbeing’, New Zealand Treasury guest lecture, <https://treasury.govt.nz/sites/default/files/2007-09/tgls-durie.pdf>

^{vi} Stiglitz, J.E., A. Sen and J.P. Fitoussi (2009) Report by the Commission on the Measurement of Economic Performance and Social Progress, Commission on the Measurement of Economic Performance and Social Progress

^{vii} Michalos, A.C. (2011) ‘What did Stiglitz, Sen and Fitoussi get right and what did they get wrong?’, *Social Indicators Research*, 102