Measuring more than just economic growth to improve wellbeing

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Title: Measuring more than just economic growth to improve wellbeing

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It’s official: The United Kingdom is in a recession. The economy has suffered its biggest slump on record with a drop in GDP of 20.4%.¹ This is going to have a significant impact on our health and wellbeing. It risks creating a spiralling decay as we know good health is not only a consequence, but also a condition for sustained and sustainable economic development.² In this way, the health of a nation creates a virtuous circle of improved health and improved economic prosperity. How we measure prosperity is therefore important and needs to be considered.

Prior to COVID-19, improvements in life expectancy in England had stalled for the first time since 1900, and health inequalities were growing.³ Now we know that both COVID-19, and measures to reduce the spread of COVID-19, have disproportionately affected particular population groups including the elderly, ethnic minority groups, those with underlying health conditions and those on lower incomes.⁴ It follows therefore that health inequalities will have been further widened as a result of COVID-19.

Countries across the globe are grappling with the dual aims of ensuring health systems are not overwhelmed by any further COVID-19 peaks whilst also supporting economic recovery. In this, there is an increasing need to ensure this is done with a lens on inequalities.

Economic growth is symbiotic with improved well-being. Since the 1990s the role of human capital (including health) has been regarded as being indispensable for economic growth.⁵,⁶,⁷ Economic literature recognises that good health contributes to economic welfare and that reducing health inequalities will promote Gross Domestic Product (GDP) growth through two key channels:

(i) Directly, as a result of raising the overall standard of health and increasing the level of “human capital” available for production; and
(ii) Indirectly, through its impact on reducing income equality which has been shown to be linked to GDP growth.
So, policies that focus on health equality have the potential to grow overall economic welfare and benefit society as a whole, rather than transferring wealth from one portion of the population to another. However, existing indicators of economic activity, such as GDP, do not capture this and, if good health is not only a consequence but also a pre-condition for economic development, then measuring economic activity alone is not enough.

This is particularly important when we know that what is measured sets the direction for politics and policies and what is measured determines whether or not progress has been made.

If local and national government are to be incentivised to place more focus on both health and income inequalities, published measures should be expanded to take a more inclusive focus. For example, the gini coefficient (a measure of income inequality) is currently calculated by the Office for National Statistics but it could be regularly reported on and published alongside GDP and growth rates and brought into the economic commentary.

Similarly, the UK and other governments have committed to the UN’s Sustainable Development Goals (SDGs) and in 2019 the UK government sought to ensure that the goals were embedded in the activity of government departments. However, public awareness of these goals is low, particularly in more economically advanced countries. Data on health inequalities is collated by NHS England and other bodies and a health inequalities index could be calculated and given prominence alongside economic indicators. Alternatively, a “prosperity” index that considers standard economic measures e.g. GDP alongside inclusive measures such as the gini co-efficient, health inequalities indicators and wider welfare indicators around education and crime, drawing upon the SDGs for example, could be constructed.

Reorienting in this way is beginning to happen, for example with New Zealand who are leading the way by using well-being as an economic measure and moving away from economic growth at all costs to sustainable growth for all. Whilst this wellbeing approach has been put under significant pressure due to COVID-19, New Zealand’s Wellbeing Budget 2020 outlines a recovery planning process done through a wellbeing lens to ensure it considers both the needs of people alongside that of the economy; with Prime Minister Jacinda Ardern stating their wellbeing approach started in 2019 is non-negotiable.
In the UK, the Chief Medical Officer’s report\textsuperscript{14} in 2018 made a case for a new health index, with its aims including improving health by helping to focus public debate and policy attention on health in a broad sense and to monitor equity and better understand its underlying drivers.

And the Centre for Progressive Policy developed an Inclusive Growth Country Index, which assesses the progress of 155 countries towards inclusive growth bringing together data on consumption, life expectancy, leisure time, inequality and unemployment into a single measure within a wider economic framework.

Following the peak of COVID-19 as policy makers continue to try and balance interventions with the social, economic and health needs of the population there is an opportunity to rebuild in a more inclusive way.

Developing a wider set of measures or a composite index which focus on more than pure economic production would increase the likelihood of a wider set of prosperity impacts being considered when policies are being developed. Setting a target level for the index against which government report could further sharpen focus.

Cities will be central to the rebuild of a post COVID-19 world as they are the economic hubs of any country and have not only tremendous influence over their own population’s health\textsuperscript{15} but also in determining health more broadly across the country. City mayoral elections in England, postponed in 2020 due to COVID-19, are now scheduled for May 2021. These elections cover nearly a third of the population of England. This presents a timely opportunity for city mayors to take a progressive stance as we rebuild our society following COVID-19 and commit to tackle this issue by developing and actively promoting to the public a more inclusive growth measure to drive fairer policy and reduce inequalities in our cities and beyond.

However, it is still possible that tackling health and income inequalities could be caught in the political cycle. This was noted with regards to international aid and was one of the driving factors for the UK placing its commitment to spend 0.7% of Gross National Income on Official Development Assistance in UK law.\textsuperscript{16} As such, setting a measure and a target in national Government policy would reduce the likelihood of measures to reduce inequalities being set aside in times of economic difficulties – which are likely to be the time when such measures are most required to return the economy to a firmer and fairer footing.


10 Norman, A. (2019) It’s time to go beyond GDP Centre for Progressive Policy


12 Ipsos Mori reported 74% awareness across 28 countries, with higher awareness in emerging countries. Great Britain reported as 49% awareness. https://www.ipsos.com/en/awareness-united-nations-sustainable-development-goals-higher-emerging-countries


