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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.

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5 So, policies that focus on health equality have the potential to grow overall economic welfare
6 and benefit society as a whole, rather than transferring wealth from one portion of the
7 population to another. However, existing indicators of economic activity, such as GDP,⁸ do
8 not capture this and, if good health is not only a consequence but also a pre-condition for
9 economic development, then measuring economic activity alone is not enough⁹.
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14 This is particularly important when we know that what is measured sets the direction for
15 politics and policies and what is measured determines whether or not progress has been
16 made.¹⁰
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21 If local and national government are to be incentivised to place more focus on both health
22 and income inequalities, published measures should be expanded to take a more inclusive
23 focus. For example, the gini coefficient (a measure of income inequality) is currently
24 calculated by the Office for National Statistics but it could be regularly reported on and
25 published alongside GDP and growth rates and brought into the economic commentary.
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30 Similarly, the UK and other governments have committed to the UN's Sustainable
31 Development Goals (SDGs) and in 2019 the UK government sought to ensure that the goals
32 were embedded in the activity of government departments.¹¹ However, public awareness of
33 these goals is low, particularly in more economically advanced countries.¹² Data on health
34 inequalities is collated by NHS England and other bodies and a health inequalities index
35 could be calculated and given prominence alongside economic indicators. Alternatively, a
36 "prosperity" index that considers standard economic measures e.g. GDP alongside inclusive
37 measures such as the gini co-efficient, health inequalities indicators and wider welfare
38 indicators around education and crime, drawing upon the SDGs for example, could be
39 constructed.
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48 Reorienting in this way is beginning to happen, for example with New Zealand who are
49 leading the way by using well-being as an economic measure and moving away from
50 economic growth at all costs to sustainable growth for all. Whilst this wellbeing approach
51 has been put under significant pressure due to COVID-19, New Zealand's *Wellbeing Budget*
52 *2020* outlines a recovery planning process done through a wellbeing lens to ensure it
53 considers both the needs of people alongside that of the economy; with Prime Minister
54 Jacinda Ardern stating their wellbeing approach started in 2019 is non-negotiable.¹³
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3 In the UK, the Chief Medical Officer's report¹⁴ in 2018 made a case for a new health index,
4 with its aims including improving health by helping to focus public debate and policy attention
5 on health in a broad sense and to monitor equity and better understand its underlying
6 drivers.
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11 And the Centre for Progressive Policy developed an Inclusive Growth Country Index, which
12 assesses the progress of 155 countries towards inclusive growth bringing together data on
13 consumption, life expectancy, leisure time, inequality and unemployment into a single
14 measure within a wider economic framework.
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19 Following the peak of COVID-19 as policy makers continue to try and balance interventions
20 with the social, economic and health needs of the population there is an opportunity to
21 rebuild in a more inclusive way.
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25 Developing a wider set of measures or a composite index which focus on more than pure
26 economic production would increase the likelihood of a wider set of prosperity impacts being
27 considered when policies are being developed. Setting a target level for the index against
28 which government report could further sharpen focus.
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33 Cities will be central to the rebuild of a post COVID-19 world as they are the economic hubs
34 of any country and have not only tremendous influence over their own population's health¹⁵
35 but also in determining health more broadly across the country. City mayoral elections in
36 England, postponed in 2020 due to COVID-19, are now scheduled for May 2021. These
37 elections cover nearly a third of the population of England. This presents a timely opportunity
38 for city mayors to take a progressive stance as we rebuild our society following COVID-19
39 and commit to tackle this issue by developing and actively promoting to the public a more
40 inclusive growth measure to drive fairer policy and reduce inequalities in our cities and
41 beyond.
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49 However, it is still possible that tackling health and income inequalities could be caught in
50 the political cycle. This was noted with regards to international aid and was one of the driving
51 factors for the UK placing its commitment to spend 0.7% of Gross National Income on
52 Official Development Assistance in UK law.¹⁶ As such, setting a measure and a target in
53 national Government policy would reduce the likelihood of measures to reduce inequalities
54 being set aside in times of economic difficulties – which are likely to be the time when such
55 measures are most required to return the economy to a firmer and fairer footing.
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- 23 ¹¹ <https://www.gov.uk/government/publications/implementing-the-sustainable-development-goals/implementing-the-sustainable-development-goals--2>
- 24 ¹² Ipsos Mori reported 74% awareness across 28 countries, with higher awareness in emerging countries. Great Britain
25 reported as 49% awareness. [https://www.ipsos.com/en/awareness-united-nations-sustainable-development-goals-highest-emerging-countries#:~:text=A%20new%20Ipsos%20survey%20finds,Sustainable%20Development%20Goals%20\(SDGs\).&text=Each%20one%20of%20the%20first,surveyed%20across%20the%2018%20countries](https://www.ipsos.com/en/awareness-united-nations-sustainable-development-goals-highest-emerging-countries#:~:text=A%20new%20Ipsos%20survey%20finds,Sustainable%20Development%20Goals%20(SDGs).&text=Each%20one%20of%20the%20first,surveyed%20across%20the%2018%20countries).
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