

Debate Pack

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Wellbeing Economy approach to meeting climate goals

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Summary

A debate on the Wellbeing Economy approach to meeting climate goals is scheduled to take place on Tuesday 30 November 2021, at 4.30pm, in Westminster Hall. The debate will be opened by Caroline Lucas.

1

Wellbeing Economy

1.1

What is a Wellbeing Economy

The concept of a wellbeing economy has been interpreted differently by various organisations and individuals. In March 2021, the Wellbeing Economy Alliance published a [Wellbeing Economy Policy Design Guide](#). The executive summary provides the following overview of the concept of a wellbeing economy:

Around the world, governments are moving beyond Gross Domestic Product (GDP) and embracing new metrics of progress, from the Sustainable Development Goals (SDGs) to national wellbeing indicators. This movement is significant, as it moves us beyond a focus on ‘means’, i.e. economic growth, to a focus on the achievement of ‘ends’, i.e. our collective wellbeing.

The challenge is that our current economic thinking has not only determined our measurements of progress, but also our government structures, societal power dynamics and cultural narratives. Developing a Wellbeing Economy is, therefore, not only about different measures or different policies, but also about changing our relationship to the economy and our approach to its management and governance.¹

Supporters of a wellbeing economy wish to move away from focusing on GDP when determining the success of a nation, wanting instead to turn to a more holistic approach, focusing on sustainable wellbeing for all.² This involves ensuring sustainability for the planet, a fair distribution of resources globally and ensuring people’s human needs are supported.³

Those advocating for a wellbeing economy state that the current economic framework causes damage (harm to people and the environment) which governments then have to address at a financial cost. The Wellbeing Economy Alliance labels this the ‘failure demand’ which they describe as:

The need for governments to respond to the damage, with its inevitable costs, created by the current economic system. This damage includes widening economic inequalities; high levels of

¹ Wellbeing Economy Alliance, [Wellbeing Economy Policy Design Guide](#), 16 March 2021

² Wellbeing Economy Alliance, [WEAll Ideas: Little Summaries of Big Issues](#), 3 December 2019

³ Stanford Social Innovation Review, [The Vision of a Well-Being Economy](#), 16 December 2020

insecurity, despair and loneliness; and the prospect of catastrophic climate breakdown and biodiversity loss.⁴

They state that this failure demand manifests in ‘downstream measures’ such as rebuilding after floods caused by climate change, rather than divesting from fossil fuel, and investing in clean energy.⁵ A wellbeing economy would instead take a “preventative approach to social and environmental challenges”.⁶

Limitations of GDP

Gross Domestic Product (GDP) is one of the most prominent economic statistics. It measures the economic value of goods and services produced within a country over a specific time frame. GDP per capita is often used as a proxy when comparing the standard of living in different countries.⁷

However, proponents of a Wellbeing Economy believe that countries should move away from GDP as a marker of success, with the Centre for the Understanding of Sustainable Prosperity saying that GDP:

Says nothing about the distribution of income between the rich and the poor, nothing about the costs to the environment of producing and consuming those goods, and little about their ability to improve our long-term wellbeing.⁸

The OECD has also acknowledged the limitations of GDP:

if ever there was a controversial icon of the statistics world, GDP is it. It measures income, but not equality, it measures growth, but not destruction, and it ignores values like social cohesion and the environment. Yet governments, businesses and probably most people swear by it.⁹

Many economists, while aware of the limitations of what GDP should be used for, often point to the fact that GDP was never designed to be an all-encompassing measure of wellbeing and is nonetheless a useful tool in understanding the economy. Many believe that it should not be thrown out but supplemented with a wider set of statistics to get a more thorough picture.¹⁰

⁴ Wellbeing Economy Alliance, [Failure Demand: Counting the true costs of an unjust and unsustainable economic system](#), 11 October 2021

⁵ Stanford Social Innovation Review, [The Vision of a Well-Being Economy](#), 16 December 2020

⁶ Ibid

⁷ Forbes, [New Zealand Ditches GDP for Happiness and Wellbeing](#), 11 July 2019

⁸ Centre for the Understanding of Sustainable Prosperity for the APPG on Limits to Growth, [Wellbeing Matters – Tackling growth dependency](#), 3 March 2020

⁹ OECD Observer, [Is GDP a satisfactory measure of growth?](#) December 2004-January 2005

¹⁰ Office for National Statistics, [GDP: a worthwhile, but incomplete, measure](#), 25 January 2018

The Wellbeing Economy Alliance believe there are other measurement frameworks which better consider different aspects of society, including the [Happy Planet index](#), [Humankind Index](#) and [Sustainable Development Goals](#).

International guidance on publishing national accounts, which includes the GDP statistics, is in the process of being updated. The UN Statistics Commission, who are responsible for this international guidance (formally called the System of National Accounts), has approved a plan to include the topic of “wellbeing and sustainability” in the new national accounts guidance due to be updated in 2025.¹¹ What form this will take in practice is unclear at present, although it is unlikely it will lead to replacing GDP but rather to expand the range of indicators available.¹²

Box 1: Doughnut Economics

Some who wish to see a Wellbeing Economy advocate for ‘[Doughnut Economics](#)’, a concept created by Kate Raworth. The Doughnut consists of two concentric rings: a social foundation to ensure everyone has access to life’s essentials, and an ecological ceiling, to ensure humanity stays within planetary boundaries. [The Doughnut Economics Action Lab](#) states that:

“The starting point of Doughnut Economics is to change the goal from endless GDP growth to thriving in the Doughnut. At the same time, begin economic analysis by seeing the big picture and recognising that the economy is embedded within, and dependent upon, society and the living world.”

1.2

Wellbeing Economy and Climate Change

In April 2021, the European Environmental Bureau, an international network of organisations, published a report titled ‘[Towards a wellbeing economy that serves people and nature](#)’. The report points to the link between economic growth and climate change and identifies four areas of the economy that the authors believe highlight the need for change:

The economics of the climate crisis are clear: the world’s richest 10% (around 630 million people) were responsible for over half of cumulative carbon emissions between 1990 and 2015. The correlation between

¹¹ This will likely not be implemented for several years afterwards (based on previous SNA updates)

¹² UN Statistical Commission, 52nd session (2021), [Report of the Undersecretariat Working Group on National Accounts](#), 14 Dec 2020

growth of the global economy and the increase in greenhouse gases in the atmosphere is close to perfect.

Oxfam and the EEB investigated four sectors that exemplify the systemic problems plaguing our economies: farming, textiles, buildings and digitalisation. These showcase, in their view, the extent and depth of the changes needed.¹³

The independent report, [The Economics of Biodiversity: The Dasgupta Review](#), led by Professor Sir Partha Dasgupta for HM Treasury, spoke of the unsustainability of our current economic system and the need to introduce nature, or natural capital, into our economic models. The report, published in February 2021, states that “GDP does not include the depreciation of assets, for example the degradation of the natural environment” and that “in recent decades eroding natural capital has been precisely the means the world economy has deployed for enjoying what is routinely celebrated as ‘economic growth’.” The report therefore agrees with proponents of a wellbeing economy that a greater emphasis on nature and the environment, rather than economic growth, is needed in our economic models.

In their report, [Failure Demand: Paying to fix what we continue to break through economic choices](#), the Wellbeing Alliance explain how climate change would be addressed in a wellbeing economy:

In a Wellbeing Economy, environmental costs would be fully incorporated into the pricing of natural resources and be counted as genuine liabilities to the wellbeing of future generations on the balance sheets of governments. Failure to do so would amount to a failure in basic public sector accounting protocols. Of course, valuing and ensuring wellbeing for nature must go far beyond counting it as an asset - but accounting for the true cost of environmental impacts is a necessary starting point for governments concerned with fiscal realities.

Many who argue for a Wellbeing Economy wish to move away from economic growth towards a focus on the wellbeing of people and the planet. However, others argue that it is possible to tackle climate change without abandoning economic growth, by decoupling global emissions from economic growth.

An article from the European think tank Bruegel argues that decoupling global emissions from economic growth would be difficult, as current projections imply that the world must reduce the rate of CO₂ emissions per unit of real GDP by around 9% per year on average to reach net-zero by 250 (between 1990 and 2016 global emissions per unit of real GDP decreased by 1.8%). However, some economists are optimistic that this can be done by pursuing policies that allow emissions to be reduced while still enabling economic growth. For example, the European Commission defines its

¹³ EEB, [Towards a wellbeing economy that serves people and nature](#), 22 April 2021

[European Green Deal](#) as ‘Europe’s new growth strategy’. Bruegel argues that green investment, breakthrough innovation, behavioural change and climate adaptation are needed to accelerate decoupling. They argue that while this would take huge effort and investment to reach the necessary climate goals, hoping that countries will sacrifice economic growth is even less likely.¹⁴

Briefings from the Commons Library on climate change can be accessed [here](#).

1.3 Wellbeing metrics

Background on recent history

The **Stiglitz–Sen–Fitoussi Commission**, named after the three economists who headed it, was commissioned by the French government during the financial crisis to consider metrics other than GDP for measurement of social progress. It reported in 2009 and became an influential report that heralded increased international interest in the topic.¹⁵ The report suggested a multidimensional approach to wellbeing to include areas such as health, education and the environment.

In May 2006, David Cameron, as leader of the Conservative Party, said in a speech to the Google Zeitgeist Europe 2006 conference that there’s more to life than money:

Wealth is about so much more than pounds, or euros or dollars can ever measure. It's time we admitted that there's more to life than money, and it's time we focused not just on GDP, but on GWB - general well-being.¹⁶

In November 2010, the Coalition Government under then Prime Minister Cameron asked the Office for National Statistics to begin looking into creating an official measure of well-being.¹⁷ This led to the **Measuring National Well-being programme**, which releases reports on the quality of life in the UK.¹⁸ The ONS published its first annual report on national well-being in the UK in 2012.¹⁹ There is a regular survey of personal wellbeing (life satisfaction, happiness and anxiety), with results released in the publication [Personal well-being in the UK](#). Data are published for the UK and also for regions and [local authorities](#).

¹⁴ Bruegel, [Can climate change be tackled without ditching economic growth](#), 27 September 2021

¹⁵ Commission on the Measurement of Economic Performance and Social Progress, [Report by the Commission on the Measurement of Economic Performance and Social Progress](#), Sep 2009

¹⁶ “[David Cameron's speech to Google Zeitgeist Europe 2006](#)”, The Guardian, 22 May 2006

¹⁷ 10 Downing Street, [PM speech on wellbeing](#), 25 Nov 2010

¹⁸ Cabinet Office, [National wellbeing](#) (collection of reports and publications) [last updated Oct 2013]

¹⁹ ONS, [Measuring National Well-being: Life in the UK, 2012](#), Nov 2012 [via national archives]

The ONS also produced a “[Measures of National Well-being Dashboard](#)” providing an overview of the data (though this seems to have last been updated in October 2019).

Recent developments

The ONS launched a “[Beyond GDP](#)” programme. This includes bringing together measurements of economic wellbeing with personal wellbeing measures into one publication, [Personal and economic well-being in Great Britain](#). The latest report is “[Personal well-being in the UK: April 2019 to March 2020](#)” published in October 2021.

Following the onset of the coronavirus pandemic, the ONS has supplemented its regular survey with an additional survey – the [Opinions and Lifestyle Survey](#) – to better understand the impact of the pandemic. This is published every fortnight.

In July 2021, the ONS launched a discussion paper **outlining a new index that is wider than GDP** but also complementary with, and consistent, to it.²⁰ The ONS said it recognises that “we don’t only derive value from what we purchase or consume”.²¹

The ONS reports that this new index brings the flows of benefits coming from the environment into the calculations. The ONS also said that it recognises the importance of measuring capital to include how the environment is impacted by economic growth (natural capital).

The ONS already publishes annual estimates of the “financial and societal value” of [natural capital in the UK](#).²²

International organisations

The **European Commission** has launched a Beyond GDP initiative to develop indicators that are as appealing as GDP but “more inclusive of environmental and social aspects of progress”.²³ They note GDP was never designed to be a comprehensive measure of wellbeing.

The initiative began in 2007. In October 2019, the EU agreed on a “set of conclusions” related to the “Economy of Wellbeing”.²⁴ This was a priority for the then Finish presidency of the EU. Further information is available on the European Commission’s pages on the [Beyond GDP initiative](#).

²⁰ Economic Statistics Centre of Excellence, [GDP and Welfare: Empirical Estimates of a Spectrum of Opportunity \(ESCoE DP 2021-08\)](#), 6 Jul 2021

²¹ ONS blog post, [Getting the right tools – How we are creating wider estimates of GDP](#), 6 Jul 2021

²² ONS, [UK natural capital accounts Statistical bulletins](#)

²³ European Commission, [About Beyond GDP: Background](#) [accessed 29 Nov 2021]

²⁴ Council of the EU, [Economy of Wellbeing: the Council adopts conclusions](#), 24 Oct 2019

The Organisation of Economic Co-operation and Development (**OECD**), the group of mostly high-income economies, has published a range of work on wellbeing and inclusivity. This includes its [Better Life Index](#), which provides international comparisons for a range of measures income, life satisfaction, work-life balance and the environment.

In 2018, the OECD published a report [Beyond GDP](#), authored by Joseph Stiglitz, Jean-Paul Fitoussi and Martine Durand. Stiglitz and Fitoussi authored an influential 2009 report on the topic (described earlier in this note). In this report they look at progress made over the previous decade, while also exploring issues for the future.

For further information on work being done by the OECD, see the OECD's Centre on [Well-being, Inclusion, Sustainability and Equal Opportunity](#) (WISE).

1.4

Government policy

In response to an online petition to shift to a wellbeing economy, **the Government set out its approach** on 25 May 2021. This is reproduced in full below. In summary, the Government said while GDP remains important, it is committed to broadening the range of it measures it uses.

Traditional economic measures, such as GDP, remain some of the most useful indicators of economic performance. GDP is closely correlated with employment, incomes and tax receipts and is comparable across time periods, making it useful for the government and Bank of England when setting economic policy and managing the public finances. During the current COVID-19 pandemic for example, GDP, along with a wide range of other economic indicators, has been used to inform government action aimed at mitigating the damaging effects of the pandemic on peoples' wellbeing by supporting their jobs and livelihoods.

Nonetheless, the government recognises that GDP has its limitations and should not be seen as an all-encompassing measure of welfare – in fact this is something that GDP was never designed to be.

The response further noted that GDP estimates make no allowance for the depletion of natural resources that may be inherent in many forms of economic production. They highlighted that the government has provided the Office for National Statistics with an additional £25 million to improve UK economic statistics, including through an initiative called 'Beyond GDP' that

develops broader measures of welfare and activity (described in the previous section).²⁵

Green book

Following a [review](#), the Treasury in late 2020 changed the guidance on how to appraise policies, programmes and projects. These revisions to the guidance – called the [Green Book](#)²⁶ – were set out in the latest version published in November 2020. The Green Book applies to all government departments and arm's length public bodies with responsibility derived from central government for public funds and regulatory authorities.²⁷

1.5 Devolved administrations

Scotland

The Scottish Government has stated that building a Wellbeing Economy is a top priority:

This means building an economy that is inclusive and that promotes sustainability, prosperity and resilience, where businesses can thrive and innovate, and that supports all of our communities across Scotland to access opportunities that deliver local growth and wellbeing

Scotland is a founding member of the Wellbeing Economy Governments (WEGo) group, an initiative where member countries are working together to understand the key priorities for a wellbeing economy. The group enables cross-government engagement, learning and collaboration to utilise the advice of experts and deepen their understanding of delivering a wellbeing economy for citizens and environment.²⁸

Information from the Scottish Government webpage states that the objectives of the WEGo group are to:

- collaborate in pursuit of innovative policy approaches aimed at enhancing wellbeing through a broader understanding of the role of economics – sharing what works and what doesn't to inform policymaking
- progress toward the UN Sustainable Development Goals, in line with Goal 17, fostering partnership and cooperation to identify

²⁵ UK Government and Parliament, [Petitions Shift to a Wellbeing Economy: put the health of people and planet first](#), 25 May 2021

²⁶ The use of the term 'green' is not related to the environment

²⁷ Further information on the review is contained in Library briefing [Infrastructure policies and investment](#), Box 3

²⁸ gov.scot, [Wellbeing Economy Governments \(WEGo\)](#)

approaches to delivering wellbeing address the pressing economic, social and environmental challenges of our time.²⁹

The WEGo group includes the governments of Scotland, Iceland, New Zealand, Wales and Finland.

Wales

In April 2015 the Welsh Government introduced the [Well-being of Future Generations \(Wales\) Act 2015](#). A [guide to the act](#) published by the Welsh Government contains further information on its aims and states that:

The Well-being of Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales.

The Act gives a legally-binding common purpose – the seven wellbeing goals – for national government, local government, local health boards and other specified public bodies. It details the ways in which specified public bodies must work, and work together to improve the well-being of Wales.

It will make the public bodies listed in the Act think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.³⁰

Under the Well-being of Future Generations (Wales) Act 2015, seven wellbeing goals are contained in law to improve the social, economic, environmental, and cultural well-being of Wales. The seven goals are:

- a prosperous Wales
- a resilient Wales
- a healthier Wales
- a more equal Wales
- a Wales of cohesive communities
- a Wales of vibrant culture and thriving Welsh language
- a globally responsible Wales

For further information on the act see the guidance document [Well-being of future generations act: the essentials](#).

²⁹ gov.scot, [Wellbeing Economy Governments \(WEGo\)](#)

³⁰ Gov.Wales, [Well-being of future generations act: the essentials](#), June 2015 (updated 2011)

1.6

International examples

New Zealand

In 2019, New Zealand Prime Minister Jacinda Arden announced a ‘wellbeing budget’ focusing on improving the prosperity of local communities. She stated that:

While economic growth is important – and something we will continue to pursue – it alone does not guarantee improvements to our living standards. Nor does it measure the quality of economic activity or take into account who benefits and who is left behind.³¹

The budget therefore moved away from focusing on GDP as the primary indicator of progress, instead using a broader range of metrics including human health, safety and flourishing, to assess the success of policies.³² It stated that all new government spending must advance one of the following five wellbeing goals:

- Improving mental health
- Reducing child poverty
- Supporting indigenous people
- Thriving in a digital age
- Transitioning to a low-emission, sustainable economy.³³

New Zealand’s response to the coronavirus pandemic - deciding to lock down the country and shut borders faster, and for longer, than many other countries - is seen by some as an example of successfully pursuing wellbeing policies. However, despite the focus on wellbeing, New Zealand still has high rates of child poverty and youth suicide rates, leading some political analysts to question its success to date.³⁴

Iceland

Iceland followed New Zealand in pursuing a wellbeing agenda in 2019, focusing on new social indicators besides GDP.³⁵ Katrin Jakobsdottir,

³¹ Treasury.govt.nz, [The Wellbeing Budget](#), 30 May 2019

³² The Conversation, [NZ has dethroned GDP as a measure of success, but will Ardern’s government be transformational?](#), 7 June 2019

³³ Forbes, [New Zealand Ditches GDP For Happiness And Wellbeing](#), 11 July 2019

³⁴ The Guardian, [New Zealand’s ‘wellbeing budget’ made headlines, but what really changed?](#), 10 April 2021

³⁵ BBC, [Iceland puts well-being ahead of GDP in budget](#), 3 December 2019

Iceland's Prime Minister, said environmental devastation was a key factor in this move, highlighting the disappearance of Iceland's Okjokull glacier as a result of climate change.³⁶

Iceland is a founding member a founding member of the Wellbeing Economy Governments (WEGo) initiative, alongside Scotland and New Zealand. Katrin Jakobsdottir explained that this involves:

A commitment to building an alternative future focusing on wellbeing of current and future generations. The network is committed to shaping a vision of enhancing wellbeing and inclusive growth and one of the main goals is to ensure that economic policy supports collective wellbeing, that is how happy, and how healthy, a population is, not just how wealthy a population is.³⁷

1.7

Research and views

Public

According to the 2020 [Eldman Trust Barometer survey](#), over half the people in the world believe that the current economic system is doing more harm than good and in G20 countries, 74% of the public wants their country's economic priorities to move beyond wealth creation to focus more on human wellbeing and ecological protection.³⁸ An enquiry by the All-Party Parliamentary Group on the Green New Deal, which engaged with over 57,000 UK citizens, found that two thirds of respondents believed that health and wellbeing should be prioritised over GDP growth.³⁹

OECD

The Organisation for Economic Co-operation and Development (OECD) have acknowledged the limitations of GDP, saying that it does not capture the broad range of outcomes that matter to people and ignores the distribution of wellbeing across society.⁴⁰

However, they cite the challenges that national governments still face in moving from wellbeing measurement to policy application. These include methodological challenges in finding the best way to measure wellbeing impacts and account for them in cost benefit analyses. There are also

³⁶ Wellbeing Economy Alliance, [Wellbeing Economy Governments](#)

³⁷ Wellbeing Economy Alliance, [Wellbeing Economy Governments](#)

³⁸ Global Commons Alliance, [The Global Commons Survey](#), 17 August 2021

³⁹ All Party Parliamentary Group on the Green New Deal, [How to Reset: policies to deliver on the public desire for a fairer, greener Britain after Covid](#), 17 September 2020

⁴⁰ The Organisation for Economic Co-operation and Development, [The Economy of Well-being: Creating opportunities for people's well-being and economic growth](#), 18 September 2019

practical challenges in organising government structures to implement change.⁴¹

Critiques of a Wellbeing Economy

There are some that are sceptical that a Wellbeing Economy would be practical. In a March 2020 House of Lords debate on wellbeing, Lord Desai commented that:

Any Government at any time can claim, “Of course we encourage well-being. We will give you a measure of well-being that will show that we encourage it.” Well-being is such a soft thing; get some clever people and you will be able to say every time, “That is our business. How could we not measure well-being? We have been doing that for ever and ever. Even austerity was good for people because we learned to live within our means and that is a good thing to do, because spendthriftiness is a bad thing.”

One must be aware that things that are subject to manipulative measurement should not be used or urged on Governments as policy variables, because Governments are not to be trusted and they are not very competent.⁴²

Lord Tugendhat further raised concerns of the practicalities of devising wellbeing metrics:

The problem comes in trying to devise metrics to place alongside GDP. GDP may be an inadequate measure of the well-being of the country, but to find metrics to place alongside it is really quite difficult. Whatever the deficiencies of measuring GDP, it is an important indicator of the size and distribution of the cake. It is reinforced by other statistics we have on unemployment and employment, longevity rates, crime rates, divorce rates and all the rest of it. We are not without means of testing the temperature of the country and the well-being of its people.

He further went on to state that any criteria used to measure wellbeing would likely reflect the political bias of those who create it and that priorities change quickly, making a long-term criterion hard to draw up. He further commented that change is the biggest threat to a person’s wellbeing and that this would be hard for governments to mitigate against without stopping change altogether.⁴³

⁴¹ The Organisation for Economic Co-operation and Development, [Policy use of well-being metrics: Describing countries’ experiences](#), 6 November 2018

⁴² HL Deb, c1120, [Well-being](#), 12 March 2020

⁴³ Ibid

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Parliamentary material

House of Lords Private Members' Bill

[Wellbeing of Future Generations Bill \[HL\]](#)

Private Members' Bill (Starting in the House of Lords)
20 May 2021

The Wellbeing of Future Generations Bill [HL] is a private member's bill introduced by Lord Bird (Crossbench), inspired by legislation passed in Wales in 2015. It aims to ensure UK policymaking accounts for the interests of future generations. The House of Lords has debated the subject twice in recent years. The bill had its second reading in the House of Lords on 25 June 2021. A date has not currently been set for the third reading.

Written Questions

[Climate Change: Economic Situation](#), Question for Treasury, UIN 59894

Asked by Helen Hayes on 20 October 2021

To ask the Chancellor of the Exchequer, what assessment his Department has made of the long-term economic costs of future climate change; and what steps he has taken to prepare for the effects of climate change on the UK economy.

Answered by Helen Whately on 28 October 2021

HM Treasury has published the Net Zero Review (NZR), which is an analytical report that uses existing data to explore the key issues and trade-offs as the UK decarbonises. This is against a backdrop of uncertainty on technology and costs, as well as changes to the economy over the next thirty years. It focuses on the potential exposure of households and businesses to the transition, and highlights factors to be taken into account in designing policy that will allocate costs over this time horizon.

As highlighted in the Net Zero Review, the overall impact is uncertain and challenging to estimate. Existing estimates suggest that the impact on GDP by the end of the transition is likely to be relatively small, and dwarfed by the costs of global inaction. The economic impact will be uneven across the economy. The scale of the change for some businesses, sectors and regions is likely to be substantial. Ultimately, this will depend on policy decisions and how the economy responds.

The Department for Business, Energy and Industrial Strategy has published the Net Zero Strategy, which sets out the Government's vision for the transition to a net zero economy and outlines illustrative paths to meet the UK's emissions targets. HM Treasury is already taking action, for example by

issuing the world's first Sovereign Green Bond to fund public investment, establishing the UK Infrastructure Bank to support novel and emerging green technologies, and publishing the Roadmap to Sustainable Investing to put UK businesses in a better position to withstand climate-related risks and seize the opportunities presented by the transition to net zero. HM Treasury has also reviewed its governance, capabilities and processes to support this transition, as set out in the Net Zero Review.

The Net Zero Review can be accessed here: <https://www.gov.uk/government/publications/net-zero-review-final-report>(opens in a new tab).

[Climate Change and Coronavirus](#), Question for COP26, UIN 903718

Asked by Dan Carden on 20 October 2021

What steps the Government is taking to promote climate action and a green recovery from the covid-19 pandemic ahead of COP26.

Answered by Anne-Marie Trevelyan on 20 October 2021

The Prime Minister's 10-Point Plan and Net Zero Strategy sets out our blueprint for a Green Industrial Revolution. The plan invests in green technologies and industries; leverages billions of pounds of private sector investments to create and support up to 250,000 highly-skilled green jobs, and level up across the UK. It's a clear plan to build back greener from the covid pandemic.

[Economic Situation](#), Question for Treasury, UIN 187191

Asked by Caroline Lucas on 26 April 2021

To ask the Chancellor of the Exchequer, if he will make an assessment of the effect of the policies of the Wellbeing Economy Governments partnership on the UK's strategy for economic recovery at (a) local, (b) national and (c) global level; and if he will make a statement.

Answered by John Glen on 29 April 2021

This government has provided an unprecedented package with a cumulative cost of £352 billion to protect people's jobs and livelihoods and to support businesses and public services across the UK since the start of the pandemic.

The government has consistently erred towards generosity in its support, reflecting the severity of the impact of the pandemic on peoples' lives.

To continue to support people on low incomes during the Covid-19 crisis, at Budget the government announced a six-month extension to the temporary

£20 per week uplift to the Universal Credit (UC) standard allowance. The government has also announced similar support for eligible Working Tax Credit (WTC) claimants; because of the way the WTC system operates, being provided through a one-off £500 payment in April.

The government's actions to protect lives and livelihoods have been aimed at mitigating the most damaging effects of the pandemic on peoples' wellbeing, and the government has considered a wide range of data throughout.

This includes National accounts statistics like GDP, which remains one of our most important economic indicators. It is closely correlated with employment, incomes and tax receipts and is comparable across time periods, making it useful for the government and Bank of England when setting economic policy and managing the public finances.

GDP has its limitations and should not be seen as an all-encompassing measure of welfare – something it was never designed to be.

Sir Charles Bean's 2016 Independent Review of Economic Statistics acknowledged some of these limitations, such as the challenge of capturing activities where no market transaction takes place and the fact that GDP estimates make no allowance for the depletion of natural resources that may be inherent in many forms of economic production.

The government fully supported the recommendations of the Bean review and, to date, has provided the ONS with an additional £25m to help improve UK economic statistics - including through an initiative called "Beyond GDP" that aims to address the limitations in GDP by developing broader measures of welfare and activity.

This includes developing a suite of personal well-being measures, better accounting for unpaid work and developing estimates for natural and human capital.

Oral questions

[Greenhouse Gas Emissions: Tax Strategy](#)

HL Deb, 6 July 2021 c1156

Debates

[Well-being](#)

HL Deb, 12 March 2020, Volume 802

Committees and groups

House of Lords Select committee on COVID-19

[Corrected oral evidence: Measuring well being](#), 23 March 2021

[Measuring Wellbeing](#) Non-inquiry session

House of Commons Environmental Audit Committee

[Growing back better: putting nature and net zero at the heart of the economic recovery](#)

Third Report on the inquiry into Greening the post-Covid recovery, 10 February 2021

[All Party Parliamentary Group on Wellbeing Economics](#)

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Press articles

[Finance Committee calls for bold choices to create ‘a wellbeing economy’](#)

Scottish Business Insider

5 November 2021

[The problem is economic growth](#)

The Ecologist

3 November 2021

[When it comes to climate change, the public is way ahead of the government](#)

The New Statesman

1 November 2021

[Fighting climate change is an economic opportunity for Iraq](#)

Financial Times

31 October 2021

[Covid-19 shows health spending is broken — here’s how to fix it](#)

Financial Times

28 October 2021

[What Bhutan got right about happiness - and what other countries can learn](#)

World Economic Forum

25 October 2021

[Tackling climate change: is it time to ditch GDP?](#)

Raconteur

15 October 2021

[Can climate change be tackled without ditching economic growth?](#)

Bruegel

27 September 2021

[The IPCC Report and the Wellbeing Economy](#)

Wellbeing Economy Alliance

12 August 2021

[The Importance of GDP](#)

Investopedia

27 June 2021

[New Zealand’s ‘wellbeing budget’ made headlines, but what really changed?](#)

The Guardian

10 April 2021

[The Vision of a Well-Being Economy](#)

Stanford Social Innovation Review

16 December 2020

[Why a New Economic Model is Needed to Tackle the Climate Crisis](#)

Earth.org

2 January 2020

[Iceland puts well-being ahead of GDP in budget](#)

BBC

3 December 2019

[New Zealand Ditches GDP For Happiness And Wellbeing](#)

Forbes

11 July 2019

[Gross national happiness in Bhutan: the big idea from a tiny state that could change the world](#)

The Guardian

1 December 2012

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Press Releases

[Wellbeing Economies group expands](#)

Scottish Government

21 December 2020

Finland joins Scotland, Wales, Iceland and New Zealand.

Scotland has welcomed Finland as a new member of an international initiative to promote the economy of wellbeing.

Finland will join the global Wellbeing Economy Governments (WEGo) network, a group of countries which work together to develop ideas on how economies can promote the broader wellbeing of the population.

Scotland is a founder member of WEGo, which pools knowledge and shares expertise on how to advance economic, social and environmental sustainability.

Putting wellbeing at the heart of economic policy leads to a focus on issues other than Gross Domestic Product, such as the health and happiness of citizens, the quality and security of employment as well as economic wealth.

First Minister Nicola Sturgeon said:

“Now, more than ever, as we face the unprecedented challenge of the COVID-19 pandemic, it is clear that the goal of collective wellbeing should be a key part of the economic strategy.

“We warmly welcome Finland to the Wellbeing Economy Governments Group. We have valued its contributions to the group, and how it ensured a focus on wellbeing during the Finnish Presidency of the EU last year.

“We have so much to learn from each other in moving the idea of wellbeing economy from theory into practice.

“It is more important than ever to work across borders and collaborate with countries that face similar challenges, in order to strengthen the resilience and wellbeing of our communities.

“When we focus on wellbeing, we start a conversation that provokes profound and fundamental questions about what really matters to us in our lives: what we value in the communities that we live in, and what kind of country - and society - we really want to be.

“I am delighted that Finland will be part of that conversation.”

Background

Scotland established the [Wellbeing Economy Governments Group](#) with Iceland and New Zealand in 2018 to collaborate in pursuit of new ways to improve wellbeing.

The Office of the Chief Economic Adviser in the Scottish Government provides the secretariat for the network.

The First Minister [spoke about the wellbeing economy at the TED summit last year](#) and also at the [Wellbeing Economy Alliance conference](#) earlier this year.

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Reports

[Failure Demand: Counting the true costs of an unjust and unsustainable economic system](#)

Wellbeing Economy Alliance
11 October 2021

[Wellbeing economy: Putting health before wealth](#)

Chatham House
1 October 2021

[Launch of IPBES-IPCC Co-Sponsored Workshop Report on Biodiversity and Climate Change](#)

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services and the Intergovernmental Panel on Climate Change
10 June 2021

[G20 Note On Environmentally Sustainable Investment For The Recovery](#)

International Monetary Fund
29 April 2021

[Towards a wellbeing economy that serves people and nature](#)

European Environmental Bureau and Oxfam Germany
22 April 2021

[The Wellbeing Economy: Time to move Europe 'beyond GDP'](#)

World Wide Fund for Nature
23 September 2020

[Wellbeing Matters—Tackling growth dependency](#)

Centre for the Understanding of Sustainable Prosperity for the APPG on Limits to Growth
3 March 2020

[Building a wellbeing economy](#)

OpenDemocracy
11 June 2019

[About Doughnut Economics](#)

Doughnut Economics Action Lab

[Hooray for GDP! GDP as a measure of wellbeing](#)

Centre for Economic Policy Research
22 December 2012

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Further Reading

[What role does trade policy have in addressing climate change?](#)

House of Commons Library

17 November 2021

[COP26: the international climate change conference, Glasgow, UK](#)

House of Commons Library

12 October 2021

[Climate change: an overview](#)

House of Commons Library

12 October 2021

[Climate Change Explainers](#)

House of Commons Library

24 June 2020

[Wellbeing as an Indicator of National Performance](#)

House of Lords Library

5 March 2020

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