

All-Party Parliamentary Group on Wellbeing Economics

'Political Perspectives on Wellbeing' event held on Wednesday 25 November 2009 in Committee Room 12 of the Houses of Parliament.

The meeting started at 4.30pm

Summary

Jo Swinson MP welcomed everyone to the APPG on 'Political Perspectives on Wellbeing' and introduced the three main speakers.

Lord Layard:

Lord Layard described the importance of happiness; that we all want to be happy and want our children to be happy. Governments should create the conditions for this, which is not the same as forcing people to be happy. Lord Layard advised that we should look at the role of income and relative income in relation to happiness, but that we also need to look at the role of other causes of happiness, for example, relationships (family, community) and work. Governments should become more involved in promoting the conditions for good relationships in families and communities via the key routes of parenting and mental health.

Lord Layard also emphasised the importance of professionally delivered PSHE (personal, social, health and economic education) in schools; that there should be psychological support for parents who have difficulties with their children and each other; the IAPT (Improving Access to Psychological Therapies) programme on the NHS; and why young people need to get off to a good start in life with meaningful work and skills. Lord Layard said that wellbeing research implies that the stability of the economy is much more important than long-term growth because of how people feel about issues such as job security.

Rt Hon Oliver Letwin MP:

Oliver Letwin said that he agreed with much of what Lord Layard had said, but that he felt that economic stability was not achievable without growth, although this was a tiny quibble. Oliver Letwin focused his talk on the need to get more of the government machine to focus on wellbeing issues; he highlighted the sceptical reaction from the media when the Conservative Party produced their Quality of Life report. Although governments are measured on employment, family breakdown, etc, they are mostly measured on growth. He emphasised the importance of a measure that could act as 'something that rivals GDP'. The Conservative Party had been spending lots of time in the last 18 months regarding a serious and accepted rival measure to GDP but that there was a 'terrible danger' that if they were in government they would be under pressure to focus only on familiar political issues.

Oliver Letwin advised that there are a range of topics which politicians are not allowed to talk about because they are not deemed serious, for example being allowed to talk about family breakdown, but not about relationships or love, even though they are 'the hugest determinant of our wellbeing'. He called for the need for a pact between the parties to talk about wellbeing issues, and that we also need an alternative headline measure to GDP.

Chris Huhne MP:

Chris Huhne stated that the panel agrees with each other on this issue perhaps more than with others in their own parties. We need an alternative way of measuring welfare, but in politics and business if you can't measure something, then it can't be taken seriously. GDP is an activity measure but increased activity can lead to reduced welfare, e.g. car crashes, alcohol sales and carbon emissions all add to GDP but harm welfare. Chris Huhne argued that given the varying utility of extra income - £1 for an impoverished person is worth lots more in wellbeing terms than for a wealthy person – this creates a strong argument for progressive taxation. So could we add a welfare measure to GDP? Although there have been some attempts which adjust for obviously bad activities and depreciate for the use of natural resources, these adjusted measures might not tell us much. However, if it would provide some reassurance for those concerned with measurement, on balance he would be in favour of such a measure.

Chris Huhne stated that immaterial things are the most important things in life, especially relationships, but there has been no corresponding increase in wellbeing from huge economic growth. In modern life there is now less time for relationships and its therefore harder to achieve happiness through relationships. Chris

Huhne also emphasised the importance of work and the need for the government to join-up to tackle cross-cutting problems.

Q & A:

Questions were asked on spending on the NHS, inequality and wellbeing, the role of local government in promoting the wellbeing agenda, and the fact that there are alternative measures currently available, e.g. Eurobarometer, World Values Survey, etc.

Rt Hon Oliver Lewtin MP: on public health it would be better if population health, not the number of treatments, were the goal; he was in favour of decentralised activity so that communities are able to experiment with social innovation; in the current recession we have not yet seen the sharpest increase in unemployment – this could be due to Working Tax Credit or that people might be accepting shorter hours and lower wages rather than unemployment because although this is less money, it is less of a blow to wellbeing than losing a job; and there is a need for a respectable measure.

Lord Layard: there are a number of measures that are available and that he is currently working with the Office for National Statistics on this issue. There is also work within local government and there is a need for everyone to use a common measure; life satisfaction is used most. However, raising average life satisfaction is not easy, hence there being a lack of enthusiasm for using it as an indicator. However, a measure based on life satisfaction multiplied by life expectancy would increase over time – this might persuade the Treasury to adopt it. It's important to replace GDP, but not with 25 indices; we need a single metric.

Chris Huhne MP: said that there was a story that traditionally Chinese people would pay their doctors when they are well, not ill; this is the right direction for incentives. The NHS does have a strong health ethos but its economic incentives are the wrong way round, similar to climate change and fuel use. He agreed with Oliver Letwin regarding decentralisation; it is crucial to innovation and creativity, and although natural in the private sector, it is difficult to arrange in the public sector. Commenting on the lack of decline in life satisfaction measures during the recession, he said that policymakers see polling measures as very soft and are wary because of the effects of things like sample size, question order, and what you ask.

Jo Swinson MP concluded the meeting at 5.30pm by thanking the speakers and everyone who had attended.

Susan Lee
Secretariat to the APPG Wellbeing Economics
nef (the new economics foundation)
020 7820 6339
susan.lee@neweconomics.org