



21ST CENTURY WELLBEING ECONOMICS: THE ROAD TO RECOVERY, RENEWAL & RESILIENCE

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A 21ST CENTURY INSURANCE PLAN FOR ECONOMIC RECOVERY & RENEWAL APPLIED TO EUROPE

INTRODUCTION: TRANSFORMATIONAL ECONOMICS FOR WELL BEING

This paper sets out a possible insurance plan for Europe's long term economic recovery and renewal, building on years of transformational change and systems logic, immediate policy changes spurred by the European Green Deal and growing citizen openness for a healthier, more sustainable and more resilient future post COVID-19. The foundational thinking for this paper is anchored in the **"Limits to Growth Project on the Predicament of Mankind"** and 50 years of multi-disciplinary and systems thought leadership spearheaded by the Club of Rome and its members.

Let us not forget that the intent of the **"Limits to Growth Project"** in 1972 was to:

"examine the complexity of problems troubling men of all nations: poverty in the midst of plenty; degradation of the environment; loss of faith in institutions; uncontrolled urban spread; insecurity of employment; alienation of youth; rejection of traditional values; and inflation and other monetary and economic disruptions".

These seemingly divergent parts of the "world problematique" as examined by the Club of Rome in 1972 have three characteristics in common which continue to resonate in the 21st century: ***"they occur to some degree in all societies; they contain technical, social, economic, and political elements and most important of all, they interact".***

The COVID-19 pandemic has exposed the vulnerabilities of health, social, economic, financial and political systems across the world and propelled us to a critical juncture that provides the opportunity and necessity to re-shape our future. Decisions made in the next year as we emerge from this crisis will set the contours of our human wellbeing for many years to come.

It is our responsibility as The Club of Rome to remind global decision makers that we have collectively wasted 50 years of valuable time. This is the moment to seize the growing shift in consciousness that COVID-19 has brought to the fore and embrace transformational and systems logic as solutions to the convergence of the current health – biodiversity loss – climate crises facing humanity.

Our societies are trapped in an age of short-term thinking. Only by extending our circle of care to future generations will it be possible to address the many challenges we face. Therefore, to "build back better"¹ we must accept that we will never be able to build back or recuperate our glaciers, perma frost, old growth forests or extinct species. But we can try to "bounce forward" stronger by learning from the COVID-19 crisis and understanding the tipping points that led to the pandemic. We must address past failings, seize present opportunities and create future proof systems in order to emerge from emergency into a healthier, sustainable future for all. This requires governments and citizens to recognise that we are still in a planetary emergency created by humanity's thirst for economic growth at all costs and a disrespect for our planetary boundaries.²

¹ See Guterres, Antonio, UN Secretary General, opinion piece in The Guardian newspaper, 2nd April 2020: 'Recovery from the coronavirus crisis must lead to a better economy'

² https://clubofrome.org/wp-content/uploads/2020/02/PlanetaryEmergencyPlan_CoR-4.pdf



IT IS IMPORTANT TO RECOGNISE THAT THE PLANET IS FACING A DEEPER AND LONGER-TERM CRISIS, ROOTED IN A NUMBER OF INTERCONNECTED GLOBAL CHALLENGES, SUCH AS RISING SOCIO-ECONOMIC INEQUALITIES, GROWING SOCIAL MALAISE, CLIMATE CHANGE, MASSIVE BIODIVERSITY LOSS AND ENVIRONMENTAL DEGRADATION.

LESSONS FROM COVID-19

The COVID-19 pandemic has savagely exposed our global vulnerability to the onset of a highly contagious and often deadly virus for which no effective vaccine presently exists. More importantly, it has shown us the convergence of the public health, climate and biodiversity crises and the impact of an over populated world living well beyond its means and the planetary boundaries.³

To mitigate and manage future risks, this pandemic must be recognized and responded to not as a singular threat but as one crisis in a series of continuous shocks. It must fundamentally serve as the learning for transforming our economic, social and financial systems by design not by disaster. Citizens have all been impacted by the crisis in different ways but one common outcome has been the swift adaptation by many to a COVID world even if some have refused to accept prescriptive health and security measures.

Across the EU, Member State governments are struggling to understand how to rebuild their economies, protect employment and restore prosperity. However, not all seem ready to either address the fundamental systemic weaknesses exposed by COVID-19, nor link the immediate recovery with the converging tipping points that are quickly accelerating climate change and ecosystem loss.

The EU is experiencing the biggest health pandemic and economic collapse in its history. Forecasts by the European Commission predict a deep and uneven economic recession, with the EU economy expected to shrink by 7.5% in 2020 - a far deeper reduction than the 2008 financial crisis.⁴

Governments will exit this crisis with significantly higher levels of unemployment and with levels of public debt not witnessed since the Second World War. Many governments recognise the urgent need to address the underlying economic and social inequalities that have made this pandemic so devastating, but few seem equipped – with the political will or the right policies – to do so.⁵

How the EU region responds to the pandemic as a bloc will determine its credibility in the eyes of citizens and the rest of the world. Failure to act in the long-term interests of citizens, to protect their health and wellbeing and ensure an equitable and inclusive recovery, could create an existential crisis for the bloc. Most importantly it will not lay the foundation for the transformational resilience needed to both ensure a more positive future across the region and an exciting new sustainable pathway for economic development across the globe led by the EU.

The European Commission's promise to anchor the European Green Deal (EGD) with environmental and social conditions attached to recovery funding marks a step in the right direction.⁶ But the European Green Deal is only part of an important series of stepping stones in the short term to real systems change in the long term. The proof of its effectiveness will be in its implementation as well as the immediate choices taken by Member States vis a vis a green and social recovery rather than Business as Usual policies and bail out schemes.

³ Weizsäcker, Ernst Ulrich; Wijkman, Anders; et al. 'Come On! Capitalism, Short-termism, Population and the Destruction of the Planet', Springer 2018

⁴ See European Commission Spring 2020 Economic Forecast, published 6 May 2020

⁵ See Wilkinson, Pickett; Why coronavirus might just create a more equal society in Britain, The Guardian, May 2020

⁶ See European Commission Communication: Europe's Moment: Repair and Prepare for the Next Generation, COM (2020) 456 final, 27 May 2020

SUSTAINABLE WELLBEING & INCLUSIVE ECONOMIC PLANNING

Important as it is, emergency financial support will not in itself effect lasting solutions. In the short term, the EU must also strengthen the European Social Model, through the full implementation of the principles and rights embodied in the European Pillar of Social Rights at the European level and in all EU Member States. With its key objectives of equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion, the legal base exists for a more comprehensive and ambitious implementation of the Pillar to enable it to serve as the building blocks of a new EU social contract with all of Europe's citizens. This could help to both ensure societal and territorial cohesion with intergenerational solidarity and address the growing inequalities that have exposed many EU citizens to the worse economic and social impacts of COVID-19.

Enhancing the resilience of our economic model and increasing the health, wellbeing and resilience of our citizens and communities are of top priority so that all Europeans are better protected and prepared now and in the future for further crises and future pandemics.

Going back to BAU will only create more crises whilst building in resilience and solutions for a more positive future will guarantee both a possible “emergence from emergency” and a more equitable and holistic economic model. The transformative shifts towards more resilient economies and societies in the long term should be designed in line with the UN's Sustainable Development Goals (SDGs) for 2030 and the Paris climate agreement. These shifts would also recognize the limitations of GDP as a measure of prosperity and growth by aligning to alternative growth indicators that measure environmental externalities, human health and wellbeing.⁷ By leaving no one behind, social inclusiveness will become the foundational element in the economic and social transformation that we are calling for.

This requires policy-makers to move away from the out-dated 20th century linear economic model that promotes GDP growth “at all costs” to a new economic system fit for 21st century global challenges. Such a system would have a new economic purpose with a greater focus on economic, social and environmental wellbeing recognizing the need for a genuine balance between people, prosperity and planetary boundaries.

In 1972 The Club of Rome's *Limits to Growth* report warned that humanity's quest for unlimited growth in population, material goods and resources on a finite planet, would eventually result in the collapse of its economic and environmental systems. Over the years non-linear economists have proposed different approaches to measuring economic development and well being replacing GDP growth as a valid index for a holistic human development within the planetary boundaries. However, so far economic development and policy-making – with a few exceptions – continues along conventional tracks.

Much has been written recently about building a better or different economic model going forward. Indeed, there is growing interest and momentum among thought leaders, economists, academic experts and policy-makers at different levels of government including the EU and internationally in new economic models of prosperity and wellbeing for the 21st century and their application in practice, particularly around collective wellbeing as a broader framework for capturing the social, economic and environmental priorities of governments.

An increasing number of academic experts are advocating for a wellbeing economy⁸, in particular Professor Robert Costanza⁹, member of The Club of Rome. Similar approaches have been applied in different models by Club of Rome members Tim Jackson, in Prosperity Without Growth scenarios,¹⁰ and Kate Raworth, in Doughnut Economic models.¹¹

A wellbeing economy: ***“recognises that the economy is embedded in society and the rest of nature. It must be understood and managed as an integral, interdependent system of social relations that pursues balance and prosperity, rather than the maximisation of production and consumption. It is an economy that values both social and natural dimensions as fundamental components of national wealth and as critical factors in determining wellbeing”***.¹²

The Wellbeing Economy Alliance (WEAll)¹³ has identified, ***‘regenerative; cooperative and collaborative; and purposeful’*** as the three building blocks necessary for creating a wellbeing economy. WEAll has also set out the following 10 key principles of a wellbeing economy:¹⁴

1. regenerated ecosystems and extended global commons;

2. a circular economy serving needs rather than driving consumption from production;

3. people feeling safe and healthy in their communities, mitigating the need for vast expenditure on treating, healing and fixing;

4. switching to renewables, generated by local communities or public agencies, wherever possible;

5. democratic economic management (in terms of power, scale and ownership) and participatory democracy principles with government responsive to citizens;

6. purpose-driven businesses with social and environmental aims in their DNA, using true-cost accounting;

7. economic security for all, and wealth, income, time and power fairly distributed, rather than relying on redistribution;

8. jobs that deliver meaning and purpose and means for a decent livelihood;

9. recognizing and valuing care, health and education in the ‘core’ economy outside the market; and

10. focusing on measures of progress that reflect real value creation.¹⁵
- ⁷ The recent shift away from high GDP predictions in China (no matter China's true intentions) demonstrates that GDP growth at all costs may not be the answer moving forward.

⁸ Costanza, Robert, 'COVID-19 and the transition to a sustainable wellbeing economy' Solutions Journal, May 2020; Costanza, Robert et al, Sustainable Wellbeing Futures, Edward Elgar Publishing, May 2020.
- ⁹ Coscieme, L., et al. 'Overcoming the Myths of Mainstream Economics to Enable a New Wellbeing Economy', Sustainability Journal, published 13 August 2019, 11, 4374, 2019.

¹⁰ Jackson, Tim, 'Prosperity Without Growth. Economics for a Finite Planet', Earthscan publishing 2009 (first edition); 2017 (second edition); <https://timjackson.org.uk/ecological-economics/pwg/>; see also the Centre for the Understanding of Sustainable Prosperity (CUSP) at <https://www.cusp.ac.uk>. Professor Jackson's approach forms the basis for the own-initiative opinion adopted by the European Economic and Social Committee in January 2020 on "The sustainable economy we need", which advocates for the building of a wellbeing economy. <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/sustainable-economy-we-need-own-initiative-opinion>

¹¹ Raworth, Kate, 'Doughnut Economics: Seven ways to think like a 21st century economist', Penguin books, 2017; see also, <https://www.kateraworth.com/doughnut/>. Amsterdam is pioneering the world's first City Doughnut economic model at the local level. This was launched in April 2020 as a tool for transformative action to help the city rebuild its economy post COVID-19 & address local socio-economic and environmental shortcomings. For example, see: <https://www.kateraworth.com/wp/wp-content/uploads/2020/04/20200406-AMS-portrait-EN-Single-page-web-420x210mm.pdf>

¹² Costanza, Robert, 'COVID-19 and the transition to a sustainable wellbeing economy' Solutions Journal, May 2020.

¹³ WEAll is a new global collaboration of organisations, alliances, movements and individuals advancing the case for building wellbeing economies. See here: <https://wellbeingeconomy.org>

¹⁴ Trebeck, Katherine, *A New Economy for All*, UN Association, 19 June 2019 'Wellbeing Economy Alliance, 'What is a wellbeing economy? Different ways to understand the vision of an economy that serves people and planet', Lisa-Hough Stewart, Katherine Trebeck, Claire Sommer, and Stewart Wallis, 3 December 2019. <https://wellbeingeconomy.org/wp-content/uploads/2019/12/A-WE-Is-WEAll-Ideas-Little-Summaries-of-Big-Issues-4-Dec-2019.pdf>

¹⁵ WEAll has also set out the following 10 key principles of a wellbeing economy
- 6

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TOOLS: INDICATORS FOR MEASURING WELLBEING

Various frameworks of measurement have been developed over the years with the aim of going beyond GDP as the sole measure of a country’s economic success.

These include for example:

- **The Genuine Progress Indicator (GPI)**
- **The Social Progress Index**
- **The Happy Planet Index**
- **The UN Development Programme’s Human Development Index (HDI)**
- **The OECD Regional Wellbeing and Better Life Index**
- **Oxfam’s Humankind Index for Scotland**
- **World Bank Wealth Accounting and Valuation of Ecosystem Services (WAVES)**
- **UNDP–BIOFIN (Biodiversity Finance Initiative)**

Crucial within such frameworks are the actual measures and indicators for measuring what truly matters to people since it is these indicators that will help to steer public policies in a way that will support the transition to an economy focused on the wellbeing of people and planet.

The key to success is the translation of a well being economy into a framework of integrated policy instruments and alternative metrics of progress that are better aligned to a new economic purpose of collective wellbeing – and applying these across the EU.

Measuring what matters is therefore even more relevant post COVID-19 by ensuring the following:

- **Bundling new economic measures and indicators of wellbeing and social progress** in a way that values wellbeing, health and nature rather than being fully dependent on growth as measured by GDP;
- **Aligning EU economic policy with what matters to European citizens and communities and what they regard as “essential”.** These shared values will guide the policies and investment needed for an economy that delivers enhanced collective health and wellbeing.
- **Aligning the EU’s policy framework with the pursuit of collective, sustainable and inclusive wellbeing rather than narrow GDP growth.**

Moving beyond GDP and embracing a broader range of value based economic and financial indicators focused on wellbeing is already being discussed in several countries as well as across the Multilateral Development Banks (MDBs), financial institutions and private banks.

¹⁸ See: <https://wellbeingeconomy.org/iceland-government-unveils-wellbeing-framework>; <https://wellbeingeconomy.org/how-iceland-is-already-using-its-wellbeing-framework-in-tackling-the-covid-19-crisis>

¹⁹ New Zealand’s government adopted the world’s first wellbeing budget in May 2019. See: <https://www.treasury.govt.nz/sites/default/files/2019-05/b19-wellbeing-budget.pdf>; <https://www.treasury.govt.nz/publications/wellbeing-budget/wellbeing-budget-2019.html#section-1>; <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>

²⁰ The wellbeing approach of the Welsh government is set out in the 2015 Wellbeing of Future Generations (Wales) Act. The Act also established a Future Generations Commissioner for Wales who acts as the “guardian of future generations”. For more details, see: <https://www.futuregenerations.wales>

²¹ <https://www.gov.scot/groups/wellbeing-economy-governments-wego/>

²² Each of the WEGo governments has adopted different approaches in applying amore holistic wellbeing economic model to their public policy and budgetary frameworks. Indicators range from 81 in Scotland, 39 in Iceland and 38 in New Zealand.

²³ In a statement to the Scottish Parliament in May 2020 on Scotland’s economic recovery post COVID-19, the Cabinet Secretary for the Economy, Fiona Hyslop, stated that, “the time of a wellbeing economy has well and truly arrived”. See: <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=12658&mode=pdf>

²⁴ Finland’s Government progressed and advanced the concept of an ‘economy of wellbeing’ as one of its key priorities during Finland’s presidency of the Council of the EU (July - December 2019), which led to the adoption of Council conclusions in October 2019. Further details about Finland’s ‘economy of wellbeing’ approach are available here: <https://valtioneuvosto.fi/en/-/1271139/tvo-hyvinvointitalouden-edistamiseksi-jatkuu>; see also <https://valtioneuvosto.fi/en/-/1271139/on-aika-ottaa-hyvinvointitaloudesta-uusi-suunta-paatoksenteke-1>

²⁵ The Canadian Minister for Middle Class Prosperity, Mona Fortier, has been tasked with finding measures that will “better incorporate quality of life measurements into government decision-making and budgeting, drawing on lessons from other jurisdictions, such as New Zealand and Scotland”. See: <https://nationalpost.com/news/politics/liberal-budget-could-focus-more-on-personal-happiness-less-on-countrys-financial-condition>

At the government level, the Group of Wellbeing Economy Governments (WEGo)¹⁶ currently comprising Scotland¹⁷, Iceland¹⁸, New Zealand¹⁹, and recently Wales²⁰, have embraced a true paradigm shift based on a more holistic economic model that puts people-planet-prosperity at its core in line with the SDGs and the Paris climate agreement.²¹ The core objectives of WEGo are to:

- 1. Progress** towards the UN SDGs, in line with Goal 17, fostering partnership and cooperation to identify approaches to delivering wellbeing;
- 2. 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;
- 3. Address** the pressing economic, social and environmental challenges of our time.

They are leading the way in developing and implementing wellbeing policies plus putting in place indicators that are outcome focused and prioritise life expectancy, inequality, clean environment, access to public services, such as housing, health, education, etc.²² The categorization of their indicators are broadly similar in terms of what they are actually measuring in relation to current and future wellbeing. This is outlined in the box below:

ECONOMIC INDICATORS:	SOCIETAL INDICATORS:	ENVIRONMENTAL INDICATORS:
<ul style="list-style-type: none">• Jobs/employment• Incomes (equality, poverty)• Fair work & business• Employment & economic conditions• Housing (quality, access, etc.)	<ul style="list-style-type: none">• Health and social care (equity, life expectancy, mental health, quality & access)• Education (knowledge, skills)• Communities, social connections, social capital• Culture• Children & young people	<ul style="list-style-type: none">• Environmental protection & climate (clean environment)• Land use (land reclamation, protected areas, access to green and blue spaces)• Energy• Air & water pollution• Waste & recycling

The establishment of WEGo is a significant shift towards the application of well being economics. For the first time, there is a group of countries, led by Scotland²³, indicating that there is an alternative development pathway to GDP growth. This responds to the joint 21st century needs of people-planet-prosperity and collective wellbeing. In the midst of the COVID-19 crisis, human and planetary health and wellbeing are increasingly recognised as crucial foundations for government goals, which will help rebalance priorities in favour of public health, social justice, resilience, environmental sustainability, and climate action. This is reflected in how the wellbeing governments have responded to the immediate public health crisis and underpins their plans for ensuring a just and fair green economic recovery post COVID. WEGo is collaborating with other nations across the globe, such as Finland²⁴ and Canada²⁵, in this regard.

¹⁶ In October 2017 interested governments in the wellbeing economy concept met in Glasgow, Scotland with academic experts and the OECD to discuss the idea of creating an international network of governments through which to share expertise, learnings, best practice & policies for building a wellbeing economy. The idea was instigated by the Wellbeing Economy Alliance (WEAll) team, who continue to support the further development of this network. WEGo was launched at the OECD Wellbeing Forum in South Korea in November 2018 by Scotland, Iceland and New Zealand as the three founding members with an invitation to other governments to join them. The secretariat is provided by the Office of the Chief Economist in the Scottish Government.

¹⁷ Delivering wellbeing is key to the Scottish Government’s approach to the economy and is embedded at the centre of Scotland’s National Performance Framework. See: <https://nationalperformance.gov.scot>; <https://www.gov.scot/news/the-first-ministers-led-talk/>; <https://www.gov.scot/publications/wellbeing-economy-alliance-conference/>

SECURING POLITICAL CONSENSUS:

Political consensus around wellbeing for people and planet is an indispensable prerequisite for success. This can be done through an outreach programme linked to the European Climate Pact, which will also ensure that integrated messaging between people, planet and prosperity is core to the European Green Deal.²⁶

Securing political consensus across all 27 EU Member States will be difficult, given that they will be coming from different economic, social and political starting points. The short term costs of policy adaptations required will be higher in some Member States than in others. The principle of solidarity must therefore be hard-wired into the EU reform agenda, the European Semester process and the Multi-Annual Financial Framework (MFF).

The immediate risk is that Member States will default to economic and social strategies for exiting the COVID-19 pandemic that are neither coordinated nor oriented to the long-term needs of people-planet-prosperity.

EU policy frameworks and interventions must therefore be designed to encourage and, where appropriate, direct national policies to enhance health and wellbeing, strengthen resilience and support the sustainable jobs and industries needed to underpin a healthy recovery. The EU has a range of policy tools it can use to achieve this.

The EGD sets out many of the core policy elements needed to position health and wellbeing at the heart of the EU recovery (e.g. Farm to Fork, Biodiversity, Climate Neutrality, Circular Economy, Clean Energy and Industry, Sustainable Finance, Sustainable Mobility, and Just Transition). To truly achieve a wellbeing economy, however, the EU and national governments must implement such policies in the short term and simultaneously build longer term systems change.

Clearly, the implementation of an ambitious European Green Deal package of legislation is fundamental and will demonstrate to the Member States the true notion of a political and economic Union that brings all Europeans together. Failure will be both a disaster for the future of the Union and for the globe. Success also rests however on pushing an underbelly of economic and financial indicators that truly ensure resilience and foster wellbeing whilst reconfiguring public policy for improved wellbeing across a broader range of areas.

Changes – potentially radical – to national policies will be required. The EU can support these reforms directly by adapting its common policies and encouraging best practices across all Member States.

A series of short-term economic interventions can start to build a foundation for long-term systems change. A noble start would be to place greater economic value on essential jobs and services that support a healthy environment, instead of economic growth. This is already being discussed in several countries. For example, this broader approach is informing policy development in the Wellbeing Economy Governments. Attaching environmental and social conditions to recovery programmes would also send the necessary signal that building back better does not equate to business-as-usual economic growth grounded on highly polluting incumbents.

²⁶ The European Commission launched a public consultation on a new European Climate Pact in March 2020. This is a broad initiative for citizens and stakeholders to design new climate actions, share information and showcase solutions. More information is available here: https://ec.europa.eu/clima/policies/eu-climate-action/pact_en

A VIRUS A THOUSAND TIMES SMALLER THAN A GRAIN
OF SAND EXPOSED HOW DELICATE LIFE CAN BE.

IT LAID BARE THE STRAINS ON OUR HEALTH SYSTEMS AND THE
LIMITS OF A MODEL THAT VALUES WEALTH ABOVE WELLBEING.

IT BROUGHT INTO SHARPER FOCUS THE PLANETARY FRAGILITY
THAT WE SEE EVERY DAY THROUGH MELTING GLACIERS, BURNING
FORESTS AND NOW THROUGH GLOBAL PANDEMICS.

EUROPEAN COMMISSION PRESIDENT, **URSULA VON DER LEYEN**

HARDWIRING WELL BEING, RESILIENCE & RENEWAL IN THE EU COVID-19 RECOVERY:

To address the scale of the planetary and health emergency and guarantee a just transition for all, we must: urgently start to shift the economic, social and financial system to one that enhances resilience, secures the long-term health and wellbeing of people and planet; restores the balance between people and nature; and rebuilds, improves and regenerates our economies.

We must also immediately implement transformational environmental and social policy as well as properly cost environmental externalities, as per the recommendations below:

HEALTHY PEOPLE WITHIN A HEALTHY EUROPE

- **Increase investment and resilience** in health and social care systems and workers to prevent disease and deal effectively with further outbreaks and other shocks. Accelerate efforts to move towards Universal Health Coverage, recognising health care as a human right for all.
- **Facilitate access to health and care services for all**, and ensure fair and equitable access to affordable and safe COVID-19 tests, vaccines and treatments to every country across the world.
- **Protect and redevelop** high quality, accessible and effective public services related primarily to health and social care, education, access to clean water and air, energy and public transport.
- **Situate wellbeing, health and climate policies** at the heart of the annual EU budget and the longer term Multi-Annual Financial Framework (MFF) as well as the European Semester process. Spending and allocation of resources must be geared towards improved health and wellbeing, emissions reductions and the regeneration of nature. This starts with the implementation of the European Green Deal and the Just Transition.
- **Adopt just transition plans** to support sectors (e.g. agriculture, oil & gas, coal, etc.), workers and communities make the transition from high carbon to net zero.
- **Develop appropriate metrics to measure wellbeing progress** and integrate wellbeing indicators into Member State National Reform Programmes and their recovery and resilience plans.
- **Prioritising wellbeing outcomes across all EU public policies**, including bilateral and multilateral trade agreements, and devising cost-benefit analytics of public policies in order to audit the wellbeing costs and benefits they present.
- **Adapt EU analytical tools**, policy interventions and measurements, impact assessments and better regulation, reporting and verification. accordingly.
- **Establish proper knowledge exchange platforms** alongside WEGo to ensure the sharing of best practices and benchmarking progress where appropriate as well as the implementation of wellbeing policies at different levels of government (e.g. cities, local, regional and national).
- **Redouble and re-focus efforts** to focus the Future of Europe conference on the wellbeing of all citizens and communities.



INVESTMENT (PUBLIC & PRIVATE)

- **Direct stimulus plans and private and public finance** towards profitable investments in win-win-win opportunities to reduce greenhouse gas emissions, promote material circularity and regenerative agriculture, restore nature, and support jobs and livelihoods.
- **Aligning all Member State funding** (including MFF, Just Transition Fund, The Recovery and Resilience Facility, and Horizon Europe) to the EU's Green Deal, the Sustainable Finance Taxonomy and applying "Do No Significant Harm" (DNSH) principles will help support the transition to a more equitable low carbon and circular economy that is anchored in nature based solutions and geared towards the public good. In addition, this must be accompanied by expanding significantly the criteria to include social impact investments and ensuring biodiversity is brought more firmly in to the criteria for do no significant harm.
- **Allow social investments for wellbeing** within the Stability and Growth Pact.²⁷
- **Redirect public procurement and public-private partnerships** to support low carbon investments and the circular economy. Key areas will be sustainable transportation, renewable energy, retrofitting of buildings, digital infrastructure and social housing, with public procurement focused on more local supply chains enhancing green products and social equity.
- **Specific measures should incorporate zero-waste strategies, circular economy processes and nature-based solutions** (including ending deforestation for animal food production, reforestation, agroforestry, regenerative agriculture, ecosystem restoration, renewable energy, energy efficiency to tackle fuel poverty and ensure affordable low carbon heating, sustainable and smart cities and clean transportation systems).
- **Launch a research and innovation mission** for the protection and restoration of biodiversity within Horizon Europe and ensure proper funding across Europe.
- **Continue to implement the recommendations** of the Financial Stability Board-Task force on Climate-Related Financial Disclosures to maximise climate opportunities and minimise risks, and implement a similar approach to natural capital.



EMPLOYMENT & SKILLS DEVELOPMENT

- **Align all educational programmes, skills development & retraining initiatives** – for young and old – with the just transition to net zero emissions.
- **Employment policies should aim to up-skill and reskill workers**, achieve social inclusion and guarantee the adaptation of the workforce.
- **Make sure that essential services** such as the provision of health and wellness, teaching and caring for the elderly are re-valued and compensation schemes radically improved.
- **Use social security and welfare systems to reinstall the safety net** for all and pursue reforms to safeguard knowledge-intensive companies; strengthen a low carbon industrial base; stimulate new sustainable jobs.
- **Protect and enhance support for the creative sector** (arts, culture and creative industries) by specialist apprenticeships, skills development and training.

²⁷ The Stability and Growth Pact is a set of rules designed to ensure that the EU Member States pursue sound public finances and coordinate their fiscal policies.

- **Accelerate Europe's digital opportunities** by using the rapid digitalisation of services and higher education / further education as an opportunity for larger inclusiveness and access to life-long learning (i.e. access for the unemployed and excluded). Optimise digitalisation and artificial intelligence (AI) for enhancing people's lives and livelihoods.
- **Accelerate Europe's green transition towards a circular and regenerative economy** to minimise resource use and waste by aligning it with the digital transition and scaling up circular and sustainable business models, services and products that support re-use, repair, recovery, recycling and remanufacturing, including R&D subsidies, training programmes and investment support for SMEs.

FAIR INCOME & WORK

- **Explore the concepts of guaranteed jobs and guaranteed income** or comparable solutions.²⁸
- **Adopt measures that can raise incomes directly** for the most vulnerable: income tax reductions for poorer households, VAT reductions and increases in social security benefits.
- **Ensure that the fair work principle is promoted and supported across EU funding programmes**, business support and public contracts. Such a principle would commit businesses to invest in skills and training, no inappropriate use of zero-hours contracts, action to tackle the gender pay gap, genuine workforce engagement including with trade unions and paying the real living wage.

SUBSIDIES & TAXATION

- **Shift taxation from labour** to the use of all natural resources, final disposal, emissions to land, water and air.
- **End perverse fossil fuels and agriculture subsidies** and shift EU funds to large-scale health and low carbon infrastructure and services.
- **Make sure market prices reflect the true costs of production.** Introduce a meaningful price on carbon, natural capital accounting and net zero balance sheets and remove VAT from recycled and reused materials.
- **Introduce full-cost wellbeing taxes** on economic activities that diminish wellbeing and subsidies that enhance it.
- **Incentivise green and social services** and products via tax incentives, including incentives for research and innovation.
- **Create a Planetary Emergency Fund** that redirects harmful subsidies towards solutions that promote the nexus of low carbon infrastructure, health infrastructure and a just transition to more resilient wellbeing economies.

²⁸ See Wray, Randall L. et al.: 'Guaranteed Jobs through a public service employment program', Levy Economics Institute of Bard College, February 2018



“WE NEED A RE-ARTICULATION OF HUMAN DEVELOPMENT FOR THE 21ST CENTURY – TO REDIRECT PURPOSE FROM GROWING GDP TO SECURING THE WELLBEING OF PEOPLE AND PLANET. NOW IS THE TIME TO FOCUS ON MEASURES OF WELLBEING”.

DAVID KORTEN

CONCLUDING REFLECTIONS:

These are extraordinary times and our collective responses across the EU and beyond must recognize the inadequacies of mainstream economic orthodoxies for tackling the shared 21st century global challenges we face from COVID-19.

The pandemic is a transformative crisis that has exposed the vulnerabilities and lack of resilience of our health, social, economic, financial and political systems. Alongside key climate and ecosystem tipping points this health pandemic further highlights the importance of ensuring resilience to a multitude of convergent shocks across such systems and points to the need for greater sustainability, wellbeing and regeneration.

COVID-19 shows us that overnight transformational change is possible. It has made us rethink how we live, how we re-purpose our economy and, how we value what we create rather than purely how we grow as measured by GDP. Citizens are ready for and expecting change. They are looking to leaders to provide the necessary health care systems, jobs, leadership and direction – a new roadmap for a healthy humanity. As we have highlighted in this paper, some brave new policy leaders have already embraced a true paradigm shift based on a more holistic wellbeing economic model.

An optimized Europe for people-planet-prosperity is the positive narrative we need for Europe's future. This must be underpinned by a new vision for Europe where the wellbeing of all citizens is guaranteed measured by value based indicators and ensuring access to health, basic essentials (water, food, hygiene), employment and education and where people's lives and livelihoods are optimized within and by a regenerative economic system.

Europe's economy must be based on a shared understanding of what matters to its citizens and what they value and perceive as being "essential". Such a discussion should form part of the Future of Europe conference and would enable the building of a broad bottom-up consensus.

The Future of Europe conference needs to be convened as soon as is reasonably possible. It is an opportunity to assess a new, more resilient economy for Europe, its communities and its citizens. Deliberations from the conference should be driven by the implications, the consequences and the lessons that we must take from the COVID-19 pandemic. Central to those deliberations is the development of a new European model of sustainable wellbeing for all that is truly transformative for people, planet and prosperity across the economic, political, social and financial systems and the implementation of policies to strengthen Europe's resilience to further systemic shocks.

Almost 50 years ago the Limits to Growth warned that humanity's future would be defined not by a single emergency but by many separate yet related crises stemming from our failure to live sustainably. The science is clear and the evidence is here that we do not have another 50 years to waste.

This is the decade of action. With the brave leadership of the Von der Leyen Commission, now is the time to leverage, develop further and replicate in the EU the new economic models already being tested in some European countries and across the globe so as to offer real solutions for the transformational change people want to see in a post COVID-19 world.

Our societies are trapped in an age of short-term thinking. Only by extending our circle of care to future generations will it be possible to address fully the many challenges we face today and put in place the necessary short-term measures that anchor long-term systems change in areas like social equity and justice, health, climate change and ecosystem decline.

As we near the 50th Anniversary of the Limits to Growth and its seminal thinking, the Club of Rome has launched a new multi-disciplinary programme with world leading scientific, economic, health and development experts that builds on the growing openness in public and political consciousness to transformational systems change. We stand by ready to work with the EU and global policy leaders in creating the resilient economic and societal models we so urgently need.

AN ECONOMIC RECOVERY ROOTED IN LONG-TERM SUSTAINABILITY,
A JUST TRANSITION, HEALTH AND WELLBEING WILL GUARANTEE
RESILIENCE AND RENEWAL FOR CURRENT AND FUTURE GENERATIONS.

IT'S AN ECONOMY THAT IS:

**FOUNDED ON VALUE-DRIVEN INDICATORS
FOR PEOPLE-PLANET-PROSPERITY,**

DRIVING A NEW HUMAN AND PLANETARY CONNECTION,

**SHIFTING OUR RELIANCE FROM FINANCIAL CAPITAL
TO NATURAL AND HUMAN CAPITAL.**

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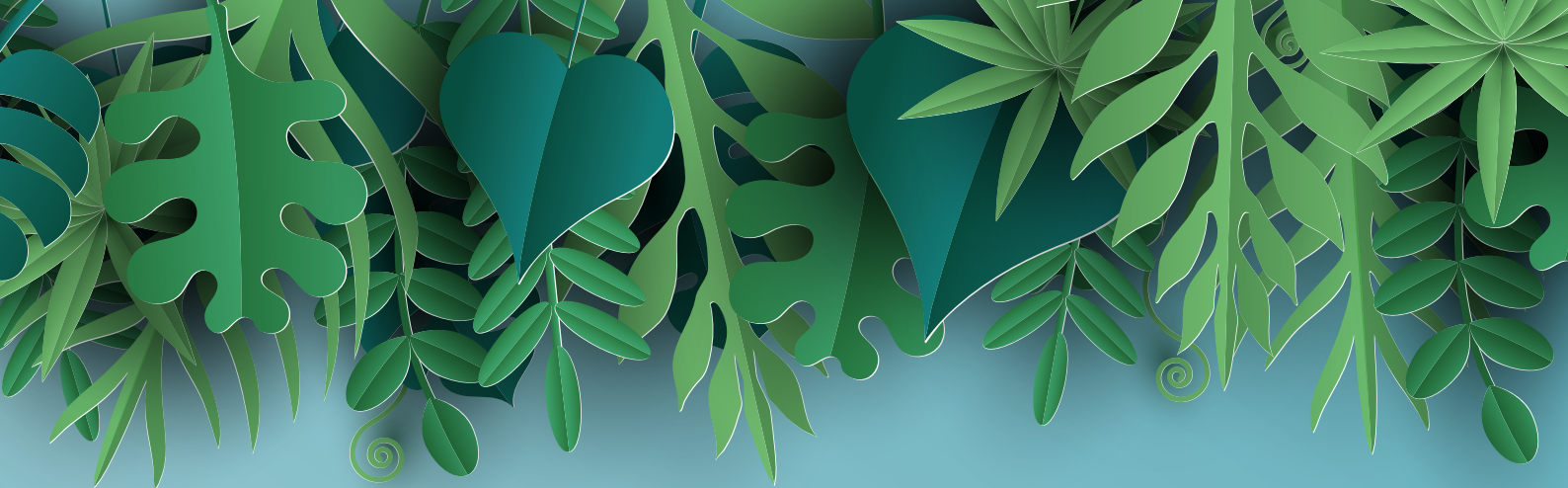
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