

Panel Series

Rethinking Well-being – How to keep Europe on the Sustainability Track

Panel I: Striving for a Living Economy – How to shift the Traditional Growth Paradigm towards Well-Being of Humans and our Planet

European Parliament, 13 January 2010

SUMMARY REPORT

On January 13th, the Bertelsmann Stiftung and the World Future Council (WFC) jointly organised the first of a set of three panel debates in the European Parliament under the common heading *Rethinking Well-being. How to keep Europe on the Sustainability Track*.

The panel series is hosted by three Members of the European Parliament: Rebecca Harms, Jo Leinen, and Sirpa Pietikäinen. Chaired by Dirk Hendricks from the WFC EU Liaison Office, the kick-off discussion dealt with the issue of how to shift the traditional GDP growth paradigm towards an EU economic model based on a more comprehensive understanding of human well-being.

Facing a well-informed audience, Thomas Fischer, Brussels Office of the Bertelsmann Stiftung, opened the debate by presenting three guiding questions for the event series. To what degree has the traditional, growth oriented economic model lost its explanatory power in the context of the current economic crisis? Do we need a paradigm shift towards alternative models in Europe? And should the Washington Consensus on the liberalisation of markets around the globe be re-evaluated?

In her presentation, Dr Maja Göpel, WFC, reminded the participants that economic growth was not an end in itself but that it represented a means to an end. By putting most emphasis on productivity growth, traditional economic model are prone to neglect other important factors with direct effects on the well-being of people. In keeping with the title of the panel discussion, Dr Göpel proposed the creation of a new “Living Economy” model integrating additional factors such as product quality, negative externalities on the environment caused by production processes and the natural boundaries of our planet.

Mr Olivier Giscard d’Estaing from the international graduate business school INSEAD at Fontainebleau, stressed that we needed growth, but that it ought to serve the right aim, namely to fulfil the basic needs of the people. Given that people and enterprises decide on their own how to spend or invest their resources, public authorities should give the right incentives for creating sustainable economic activities. In regards to European industry, he pointed out the

importance of harmonisation of working conditions at the global level for getting fair conditions of competition between industries in the European Union and the rest of the world.

Finally Mr Jakob von Weizsäcker, economist with the Brussels-based think-tank Bruegel, attracted the audience's attention to some dangers of a re-orientation of economic models away from the growth paradigm. Instead of forgetting about GDP, policy makers should take the crisis seriously and tackle it in the traditional macroeconomic framework. Although the latter might be refined with new thinking and tools, it would be unrealistic to think that much money will be spend on environmental issues in the coming years, given that governments around the globe face a surging debt. He also warned against heavy investment into new technologies that might quickly be outdated and against introducing new regulations which could unintentionally become very costly.

The following discussion between speakers and participants focused on the question of finding the right equilibrium between free market mechanisms and public intervention and on possible viable complements or alternatives to GDP as a measure of economic development. Most participants supported the idea that protection of the population's basic needs must be guaranteed by public authorities. While some participants were rather sceptical about new notions of economic well-being and questioned the explanatory power of alternative models, others pressed the panellists and the participants to intensify the search for alternative growth models.

In their closing statements, all the speakers concentrated on identifying opportunities for dealing with the current economic crisis and its long-term implications. In this vein, Mr Giscard d'Estaing expressed his confidence in new solutions arising from technological progress. Ms Göpel stressed the importance of increasing policy makers' capacity to make well-informed decisions. Mr von Weizsäcker reiterated his call for keeping GDP as the core measure of economic success and to refine the traditional model with new variables. Finally, Mr Fischer called for a new European economic and social model and measurement tools that strive for complementing the cost of GDP based growth instead of trying to substitute them.

The panel series will be continued by the second session on February 3rd where we will discuss a selection of most recent approaches to measure human well-being. On February 23rd the series will be concluded by a third panel focusing on policy recommendations and lessons learned for the renewal of the EU's Sustainable Development Strategy (EU SDS) which is pending in spring 2011.

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