

# Building a Wellbeing Economy in Scotland: Where next?

MSP briefing for the Scottish Government debate on Wellbeing Economy – March 2023

## What is a Wellbeing Economy?

*“A Wellbeing Economy is an economy that is in service of delivering good lives for all people and protects the health of our planet. A Wellbeing Economy would provide every person in Scotland with the means to live in dignity and safety, rapidly reduce environmental impacts to within planetary boundaries, and become nature-positive. It would do this while eliminating structural inequalities with regard to race, gender, sexual orientation and disabilities, and recognising our responsibilities towards future generations and people in other countries. A Wellbeing Economy would prioritise the things that really matter to us rather than following an outdated economic logic and then attempting to patch up the damage.”*

This is the [vision put forward by more than a hundred leaders from all areas of Scottish civil society](#), among them Poverty Alliance, STUC, IPPR, Friends of the Earth Scotland, as well as faith leaders and businesses in a joint statement. It is in line with the definition adopted by the worldwide Wellbeing Economy Alliance movement which has 19 national and regional hubs from New Zealand to Brazil.

The joint statement by civil society leaders further proposes that a successful Wellbeing Economy in Scotland would have to provide for the following five fundamental needs:

- **Purpose:** The collective wellbeing of people and planet is the driving goal behind decision-making. Economic activities and behaviours that contribute to this purpose are valued, and our institutions serve the common good.
- **Dignity:** Everyone has enough to live in comfort, safety and happiness. Poverty becomes a thing of the past.
- **Nature:** The economy operates well within planetary boundaries, enabling ecosystems to regenerate to provide a restored and safe natural world for all life.
- **Fairness:** The economy is designed to ensure a just distribution of income, wealth, power and time. Inequalities are reduced to a small fraction of today’s levels.
- **Participation:** The shape of the economy is determined by people’s active voices and is locally rooted. People participate in the decisions that affect their lives, whether it is in their countries, communities or workplaces. Participatory processes are designed to hear the voices of marginalised and oppressed groups.

In its [Wellbeing Economy Toolkit](#) the Scottish Government has presented a similar vision of a Wellbeing Economy as an “economic system operating within safe environmental limits, that serves the collective wellbeing of current and future generations first and foremost.”

## How close are we to a Wellbeing Economy in Scotland?

In the face of multiple and interlinked crises, the vision of a Wellbeing Economy has never felt more urgently needed. The Scottish Government's [Wellbeing Economy Monitor](#) shows starkly that, despite small progress in some areas, the Scottish economy continues to fall short of providing for these fundamental needs of a Wellbeing Economy. Too many people in Scotland are living in cold homes, skipping meals and falling behind on rent<sup>1</sup> while Scotland's 20 richest families own more wealth than 30 percent of the poorest citizens combined<sup>2</sup>. Life expectancy for the 20% of Scotland's population on the lowest incomes is falling.<sup>3</sup> At the same time, there are growing fears that Scotland's legal emission targets will be missed, and the Intergovernmental Panel on Climate Change recently warned that the world faces a "brief and rapidly closing window to secure a liveable future"<sup>4</sup>.

Our economy is not delivering for people or planet, because our current economic model is designed for and dependent on economic growth - as measured by Gross Domestic Product (GDP). This model does not take into account our quality of life and it does not address the increasing damage this model does to the natural world.<sup>5,6,7</sup> As a result the UK and Scottish Governments are spending hundreds of millions of pounds each year on failure demands that could be avoided in a better designed economy.<sup>8</sup> We need to redesign our economy towards a different model, that prioritises the collective wellbeing of people and planet and gets it right the first time round.

As a founding member of the Wellbeing Governments Partnership, Scotland has been a global leader in raising the ambition of a Wellbeing Economy and has made some important progress in putting it into action. With the national outcomes in the National Performance Framework we have a statutory framework setting out our wellbeing priorities, the Wellbeing Economy Monitor provides important updates on our progress, and there is a growing support for practices such as community wealth building, fair work, purposeful and democratic business models, the just transition agenda and circular economy.

But while these actions provide a good starting point, they are not yet adding up to the redesign of our system that is needed to address the magnitude and urgency of the challenges we are facing.

## How can we build a Wellbeing Economy?

While the challenge may feel daunting, the building blocks for creating a Wellbeing Economy are well known and many of them are tried and tested. The joint statement highlights nine areas where action is needed.

1. Ensure everyone has what they need to live with dignity and fully participate in society.
2. Bring the Scottish economy back within planetary boundaries.
3. Increase public investment in social and environmental infrastructure.
4. Build a Wellbeing Framework to set long-term priorities.
5. Distinguish between desirable and undesirable types of growth, productivity, investment and profits.
6. Align all private sector activities and investment with Wellbeing Economy needs.
7. Democratise economic governance and ownership to reduce inequalities in income and wealth.
8. Ensure that essential contributions to social and ecological wellbeing are fairly valued.
9. Consider our impact on people across the world and future generations.

All of these areas will require bold, sustained and long-term action, not only by the Scottish but also the UK government and local authorities. Not all the powers necessary to create a Wellbeing Economy lie with the Scottish Government, but this cannot be an excuse for inaction.

## What can the Scottish Government do in this parliament?

### **Transform the National Performance Framework into a Wellbeing Framework and strengthen its power and reach.<sup>9</sup>**

- Conduct a comprehensive engagement process to underpin the review of the National Outcomes so the people of Scotland have a voice in shaping the framework.
- Implement the promised Wellbeing and Sustainable Development Bill to put the wellbeing framework on a stronger statutory footing, bringing together and strengthening duties to put collective wellbeing and environmental sustainability at the centre of decision-making.
- Create a Future Generations' and Wellbeing Commissioner to bring a long-term lens to policymaking and provide support and scrutiny, following the example in Wales<sup>10</sup>.

### **Use devolved tax powers to share Scotland's wealth more evenly and support public investment in a strong social safety net, universal basic services, fair public sector wages and environmental improvements.**

- Use the next Budget to continue progressive moves to increase tax revenue more fairly and clearly set out both the distributional impacts of this and how revenue will be invested in areas that can help Scotland progress to a Wellbeing Economy, following the example of New Zealand.<sup>11</sup>
- Undertake wide-ranging public engagement to develop options to realise a fully progressive tax system, including fundamental reforms to income tax rates and bands.
- Produce a clear roadmap for reforming the regressive council tax, for utilising local tax powers for social and environmental goals and for the introduction of a land value tax

### **Facilitate a shift towards purposeful business practices and the democratisation of economic ownership and governance.**

- Deliver strong Community Wealth Building legislation that enables public bodies to make it the default approach to local economic development, ensuring that newly created wealth is shared fairly and benefits local communities.
- Reorient enterprise agencies and public business support to prioritise purposeful and democratic business practices, including social enterprises, cooperatives and employee-owned enterprises.
- Implement the recommendations of the Business Purpose Commission and make business purpose training (e.g. Scotland CAN B's [Impact Journey](#)) available to all businesses.
- Ensure that support for entrepreneurship, innovation and start-ups delivered as a part of the National Strategy for Economic transformation is focused on those businesses that can make the biggest contribution to a Wellbeing Economy and is tailored to different rural and urban contexts.
- Strengthen fair work conditions and extend them to other dimensions of a Wellbeing Economy, including environmental aspects and democratic governance structures. Options should be developed for better incentivising purposeful business – for example, reforms to non-domestic rates and the introduction of environmental levies.

## Find out more

Here are some key resources if you want to dive deeper into the topic:

- The full text of the [open letter and joint statement](#), including all the signatories.
- [WEAll Scotland's website](#) for more information on the Wellbeing Economy and our work in Scotland.
- [Global WEAll website](#) for more information on the work of the global alliance.
- [TEDx](#) talk by our co-founder Dr Katherine Trebeck
- [WEAll's Policy Design Guide](#) setting out how we can go about building a Wellbeing Economy, including lots of inspiring examples from around the world.
- [WEAll's Business of Wellbeing Guide](#) exploring how businesses can become part of a Wellbeing Economy
- [A Wellbeing Economy for Scotland](#), a position paper prepared by Dr Katherine Trebeck for the Citizen's Assembly of Scotland

This briefing was prepared by Dr Lukas Hardt. Feel free to contact Lukas at [lukas@scotland.weall.org](mailto:lukas@scotland.weall.org) if you want to find out more.

## References

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10. [The Future Generations Commissioner for Wales](#)
11. New Zealand Government, 2022. [Wellbeing Budget 2022: A Secure Future](#)

WEAll Scotland is a Scottish charitable incorporated organisation (SC049174). Principal office: Princes House, 51 West Campbell Street, Glasgow, G2 6SE