

How Happy is our Planet?

ultimate aims, ultimate costs

“There is no wealth but life” wrote John Ruskin deep in the 19th century. While this may seem controversial to some, it is almost a truism. What else can be of value to us as humans but our own lives and our own well-being? It doesn’t take a rocket scientist to recognise this. Aristotle argued that living and doing well is the highest good. Two millennia later, and the US Declaration of Independence entrenched the pursuit of happiness as a fundamental right for all citizens. When surveyed, people across the world echo these philosophical positions – the happiness and health of them and their families consistently ranks as more important than religion, status and, by a long way, wealth.

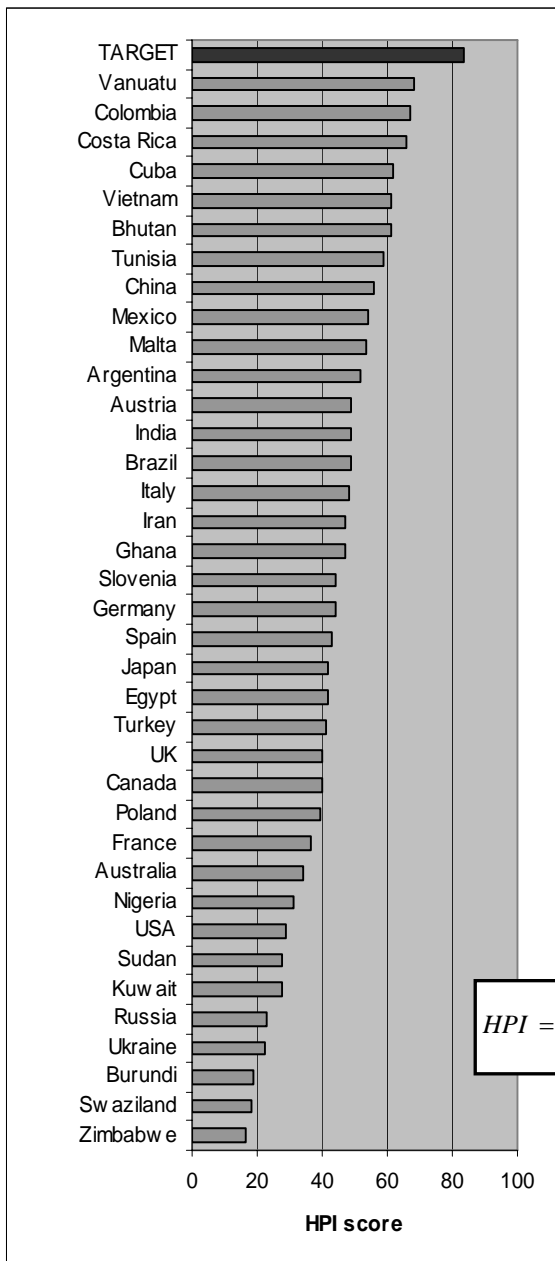
So, if well-being is the ultimate aim of society, what is the ultimate cost in achieving this aim? What is the fundamental input, without which there would be no well-being, for all the right-thinking? It’s not capital – which can be printed and revalued as and when required. It’s not labour – which is a very flexible resource, whose value depends on many factors. Rather, it is the planet we live on and its finite resources. With the environment at a tipping point and many resources rapidly becoming scarcer, well-being should only be pursued whilst mindful of the consumption of the Earth’s resources that it often implies. It should only be pursued ensuring that there are enough resources for the entirety of humanity to pursue it in a similar way, and guaranteeing that future generations, and indeed our own generations in 20 years time, shall also be able to pursue it in a similar way. Those are the conditions for sustainable, socially just well-being, and we argue that they should be the target for governments and societies across the world.

meaningless growth

Despite this, Western society for the last 70 years has measured success, not by well-being, nor by its ability to live within environmental limits, but by the rise and fall of GDP, with the implicit assumption that wealth correlates somehow with well-being. This has proved to be ill-advised for two reasons. Firstly we now know that economic conditions are only a small aspect of overall well-being, and that the two do not rise in tandem. Research suggests that, while GDP has been rising steadily across the world, there has been no corresponding rise in well-being. Also, while a basic level of economic provision is required to lead happy, healthy lives – cross-national data has shown repeatedly that this relationship plateaus at quite low levels of GDP. Our data show a few countries with a GDP per capita of only \$10,000 enjoy well-being as high as the wealthiest countries. For the 25 countries with GDPs above \$21,000, there is no significant relationship.

Even if economic growth *were* somehow to be found to be correlated with well-being, it would be unwise to use GDP as a single measure of it. GDP simply counts money spent, it does not pay attention to whether that money has been spent to improve one’s well-being, or whether it may in fact reflect negative phenomena. The \$800 million spent per year on petrol used in traffic jams in Los Angeles alone, is simply added on to the GDP for the state. Similarly, the increased economic activity required to recover from natural disasters or wars positively contributes to GDP – surely a perverse state of affairs?

Policy makers are finally acknowledging the shortcomings of using GDP as the central indicator of success. UK Prime Minister Tony Blair laments that “we have failed to see how our economy, our environment and our society are all one” arguing that “delivering the best possible quality of life for us all means more than concentrating solely on economic growth”. David Cameron MP, leader of the Conservative opposition in the UK, spells it out more clearly: “it’s time we focussed not just on GDP, but on GWB – general well-being”. Even the financial world is beginning to pay attention, with German giant Deutsche Bank releasing a paper entitled: “Measures of well-being. There is more to it than GDP”. However, whilst many options are emerging, for example the UN’s Human Development Index, there is still no consensus on what this ‘GWB’ should be.



Within the environmental realm, there is *slightly* more consensus. Perhaps the most well-recognised indicator, the *ecological footprint* pioneered by the WWF, attempts to quantify the amount of land required to sustain an individual and to neutralise their carbon emissions. It is not without its detractors, but has certainly captured the imagination of the UK's Secretary of State for Environment, Food and Rural Affairs, David Milliband MP, who is calling for "one-planet living" – i.e. living and consuming within the means of our single planet.

the ultimate indicator

Combining the aims of environmental sustainability and human well-being into one of sustainable, equitable, well-being intuitively makes sense. A report by the IUCN (The World Conservation Union) in January 2006 called for a metric that can measure "the production of human well-being (not necessarily material goods) per unit of extraction from or imposition upon nature". Six months later, although developed without knowledge of the IUCN's report, the centre for well-being at nef (the new economics foundation) launched more or less a direct response to this call - the *Happy Planet Index* (HPI).

$$HPI = \frac{\text{Life Satisfaction index} \times \text{Life Expectancy index}}{\text{Ecological Footprint index}}$$

Conceptually, the HPI is an efficiency measure. It measures the ecological efficiency with which, country by country, people achieve long and happy lives. In doing so, it is the first indicator that strips our view of the economy back to its absolute basics: what goes in

(natural resources) and what comes out (human lives of different lengths and happiness).

a long way to go

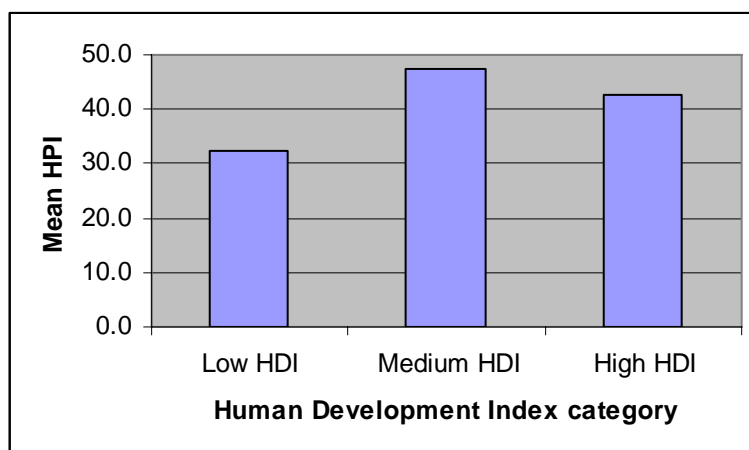
The results tell a sad story. No country can truly be regarded as successful. When achievable targets are set for each component of the HPI, no country is able to reach all three. Either well-being is less than ideal. Or, in those countries enjoying a high standard of well-being, the cost to the environment is too great – the country is living beyond its share of the planet.

	Life Satisfaction	Life Expectancy	Ecological Footprint	All three
Target	> 6.7	> 75	< 1.8	
% reaching target	34%	24%	46%	0%

Nevertheless, there are wide variations in performance from country to country, as the chart shows. Some countries are almost there. Colombia's high levels of life satisfaction and conformance to 'one-planet living' are let down by a life expectancy of just below 75 years. Life expectancy in Costa Rica is better, but its ecological footprint just goes beyond its fair share. In Cuba, both life expectancy and ecological footprint are within the target range, but its reported life satisfaction is a little below.

Those were the relative success stories. At the other end are countries that are performing much worse. The worst-off are sub-Saharan African countries, particularly those riddled by war or HIV, where well-being is abysmal. Nestled between them are many former communist countries, perhaps suffering from the rugged transition into a market economy. But not far above are many Western countries, most notably the USA (150th out of 178). While the USA enjoys well-being amongst the highest in the world (though not as high as GDP would have you believe), when one considers the efficiency of generating that well-being, it performs little better than Sudan. Other Western countries do fare better, but the highest placed OECD country is Mexico, in 38th place. This variation holds within its potential lessons. Germany's life expectancy is slightly better than the USA's, and its levels of reported life satisfaction are only slightly lower – yet it achieves this with half the environmental impact and as a result scores 15 points higher on the HPI. Progress can be made without reducing our well-being.

The Happy Planet Index is a map for such progress, for achieving sustainable well-being. It tells us no country is currently achieving it, but it also tells us what directions we might need to go in. Interestingly, it shows us that the countries doing best are not those that are economically wealthiest, nor even those that fare best on the UN's Human Development Index. The bar chart below shows the mean HPI for each of the UN's three categories of development: low, medium and high. The most 'developed' countries are actually *less* efficient.



However, like any tool, the HPI is not foolproof. For example, the ecological footprint is only a proxy for environmental impact and misses out some very serious failures of sustainability such as soil erosion. Nevertheless, at **nef** we believe it is important to measure what *matters*, not just what it is easiest to measure. The HPI is our attempt to move policy makers in that direction. As the component data improve, so too will the HPI, allowing us to paint a better picture of what sustainable well-being could look like. For one thing, it is clear that Western growth-based economies are not the way forward. The countries that fare best are typically those that have not fallen completely foul to the full-scale obsession with material consumption that the West has, but that have reasonable standards of living and sometimes even better health than many 'economically developed' countries. They are countries that have maintained their traditions, their social capital, their strong family bonds, and their *joie de vivre* (or perhaps '*alegría*'), and that have an appreciation for the natural beauty that surrounds them. If we are to take sustainable well-being seriously, it is these examples that we need to look at carefully.

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The full (un)Happy Planet Index report was written by Nic Marks, Saamah Abdallah, Andrew Simms and Sam Thompson.

You can find out more about the Happy Planet Index, and even calculate your own personal HPI score at:

www.happyplanetindex.org