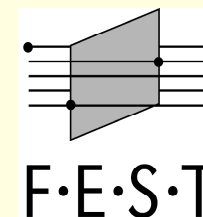


The National Welfare Index (NWI) as a potential instrument for the transition towards a degrowth society?

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Overview:

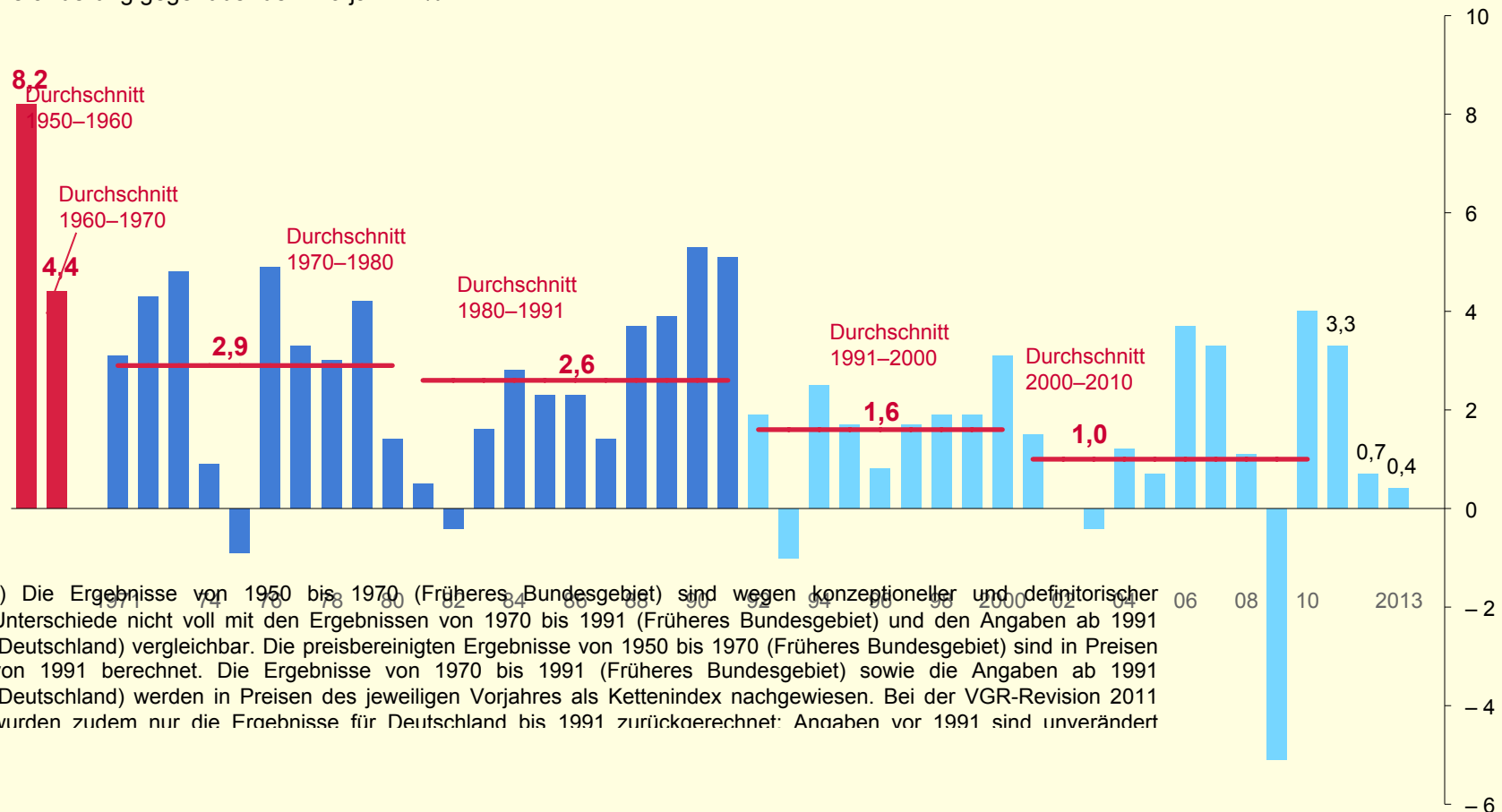
- 1. GDP growth rates still dominate the political strategy – A complement to the GDP is necessary**
- 2. The variety of efforts – a systematic approach**
- 3. How to measure degrowth?**
- 4. The National Welfare Index (NWI)**
- 5. NWI and degrowth**

Economic Growth in Germany: change of GDP, adjusted for price, compared to the year before in %

Wirtschaftswachstum

Bruttoinlandsprodukt preisbereinigt, verkettet *)

Veränderung gegenüber dem Vorjahr in %



*) Die Ergebnisse von 1950 bis 1970 (Früheres Bundesgebiet) sind wegen konzeptioneller und definitorischer Unterschiede nicht voll mit den Ergebnissen von 1970 bis 1991 (Früheres Bundesgebiet) und den Angaben ab 1991 (Deutschland) vergleichbar. Die preisbereinigten Ergebnisse von 1950 bis 1970 (Früheres Bundesgebiet) sind in Preisen von 1991 berechnet. Die Ergebnisse von 1970 bis 1991 (Früheres Bundesgebiet) sowie die Angaben ab 1991 (Deutschland) werden in Preisen des jeweiligen Vorjahres als Kettenindex nachgewiesen. Bei der VGR-Revision 2011 wurden zudem nur die Ergebnisse für Deutschland bis 1991 zurückgerechnet: Angaben vor 1991 sind unverändert

GDP is a product of many political decisions, based on normative considerations

Example: European System of Accounts (ESA) 2010 comes into practice beginning with Sep. 2014:

- research and development from now on regarded as investments, no longer as expenditures**
- weapon systems regarded as investments, no longer regarded as immediately consumed by the state**
- many other items included: prostitution, drugs by a more complete calculation**
- average impact in EU: + 2,4 %, in**
- USA: +3,5 %**

What should we measure ... in regard to degrowth ?

The economic process?

The state of nature?

The quality of life or the wellbeing of human beings?

Some of the important aspects of measurement beyond GDP:

- **Resource depletion and consumption of natural capital**
- **Environmental damage in spite of measures of environmental protection**
- **Environmental damage from natural disasters (of anthropogenic origin, at least by some degree)**
- **Immaterial damage to nature and landscape: desertification of landscapes**
- **Avoidance of damage and consequential costs in future**
- **Unequal income distribution**
- **Housework and voluntary work**

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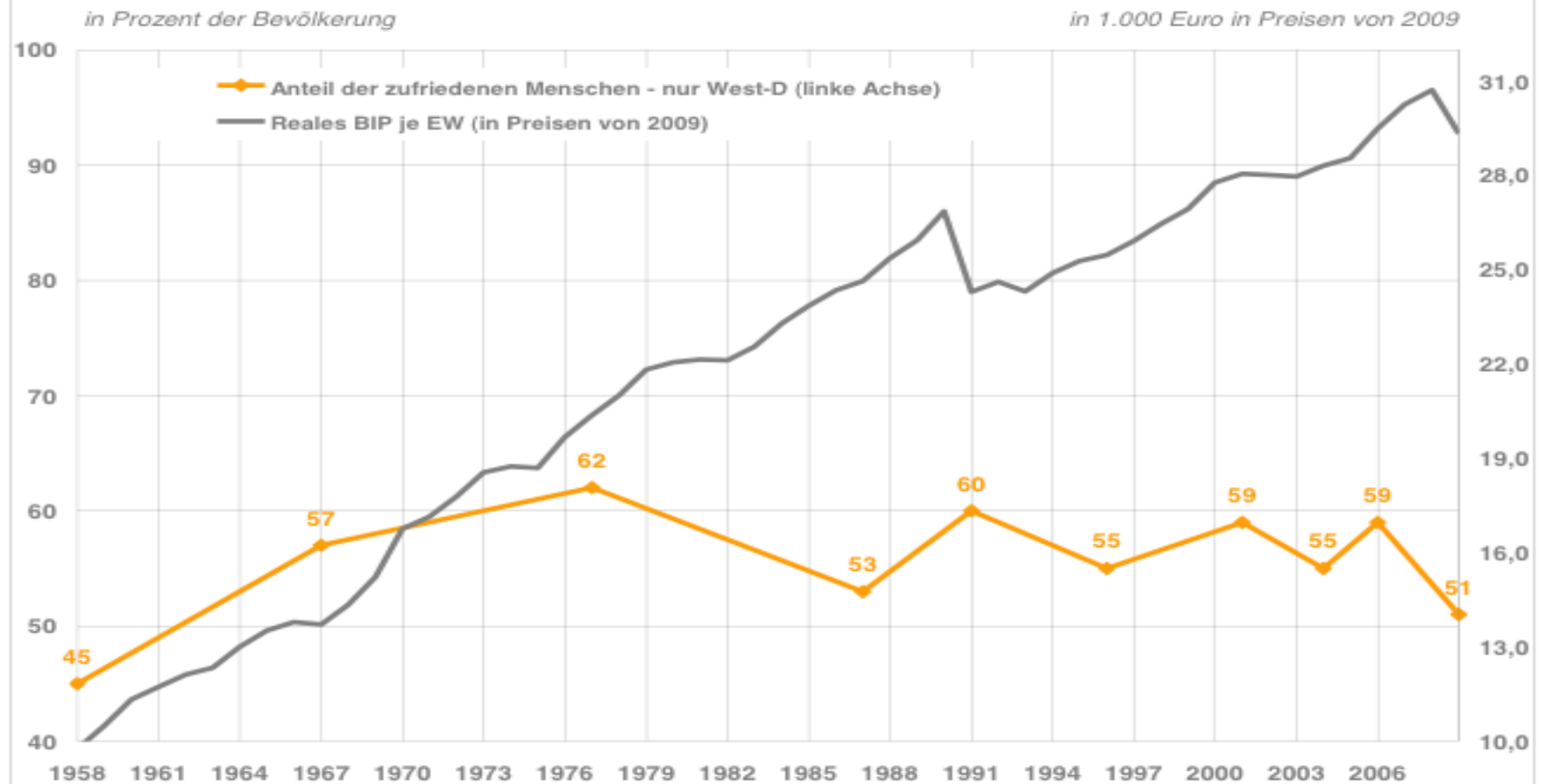
From „normal science“ towards a „scientific revolution“ beyond GDP:

- **Additional indicators and/or indicator systems:** 21 Indikatoren for the 21st century; „Wohlfahrts-Quartett“
- **Composite Indicators:** HDI, GNH
- **Alternative accounting:** MEW, ISEW, GPI, NWI

Additional indicators and/or indicator systems:

BIP and happiness

Schaubild 16: BIP je Einwohner und Lebenszufriedenheit in Deutschland 1958 bis 2009



Quellen: Statistische Bundesamt 2010, Institut für Demoskopie Allensbach, teilweise Berechnung Denkwerk Zukunft

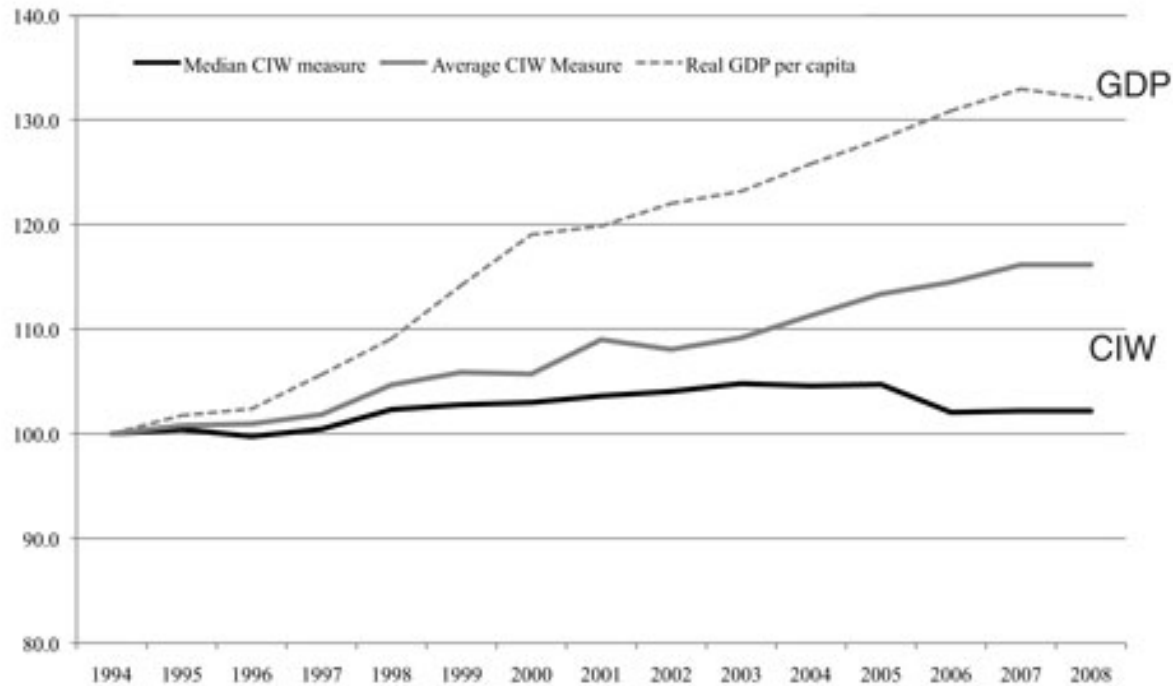
Additional indicators and/or indicator systems:

Alternative indicator system for national SD

Indikator 1: Siedlungsabfälle			Indikator 17: Lohnstückkosten		
Indikator 2: Wieder gewonnene Wertstoffe			Indikator 18: Arbeitslosenquote nach Geschlecht		
Indikator 3: Luftqualitätsindex			Indikator 19: Überschüsse bzw. Defizite der Außenhandels- und Kapitalverkehrsbilanz		
Indikator 4: Überschreitungen des Ozonwertes			Indikator 20: Entwicklung der Terms of Trade		
Indikator 5: Siedlungs- und Verkehrsfläche			Indikator 21: Erwerbstätige nach Wirtschaftsbereichen		
Indikator 6: Rohstoffproduktivität			Indikator 22: Kapazitätsauslastung nach Wirtschaftsbereichen		
Indikator 7: Nitratgehalt des Grundwassers			Indikator 23: Preisindex der Lebenshaltung		
Indikator 8: Zertifizierte forstwirtschaftliche Flächen			Indikator 24: Preisindex des nachhaltigen Warenkorb	?	?
Indikator 9: Kohlendioxid-Emissionen			Indikator 25: Öffentliche Schulden je Einwohner in Euro		
Indikator 10: Primärenergieverbrauch			Indikator 26: Steueraufkommen pro Einwohner		
Indikator 11: Anzahl der Pkw			Indikator 27: Anzahl der EMAS-validierten Organisationen		
Indikator 12: Güterverkehrsleistung			Indikator 28: Umweltschutzinvestitionen		
Indikator 13: Streng geschützte Gebiete des Naturschutzes			Indikator 29: Ökologisch bewirtschaftete landwirtschaftliche Nutzfläche		

Composite Indicators: Canadian Index of Wellbeing

An illustration of trends in the CIW with two domains (Living Standards and Healthy Populations) compared with the GDP, 1994-2008.

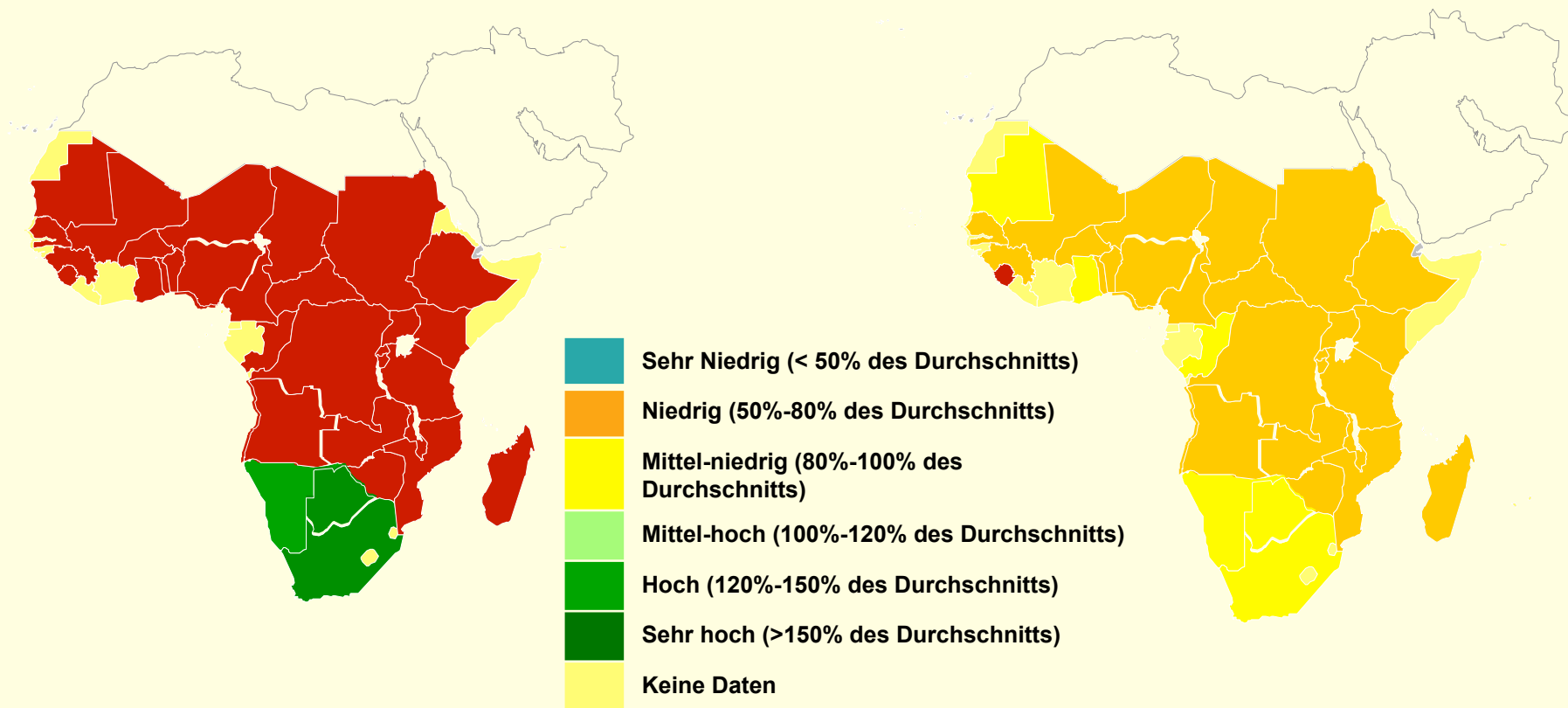


NOTES:

- Once the numbers in each domain are all converted into a common denominator, a single number (either an average or median) can be plotted
- Not necessarily comparing one number against another, but comparing one trend against another
- The CIW median and average lines have increased at a much slower pace than the GDP over the same period

Composite Indicators

GDP versus HDI



Anmerkung: Daten für 2005; dargestellt ist der relative Entwicklungsstand als Prozentwert des Durchschnittswertes für alle Entwicklungsländer. BIP pro Kopf angegeben in PPP

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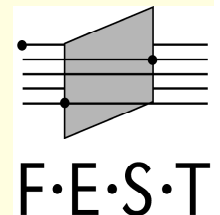
Degrowth – a notion that is deceptively precise

... any time series with negative growth rates?

or:

→ „By ‚degrowth‘ we understand

1. **a down-scaling of production and consumption** in the industrialized states that
2. **increases human well-being** and
3. **enhances ecological conditions** and
4. **equality on the planet.**
5. We want a society in which **humans live within their ecological limits,**
6. **with open, connected and localized economies.** A society in which resources are more equally distributed.“



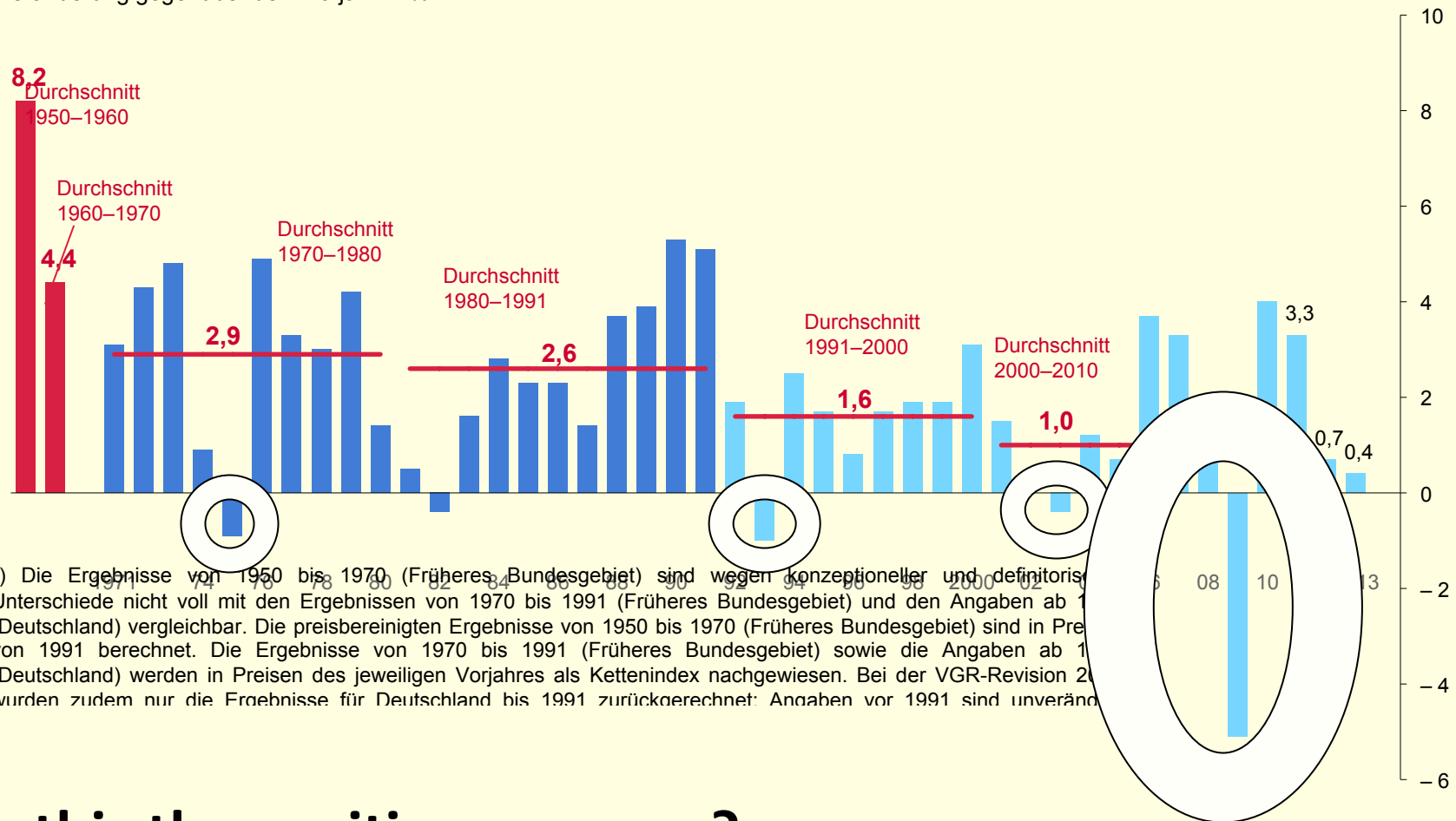
Degrowth – a notion that is deceptively precise

- the notion of degrowth is closely linked to the reduction of negative developments ...**
- ... and thereby closely connected to controversies and discourses in the society**
- does the „degrowth-community“ focus on GDP – or on the replacement of GDP?**

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Is this the positive message?

→ degrowth by design, not by disaster!

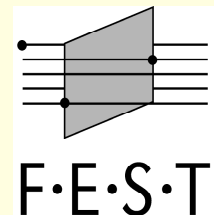
→ „guiding the invisible hand“

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**NWI construction principle: „ISEW/GPI +“:
Welfare, not growth or the simplistic
understanding of degrowth should be the
focus**

- **Starting point: Private consumption weighted with income distribution**
- **+ welfare-creating components not included in the GDP, e.g. housework, voluntary work**
- **+/- adjustments due to the temporal divergence of expenses and benefits**
- **- welfare reducing components: e.g. environmental impacts, traffic accidents, drugs and alcohol abuse, consumption of non renewables, cost of nuclear energy**

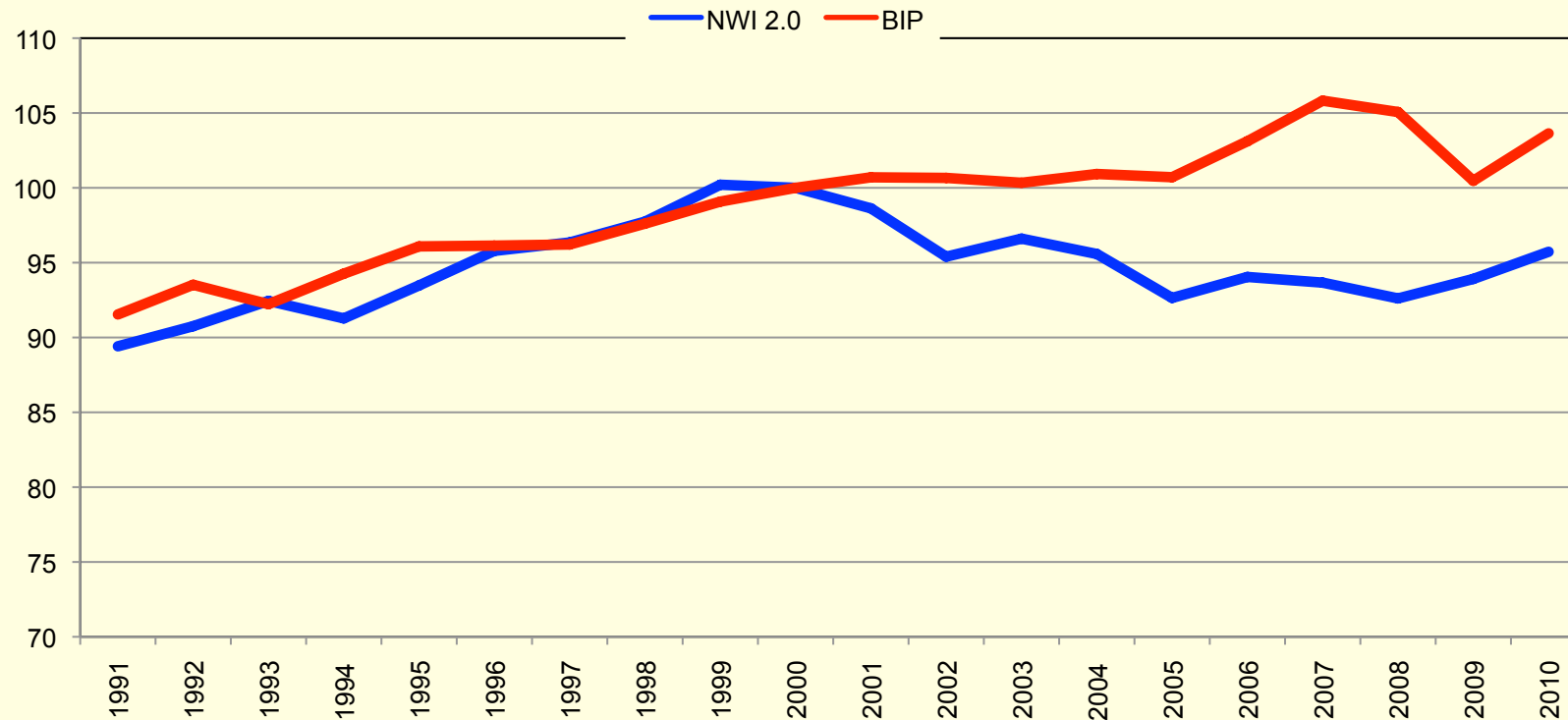


Aggregation of the variables to the overall index

- **Private consumption**
- **weighted with income distribution**
- **Addition of the „goods“**
- **Subtraction of the „bads“**

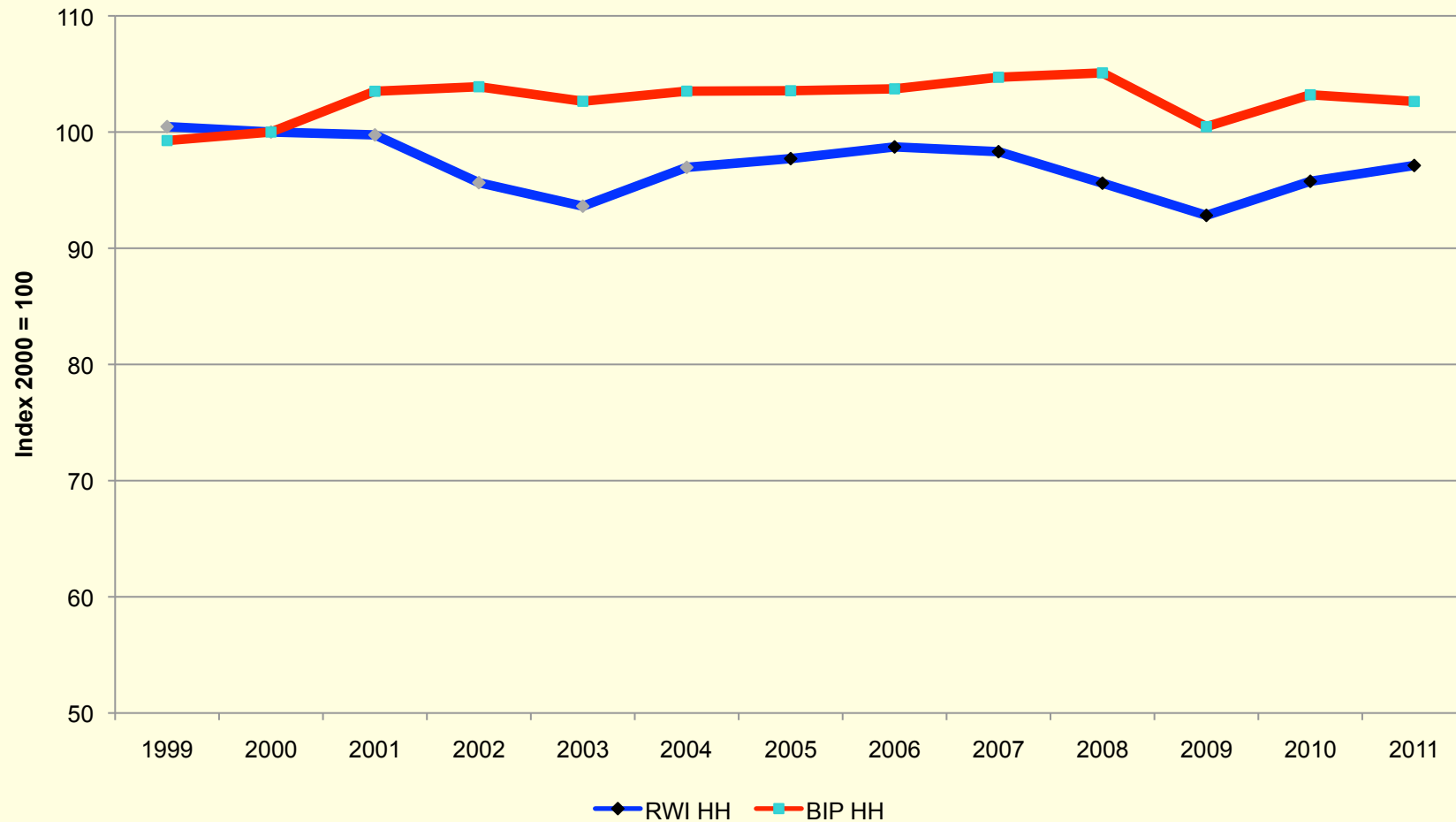
National Welfare Index 2.0 and GDP, Germany

(normiert auf 2000=100)

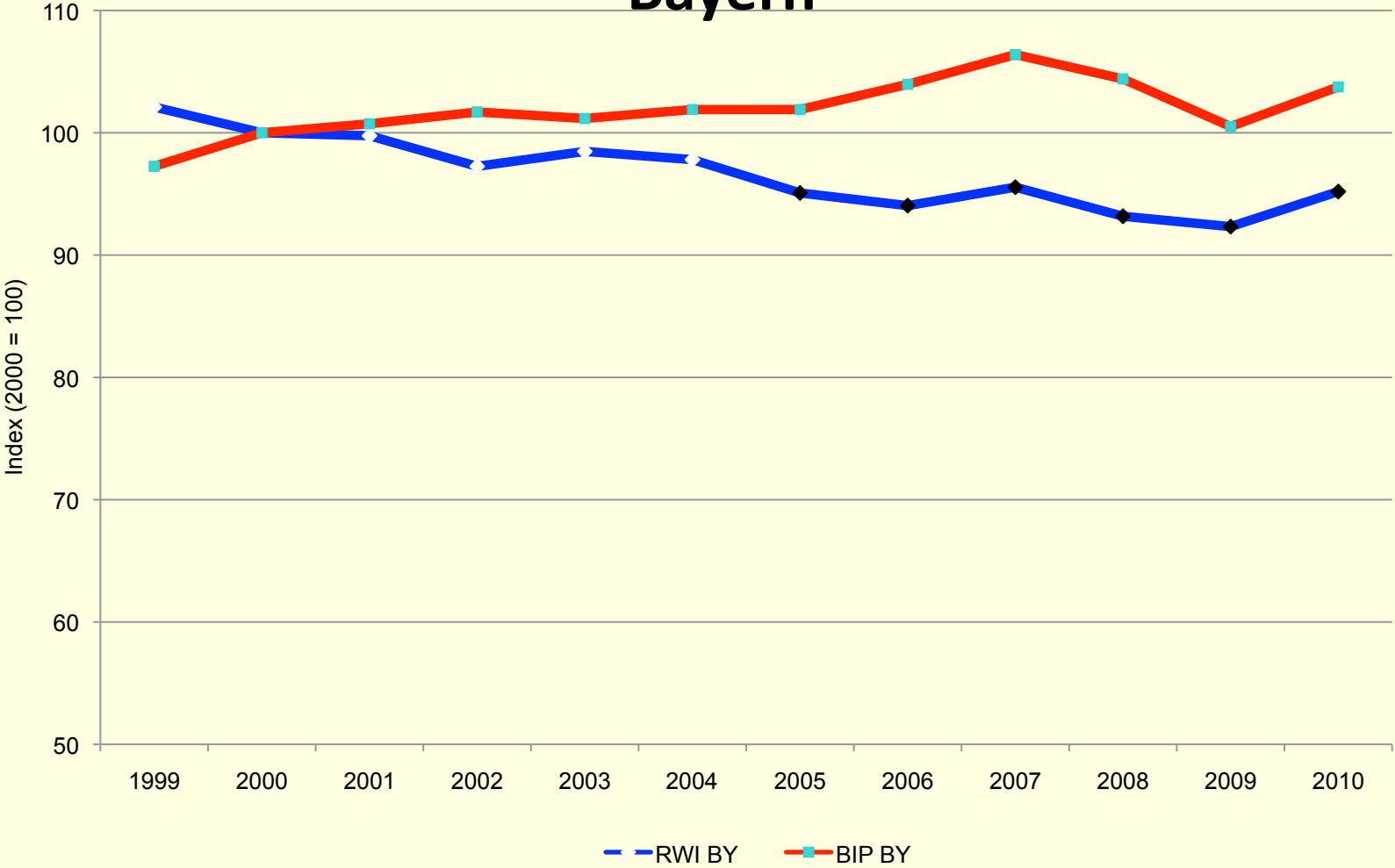


Quelle: FEST/FFU, Statistisches Bundesamt; eigene Darstellung FEST/FFU

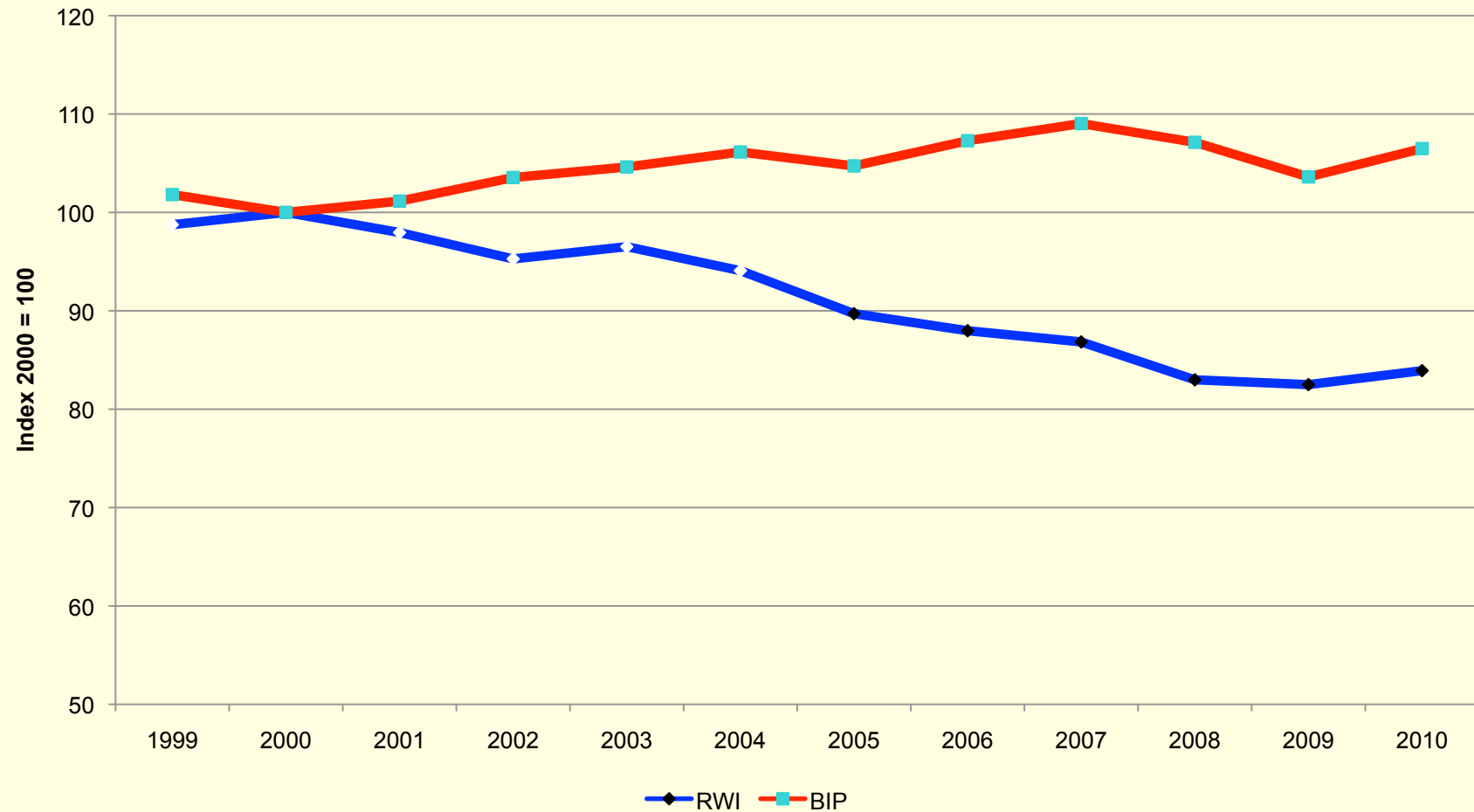
Regional Welfare Index and **GDP**, Hamburg



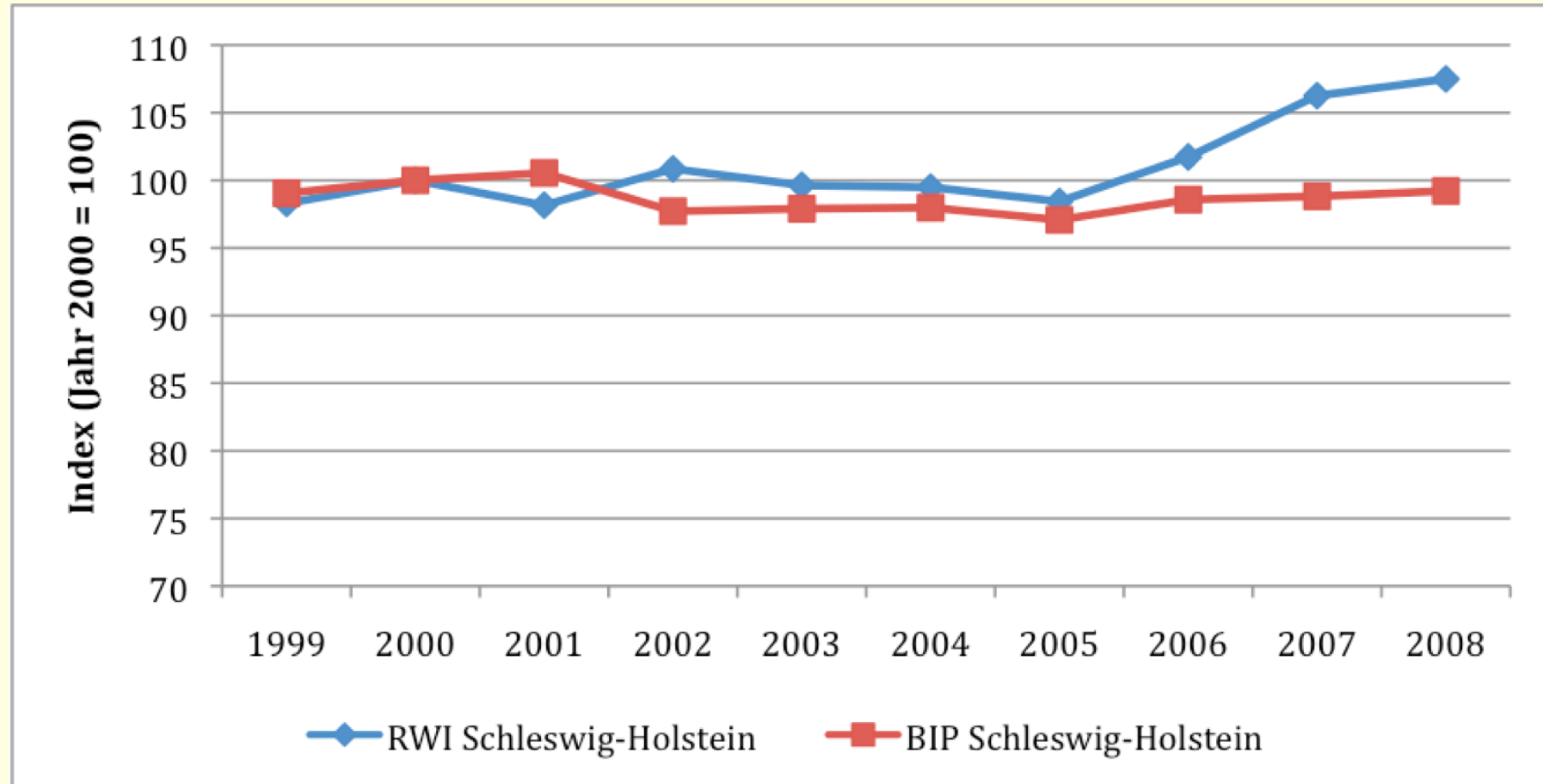
Regional Welfare Index and GDP, Bayern



Regional Welfare Index and GDP, Sachsen



Regional Welfare Index 1.0 and GDP, Schleswig-Holstein



... using the information of the NWI

- the index itself: highly condensed aggregated information, like GDP
- the progression of NWI/RWI can be compared with the progression of the GDP-curve
- the relative importance of central factors can be identified
- the progression of the different variables can contain important informations worth to be included into a public welfare discussion

NWI/RWI in the german discussion

- 1. The NWI gets quite a lot of media attention – it seems that only an aggregate index can compete with GDP.**
- 2. The NWI should supplement the german sustainability indicators.**
- 3. We will try to present the NWI/RWI – in a further improved version - annually.**

NWI and degrowth – (I)

1. **The importance of consumption** – to measure degrowth would require the introduction of ceilings – and an ethical debate on such approaches
2. **The importance of distribution** – to measure degrowth maybe would require the introduction of more differentiated concepts (not only: the more equal the distribution, the better)

NWI and degrowth – (II)

3. **The problem of monetization** – to measure degrowth would require a new debate on values – and turning away from the „principle of conservativeness“
4. **The problem of substitution** – here, to measure degrowth maybe would require the abolishment of the single-index-concept – but only at a time where GDP had become unimportant ...

... but in the meantime, the NWI/RWI:

- **contributes to the development of an improved basis for political decision-making**
- **by focusing the discussion on additional perspectives of social and ecological welfare as alternative to GDP**
- **contributes to the dematerialization of economic developments**
- **might be closer to the „real life“ of people**

