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Wellbeing Economics for the COVID-19 recovery

Ten principles to build back better

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Executive summary

The COVID-19 pandemic is having devastating effects on vulnerable communities around the world but we are also seeing glimpses of hope, where societies are working to “build back better” by ensuring basic needs and protecting our natural environment. In this briefing paper, we outline a set of ten principles for “building back better” toward a wellbeing economy. We showcase examples of inspiring actions around the world that are moving us towards a wellbeing economy, along with examples of actions that are moving us away from this vision.

1. Introduction

The COVID-19 pandemic is exposing the many cracks in current economic systems. Already before the outbreak, the world has been facing multiple crises – the climate emergency, rising inequality, and increasing public disengagement from democratic processes. Responses to the pandemic risk greatly exacerbating these crises if we do not challenge root causes.

Based on a COVID-19 policy-tracking project with a team of over 30 international experts, this briefing provides a guide on suitable policies to build back better in response to COVID-19 by prioritising human health, wellbeing, and ecological stability in the long term. We highlight some of the steps that governments and businesses around the world have taken to “build back better” in response to COVID-19 and point to some of the “back to worse” traps that others have fallen into.

Societies can choose two possible pathways in response to this crisis - “back to worse” or “build back better”. “Back to worse” would defend neoliberal economic systems and ideologies by prioritising economic growth, reducing market regulations as quickly as possible and imposing strict austerity measures to curtail public debt. This would greatly risk exacerbating poverty and inequality, decrease life expectancies, and accelerate our climate emergency. This is not what the people want. In the UK, for example, only 9% of respondents in the UK want things to return to how they were before the Pandemic ([YouGov poll](#)). “Back to normal” is not a desired option.

There is an alternative. “Building back better” would take the crisis as an opportunity to transform economies and societies in radically positive directions. The creation of [wellbeing](#) economies would ensure that our post-COVID-19 world is much safer, more stable and healthy. In order to create a [wellbeing](#) economy we must move into the “[doughnut](#)” of a “safe and just space for humanity” by staying within planetary boundaries while guaranteeing needs satisfaction for all (Raworth 2017, Trebeck and Williams 2019). Right now, our economies aggravate the climate and [ecological](#) crises, and they perpetuate vastly unequal distributions of power and wealth.

“[Building back better](#)” will require great creativity and coordination. Concerted effort will be needed to break these path dependencies and develop new institutions that value wellbeing and ecological sustainability simultaneously and for all. New ideas are a crucial ingredient for such an endeavor. We suggest the following 10 principles for responding to COVID-19 but recognize that we are in a unique moment of change with and invite you to engage in this discussion as we work to build back better together.

2. Principles

We have developed the following ten principles for a COVID-19 recovery, based on the doughnut economics framework which combines theories of planetary boundaries and universal human needs (Doyal & Gough, 1991; Max-Neef, with Elizalde, & Hopenhayn, 1991; Raworth, 2017; Rockström et al., 2009; Trebeck & Williams, 2019). The ten principles are organised into an overarching principle, and environmental, social and governance dimensions.

1. New goals: ecologically safe and environmentally just

Prioritise long-term human wellbeing and ecological stability in all decision-making; degrow and divest from economic sectors that do not contribute to ecological and wellbeing goals; invest in those that do; facilitate a just transition for all that creates jobs in and reskills for environmentally friendly and wellbeing focused sectors.

ENVIRONMENTAL

2. Protecting environmental standards

Protect all existing climate policy and emission reduction targets, environmental regulations and other environmental policies in all COVID-19 responses.

3. Green infrastructure and provisioning

Develop new green infrastructure and provisioning, and sustainable social practices as part of the COVID-19 recovery. For instance, transform urban space towards active travel and away from car use; scale up public transport, green energy, environmentally sustainable food production, low carbon housing; attach environmental conditionality to bailouts of high carbon industries.

SOCIAL

4. Universal basic services

Guarantee needs satisfaction for everyone, including through health care coverage for the whole population free of charge at point of access; universal free provision or vouchers for basic levels of water, electricity, gas, housing, food, mobility, education.

5. Guaranteed livelihoods

Ensure everyone has the means for decent living, for instance through income and/or job guarantees, redistribution of employment through working-time reduction.

6. Fair distribution

Create more equal societies nationally and globally through a fair distribution of resources and opportunities. E.g. more progressive and environmentally orientated income and wealth taxation; public/common ownership of key resources and infrastructure.

GOVERNANCE

7. Better democracy

Ensure effective, transparent and inclusive democratic processes at all levels; end regulatory capture from corporate interests and corruption.

8. Wellbeing economics organisations

Prioritise in all businesses and organisations social and ecological goals; implement circular economy principles to minimise resource use and waste; ensure economic and organisational democracy.

9. Cooperation

Ensure cooperation and solidarity at all levels, including in international politics and the global economy; across industrial sectors and government ministries; across scales (global, national, regional, local).

10. Public control of money

Introduce public and democratic control of money creation. Spend newly created money on investments that promote social and environmental goals and avoid post-recovery austerity.

3. Policy Examples

Here we present examples (but not a comprehensive list) to illustrate some of the steps that are already being taken to “build back better” in response to COVID-19. These steps are occurring within the current institutional context and are confined by it, something we have to bear in mind when evaluating them. Most of the “build back better” policies we mention below do not go far enough in order to achieve a true wellbeing economy. It is important to highlight them as steps into the right direction. They can be contrasted with “back to worse” examples which do not advance wellbeing economics.

 Build Back Better  Back to Worse

1. Priorities: ecologically safe and environmentally just

-  The city of [Amsterdam](#) has [sped up the adoption of a doughnut economics](#) framework in response to COVID-19 to guide decision making.
-  [New Zealand](#), [Iceland](#) and [Scotland](#) are already implementing wellbeing economics principles, through the formation of the Wellbeing Economy Government group, and wellbeing budgets and decision-making frameworks. These countries have also achieved better outcomes in dealing with the COVID-19 crisis.

2. Protecting environmental standards

-  The [European Commissioner for Climate Action](#) and environment ministers of [17 EU countries](#) commit to [upholding the European Green Deal](#) during the COVID-19 recovery (against [pressure from 40 MEPs to put the Green Deal on ice](#)).
-  The US National Highway Traffic Safety Administration [relaxes vehicle fuel efficiency standards](#) and the US Environmental Protection Agency [suspends the enforcement of environmental laws](#).

3. Green infrastructure and provisioning

-  South Korea’s [new “COVID-19” government pledges to implement a European style Green Deal](#).
-  Several cities facilitate green and active travel for socially distanced mobility, e.g. [pop up bike lanes in Germany](#), [Brussels](#), [New Zealand](#) & [restricted car travel in California](#), [reduced barriers for road closures in the UK](#). [Milan has announced a scheme](#) to seek continued reduction of car use after the Covid-19 crisis.
-  In New Zealand, the government coalition Green Party has proposed a [\\$1 billion green recovery plan](#).
-  Several governments, including in the [US](#), [UK](#), [Australia](#), [Sweden](#) and [Denmark](#) have bailed out airlines, without environmental conditions in response to COVID-19.

4. Universal basic services

-  Many governments have significantly stepped up spending on healthcare and improved sick leave regulations (see this [OECD](#) tracker for a comprehensive overview). In many countries, more radical reforms will be required to extend health care coverage to the whole population and potentially nationalise private health sectors.

-  New [Asia-Africa knowledge sharing partnerships have been emerging](#) in recent years to advance the adoption of universal health care systems.
-  Utility companies have been prevented from cutting customers off if they cannot pay their bills during COVID-19 [in several countries](#), including in the [UK](#), Argentina, Spain.
-  Landlords are being prevented from evicting tenants or increasing rents during the COVID-19 emergency, including in [New Zealand](#) and [Germany](#). As mortgage holidays have been offered in several countries (see the [OECD tracker](#)) to home owners, rent holidays should also be offered to renters.
-  In the [US](#), employers with more than 500 employees are exempt from the requirement to provide two weeks of sick-leave that was introduced in response to the Coronavirus crisis.

5. Guaranteed livelihoods

-  Requests for [guaranteed basic incomes](#) received renewed support in a range of countries. [Hong Kong](#) gives a one-off HK\$10,000 (£985), and [Japan](#) ¥100,000 (£930) to every citizen in response to the COVID-19 crisis. [Togo](#) has introduced an unconditional cash transfer programme for workers in the informal economy (ca. 85% of the workforce) who are hit by COVID-19, and [Malawi](#) an emergency cash-aid programme for poor families. While Spain announced the introduction of a “guaranteed minimum income” this will be a [means-tested program to fight extreme poverty](#), similar to the “emergency basic income” adopted in [Brazil](#).
-  Many governments expand or introduce job retention schemes, protecting workers’ incomes and jobs (the [OECD country tracker](#) has a comprehensive list). Several countries allow furloughed workers or students in receipt of grants (e.g. in [Germany](#)) to take up jobs essential for the COVID-19 recovery. However, many vulnerable workers remain [ineligible](#) for these schemes.

6. Fair distribution

-  The [G-20](#) and [IMF](#) agree freezing debt payments for low income countries. However, a more comprehensive debt relief would be required to free resources for dealing with this crisis.
-  Bailout and recovery packages in many countries are greatly benefiting owners of capital (e.g. [mortgage holidays](#)) and large corporations.
-  Bailout and recovery packages in high-income countries focus on redistributing resources within their countries without considering the impacts on low-income countries, such as [large capital outflows](#). Low-income countries are already in a much worse position for dealing with the crisis. Efforts to share the costs of the crisis need to be based on solidarity between countries and not only within countries.

7. Better democracy

-  In [France and the UK](#), citizen assemblies that had been created to involve the public in climate policy making, have continued their work online following the outbreak of the pandemic.
-  Many governments have implemented ‘states of emergency’ and restricted parliamentary powers and political freedoms. Dressed up as temporary measures during the COVID-19 crisis, they severely risk undermining democracy and freedoms long term. For instance, [Hungary](#) curtails parliamentary powers and allows Orban to govern by decree; [Kentucky, South Dakota and West Virginia](#) in the US criminalise fossil fuel protests; Brazil’s president [Bolsonaro](#) has distanced himself from Congress and Courts while leading an anti-lockdown demonstration;

In [India](#), democratic freedoms are increasingly being curtailed and government surveillance increased in response to COVID-19.

8. Wellbeing economics organisations

-  Companies in [Denmark](#) which pay out dividends, buy back their own shares or are registered in tax havens will not be eligible for any of the COVID-19 aid programs.
-  Several [banks](#) and [corporations](#) in the UK put dividend and bonus payments on hold.
-  [Amazon](#) in the US does not provide sick-leave for employees, except those that test positive for the virus, keeps warehouses open where infections have taken place and is firing workers who are publicly demanding better conditions.

9. Cooperation

-  Some less seriously affected countries have provided help to others, for instance, [Germany](#) has taken over 200 intensive care patients from Italy, France and the Netherlands have sent medical equipment and experts to Italy; Other [EU countries](#) have also helped each other with medical equipment and funding, taking intensive care patients, and pooling resources to bring stranded Europeans back home.
-  The [UN Foundation, WHO and the Swiss Philanthropy Foundation](#) have launched a new global solidarity fund to support the response to COVID-19.
-  Many communities have demonstrated an increase in prosocial and cooperative behaviour, and a range of new mutual aid projects have sprung up in response to COVID-19. For instance, over [1 Million people have volunteered in the UK](#) to help the NHS, charities and other [local mutual help](#) groups; communities in [South Africa and India](#) have created survival packs for vulnerable people, and in [Wuhan](#), China, people have created a community fleet to transport health workers. Policy makers need to identify schemes that work and provide support to sustain and scale them up.
-  Despite calls for increased cooperation we have seen numerous counter-examples, e.g. Trump's decision to [withdraw funding from the WHO](#); resistance to EU coronabonds by countries such as [Germany, Austria, Finland and the Netherlands](#) as a joint way of dealing with the crisis; the UK failing to take advantage of EU [bulk procurement](#) schemes.

10. Public Control of Money

-  Some governments adopt new Quantitative Easing measures or direct public money creation, e.g. the Bank of England's [Asset Purchase Facility](#) and UK's "[Ways and Means Facility](#)".

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