

## **The Irish Wellbeing Framework: some recommendations**

*The text below is adapted from a contribution that Feasta made to the Environmental Pillar's National Economic Dialogue submission in June 2022.*

The Irish [Wellbeing Framework](#) is a welcome initiative, as it has the potential to greatly clarify how well Ireland is doing in a wide range of social, economic and environmental areas..

However, the Framework contains some serious flaws at present which need addressing, and its use in policymaking needs to be clarified.

### ***Environmental indicators: the need for an alarm button, and for improved data***

The fact that the Framework displays its indicators in purely relative terms (comparing them with the past and with other countries) discounts the importance of environmental sustainability, as it does not get across the urgency of the environmental crisis.

The new tagging system is clearly an attempt to better integrate sustainability into the Framework. But the Framework still lacks an alarm button. Greenhouse gas emissions, for example, are not dangerous solely because there are more of them than there were last year or elsewhere. Rather they are dangerous in absolute terms.

We urge the Government to add 'hard environmental boundaries' to the Framework, along the lines of the Stockholm Resilience Centre's Planetary Boundaries diagram and economist Kate Raworth's Economic Doughnut model, that show where planetary boundaries are being transgressed in absolute terms.

This will require accurate data. However, the environmental indicators in the CSO's Well-being Information Hub only include data up to 2019 and need to be updated. More generally, there is a need for more detailed data on environmental indicators. We would therefore ask the Government to make an active effort to include the environmental sector more fully in the next round of consultations on the Framework.

### ***Absolute and relative values in relation to income and wealth***

The way in which income and wealth are included in the Framework at present is misleading. It is inaccurate to assume that increases in disposable income and wealth are always a sign of progress. It is also unrealistic to assume that these can increase indefinitely. Beyond a minimum ability to make ends meet - which is captured by the 'economic security' indicator in the Framework - wealth

and disposable income would be more meaningfully expressed as purely relative values (i.e. showing the extent of inequality in society, including levels of indebtedness) rather than as absolute ones.

**We therefore strongly recommend that the measure of disposable income be replaced by a measure of financial equity, and that the measure of ‘wealth’ also be presented solely in relative terms.**

Net government wealth is not appropriate to include as an indicator, as there is considerable controversy surrounding the idea that increased public debt is always undesirable and inevitably unsustainable. This controversy is evident, for example, in the recent discussions at EU level on reforms to the fiscal framework. At best, the public wealth indicator’s inclusion will lead to confusion, and at worst, it could lead to unnecessarily risky decisions being made in relation to environmental and social sustainability.

### ***Green budgeting***

The relationship between the Wellbeing Framework and green budgeting analysis needs clarification.

At present, and unlike the Wellbeing Framework, Irish green budgeting analysis still does not appear to incorporate any environmental impacts apart from climate impacts. Moreover, its analysis of climate impacts includes some flawed assumptions, in particular a privileging of purely price-based approaches to emissions reduction. As the Dasgupta Report on the economics of biodiversity states, ‘in many cases there is a strong economic rationale for quantity restrictions over pricing mechanisms.’ Such quantity restrictions could include a system of licence allocation (in a limited quantity) and fee charging for the use of certain resources. In this way revenue would be generated while guaranteeing that the use of the resource would definitely be limited.

### ***Inclusion of the Framework in the budget process***

We welcome the inclusion of annual high-level analysis of the Well-being Dashboard at an early stage of the budget process and look forward to seeing this process beginning for Budget 2023. However, this appears to be a relatively passive approach to integrating well-being measures into budgeting, similar to that of France and Italy. By contrast, New Zealand requires that departmental bids for budgeting be made with reference to wellbeing and actively encourages inter-departmental and inter-agency bids. This approach better reflects the level of urgency and the need for high levels of collaboration that is required.

### ***Ensuring that the Framework has staying power***

In order to overcome the potential risk of the Framework’s development being adversely affected by electoral cycles, we recommend the creation of an oversight body to ensure that the objectives of the Framework are constantly kept within political purview. The government could follow the innovative Welsh approach of appointing a Commissioner for Future Generations as part of this oversight body.

***Feasta (the Foundation for the Economics of Sustainability)*** is an ecological economics think tank, based in Ireland and with international membership. 'Feasta' is the Irish word for 'in the future or 'henceforth'. Our aims are to identify the characteristics (economic, cultural and environmental) of a truly sustainable society, articulate how the necessary transition can be effected and promote the implementation of the measures required for this purpose.

*Feasta is a member of the Irish Environmental Network, the Environmental Pillar, Stop Climate Chaos, the European Environmental Bureau and the global Wellbeing Economy Alliance, and a partner of the International Movement for Monetary Reform.*

