



REDEFINING PROSPERITY DISCUSSION PAPER

“The time is Now”

*“I want Europe to strive for more when it comes to social fairness and prosperity”
European Commission President, Ursula von der Leyen
(Political Guidelines for the next European Commission 2019-2024)*

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Introduction

The European Commission's new President has set forth an ambitious yet pragmatic goal for her Commission and Europe's Member States. Together with health, prosperity is one of the most widely shared aspirations of humanity. Although for many today it is often confused with an insatiable longing for "always more", in its true and deeper meaning prosperity is about recognizing that everyone around the world, regardless of geography, age, culture, religion or any other condition, aspires to live well.

Prosperity means so many different things to different people and cultures. It can be about living a good life within a community and sharing profits or producing big rewards for individual efforts. It can be about material abundance or spiritual richness. For many, it is about individual preservation and protection from difficult times in the future, especially during old age. At the end of the day, one's concept of prosperity is not only the expression of individual preferences, it is a cultural, socio-political and historical construct ([Jackson* 2017](#): 47). But we can already learn from past thought leadership and wisdom.

For more than two centuries now the concept of prosperity has been associated with unlimited expansion, particularly of science and technology and our capacity to exploit human and natural resources and build infrastructures and artefacts giving us a high level of material comfort. Our present definition of prosperity is measured through high levels of individual affluence, resource and material use, life expectancy and educational levels, all of which are often at the expense of an unsustainably high ecological footprint. It is increasingly clear that all countries are still in a phase of "development" - in essence no country, whether labelled "developed" or "developing", has achieved an appropriate balance between human and social prosperity and the respect of planetary boundaries.

This is not a minor issue, but today's greatest existential challenge. At this stage of the 21st century we know for sure that those positive patterns of development have also produced first-order undesirable consequences: climate emergency, dramatic loss of biodiversity, exponential growth in the consumption of resources, as well as rising levels of inequality to a point threatening social cohesion and hence the foundations of democracy and peace.

The idea of redefining prosperity, and with it the steering of our political, economic and social processes is not new. Calls for a new growth paradigm and prosperity indicators were already made in the 1960s by late President John F. Kennedy and Senator Robert Kennedy. In 1972, the seminal work by The Club of Rome "[The Limits to Growth](#)", laid out the price of progress from socio-economic, financial to environmental tipping points. Predictions that hold true today. The more recent global financial crisis of 2008 reinforced the need to fundamentally change the foundations of our economic systems and their capacity to provide prosperity without causing significant social and environmental damage. As shown by the Stiglitz-Sen-Fitoussi Commission as well as the OECD in the *Better Life Index* there are limitations of GDP as a single metric pretending to measure prosperity. Numerous alternative indicators of progress in response to the shortcomings of GDP have been developed and include factors such as life expectancy, education, inequality in order to better reflect (individual) wellbeing ([Corlet Walker, Jackson* 2019](#)).

Beyond that, long-standing debates on degrowth, post-growth and economics of wellbeing and "buen vivir" have fueled changes in governmental agendas in countries like New Zealand and Costa Rica, amongst others.

As early as 1860, Denmark, Norway and Sweden went from feudal agricultural societies rated at the very bottom of the European economy to prosperous industrialised democracies by 1930. Finland and Iceland did the same with a short time lag. By bringing all citizens on the journey and focusing on the individual and collective potential of everyone, they created a prosperous and progressive egalitarian state. These countries consistently rank highest on the Happiness Index ([Andersen* and Björkman* 2017](#)). Bhutan of course has gone one step further by applying the *happiness index* as its main indicator of growth and the leaders of [Iceland, Scotland and New Zealand are currently exploring the adoption of a well-being economy](#).

For now, the evidence suggests however that in most countries and geographies, sustainable development is still an oxymoron. We simply lack nation-wide examples of combining human wellbeing with a healthy biosphere. Neo-liberal economic theory tells us that a country's general economic health and hence the well-being of its people can be measured by looking at that country's economic growth and development. For many, in Europe or the United States, neither modernization, nor economic growth are now perceived as a synonym of progress. Parents think their children will not have better lives, for both economic and environmental reasons. In China and many other economic transition economies, middle to upper class families are now leaving overly polluted mega cities to breath fresh air.

The whole of humanity is currently confronted with a myriad of converging tipping points from growing social malaise to climate change and biodiversity collapse. Hence the remedy is not further growth as currently measured but a true bundling of indicators to ensure a more appropriate measure of an economy in service of the largest proportion of the population and in synchronicity with our planetary boundaries. This requires a new societal model, in particular taking seriously the repercussions of a "Full World" and the ever-growing impact of human activity on climate and the environment in the Anthropocene ([Weizsäcker*, Wijkman* 2017](#)).

The environmental ceiling consists of nine planetary boundaries, as set out by [Rockstrom et al](#), beyond which lie unacceptable environmental degradation and potential tipping points in Earth systems. The twelve dimensions of the social foundation are derived from internationally agreed minimum social standards, as identified by the world's governments in the Sustainable Development Goals in 2015. Between social and planetary boundaries lies an environmentally safe and socially just space in which humanity can thrive.

As clearly indicated by member of The Club of Rome, Kate Raworth*, Author of *Doughnut Economics*, humanity's 21st century challenge is to meet the needs of all within the means of the planet. In other words, to ensure that no one falls short on life's essentials (from food and housing to healthcare and political voice), while ensuring that collectively we do not overshoot our pressure on Earth's life-supporting systems, on which we fundamentally depend – such as a stable climate, fertile soils, and a protective ozone layer.

The Doughnut of social and planetary boundaries is a playfully serious approach to framing that challenge, and it acts as a compass for human progress this century in relationship to the planetary boundaries ([Raworth* 2017](#)).

European Commission President von der Leyen has said: *"I will refocus the European Semester into an instrument that integrates the United Nations Sustainable Development Goals (SDGs)"* (Ursula von der Leyen, [Political Guidelines for the next European Commission 2019-2024](#)). To further substantiate this new focus, she has appointed a First Vice President with horizontal responsibilities in charge of A Green Deal.

As indicated above, questions are being asked around the notion of growth at any cost and the reality of unequal wealth distribution touches all continents. The recent tension between the "Gilet Jaune" and the "Fridays4Future" demonstrate that we must properly demonstrate a positive social and environmental pathway forward. The time is therefore ripe for the European Institutions and Member State Governments to refocus their attention on what truly matters to European citizens and how to translate the aspirations of wellbeing as the core of sustainable development into a body of integrated policy, economic and financial instruments that deliver prosperity for more European and global citizens than is currently the case.

Innovating for Prosperity

So how do we change the course of history and a growth construct, which is increasingly not fit for the 21st century challenges or human well-being? How do we deliver a European Semester that indeed integrates sustainable development into all policy instruments and funds research and innovation that achieves the systems transformation called for to meet the challenges of the 21st century? How do we scale up current discussions in some leading countries to the entire Union?

We need to put in place the organisational and governance structures that fundamentally support a shift towards prosperity and deconstruct our preconceived ideas of growth accumulated over years. The time has come to make sustainability, human and environmental resilience the overarching goal so that we de-couple GHG emissions and our overall ecological footprint from European economic development. This nascent process already suggests that through optimisation and efficiency, costing externalities and a shift in energy supply we can start to grow differently. Now we can use this as a trigger for our new prosperity aims. But to do so we must ask a series of difficult questions and unpack our dependency on outdated growth models.

We must face core existential challenges and ask if prosperity is an effective tool for the pursuit of happiness and/or well-being? Is it a human right, or the uncertain result of hard work? Should it be for everyone or just for a few? Is it a goal or a process? Is it a destination or forever a journey?

The overall objective of DG Research and Innovation in this domain is to have "a positive impact on the prosperity of Europe at the level of its citizens and communities".

In that context, "Prosperity" means "a situation where individuals or groups of individuals (such as cities and regions) improve regularly and in a sustainable and socially inclusive way their well-being, both in objective material terms (e.g. consumption, health) and in immaterial terms (liberty of choice, democracy, fairness in revenues, access to cultural and social capital)". The concept is intergenerational and the sustainability element imposes that the impact on future generations (notably as regards the preservation of natural resources and biodiversity) is positive.

To achieve this goal, DG Research and Innovation defines strategic orientations and goals, enters into policy dialogue with Member States and stakeholders, and identifies policy tools such as "standardisation, public-private partnerships and international cooperation, regulation and incentives for research and innovation". But what does this mean in practice? What policy instruments and research funds need to be directed where? How can this new focus catalyse a novel relationship with research providers and innovators to focus more on the delivery of a fundamental rethink of "Prosperity"? How can models and scenarios of implementation be included that set the roadmap for a major paradigm shift and a near term impact that is exciting for both European leaders and citizens as well as their peers across the globe whilst preparing the groundwork for a major economic systems shift? How can we make Europe a reference of wellbeing and prosperity, demonstrating economic and social progress with a people - and planet -centered approach that is innovative and ensures long term resilience?

But we need to translate these questions into clear pathways forward. This requires the engagement of all actors in the "wicked problems" confronting us and will entail restructuring research as it is undertaken today across the social to the natural sciences and designing a more collaborative cross-academic and deep demonstration programme of substantial ambition. Our overarching vision must be for the joint mission of preserving "planet earth and its people": as this is our moonshot. We must not look elsewhere but focus on preserving our very existence through the survival of our home "planet earth".

The new missions of Horizon Europe on cancer, GHG-neutral cities, climate change, healthy oceans, healthy soils and food, are excellent holding space for exciting endeavors contributing to preserve planet and people. With them and other initiatives we can create Europe's largest integrated programme focused on people-planet-prosperity.

Wicked Problems and Difficult Questions

What does "for all" mean in practical terms? For a long time we have taken for granted that the benefits of overall growth were the main instrument for prosperity to reach the excluded. The accent was put on fighting poverty by making economies grow, rather than mitigating or preventing inequality. Evidence has been accumulating that less well-off households benefit less from growth, and that income inequality and net wealth inequality increases, especially since the global crisis. Revisiting the topic of inequality is a must, at a moment when the feeling of not being treated fairly feeds resentment and the dangers of social disaggregation. Some political consequences may have been prevented in the last European elections, but it is not time to close the eyes on the threat of social collapse, which is real even if not generalized.

The "gilets jaunes" claiming against marginalization and expressing their struggle to reach the "end of the month", and the Extinction Rebellion and climate student protests asking for action to prevent the "end of the world", are to be seen simply as two sides of the same coin.

What is the role of science and technology? We take for granted that they have by definition a positive role to play in the evolution of our societies. But this requires the proper framing. Let us make sure we shift the narrative and dialogue around digitalisation and AI to the *internet of people*, not the *internet of things*. Let us not promote the replacement of people with robots and digitalization, but the optimisation of both for our people-planet and prosperity goals. This will require to create more jobs than we replace and establish clear rules of engagement for robots and people. We have many examples of efficient technologies, e.g. in the field of energy. But we need to ensure that their use improves the balance of wellbeing and the biosphere. The European Commission invented years ago the concept of Responsible Research & Innovation (RRI) but it still has a long way to go. The goal is to transform the role played by science and technology to make them address our societal challenges in a much better way.

How do we perceive progress and prosperity? What compass should we use? A growing consensus says that GDP is not enough, and can even be misleading. Some activities have to decrease dramatically (e.g. the use of fossil fuels), others have to grow, still others such as education need to be transformed in a way which is not about quantity. But we still love to persist with linear, ex-post quantitative indicators to feel that we are mastering the process. Measurability is too many times a guarantee of reductionism, not exactly the best tool for our complex times. A much richer approach to navigating complexity is required. We could, as proposed by DG Research & Innovation, apply the "Index of Prosperity". Such an index could take as a basis the recognised Human Development Index (HDI), increased with two dimensions, namely non-monetary elements (notably inclusiveness) and sustainability.

What is the role of financial markets? Over the last few decades the amount of global financial wealth, as measured by market valuations, has grown three times faster than the more concrete production of goods and services as measured by GDP. How can we deal with that shocking fact? And that wealth is in the hands of the few, not the many. Is it a sign of progress and prosperity or the expression of a greater disconnect of our financial services and the transfer of money from the real economy? In such an evolution, are we not assuming that the past has more rights than the future? The yields of financial capital may absorb more and more resources from productive processes and finally inhibit the potential for further progress. No surprise that crashes, small and large, happen regularly. But even after they come we continue on with the same logic, feeding future shocks. The silver lining is that Europe's central banks are taking a shift to low carbon investments seriously through stress testing mechanisms and the proposed pull out from new fossil fuel investments as per new announcements by the EIB and the ECB.

Are we condemned by rentism? Quite naturally we assume that our assets should not lose value, and that they have a right to reproduce by themselves at a compound rate. This is a sort of social reversal of the laws of physics stating that systems do nothing but erode with time, unless new energies, work and creativity are fed in.

In so many cases of stranded assets derived from an economy based on fossil fuels and other unsustainable elements, what should we do to ensure that the transition is fast enough? We do not have time to keep our eyes wide shut in denial.

By or for the citizens? Are the "negative externalities" of present-day economies just "collateral effects" to be corrected or outcomes linked to structural characteristics? How deep is the transformation we need to accomplish, in particular regarding policy-making and governance? And since chances are that it will have to be deep, how much experimentation are we prepared to accept and do we have time for? The balance between deep demonstration and innovation versus the shortness of time regarding resolution of key biodiversity and climate change tipping points is a challenge. To what extent can we trust and give the necessary time for self-organizing communities, democratic structures, and academic institutions to co-create effective systemic solutions? Can we take the necessary time and put in place the right policy frameworks to show that empowered citizens can truly be at the center of our actions, or will it be just for lip service?

What is a robust definition of prosperity in our times within the construct of humanity in service to a healthy planet? Fast-forward, prêt-à-porter solutions do not currently exist to build human societies where equitable wellbeing and a healthy biosphere are two sides of the same coin. Robust means resilient, tested against experimentation, and actionable. We do not have the answer to this question, or at best we only have it at a quite abstract level. And a robust definition will only come through a process of mutual learning which starts by asking better questions and kick starting an experimentation phase at the European level.

What research challenges do we need to address? What role will the new "Prosperity" play in future research? If a new version of "Prosperity" has to be crafted to reorient public policies and action, what are the research challenges this process implies? Our knowledge on what produces individual and collective wellbeing and how to achieve it at the lowest levels of ecological footprint is still limited, more research is required. What kind of meaningful metrics are needed for "Prosperity", wellbeing in balance with the biosphere, to become a new compass of economic policies? And more generally, how do we ensure that research at large contributes to "Prosperity"? Should public R&I investments be linked to prosperity outcomes and if so, how? How do we ensure that the complex dynamics of research and innovation ecosystems shift fast enough towards the desirable futures envisioned in this redefined "Prosperity"?

**Member of the Club of Rome*

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