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**T7 Task Force Strengthening social cohesion**

**POLICY BRIEF**

# PROSPERITY INDEX

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# Abstract

For far too long, economies have focused on established economic orthodoxies related to the aggregate figures of GDP, economic growth and job creation as measures of prosperity. However, G7 countries have the opportunity to adopt a bold, new and radical approach with the use of citizen-led prosperity indices that collectively reimagine the foundations of prosperity within G7 economies from a bottom-up perspective.

The Institute for Global Prosperity (IGP) is calling for G7 countries to adopt new citizen-led indices that link local priorities to policy-making to create and measure place-based prosperity reflecting the lived experiences of citizens and communities in the 21<sup>st</sup> century. Our research in east London, Tanzania and Lebanon consistently identified a ‘secure livelihood’ as being one of the most important factors that drives people’s prosperity and lays the foundations for people to lead fulfilling and flourishing lives. Creating the “open, inclusive and democratic societies” that the G7 values highly means enabling citizens to: participate; through citizen social science to actively shape place-based policy-making and social action; and to influence the everyday decisions that impact their lives.

# Challenge

Reliance on GDP as being the main measure of prosperity as well as the conventional top-down macroeconomic policies have failed to tackle persistent widening of inequalities both inter- and intra-regionally. Redefining and reimagining prosperity challenges the structural features that embodies our economies as well as the value premises they are built upon. While the most pressing challenges of the 21<sup>st</sup> century such as climate change impact countries globally, they have micro impacts in localised settings and thus require solutions to address these challenges to be driven both locally and nationally through context-specific visions of prosperity. Hence, a redefined notion of prosperity is about opening up new pathways and mechanisms to address inequalities in more nuanced ways that focus less on GDP, economic growth and wealth creation but more on quality of life, well-being and secure livelihoods.

# Proposals

Macroeconomic policies have assumed that collective well-being and prosperity are the summation of individual well-being. However, prosperity is much more complex than this additive exercise. Rather, prosperity is a set of intersecting and interconnecting factors that interrelate at the local level.<sup>1</sup> A redefinition of prosperity that is less concerned with aggregate economic wealth and growth but pays attention to the things that people value, care about and need will therefore depend on context and place as there are no one size fits all or singular definitions of prosperity.

For this reason, local perspectives are important to ascertain the subjective meaning of prosperity, which is about the individual and collective ideas and aspirations that people have for the future, as well as the everyday conditions that shape quality of life, which are heavily influenced by environmental and economic conditions, social and cultural values, policy frameworks and historical legacies.

In order to increase social participation, reduce the democratic deficit and make sure local voices are taken into account in definitions and measurements of prosperity, the IGP has been partnering with local communities and residents through citizen social science programmes to co-create citizen-led prosperity indices that reflects what prosperity means to them. The IGP prosperity indices are distinct from certain existing measures of well-being, happiness, poverty and human development because they incorporate elements relating to environment, ecology, livelihoods, democratic deficit among others that allow policymakers and local citizens to determine pathways to prosperity and improve social, environmental and fiscal impact.

Furthermore, the IGP has implemented ‘Citizen Science’ approaches to its work, whereby local residents living and working in their respective communities are trained to work as social researchers known as Citizen Social Scientists, and they conduct extensive qualitative and quantitative research that helps formulate the prosperity indices.

A radical rethink of how we understand prosperity, how we think about the economy and what it does for people and planet, how we create an economy of belonging, has been the IGP’s mission for the past five

years — to research and redesign prosperity fit for the 21st century. Our research identified ‘secure livelihoods’ as the most important factor driving people’s prosperity. For East London, for instance, this includes access to public services and social infrastructure; inclusion both economically and socially within cities; secure and affordable housing; and secure income and good quality work.<sup>2</sup>

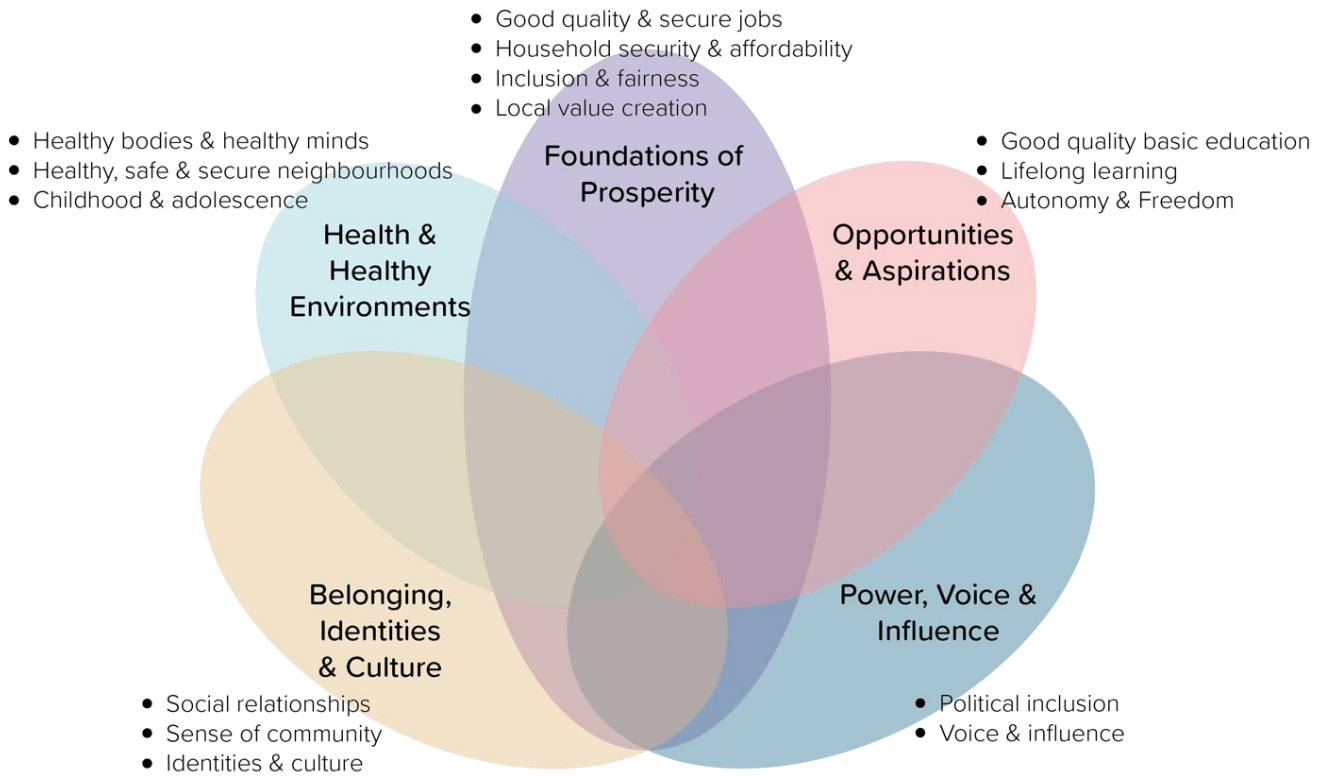
The IGP’s citizen-led prosperity indices have been co-designed in other countries as well, such as Lebanon and Tanzania, demonstrating how indices work in other contexts, too. For example, the prosperity index in Lebanon was produced in the context of large-scale displacement and refugee crisis that has engulfed the country. Tanzania’s prosperity index was based on the research that focused on understanding and measuring pathways to prosperity from the perspectives of people living in informal settlements and is part of the Knowledge in Action for Urban Equality (KNOW) project<sup>3</sup>. The prosperity indices for neighbourhoods in East London, Lebanon and Tanzania are available below in Figures 1 to 3, respectively.

Ensuring people can participate in the definition of indicators and metrics as well as in the definition of policies meant to promote prosperity **aligns with the G7 priority ‘Stronger Together’, as developing citizen-led indices reduces the democratic deficit in policy-making and decision-making processes**<sup>4</sup>, improving social participation as well as therefore aligning with creating the “open, inclusive and democratic societies” that the G7 values highly. Foregrounding new metrics that value social cohesion, quality of life, and prosperity at the local level reflects the point that various forms of social value delivered by citizens can drive economic value, new forms of local value creation and innovation.

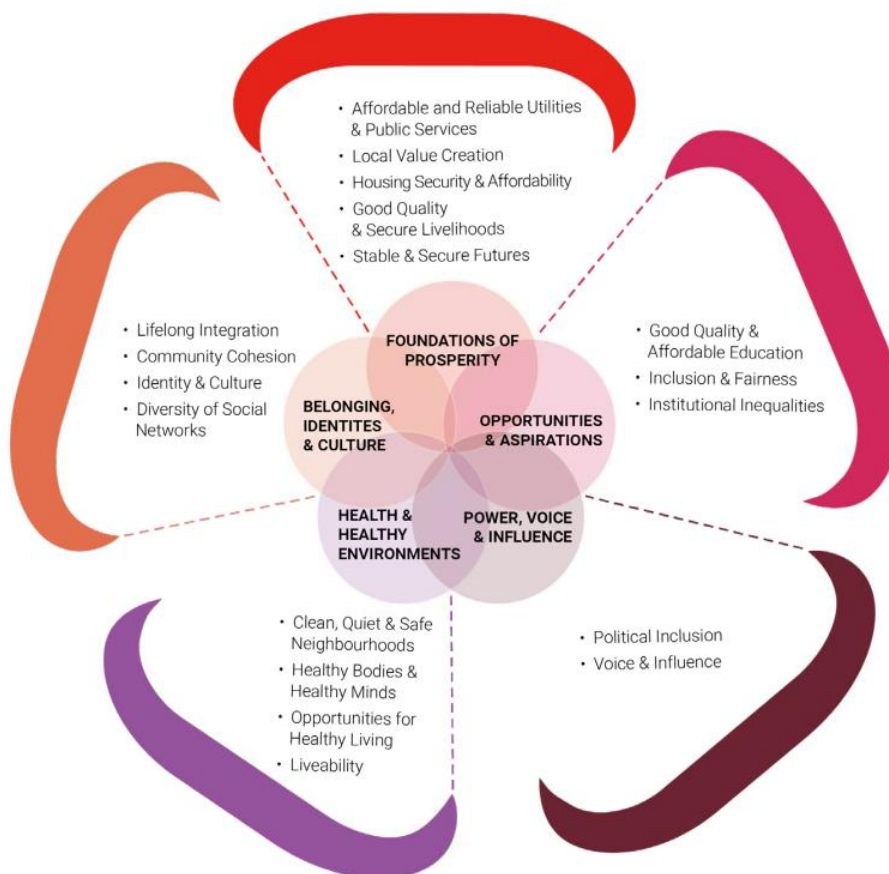
While citizen-led and locally defined prosperity metrics are vital to capture the context-specific meanings of prosperity, the IGP equally recognises that a dashboard of indicators developed at the supranational or international level, as suggested by Jakob Dirksen, Richard Wike and Katharina Lima in their Social Prosperity policy brief<sup>5</sup>, will be an important part of a comprehensive solution towards measuring prosperity. Indeed, challenges like climate change are inherently global and as such require international monitoring and a harmonised, standardised measurement – a common yardstick across locales, regions and countries. Such dashboard, complemented with citizen-led local prosperity metrics, will enable cross-country and regional comparisons which will help us lay the pathway for a sustainable and prosperous future.

The G7 should not thus just aim at creating new beyond GDP measures but learn also from the many well-established indices such as the OECD Better Life Index<sup>6</sup>, the Social Progress Index<sup>7</sup>, the multidimensional poverty indices alongside the IGP’s own Prosperity Index. All seek to push the policy agenda at different levels (local, national and international) towards the development of new metrics and policy-tools that create the pathways and frameworks that bring together different actors such as businesses, communities, policymakers and governments to operationalise sustainable prosperity for different locales<sup>8</sup>.

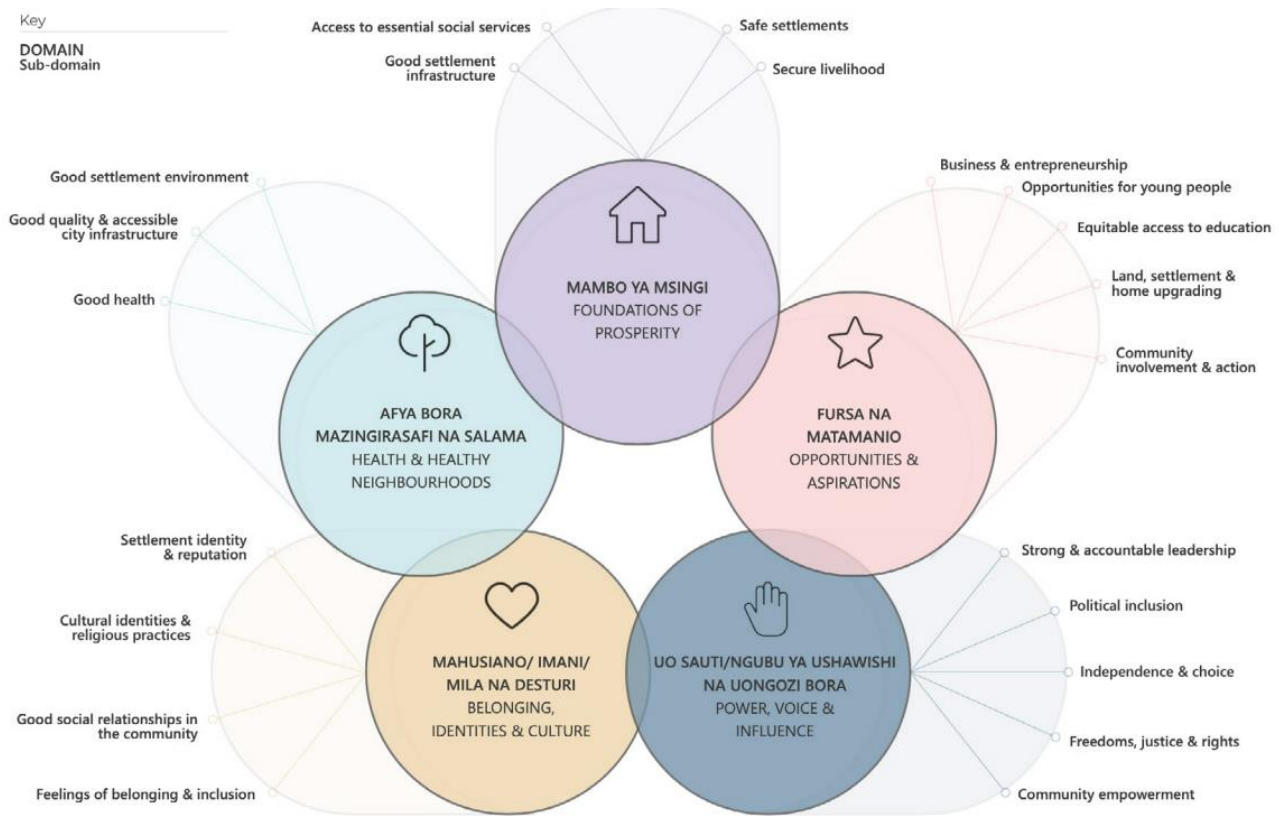
Finally, it is imperative that the G7 continues to also focus on national level welfare policies and international comparisons of prosperity as these will remain important for inter-regional or inter-country comparisons and we call for such indices to be reported with localised measures of prosperity such as the ones proposed by the IGP in order to capture intra-regional variation.



**Figure 1: Co-designed prosperity model for east London, London (Woodcraft and Anderson, 2019)**



**Figure 2: Co-designed prosperity model for Hamra, Beirut, Lebanon (Moore and Mintchev, 2021)**



**Figure 3: Co-designed prosperity model for Dar es Salaam, Tanzania (Moore and Mintchev, 2021)**



# Implementations

- i. G7 economies should switch their macroeconomic policies to the ‘meso’ (community, local area) level, thus providing a clearer understanding of the interconnecting factors that cause the persistent widening of intra- and inter-regional inequalities. Policies need to start at the premise of societal benefits rather than solely factoring in the economic benefits, which can be achieved by focusing the analysis at the meso level, therefore identifying the factors that underpin an economy of belonging.
- ii. In line with that, the IGP proposes that G7 countries focus on **developing citizen-led and place-based approaches to measuring prosperity with the IGP’s prosperity indices providing a concrete example as to how such indices can be utilised** as a new way to govern places and to map out pathways and policies that reflect the lived experiences of people and local communities. Doing so will inform policymakers in G7 countries about the challenges that people face at a local level, thus enabling more targeted and effective policies.
- iii. Equally, building on a citizen-led and place-based approach, G7 nations should seek to extract from those who have produced an array of similar proposals, contributions, and metrics. For example, the IGP is part of the Well-being Economy Alliance (WEAll)<sup>9</sup>, a global network of organisations, movements and citizens working to transform the economy so that it works for both people and planet. Furthermore, the work of All Together in Dignity (ATD) Fourth World<sup>10</sup>, as well as the participatory measurement approaches adopted in Bhutan (Gross National Happiness)<sup>11</sup>, New Zealand (Multidimensional Well-Being)<sup>12</sup>, and El Salvador (Multidimensional Poverty)<sup>13</sup>, among many other pioneering examples can be utilised as models for how indices can be implemented within policy-making frameworks and government agendas.

# Endnotes

<sup>1</sup> Moore, H. L., Moreno, J. M., & Melios, G. (2020).

<sup>2</sup> Woodcraft, S. and Anderson, B. (2019).

<sup>3</sup> <https://www.urban-know.com/>

<sup>4</sup> Woodcraft, S., Collins, H., and McArdle, I. (2021).

<sup>5</sup> Dirksen, J., Lima de Miranda, K., and Wike, R. (2022).

<sup>6</sup> OECD. (2020).

<sup>7</sup> Social Progress Imperative. (2020).

<sup>8</sup> Moore, H.L., & Mintchev, N. (2021).

<sup>9</sup> <https://weall.org/>

<sup>10</sup> <https://www.atd-fourthworld.org/>

<sup>11</sup> <https://ophi.org.uk/policy/gross-national-happiness-index/#:~:text=The%20phrase%20'gross%20national%20happiness,approach%20towards%20notions%20of%20progress>

<sup>12</sup> McLeod, K. (2018).

<sup>13</sup> [https://mppn.org/paises\\_participantes/el-salvador/](https://mppn.org/paises_participantes/el-salvador/)



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Professor Henrietta L. Moore is the Founder and Director of the Institute for Global Prosperity and the Chair in Culture Philosophy and Design at University College London (UCL). A leading global thinker on prosperity, Professor Moore challenges traditional economic models of growth arguing that to flourish communities, businesses and governments need to engage with diversity and work within environmental limits. Her work crosses disciplines, from social science to the arts to business innovation and she applies these different perspectives to inform research and policy at all levels.

Her recent work has seen her transition beyond academia into the public sphere providing commentary on topics such as Universal Basic Services, Brexit, Artificial Intelligence, displaced people and the gender pay gap as a respected leading intellectual. She retains ongoing interests on issues of globalisation, mass migration, gender, social transformation and livelihood strategies, new technologies and agroecology which have shaped her career and her engagement with policy making. She is committed to involving grassroots communities in the production of new types of knowledge through citizen science.

Professor Moore is an Advisory Panel Member for the Dasgupta Review of the Economics of Biodiversity and part of the Rebuilding Macroeconomics Management Team. She serves as President of the British Institute in Eastern Africa and on the Scientific Advisory Council at DEFRA, UK Government. She is a Trustee at the Barbican Centre Trust, a Fellow of the British Academy, a Fellow of the Royal Society of Arts, an Academician of the Learned Societies for the Social Sciences, and a Member of the Institute of Directors.

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Fabio joined the IGP as an Executive Research Assistant in 2022. He is a PhD Candidate at the University of Edinburgh where he recently submitted his thesis in which he investigated the use and impact of well-being metrics in policy-making in Scotland and Italy. Fabio is also a Research Fellow of the Wellbeing Economy Alliance and holds a MSc in EU Politics from the London School of Economics.

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