



BOOK REVIEW: WELLBEING ECONOMICS THE CAPABILITIES APPROACH TO PROSPERITY

By: Paul Dalziel, Caroline Saunders and Joe Saunders

Wellbeing in Politics and Policy Series Editors: Ian Bache, Karen Scott and Paul Allin

Publisher: Palgrave Macmillan

Book Review By

M. Munib Zia Khan
BBA (IBA, Karachi)

Currently Pursuing Master's in International Relations
Xiamen University
China

munibzk@gmail.com

This book questions the idea that GDP is the only measure of a society's growth and prosperity and advocates the concept of the wellbeing economy. The authors suggest that the time has come for our system of measurement to prioritize monitoring the well-being of people along with economic growth.

According to the book, "wellbeing economics" is "the expansion of individuals' "capabilities" to lead the kinds of lives they value and have good reason to value." According to this argument, nation states should abandon traditional models of economic growth in favour of a progressive model of the "wellbeing state," which would include national growth as well as the individual's personal development, household prosperity, communal well-being, and environmental protection. It recognizes that individuals are entitled to more than just material prosperity; they also require strong communities, fair resource distribution, and a peaceful coexistence of environment and society. Thus, in the framework of the wellbeing economy, it becomes crucial to consider "*how*" rather than "*whether*" the economy is developing.

The author explores the neoclassical growth model of economics and notes how states have adopted it, without question, due to the general consensus that material and economic progress will enhance people's quality of life on both an individual and societal level. The authors argue that certain issues for states have arisen as a result of the current tendencies in economic growth.



The writers challenge the notion that economic growth tends to boost Pareto efficiency, which is the state in which no decision or action could possibly benefit one person without harming another. In order to increase output per person, states try to invest more in industries and machines, according to the neoclassical growth model. There are likely to be both winners and losers in any policy. An interesting example is that of overtime that is often worked for no pay at the expense of an individual's time and in many cases long-term health. Another example is that of environmental harm and biodiversity loss, that are not included in the GDP statistics, brought on by economic activity. Hence despite appearances, some economic growth patterns may actually be harmful to human welfare. Although markets are thought of as an anti-poverty engine, experts contend that for them to work effectively, a set of norms, laws, and institutions are necessary. Despite the fact that the economies of many states are growing annually, the authors argue that there is a considerable gender bias in the workplace and that many workers do not even make the liveable wage needed to raise a family. The wellbeing economy aims to tackle these anomalies, even if the neoclassical economic growth model has traditionally ignored them.

To further the argument, the writers make a reference to a 1970s Massachusetts Institute of Technology report titled "Limits to Growth," which examined a range of concerns including rapid industrialization, population growth, the depletion of non-renewable resources, and environmental deterioration. The investigation came to the conclusion that the planet's growth limits will be reached during the next century if current trends in resource depletion, industrialization, pollution, food production, and global population growth continue unchecked. A rather abrupt and uncontrollable decline in both the population and industrial capacity is most likely to occur.

Another key feature of the book is the mention of Amartya Sen's "capabilities approach." The capability approach is a theoretical framework that makes two normative claims: first, that people's freedom to pursue well-being is morally significant in the first place, and second, that people's functioning and capacities should be taken into account when defining well-being. Functioning are capacities that have been attained; capabilities are the doings that people can attain if they so desire. Examples of these include the ability to travel, get married, eat properly, and receive an education. This paradigm seeks to create the kinds of lives that an individual values and has good reason to cherish. The book provides an illustration of how someone makes decisions about how to spend their time, such as when they decide to play sports out of personal desire. Playing sports improves people's social lives and boosts the demand for athletic items, which is an additional beneficial outcome for the economy.

The book also mentions seven distinct categories of capital investments at seven distinct levels of human choice. Diplomatic, knowledge, natural, economic, social, cultural, and human capital are the seven types of capital. The authors suggest how the nation state is meant to bolster its capacities across all forms of capital by acting as a watchful defender of the welfare state and market economy.



The reality of social capital tension—which arises when a minority group experiences exclusion while the majority group enjoys greater access to opportunities for social advancement—is also addressed in the book. In midst of struggle for social capital, tensions develop among competing social groups. The authors also acknowledges that not every state is able to guarantee these basic rights to its people; in some, for example, the lack of strong law and order makes it hard to trust people or civil or political groups. In order to overcome such barriers, the book discusses three types of capital namely bonding capital (which binds a society together) bridge capital (which binds different social groups together) and linking capital (which enables these social groups to communicate with their respective political or social organizations). They also stress on the importance of civil society organizations in reducing such conflicts. Social capital can be invested in by a number of methods, including networking, teaching, enforcing norms, forming societal objectives, and campaigns to encourage social inclusion. Collaborating with others who are not part of one's immediate family or household can greatly enhance an individual's social and personal well-being. As a result, it is essential to the framework of the wellbeing economy.

The authors go on to mention some of the significant actions in the path towards having a wellbeing economy. For instance, the UK government's 2008 Foresight Project, which resulted in a list of actions people could take to improve their well-being, is cited as an example in the book. The project's objective was to provide advice to the UK government on how to maximize public mental health and development. In order to accomplish this, the initiative launched an unparalleled scientific endeavor to pinpoint mental health problems that were anticipated over the next 20 years, as well as potential interventions and their associated expenses and benefits. Another example cited in the book is that of the establishment of the Intergovernmental Panel on Climate Change (IPCC) has led to notable advancements in the fight against greenhouse gas emissions and the preservation of the ozone layer. IPCC is the United Nations organization responsible for evaluating climate change science. Regular evaluations of the scientific underpinnings of climate change, its effects and potential hazards, and available strategies for adaptation and mitigation are provided by the IPCC.

There are, however, certain aspects that the book could have also covered to address the topic more holistically. Firstly, the book's generalization of concepts comes out as too utopian; sometimes seem somewhat removed from the realities of human nature, modern-day geopolitics and how states tend to behave. It also does not take into account the idea that from a geopolitical standpoint, contemporary geopolitics involves competition as well as the acquisition of power and influence. In this pursuit of power, status and influence, not all states prioritize wellbeing or environmental concerns and that has remained a reality of our modern world. Therefore, some suggestions can be termed as perhaps too abstract and idealistic, ignoring the functioning witnessed in the real world. Secondly, on an individual level the notions of wellbeing and an individual's capabilities can be highly subjective. A lot of people from third-world countries intentionally relocate to developed ones in the hopes of finding better economic prospects. On the other hand, there are those who move from the developed to less developing nations in search of lower cost of living, more time



for leisure and a less demanding way of life. Similarly, not everyone unanimously is eager to participate in sports, despite it having many benefits. On the contrary, many would find smoking more relaxing. Such social conflicts in terms of choices are inevitable in modern human societies and one person's wellbeing could be another person's misery. When it comes to the capabilities approach, among the criticism the emphasis on individual freedom has also been questioned for being too ambiguous and for not taking into account the potential effects that one person's freedom may have on others. Therefore, this is likely to remain a hot topic for debate when it comes to agreeing on definitions of wellbeing for large human settlements.

Additionally, to further strengthen its argument, the book could have considered cases from the most populous regions of the world where such a concept could be tremendously challenging to implement even if it could produce remarkable outcomes. The framework for the wellbeing economy might be a lot easier to implement in less populous states, such as Finland, Iceland or New Zealand, where environmental stress is already far lower than in highly populated ones such as Bangladesh, Indonesia, Pakistan, India, Nigeria and so on. Rampant poverty and mismanagement of resources in many of the highly populated regions does not leave much room to prioritize the environmental or human welfare concerns yet.

All things considered; this book offers a compelling economic framework. With the global awareness of sustainable development growing, the wellbeing economy concept is likely to attract a lot of attention. Nonetheless, as mentioned in this brief review, the book could have presented more critical concerns for a more comprehensive and practical discourse. More importantly, the elephant in the room needs to be addressed. That would entail how the world's less developed and most populous regions can begin to redefine their economic growth measures and create positive changes for their citizens, the global community as well as the natural environment.

By: M. Munib Zia Khan